

**CITY OF NEWBERG CITIZENS' RATE REVIEW COMMITTEE AGENDA  
WEDNESDAY, JANUARY 4, 2012  
7:00 P.M. MEETING  
PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)**

**Mission Statement**

*The City of Newberg serves its citizens, promotes safety, and maintains a healthy community.*

**Vision Statement**

*Newberg will cultivate a healthy, safe environment where citizens can work, play and grow in a friendly, dynamic and diverse community valuing partnerships and opportunity.*

**I. CALL MEETING TO ORDER**

**II. ROLL CALL**

**III. COMMITTEE BUSINESS**

1. Committee and Staff Introductions (*updated membership list distributed at the meeting*)
2. Elect Chair, Vice Chair and Secretary

**IV. PUBLIC COMMENTS**

(30 minutes maximum, which may be extended at the Chair's discretion, with an opportunity to speak for no more than 5 minutes per speaker allowed)

**V. CONSENT CALENDAR**

Approval of November 30, 2011 minutes (Pages 3-6)

**VI. CONTINUED BUSINESS**

1. Conclude Stormwater Methodology Overview
2. Planning Commission Report on Stormwater Management Plan (*for information only*) (Pages 7-24)

**VII. NEW BUSINESS**

1. Presentation on Wastewater Methodology, Rate Comparisons and CIP (Pages 25-42)
2. Finance Director Memorandum and City Manager 11/12 Budget Message (Pages 43-47)

**VIII. ADJOURNMENT**

*ACCOMMODATION OF PHYSICAL IMPAIRMENTS: In order to accommodate persons with physical impairments, please notify the City Recorder's office of any special physical or language accommodations you may need as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please contact the City Recorder at (503) 537-1283. For TTY services please call 711.*

**The Committee accepts comments on agenda items during the meeting. Fill out a form identifying the item you wish to speak on prior to the agenda item beginning and turn it into the Secretary. The Chair reserves the right to change the order of the items on this agenda.**

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CITY OF NEWBERG  
**CITIZENS' RATE REVIEW COMMITTEE MINUTES**  
**WEDNESDAY, NOVEMBER 30, 2011**  
**7:00 P.M. MEETING**  
PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)

**I. CALL MEETING TO ORDER**

Chair Tony Rourke called the meeting to order at 7:00 PM.

**II. ROLL CALL**

Members

Present:	Tony Rourke, Chair	Ernie Amundson, Jr.	Mike Gougler
	Charles Zickefoose	Mayor Bob Andrews, Ex-Officio	Beth Keyser

Staff

Present:	Dan Danicic, City Manager	Janelle Nordyke, Finance Director
	DawnKaren Bevill, Minutes Recorder	

Others

Present: Deb Galardi, Consultant

**III. PUBLIC COMMENTS**

Mr. Hank Grum distributed an email (see official packet for full report) that he had previously sent to the City Council, dated November 22, 2011. At the November 9, 2011 Citizens' Rate Review Committee meeting there was mention of certain mandates requiring upgrades of the wastewater treatment plant. Mr. Grum has not seen enough questioning of the assumptions that the City of Newberg must adhere to the upgrades that are mandated. He referred to the last page of the handout stating he sees recycled water as an issue needing transparency. Closer inspection of the loan application, which was the point source document that was discussed at the last Budget Committee meeting, and the \$55 million loan application from the State of Oregon concerning the loan application, reveals the "need" to maintain Willamette River temperature at an optimum of 20 degrees centigrade for fish as a motivator to establish an expanded irrigation program. He is not convinced that this issue has been investigated adequately.

Mr. Grum asked the committee to also take a closer look at the pension costs for city employees. He believes that they are being paid much more on the average than employees in other private sector agencies.

**IV. CONSENT CALENDAR**

Approval of November 9, 2011 minutes (Pages 2-5)

<p><b>MOTION #1: Zickefoose/Amundson</b> approved the Citizens' Rate Review Committee minutes from November 9, 2011, as written. Motion carried. (5 Yes/0 No/0 Absent).</p>
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## V. CONTINUED BUSINESS

### Conclude Water Rates Discussion

#### 1. O&M Reductions

Mr. Dan Danicic began by addressing the question brought forward by Mr. Ernie Amundson at the last meeting. Mr. Amundson questioned whether 70% of the budget allocated to staff costs is reasonable. Mr. Danicic did some research and found that although there is no one source to show what the labor percentage should be, he did find a report on [www.constructionbusinessowner.com](http://www.constructionbusinessowner.com) that stated, depending on the benefit package involved, employee related costs will typically account for 24%-33% for non-union contractors and 60%-70% for union contractors. Mr. Danicic found another reference, not related to construction but rather on the food and beverage industry, which ranged from 40%-75% of sales. An analysis was done comparing the relative size of labor costs at UPS, Fed-Ex, and the U.S. Postal Service in comparing a government agency to the two other entities. The report showed the percentages of salaries at 82% for UPS, 71% for Fed-Ex and 89% for the U.S. Postal Service.

There was also a report from Pennsylvania which looked at alternatives for toll roads. It looked at the labor content comparison of two different plans. Based on a report citing data from the Construction Estimator Handbook, the labor percentage of the project costs ranged from a low of 25% if looking at sub-grade and paving work to a high of 85% for the removal of infrastructure and improvements. Utilities were at 65%. These show 70% is comparable. The reason for the 70% is because the City does smaller projects overall and although many projects have a small amount of materials; it takes more than one employee to do the job. All staff time is tracked as well as equipment and material usage on a project basis. A recent project was a 300 foot waterline with a total cost of \$48,000.00 of which \$10,000.00 of that was strictly the labor cost which came out to 22% of the total project. When budgeting staff time; you need to account for sick time, holiday time, training time, and meeting time which typically is 20% of an employee's time. Including this time into the labor costs for the waterline project, calculates to 66% of construction costs which shows 70% as reasonable.

Mr. Amundson was referring to the overall budget in labor and what the employees are doing when they are not working on a specific project. That is why he believes using contractors would be helpful. Mr. Danicic said contractors will charge for labor and equipment, which the City does not budget or pay for, as well as for the materials plus profit on top of that. Mr. Danicic questions whether privatization would effectively save money. Mr. Amundson answered that when the contractor has completed a job the City would stop paying for benefits for that contractor. Mr. Danicic stated the public works crew moves from one project to another. They are doing all the same things that contractors do. Mr. Danicic does not believe the 70% labor costs are inappropriate.

Mr. Danicic stated the debt coverage can be achieved by either increasing revenue or by reducing costs. He referred to the O&M handout (see official packet) and reviewed the proposed reductions totaling \$584,164.00. This would allow us to meet the debt covenant with no rate increase. Mr. Danicic does not feel it appropriate for the CRRC to vote on and set a water rate at this meeting due to the need to see the effect to all three funds; water, wastewater and stormwater.

Mr. Chuck Zickefoose asked about the risk factor of these reductions. Mr. Danicic stated the proposed reductions to the various line items will not put the City at risk for meeting the clean water rules and standards. It will, however, limit the money set aside for future capital projects which means the money may need to be borrowed when/if it is available. The reductions shown are a combination of allocating staff salaries more appropriately and reducing certain line item costs for operations.

Ms. Deb Galardi pointed out the fairly significant reduction to the waterline repair and maintenance line item of the distribution system budget. She explained that if major repairs are needed, in excess of the revised budget amount, then those additional funds would need to be pulled from contingencies.

## 2. Final Presentation (Deb Galardi)

- Percent Increase to Achieve Coverage (based on reduced O&M)

Ms. Galardi presented the staff report with use of a PowerPoint (see official meeting packet for full report). She also referred to the water rate study and the O&M reductions handouts. With assumed cost escalation there is a slight shortfall in fiscal year 2013/14. Issues that need to be taken into consideration are: water consumption which will cause further erosion in coverage; transfers from reserves which are projected for CIP (reserves are less than \$500,000.00 in fiscal year 2015), and O&M cuts increasing the risk (limited to \$500,000.00 contingency). Increases in fixed charges will reduce revenue instability over time but will also be perceived as rate increases to some customers. Regardless of an overall rate increase, the rate structure must be determined. The rate structure can be changed to come from the fixed charges which will still cause rate fluctuation impacts. Stormwater is a 100% fixed charge which does have definite benefits.

Chair Tony Rourke asked for statistics on suggested reserve balances. Ms. Galardi stated it is based on number of days of O&M costs with a range of 30-180 days. We assume a 60-day reserve balance in our contingencies, which is on the lower end but within planning standards.

Mr. Amundson believes the first decision is whether to increase the fixed rate of consumption. Chair Rourke agrees with Mr. Danicic's earlier comment that the decision to increase should be reviewed later after the three systems have been analyzed.

Ms. Beth Keyser believes the committee should wait regarding rates. She has not heard enough about reducing staff and related expenses. Chair Rourke stated of the \$584,162.00 reduction shown, \$250,000.00 are actual cuts. Mr. Danicic clarified that some of the savings are due to shifting costs. Eliminating a significant amount of staff makes him question whether the City would function well. Mr. Danicic explained that staff has been cut every year; building inspectors, planners and engineers all have been cut in the last two years. Ms. Keyser agrees there needs to be a change in the fixed/volume ratio but it will be more palatable to the public if they see the City making sacrifices as well.

Mr. Mike Gougler stated at the last meeting he asked that the CRRC work towards changing the ratio of variable to fixed. He did so with the understanding it will be perceived as a rate increase. He questioned some of the logic in regard to concerns about city expenses. As a builder, he contracts for the services at the time he needs them. On the other hand, he cannot afford to contract out for a bookkeeper that balances the books. Changing the ratio between variable and fixed is a good long-term tactic. Newberg chose to postpone necessary improvements to the water treatment plant and if future capital project money will be reduced, the City will be facing the same problems again ten years down the road. Not raising rates caused the raised rates last year and it will happen again. At this point, the CRRC has to change the ratio from a variable to a fixed rate structure with dependable revenue. Mr. Gougler stated the CRRC needs to be prepared so it is defensible to the people. Mr. Zickefoose emphatically concurred with Mr. Gougler.

- Rate Structure Decision

**MOTION #2:** Rourke/Zickefoose moved to explore the possibility of an 80/20 variable/fixed ratio with flexibility to any other percentages; moving toward more fixed as a percentage of the total. Motion carried. (5 Yes/0 No/0 Absent).

## VI. NEW BUSINESS

### 1. Present Stormwater Rates (Pages 7-11)

Mr. Danicic reviewed the capital projects portion of the stormwater budget. It is rather straightforward showing \$259,000.00 budgeted in fiscal year 2012/13 for a master plan update. The Crestview Drive and Springbrook Road projects are multi-funded. Vermillion Street is a local drainage problem and will be completed this budget year.

Mr. Gougler stated the decision of the stormwater control and the adoption of the stormwater management plan will have budgetary impacts. Mayor Andrews suggested staff obtain a copy of the Planning Commission Meeting Minutes discussing the stormwater management plan. Mr. Danicic will forward a summary of that information to the CRRC prior to the next meeting.

