

Citizens' Rate Review Committee

A G E N D A

September 30, 2009

7:00 pm

**Wastewater
Treatment Plant**

**2301 Wynooski Road
Newberg, OR 97132**

- Call to Order
- Roll Call
- Elect Co-Chair
- Introduction/Calendar
- Membership/Expiration Dates
- Public Participation Process Review
- Approval of April 23, 2008 Minutes
- Utility Bill Assistance Program
- Irrigation Meter Memorandum
- Present Water Conservation Plan
- Public Participation
- Adjournment

Citizens' Rate Review Committee
 Meeting Schedule
 Wastewater Treatment Plant, 2301 Wynooski Road
 7:00 p.m.

<i>DATE</i>	<i>TOPIC</i>
September 30, 2009	Introduction Membership Renewals – No Action Approve April 23, 2008 Minutes Utility Assistance Program Follow-up – No Action Irrigation Meter Memorandum Follow-up – No Action Present Water Conservation Plan
	<i>(1 wk between)</i>
October 7, 2009	Conclude Water Conservation Plan
	<i>(1 wk between)</i>
October 14, 2009	Present Water Rates
October 28, 2009	Conclude Water Rates
November 10, 2009	<i>(Tuesday)</i> Present Wastewater Rates
November 24, 2009	<i>(Tuesday)</i> Conclude Wastewater Rates
December 9, 2009	Present Stormwater Rates
	<i>(1 wk between)</i>
December 16, 2009	Conclude Stormwater Rates
	<i>(3 wks between)</i>
January 6, 2010	Present/Conclude Stormwater Credit Program
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January 11, 2010	Notices must be done for:
January 13, 2010	Public Notice in Utility Bills and:
January 18, 2010	Notice mailed to all Newberg addresses
January 27, 2010	Public Hearing
February 15, 2010	Council Hearing and Rate Adoption <i>(deadline 1/29/10)</i> Rates effective July 1, 2010
March 2010	RATE PROCESS COMPLETED TO ALLOW ADEQUATE TIME TO PREPARE FISCAL YEAR 2010-11 BUDGET

*Bold indicates a date that cannot be changed.

CITIZENS' RATE REVIEW COMMITTEE LIST
Updated: September 15, 2009

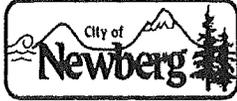
District No.	Member/Contact Info	Term Appointments
5	Charles Zickefoose 1201 Fulton Street, #9 Newberg OR 97132 Home: 538-8047 Work: 244-7005 Email: czicky@comcast.net	Term: 3 years Appointed: 11/7/2005 Re-Appointed: 12/17/2007 Expires: 12/31/2007, 12/31/2010
6	Mike Gougler 4729 Masters Drive Newberg OR 97132 Home: 538-2732 Work: Email: ggoug@yahoo.com	Term: 3 years Appointed: 2/6/2006 Re-Appointed: 12/17/2007 Expires: 12/31/2007, 12/31/2010
6	Ernie Amundson, Jr. 2901 E 2 nd St, #70 Newberg, Oregon 97132 Home: 538-6320 Work: 538-7478 x4444 Email: ernie.amundson@yahoo.com	Term: 3 year Appointed: 2/20/2001 Re-Appointed: 2/2003, 11/2005, 1/5/2009 Expires: 12/31/2002, 12/31/2005, 12/31/2008, 12/31/2011
4	Matson Haug, Chair 1524 Hess Creek Court Newberg, OR 97132 Home: 538-1186 Work: 685-7087 Email: matson_haug@mentor.com	Term: 3 years (replaced Reinhardt) Appointed: 4/6/1998 Re-Appointed: 2/2003, 11/7/2005, 1/5/2009 Expires: 12/31/2002, 12/31/2005, 12/31/2008, 12/31/2011
5	Beth Keyser 1400 Hoskins Street Newberg, OR 97132 Home: 537-3054 Work: 730-2599 Email: bkeyser777@comcast.net	Term: 3 years (replaced Schutter) Appointed: 1/5/2009 Re-Appointed: Expires: 12/31/2011
3	David Maben 308 E 8 th St Newberg, Oregon 97132 Home: (503) 538-4578 Work: (503) 538-9471 x2411 Email: dave.maben@a-dec.com	Term: 3 years Appointed: 2/20/2001 Re-Appointed: 3/5/2007 Expires: 12/31/2009
4	Tony Rourke 3208 N. Main Street Newberg, Oregon 97132 Home: (503) 554-0459 Work: (503) 553-5064 Email: tony.rourke@comcast.net	Term: 3 years Appointed: 3/17/2008 Re-Appointed: Expires: 12/31/2009

Staff Members

Janelle Nordyke, Finance Director
(503) 537-1216
janelle.nordyke@newbergoregon.gov

Howard Hamilton, Public Works Director
(503) 537-1211
howard.hamilton@newbergoregon.gov

Dan Danicic, City Manager
(503) 537-1207
dan.danicic@newbergoregon.gov Mayor Bob Andrews, Ex-officio



ORDINANCE NO. 2008-2685

AN ORDINANCE AMENDING CITY CODE SECTION 32.72, MEMBERSHIP OF THE CITIZENS' RATE REVIEW COMMITTEE

RECITALS:

1. The Citizens' Rate Review Committee (CRRC) met on 10/10/07 to conclude discussion regarding the development of a spring's customer class within the water rate methodology. The recommendation of the CRRC will be presented to City Council on 12/17/07.
2. It is the opinion of the CRRC that whether or not the Council chooses to create a new spring's customer class, membership on the committee should have a provision to allow a customer of the spring water system. Establishment of water rates affects individuals connected to the spring system regardless of their customer status.
3. At their 10/10/07 meeting, the CRRC unanimously passed a motion recommending that City Council consider amending the City Code Section 32.72 CRRC Membership to allow but not mandate the inclusion of a spring's customer.

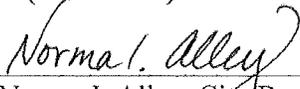
THE CITY OF NEWBERG ORDAINS AS FOLLOWS:

Section 32.72 of the Newberg City Code shall be amended to read:

"The Committee shall consist of eight members. Seven members shall be residents of the City, one of which may be a water customer outside of the City and who would be eligible to vote only on water rate issues. The eighth member shall be the Mayor who shall serve as an ex-officio non-voting member."

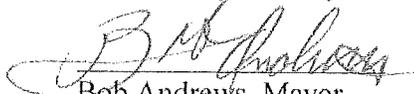
➤ **EFFECTIVE DATE** of this ordinance is 30 days after the adoption date, which is: February 7, 2008.

ADOPTED by the City Council of the City of Newberg, Oregon, this 7th day of January 2008, by the following votes: **AYE: 6** **NAY: 1 (CURRIER)** **ABSENT: 0** **ABSTAIN: 0**



Norma I. Alley, City Recorder

ATTEST by the Mayor this 10th day of January 2008.


Bob Andrews, Mayor

LEGISLATIVE HISTORY

By and through the Citizens' Rate Review Committee at their 10/10/2007 meeting.

A Quick Reference Guide to Oregon's Public Meetings Law

The Spirit of Oregon's Public Meetings Law

Understanding the letter of the Public Meetings Law is critical. Equally important is understanding and committing to the spirit of that law. Public bodies should approach the law with openness in mind. Open meetings help citizens understand decisions and build trust in government. It is better to comply with the spirit of the law and keep deliberations open.

Oregon's Public Meetings Law

"Open government" or "sunshine" laws originally were enacted nationwide in the early 1970's because of growing public unhappiness with government secrecy. As a result, every state and the District of Columbia enacted laws requiring government to conduct its business openly, rather than behind closed doors.

Open government laws benefit both government and the public. Citizens gain by having access to the process of deliberation -- enabling them to view their government at work and to influence its deliberations. Government officials gain credibility by permitting citizens to observe their information-gathering and decision-making processes. Such understanding leads to greater trust in government by its citizens. Conversely, officials who attempt to keep their deliberations hidden from public scrutiny create cynicism, erode public trust and discourage involvement.

Policy

Oregon's Public Meetings Law was enacted in 1973 to make sure that all meetings of governing bodies covered by the law are open to the public. This includes meetings called just to gather information for subsequent decisions or recommendations.

The law also requires that the public be given notice of the time and place of meetings and that meetings be accessible to everyone, including persons with disabilities.

The Public Meetings Law guarantees the public the right to view government meetings, but not necessarily to speak at them. Governing bodies set their own rules for citizen participation and public comment.

*'Government accountability depends on
an open and accessible process.'*

◦ **Hardy Myers**
Oregon Attorney General

Who is Covered?

Because questions often arise about what groups must comply with the open-meetings law, it is useful to look

at the definitions in the law. The law says that any "governing body" of a "public body" is required to comply. It offers these definitions:

- A "**public body**" is any state, regional, or local governmental board, department, commission, council, bureau, committee, subcommittee, or advisory group created by the state constitution, statute, administrative rule, order, intergovernmental agreement, bylaw or other official act.
- A "**governing body**" is two or more members of a public body

Example

- A school board must meet in public
- So must most advisory committees that the school board creates, such as a budget committee.
- But if the school board chair asks several business leaders to meet with him to discuss future building needs, that meeting may be held in private.

Private bodies, such as non-profit corporations do not have to comply with the open-meetings law, even if they receive public funds, contract with governmental bodies or perform public services.

Example

- A school district contracts with Blue Cross / Blue Shield to provide health insurance for district employees. The Blue Cross / Blue Shield board of directors is not required to meet in public.

Public agencies contracting with private bodies may require a private body to comply with the law for pertinent meetings. Federal agencies are not subject to Oregon's Public Meetings Law.

