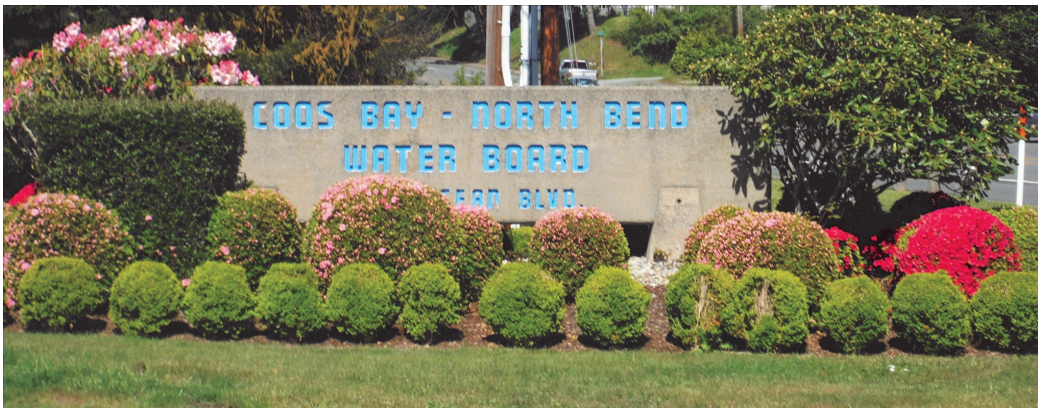
ANNUAL REPORT

FISCAL YEAR 2012-2013



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COOS BAY • NORTH BEND
WATER BOARD

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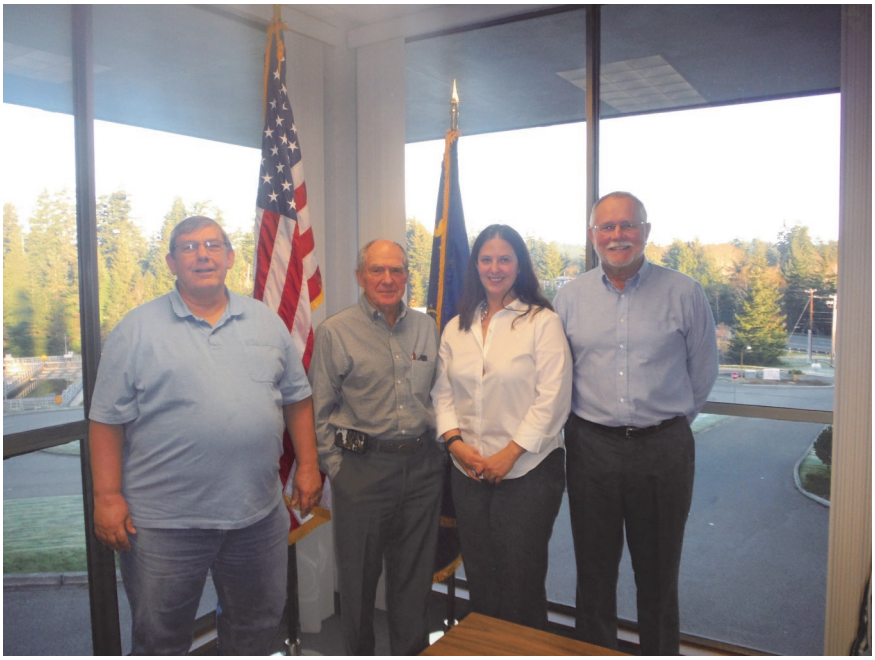

Left to right standing: Mr. J. Gregory Solarz, Chair
Mr. Richard Vigue, Member
Ms. Melissa Cribbins, Secretary
Charles J. Sharps, Ph.D., Vice-Chair

Coos Bay-North Bend Water BOARD OF DIRECTORS' MESSAGE

"Providing a Reliable, and Quality Service For the Present and Future Needs of Our Communities"

