

Rate Review Committee

January 27, 2026

5:30pm

Newberg Public Safety Building 401 E. Third Street
Denise Bacon Community Room

Online: <https://us06web.zoom.us/j/89536547180>

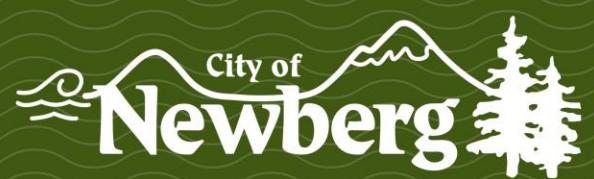
Public Comment Registration:

https://www.newbergoregon.gov/government/departments/public_comment_registration.php

- 1. Call to Order**
- 2. Roll Call**
- 3. Pledge of Allegiance**
- 4. Public Comments**
- 5. Reports and Presentations**
 - a. Water CIP Presentation**
 - b. Water Financial Presentation**
- 6. Next Meeting – February 10th**
- 7. Adjournment**

ADA Statement: Contact the City Recorder's Office for physical or language accommodation at least 2 business days before the meeting. Call (503) 537-1283 or email cityrecorder@newbergoregon.gov. For TTY services please dial 711.

Newberg Rates CIP Review Water Projects



Project Title: Oak Knoll Booster Pump Station

Expense total for BY 25-27: Finished @ **\$108,819** = over \$150,000 under budget.

SDC eligibility %: Nil

Description & Purpose:

The Oak Knoll Booster Pump Station (originally built around 2000) provides consistent water pressure for residents in the area, a church and a private school by pumping water uphill. This CIP work saw upgrades, including electrical work and generator installations and a reuse of a retrofitted older pump to keep costs down.

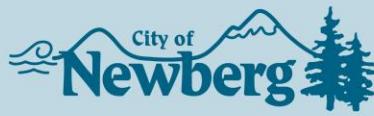
This will help address issues like pressure surges and ensure reliable service. If further expansion occurs in the area more infrastructure would be needed.



This valve was used to retrofit the old pumps →



In house labor kept costs down.



Water Capital Improvement Projects

Project Title: Water Plant Basin Covers
Expense total for
BY 25-27: \$920,000
SDC eligibility %: Nil

Description & Purpose:

Water plant basin covers – Budgeted price \$920,000. This project is 90% complete and will be finishing in January (all going well). We are on track for this to finish on budget.

This was an unfounded DEQ mandate based upon poor science and we were forced to comply after delaying for many years.



**Almost Complete
January 2026.**

**Now we will not
be fined.**

Project Title:
General water pipe replacement fund.

Estimated expense total for BY 25-27:
\$300,000

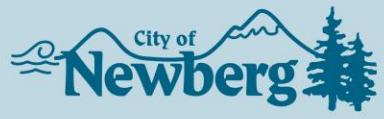
SDC eligibility %: Nil

Description & Purpose:

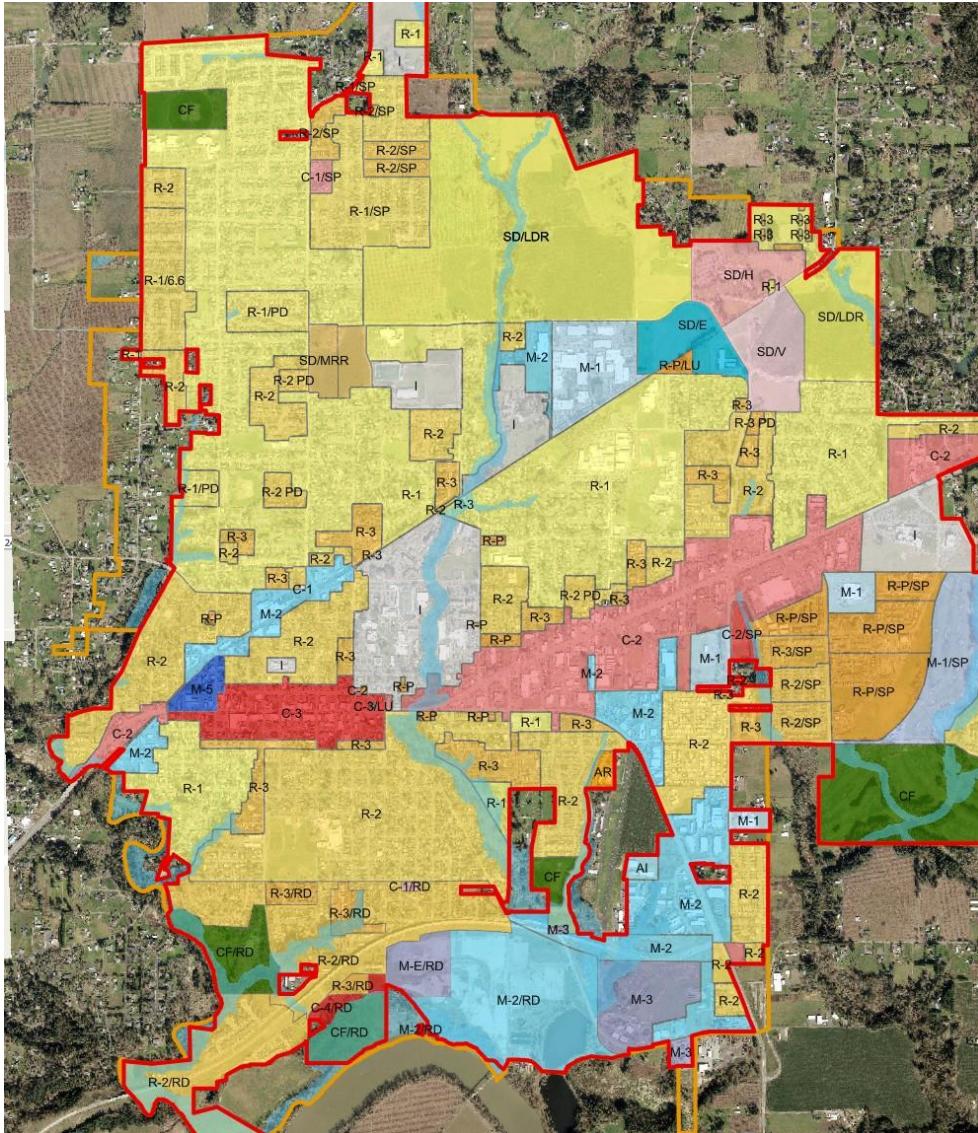
We have not yet had to use this fund, but you never know what you find below grade!

This is a contingency fund to combat unexpected below grade discoveries.





Water Capital Improvement Projects



2024 – 2026 Ongoing & Future Projects

**Project Title: HB2001 Waterline Program
(I-1, I-2, I-3, I-4, I-5, I-7 and I-8)**

**Estimated expense total for
BY 25-27 and BY 27 – 29: \$3.3M and \$3.3M**

SDC eligibility %: Overall Estimated - 25%

Description & Purpose:

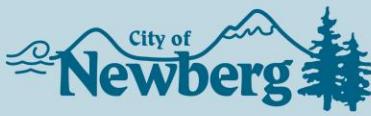
- Replacement of +/- 12,000 feet of water mains south of downtown Newberg.
 - ✓ To upsize various undersized city water mains to address high pipe velocities.
 - ✓ Replacement of old cast iron pipes with new ductile iron pipes.

Figure 2: South of Downtown Newberg



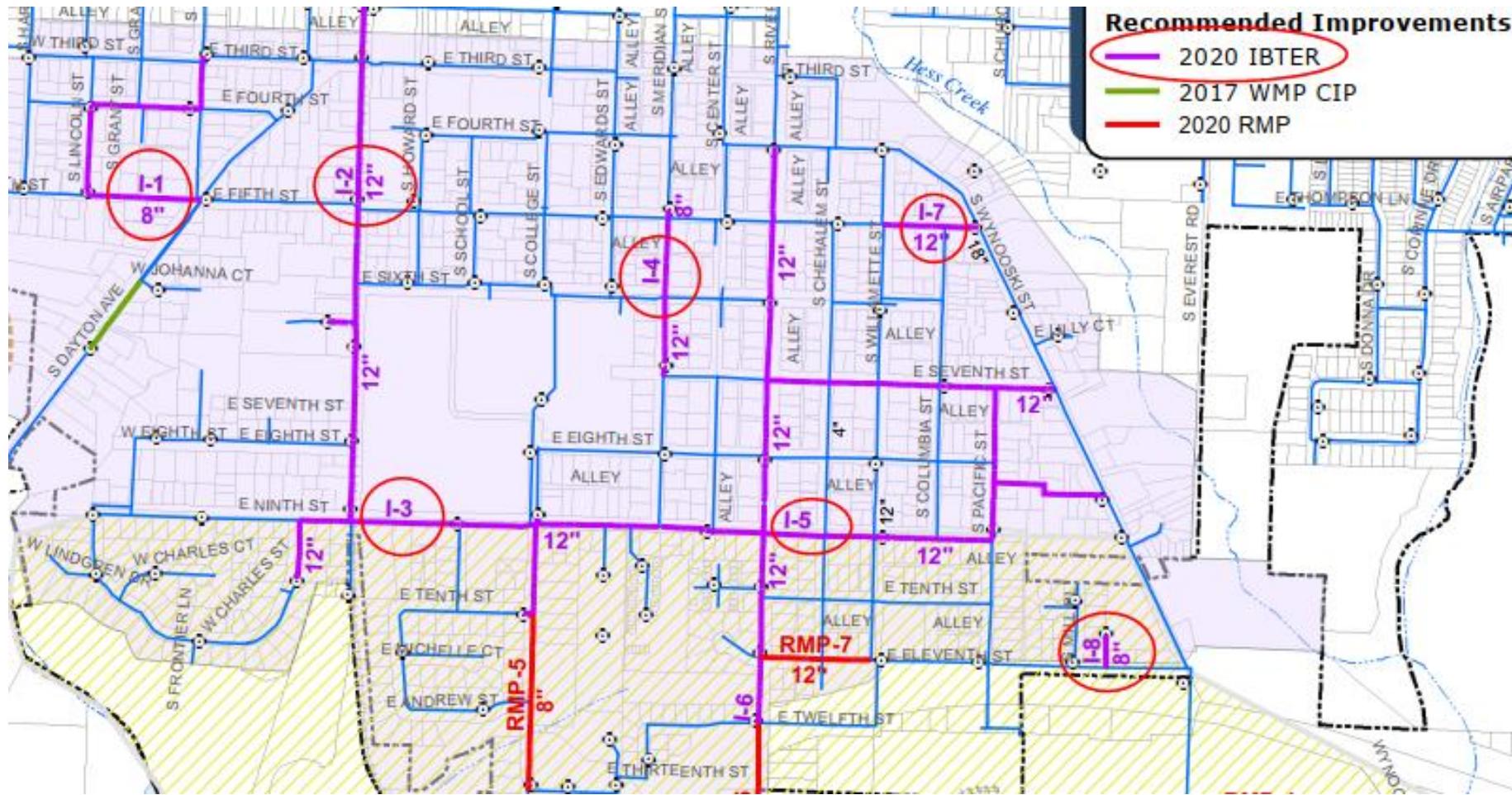
The high velocities are related to providing adequate fire flows for higher density Middle Housing options.

