

Council 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 City Recorder. (The exception is formal land use hearings, which requires a specific public hearing process.)

**CITY OF NEWBERG
CITY COUNCIL AGENDA
APRIL 19, 2010
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM
401 EAST THIRD STREET**

I. CALL MEETING TO ORDER*

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. CITY MANAGER'S REPORT

V. PUBLIC COMMENTS

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

VI. CONSENT CALENDAR

1. Consider a motion approving a **Resolution No. 2010-2893** authorizing the city manager to enter into a contract with The Saunders Company for the construction of the 2nd Street Improvement Project. (Pgs. 3-4)
2. Consider a motion approving a **Proclamation** declaring April 18-24, 2010, as National Volunteer Week. (Pgs. 5-6)
3. Consider a motion approving a **Sound Permit** for the Chehalem Valley Chamber of Commerce Tunes on Tuesday to be held July and August. (Pgs. 7-8)

VII. PUBLIC HEARING

1. Consider a motion approving **Resolution No. 2010-2885** adopting new Water Rates effective July 1, 2010. (Pgs. 9-38)
(Legislative)
2. Consider a motion approving **Resolution No. 2010-2886** adopting new Wastewater Rates effective July 1, 2010. (Pgs. 39-65)
(Legislative)
3. Consider a motion approving **Resolution No. 2010-2887** adopting new Stormwater Rates effective July 1, 2010. (Pgs. 67-88)
(Legislative)

*The Mayor reserves the right to change the order of items to be considered by the Council at their meeting. No new items will be heard after 11:00 p.m., unless approved by the Council.

4. Consider a motion approving **Order No. 2010-0023** approving a request for an existing non-conforming billboard sign, owned by CBS Outdoor, Inc., to remain at the Newberg Auto Electric site at 616 W. First Street, and reversing the hearings officer's decision. (Pgs. 89-95)
(Quasi-Judicial)

VIII. COUNCIL BUSINESS

IX. ADJOURNMENT

INDEX OF ORDERS, ORDINANCES AND/OR RESOLUTIONS:

ORDINANCES:

Ordinance No. 2010-0023 approving a request for an existing non-conforming billboard sign, owned by CBS Outdoor, Inc., to remain at the Newberg Auto Electric site at 616 W. First Street, and reversing the hearings officer's decision.

RESOLUTIONS:

Resolution No. 2010-2885 adopting new monthly Water Rates for the City of Newberg effective July 1, 2010.

Resolution No. 2010-2886 adopting new monthly Wastewater Rates for the City of Newberg effective July 1, 2010.

Resolution No. 2010-2887 adopting new monthly Stormwater Rates for the City of Newberg effective July 1, 2010.

Resolution No. 2010-2893 authorizing the city manager to enter into contract with the Saunders Company for the construction of the 2nd Street Improvements Project in an amount up to \$398,975.00.

ACCOMMODATION OF PHYSICAL IMPAIRMENTS: In order to accommodate persons with physical impairments, please notify the City Manager'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 Norma Alley, City Recorder, at (503) 537-1283.

Public testimony will be heard on all agenda items at the Council meeting. The City Council asks written testimony be submitted to the City Recorder before 5:00 p.m. on the preceding Thursday. Written testimony submitted after that will be brought before the Council on the night of the meeting for consideration and a vote to accept or not accept it into the record.

*The Mayor reserves the right to change the order of items to be considered by the Council at their meeting. No new items will be heard after 11:00 p.m., unless approved by the Council.

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: April 19, 2010

Order ____ Ordinance ____ Resolution XX Motion ____ Information ____
No. No. No. 2010-2893

SUBJECT: Authorize the City Manager to enter into contract with The Saunders Company for the construction of the 2nd Street Improvements Project.

Contact Person (Preparer) for this Resolution: Paul Chiu, Project Manager

Dept.: Public Works Department
File No.:

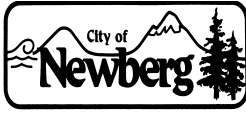
RECOMMENDATION: Adopt Resolution No. 2010-2893 to authorize the City Manager to enter into a contract with The Saunders Company for the construction of the 2nd Street Improvements Project in the amount up to \$398,975.

EXECUTIVE SUMMARY: This section of Second Street between Highway 219 and Springbrook Road is in poor condition. Currently the two-lane road, which was a County Road prior to December 2, 2008, has no curbs, gutters, sidewalks, or street trees. Climax (located at 2712 E. 2nd Street) has expressed to the City that the current condition of the road is having a negative economic impact on the company. City staff worked with Climax to resolve a variety of issues related to their expansion. City staff structured a financial package to improve the street which includes contributions from Yamhill County and the State of Oregon.

On March 23, 2010, ten bids for the construction of the 2nd Street Improvements Project were received with total prices ranging from \$398,975 to \$643,827. The lowest responsive bidder was The Saunders Company with a total bid of \$398,975 compared to the engineer's estimate of between \$450,000 and \$550,000. This bid amount included two alternates that prospective bidders were asked to bid on. Alternate 1 (\$3,451) was for street trees along the project and Alternate 2 (\$33,041) was for frontage improvements along the Nut Tree Mobile Home Park. The street trees were listed as an Alternate so they could be easily removed if the bids came in higher than the budget allowed. Alternate 2 was kept separate as the City is still in the process of acquiring the property right-of-way to perform these improvements. If the property is acquired, Alternate 2 will be completed. If property is not acquired, Alternate 2 will be removed from the contract amount.

FISCAL IMPACT: The 2009/2010 Fiscal Year CIP Budget allocates \$555,000 for the 2nd Street Improvements Project (Account No. 18-5150.702154). Of this budgeted amount approximately \$360,000 will be reimbursed through the financial agreements made with Climax and Yamhill County as well as grant money made available through the State's Immediate Opportunity Fund. The total contract amount including both of the Alternates will not exceed \$398,975.

STRATEGIC ASSESSMENT: Completion of this road improvement project will continue the City's commitment to provide pavement rehabilitation for heavily traveled streets while providing additional benefit to local businesses.



RESOLUTION No. 2010-2893

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO CONTRACT WITH THE SAUNDERS COMPANY FOR THE CONSTRUCTION OF THE 2ND STREET IMPROVEMENTS PROJECT IN AN AMOUNT UP TO \$398,975.00

RECITALS:

1. The City of Newberg advertised the 2nd Street Improvements Project and received ten bids on March 23, 2010.
2. The Engineer's estimate for this project was between \$450,000.00 and \$550,000.00. The lowest responsive bidder was The Saunders Company with a bid in the amount up to \$398,975.00 which included two alternates.
3. If necessary right-of-way is not acquired, Alternate 2 will be excluded from the contract.
4. The project is part of the FY 2009/2010 Capital Improvement Projects (CIP) budget in the amount of \$555,000.00 (Account No. 18-5150-702.154).
5. The project will improve a street that is heavily traveled and provide added benefits to the business community.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

The City Manager is authorized to enter into a contract with The Saunders Company in an amount up to \$398,975.00. This amount includes The Saunders Company's base bid plus two Alternates.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: April 20, 2010.

ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of April, 2010.

Norma I. Alley, City Recorder

ATTEST by the Mayor this 22nd day of April, 2010.

Bob Andrews, Mayor

LEGISLATIVE HISTORY

By and through _____ Committee at ____ / ____ /200x meeting. Or, X None.

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: April 19, 2010

Order ___ Ordinance ___ Resolution ___ Motion XX Information ___
No. No. No.

SUBJECT: Approve a proclamation declaring the week of April 18-24, 2010, as National Volunteer Week.

Contact Person (Preparer) for this Motion: **Bob Andrews, Mayor**

Dept.: **Administration**

RECOMMENDATION:

Approve a proclamation declaring the week of April 18-24, 2010, as National Volunteer Week in celebration of all the volunteers in our community that help keep our City and community thriving.

EXECUTIVE SUMMARY:

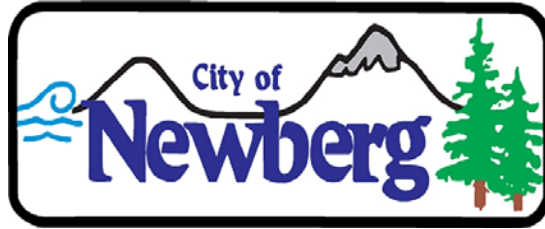
The City of Newberg City Council would like to show their appreciation and by a proclamation declaring the week of April 18-24, 2010, as National Volunteer Week. With great appreciation and gratitude, the mayor brings forward this proclamation for your consideration.

FISCAL IMPACT:

None.

STRATEGIC ASSESSMENT:

This supports the Council's desire to recognize the importance of all the volunteers serving in various capacities for the City of Newberg community contributing to making Newberg a better place.



PROCLAMATION

A PROCLAMATION DECLARING THE WEEK OF APRIL 18-24, 2010, AS NATIONAL VOLUNTEER WEEK

WHEREAS, citizens who volunteer their time provide assistance which can't be measured in terms of dollars, for volunteers provide a spirit of helping that multiplies in value when each citizen reaches out to assist another; and

WHEREAS, volunteers throughout the city of Newberg donate their time to a wide variety of human service programs such as alcohol and drug rehabilitation centers, senior centers, battered women's shelters, and programs for child abuse prevention, maternity and adoption, the developmentally disabled, literacy, housing for the low income citizen and the disabled, and the homeless; and

WHEREAS, these citizens also donate their time in helping the City of Newberg through their service on Boards, Commissions and Committees; and

WHEREAS, the City of Newberg has many volunteers providing services to the various City departments including the Planning and Building, Library, Police, and Fire Departments.

NOW, THEREFORE, IT IS PROCLAIMED by the Mayor and City Council of the City of Newberg, Oregon, the week of April 18-24, 2010, as

NATIONAL VOLUNTEER WEEK

in the City of Newberg and we urge all residents of Newberg to recognize, support and commend these special volunteers.

Bob Andrews, Mayor

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: April 19, 2010

Order ___ Ordinance ___ Resolution ___ Motion XX Information ___
No. No. No.

SUBJECT: Consideration of a sound permit application for Chehalem Valley Chamber of Commerce concert series; "Tunes on Tuesday."

Contact Person (Preparer) for this Motion: Chris Bolek

Dept.: Newberg-Dundee Police Dept.

File No.:
(if applicable)

RECOMMENDATION:

Approve a sound permit for the Chehalem Valley Chamber of Commerce concert series on July 6, 13, 20, 27 and August 3, 10, 17, 24, 2010.

EXECUTIVE SUMMARY:

The music concert featuring live bands is scheduled for eight Tuesdays in July and August, between the hours of 6:30 pm and 8:45 pm at Rotary Centennial Park on the adjacent grass behind Central School. Event notices will be distributed to residents within a three block area.

The City Manager is authorized to approve sound permits for events where the sound will be kept at 200 feet or less (Title IX: General Regulation, Chapter 95.39 (B) (3) *Nuisance, permitted exceptions* of the Newberg Municipal Code). However, because amplified sound will travel **more than 200 feet**, we are seeking approval from the City Council.

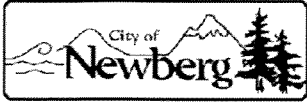
The concert is sponsored by the Chehalem Valley Chamber of Commerce. A minimum of one Chamber staff member and two committee members will be at each event. The Chehalem Valley Chamber of Commerce estimates approximately 300 individuals will be in attendance at each event. No admission will be charged, food vendors will be on site, and alcohol will be served.

Chehalem Park and Recreation District Representative Don Clements has given written consent for the requested use as evidenced by his signature on the Sound Application Permit.

The Chehalem Valley Chamber of Commerce has met all the requirements for a sound permit to include a Certificate of Liability Insurance for the event. Seeing no reason to deny, the Newberg-Dundee Police Department recommends approval of the permit.

FISCAL IMPACT: None

STRATEGIC ASSESSMENT: None



Newberg-Dundee Police Department
 401 E. 3rd Street
 Newberg, Oregon 97132
 (503) 537-1280

DANCE PERMIT APPLICATION

SOUND PERMIT APPLICATION

(Allow a minimum of 10 working days to process)

Fee: \$10.00 per dance

Angie Stevens - TUNES ON TUESDAY

APPLICANT: Chehalis Valley Chamber of Commerce DRIVERS LICENSE # _____ DATE: 2/26/10

ADDRESS (street, city, zip code): 415 E. Sheridan St. Newberg, OR 97132

TELEPHONE: HOME _____ BUSINESS: 503 538-2014

EVENT SPONSOR: Chehalis Valley Chamber of Commerce

ADDRESS (street, city, zip code): 415 E. Sheridan

EVENT LOCATION: Rotary Centennial Park-Lower of Sherman School

DATE OF EVENT: 8 wk Series DANCE: TIME: _____ to _____ SOUND: TIME: 6:30pm to 8:45 PM
7/6, 7/13, 7/20, 7/27, 8/3, 8/10, 8/17, 8/24 *Concert is over at 8:30pm. This will allow for encores*

TYPE OR NATURE OF EVENT (please choose one of the following):

- Public Commercial or noncommercial even with audible sound OVER 200 ft. **(requires City Council approval allow 30 working day minimum to process)**
- Noncommercial event with audible sound of 200 ft. or less
- Public
- Private/Invitational

NUMBER OF PEOPLE EXPECTED: 300-750

(All events are subject to Newberg Police Department Reserve personnel or other private security personnel)

WILL A FEE BE CHARGED FOR ADMITTANCE TO THE EVENT? Yes No

WILL ALCOHOLIC BEVERAGES BE PRESENT ON THE PREMISES? Yes No

TYPE AND AMOUNT OF SECURITY PROVIDED FOR THE EVENT: 4 alcohol monitors

DESCRIBE PROVISIONS FOR THE CONTROL AND DISPENSING OF ALCOHOLIC BEVERAGES

(Will a licensed OLCC server be on site or will alcohol be dispensed without consumption controls and oversight?)

Beer & Wine will be available and served by licensed OLCC Server

I have read and understand the rules contained on the back of this form. The statements and information provided above are in all respects true, complete and correct to the best of my knowledge and belief. Tentative plans must substantially conform to all standards, regulations and procedures officially adopted by the City of Newberg.

Angie Stevens
 Applicant Signature

Robert [Signature]
 Property Owner Signature

FOR CITY OF NEWBERG USE ONLY (comments & conditions)

Police Services Request attached Liquor Application attached Insurance Certificate attached OLCC Permit attached
 Police Bob [Signature] - forward for Council action 3/9/10 Date: 030910

City Manager approved denied Signature _____ Date: _____

City Council approved denied Mayor's Signature _____ Date: _____

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: April 5, 2010

Order ___ Ordinance ___ Resolution XX Motion ___ Information ___
No. No. No. 2010-2885

SUBJECT:

New Water Rates Effective July 1, 2010

Contact Person (Preparer) for this
Resolution: Howard Hamilton, PW Director
Janelle Nordyke, Finance Director

Dept.: Public Works and Finance

File No.:
(if applicable)

HEARING TYPE: LEGISLATIVE QUASI-JUDICIAL

This is a two meeting City Council process.
April 5, 2010:

- Staff Report
- Public Comment (oral and written)
- Directions to Staff for next meeting
- Mayor leaves record open for public written comment (deadline 4 pm on April 12, 2010)

April 19, 2010:

- Council deliberation only
- No oral public comment

RECOMMENDATION:

Approve **Resolution No. 2010-2885** adopting new monthly water rates effective July 1, 2010.

EXECUTIVE SUMMARY:

The following attachments are included in this packet:

- Revenue requirements from rates (Attachment #1)
- The Four-Year Capital Improvement Plan (Attachment #2)
- Approved minutes of the Citizens' Rate Review Committee (CRRC) from October 7, October 14, and October 28, 2009 (Attachment #3)
- Draft minutes of the CRRC Public Hearing held on January 27, 2010 (Attachment #4)

The CRRC reviewed proposed rates at their meetings. The review included:

- The Water Capital Improvement Plan for the next four years
- Revenue and budget requirements
- Service characteristics
- Customer class characteristics
- Peak demands on the system

The driving forces for the proposed new water rates include:

- Debt coverage for current and future Capital Improvement Projects
- Capacity requirements
- Supporting the Operations and Maintenance budgets, which include increased electric costs

Attachment #2 includes the list of the Four-Year Capital Improvement Program. Major projects in the study

period are:

- Specific water line replacements per the Distribution Master Plan
- North Valley Road reservoir structural analysis and repairs
- Potable Zone reservoir property purchase
- Springbrook Road waterlines
- Well #9

The proposed rates listed in Exhibit “A” of the attached resolution cover the time period of July 2010 through June 2012.

FISCAL IMPACT: The attached water rates are anticipated to raise \$470,000 in revenue in 2010-11 and \$1,000,000 in 2011-12, an amount sufficient to cover the cost of operations, maintenance, depreciation, cash flow reserves and debt service payments.

STRATEGIC ASSESSMENT: It is important to raise sufficient revenues to produce, treat and distribute an adequate supply of drinkable water for the citizens of Newberg.

Table 1		
City of Newberg		
Projected Water System Revenue Requirements		
Category	<i>FY2010/11</i>	<i>FY2011/12</i>
Operations & Maintenance	\$3,615,184	\$3,842,261
Existing Debt	\$1,259,121	\$1,256,364
Projected New Debt Service(1)	\$124,522	\$124,522
Capital Transfers	\$761,336	\$1,150,857
Total Requirements	\$5,760,162	\$6,374,004
Other Revenue (2)	(\$1,438,810)	(\$1,480,879)
Revenue Requirements - Rates	\$4,321,352	\$4,893,125

(1) Water debt limited to WTP land purchase; sewer debt for WWTP improvements
 (2) Primarily SDC revenue

Table 2b					
City of Newberg					
Water Service Characteristics					
Customer Class	Average Demand (ccf)	Peak Demand (ccf)	Equivalent Meters (1)	Customer Services (accounts)	FY2011 Allocated Costs (\$)
S-F Residential	521,114	167,786	5,329	5,338	\$2,130,292
Multifamily	184,834	31,272	636	296	\$562,681
Commercial	155,474	38,655	853	415	\$541,216
Industrial	35,293	9,994	116	24	\$123,993
Irrigation	109,243	98,698	360	130	\$674,814
Outside City	36,147	8,994	149	91	\$199,090
Public Agency	24,213	6,383	159	28	\$86,293
Total	1,066,318	361,782	7,602	6,322	\$4,318,379
S-F Residential	49%	46%	70%	84%	49%
Multifamily	17%	9%	8%	5%	13%
Commercial	15%	11%	11%	7%	13%
Industrial	3%	3%	2%	0.4%	3%
Irrigation	10%	27%	5%	2%	16%
Outside City	3%	2%	2%	1%	5%
Public Agency	2%	2%	2%	0.4%	2%
Total	100%	100%	100%	100%	100%

(1) The number of meters of different sizes, stated in terms of a standard 3/4" meter.

Table 3					
City of Newberg					
	Current Rate Cycle				Total
	FY2011	FY2012	FY2013	FY2014	
Projected Water CIP	\$813,280	\$3,265,350	\$2,304,847	\$4,445,463	\$10,828,940

Table 4				
City of Newberg				
Water				
	Current Rate Cycle			
Projected Debt Requirements	FY2011	FY2012	FY2013	FY2014
Projected Debt (Existing & New)	\$1,383,642	\$1,380,886	\$1,382,313	\$1,382,560
% of Rate Revenue	32.0%	28.2%		

Water Capital Improvement Plan

PROJECT	2010/11	2011/12	2012/13	2013/14	TOTAL
Water Line Replacements per Master Plan	\$100,000	\$900,000			\$1,000,000
North Valley Rd. Reservoir Upgrades	\$250,000				\$250,000
Mainline Valves Insertion Project 707582		\$50,000			\$50,000
Springbrook 24" Mainline Upsizing Design		\$500,000			\$500,000
Springbrook 24" Mainline Upsizing Ph 2 & 3 Construction				\$1,500,000	\$1,500,000
Springbrook 24" Mainline Upsizing Ph 4 Construction			\$1,000,000	\$1,000,000	\$2,000,000
Potable Zone 1 Reservoir Study & Land	\$100,000	\$700,000			\$800,000
Well #8 Pump Upsizing	\$60,000				\$60,000
Total Water System Master Plan Update				\$800,000	\$800,000
Well Field Improvements	\$90,000				\$90,000
Well #9				\$500,000	\$500,000
PW Complex Design & construction	\$182,000	\$819,000	\$819,000		\$1,820,000
Crestview Drive			\$230,000		\$230,000
WTP Backwash Pond Liner		\$50,000			\$50,000
Total Water CIP	\$782,000	\$3,019,000	\$2,049,000	\$3,800,000	\$9,650,000

Wednesday, 7 PM

October 7, 2009

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

Members Present:

Matson Haug (Chair)	Tony Rourke	Beth Keyser
Charles Zickefoose	Mike Gougler	

Members Absent:

David Maben (excused)	Ernie Amundson (excused)
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Staff Present:

Howard Hamilton, Public Works Director
 Janelle Nordyke, Finance Director
 Barton Brierley, Planning and Building Director
 David Beam, Economic Development Coordinator/Planner
 Deb Galardi, Galardi Consulting
 Dawn Karen Bevill, Recording Secretary

Others Present: Don Clements

1. Call to Order/Roll Call/Introduction:

Chair Haug called the meeting to order at 7:01 p.m. and asked for roll call.

2. Updated Calendar:

Howard Hamilton explained the revised CRRC Meeting Schedule dated October 2, 2009.

3. Winter Average Rate – Transferable?

Janelle Nordyke explained Dan Schutter had sent an email to the City Manager asking why he would have to establish a new winter averaging rate when transferring from one residence to another. Mr. Schutter had just moved to a much more efficient home and his winter averaging is higher than before. The formula is based on the number in a household and the rates do not transfer from one home to another.

MOTION: Rourke/Gougler moved to keep the formula intact as is. (5 Yes/0 No/2 Absent [Amundson and Maben]). Motion carried.

Chair Haug stated further discussion would take place regarding the matter when Mr. Schutter arrived at the meeting. (*Note: Mr. Schutter did not arrive for the meeting.*)

4. Affordable Housing Presentation:

David Beam began the presentation by explaining the Newberg Affordable Housing Action Plan is Phase One of a longer process to help support the development of affordable housing in Newberg. The Affordable Housing Ad Hoc Committee formed by the City Council began meeting in July 2008 and met for approximately 9 months.

To assist with the further development of the affordable housing tools described in the Plan, the City Council approved the formation of an Affordable Housing Action Committee through Resolution No. 2009-2857. One of the charges of the new Committee is to examine current development fees and make recommendations as to which fees could be reasonably reduced or waived to assist affordable housing. The City Council directed the Committee to work with the CRRC in its examination of development fees. The Council also stated that two members of a subcommittee of the full Committee will work with the CRRC in looking at the applicable development fees (e.g. SDCs.)

“Affordable Housing” is defined as when a household spends no more than 30% of its income for housing. For homeowners, housing costs include mortgage payment (principal and interest), property taxes, and insurance. For renters, housing costs would include rent and tenant paid utilities. Based on that definition, about 40% of homeowners and 37% of renters are in housing that is unaffordable, according to recent US Census data.

The Ad Hoc Committee that created the Action Plan spent considerable energy looking into the development fees issue. One of the Action Plan Committee’s main concerns had to do with revenue balance. Reductions in development fees are usually accompanied with a corresponding increase in fees somewhere else. Many of the options involve raising fees on some other specific sector. The Committee did not favor this approach. They recommended that the offset mechanism should be a burden that is shared by the entire city such as through an increase in some form of monthly fee. Their feeling was that if affordable housing is a community goal, then everyone in the community should contribute to the solution.