Thank you for reviewing the 2012-2013 Coos Bay-North Bend Water Board's Annual Report. You will find information related to your utility's projects, finances, and water quality as well as an overview of the operations of the Coos Bay-North Bend Water Board and the services it provides. Additional information about your utility can be found on our website: www.cbnbh2o.com

No doubt you are aware that America's infrastructure of roads, sewers, bridges, and water systems are at capacity and/or are wearing out. Fortunately, with our staff and General Manager's guidance and leadership, the Board has been able to anticipate potential shortfalls in our water system and has planned and scheduled Water Board operations, weeks, months and years ahead of time.

As members of your Water Board, we encourage your comments and suggestions. Please contact staff at the Water Board or ask to be connected to one of us at (541)267-3128. We respect your opinions and advice in operating your utility. For a closer look at your facilities, consider attending a board meeting or arranging for a tour.

BOARD OF DIRECTORS

_____
J. Gregory Solarz, Chair

_____
Charles J. Sharps, Ph.D., Vice-Chair

_____
Melissa Cribbins, Secretary

_____
Richard Vigue, Member

Water Utility Infrastructure Inventory

Water Treatment Plants

Pony Creek Filtration Plant—12 MGD*
North Spit Treatment Plant—1 MGD*

Surface Water Storage

- Upper Pony Creek Dam and Reservoir
  6,230 AC-FT
- Merritt Lake Dam and Reservoir
  385 AC-FT
- Joe Ney Dike, Reservoir and Pump Station
  275 AC-FT

Dunes Aquifer System

18 Wells
12 Miles of Pipe
25 Test Wells (Piezometers)
2 Booster Pumps
3 Monitoring Wells

Distribution System

12,782 Water Services
258 Miles of Pipe
1,219 Hydrants
5,380 Control and Hydrant Valves

*MGD = Million Gallons per Day
AC-FT= Acre Feet (325,830 gallons)

Pump Station Name	Associated Storage Facility
6th and I Street	10th & I Street Reservoir
10th and E Street	14th & F Street Reservoir
10th and Ingersol	Ingersol Reservoir
13th Court	Isthmus Heights Reservoir
14th and Nutwood Avenue	High Level Reservoir
Brights Mill	Brights Mill Reservoir
California Street	Libby Reservoir
Crestview	High Level Reservoir
Everest Avenue	Everest Reservoir
Flanagan Street	Bay Park Reservoir
Glasgow	Glasgow Reservoir
Glasgow Heights	Glasgow Reservoir
Hauser	Hauser Reservoir
High Level	High Level Reservoir
Market Street	Clearwell
Millington	Millington Reservoir
Minnesota Street	Clearwell
Newmark and Ash	Radar Reservoir
Newmark and Tremont	Union Avenue Reservoir
Oregon Street	Libby Reservoir
Pennsylvania Avenue	Libby Reservoir
Pigeon Point	Charleston Reservoir
Seven Devils	Charleston Reservoir
Shinglehouse Slough Road	Brights Mill Reservoir
Shorewood	Shorewood Reservoir
Sierra Avenue	Everest Reservoir
Telegraph Hill	High Level Reservoir
Terramar	Terramar Reservoir
Union Avenue High Level	High Level Reservoir
Wisconsin Avenue	Charleston Reservoir
Woodlawn High Level	High Level Reservoir