What is a Public Meeting?

A public meeting is the convening of any governing body for which a quorum is required to make or deliberate toward a decision on any matter, or to gather information. Decisions must be made in public, and secret ballots are prohibited. Quorum requirements may vary among governing bodies.

Example

- A county commission's goal-setting retreat is a public meeting if a quorum is present and they discuss official business.
- A training session for the commissioners is not a public meeting, unless a quorum is present and the commissioners discuss official business
- A staff meeting absent a quorum of commissioners, whether called by a single commissioner or a non-elected official, is not a public meeting.

Meetings accomplished by telephone conference calls or other electronic means are public meetings. The governing body must provide public notice, as well as a location where the public may listen to or observe the meeting.

Governing bodies must hold their meetings within the geographic boundaries of their jurisdiction. However, a governing body may meet elsewhere if there is an actual emergency requiring immediate action or to hold a

training session, when no deliberation toward a decision is involved.

Example

- A library board is free to rotate meetings at different libraries in its district, but it may not meet outside its district.

Federal and state law requires that meetings be held in places accessible to individuals with mobility and other impairments

'Information is power. Keeping meetings and records open empowers citizens.'

- **Phil Keisling**
Oregon Secretary of State
Honorary Co-Chair, Open Oregon

Notice of Meetings

Governing bodies must give notice of the time, place and agenda for any regular, special or emergency meeting.

Public notice must be reasonably calculated to give actual notice to interested persons and media who have asked in writing to be notified of meetings, and general notice to the public at large.

Governing bodies wishing to provide adequate notice should strive to provide as much notice as possible to ensure that those wishing to attend have ample opportunity -- a week to 10 days for example.

At least 24-hour notice to members of the governing body, the public and media is required for any special meeting, unless the meeting is considered an emergency meeting. Appropriate notice is required for emergency meetings and should include phone calls to media and other interested parties. Notice for emergency meetings must also cite the emergency.

A meeting notice must include a list of the principal subjects to be considered at the meeting. This list should be specific enough to permit citizens to recognize matters of interest. However, discussion of subjects not on the agenda is allowed at the meeting.

Example

- The State Board of Higher Education plans to discuss building a new college campus in Bend. An agenda item that says "Discussion of public works" would be too general. Instead, the agenda should say something like "Discussion of proposed Bend campus."

Executive Sessions

Governing bodies are allowed to exclude the public -- but generally not the media -- from the discussion of certain subjects. These meetings are called executive sessions.

Executive sessions may be called during any regular, special or emergency meeting. A governing body may set a meeting solely to hold an executive session as long as it gives appropriate public notice. Notice

requirements for executive sessions are the same as for regular, special or emergency meetings. However, labor negotiations conducted in executive session are not subject to public-notice requirements.

Notice of an executive session must cite the specific law that authorizes the executive session. This authorization also must be announced before going into the executive session.

Governing bodies may formally specify that the media not disclose information that is the subject of the executive session. Governing bodies should not discuss topics apart from those legally justifying the executive session. Media representatives may report discussion that strays from legitimate executive session topics and are not required to inform the governing body when they intend to do so.

No final action may be taken in executive session. Decisions must be made in public session. If a governing body expects to meet publicly to make a final decision immediately after an executive session, it should try to announce the time of that open session to the public before the executive session begins.

Example

- City councilors meet in executive session to discuss the city manager's performance. A local reporter attends. During the meeting, the councilors discuss whether the city should put a bond measure on the next ballot. The reporter may write a story on the council's bond measure discussion, because that discussion was not allowed under the executive session rules. The reporter may not write about the city manager's performance.

Executive Sessions Criteria

Executive sessions are allowed only for very limited purposes.

Those include:

1. To consider the initial employment of a public officer, employee or staff member, but not to fill a vacancy in an elected office, or on public committees, commissions or advisory groups. These sessions are allowed only if the position has been advertised, standardized procedures for hiring have been publicly adopted, and the public has had an opportunity for input on the process. Executive sessions are not allowed to consider general employment policies.
2. To consider dismissal, discipline, complaints or charges against a public official, employee, official, staff or individual agent, unless that person requests a public hearing.
3. To review and evaluate the **job performance** of a chief executive officer, or other officer or staff member, unless that person requests an open hearing. Such evaluation must be pursuant to standards, criteria and policy directives publicly adopted by the governing body following an opportunity for public comment. The executive session may not be used for the general evaluation of agency goals, objectives, programs or operations, or to issue any directive to personnel on the same.
4. To deliberate with persons designated to conduct **labor negotiations**. The media may be excluded from these sessions.
5. To conduct **labor negotiations** if both sides request that negotiations be in executive session. Public notice is not required for such meetings.
6. To consider **records that are exempt** by law from public disclosure.
7. To consult with counsel concerning **litigation** filed or likely to be filed against the public body.

Members of the media that are a party to that litigation, or represent a media entity that is a party, may be excluded.

8. To consult with persons designated to negotiate **real property** transactions
9. To discuss **matters of trade** when the governing body is in competition with other states or nations.
10. To negotiate with a private person or business regarding **public investments**.
11. To discuss matters of **medical competency** and other matters pertaining to licensed hospitals.
12. To consider information obtained by a **health professional regulatory board** as part of an investigation of licensee or applicant conduct.

'Oregon needs to protect its tradition of openness.'

◦ **Dave Frohnmayer**
President, University of Oregon
Honorary Co-Chair, Open Oregon

Media at Executive Sessions

Media representatives must be allowed to attend executive sessions, with three exceptions. Media may be excluded from:

- Strategy discussions with labor negotiators
- Meetings to consider expulsion of a student or to discuss students' confidential medical records.
- Meetings to consult with counsel concerning litigation to which the media or media representative is a party.

A governing body may require that specific information not be reported by the media. This should be done by declaration of the presiding officer or vote. In the absence of this directive, the executive session may be reported. Any discussion of topics apart from those legally justifying the executive session may be reported by the media.

The media also is free to report on information gathered independently from executive session, even though the information may be the subject of an executive session.

Example

- A reporter attends the executive session on the city councilor's discussion of the city manager's performance. Afterward, the reporter asks a councilor what she thinks of the city manager's performance. She shares her criticism. The reporter may use that interview to develop a story, even though the reporter first heard the information at the executive session.

Minutes

Written minutes are required for all meetings, except tape recordings are allowed for executive sessions.

The meetings law says minutes must be made available within a "reasonable time" after each meeting, but does not specify the time. Generally, this time frame should not exceed three weeks. Minutes must be

preserved for a "reasonable time". This is generally interpreted to be at least one year. Minutes of many governing bodies are subject to records retention schedules established by the State Archivist.

Minutes must indicate:

- Members present.
- All motions, proposals, resolutions, orders, ordinances and measures proposed and their disposition. The result of all votes by name of each member (except for public bodies consisting of more than 25 members). No secret ballots are allowed.
- The substance of discussion on any matter.
- A reference to any document discussed at the meeting.

Minutes are not required to be a verbatim transcript and the meeting does not have to be tape recorded unless so specified by law. Minutes are public record and may not be withheld from the public merely because they will not be approved until the next meeting. Minutes of executive sessions are exempt from disclosure under the Oregon Public Records Law.

Governing bodies are allowed to charge fees to recover their actual cost for duplicating minutes, tapes and records. A person with a disability may not be charged additional costs for providing records in larger print.

Enforcement

County district attorneys or the Oregon Attorney General's Office may be able to answer questions about possible public meetings law violations, although neither has any formal enforcement role and both are statutorily prohibited from providing legal advice to private citizens.

Any person affected by a governing body's decision may file a lawsuit in circuit court to require compliance with or prevent violations of the Public Meetings Law. The lawsuit must be filed within 60 days following the date the decision becomes public record.

The court may void a governing body's decision if the governing body intentionally or willfully violated the Public Meetings Law, even if the governing body has reinstated the decision in a public vote. The court also may award reasonable legal fees to a plaintiff who brings suit under the Public Meetings Law.

Complaints of executive session violations may be directed to the Oregon Government Standards and Practices Commission, 100 High Street SE, Suite 220, Salem, OR 97310, (503) 378-5105, for review, investigation and possible imposition of civil penalties.

Members of a governing body may be liable for attorney and court costs both as individuals or as members of a group if found in willful violation of the Public Meetings Law.

**CITIZENS' RATE REVIEW COMMITTEE
MINUTES
Public Safety Building**

Members Present:

Dan Schutter	Charles Zickefoose	Mike Gougler
Chair Matson Haug	Ernie Amundson	David Maben
Tony Rourke	Mayor Bob Andrews, Ex-Officio	

Staff Present:

Dan Danicic, City Manager
Elizabeth Comfort, Finance Director
Howard Hamilton, Interim Public Works Director
Deb Galardi, Galardi Consulting
Dawn Karen Bevill, Recording Secretary

Others Present:

Dave Scott, Aspen Estates Water District

1. Call to Order/Roll Call/Introduction

The meeting was called to order at 7:00 p.m. by Chair Mat Haug.

Roll Call was noted by Dawn Karen Bevill.

2. Minutes

MOTION: Gougler/Maben to adopt the March 19, 2008 minutes. Motion carried unanimously by voice vote.

3. Regarding Outside User Charges (Aspen Estates)

Dan Danicic, City Manager provided the background on the last time this issue was brought up. The proposal was taken to City Council which created a scenario not to have the 50% surcharge. Deb Galardi put together background information on how some other cities have a surcharge outside the City limits. Dan read what was actually taken to City Council on May 15, 2006 which was a proposal to modify the municipal code. Aspen Estates and the City signed an agreement to have no annexation for 10 years from the time the water system is put in place.