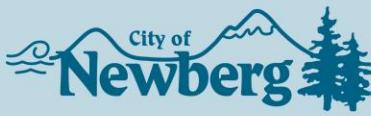
➤ *Replacement of these water mains satisfies the 2021 DLCD approved Middle Housing Infrastructure-Based Time Extension Request.*



Water Capital Improvement Projects

Project Title: HB2001 Waterline Program (I-1, I-2, I-3, I-4, I-5, I-7 and I-8)





Water Capital Improvement Projects

Project Title: HB2001 Waterline Program

Project Segment Locations:

I-1: S Main Street, W 4th Street, S Lincoln Street, and W 5th Street.

- +/- 1800 LF

I-2: S Blaine Street, E Second to E Ninth.

- +/- 2600 LF

I-3: E 9th Street, W Charles Street, and S College Street.

- +/- 3000 LF

I-4: Meridian Street, E Fifth Street to E Seventh Street.

- +/- 750 LF

I-5: E 7th Street, S Pacific Street, and E 9th Street.

- +/- 3700 LF

I-7: E 5th Street, S Wynoski Street to S Willamette Street.

- +/- 500 LF

I-8: S Wynoski Street, north of E eleventh.

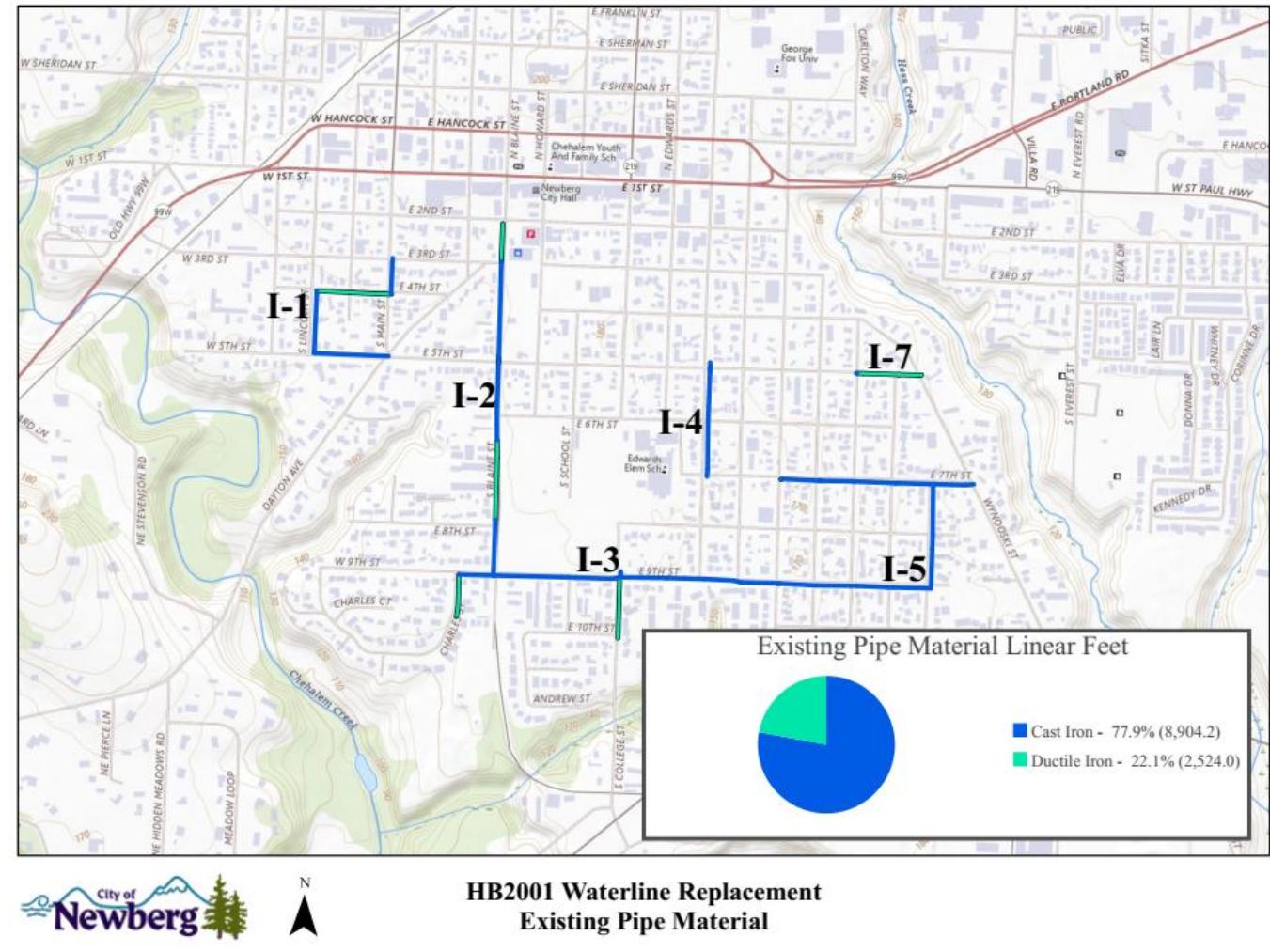
- new fire hydrant and lateral



Water Capital Improvement Projects

Project Title: HB2001 Waterline Program (I-1, I-2, I-3, I-4, I-5, I-7 and I-8)

With completion of all project segments, almost 9,000 feet of old cast iron water mains will have been replaced with new ductile iron pipe.



Project Title: Main Street Water Main Project

Estimated expense total for
BY 25-27 and BY 27 – 29: \$500,000

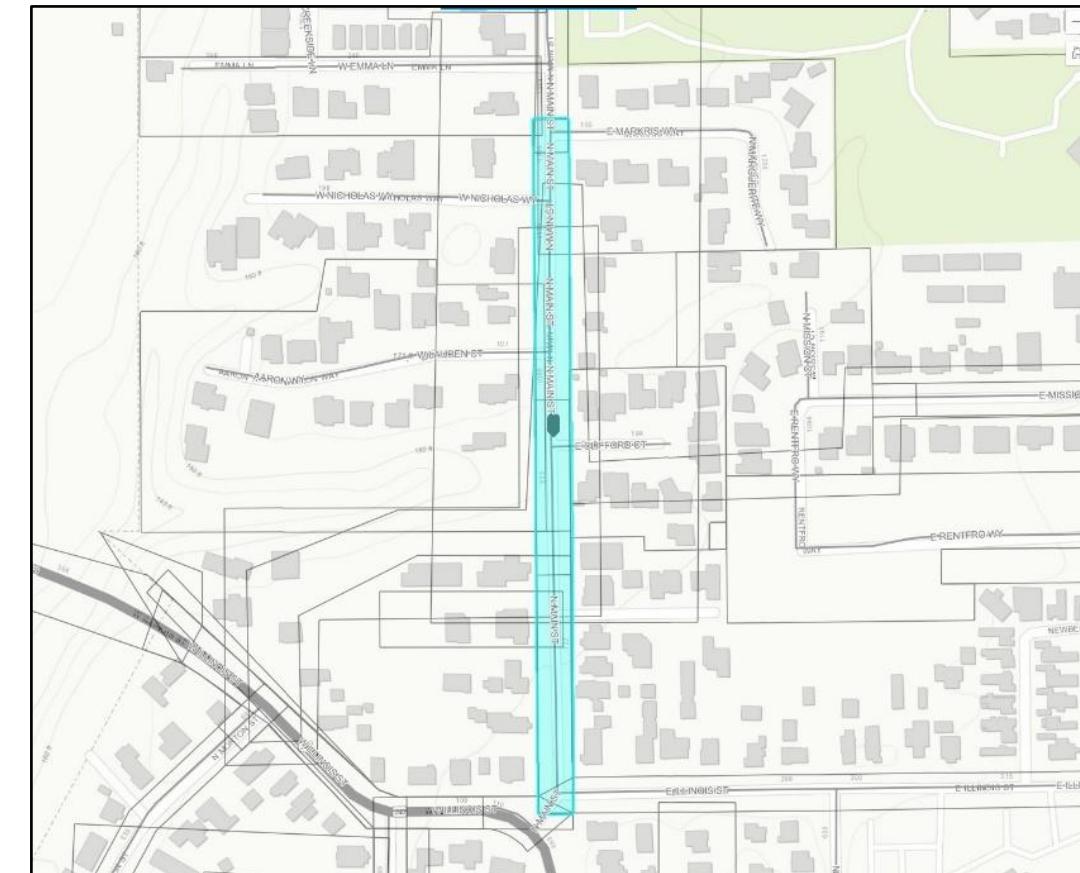
SDC eligibility %: 45%

**While eligible the city has little water SDCs
available right now!**

Description & Purpose:

The main street water main be replaced fixing several . First the pipe constricts in one section down to 6" to 4" then back to 6". This causes pressure and flow issues.

