

# City of Bandon

<b>UTILITIES COMMISSION</b>	<b>DATE:</b> Sept 19, 2018
<b>SUBJECT:</b> Rate Setting Authority – Report / Update	<b>ITEM #:</b> 3 (G)

## BACKGROUND

As a follow-up to recent discussions about the City's lack of rate-setting authority and what could be done to challenge or reverse the Charter amendment, I have attached information surrounding the last ballot measure placed before the voters during the November 4, 2014 general election.

This packet, along with the results, could be used as a discussion starting point to determine what actions could take place, or what additional information could be provided, to achieve passage of a similar proposal going forward.

## FISCAL IMPACT

Report item only.

## RECOMMENDATION

This information is provided for review and discussion.

## SUBMITTED BY



Robert J Mawson, City Manager/Director of Utilities

RESOLUTION NO. 14-20

A RESOLUTION ACCEPTING THE ABSTRACT OF VOTES REGARDING THE BALLOTS CAST IN THE STATE OF OREGON GENERAL ELECTION HELD TUESDAY, NOVEMBER 4, 2014, REGARDING A REFERRAL MEASURE AMENDING THE CITY CHARTER TO GRANT THE CITY COUNCIL LIMITED AUTHORITY TO INCREASE WATER, SEWER, AND ELECTRIC UTILITY RATES

WHEREAS, the Abstract of Votes prepared by Terri Turi, the duly elected, qualified County Clerk of the County of Coos, State of Oregon is shown; as to the ballots cast in the Coos County election, held Tuesday, November 4, 2014, regarding the referral measure amending the city charter to grant the city council limited authority to increase water, sewer, and electric utility rates; and

NOW, THEREFORE, BE IT RESOLVED that the same is hereby accepted.

TOTAL CERTIFIED VOTES

TOTAL YES VOTES ..... 526  
TOTAL NO VOTES ..... 782  
TOTAL OVER VOTES ..... 0  
TOTAL UNDER VOTES ..... 47  
TOTAL BALLOTS CAST ..... 1,355

ADOPTED by the City Council of Bandon, this 8<sup>th</sup> day of December, 2014.

  
\_\_\_\_\_  
Mary Schamehorn, Mayor

Attest:

  
\_\_\_\_\_  
Matt Winkel, City Recorder

RUN DATE:11/20/14 01:38 PM

6-150 City Bandon Utility Rate Increase

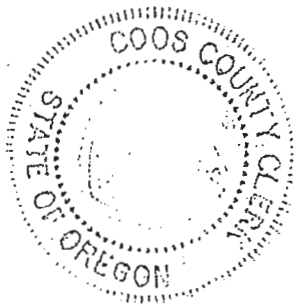
WITH 1 OF 1 PRECINCTS REPORTING

Vote for 1

	Y e s (NON)	N o (NON)	O V V O E T R E S	U V N O D T E E R S
0016 BANDON CITY	526	782	0	47
CANDIDATE TOTALS	526	782		47
CANDIDATE PERCENT	40.21	59.78		

I HEREBY CERTIFY THAT THE ABOVE  
RESULTS ARE TRUE AND CORRECT

*TERRI L. TURI by Rebbie Heller*  
 TERRI L. TURI, CCC  
 COOS COUNTY CLERK  
*Election Director*



## CITY OF BANDON

November 4, 2014, Election

### MEASURE 6-150

#### LIMITED AUTHORITY FOR THE CITY COUNCIL TO INCREASE UTILITY RATES

*Registered Bandon voters will soon be receiving mail-in ballots for the November 4, 2014, election. Measure 6-150 has been placed on the ballot by the City Council as a referral for Bandon voters to decide whether the City Charter should be amended to provide limited authority for the City Council to set utility rates. As a public service, the Bandon Water Resource Committee and the Committee for Citizen Involvement are providing a copy of the Ballot Measure and answers to Frequently Asked Questions, to inform the voters regarding the proposed measure.*

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#### BALLOT MEASURE NO. 6-150

**CAPTION:** Limited Authority for the City Council to Increase Utility Rates.

**QUESTION:** Shall the Bandon City Charter be amended to authorize the City Council to increase utility rates 0%-5% per year?

