

COOS BAY-NORTH BEND WATER BOARD
P O BOX 539 – 2305 Ocean Boulevard
Coos Bay, Oregon 97420

Minutes
Regular Board Meeting

April 16, 2026
8:00 a.m.

Coos Bay-North Bend Water Board met in open session at the Coos Bay Public Library's Myrtlewood Room, 525 Anderson Ave, Coos Bay, OR 97420 at the above date, and time, with Chair Bill Richardson presiding. Other Board members present: Rob Kilmer, Greg Solarz and Carmen Matthews. Board Members absent: none. Water Board staff present: Ivan D. Thomas, General Manager; Jeff Miller, Operations Manager; Matt Whitty, Engineering Manager; Monica Kemper, Finance Director; Aimee Hollis, Customer Relations Manager; Micah Demanett, Meter Services Supervisor; Junibert Magalona, Accounting Tech; and Stacey Parrott, Executive Assistant & HR Specialist. Board Legal Counsel Melissa Cribbins was absent. John Ghilarducci and Amanda Levine from FCS Consulting Group were present. Several members of the Public were present, including representatives of local businesses and agencies: David Milliron, City of North Bend; Shaun Smith and Hugo Hernandez, GMA Garnet; Jeremy Doze and Tabitha Messenger, CTCLUSI; Michelle LeBlanc, M LeBlanc Consulting; Pat Hennessy; and Dave Anger. Media present: None.

Chair Richardson opened the meeting at 8:00 a.m. and led the Board and assembly in the Pledge of Allegiance.

Chair Richardson asked if there were any corrections or additions to the March 19, 2026, Regular Board meeting minutes. Mr. Matthews moved the minutes be approved as written. The motion was seconded by Mr. Solarz and passed unanimously.

General Manager of the Coos Bay-North Bend Water Board, Ivan Thomas, introduced the presentation regarding the Water Board's comprehensive Water Rate Study and Cost of Service Analysis, including proposed rate adjustments through Fiscal Year 2032. The presentation summarized the planning, financial analysis, and policy considerations informing the proposed rate structure.

Mr. Thomas provided an overview of the Water Board as a full-service water utility responsible for source water management, treatment, distribution, customer service, and system planning. The Water Board currently serves approximately 13,500 connections and a population of approximately 35,000 people through over 260 miles of distribution pipeline and a single treatment facility. The Board also maintains multiple reservoirs and groundwater sources and performs watershed management to ensure long-term water quality and supply reliability.

Mr. Thomas reported on the Water System Master Plan initiated in 2021, which evaluated system conditions, future demand, and infrastructure deficiencies. The resulting Capital Improvement Plan identified significant expenditures and are illustrated in the following chart.



Master Planning CIP Results

Initial Master Planning Capital Improvement Plan Results					
Category	5 years	5-10 years	11 - 20 years	Beyond 2044	Category Total
Storage	\$ 24,095,000	\$ 3,655,000	\$ 4,130,000	\$ 13,430,000	\$ 45,310,000
Pumping	\$ 1,300,000	\$ 2,300,000	\$ 1,600,000	\$ 4,800,000	\$ 10,000,000
Piping	\$ 16,750,000	\$ 14,200,000	\$ 25,225,000	\$ 39,950,000	\$ 96,125,000
Planning	\$ 370,000	\$ 75,000	\$ 310,000	\$ 505,000	\$ 1,260,000
Other / Operational	\$ 7,335,000	\$ 17,195,000	\$ 4,310,000	\$ 8,620,000	\$ 37,460,000
Time Period Total	\$ 49,850,000	\$ 37,425,000	\$ 35,575,000	\$ 67,305,000	\$ 190,155,000

Key capital improvement projects identified include:

- Main Clearwell Replacement (approximately \$22 million)
- SCADA system upgrades (approximately \$9 million)
- Lower Pony Creek (Merritt Dam) seismic improvements (\$15-\$30 million)
- Ongoing water main replacement program (exceeding \$20 million over 20 years)

These improvements are necessary to address aging infrastructure, improve seismic resiliency, maintain regulatory compliance, and ensure continued reliable water service.