Ms. Galardi reviewed the stormwater financial plan (see official meeting packet for full report). The stormwater rate is a fixed charge and is based on impervious area which does not change. The only reason for reduction in revenue would be from a loss of customers, an increase in credits provided, or lack of growth. There is a small variance between the estimated and actual revenue in fiscal year 2011/12. Revenues are holding with some deferral of capital and O&M expenses are right in line.

Mr. Zickefoose asked if a closed business is still required to pay the stormwater fees for that property. Mr. Danicic replied only as long as there is a utility account in place. The question was asked if Suntron was still using water, although the building was not in use. *(Mrs. Nordyke has since confirmed that the utility bill shows that water is primarily being used for irrigation.)*

Chair Rourke prefers paying cash instead of paying a bank interest and is a proponent of adding to reserves. The capital improvement projects of \$1.2 million for two years will cost over \$500,000.00 in interest.

### 2. Move Town Hall Meeting to February 8, 2012

Chair Rourke explained the date was changed from February 1, 2012 to February 8, 2012 due to a scheduling conflict. Further scheduling changes may take place as discussions proceed

Mayor Andrews explained the new CRRC appointments will begin on January 1, 2012. Ms. Keyser has not reapplied to serve on the CRRC. Her last official meeting will be December 14, 2011.

Chair Rourke will not be present at the next scheduled meeting of December 14, 2011 due to a work conflict.

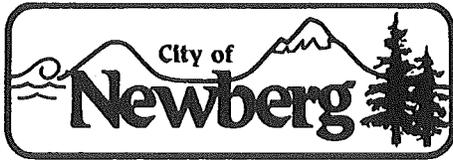
## VII. ADJOURNMENT

The meeting adjourned at 8:50 PM.

**Approved by the Citizens' Rate Review Committee on this 4<sup>th</sup> day of January 2012.**

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DawnKaren Bevill, Minutes Recorder

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Tony Rourke, Citizens' Rate Review Committee Chair



**PLANNING COMMISSION AGENDA**

**October 13, 2011**

**7 p.m. Regular Meeting**

**Newberg Public Safety Building**

**401 E. Third Street**

- I. **ROLL CALL**
- II. **OPEN MEETING**
- III. **CONSENT CALENDAR** (items are considered routine and are not discussed unless requested by the commissioners)
  - 1. Approval of September 8, 2011 Planning Commission Meeting Minutes
- IV. **COMMUNICATIONS FROM THE FLOOR** (5 minute maximum per person)
  - 1. For items not listed on the agenda
- V. **WORKSHOP: Proposed Stormwater and Erosion Control codes to implement the Willamette River TMDL Plan.** The Willamette River TMDL (Total Maximum Daily Load) Implementation Plan is an agreement between DEQ and the City requiring municipal code language that protects the Willamette River from illicit discharges and adverse effects from construction site stormwater and post-construction stormwater. The workshop will provide information on the TMDL program in general and what is specifically required by the City's TMDL Implementation Plan. The goal of the TMDL Implementation Plan is to improve water quality of streams within Newberg in order to protect the water quality of the Willamette River.
- VI. **ITEMS FROM STAFF**
  - 1. Update on Council items
  - 2. Other reports, letters, or correspondence
  - 3. Next Planning Commission Meeting: November 10, 2011
- VII. **ITEMS FROM COMMISSIONERS**
- VIII. **ADJOURN**

FOR QUESTIONS PLEASE STOP BY, OR CALL 537-1240, PLANNING & BUILDING DEPT. - P.O. BOX 970 - 414 E. FIRST STREET

***ACCOMMODATION OF PHYSICAL IMPAIRMENTS:***

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**PLANNING COMMISSION MINUTES**  
**October 13, 2011**  
**7 p.m. Regular Meeting**  
**Newberg Public Safety Building**  
**401 E. Third Street**

TO BE APPROVED AT THE NOVEMBER 10, 2011 PLANNING COMMISSION MEETING

**I. ROLL CALL:**

Present:	Philip Smith, Chair	Thomas Barnes, Vice Chair
	Art Smith	Gary Bliss
	Cathy Stuhr	Allyn Edwards
	Kale Rogers, Student PC	

Absent: Lon Wall (excused)

Staff Present: Mayor Bob Andrews  
 Barton Brierley, Building & Planning Director  
 Steve Olson, Associate Planner  
 Sonja Johnson, Environmental Specialist  
 Alan Lee, Environmental Services Specialist  
 DawnKaren Bevill, Minutes Recorder

**II. OPEN MEETING:**

Chair Smith opened the meeting at 7:00 p.m. and asked for roll call.

**III. CONSENT CALENDAR:**

Vice Chair Smith entertained a motion to accept the minutes of the September 8, 2011 meeting.

**MOTION#1: Barnes/Bliss** approve the minutes from the Planning Commission Meeting of September 8, 2011 as amended. (6 Yes/ 0 No/ 1 Absent [Wall]) Motion carried.

**IV. COMMUNICATIONS FROM THE FLOOR:**

No items were brought forward.

**V. WORKSHOP: Proposed Stormwater and Erosion Control codes to implement the Willamette River TMDL Plan.**

Barton Brierley introduced Sonja Johnson, Environmental Specialist and Allen Lee, Environmental Services Supervisor. Ms. Johnson began the PowerPoint presentation by explaining Willamette River TMDL (Total Maximum Daily Load) Implementation Plan is an agreement between DEQ and the City requiring municipal code language that protects the Willamette River from illicit discharges and adverse effects from construction site stormwater and post-construction stormwater. The workshop will provide information on the TMDL program in general and what is specifically required by the City's TMDL

Implementation Plan. The goal of the TMDL implementation Plan is to improve water quality of streams within Newberg in order to protect the water quality of the Willamette River.

In 1972, Congress passed the Clean Water Act which regulates water pollution and within the Clean Water Act is Title III which is standards and enforcement. This is where it was determined as unlawful to discharge any pollutant into rivers and streams. That section of the Clean Water Act primarily has to do with point sources which are end-of-pipe discharges from wastewater treatment plants, industrial plants, and manufacturing plants. It was determined that there were still some rivers and streams that were not up to the water quality standards and were coming from non-point sources which are difficult to regulate. Section 303(d) of Title III says that each state shall establish the total maximum daily load (TMDL) at a level necessary to implement the water quality standards within the rivers and streams. The US EPA, under the authority of the Clean Water Act, stated that the states had to determine which rivers and streams were not meeting water quality standards with point-source regulations alone. In the year 2000, the EPA created an agreement with the Department of Environmental Quality (DEQ) to determine which Oregon rivers and streams were water quality impaired and fell under section 303(d). In 2006 the DEQ sent what they considered the parameters that the Willamette River Basin was not meeting regarding water quality: temperature, bacteria, mercury, DDT, dissolved oxygen, dieldrin, and turbidity. DEQ then sent out a letter to the City of Newberg and all the cities affected by the Willamette River Basin. Newberg is considered to be in the Chehalem Mountain Basin which begins at Rex Hill and ends at Dundee. In 2006, the City of Newberg was directed to begin an implementation plan and in 2008, DEQ approved the City of Newberg TMDL plan. The parameters that were needed to be controlled were temperature, mercury, and bacteria.

The TMDL includes six measures that every implementation plan is required to do: public education, public participation, illicit discharge detection and elimination, construction site runoff, post construction runoff, and pollution prevention practices. Staff developed a code with participants from the following departments: Public Works Engineering, Maintenance, Building and Planning. Mayor Bob Andrews convened the Stormwater Ad-Hoc Committee in May, 2011 to review and refine the code which was done through public meetings which met every two weeks in the Public Safety Building. The committee was made up of seven members from five out of six districts and represented parks, university, developers, engineers, and citizens. The committee looked at illicit discharge, construction site runoff, and post construction runoff. Within those, the code affects the review of construction plans and inspection of construction sites, as well as review of construction plans for stormwater management, stormwater facilities, and the inspection of those facilities. The TMDL parameters that the City of Newberg needed to control were stream temperature, mercury and bacteria.

Illicit discharge (IDDE) is a discharge to a stormwater system that is not composed entirely of stormwater. Some examples include connecting a wastewater pipe to the stormwater system, leaking wastewater pipes infiltrating to stormwater system, and dumping wastes into catch basins or stormwater manholes. The TMDL requires the regulation of specific discharges, regulate other non-stormwater discharges, and exempt fire fighting discharges and discharges that are already complying with NPDES point-source permits. A conditional exemption has been done for the following specific discharges: water line flushing, discharges from potable water sources, dechlorinated swimming pool discharges, and street wash water. The other stormwater discharges that are covered in the code are illegal connections, streambanks, illegal dumping, spill response, and non-permitted commercial or industrial discharges.

Construction site runoff is discharging from a construction site. Pollution sources include oil, grease, chemicals, construction debris, litter, sanitary waste, and sediment.

Exemptions within the code include agricultural activities not creating a visible and measurable discharge to stormwater system activities complying with DEQ 401 Water Quality Certification, DSL permits, or USACE, emergency actions, and activities disturbing less than 500 square feet that are not located in a floodplain or the Newberg Stream Corridor Sub-District or discharging stormwater offsite that exceeds water-quality standards.

The TMDL plan requires the review of construction site plans, erosion and sediment controls regardless of the size of the construction site, to prevent or control construction-related waste, inspect construction sites, and consider managing the DEQ's 1200-C permit program (although the City has decided not to manage that due to City workloads). The City will review construction site plans for projects disturbing between 500 square feet and 1 acre of land and DEQ will review projects disturbing > 1 acre. The City will inspect construction sites disturbing 500 square feet and 1 acre of land and DEQ will inspect projects disturbing > 1 acre. Other requirements include proper storage and disposal of construction waste.

Post-construction runoff is from impervious areas such as driveways, streets and sidewalks, rooftops, and parking lots. The methods used to control these are through stormwater facilities; where stormwater congregates.

The TMDL plan asks the City of Newberg to require practices or facilities that maximize water quality and to require adequate long-term operations and maintenance of stormwater facilities. The way in which to maximize water quality is to decrease volume by decreasing impervious area and encouraging infiltration, and to decrease velocity by decreasing volume. The requirements were tiered in accordance to net-impervious area. If a project is 500 – 2,877 square feet of net impervious area, a project summary will be required with a scaled drawing and general stormwater flow direction. If a project is 2,877 square feet or more of net impervious area and < 1 acre of disturbed area, a project summary, design flow calculations, and proposed stormwater facilities will be required. If greater than 1 acre or more of land is disturbed, a project summary, design flow calculations, and stormwater facilities will be required.

Long term operations and maintenance requirements for stormwater facilities are as follows: require maintenance agreement to inform citizens of stormwater facility locations, require maintenance agreement to teach citizens how to maintain stormwater facilities, and require annual reports so the City knows the facilities are properly functioning.

The end results of the code and implementation plan concerning illicit discharge include proper disposal of hazardous and toxic material, timely spill cleanup, and decreased sediment and bacteria in streams. In regard to erosion control there will be decreased erosion and sediment in streams. Stormwater management will decrease erosion and sediment in streams, stream temperatures, emergency staff time, and will improve proper functioning of stormwater facilities.

The code has been sent to DEQ. They came back with very few comments, which have been incorporated into the code.