Questions of Staff:

David Maben asked if Aspen Estates can be annexed before 10 years is up.

Dan Danicic replied yes, if they elect to before that.

Mat Haug asked if the waivers apply to the property or the owner of the property.

Dan Danicic replied to the property.

Dave Scott stated after reviewing the new information in the packet regarding indirect costs, he has changed his mind and suggested a compromise. Maybe the surcharge could be lowered to 10% or 25%.

Deliberation:

Mat Haug recommended the same proposal with a compromised position.

Dan Schutter stated the 50% surcharge isn't as valid as it once was since some costs are included.

Mat Haug asked to what extent it makes sense that Aspen Estates become their own customer class.

Dan Danicic stated he's unsure and that will take extra effort if proposed.

Mat Haug inquired as to the background on them getting City water now.

Dan Danicic explained there was an existing community well that had poor water quality and needed to be supplemented. The water table is low in that area and their position is they need better water and the City water is close enough.

Ernie Amundson asked if the residents paid for the City hook up.

Dan Danicic replied yes, and they needed to install a system to City standards. The City maintains that water.

Dan Schutter inquired about water associations.

Dan Danicic replied water associations provide their own lines.

Mat Haug stated it won't be expensive to give them a break on the surcharge with some added conditions which would give them the incentive to annex.

Dan Schutter asked if they paid SDCs.

Dan Danicic replied yes, they did.

Charles Zickefoose asked if there's a statement for the basis of this discussion.

Mat Haug replied the CRRC had made a recommendation to the City Council which was sent back to this committee on May 15, 2006. Now the CRRC needs to make another recommendation to the City Council or modify it to include requirements.

Mayor Bob Andrews stated it was not remanded back to the CRRC.

Charles Zickefoose asked if the recommendation is for Aspen Estates only or if this will be setting a precedent.

Mat Haug replied setting a precedent.

David Maben asked if it should include SDCs already paid.

Dan Danicic replied part of the Municipal Code states they must pay SDCs.

<p>MOTION: Schutter/Gougler moved to not forward a recommendation to the City Council. (5 No/Yes 1 [Schutter, Zickefoose]) Motion failed.</p>
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Discussion on motion:

Dan Schutter stated dividing everything isn't always fair, but the City has to lump it together as an efficient way to divide up the cost. The differences are very small. The 50% surcharge is not intended to cover costs.

Mike Gougler asked if the 50% surcharge needs to be used to cover punitive costs or recover costs.

Dan Danicic replied it is not punitive.

Mat Haug stated charges need to be covered somehow.

Mike Gougler stated there needs to be an incentive to annex. As a municipality, if individuals are willing to play by the same rules, they should all be treated the same. They have to be up to City standards. A private system is lesser money, but if a group of individuals pay SDCs, have a City standard water system, and are willing to annex, they should be provided with equal rates and economic incentives to annex to the City. A modification could be the purpose of establishing the rule; for those inside the UGB to be sure they have a system up to City standard and therefore can come into the City.

Ernie Amundson asked if the City set the 10-year limit to annex.

Dan Danicic replied the City's initial desire was to annex right away but through negotiations, decided 10 years.

MOTION: Gougler/Amundson that any community within the UGB that desires City water at City water rates, applying immediately for annexation, and agree the water system be at City standards and pay SDCs, and be so willing to be charged City water rates. *(No roll call vote was taken or voice vote.)*

Discussion on the motion:

David Maben asked about Aspen Estates and the signed agreement.

Mike Gougler explained they have an agreement with the 50% surcharge.

Mat Haug added for them, it's one more hurdle.

Tony Rourke asked: since annexation is up to City voters, if it fails will they have to reapply.

Mike Gougler replied yes, they would.

Tony Rourke stated that should be included in the motion.

Mayor Bob Andrews stated this is a code change recommendation to the City Council.

Mat Haug suggested modifying the wording in the motion from "applying immediately for annexation" to "an active application for annexation".

Ernie Amundson expressed concern for the agreement currently established for Aspen Estates and annexation.

Dan Danicic explained the contract is the City won't initiate annexation for 10 years.

Mike Gougler asked if this recommendation really changes the agreement. The 50% surcharge can be removed when they annex.

The CRRC asked Dave Scott his opinion of the recommendation wording.

Dave Scott replied he doesn't believe the agreement is being changed at all and asked how long the process takes from application to annexation.

Dan Danicic replied anywhere from 6 months to 2 years out. One concern Dan has is the clarification of applying.

Mat Haug suggested the modification should state the City will accept only a complete application.

Mayor Bob Andrews asked what will happen if the fee has been waived and the annexation is turned down.

Mike Gougler stated encouraging annexation is for the community's good, and if they choose by vote not to allow them to annex, that community shouldn't have to pay 50% as long as the annexation is in process.

MOTION: Gougler/Amundson moved to modify the previous stated motion, recommending to the City Council that any community within the UGB that desires City water at City water rates must have an active and complete application for annexation, accepted by the City, being up to City water system standards, paying SDCs, and be charged water rates. (6 Yes/No 1 [Schutter]) Motion carried.

4. Public Hearing for Water, Wastewater and Stormwater Rate Increases

Chair Mat Haug opened public hearing.

Dan Danicic read the email received from Edna Chambers and entered into record.

Deb Galardi reviewed the following:

2008 Wastewater Rate Summary: The 5-year capital improvement plan equals \$68.5 million as compared to \$18 million in the last update; Wastewater Treatment Plant Upgrades/Expansion totaling \$54 million along with other projects for the pump station and sewer upsizing. Capital financing needs to balance long-term financing with debt coverage requirements (limitations on debt vs. cash funding to meet rating agency standards). The operation & maintenance costs include minimal additional staffing and \$220K private contract for sewer maintenance. Annual rate increases equal 21% system-side; rate increases by customer class vary based on flow/load contributions and customers.

2008 Water Rate Summary: The 5-year capital improvement plan equals \$15 million. The Water Treatment Plant replacement just beyond the current planning window is approximately \$20 million, and the financial plan builds \$3 million cash reserve and additional debt funding capacity to smooth future rate increases. The operation & maintenance costs include minimal additional staffing. Annual rate increases equal 12.5% system wide. Potable rates increase relatively more, assuming some displacement by nonpotable for irrigation and potable rates reflect customer class usage characteristics.

2008 Stormwater Rate Summary: The 5-year capital improvement plan equals \$1.6 million. The current rates just cover O&M; additional funding is needed for capital. Operation & maintenance cost projections include continue building of the stormwater program and some additional staffing for routine storm sewer maintenance. Annual rate increases equal 15% system-wide. Newberg's current rates are among the lowest in the region.

Questions:

Mike Gougler asked if there are any funds for public education.

Dan Danicic replied yes, for water conservation and storm water. Information has been included on the bills that have been sent out as well as published on the website.

Mike Gougler suggested an advertisement be placed in the Newberg Graphic.

Dan Danicic stated it was published in the paper in the legal section.

Mike Gougler suggested buying a page in the paper to inform the public, since many may not read the information inserted with their bill.

Mat Haug closed the public hearing.

<p>MOTION: Zickefoose/Gougler to adopt the rates that have been deliberated on and published. (6 Yes/No 1 [Amundson]) Motion carried.</p>
--

Dan Schutter voiced his concern that not enough time was allowed to discuss the rates issue before a motion was presented.

Mat Haug apologized to Dan Schutter and opened up discussion on the matter.

Dan Schutter stated it's a huge rate increase. The CRRC has talked about contributing factors and hopefully staff and City Council will look at managing these huge increases. Just as was stated in the email received from Edna Chambers, there was a line item that amounted to money for City positions. If you have these kinds of increases, people will comment at the time the rate increases go into effect. A clear message needs to be sent to the City Council that the committee is working on this to the best of its ability; hoping City Council reads through the minutes from the CRRC meetings.

Mike Gougler stated he would like to see Mr. Schutter testify at the upcoming City Council meeting regarding his concerns. The rates affect Mr. Gougler very much because he's a developer. Last year his cost was \$16,000 due to rates and this year will be approximately \$22,000 with the increases. Mr. Gougler's clientele are on fixed incomes and are concerned with these increases as well. He has listened to staff, looking for something to criticize or stop this increase, but he has been unable to find anything. There seems to be no error in the math. The two extra positions are easy to jump on, but the City has grown with little growth to staff. The City has been fiscally responsible and expects there will be very hard decisions on provisions of services.

Charles Zickefoose added the customers need to remember for years the City did nothing. Costs went up but the rates remained the same for 10 years leaving the City customers paying for the past, due to the fact the infrastructure has been depleting.

Mat Haug stated if compared to other cities rates, Newberg is in the middle. The only argument that's been heard is new employees need to be paid less. Outside contractors have been discussed and the City will experiment with that.

Mike Gougler understands the concerns expressed by Mr. Amundson, who has been articulate in voicing how this will affect those on a limited income, but the City cannot place future generations in debt like the national government. Newberg needs to keep things improved for the future.

Ernie Amundson figured, based on the rate increases, the average rates will cost more than heating bills. The City is doing the best they can, but raising the rates means great hardship for many residents.

Mat Haug understands but no one else has come up with another solution. The City is attempting to hold down the costs and there's no indicator that the committee is missing any opportunities.

Tony Rourke agreed with the arguments he's heard, as well as criticizing predecessors. If this had been handled better in the past, these increases would not be happening in this manner. Now the City is planning so it won't happen like this again.

Mike Gougler added that the committee and staff deserve credit for discussing system conservation, and educating people on taking care of storm water and water run-off. He reiterated the importance of taking out an ad explaining the Water Treatment Plant situation and the upgrades that are needed.

