



**CITIZENS' RATE REVIEW COMMITTEE AGENDA
WEDNESDAY, NOVEMBER 06, 2013**

7:00 P.M. MEETING

PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)

Mission Statement

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

Vision Statement

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

I. CALL MEETING TO ORDER

II. ROLL CALL

III. PUBLIC COMMENTS

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

IV. CONSENT CALENDAR

Approval of October 09, 2013, minutes (Pg 2-4)

V. CONTINUED BUSINESS

1. Water Rates Continued

VI. NEW BUSINESS

VI. ADJOURNMENT

Next Meeting: November 21, 2013 at 7 pm at the Public Safety Building.

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

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

**CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
WEDNESDAY, OCTOBER 9, 2013
7:00 PM MEETING
NEWBERG PUBLIC SAFETY BUILDING (401 EAST THIRD STREET)**

I. CALL MEETING TO ORDER

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

II. ROLL CALL

Members Present: Tony Rourke, Chair Helen Brown Blair Didway, Vice Chair
Mike Gougler Charles Zickefoose
Mayor Bob Andrews, ex-officio (arrived 7:15 p.m.)

Members Absent: Ernie Amundson (excused) Rick Rogers (excused)

Staff Present: Janelle Nordyke, Finance Director Jay Harris, Interim Public Works Director
DawnKaren Bevill, Minutes Recorder

Others Present: Deb Galardi, Consultant

III. COMMITTEE BUSINESS

1. New Public Comment Procedure

Chair Rourke stated a new public comment form will be used for the citizens' rate review committee (CRRC) meeting as the city wants to ensure more consistency for the public at every committee and commission meeting.

2. Membership Terms/Renewals

Chair Rourke stated the committee voted to change the membership terms to the fiscal year, July through June, but the city council will need to officially adopt it within the next few months.

3. Meeting Schedule

Chair Rourke reviewed the meeting schedule and proposed topics. The November 21, 2013, meeting may be moved regarding the springs customers and rates, dependent upon city council.

4. Roberts Rules of Order

Chair Tony Rourke will follow the process in order to keep the meetings official.

5. Committee Ethics

Excerpts from the Oregon Ethics Commission are included in the packet for the committee's edification. Chair Rourke recommended the committee read it thoroughly.

IV. PUBLIC COMMENTS

No comments were brought forward.

V. CONTINUED BUSINESS

1. Philosophy of current budget and Public Works

Mr. Jay Harris, interim public works director, stated he has had significant discussions with Mr. Lee Elliott, city manager pro tem, who is ill and unable to attend this evening, to discuss completing projects such as the older piping systems that will reduce operations and maintenance costs. Mr. Elliott's philosophy is to reduce operation and maintenance costs to the city, having public works more proactive than reactive.

2. Review/Recap Financial Status

A. Utility Bill Overview

Ms. Janelle Nordyke, finance director, explained the city provides water, wastewater, and storm water services to the residents of the city. The city invoices residents monthly on a consumption basis for water and wastewater and on a monthly flat rate for stormwater. In addition, the utility bill serves as a billing medium for monthly fire and public safety fees. She reviewed an outline showing examples of what the new utility bill will be when averaging water use of 300 cubic feet, 500 cubic feet, 700 cubic feet and 1,000 cubic feet a month compared to the current utility bill.

B. Fund Balances (Revenues, Expenses, and Reserves)

Ms. Nordyke reviewed funds that affect public works and the rate review process. This budget year, operating funds were transferred to capital improvement reserve funds showing exactly what is set aside for capital improvements. Wastewater system development fund fees are growing due to development. Mr. Harris mentioned the system development charges (SDCs) can only be used for capacity projects because those funds have restrictions.

C. Financial Policies for Utilities

Ms. Nordyke explained fiscal policies are adopted every year through the budget process. The purpose of establishing set policies is to ensure the public's trust is upheld, establish the framework to conduct fiscal affairs ensuring it is and will continue to be capable of funding, and providing excellent local government services. These fiscal policies are used to develop long-range financial projections and annual budget assumptions.

D. Debt Covenants

Ms. Nordyke stated all loans in the water fund are subject to debt covenants. Discussion has been held over the past two cycles on how to increase the debt covenant ratio.

E. Water Peak Demands

Ms. Nordyke reviewed a graph showing a reduction in water consumption due to the economy. Chair Rourke stated that is why the amount is now fixed.

3. Review/Recap Capital Improvement Projects

A. Adopted CIP (2012/2013 budget) vs. Approved CIP (by Committee)

Mr. Harris reviewed the five-year capital improvement plan (CIP) that was handed out at the beginning of the meeting regarding projects for wastewater, stormwater, and water, the budgeted amounts for the various items, and the corresponding CRRC amounts for each year. The master plan is being updated now and Mr. Harris has a detailed capital improvement project list regarding the developing community and potential failures needing addressed. The formal master plan was based on retention and a year ago DEQ mandated adopting retention policies. The new stormwater master plan will try to eliminate bank erosion and the detention of the water will be geared to the cycle of the streams, improving habitat. The water master plan will be updated in 2015-2016.

4. Deb Galardi's Presentation

Ms. Galardi reviewed the summary of key financial statistics. Further evaluation of billed sewer volumes is needed for forecasted development to see what the best estimates are. Water revenue shows positive variances but water use is still dependent upon weather. The sewer rates make up 90% and other revenues are dumping fees, composting, and connection fees. Other water revenues show stronger connection charges and reimbursements. The water fund did not meet debt service coverage. Ms. Galardi explained lending agencies want some assurance that if revenue does not come in at 100% the debt will still be paid. Operating expenses impact the debt service directly. In terms of sewer operating expenses, there have been lower operating expenses in the last two years with a significant increase in 2013-2014. For year 2014, sewer operating expense increases will be made for the network upgrade, treatment (capital outlay, increases in supplies and utilities), and collection. The prior water operating expenses estimates assumed reductions to meet debt service coverage. The current budget estimates significantly exceed prior estimates. The next steps for the water system include a financial plan in refining revenue projections for year 2014 and the next two years, and prioritizing capital projects and system-wide rate increase recommendations. The cost of service analysis will be looked at to allocate costs to base use, peak demand use and customer costs and rate impacts by customer class. Revenue, volume charges, and rate impacts within customer class will also be looked at.

VI. NEW BUSINESS

Chair Rourke asked the committee their interest in taking a tour of the treatment plants. He is scheduled to take a tour of the wastewater treatment plant on October 22, 2013, at 9:00 AM. Mr. Charles Zickefoose and Ms. Helen Brown will join Chair Rourke for the tour. He will see if there are two other potential tour times for the other committee members to attend.

VII. ADJOURNMENT

Chair Rourke adjourned the meeting at 8:45 PM.

Approved by the Citizens' Rate Review Committee on this 6th day of November, 2013.

Citizens' Rate Review Committee Recording Secretary

Citizens' Rate Review Committee Chair