Development fees pertinent to the CRRC are utility system development charges (SDCs.) City staff is considering two options that would appear to meet the recommendations of the Action Plan regarding a community shared burden:

- Lower SDCs for low income housing, then raise utility rates (for all or everyone not low income); or,
- Lower utility rates for low income housing, and then raise utility rates for everyone else.

The following are two more options. However, it should be noted that the first option does not meet the Ad Hoc Committee’s recommendation to spread the cost of lowering permit fees through a citywide mechanism.

- Lower SDCs for low income housing, the raise SDCs for others; or
- Lower utility rates for low income housing, and then raise SDCs (for all or everyone not low income.)

Also, it should be noted that any of the four options that include changes to utility rates to assist low income housing are not part of Council’s specific charge to the CRRC, which is to review development fees. However, there is nothing that prevents the CRRC from making such a recommendation to the Council.

When discussing this issue with the Ad Hoc Committee, City staff prepared a list of suggested options regarding how all the City’s SDCs (not just utility SDCs) could be reduced for the construction of housing for low income households. Mr. Beam reviewed the following suggestions:

- For affordable housing projects, assess the SDCs at time of occupancy instead of time of building permit.
- Allow the City to finance the SDCs.
- Base the SDC on fixture units instead of meter size.
- The City does have a storm water credit program applicable to multi-family development which could be expanded to single family.
- The City currently allows for SDC fee waivers for two low income housing units built by a non-profit organization. This exemption could be expanded.

- The housing shortage is greatest for apartments. Fee reductions/waivers could focus on the construction of this type of housing.

Low income housing is defined as affordable housing for those at or below Newberg's annual median household income. The U.S. Housing and Urban Development Department (HUD) currently state this number to be \$70,000 annually for a family of four. The most recent American Community Survey (2005-2007 average) by the U.S. Census Bureau states that Newberg annual median household income for a family of four is \$46,066. The Planning Commission recently recommended that the limits defining low income housing be established by the City's Director of Planning and Building using the best available data.

Obviously, SDCs could be reduced or waived completely, which would affect the level of revenue that would need to be raised somewhere else to counter the revenue reduction. Some/all/or none of the fees could be charged.

5. Present Water Rates:

Deb Galardi gave the background on the Water Rate Implementation Process. On May 19, 2008 City Council adopted the rate increases based on 12.5% per year. On June 2, 2008 the Council agreed to reconsider rates. On June 16, 2008, the water rate increases were reduced from 12.5% to 6.5% for FY 2008/09 and FY 2009/10. The Council then directed the CRRC to investigate and make recommendations concerning a conservation rate structure.

Deb Galardi reviewed the 5-10 year forecast of revenues and expenses and explained the objective is to establish the overall revenue slope. All sources of funds such as cash on hand, connection fees, SDCs, utility rates themselves, expenses and operating budget for personnel and services, and the different financing methods for capital improvement including new and existing debt service and other requirements.

Ms. Galardi explained the financial plan drivers include operation and maintenance costs and capital improvement programs (CIP); operational CIP, and growth related CIP. Existing rates, what they generate, and annual cash needs determine what additional money comes from rates and charges.

Customer trends showed healthy growth for Newberg FY 2003/04 to FY 2006/07 at 5% and FY 2007/08 was 2.7%. This growth trend was almost at a standstill in FY 2008/09 at 0.5%. Factors causing the decline are due to weather and the economy. The previous financial plan projected 3% growth and the current plan's projection is 1%. The FY 2009/10 revenue estimates are 13% lower than budgeted a couple years ago.

Development related revenue reductions include reduced growth and the reduction in SDCs for some developments. Interest earning reduction includes lower fund balances and earning rates.

Constraints to the operating budget include pass-through costs, regulatory compliance, system repair and replacement, system operation, staffing and supplies. Operating cost management includes the reduction in FTE during current budget year, no new FTE planned in next year, deferred vehicle replacement, and shared equipment and staffing across utilities.

What is needed to balance the uses of reserves roughly equals the capital expenses; not much revenue is generated by current rates and cannot cover capital expenses. The rates FY 2008-09 generated are 3.9M which doesn't leave much room to finance capital projects.

One key issue the water utility is facing is running the risk of not meeting debt service requirements. Defaulting on debt is risky and expensive since it negatively impacts financing at a low interest rate. Debt service coverage is total reserves less your debt maintenance costs. The pledge is to operate and maintain the City and once that

is paid there is money remaining to pay the debt. There is quite a bit of debt from the parallel river line, reservoir, etc. There are loans from the Oregon Economic Community Development Department and there is a million dollar purchase for land needed for the future water treatment plant facility due to not being able to expand on the existing site. A plan needs to be put in place to cover the debt service. SDCs can be used to pay for debt service but lending agencies don't want you to rely on it.

Charles Zickefoose would like to see what the 12.5% rate increase would have done. Ms. Galardi stated she will calculate that for next week.

Chair Haug asked about senior lien and what that was borrowed for. Ms. Galardi replied, OECCD loans were for The Effluent Reuse Project, the Parallel River Line Crossing, Corral Creek Reservoir, and the Water Plant Upgrade.

Chair Haug asked if Ms. Galardi is suggesting an increase in SDCs. Ms. Galardi replied the SDCs are set to compensate for upsizing costs and are correctly valued. The problem is the lack of growth. Even still, the rates would need to be increased without SDCs revenue.

Chair Haug asked if the SDC charges are fairly covering the cost of the expanded infrastructure. Deb Galardi replied, yes but there are policy issues that come into play in balancing the objectives of the community. Mr. Haug stated the only way to cover SDCs is through utility rate increases.

Beth Keyser isn't sure just how much people are conserving, but there are many empty homes. What do we do if the Mill goes out of business? Of course the Allison and properties at the airport may help but there is a reduction in people living here.

Deb Galardi continued with her presentation by reviewing the preliminary revenue available to capital and the following assumptions: Rate revenues assume minimum coverage increases; loan for treatment plant land purchase, no additional financing, and revenues are net of funding for existing debt service. Other projects have already been deferred several times because the City can't afford it. Either we'll need to defer again or accrue more debt. Preliminary financing is needed to front the costs. By recommending the 12.5% rate increase, the CRRC was trying to ensure there would be money put aside for the water treatment plant since it takes 10 years to build a plant.

Chair Haug suggested the possibility of a joint meeting with the City Council to deliberate on this with them before any decisions are made on this; possibly a workshop.

Mike Gougler believes the City Council understood the need for the requested increase.

Deb Galardi concluded her presentation by reviewing the next steps as follows:

Regarding the financial plan - refine annual revenue needs FY 2010/11 and FY 2011/12; prioritize capital projects and consider financing; and a system-wide rate increase recommendation. The cost of service analysis would include allocating costs to base use, peak demand use, and customer costs and rate impacts by customer class. The rate design includes the existing rate structure, an inclining block rate structure for residential, and rate impacts within customer class.

Discussion:

Mike Gougler reiterated the charge to the Ad Hoc Committee which is to review the development fees but not address the methods to use to offset the affordable housing costs.

Beth Keyser asked why Newberg developed an Affordable Action Plan. David Beam explained there are many practical reasons from an economical development and environmental standpoint. There is also a moral obligation to provide a stable home for all.

Mike Gougler stated there's a need to provide affordable housing to those with the least paying jobs in the City. Incentives are needed to encourage landlords to improve the efficiency of rentals without penalizing them. The part the CRRC needs to keep in mind is they won't be able to modify SDCs and meet the budget. Using SDCs as a dependable source of revenue is unwise.

Chair Haug wrote the following on the white erase board to review:

1. Lower SDCs for low income housing, then raise utility rates (for all or everyone not low income); or,
2. Lower utility rates for low income housing, and then raise utility rates for everyone else.
3. Lower utility rates for low income (not SDCs) and increase the utility rates for others.
4. Lower the utility rates for some and raise SDCs somehow.

(The Ad Hoc Committee did not recommend the last two since they want to spread the costs.)

Deb Galardi stated you can't raise SDCs unless its impact based.

Tony Rourke asked if any thought was given to making an inclining block rate structure for SDCs which is raising and lowering SDCs.

Deb Galardi stated the City of Eugene charges water rates on the size of the house. The City of Corvallis charges water rates based on fixture units; the fewer the fixtures the less SDCs.

Chair Haug said perhaps SDCs could be based in part on lot size or size of the home; spreading it out on larger homes. Deb Galardi said you would need to show they are using more water in order to have a direct link.

Beth Keyser stated the need to define what a big home is and also need to be careful in raising rates on the people who can't afford it. The City's decision regarding affordable housing was a good one but she fears that everyone won't be treated equally.

David Beam stated raising the utility rates over a large group of people would minimize the impacts on individuals.

Deb Galardi suggested expanding the Affordable Assistance Program for those in need.

Chair Haug stated the costs should be identified. The City Council should know if they lower the SDCs for certain homes, the amount lost would have to come in from a rate increase. Everyone should be treated equally.

Tony Rourke suggested giving the City Council option to choose from. The CRRC can recommend one and then give alternatives.

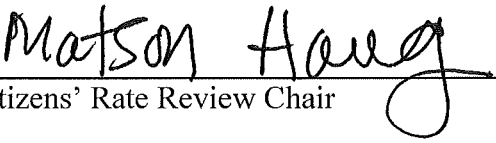
5. Other Business:

Janelle Nordyke gave the CRRC an update regarding the Utility Bill Assistance Program. Ms. Nordyke passed out the program description pamphlet for each in attendance to view. This brochure was not sent out in the water bill as previously stated. She would like feedback regarding the pamphlet and program from the CRRC at the next scheduled meeting on Wednesday, October 14, 2009. The public has not viewed this although the information is available on the City of Newberg website.

6. **Adjournment:** The meeting adjourned at 9:35 p.m.

Approved by the Citizens' Rate Review Committee this 28th day of October 2009.


Recording Secretary


Citizens' Rate Review Chair

Wednesday, 7:00 PM

October 14, 2009

CITIZENS' RATE REVIEW COMMITTEE
MINUTES
Wastewater Treatment Plant

Members Present:

Chair Matson Haug
Beth Keyser
Charles Zickefoose

Ernie Amundson
David Maben

Mike Gougler
Tony Rourke

Staff Present:

Howard Hamilton, Public Works Director
Janelle Nordyke, Finance Director
Deb Galardi, Galardi Consulting
Jennifer L. Nelson, Recording Secretary

Others Present:

Helen Brown

Don Clements

1. Call to Order/Roll Call/Introduction

Chair Matson Haug began the meeting at 7:00 pm and asked for the roll call.

2. Proposed Utility Bill Grant Program

Chair Haug wished to go over changes to the brochure and had Charles Zickefoose read his feedback concerning the draft proposed utility bill grant program procedure. Discussions followed concerning implementation of the Citizens' Rate Review Committee (CRRC) role.

Motion #1: Zickefoose/Gougler to recommend City Council adopts the proposed draft policy to implement the Proposed Utility Bill Grant Program CRRC procedure.

Janelle Nordyke spoke of all policies being placed into one standard operating procedure book because they are dealing with more than just the one grant. Charles Zickefoose replied this was the only one addressed to the CRRC. David Maben added this is the only one that involves another organization; other requests come individually to the City.

Tony Rourke asked who deems it necessary to conduct interviews. Ms. Nordyke replied that if a non-profit agency providing utility assistance, such as YCAP is involved, they can apply for a grant from the City and then the individuals needing assistance would go through the non-profit organization first. The CRRC would not be approving the individual.

Chair Haug spoke of there being a need to publicly review any requests for dispersing funds and this being the public body appointed to complete that review.

Beth Keyser suggested requiring all applications to be made within a specific time frame and then review them all at the same time at a scheduled CRRC meeting. She believed this would allow for equal distribution between all applications in need at the same time. Discussions followed concerning the benefits of creating a limitation versus the idea of "first come, first serve" and what would be the best time frame to receive applications.

Motion #2: Keyser/Maben to amend the proposed utility grant program procedure to establish a start and stop time for the application period from May 1st through June 30th with all applicants being reviewed at one time by the CRRC during the July or August scheduled meeting.

Motion #3: Rourke/Gougler to amend the amendment to the proposed utility grant program procedure by establishing an additional time frame from now until November 30, 2009 to accept grant application requests within the current fiscal year to be reviewed at a regularly scheduled CRRC meeting following the deadline.

Vote #3: (6 Yes/0 No/1 Abstain [Amundson]) Motion carried.

Vote #2: To amend the policy as amended. (7 Yes/0 No) Motion carried.

Vote #1: To recommend City Council adopt the proposed draft policy to implement the Proposed Utility Bill Grant Program CRRC procedure as amended. (7 Yes/0 No) Motion carried.

3. Continuation of Water Rates Discussion:

Deb Galardi presented the staff report including a PowerPoint (see official meeting packet for full report).

The discussion started with debt service coverage and the need for annual net revenues to generate in excess of the actual annual debt service, the projections for fiscal year 2010/11 are at a deficit of some \$580K which needs to be reduced by either increasing gross revenue or decreasing spending. Trends were reviewed with historical rate increases, price elasticity, weather impacts, and economic impacts. For every \$100K reduction in System Development Charge (SDC) revenue to promote economic development in 2009 correlates to a 2.5% increase to the rates; so the \$480K reduction in SDCs has to be made up for someplace.

Chair Haug stated that it was the policy of this committee to determine a fair allocation of those costs. Ernie Amundson added he felt it was also necessary for the committee to represent the citizens' interests, not the City's. Ms. Galardi mentioned there are benefits with an increased tax base and new water bills from the new homes would also be factored into the balance.

Ms. Galardi continued with the staff report by reviewing the revised schedule of Capital Improvement Projects (CIP), Capital funding sources, and preliminary rate increases. She showed how \$4.36 million would be needed from rates (net of debt service) if no new debts incurred. The only options would be to further defer capital projects, reduce operation & management (O&M) costs, or growth needs to make up for the 12% projected rate increase.

Tony Rourke spoke of impacts of Springbrook 24" Mainline upsizing being needed for the Austin property. Howard Hamilton discussed how development on that property has been deferred because of the economy and they can only speculate on maybe 50 houses being built in 2010 and maybe 250 in 2011. If the 250 permits were pulled, then the upsized would be put in the following year.

Ernie Amundson asked if the rates would be raising 50% over next 4 years. Ms. Galardi said this was correct according to the preliminary results and it is a matter of balancing the risks of deferring certain capital projects.

Howard Hamilton discussed critical projects like reservoirs that do not meet seismic standards and replacing mainline valves so small areas can be isolated for waterline repairs. Discussions followed about the Potable Zone 1 Reservoir Study and CIP project.

Ernie Amundson spoke of penalizing current rate payers for future residents of new homes. Ms. Galardi mentioned reimbursement fee money collected through future SDCs being used for any kind of capital improvements and the rates would not have to increase to pay for those kinds of things. Mr. Hamilton added that costs are never flat nor do they go down, they are always on the rise such as electric utilities, the costs for federal and state fees, additional required testing and dramatic chemical cost inflation.

Tony Rourke asked what could be done if they were asked to cut \$4 million more out. Mr. Hamilton stated they would shove projects further into the future, defer O&M wherever possible and at some point we would reach a minimum safe production buffer capacity, at that point we could not have any additional customers or increases to demand and then they would have to declare a moratorium on growth.

Don Clements mentioned how a city must have a plan in order to declare moratorium and the federal government usually steps in as well. He said that raising the rates is not the problem; it is how fast they are raised.

Mike Gougler said they can't just keep raising rates; they have to cut costs, too. He said the rates weren't raised for ten years and now there is a question of how to fund needed projects.

Don Clements asked if SDCs can be used to pay for debt coverage. Ms. Galardi said that they can but cannot be relied on for debt payment; rates have to be enough to pay for debt, O&M, and coverage. Rates have to be high enough to cover costs if the SDCs do not come in.

Ms. Galardi continued with the staff report by discussing the cost of service rate issues and special rates, including the Springs customers' rate with a four year phase in and the reclaimed water rate. She covered allocation of O&M costs, costs to service parameters, peaking factors, and the next steps in the process.

4. **Public Participation:**

Chair Haug passed around a sheet of paper for winter averaging considerations concerning establishing a sewer rate when moving from one house to another. An issue came up when a citizen, Dan Schutter, requested being able to keep the old rate when he moves to a new home.

The four possible choices given to resolve this request were: 1) to keep the same established rate as the previous residence; 2) use the rate of the new residence; 3) use the number of people in the household to set the rate; and 4) make a bill adjustment up or down according to the difference between the rate established at the next December–March period and the rate established when moving into the new residence.

Discussions followed about whether someone would be requesting this if they moved out of town or into town from another area and how much extra work it would make for the Finance Department to change the policy or to make exceptions by request.

Motion #4: Rourke/Zickefoose to keep the current policy in place. (7 Yes/0 No) Motion carried.

5. **Approval of Meeting Minutes:**

Motion #: **Amundson/Gougler** moved to accept the meeting minutes from September 30, 2009. (7 Yes/0 No) Motion carried.

6. Adjournment:

The meeting adjourned at 9:19 pm.

Approved by the Citizens' Rate Review Committee this 10th day of November 2009.


Recording Secretary


Citizens' Rate Review Chair

Wednesday, 7 PM

October 28, 2009

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

Members Present:

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

Members Absent: Ernie Amundson (excused)**Staff Present:**

Howard Hamilton, Public Works Director
 Janelle Nordyke, Finance Director
 Deb Galardi, Galardi Consulting
 Crystal Kelley, Recording Secretary

Others Present: Richard Boyle**1. Call to Order/Roll Call/Introduction**

Chair Haug called the meeting to order at 7:02 p.m. and asked for roll call.

2. Approval of Meeting Minutes:

Motion #1: Gougler/Zickefoose moved to accept the minutes from the October 7, 2009, meeting. Motion passed unanimously by voice vote. (6 Yes/0 No/1 Absent [Amundson]).

3. Utility Bill Assistance Program:

Janelle Nordyke informed the Citizens' Rate Review Committee (CRRC) that the flyers went out with the utility bills for the Utility Bill Assistance Program. She received one request from a military spouse for the program.

Chair Matson Haug asked if they will need to make any decisions on the program at the meeting this evening. Janelle Nordyke responded they would only need to make a decision if there will be changes to the policy.

Chair Matson Haug asked for a reminder of what was agreed upon for approval of the voucher system in order to keep the CRRC involved. He was thinking they had decided on an open ended period of time for enrollment at which the CRRC would review things and then provide the final approval. It was agreed that is what was decided.

Mayor Andrews asked if they are looking at policy change or a process change. Chair Haug replied they are looking for a process change. Charles Zickefoose clarified they are looking to establish a method using a voucher program similar to the system used by Yamhill County Assistance Program (YCAP). The selection process would be decided by the CRRC. They would establish a method for the voucher process.

Mayor Andrews commented if they are talking about a policy change then the policy would have to be adopted by the City Council. This would require them to have the City Council review the policy changes.

4. Conclude Water Rates:

Deb Galardi began her presentation to conclude the water rates. She began by saying as they evaluate the information presented they will revisit the role of the CRRC and the guiding principles. The guiding principles are:

- Equitable funding from rates / SDCs
- Rates consistent with revenue needs
- Rates encourage efficient use of resources
- Rates based on consistent cost of service analysis
- Costs recovered from customers in proportion to use

The CRRC will make recommendations based on what they think the needs are in the community. The concern of all Newberg Citizens is affordability of the rates.

Chair Haug asked if the guiding principles have been officially adopted by the CRRC. He went on to say the committee can recommend City Council formally adopt the guiding principles. Deb Galardi added it may have been a part of the original committee that was established. Chair Haug asked the CRRC if they are okay with recommending the City Council adopt the policies. The CRRC agreed they would be okay with that.

Deb Galardi went on to say she worked with Howard Hamilton as well as other staff members to go through the utility operating budget. They made some modifications that would impact the future years as well. Due the reductions in the cost of living they have reduced the assumed costs. The best they can do is look at the trends in the last couple of years. The central services costs were reduced significantly in the current budget as well. They did see some savings related to an emergency manager position which was later eliminated allowing for an overall reduction in cost. They went through the budget line by line and made sure they considered the minimum cuts they would be able to get by with.

Chair Haug asked the CRRC if they need more details. He went on to ask if they want to spend more time on the subject. Mike Gougler stated budget assumptions are best suited to be made by the budget committee. Mayor Andrews pointed out they can make recommendations based on assumptions but that may not be how they determine the rates later.

Tony Rourke asked Deb Galardi to run through the revised CIPs. She responded by providing details in regards to what drives the rates for each project listed in her presentation. She went on to say the total impact for a three year period will be about 5.5 million dollars. We pushed out around one million dollars primarily through the Public Works Building Design and Construction and the Crestview Drive Project. The only growth project in the works is the design of the Springbrook Project and the land purchase for the water treatment plant.

Chair Haug asked Howard Hamilton for the pros and cons of the changes made. Howard Hamilton reminded the CRRC in the last meeting they asked about stimulus and grant money. He went on to ask if they are still interested in hearing more about that. He distributed a handout with general financial assistance information. For the most part Newberg is not eligible for this kind of assistance.

Chair Haug asked if there are there any changes looking ahead they can make that would allow Newberg to qualify later. Howard Hamilton stated we need to keep the Master Plans updated. We just had our Wastewater Master Plan approved this month. It was submitted two years ago and the DEQ is recommending the next update in five years. Tony Rourke asked if we are up to date with our Master Plans. Howard Hamilton stated we are now. He went on to say you have to update the master plan financials within one year of the date of loan/grant application. Chair Haug asked if there are actions they can take that would qualify us for grants in the next five years. Howard Hamilton stated in the case of water there is nothing we can do this year or the

next. To be eligible in the future we would need to acquire property, complete pre-design regulatory requirements and planning for a reservoir or treatment plant.

Chair Haug stated we have pushed out some projects and went on to ask what the negative consequences of that are. Howard Hamilton stated the projects were adjusted out in response to the current reduction in water use and slowdown in development and we do not see any negative consequences in the next two years.

Deb Galardi continued with the rate increase options for fiscal year 2010/11. She went on to say with an 11% rate increase they would just meet the minimum requirements of O&M coverage, debt service and a conservative CIP but not build upon reserves. It is tied to consumption and they have seen the trend going down. They feel they have cut it as much as they can. There is not an easy way to get it down below a double digit rate increase.

Chair Haug clarified if they delay the rate increase from July 01 to January 01 it would have to be a 32% increase. Deb Galardi confirmed that is correct. Chair Haug went on to asked for clarification on that assumed rate increase. Deb Galardi stated this rate is this high because it makes up for lost revenue during the high consumption half of the year and would cover O&M, debt service and a conservative CIP but not build reserves. If the proposed rates are not adopted it is possible to default on the existing loan obligations.

Chair Haug asked for clarification on how they would calculate the cost on a smooth rate increase which is the same rate value each year. He went on to ask for comments from each CRRC member. Charles Zickefoose stated he would favor the smooth because it is more palatable. Mike Gougler agreed with Charles. He went on to say we are passing on something that will be difficult for City Council to understand and we now have something that can be explained well and understood. Beth Keyser stated she agrees with Mike Gougler and Charles Zickefoose. David Maben stated the public would like the minimum at 6%. They are not going to understand why it would go to 16% the next year. Tony Rourke stated he would add the public would not understand why they can't smooth the rates out over several years. He went on to say the committee would like to fund future projects which would be made possible with the smooth rather than the minimum. It would be nice to have a smoothing out over time. Chair Haug stated he is in favor of the July 01 move. He went on to say the City Council would have a difficult time with the January 01 level of increase.