Mat Haug stated there's no one even present from the community concerning this. Cable TV was once used to cover many of the City's meetings and there was a visibility for the public. At some point, the City Council put a stop to all of that. When you take away the visibility you take away the transparency on what the government does.

Mike Gougler agreed there needs to be some vehicle to advertise this.

Dan Danicic stated there is money in the budget to place an ad in the Graphic.

Mike Gougler suggested Deb Galardi have some input in writing the ad so the bullet points are included. If a reporter writes it, the information will not be clear.

Dan Danicic stated the City Council will meet on May 19th, allowing time to put a visible notice in the Graphic, but too late for any flyer in the utility bills.

Mat Haug suggested having a workshop before the vote; taking the time at a City Council meeting to give the community a chance to be educated before they make a vote.

Mike Gougler stated the City Council needs to be educated on this matter, as well.

Mat Haug added a workshop would give the Council and the Mayor an opportunity to explain to the public where these costs are coming from. Maybe staff could meet with the Council to inform them.

Dan Danicic explained staff will go through that with them at the City Council meeting and they may elect to do some of these ideas.

Mat Haug asked Mr. Schutter his opinion on the deliberation.

Dan Schutter replied he's comfortable with deliberation.

5. Review of the years' Rate Review Process

Dan Danicic asked the CRRC to comment on how satisfied/unsatisfied they've been with the information gathered and presented, etc., and if there are any suggestions they may have for staff concerning future meetings.

Ernie Amundson asked why is Deb Galardi needed as an outside consultant.

Dan Danicic replied primarily because staff doesn't have enough time to do the work needed. It's more cost effective to hire out for that kind of work.

Dan Schutter asked how many hours had Deb put in this cycle.

Deb Galardi replied she doesn't know off hand. Much work was done since the SDCs were a comprehensive update with changes being made to the models.

Dan Schutter stated this cycle went well and liked the layout of the binder.

Mat Haug complimented staff on the timely rates, scheduling, and stated Deb Galardi is a specialist who is needed to be sure the numbers are correct. This helps with the quality of understanding.

Mike Gougler stated one advantage of hiring a consultant is receiving the bad news as well as the good news, without worrying their job is at risk or having to make it more politically acceptable. The information received is extremely valuable but is worried about the disconnect in relaying that to the public.

Mat Haug thanked the Mayor, Bob Andrews for coming to the meetings.

David Maben stated the meetings were great, moved through the material in a timely manner, and having Deb Galardi is a benefit to the committee.

Tony Rourke stated his appreciation in having an outside consultant on board in these situations. Accountability is needed and an asset. The organization of the binders has been very helpful.

Charles Zickefoose agreed and appreciates staff and the efforts Dan Danicic has made in organizing it as well as Deb Galardi.

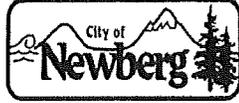
Mayor Bob Andrews thanked the committee for letting him participate. By charter, he's a non-voting member. The first take he had is the community and the City Council has a profound indebtedness for the time, struggles, etc. of the CRRC. They have no idea of what this committee goes through in making a recommendation. On behalf of the City Council, he thanked the committee, the City staff, and the consultant who have sorted through and analyzed various issues; bringing a "sound" proposal as possible to the City Council. Maybe, in the future, he can task some of the councilors to come and listen to see what is going on at the CRRC meetings.

Mat Haug thanked Mayor Andrews, stating the committee hasn't had the effort in the past that he has shown.

Mike Gougler would like to encourage the councilors to attend at least the presentations given by the future Public Works Director and Deb Galardi at future meetings, stating it would be helpful and valuable. Mr. Gougler also added thanks to the minute taker stating the minutes have been on target.

Howard Hamilton, Interim Public Works Director commented on wages and staff, explaining in 2000 the wastewater had a wage analysis performed and they ended up setting wages in the middle, leaving some frozen and some increased. No changes have been made since 2000.

MOTION: Amundson/Maben to adjourn at 9:00 p.m. Motion carried by voice vote.



RESOLUTION No. 2008-2767

A RESOLUTION ADOPTING A UTILITY BILL ASSISTANCE PROGRAM AND DIRECTING THE CITY MANAGER PRO TEM TO PROCEED WITH IMPLEMENTATION IN THE 2008-09 FISCAL YEAR

RECITALS:

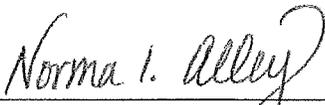
1. As per City Council's request, the Citizens' Rate Review Committee (CRRC) has reviewed the existing utility bill assistance program for Newberg Customers.
2. The proposed program policy builds on two existing assistance programs for Newberg water and wastewater customers, adds military personnel to the targeted assistance population, and adds a voluntary donation program.
3. The CRRC reviewed the attached policy (Exhibit A) at their January 9, 2008 meeting and approved it at their January 30, 2008 meeting.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

The Utility Bill Assistance Program Policy, as described in attached Exhibit A, is hereby adopted and the City Manager Pro Tem shall begin implementation during the 2008-09 fiscal year.

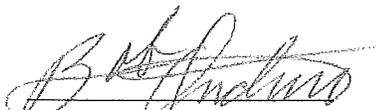
- **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: February 20, 2008.

ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of February 2008.



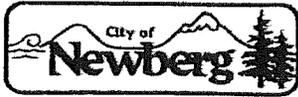
Norma I. Alley, City Recorder

ATTEST by the Mayor this 21st day of February 2008.


Bob Andrews, Mayor

LEGISLATIVE HISTORY

By and through the Citizens' Rate Review Committee at 1/9/08 and 1/30/08 meeting.



NEWBERG PUBLIC WORKS DEPARTMENT

UTILITY BILL ASSISTANCE PROGRAM POLICY

1. YCAP Voucher Program

Customers in need of assistance may apply for utility bill vouchers through YCAP. The City of Newberg will set aside \$1,000 (\$500 from water rates funds, and \$500 from sewer rates funds) for the redemption of YCAP vouchers towards the payment of utility bills.

2. Grant Program

Non-profit organizations which provide utility bill assistance to Newberg customers may apply for a grant from the City of Newberg to fund this assistance. Applications for grant funds submitted by non-profit organizations will be reviewed by the Citizens' Rate Review Committee and the Committee may interview applicants prior to approving the application. Non-profit organizations which will match grant funds with their own funds to provide utility assistance will have higher priority for application approval over other organizations. City staff will develop a program for tracking and reporting disbursed funds. Customers may apply for assistance through those organizations. \$4,000 (\$2,000 from water rates funds, and \$2,000 from sewer rates funds) will be set aside for grant awards.

3. Military Credit Program

The City of Newberg will provide a monthly utility bill credit to residential households in which a wage-earning member is on active military duty or has been on active military duty in the last 12 months. Households which receive both water and sanitary sewer services from the City will be eligible for a \$10 utility bill credit. Households which receive only water or sanitary sewer service from the City will be eligible for a \$5 utility bill credit. The owner of the residential utility account may submit an application along with evidence of eligibility to Newberg utility billing staff. Households with approved applications will receive the credit for 12 months. After 12 months, customers must re-apply to continue receiving the credit. \$2,400 (\$1,200 from water rates funds, and \$1,200 from sewer rates funds) will be set aside for this program.

4. Voluntary Donation Program

In their utility bills, Newberg utility customers will be sent an assistance program description notice and voluntary donation form once each year. The donation form will give customers the option of making a one-time donation or a regular monthly donation, in the amount of their choosing, to be paid with their utility bill. 100% of donated funds will be used for the utility bill assistance program. The donation funds will be used to expand the utility bill assistance program over and above the rate-payer funds dedicated by the City of Newberg for the utility bill assistance program. If stipulated, the funds will be applied as requested by the donor.

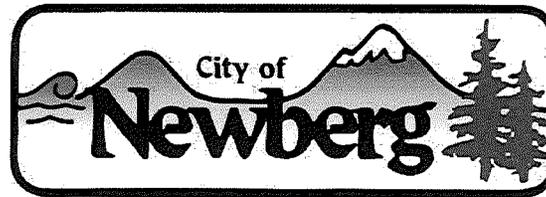
5. Public Awareness

The success of these programs will be significantly enhanced by raising public awareness that they exist. In addition to the notices sent in utility bills as part of the Voluntary Donation Program, Newberg citizens can be made aware of these programs through the City of Newberg website, information cards distributed at customer service counters and postings in locations where utility bills are paid.

City of Newberg
Utility Bill
Assistance Programs

Utility Bill
Assistance

PROGRAM
DESCRIPTIONS



UTILITY BILL
ASSISTANCE

401 E. Third St.
Newberg, OR 97132
(503) 538-9421 phone
(503) 538-5393 fax
www.ci.newberg.or.us



UTILITY BILL ASSISTANCE PROGRAMS:

1. YCAP Voucher Program

Newberg customers in need of assistance may apply for utility bill vouchers through YCAP.

800 NE Second St.
McMinnville, OR 97128
(503) 472-0457

2. Military Credit Program

The City of Newberg provides a monthly utility bill credit to residential households in which a wage-earning member is on active military duty or has been on active military duty in the last 12 months. Households which receive both water and waste water services from the City will be eligible for a \$10 utility bill credit. Households which receive only water or wastewater service from the City will be eligible for a \$5 utility bill credit. The owner of the residential utility account may submit an application along with evidence of eligibility to the Newberg utility billing staff. Households with

approved applications will receive the credit for 12 months. After 12 months, customers may re-apply to continue receiving credit.

