



**CITIZENS' RATE REVIEW COMMITTEE AGENDA
WEDNESDAY, DECEMBER 11, 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

- 1. Approve October 24, 2013 minutes

V. CONTINUED BUSINESS

- 1. Conclude Springs Rates
- 2. Conclude Water Rates

VI. ADJOURNMENT

Next Meeting: December 19, 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 24, 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 Ernie Amundson Mike Gougler
Rick Rogers Charles Zickefoose
Mayor Bob Andrews, ex-officio

Members Absent: Helen Brown (excused) Blair Didway, Vice Chair (excused)

Staff Present: Lee Elliott, City Manager Pro Tem Janelle Nordyke, Finance Director
Jay Harris, Interim Public Works Director DawnKaren Bevill, Minutes Recorder

Others Present: Deb Galardi, Consultant

III. PUBLIC COMMENTS

No comments were brought forward.

IV. CONSENT CALENDAR

Approval of June 19, 2012, and June 18, 2013, minutes

MOTION: Gougler/Zickefoose moved to approve the June 19, 2012, and June 18, 2013, CRRC meeting minutes. Motion carried (5 Yes/0 No/2 Absent [Brown, Didway]).

V. CONTINUED BUSINESS

- 1. Philosophy of current budget and Public Works

Mr. Lee Elliott, city manager pro tem, explained how the public works staff views the utility rates as more of an enterprise fund, operated more like a private sector business. Staff looks at the return on investment and lowering costs using capital investments or with operation and maintenance. Fiscal policies aid in the budget making processes and are a policy statement for committees to review.

VI. NEW BUSINESS

- 1. Snowbirds, Foreclosures & Landlords Discussion

Ms. Janelle Nordyke, finance director, explained many customers call the city and ask for their utility service to be shut off due to leaving the area for a season, when a home is unoccupied due to foreclosure, or if they are in the process of selling a home and have vacated the premises. Ms. Nordyke stated staff is contemplating

whether there should be a fee assessed to the homeowner during the months of no usage, as currently there is no revenue coming in from those customers toward police and fire protection. The committee discussed whether this recommendation of a fee to these customers is the responsibility of the Citizens' Rate Review Committee (CRRC).

MOTION: Zickefoose/Gougler moved to direct city staff to research and clarify the responsibilities of the CRRC regarding fees for months of no water usage, bringing pertinent information back to the CRRC if the city council so chooses to ask for a recommendation. Motion carried (5 Yes/0 No/2 Absent [Brown, Didway]).

2. Water Rates Presentation

Ms. Deb Galardi, Galardi Consulting, LLC, gave a report on the water rate study accompanied by a PowerPoint presentation. In the last rate cycle two years ago, in order to equitably represent staff time and manage debt service coverage, staff was reclassified to the wastewater system. Capital outlay went up significantly for a one-time expenditure upgrade in computer equipment. Historically, the budget has been adjusted two-percent (2%). The city financial policy states the forecasted budget should be conservative. She reviewed annual customer growth and projected growth, as well as the historical and forecasted use per account. Because of the weather and a dry spring season, there was an increase in the customer classes. The industry projects a continued decline in water usage, the main impact has been from low-flow plumbing fixtures and conservative water usage by customers. The non-potable water decline that began in 2012-2013 is being reviewed. The preliminary five-year capital improvement projects are more expensive than what was looked at two years ago as a result of increased cost for the North Valley Road reservoir and other projects. A water master plan update in the future will give the city more information regarding the water treatment plant expansion. The projected capital funding capacity shows good reserves with additional water sale revenue. The next steps include capital improvement projects prioritization, funding, and a system-wide rate increase recommendation.