Projects and Equipment Included in Fiscal Year 2012-13 Budget

No.	Project Listing	Estimated Cost
1	Install 8" PVC on Koosbay Boulevard from Nutwood to 10th, 1,100', Retire 1,100' 6" CI - FY12	$ 99,000
2	Install 16" PVC on N. 10th from 8th Terrace north to Date Street, 1,100', Retire 1,100' 14" CI – FY12 (Includes AC Repair from 2010 Main Break – FY12	203,000
3	Install 6" PVC on 17th Street from Kingwood north, 418' 2" GI	30,000
4	Install 2" on Chester from Tower north, Retire 208' 2" GI	10,000
5	Install 2" on Barham Terrace from Ocean east, 300', Retire 272' 2" GI	22,000
6	Install 2" on 2nd Court from 2nd to 4th Street, on Fir from 4th Street east and on 3rd Street from Fir north, total length 900', Retire 1,011 2" GI	45,000
7	Install 2" on State from Sheridan east 235', Retire 235' 2" GI	12,000
8	Install 2" on Cedar from North 10th west 530', Retire 530' 2" GI	22,000
9	Install 8" PVC on Madrona from Virginia to Maine, 1,635', Retire 1,635' 6" CI	184,000
10	Install 8" on Sheridan from Ohio to Commercial, 1,410', Retire 1,410' 6" CI	163,000
11	Install 8" PVC on Anderson from 4th to Broadway, 775', Retire 775' 6" CI	114,000
12	South Empire Boulevard replace 100' 2" GI and modify 23 services	11,300
13	Interior and Exterior Painting of Bay Park Reservoir	47,500
14	Ingersoll Reservoir Easement and Security Fence, 400' – FY12	29,500
15	Hauser Reservoir Roof FY12	70,500
16	Upgrade Terramar Pump Station Piping and Pump – FY12	33,500
17	California Street Water System Planning and Consultant Design – FY12	45,000
18	California Street Water System Planning and Consultant Design	20,000
19	Telemetry Units at Terramar Pump Station and Reservoir – FY12	19,000
20	Telemetry Units at California Pump Station	19,000
21	Chlorine and Ammonia System Automatic Closure Valves	50,000
22	6th and I Street Flow Meter Installation	11,700
23	Meter Replacements	20,600
24	Well Meter Replacement – Dunes	4,000
25	Distribution System Asbuilting and Mapping	35,000
26	Reroof Service Center South Equipment Shed Building	45,000
27	Paint Service Center Main Building – Phase 1	25,750
28	Lighting and Ceiling Tile Project for Upper Floor of Service Center	36,500
29	Repave and Repaint Service Center Drive and Parking Lots	140,000
30	Security Fencing for Upper Service Center Lot – Note: Price reduced by $10,000 to Reflect Insurance Grant	43,600
31	Reroof Treatment Plant Building	72,000
	Total Project Costs	**$1,683,450**

Projects and Equipment Included in Fiscal Year 2012-13 Budget
Continued

No.	Equipment Listing	Estimated Cost
1	Crew Truck 4WD (No. 21)	$ 50,600
2	Pickup 2WD (No. 49).	19,800
3	2 C. Y. Dump Truck (No. 44).	39,600
4	Valve Maintenance Trailer	45,100
5	Meter Reading Autogun	1,400
6	Air Tester – Sniffer (Service Truck)	700
7	Computer for Customer Service	1,200
8	Computer and Printer for Administration	2,500
9	2-inch Tapping Machine	2,500
10	Bobcat 337 Brushing Head Attachment	8,000
11	Finance Software Springbrook – FY12	29,500
	Total Equipment Costs	**$200,900**
	Total Estimated Capital Expenditures	**$ 1,884,350**

Frequently Asked Questions and Utility Statistics
Fiscal Year 2012-2013

Q: How many customers does the Water Board serve?

A: As of June 30, 2013, our customer total is 12,782, which includes 9,922 customers inside the city limits of Coos Bay and North Bend and 2,860 customers outside the city limits. The total population served by the Water Board is approximately 34,500 within a service area of approximately 100 square miles.

Q: How much per month does the average residential customer spend for water?

A: The rates are different for customers inside the city limits than customers outside the city limits. The average monthly residential bill inside the city limits is $24.33 and outside the city limits is $34.01. The average residential customer uses 4,308 gallons of water monthly.

Q: What does it take to get the water from the treatment plant to the customer's tap?