(Applications available on the City website www.newbergoregon.gov or at 401 E. Third St., Newberg)

FUNDING SOURCES FOR ASSISTANCE PROGRAMS:

1. Grant Program

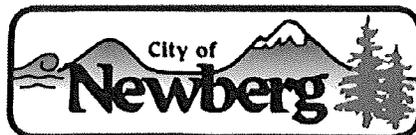
Non-profit organizations which provide utility bill assistance to Newberg customers may apply for a grant from the City of Newberg to fund this assistance. Applications for grant funds submitted by non-profit organizations will be reviewed by the Citizens' Rate Review Committee.

The Committee may interview applicants prior to approval.

(Applications available on the City website www.newbergoregon.gov or at 401 E. Third St., Newberg)

2. Voluntary Donation Program

Newberg utility customers can contribute to an assistance program. Customers have the option of making a one-time donation or a regular monthly donation, in the amount of their choosing, to be paid with their utility bill. One hundred percent of donated funds will be used for the utility bill assistance program. The donation funds will be used to expand the utility bill assistance program over and above the rate-payer funds dedicated by the City of Newberg for the utility bill assistance program. Donations to the Utility Bill Assistance Program are tax deductible.



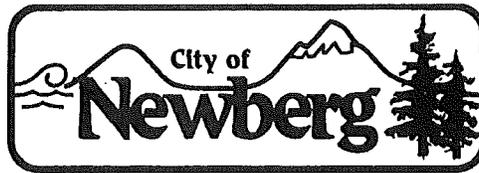
Utility Bill Assistance Program Military Credit Application

The City of Newberg provides a monthly utility bill credit to residential households in which a wage-earning member is on active military duty or has been on active military duty in the last 12 months. Households which receive both water and waste water services from the City will be eligible for a \$10 utility bill credit. Households which receive only water or waste water service from the City will be eligible for a \$5 utility bill credit. The owner of the residential utility account may submit an application along with evidence of eligibility to the Newberg utility billing staff. Households with approved applications will receive the credit for 12 months. After 12 months, customers may re-apply to continue receiving credit.

ATTACH PROOF OF ACTIVE DUTY MILITARY STATUS

Name of Military Personnel:		
Service Address:	Account Number:	
City, State, Zip:		
Other Name on Account:		
Phone:	Fax:	Email:

FOR OFFICE USE ONLY:			
City of Newberg	Active Duty Military Status Confirmed? (Please Circle)	YES	NO
Received by:	Signature of Approval:		
Date:	Date:		



PUBLIC WORKS DEPARTMENT

P.O. Box 970 • 414 E. First Street • Newberg, Oregon 97132 • (503) 537-1273 • Fax (503) 537-1277

February 20, 2009

RE: Irrigation Meters

The City of Newberg water distribution system uses standard potable water meters and irrigation meters for usage tracking and customer billing.

1. The potable metering has a sewer rate component associated with it; whereas the irrigation metering does not.
 - a. The sewer charges are based upon actual consumption during the low usage period of December through March, which is favorable to the customer and most representative of the true sewage system contribution.
 - b. The irrigation water use is such that it does not ultimately contribute to the sewage system therefore there is no sewage charge associated with it.
2. All Irrigation customers pay the same per unit for base (average supply) costs.
 - a. Many of the costs in the distribution system relate to peak summer use (pumping, treatment, distribution, storage, etc), each class pays in proportion to their peaking factor.
 - b. Irrigation users have a very high summer average peak ratio, they pay proportionately more of the peaking related costs. Thus, there is a higher consumption charge associated with irrigation meters

Howard Hamilton
Public Works Director

**Citizen Rate Review Committee Meeting
Sign In Sheet**

Wastewater Treatment Plant

Date: September 30, 2009

Name

Affiliation

Louis C. Larson

Mart Storm

R.A. Storm & Co.

Don Clements

CPRD

CITIZEN RATE REVIEW COMMITTEE MEETING ROLL CALL & MOTIONS RECORDING FORM

DATE: September 30, 2009

LOCATION: Wastewater Treatment Plant

MOTIONS

/	ATTENDANCE	Elect Co - Chair T. Rourke	Approve April 23, 2008 Minutes as amended				
X	Haug, Matson Chair (excused)						
√	Amundson, Ernie	√	√				
√	Gougler, Mike	√	√				
√	Maben, David	√	√				
√	Keyser, Beth	√	√				
√	Rourke, Tony	√	√				
√	Zickefoose, Charles	√	√				
COMMITTEE MEMBER THAT MOTIONED: (1ST & 2ND)		Maben/ Gougler	Zickefoose /Maben				
VOTE ON MOTION:		Passed by voice vote	Passed by voice vote				
CONDITIONS:							

STAFF PRESENT:

Janelle Nordyke, Finance Director
Howard Hamilton, Public Works Director
Dawn Karen Bevill, Recording Secretary

OTHERS CITY PERSONNEL PRESENT:

**CITIZENS' RATE REVIEW COMMITTEE
MINUTES
Wastewater Treatment Plant**

Members Present:

Beth Keyser	Charles Zickefoose	Mike Gougler
Ernie Amundson	David Maben	Tony Rourke
Mayor Bob Andrews, Ex-Officio		

Members Absent: Matson Haug (excused for NUAMC meeting)

Staff Present:

- Dan Danicic, City Manager
- Howard Hamilton, Public Works Director
- Janelle Nordyke, Finance Director
- Deb Galardi, Galardi Consulting
- Dawn Karen Bevill, Recording Secretary

Others Present:

Louis C. Larson	Mart Storm	Don Clements
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1. Call to Order/Roll Call/Introduction

Howard Hamilton began the meeting at 7:05 p.m. and welcomed the citizens in attendance. He introduced the Citizens' Rate Review Committee (CRRC) members and Beth Keyser as the newest committee member. Mr. Hamilton then introduced himself as well as Newberg City Staff in attendance and asked for roll call.

2. Elect Co-Chair:

Motion #1: Maben/Gougler moved to nominate Tony Rourke as CRRC Co-Chair. Motion passed unanimously by voice vote.

3. Introduction/Calendar:

Howard Hamilton referred to the meeting calendar and explained the City Council has called for the CRRC to convene every 2 years; members consist of citizens living in Newberg. Ordinance 2008-2685 states, *"The Committee shall consist of eight members. Seven members shall be residents of the City, one of which may be a water customer outside of the City and who would be eligible to vote only on water rate issues. The eighth member shall be the Mayor who shall serve as an ex-officio non-voting member."*

4. Membership/Expiration Dates:

Howard Hamilton stated CRRC term for members David Maben and Tony Rourke will be expiring on December 31, 2009. If these members so choose to be re-appointed, they must go before the City Council for their decision.

5. Public Participation Process Review:

Howard Hamilton asked if the three citizens in attendance would like to speak before the end of the meeting. Mr. Larson stated he would. Mr. Hamilton explained there would be time for public comments later in the meeting.

6. Minutes:

In review of the April 23, 2008 minutes, Mayor Bob Andrews found a typographical error on page 5. The word, "system-side" should be, "system-wide" and Charles Zickefoose believes he voted, "Yes" on the failed motion, page 3 of the minutes. The total under the vote should be as follows: (5 No/2 Yes [Schutter, Zickefoose]).

Motion #2: Zickefoose/Maben moved to accept the minutes as amended. Motion passed unanimously by voice vote.

7. Utility Bill Assistance Program:

Janelle Nordyke referred to Resolution 2008-2767, Exhibit A of the meeting packet. Ms. Nordyke explained there are four assistance programs available. The YCAP Voucher Program is managed by Yamhill County. Applicants must go through an interview process to qualify. The Military Credit Program information went out in utility bills but no one has taken advantage of it to date. Only one individual has inquired about a Voluntary Donation Program, although no donations have been received. A utility bill assistance flyer was sent out in the utility bill statements.

Ernie Amundson asked if an ad could be placed in the local newspaper to advertise the assistance programs. Mr. Amundson thought the information would be on the statement itself. Ms. Nordyke replied that has not been done in the past but can be in the future.

Charles Zickefoose asked for clarification on the shut off notification procedure. Janelle Nordyke explained customers are notified through their billing statements that their account is past due. The first past due bill is sent out approximately one month after payment is due; the second bill states shut off will happen, and then a letter is sent out stating the date of shut off. The amount of time the customer has is approximately 2 ½ months from the time payment is due to shut off.

Beth Keyser asked if customers are offered the available programs when they are in arrears. Janelle Nordyke replied they are not.

Charles Zickefoose asked if any non-profit organization has applied for a grant. Ms. Nordyke replied, not to her knowledge.

Mayor Bob Andrews asked if there has been any marketing to the non-profit organizations. Janelle Nordyke is not aware of any but that can certainly be done. Co-Chair Tony Rourke believes the City should advertise to the non-profits.

Ernie Amundson asked approximately how many shut-off notices are sent out per month. Ms. Nordyke replied, 140-170 per month. 75%-80% get turned back on the same day as the shut-off occurs.

Co-Chair Rourke suggested adding information in the second notice about YCAP for assistance. The non-profits should be solicited for donation of funds as well.

Beth Keyser asked what areas the majority of the shut-offs occur. Janelle Nordyke replied they take place all over the city due to loss of jobs.

Mayor Bob Andrews asked if there's been any discussion on the second notice being a different color paper to catch the attention of the customers. Janelle Nordyke replied, it was mentioned but no action has been taken to date.

Co-Chair Rourke stated the Military Credit Program should be used by many who qualify. Mayor Andrews suggested contacting the Veterans Services for Yamhill County about the availability of the program. Ms. Nordyke admitted public awareness was not very good.