#### **Comments & Questions:**

Commissioner Edwards asked if any consideration was given regarding culverts or ditches with standing water under driveways and such. Sonja Johnson replied in the future people will be required to maintain facilities and will need to keep it clear. Commissioner Edwards asked if that should be included in the code. Ms. Johnson stated she will ask staff.

Commissioner Stuhr asked if the regulation will not apply to existing culverts or only to new or re-developed. Ms. Johnson replied if it is an existing culvert then no, but if a new culvert is put in it would need to be regulated.

Commissioner Edwards asked if there was any consideration regarding the traffic on construction sites and the mud on the streets. Ms. Johnson replied the code requires construction entrances be rocked or paved. Large sites have a requirement for wheel washes. One erosion control requirement is to clean up the dirt on the roadways at the end of the work day.

Commissioner Bliss asked if she is referring to private drainage facilities in regard to culverts. Ms. Johnson replied yes, private facilities would have an agreement. If a developer created a private facility then that would fall under the maintenance agreement. Commissioner Bliss asked how does staff plan on decreasing volume. Ms. Johnson replied by encouraging infiltration facilities.

Commissioner Stuhr referred to page 18 under Section 13.25.02 and asked if a permit is not required how the City will be aware of violations. Ms. Johnson stated that section will help the City to educate first and if they do not listen, this section will allow the Code Enforcement Officer to take enforcement action if needed. Agricultural activities are exempt from erosion controls unless the City determines there are water quality damages and impacts downstream. Commissioner Stuhr referred to page 23, Section 13.30.04 and asked about washing items other than a car. Ms. Johnson stated the TMDL specifically states car washing but the City can add more specifics. Commissioner Stuhr referred to street wash water which she believes should be more specifically defined. Also, charity carwashes were not covered in the proposed code as an exemption.

Commissioner Stuhr referred to pg 10, the first paragraph regarding construction site runoff and asked staff to review whether the word "all" is correct. Ms. Johnson believes the code says, "regardless of size." Commissioner Stuhr asked for the language to be changed to the same. On page 11 under Post-Construction Runoff, she believes it needs to be emphasized that this is new and re-development.

Commissioner Bliss referred to page 20, Section 13.25.04 and stated parameters need to be defined regarding how far downstream. He also asked for clarification regarding Section 13.25.05 (B5). Barton Brierley explained the stream corridors are defined areas at the top of the streambanks that have specific limits on development. The stream corridors are intended to be kept natural and are actually mapped. Commissioner Bliss then referred to page 23, Section 13.30.06 (A) and stated that seems rather onerous. Ms. Johnson replied that language is also within the wastewater code. Commissioner Bliss stated this needs to be looked at in context. Ms. Johnson understands the concern but if there is something occurring that is in violation of water quality standards and it is allowed to continue, DEQ will not understand.

Commissioner Bliss asked what is the recourse on page 24, Section 13.30.06 (C). Ms. Johnson explained if you put in a pipe or connect the pipe from the sewer system which is not in the plans and affects the stormwater system; it will need to be corrected.

Commissioner Stuhr believes Section 13.30.07; Illegal Dumping has conflicts and needs to be rewritten in order for it to be enforceable. Chair Smith stated there are a number of ways to be in conflict. Commissioner Edwards stated there are always exceptions. Commissioner Art Smith stated this section is far too long and inclusive. Chair Smith suggested Section 13.30.07 (A) could be re-written and shortened to speak to items that contribute to stormwater pollution. Commissioner Stuhr is concerned with language in regard to vegetation, which is difficult for someone to understand who does not know what excessive vegetation means or how to control it. Perhaps it will be good to express it to the public

in a way they can understand through education. She then referred to page 25 section 13.30.14 (A) and stated the language needs to be more specific regarding “discharge access to any facility or person...”

Commissioner Bliss referred to page 27, Sections 13.35.02 (B), 13.35.04 and 13.35.04 through (4B) and stated it is in conflict, especially 13.35.02 (B) which states projects on single lots that are zoned as single family residential are exempt and 13.35.04 (A3). Ms. Johnson explained the 2,877 square feet is the average impervious area of an average residential lot. If you have a single family residential lot, that exemption speaks to homeowner projects. Chair Smith stated it does not clarify that and a developer will read that believing a new single family home is exempt. Ms. Johnson asked how that should be worded. The purpose was to exempt homeowners from having to comply if they only want to do a simple project. Chair Smith suggested, “Projects on single lots that are zoned as single family residential and are adding less than “X “amount of impervious surface.” Commissioner Bliss believes the entire page needs to be reviewed due to conflict. Steve Olson stated one other potential confusion in the language is the “single family residential zone” which the City does not have; it would be clearer to refer to single family development and not use the word “zone.”

Commissioner Bliss referred to page 29 Section 13.35.08 (B 24) and stated how far down stream needs to be defined. Also (D) and how far down stream of the project and to what end and why 150% of the mitigation fee? Ms. Johnson explained the mitigation is one or more of the options. The intent was that if there is a variance when providing stormwater facilities due to site constraints, the City or neighbors will not have to deal with the stormwater produced by the project. Staff will change the language to, “one or more.” She would like to leave that up to the developer and the City in order to negotiate with the developer depending on the area affected and the size of the project. The 150% should be some kind of deterrent in asking for a variance. Commissioner Bliss suggested talking to the City Attorney on that percentage. Chair Smith stated this could become a legal case. He asked staff the procedure about a variance being granted. Barton Brierley explained this is not set up in the same way as a zoning variance would be. There would be no hearing or notice; the requirements are just to ask for the variance. There is a procedure about an appeal that does allow someone who does not like the decision to appeal that and that appeal would first go to the City Manager and then to City Council.

Chair Smith recessed for a six-minute break at 8:35 p.m.

Commissioner Barnes referred to page 28, Section 13.35.05 (B) and asked if private property catch basins will be inspected. Ms. Johnson replied if it is a private facility they are not maintained by the city. The current code is from the time of adoption on and does not pertain to existing facilities. Chair Smith stated if existing facilities never have to come up to code they can continue to contribute to stormwater pollution. Should this implementation of this reform try to fix problems that already exist? Ms. Johnson stated if the City can minimize what further development will do that is a positive thing. It would be nice to not have to grandfather in older stormwater facilities. Many cities are asking previously approved stormwater facilities to sign maintenance agreements but are not requiring them.

Commissioner Stuhr stated there are inconsistencies on capitalization throughout the code. Barton Brierley replied there is not much capitalization in the new municipal code.

## **VI. ITEMS FROM STAFF:**

Update on Council items:

Barton Brierley stated the Lumberman’s site has been approved for a Goodwill store (just under 20,000 sq. ft.) on Portland Road and a new Jack in the Box Restaurant has been approved on

Springbrook Road and 99W. Also, the animal shelter construction will begin as soon as the contract is signed. It will develop over time as money becomes available.

The County Commissioners will be hearing population projections for the county on October 27, 2011 at 10:00 a.m. Mr. Brierley invited the Planning Commissioners to attend. That same morning, the sixth graders at Mountainview Middle School will be making a presentation on design projects on two Newberg sites. He asked for some of the Commissioners to attend from 8:00 – 9:45 a.m. and/or the second session is 11:30 a.m. – 1:15 p.m. Mayor Andrews will also be attending.

The City Council approved the City doing a bicycle route through Newberg from behind Safeway to the skate park. It is not a bike lane but arrows in the roadway telling drivers to watch for bicycles, and bicycles to go with the direction of traffic. They will be installed in the spring. A map of the bicycle routes in Newberg is available. The Cultural Center parking lot was approved and decided on impervious pavers as opposed to asphalt.

The next Planning Commission Meeting is scheduled on Thursday, November 10, 2011.

VII. ITEMS FROM COMMISSIONERS: None.

VIII. ADJOURN:

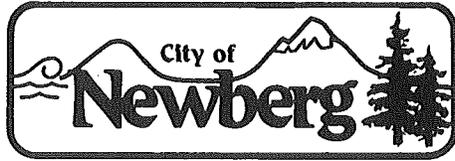
Chair Smith adjourned the meeting at 9:15 p.m.

Approved by the Planning Commission on this 10<sup>th</sup> day of November, 2011.

AYES: 7      NO: 0      ABSENT: 0      ABSTAIN: 0

  
\_\_\_\_\_  
Planning Recording Secretary

  
\_\_\_\_\_  
Planning Commission Chair



**PLANNING COMMISSION AGENDA**  
**November 10, 2011**  
**7 p.m. Regular Meeting**  
**Newberg Public Safety Building**  
**401 E. Third Street**

- I. **ROLL CALL**
- II. **OPEN MEETING**
- III. **CONSENT CALENDAR** (items are considered routine and are not discussed unless requested by the commissioners)
  - 1. Approval of October 13, 2011 Planning Commission Meeting Minutes
- IV. **COMMUNICATIONS FROM THE FLOOR** (5 minute maximum per person)
  - 1. For items not listed on the agenda
- V. **LEGISLATIVE PUBLIC HEARING** (complete registration form to give testimony - 5 minute maximum per person, unless otherwise set by majority motion of the Planning Commission)

APPLICANT: City of Newberg

REQUEST: Proposed Stormwater and Erosion Control codes to implement the Willamette River TMDL Plan. The Willamette River TMDL (Total Maximum Daily Load) Implementation Plan is an agreement between DEQ and the City to protect the Willamette River from illicit discharges and adverse effects from construction site stormwater and post-construction stormwater. The proposed stormwater and erosion control codes are intended to implement the plan and control the adverse effects of stormwater and erosion.

RESOLUTION NO.: 2011-296

- VI. **ITEMS FROM STAFF**
  - 1. Update on Council items
  - 2. Other reports, letters, or correspondence
  - 3. Next Planning Commission Meeting: December 8, 2011
- VII. **ITEMS FROM COMMISSIONERS**
- VIII. **ADJOURN**

FOR QUESTIONS PLEASE STOP BY, OR CALL 537-1240, PLANNING & BUILDING DEPT. - P.O. BOX 970 - 414 E. FIRST STREET

***ACCOMMODATION OF PHYSICAL IMPAIRMENTS:***

*In order to accommodate persons with physical impairments, please notify the City Recorder's office of any special physical accommodations you may need as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please contact the city recorder at (503) 537-1283. For TTY service please call (503) 554-7793.*

**PLANNING COMMISSION MINUTES**  
**November 10, 2011**  
**7 p.m. Regular Meeting**  
**Newberg Public Safety Building**  
**401 E. Third Street**

TO BE APPROVED AT THE DECEMBER 8, 2011 PLANNING COMMISSION MEETING

**I. ROLL CALL:**

Present:	Philip Smith, Chair Art Smith Cathy Stuhr Lon Wall	Thomas Barnes, Vice Chair Gary Bliss Allyn Edwards Mayor Bob Andrews
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Absent: Kale Rogers, Student PC

Staff Present: DawnKaren Bevill, Minutes Recorder  
 Steve Olson, Associate Planner  
 Sonja Johnson, Environmental Specialist  
 Alan Lee, Environmental Services Specialist

**II. OPEN MEETING:**

Chair Smith opened the meeting at 7:00 p.m. and asked for roll call.

**III. CONSENT CALENDAR:**

Vice Chair Smith entertained a motion to accept the minutes of the October 11, 2011 meeting.