Second it is made of old cast iron and there have been water main breaks every other year. The new pipe will be modern ductile iron.



Project Title: Ground Water Plant (9MG)

Further out but we are saving for it.

Likely cost \$45 – \$50M

SDC eligibility %:

Not certain yet but 50% or more is likely.

Description & Purpose:

In the 2030s Newberg will need more water than the current water plant can produce. Last summer (2025) peak production hit 4.1MG per day for months at a time. The current nearly 80-year-old plant can only make 5.5MG per day...

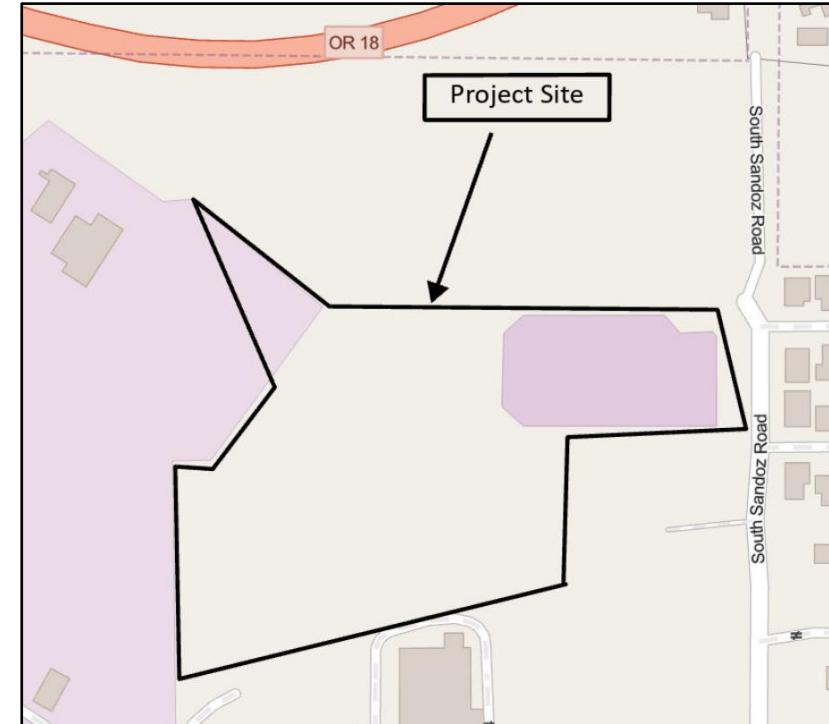


Staff believe that the best solution to the massive cost of this project is to save half of the cost and try to put half on a property tax levy. By saving some of the revenue the levy is more likely to pass (showing the city has skin in the game).

Project Title: Ground Water Plant (9MG) - Likely cost \$45 – \$50M.

Here is what we have done already and what we need to do:

- We have done geotechnical study already & located a less expensive site to build on than the other option closer to the river (the current WTP location).
- Keep saving water funds to get ending fund balances over 23M.
- Keep working with Dundee to get them on board with the effort (likely worth \$5-6M).
- Keep hunting for grant funding – right now there is little available from the state or the feds but that might change one day.
- Make sure the next plant is extensible so that it can grow over time to limit the cost of future expansions.



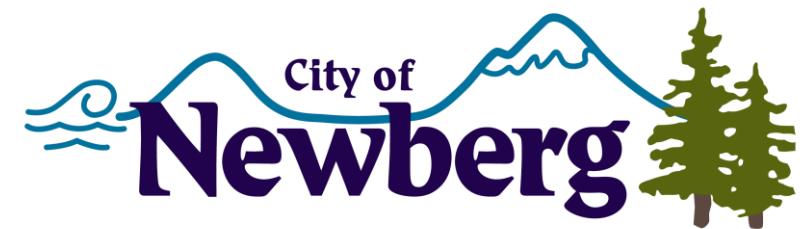
So that's the end of our exploration of our water projects both past and future.

Questions?

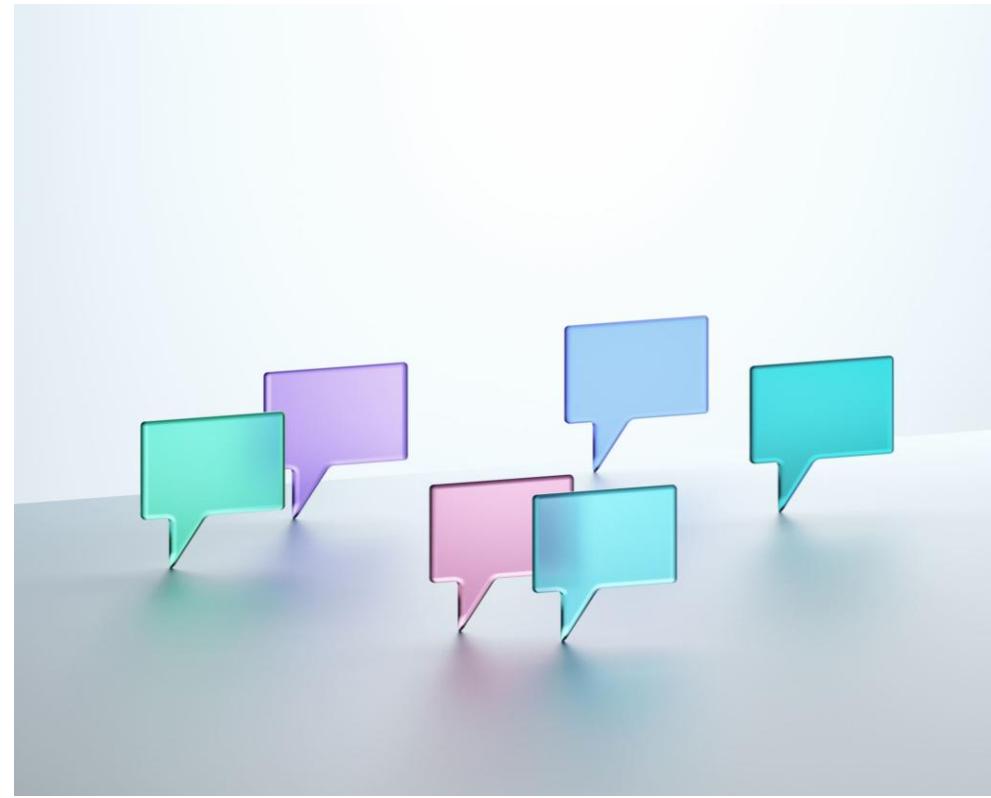


2026 Rate Review

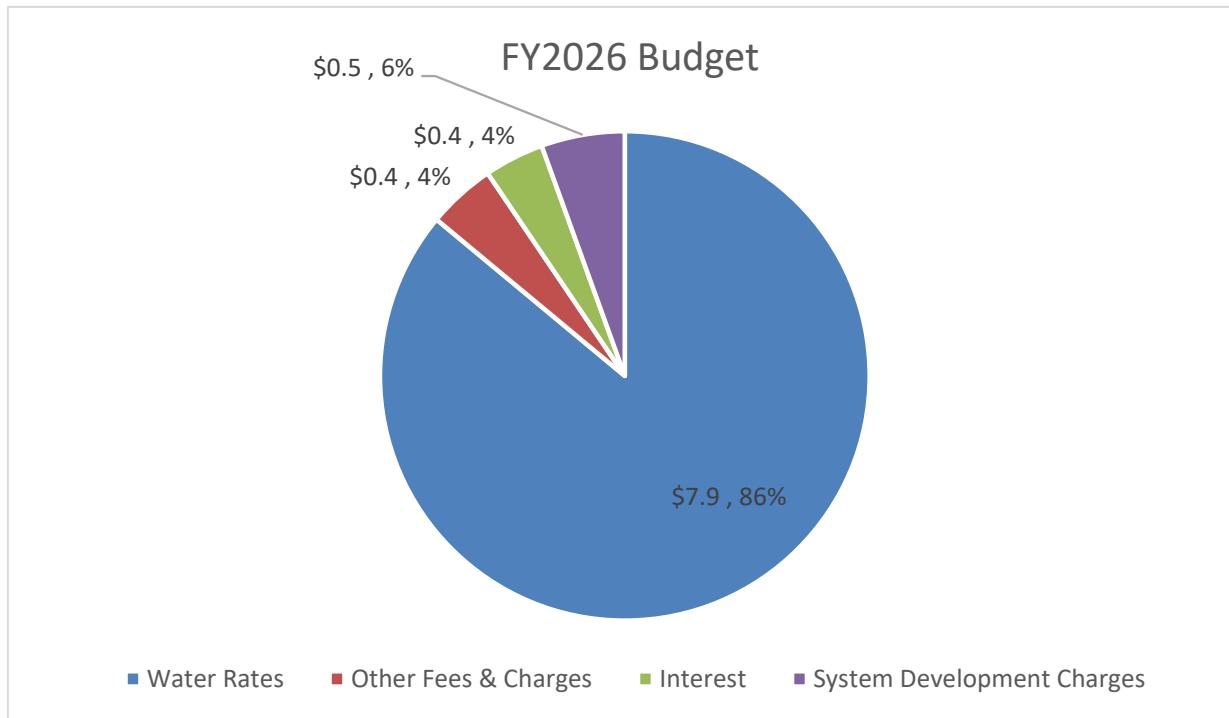
- Meeting #2: January 27, 2026



- Water Rate Trends
- Preliminary Water Financial Forecast Scenarios



Rates are primary ongoing funding source



- System development charge revenues restricted to capital for growth
- Other fees & charges
 - Connection charges (\$100K)
 - Hydrant permits (\$50K)
 - Development review (\$150K)