Beth Keyser asked if there was adequate education provided to help the City Council understand why the rate was increased last year. Chair Haug stated the CRRC needs to make sure the City Council understands the issue. Mayor Andrews pointed out the City Council initially accepted the recommendations by the CRRC last year until the political realities came into play. They ended up with a significant reduction as a result. Tony Rourke made sure Beth Keyser understood the City Council had been educated.

Mike Gougler stated the job of the CRRC is easy. The City Council has a different responsibility. They have to answer to the public. They made a decision as the elected officials to reduce the rates. The job of this committee is to present the information and educate them the best we can.

Mayor Andrews stated he wants to put out for discussion how the CRRC can assist the City Council in getting a solid educational format for the public. Chair Haug reminded the CRRC and the Mayor they made a recommendation for a joint session with the City Council for that purpose.

Beth Keyser clarified her question earlier was for the purpose of helping the City Council educate the public. Tony Rourke stated they attempted to educate the public with advertisements in a variety of media outlets. The public indicated they do not notice the information on the bills and they do not all read the graphic or access the City website. Mike Gougler stated we cannot be successful if we keep trying to appeal to the lowest common denominator. They are going to respond to what they hear others saying. He went on to say if you want to influence public policy and assure your recommendation is heard, show up for City Council with more people

in support of the issue rather than against. He recommended all CRRC members each consider bringing three friends to the meeting.

Deb Galardi went back to her slides focusing on the allocation of costs to service parameters. She continued her presentation saying if everyone used water the same all year they would pay the same rate but they rarely use water the same. The maximum use per day would drive the difference in volume rates by customer classes. She went on to talk about the minimum rates as the existing structure. She took the committee through the current and preliminary costs as noted on the slide. The meter charge increase is to offset the decrease. The bulk of the increase falls on the volume rates. The customer service costs don't increase much from year to year. She presented a chart for the peaking factors and rates for each class. She explained to the committee how to read the chart. She went on to say the industry standard approach is to group customers with standard use factors. They took an average of the historical data for use. There are some significant shifts therefore the irrigation and public class had some significant increases in their peaking factors. That includes some system wide rate increases of around 11%.

Tony Rourke asked if the peaking factors would adjust from year to year. Deb Galardi stated they would stay from year to year. She went on to say once you get through the major shift in the first year it will go up to the system wide average.

Mayor Andrews asked if re-use rate is different than the irrigation rate. Deb Galardi stated the rates are different.

Janelle Nordyke stated an example of a public agency would be the City and school district. The baseball field would be an example of irrigation and the hospital would be a public agency.

Beth Keyser asked where CPRD gets their money from. The CRRC clarified all agencies get their money from taxes.

Chair Haug asked if the spring's class is outside the City. Howard Hamilton stated it is in the county. He went on to explain the springs is a separate rate class. Chair Haug asked what the City Council's decision was on sharing costs with the springs. Howard Hamilton stated they had a CIP project in which the City picked up half the cost and the spring's picked up the other half of the cost.

Mayor Andrews asked if the 11% in the smoothing would really be 11.2% for single family residential. Deb Galardi clarified he is correct. She went on to say the single family residential bills are calculated based on estimated use. Newberg would be based on the 11% rate. We will likely have rate increase next year as well. The current rate is \$34.61.

Chair Haug asked Deb Galardi to clarify that she took the numbers from the existing scenario and used them to ensure they brought in the same amount of money. She confirmed he is correct. She went on to say that elasticity assumption comes in at that time. It is more elastic with summer usage which includes water for irrigation purposes. She then presented a slide showing what would happen with the minimum bills using the inclining block. She explained that on many accounts throughout the year people would actually see a reduction.

Chair Haug asked her to clarify with a conservation plan, a family conserving water may actually see a reduction in their bill even with the rate increases. Deb Galardi confirmed that is correct.

Mayor Andrews asked how it would work with a smoothing and a January 1, 2010 start date. He went on to ask how that would impact the 32% under smoothing. Deb Galardi explained how you would not see any bill decreases and would see some increase.

Chair Haug raised the question for the CRRC to think about what they are going to do for households they later determine are being hit with a 50% increase and what the consequences of that would be. Mike Gougler stated he would prefer to wait until they find out if the plan makes financial sense.

Deb Galardi continued her presentation with details on the residential inclining blocks. She went on to explain there are other options available they can look at as to how they want to set up the structure.

Howard Hamilton recommended they might consider a January 1, 2010 date to implement the rate structure if implementation is deemed prudent. Chair Haug asked Howard Hamilton to confirm he is suggesting they adopt the rate structure in the low usage time. Howard Hamilton stated that if the CRRC decides to propose implementation it would not be such a big surprise to the citizens.

Deb Galardi went on to share the items to consider are related to revenue as well. They can encourage people to use less which will impact the revenue they would have to increase rates even more.

Deb Galardi went on to explain that they would be looking at a life line rate. They can't make the assumption that low volume usage equates to low income. Chair Haug stated they are shifting the cost so lower volume users do not have to pay as much. Deb Galardi went on to say if you are going to do this you need to plan for additional reserves in case the plan is not correct. It becomes more difficult to project the outcome. Deb Galardi went on to say another best practice would be more frequent rate reviews. There is a correlation with those using more water driving the system peaks. What they want to encourage is efficient water usage rather than water conservation. She went on to explain the inclining block rate structure penalizes those who use more.

Motion #2: Gougler/Rourke moved to recommend to City Council to adopt a smooth rate of 11.2 projected over four years to include a one page summary of the consequences of acceptance. (6 Yes/0 No/1 Absent [Amundson]). Motion carried.

5. Conclude Water Conservation Plan

Deb Galardi continued with her presentation stating there was a directive from City Council that a recommendation was made by the CRRC on water conservation rates. She went on to share the national water use statistics stating you want to encourage people to use water efficiently. You don't want to penalize people for their indoor use since this is driven by things like the number of occupants in the household. In considering the chart for national statistics, she had to choose where to set the blocks. She continued with her presentation by sharing how she determined where to set each block. Once the use is over 1500 they assume you are irrigating. The idea is to encourage people to use less.

Mike Gougler stated he has a strong feeling Newberg does not want to implement the water conservation program as described at this time. He went on to explain that type of program is usually driven by supply shortages. If they restrict their use they are crippling the ability to provide additional supply. He proposed they do not recommend the plan as described. Instead they recommend City Council look at providing more ways for efficient water use. If they were to reduce the revenue by encouraging less use it would reduce the amount of money and improve the system infrastructure. This would provide more usable water when it is needed.

Chair Haug stated the inkling block scenario would not be equitable. He went on to say it would not be fair to higher volume users with no purpose but to shift the cost.

Mike Gougler asked if they are going to make a recommendation for the declining blocks conservation plans. Chair Haug replied they do not want to use the declining block rate. He went on to say they do not want

aconservation plan where they use finances to discourage water use. They are not going to use financial punitive measures.

Motion #3: Gougler/Rourke moved that under the directive to the CRRC by the City Council to investigate and make recommendations concerning a conservation rate structure, the CRRC does not recommend a conservation program based on rate structure to be considered at this time. (6 Yes/0 No/1 Absent [Amundson]). Motion carried.

6. Council and CRRC Work Session:

Chair Haug asked Mayor Andrews if they are going to need to sit down with City Council. Mayor Andrews stated that the idea is for the CRRC to float the topic with the public. He recommends the CRRC would consider hosting a town hall meeting to get feedback from the public. This may be the way to build the backing they can then bring to the City Council meeting. He went on to explain when you have only people in a meeting against an issue and none in support of your plan it makes getting support from the City Council difficult. He would encourage them once they have the pieces together to have one or two town halls to get the feedback to help them determine if they want to reexamine the plan before bringing it to City Council.

Chair Haug asked how much time City Council needs to determine the rates. Howard Hamilton stated the schedule shows the final meeting to wrap up the plans will be January 6, 2010. The notice will need to be mailed to the public on January 18, 2010, with the public hearing scheduled for January 27, 2010.

Chair Haug recommended they could run the public hearing as a work session similar to the setting for the CRRC meetings.

Howard Hamilton pointed out the City Council directed a mailing be done after what transpired last year.

Chair Haug stated he is concerned they are not going to get anyone to show up at the meetings until the issue gets to City Council. He recommends they advertise why they are recommending rate increases.

Tony Rourke asked if they would have City Council at the public hearing that is conducted by the CRRC. Mayor Andrews stated they would since they are looking for education.

Beth Keyser agreed stating the CRRC needs to back up the City Council. She went on to say they need to do a presentation for the public and include the City Council.

Mike Gougler stated he thinks the only way to get the public to a CRRC meeting is to invite the press and get them to make an announcement. He went on to say they need to make sure they know they can come with questions and concerns. They would need to have this covered on the front page. The CRRC also needs to personally invite neighbors and friends. The people need to be at the City Council meeting in approval of the plan. Currently the only people who come to the public hearing are those who are oppose to the plan.

Chair Haug recommended they present comprehensive scenarios as to why they are making the recommendations. They need to make the complete package clear. He went on to state they would agree to continue this discussion at the next meeting.

7. Public Participation:


Richard Boyle stated he thinks you have to raise rates to show you have an aging infrastructure. He went on to say that every jurisdiction is raising rates at this time. He recommends they need to stand up and say this is our town and we are doing what has to be done.

The next scheduled CRRC meeting will be November 10, 2009 at 7:00 p.m. Beth Keyser and Charles Zickefoose have asked to be excused from the November 10, 2009 meeting.

8. Adjournment:

The meeting adjourned at 9:25 p.m.

Approved by the Citizens' Rate Review Committee this 10th day of November 2009.


Recording Secretary


Citizens' Rate Review Chair

Wednesday, 7 PM

January 27, 2010

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

Members Present:

Charles Zickefoose	Mike Gougler	Matson Haug (Chair)	David Maben
Tony Rourke	Ernie Amundson	Mayor Bob Andrews (Ex-Officio)	Beth Keyser

Members Absent: None**Staff Present:**

Howard Hamilton, Public Works Director	Deb Galardi, Galardi Consulting
Crystal Kelley, Recording Secretary	Dan Danicic, City Manager

Others Present: Douglas Baker, Bonnie Benedict, Ronald Morgan, Al Blodgett, Louis Larson, Ernie Collazo, Helen Brown, and Richard Boyle.**City Council Present:** Councilor Stephen McKinney and Councilor Bob Larson**1. Call to Order/Roll Call/Introduction:**

Chair Matson Haug called the meeting to order at 7:00 p.m. and asked for roll call.

2. Staff Report:

Chair Haug reminded those present the City Council meeting for the adoption of the recommended rate increases by the Citizens' Rate Review Committee (CRRC) will be on April 5, 2010 at the Public Safety Building.

Deb Galardi presented the staff report (see official meeting packet for full report). The citizens of Newberg do not use the water system the same. Some of them will use a lot of water during peak times. If you use more water during peak periods you will find you pay more for water overall. The rates for use of the wastewater system will be higher based on the volume of use as well as the strength, meaning the quality, of water discharged from the property. The major factors that drive the costs are the aging and failing infrastructure, deferred maintenance and regulatory requirements. The City pays for its capital investments in the system through debt service.

Water rate structures need to encourage efficient use of resources. The rate review process occurs every two years. The CRRC had the challenge of addressing deep revenue short falls. Revenues from the rates are down due to less water usage and a slowing in growth of the population. The CRRC had to consider what projects within the City would need to be deferred due to decreased revenue or consider long-term funding options through debt. The most significant need is the City is not meeting its regulatory requirement which could result in lawsuits and fines. The rate increases are in hopes of meeting some of those requirements.

There are some serious risks the CRRC understood and evaluated during their consideration for a recommendation of rate increases. They had to consider some maintenance needs for the wastewater treatment plant. The wastewater system has the most acute needs at this time. There are two projects in place to help

address the issues of the plant exceeding capacity during peak times. If the pump stations overflow there will be potential fines and lawsuits for the City.

The CRRC recommends an annual system-wide revenue increase of 12.2 % for residential customers for water which would be between three and four dollars more per month for each customer.

The CRRC recommends an annual system-wide revenue increase for wastewater of 16.9% which is higher due to the investment needs for maintenance improvements. This will result in about six to eight dollars more for the average residential bill each month.

The CRRC recommends an annual system-wide revenue increase for the stormwater system of 18% which comes out to less than one dollar more each month for residential customers.

It was recommended by the CRRC that the City does not implement a residential credit program at this time. The CRRC felt there was insufficient information on the effectiveness and administrative impacts of various measures with a credit program.

3. Public Participation:

Bonnie Benedict thanked the Committee for their work on the process. She does not like her bill. She would like to know how to eliminate the wastewater usage. The wastewater bill includes some cost for stormwater run-off. She is not sure why they are paying for storm water run-off. Mr. Hamilton stated the wastewater rates are based on water use from December through March. A fee is also paid per month for maintenance of the account. To reduce the wastewater rate you need to use less water between December and March. The stormwater fee is based on the average single family residential equivalent dwelling unit and is a fee of \$3.80 per month that is used for operations, maintenance and projects.

Al Blodgett thanked the CRRC for the time they have put in considering water rates. He has been in Newberg for over 20 years. He is one hundred percent behind the recommended rate increase while still keeping in mind it will be painful for some Newberg residents.

Ernie Collazo stated he is against the increase at this time. It comes down to money. The nation is in a recession right now. He also has improvements that need to be made to his property but he has to take the cost into consideration. He wants to know where the money is going to come from. He has applied for utility assistance through the grant program already. He has been in Newberg since 2001 and he is now paying up to \$50 for utilities.

Louis Larson asked what the current average rate of consumption is. Ms. Galardi stated for water it is 800 cubic feet and for wastewater it is 5.51 hundred cubic feet. Stormwater is a flat fee. He went on to ask if it would be possible for the City to produce a bill that is similar to the electric company that would allow him to sit down and go over the bill and better understand the billing process. Janelle Nordkye stated they can put something on the City website to explain how it is done. They can also see if the software can be reprogrammed to make the utility billing statement easier to understand but it will cost some money.

Mr. Larson stated he was impressed with the openness at the town hall meeting and the willingness to listen to the concerns of the public. He disagrees with the fairness of the rate structure itself. It appears to be a flat structure rather than a progressive rate structure. People who earn more should pay more. In the current system everyone has to pay the same rate regardless of earnings. He would like to see a study done for the community to look into adopting rates that would take income into account and make it fair across the board. He would like

to see the City avoid taking action with the proposed rates until the community has the ability to pay for the increase.

Mr. Larson continued family incomes from 1999 are now the same or less than they were in 2010. That means the ability for many to pay increased charges is very difficult. The City unemployment rate is running about 11%. He estimates roughly 900 family units in the City have at least one person in the home unemployed. Out of all the people living on social security 40% of them are considered low income. There are roughly 1200 families in town living on social security. They have not seen an increase in their income even though the cost of utilities has gone up. They are looking at around 2100 people in our community who are really suffering financially right now. There are more people having to depend on FISH and other organizations in order to make it. In the last decade there has not been any new jobs created. He wants to ensure the Committee understands the depth of the needs the City is facing. It is not just common people being affected by the economy. He again recommended they develop a rate structure that will put the burden for the increase on those who can afford to pay.

Charles Zickefoose asked if there is precedence for the type of fees he is describing. Ms. Galardi stated you will find some communities in Oregon which are funded this way but most are funded by user fees. The industry standard relates to the citizen's ability to control their bill based on their usage and is not based on income.

Douglas Baker stated he has been a resident of Newberg for over ten years. He is not unfamiliar with how water departments work and he understands what it takes to maintain the department. He is opposed to the rate increase because he is concerned that people are not able to afford it. He is most concerned with those living on a fixed income and the unemployed. As a general rule when people run short of money they tend to do without. Some will borrow money or use credit cards. It is too much to ask the general population to pay more money. He feels all government agencies need to lead by example and look for ways to cut cost. We are all struggling with money just like the City. He does not want to see an increase in rates added to the problems for many in the City. The bottom line is now is not a good time to be asking for more money.

Ronald Morgan stated he feels the main issue is wastewater systems rather than water issues with regards to the maintenance issues. He suggested they take the issues and segregate the improvements to determine what needs to be done first. The City can then break it down into small pieces to determine the most important issues. Is there any change of refinancing for the City to obtain lower interest rates? There is some money that will start coming into the state since measures 66 and 67 were recently passed. How much water and wastewater are the schools using? Can they make sure they are paying their fair share of the water and wastewater? He is concerned about the senior citizens in the area who are on social security who saw no increase in their income this year. The bills are going up but the income for them is not.

Bonnie Benedict asked what the City would do if they are not able to pay their bill. She would like to see the City eliminate some of the planned improvements to allow them to save some money so the public does not have to pay higher rates. The senior citizens should not be hit so hard. She asked what would happen if her neighbor's sewer ran under her house and hooked into her sewer then went out into the street. Does that make her bill higher? Mike Gougler stated she is not billed for sewer that leaves her house. Her wastewater rate is determined by her water usage during certain months of the year. The sewage that leaves the house is not metered. Only the drinking water is metered. They determine the bill during the low water use for the year.

4. Public Hearing to Recommend New Utility Rates:

David Maben stated he supports the recommended increases. If they do not take care of the increase now they are going to have to deal with it later.

Charles Zickefoose stated some day they are going to have to pay for the needs in the City. They have softened the blow for the last few years. He supports the increase knowing it is not going to get any better. The City is facing things that are required.

Beth Keyser stated she supports the increase. Her income has not gone up and she does not like paying more either. However she recognizes the need for the increase now in order to take care of the needs of the City as well as looking ahead to what is coming.

Chair Haug stated they have discussed the idea of rates based on increasing volumes of use. The rates would be lower if you use less. Ms. Galardi confirmed that would be an inclining block rate structure. He asked if they have some way of making the adjustment on permeable services for smaller homes to pay less than larger homes. They have an assistance program that is still available. It is possible the City Council would like to make the assistance program more aggressive.

Tony Rourke stated they talked a lot about inclining blocks as well as other rate structures. The difficulty would be in the down economic times if they do a significant increase for groups that would cause lower water use that would then lower the revenue. If they do not use the water or pay the bills the City is unable to manage the systems. They already discussed how other rate structures do not make sense. They may want to consider other options at a later time. If they choose not to do anything now they will pay later in a different form. They will pay in the form of lawsuits, fines, and higher interest. He agrees debt is not a smart fiscal policy. It costs a lot of money. If they do not pay the bills and default on the loans it will cost later. Where will the money come from when the fines and lawsuits take place? He does not like giving rate increases but there was a period of no increase for nearly ten years.

Ernie Amundson stated he is against the increase they are proposing tonight. He has been doing surveys in the City and many he talked with stated they have been making cuts in their budget in the last year. He is not able to support the increase and will vote against it tonight.

Mike Gougler stated the City is at the point where the boat is sinking and there is no time to take the sail down. As the CRRC, they were asked to find a way to meet the demands that are being placed on the City. The City is being told they must do certain repairs by the State and Federal Government. He is certain no one here is okay with raising debt so our children can pay for it. They will not go away if we keep putting off the necessary repairs to the facilities. They agreed to try and develop a program to help those who are the most in need. He recommends if members of the public see a huge hike in their water bill they should utilize the resources the City offers to answer questions and help determine if there is something else going on such as a leak on their property. He has to support the increase. If they do not do it now they will have to deal with the issue later.

Motion #1: Gougler/Zickefoose moved to make the recommendation to City Council for a 12.2 percent increase in water rates, a 16.9 percent increase in wastewater rates, and an 18 percent increase in stormwater rates. In the event that grant funds are received which may reduce the need for the increased rates, the CRRC will reconvene and look at adjusting the rates at that time. (6 Yes/1 No) Motion carried.

5. Final Comments from Staff:

Mr. Hamilton stated the costs to operate the City's utilities are continuing to rise. They are seeing mandates from the state which must be paid for from somewhere. They have a number of maintenance issues that will require attention. They are in jeopardy of the system overflowing which could cause Department of Environmental Quality (DEQ) fines and potential environmental lawsuits if something is not done soon. If they start accumulating enough claims from homeowners with flooding issues, the insurance carrier will require the City to come up with the resources to fix the problems. There is also some debt that needs to be taken care of that the City is on the verge of defaulting on.

Ms. Galardi clarified the sample bills they displayed during the staff report are just samples. The recommendation is for a rate structure rather than the actual bills that have been displayed.

A five minute break was taken at 8:25 p.m. The meeting was re-adjourned at 8:30 p.m.

6. Final Comments from CRRC Members:

There were no final comments from the CRRC once the decision was made to approve the recommendations for the rate increases to City Council.

7. Utility Bill Assistance Grants Approval:

Janelle Nordyke presented the staff report (see official meeting packet for full report). Letters were sent to non-profit organizations in the community for the grant program. The City has set aside 4,000 dollars for the purpose of grant applications. The City received four applications from non-profits in the area for grants. Ms. Nordyke asked if they would like to have the funds disbursed equally among the requests. Mr. Gougler stated the CRRC agreed they would equally disburse the funds to the non-profits that submitted a request.

Ms. Keyser asked what will happen if the non-profit does not use all the vouchers they receive. Ms. Nordyke stated the money would stay in their budget until the funds are used.

Mr. Zickefoose stated he feels Love, Inc. should be the agency that disburses the vouchers. The churches can be the second signer on them. Mr. Rourke stated he believes if the funds are not used this fiscal year they will be gone and they will have to start over. Ms. Nordyke confirmed he is correct. The money stays in the water and wastewater funds and does not go back into the general fund.

Mr. Gougler asked if one of the recipients asked for their money to be assigned to Love, Inc. does the CRRC have to approve that? He proposes they allocate 1,000 dollars to each applicant with the agreement if one of the organizations decides to have Love, Inc. disburse the vouchers they allow the organization to make that decision. Ms. Keyser stated they would not want it to all go to Love, Inc. She agrees they would allow each organization to use the 1,000 dollars and determine how they will proceed.

Mr. Zickefoose stated all the other applicants stated in some way they have been working with Love, Inc. from the beginning. They have a voucher program already in place and the partner church can sign the voucher as well as Love, Inc. Mr. Gougler stated leaving it as an allocation for each of the applications does not require them to distribute on their own but allows them the freedom to use Love, Inc. if they choose to. He feels it will offer the best flexibility.

Ms. Nordkye asked if they would like the grant money to be advertised. Mr. Rourke stated if they do not advertise, it will not get used. He would like to see the funds totally used by the end of June. The citizens need to know the vouchers are available. He recommends they consider using the utility bills as a way of advertising for the availability of the voucher.

Mayor Andrews asked what the four organizations are. Chair Haug stated it was Newberg Seventh Day Adventist Church, Newberg Christian Church, Joyful Servant Lutheran Church, and Love, Inc. in partnership with First Presbyterian Church.

Mr. Zickefoose stated he would like to hear from Ernie Collazo about his application for a voucher. Mr. Collazo stated he went to YCAP and they are out of funds for this type of request. Mayor Andrews asked if they have used the grant for YCAP. Ms. Nordyke stated yes they have and then some.

