



CITY OF TROUTDALE

"Gateway to the Columbia River Gorge"

AGENDA

CITY COUNCIL – REGULAR MEETING

Troutdale City Hall - Council Chambers
219 E. Historic Columbia River Hwy. (Lower Level, Rear Entrance)
Troutdale, OR 97060-2078

Tuesday, March 14, 2017 – 7:00PM

Mayor

Casey Ryan

City Council

*David Ripma
Randy Lauer
Larry Morgan
Glenn White
Rich Allen
Zach Hudson*

Interim City Manager

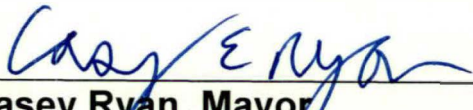
Ray Young

City Recorder

Sarah Skroch

1. **PLEDGE OF ALLEGIANCE, ROLL CALL, AGENDA UPDATE.**
2. **CONSENT AGENDA:**
 - 2.1 **MINUTES:** December 13, 2016 City Council Regular Meeting.
 - 2.2 **RESOLUTION:** A resolution approving economic development site visit travel expenses of the Council.
 - 2.3 **MOTION:** A motion approving a \$1,500 sponsorship of the 40th Annual Troutdale Trot race conducted by the Troutdale Lions Club.
3. **PUBLIC COMMENT:** Public comment is limited to comments on non-agenda items. *Remarks shall be limited to 5 minutes for each speaker unless a different time is allowed by the Mayor. The Mayor and Council should avoid immediate and protracted response to citizen comments.*
4. **PRESENTATION:** A presentation from the Walt Morey Middle School Special Olympics.
Tanya Pruett, Principal, Walt Morey Middle School
5. **UPDATE:** Multnomah County Sheriff's Office Public Safety Contract Performance Report Update. *Monte Reiser, Chief of Police/Commander, MCSO*
6. **UPDATE:** Multnomah County Sheriff's Office Public Safety Facility Update.
Jason Gates, Chief Deputy, MCSO

7. **RESOLUTION:** A resolution appointing Ray Young to the position of City Manager of the City of Troutdale Effective March 14, 2017. Erich Mueller, Finance Director
8. **DISCUSSION:** Utility fees rate increase. Steve Gaschler, Public Works Director & FCS Group
9. **STAFF COMMUNICATIONS**
10. **COUNCIL COMMUNICATIONS**
11. **ADJOURNMENT**



Casey Ryan, Mayor

Dated: 3/7/2017

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Further information and copies of agenda packets are available at: Troutdale City Hall, 219 E. Historic Columbia River Hwy. Monday through Friday, 8:00 a.m. - 5:00 p.m.; on our Web Page www.troutdaleoregon.gov or call Sarah Skroch, City Recorder at 503-674-7258.

The meeting location is wheelchair accessible. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to: Sarah Skroch, City Recorder 503-674-7258.

MINUTES
Troutdale City Council – Regular Meeting
Troutdale City Hall – Council Chambers
219 E. Historic Columbia River Hwy.
Troutdale, OR 97060

Tuesday, March 14, 2017 – 7:00PM

1. PLEDGE OF ALLEGIANCE, ROLL CALL, AGENDA UPDATE.

Mayor Ryan called the meeting to order at 7:00pm.

PRESENT: Mayor Ryan, Councilor Ripma, Councilor Lauer, Councilor White, Councilor Allen, Councilor Hudson and Councilor Morgan (via telephone at 7:58pm).

ABSENT: None.

STAFF: Ray Young, Interim City Manager; Ed Trompke, City Attorney; Sarah Skroch, City Recorder; Erich Mueller, Finance Director; Steve Gaschler, Public Works Director; Travis Hultin, Civil Engineer; Commander Monte Reiser; Multnomah County Sheriff's Office and Chief Deputy Jason Gates, Multnomah County Sheriff's Office.

GUESTS: See Attached List.

Mayor Ryan asks if there are any agenda updates.

Ray Young, Interim City Manager, responds no updates.

2. CONSENT AGENDA:

2.1 MINUTES: December 13, 2016 City Council Regular Meeting.

2.2 RESOLUTION: A resolution approving economic development site visit travel expenses of the Council.

2.3 MOTION: A motion approving a \$1,500.00 sponsorship of the 40th Annual Troutdale Trot race conducted by the Troutdale Lions Club.

MOTION: Councilor White moved to approve the Consent Agenda. Seconded by Councilor Hudson. The motion passed unanimously 6-0.

3. PUBLIC COMMENT: Public comment is limited to comments on non-agenda items.

Rob Canfield, Troutdale resident, states I want to congratulate Ray Young on his pending appointment to the City Manager. He's been a longstanding great member of our community and he's a good asset to our community. As many of you know I have a cable access talk show called Canfield & Co. and I was fortunate enough to interview Casey Ryan a couple weeks ago. His interview with me will be on Comcast Channel 21 at

5:30pm on Monday. It will also be on YouTube. Mayor Ryan and I talked about many things that are important to a lot of Troutdale residents.

John Wilson, Troutdale resident, states last week you guys made a motion to put out a bid for Imagination Station. There were some comments on social media, none of which were positive (a handout of the comments was distributed, a copy of the handout can be found in the meeting packet). Today in the Outlook there was a letter from the editor. I hope you take what the citizens are saying to heart because they're the ones who are paying the taxes, as well as you and myself, to the City and they deserve to have what they want as long as it meets the ADA requirements. Maybe the structure could be made of a combination of wood and metal and plastic so that we still keep the appearance. Please consider everything and don't be close minded. Don't say the Parks Department is spot on and made the right decision the first time because I don't think they have. They didn't listen to the public. Also, it looks like tonight we're going to be speaking about storm water runoff and I certainly hope that you guys will discontinue subsidizing the big businesses because Fed-Ex has said that they're willing to pay their fair share. That money could be used to help rebuild Imagination Station, put more money back into parks and put more staff back on.

4. PRESENTATION: A presentation from the Walt Morey Middle School Special Olympics.

Tanya Pruett, Walt Morey Middle School Principal, states I brought some people with me. Carly Russell, who is a teacher at Walt Morey Middle School, Shirley Prickett, she is our campus monitor and student, Olivia Lambert. We wanted to talk to you about what we do at Walt Morey that's special for our students in our Life Skills Program. One of the things that's really unique about Walt Morey compared to other schools I've been at is how much our Life Skills students are a part of the school community and how much they know they're loved. Our students, teachers and staff go out of our way to show them every day how much we care about them. One of the ways we celebrate them is through the Special Olympics. We'll show you a video and talk more after. One of the things that you can see in the video is that on the day of Special Olympics the entire school goes into the hallway to congratulate our students involved in the Special Olympics.

A YouTube video titled "Walt Morey Special Olympics 2015" was shown.

Olivia Lambert, Walt Morey student, states what we do is in the beginning all of the classes go out in the hallway and they stand on the side and they cheer on the Special Olympians. We're all celebrating and we high five them on their way out and they get all excited. I'm volunteering this time and we help them on field day. It's really special to them and to us.

Shirley Prickett, Walt Morey Campus Monitor, states these kids are integrated in our school and they also eat lunch with the regular kids. They've been there as long as I've been there and I've been there 15 years. These kids are really special to all the students. If you know our students they protect these kids, even as they go on to high school. The Special Olympians raise money through fundraising and that's how they get their uniform

or their t-shirt and raise money to get to the Special Olympics. It is totally sponsored by all the kids that are at school. One of the classes makes cookies and sells them. Everyone feels like they're a piece of this group. They're representing our school and they're excited to see all these kids go.

Tanya Pruett states we wanted to invite you to come celebrate with the students. You could come to the school and do the send-off with us in the hallway with all the kids at 9:00am on May 5th or you could show up at Gordon Russell Middle School and root for our kids there.

