

**CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
THURSDAY, NOVEMBER 19, 2015
6:30 PM MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)**

I. CALL MEETING TO ORDER

The meeting was called to order at 6:30 PM.

II. ROLL CALL

Members Present: Rick Rogers, Chair Sarah Grider Holly Bradford
Nick Morace Bill Rourke, Secretary

Staff Present: Steve Rhodes, City Manager Pro Tem Matt Zook, Finance Director
Jay Harris, Public Works Director Kaaren Hofmann, City Engineer

Others Present: Deb Galardi, Galardi Consulting LLC

III. PUBLIC COMMENTS

Corey Zeilsdorf, resident of Newberg who lived in the Greens, was there that night to get more information about the funds available and reasons for rate increases. He heard the rates were going to be substantially increased. He asked about the allocation of funds for the relocation of utilities related to the new bypass. How was the money disbursed and was it available to be used for other things such as rates and improvement projects? He would like to see the feasibility of an LID to support the infrastructure for downtown.

City Engineer Kaaren Hofmann said there was never a set dollar amount for the relocation of utilities. Whatever was spent under the contract, the State reimbursed the cost. The money was not available to spend on other projects. It was probably around four million dollars to do the work and the City hired the contractors who did the work.

Public Works Director Jay Harris said some of the older infrastructure was built with grants and the existing homes were able to pay through rates and grants to develop the system. The current SDC charges were for additional capacity in the system.

CE Hofmann said this was the first night the Committee would see the wastewater rates, and the water rates were yet to be reviewed.

Scott Essin, resident of Newberg, was the president of the Greens Homeowners Association. He and other members of the Board were present to gather information. The CRRC had recommended a 9% increase for storm water that would still not get everything accomplished. There was also an inherited neglect of the downtown infrastructure. There were many options and he thought bonds or other vehicles could be used other than rate increases. Citizens in the Greens were required to keep their lawns watered, but were concerned about the rate increases which would make their water bills difficult. The water rates for Newberg were in the middle compared with other cities and he would like to see a chart for developer fees as he thought those should be increased to offset the costs to keep the water rates within reason. Utility fees were being proposed to fund police, fire, and roads. There could also be a special district created for downtown.

Chair Rogers said the recommended 9% increase was only for storm water, not wastewater or water, and this was an increase for a two year period and the base rate was low. The water rates discussion would begin in January.

IV. CONSENT CALENDAR

1. Approve minutes from the October 22, 2015 meeting

MOTION: Morace/Rourke moved to approve the consent calendar. Motion carried (5 Yes/ 0 No).

V. NEW BUSINESS

1. Present Wastewater Rates

CE Hofmann presented information on the wastewater capital improvement projects for the next five years. She explained the wastewater system, the projects that had been completed from the last CRRC process, and the nine proposed projects. The proposed projects included inflow and infiltration projects, Dayton Avenue pump station, compost facility, roofing replacement, coating on pump stations, Wastewater Master Plan, improvements to existing oxidation ditches, Inflow and Infiltration Report, and Hess Creek trunk line. She then discussed the multi-fund projects such as survey equipment, permitting software, cartograph software upgrade, Wonderware software upgrade, and maintenance facility.

There was discussion regarding the proposed capital improvement projects and costs for the compost facility.

Deb Galardi, Galardi Consulting LLC, provided data on the wastewater rates clarifying the numbers were still preliminary. She gave a recent rate history from 2011 to 2016 which addressed the \$26 million Wastewater Treatment Plant expansion and other capital projects. She discussed current rates, service charges, and volume charges. The average residential bill for 2015/16 was \$66.05. She reviewed the tables regarding the five year Capital Improvement Plan project costs and projected operation and maintenance costs. The total capital funding included existing reserves, current rates, and SDCs. There was potential to still have reserves left after this period, however there were other improvement projects that would need to be funded. She then discussed the revenue requirements from rates. There had been a significant decline in residential volumes and the revenue was not increasing as projected even though there had been customer growth. The recommended rate increase was 5.95%. The current rates would be able to pay for the ongoing operation and maintenance and debt service, but the increase was needed to fund the projects.

There was discussion regarding the options for delaying projects and restructuring the service and volume charges.

Ms. Galardi explained the key financial plan assumptions, next steps, and what would be brought back to the December 3 meeting. The CRRC wanted more information on the roof repair vs. replacement, industry standard for City debt, and if the drop in usage for wastewater was also being seen in water usage.

VI. ADJOURNMENT

The meeting adjourned at 8:05 PM.

Approved by the Citizen's Rate Review Committee on this 21st day of January, 2016.

 1-21-16

Citizens' Rate Review Committee Recording Secretary

 1-21-16

Citizens' Rate Review Committee Chair