Mayor Andrews asked for a CRRC future gathering with a report back from staff on the progress on public outreach.

Beth Keyser suggested George Fox University students could put together a project to help with a plan so Newberg City Staff doesn't have to coordinate.

Co-Chair Rourke asked about how much the post card cost the City in advertising this meeting to the public. Howard Hamilton replied \$4,000. Mr. Rourke stated it may not be cost efficient to advertise the meetings that way, although the information publicizing the meetings in the Newspaper hasn't helped either.

8. Irrigation Meter Memorandum:

Howard Hamilton explained there was a clarification request from Dan Schutter during the last rate process regarding irrigation meters. Mr. Hamilton referred to the memorandum regarding irrigation meters included in the meeting packet. The potable metering has a sewer rate component associated with it; whereas the irrigation metering does not. The sewer charges are based upon actual consumption during the low usage period of December through March, which is favorable to the customer. All irrigation customers pay the same per unit for base costs. Irrigation users have a very high summer

average peak ratio; they pay proportionately more of the peaking related costs. Thus, there is a higher consumption charge associated with irrigation meters.

9. Present Water Conservation Plan:

Howard Hamilton introduced Deb Galardi and explained that the City has hired Ms. Galardi to evaluate budget data and to generate computer models for costs analysis and to help in determining comparable rates, as well as water conservation, SDCs, etc.

Deb Galardi began her overhead presentation by stating there will be no recommendations at this meeting; only the discussion concerning general concepts in thinking about water conservation, water usage, system statistics, and implementation considerations, as well as comparing national averages. Ms. Galardi explained during the last rate process, the CRRC recommended to the City Council a system-wide two year water rate increase of 12.5%, which was adopted May 19, 2008. On June 2, 2008 the City Council agreed to reconsider the rate based on the concerns of Newberg citizens. On June 16, 2008 the water rate increase was reduced from 12.5% to 6.5% for the fiscal year 2009 and 2010. The City Council then directed the CRRC to investigate and make recommendation concerning a conservation rate structure. Subsequent action included SDCs rolled back to 2007 levels for low-moderate income homes for a limited period of time.

Deb Galardi explained the previous rate cycle included limited discussion about conservation rates. Rate objectives include sending price signals about the cost of water and encouraging reduced usage (overall or during peak periods). Typical types of conservation rates are: residential-inclining blocks and seasonal rates and nonresidential-budget rates. Various objectives need to be balanced. For example, the need for revenue adequacy has to be balanced with conservation, because as conservation begins, there isn't a short term cost savings; thus a corresponding reduction in usage and revenue may result in the need to increase rates to balance the objectives. Conservation rates are generally implemented where water shortages are found.

Residential is an inclining block which shows the cost of water increases at each block threshold applied year round. Seasonal rates apply all year and in the summer, usage above a certain quantity is charged at a higher rate. The more discretionary uses are billed at a higher rate. Each customer class varies on how they contribute to the peak utility. Rates are higher for irrigation that has a higher peaking factor than a commercial class. Newberg's rate structure does provide some conservation incentive due to the low fixed rate and higher volume rate. The rate structure is also equitable because those classes who contribute to the additional demands pay a higher volume rate. Far end of the spectrum – implemented budget rates; each customer is given a water budget based on lot size, occupants, etc. Larger families can be penalized using the inclining block rates. The budget rates are used for commercial due to variability across the City in terms of size of business. An inclining block rate could penalize large water users who use water efficiently, by charging them higher rates.

Hillsboro just adopted the inclining block rate using a 3-block structure where the rates increase as volume increases over the 3 blocks. This compares to a 4-block inclining rate in Ashland. The two cities differ in where they set the blocks; Ashland's first block includes only 300 cf of water, while in Hillsboro, block 1 covers the first 800 cf of monthly water use. Part of the difference in rate structures is likely due to demographics, with Ashland potentially having some very low volume retired users. Ashland's first usage block is also potentially a "life-line" rate which is a small basic amount of water charged at an economical price. In many communities indoor water use averages are often 700-800 cubic feet which is likely the basis for Hillsboro's first usage block.

Newberg has conservation incentives already through the uniform volume rate. In this case, the more you use the more you pay. The assessed fixed charges and meter charges recover customer related costs only and are very low compared to Ashland. All meter charges increase with the size of the meter.

Deb Galardi plotted out what the monthly bills would be under the rate structures; comparing Newberg, Ashland and Hillsboro. Inclining block rate structures show a steeper increase between each block. Newberg's residential rate of \$3.18 per 100 cf represents the average for that class but changing to an inclining rate block may result in much higher rates and bills for high volume residential users, while others might have a reduction.

Ernie Amundson asked if Ms. Galardi is looking to change Newberg rates to another structure. Deb Galardi replied she's only providing information about rate structures that encourage water conservation so that the CRRC may make a recommendation to the City Council.

Ms. Galardi reviewed the Newberg residential user statistics. This type of information is analyzed to help select thresholds for the usage blocks in an inclining block rate structure. The winter average use per account is 600 cubic feet which is on the low end but quite common. The summer average use is 1,100 cubic feet which is comparable to other communities; 1,500 cubic feet is the average. There is some opportunity for conservation, particularly in the summer. National statistics show if you are a conserving household and are a typical household size of 2.5, the usage would be 4.5 ccf/mo. Newberg statistics don't suggest a lot of water use. Hillsboro would be a reasonable basis for establishing the inclining block. For purposes of revenue recovery, use has to be estimated at each block. With only 15% of usage at higher levels, it would have to be set high to generate much revenue.

Deb Galardi reviewed the Newberg water production and capacity from 2007-2009 which showed a peak day demand of 5.92 mg in July, 2008 and a maximum sustained system production of 7.92 mg. This shows there is about 25% capacity remaining. One consideration on whether to charge a conservation rate structure is the available system capacity. Howard Hamilton stated the current plant can't be built out further. Additional

property is needed in readiness for a new water plant. The planning process is lengthy and needs to start now in order to be ready when the capacity runs out.

Dan Danicic stated the Master Plan predicted the year 2015 for a bump up in capacity. Now is the time to develop a new rate structure.

Deb Galardi continued on to review water sales and explained the variability on how a system can be impacted by weather. In fiscal year 2008, there was a sharp decline in usage. That climbed up in fiscal year 2009; with some customer growth but there is still a decline in usage levels.

Ernie Amundson feels the City Council needs to be involved in these meetings to hear the information for themselves. Deb Galardi stated whatever the recommendation the CRRC makes will be clearly communicated to the City Council.

Dan Danicic stated the CRRC Chair should be at the City Council meetings as well as Mayor Andrews.

Howard Hamilton stated the CRRC was commissioned to take this on by the City Council. The next two meetings we will look over the water rate situation and then return to the conservation plan. The CRRC's final recommendation will then be taken back to the City Council.

Deb Galardi stated a conservation oriented rate structure could be very attractive in a different economic climate, but under the current circumstances it may be the larger families and people irrigating that are penalized at a higher compounded effect.

Howard Hamilton pointed out the chart shows a peak demand in July. If the CRRC recommends a conservation plan, normally the City Council would approve it effective July 1st. January 1st would be a better time to start an inclining block structure to allow time to adjust.

Newberg considerations include customer growth, weather impacts, and economic impacts. Reserves have been reduced significantly due to the reduction in the proposed rate increase and reduced SDCs. The system has excess capacity but as Mr. Danicic and Mr. Hamilton have mentioned, it's on the planning horizon for a new water treatment plant now and should be addressed soon. There is some conservation potential compared to National statistics.

Implementation considerations include revenue adequacy; costs are not reduced in the short-term, though revenues likely will be. The need to predict a usage by block is also a consideration. Additional reserves required protecting against shortfalls and more frequent rate reviews are needed. The conservation objective is to find out where the system capacity constraints are. Affordability and equity issues include higher usage blocks designed to recover more of the peaking costs, significant bill increases for large users, and potential bill reductions for small users.

The next steps include a financial plan to determine annual revenue needs fiscal year 2011 and fiscal year 2012 as well as system-wide rate increases. Cost of service analysis is needed to allocate costs to base use, peak demand use, and customer costs. The rate design includes looking at the existing rate structure, inclining block rate structure for residential, and rate impacts within customer class. Rates will be designed under the current and conservation rate structure.

Mike Gougler believes one thing to consider is the non-metered water used due to faulty structure. He asked if there is a way of conserving water without starting out with the step program and ways to fund and prepare a project; building into the rate structure to have a reduction in usage and an extension of the life of the plan. Shower heads have been distributed to help with conservation, but the committee needs to look at ways to incentivize landlords, hotels, etc., to establish conservation. Looking into pre-meter loss and funding repairs is needed.

Charles Zickefoose asked the number for the pre-meter loss. Dan Danicic replied about 6%, and the State goal is 10%; so Newberg is doing better than the goal.

10. Public Participation:

Howard Hamilton invited the public to speak at this time.

Mart Storm stated he doesn't have enough information to comment at this time.

Mike Gougler asked the three citizens in attendance if they came because of the flyer. Louis Larson stated the flyer convinced him to come.

Don Clements asked for clarification from Ms. Galardi about the irrigation and peak rate and whether that is done on the seasonal rate. Ms. Galardi replied when the rate is set, it's based on the peak rate, therefore a higher rate for any usage used. Mr. Clements then asked if Newberg already has the capacity, would there be no additional operational costs. Ms. Galardi replied debt service costs are fixed on that capacity but there are some costs considered, such as usage fluctuations during the year. There isn't much flexibility in operational and maintenance costs.