**MOTION#1: Stuhr/Edwards** approve the minutes from the Planning Commission Meeting of October 11, 2011 as written. Motion carried (7 Ycs/ 0 No/ 0 Absent).

**IV. COMMUNICATIONS FROM THE FLOOR:**

No items were brought forward.

**V. LEGISLATIVE PUBLIC HEARING:**

**APPLICANT:** City of Newberg

**REQUEST:** Proposed Stormwater and Erosion Control codes to implement the Willamette River TMDL Plan. The Willamette River TMDL (Total Maximum Daily Load) Implementation Plan is an agreement between DEQ and the City to protect the Willamette River from illicit discharges and adverse effects from construction site stormwater and post-construction stormwater. The proposed stormwater and erosion control codes are intended to implement the plan and control the adverse effects of stormwater and erosion.

**RESOLUTION NO.:** 2011-296

**Opening of the Hearing:**

**Opening of the Hearing:**

Chair Smith opened the hearing and asked the Commissioners for any abstentions, conflicts of interests, or objections to jurisdiction. None were brought forward.

Sonja Johnson gave the staff report and reviewed the following changes that have been made since the workshop that was held on October 11, 2011 (see the official meeting packet): The Illicit Connections definition now matches the Illicit Discharge section; the word "convey" was removed from the Stormwater Facility definition; and Street Wash Water has now been included in the definitions section. Clarification was given to the Pollution, Responsible Party, and Stormwater definitions, as well. Under the Erosion Control, Section 13.25.04 (H-3), a limit was defined in regard to erosion and sediment controls; charity fundraising events were exempted under the Conditional Exemption, Section 13.30.05; Illicit Connections, Section 13.30.06, were redefined and the Illegal Dumping definition, Section 13.30.07 has been clarified. Staff removed reference to removing excessive vegetation and removal of invasive species from Riparian Destabilization, Section 13.30.08. Suspension of Discharge Access, Section 13.30.14 was clarified and re-worded; Stormwater Management, Section 13.35.01 (B) was narrowed to include only homeowner projects; Maintenance, Section 13.35.06 (G) was changed to say, "*functionally unaltered*"; and clarification to options was given to the Mitigation Options, Section 13.35.08 (D). Ms. Johnson stated the change to the municipal code is necessary due to DEQ requiring the City have enforcement mechanisms in place. Public education has been helpful but cannot be counted on alone.

Chair Smith referred to the written comments staff received from David Craig, who served as a member of the Stormwater Ad-Hoc Committee. Ms. Johnson explained that when the Ad-Hoc Committee went through the code they did not want it to apply to small homeowner projects. She does not recall wanting to change it in order for developers to create a brand new home but instead for additions, decks, etc. Chair Smith referred to 13.35.02 (B-1) and stated Daniel Craig believes projects should be extended to others besides homeowners. Ms. Johnson believes he is referring to the case where someone buys a plot of land and it takes time for the owner to be able to afford to build a home on it. By the time the house is built, the homeowner may not be exempt from the code. But, it would still be a homeowner project in that respect because it is not a developer who is building it.

Commissioner Stuhr stated Section 13.35.02 (B-1) says it is only exempt for projects on a single lot containing an existing single family residence, and so Mr. Craig's issue is referring to unbuilt existing lots. Chair Smith believes this raises an issue to be discussed, and that the code language needs to be clear on how we address existing vacant lots. Mr. Olson stated Mr. Craig questioned whether the code should treat two additions differently, based on whether the owner lived in the house or not. Mr. Craig's second point was what should be done in regard to vacant lots in subdivisions that have not been built out yet in the City. There are some subdivisions that are platted but are largely or partly unbuilt at this time.

Commissioner Bliss asked Mr. Olson if this code should be retroactive. Mr. Olson replied he was not recommending that, but the language needs to be clear regarding what will apply when there is an existing platted lot with no stormwater pond in the subdivision. Commissioner Bliss stated when it is a platted subdivision with no houses built on the lot, you cannot plat until the improvements are bonded and a bond is only good for so long. If the improvements are in place and it is an established use, he is unsure if it can be changed retroactively. He agrees with Mr. Craig's objection.

Chair Smith stated clarification is needed so the exemption applies to new single family residences that are completed by the homeowner. He then asked staff if the grandfather exception will not be in compliance with DEQ. Ms. Johnson is unsure in regard to DEQ, however she pointed out that staff has tiered the stormwater requirements so that if someone builds a house on a single lot that is currently unbuilt and they create less than 2,877 square feet, they will have to provide a project summary and the general stormwater flow direction but

may not need any stormwater facilities; or if they create more than 2,877 square feet, they have to propose methods for stormwater facilities and it can be something as simple as an infiltration rain garden that will take care of the stormwater on their lot. The City will not require anything on the smaller projects.

Commissioner Bliss referred to the last sentence, item 13.35.01 (A) which discusses volume and asked what the intent is. Ms. Johnson replied research has shown that people have tried to control the amount of sediment that is entering the rivers and streams and if volume can be controlled, velocity of the streams can be controlled as well which limits the amount of erosion and sediment that enters the streams. Commissioner Bliss asked staff how the volume is controlled. Ms. Johnson replied restricting volume by retaining, detaining, or infiltrating it. There are many cities that are requiring pre-built stormwater volumes and velocities, although Newberg is not. Depending on the size of the project, you may or may not have to put in a detention pond according to the design standards manual. Detention ponds are not always appropriate for small projects.

Commissioner Stuhr referred to the discussion at the workshop regarding the Conditional Exemptions, Section 13.30.05, and car washing, RV's, gutters, etc. and asked where that issue went. Ms. Johnson had considered adding boats, but the only thing the TMDL requires the City to address is residential car washing.

Commissioner Bliss referred to Stormwater Treatment; Section 13.35.03 (B-1) and stated downstream facilities needs to be quantitative; you need to know how far downstream you need to analyze. Ms. Johnson explained staff thought seriously about it but if you are over inundating stormwater facilities downstream due to the amount of water being sent down, it should not be the problem of those others downstream. She referred to 13.35.03 (B-2) and stated if there is no increase to existing erosion or flooding problems that the project should be fine. Commissioner Bliss asked how to determine that if it is not reported and flooding occurs downstream. Ms. Johnson replied if there is currently no flooding at that facility, then the project should not be creating a flooding problem. If there is currently a flooding problem at that facility, it cannot be made worse by the project.

Commissioner Bliss referred to Section 13.35.01 and stated (3-B) & (4-B) seem repetitive since the square footage has already been defined for a single family lot. Under Section 13.35.02 (B) they are exempted. Ms. Johnson stated that was a confusion that the Stormwater Ad-Hoc Committee had as well. The intent when the code was written was to not have an arbitrary number, so they chose one equivalent dwelling unit which is what the stormwater fees are based upon; an average impervious area for an average residential lot.

Commissioner Bliss asked if 150% is a legal surcharge under the Penalties, Section 13.40.07. Ms. Johnson replied she has a meeting with legal counsel next week regarding that issue as well as another section regarding public comment before granting a variance. She will check with Legal and advise. Commissioner Bliss then referred to Section 13.40.07 (2d); in regard to the failure or refusal to reimburse the City for expenses incurred as a result of summary abatement he sees no consistency in regard to the percentage. Ms. Johnson replied the expenses the City would incur for the summary abatement would be included in the surcharge. She will ask legal counsel about the correct language.

#### **Public Testimony:**

#### **Undecided:**

Larry Anderson stated he believes this is a much better document than the original and appreciates the work staff has done in removing overly harsh requirements. He is still concerned because the MS-4 permit does not require the City to regulate small developments. It clearly states the City is to implement and enforce stormwater run-off from land disturbance greater than or equal to one acre as well as in one acre post-construction run-off control. It can be very expensive to build stormwater facilities and the smaller the area is, the more (relatively) expensive it is to treat water. When a City begins regulating small development areas they

tend to regulate far beyond what DEQ requires. Mr. Anderson likes the emphasis on design and protection of the stream corridors and watersheds but he would like to see it not imposed in ways that are expensive to enforce. An estimate has never been calculated in regard to the cost of the requirements. What is the cost for a stormwater treatment system for a single family home? It is overreaching to require properties owned by one person to develop a stormwater facility when others do not. It would be easier on undeveloped lots than on non-single family and commercial properties. He asked for the work that has been done in the stormwater code to not be included in the MS-4 permit with DEQ if it is unnecessary. Much of the code is borrowed from Washington County, Clackamas County, and Portland, which are larger agencies and have expensive requirements. He is unsure if staff understands that the MS-4 permit can be met very simply. There are provisions in the code such as design review to help regulate it already.

Commissioner Wall asked staff if this document is an attempt to make the EPA or DEQ happy and if there are requirements in this document which deals with anything other than being in compliance with the regulations. Ms. Johnson stated the EPA tasked DEQ so in essence, the City is pleasing DEQ and DEQ is trying to please the EPA. The committee and staff tried to follow comments received last fall and follow the TMDL requirements and not do more than what they require. Also, the committee was very concerned with how it would affect small homeowners and the costs and that is why the tiered requirements came into play. Commissioner Wall asked if this is the minimum code language to satisfy the requirements. Ms. Johnson said that the city does not want to institute more fees. Staff looked at comparable cities in the area and what is required by the TMDL implementation plan and tried to create a non-burdened code. Mr. Anderson read what the EPA rule is for runoff control. He believes the City does not need to require stormwater detention on less than one acre.

Chair Smith asked Mr. Anderson what he specifically wants changed and asked for clarification in regard to the MS-4 permit. Ms. Johnson explained it is for the stormwater system and is the EPA's permit for stormwater. She explained to Mr. Anderson that the City is not permitted as a Phase II but has been asked to comply with the TMDL which states the City needs to develop a municipal code or enforcement mechanism for stormwater management for new and redevelopment projects that disturb one acre as well as addressing impacts from projects that are smaller than one acre. She also pointed out it is on net-impervious area and not project size. She believes Mr. Anderson is referring to requirements by DEQ for Phase II.

Chair Smith recessed for a five-minute break to return at 8:40 p.m.

Chair Smith closed the public testimony and asked for comments from staff. Ms. Johnson stated the Stormwater AD-Hoc Committee was very concerned about costs for developers and not to overburden people when they drafted the proposed code. They did not want a blanket requirement for all projects and that is why the projects were tiered. The City is required to do this by DEQ; they have seen the code and largely agreed to it. Their comments have been incorporated into the code.

**MOTION #2: Stuhr/Art Smith** in light of the issues brought forward, recommends tabling Planning Commission Resolution 2011-296 to the next meeting. Motion carried. (7 Yes/ 0 No/ 0 Absent).

Mayor Andrews asked staff when they are referring to grandfathering in platted land, to take into account that the City has some activity going on outside the City of Newberg that may become annexed where lots are not developed, but may have been platted. If grandfathering, will that include the lots which exists at this time within the City or is that looking at other prospective areas? Staff will meet with the City Attorney regarding grandfathering in current plats inside and outside the City.

Commissioner Bliss would like for Section 13.35.03 (B-1) to specifically state how far down stream. Commissioner Edwards suggested striking (B-1) and follow with (B-2). Commissioner Bliss agreed.