**SUMMARY:** City Charter restrictions prevent the City Council from increasing certain utility rates unless approved by the voters. Without any rate increases, expenditures in the water, sewer, and electric utilities will eventually exceed revenues. This measure would amend the City Charter to add the following: "Notwithstanding any other City Charter restrictions, the City Council is authorized to increase water, sewer, and electric utility rates from 0% to a maximum of 5% per year." This will help provide adequate funds for properly operating and maintaining the utility systems, while at the same time limiting utility rate increases. All funds from these increases will be used exclusively for providing an adequate supply of high quality water for drinking and fire protection, properly treating the community's sewage, and providing safe and dependable electrical service. The effect of a YES vote will be to authorize the City Council to increase utility rates from 0% to 5% per year. The effect of a NO vote will be to retain the current restrictions which prevent the City Council from increasing utility rates.

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#### FREQUENTLY ASKED QUESTIONS

##### 1. What would this ballot measure do?

The ballot measure would amend the City Charter to authorize the City Council to increase water, sewer, and/or electric rates no more than 5% each year.

##### 2. Where did the idea for this ballot measure come from?

The proposal originated with the Water Resource Committee, which is a standing committee consisting of 7 residents from the Bandon area who are appointed to "plan for, and advise the Mayor and City Council and City Manager on water quality, supply, resources, and watershed protection issues."

##### 3. When was the last time Bandon's utility rates were increased?

Water rates were last increased in 2007. Sewer rates were last increased in 2011. Electric rates were last increased in 2014.

##### 4. How much would this measure increase my utility bills?

The ballot measure itself would not increase utility rates, but would authorize the City Council to do so in an amount no greater than 5% per year. The impact would depend on whether the customer was inside or outside the City, and which services (electric, water, and/or sewer) the customer was receiving. The simplest way to determine the maximum impact on any monthly bill, including the City's 10% tax, would be to take the total amount of that bill, subtract the voluntary programs (low-income "Round-Up" contribution, fireworks donation, and backflow device testing) if you are participating in any of those programs, and multiply the remaining amount by 5% (0.05).

If all of the utility rates were increased by the maximum 5% next year, the monthly bill for a small, inside-City residential water customer using 2,000 gallons of water or less would increase \$0.68, plus tax. The sewer bill for that same customer would increase \$1.14, plus tax. The monthly water and sewer bills for a larger residential customer using 5,000 gallons of water would increase \$0.87 for water and an average of \$1.62 for sewer, plus tax. The monthly electric bill for an inside-City residential electric customer using an average of 771 kWh of electricity would increase \$3.05, plus tax. Outside-City utility rates are higher, so the impact on outside-City bills would be different, although those customers do not pay the 10% utility tax.

**5. How do Bandon's utility rates compare to other cities?**

The latest statewide survey of water and sewer rates was conducted by the League of Oregon Cities in 2009. It showed the following monthly WATER and SEWER cost for a customer using 5,000 gallons of water.

	WATER	SEWER	TOTAL
Bandon (Population 3,100) :	\$17.40	\$32.08	\$49.48
Average for Small Cities (Population 1,001-5,000):	\$31.41	\$39.12	\$70.53
Statewide Average (All Cities):	\$29.23	\$35.61	\$64.84

A 2014 City of Bandon survey showed the following comparable monthly WATER and SEWER cost in other nearby cities.\*

	WATER	SEWER	TOTAL
Bandon (Population 3,100) :	\$17.40	\$32.36	\$49.76
Coos Bay (Population 16,160):	\$28.54	\$60.13	\$88.67
Coquille (Population 3,850):	\$28.80	\$61.00	\$89.80
Lakeside (Population 1,705):	\$24.00	\$45.00	\$69.00
Myrtle Point (Population 2,525) :	\$33.15	\$39.30	\$72.45
North Bend (Population 9,720):	\$28.54	\$29.75	\$58.29
Port Orford (Population 1,135) :	\$55.46	\$79.18	\$134.64
Powers (Population 695):	\$60.20	\$45.00	\$105.20

\* Some cities bill in 100 cubic feet increments, some (like Bandon) in 1,000 gallon increments, some have flat rates, and one includes storm sewer charges. The figures shown are for the closest increments to a 5,000 gallon per month inside Bandon customer, and do not include taxes.

Residential ELECTRIC customers in Bandon use an average of 771 kWh (kilowatt hours) of electricity each month. The following table compares Bandon's 2014 electric rates for that average inside City residential customer who uses that amount of electricity per month with those of Coos-Curry Electric and Pacific Power, which are the other electric utilities serving other cities and areas of Coos County. Utility tax is not included.