5. UPDATE: Multnomah County Sheriff's Office Public Safety Contract Performance Report Update.

Monte Reiser, Commander, Multnomah County Sheriff's Office, states I have a short presentation about a short review of a few of our law enforcement goals for 2017. I provided Council with a short review of some data relative to the month of February. I also want to ask the Council if they would like any changes in the way of the Sheriff's Office makes reports out to Council in the future. In January, Chief Gates and I sat down to establish the goals for 2017 and we created 2 separate categories. The first one is community trust and confidence and the second being public safety and crime prevention. Under each of these categories we have 3 separate goals that we would like to brief the Council on. First under public safety and crime prevention category we have 2 programs that we're seeking funding for this next fiscal year. We're not asking the City of Troutdale for these resources. The first program is called HOPE (Homeless Outreach Program Engagement) and this is a new program we created which calls for 3 Deputy Sheriffs to work as service providers and connecting homeless citizens with needed services while also managing public safety issues. The second project involves a program called Gun Violence Reduction Program and this program would purchase one detective position with a mission to reduce gun violence related crimes and incidents in Multnomah County as well as providing gun safety education for citizens. Gun related offenses have been on the rise in the last few years and thefts of guns in Multnomah County are a concern. Since April of 2015 to December 2016 there have been approximately 927 firearms reported stolen. We need one more detective as a resource. We're hoping this program is adopted in the next year. We have identified Frontage Road along I-84 as a project area. We have assessed incident data for this location this past year and we know that approximately 12% of incidents that occur in Troutdale occur in this section of road. I have assigned a Lieutenant to create a community policing project to assess underlying causes for some of those incidents. We'll have an update for you in our annual report this summer. The final project we're currently involved in the early stages is with your Parks Advisory Committee (PAC) and it's a concept project called The Troutdale Volunteers Citizen Patrol. Deputy Joe Graziano and I provided a presentation to the PAC this last Wednesday. We want to enhance our communication with the community. We want to attend group and HOA meetings and talk about data and response plans. We're also contemplating completing a citizen's survey for Troutdale. We've done these in the past and they're a good way to gauge citizen's feedback to see how we're doing at the Sheriff's Office. We also benefit from getting good ideas from the citizens. We are currently finalizing a policy that establishes a new way of approving policy. The Sheriff's Office

would be making public any new policy that significantly impacts operations before finalizing the policy. After drafting a policy they'll be published on our website for 30 days and the community is encouraged to review and make comments through the website. Finally, under this category just communication with City Council. I appreciate the individual discussions that I've had. The purpose of this goal is to make sure we have open and transparent communication in place with Council. With this goal we would also like to offer to the Council to make presentations either monthly or on a quarterly basis in person. With that I want to provide a snapshot of our performance for the month of February (a copy can be found in the meeting packet).

Mayor Ryan asks, on the policy changes that you put on your website, can we add that link to our City website?

Commander Reiser responds I believe so.

Councilor Allen states your customer service is noticed and greatly appreciated.

Mayor Ryan states personally I would like to see a quarterly report. I think the more communication we have with you the better.

Council agrees on having quarterly reports.

Councilor White states I received a visit from a female officer that patrols near my house just out of the blue. She saw me outside and introduced herself. It's nice to put a face to the person in the patrol car. It really enhances what you guys do.

6. UPDATE: Multnomah County Sheriff's Office Public Safety Facility Update.

Jason Gates, Chief Deputy, Multnomah County Sheriff's Office, states I have a presentation to briefly discuss the purchase of the property next to the Troutdale Police Community Center (TPCC). In 1975 the Multnomah County Sheriff's Office moved into the Hanson Building as temporary. 41 years later we began a 3 phase project in reference to relocate the Hanson Building structure as it was the base of the operations division for law enforcement and the Sheriff's Office. We have completed phase 2. Phase 1 was programming requirements. There are a lot of different variables that go into programming requirements. Once we had those we needed to identify and acquire property. The County and the Sheriff's Office went through a stringent selection process for identified and viable properties for this relocation project. In December the Board of County Commissioners approved the purchase of 3.5 acres next door to the TPCC. At this point it remains open to potential options for that site. We haven't entered into phase 3 which is the design and construction phase. There are several different fluid options arising. One is that the Sheriff's Office and Multnomah County is in negotiations with the City of Fairview to provide police service to them. Others are that there are other facilities and properties in the County portfolio that can benefit from an upgrade at this point so we are leaving the options open. Nothing final has been decided. I want to make this very clear, whatever goes on that property will be fiscally responsible and complimentary to the community that will be served by that facility. Also, if we do build a Sheriff's facility there,

that facility in reference to its design and the amount of property that's there will be able to house remaining components of the Sheriff's Office that aren't already here but would not involve us wanting to or being able to move out of the TPCC. We very much appreciate that facility that is a vital facility in reference to our service to the community.

Councilor White asks, would it strictly be operations or would it be a jail portion?

Chief Deputy Gates responds no jail. The only prisoner that we transport to the TPCC goes in one door, that door closes, we process them and then they go back in the car to go downtown.

Mayor Ryan asks, how many people will be in that building?

Chief Deputy Gates responds between 30 and 40.

Councilor White asks, will that regroup the Sheriff's Department then so you won't be spread out?

Chief Deputy Gates responds if we go that route and the original design the idea is to have the bulk of the Sheriff's Office operations LE division on one campus. It's not the only option.

7. RESOLUTION: A resolution appointing Ray Young to the position of City Manager of the City of Troutdale Effective March 14, 2017.

Erich Mueller, Finance Director, states this is the conclusion to the process that the Council began back in July. It was request for proposal for professional recruitment services. Council adopted the required hiring standards, criteria policy directives and timeline for the City Manager recruitment process in compliance with various ORS sections that would allow for interviews during executive sessions. Those were all adopted in those public meetings in October. Following the recruitment phase that closed in December, Prothman provided semi-finalist candidates to the Council in late January. We had 6 finalists selected and Council then had a public reception on the 19th of February and had interviews all day on the 20th of February. The Council selected a leading candidate from the deliberations that occurred in the executive session. They directed staff to begin the negotiation process and that process was undertaken and Mr. Young has agreed to accept the appointment subsequent to your vote and approval this evening. This process of the resolution tonight provides the formal approval of the consensus that the Council reached during executive session.

MOTION: Councilor Lauer moves to approve the resolution appointing Ray Young to the position of City Manager of the City of Troutdale Effective March 14, 2017. Seconded by Councilor White.

VOTE: Mayor Ryan – Yes; Councilor White – Yes; Councilor Allen – Yes; Councilor Hudson – Yes; Councilor Ripma – Yes and Councilor Lauer – Yes.

Motion passes 6-0.

Ray Young states I want to thank each one of you for the faith that you have shown in me by selecting me for this position. I am humbled by that faith and I plan to serve it well. Thank you. I have served you and your predecessors and the citizens as your Municipal Court Judge and I've enjoyed all those years and I am sad that I'll be ending that chapter of my service to this community but making up for it in more ways that I can imagine by getting to serve you and the citizens and the great staff that you have in the City of Troutdale. I'm really excited about this new chapter and new experiences and new opportunity and I look forward to working with each one of you and all of the citizens in the City. Thank you.

Mayor Ryan calls for a break 7:43pm.

Mayor Ryan calls meeting back to order 7:56pm.

Councilor Morgan joined the meeting at 7:58pm via telephone.

8. DISCUSSION: Utility fees rate increase.

Steve Gaschler, Public Works Director, states we are here tonight talking about the utility fees rate increase. Joining me tonight is John Ghilarducci with FCS Group and he put together a rate analysis for us. I'm going to be talking about the system conditions and what I think the future could look like for us. I'm looking for direction from Council for the fee resolution that we'll need to bring back to you in May. Most importantly, hopefully we can reach an agreement and some direction on the rate cap issue because it has fairly significant budget impacts for us again. Steve showed the City Council a PowerPoint Presentation which outlined the overview for the 2017 Utility Fee Discussion (attached as Exhibit A to these minutes). The system condition is good to fair. We have 66 miles of water distribution out there. If we were to replace the whole system it would be between 100 and 200 million dollars.

John Ghilarducci, FCS Group, states we've been asked by the City to do a rate update for water, sewer and stormwater and also look at system development charges. Tonight's focus is about rates. John showed the City Council a PowerPoint Presentation which outlined the overview for the 2017 Utility Rate Update (attached as Exhibit B to these minutes).

Councilor Ripma states on page 10 you used a 40 year life of an asset of a million dollars. Is 40 years the life of a sewer line? It seems like it's much longer than that.

John Ghilarducci responds it varies per asset.

Steve Gaschler states it's a big range but a typical pipe will go longer.

Councilor Ripma states I thought the rate cap was that the money we didn't take in were those people that would have bills over \$100.00 was paid out of the General Fund into

the stormwater system. I don't understand why the rate is lower. I thought the General Fund paid for the rate cap the way we got it now. Why have you adjusted the rates for everybody down by removing the cap?

John Ghilarducci responds that may have been the original math. I don't know. What we did is we assumed that the stormwater utility had to stand on its own two feet so the subsidy is gone then we calculated the rates based on the known customer base. If we had taken that higher rate of 9.45 and extended it to everyone in the customer base and eliminated the rate cap you would end up generating a lot more than the current General Fund subsidy.