Water Rate Increase History

City cut capital; shifted operating staff to sewer & storm to meet debt coverage requirements

Jan 1, 2013 – 0.00%

Significant increases in capital plan (new reservoir and water treatment plant reserve)

Jan 1, 2014 – 3.00%

Interim increases pending completion of Water System Master Plan

Jan 1, 2015 – 7.00%

Jan 1, 2016 – 7.00%

Water System Master Plan completed - Rate increases reflected needed funding for updated CIP (including HB2001) and maintenance of reserve levels.

Jan 1, 2017 – 3.50%

Jan 1, 2018 – 3.50%

Jan 1, 2019 – 4.00%

Jan 1, 2020 – 4.00%

Jan 1, 2021 – 4.00%

Jan 1, 2022 – 4.00%

Water Treatment Plant replacement project identified (\$13 M).

Jan 1, 2023 – 4.00%

Water Treatment Plant costs increase (\$25 M) - Rate increases reflected needed funding for updated CIP and maintenance of reserve levels.

Jan 1, 2024 – 4.00%

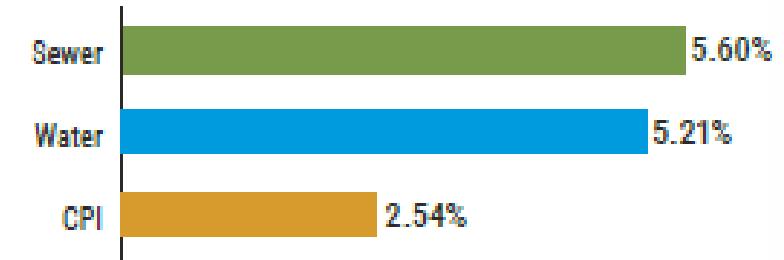
Jan 1, 2025 – 5.00%

Jan 1, 2026 – 5.00%

National Utility Rate Trends

- Recent National Survey Findings*
- Combined water and sewer bill increases averaged about 24% between 2019-2024
- Projected cumulative sewer rate increases between 2024-2029 = 31%
- Increase Factors: Inflation, operational costs, capital investment needs

Compound average rate of change in surveyed typical bills (2001-2024).

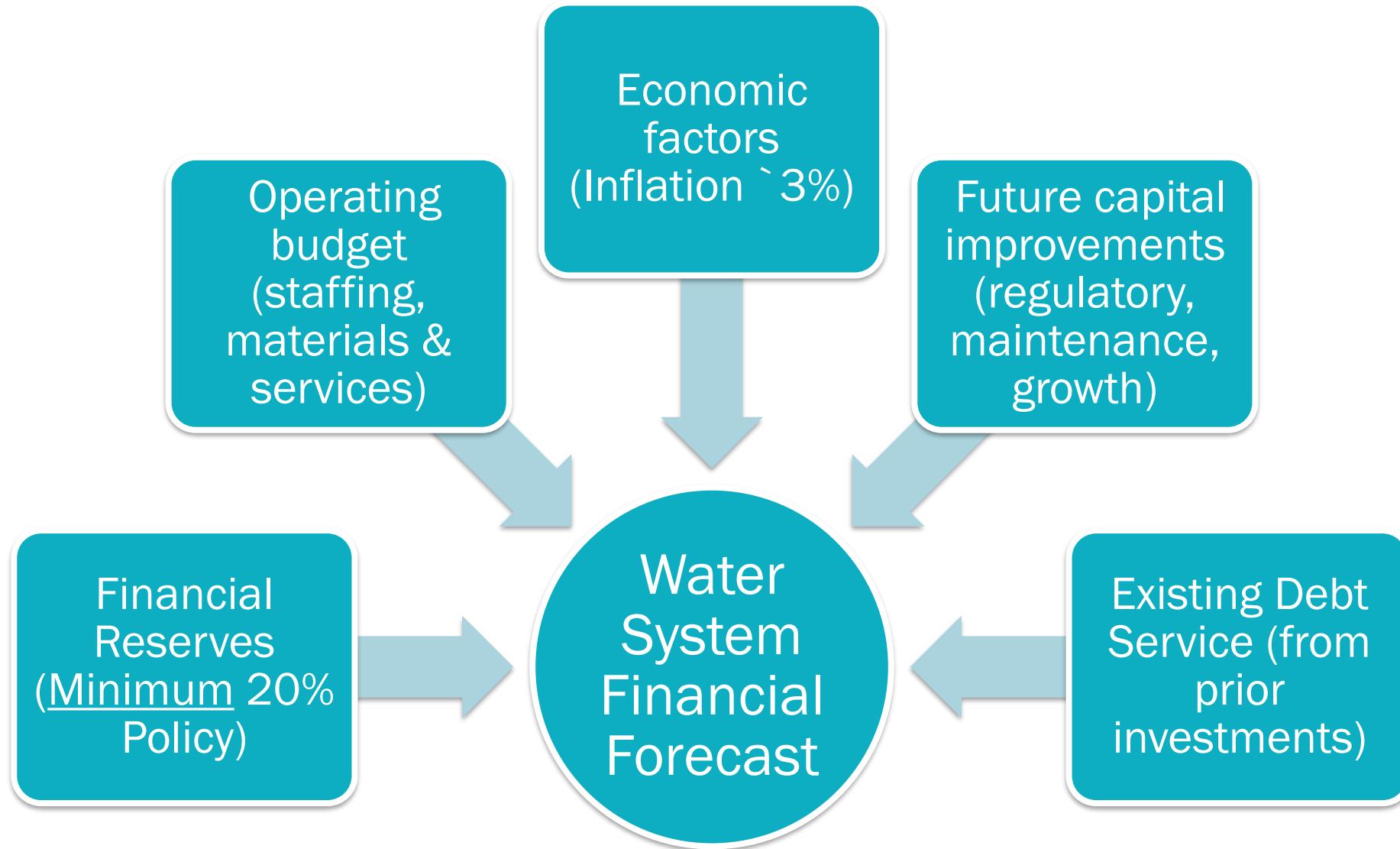


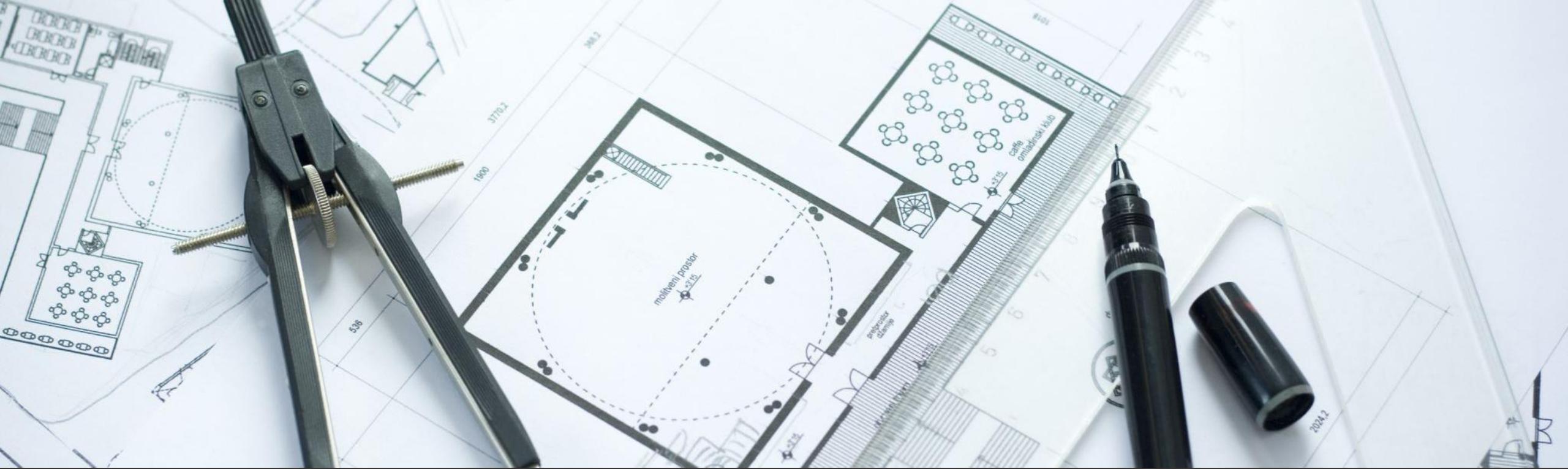
Source: Black & Veatch 2024 Rate Report

“...the CPI index maybe too broad to accurately reflect the variety of costs that impact utilities”

*Sources: US Municipal Utility Water Rates Index 2024 (Bluefield Research); 2024 Cost of Clean Water Index (NACWA)