A: More infrastructure than most people might imagine! When the water leaves the treatment plant, it goes into the distribution system which consists of 258 miles of various sizes of pipeline, approximately 5,380 control and hydrant valves within those pipelines, and approximately 1,219 fire hydrants. It takes 31 pump stations within the distribution system to get the water to customers at adequate pressure, plus 19 storage reservoirs located throughout the system.

Q: Where does the water come from that's treated by Pony Creek Water Treatment Plant?

A: There are two surface water reservoirs upstream of the treatment plant, Upper Pony Creek and Merritt Reservoirs. The larger, Upper Pony Creek Reservoir, can hold 2 billion gallons of water; and Merritt Reservoir can hold 125 million gallons.

There is a third surface water storage area at Joe Ney Slough which can store 90 million gallons. Water is pumped from Joe Ney through a pipeline into the Upper Pony Creek Reservoir.

Q: How much water is produced in a year for customers?

A: The total amount of water produced for customers this fiscal year was 1,346 million gallons of treated water and 150 million gallons of untreated water. The average daily demand for treated water was 3.68 million gallons and 0.417 million gallons for untreated water. The demand peaked at 6.02 million gallons per day for treated and 0.551 million gallons per day for untreated water in fiscal year 2012-13.

Q: How many water treatment plants are there?

A: There are two. The main treatment plant, Pony Creek Water Treatment Plant, is located on Ocean Boulevard, Coos Bay and has a production capacity of 12 million gallons per day (MGD). The North Spit Water Treatment Plant, located on TransPacific Lane, North Bend, treats water from the dunes well system and has a capacity of 1 MGD. If an emergency arises, the North Spit Plant supplements the Pony Creek Plant to meet the needs of Water Board customers.

Q: How many wells are in the dunes?

A: There are 18 production wells in the dunes which can produce up to 4 million gallons per day of untreated water.

Coos Bay-North Bend Water Board
Statement of Net Position as of June 30, 2013

Assets:		
Current Assets:		
Cash and Cash Equivalents	$ 5,636,996	
Accounts Receivable - Water (Net)	372,675	
Accounts Receivable - Sewer	302,842	
Accounts Receivable - Other	25,332	
Inventory	491,478	
Prepaid Expenses	20,281	
Other Work in Progress	27,865	
Total Current Assets		$ 6,877,469
Restricted Cash Assets		31,184
Utility Plant:		
Utility Plant (Net of Accumulated Depreciation)	$61,762,070	
Construction in Progress	228,858	
Total Utility Plant		61,990,928
Total Assets:		$68,899,581
Liabilities and Net Assets:		
Current Liabilities:		
Accounts Payable	$ 355,480	
Accrued Salaries, Payroll Taxes and Insurance	84,679	
Accrued Interest on Long-term Debt	37,688	
Accrued Vacation	140,570	
Accrued Other Expenses	17,439	
Current Portion of Long-term Debt	895,775	
Sewer Service Collections Payable to Cities	493,320	
Sewer Service Receivables Payable to Cities	302,842	
Total Current Liabilities		$ 2,327,793
Liabilities Payable from Restricted Assets		31,184
Long-Term Liabilities:		
Bonds Payable (Net of Current Portion)	$17,612,538	
Total Long-Term Liabilities		17,612,538
Total Liabilities:		19,971,515
Net Assets:		
Investment in Capital Assets, Net of Related Debt	$43,482,615	
Restricted Net Assets	-0-	
Unrestricted	5,445,451	
Total Net Assets		$48,928,066

2013 WATER QUALITY STATISTICS

One of the most important focuses of the Water Board is to provide high quality drinking water to our customers. Thousands of tests are performed annually as part of our quality control program and to insure compliance with state and federal regulations. The following results are reflective of 2013 reporting requirements.