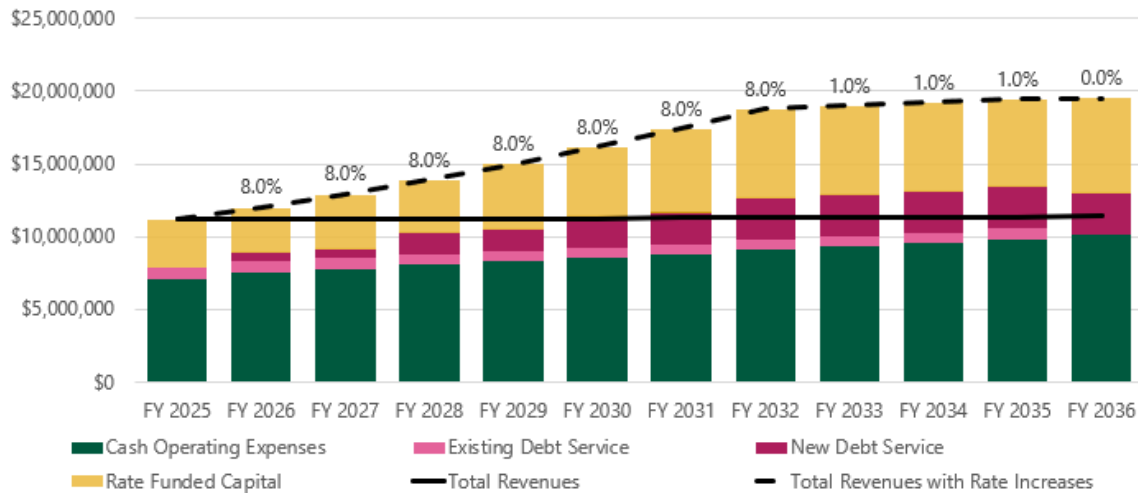
Mr. Thomas introduced the FCS Group consultants, Mr. John Gillarducci and Ms. Amanda Levine. Ms. Levine went on to present an overview of the rate study and revenue requirement analysis, followed by a cost-of-service analysis presentation by Mr. Gillarducci.

Ms. Levine explained that the rate study consists of two primary components, the revenue requirement analysis and the cost-of-service analysis. She stated that the revenue requirement analysis establishes the total funding needed to support the water system as a whole, while the cost-of-service analysis determines how those costs are allocated among customer classes.

Ms. Levine summarized that the revenue requirement includes all system costs, including capital improvements, debt service, and ongoing operations and maintenance. She emphasized the importance of setting rates at levels sufficient to fund planned infrastructure needs, maintain adequate reserves, and ensure long-term financial stability over a multi-year planning period. Projected revenue requirements and associated expenditures over the planning period are illustrated in the following chart.



Revenue Requirement Results



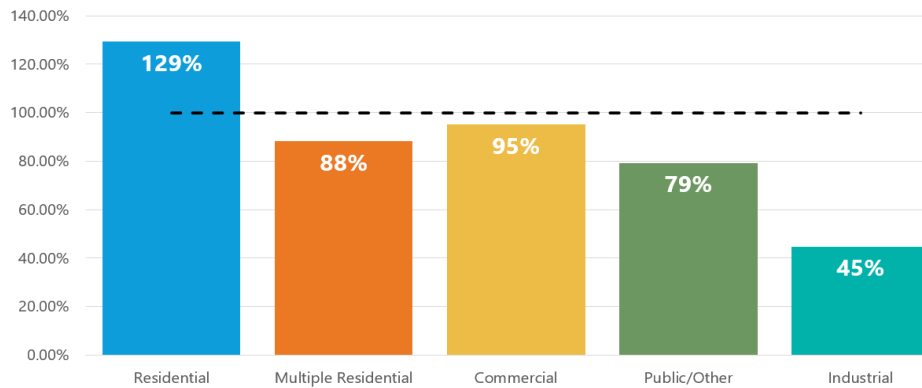
Ms. Levine concluded by noting that the revenue requirement analysis establishes the overall funding needs of the system and explained that the analysis incorporates key assumptions such as projected customer growth, inflation, existing revenues, and anticipated debt financing. Based on these factors, the analysis indicates that average annual rate increases of approximately eight percent through Fiscal Year 2032 are necessary to meet projected system needs.

Mr. John Gillarducci presented the Cost-of-Service Analysis, explaining that the purpose of the analysis is to determine how the overall revenue requirement should be equitably allocated among customer classes based on their respective use of the water system. He noted that while the revenue requirement establishes the total funding needed, the cost-of-service analysis evaluates how those costs should be distributed.

Mr. Gillarducci reported that the analysis identified a misalignment between current rates and the proportional cost of service among customer classes, which is common in systems that have not undergone periodic cost-of-service review. He explained that the analysis involves allocating system costs to functional categories, including base demand, peak demand, customer service, and fire protection, and then distributing those costs among customer classes based on usage characteristics and system demands. The alignment of current rates with cost-of-service results by customer class is shown in the following chart.



Cost-Of-Service Results: Estimated 2026 Cost Recovery At current rates



He further explained that the evaluation considers factors such as water usage patterns, seasonal demand variations, meter size, and capacity requirements, which differ across residential, commercial, industrial, and other customer classes. These factors are used to develop unit costs and inform rate design to better align charges with the cost of providing service.

Mr. Gillarducci stated that the Board had previously reviewed multiple rate design strategies and that the recommended approach phases in adjustments over a ten-year period to gradually move rates toward cost-of-service alignment while minimizing rate impacts. Under the proposed plan, residential rate increases would be moderated in certain years, while other customer classes would experience higher increases to improve overall equity. The proposed rate adjustment schedule and phased implementation are shown in the following chart.