Determining Water System Financial Needs





Preliminary Water Financial Plan

5-Year Capital Plan

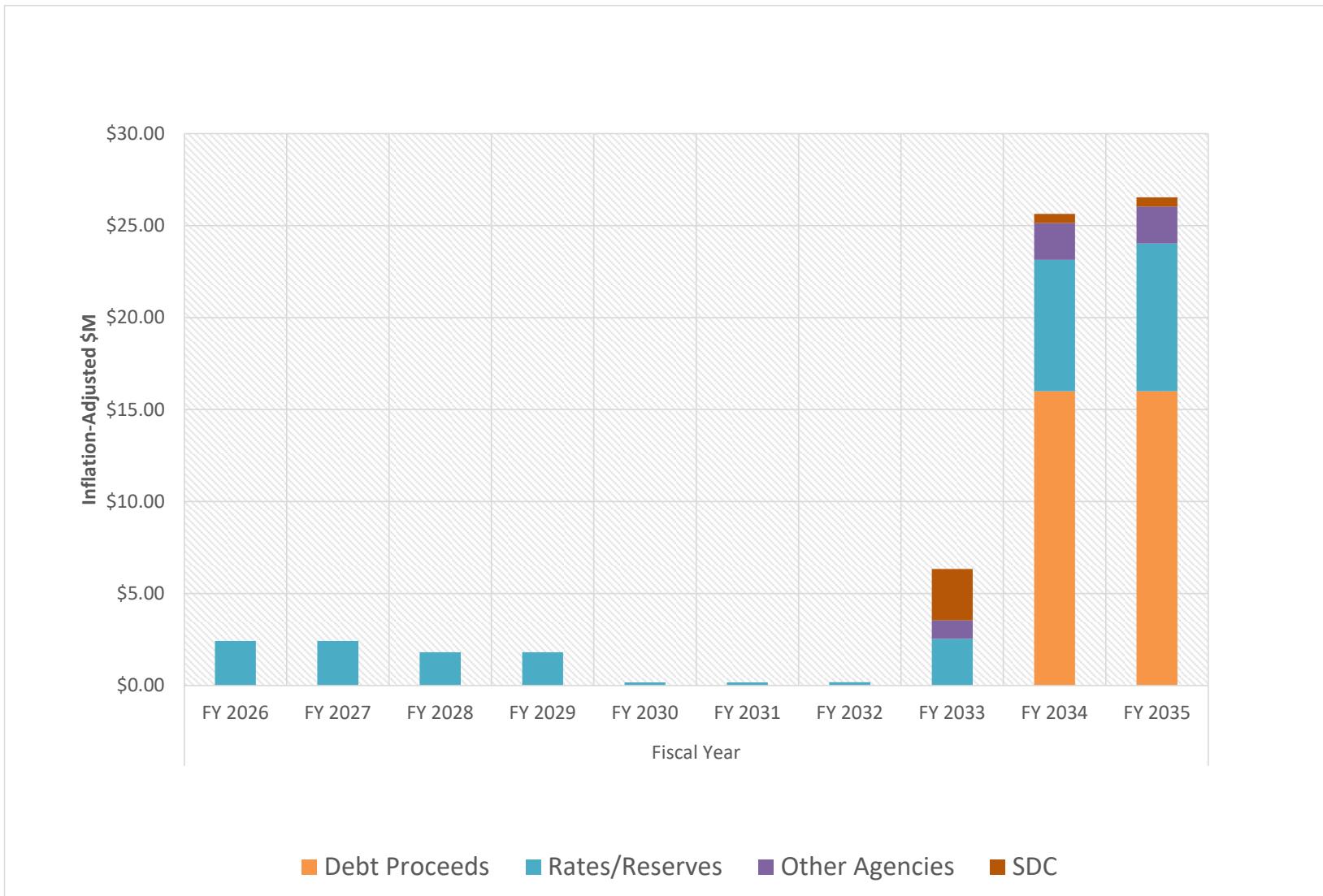
- Major investment back-loaded: Water treatment plan (regulatory, growth-driven)
 - Policy question: Funding mechanism for Water Plant (property tax or rate supported bond)***
- Ongoing projects: HB 2001 pipe upsizing, routine main replacement

	FY2026- 2035 Inflated TOTAL	FY 2026	FY 2027	FY 2028	FY 2029	FY2030- FY2032	FY 2033	FY 2034	FY 2035	10-Year CIP Total
CIP Expenditure	\$68,176,001	\$ 2,425,000	\$ 2,425,000	\$ 1,800,000	\$ 1,800,000	\$ 150,000	\$ 5,150,000	\$ 20,150,000	\$ 20,150,000	\$ 54,350,000
Project Name										
Water Treatment Plant	\$57,928,043						5,000,000	20,000,000	20,000,000	\$45,000,000
Seismic resilience - cast iron and concrete pipe replacement	\$300,000	150,000	150,000							\$300,000
HB 2001 Program I 1,2,3a,3b,4a,4b,5,7,8										
Upsize existing mains and construct new distribution loops to improve fire flow capacity (Fireflow - Various)	\$6,600,000	1,650,000	1,650,000	1,650,000	1,650,000					\$6,600,000
Main St. Imp Sheridan to Franklin	\$500,000	250,000	250,000							\$500,000
Routine Main Replacement Program	\$1,405,274			150,000	150,000	150,000	150,000	150,000	150,000	\$1,200,000
WTP Filter Covers	\$750,000	375,000	375,000							\$750,000

FY2030-FY2032 annual expenses = \$150K

10-Year Capital Funding

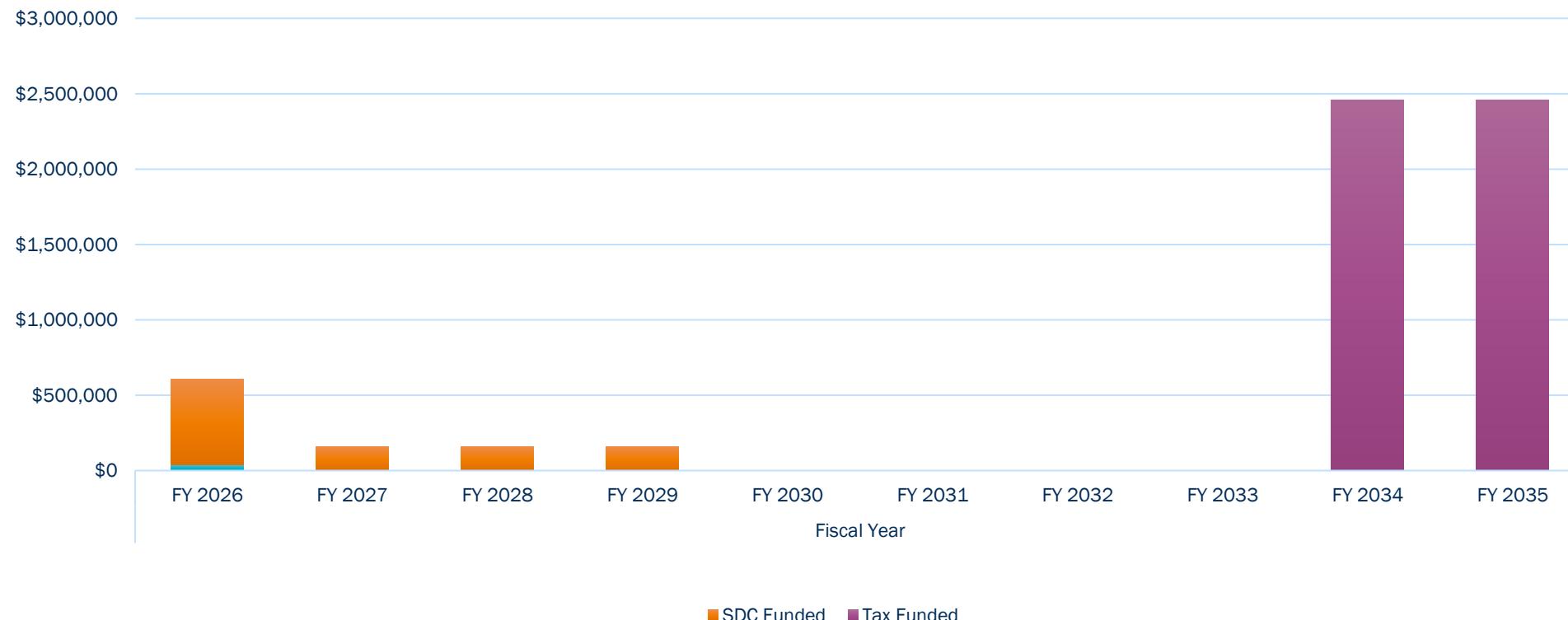
- Based on \$32M General Obligation Bond and 5M from partner agency