Commissioner Edwards stated there should be a clause addressing the Mayor's question. It should be defined. Ms. Johnson will send it to DEQ for further advice if there is a change.

**VI. ITEMS FROM STAFF:**

Update on Council items:

Steve Olson stated the County considered the population projection and decided not to adopt it at this time. The likely outcome is that the County will hire a demographic research center to do a new study for the entire county. The study would affect Newberg's population projection, which would require revisions to land projections, employment projections, and the UGB expansion.

Kale Rogers was reappointed as student Planning Commissioner, and Commissioners Phil Smith and Cathy Stuhr have been put forward to be reappointed to the Planning Commission. Staff recommended they attend the City Council meeting on Nov. 21, 2011.

The Planning Commission was interested in meeting for a holiday celebration before the next Planning Commission meeting, which is scheduled for Thursday, December 8, 2011.

**VII. ITEMS FROM COMMISSIONERS:**

Commissioner Bliss inquired as to the outcome of Ballot Measure 36-149. Mayor Andrews stated the initial, unofficial results showed the measure failed on a 65% to 34% margin last Tuesday, November 8, 2011. On November 21, 2011, the City Council will be doing a debriefing on this issue during the Work Session due to the many voters who voted for a change. The City Council wants to be representative of all of the citizens and more receptive. The City Council has adopted an affirmation of the City logo which has been slightly modified with guidelines on its use. The City Council has also directed staff to examine branding as it applies to the City of Newberg and in partnership with other organizations inside the City. The City Council adopted a strategic plan for the Library and a supplemental budget #1. On Tuesday at the McMinnville City Club Meeting, the Chairman of the Tribal Council for the Confederated Tribes of the Grand Ronde pledged four million dollars from the tribes towards the local government match for the Newberg-Dundee bypass.

**VIII. ADJOURN:**

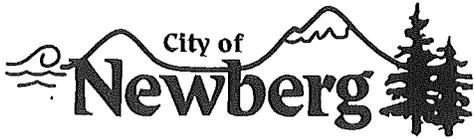
Chair Smith adjourned the meeting at 9:25 p.m.

Approved by the Planning Commission on this 8<sup>th</sup> day of December, 2011.

AYES: 6                      NO: 2                      ABSENT: 1 (Bliss)                      ABSTAIN: 2

*Aawn Karen Bevell*  
 Planning Recording Secretary

*Philip Smith*  
 Planning Commission Chair



**PLANNING COMMISSION AGENDA**

**December 8, 2011**

**7:30 p.m. Regular Meeting**

**Newberg Public Safety Building**

**401 E. Third Street**

**NOTE: THE MEETING START TIME HAS BEEN CHANGED FROM 7:00 p.m. to 7:30 p.m.**

- I. ROLL CALL**
- II. OPEN MEETING**
- III. CONSENT CALENDAR** (items are considered routine and are not discussed unless requested by the commissioners)
  - 1. Approval of November 10, 2011 Planning Commission Meeting Minutes
  - 2. Continuation of Stormwater & Erosion Control hearing to January 12, 2012 (the required code revisions are not yet complete).
- IV. COMMUNICATIONS FROM THE FLOOR** (5 minute maximum per person)
  - 1. For items not listed on the agenda
- V. REVIEW OF PLANNING COMMISSION GUIDELINES:** The Planning Commission will discuss adopting proposed policies regarding attendance, how meetings are conducted, public testimony, and other issues. Resolution No. 2011-297.
- VI. ITEMS FROM STAFF**
  - 1. Update on Council items
  - 2. Other reports, letters, or correspondence
  - 3. Next Planning Commission Meeting: January 12, 2012
- VII. ITEMS FROM COMMISSIONERS**
- VIII. ADJOURN**

FOR QUESTIONS PLEASE STOP BY, OR CALL 537-1240, PLANNING & BUILDING DEPT. - P.O. BOX 970 - 414 E. FIRST STREET

**ACCOMMODATION OF PHYSICAL IMPAIRMENTS:**

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**PLANNING COMMISSION MINUTES**

**December 8, 2011**

**7:30 p.m. Regular Meeting**

**Newberg Public Safety Building**

**401 E. Third Street**

TO BE APPROVED AT THE JANUARY 12, 2012 PLANNING COMMISSION MEETING

**I. ROLL CALL:**

Present:	Philip Smith, Chair	Thomas Barnes, Vice Chair
	Art Smith	Cathy Stuhr
	Lon Wall	Allyn Edwards
	Kale Rogers, Student PC	

Absent: Gary Bliss (excused)

Staff Present: Barton Brierley, Building & Planning Director  
 Steve Olson, Associate Planner  
 Sonja Johnson, Environmental Specialist  
 Alan Lee, Environmental Services Specialist  
 DawnKaren Bevill, Minutes Recorder

**II. OPEN MEETING:**

Chair Smith opened the meeting at 7:30 p.m. and asked for roll call.

**III. CONSENT CALENDAR:**

Vice Chair Smith entertained a motion to accept the minutes of the November 10, 2011 meeting.

Mr. Barton Brierley stated Mayor Andrews offered a correction to the minutes; to be listed as being present, not as a staff member.

**MOTION#1: Barnes/Edwards** to approve the minutes from the Planning Commission Meeting of November 10, 2011 as amended. Motion carried (6 Yes/ 0 No/ 1 Absent [Bliss]).

The Stormwater & Erosion Control hearing has been moved to the January 12, 2012 Planning Commission Meeting because the required code revisions are not yet complete.

**IV. COMMUNICATIONS FROM THE FLOOR:**

No items were brought forward.

**V. REVIEW OF PLANNING COMMISSION GUIDLELINES:**

Mr. Barton Brierley stated the draft should establish rules for conducting Planning Commission meetings, expectations for the roles and duties of Commissioners, rules concerning the Chair and Vice-Chair, procedures for scheduling of meetings and preparation of agendas, procedures for Planning Commission hearings and

public testimony, and expectations for the relationship between the City Council and the Planning Commission. Formal and informal discussions about the guidelines have taken place over the years; a Planning Commission Workshop was held on October 13, 2011 and there seemed to be consensus on many issues. Those consensus items were incorporated into the draft. A few issues that the Commission should discuss include:

**Attendance and Absences** (page 18 of 33 of the official meeting packet):

Section 3: There was general agreement that an excused absence is one where the commissioner provides notice before the meeting that he/she will not attend. The draft allows that Commissioner to request an excused absence after the fact, which would be voted on by the Commission.

**Discussion:**

Chair Smith recommended Section 3, Rule 3.1 be reworded to say, “*Four or more absences in a twelve month period*” and “*Two unexcused absences in a twelve month period.*”

Commissioner Edwards recommended striking the word, “*excused*” in the first sentence from Section 3, Rule 3.3.

The consensus of the Planning Commission agreed upon these changes.

**Voting and Abstaining from Voting** (page 24 of 33 of the official meeting packet):

Section 7, Rule 7.14: The draft proposes: “Commissioners shall vote on each motion brought before the Commission, or shall explain the reason for abstaining.”

**Discussion:**

Commissioner Barnes stated the more dialogue the better. It is good to inform the Commissioners and the public as to the reason for abstaining.

Commissioner Wall believes there should be an explanation given for abstaining.

Commissioner Art Smith believes an explanation is reasonable.

Commissioner Edwards referred to the email from Planning Commissioner, Gary Bliss regarding Rule 7.14. Mr. Bliss had asked if it was necessary that a commissioner who chooses to recuse themselves from an item go to the lobby.

Mr. Brierley stated the draft proposes: “Commissioners who abstain from participating in a matter due to a conflict of interest shall retire to the lobby during the time the matter is under consideration. Commissioners may not provide testimony before the commission on any matter from which they abstain, but may designate a representative to speak to their interests.” Mr. Brierley believes retiring to the lobby is a practical matter; the sound system can be heard in the lobby, and that way the commissioner’s facial expressions or body language would not impact the decision. It is not a requirement but a decision should be established in the rules.

Chair Smith asked if there was a meeting with four commissioners present, making a quorum, and then one abstains, is a quorum lost? Mr. Brierley understands the reason for the person remaining in the lobby, and not leaving the building, is to keep a quorum present.

Commissioner Stuhr agrees as she is the only member outside the city and in the future may have to recuse herself on some decisions if the city expands to the area where she now lives.

The consensus of the Planning Consensus was to leave Rule 7.14 as written.

**Time Limits for Testimony** (page 23 of 33 of the official meeting packet):

Section 7, Rule 7.7: The draft proposes the principal applicant for a proposal will be allotted 15 minutes for an initial presentation, but may be extended to 30 minutes with prior approval of the Planning Director. A principal opponent, if any, will be allotted time in the same manner as the principal applicant. All other speakers will be given the opportunity to speak for no more than five minutes. Speaker may share their time at the discretion of the Chair. The Chair has the discretion to extend these time limits. Speakers may address the Planning Commission for less than their allotted time.

**Discussion:**

Chair Smith asked how many times have there been applicants that needed more than 30 minutes for a presentation. Mr. Brierley replied approximately one time in the past three years.

Commissioner Wall stated this issue is a philosophical discussion. The time allotted needs to be equal and the Planning Commission should be careful to receive technical arguments during extended testimony.

Commissioner Stuhr referred to the fourth sentence and suggested the language be changed to say, "*All other speakers will be given the opportunity to speak for up to five minutes.*" She also suggested deleting the last sentence of Rule 7.7.

The consensus of the Planning Commission was to accept Rule 7.7 with the suggested corrections.

**Written Testimony** (page 23 of 33 of the official meeting packet):

Section 7, Rule 7.8: The draft proposes that a staff report come out 8 days (Wednesday) before the meeting; written comments are due Monday by noon; late written comments will be read out loud at the meeting and subject to time limits for speakers. Currently the staff report is written 7 days in advance. This rule allows them to have the staff report and submit comments which can be emailed and mailed, as well before the meeting.

Commissioner Stuhr suggested deleting the first two words, "*In order*" and to begin the sentence with, "*To be considered...*"

The consensus of the Planning Commission was to accept Rule 7.8 with the suggested correction.

**Further Issues for Discussion:**

Commissioner Wall referred to the Newberg Planning Commission Guidelines, (page 11 of 33), Item 4 and asked for clarification. Mr. Brierley explained that is in regard to resolving personal conflicts.

Commissioner Stuhr stated she has been working with Mayor Bob Andrews and Terry Mahr, City Attorney to prepare a guideline for the Chair person for each of the various committees. In doing that, she made note of several editorial corrections to the Planning Commission Guidelines and reviewed each of those with the Commission. Mr. Brierley stated he would incorporate the changes and bring the guidelines back to the Planning Commission for a final review.

Commissioner Stuhr passed out the draft form of the Public Comment Registration Form that is being considered. Number four may vary per commission. She asked for the Planning Commission to contact her or the Chair regarding any comments they would like to offer.

**VI. ITEMS FROM STAFF:**

Update on Council items:

Mr. Brierley stated Commissioner Stuhr and Commissioner Philip Smith have been approved for reappointment to the Planning Commission by the City Council. Training regarding land use planning is available in Salem on

January 29, 2012 from 9:00 – 4:00 p.m. The City of Newberg will pay the tuition for any Commissioners who choose to attend.