Councilor Ripma asks, are Sandy and West Linn unwisely not keeping up? Do they have some other different way they fund their infrastructure? Why is Wilsonville and Milwaukie way high on all of the comparisons?

John Ghilarducci responds it's hard to say because its apples and oranges. I don't know about Sandy. One of the things that has helped West Linn, over time is they have grown like crazy and they have extremely high SDCs in place. That has helped build a lot of capital that is serving those customers now.

Mayor Ryan states it would be good to find out how these other cities do it.

Councilor Hudson states if we were to eliminate the stormwater rate cap it would raise the fees for the big businesses substantially but we're assuming it's not something that would impact them negatively like something big like Fed-Ex or Piper Project could absorb those costs. What unforeseen consequences, what businesses, who has a large parking lot that we might not be thinking of? Are we thinking of churches or schools? Is there someone that would not be able to absorb the costs that we should keep in mind?

John Ghilarducci responds I can't tell you that without looking and getting into the data and really looking at the customers. The ones that I would consider would be locally owned large chain businesses.

Steve Gaschler states I'm looking at the list and Reynolds has a couple properties. They have multiple accounts for each facility. It looks like with just storm rate cap they're at a 100 now and it looks like it would go up to about 200 or 225 for them. That's based on their biggest piece of property for them. We can give them a discount. The churches are all under the \$100 cap and have been taken off. All but Harvest Christian and they would go up to about \$200.

Councilor Hudson asks, is there a way we could get that list?

Steve Gaschler responds yes.

Councilor Allen states these are both cast pipes. Are they both water pipes?

Steve Gaschler responds yes they are both water.

Councilor Allen asks, what about stormwater?

Steve Gaschler responds they are mostly concrete and PVC.

Councilor Allen states we're basically talking about increasing rates for capital projects. Do we have a list of those capital projects that were targeting?

Steve Gaschler responds we do.

Councilor Allen states it's easy for me with water because we meter that. We know how much they're using. Sewer is some multiple of that. Is that right?

Steve Gaschler responds no, it isn't based on their water consumption so much. It's what we call Equivalent Residential Unit (ERU). We know how much water an average house used. What we pump out in water and we what we get down here at the other end don't correlate all that well. Like here in the winter when our water use is the lowest our sewer plant is treating the most water at 3 million gallons a day because we have all of the inflow coming in from all the rain and moisture we get through inlets, leaks in the pipes, manholes, etc.

Councilor Allen asks, what about stormwater? Some businesses you service the pipe and some you don't. We charge by impervious services.

Steve Gaschler responds the stormwater is a system for the City and it treats the streets primarily but then it also takes the runoff off impervious surface from the development. Nobody can say they don't get any benefit out of it. If we didn't have that system they couldn't get to the business because the road would be flooded out. The other issue is we have somebody up the hill up here and somebody downhill and they would get flooded out. If they retain all their water they get a 70% discount. If they don't retain all their water we give them a portion of that. If they don't retain any of it we're dealing with all of it and we have to have the system out there to handle it.

Councilor Allen states getting back to the stormwater. Are there requirements from the State that have changed?

Steve Gaschler responds there are stormwater permits and we have a program. The discharge water into these receiving waters we have to do certain things to keep that permit in place. Before I got here a lot of these costs were shifted over into the wastewater. Each system, to be transparent, should fund its own.

Councilor Allen states on the stormwater we have a fuel tax to help out with our street repairs. Are we shifting some of our street maintenance to our stormwater?

Steve Gaschler responds no. No street maintenance but street sweeping is a requirement under our stormwater permit because if we don't clean the streets all that stuff goes into our inlets and pipes and streams.

Councilor White asks, the numbers we saw regarding storm, did that reflect the 70% reduction?

John Ghilarducci responds I was making myself a note to check and make sure what our assumption is as far as how many of those customers will get the 70% reduction.

Councilor White states the previous Council had this come up and we doubled the rate twice. We heard from the Port and they said that even for them it was going to be a big enough hit and they needed time to budget for that. They did the math and it was something like 1600% or larger increase if we uncapped it on them. I think we also don't realize that if you uncap this rate for the big businesses they're going to transfer the costs onto the consumers. In the case of Fed-Ex, they're fairly new to our city. We had them build almost a million dollar bioswale to capture and treat the stormwater themselves. I would like to see handle on how much water does goes in. I would also like to see how we treat it. I'm not looking for this right now but would like some idea on what's involved in the treatment of stormwater.

Travis Hultin, Civil Engineer, states in the specific case of Fed-Ex, they discharge all of their stormwater to the City system. The groundwater conditions are such in the north industrial area that they can't infiltrate. They don't have a bioswale.

Councilor White asks, could we have done something to help Fed-Ex while they were building that project to make it less expensive? Are we going to do that with the new businesses coming in? I would like to see the City offer them a solution that is most cost effective for them long term.

Travis Hultin responds we're required by our permit to require the on-site development provide water quality treatment before they discharge. They do have option for that. There is a discharge hierarchy we follow in the Portland Stormwater Management manual currently. That would encourage surface infiltration which is typically the cheapest way to do it. But there are parts of the City that that's just not possible.

Ray Young states I think you were asking if there was anything the City could do to help these customers reduce their output and save some of the imposition on our system.

Travis Hultin states depending on where they're at. In some places in the City where you have good soil conditions our policy is already encouraged surface infiltration on-site retention. If they achieve 100% on-site retention they can get a 70% reduction on their stormwater bill. If they have less than 100% reduction they can get a pro-rated reduction on their stormwater bill. We do suggest to people if they consider optional technologies like pervious pavement that is totally up to them.

Councilor White states I appreciate that. It's fair. I plan on keeping my word to give plenty of notice to these businesses to adjust and budget for these types of increases. It's something I would rather see get implemented slowly.

Steve Gaschler states I do remember that we did discuss impervious pavement on that Fed-Ex parking lot and they weren't interested in going that route. They didn't want to maintain it. I would recommend the Council to discontinue the cap for any new businesses. There is no need of offering that.

Mayor Ryan asks, when will you be back?

Steve Gaschler responds the first thing, if we could, we'd like some direction on the rate cap to prepare for the budget. In preparing our budget it would be nice to have an indication of which way the Council wants to deal with the rate cap.

Mayor Ryan states my concern is the people that are in apartments and rentals. We're already seeing increasing rents. That is one of my concerns.

Steve Gaschler states what I would really like to do is instead of taking one year, let's look out a little farther. Let's add that vision and look at the next 5 years.

Mayor Ryan asks, you're looking for some decision on should we take the cap off or not on stormwater?

Steve Gaschler responds I'm looking for direction and how we prepare our budget because that has a big budgetary impact on the General Fund or the Stormwater Fund.

Councilor Allen states to go with what Mayor Ryan said, I'm less concerned about profitable businesses. I'm more concerned about renters. I'm also concerned about the less profitable businesses. Some kind of smoothing that out would be my preference.

Councilor Hudson states I concur with the direction so far that a phased out and eventual removal of the cap.

Mayor Ryan states I like what Ray said about new businesses coming in having the cap removed. Is there a way to stagger that?

John Ghilarducci responds we want to construct a rationale for why they're being treated differently but I think you could do that. That's something we can work on like a policy.

Steve Gaschler states when I said for new businesses coming in I was talking about the rate cap. The rates on the water and wastewater and stormwater will apply to everybody across the board. This is just the cap. For example for a new business coming in, we adopt this fee resolution in May, they're account isn't going to get installed until next year sometime. So when they come in they would pay the uncapped amount, the full rate for everything that we're charging everybody else. What I would recommend for the existing

people is taking them from the \$100 and get them halfway to where they should be when it's removed this next year and the following year make the next step. My experience is when moving these 266 people off, the people at the bottom that we took off, they're more local and they're the small businesses that it's a little tighter. They're the ones I thought we were going to hear from and I got one complaint. It was just a comment that they had been tightening their belt up and it was really just a misunderstanding. I tried to call him back and he was busy and he never called me back. But I think he misunderstood what we were doing. He said we've tightened our belt, why can't you tighten your belt. This really isn't a matter of tightening belts here on the stormwater rate cap issue. It's a matter of charging what should've been charged. You can spin it the other way and say look at all the money you saved for the 10-20 years you've been here and haven't had to pay that where your neighbor in Gresham who pays the full amount and has paid tens of thousands of dollars more over the years and they don't even offer the 70% discount. Gresham only gives 30-40% discount maybe. They haven't had any trouble attracting businesses there with their rates.

