



**CITIZENS' RATE REVIEW COMMITTEE AGENDA**

**THURSDAY, JANUARY 21, 2016**

**6:30 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. CONSENT CALENDAR**

1. Approve minutes from the June 4, 2014, November 19, 2015, December 3, 2015 meetings.

**IV. CONTINUED BUSINESS**

1. Wastewater rate follow-up information
2. Water rate follow-up information
3. Summarization of combined bill impacts
4. Committee discussion and decision of proposed rates for Town Hall/Public Hearing
5. Committee discussion on the Town Hall/Public Hearing format

**V. 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)

**VI. ADJOURNMENT**

Next Meeting: Town Hall/Public Hearing on February 4, 2016 at 6:30 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, JUNE 4, 2014  
7:00 PM MEETING**

**PUBLIC SAFETY BUILDING TRAINING ROOM (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	Blair Didway, Vice Chair	Ernie Amundson
	Helen Brown	Charles Zickefoose	Rick Rogers
	Mike Gougler	Mayor Bob Andrews, ex-officio	

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

Others Present: Deb Galardi, Galardi Consulting LLC

**III. PUBLIC COMMENTS**

None.

**IV. CONSENT CALENDAR**

1. Approve the April 2, 2014 minutes

**MOTION:** Gougler/Zickefoose to approve the minutes of April 2, 2014. Motion carried. (7 Yes/ 0 No)

**V. NEW BUSINESS**

1. Review and approve the utility assistance grant applications to non-profits

Chair Rourke discussed the grant applications, all from churches except for Love, Inc. and Y-Cap. The remaining balance was \$6,069.91.

Finance Director Janelle Nordyke explained Y-Cap was stretching their funds out as opposed to using all their funds up by April. Love, Inc. was also stretching out the funds, but they gave \$50 to those who went through their program. Either there were fewer in the program or they were taking longer to get through the program. The remaining balance did not carry over, but went back into the water and sewer department funds. There was an additional application that did not get on the list, from Joyful Servant. There were eight applications all together. Y-Cap was on a different program, and got \$9,000 automatically. There was \$5,000 to distribute for the upcoming year, which would be \$625 per entity instead of \$833 from last year. If an entity ran out of money, they were taken off the list and people were not referred to that entity by the City.

Mayor Andrews discussed Joyful Servant's new program involving families who did not have a lot of resources.

There was discussion regarding programs for active military and the history of the budget for these grants.

Chair Rourke said historically the funds had been distributed evenly among the entities except for Y-Cap which was a set dollar amount.

**MOTION: Zickefoose/Rogers** moved to recommend distributing the funds evenly including Joyful Servant which would equal \$625 per entity. Motion carried. (7 Yes/ 0 No/ 0 Absent)

## **VI. ADJOURNMENT**

The meeting adjourned at 7:14 PM.

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

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*Citizens' Rate Review Committee Recording Secretary*

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*Citizens' Rate Review Committee Chair*

**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 Nick Morace	Sarah Grider Bill Rourke, Secretary	Holly Bradford
Staff Present:	Steve Rhodes, City Manager Pro Tem Jay Harris, Public Works Director	Matt Zook, Finance 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, cartegraph 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.**

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*Citizens' Rate Review Committee Recording Secretary*

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*Citizens' Rate Review Committee Chair*

**CITY OF NEWBERG  
CITIZENS' RATE REVIEW COMMITTEE  
THURSDAY, DECEMBER 3, 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	Blair Didway, Vice Chair	Holly Bradford
	Nick Morace	Bill Rourke, Secretary	Sarah Grider
	Marilynn van Grunsven		

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**

None.

**IV. CONSENT CALENDAR**

1. Approve minutes from the November 5, 2015 meeting

<b>MOTION: Morace/Didway</b> moved to approve the consent calendar. Motion carried (7 Yes/ 0 No).
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**V. NEW BUSINESS**

1. Conclude Wastewater Rates

Deb Galardi, Galardi Consulting LLC, said at the last meeting she discussed the preliminary results of the financial plan for wastewater. Some refinements had been made, but they did not increase or decrease the rate increase that was proposed at the last meeting. She discussed the adjustments to the financial plan. The City did a compensation study that identified increases for non-represented staff that had not been built into the budget for 2016, but would follow with a budget amendment. She had adjusted the financial plan for that increase of \$16,000. There was a court decision regarding PERS that resulted in the City paying more in PERS, but they did not know exactly how much more. She had increased the annual percentage for PERS costs in response. The revenue forecast was reduced as a result of the mill closure. She had a revised operation and maintenance cost forecast as well. She still recommended a 5.95% rate increase for the next two years. The increase would help pay off debt for the expansion of the wastewater treatment plant as well as would help with the reduction of consumption which had been significantly lower in the last few years. There had been a decrease in water consumption as well, but not as significantly as in wastewater. The consumption numbers correlated with the revenue numbers and staff was looking into the winter averaging process. She then gave a rate structure analysis, explaining the framework and the costs incurred for the base flow and infiltration and inflow.

Public Works Director Jay Harris explained the differences in winter months and peak time flows, water basins, and infiltration and inflow projects.

City Engineer Kaaren Hofmann said the infiltration and inflow would be reviewed again in 2021.