The next Planning Commission meeting is scheduled for Thursday, January 12, 2012. Election of the Chair and Vice Chair will be voted upon and the stormwater hearing will be held.

#### **VII. ITEMS FROM COMMISSIONERS:**

Commissioner Art Smith stated in regard to the upcoming Planning Commission vote on the TMDL Stormwater Code, he was surprised in the previous deliberations that the issues that needed to be discussed with the City Attorney had not already been discussed. He is hoping that discussions have since taken place and that the issues will be resolved prior to the January 12, 2012 hearing.

Commissioner Wall thanked staff for their work and for the celebration that was held for them this evening.

Commissioner Barnes stated he has observed the traffic flow at Fred Meyer with the addition of the gas station traffic and stated it has not changed.

Commissioner Stuhr stated she had received an email from an individual who testified in regard to the proposed Stormwater and Erosion Control Codes. He felt she was the only Commissioner who really cared and understood his testimony. Commissioner Stuhr said perhaps the Commission could have been of more help to this individual who was struggling and could have asked questions or referred questions to staff. Discussion continued regarding acknowledging the concerns of the public and ways in which the Commission can be more helpful.

Commissioner Stuhr suggested Staff provide a spreadsheet in regard to the Stormwater Management hearing to help explain that the City will not be implementing any more than what is required.

#### **VIII. ADJOURN:**

Chair Smith adjourned the meeting at 9:10 p.m.

**Approved by the Planning Commission on this 12<sup>th</sup> day of January, 2012.**

**AYES:**

**NO:**

**ABSENT:**

**ABSTAIN:**

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*Planning Recording Secretary*

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*Planning Commission Chair*

## WASTEWATER RATE METHODOLOGY

For this rate study, the City of Newberg's wastewater system has been reviewed, system revenue requirements (costs) projected, and wastewater rates developed. The basic principle is that rates are determined under a cost-of-service approach. Under this approach, users are charged their proportionate share of the costs of the wastewater system, where the shares are based on the respective uses of the system. This means that each user or user class pays for the services received. The user or user class neither subsidizes others nor receives a subsidy. This approach results in wastewater rates that are adequate to meet the financial needs of the utility and are equitable for as many users as possible.

The attached figure schematically illustrates the basic steps involved in the rate determination process. They include:

- Estimation of annual wastewater system revenue requirements
- Determination of revenue requirements (costs) that must be recovered from user charges
- Allocation of costs to loading parameters, including flow (average and peak infiltration and inflow), biochemical oxygen demand (BOD), and suspended solids (SS)
- Estimation of annual wastewater system user or user class sewage loadings
- Calculation of the unit costs of wastewater collection and treatment for each loading parameter
- Allocation of user charge revenue requirements to users or user classes
- Computation of total revenue requirements by user or user class

### SYSTEM REVENUE REQUIREMENTS

The first element of information required for a wastewater system rate study is an estimate of system revenue requirements. A cash basis of revenue requirements was used. Under the cash basis, system revenue requirements consist of operation and maintenance (O&M) expenses, debt service, and cash-funded capital outlays.

### USER CHARGE REVENUE REQUIREMENTS

The portion of annual system revenue requirements to be recovered through rates must be sufficient to recover annual system operation, maintenance, and replacement costs. Other non-rate revenues (e.g., interest income, permit fees, grants and SDCs) are used to offset a portion of system revenue requirements.

### ALLOCATION OF COSTS TO WASTEWATER LOADING PARAMETERS

An analysis of the wastewater system's treatment processes and design engineering judgment are used to separately allocate the system's specific costs to wastewater loading parameters. This results in estimates of annual system average and peak flow (Q) costs, BOD treatment costs, and SS treatment costs.

## **ANNUAL WASTEWATER SYSTEM LOADINGS**

An analysis of past water consumption records, in combination with estimates of the strengths of user class wastewater flows and/or sampling results, are used to estimate annual wastewater system loadings by customer class. For this study, flow is measured in millions of gallons per year, while BOD and SS loadings are measured in pounds. These estimates correspond closely to wastewater loadings actually monitored at the system's treatment plant.

## **CALCULATION OF UNIT COSTS**

Estimates of flow and pounds of BOD and SS treated are then used in conjunction with cost allocations to determine the unit costs of treatment by loading parameter for each customer class in each service area. For example, that portion of a system's costs determined to be associated with treatment of suspended solids, when divided by estimated annual pounds of suspended solids receiving treatment, yields a unit cost (dollars per pound) for suspended solids that is applicable to all users.

## **DISTRIBUTION OF COSTS TO SYSTEM USERS**

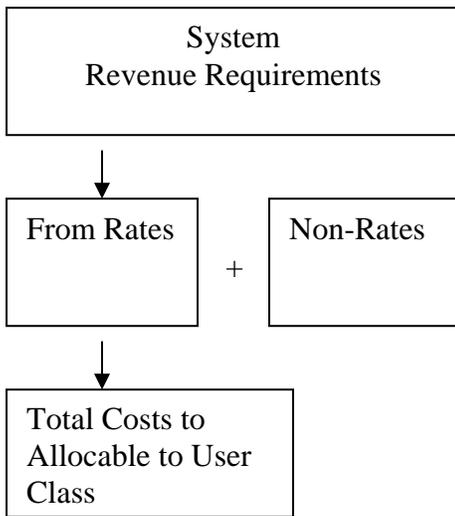
Estimated annual system loadings typically result from aggregated estimated user or user class loadings. Individual user or user class wastewater loadings, when multiplied by the unit costs applicable to that user, result in the proportional allocation of the annual costs to that user or user class. Using this method in the distribution of system costs results in equitable distribution of the costs to the appropriate users or user classes.

## **CUSTOMER CLASS REVENUE REQUIREMENTS**

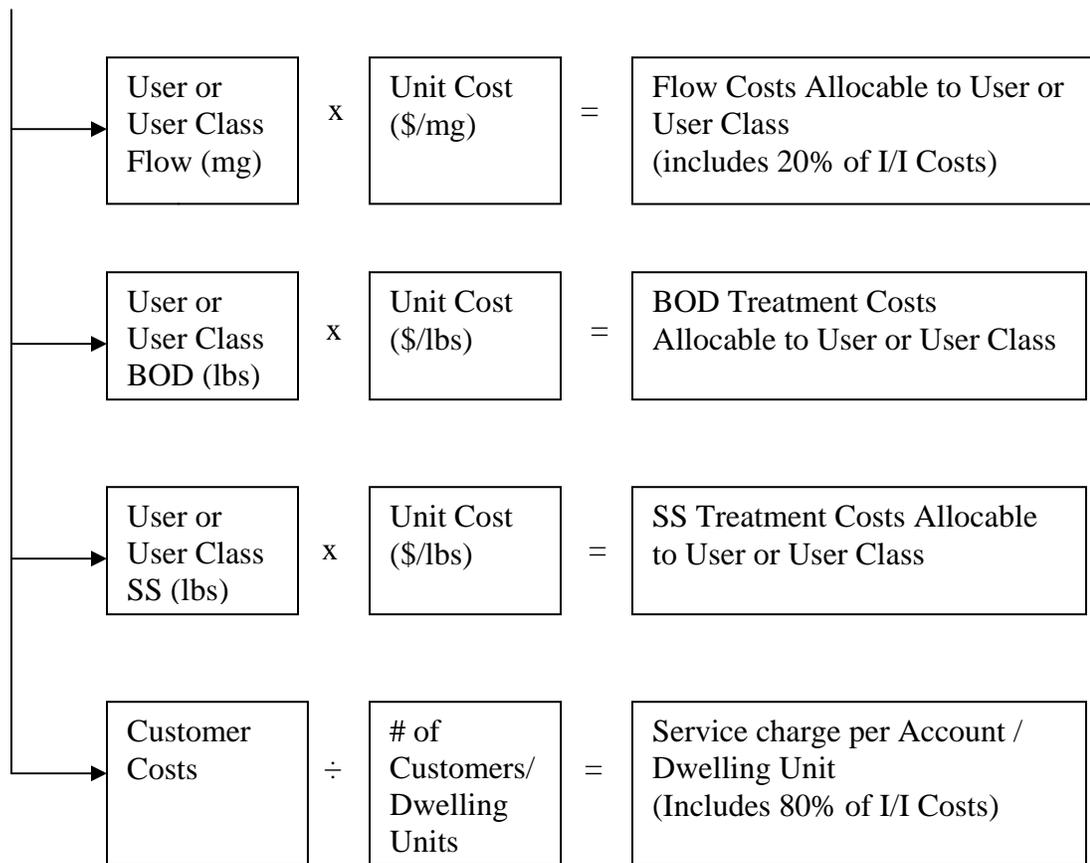
Total revenue requirements by customer class are calculated by totaling the costs allocated to a given customer class. To these costs must be added Infiltration and Inflow (I/I) costs which are not directly allocable to users based on their respective wastewater flows or loads. Industry guidelines include different methods to allocate I/I costs to customer classes, based either on the number of connections or the average flow from customers, or a combination of the two. The current methodology is based on allocation of I/I costs on the following basis: 20% based on flow, and 80% based on customers (including multifamily dwelling units).

Billing costs generally do not vary substantially from customer to customer; hence, these costs can be allocated to users in the form of a uniform charge per bill.

The end result of this process is an equitable distribution of system revenues that are recoverable through wastewater rates and charges to each user or user class.



## SCHEMATIC – DEVELOPMENT OF WASTEWATER RATES



**CITY OF NEWBERG  
MONTHLY WASTEWATER SERVICE CHARGES**

	<b>Current 2009-10</b>	<b>Adopted 2010-11</b>	<b>Adopted 2011-12</b>
Service Charge (\$/month)	\$11.94	\$14.37	\$17.54
Multi-family per unit Charge	\$10.54	\$13.08	\$16.20
Volume Charge (\$/hundred cubic feet [ccf]):			
Single Family Residential	\$5.43	\$6.26	\$7.18
Multi-family Residential	\$5.43	\$6.26	\$7.18
Commercial 1	\$5.43	\$6.26	\$7.18
Commercial 2	\$6.65	\$7.71	\$8.92
Commercial 3	\$10.88	\$12.74	\$14.94
Industrial	\$6.65	\$7.71	\$8.92
Outside City	\$5.43	\$6.26	\$7.18
Sewer Only (no water service) Flat Rate* includes monthly service charge	\$64.01	\$58.19	\$67.80

\*based on 700 cf

Note:

Commercial 1 includes general businesses, public agencies, and schools.

Commercial 2 includes mini-markets, car washes, mortuaries, industrial, and fast food/cafeterias.

Commercial 3 includes restaurants.