Motion #2: Rourke/Gougler moved to equally distribute the requested funds for the grant applications with 1,000 dollars going to each organization with an agreement they advertise for the program. (7 Yes/0 No) Motion carried.

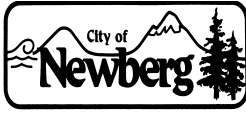
8. Adjournment:

The meeting adjourned at 9: 36 p.m.

Approved by the Citizens' Rate Review Committee this __ day of March 2010.

Recording Secretary

Citizens' Rate Review Committee Chair



RESOLUTION No. 2010-2885

A RESOLUTION ADOPTING NEW MONTHLY WATER RATES FOR THE CITY OF NEWBERG EFFECTIVE JULY 1, 2010

RECITALS:

1. City Code Section 52.06 governs the adoption of water rates for the City of Newberg and Chapter 52 governs the City of Newberg water system.
2. The Citizens' Rate Review Committee (CRRC) reviewed water system characteristics and requirements, including the Capital Improvement Plan and operating/maintenance costs, and recommends changes to the monthly water charges based on an analysis of current and near-term future anticipated water fund needs.
3. The CRRC meetings were held on October 7, October 14, and October 28, 2009 to discuss water rates.
4. The CRRC held a Town Hall Meeting on the proposed monthly charges on January 13, 2010, and a Public Hearing on January 27, 2010 to adopt rate increase recommendations.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. Effective July 1, 2010, the monthly water service rates shall consist of charges as shown on attached Exhibit "A". Exhibit "A" is hereby attached and by this reference incorporated.
2. Each customer applying for connection to the City water system shall pay to the City a water connection charge and water systems development charge which shall be due and payable at the time of issuance of a permit to proceed with each service connection. The water connection charge shall be calculated based on the estimate of the actual costs incurred by the City in conjunction with the connection of the service and shall be payable with the application for service. Costs in excess shall be due upon completion. Failure to pay the additional costs will cause the water meter to be removed. Any excess payment shall be refunded to the applicant.

3. Rates for any other water use, not explicitly provided for in this resolution, shall be established by the Public Works Director and Finance Director so as to conform as closely as practicable to the charges established herein. Such charges will be reviewed by the City Council.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: April 19, 2010.

ADOPTED by the City Council of the City of Newberg, Oregon, this 20th day of April 2010.

Norma I. Alley, City Recorder

ATTEST by the Mayor this 22nd day of April 2010.

Bob Andrews, Mayor

LEGISLATIVE HISTORY

By and through the Citizens' Rate Review Committee at their October 7, October 14, and October 28, 2009 meetings.

EXHIBIT "A"
TO RESOLUTION NO. 2010-2885

CITY OF NEWBERG
MONTHLY WATER SERVICE CHARGES

	Current 2009-10	Proposed 2010-11	Proposed 2011-12
Service Charge (\$/month)	\$1.41	\$1.13	\$1.13
Meter Charge (\$/month)			
Inside and Outside City:			
3/4" meter	\$2.73	\$3.24	\$3.24
1"	\$4.64	\$5.51	\$5.51
1 1/2"	\$9.01	\$10.69	\$10.69
2"	\$14.47	\$17.17	\$17.17
3"	\$27.30	\$32.40	\$32.40
4"	\$45.59	\$54.11	\$54.11
6"	\$90.91	\$107.89	\$107.89
8"	\$145.51	\$172.69	\$172.69
10"	\$227.41	\$269.89	\$269.89
Volume Charge (\$/hundred cubic feet [ccf]):			
Single Family Residential	\$3.18	\$3.54	\$4.02
Multi-family Residential	\$2.56	\$2.89	\$3.26
Commercial	\$2.84	\$3.23	\$3.65
Industrial	\$3.01	\$3.37	\$3.85
Irrigation	\$5.19	\$6.03	\$6.84
Outside City	\$4.77	\$5.31	\$6.03
Public Agency	\$2.75	\$3.29	\$3.76
Non-Potable	\$3.52	\$3.52	\$3.52
Springs	\$4.98	\$5.58	\$6.18

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: April 5, 2010

Order ____ Ordinance ____ Resolution XX Motion ____ Information ____
 No. No. No. 2010-2886

SUBJECT: New Wastewater Rates Effective July 1, 2010	Contact Person (Preparer) for this Resolution: Howard Hamilton, PW Director Janelle Nordyke, Finance Director <hr/> Dept.: Public Works and Finance <hr/> File No.: _____ <small>(if applicable)</small>
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HEARING TYPE: **LEGISLATIVE** **QUASI-JUDICIAL**

This is a two meeting City Council process.

April 5, 2010:

- Staff Report
- Public Comment (oral and written)
- Directions to Staff for next meeting
- Mayor leaves record open for public written comment (deadline 4 pm on April 12, 2010)

April 19, 2010:

- Council deliberation only
- No oral public comment

RECOMMENDATION:

Approve **Resolution No. 2010-2886** adopting new wastewater rates effective July 1, 2010.

EXECUTIVE SUMMARY:

The following attachments are included in this packet:

- Revenue requirements from rates (Attachment #1)
- The Four-Year Capital Improvement Plan (Attachment #2)
- Approved minutes of the Citizens' Rate Review Committee (CRRC) from the November 10, November 24, and December 9, 2009 meetings. (Attachment #3)
- Draft minutes from the CRRC Public Hearing held on January 27, 2010 (Attachment #4)

The CRRC reviewed proposed rates at their meetings. The review included:

- The Wastewater Capital Improvement Plan for the next four years
- Revenue and budget requirements
- Customer class characteristics
- Load demands on the system
- Service characteristics

The driving forces for the proposed new wastewater rates include:

- System characteristics and load requirements
- Supporting the Operations & Maintenance budgets, which include increased electric costs
- Revenue requirements
- Debt service requirements

Attachment #2 includes the list of the Four-Year Capital Improvement Program. Major projects in the study period are:

- Highway 240 Pump Station construction
- Wastewater Treatment Plant Repair, Rehabilitation and Expansion Projects
- Upsizing Sewers

The proposed rates listed in Exhibit “A” of the attached resolution cover the time period of July 2010 through June 2012.

The last wastewater rate change was in 2009 as part of a two-year rate plan.

FISCAL IMPACT: The attached wastewater rates are anticipated to raise \$790,000 in revenue in 2010-11 and \$1,700,000 in 2011-12, an amount sufficient to cover the cost of operations, maintenance, depreciation, cash flow reserves and debt service payments

STRATEGIC ASSESSMENT: It is important to raise sufficient revenues to collect and treat wastewater and to meet all NPDES permit requirements.

Table 1		
City of Newberg		
Projected Sewer System Revenue Requirements		
Category	FY2010/11	FY2011/12
Operations & Maintenance	\$4,006,696	\$4,267,664
Existing Debt	\$1,029,727	\$1,019,494
Projected New Debt Service(1)	\$548,727	\$1,097,454
Capital Transfers	\$835,998	\$1,013,555
Total Requirements	\$6,421,148	\$7,398,167
Other Revenue (1)	(\$959,247)	(\$949,355)
Revenue Requirements - Rates	\$5,461,901	\$6,448,812

(1) Primarily SDC revenue

Table 2a							
City of Newberg							
Sewer Service Characteristics							
Customer Class	Average Flow (ccf)	Infiltration & Inflow (1)	TSS (lbs)	BOD (lbs)	Customer Services (accounts)	Customer Units (2)	FY2011 Allocated Costs (\$)
S-F Residential	345,326	na	540,387	507,963	5,303	5,303	\$3,106,197
Multifamily	150,559	na	239,422	225,057	294	2,659	\$1,377,946
Commercial (low strength)	45,875	na	71,253	66,978	355	355	\$351,795
Commercial (medium strength)	50,781	na	185,549	105,979	65	65	\$406,999
Commercial (high strength)	11,726	na	71,728	71,728	22	22	\$154,762
Industrial	6,707	na	23,566	13,460	12	12	\$54,350
Outside City	1,340	na	1,420	1,335	7	7	\$9,688
Total	612,316	-	1,133,325	992,499	6,058	8,423	\$5,461,737
S-F Residential	56%	na	51%	56%	88%	63%	57%
Multifamily	25%	na	23%	25%	5%	32%	25%
Commercial - 1	7%	na	7%	7%	6%	4%	6%
Commercial - 2	8%	na	11%	9%	1%	1%	7%
Commercial - 3	2%	na	7%	2%	0%	0%	3%
Industrial	1%	na	1%	1%	0%	0%	1%
Outside City	0.2%	na	0.1%	0.1%	0.1%	0%	0.2%
Total	100%		100%	100%	100%	100%	100%

(1) Allocated 80% based on customer units and 20% based on average flow
 (2) Customer units are dwelling units for residential and multifamily, and accounts for commercial/industrial

Table 3					
City of Newberg	Current Rate Cycle				
	FY2011	FY2012	FY2013	FY2014	
Projected Sewer CIP	\$9,272,000	\$6,121,440	\$10,772,736	\$17,505,134	\$43,671,310

Table 4				
City of Newberg Sewer	Current Rate Cycle			
	FY2011	FY2012	FY2013	FY2014
Projected Debt Requirements				
Projected Debt (Existing & New)	\$1,578,454	\$2,116,949	\$3,204,356	\$4,289,672
% of Rate Revenue	28.9%	32.8%		

Wastewater Capital Improvement Plan

PROJECT	2010/11	2011/12	2012/13	2013/14	TOTAL	SDC	Rates
	Hwy 240 Pump Station & Force Main Project	\$1,210,000				\$1,210,000	20.0%
WWTP RRE - Design	\$1,020,000	\$820,000	\$1,010,000	\$720,000	\$3,570,000	85.0%	15.0%
Hess Creek WW Trunkline RRE - Design		\$200,000	\$800,000		\$1,000,000	10.0%	90.0%
Hess Creek WW Trunkline RRE - Section A			\$200,000	\$1,200,000	\$1,400,000	10.0%	90.0%
WWTP RRE - Construction	\$6,775,000	\$3,672,000	\$6,465,000	\$12,022,000	\$28,934,000	85.0%	15.0%
Springbrook WW Trunkline RRE - Design		\$125,000			\$125,000	25.0%	75.0%
Springbrook WW Trunkline RRE - Section A			\$575,000	\$575,000	\$1,150,000	25.0%	75.0%
Hess Creek WW Trunkline RRE - Section B				\$730,000	\$730,000	10.0%	90.0%
Hess Creek WW Trunkline RRE - Section C				\$315,000	\$315,000	10.0%	90.0%
Pretreatment Tank Removal - College & Illinois	\$85,000				\$85,000	0.0%	100.0%
Alice Way LID		\$250,000			\$250,000		
Multi Funded Projects							
Public Works Complex - Design	\$182,000				\$182,000	29.0%	71.0%
Public Works Complex - Construction		\$819,000	\$819,000		\$1,638,000	29.0%	71.0%
Total CIP	\$9,272,000	\$5,886,000	\$9,960,000	\$15,562,000	\$40,680,000		
SDCs	6,920,530	4,106,960	6,835,010	11,198,950	29,061,450		
Rates	2,351,470	1,529,040	3,033,990	4,363,050	11,277,550		
Totals	9,272,000	5,636,000	9,869,000	15,562,000	40,339,000		

Wednesday, 7 PM

November 10, 2009

CITIZENS' RATE REVIEW COMMITTEE
MINUTES
Wastewater Treatment Plant

Members Present:

Matson Haug, Chair Mike Gougler Ernie Amundson David Maben
Mayor Bob Andrews, Ex-Officio

Members Absent:

Beth Keyser (excused) Tony Rourke, Vice Chair (excused) Charles Zickefoose (excused)

Staff Present:

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

Others Present:

Richard Boyle, Cardno WRG Helen J. Brown, Citizen

1. Call to Order/Roll Call/Introduction

Chair Matson Haug called the meeting to order at 7:00 p.m.

2. Approval of Meeting Minutes:

Motion #1: Gougler/Maben moved to approve the October 14, 2009 & the October 28, 2009 meeting minutes. (4 Yes/0 No/3 Absent [Keyser, Rourke, Zickefoose]). Motion carried.

3. Mayor's Clarifying Comments & Town Hall Meeting in January:

Chair Haug changed the agenda order by asking Mayor Andrews to share his thoughts regarding the Town Hall meeting in January 2010.

Mayor Bob Andrews addressed the idea of having a public meeting. When the City Council takes an action it does it in one of three ways: through a resolution or an administrative type activity which is a formal action of the City; by ordinance which is a legislative type of activity, and there are certain things in the area of Quasi-Judicial in which an order is issued. The way the City Council takes an action, only the legislative process is subject to referendum. Under the legislative process, there can be an initiative referred to the public for ratification. One of the reasons the City uses the Citizens' Rate Review Committee (CRRC) is to provide an open and administrative basis to help avoid the vulnerability of it being a legislative action. A Council legislative action creates the ability of this committee to make rate proposals, but the rate change itself is a Council administrative action which helps protect the actions taken by the CRRC versus being subject to referendums and referrals. A town hall meeting would help with the communication to the public in addition to having a public hearing.

Chair Haug stated he is in favor of holding a Town Hall Meeting. Mr. Gougler, Mr. Maben, and Mr. Amundson also voiced their support.

David Maben asked what would be the appropriate date to hold the town meeting. Howard Hamilton replied it would need to fall between the Stormwater Credit Program presentation on January 6, 2010 and the public hearing that is scheduled for January 27, 2010.

Mayor Andrews stated the public hearing to be held on January 27, 2010 will be conducted by the CRRC. After that hearing, there will be deliberations and then the committee will formally adopt whatever has been proposed. That action will then go to the City Council who in turn will also hold a public hearing.

Motion #2: Gougler Maben moved that the CRRC conduct a Town Hall Meeting at the Public Safety Building between January 6, 2010 and January 27, 2010; date to be decided by staff. (4 Yes/0 No/3 Absent [Keyser, Rourke, Zickefoose]). Motion carried.

4. Present Wastewater Rates:

Deb Galardi, Galardi Consulting presented the report including a PowerPoint (see official meeting packet for full report).

Howard Hamilton, Public Works Director addressed the Wastewater Treatment Plant (WWTP) Capacity Expansion Plan (page 4 of the PowerPoint presentation). Newberg began the commissioning of the facility plan in early 2005 and it was just completed last month. At that time, the plan was based on a median growth; the existing capacity would serve 17,900 people. The City now has 23,000 people and according to the plan, Phase I construction needs to begin in 2012 to meet the capacity of 26,900 people. Phase II construction will need to begin in 2015 to increase the capacity to 40,000 people but depends on what the actual growth is at that time. A key piece of information is right now this plant is beyond its capacity. The permit in dry weather is 4 million gallons per day and in wet weather it is 6.5 million gallons per day. In January of 2006, 8.1 million gallons was averaged per day for each day that month. The plant's capacity is 17 million gallons a day. The plant was commissioned in 1987 and in just the last year and a half the effluent pump station has replaced or had major repairs on all its 4 pumps.

Mayor Andrews asked if these figures were predicated on the median growth which comes out of a population forecast the City Council did years back. Mr. Hamilton replied, yes.

Deb Galardi asked Howard Hamilton about the implications of exceeding the permit limits regarding flow capacity. Mr. Hamilton replied January 1, 2010 the DEQ has adopted a sanitary sewer overflow prohibition. A plan was supposed to be created to fix the effluent pump station, which has been known to overflow in the past, but the City isn't on track in meeting the January 1, 2010 goal. If the pump station overflows after that date, the City is subject to fines and lawsuits. The Dayton Avenue Pump Station also falls into that same prohibition. The City has purchased a piece of property to build a new pump station at Highway 240 and Chehalem Creek near the bridge to correct Dayton Pump Station overflow problems. \$300,000.00 in funds are allotted for the 2009/10 budget year to begin construction; to be completed at the end of the 2010/11 budget year but due to the lack of growth, the revenue has depleted. The effluent pump station construction is wrapped into the wastewater treatment plant construction. Facility Plan Phases I & II have now been compressed into one project. Mr. Hamilton will bring back information to the next CRRC meeting showing the plan dates regarding the phases.

Mayor Andrews stated the City will have to work extra diligently for the citizens to understand. Where the population has done a good job of conserving water, it has reduced the revenues on which to build future contingencies.

Howard Hamilton reviewed the following projects:

The WWTP Dehydration Unit (sawdust dryer) is \$935,000.00; getting \$165,000.00 back through energy trust and business energy tax credits. When the economy collapsed, the amount of sawdust produced not only went down but became much more expensive to purchase, as well. The compost uses sawdust as a medium and a certain percentage of dryness is needed in the sawdust to make the process work correctly because of air flow. Mr. Hamilton explained that by putting a dryer in, the sawdust could be dried to approximately 90% dryness which will solve the problem of finding appropriately dried product. Also they found with calculations the ability to increase the throughput in the composter by up to 3 times. 8,000 yards of compost is sold per year. The ability to make the compost process consistently meet permit requirements and increase throughput will help pay back the investment quickly. The compost facility can then expand later on in the future delaying capital improvement project costs.

The Outfall Mixing Zone Study and Facility Update are mandated by the Department of Environmental Quality (DEQ) and must be done. The Facility Update is also a requirement if any new expansion is to be built in Newberg and must be done in order to obtain loans. The update was started in 2005 and was just accepted this last month.

The Hess Creek Trunk Line is a pipe that has many problems and is tied to the Springbrook Development. System Development Charges (SDC) funds are needed in order to do the work. The Springbrook Trunk Line has also been put off until the future because it's based on the Transportation System improvement schedule.

The defunct City owned Pretreatment Tank is on property owned by PPM Technologies and they are seeking grant money to clean up their site and the tank removal would need to fit into this plan.

The Alice Way Local Improvement District (LID) funds will be paid back by the people in the district.

The Public Works Complex has to do with the maintenance yard on Third Street and has been undersized for some time. The current Wastewater Treatment Plant building doesn't currently serve the needs of the operations staff. City Hall is crowded so there is the possibility of moving the engineering staff to the new property. \$819,000.00 has been budgeted in wastewater for construction in 2011/12 and 2012/13 on the new property.

Deb Galardi reviewed the preliminary revenue available for capital over the next 5 years. Howard Hamilton passed out information on State and Federal Wastewater Funding. The 2009 American Recovery and Reinvestment Act and Oregon's CWSRF Loan Program was reviewed (see meeting PowerPoint page 7 and meeting handout).

Chair Haug asked what needs to be done in order to access potential monies that may be available. Mr. Hamilton replied the City would need to have a design in place to begin construction in the near future in order to receive money but the fastest project the City can construct is a secondary clarifier and the design is \$600,000.00 which the City doesn't have. Newberg did not qualify in the 2009 cycle for any monies. Deb Galardi stated she will put together a revised best case scenario on what will be needed to qualify for some of the 2010 loans.

Mayor Andrews asked if there are any other funding sources that haven't been explored; perhaps there are other approaches to explore which may be unique to this area or using other technologies that could be implemented using Newberg as a "test case" helping to mitigate costs but also help with wastewater. Howard Hamilton stated maybe in the future. David Beam is always looking for money to help the City with costs. Deb Galardi stated an inquiry can be made with Mr. Beam on what programs he's tracking.

Deb Galardi reviewed the operating budget pie chart FY2009/10 and Janelle Nordyke explained the cost of living increases. Mayor Andrews asked what percentage of wastewater budget are personnel. Deb Galardi replied 36% is personnel including salary and benefits.

Howard Hamilton stated in past discussions the question was asked concerning contracting out for services. He passed out information regarding the comparison of hiring out and using Newberg personnel. It would not benefit the City financially to contract out.

Deb Galardi reviewed the actual and estimated requirements from rates and the previous forecast assumptions (pages 11-13 of the PowerPoint presentation).

Chair Haug asked if there will be user classes in regards to utility rates and if so, will the CRRC review the classes. Ms. Galardi replied there are user classes but it depends on the strength of the waste. She will bring back information for the committee to review on who will fall into those classes.

Mike Gougler stated in addition to rates covering the debt service you have to maintain the coverage. A certain percentage must go toward debt and the rest has to be kept to show the adequate reserves for what you borrow.


5. Public Participation:


Richard Boyle stated there are numerous communities having the same issues throughout Oregon.

The next scheduled CRRC meeting is November 24, 2009 at 7:00 p.m.

6. Adjournment: The meeting adjourned at 8:46 p.m.

Approved by the Citizens' Rate Review Committee this 24th day of November 2009.


Recording Secretary


Citizens' Rate Review Committee Chair

**CITIZENS' RATE REVIEW COMMITTEE
MINUTES**

Wastewater Treatment Plant

Members Present:

Matson Haug (Chair)	Tony Rourke	Beth Keyser	Mike Gougler
Ernie Amundson	David Maben	Mayor Bob Andrews, Ex-Officio	

Members Absent: Charles Zickefoose (excused)

Staff Present:

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

Others Present: Richard Boyle, Cardno WRG

1. Call to Order/Roll Call/Introduction:

Chair Matson Haug called the meeting to order at 7:00 p.m.

2. Approval of Meeting Minutes:

Mayor Bob Andrews suggested two corrections to the minutes.

Motion: Rourke/Maben moved to approve the November 10, 2009 meeting minutes as amended. (6 Yes/ 0 No/ 1 Absent [Zickefoose]) Motion carried.

3. Town Hall Meeting on January 13, 2010:

Janelle Nordyke stated the Town Hall Meeting is scheduled for January 13, 2010, at 7:00 p.m. at the Public Safety Building.

Discussion:

Howard Hamilton explained the town hall meeting notification will be sent as a mailer to also include the public hearing, which will be held on January 27, 2010, both at the Public Safety Building. The intent for the town hall meeting is to have discussion regarding water, wastewater, and stormwater with no deliberation so the public has the opportunity to ask questions and provide comments. Deb Galardi will also be present to talk about the proposals and rate impacts.

Suggestions were made from the committee to provide the information in categories for the community to digest and presenting a PowerPoint presentation to include key points such as capital improvement and bond issues.

Mike Gougler suggested showing the importance of capital improvements and the consequences if capital improvements are not done, such as the fines by Department of Environmental Quality (DEQ) and sufficient cash for bonds in terms of increasing rates and so on. Solutions will be evident to the public when they are shown the options.

Ernie Amundson would like to see it broken down into sections as well, but start out explaining the rate increase.

Beth Keyser asked the goal in holding a town hall meeting. Chair Haug replied the rate increases will be significant for the next few years and the community needs to understand what alternatives we have, what is needed, and the consequences to the City. Howard Hamilton added the primary goal is to notify and educate with the intent to hear the public up-front, which will also help City Council be better informed at decision time.

Beth Keyser asked if the people do not understand will they be allowed to say so. Tony Rourke explained the public hearing is for that purpose. The time between the town hall meeting and the public hearing is to give the community the opportunity to digest what they have heard and come back to the hearing with their views on the adoption of the rates.

4. Conclude Wastewater Rates:

Deb Galardi, Galardi Consulting, presented the report (see official meeting packet for full report).

Howard Hamilton explained the location of the Highway 240 pump station property showing the Urban Growth Boundary and Urban Reserve Area. The plan is to have the pump station completed by the end of 2010 and construction will cost \$1,500,000.00. This will be cheaper in the long run rather than a major capital improvement project fixing the existing Dayton station. The major issue to be dealt with if this project is pushed back is the Dayton pump station, which has Infill and Infiltration (I&I) induced overflow problems almost every winter. Newberg could be subject to DEQ fines and/or environmental lawsuits due to the new ruling by DEQ to begin January 1, 2010. Repairs have been made to try to alleviate the problems but a permanent fix is in order. The project was slated for the 2008/2009 budget year but due to funding the project was pushed out one year.