3. Five-Year Water Capital Improvement Projects Presentation

Mr. Jay Harris, interim public works director, gave the capital improvement presentation accompanied by a PowerPoint presentation. He explained the critical facility needs to be away from the Willamette River. The water valves in the water main on College Street, replacing aging pipe line and aging valves, and looping of water lines for increase reliability and water quality are included in the identified 2004 water distribution system master plan. The springs improvement and divestiture is a \$275,000.00 project cost. The State of Oregon mandate requires adjusting pH levels at Skeleton, Snider and Oliver Springs as pH levels currently are too acidic. Acidic pH levels accelerate corrosion of pipes and increase copper and lead levels in the drinking water. The North Valley Road reservoirs upgrades design and construction is budgeted at \$1,555,000.00 for year 2013-2014. The engineers estimate is \$3,000,000.00. Seismic and other modification are necessary to improve the structural integrity of the reservoirs as they require being secured to a foundation in order to prevent sliding off the base in a large earthquake. Hydraulic upgrades are needed to improve water quality during low use months. The water system master plan update project cost will be \$250,000.00. Plans must be updated every 10 years. The last update was in 2004 for the City of Newberg water system master plan and the last update to the water treatment facilities master plan was in 2002. The new water treatment plant reserve account is \$6,000,000.00 towards a project cost of \$24 million. The existing 1.2 acre water treatment plant is located on a very unstable bank of the Willamette. The Springbrook Road waterline design and construction project is estimated at \$1,125,000.00. Other improvements of the sanitary sewer and reuse waterline will be completed concurrently. Improvements will be completed in the summer of 2014 before the roadway improvements are started by the Oregon Department of Transportation in 2014-2015. The Wellfield pump number eight upsizing is an \$80,000.00 project cost. It was installed in 2008 with an original pump and motor capacity of 1,800 gallons per minute, but is wired for a larger pump and motor. The well is capable of producing more water to help meet peak summer demand, but has the most iron content of all of the wells. The

cost for the report/plan for the non-potable water storage distribution is \$40,000.00. Water can be used for irrigation purposes as used now at Chehalem Glenn Golf Course or future use at the Allison. Additional water lines are required to transmit water. A future reservoir will be needed to store water. The Wellfield new well number nine design and construction will cost \$625,000.00 to \$700,000.00. The College Street relocation Illinois to Aldercrest will cost \$345,000.00. The existing 10 inch cast iron water line does not have enough vertical cover. Approximately 1,200 feet of pipe will be replaced with an eight inch line at proper cover before the roadway project begins. The existing services will be reconnected to the new water line. The Second Street parking lot rehabilitation will cost \$12,000.00 and is for waterworks upgrades in advance of the Second Street parking lot project to include a fire hydrant, irrigation meter, replacement of four inch water line, and new services to the existing water meters. The project cost of the riverfront master plan extension will be \$150,000.00. New waterlines are needed to accommodate future growth. The Newberg-Dundee Bypass will be built over the two waterline crossings. Installing the two new 12-inch waterline crossings now will cost significantly less than boring under the Bypass later. The Bypass construction miscellaneous unforeseen projects that have been found are estimated at \$90,000.00. This is a savings account to set money aside as a reserve. Unidentified projects may arise requiring upgrades and/or completion before or during Bypass construction. The waterline bridge removal study will cost \$30,000.00. The city has a 24 inch well field waterline on the former automobile bridge over the Willamette and the waterline is no longer needed. The bridge is at the end of its life and has lead based paint. A consultant study of how to cost effectively remove, repurpose, and/or recycle the structure is needed. A study and purchase site for another water reservoir will cost \$650,000.00. Additional water storage is needed for future growth and to postpone the new water treatment plant construction and allows more water to process during run times.

The next meeting is scheduled for November 6, 2013, 7:00 PM at the Public Safety Building.

VII. ADJOURNMENT

Chair Rourke adjourned the meeting at 9:15 PM.

Approved by the Citizens' Rate Review Committee on this 11th day of December, 2013.

Citizens' Rate Review Committee Recording Secretary

Citizens' Rate Review Committee Chair