## WASTEWATER RATE COMPARISON November 2011

City	Population	Effective Date	Avg. Bill S/F (7 ccf)	Base Charge			Volume Charge (\$/ccf of water use)			Additional Comments
				S/F	M/F	Comm	S/F	M/F	Comm	
West Linn	25,150	July 2011 Next: Jan 2012	\$27.40	\$27.40	\$27.40	\$27.40	-	\$2.69	\$2.69	Comm base charge includes 10 ccf of actual use. All fees include Tri-City SD charges.
Oregon City	31,995	July 2011 Next: Jan 2012	\$30.95	\$30.95	\$30.95*	\$30.95**	-	-	-	*Per unit charge. **Comm-divide consumption by 10 and multiply by rate. All fees include Tri-City SD charges.
Redmond	26,225	July 2011	\$32.29	\$32.29	\$25.11*	\$32.29	-	-	\$2.82	Comm base charge includes 10 ccf. *Triplex and larger. Comm rates increase with type of use.
Tigard	48,090	July 2011	\$34.44	\$23.52	\$23.52*	\$23.52*	\$1.56	\$1.56	\$1.56	*Per unit charge. No consump/new cust = \$24.96 based on 16 ccf.
Tualatin	26,060	July 2008 Next: no plans	\$35.36	\$24.09	\$24.09*	\$24.09*	\$1.61	\$1.61	\$1.61	*Per unit charge.
Sherwood	18,205	July 2011	\$35.53	\$24.61*	\$24.61*	\$24.61*	\$1.56	\$1.56	\$1.56	*Per EDU or equivalent charge. CWS fees included in these rates.
Forest Grove	21,130	July 2011	\$37.91	\$26.99	\$26.99*	\$26.99*	\$1.56	\$1.56	\$1.56	*Per dwelling unit (or equivalent) charge.
Milwaukie	20,290	July 2011	\$40.76	\$11.15	\$11.15*	\$11.15*	\$4.23	\$4.23	\$5.49	*Per unit charge. New cust/no winter average are charged at 6 ccf.
Wilsonville	19,525	Jan 2011 Next: Jan 2012	\$45.25	\$14.00	\$14.00	\$22.55*	\$6.25	\$6.25	\$6.25	*For 3/4" meter. Base charge increases with meter size. M/F and Comm charged on actual use (not averaged). Base charge includes 2 ccf. No consump/new cust charged based on occupancy.
Woodburn	24,085	July 2011 Next: July 2012	\$47.14	\$33.98	\$33.98*	\$46.11	\$6.58	\$6.58	\$9.74	*Per unit charge. Res base charge includes 5 ccf. Comm base charge includes 6 ccf.
Keizer	36,570	Jan 2012	\$48.09	\$21.48	\$42.99*	\$37.34	\$3.06	\$3.06	\$4.26	Add \$.19 Admin Fee per bill. *Duplex only. Rates based on # of units. No consump/new cust = \$52.11/mo based on 10 ccf.
McMinnville	32,240	May 2011	\$48.34	\$17.05	\$17.05	\$17.05	\$4.47	\$4.47	\$5.46	Based on winter consump or actual use- whichever is less. Add'l fees apply to larger commercial users.
Lake Oswego	36,620	July 2011 Next: July 2012	\$57.29	\$45.53	\$45.53*	\$40.62**	\$1.68	\$1.68	\$1.68	*Each add'l unit is \$41.07. **3/4" mtr only. Base charge increases with meter size. No consump/new cust charged at 8 ccf. In-city rates shown. Out-city/CWS (\$23.52 + \$1.56/ccf).
Newberg	22,230	July 2011	\$67.80	\$17.54	\$16.20*	\$17.54	\$7.18	\$7.18	\$7.18**	*Per unit charge. **Volume charges increases with size of comm user. No consumption is charge flat rate of \$67.80.
Portland	583,775	July 2011	\$80.77	\$27.99*	\$27.99*	\$53.34*	\$7.54	\$7.63	\$7.63	*Base Charge is monthly charge on entire bill. *Comm charge includes special meter charge of \$25.35.

**NOTE: Sample calculations based on a single family unit with an average winter water use of 700 cubic feet (7 ccf).**

<b>Lake Oswego</b>	Base Charge	\$45.53	<b>Woodburn</b>	Base Charge	\$33.98	(5 ccf allowed in base rate. 7 - 5 = 2 ccf)
	Volume Charge	\$11.76		Volume Charge	2 x 6.58 =	\$13.16
	Monthly Sewer Bill	\$57.29		Monthly Sewer Bill		\$47.14

Table CAP-1  
 City of Newberg, Oregon  
 Sewer Rate Model  
 CAPITAL IMPROVEMENT PROGRAM  
 Proposed List Prepared by City (12-22-11)

2011-2016  
 5-year

PROJECT	2009/10		2010/11		2011/12	2012/13	2013/14	2014/15	2015/16	TOTAL	SDC	Replace
	Actual		Actual		Revised bud							
WWTP Dehydration Unit (sawdust dryer)	\$767,653		\$1,600							\$0	50.0%	50.0%
WWTP Land Expansion (purchase)	\$1,930,000									\$0		
W. Sheridan/N. Harrison WW Line Rehab	\$35,165									\$0	100.0%	0.0%
Hwy 240 Pump Station & Force Main Project	\$88,632		\$1,462,121							\$0	20.0%	80.0%
WWTP Facility Update (DEQ comments & environ	\$42,245									\$0	70.0%	30.0%
WWTP Outfall Mixing Zone Study	\$1,146									\$0	0.0%	100.0%
Reuse Facility (Fund 39)	\$11,978									\$0		
WWTP RRE - Design	\$450,551		\$146,585		\$1,276,229	\$1,012,845	\$1,557,008	\$1,319,973		\$5,166,055	85.0%	15.0%
WWTP RRE - Construction					\$1,910,479	\$7,210,092	\$2,910,849	\$9,063,360	\$10,559,780	\$31,654,560	85.0%	15.0%
Hess Creek Pre-design Study					\$35,000					\$35,000	50.0%	50.0%
Wynoski PS Property Purchase						\$146,500		\$250,000		\$146,500	50.0%	50.0%
Alice Way LID										\$250,000	100.0%	0.0%
<b>Multi Funded Projects</b>												
Springbrook Mainline Design						\$600,000				\$600,000	25.0%	75.0%
Springbrook Mainline Const							\$1,300,000	\$1,300,000		\$2,600,000	25.0%	75.0%
<b>Total CIP</b>	<b>\$3,327,370</b>		<b>\$1,610,306</b>		<b>\$3,221,708</b>	<b>\$8,969,437</b>	<b>\$5,767,857</b>	<b>\$11,933,333</b>	<b>\$10,559,780</b>	<b>\$40,452,115</b>		

# Wastewater Rate Study Meeting #1

1

## Citizens Rate Review Committee Meeting

January 4, 2012



# Meeting Agenda

2

- **Rate Methodology**
  - Considerations
  - Elements & Methodology
- **Wastewater Financial Plan**
  - Operating cost trends and forecast
  - Capital improvement plan
  - Revenue & requirements

# Rate Structure



# Rate Structure Considerations

4

- **Equity**
  - There are additional costs associated with treating higher strength sewage
  - Some costs invariant with sewage discharge
    - ✦ Meter and billing
    - ✦ Infiltration & inflow
- **Revenue Adequacy/Stability**
  - Most utility costs are fixed year-round (do not vary with water use) – reduction in water use will not result in proportional cost savings



# Wastewater Rate Design Elements



- Fixed Charges
  - Invariant with volume of water used
    - ✦ Billing charges per account
    - ✦ I/I charges per living unit
  - Volumetric Charges
    - (*Consumption' Charges*)
    - Vary with amount of water used (winter water use)
    - Structure reflects rate design objectives

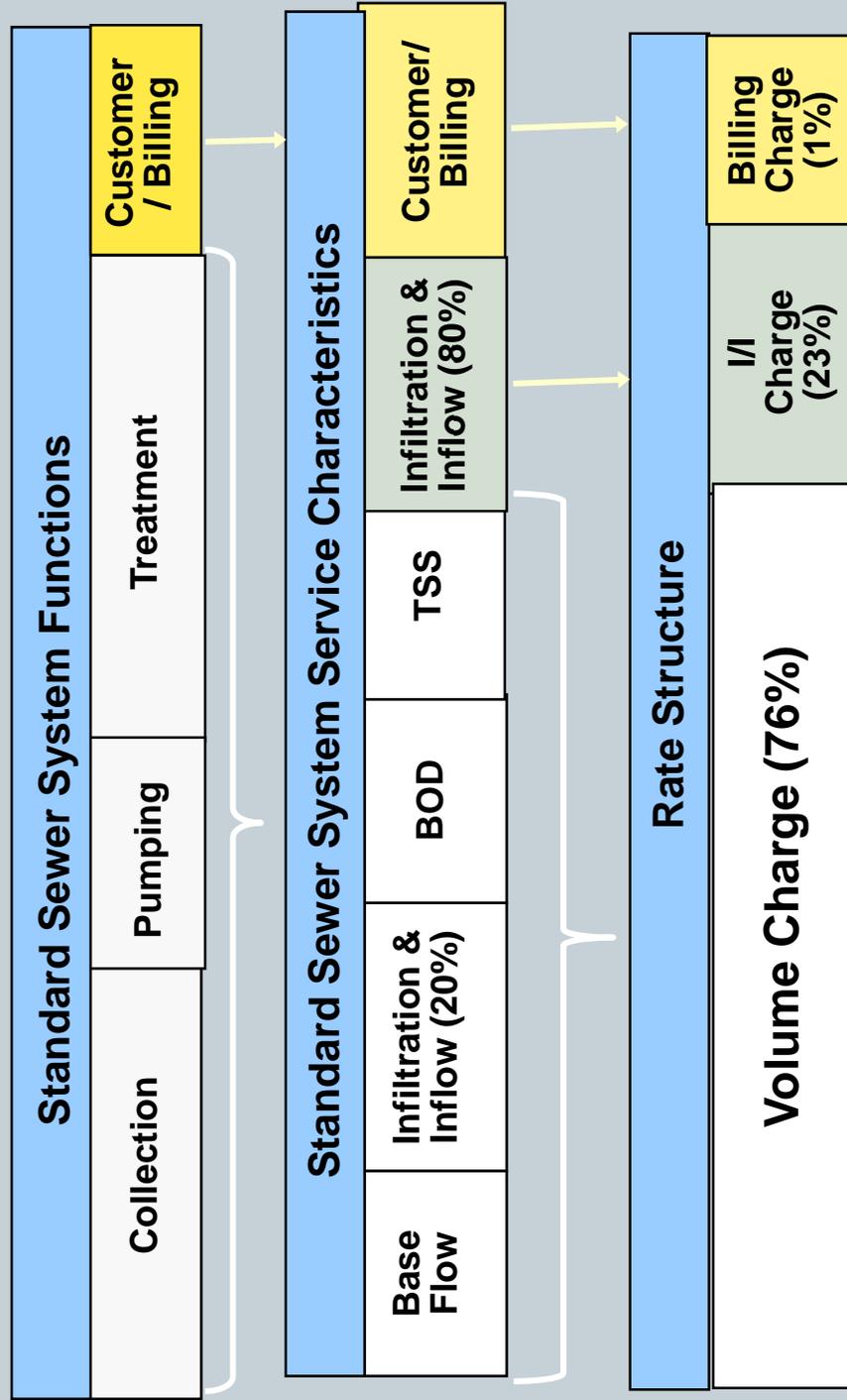


**Sewer service**  
Service Charge \$ 17.54  
Multifamily units\* 16.20

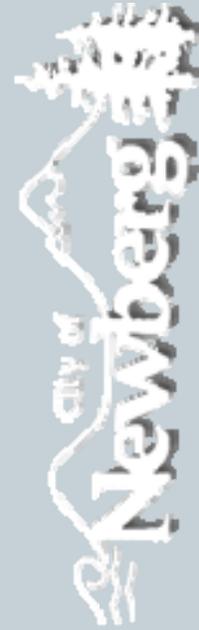
**Volume charges (\$/ccf)**  
SF Residential \$ 7.18  
MF Residential \$ 7.18  
Commercial 1 \$ 7.18  
Commercial 2 \$ 8.92  
Commercial 3 \$14.94

