



CITY OF COBURG • P.O. BOX 8316 • COBURG



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Dear Coburg Citizens,

For the last year, the City Council has been discussing utility rates. We have tried very hard to inform the community of this process and have invited you ~~in~~ to hear the City Council discussions and presentations to provide your input.

Last April the Council received an analysis that provided a recommendation on possible utility rate increases and shared that possibility with you. They elected to place a possible increase on the budget as a placeholder until more information was available. The rates were not increased, and our customers were not billed.

Over the last year, we have continued our analysis on the water projects, while facing a national economy that reflects a dramatic increase in inflation, cost of building materials, and the cost of personal services. Coburg is not immune to this, nor is any City in Oregon. Many small cities that operate utilities are having to face the reality of raising their rates to meet the cost of operations and critical infrastructure projects.

Coburg began a water project to update infrastructure three years ago. The cost of completing that project at the time was 6.5 million dollars. That cost has continued to increase and what was 6.5 million has nearly doubled in cost. This is due to the cost of materials, and the costs of staffing and consultants to continue this project.

The Water Master Plan projects are essential for updating our aging critical water infrastructure. It is not about supplying water to new commercial development or new homes, or even future development. It is about maintaining critical infrastructure to ensure that we continue to provide the community with clean water, ~~and~~ sufficient water capacity and storage options, now and in the future.

Historically Coburg has kicked the maintenance of the water system down the road to the next City Council due to the lack of funding to take on the planned project. After many decades of lack of proper repairs, upgrades and maintenance, the updates to the water infrastructure are at critical point. We are starting to experience breakage in mainlines that cause water to be shut off to neighborhoods, and pipes that are old, weak and subject to breakage at any time. These repairs are costly to the City in the purchase of materials, contractor bills and over-time wages to our public works department as well as an inconvenience to community members.

The dry hot summers and drought conditions have exacerbated our need to upgrade our water supply so we can provide water to all citizens of Coburg regardless of where they live. This is not a choice of whether the City will serve these properties; the City has a responsibility to serve these properties. Coburg currently has two wells, which provide our water. These wells are only two-hundred feet apart so they pull from the same water source, and are subject to the same changes in water tables and contaminants. To address this issue, the Water Master Plan calls for a 3rd well source that is separated from the other two wells to make sure there is an alternative water source if these wells are compromised. The City has already purchased property on Stallings Lane, and is in the process of developing the third water source.

As you can see, the original \$6.5 million dollar budgeted for this project does not cover the costs of completing the work that needs to take place on the City's critical water infrastructure. In addition, the original project planned for a new reservoir on the east hills, which has now been abandoned. The City Council made the decision to upgrade the existing reservoirs, which were built nearly 50 years ago, and not budget or plan for a new reservoir at this time. The Council has narrowed the water project scope to address the most pressing needs, and yet the pricing still far exceeds the original budgets

<u>Approximate Updated Costs to Critical Infrastructure Projects</u>	
New Transmission Lines	\$ 4,521,493
SCADA Controls to operate utilities	277,000
3 rd Well Development/Well House	763,412
Rehabilitation of existing wells	225,000
I-5 Bore from East to West – system loop	389,984
Existing Reservoir Rehabilitation	1,500,000
Engineering for all projects	1,500,000
Contingency on the costs of projects	<u>2,094,850</u>
Total Project Costs	<u>\$11,271,739</u>

On Friday, March 10, 2023, the City received an updated analysis, and presented to the City Council on Tuesday, March 14, 2023. This analysis took into consideration the cost of maintaining the operations of utilities, along with the cost of continuing the critical infrastructure updates. With the analysis came a professional recommendation for setting water and sewer fees. The recommendation calls for the following:

<u>Residential</u>		
Water Fees	Increase of \$6.36, which will increase the base rate to	\$ 59.36
Sewer Fees	Increase of \$1.73, which will increase the base rate to	\$ 88.43
Tree Fee	No Change	\$ 2.00
TUF Fee	No Change	<u>\$ 7.00</u>
	Total Base Rate Billing with Recommended Increase	<u>\$156.79</u>
Current Rate		<u>\$148.70</u>

The City of Coburg offers a reduced fee to eligible customers who are having trouble paying their bills. Customers interested in applying for Limited Income Assistance can call City Hall at 541-682-7850.

The Council will continue to revisit rates annually and will consider the cost of operations, economic climate, development potential, and future infrastructure needs to determine if further increases are needed.

The City Council strongly encourages the community to participate in this process and provide input. They too are citizens of our community, and volunteer their time to serve on the City Council. They will be equally impacted by decisions on utility rates. This is a very difficult discussion to have, and an even harder decision to make. You can help by being thoughtful and respectful participants in this process.

Thank you,

Anne L. Heath
City Administrator