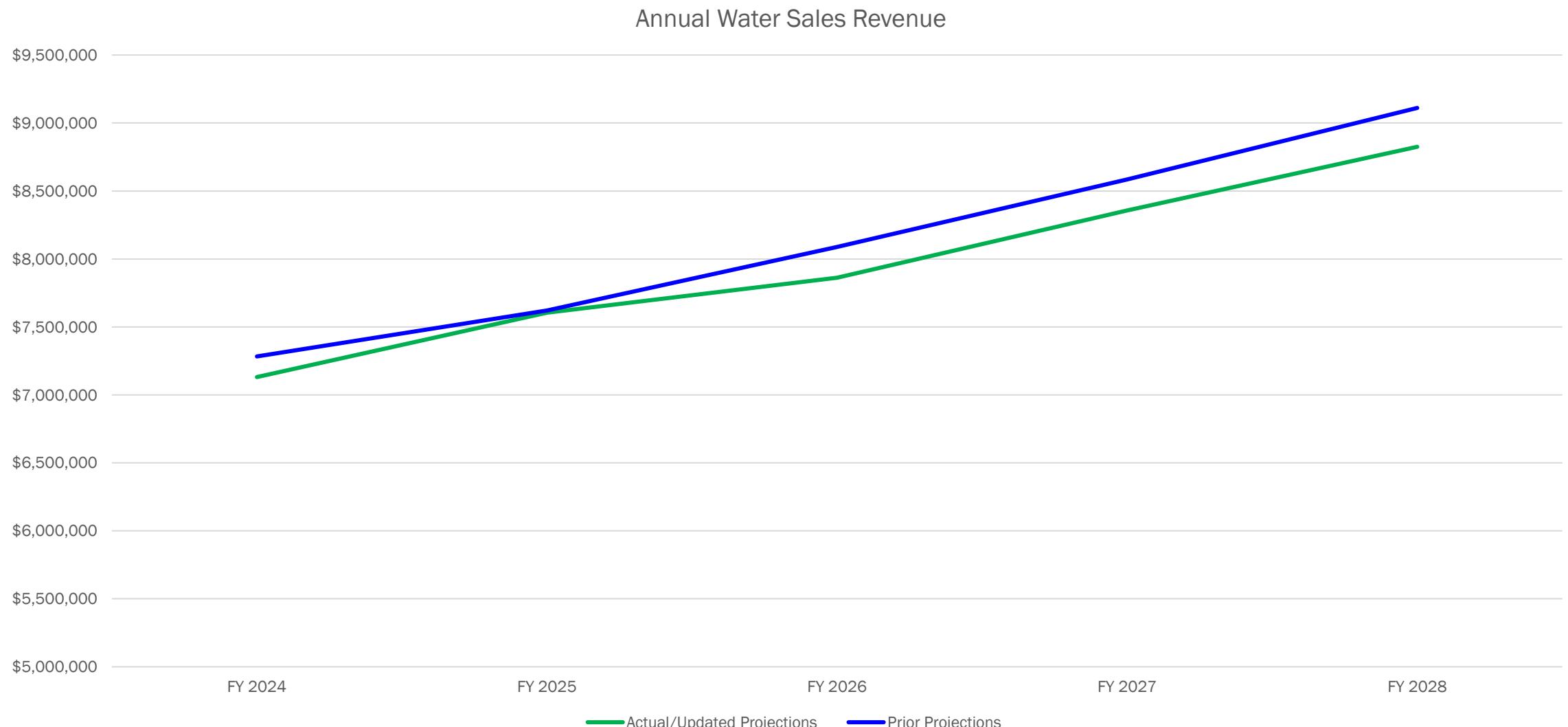
Projected Annual Debt Service

Existing debt = Well/river line loan (2026), effluent reuse loan (2029)

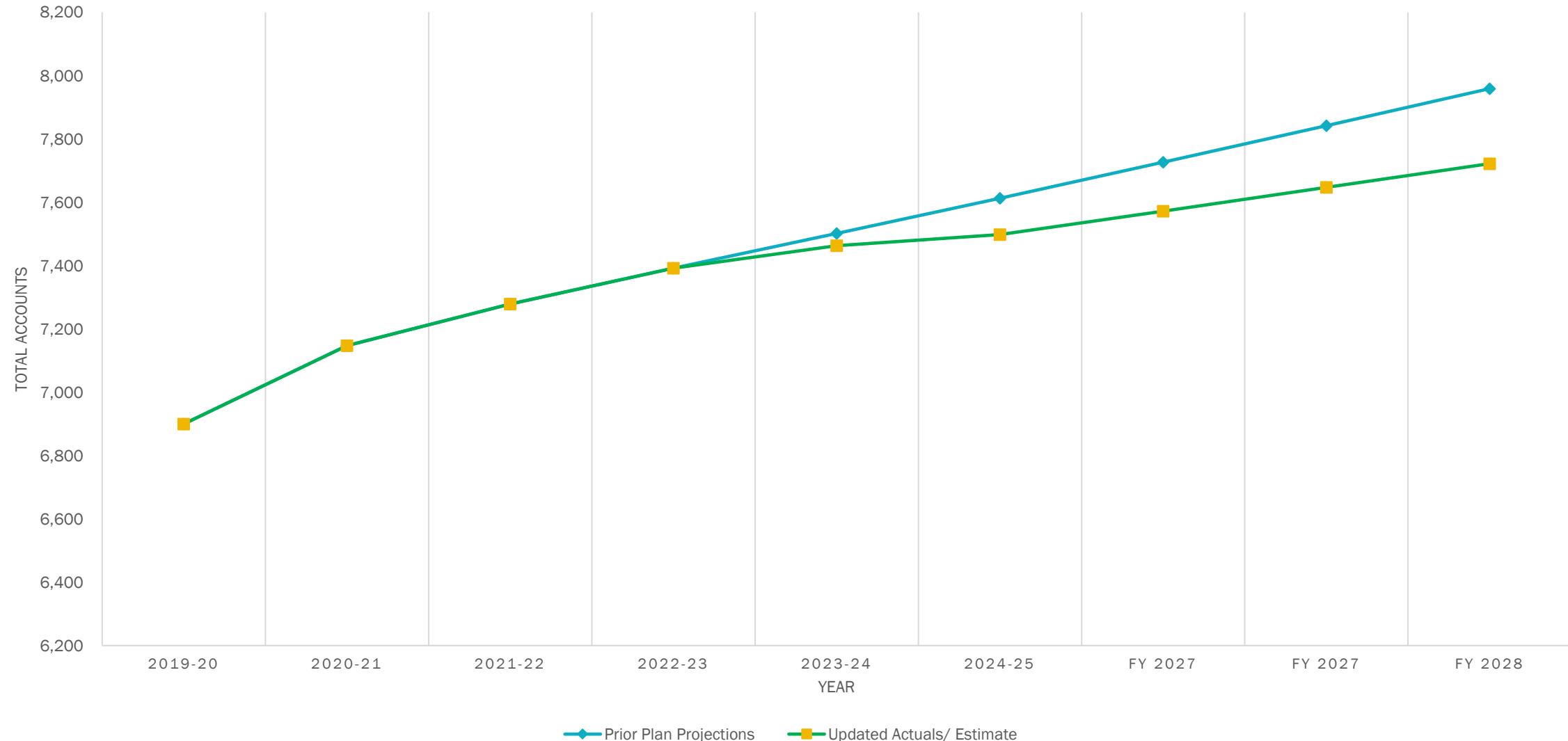
New property tax supported water loan 2034-2035