Louis Larson stated he been a member of the CRRC, Budget Committee, and Planning Commission in the past. He sensed after the CRRC's recommendations were changed last year that feelings were hurt. The public did not agree with the 12% increase that was recommended with a 6% increase finally agreed upon. A 20%-25% rate increase across the board is difficult no matter what economic structure you're from and Mr. Larson opposed it himself. No social security increase illustrates a flat line of costs nationwide. During his time on the CRRC and Budget Committee he never heard any setting factors on what can be afforded by people. The median family income has changed drastically since 2006 and in this community it's far less than the national average. In one year of the recession, the median family income dropped \$8,000. All the

increases over the last ten years has now been flat lined and wiped out. He suggested the same thing has happened here in Newberg and impacts the ability for the community to pay for the services. After the economy recovers, employment will not come back to prior levels, reducing the amount of income to pay for services. Newberg's future growth, in his opinion, will be reduced because of the affordability of homes going down not up. In the short term 3-5 years the growth factor in Oregon will be low. The current level of delinquencies is 1 in 12. In his neighborhood alone, 21 homes are in foreclosure. He asked for all this to be taken into consideration.

Mike Gougler stated the level of misunderstanding and ignorance of the Committee is less than those who stood up to oppose the CRRC meetings. He's offended. The CRRC didn't ask for a rate increase but after a year of meetings prior to the economic downfall, knew it would require a certain amount of money to take care of the need for a new facility that was never put aside previously. The CRRC recognizes rate payers and their ability to pay and that will be taken into consideration.

Howard Hamilton announced the next meeting will be held on October 7, 2009.

The following CRRC members stated they will be absent for upcoming meetings as follows:

Ernie Amundson - October 28
David Maben - October 28

Beth Keyser – November 10
Charles Zickefoose – November 10

11. Adjournment:

The meeting adjourned at 8:57 p.m.

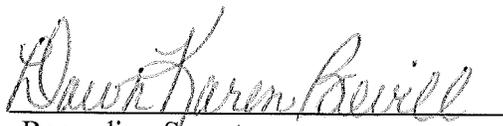
Approved by the Citizens' Rate Review Committee this 14th day of October 2009.

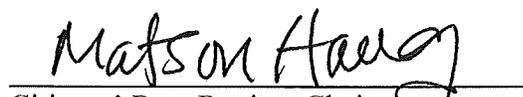
AYES: 7

NO: 0

ABSENT: 0

ABSTAIN: 0


Recording Secretary


Citizens' Rate Review Chair

**THE
FOLLOWING
PAGES WERE
DISTRIBUTED
AT THE
MEETING**

Water Conservation Plan

1

Citizens Rate Review Committee Meeting

September 30, 2009



Meeting Agenda

2

- **Background**
 - Previous rate cycle
 - Council direction
- **Overview: Water Conservation Rates**
- **Water System Statistics**
 - Newberg
 - National
- **Implementation Considerations**
 - Revenue stability
 - Conservation objectives
 - Affordability
- **Next Steps**

Background

3

- **Water Rate Implementation Process**

- May 19, 2008 City Council adopts rate increases based on 12.5% per year
- June 2, 2008 Council agrees to reconsider rates
- June 16, 2008 water rate increases reduced from 12.5% to 6.5% for FY2009 and FY2010
- The City Council directs the CRRC to investigate and make recommendations concerning a conservation rate structure

- **Subsequent actions**

- SDCs 'rolled back' to 2007 levels for low-moderate income homes for limited period of time

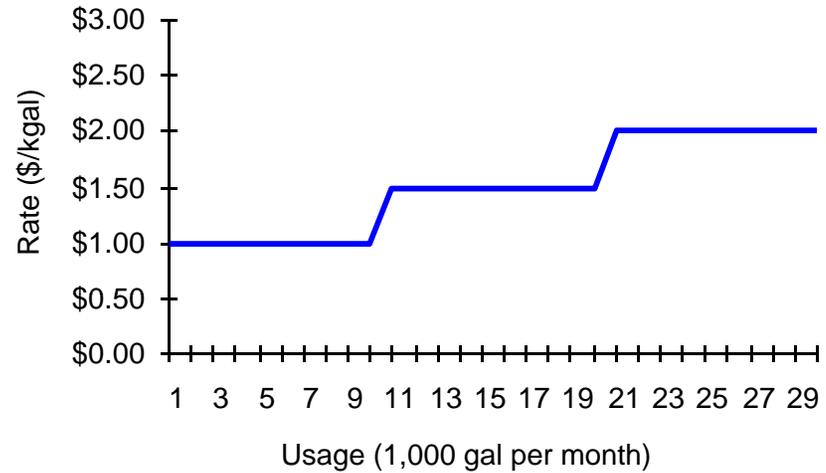
Overview: Water Conservation Rates

4

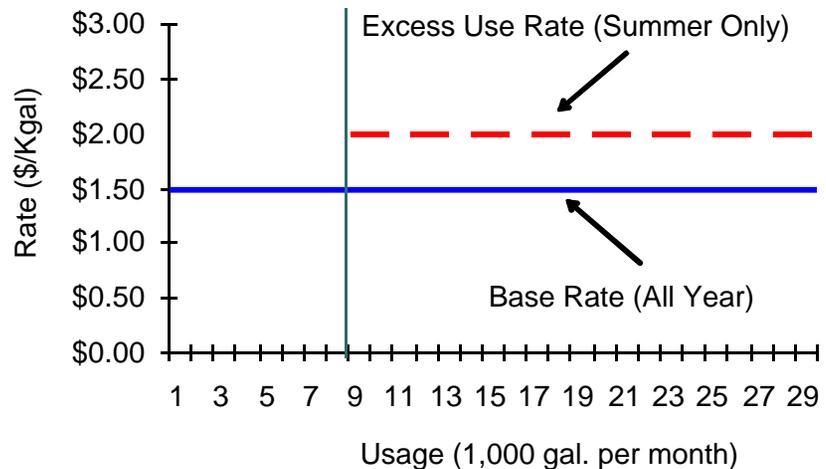
- **Previous rate cycle included limited discussion about conservation rates**
- **Rate Objectives**
 - Send price signal about cost of water
 - Encourage reduced usage (overall or during peak periods)
- **Typical types**
 - Residential: inclining blocks, seasonal rates
 - Nonresidential: budget rates

Conservation Structures

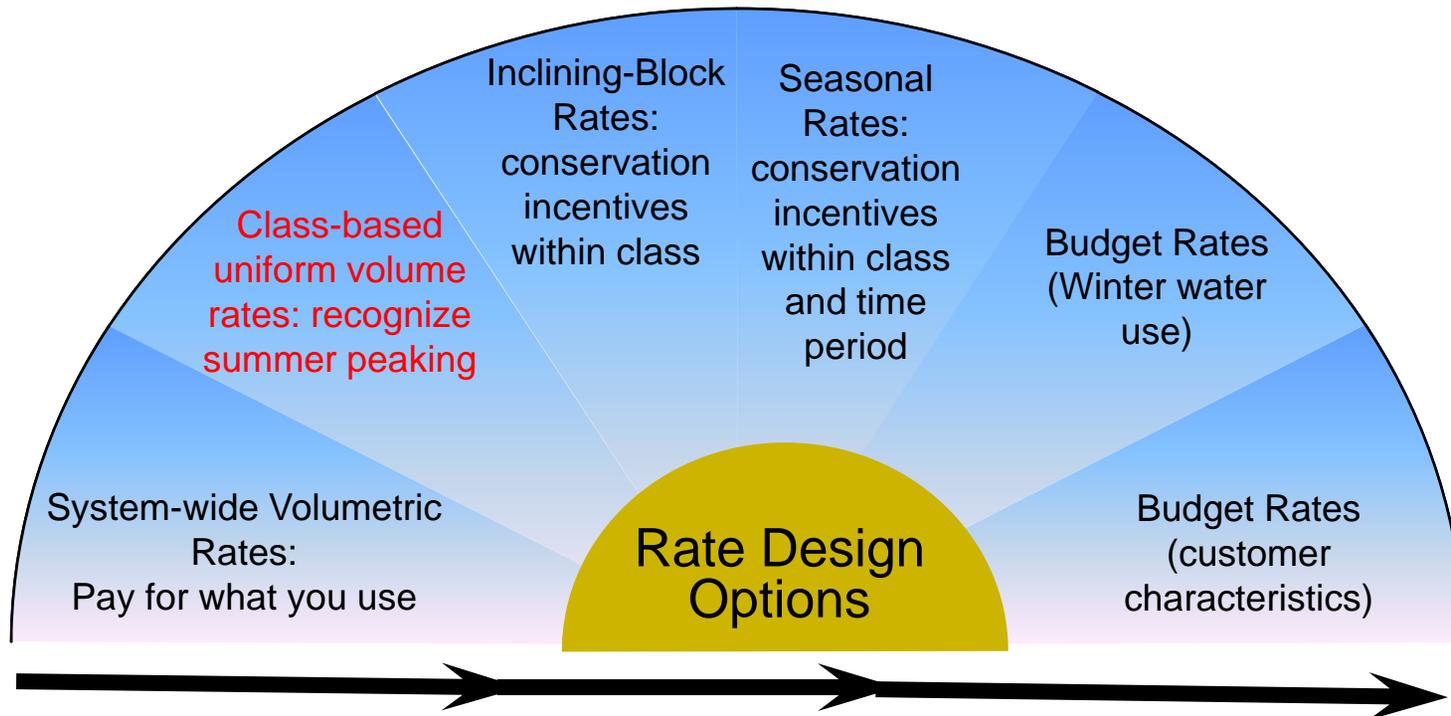
Inclining Block Rate



Seasonal Rate



Water Conservation Rate Spectrum



Examples – Residential

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City of Ashland
All Residential