Abbreviations and units used in trace concentration measurements issued by the Oregon Health Authority:

Waiver = non-vulnerability to contaminant
NTU = nephelometric turbidity unit
mg/L = milligrams per liter
pCi/L = picocuries per liter
MCL = maximum contaminant level
MFL = million fibers per liter (EPA)
ug/L = micrograms per liter
ND = not detected
CU = color units
< = less than
> = greater than
AL = action level
P/A = presence/absence

PARAMETER	UNIT	MCL	RESULTS
Turbidity	NTU	0.3	0.06
MICROBIOLOGICAL			
Coliform	P/A	5% positive	482 - Absent 1 - Present
INORGANICS			
Antimony	mg/L	0.006	ND @ 0.0002
Arsenic	mg/L	0.01	ND @ 0.001
Asbestos	MFL	7.0	ND
Barium	mg/L	2.0	ND @ 0.05
Beryllium	mg/L	0.004	ND @ 0.0001
Cadmium	mg/L	0.005	ND @ 0.0001
Chromium	mg/L	0.1	ND @ 0.005
Cyanide	mg/L	0.2	ND @ 0.003
Fluoride	mg/L	2 – 4	1.03
Lead	mg/L	0.015-AL	• 0.0041
Mercury	mg/L	0.002	ND @ 0.0002
Nickel	mg/L	0.1	ND @ 0.0005
Total Nitrate (as N)	mg/L	10.0	0.35
Nitrate + Nitrite (as N)	mg/L	10.0	0.37
Nitrite (as N)	mg/L	1.0	ND @ 0.05
Selenium	mg/L	0.05	0.0005820
Sodium (advisory)	mg/L	20	7.69
Thallium	mg/L	0.002	ND @ .0005
SYNTHETIC ORGANIC CHEMICALS			
2, 4-D	mg/L	0.07	ND @ 0.0002
2,4,5-TP (Silvex)	mg/L	0.05	ND @ 0.0004
Adipates	mg/L	0.4	ND @ 0.001
Alachlor	mg/L	0.002	ND @ 0.0004
Atrazine	mg/L	0.003	ND @ 0.0002
Benzoapyrene	mg/L	0.0002	ND @ 0.00004
BHC-gamma (Lindane)	mg/L	0.0002	ND @ 0.00002
Carbofuran	mg/L	0.04	ND @ 0.001
Chlordane	mg/L	0.002	ND @ 0.0004
Dalapon	mg/L	0.2	ND @ 0.002
Dibromochloropropane	mg/L	0.0002	ND @ 0.00002
Dinoseb	mg/L	0.007	ND @ 0.0004
Dioxin	mg/L	0.00000003	Waiver
Diquat	mg/L	0.02	ND @ 0.0004
Endothall	mg/L	0.1	ND @ 0.01
Endrin	mg/L	0.002	ND @ 0.00002
Ethylene Dibromide	mg/L	0.00005	ND @ 0.00001
Glyphosate	mg/L	0.7	ND @ 0.01
Heptachlor Epoxide	mg/L	0.0002	ND @ 0.00002
Heptachlor	mg/L	0.0004	ND @ 0.00004
Hexachlorobenzene	mg/L	0.001	ND @ 0.0001
Hexachlorocyclopentadiene	mg/L	0.05	ND @ 0.0002

