

Thursday, 7:00 P.M.

February 7, 1996

**UTILITY RATE REVIEW COMMITTEE
MINUTES**

Wastewater Treatment Plant

Newberg, Oregon

Members Present:

Brett Veatch
Paula Fowler
Myrna Miller
Donna John-Watson
Karlene Ferrell
Scott Reinhardt
Karl Rolf Buelتمان

Members Absent:

Barry Babin

Staff Present:

Duane Cole, City Manager
Chuck Liebert, Utility Manager
Katherine Tri, Finance Director
Greg Scoles, Community Development Director
Roger Currier, City Council

1. Call to Order

The meeting was called to order at 7:05 pm by Chairperson Reinhardt.

2. Roll Call

3. Approval of Minutes

The January 24, 1996 minutes were approved as written.

4. Continued Business:

A. Review of Requested Information

City Manager Duane Cole reviewed the wastewater utility operating expense spreadsheet. The spreadsheet showed the expense history from 1987/88 to 1995/96.

There was a discussion regarding the changes that have taken place in the staffing of the wastewater facility and a history was provided showing the budgeted F.T.E. changes, over time, in the fund.

Utility Manager Chuck Liebert described the modifications which are taking place at the plant relating to the Instrumentation and Control Systems (I&C). He noted the areas of operation which would be improved and the potential for future cost savings relating to equipment and manpower.

The Committee was provided with a list of all the Capital Improvement Projects developed in the Transportation Plan, Sewer Master Plan, Water Master Plan, and Stormwater Master Plan. They also reviewed the budgeted capital projects. It was noted the City would be developing a five-year CIP (Capital Improvement Program) for future consideration by the City Council.

B. Committee Discuss

Chairperson Scott Reinhardt noted that he thought it would be important for the Committee to understand what their role was in this review process. To that end he reviewed with the Committee the goals, previous assumptions, Ordinance establishing the Committee and previous action.

The Committee then agreed to develop a list of assumptions for development of a rate study. The following assumptions were agreed upon by the Committee.

Assumptions:

1. Sewer rates shall be developed to provide two scenarios - one would provide rate stability for 3 years and the other rate stability for 5 years.
2. Debt shall be allocated to current and future users in a fair and equitable manner.
3. The Rate Review Committee will evaluate Water and Sewer as a separate fund; the Committee may consider combining the funds if the two systems are integrated.
4. Net working capital shall be \$1,000,000 or more at the end of 3 years and 5 years with a \$2 million option at the end of 5 years.

5. The Staff shall provide a marketing plan for the compost and maximize revenue by considering selling the plant's services to other communities.
6. The rates shall be composed of the base and volume charge.
7. The total amount in the depreciation for replacement reserves shall be at least \$1,000,000.
8. The rate assumptions shall include amounts equal to 95% of the budget dollars and 100% of budget.
9. A list of the cost reductions and efficiencies shall be made; the City staff shall do an anonymous survey of the line staff in order to solicit their recommendations on expenditures in the utility systems.

Staff agreed to send these assumptions and recommendation regarding S.D.C. to the City Council for consideration.

5. Next Meeting Date(s)

The next meeting is schedules for February 21, 1996.

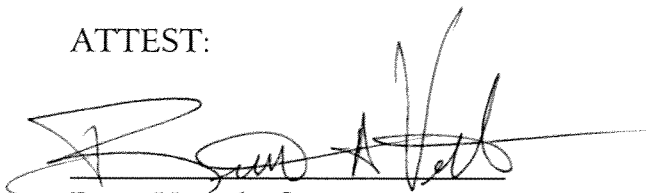
6. Adjournment

The chair adjourned the meeting at 9.05 pm.

Passed by the Utility Rate Review Committee on this 21st day of February, 1996.

Passed Unanimously.

ATTEST:



Brett Veatch, Secretary