Mayor Ryan asks, can churches or schools be capped?

Steve Gaschler responds there's only one big church on there and the rest have been removed. And they'll stay removed.

Councilor Lauer states my opinion when it comes to the stormwater rate cap in every aspect I've dealt with personally, especially with replacing and repairing water mains and having a lot of band aids it's always better to just rip it off instead of dragging it out longer than it needs to be. I'm leaning towards killing it all in general. I do like your phasing with a 2 year program.

Councilor Ripma states I thought the same thing that Randy just said on the rate cap on the stormwater. Even West Linn and Sandy leave us in the dust. It can't be justified. Everybody else is picking up the tab for it. I do think lessening the blow and making it over 2 years would allow for some of the budgeting concerns that were mentioned. I also favor smoothing the rates for water, sewer and stormwater over time a little slower. It will be easier on the public. You've done a good job of justifying doing it.

Councilor Morgan states I supported it before and I agree with Councilor Ripma mentioned and Councilor Lauer mentioned as well.

Erich Mueller states just to clarify as it relates to the budget, which is neck even at the moment, last year's budget the general fund transferred \$202,000.00 to the stormwater fund. This current year's budget is \$343,000.00. So over 2 years it's \$545,000.00 that's been taken from the general fund to subsidize the effect of the large businesses because they're the ones who have the large impervious surface. If we're assuming we're only going to remove half of the cap then we're going to have another \$180,000.00 or more that we would need to transfer from the general fund in this next month's budget in order to continue to subsidize these multi-billion enterprises. Steve and I need to know what to propose in the budget. That's what we're looking for tonight.

Mayor Ryan states I tend to lean towards what Councilor Ripma was saying. Let's take it easy on the jump and rip the band aid off on the cap.

Councilor Lauer states I'm for ripping it off.

Councilor Allen states I'm more interested in the smooth transition for rates and the cap. I wouldn't necessarily move the street funds over just yet.

Councilor Ripma states the history of the cap has been painful and every year we've had trouble. We doubled it the last 2 years. It was ridiculously low. This all get all triggered when we couldn't subsidize stormwater out of sewer. I'm sympathetic to removing it completely but I think if we do the 2 step process the first year we are going to spend \$180,000.00 out of the general fund. That may not seem very wise but the people that are hit with it are only hit with half of it the first year and then they hit the whole thing. I could go either way. My preference is the 2 step half this year and then the full rate removal. That will make a big difference.

Councilor Hudson states I will go with the 2 step process. The cap will be gone quickly.

Councilor White states I remember the recession we went through and I always keep in mind that it's hard when you're an outlying city that's bordered by the Columbia River and the scenic Gorge. I think it's really a problem that the entire Budget Committee needs to solve. I've listened to everyone tonight and it will give us time to do some further research and get some more answers. That's where I'm at for now.

Councilor Morgan states one step sounds good.

Mayor Ryan states I would like to see it done in 1 step but I can go with 2 also.

Councilor White it's been like this for 22 years and we didn't even realize it was a problem until they separated storm from sewer because when it was comingled it worked. The sewer rate charges covered the deficiency of the storm. I don't want the public to think this is something that's been going on and we've been kicking the can down the road.

Ray Young states I think the direction we got here is do the 2 step, put it in the budget, see where it goes when it goes to the Budget Committee and start there.

Councilor Ripma states budget it for the \$180,000.00 and then the next year we won't have to. Steve, you made a lot of progress tonight.

Mayor Ryan states we'll be voting on this later when we get information from the Budget Committee.

9. STAFF COMMUNICATIONS

Ray Young states I want to make sure I update some things on the calendar over the next 30 days. First, next Tuesday night we are going to have an Urban Renewal Agency meeting. Our consultant team will be here to get us up to speed. Also on March 22nd the Planning Commission will be handling the approval of the development code that is being bounced around with Metro. On March 22nd also, TriMet Board is taking up the issue of moving Line 81 from Glenn Otto Park to the TRIP area. The Mayor signed the letter tonight encouraging TriMet to make that change. Currently we have 2 buses that go to Glenn Otto and no buses that go to the TRIP area. I want to make sure you're aware we did get the letter from Metro from Chief Operating Officer Bennett that Metro has officially heard the cries of the people of Troutdale and they have backed away from the Troutdale/Gresham trail. At this point we are closing the door on that project for the foreseeable future.

Ed Trompke, City Attorney, states I don't usually participate in staff comments but this is an unusual one and I don't fully understand it but Steve needs to know about it and you should too. DEQ proposed, kind of out of the blue, something on zinc regulation that may or may not affect cities but it does affect businesses. They want to lower the zinc law standard to a level that is exceeded by many residential lawns. It may or may not affect the cities outfalls from pipes into the alternate depositories of the water. I'm trying to find out as a board member of the Westside Economic Alliance I was asked to approve a letter to the legislature asking them not to do it. As I find out more about it I will tell Mr. Gaschler.

Ray Young states March 28th is spring break and we are not having a council meeting but we are making it up by having a special council meeting on April 5th which is the first reading of the Development Code.

10. COUNCIL COMMUNICATIONS

Mayor Ryan states this was a good meeting and our longest one so far but I think it went relatively well. Steve, I want to thank you for your presentation.

Councilor White states I want to welcome Ray Young officially and let him know I plan on supporting you and you're going to do a great job.

Councilor Allen states Reynolds High School has its groundbreaking celebration on Wednesday, March 15 from 6-7:30pm. Also for businesses, all businesses invited, the 2015 Bond Project for Reynolds School District to learn about upcoming contracting opportunities at the March 28th briefing from 3-5:00pm at the Sunrise Center.

Councilor Hudson states I would like to quickly respond to the editorial that was in the Gresham Outlook today regarding Imagination Station. I think it's unfortunate that the Council's decision last week was characterized as throwing up our hands or being unwilling or unable to make a decision. I think the decision we made was the wise decision of not being playground experts but instead inviting experts to pitch ideas to us. This seems the very sensible thing to do rather than designing something ourselves and asking who wants to build it. We're not in the business of designing playgrounds. I think it's very unfortunate that the Outlook characterized this as a lack of courage. I find it weird

that we've now been accused of having no backbone in this regard. We sent out a request for proposals for people who build playgrounds professionally and we've asked them to pitch ideas to us and the Parks Committee followed by the City Council will hear what they have to say and choose from among them. At this stage it's really too early to even be choosing what material we want. We would like to build what the experts have to suggest to us.


Councilor Lauer states congratulations again, Ray.

Councilor Morgan states I'm excited for some projects that we're going to be able to announce for the State and also for East County.

11. ADJOURNMENT

MOTION: Councilor Ripma moved to adjourn. Seconded by Councilor Lauer. Motion passed unanimously.

Meeting adjourned at 9:44pm.



Casey Ryan, Mayor
Dated: 4/14/2012

ATTEST:



Kenda Schlaht, Deputy City Recorder

CITY OF TROUTDALE
 City Council – Regular Meeting
 7:00PM

Tuesday, March 14, 2017
PLEASE SIGN IN

Name – Please Print	Address	Phone #
Tami Lambert	745 NE 240	503 201 1173
Olivia Lambert	745 NE 240	503 886 9170
C. Lewis	26729 SE Stark	
Shirley Prickett	2617 SW Indian Trail	503-667-5412
W. Ben Warren	City	
Tanya Pruett	2800 SW Lucas Ave	503 491-1935
John Fockler	1212 SE Chapman	503 522 3939
Terri Fockler	1212 SE Chapman	503-522-3737
PAUL MILLER	TROUTDALE	
JAY MARQUESS	1036 SW 17 th WAY OR	503 465 9700
Lindy Brown	Troutdale	
Monte Reiser	M450	503 988 0352
Kevin Maxwell	M450	503 988 4446
Robert Canfield	Troutdale	
GENE BOWEN	1220 SE 31 st Circle	503-667-8421
Diane Castle		503 888-1405
Carol Allen		503-701-8979
TANNY STAFFORSON	1820 N 1st Colburn Ave	503.519.7937

2017 UTILITY FEE DISCUSSION

TROUTDALE CITY COUNCIL MEETING MARCH 14, 2017

INTRODUCTION

- JOHN GHILARDUCCI FCS GROUP UTILITY RATE UPDATE

OVERVIEW

- FOR NEW COUNCIL MEMBERS SOME HISTORY
- DESCRIBE SYSTEM CONDITIONS AND WHAT OUR FUTURE MIGHT LOOK LIKE
- JOHN PRESENT AND DISCUSS RATE INFORMATION
- DIRECTION FROM COUNCIL FOR FEE RESOLUTIONS IN MAY, MOST IMPORTANTLY RATE CAP FOR STORM WATER