Rate Design Option 5b

10-Year COSA Phase-In (keep fire service and hydrants at ATB rates, hold MF, commercial, public/other, and industrial classes to the same increases, and allow lower rate increases for residential class every other year)

Revenue Requirement Increase Phase-In Plan	FY 2026 8.00%	FY 2027 8.00%	FY 2028 8.00%	FY 2029 8.00%	FY 2030 8.00%	FY 2031 8.00%	FY 2032 8.00%	FY 2033 1.00%	FY 2034 1.00%	FY 2035 1.00%	FY 2036 0.00%
Residential	8.00%	8.00%	4.00%	7.00%	4.00%	8.00%	5.00%	2.00%	2.00%	2.00%	0.00%
Multiple Residential	8.00%	13.00%	12.00%	11.00%	10.00%	9.00%	9.00%	1.00%	1.00%	1.00%	0.00%
Commercial	8.00%	13.00%	12.00%	11.00%	10.00%	9.00%	9.00%	1.00%	1.00%	1.00%	0.00%
Public/Other	8.00%	13.00%	12.00%	11.00%	10.00%	9.00%	9.00%	1.00%	1.00%	1.00%	0.00%
Industrial	8.00%	13.00%	12.00%	11.00%	10.00%	9.00%	9.00%	1.00%	1.00%	1.00%	0.00%
Total Increase	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	1.00%	1.00%	1.00%	0.00%

Mr. Gillarducci concluded by sharing projected rate impacts, including example customer bills demonstrating the effects of the proposed adjustments across a range of customer types, meter sizes, and usage levels. A summary of these billing impacts are shown in the chart below.



Effects of Proposed Revenue Adjustments (FY 2027)

	Current Bill (FY 2026)			Proposed Adjustment (FY 2027)**			% Difference	\$ Difference
	Meter Charge*	Usage (CCF)	Total Bill	Meter Charge	Usage (CCF)	Total Bill		
Residential 5/8" & 3 CCF	\$31.70	\$0.00	\$31.70	\$34.23	\$0.00	\$34.23	8.00%	\$2.54
Residential 5/8" & 7 CCF	\$31.70	\$18.66	\$50.36	\$34.23	\$20.15	\$54.38	8.00%	\$4.03
Residential 3/4" & 3 CCF	\$33.64	\$0.00	\$33.64	\$36.33	\$0.00	\$36.33	8.00%	\$2.69
Residential 3/4" & 7 CCF	\$33.64	\$18.66	\$52.30	\$36.33	\$20.15	\$56.48	8.00%	\$4.18
Multi-Res 1" & 13 CCF	\$41.56	\$36.60	\$78.16	\$46.96	\$41.36	\$88.32	13.00%	\$10.16
Multi-Res 1" & 42 CCF	\$41.56	\$142.74	\$184.30	\$46.96	\$161.30	\$208.26	13.00%	\$23.96
Commercial 2" & 186 CCF	\$90.99	\$679.49	\$770.48	\$102.82	\$767.82	\$870.64	13.00%	\$100.16
Commercial 2" & 523 CCF	\$90.99	\$1,930.78	\$2,021.77	\$102.82	\$2,181.78	\$2,284.60	13.00%	\$262.83
Public/Other 2" & 181 CCF	\$90.99	\$600.37	\$691.36	\$102.82	\$678.41	\$781.23	13.00%	\$89.88
Public/Other 4" & 228 CCF	\$259.22	\$758.89	\$1,018.11	\$292.92	\$857.54	\$1,150.46	13.00%	\$132.35

* Meter charge includes first 3 CCF (2,244 gallons)

** 7/1/2026 adoption date

For more detailed options concerning specific accounts please contact the Water Board (541) 267-3128

Upon conclusion of the presentation, Chair Richardson opened the floor for public comment.

One member of the public addressed the Board regarding the relationship between water and sewer rates and inquired whether sewer charges would increase in conjunction with the proposed water rate adjustments. Staff responded that sewer rates are established separately by the cities and are not determined by the Water Board. There were no further public comments.

Following the close of public comment, the Board entered into discussion regarding the presentation and proposed rate adjustments. Board Member Mr. Carmen Matthews acknowledged the complexity of balancing infrastructure needs, regulatory requirements, and customer affordability. He emphasized the necessity of maintaining a safe, reliable, and resilient water system and recognized that significant capital investment is required to address aging infrastructure and seismic risks.

Mr. Matthews and the Board expressed appreciation for public participation and encouraged customers to review their water usage and contact the Board or staff with questions regarding the proposed rate adjustments. The Board also noted its commitment to ongoing monitoring and periodic reevaluation of rates and cost of service alignment.

The Board's next regular meeting was scheduled for Thursday, May 7th, 2026, at 7:00a.m.

At 8:48 a.m. Chair Richardson directed they go into executive session for the purpose of discussing information or records otherwise exempt from disclosure pursuant to ORS 192.660(2)(f) and potential litigation pursuant to ORS 192.660(2)(h).

The Board returned to regular session at 9:05 a.m. and there being no other business to come before the Board, Chair Richardson adjourned the meeting.

Approved: _____, 2026

By: _____
Bill Richardson, Chair

ATTEST: _____