	Bandon	Coos Curry Electric	Pacific Power
ELECTRIC	\$61.00	\$83.96	\$87.51

**6. Where will the money from future utility rate increases go?**

All money from utility rate increases will be used for operating, maintaining, and improving the water, sewer, and electric systems. Money from the 10% utility tax will continue to be used for general City operating expenses.

**7. What will happen if this measure does not pass?**

As future costs for operating, maintaining, and improving the water, sewer, and electric systems increase beyond the utility revenues, the City will have to either seek additional utility rate increases, defer maintenance and improvement projects, or subsidize the utilities by cutting City services.

**8. If this measure passes, what is to prevent the City Council from continuously increasing utility rates the maximum amount year after year?**

The voters have the ability to replace the City Council if they feel utility rates are being increased unnecessarily. The voters also have the ability to take back the rate setting authority. History, however, shows that the City Council has not increased utility rates except the minimum amounts absolutely necessary to comply with bond covenants. Although the City Council lost water rate setting authority due to the Charter amendments in 1995, the City Council retained authority to increase sewer and electric rates as necessary to properly operate and maintain those utilities until 2013 and 2014, when pre-1995 sewer and electric revenue bonds that gave them that rate setting authority were paid off. The City Charter also allows the City to increase electric rates as necessary to offset wholesale power costs. Over that 19 year period, the City Council increased sewer rates 7 times and electric rates 5 times.

**9. Why doesn't the City get grants for operating the utilities instead of increasing rates?**

Grants are not available for utility operation and maintenance expenses. The City does obtain grants whenever they are available for water and sewer capital improvement projects. Utility rates that are below the average for other cities makes grants for water and sewer system capital improvements much more difficult to obtain and much less likely to be approved.

**PUBLIC FORUM**

Bandon residents, utility customers, and all interested persons are invited to attend a **Public Forum on Ballot Measure 6-150**, which is being sponsored by the Water Resource Committee and the Committee for Citizen Involvement, on **Wednesday, October 15, 2014, from 6:00 PM to 8:00 PM**, in the **Barn/Community Center**.

# City of Bandon

## CITY COUNCIL AGENDA DOCUMENTATION

DATE: 8/4/14

SUBJECT:  
**WATER RESOURCE COMMITTEE RECOMMENDATIONS ON  
UTILITY RATE SETTING AUTHORITY AND RESOLUTION NO. 14-14:  
PLACING A REFERRAL ON THE NOVEMBER 4, 2014 BALLOT**

ITEM NO:  
**5.2.1**

### BACKGROUND:

At their July 30<sup>th</sup> meeting, the Water Resource Committee approved the attached resolution regarding utility rate setting authority and the effect of the 1995 City Charter amendments restricting the City Council's ability to increase water, sewer, and electric utility rates. That resolution recommends that the City Council act immediately to place a measure on the ballot restoring limited authority for the City Council to increase utility rates from 0% to 5% per year, and that the City Council and City staff join with the Water Resource Committee to actively engage the public in presenting the facts about the utility systems and the proposed referral.

### FISCAL IMPACT:

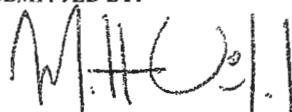
If the proposed ballot measure is approved, the City Charter would be amended to grant the City Council limited rate setting authority to increase water, sewer, and electric utility rates from 0% to a maximum of 5% per year.

### RECOMMENDATION:

**MOTION 1: Accept and concur with the Water Resource Committee recommendations.**

**MOTION 2: Adopt Resolution No. 14-14, placing on the November 4, 2014 election ballot the matter of amending the City Charter to authorize the City Council to increase water, sewer, and electric utility rates from 0% to a maximum of 5% per year.**

SUBMITTED BY:



**MATT WINKEL, CITY MANAGER**

RESOLUTION OF WATER RESOURCES COMMITTEE OF CITY OF BANDON

July 30, 2014

Whereas, the City of Bandon, in 1995, had its authority over setting utility rates removed by public referendum; and

Whereas, in the following year, 1996, the City of Bandon had its basic property tax rate frozen at .46 per 1,000 assessed value (known as a “mill”) or, less than 5% of communities throughout Oregon; and