HISTORY

- CHARLIE WARREN 2008,
- MASTER PLAN RECOMMENDATIONS INCREASED RATES
- STEVE GASCHLER 2013
- FCS GROUP 2014 FULL RATE STUDY

SYSTEM CONDITONS

- GOOD TO FAIR 50-75 YEAR USEFUL LIFE
- FAILED WATER PIPE EXAMPLE
- REPLACEMENT VALUE ALL SYSTEMS \$100-\$200 MILLION
- WATER DISTRIBUTION AGE MAP



LEADERSHIP AND VISSION

WHAT DOES AN UNDERCAPITALIZED UTILITY LOOK LIKE

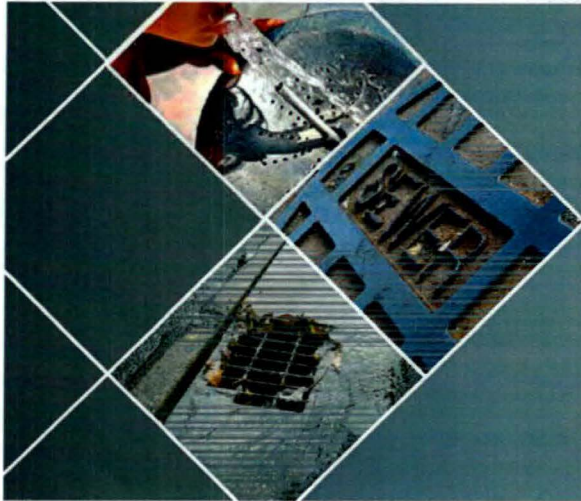
- **INCREASED RISK TO HEALTH AND SAFETY FOR COSTUMERS**
- **INCREASED COSTS**
- **INCREASED REPAIR AND MAINTENANCE**
- **INCREASED EMERGENCY REPAIRS**
- **INTEREST COSTS FOR BORROWED MONEY**
- **INCREASED BOIL WATER NOTICES**
- **INCREASED SERVICE INTERRUPTIONS TO CUSTOMERS**
- **UNEXPECTED RATE SPIKES FOR CUSTOMERS**
- **LOSS OF COSTUMER TRUST AND CONFIDENCE**

LEADERSHIP AND VISSION

WHAT DOES A WELL CAPITALIZED UTILITY LOOK LIKE

- **DECREASED COSTS**
- **DECREASED REPAIR AND MAINTENANCE**
- **DECREASED EMERGENCY REPAIRS**
- **DECREASED BORROWING COSTS**
- **DECREASED SERVICE INTERRUPTIONS**
- **DECREASED BOIL NOTICES ISSUED**
- **UNIFORM RATE RATE INCREASES**
- **RETAIN CUSTOMER TRUST AND CONFIDENCE**

City of Troutdale, OR



2017 Utility Rate Update

Presented By: John Ghilarducci, Principal

March 14, 2017



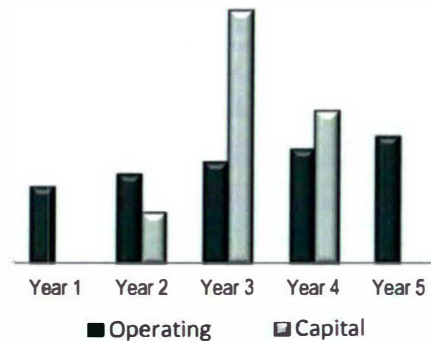
Overview

- ◆ **Introduction to Ratemaking**
 - Importance of Utility Rate Studies
 - Overview of Rate Study Process
- ◆ **Revenue Requirement Analysis:**
 - Policy Framework
 - Assumptions
 - Preliminary Findings
 - Sample Bill Forecast/Comparison
- ◆ **Questions/Discussion**



Introduction to Utility Ratemaking

- **Utility rates are set to recover the cost of providing service**
- **Utilities incur two primary types of costs:**
 - Operating costs (regular / ongoing)
 - Employee salaries and benefits
 - Power and chemicals
 - Asset repair and maintenance
 - Capital costs (irregular / periodic)
 - Asset replacement / system reinvestment
 - Facility expansions and upgrades



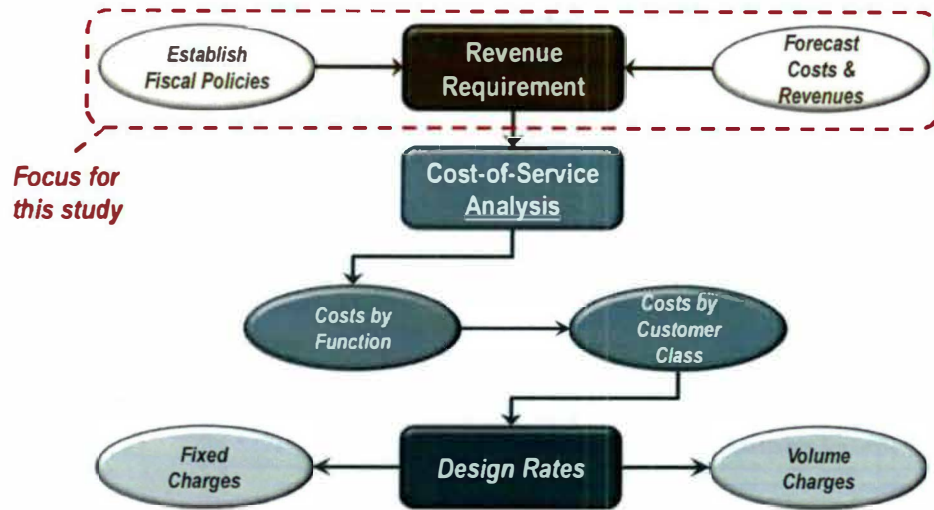
Importance of Utility Rate Studies

Rate studies are important because they:

- **Enable a utility to remain self-sufficient**
 - Quantify operating and capital needs
 - Set rates to cover needs
 - Account for changing conditions
 - Declining water sales
 - Economic cycles
- **Ensure rates reflect utility policies and priorities**
 - Equitable cost recovery from customers
 - Revenue stability and financial sustainability
 - Affordability



Overview of Utility Rate Study Process



Utility Fiscal Policies

- Fiscal policies help guide the financial management of the utilities
- Common fiscal policy topics for utilities
 - Reserve structure / levels
 - Capital funding philosophy
 - System reinvestment funding
 - Debt service coverage
 - Financial performance standards

Fiscal Policies: Reserves

- ◆ Intended to protect the utility from unforeseen financial impacts
 - Low sales year(s)
 - Economic cycles
 - Regulatory changes
 - Changes in contract costs (e.g. plant operations)
- ◆ This analysis assumes the following reserve structure:

Reserve	Purpose	Minimum Balance						
Operating Reserve	<ul style="list-style-type: none"> ▪ Accommodate difference in revenue/expense cycles 	<ul style="list-style-type: none"> ▪ 30 days of operating expenses - Based on 2016-2017 Budget: <table border="1" style="margin-left: 20px;"> <tr> <td style="text-align: center;">Water</td> <td style="text-align: center;">Sewer</td> <td style="text-align: center;">Stormwater</td> </tr> <tr> <td style="text-align: center;">\$146,000</td> <td style="text-align: center;">\$213,000</td> <td style="text-align: center;">\$51,000</td> </tr> </table> 	Water	Sewer	Stormwater	\$146,000	\$213,000	\$51,000
Water	Sewer	Stormwater						
\$146,000	\$213,000	\$51,000						
Capital Reserve	<ul style="list-style-type: none"> ▪ Segregate funds restricted for capital ▪ Protect against capital cost overruns ▪ Provide for emergency asset replacement 	<ul style="list-style-type: none"> ▪ 1% of cost of assets (plant-in-service) - Based on assets booked as of 6/30/16: <table border="1" style="margin-left: 20px;"> <tr> <td style="text-align: center;">Water</td> <td style="text-align: center;">Sewer</td> <td style="text-align: center;">Stormwater</td> </tr> <tr> <td style="text-align: center;">\$211,000</td> <td style="text-align: center;">\$315,000</td> <td style="text-align: center;">\$114,000</td> </tr> </table> 	Water	Sewer	Stormwater	\$211,000	\$315,000	\$114,000
Water	Sewer	Stormwater						
\$211,000	\$315,000	\$114,000						
Bond Reserve	<ul style="list-style-type: none"> ▪ Comply with bond covenants, protecting bondholders against default risk 	<ul style="list-style-type: none"> ▪ Not currently applicable (no outstanding revenue bonds) 						