Janelle Nordyke addressed the question regarding the winter averaging policy for seasonal users. There is a general winter averaging based on what the potable use is over the December to March period but there are seasonal user exceptions. For example, George Fox University's wastewater use is greater during the winter from December to March, but in August they use less potable water so they are charged the winter averaging or the actual use, whichever is less.

Beth Keyser stated the importance for citizens to understand the rate structure and how they are being billed.

Deb Galardi discussed the summary of State programs available such as Clean Water State Revolving Fund (CWSRF) and Oregon Economic Community Development Department (OECDD) Grant eligibility and Federal programs to help fund the projects. Chair Haug asked what qualifies for the clean water fund. Ms. Galardi stated Newberg qualifies due to the overflow and regulatory issues. Howard Hamilton stated the Facility Plan must also be updated, which Newberg just received DEQ confirmation of, as well as an environmental review currently in DEQ review. After the State reviews it, they will let it out for thirty days of public comment and at that time we will be eligible for State Revolving Funds. Ms. Galardi stated Newberg is not eligible to qualify for some of the grant funding in this two-year cycle.

Beth Keyser asked what criteria are used to qualify. Ms. Galardi replied the City needs to be severely economically distressed. Mr. Hamilton explained in all of Yamhill County there are ten municipalities; eight of them are classified as severely distressed. Newberg and Dundee are only moderately distressed and do not qualify for Community Development Block Grants.

During discussion of grant funding, Janelle Nordyke stated most of the debt comes from public works and financing.

Deb Galardi referred to the two meeting handouts; WWTP-RRE Project with/without CWSRF Funding. This addresses the question of construction costs and shows details proposed construction. Howard Hamilton reviewed the handouts and explained he tried to scale the charts on how much money could come from the revolving fund and how much of the projects could be funded from that amount of money. Howard Hamilton noted if the City receives State loan funds, they are paid back when the project is completed. Rates would need to be in place and accumulating revenue before completion to start paying back the loans.

Deb Galardi reviewed the revised capital improvement projects (CIP) scenarios and the two different CIPs under multiple financing assumptions. In the prioritization process, quite a bit was pushed out in terms of CIP for the WWTP. Based on the two revised CIPs, rate increases were brought down. Ms. Galardi feels confident the City will get CWSRF funding but it is not guaranteed.

Discussion took place regarding bill comparisons for single family residents showing Newberg at the top of the chart. Ms. Galardi gave examples of other cities that will also be looking at rate increases and stated Dundee will surpass Newberg in rates shortly. Howard Hamilton explained as the municipalities update and implement facility plans, they will take on CIP projects that require rate increases which will push them up the list.

Ernie Amundson stated Newberg used to be lower on that list and after serving eight to nine years on the Citizens' Rate Review Committee (CRRC) he does not understand why rates have been increasing over the years when there are still many capital improvement projects that have not been started. Howard Hamilton replied the City's maintenance of an aging plant is expensive and pays for occasional CIP with debt, which in turn costs additional money in interest.

Chair Haug stated he believes it is a disservice to show the community this list and automatically think Newberg should fall lower on the rate scale when many factors are involved.

Mike Gougler stated the CRRC has just started to attempt to repair the fact that funds were never allocated for what is needed. Newberg is at the top of the bill comparison list now because we are paying for what was not allocated in the past and we are paying for debt.

Chair Haug asked for input regarding the uniform (20 year term) 15.9% plan scenario; recommendation for two years. David Maben believes this is the best approach to cover debt with the possibility of building reserves. Mike Gougler wants it specified to the public the rate increase in regards to the CIP and the projects that have been pushed out due to lack of funds. Deliberations have been based on building the CIP and compliance in order to keep from being fined in the future by DEQ. This committee has attempted to find the best way to pay for the capital improvement obligation.

The CRRC agreed to suspend the wastewater deliberation and vote until the December 9, 2009, meeting.

5. Contingency and Reserve Funds:

Howard Hamilton handed out the "Rainy Day Fund" sheet to the committee members. Janelle Nordyke explained there are a variety of funds used to handle rates, which include operating reserves for future capital

projects, and the SDCs. Newberg currently does not have a "rainy day fund", but there are some funds in reserves, most of which are for capital projects. Due to the lack of growth over the last couple of years, the volume has decreased and revenue has gone down, thus pushing out many future capital projects. Now there isn't enough to fund the current requirements and fixed obligations. A rate needs to be adopted to fund the requirements.

6. Non-Agenda Items:

Janelle Nordyke stated that Love, Inc. has applied for matching grants. The deadline for the grant program is December 31, 2009. Ms. Nordyke will be sending out a letter to all the other non-profits if they wish to apply. The applications will then be brought before the CRRC at the January 6, 2010 meeting for their decision on how much is to be given and to whom.

Janelle Nordyke referred to the handout regarding an email sent to Mayor Bob Andrews from Troy Spurlock in regards to the Military Credit Program. Mr. Spurlock stated in his email the 12-month verbiage is restrictive. Janelle Nordyke stated as long as an individual is on active duty, they qualify for the duration of 12 months at a time.

7. Public Participation:

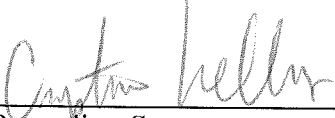
Richard Boyle, Water Resources Civil Engineer lives outside Newberg but is interested in the City's growth. He sees his future in public works and is interested in how rates are put together.

The next scheduled CRRC meeting is December 9, 2009 at 7:00 p.m.

8. Adjournment:

The meeting adjourned at 9:30 p.m.

Approved by the Citizens' Rate Review Committee this 16th day of December 2009.



 Recording Secretary



 Citizens' Rate Review Committee Chair

Wednesday, 7 PM

December 9, 2009

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

Members Present:

Charles Zickefoose
Tony Rourke

Mike Gougler
Mayor Bob Andrews, Ex-Officio

David Maben

Members Absent: Ernie Amundson (excused)

Beth Keyser (unexcused)

Staff Present:

Howard Hamilton, Public Works Director
Deb Galardi, Galardi Consulting

Janelle Nordyke, Finance Director
Crystal Kelley, Recording Secretary

Others Present: Richard Boyle, Helen Brown, and Thomas Barnes

1. Call to Order/Roll Call/Introduction

Chair Matson Haug called the meeting to order at 7:03 p.m. and asked for roll call.

Chair Haug introduced Thomas Barnes. Thomas Barnes shared that he realized he was paying less for the public safety fee than he thought. He was not paying the three dollar fee that other city customers are required to pay. He went on to say the dwellings that require the most public safety are not paying the full three dollars. He thinks all citizens should be paying the full fee. He is guessing the City is losing thousands of dollars per year because some customers are not being charged the full fee.

Chair Haug asked Howard Hamilton to explain the fee Mr. Barnes is referring to. Mr. Hamilton stated the Citizens' Rate Review Committee (CRRC) mission does not include utility bill riders. The Springbrook Software used by the Finance Department adds a utility bill rider that assesses the public safety fee. The three dollar fee is calculated according to the number of equivalent dwelling units (EDU) based upon the water meter size. Therefore not all residents are assessed the same.

Mr. Barnes asked if it would be possible to reprogram the system to allow for the same method to be applied to all utility bills for the City. Janelle Nordyke pointed out a call has been put in to the Springbrook Software company to see if the City can apply the same fee to all utility customers.

Howard Hamilton pointed out the fee currently brings in enough funding to cover three additional officers but will not in the future. Chair Haug reminded the CRRC that Mr. Barnes would like the committee to consider if this is a fair allocation of the fee. Ms. Nordyke reminded the CRRC staff is looking further into it. She went on to say City Council knew it was not allocating to every household equally with the plan for the fee not addressing mobile home parks and apartment complexes.

David Maben asked Deb Galardi if she has run into this type of fee before. Ms. Galardi stated the transportation utility fee is similar. She went on to say it requires a new designation in the database for equivalent dwelling units.

Chair Haug asked if actual units would be applicable to what the CRRC will have to deal with. Ms. Galardi stated local governments can charge for functional population so each household would be allocated its share. She pointed out non-residential users would still be calculated for their respective EDU.

2. Other Business:

Howard Hamilton distributed an updated schedule for the remainder of the CRRC meetings. Mayor Andrews asked what changes have been made to the schedule. Mr. Hamilton explained the public hearing has moved to the Public Safety Building. The original schedule had public notices and the utility bills scheduled to be ready on January 13, 2010.

Mr. Hamilton distributed copies of the draft flyer announcing the town hall meeting, for their review. Mayor Andrews stated he feels the flyer is too busy. It was determined by the CRRC they would look over the flyer before the December 16, 2009 meeting and discuss recommended changes at that time. Mr. Hamilton reminded the CRRC they need to finalize the flyer at that meeting. If staff is able to maintain the schedule, the public will receive the flyer approximately nine days prior to the January 13, 2010 meeting.

3. Conclude Wastewater Rates:

Mr. Hamilton presented photos (see official meeting packet for full report) of the Wastewater Treatment Plant (WWTP) so the CRRC would have a visual of the condition of the plant. He pointed out the equipment at the plant is in major need of repair.

Chair Haug asked if the condition of the equipment is due to a lack of funding or issues with maintenance staffing levels. Mr. Hamilton stated the original maintenance shop consists of one small room in the back of this administration building. He explained there was no plan in place for maintenance when the plant was built. He went on to say that staff did not do much maintenance for the first ten years of operation. In the last ten years we have been trying to keep abreast of workloads.

Chair Haug asked how old the plant is. Mr. Hamilton stated the plant was started up in 1987 putting it at 22 years old.

Tony Rourke asked what the average life of a treatment plant was. Mr. Hamilton stated it was about twenty years for equipment.

Mayor Andrews asked the CRRC to consider how the citizens will handle hearing that a structure needs to be replaced after only 20 years when they live in homes that are close to 120 years old. Mr. Hamilton pointed out the government has permit requirements that regulate WWTP operations and conditions. He reminded the CRRC that this type of equipment has high demands placed on it and has to be running at all times. It will require maintenance more often since it can never shut off without contingency plans in place.

Chair Haug confirmed there were no funds available in the rate plan for additional maintenance. Mr. Hamilton stated the available funds were used for keeping the machinery running, which leaves the buildings and structures neglected.

Mayor Andrews asked what the City's status is with Occupational Safety and Health Administration (OSHA). Mr. Hamilton stated they have been inspected three times in the past decade with no real issues. Mayor Andrews asked if they have taken issue with the condition of the structure. Mr. Hamilton stated no they have not. As long as safety is not a concern the condition is not an issue. He went on to explain they are required to

have a full safety program in place with MSDS sheets and emergency response plans and they are also required to document safety training. One safety item in the plant is trained on every month and the City Safety Committee inspects quarterly. They routinely inspect the plant and specific equipment such as every crane each month. The cranes are also inspected before each use and formally inspected by a crane company every year.

Helen Brown asked if the new plant will use a different disinfection plan other than chlorine. Mr. Hamilton answered chlorine is required as part of the water reuse plan so it will continue to be present in some form.

Ms. Galardi pointed out CRRC has not made a proposal for the wastewater rates yet. Part of tonight's agenda is to determine what their proposal will be. She presented a slide to the committee to remind them of the scenarios previously presented to base their proposal on.

Mr. Hamilton pointed out the Department of Environmental Quality (DEQ) has a revolving fund of \$45 million. The money is loaned out each year with a cap at \$5 million per loan. They have a 1% to 3% interest rate based on the payback time.

Howard Hamilton stated in 2010 they are only allotting up to \$4 million per loan. Half the amount would be 0% interest for construction only and half construction/design at 1% to 3% interest.

Mike Gougler asked if they would start getting charged interest before the project is completed. Mr. Hamilton stated no, the payback begins at project completion.

Motion #1: Gougler/Rourke moved to adopt the No SRF Uniform 20 year 15.9% rate with a contingency that if the SRF funding is approved and rates should be modified there will be a call back from City Council at that time. (5 Yes/No 0/2 Absent [Amundson/Keyser]). Motion carried.

Chair Haug stated he would like to review why the wastewater plant is at the current low maintenance funding level and discuss the consequences if equipment is not properly maintained. Mr. Hamilton stated that maintenance funding has increased somewhat over the years but not at a rate that would keep up with deterioration. They have an updated facilities plan that specifies a host of improvements to the system. Staff is maintaining equipment just to continue operations at the funding level they have available knowing that at some point the equipment will be replaced. So at this stage in the equipment's life they are attempting to conserve funding until that time. The City is required to forecast out 20 years to 2030. He pointed out with moderated population growth, the population numbers would double. The City saw growth at 2.2% last year and for a time saw growth of 3.8% per year. The facility plan says capital projects should be started now and putting them off will only mean that larger amounts of funding will be required for maintenance of equipment which will eventually be replaced anyway. They are looking at \$250,000.00 that has been put into the influent pump station in the last year and a half. The entire station is scheduled for major overhaul. It is at its wet weather capacity today. DEQ will implement a new sanitary sewer overflow rule January 1, 2010. An overflow fine will be assessed each time they do not meet the conditions of this rule.

Tony Rourke asked if the funding for the plant includes maintenance's ability to keep the equipment updated. Mr. Hamilton stated they would need to work on increasing the operation and maintenance (O&M) budget in the future to address more than just keeping equipment operating. Ms. Nordyke added they have enough personnel to continue the maintenance at this time.

Ms. Galardi pointed out there are no reserves being built up for future capital improvements.

Mr. Hamilton stated they have maintenance staff that can keep things going, but not for improvements to the overall condition. He went on to say they often pull together funds at the end of the budget year and hire a contractor to come in and address some issues that are outside of staff's expertise.

Chair Haug recommended including a program allowing for maintenance. Mr. Hamilton shared with the CRRC the facility plan will require adding maintenance staff once the project has moved forward.

Chair Haug asked how much more money will be needed to keep up the new equipment. Mr. Hamilton replied that it is not so much additional funding but they will need more staff to perform the work or the repairs will need to be contracted out and funding allotted accordingly. Ms. Galardi pointed out once the facilities are constructed they will need additional staff.

4. Present Stormwater Rates:

Ms. Galardi presented the staff report (see official meeting packet for full report).

Mr. Hamilton pointed out that DEQ required Newberg to develop a stormwater Total Maximum Daily Load (TMDL) Program by March 2008. He went on to share they have to report each year how they are meeting the program goals. The City initiated the stormwater program during the last budgeting cycle. They put in additional budget money for staff, meeting program goals, and maintenance of the storm system.

Ms. Galardi presented a pie chart that shows the operating budget for 2009-2010. She explained the budget for fiscal year 2009-2010 expenditure total was \$658,000.00.

Mayor Andrews asked staff what the vehicle is under the vehicle/computer replacement section of the pie chart. Mr. Hamilton stated the new stormwater maintenance staff has a vehicle. Mayor Andrews confirmed the vehicle is dedicated to their operations. Mayor Andrews asked if anything is being used for street cleaning. Mr. Hamilton stated yes, there are some shared costs with other equipment such as the backhoe and dump truck.

Ms. Galardi said historically only 93% of the budget is used. There is a capital improvement plan in place.

Mr. Hamilton pointed out the Springbrook Road Project will have a stormwater component. They have to be prepared to do the infrastructure under the street in preparation for the road work. They are saying fiscal year 2012-2013 will be projected for the transportation part of the project, which is driven by the Springbrook Development.

Chair Haug asked why they are only at 25% if the Springbrook Road Project is driven by the development. Mr. Hamilton stated staff evaluates what it would cost for upsizing the storm system and uses that to determine percentage split for System Development Charges (SDC) and rates. Replacement of the current infrastructure is a larger part of the project.

Mr. Rourke asked if the Springbrook Project was not happening would they still replace what is there today. Mr. Hamilton said not this early because the current condition is still satisfactory, but when you upsize it then it has to be replaced. Mr. Hamilton continued saying the rest of the capital improvement projects are smaller areas that have stormwater related issues.

Mrs. Galardi reported the total capital improvement plan (CIP) is \$2,500,000.00. They are looking at over \$1,000,000.00 per year. In the past they assumed you would pay for storm water as you go. If the other

projects go as planned they will not be able to pay as they go without tripling the rates. In order to get \$2,000,000.00 worth of funding they will have to get some debt financing.

Mayor Andrews asked where the area around Ninth Street and College Street drains to. Mr. Hamilton answered into Chehalem Creek. He went on to say the TMDL incorporates a number of load concepts such as mercury, bacteria and temperature. A best management practice example is stormwater can be made cooler by providing shade. The City is supposed to find ways to divert the water to allow natural geology and biology to filter and adding trees also accomplishes this.

Mayor Andrews asked where the area between Newberg and Dundee drains. Mr. Hamilton answered it drains into the canyon near the filbert processor and feeds into Chehalem Creek. He pointed out that the Yamhill Basin Council does some background stream testing but DEQ is not enforcing standards.

Richard Boyle stated the City will need to get more stringent about developing codes for engineering standards with multi levels. Mr. Hamilton stated the City will be held to a higher standard when the next DEQ TMDL Phase is implemented so Newberg proactively developed the program to meet that standard. There is currently no regulatory compliance mechanism for Newberg. We only have to report how we are meeting the goals.

Ms. Galardi presented the revenue requirements from rates (see official meeting packet for full report). They are not covering the O&M cost. One scenario for consideration over the next 2 years would be to minimize the rate increase to cover O&M. They will be looking at 8.9% increase, which will only cover the O&M costs. This scenario will not build any reserves for the future. The 15% would be required with debt service, which means the City would have to assume some sort of financing. If they wanted to go with the smooth rate for a minimum approach of 8.9% it would translate to \$10.98 per year increase.

Chair Haug asked for clarification that this rate does not provide for any reserves. Ms. Galardi confirmed he is correct. With this scenario, by 2013 they will have used all the reserves.

Chair Haug asked what it would take to prevent debt service. Ms. Galardi stated every 10% rate increase generates another \$57,000.00. They could try to get to a point where they are starting to build back funds.

Charles Zickefoose asked where they would be if they had implemented the recommended rates for last year. Ms. Galardi stated they would be keeping pace with O&M but not building much for capital projects.

Chair Haug asked for recommended alternate scenarios the committee could consider. Mr. Rourke agreed he would like to see something that does not completely deplete the reserves. Chair Haug asked Mr. Rourke how he would feel if they made a recommendation to try and keep it at \$300,000.00 for the reserves. Mr. Rourke stated ideally on a reserve you would want a small percentage of potential expenses set aside.

Ms. Galardi pointed out if you know how much you want the reserves to grow each year for a project you can have a contingency fund for unexpected projects. She asked if they want it to be at a certain level to fund potential projects later. Chair Haug stated for future capital projects they would like to reduce or eliminate debt service.

Ms. Galardi presented survey data from Salem as a comparison for the CRRC. Mr. Hamilton pointed out the City of Portland's rate is highest since the wastewater system and stormwater systems are combined and they are spending a lot of money to separate. Chair Haug asked about McMinnville. Ms. Galardi reminded the CRRC they will bring more numbers next week which will look at some like-city comparisons. She pointed out

her survey tonight is from larger cities. Mayor Andrews pointed out Forest Grove may be a reasonable city to look at for Newberg comparisons.

Ms. Galardi stated the City Council asked the CRRC to look at a possible credit program for residential customers. Staff will look at cities that have a credit program and make a proposal at the next meeting.

Chair Haug reminded the CRRC the most important question is how much reserve is appropriate. He pointed out they thought about \$300,000.00. He suggested discussing what the goal should be for the reserve fund.

David Maben stated they should build the reserve to eliminate debt service totally. Mr. Gougler pointed out debt service is better than not having sufficient money now. The ability to meet the goal established by the agency will depend on staff. They also need to have a rate sufficient to cover debt. I do not want a stormwater program they are not able to maintain.

Mr. Rourke said reserving is a bigger discussion beyond stormwater because the funds are in different areas and needs discussed on all projects. Chair Haug pointed out they did discuss it and realized the rates would be too high if they worked on building reserves. Mr. Rourke stated he would like to consider throwing in a percentage to allow them to build some reserves. It would be a good philosophy to avoid debt in the future.

5. Public Participation:

Mr. Gougler shared he would like to present a worksheet during the public meeting. This will provide a clear picture of consequences of noncompliance. It will give the citizens an idea of what will happen if we do not meet requirements. They will know who the City has to report to what consequences they would have (i.e. fines). They have to address the consequences so the public can see a spreadsheet for each rate with its own scenario. Chair Haug requested Mr. Gougler put something together for the next meeting.

Mr. Rourke suggested they take a look at the other two utilities and determine an appropriate amount for them as well. The Committee came to a consensus that 1% was an appropriate amount.

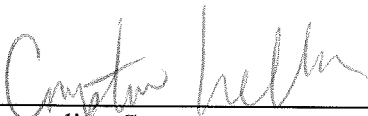
Ms. Galardi agreed she will bring to the next meeting what would be generated with a 1% increase for reserves. Mr. Rourke also requested to see what the optimal amount would be for reserves and what the numbers are for today.

The next scheduled CRRC meeting will be December 16, 2009, at 7:00 p.m.

6. Adjournment:

The meeting adjourned at 9:05 p.m.

Approved by the Citizens' Rate Review Committee this 16th day of December 2009.



 Recording Secretary



 Citizens' Rate Review Committee Chair

Wednesday, 7 PM

January 27, 2010

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

Members Present:

Charles Zickefoose	Mike Gougler	Matson Haug (Chair)	David Maben
Tony Rourke	Ernie Amundson	Mayor Bob Andrews (Ex-Officio)	Beth Keyser

Members Absent: None**Staff Present:**

Howard Hamilton, Public Works Director	Deb Galardi, Galardi Consulting
Crystal Kelley, Recording Secretary	Dan Danicic, City Manager

Others Present: Douglas Baker, Bonnie Benedict, Ronald Morgan, Al Blodgett, Louis Larson, Ernie Collazo, Helen Brown, and Richard Boyle.**City Council Present:** Councilor Stephen McKinney and Councilor Bob Larson**1. Call to Order/Roll Call/Introduction:**

Chair Matson Haug called the meeting to order at 7:00 p.m. and asked for roll call.

2. Staff Report:

Chair Haug reminded those present the City Council meeting for the adoption of the recommended rate increases by the Citizens' Rate Review Committee (CRRC) will be on April 5, 2010 at the Public Safety Building.

Deb Galardi presented the staff report (see official meeting packet for full report). The citizens of Newberg do not use the water system the same. Some of them will use a lot of water during peak times. If you use more water during peak periods you will find you pay more for water overall. The rates for use of the wastewater system will be higher based on the volume of use as well as the strength, meaning the quality, of water discharged from the property. The major factors that drive the costs are the aging and failing infrastructure, deferred maintenance and regulatory requirements. The City pays for its capital investments in the system through debt service.

Water rate structures need to encourage efficient use of resources. The rate review process occurs every two years. The CRRC had the challenge of addressing deep revenue short falls. Revenues from the rates are down due to less water usage and a slowing in growth of the population. The CRRC had to consider what projects within the City would need to be deferred due to decreased revenue or consider long-term funding options through debt. The most significant need is the City is not meeting its regulatory requirement which could result in lawsuits and fines. The rate increases are in hopes of meeting some of those requirements.