Whereas, both property taxes and utility services are the financial foundation for the operating expenses in the delivery of services to its citizens; and

Whereas, the double attacks on authority over property tax rates as well as utility service rates, the foundation of city finances, have caused serious difficulties in maintaining services for its citizens while balancing revenue and expenses; and

Whereas, since 1995, the City of Bandon has offered seventeen (17) separate ballot measures asking Bandon citizens for assistance in providing for Bandon’s financial responsibilities; and

Whereas, the City of Bandon alone can do nothing to release it from the freeze on Property Taxes; and

Whereas, every ballot measure effort by the City to recover legitimate authority over setting utility rates has been rejected; and

Whereas, every ballot measure offered by the City in the ensuing years to obtain assistance for specific departments such as police protection services, fire protection services, parks and recreation maintenance, all in separate ballot measures has been rejected; and

Whereas, since 1995, the financial management of City affairs, restricted by the lack of authority to match responsibilities of the City Council has caused the gradual loss of personnel, periodic wage freezes, doubling of jobs for individual staff members, deferred maintenance projects, all while depleting General and Capital funds; and

Whereas, the City Council has the responsibility to provide critically important services to the citizens of Bandon, but lacks the ordinary and necessary authority to provide for future difficulties in maintenance, law enforcement, fire protection nor even adequate staffing levels in administration and maintenance crews; and

Whereas, the Bandon City Council's Water Resource Committee projects that the 2015-2016 budget will not balance revenue and expenses without significant cuts in contributions to all departments, including administration, law enforcement, fire protection, park maintenance as well as the historic provisions for community and civic affairs groups,

BE IT THEREFORE RESOLVED,

The Water Resources Committee of the Bandon City Council recommends that the Bandon City Council address the looming financial difficulties of the City by enacting the following recommendations:

First, we recommend that the City Council immediately approve a Ballot Measure to restore its rate setting authority for all three enterprise services, Water Deliver, Sewer Treatment and Electrical Power, with a range of rate increases from Zero Percent (0%) to no more than Five Percent (5%) in any given year;

Second, we recommend that the Bandon City Council approve by formal vote a commitment by Council Members and select City Staff to join the Water Resources Committee in actively engaging the general public with the true facts about the Utility System and all other facts helpful to the general public regarding this initiative.



Signed,

\_\_\_\_\_  
Roy Ashworth

\_\_\_\_\_  
Bob Berry

\_\_\_\_\_  
Kristina Campina

\_\_\_\_\_  
Peter Hughes

\_\_\_\_\_  
Donald Starbuck

\_\_\_\_\_  
Madeline Seymour

\_\_\_\_\_  
Patricia Soltys

Note: A signed original will be hand-delivered to Council offices as soon as possible.

**RESOLUTION NO. 14-14**

**A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF BANDON, PLACING ON THE NOVEMBER 4, 2014 ELECTION BALLOT A MEASURE AMENDING THE CITY CHARTER TO GRANT THE CITY COUNCIL LIMITED AUTHORITY TO INCREASE WATER, SEWER, AND ELECTRIC UTILITY RATES.**

WHEREAS, the City Charter restricts the ability of the Mayor and City Council to increase water, sewer, and electric utility rates; and

WHEREAS, the Water Resource Committee has determined that proper operation and maintenance of the water, sewer, and electric utility systems require that the City Charter be amended to provide limited authority for the City Council to increase water, sewer, and electric utility rates; and

WHEREAS, the Mayor and City Council agree that proper operation and maintenance of the water, sewer, and electric utility systems require that the City Charter be amended to provide limited authority for the City Council to increase water, sewer, and electric utility rates.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Bandon that the measure captioned "Limited Authority for the City Council to Increase Utility Rates," which is included herein as Exhibit A, is hereby placed on the November 4, 2014, election ballot for the City of Bandon; and

BE IT FURTHER RESOLVED that this resolution shall become effective upon its adoption and approval.

ADOPTED by the City Council this 4<sup>th</sup> day of August, 2014.

\_\_\_\_\_  
Mary Schamehorn, Mayor

Attest:

\_\_\_\_\_  
Juana Bell, City Recorder

**Exhibit A**  
**RESOLUTION NO. 14-14**

**BALLOT MEASURE FOR NOVEMBER 4, 2014 ELECTION**

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