Fiscal Policies: Capital Funding Philosophy

- ◆ The City can fund capital projects through cash and/or debt resources

	Pros	Cons
Cash Funding	<ul style="list-style-type: none"> ▪ Lower overall cost ▪ May improve financial flexibility 	<ul style="list-style-type: none"> ▪ Higher near-term rates ▪ Existing customers pay for disproportionate share of costs ▪ May need to maintain higher cash balances (unless debt can be issued)
Debt Funding	<ul style="list-style-type: none"> ▪ Mitigates immediate rate impacts of capital investment ▪ Enhances "generational equity" by spreading cost to future customers 	<ul style="list-style-type: none"> ▪ Higher overall cost (interest) ▪ May reduce financial flexibility (e.g. coverage requirements)

- ◆ Capital funding philosophy can define appropriate terms for issuing debt, as well as an acceptable level of indebtedness

Fiscal Policies: System Reinvestment

- ◆ **System reinvestment:**
 - Is an important part of long-term asset management
 - Involves generating cash above current operating costs and debt requirements
- ◆ **Potential benchmarks for annual system reinvestment funding include:**

	Water	Sewer	Stormwater
– Depreciation expense (original cost)	\$471,000	\$714,000	\$263,000
– Depreciation expense (replacement cost*)	\$1,010,000	\$1,168,000	\$501,000
– Sinking fund (based on anticipated needs)			

*Estimate based on average age of system assets

Would increase with inflation

- ◆ **System reinvestment policies are often phased in over multiple years to mitigate rate impacts**

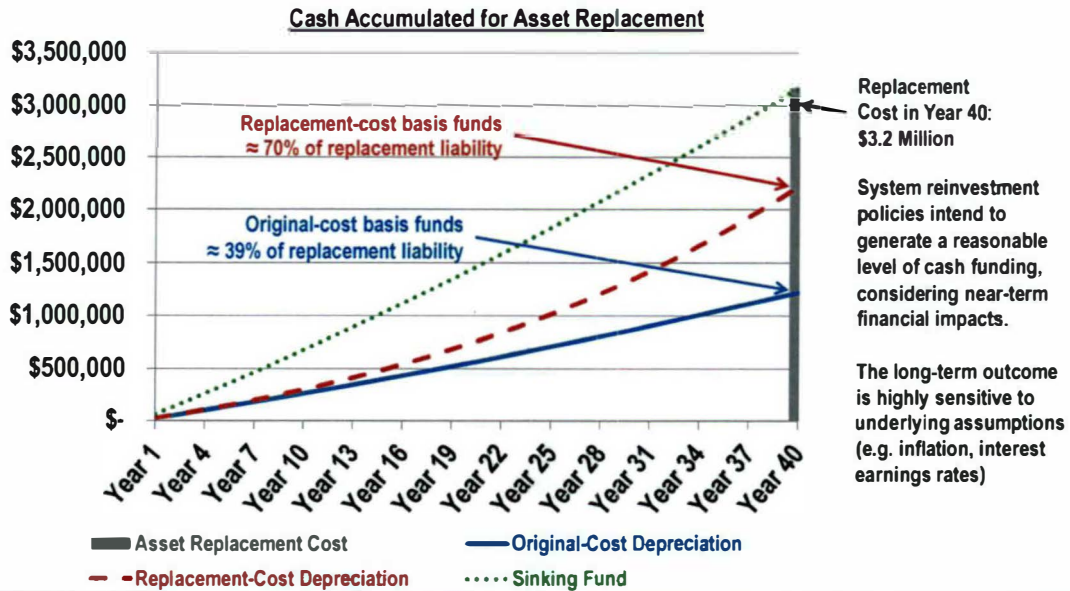
System Reinvestment Example

- ◆ **Assumptions:**
 - \$1 million asset
 - 40-year useful life
 - 3% annual cost inflation
 - 1% investment interest rate
- ◆ **Potential benchmarks for annual system reinvestment funding:**
 - Original-cost depreciation: $\$1,000,000 / 40 \text{ years} = \$25,000$
 - Replacement-cost depreciation: $\$25,000 \times (1.03)^{\text{Asset Age}}$
 - Sinking fund: **\$64,783**

Annual transfer needed to fully cover projected replacement cost in projected year of replacement

Annual transfers escalate with inflation, ranging from \$25,000 - \$79,176 per year

System Reinvestment Example



Fiscal Policies: Financial Performance

- ◆ Defines “revenue sufficiency” based on:
 - Cash flow needs
 - Operation and maintenance
 - Reserve funding
 - Debt service (bonds and loans)
 - Rate funding needs for capital
 - Coverage requirements
 - Net revenue \geq multiple of revenue bond debt service (established by bond covenants)
 - Does not currently apply to City (no outstanding revenue bonds)
- ◆ “Revenue requirement” is the amount needed to satisfy both tests
 - Cash flow may be negative temporarily to phase in rate increases
 - Relies on existing fund balances to absorb cash flow deficits
 - Coverage requirement must always be met
- ◆ Analysis considers a multi-year period
 - Goal is to promote a long-term strategy of stable, moderate increases

Key Assumptions

Annual Cost Inflation

- General: 3.0%
- Employee Benefits: 10.0%
- Construction: 4.0%

Annual Growth Rates

- Customer Growth: 0.50% per Year
 - Water/Sewer: ≈ 30 new equivalent units
 - Stormwater: ≈ 60 new equivalent units

Rate-Funded System Reinvestment

- Begins in FY 2017-18
- Based on Original Cost Depreciation¹

Water	Sewer	Stormwater
\$471,000	\$714,000	\$263,000

New Debt Terms

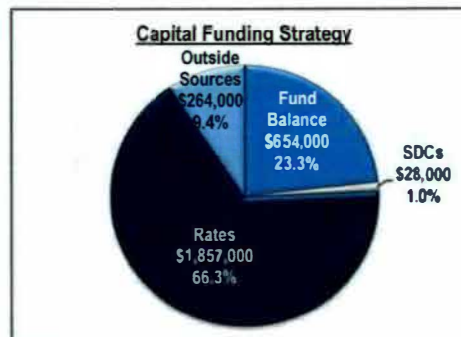
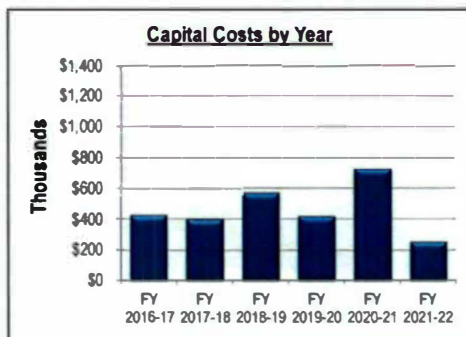
- 20-Year Revenue Bonds
- 5.0% Interest Rate
- 1.0% Issuance Cost

Operating Forecast

- General based on 2016-17 Budget; escalated
- 3 additional FTEs ("Operator II" positions)
 - Average cost of \$107,000 per FTE
 - 1 FTE for each utility, beginning in 2020-21
- Franchise fees calculated on projected revenues (5.0%, all utilities)

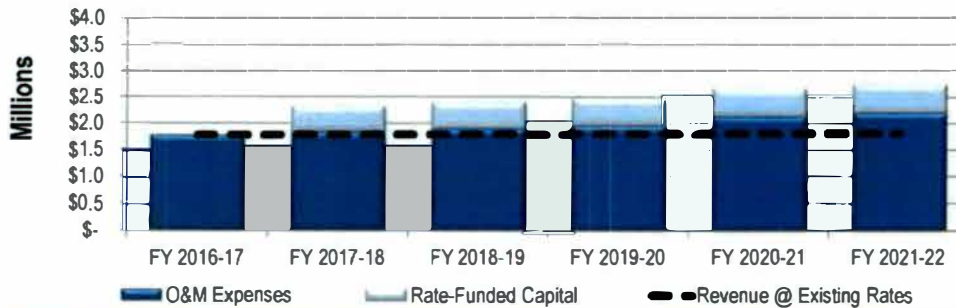
¹Amounts shown are based on current depreciation expense, and will increase with the addition of fixed assets.