There are some serious risks the CRRC understood and evaluated during their consideration for a recommendation of rate increases. They had to consider some maintenance needs for the wastewater treatment plant. The wastewater system has the most acute needs at this time. There are two projects in place to help

address the issues of the plant exceeding capacity during peak times. If the pump stations overflow there will be potential fines and lawsuits for the City.

The CRRC recommends an annual system-wide revenue increase of 12.2 % for residential customers for water which would be between three and four dollars more per month for each customer.

The CRRC recommends an annual system-wide revenue increase for wastewater of 16.9% which is higher due to the investment needs for maintenance improvements. This will result in about six to eight dollars more for the average residential bill each month.

The CRRC recommends an annual system-wide revenue increase for the stormwater system of 18% which comes out to less than one dollar more each month for residential customers.

It was recommended by the CRRC that the City does not implement a residential credit program at this time. The CRRC felt there was insufficient information on the effectiveness and administrative impacts of various measures with a credit program.

3. Public Participation:

Bonnie Benedict thanked the Committee for their work on the process. She does not like her bill. She would like to know how to eliminate the wastewater usage. The wastewater bill includes some cost for stormwater run-off. She is not sure why they are paying for storm water run-off. Mr. Hamilton stated the wastewater rates are based on water use from December through March. A fee is also paid per month for maintenance of the account. To reduce the wastewater rate you need to use less water between December and March. The stormwater fee is based on the average single family residential equivalent dwelling unit and is a fee of \$3.80 per month that is used for operations, maintenance and projects.

Al Blodgett thanked the CRRC for the time they have put in considering water rates. He has been in Newberg for over 20 years. He is one hundred percent behind the recommended rate increase while still keeping in mind it will be painful for some Newberg residents.

Ernie Collazo stated he is against the increase at this time. It comes down to money. The nation is in a recession right now. He also has improvements that need to be made to his property but he has to take the cost into consideration. He wants to know where the money is going to come from. He has applied for utility assistance through the grant program already. He has been in Newberg since 2001 and he is now paying up to \$50 for utilities.

Louis Larson asked what the current average rate of consumption is. Ms. Galardi stated for water it is 800 cubic feet and for wastewater it is 5.51 hundred cubic feet. Stormwater is a flat fee. He went on to ask if it would be possible for the City to produce a bill that is similar to the electric company that would allow him to sit down and go over the bill and better understand the billing process. Janelle Nordkye stated they can put something on the City website to explain how it is done. They can also see if the software can be reprogrammed to make the utility billing statement easier to understand but it will cost some money.

Mr. Larson stated he was impressed with the openness at the town hall meeting and the willingness to listen to the concerns of the public. He disagrees with the fairness of the rate structure itself. It appears to be a flat structure rather than a progressive rate structure. People who earn more should pay more. In the current system everyone has to pay the same rate regardless of earnings. He would like to see a study done for the community to look into adopting rates that would take income into account and make it fair across the board. He would like

to see the City avoid taking action with the proposed rates until the community has the ability to pay for the increase.

Mr. Larson continued family incomes from 1999 are now the same or less than they were in 2010. That means the ability for many to pay increased charges is very difficult. The City unemployment rate is running about 11%. He estimates roughly 900 family units in the City have at least one person in the home unemployed. Out of all the people living on social security 40% of them are considered low income. There are roughly 1200 families in town living on social security. They have not seen an increase in their income even though the cost of utilities has gone up. They are looking at around 2100 people in our community who are really suffering financially right now. There are more people having to depend on FISH and other organizations in order to make it. In the last decade there has not been any new jobs created. He wants to ensure the Committee understands the depth of the needs the City is facing. It is not just common people being affected by the economy. He again recommended they develop a rate structure that will put the burden for the increase on those who can afford to pay.

Charles Zickefoose asked if there is precedence for the type of fees he is describing. Ms. Galardi stated you will find some communities in Oregon which are funded this way but most are funded by user fees. The industry standard relates to the citizen's ability to control their bill based on their usage and is not based on income.

Douglas Baker stated he has been a resident of Newberg for over ten years. He is not unfamiliar with how water departments work and he understands what it takes to maintain the department. He is opposed to the rate increase because he is concerned that people are not able to afford it. He is most concerned with those living on a fixed income and the unemployed. As a general rule when people run short of money they tend to do without. Some will borrow money or use credit cards. It is too much to ask the general population to pay more money. He feels all government agencies need to lead by example and look for ways to cut cost. We are all struggling with money just like the City. He does not want to see an increase in rates added to the problems for many in the City. The bottom line is now is not a good time to be asking for more money.

Ronald Morgan stated he feels the main issue is wastewater systems rather than water issues with regards to the maintenance issues. He suggested they take the issues and segregate the improvements to determine what needs to be done first. The City can then break it down into small pieces to determine the most important issues. Is there any change of refinancing for the City to obtain lower interest rates? There is some money that will start coming into the state since measures 66 and 67 were recently passed. How much water and wastewater are the schools using? Can they make sure they are paying their fair share of the water and wastewater? He is concerned about the senior citizens in the area who are on social security who saw no increase in their income this year. The bills are going up but the income for them is not.

Bonnie Benedict asked what the City would do if they are not able to pay their bill. She would like to see the City eliminate some of the planned improvements to allow them to save some money so the public does not have to pay higher rates. The senior citizens should not be hit so hard. She asked what would happen if her neighbor's sewer ran under her house and hooked into her sewer then went out into the street. Does that make her bill higher? Mike Gougler stated she is not billed for sewer that leaves her house. Her wastewater rate is determined by her water usage during certain months of the year. The sewage that leaves the house is not metered. Only the drinking water is metered. They determine the bill during the low water use for the year.

4. Public Hearing to Recommend New Utility Rates:

David Maben stated he supports the recommended increases. If they do not take care of the increase now they are going to have to deal with it later.

Charles Zickefoose stated some day they are going to have to pay for the needs in the City. They have softened the blow for the last few years. He supports the increase knowing it is not going to get any better. The City is facing things that are required.

Beth Keyser stated she supports the increase. Her income has not gone up and she does not like paying more either. However she recognizes the need for the increase now in order to take care of the needs of the City as well as looking ahead to what is coming.

Chair Haug stated they have discussed the idea of rates based on increasing volumes of use. The rates would be lower if you use less. Ms. Galardi confirmed that would be an inclining block rate structure. He asked if they have some way of making the adjustment on permeable services for smaller homes to pay less than larger homes. They have an assistance program that is still available. It is possible the City Council would like to make the assistance program more aggressive.

Tony Rourke stated they talked a lot about inclining blocks as well as other rate structures. The difficulty would be in the down economic times if they do a significant increase for groups that would cause lower water use that would then lower the revenue. If they do not use the water or pay the bills the City is unable to manage the systems. They already discussed how other rate structures do not make sense. They may want to consider other options at a later time. If they choose not to do anything now they will pay later in a different form. They will pay in the form of lawsuits, fines, and higher interest. He agrees debt is not a smart fiscal policy. It costs a lot of money. If they do not pay the bills and default on the loans it will cost later. Where will the money come from when the fines and lawsuits take place? He does not like giving rate increases but there was a period of no increase for nearly ten years.

Ernie Amundson stated he is against the increase they are proposing tonight. He has been doing surveys in the City and many he talked with stated they have been making cuts in their budget in the last year. He is not able to support the increase and will vote against it tonight.

Mike Gougler stated the City is at the point where the boat is sinking and there is no time to take the sail down. As the CRRC, they were asked to find a way to meet the demands that are being placed on the City. The City is being told they must do certain repairs by the State and Federal Government. He is certain no one here is okay with raising debt so our children can pay for it. They will not go away if we keep putting off the necessary repairs to the facilities. They agreed to try and develop a program to help those who are the most in need. He recommends if members of the public see a huge hike in their water bill they should utilize the resources the City offers to answer questions and help determine if there is something else going on such as a leak on their property. He has to support the increase. If they do not do it now they will have to deal with the issue later.

Motion #1: Gougler/Zickefoose moved to make the recommendation to City Council for a 12.2 percent increase in water rates, a 16.9 percent increase in wastewater rates, and an 18 percent increase in stormwater rates. In the event that grant funds are received which may reduce the need for the increased rates, the CRRC will reconvene and look at adjusting the rates at that time. (6 Yes/1 No) Motion carried.

5. Final Comments from Staff:

Mr. Hamilton stated the costs to operate the City's utilities are continuing to rise. They are seeing mandates from the state which must be paid for from somewhere. They have a number of maintenance issues that will require attention. They are in jeopardy of the system overflowing which could cause Department of Environmental Quality (DEQ) fines and potential environmental lawsuits if something is not done soon. If they start accumulating enough claims from homeowners with flooding issues, the insurance carrier will require the City to come up with the resources to fix the problems. There is also some debt that needs to be taken care of that the City is on the verge of defaulting on.

Ms. Galardi clarified the sample bills they displayed during the staff report are just samples. The recommendation is for a rate structure rather than the actual bills that have been displayed.

A five minute break was taken at 8:25 p.m. The meeting was re-adjourned at 8:30 p.m.

6. Final Comments from CRRC Members:

There were no final comments from the CRRC once the decision was made to approve the recommendations for the rate increases to City Council.

7. Utility Bill Assistance Grants Approval:

Janelle Nordyke presented the staff report (see official meeting packet for full report). Letters were sent to non-profit organizations in the community for the grant program. The City has set aside 4,000 dollars for the purpose of grant applications. The City received four applications from non-profits in the area for grants. Ms. Nordyke asked if they would like to have the funds disbursed equally among the requests. Mr. Gougler stated the CRRC agreed they would equally disburse the funds to the non-profits that submitted a request.

Ms. Keyser asked what will happen if the non-profit does not use all the vouchers they receive. Ms. Nordyke stated the money would stay in their budget until the funds are used.

Mr. Zickefoose stated he feels Love, Inc. should be the agency that disburses the vouchers. The churches can be the second signer on them. Mr. Rourke stated he believes if the funds are not used this fiscal year they will be gone and they will have to start over. Ms. Nordyke confirmed he is correct. The money stays in the water and wastewater funds and does not go back into the general fund.

Mr. Gougler asked if one of the recipients asked for their money to be assigned to Love, Inc. does the CRRC have to approve that? He proposes they allocate 1,000 dollars to each applicant with the agreement if one of the organizations decides to have Love, Inc disburse the vouchers they allow the organization to make that decision. Ms. Keyser stated they would not want it to all go to Love, Inc. She agrees they would allow each organization to use the 1,000 dollars and determine how they will proceed.

Mr. Zickefoose stated all the other applicants stated in some way they have been working with Love, Inc. from the beginning. They have a voucher program already in place and the partner church can sign the voucher as well as Love, Inc. Mr. Gougler stated leaving it as an allocation for each of the applications does not require them to distribute on their own but allows them the freedom to use Love, Inc. if they choose to. He feels it will offer the best flexibility.

Ms. Nordkye asked if they would like the grant money to be advertised. Mr. Rourke stated if they do not advertise, it will not get used. He would like to see the funds totally used by the end of June. The citizens need to know the vouchers are available. He recommends they consider using the utility bills as a way of advertising for the availability of the voucher.

Mayor Andrews asked what the four organizations are. Chair Haug stated it was Newberg Seventh Day Adventist Church, Newberg Christian Church, Joyful Servant Lutheran Church, and Love, Inc. in partnership with First Presbyterian Church.

Mr. Zickefoose stated he would like to hear from Ernie Collazo about his application for a voucher. Mr. Collazo stated he went to YCAP and they are out of funds for this type of request. Mayor Andrews asked if they have used the grant for YCAP. Ms. Nordyke stated yes they have and then some.

Motion #2: Rourke/Gougler moved to equally distribute the requested funds for the grant applications with 1,000 dollars going to each organization with an agreement they advertise for the program. (7 Yes/0 No) Motion carried.

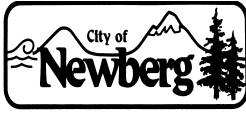
8. Adjournment:

The meeting adjourned at 9: 36 p.m.

Approved by the Citizens' Rate Review Committee this __ day of March 2010.

Recording Secretary

Citizens' Rate Review Committee Chair



RESOLUTION No. 2010-2886

**A RESOLUTION ADOPTING NEW MONTHLY WASTEWATER RATES FOR
THE CITY OF NEWBERG EFFECTIVE JULY 2010**

RECITALS:

1. City Code Section 51.60 governs the adoption of wastewater rates for the City of Newberg and Chapter 51 governs the City of Newberg wastewater system.
2. The Citizens' Rate Review Committee (CRRC) reviewed wastewater system characteristics and requirements, including the Capital Improvement Plan and operating/maintenance costs, and recommends changes to the monthly wastewater charges based on an analysis of current and near-term future anticipated wastewater fund needs.
3. The CRRC meetings were held on November 10, November 24, and December 9, 2009 to discuss wastewater rates.
4. The CRRC held a Town Hall Meeting on the proposed monthly charges on January 13, 2010, and a Public Hearing on January 27, 2010 to adopt rate increase recommendations.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. Effective July 1, 2010, the monthly wastewater service rates shall consist of charges as shown on the attached Exhibit "A". Exhibit "A" is hereby attached and by this reference incorporated.
2. Each customer applying for connection to the City wastewater system shall pay to the City a wastewater connection charge and wastewater systems development charge which shall be due and payable at the time of issuance of a permit to proceed with each service connection. The wastewater connection charge shall be calculated based on the estimate of the actual costs incurred by the City in conjunction with the connection of the service and shall be payable with the application for service. Costs in excess shall be due upon completion. Failure to pay the additional costs will cause the water meter to be removed. Any excess payment shall be refunded to the applicant.

3. Rates for any other wastewater use, not explicitly provided for in this resolution, shall be established by the Public Works Director and Finance Director so as to conform as closely as practicable to the charges established herein. Such charges will be reviewed by the City Council.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: April 20, 2010.

ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of April 2010.

Norma I. Alley, City Recorder

ATTEST by the Mayor this 22nd day of April 2010.

Bob Andrews, Mayor

LEGISLATIVE HISTORY

By and through the Citizens' Rate Review Committee at their November 10, November 24, and December 9, 2009 meetings.

EXHIBIT "A"
TO RESOLUTION NO. 2010-2886

CITY OF NEWBERG
MONTHLY WASTEWATER SERVICE CHARGES

	<u>Current 2009-10</u>	<u>Proposed 2010-11</u>	<u>Proposed 2011-12</u>
Service Charge (\$/month)	\$11.94	\$14.37	\$17.54
Multi-family per unit Charge	\$10.54	\$13.08	\$16.20
Volume Charge (\$/hundred cubic feet [ccf]):			
Single Family Residential	\$5.43	\$6.26	\$7.18
Multi-family Residential	\$5.43	\$6.26	\$7.18
Commercial 1	\$5.43	\$6.26	\$7.18
Commercial 2	\$6.65	\$7.71	\$8.92
Commercial 3	\$10.88	\$12.74	\$14.94
Industrial	\$6.65	\$7.71	\$8.92
Outside City	\$5.43	\$6.26	\$7.18
Sewer Only (no water service) Flat Rate* includes monthly service charge	\$64.01	\$58.19	\$67.80

*based on 700 cf

Note:

Commercial 1 includes general businesses, public agencies, and schools.

Commercial 2 includes mini-markets, car washes, mortuaries, industrial, and fast food/cafeterias.

Commercial 3 includes restaurants.

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REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: April 5, 2010

Order ____ Ordinance ____ Resolution XX Motion ____ Information ____
No. No. No. 2010-2887

SUBJECT:

New Stormwater Rates Effective July 1, 2010

Contact Person (Preparer) for this
Resolution: Howard Hamilton, PW Director
Janelle Nordyke, Finance Director

Dept.: Public Works and Finance

File No.:
(if applicable)

HEARING TYPE: LEGISLATIVE QUASI-JUDICIAL

This is a two meeting City Council process.
April 5, 2010:

- Staff Report
- Public Comment (oral and written)
- Directions to Staff for next meeting
- Mayor leaves record open for public written comment (deadline 4 pm on April 12, 2010)

April 19, 2010:

- Council deliberation only
- No oral public comment

RECOMMENDATION:

Approve **Resolution No. 2010-2887** adopting new monthly stormwater rates effective July 1, 1010.

EXECUTIVE SUMMARY:

The following attachments are included in this packet:

- Revenue requirements from rates (Attachment #1)
- The Four-Year Capital Improvement Plan (Attachment #2)
- Approved minutes of the Citizens' Rate Review Committee (CRRC) from December 9 and December 16, 2009 (Attachment #3)
- Draft minutes of the CRRC Public Hearing held on January 27, 2010 (Attachment #4)

The Citizens' Rate Review Committee reviewed proposed rates at their meetings. The review included:

- The Stormwater Capital Improvement Plan (CIP) for the next four years
- Revenue and budget requirements

The driving forces for the new proposed stormwater rates include:

- Support the Operations and Maintenance budget to meet mandated Stormwater Total Maximum Daily Load program goals
- Illinois Street Improvements (part of CIP)
- Springbrook Road – Haworth to Middlebrook (part of CIP)
- Center Street and Ninth Street Improvements (part of CIP)
- South College Street (part of CIP)
- Villa Road Hess Creek Crossing (part of CIP)

FISCAL IMPACT: The attached stormwater rates are anticipated to raise \$100,000 in revenue in 2010-11 and \$125,000 in 2011-12, an amount sufficient to cover the cost of current maintenance, the listed projects for the year, and cash flow requirements.

STRATEGIC ASSESSMENT: It is important to raise sufficient revenues to maintain the City's stormwater system.

Table 1		
City of Newberg		
Projected Storm System Revenue Requirements		
	<i>FY2010/11</i>	<i>FY2011/12</i>
Category		
Operations & Maintenance	\$645,466	\$681,108
Existing Debt	\$0	\$0
Projected New Debt Service(1)	\$0	\$0
Capital Transfers	\$50,359	\$141,657
Total Requirements	\$695,825	\$822,765
Other Revenue (1)	(\$23,688)	(\$23,688)
Revenue Requirements - Rates	\$672,137	\$799,077
(1) Primarily SDC revenue		

Table 2c			
City of Newberg			
Stormwater Service Characteristics			
	Equivalent Dwelling Units (1)	Customer Services (accounts)	FY2011 Allocated Costs (\$)
Customer Class			
Residential	5,333	5,333	\$245,602
Commercial	7,053	686	\$324,006
Total	12,386	6,019	\$569,608
Residential	43%	89%	43%
Commercial	57%	11%	57%
Total	100%	100%	100%
(1) Based on average impervious area of 2,877 square feet.			

Table 3					
City of Newberg					
	Current Rate Cycle				
	FY2011	FY2012	FY2013	FY2014	Total
Projected Stormwater CIP	\$145,600	\$335,296	\$1,118,116	\$1,091,477	\$2,690,489

Table 4				
City of Newberg				
Projected Debt Requirements				
	Current Rate Cycle			
	FY2011	FY2012	FY2013	FY2014
Stormwater				
Projected Debt (Existing & New)	\$0	\$0	\$50,196	\$100,392
% of Rate Revenue	0.0%	0.0%		

Stormwater Capital Improvement Plan

PROJECT	2010/11	2011/12	2012/13	2013/14	TOTAL	SDC	SDC \$
Springbrook Rd - Haworth to Middlebrook	\$10,000	\$120,000	\$450,000		\$580,000	25.0%	\$145,000
Libra Street Replacement			\$40,000	\$360,000	\$400,000	10.0%	\$40,000
South College Street	\$10,000	\$60,000			\$70,000	0.0%	\$0
Center Street & 9th Street	\$50,000	\$50,000	\$400,000	\$400,000	\$900,000	19.0%	\$171,000
Villa Road - Hess Creek Crossing 71xxxx	\$0	\$80,000			\$80,000	10.0%	\$8,000
Illinois Street	\$70,000				\$70,000	10.0%	\$7,000
Carlton Way				\$10,000	\$10,000	10.0%	\$1,000
Vermillion Street - Drain to Creek				\$145,000	\$145,000	0.0%	\$0
Main Street				\$18,000	\$18,000	10.0%	1,800
MULTI FUNDED PROJECTS							
Public Works Admin Facility - Design			\$104,000		\$104,000	25.0%	
Total CIP	\$140,000	\$310,000	\$994,000	\$933,000	\$2,377,000		373,800

Wednesday, 7 PM

December 9, 2009

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

Members Present:

Charles Zickefoose
Tony Rourke

Mike Gougler
Mayor Bob Andrews, Ex-Officio

David Maben

Members Absent: Ernie Amundson (excused)

Beth Keyser (unexcused)

Staff Present:

Howard Hamilton, Public Works Director
Deb Galardi, Galardi Consulting

Janelle Nordyke, Finance Director
Crystal Kelley, Recording Secretary

Others Present: Richard Boyle, Helen Brown, and Thomas Barnes**1. Call to Order/Roll Call/Introduction**

Chair Matson Haug called the meeting to order at 7:03 p.m. and asked for roll call.

Chair Haug introduced Thomas Barnes. Thomas Barnes shared that he realized he was paying less for the public safety fee than he thought. He was not paying the three dollar fee that other city customers are required to pay. He went on to say the dwellings that require the most public safety are not paying the full three dollars. He thinks all citizens should be paying the full fee. He is guessing the City is losing thousands of dollars per year because some customers are not being charged the full fee.

Chair Haug asked Howard Hamilton to explain the fee Mr. Barnes is referring to. Mr. Hamilton stated the Citizens' Rate Review Committee (CRRC) mission does not include utility bill riders. The Springbrook Software used by the Finance Department adds a utility bill rider that assesses the public safety fee. The three dollar fee is calculated according to the number of equivalent dwelling units (EDU) based upon the water meter size. Therefore not all residents are assessed the same.

Mr. Barnes asked if it would be possible to reprogram the system to allow for the same method to be applied to all utility bills for the City. Janelle Nordyke pointed out a call has been put in to the Springbrook Software company to see if the City can apply the same fee to all utility customers.

Howard Hamilton pointed out the fee currently brings in enough funding to cover three additional officers but will not in the future. Chair Haug reminded the CRRC that Mr. Barnes would like the committee to consider if this is a fair allocation of the fee. Ms. Nordyke reminded the CRRC staff is looking further into it. She went on to say City Council knew it was not allocating to every household equally with the plan for the fee not addressing mobile home parks and apartment complexes.

David Maben asked Deb Galardi if she has run into this type of fee before. Ms. Galardi stated the transportation utility fee is similar. She went on to say it requires a new designation in the database for equivalent dwelling units.

Chair Haug asked if actual units would be applicable to what the CRRC will have to deal with. Ms. Galardi stated local governments can charge for functional population so each household would be allocated its share. She pointed out non-residential users would still be calculated for their respective EDU.

2. Other Business:

Howard Hamilton distributed an updated schedule for the remainder of the CRRC meetings. Mayor Andrews asked what changes have been made to the schedule. Mr. Hamilton explained the public hearing has moved to the Public Safety Building. The original schedule had public notices and the utility bills scheduled to be ready on January 13, 2010.

Mr. Hamilton distributed copies of the draft flyer announcing the town hall meeting, for their review. Mayor Andrews stated he feels the flyer is too busy. It was determined by the CRRC they would look over the flyer before the December 16, 2009 meeting and discuss recommended changes at that time. Mr. Hamilton reminded the CRRC they need to finalize the flyer at that meeting. If staff is able to maintain the schedule, the public will receive the flyer approximately nine days prior to the January 13, 2010 meeting.

