



City of Bandon

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Bandon by the Sea

April 10, 2025

Transmitted via email: Sen.RobWagner@oregonlegislature.org

The Honorable Rob Wagner
Senate President
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

RE: SUPPORT FOR SENATE BILL 1062 – RESTORATION OF LOCAL RATE-SETTING AUTHORITY

Dear Senate President Wagner,

On behalf of the Bandon City Council, I am writing to express our strong support for Senate Bill 1062, which would restore local rate-setting authority to the cities of Bandon, North Bend, and Reedsport.

As you may know, the City of Bandon has been operating under the constraints of a resident-initiated City Charter amendment that removed the City Council's ability to set utility rates without a public vote. While the amendment may have been well-intentioned, it has had significant unintended consequences that are now threatening the long-term financial stability and solvency of our city.

This Charter restriction has severely limited the City's ability to adequately fund essential water, wastewater, and electric utility services. The result is a growing structural deficit that forces the use of General Fund dollars to subsidize utility operations, capital improvements, and capital equipment purchases that would otherwise be funded by user fees.

To illustrate the impact: as of last year, it cost the City approximately \$6.13 per 1,000 gallons to produce potable drinking water. However, due to the inability to adjust rates responsibly, end users currently pay only \$1.30 per 1,000 gallons, requiring a General Fund subsidy of \$4.83 per 1,000 gallons for this essential service. This unsustainable imbalance drains discretionary funding away from other core services, including public safety, street maintenance, facility upkeep, and broader infrastructure needs.

Moreover, since utility user fees are insufficient to cover even basic operating costs, the City has been forced to defer essential infrastructure maintenance, expansion, and capital equipment replacements, putting the long-term functionality and reliability of our public utilities at risk.

Without a return to local rate-setting authority, the City may ultimately have no choice but to consider the sale of its utilities to private, for-profit entities. Such a move would likely

result in market-rate increases imposed on our residents, undermining the original intent of ratepayer protections and shifting control away from locally elected officials.

Senate Bill 1062 offers a thoughtful, targeted solution by restoring this critical authority to the cities of Bandon, North Bend, and Reedsport. If passed, our City Council is committed to ensuring that any future rate adjustments are based on objective, data-driven methodologies, supported by transparent and empirical cost analyses to justify the need and scale of such changes.

My fellow City Councilors and I urge you to support this important legislation and appreciate your continued leadership in safeguarding the fiscal and operational integrity of Oregon's cities. If you have any questions regarding the fiscal solvency of the City's enterprise accounts, please do not hesitate to contact City Manager Torrey Contreras at (541) 347-2437 tcontreras@bandon-or.gov

Sincerely,



Mary Schamehorn
Mayor

cc: Oregon State Senate
City of Bandon City Council