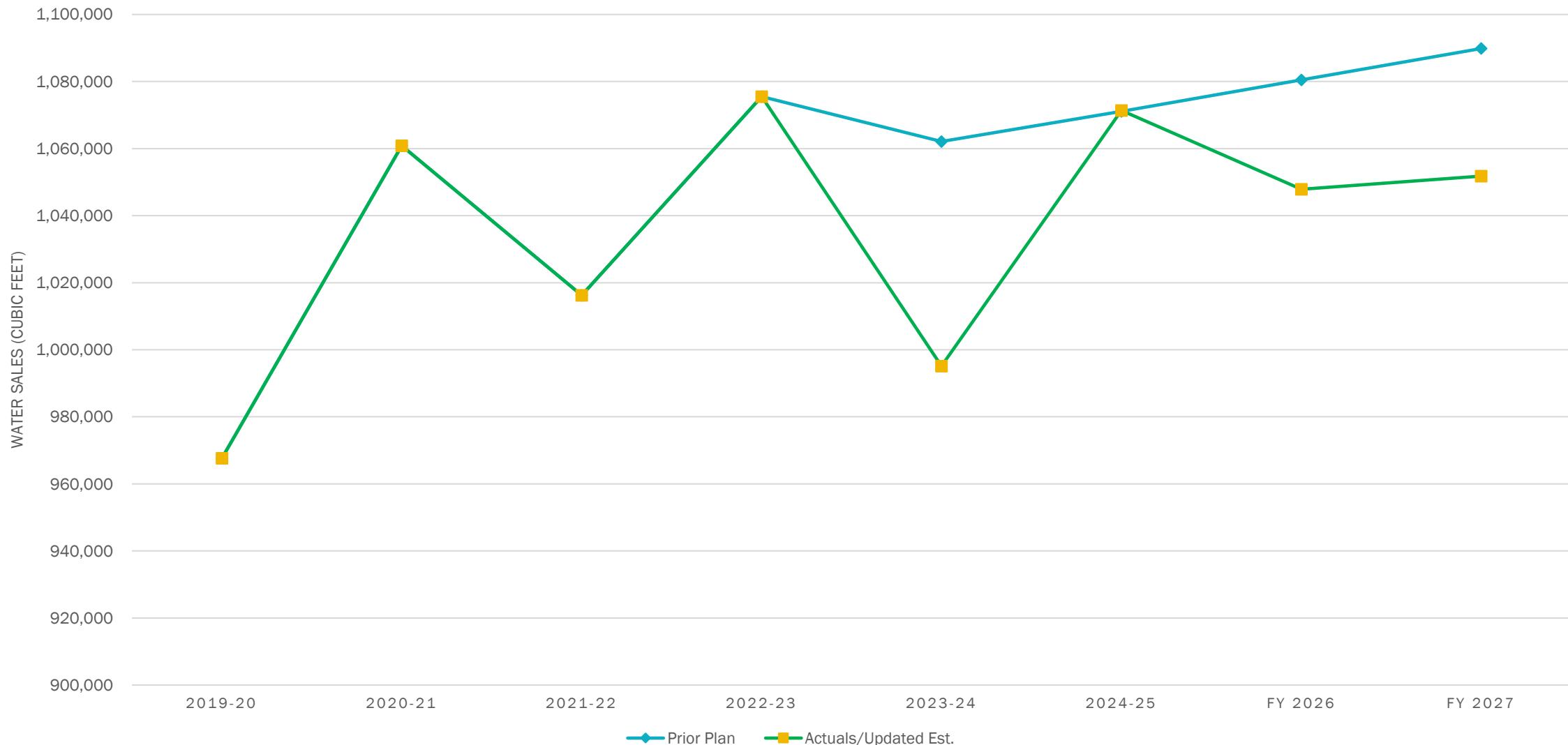
Projected vs Actual Revenue



Projected Water Account Growth



Projected Water Sales Volumes

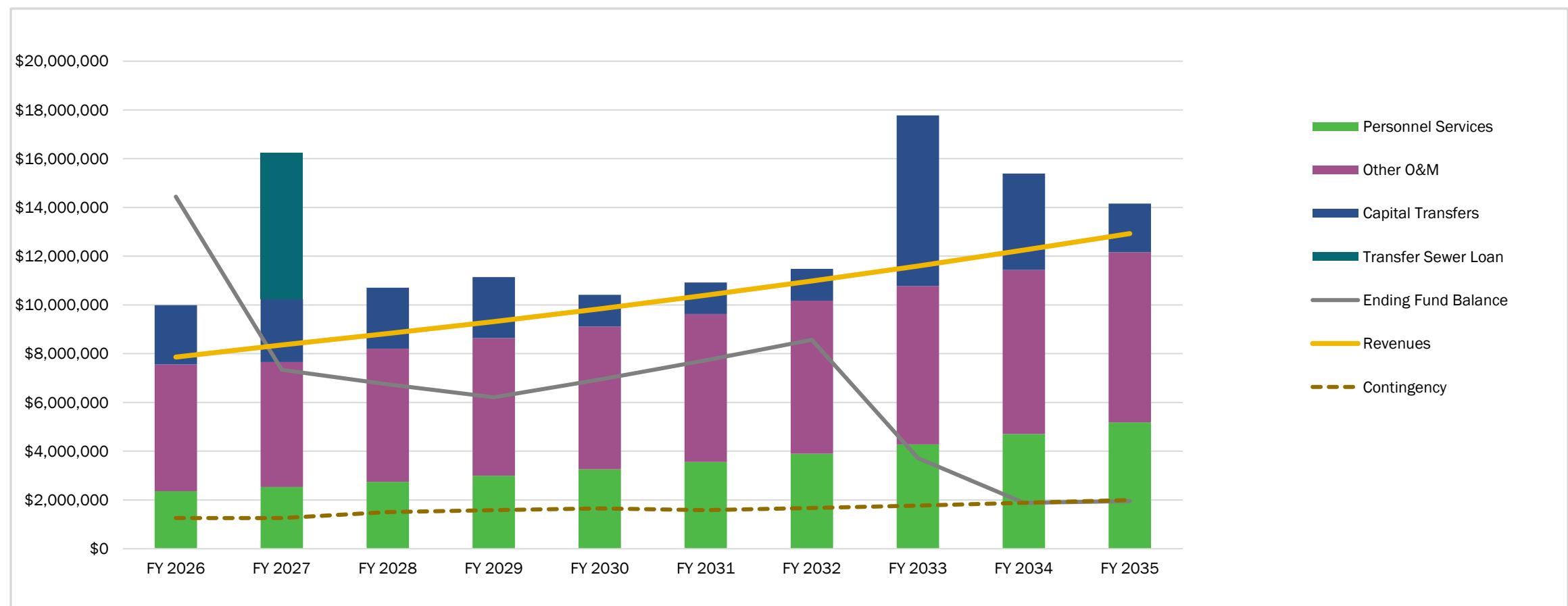


10-Year Projections

Revenue forecast assumes 5% rate increase per year

Water Treatment Plan Debt funded by property taxes (not part of rate revenue requirements)

Meets operating contingency only



Current Water Rates

- Fixed Charges
 - Vary by meter size
 - Recover about 1/3rd annual revenue
- Volume Charges
 - Vary by customer class based on estimated peak demands

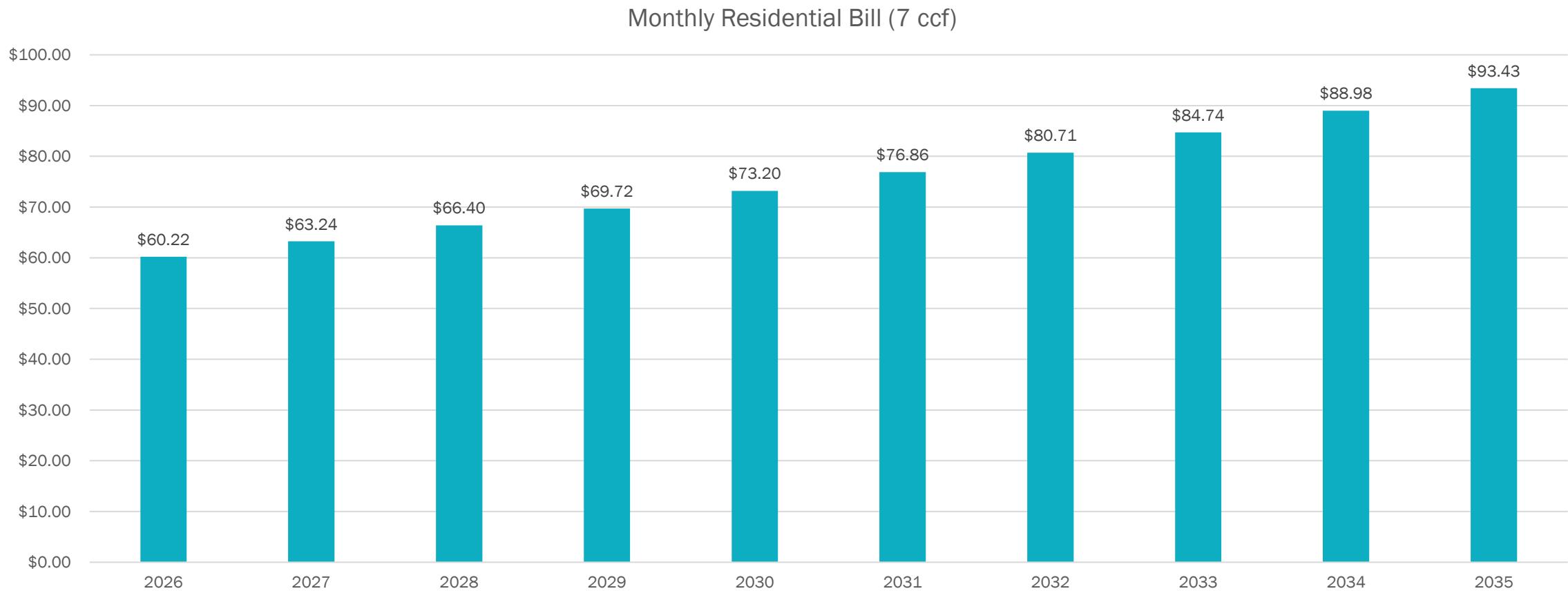
Customer Class	January 2026
Billing Charge (\$/Account)	\$3.98
Meter Charge (\$/Month)	
3/4"	\$22.22
1"	\$37.77
1-1/4"	\$55.55
1-1/2"	\$73.33
2"	\$117.77
3"	\$222.20
4"	\$371.07
6"	\$739.93
8"	\$1,184.33
10"	\$1,850.93
Volume Charge (\$/ccf)	
S-F Residential	\$4.86
Multifamily	\$4.10
Commercial	\$5.02
Industrial	\$5.99
Irrigation	\$9.30
Outside City	\$7.29
Public Agency	\$5.59
Non-Potable	\$3.25