Capital Needs Forecast – Water



- \$2.8 million in capital projects from 2017 – 2022
 - Pipelines: \$1,267,000
 - Reservoirs: \$749,000
 - Other: \$786,000
- Existing balances, SDCs, and rate-funded system reinvestment are expected to provide enough cash funding to cover the utility's projected capital costs

Water Revenue Requirement Forecast



	Existing	Projected				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Rate per 1,000 Gallons	\$3.21	\$4.04	\$4.32	\$4.58	\$4.85	\$5.14
Monthly Residential Bill @ 5,000 Gallons	\$16.05	\$20.20	\$21.60	\$22.90	\$24.25	\$25.70
Change From Prior Year		+\$4.15	+\$1.40	+\$1.30	+\$1.35	+\$1.45

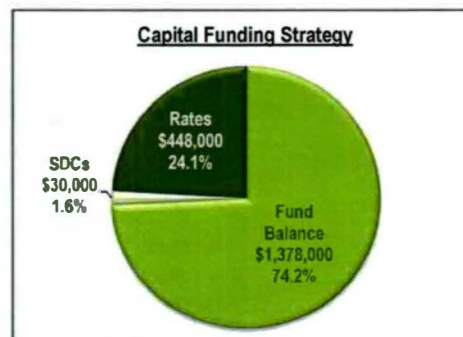
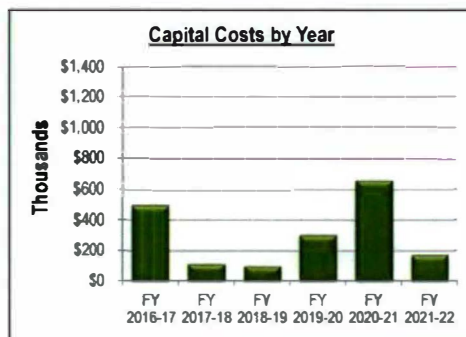
Rate Increase Drivers

- Funding capital (system reinvestment) through rates
- Keeping up with rising operating costs (inflation, staffing additions)

% of 5-Year Rate Increase

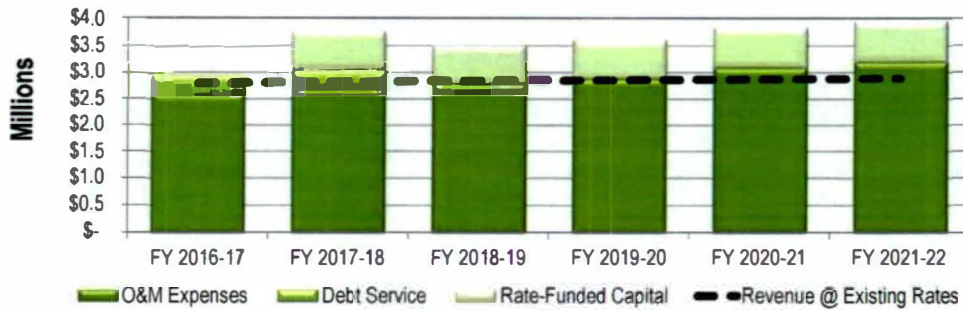
63%
37%

Capital Needs Forecast – Sewer



- ♦ **\$1.9 million in capital projects from 2017 – 2022**
 - Water Recycling System: \$451,000
 - Pump Stations: \$511,000
 - Other: \$894,000
- ♦ Existing balances, SDCs, and rate-funded system reinvestment are expected to provide enough cash funding to cover the projected costs

Sewer Revenue Requirement Forecast



	Existing		Projected			
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Monthly Rate per Equivalent Res. Unit	\$37.16	\$44.96	\$46.76	\$48.63	\$50.58	\$52.60
Change From Prior Year		+\$7.80	+\$1.80	+\$1.87	+\$1.95	+\$2.02

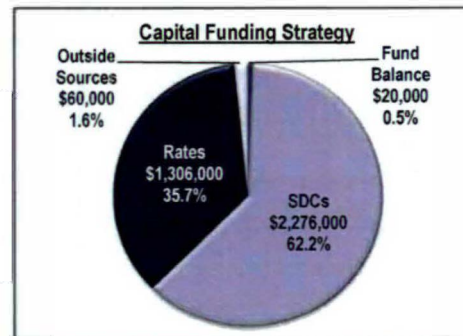
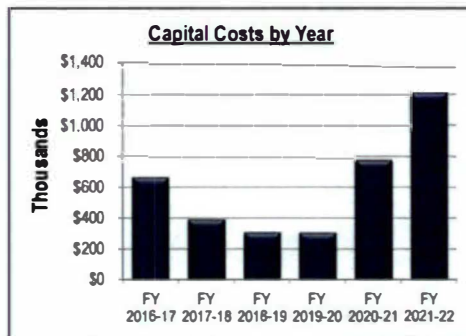
Rate Increase Drivers

- Funding capital (system reinvestment) through rates
- Keeping up with rising operating costs (inflation, staffing additions)

% of 5-Year Rate Increase

74%
26%

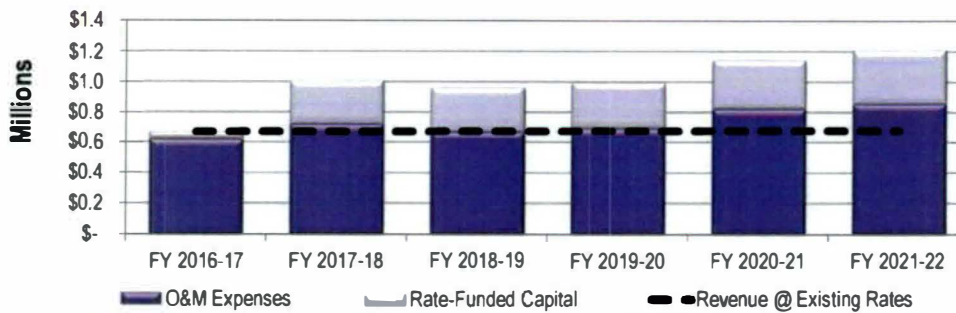
Capital Needs Forecast – Stormwater



- ◆ \$3.7 million in capital projects from 2017 – 2022
- ◆ Existing balances, SDCs, and rate-funded system reinvestment are expected to provide enough cash funding to cover the utility's projected capital costs



Stormwater Revenue Requirement Forecast



	Existing	Projected				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Monthly Rate per Equivalent SW Unit	\$4.61	\$9.45	\$10.30	\$11.23	\$12.24	\$13.22
Change From Prior Year		+\$4.84	+\$0.85	+\$0.93	+\$1.01	+\$0.98

Rate Increase Drivers

- Funding capital (system reinvestment) through rates
- Keeping up with rising operating costs (inflation, staffing additions)

% of 5-Year Rate Increase

71%
29%



Summary of Stormwater Rate Scenarios

Status Quo: Non-Residential Rate Cap	Existing	Projected				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Annual Stormwater Rate Adjustment		105.0%	9.0%	9.0%	9.0%	8.0%
Monthly Residential Bill	\$4.61	\$9.45	\$10.30	\$11.23	\$12.24	\$13.22
Change From Prior Year		+\$4.84	+\$0.85	+\$0.93	+\$1.01	+\$0.98

Alternative: No Rate Cap	Existing	Projected				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Annual Stormwater Rate Adjustment		60.0%	6.0%	6.0%	6.0%	6.0%
Monthly Residential Bill	\$4.61	\$7.38	\$7.82	\$8.29	\$8.79	\$9.32
Change From Prior Year		+\$2.77	\$0.44	+\$0.47	+\$0.50	+\$0.53

- ◆ Under current City policy, non-residential stormwater charges are based on impervious square footage and capped at \$100.00 per month
- ◆ Removing the rate cap would improve equity and generate additional revenue to offset the necessary rate increases

Combined Residential Utility Bill Forecast

Single-Family Residence (5,000 gallons of water use per month)

Status Quo: Non-Residential Stormwater Rate Cap	Existing	Projected				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Water (@ 5,000 Gallons)	\$16.05	\$20.20	\$21.60	\$22.90	\$24.25	\$25.70
Sewer (1.00 ERU)	37.16	44.96	46.76	48.63	50.58	52.60
Stormwater	4.61	9.45	10.30	11.23	12.24	13.22
Total	\$57.82	\$74.61	\$78.66	\$82.76	\$87.07	\$91.52
Change From Prior Year		+\$16.79	+\$4.05	+\$4.10	+\$4.31	+\$4.45
% Change From Prior Year		+29.0%	+5.4%	+5.2%	+5.2%	+5.1%

