Tuesday, 7 P.M. **December 15, 1998**

UTILITY RATE REVIEW COMMITTEE MINUTES

Public Safety Building **Newberg, Oregon**

Members Present:

Paula Fowler, Chair	Myrna Miller	Matson Haug
Kelli Highley	Rebecka Radcliffe	Barry Babin

Others Present:

Mike Soderquist, Community Development Director
Randy Naef, Utilities Manager
Katherine Tri, Finance Director
Bob Tomlinson, CH2M HILL Consultant

1. Call to Order

The meeting was called to order at 7:00 p.m. by Chair Paula Fowler.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Approval of Minutes

Haug/Miller moved to approve the minutes of the December 8, 1998 meetings. Motion passed unanimously.

4. Water System Development Charges (SDC's) Discussion

Bob Tomlinson presented 20-year projections of four potential SDC scenarios. He used three growth rates. They showed that with a low growth rate, sufficient revenues would be collected by 2016; with the historic growth rate, revenues would be collected by 2014; and with a high growth rate (twice historical), revenues would be collected by 2011. He also reviewed a net present value calculation as a method to compare cash flows with today's dollar.

After some discussion on the handout, the committee members expressed their view on which scenario they preferred. Committee members expressed support for original cost. Barry Babin was concerned about collecting too much. Mat Haug indicated a yearly review should prevent this from happening. Kelli Highley added that it may be possible to retire the debt early.

Haug/Miller **moved** to recommend original cost scenario to the City Council coupled with a recommendation for yearly review of the system development charge. Miller/Radcliffe **moved** to amend the motion by deleting the annual review clause at this time. Passed by those present. Original motion as amended passed 5 yes, 1 (Babin) no. It was agreed that the water SDC and water rates would be forwarded to the Council as a package and would include a separate recommendation for annual review.

5. Water Rate Discussion

Kathy Tri indicated that she had updated the Water Principles to include some of Mat Haug's suggestions. The Committee agreed to change the name to "Utility Rate Principles." Haug/Miller **moved** to adopt the 1998 Utility Rate Principles." The Committee discussed the nine proposed principles and consolidated them to 5:

1. Utility rates will be based on a consistent cost of service analysis.
2. The rate structure shall encourage efficient use of resources.
3. The rate schedule should recover the costs consistent with resource consumption by customer class.
4. Capital projects are needed to make system improvements and to address growth demands. They should be paid for equitably by rates and systems development charges which should be based on a capital improvement program adopted by the City Council. The systems development charges will be adopted using a methodology in compliance with state law.
5. Rates should be adjusted in sufficient time to ensure sufficient cash is available to meet revenue requirements.

Babin/Haug **moved** to table the motion until the next meeting. Passed by those present.

Mat Haug stated that he wanted to be sure he understood the cost of service model. The Committee discussed how much longer it would need to meet. Staff anticipated that it could take between 4-5 more meetings. Tomlinson suggested looking at only one or two rate designs.

Committee members also expressed the need to fill the two vacant positions. Staff indicated that there were two interested persons and a news announcement is being sent to the Graphic. Possible appointments are on the January 4 Council agenda.

6. Adjournment

The meeting was adjourned at approximately 8:33 p.m. until the next meeting at 7:00 p.m. on January 12, 1999 at the Public Safety Building.

Approved by the Utility Rate Review Committee on this 12th day of January 1999.

ATTEST:

Kelli Highley

Kelli Highley, Secretary

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