


**CITY OF COOS BAY
JOINT CITY COUNCIL / URA WORK SESSION
Agenda Staff Report**

MEETING DATE December 13, 2016	AGENDA ITEM NUMBER
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TO: Mayor Benetti and City Councilors

FROM: Jennifer Wirsing, P.E., Wastewater Project Engineer

THROUGH: Rodger Craddock, City Manager
Jim Hossley, Public Works Director 

ISSUE: City of Coos Bay Sewer Rate Study

BACKGROUND:

In 2008 the City advertised a request for qualifications for a wastewater sewer rate and cost of service study. The City selected Steve Donovan of Donovan Enterprises to prepare this study. Mr. Donovan prepared the final report January 7, 2009 with a recommendation for a rate structure. Based on Mr. Donovan's work, City staff has recommended a 6.5% increase each year to support the planned projects, operations, and maintenance for the treatment and collection system. The City has consistently made rate increases since 2009 with the exception of this fiscal year.

Since 2009, Mr. Donovan has reviewed the City's proposed annual rate increases and compared them to the City's updated capital improvement plan (the 20-year Takedown List) to confirm that the increase is warranted and will support the planned projects, operations and maintenance of the sewer system. The 2009 report was intended to be viable for 5-years with the intent of updating it at the end of the 5-year term. However, due to Mr. Donovan's past annual reviews of the City's rate increases and because of delay in the construction of Plant 2, Mr. Donovan recommends holding off on updating the study at this time for at least another year. However, because we did not increase rates this fiscal year and because this year's actual wastewater fee revenues are below last year's at this same time, staff intends to have Mr. Donovan review the currently planned projects from the 20-year Takedown List along with operations and maintenance cost to recommend what (if any) rate increase staff should request for next fiscal year's budget which is currently under development.

ADVANTAGES:

The consultant's work will confirm that the planned projects and the costs associated with them will be funded by the proposed rate increases.

DISADVANTAGES:

Staff sees no disadvantages.

BUDGET IMPLICATIONS:

The cost for this effort by Donovan Enterprises is expected to cost less than \$3000.

ACTION REQUESTED:

If Council concurs with the course of action discussed above, no Council action is required as the cost of the work is within staff's spending authority.