3. Conclude Wastewater Rates:

Mr. Hamilton presented photos (see official meeting packet for full report) of the Wastewater Treatment Plant (WWTP) so the CRRC would have a visual of the condition of the plant. He pointed out the equipment at the plant is in major need of repair.

Chair Haug asked if the condition of the equipment is due to a lack of funding or issues with maintenance staffing levels. Mr. Hamilton stated the original maintenance shop consists of one small room in the back of this administration building. He explained there was no plan in place for maintenance when the plant was built. He went on to say that staff did not do much maintenance for the first ten years of operation. In the last ten years we have been trying to keep abreast of workloads.

Chair Haug asked how old the plant is. Mr. Hamilton stated the plant was started up in 1987 putting it at 22 years old.

Tony Rourke asked what the average life of a treatment plant was. Mr. Hamilton stated it was about twenty years for equipment.

Mayor Andrews asked the CRRC to consider how the citizens will handle hearing that a structure needs to be replaced after only 20 years when they live in homes that are close to 120 years old. Mr. Hamilton pointed out the government has permit requirements that regulate WWTP operations and conditions. He reminded the CRRC that this type of equipment has high demands placed on it and has to be running at all times. It will require maintenance more often since it can never shut off without contingency plans in place.

Chair Haug confirmed there were no funds available in the rate plan for additional maintenance. Mr. Hamilton stated the available funds were used for keeping the machinery running, which leaves the buildings and structures neglected.

Mayor Andrews asked what the City's status is with Occupational Safety and Health Administration (OSHA). Mr. Hamilton stated they have been inspected three times in the past decade with no real issues. Mayor Andrews asked if they have taken issue with the condition of the structure. Mr. Hamilton stated no they have not. As long as safety is not a concern the condition is not an issue. He went on to explain they are required to

ATTACHMENT 3

have a full safety program in place with MSDS sheets and emergency response plans and they are also required to document safety training. One safety item in the plant is trained on every month and the City Safety Committee inspects quarterly. They routinely inspect the plant and specific equipment such as every crane each month. The cranes are also inspected before each use and formally inspected by a crane company every year.

Helen Brown asked if the new plant will use a different disinfection plan other than chlorine. Mr. Hamilton answered chlorine is required as part of the water reuse plan so it will continue to be present in some form.

Ms. Galardi pointed out CRRC has not made a proposal for the wastewater rates yet. Part of tonight's agenda is to determine what their proposal will be. She presented a slide to the committee to remind them of the scenarios previously presented to base their proposal on.

Mr. Hamilton pointed out the Department of Environmental Quality (DEQ) has a revolving fund of \$45 million. The money is loaned out each year with a cap at \$5 million per loan. They have a 1% to 3% interest rate based on the payback time.

Howard Hamilton stated in 2010 they are only allotting up to \$4 million per loan. Half the amount would be 0% interest for construction only and half construction/design at 1% to 3% interest.

Mike Gougler asked if they would start getting charged interest before the project is completed. Mr. Hamilton stated no, the payback begins at project completion.

Motion #1: Gougler/Rourke moved to adopt the No SRF Uniform 20 year 15.9% rate with a contingency that if the SRF funding is approved and rates should be modified there will be a call back from City Council at that time. (5 Yes/No 0/2 Absent [Amundson/Keyser]). Motion carried.

Chair Haug stated he would like to review why the wastewater plant is at the current low maintenance funding level and discuss the consequences if equipment is not properly maintained. Mr. Hamilton stated that maintenance funding has increased somewhat over the years but not at a rate that would keep up with deterioration. They have an updated facilities plan that specifies a host of improvements to the system. Staff is maintaining equipment just to continue operations at the funding level they have available knowing that at some point the equipment will be replaced. So at this stage in the equipment's life they are attempting to conserve funding until that time. The City is required to forecast out 20 years to 2030. He pointed out with moderated population growth, the population numbers would double. The City saw growth at 2.2% last year and for a time saw growth of 3.8% per year. The facility plan says capital projects should be started now and putting them off will only mean that larger amounts of funding will be required for maintenance of equipment which will eventually be replaced anyway. They are looking at \$250,000.00 that has been put into the influent pump station in the last year and a half. The entire station is scheduled for major overhaul. It is at its wet weather capacity today. DEQ will implement a new sanitary sewer overflow rule January 1, 2010. An overflow fine will be assessed each time they do not meet the conditions of this rule.

Tony Rourke asked if the funding for the plant includes maintenance's ability to keep the equipment updated. Mr. Hamilton stated they would need to work on increasing the operation and maintenance (O&M) budget in the future to address more than just keeping equipment operating. Ms. Nordyke added they have enough personnel to continue the maintenance at this time.

Ms. Galardi pointed out there are no reserves being built up for future capital improvements.

Mr. Hamilton stated they have maintenance staff that can keep things going, but not for improvements to the overall condition. He went on to say they often pull together funds at the end of the budget year and hire a contractor to come in and address some issues that are outside of staff's expertise.

Chair Haug recommended including a program allowing for maintenance. Mr. Hamilton shared with the CRRC the facility plan will require adding maintenance staff once the project has moved forward.

Chair Haug asked how much more money will be needed to keep up the new equipment. Mr. Hamilton replied that it is not so much additional funding but they will need more staff to perform the work or the repairs will need to be contracted out and funding allotted accordingly. Ms. Galardi pointed out once the facilities are constructed they will need additional staff.

4. Present Stormwater Rates:

Ms. Galardi presented the staff report (see official meeting packet for full report).

Mr. Hamilton pointed out that DEQ required Newberg to develop a stormwater Total Maximum Daily Load (TMDL) Program by March 2008. He went on to share they have to report each year how they are meeting the program goals. The City initiated the stormwater program during the last budgeting cycle. They put in additional budget money for staff, meeting program goals, and maintenance of the storm system.

Ms. Galardi presented a pie chart that shows the operating budget for 2009-2010. She explained the budget for fiscal year 2009-2010 expenditure total was \$658,000.00.

Mayor Andrews asked staff what the vehicle is under the vehicle/computer replacement section of the pie chart. Mr. Hamilton stated the new stormwater maintenance staff has a vehicle. Mayor Andrews confirmed the vehicle is dedicated to their operations. Mayor Andrews asked if anything is being used for street cleaning. Mr. Hamilton stated yes, there are some shared costs with other equipment such as the backhoe and dump truck.

Ms. Galardi said historically only 93% of the budget is used. There is a capital improvement plan in place.

Mr. Hamilton pointed out the Springbrook Road Project will have a stormwater component. They have to be prepared to do the infrastructure under the street in preparation for the road work. They are saying fiscal year 2012-2013 will be projected for the transportation part of the project, which is driven by the Springbrook Development.

Chair Haug asked why they are only at 25% if the Springbrook Road Project is driven by the development. Mr. Hamilton stated staff evaluates what it would cost for upsizing the storm system and uses that to determine percentage split for System Development Charges (SDC) and rates. Replacement of the current infrastructure is a larger part of the project.

Mr. Rourke asked if the Springbrook Project was not happening would they still replace what is there today. Mr. Hamilton said not this early because the current condition is still satisfactory, but when you upsize it then it has to be replaced. Mr. Hamilton continued saying the rest of the capital improvement projects are smaller areas that have stormwater related issues.

Mrs. Galardi reported the total capital improvement plan (CIP) is \$2,500,000.00. They are looking at over \$1,000,000.00 per year. In the past they assumed you would pay for storm water as you go. If the other

projects go as planned they will not be able to pay as they go without tripling the rates. In order to get \$2,000,000.00 worth of funding they will have to get some debt financing.

Mayor Andrews asked where the area around Ninth Street and College Street drains to. Mr. Hamilton answered into Chehalem Creek. He went on to say the TMDL incorporates a number of load concepts such as mercury, bacteria and temperature. A best management practice example is stormwater can be made cooler by providing shade. The City is supposed to find ways to divert the water to allow natural geology and biology to filter and adding trees also accomplishes this.

Mayor Andrews asked where the area between Newberg and Dundee drains. Mr. Hamilton answered it drains into the canyon near the filbert processor and feeds into Chehalem Creek. He pointed out that the Yamhill Basin Council does some background stream testing but DEQ is not enforcing standards.

Richard Boyle stated the City will need to get more stringent about developing codes for engineering standards with multi levels. Mr. Hamilton stated the City will be held to a higher standard when the next DEQ TMDL Phase is implemented so Newberg proactively developed the program to meet that standard. There is currently no regulatory compliance mechanism for Newberg. We only have to report how we are meeting the goals.

Ms. Galardi presented the revenue requirements from rates (see official meeting packet for full report). They are not covering the O&M cost. One scenario for consideration over the next 2 years would be to minimize the rate increase to cover O&M. They will be looking at 8.9% increase, which will only cover the O&M costs. This scenario will not build any reserves for the future. The 15% would be required with debt service, which means the City would have to assume some sort of financing. If they wanted to go with the smooth rate for a minimum approach of 8.9% it would translate to \$10.98 per year increase.

Chair Haug asked for clarification that this rate does not provide for any reserves. Ms. Galardi confirmed he is correct. With this scenario, by 2013 they will have used all the reserves.

Chair Haug asked what it would take to prevent debt service. Ms. Galardi stated every 10% rate increase generates another \$57,000.00. They could try to get to a point where they are starting to build back funds.

Charles Zickefoose asked where they would be if they had implemented the recommended rates for last year. Ms. Galardi stated they would be keeping pace with O&M but not building much for capital projects.

Chair Haug asked for recommended alternate scenarios the committee could consider. Mr. Rourke agreed he would like to see something that does not completely deplete the reserves. Chair Haug asked Mr. Rourke how he would feel if they made a recommendation to try and keep it at \$300,000.00 for the reserves. Mr. Rourke stated ideally on a reserve you would want a small percentage of potential expenses set aside.

Ms. Galardi pointed out if you know how much you want the reserves to grow each year for a project you can have a contingency fund for unexpected projects. She asked if they want it to be at a certain level to fund potential projects later. Chair Haug stated for future capital projects they would like to reduce or eliminate debt service.

Ms. Galardi presented survey data from Salem as a comparison for the CRRC. Mr. Hamilton pointed out the City of Portland's rate is highest since the wastewater system and stormwater systems are combined and they are spending a lot of money to separate. Chair Haug asked about McMinnville. Ms. Galardi reminded the CRRC they will bring more numbers next week which will look at some like-city comparisons. She pointed out

her survey tonight is from larger cities. Mayor Andrews pointed out Forest Grove may be a reasonable city to look at for Newberg comparisons.

Ms. Galardi stated the City Council asked the CRRC to look at a possible credit program for residential customers. Staff will look at cities that have a credit program and make a proposal at the next meeting.

Chair Haug reminded the CRRC the most important question is how much reserve is appropriate. He pointed out they thought about \$300,000.00. He suggested discussing what the goal should be for the reserve fund.

David Maben stated they should build the reserve to eliminate debt service totally. Mr. Gougler pointed out debt service is better than not having sufficient money now. The ability to meet the goal established by the agency will depend on staff. They also need to have a rate sufficient to cover debt. I do not want a stormwater program they are not able to maintain.

Mr. Rourke said reserving is a bigger discussion beyond stormwater because the funds are in different areas and needs discussed on all projects. Chair Haug pointed out they did discuss it and realized the rates would be too high if they worked on building reserves. Mr. Rourke stated he would like to consider throwing in a percentage to allow them to build some reserves. It would be a good philosophy to avoid debt in the future.

5. Public Participation:

Mr. Gougler shared he would like to present a worksheet during the public meeting. This will provide a clear picture of consequences of noncompliance. It will give the citizens an idea of what will happen if we do not meet requirements. They will know who the City has to report to what consequences they would have (i.e. fines). They have to address the consequences so the public can see a spreadsheet for each rate with its own scenario. Chair Haug requested Mr. Gougler put something together for the next meeting.

Mr. Rourke suggested they take a look at the other two utilities and determine an appropriate amount for them as well. The Committee came to a consensus that 1% was an appropriate amount.

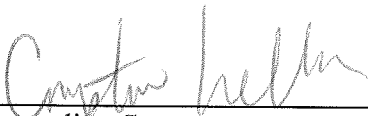
Ms. Galardi agreed she will bring to the next meeting what would be generated with a 1% increase for reserves. Mr. Rourke also requested to see what the optimal amount would be for reserves and what the numbers are for today.

The next scheduled CRRC meeting will be December 16, 2009, at 7:00 p.m.

6. Adjournment:

The meeting adjourned at 9:05 p.m.

Approved by the Citizens' Rate Review Committee this 16th day of December 2009.



Recording Secretary



Citizens' Rate Review Committee Chair

Wednesday, 7 PM

December 16, 2009

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

Members Present:

Charles Zickefoose
Tony Rourke

Mike Gougler
Beth Keyser

Matson Haug (Chair)
Mayor Bob Andrews (Ex-Officio)

David Maben

Members Absent: Ernie Amundson (excused)

Staff Present:

Howard Hamilton, Public Works Director
Janelle Nordyke, Finance Director
Deb Galardi, Galardi Consulting
Crystal Kelley, Recording Secretary
Barton Brierley, Planning and Building Director

Others Present: Richard Boyle, Charlie Harris, Dennis Russell and Ken Austin

1. Call to Order/Roll Call/Introduction:

Chair Matson Haug called the meeting to order at 7:04 p.m. and asked for roll call.

2. Approval of Meeting Minutes:

Motion #1: Gougler/Rourke moved to approve the meeting minutes for November 24, 2009 and December 9, 2009. (6 Yes/0 No/1 Absent [Amundson]).

3. Affordable Housing Presentation:

Barton Brierley presented the staff report (see official meeting packet for full report). City Council and the Planning Commission recommended an action plan be created that looked at all the housing programs to see what can be done to provide affordable housing. They put together a committee that spent nine months creating strategies to help solve the issue. They came up with a list of goals: 1) to amend the comprehensive plan to support affordable housing; 2) to retain the supply of housing already in the community; 3) to ensure there is enough land; 4) to change Development Code Standards so more affordable housing would be possible; 5) look into a development fee schedule; 6) to develop and support public and private home owners programs; and 7) to promote economic development efforts.

The action plan was accepted by the City Council. The Council then assigned the task of reviewing development fees to the Affordable Housing Committee (AHC) and the Citizens' Rate Review Committee (CRRC) since it affects the rates of the entire community. It is recommended that a system development charge (SDC) reduction be given to promote affordable housing. One concept discussed would be to raise (SDCs) for larger, more expensive homes. The AHC did not support that idea and the consensus was that the fee reduction should be spread among the population rather than one group.

Mr. Brierley referred to the handout on potential SDC reductions for affordable housing (see official meeting packet for full report). Planning fees, building fees, and public works fees could be reduced, but there is no mechanism to recover the reductions. They are now looking at SDCs as an affordability mechanism. There is a way they can make up the difference through rates in an effort to reduce the fee and keep with the general principle of the AHC. In the action plan, fee reductions are nine to ten percent of the total plan. The AHC took the idea to staff and asked for a rough ball park figure of how they can make up the rates.

Howard Hamilton mentioned if the rates were raised one dollar per month that would equate to about \$78,000.00 or SDC relief for ten homes. The AHC would like to bring that concept to the CRRC for consideration.

Chair Matson Haug said discussion and deliberation will be needed on the scheme itself. The concept of spreading the cost of reducing SDCs through utility rates needs to be brought up at the town hall meeting to ensure the public feels it is fair. The task of the CRRC, if they decide to get involved, is to determine what the mechanics of certain reductions will be. They also need to consider the timing of when to get involved on this type of discussion. Chair Haug asked the CRRC if they would like to spend time on the subject now or devote a special meeting for the topic later.

Mayor Andrews did not think the CRRC is ready to make a commitment to the plan tonight. He agreed they do not have the time to discuss the subject in the meeting. He recommends tabling the subject and asking for it to be brought back on an agenda for a future meeting.

Chair Haug stated the town hall meeting is scheduled for January 13, 2010. The topic may come up due to the impact it will have on the committee. It will require feed back from the community.

Tony Rourke was concerned since the last recommended rates increases were reduced by Council for the last two-year rate cycle, he feels that anything else that that will further increase the rates, without proper presentation, will be difficult to convince the Council to withstand the public's criticism at their February 16, 2010 public hearing.

Mike Gougler suggested they look at this differently. The CRRC responsibility is to look at operation and maintenance (O&M) and Capital Improvement Project (CIP) expenditures compared to revenue and determine if a rate increase is necessary. It would be easy for the CRRC to look at this affordable housing proposal and say they do not have enough money for it. The decision to provide affordable housing or to try to subsidize the development of affordable housing construction has been recommended by the AHC. City Council recommended they get the CRRC to look at the proposal. Mr. Gougler suggests if the City Council agrees with the plan and supports the main thesis of the proposal, then the AHC must prepare a funding proposal for review.

Chair Haug asked if City Council agrees with the AHC recommendation. Mayor Andrews stated it has not been presented to City Council yet. Mr. Brierley stated the action plan to consider the fees has but not this issue.

Dennis Russell stated they are going to have a conversation that will stir up a lot of questions without a lot of answers. It may create some tension around the issue. They still have a lot of work to do with regards to affordable housing.

Mr. Gougler believes in order for the CRRC to consider the proposal they need a policy statement from City Council. The job here is to determine what it would take to pay for that. City Council has to determine if they desire to create a program to stimulate affordable housing.

Chair Haug stated City Council has made a partial determination in that direction by recommending they come to the CRRC. They can brainstorm after the rates are formally adopted.

Mayor Andrews stated the resolution adopted by the City Council recommends the subcommittee organization to consist of two members of the CRRC. Mr. Gougler asked if they should appoint two people from the CRRC to sit on the AHC. He is already a member. Chair Haug asked the other members of the CRRC if they are interested in participating on the AHC. Beth Keyser and David Maben agreed they would be willing to participate.

Motion #2: Zickefoose/Gougler moved to nominate Beth Keyser and David Maben to sit on the AHC to represent the CRRC. (6 Yes/0 No 0/1 Absent [Amundson]).

Mr. Brierley will contact Ms. Keyser and Mr. Maben with the agenda as well as the meeting schedule.

4. Conclude Stormwater Rates:

A handout with the City of Newberg Total Maximum Daily Load (TMDL) Implementation Matrix was presented by staff. (See official meeting packet for full report). Chair Haug was concerned with the last minute distribution of the handout since it is the intent of the committee to conclude the stormwater rates discussion tonight. Mr. Hamilton stated the handout was reference material for the next meeting and not necessarily for review at this time. Chair Haug encouraged the CRRC to bring any questions they may have, regarding the handout, to the next meeting.

Ms. Galardi presented the staff report (see official meeting packet for full report). She supplied rate scenarios that were requested at the last meeting.

Mr. Rourke asked for clarification if they went from an 18% increase to a 25% increase would that cash fund \$2.4 million CIP with inflation. Ms. Galardi confirmed he is correct. Chair Haug asked if the slides are showing the 18% increase and not the 25% increase. Ms. Galardi confirmed that is correct.

Mayor Andrews asked what the experience has been for people who apply for the commercial stormwater credit program. Mr. Hamilton stated they have two businesses in the area that have applied for credits. Mayor Andrews asked how much of an imposition the program has made on staff. Mr. Hamilton stated that the staff time involved is initially a couple of hours. The stormwater program pays for staff time. Staff simply reviews the submission of documents and does a site inspection. Mayor Andrews asked how much of a financial imposition it has caused. Mr. Hamilton stated very small.

Chair Haug asked how much those two companies saved through this program. Mr. Hamilton stated a total of 30% of their stormwater fee for each company. Chair Haug requested the committee reevaluate the commercial stormwater credit program to ensure it is doing what was expected.

Motion #3: Gougler/Zickefoose moved to recommend an 18% annual increase in stormwater rates. (6 Yes/0 No/1 Absent [Amundson]).

Mr. Rourke would like to see how the increase will affect the other projects they have discussed. They need to consider the total cost of the program. He asked how much additional rate increase they would need to start funding reserves. Chair Haug would like to look at the rate impact of increasing the water and wastewater reserves. Ms. Galardi will bring the information to the next meeting.

5. Town Hall and Public Hearing Flyer:

Howard Hamilton presented the draft flyer (see official meeting packet for full report).

Chair Haug recommended the committee take a couple minutes to review the versions of the flyer that were presented. Several suggestions were made to better improve the flyer and to get the intended message across to the community. Staff needs a final version by December 17, 2009 in order to get to the printer/mailer on time.

Motion #4: Gougler/Zickefoose moved to have Beth Keyser work with staff to represent the CRRC to create the final draft of the flyer. (6 Yes/0 No/1 Absent [Amundson]).

6. Public Participation:


No comments were presented from the public at this time.

The next scheduled CRRC meeting will be January 6, 2010 at 7:00 p.m.

7. Adjournment

The meeting adjourned at 9:04 p.m.

Approved by the Citizens' Rate Review Committee this 6th day of January 2010.



Recording Secretary



Citizens' Rate Review Committee Chair

Wednesday, 7 PM

January 27, 2010

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

Members Present:

Charles Zickefoose	Mike Gougler	Matson Haug (Chair)	David Maben
Tony Rourke	Ernie Amundson	Mayor Bob Andrews (Ex-Officio)	Beth Keyser

Members Absent: None**Staff Present:**

Howard Hamilton, Public Works Director	Deb Galardi, Galardi Consulting
Crystal Kelley, Recording Secretary	Dan Danicic, City Manager

Others Present: Douglas Baker, Bonnie Benedict, Ronald Morgan, Al Blodgett, Louis Larson, Ernie Collazo, Helen Brown, and Richard Boyle.**City Council Present:** Councilor Stephen McKinney and Councilor Bob Larson**1. Call to Order/Roll Call/Introduction:**

Chair Matson Haug called the meeting to order at 7:00 p.m. and asked for roll call.

2. Staff Report:

Chair Haug reminded those present the City Council meeting for the adoption of the recommended rate increases by the Citizens' Rate Review Committee (CRRC) will be on April 5, 2010 at the Public Safety Building.

Deb Galardi presented the staff report (see official meeting packet for full report). The citizens of Newberg do not use the water system the same. Some of them will use a lot of water during peak times. If you use more water during peak periods you will find you pay more for water overall. The rates for use of the wastewater system will be higher based on the volume of use as well as the strength, meaning the quality, of water discharged from the property. The major factors that drive the costs are the aging and failing infrastructure, deferred maintenance and regulatory requirements. The City pays for its capital investments in the system through debt service.

Water rate structures need to encourage efficient use of resources. The rate review process occurs every two years. The CRRC had the challenge of addressing deep revenue short falls. Revenues from the rates are down due to less water usage and a slowing in growth of the population. The CRRC had to consider what projects within the City would need to be deferred due to decreased revenue or consider long-term funding options through debt. The most significant need is the City is not meeting its regulatory requirement which could result in lawsuits and fines. The rate increases are in hopes of meeting some of those requirements.

There are some serious risks the CRRC understood and evaluated during their consideration for a recommendation of rate increases. They had to consider some maintenance needs for the wastewater treatment plant. The wastewater system has the most acute needs at this time. There are two projects in place to help

address the issues of the plant exceeding capacity during peak times. If the pump stations overflow there will be potential fines and lawsuits for the City.

The CRRC recommends an annual system-wide revenue increase of 12.2 % for residential customers for water which would be between three and four dollars more per month for each customer.

The CRRC recommends an annual system-wide revenue increase for wastewater of 16.9% which is higher due to the investment needs for maintenance improvements. This will result in about six to eight dollars more for the average residential bill each month.