Alternative: No Stormwater Rate Cap	Existing	Projected				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Water (@ 5,000 Gallons)	\$16.05	\$20.20	\$21.60	\$22.90	\$24.25	\$25.70
Sewer (1.00 ERU)	37.16	44.96	46.76	48.63	50.58	52.60
Stormwater	4.61	7.38	7.82	8.29	8.79	9.32
Total	\$57.82	\$72.54	\$76.18	\$79.82	\$83.62	\$87.62
Change From Prior Year		+\$14.72	+\$3.64	+\$3.64	+\$3.80	+\$4.00
% Change From Prior Year		+25.5%	+5.0%	+4.8%	+4.8%	+4.8%

Monthly Bill Comparison

Single-Family Residential



Assumptions:

- 5/8" Meter
- Water Use: 5,000 Gallons/Month
- 1 Sewer EDU
- 1 Stormwater ESU

Combined Utility Bill Forecast

Small Business (16,000 impervious SF, 10,000 gallons of water use per month)

Status Quo: Non-Residential Stormwater Rate Cap	Existing	Projected				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Water (@ 10,000 Gallons)	\$ 32.10	\$ 40.40	\$ 43.20	\$ 45.80	\$ 48.50	\$ 51.40
Sewer (1.83 ERUs)	67.87	82.12	85.41	88.82	92.38	96.07
Stormwater	27.36	56.00	60.96	66.56	72.48	78.40
Total	\$127.33	\$178.52	\$189.57	\$201.18	\$213.36	\$225.87
Change From Prior Year		+\$51.19	+\$11.05	+\$11.61	+\$12.18	+\$12.51
% Change From Prior Year		+40.2%	+6.2%	+6.1%	+6.1%	+5.9%

Alternative: No Stormwater Rate Cap	Existing	Projected				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Water (@ 10,000 Gallons)	\$ 32.10	\$ 40.40	\$ 43.20	\$ 45.80	\$ 48.50	\$ 51.40
Sewer (1.83 ERUs)	67.87	82.12	85.41	88.82	92.38	96.07
Stormwater	27.36	43.68	46.40	49.12	52.16	55.20
Total	\$127.33	\$166.20	\$175.01	\$183.74	\$193.04	\$202.67
Change From Prior Year		+\$38.87	+\$8.81	+\$8.73	+\$9.30	+\$9.63
% Change From Prior Year		+30.5%	+5.3%	+5.0%	+5.1%	+5.0%

Monthly Bill Comparison

Small Business



Assumptions:

- 5/8" Meter
- 2 Fixture-Based Sewer EDUs (32 Fixture Units)
- Water Use: 10,000 Gallons/Month
- 16,000 SF of Impervious Area

Combined Utility Bill Forecast

Medium Business (37,000 impervious SF, 30,000 gallons of water use per month)

Status Quo: Non-Residential Stormwater Rate Cap	Existing	Projected				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Water (@ 30,000 Gallons)	\$ 96.30	\$121.20	\$129.60	\$137.40	\$145.50	\$154.20
Sewer (5.48 ERUs)	203.62	246.36	256.22	266.47	277.15	288.22
Stormwater	63.27	100.00	100.00	100.00	100.00	100.00
Total	\$363.19	\$467.56	\$485.82	\$503.87	\$522.65	\$542.42
Change From Prior Year		+\$104.37	+\$18.26	+\$18.05	+\$18.78	+\$19.77
% Change From Prior Year		+28.7%	+3.9%	+3.7%	+3.7%	+3.8%

Alternative: No Stormwater Rate Cap	Existing	Projected				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Water (@ 30,000 Gallons)	\$ 96.30	\$121.20	\$129.60	\$137.40	\$145.50	\$154.20
Sewer (5.48 ERUs)	203.62	246.36	256.22	266.47	277.15	288.22
Stormwater	63.27	101.01	107.30	113.59	120.62	127.65
Total	\$363.19	\$468.57	\$493.12	\$517.46	\$543.27	\$570.07
Change From Prior Year		+\$105.38	+\$24.55	+\$24.34	+\$25.81	+\$26.80
% Change From Prior Year		+29.0%	+5.2%	+4.9%	+5.0%	+4.9%

Monthly Bill Comparison

Medium Business



Assumptions:

- 1-1/2" Meter
- Water Use: 30,000 Gallons/Month
- 5 Fixture-Based Sewer EDUs (80 Fixture Units)
- 37,000 SF of Impervious Area

Combined Utility Bill Forecast

Large Business (1,900,000 impervious SF, 80,000 gallons of water use per month)

Status Quo:	Existing	Projected				
Non-Residential Stormwater Rate Cap	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Water (@ 80,000 Gallons)	\$256.80	\$ 323.20	\$ 345.60	\$ 366.40	\$ 388.00	\$ 411.20
Sewer (14.61 ERUs)	542.98	656.95	683.25	710.58	739.07	768.58
Stormwater	100.00	100.00	100.00	100.00	100.00	100.00
Total	\$899.78	\$1,080.15	\$1,128.85	\$1,176.98	\$1,227.07	\$1,279.78
Change From Prior Year		+\$180.37	+\$48.70	+\$48.13	+\$50.09	+\$52.71
% Change From Prior Year		+20.0%	+4.5%	+4.3%	+4.3%	+4.3%

Alternative:	Existing	Projected				
No Stormwater Rate Cap	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Water (@ 80,000 Gallons)	\$ 256.80	\$ 323.20	\$ 345.60	\$ 366.40	\$ 388.00	\$ 411.20
Sewer (14.61 ERUs)	542.98	656.95	683.25	710.58	739.07	768.58
Stormwater	3,249.00	5,187.00	5,510.00	5,833.00	6,194.00	6,555.00
Total	\$4,048.78	\$6,167.15	\$6,538.85	\$6,909.98	\$7,321.07	\$7,734.78
Change From Prior Year		+\$2,118.37	+\$371.70	+\$371.13	+\$411.09	+\$413.71
% Change From Prior Year		+52.3%	+6.0%	+5.7%	+5.9%	+5.7%

Monthly Bill Comparison

Large Business

	Water	Sewer	Stormwater	Total
Milwaukie	\$422.06	\$1,007.20	\$13,614.56	\$15,043.83
Sherwood	\$508.55	\$475.54	\$10,989.77	\$11,973.86
Cornelius	\$713.14	\$545.30	\$9,464.02	\$10,722.46
Gresham	\$380.31	\$360.69	\$8,056.00	\$8,797.00
Fairview	\$406.19	\$719.30	\$7,258.00	\$8,383.50
Wilsonville	\$404.38	\$1,130.01	\$6,425.45	\$7,959.84
Oregon City	\$314.62	\$560.28	\$6,600.60	\$7,475.51
Forest Grove	\$323.67	\$508.34	\$6,297.35	\$7,129.36
Troutdale (Proposed FY 2017-18, No Cap)	\$323.20	\$656.95	\$5,187.00	\$6,167.15
West Linn	\$293.72	\$424.23	\$4,211.92	\$4,929.87
Sandy	\$236.19	\$343.73	\$2,245.45	\$2,825.37
Troutdale (Proposed FY 2017-18)	\$323.20	\$656.95	\$100.00	\$1,080.15
Troutdale (Existing)	\$256.80	\$542.98	\$100.00	\$899.78

Assumptions:

- 3" Meter
- 10 Fixture-Based Sewer EDUs (160 Fixture Units)
- Water Use: 80,000 Gallons/Month
- 1,900,000 SF of Impervious Area

Summary of Recommended Rates

Recommended Monthly Utility Rates	Existing	Proposed	Projected			
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Water Rate per 1,000 Gallons	\$3.21	\$4.04	\$4.32	\$4.58	\$4.85	\$5.14
Sewer Rate per ERU	\$37.16	\$44.96	\$46.76	\$48.63	\$50.58	\$52.60
Stormwater Rate						
Residential	\$4.61	\$7.37	\$7.81	\$8.28	\$8.78	\$9.31
Commercial (per Impervious SF)	\$0.00171	\$0.00274	\$0.00290	\$0.00307	\$0.00325	\$0.00345

- ◆ **Recommended stormwater rates reflect removal of non-residential rate cap**
 - Commercial rate would apply to total impervious area

Next Steps

- ◆ **Seek input from City Council**
 - Capital project plan
 - Phasing preferences
 - Rate adjustments (upfront vs. level increases)
 - Elimination of non-residential rate cap
- ◆ **Refine revenue requirement analyses (if needed)**
- ◆ **Complete system development charge analyses**



Questions / Discussion



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