

Monday, 7:00 p.m.

September 28, 1992

UTILITY RATE REVIEW COMMITTEE
MINUTES

Library

Newberg, Oregon

The meeting was called to order at 7:00 p.m.

Members Present:

Karlene Ferrell
Kathy Charron
Mary Lou Dittman
Tracy Pinder
Gary Hay
Clyde Thomas

Members Absent:

Leon Self
Ken Bernard

Staff Present:

Duane R. Cole, City Manager
Katherine Tri, Finance Director
Bert Teitzel, Public Works Director
John Thomas, Utility Manager

Mr. Teitzel reviewed the progress and information received thus far by the committee. He went through the budget document and indicated that there was an operating budget of \$2,122,000 with a revenue requirement from rates of \$1,791,583. He indicated that there had been a reduction of working capital and that the old rate raises \$1.5 million dollars and the new rate would need to raise \$1.791 million. The shortfall in the rates in years prior may have been the result of both a glitch in the program and a reduction in usage by the community. The rate the City uses today generates about \$1,500,000 or just above \$125,000 a month.

The staff presented a chart suggesting that those with less than 1,600 cubic feet consumption would break even on the sewer charge. Those that use more would pay less and those that use less than 1,600 cubic feet would pay more. This was based on a \$10.00 minimum charge. Mr. Thomas suggested that putting the bond debt payment on the property tax would reduce the volume charge from \$2.20 to \$1.95 per 100 cubic feet. The committee held a discussion regarding the \$10.00 minimum equalling roughly 400 cubic feet and that the City would lose money if the 400 cubic foot minimum was granted.

After further discussion, the committee turned to the audience present to take public input.

Steve Roberts spoke and indicated that he felt the fairest method was to measure usage.

Certainly, there should be a connection charge for the privilege of having a treatment system and using drinking water is tricky since not all this water goes down the sewer even in the winter time. Mr. Roberts went on to say that everyone should pay for what they use including the bonds. He also identified that several items in the budget are fixed costs while others are non-fixed costs.

Cliff Wilhelmson requested information regarding what the surcharge is on the water and sewer bill. Staff was unaware of a surcharge, but indicated that he should bring in the documents he is referring to and we will be happy to explain this bit of information. He suggested that outside water used during the winter should not be included in the sewer charge and that there should be a water rate with a flat rate for sewer. He indicated that the cost should be calculated in total and prorated to each residence so that large users pay the same as small users plus their flow. He suggested that multiple dwellings pay more and that perhaps the City divide the rate on a per capita basis.

Staff indicated that there are roughly 3,600 residential customers in the base at this point which is 84% of the customers in the community. There are also 5,100 meter equivalents in the community. A meter equivalent is the estimated amount of one 3/4 inch meter to a residence.

Staff also indicated that this method of doing the rates would shift costs back to the residential customers.

The committee broke into a discussion with the members of the community present and many ideas were generated regarding ways to fairly develop the rates.

After much detailed discussion, Duane Cole summarized the options or alternatives that he had heard members of the committee and community discuss during the whole discussion. These alternatives were as follows:

Alternative #1 - Proposed rates.

Alternative #2 - Flat residential rate for residential customers and multi-family customers with the other user groups including commercial, industrial and governmental being flow based.

Alternative #3 - Fixed costs would be on a flat rate for all household equivalents and non-fixed costs would be included in the flow rate for all household equivalents. Non-fixed costs were those costs associated with operations specifically of the treatment plant and collection system.

Alternative #4 - Separate the property tax out of the rates and look at the impact that would have

Page 3
Minutes - Citizen Rate Review Committee
September 28, 1992

on alternative 1, alternative 2 and alternative 3. This may be a rate to consider as of July 1, 1993.

Alternative #5 - Relook at the budget to see if there are ways to reduce costs to lower the rates.

The meeting was adjourned at 8:40 p.m.

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