*\*I/I charge only applied to each unit*

# Wastewater Cost Allocation Process



# Financial Plan



# Historical Wastewater O&M Summary

8

Item	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	Adj Budget 2011/12	Avg. Annual Growth*
Personnel Services						
Salaries	\$737,665	\$870,070	\$936,316	\$976,155	\$904,861	9.34%
Benefits	\$335,114	\$423,056	\$481,004	\$487,442	\$492,221	12.49%
Materials & Services	\$882,209	\$951,259	\$1,397,079	\$1,500,498	\$1,929,433	17.70%
Central Services	393,665	499,406	510,180	501,329	567,362	8.06%
Capital Outlay	2,540	103,227	89,925	19,207	62,920	67.44%
<b>Total</b>	<b>\$2,351,193</b>	<b>\$2,847,018</b>	<b>\$3,414,504</b>	<b>\$3,484,631</b>	<b>\$3,956,797</b>	<b>13.11%</b>

\*Between 2007/08 – 2010/11

# Preliminary O&M Forecast

9

Item	Adj. Budget 2011/12	Projected 2012/13	Projected 2013/14	Projected 2014/15	Projected 2015/16
PW Administration	\$990,454	\$1,014,177	\$1,053,990	\$1,114,422	\$1,178,533
PW Capital Projects Engineering	212,553	199,135	209,534	220,591	232,351
Wastewater Plant Operations	1,827,447	1,839,193	1,929,061	2,024,948	2,127,283
Wastewater Collection	926,343	882,328	926,722	973,726	1,023,509
<b>Total Costs</b>	<b>\$3,956,797</b>	<b>\$3,934,832</b>	<b>\$4,119,307</b>	<b>\$4,333,688</b>	<b>\$4,561,675</b>
<b>O&amp;M Adjusted for %Budget spent</b>	<b>\$3,877,661</b>	<b>\$3,856,136</b>	<b>\$4,036,921</b>	<b>\$4,247,014</b>	<b>\$4,470,441</b>
Reserve for Contingency (60 Days C	\$0	\$633,885	\$663,603	\$698,139	\$734,867
<b>Total Costs with O&amp;M Reserve</b>	<b>\$3,956,797</b>	<b>\$4,568,718</b>	<b>\$4,782,911</b>	<b>\$5,031,827</b>	<b>\$5,296,542</b>



# Preliminary 5-year CIP

10

PROJECT	2011/12	2012/13	2013/14	2014/15	2015/16	TOTAL
WWTP RRE - Design	\$1,276,229	\$1,012,845	\$1,557,008	\$1,319,973		\$5,166,055
WWTP RRE - Construction	\$1,910,479	\$7,210,092	\$2,910,849	\$9,063,360	\$10,559,780	\$31,654,560
Hess Creek Predesign Study	\$35,000					\$35,000
Wynooski PS Property Purchase		\$146,500				\$146,500
Alice Way LID				\$250,000		\$250,000
						\$0
						\$0
<b>Multi Funded Projects</b>						
Springbrook Mainline Design		\$600,000				\$600,000
Springbrook Mainline Const			\$1,300,000	\$1,300,000		\$2,600,000
<b>Total CIP</b>	<b>\$3,221,708</b>	<b>\$8,969,437</b>	<b>\$5,767,857</b>	<b>\$11,933,333</b>	<b>\$10,559,780</b>	<b>\$40,452,115</b>



# Wastewater Revenue

11

	2009/10	2010/11	2011/12
<b>Actual</b>	<b>\$4,596,125</b>	<b>\$5,477,410</b>	<b>\$6,329,717</b>
<i>Prior Model</i>	\$4,626,025	\$5,461,901	\$6,448,812
Difference	-0.6%	0.3%	-1.8%
Percent Increase		18%	18%

# Wastewater Revenue Requirements

12

Item	2011/12
<b>Revenue Requirements:</b>	
O&M Costs	\$3,877,661
Transfers -- Debt Service	\$740,019
Transfers -- Replacement	\$57,500
Transfers -- Capital Projects	\$87,900
<b>Total Revenue Requirements</b>	<b>\$4,763,080</b>
<b>Less:</b>	
Nonrate Revenues	\$129,500
Uses of/(additions to) Reserves	(1,696,137)
<b>Revenue Requirements from Rates</b>	<b>\$6,329,717</b>

*Total Debt Service = \$1.0 million (\$0.3 million from SDCs)*

# Interoffice

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## MEMORANDUM

**to:** CRRC Committee Members

**from:** Janelle Nordyke

**re:** Staff Reductions / Financial Cuts for 2011-12 Budget Year

**date:** December 28, 2011

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CRRC Members,

The Committee has been discussing budget reductions in the utility funds. The question was raised by Beth Keyser, stating she hasn't seen any cutting back done by the City. In other words, she hasn't seen any tightening of the belt to the point that it hurts.

On the following four pages is the Budget Message that Dan Danicic wrote for the 2011-12 budget year that shows the many staff reductions and financial cuts that were made going into the 2011-12 fiscal year.

In addition to those staff reductions, we also cut the following positions in the Engineering Division in August, 2011:

1. Engineering Tech 3: Retired and did not refill the position.
2. Surveyor: Due to the reduction in workload, the position was eliminated.
3. Part-time Receptionist: Due to the reduction in workload, the position was eliminated.

The Maintenance Division saw a loss of an employee and the position has not been refilled.

We revisited the O&M expenses for each utility and have reduced expenses to the point of just stopping short of being at a critical stage.

The utility funds must have a sufficient reserve balance for when equipment breaks. The cost of repairing and replacing equipment is in the thousands, sometimes hundreds of thousands, of dollars.

We also need to put aside reserves for future repairs and replacements so that we don't have to pay for the repairs and replacements with debt.

## BUDGET MESSAGE

To: Budget Committee  
From: Daniel Danicic, City Manager  
Date: April 15, 2011

Re: Proposed Fiscal Year 2011/12 Budget

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I respectfully submit this proposed budget for consideration by the Budget Committee.

In my twenty years of public service, this is by far the most challenging and difficult budget year. While the stock market continues its slow recovery, it may be close to two more years before it reaches pre-recession levels. I anticipate that the City will take another two years beyond this for our organization to recover - 2015.

For the last three years, staff has effectively limited expenditure increases for materials and services to the maximum extent practical. However, many costs such as utilities (PGE, NW Natural) and fuel (again reaching more than \$4 per gallon) have increased beyond our control. Revenue for FY 11/12 is expected to be 6% lower. Franchise fees will be lower due to reduced usage demands. We are experiencing 90% collection rate on property taxes that, despite this recession, are still assessed at a lower value than the market. The combination of these factors result in a \$200,000 deficit in the general fund. Extrapolating the budget to 2015 results in a multi-million dollar deficit. This is clearly not sustainable.

Given the general mood of the public's reluctance for increased fees to fund local government at this time, I have elected to prepare a balanced budget that relies solely on budget cuts.

### **General Fund**

In the General Fund, the most appropriate cuts were identified strategically by comparing service level needs. Within the General, Fund police and fire have experienced increased number of service calls. The library has seen an increased number of patrons. There has been a sharp reduction in permits submitted to the planning and building department. This does not mean that the police, fire and library programs are unaffected by the need for budget cuts.

To address the General Fund deficit the following reductions are proposed:

- For all General Fund staff
  - No cost of living increases
  - No step increases
- Staff reductions
  - Assistant planner
  - Court position
  - Part-time Finance Secretary
  - Contract prosecutor, City Attorney to take on role.
- Full-time Finance Secretary moved to Utility Billing fund (31-1320)
- Vacant Information Technician position will be filled with a contract employee without benefits.
- Planning Department Office Manager reduced to 0.8 FTE.

*Note: police and fire union approval of no cola and step increases is required. Should this not occur, additional staff reductions will be necessary.*

During 10/11 the building department revenue shortfall resulted in the need to layoff one inspector and reduce an inspector and the permit technician to part-time status.

### ***City Hall Hours***

These proposed changes in staffing levels along with reductions made over the past three years will seriously reduce the ability to have staff consistently available at the front counter of City Hall. To account for this, I propose that City Hall hours be reduced to 8:30am to 4:30pm Monday through Friday. Also, we need to implement an automated phone answering system that can direct calls to appropriate departments when staff are not available or outside of business hours. The City already has this capability, so there would be no additional expense to implement this program.

### **Public Works**

Public Works has not been immune from the economy. Through a combination of fewer utility accounts and reduced consumption, water and wastewater revenues are 3% to 5% lower than expected. As a result the following budget cuts have been taken:

- For all Public Works staff
  - No cost of living increases
  - No step increases
- Staff reductions
  - Maintenance Assistant Supervisor
  - Senior Engineer
- Positions reduced to part-time
  - Engineering Secretary
  - Engineering Tech 2 (two positions)

### Outside Requests

Each year, the City receives requests from local organizations to provide grant funding for various activities. The following table summarizes the organizations, their fund request, and the amount I have proposed for the budget.

Organization	Request	Amount Budgeted in FY 10/11	Budgeted for FY 11/12
<b>Tourism Fund (01-1110-592500)</b>			
First Friday Art Walk for trolley operation (May 2010 to April 2012)	\$3,600	\$0	\$0 Reconsider after final TLT revenue receive from FY10/11
Newberg Camellia Festival (March 2012)	\$4,000	\$4,000	\$0 Reconsider after final TLT revenue receive from FY10/11
Old Fashioned Festival (events support)	\$10,000	\$5,000	\$5,000
Visitor Center (25% of estimated TLT)	Contract	\$56,250	\$81,250
<b>Subtotal</b>		<b>\$65,250</b>	<b>\$86,250</b>
<b>Community Support (01-1110-592000)</b>			
Newberg Downtown Coalition (Operating budget)	\$25,000	\$10,500	\$8,500
Chehalem Valley Transit (operations)	\$23,570	\$12,000	\$18,000
Your Community Mediators of Yamhill County	\$5,500	\$5,500	\$3,500
Misc. Unallocated Funds		\$1,000	\$1,000
<b>Subtotal</b>		<b>\$29,000</b>	<b>\$31,000</b>

**Conclusion**

The proposed budget cuts have enabled the development of a balanced budget for FY 11/12. There is a practical limit to the number of staff positions eliminated before even the core functions of government cannot be maintained. Without an improvement in the economy within the next year, the City will have to seriously consider increasing fees and/or issuing an operating levy or face continued staff and service level reductions.

Action items to begin investigating during the FY 11/12 include:

- Public Safety Dispatch – consider contracting the service with WCCCA.
- Increase the transient lodging tax
- Increase the trash collection franchise rate
- Assess a franchise fee to the Stormwater Utility

Sincerely,

Daniel J. Danicic, MPA, PE  
City Manager