Rate Component	\$/ccf
Variable Rate	
<i>Blocks</i>	
0 to 300	\$1.43
301 to 1,000	\$1.76
1,001 to 2,500	\$2.34
over 2,500	\$3.03

Service charge

3/4"	\$12.49
1"	\$24.95

City of Hillsboro
Single Family Residential

Rate Component	\$/ccf
Variable Rate	
<i>Blocks</i>	
0 to 800	\$1.01
900 to 1,800	\$1.56
over 1,900	\$2.11

Service charge

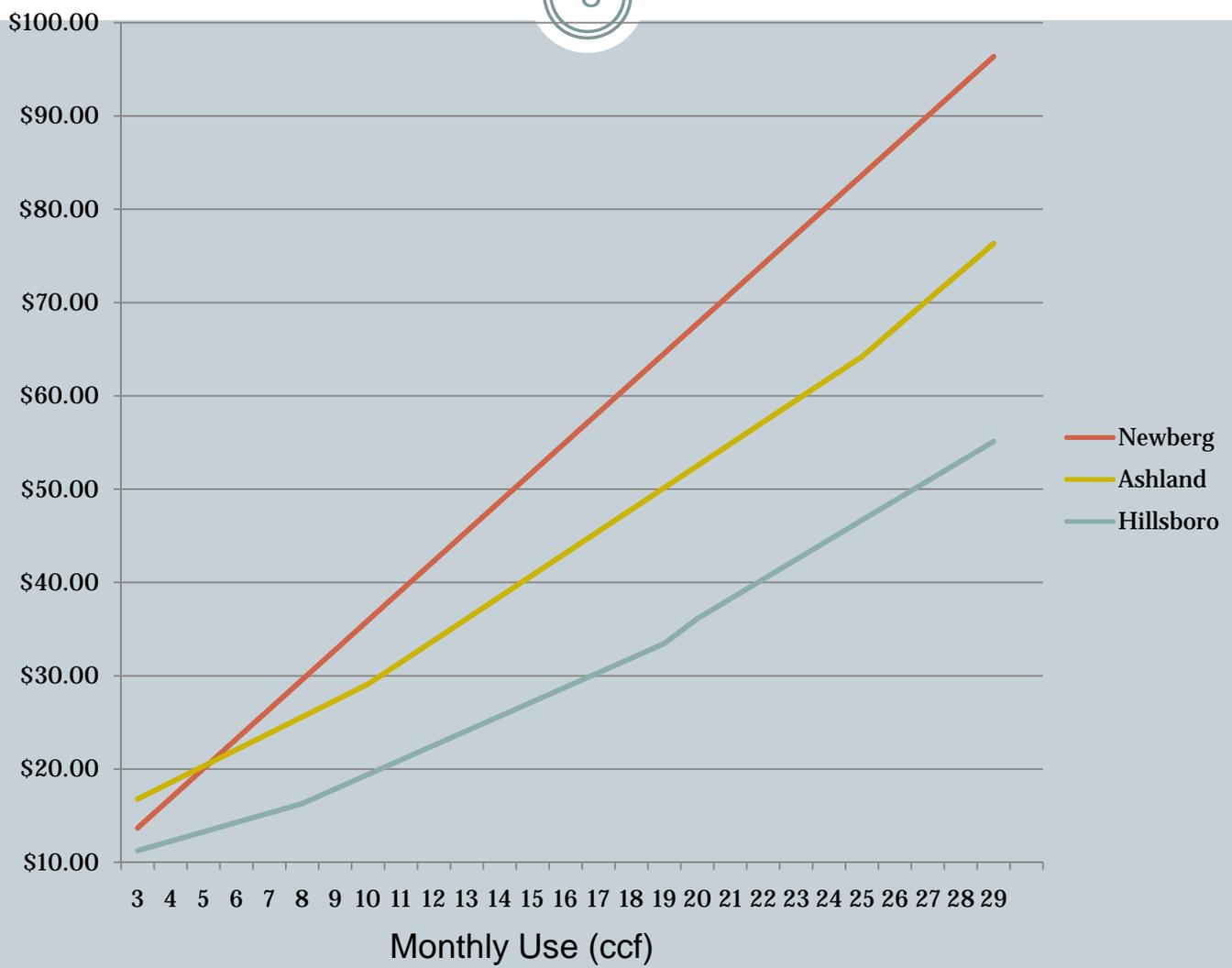
3/4"	\$8.22
1"	\$13.06

City of Newberg
FY2010 Residential

Rate Component	\$/ccf
Variable Rate	
All Usage	\$3.18
	\$/mo
Service charge	\$1.41
Meter Charge	
3/4"	\$2.73

Sample Monthly Bills – Residential

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Examples – Commercial

9

2 Inclining Blocks

City of Ashland
Commercial

Rate Component	\$/ccf
Variable Rate	
<i>Blocks</i>	
0 to 50,000	\$1.83
over 50,000	\$1.88

Service charge

3/4"	\$12.49
1"	\$24.95

Seasonal Excess Use Rate

City of Hillsboro
Commercial (including public)

Rate Component	\$/ccf
Variable Rate	
Base (winter avg)	\$1.16
Over base	\$1.62

Service charge

3/4"	\$13.09
1"	\$25.23

Newberg Residential Use Stats

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	Total	Use/mo. per Acct.	% of Annual Use	% of Annual Bills
Annual	511,127	8.1	39%	72%
Winter	217,653	5.9	25%	59%
Summer	293,474	11.1	55%	84%

National Water Use Stats

	INDOOR USE: Gallons per Person / Per Household Average US Indoor Use = 69.3 gpcd (non conserving) Average US Indoor Use = 45.2 gpcd (conserving)								
	Number of household occupants								
	1	2	2.5	3	4	5	6	7	8
"Conserving"									
Gpd	45	90	113	136	181	226	271	316	362
Ccf/mo	1.8	3.6	4.5	5.4	7.3	9.1	10.9	12.7	14.5
"Non Conserving"									
Gpd	69	139	173	208	277	347	416	485	554
Ccf/mo	2.8	5.6	6.9	8.3	11.1	13.9	16.7	19.5	22.2

Newberg Winter Average Use = 5.9

Residential Use Distribution

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Usage Block:	1-5	6-10	11-15	16-20	21-25	26-35	Over 35	Total
Jan	25.4%	48.5%	17.4%	4.5%	1.8%	0.8%	1.6%	100.0%
Feb	31.4%	48.1%	14.3%	3.9%	0.8%	0.7%	0.9%	100.0%
Mar	32.8%	47.7%	13.3%	3.9%	1.2%	0.6%	0.6%	100.0%
Apr	33.9%	48.8%	12.4%	3.2%	0.7%	0.7%	0.4%	100.0%
May	27.5%	50.7%	15.1%	3.9%	1.6%	1.0%	0.3%	100.0%
June	14.7%	39.0%	23.8%	11.1%	5.0%	2.9%	3.5%	100.0%
July	6.7%	20.9%	22.9%	17.6%	11.6%	11.9%	8.3%	100.0%
Aug	3.6%	12.2%	15.1%	15.6%	13.1%	19.2%	21.1%	100.0%
Sept	9.7%	25.9%	20.9%	15.9%	8.7%	9.7%	9.2%	100.0%
Oct	11.0%	27.8%	21.9%	15.3%	8.6%	7.8%	7.6%	100.0%
Nov	19.2%	44.2%	20.3%	7.1%	3.0%	2.1%	4.2%	100.0%
Dec	41.7%	42.4%	8.0%	2.7%	1.3%	0.7%	3.2%	100.0%
Total	17.4%	33.4%	17.9%	10.7%	6.4%	7.1%	7.2%	100.0%
Cummulative	17.4%	50.8%	68.7%	79.4%	85.8%	92.8%	100.0%	

Winter Avg.

*Indoor Use for
4 Conserving*

*Summer
Moderate use*

"Excess Use"

Water Sales and Weather

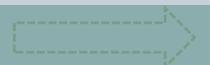
14

	FY2006	FY2007	FY2008	FY2009
Water Consumption (ccf)	1,096,190	1,236,856	1,118,258	1,140,302
Annual % Change		13%	-10%	2%
<i>Avg. Summer High Temp</i>	76	79	75	76
<i>Avg. Max Summer High Temp</i>	89	98	92	95
<i>Avg. Summer Monthly Rainfall (inch)</i>	1.0	0.3	1.0	0.6

Implementation Considerations

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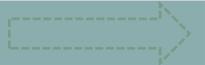
- **Revenue Adequacy**
 - Costs are not reduced in the short-term, though revenues likely will be (price elasticity response)
 - Need to predict usage by block
 - Additional reserves required to protect against shortfalls
 - More frequent rate reviews
- **Conservation objectives**
 - Where are system capacity constraints
- **Affordability/Equity Issues**
 - Higher usage blocks designed to recover more of peaking costs
 - Significant bill increases for large users
 - Potential bill reductions for small users



Newberg Considerations

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- **Consumption has decreased in recent years**
 - Customer growth
 - Weather impacts
 - Economic impacts
- **Reserves have been reduced significantly due to rate increase reduction and reduced SDCs**
- **System has excess capacity**
- **Usage characteristics**
 - Some conservation potential compared to National statistics



Next Steps

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- **Financial plan**
 - Determine annual revenue needs FY2011 and FY2012
 - System-wide rate increases
- **Cost of service analysis**
 - Allocate costs to base use, peak demand use and customer costs
 - Rate impacts by customer class
- **Rate design**
 - Existing rate structure
 - Inclining block rate structure for residential
 - Rate impacts within customer class