The CRRC recommends an annual system-wide revenue increase for the stormwater system of 18% which comes out to less than one dollar more each month for residential customers.

It was recommended by the CRRC that the City does not implement a residential credit program at this time. The CRRC felt there was insufficient information on the effectiveness and administrative impacts of various measures with a credit program.

3. Public Participation:

Bonnie Benedict thanked the Committee for their work on the process. She does not like her bill. She would like to know how to eliminate the wastewater usage. The wastewater bill includes some cost for stormwater run-off. She is not sure why they are paying for storm water run-off. Mr. Hamilton stated the wastewater rates are based on water use from December through March. A fee is also paid per month for maintenance of the account. To reduce the wastewater rate you need to use less water between December and March. The stormwater fee is based on the average single family residential equivalent dwelling unit and is a fee of \$3.80 per month that is used for operations, maintenance and projects.

Al Blodgett thanked the CRRC for the time they have put in considering water rates. He has been in Newberg for over 20 years. He is one hundred percent behind the recommended rate increase while still keeping in mind it will be painful for some Newberg residents.

Ernie Collazo stated he is against the increase at this time. It comes down to money. The nation is in a recession right now. He also has improvements that need to be made to his property but he has to take the cost into consideration. He wants to know where the money is going to come from. He has applied for utility assistance through the grant program already. He has been in Newberg since 2001 and he is now paying up to \$50 for utilities.

Louis Larson asked what the current average rate of consumption is. Ms. Galardi stated for water it is 800 cubic feet and for wastewater it is 5.51 hundred cubic feet. Stormwater is a flat fee. He went on to ask if it would be possible for the City to produce a bill that is similar to the electric company that would allow him to sit down and go over the bill and better understand the billing process. Janelle Nordkye stated they can put something on the City website to explain how it is done. They can also see if the software can be reprogrammed to make the utility billing statement easier to understand but it will cost some money.

Mr. Larson stated he was impressed with the openness at the town hall meeting and the willingness to listen to the concerns of the public. He disagrees with the fairness of the rate structure itself. It appears to be a flat structure rather than a progressive rate structure. People who earn more should pay more. In the current system everyone has to pay the same rate regardless of earnings. He would like to see a study done for the community to look into adopting rates that would take income into account and make it fair across the board. He would like

to see the City avoid taking action with the proposed rates until the community has the ability to pay for the increase.

Mr. Larson continued family incomes from 1999 are now the same or less than they were in 2010. That means the ability for many to pay increased charges is very difficult. The City unemployment rate is running about 11%. He estimates roughly 900 family units in the City have at least one person in the home unemployed. Out of all the people living on social security 40% of them are considered low income. There are roughly 1200 families in town living on social security. They have not seen an increase in their income even though the cost of utilities has gone up. They are looking at around 2100 people in our community who are really suffering financially right now. There are more people having to depend on FISH and other organizations in order to make it. In the last decade there has not been any new jobs created. He wants to ensure the Committee understands the depth of the needs the City is facing. It is not just common people being affected by the economy. He again recommended they develop a rate structure that will put the burden for the increase on those who can afford to pay.

Charles Zickefoose asked if there is precedence for the type of fees he is describing. Ms. Galardi stated you will find some communities in Oregon which are funded this way but most are funded by user fees. The industry standard relates to the citizen's ability to control their bill based on their usage and is not based on income.

Douglas Baker stated he has been a resident of Newberg for over ten years. He is not unfamiliar with how water departments work and he understands what it takes to maintain the department. He is opposed to the rate increase because he is concerned that people are not able to afford it. He is most concerned with those living on a fixed income and the unemployed. As a general rule when people run short of money they tend to do without. Some will borrow money or use credit cards. It is too much to ask the general population to pay more money. He feels all government agencies need to lead by example and look for ways to cut cost. We are all struggling with money just like the City. He does not want to see an increase in rates added to the problems for many in the City. The bottom line is now is not a good time to be asking for more money.

Ronald Morgan stated he feels the main issue is wastewater systems rather than water issues with regards to the maintenance issues. He suggested they take the issues and segregate the improvements to determine what needs to be done first. The City can then break it down into small pieces to determine the most important issues. Is there any change of refinancing for the City to obtain lower interest rates? There is some money that will start coming into the state since measures 66 and 67 were recently passed. How much water and wastewater are the schools using? Can they make sure they are paying their fair share of the water and wastewater? He is concerned about the senior citizens in the area who are on social security who saw no increase in their income this year. The bills are going up but the income for them is not.

Bonnie Benedict asked what the City would do if they are not able to pay their bill. She would like to see the City eliminate some of the planned improvements to allow them to save some money so the public does not have to pay higher rates. The senior citizens should not be hit so hard. She asked what would happen if her neighbor's sewer ran under her house and hooked into her sewer then went out into the street. Does that make her bill higher? Mike Gougler stated she is not billed for sewer that leaves her house. Her wastewater rate is determined by her water usage during certain months of the year. The sewage that leaves the house is not metered. Only the drinking water is metered. They determine the bill during the low water use for the year.

4. Public Hearing to Recommend New Utility Rates:

David Maben stated he supports the recommended increases. If they do not take care of the increase now they are going to have to deal with it later.

Charles Zickefoose stated some day they are going to have to pay for the needs in the City. They have softened the blow for the last few years. He supports the increase knowing it is not going to get any better. The City is facing things that are required.

Beth Keyser stated she supports the increase. Her income has not gone up and she does not like paying more either. However she recognizes the need for the increase now in order to take care of the needs of the City as well as looking ahead to what is coming.

Chair Haug stated they have discussed the idea of rates based on increasing volumes of use. The rates would be lower if you use less. Ms. Galardi confirmed that would be an inclining block rate structure. He asked if they have some way of making the adjustment on permeable services for smaller homes to pay less than larger homes. They have an assistance program that is still available. It is possible the City Council would like to make the assistance program more aggressive.

Tony Rourke stated they talked a lot about inclining blocks as well as other rate structures. The difficulty would be in the down economic times if they do a significant increase for groups that would cause lower water use that would then lower the revenue. If they do not use the water or pay the bills the City is unable to manage the systems. They already discussed how other rate structures do not make sense. They may want to consider other options at a later time. If they choose not to do anything now they will pay later in a different form. They will pay in the form of lawsuits, fines, and higher interest. He agrees debt is not a smart fiscal policy. It costs a lot of money. If they do not pay the bills and default on the loans it will cost later. Where will the money come from when the fines and lawsuits take place? He does not like giving rate increases but there was a period of no increase for nearly ten years.

Ernie Amundson stated he is against the increase they are proposing tonight. He has been doing surveys in the City and many he talked with stated they have been making cuts in their budget in the last year. He is not able to support the increase and will vote against it tonight.

Mike Gougler stated the City is at the point where the boat is sinking and there is no time to take the sail down. As the CRRC, they were asked to find a way to meet the demands that are being placed on the City. The City is being told they must do certain repairs by the State and Federal Government. He is certain no one here is okay with raising debt so our children can pay for it. They will not go away if we keep putting off the necessary repairs to the facilities. They agreed to try and develop a program to help those who are the most in need. He recommends if members of the public see a huge hike in their water bill they should utilize the resources the City offers to answer questions and help determine if there is something else going on such as a leak on their property. He has to support the increase. If they do not do it now they will have to deal with the issue later.

Motion #1: Gougler/Zickefoose moved to make the recommendation to City Council for a 12.2 percent increase in water rates, a 16.9 percent increase in wastewater rates, and an 18 percent increase in stormwater rates. In the event that grant funds are received which may reduce the need for the increased rates, the CRRC will reconvene and look at adjusting the rates at that time. (6 Yes/1 No) Motion carried.

5. Final Comments from Staff:

Mr. Hamilton stated the costs to operate the City's utilities are continuing to rise. They are seeing mandates from the state which must be paid for from somewhere. They have a number of maintenance issues that will require attention. They are in jeopardy of the system overflowing which could cause Department of Environmental Quality (DEQ) fines and potential environmental lawsuits if something is not done soon. If they start accumulating enough claims from homeowners with flooding issues, the insurance carrier will require the City to come up with the resources to fix the problems. There is also some debt that needs to be taken care of that the City is on the verge of defaulting on.

Ms. Galardi clarified the sample bills they displayed during the staff report are just samples. The recommendation is for a rate structure rather than the actual bills that have been displayed.

A five minute break was taken at 8:25 p.m. The meeting was re-adjourned at 8:30 p.m.

6. Final Comments from CRRC Members:

There were no final comments from the CRRC once the decision was made to approve the recommendations for the rate increases to City Council.

7. Utility Bill Assistance Grants Approval:

Janelle Nordyke presented the staff report (see official meeting packet for full report). Letters were sent to non-profit organizations in the community for the grant program. The City has set aside 4,000 dollars for the purpose of grant applications. The City received four applications from non-profits in the area for grants. Ms. Nordyke asked if they would like to have the funds disbursed equally among the requests. Mr. Gougler stated the CRRC agreed they would equally disburse the funds to the non-profits that submitted a request.

Ms. Keyser asked what will happen if the non-profit does not use all the vouchers they receive. Ms. Nordyke stated the money would stay in their budget until the funds are used.

Mr. Zickefoose stated he feels Love, Inc. should be the agency that disburses the vouchers. The churches can be the second signer on them. Mr. Rourke stated he believes if the funds are not used this fiscal year they will be gone and they will have to start over. Ms. Nordyke confirmed he is correct. The money stays in the water and wastewater funds and does not go back into the general fund.

Mr. Gougler asked if one of the recipients asked for their money to be assigned to Love, Inc. does the CRRC have to approve that? He proposes they allocate 1,000 dollars to each applicant with the agreement if one of the organizations decides to have Love, Inc disburse the vouchers they allow the organization to make that decision. Ms. Keyser stated they would not want it to all go to Love, Inc. She agrees they would allow each organization to use the 1,000 dollars and determine how they will proceed.

Mr. Zickefoose stated all the other applicants stated in some way they have been working with Love, Inc. from the beginning. They have a voucher program already in place and the partner church can sign the voucher as well as Love, Inc. Mr. Gougler stated leaving it as an allocation for each of the applications does not require them to distribute on their own but allows them the freedom to use Love, Inc. if they choose to. He feels it will offer the best flexibility.

Ms. Nordkye asked if they would like the grant money to be advertised. Mr. Rourke stated if they do not advertise, it will not get used. He would like to see the funds totally used by the end of June. The citizens need to know the vouchers are available. He recommends they consider using the utility bills as a way of advertising for the availability of the voucher.

Mayor Andrews asked what the four organizations are. Chair Haug stated it was Newberg Seventh Day Adventist Church, Newberg Christian Church, Joyful Servant Lutheran Church, and Love, Inc. in partnership with First Presbyterian Church.

Mr. Zickefoose stated he would like to hear from Ernie Collazo about his application for a voucher. Mr. Collazo stated he went to YCAP and they are out of funds for this type of request. Mayor Andrews asked if they have used the grant for YCAP. Ms. Nordyke stated yes they have and then some.

Motion #2: Rourke/Gougler moved to equally distribute the requested funds for the grant applications with 1,000 dollars going to each organization with an agreement they advertise for the program. (7 Yes/0 No) Motion carried.

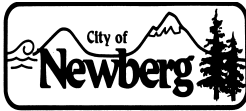
8. Adjournment:

The meeting adjourned at 9: 36 p.m.

Approved by the Citizens' Rate Review Committee this __ day of March 2010.

Recording Secretary

Citizens' Rate Review Committee Chair



RESOLUTION No. 2010-2887

A RESOLUTION ADOPTING NEW MONTHLY STORMWATER RATES FOR THE CITY OF NEWBERG EFFECTIVE JULY 1, 2010

RECITALS:

1. City Code Section 53 governs the adoption of stormwater rates for the City of Newberg.
2. The Citizens' Rate Review Committee (CRRC) reviewed stormwater system characteristics and requirements, including the Capital Improvement Plan and operating/maintenance costs, and recommends changes to the monthly stormwater charges based on an analysis of current and near-term future anticipated stormwater fund needs.
3. The CRRC met two times on December 9 and December 16, 2009 to discuss stormwater rates.
4. The CRRC held a Town Hall Meeting on the proposed monthly charges on January 13, 2010, and a Public Hearing on January 27, 2010 to adopt rate increase recommendations.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. Effective July 1, 2010, the monthly stormwater service rates shall be as follows:

	Current 2009-10	As of July 1, 2010	As of July 1, 2011
Single Family	\$3.80/EDU	\$ 4.48/EDU	\$ 5.29/EDU
Non residential	\$3.80/EDU	\$ 4.48/EDU	\$ 5.29/EDU

An EDU, as defined by City Code Section 53.02, is equivalent to 2,877 square feet of impervious area. All single family residences are, by definition, one EDU.

2. Credits on non-residential stormwater charges shall be administered in accordance with guidelines adopted by the City Council.

3. The CRRC shall review the stormwater system requirements and rates at least every two years.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: April 20, 2010.

ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of April 2010.

Norma I. Alley, City Recorder

ATTEST by the Mayor this 22nd day of April 2010.

Bob Andrews, Mayor

LEGISLATIVE HISTORY

By and through the Citizens' Rate Review Committee at their December 9 and December 16, 2009 meetings.

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: April 19, 2010

Order XX Ordinance ___ Resolution ___ Motion ___ Information ___
 No. 2010-0023 No. No.

SUBJECT: Adoption of final order regarding non-conforming billboard sign to remain at Newberg Auto Electric located at 616 W. First Street

Contact Person (Preparer) for this Order: **Barton Brierley, AICP**

Dept.: **Planning & Building**

File No.: NCSIGN-09-005
(if applicable)

HEARING TYPE: LEGISLATIVE QUASI-JUDICIAL

Note: The Council has closed the public testimony portion of the hearing.

RECOMMENDATION:

Adopt **Order No. 2010-0023** approving a request for an existing non-conforming billboard sign, owned by CBS Outdoor Inc., to remain at the Newberg Auto Electric site at 616 W. First Street.

EXECUTIVE SUMMARY:

On March 1, 2010, the City Council concluded the public hearing regarding the non-conforming sign at 616 W. First Street. The Council voted to deny a proposed order that would have upheld the hearings officer’s decision. The Council directed staff to prepare an order approving the request and reversing the hearings officer’s decision for the Council’s consideration. The attached order would approve the request with conditions as discussed by the Council.

Attachments:

- Order No. 2010-0023 with
- Exhibit “A”: Findings
- Exhibit “B”: Landscaping proposal



ORDER No. 2010-0023

AN ORDER APPROVING A REQUEST FOR AN EXISTING NON-CONFORMING BILLBOARD SIGN, OWNED BY CBS OUTDOOR, INC., TO REMAIN AT THE NEWBERG AUTO ELECTRIC SITE AT 616 W. FIRST STREET, AND REVERSING THE HEARINGS OFFICER'S DECISION

RECITALS:

1. In 1998 the Newberg City Council adopted revised sign standards. Signs that were legally in place at that time but that did not meet the new standards, known as "non-conforming signs", were allowed to remain until 2010. Newberg Development Code Section 151.149 established processes where owners of non-conforming signs could apply to have the signs remain after March 31, 2010, provided they met certain criteria.
2. Jamie Nibler and John Culver applied to have an existing non-conforming billboard sign at 616 W. First Street remain.
3. On June 8, 2009, Hearings Officer Paul Norr held a hearing concerning the application. After extending the record to accept additional testimony, Hearings Officer Norr closed the record, considered the evidence, and issued his decision and findings on June 29, 2009. The decision denied the application based on the criteria in Newberg Development Code 151.149(B)(2).
4. Ordinance 2008-2706 provides that the hearings officer's decision may be appealed to the City Council. The applicant appealed the decision on July 9, 2009. The City Council heard the matter on September 8, 2009, and continued the hearing to March 1, 2010.
5. After the time of the hearings officer's decision, the applicant made substantial landscaping and other improvements to the property.
6. After these improvements were made, the City Council found that the application met the applicable criteria as shown in Exhibit "A". Exhibit "A" is hereby attached and by this reference incorporated.
7. On March 1, 2010, the Council denied an order that would have upheld the hearing officer's decision. The Council also directed staff to bring back to Council a request to allow a non-conforming sign to remain on the property under certain conditions.

THE CITY OF NEWBERG ORDERS AS FOLLOWS:

1. The hearings officer's decision to deny a request to allow the existing non-conforming billboard sign to remain at the Newberg Auto Electric site at 616 W. First Street is hereby reversed.

2. The application File NCSIGN-09-005 to allow the existing non-conforming billboard sign located at 616 W. First Street to remain is hereby approved, subject to the following conditions:
- a. The applicant shall install the landscaping as described in Exhibit "B" within 30 days of the date of this order. Exhibit "B" is hereby attached and by this reference incorporated. Said landscaping shall be maintained.
 - b. The sign may remain in place, and is subject to future removal if any of the conditions described in Newberg Development Code 151.149 (C), (D), and (E) apply, except that the copy on the existing sign face may be changed.

➤ **EFFECTIVE DATE** of this order is the day after the adoption date, which is: April 20, 2010

ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of April, 2010.

Norma I. Alley, City Recorder

ATTEST by the Mayor this 22nd day of April, 2010.

Bob Andrews, Mayor

QUASI-JUDICIAL HISTORY

By and through Paul Norr, Hearings Officer at the 06/08/2009 meeting. Or, None.
(committee name) (date) (check if applicable)

**Exhibit “A” to Order 2010-0023
Findings**

Property summary:

Applicant: Jamie Nibler and John Culver
Site Address: 616 W. First Street
Tax Lot: 3219BD-3900
Zoning: C-2
Existing Use: Newberg Auto Electric and Advanced Diesel Service (vehicle repair and maintenance)

Request: The property contains an existing sign of approximately 12’ x 24’ (288 square feet) near 2nd Way. The sign was placed on the site in approximately 1984, making this a legal non-conforming sign as that term is used in Newberg Development Code (NDC) Section 151.149(B)(2).

The sign is non-conforming for two reasons. First the sign is too large. The sign is approximately 288 square feet, which exceeds the 100 square foot maximum size. Second, the sign is too tall. The sign is approximately 28 feet tall, which exceed the maximum height limit of 20 feet in the C-2 zone.

The applicant has requested that the sign be allowed to remain under the provisions of Newberg Development Code 151.149(B)(2).

Procedural Findings:

The applicant filed a request to have the non-conforming sign remain on March 17, 2009. On June 8, 2009, Hearings Officer Paul Norr held a hearing concerning the application. After extending the record to accept additional testimony, Hearings Officer Norr closed the record, considered the evidence, and issued his decision and findings on June 29, 2009. The decision denied the application based on the criteria in Newberg Development Code 151.149(B)(2).

Ordinance 2008-2706 provides that the hearings officer’s decision may be appealed to the City Council. The applicant appealed the decision on July 9, 2009. The City Council heard the matter on September 8, 2009, and continued the hearing to March 1, 2010.

Newberg Development Code Section 151.149(B)(2)

In order for a non-conforming sign to remain after March 31, 2010, the applicant must apply and show that the criteria found in Newberg Development Code Section 151.149(B)(2) are satisfied. The Council finds that all of the four criteria listed must be met in order for the application to be approved.

The owner of any sign that was placed legally but does not now conform to the requirements of this code shall either move the sign or register it with the city on a form provided by the Director prior to January 1, 2000.

Finding: Evidence presented by the applicant indicates that the owner applied for and received a sign permit from the City when the sign was initially installed in 1984. The Council finds that this permit application satisfies the requirement that the sign be registered with the city.

(a) The sign is in a good state of repair and maintenance.

Finding: The sign is intact with no visible defects. It is in good conditions with no current need for repair or maintenance. Therefore, *this criterion is met.*

(b) The number, size, and height of signs to remain is minimal and contributes to an attractive appearance to the neighborhood.

Finding: There are two freestanding signs on the property: one is a small “Newberg Auto Electric” sign and the other is the billboard. The site has one other attached sign on the south west side of the building. We note that this is much smaller than the prior “Oregon Orchards” sign that was on the building in 1998. These three signs are certainly few in number, and collectively minimal in size. The billboard’s 28 feet height is minimized by the adjacent topography, in that the sign base is several feet below the nearby highway grade. Therefore the number, size, and height of signs to remain is minimal.

Because of the unique triangular shape of the property and the roads on all frontages, the sign itself is fairly isolated from other buildings, properties and signs. Because of this, there is little to compare the sign to, and the sign is as attractive as the setting warrants. Therefore, *this criterion is met.*

(c) The use of bold and bright colors, lighting, and designs is minimal.

Finding: The sign does not use bold or bright colors or designs. Lighting is limited to static illumination of the face. Therefore, *this criterion is met.*

(d) Other elements of the site are well maintained and attractive.

Finding: The hearings officer’s decision found that the site was not well maintained and attractive. Since that time, the applicant has done several improvements to the property, including installing arbor vitae around the display area, more neatly ordering the vehicles and materials on site, and striping parking areas. In addition, the applicant proposed to install additional street trees along the Highway 99W frontage, as shown in Exhibit “B”. With these improvements, the site is well maintained and attractive. Therefore, *this criterion is met.*

Except as specifically determined by the hearings officer, any sign allowed to remain under the provisions of this subsection is subject to removal under the provisions of subsections (C), (D), and (E) below.

Finding: The three subsections require removal of the non-conforming sign upon (C) abandonment, (D) certain site improvements, or (E) sign modifications, including modifications that involve a change in copy. The sign is a billboard type sign, which is designed for frequent copy changes. Such a change would not alter the fundamental design of the sign or the circumstances under which it is allowed to remain. Therefore, the Council finds that replacement of the copy on the face of the sign should not subject the sign to removal under the Development Code provisions.



January 29, 2010

Barton Brierley
City of Newberg
414 E. First St.
Newberg OR 97132

Re: Agreement regarding final work at 616 W. 1st, Newberg Auto Electric

Dear Barton,

As we discussed on the phone, the first phase of mitigation work has been completed at the Newberg Auto Electric site. Between the landowner and CBS Outdoor, we have already invested considerable resources to make the site more attractive.

We are prepared to complete the project with the installation of four large street trees (Corinthian Linden, 2" caliper) at the site. I have enclosed multiple photos of the site including a mock-up of the trees when they are fully grown. The trees will be located near the existing Arbor Vitae in order to be fed by the same irrigation system. I have also enclosed a current photo of the trees already installed along 2nd Way. As those trees grow we believe they will provide valuable screening for southbound Hwy 99 traffic.

At this time we would ask the following of the City:

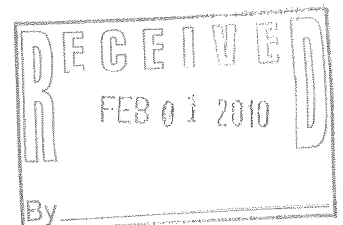
- A letter to CBS Outdoor and Newberg Auto Electric confirming that the work, as proposed, will be satisfactory in resolving this matter and that the CBS Outdoor billboard will be grandfathered and allowed to remain as-is.
- A staff recommendation to the City Council which concludes this matter under mutual agreement.

We will proceed with the final phase of work upon receipt of the letter requested above. Please let me know if you have any questions or concerns about this approach. We'd like to know if we can have agreement within the next 2 weeks in preparation for the March City Council meeting.

Best Regards,

Richard Gaston
Real Estate Representative
CBS Outdoor, Inc.

cc: Jamie Nibler, Newberg Auto Electric



Street trees, proposed