*Outside City customers are about 1% of meters and 2.5% water usage

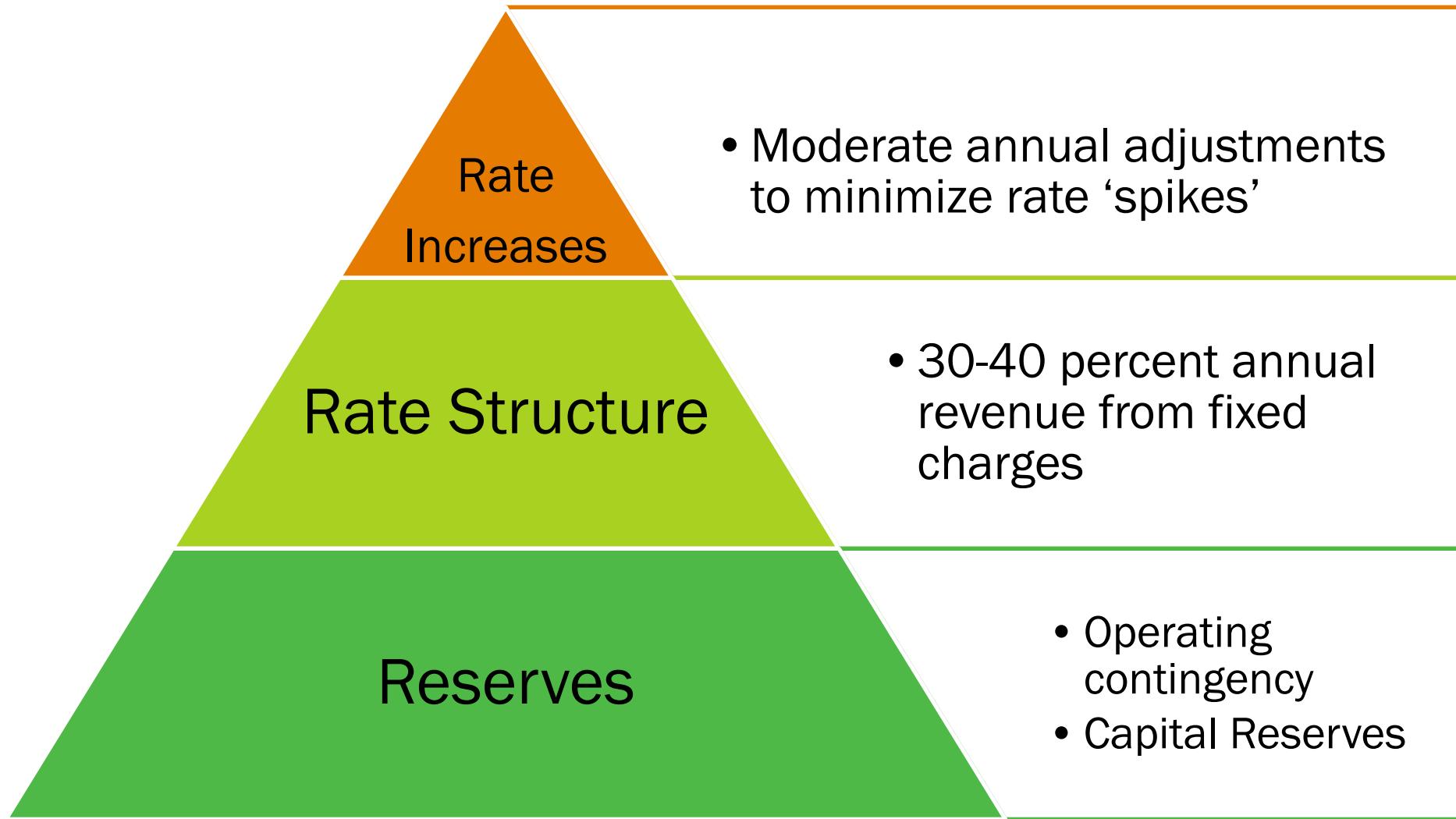
Typical Residential Bill

Approximately \$3.00/month annual increase

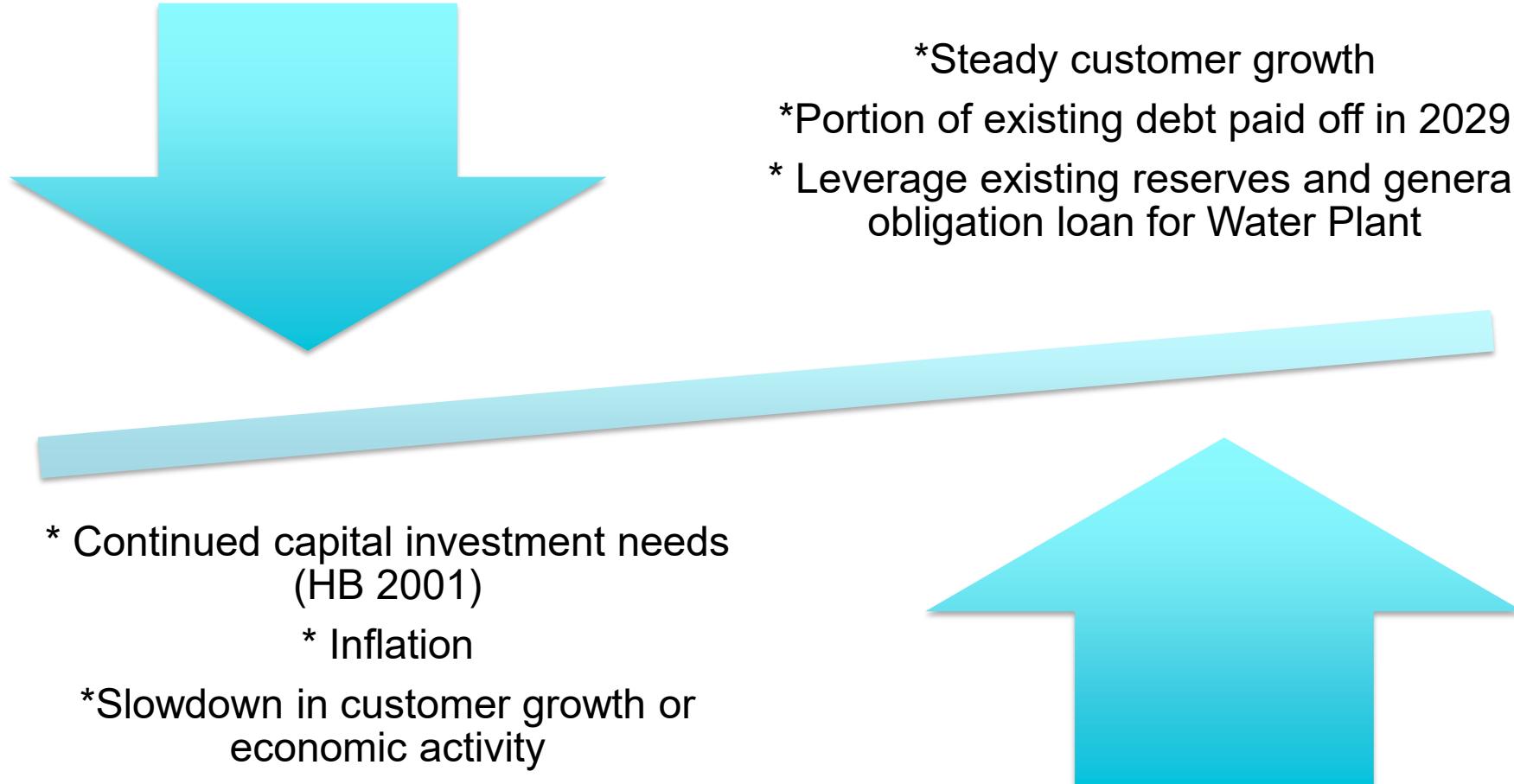
Water plant estimated property tax rate (2035\$) = \$0.69/1,000 assessed value
(\$271/year per average household based on \$391K assessed value)

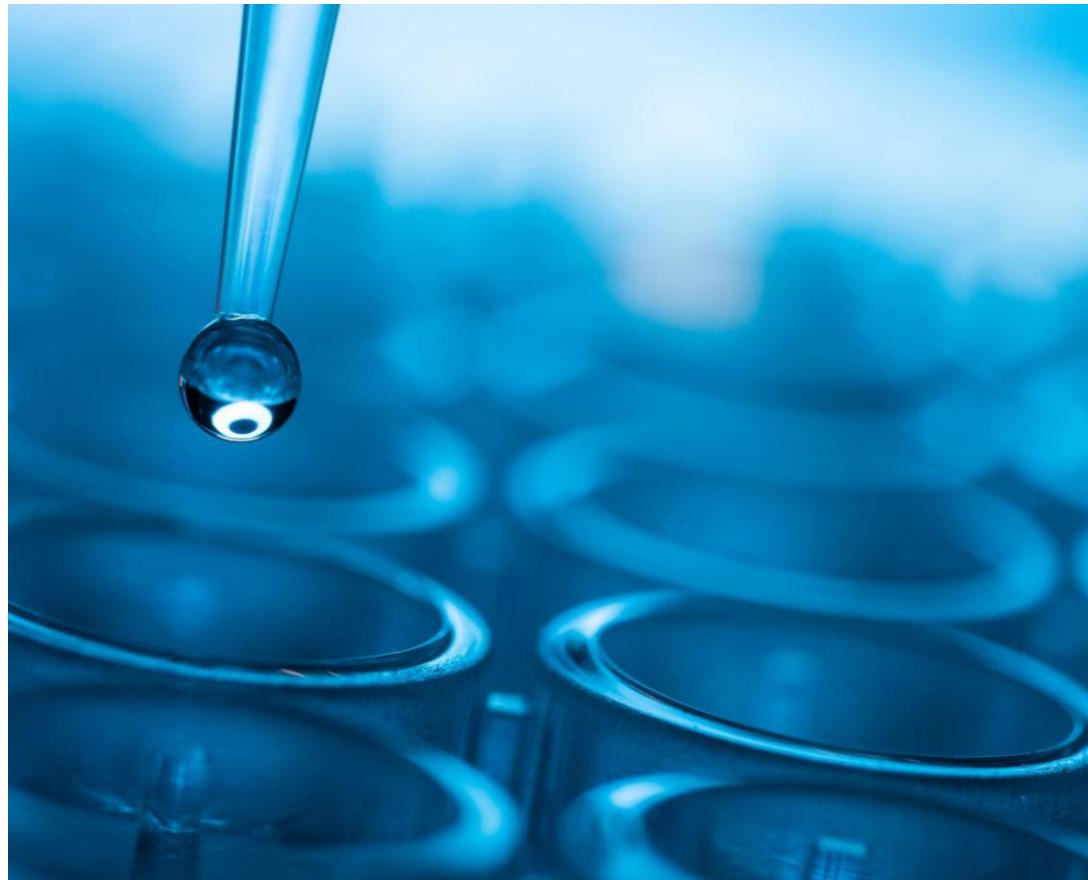


Foundation for financial resiliency



Future Rate Increase Factors





- Storm and TUF rate analysis
 - Review findings with CRRC February 10, 2026



Questions