•90th percentile for Lead and Copper

PARAMETERS	UNIT	MCL	RESULTS
SYNTHETIC ORGANIC CHEMICALS cont'd.			
Methoxychlor	mg/L	0.04	ND @ 0.00002
Pentachlorophenol	mg/L	0.001	ND @ 0.00008
Phthalates	mg/L	0.006	ND @ 0.0013
Picloram	mg/L	0.5	ND @ 0.0002
Polychlorinated Biphenyls	mg/L	0.0005	ND @ 0.0002
Simazine	mg/L	0.004	ND @ 0.0001
Toxaphene	mg/L	0.003	ND @ 0.001
Vydate (Oxamyl)	mg/L	0.2	ND @ 0.002
VOLATILE ORGANIC CHEMICALS*			
Trihalomethanes **	mg/L	0.08	0.031
Halo Acetic Acids ***	mg/L	0.06	0.012
1,1,1,2-Tetrachloroethane *	mg/L		ND @ 0.0005
1,1,1-Trichloroethane	mg/L	0.2	ND @ 0.0005
1,1,2,2-Tetrachloroethane *	mg/L		ND @ 0.0005
1,1,2-Trichloroethane	mg/L	0.005	ND @ 0.0005
1,1-Dichloroethane *	mg/L		ND @ 0.0005
1,1-Dichloroethylene	mg/L	0.007	ND @ 0.0005
1,1-Dichloropropene *	mg/L		ND @ 0.0005
1,2,3-Trichloropropane *	mg/L		ND @ 0.0005
1,2,4-Trichlorobenzene	mg/L	0.07	ND @ 0.0005
1,2-Dichloroethane	mg/L	0.005	ND @ 0.0005
1,2-Dichloropropane	mg/L	0.005	ND @ 0.0005
1,3-Dichloropropane *	mg/L		ND @ 0.0005
1,3-Dichloropropene *	mg/L		ND @ 0.0005
2,2-Dichloropropane *	mg/L		ND @ 0.0005
Benzene	mg/L	0.005	ND @ 0.0005
Bromobenzene *	mg/L		ND @ 0.0005
Bromodichloro-methane	mg/L		0.0070
Bromoform	mg/L		ND @ 0.0005
Bromomethane *	mg/L		ND @ 0.0005
Carbon Tetrachloride	mg/L	0.005	ND @ 0.0005
Chloroethane *	mg/L		ND @ 0.0005
Chloroform	mg/L		0.0090
Chloromethane *	mg/L		ND @ 0.0005
cis-1,2 Dichloroethylene	mg/L	0.07	ND @ 0.0005
Dibromochloro-methane	mg/L		0.0033
Dibromomethane	mg/L		ND @ 0.0005
Dichloromethane	mg/L	0.005	ND @ 0.0005
Ethylbenzene	mg/L	0.7	ND @ 0.0005
m-Dichlorobenzene *	mg/L		ND @ 0.0005
Methyl tert-butyl ether *	mg/L		ND @ 0.0005
Monochlorobenzene	mg/L	0.1	ND @ 0.0005
o-Chlorotoluene *	mg/L		ND @ 0.0005
o-Dichlorobenzene	mg/L	0.6	ND @ 0.0005
p-Chlorotoluene *	mg/L		ND @ 0.0005
p-Dichlorobenzene	mg/L	0.075	ND @ 0.0005
Styrene	mg/L	0.1	ND @ 0.0005
Tetrachloroethylene	mg/L	0.005	ND @ 0.0005
Toluene	mg/L	1.0	ND @ 0.0005
trans-1,2-Dichloroethylene	mg/L	0.1	ND @ 0.0005
Trichloroethylene	mg/L	0.005	ND @ 0.0005
Vinyl Chloride	mg/L	0.002	ND @ 0.0005
Xylenes (total)	mg/L	10.0	ND @ 0.0005
RADIONUCLIDES-NATURAL ORIGIN			
Gross Alpha	pCi/L	15	ND
Combined Radium 226/228	pCi/L	5	0.5
Combined Uranium	ug/L	30	ND @ 1.0
SECONDARY CONTAMINANT			
Color	CU	15	4
pH		6.5-8.5	8.3
Hardness	mg/L	250.0	17
Copper	mg/L	1.3-AL	• 0.042
Iron	mg/L	0.3	0.03
Manganese	mg/L	0.05	0.02

* Blanks under MCL represent unregulated volatile organic chemicals

** Trihalomethanes include: Bromodichloromethane, Bromoform, Chloroform, Dibromochloromethane

*** Halo Acetic Acids include: Dibromoacetic acid, Dichloroacetic acid, Monobromoacetic acid, Monochloroacetic acid, Trichloroacetic acid

Utility Mission Statement:

"Providing a Reliable, and Quality Service For the Present and Future Needs of our Communities"

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