Ms. Galardi discussed a chart showing where the infiltration and inflow went and how it affected rates. Because infiltration and inflow costs were a large portion of the total, the City got a higher percent of revenue recovery. Part of the reason to adjust the rates was because consumption went down so much, and having a stable rate structure and significant amount of revenue from fixed charges would stabilize rates over the long term. There was also the revenue from the volume charge, and there was a continued incentive to use less water and pay less in sewer. She then explained the full rate schedule. The rate increase would result in a \$3.50 to \$4 per month increase for a typical single family residential customer who used about 500 cubic feet of water per month. Commercial 2 and 3 customers' bills went up significantly due to the volume of water they used. The 5.95% rate increase would be for the next two year period, and a big part of the increase was related to capital projects and servicing debt. She had run multiple scenarios with CE Hofmann and the CIP to try to stay under 6% and it had already pushed capital beyond what was ideal at the 5.95%. However they were trying to balance affordability and system reliability.

There was discussion regarding the six customers outside of the City limits and the pros and cons to raising the fixed service charge.

Finance Director Matt Zook discussed a chart showing wastewater rate comparisons of Newberg's rates with other jurisdictions. Many of the jurisdictions had service districts which due to economy of scale led to lower rates. For some, there was a Clean Water Services rate charged for treatment and a City rate charged for the collection. There were also some who ran their own wastewater treatment plant.

There was discussion regarding the comparison rates, many of which would be going up 3-5% in July. There was further discussion about Newberg's rates being the second highest and how to explain that to citizens.

Mr. Didway thought the best way to explain was they were bringing the system up to meet basic standards citizens would expect. He thought Newberg was quite efficient in maintaining the system and there was a good plan for going forward. He thought there were too many variables to be able to have a good comparison with other jurisdictions.

CE Hofmann said a question raised at the last meeting was about the roofing project, and she clarified it was for replacement of the roofs, not repair.

Chair Rogers asked about the low income program. FD Zook provided information on the program which began in 2010 and \$20,000 had been allocated in this year's budget for the program. It was given out as grants to local non-profit organizations that received requests and distributed the funds. It was fully used every year. He was not sure if it was meeting the need.

Mr. Didway suggested adding to people's bills an option to round up the bills and donate to the low income program.

Chair Rogers asked for feedback on the 5.95% rate increase.

Mr. Didway was in favor of the amount.

Mr. Morace did not like the 5.95%, as rates continued to go up every year and even a few dollars extra per month was a big impact.

Ms. Bradford also did not like the 5.95%, although she understood the need for it. She would like a true comparison for raising the base rate and how it would impact citizens. If she had to vote that night, she would say no to the 5.95%.

Ms. van Grunsven was undecided. She could see the need, but as a citizen had concern about increasing rates.

Mr. Rourke also did not like rate increases, but the information was compelling and they needed to catch up. He was in support of 5.95%.

Chair Rogers agreed with the general sentiment about rate increases. He was concerned about those on fixed income, and would like to get a list of those who received the grant vouchers. Seeing Newberg among the highest rates was concerning. The public would look at it as a total bill increase. He was generally in favor of the increase.

CE Hofmann said staff could look at the projects again and see if some could be delayed. It could possibly go down to a 5.75% increase, but she did not think it was possible to have no increase in rates. Not having an increase also did not take into account inflation.

PWD Harris said the City was trying to get out of debt financing projects and the goal was to not debt finance projects as long term the City would have to pay more.

There was discussion regarding inflation costs and how they were determined.

Mr. Rourke did not want to return to the previous position of ignoring the problems in favor of keeping rates low. They were still paying the price today because of those poor decisions of the past. He did not like paying more, but he thought they had to.

Ms. Grider was concerned about the implications of not increasing the rate to meet inflation costs and preventative maintenance that in the long run would save money. She did not want to kick it down the road and incur higher costs to deal with the problems that had been deferred. She was comfortable with the increase as proposed by staff.

Chair Rogers said the Committee did not necessarily want to push the rates onto future generations, but he would like to see numbers for debt servicing some of the capital projects.

Ms. Galardi said debt could not be issued for a couple of years as debt was just coming on for the plant improvements and the City was already highly leveraged. In 2020 they could look into issuing debt again.

Mr. Morace thought they should stay out of debt as much as possible.

Mr. Rourke was also not in favor of debt as it moved the cost down the road to future citizens. They were using reserves to help off-set rate increases.

Chair Rogers said the list of outstanding items were: the options for base rate vs. volume charges, getting a list of who received the grant vouchers, and water usage vs. wastewater usage and making sure they were lining up.

Ms. Grider wanted to hear more about the plausibility of adding money to the low income program.

Ms. Galardi asked for scenarios the Committee wanted to look at for base rate vs. volume charges, and the Committee wanted to see a 40% fixed scenario and a 45% fixed scenario, and analysis on how it would impact low income customers.

Mr. Didway wanted to see what a 3% rate increase would mean for 2016/17 and increasing it gradually to still meet the goals. Ms. Galardi said the Public Works department would have to push out projects to do that.

The wastewater rate discussion would be continued to the next meeting in January.

## **VI. ADJOURNMENT**

The meeting adjourned at 8:13 PM.

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

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*Citizens' Rate Review Committee Recording Secretary*

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*Citizens' Rate Review Committee Chair*