

Tuesday, 7 P.M.

September 22, 1998

**UTILITY RATE REVIEW COMMITTEE
MINUTES**

Public Safety Building

Newberg, Oregon

Members Present:

Paula Fowler, Chair
Rebecka Ratcliffe, Co-chair

Myrna Miller
Matson Haug

Barry Babin
Kelli Highley

Members Absent:

Karlene Ferrell, James Gigandet

Others Present:

Duane Cole, City Manager
Randy Naef, Utilities Manager
Jadene Torrent, Utilities Engineer

Mike Soderquist, Comm. Dev. Director
Jim Highley

1. Call to Order

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

2. Roll Call

Roll call was noted by Mike Soderquist, Community Development Director.

3. Approval of Minutes

Motion was made and seconded to approve the minutes of the September 15, 1998 meeting. Motion passed unanimously.

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

Duane Cole, City Manager, stated that for a public utility to be placed within farmland it must be shown as a necessity. It was suggested by Marion County that the City of Newberg should have prepared more studies. The City of Newberg did not meet Marion County's "necessary" tests, therefore indicating that the City was not in need of more water. It was stated that Clackamas County, Lafayette and Dundee are dealing with the same issues and Clackamas County is even challenging The land use laws "necessary" tests. The City of Newberg is waiting for the outcome of the Clackamas County challenge, however if the process is lengthy the City of Newberg may need to start the process of satisfying Marion County's "necessary" tests. Randy Naef, Utilities Manager, stated that he believed the Clackamas County process would be resolved by the end of the year and that Clackamas County has been able to keep on track with their time line. In order to define what the "necessary" tests are for Marion County, the City of Newberg may need to pursue the appeals

process. The first appeal would start with the Land Use Board of Appeals (LUBA), then The Oregon Court of Appeals. Marion County may place the "necessary" tests in county ordinance and development code books. Mr. Cole stated that in doing so will make it difficult to show necessity since it is always possible to obtain water elsewhere. It was asked if the City could have won if the appeals process had been pursued. Mr. Cole answered by saying the next step would have been to appeal to LUBA and from there it would have gone to The Oregon Court of Appeals. Kelli Highley stated that to date \$1.5 million has been spent and to appeal it would cost roughly \$100,000.00 in additional fees. There was discussion regarding the costs to date for various well field facilities. Mr. Cole said the costs have been broken down, but he did not have the information with him. He would gather that information and provide it to Ms. Highley.

A question was raised regarding the impact on the farming community in the area. Regarding potential chemical contamination, Mr. Naef responded saying there is a good working relationship to ensure there is no contamination in the ground water supply. Mr. Cole explained that there are two ways water can be granted from Marion County, one is by extraordinary hardships the other is if the City of Newberg is running out of water. A statement was made by Mr. Cole saying the agricultural community felt if it approved the City of Newberg's request there would be no denying additional well placements by others.

It was stated that the meeting was straying from the original intent that council had already made a decision on what was being discussed and that Mr. Naef still had a presentation to do.

Mr. Naef continued his discussion by redistributing handouts from the last meeting. Bob Tomlinson (CH2M HILL), Larry Anderson, Bob Fuller (CH2M HILL), and Randy Naef together refined the Water Capital Improvement Projects (CIP) and the split of the CIP's between existing users and development. The CIP starting point is \$13,000,700.00. The difference between this and the earlier draft version of the City-wide CIP and the water summit information is the timing of some particular pipeline projects and updated cost estimates.

Someone asked whether Well #7 required outside financing and if so would it be in the form of a bond. It was stated there is a portion of funds on hand and a portion in reserve which is enough for a level of projects. It was said that the bond funds should be taken into consideration while figuring the new SDC's. It was also said that the rates would not be determined at this meeting.

Mr. Naef reviewed the Capital Improvement Projects (CIP's) in detail. He started

by saying the east reservoir will cost \$3.5 million and has a capacity of 4 million gallons. The well capacity range is between .5 and 2 million gallons a day per well. There was a concern regarding water quality if it is stored too long.

Several additional items were briefly discussed: 1) Pipeline that accommodates the east reservoir; 2) Well #7 and #8 expansion; 3) Replacement of the water line along Highway 99W and to sequence this with the Highway 99W road project. A concern was raised about the quantity of water unaccounted for in that area. Mr. Naef stated he has estimated system wide information but not for specific locations; 4) Fernwood Road; 5) Villa Road project; 6) Water meter conversions; 7) Foothills Drive pipeline; 8) Tenth and Main Street water line replacement; 9) Access and security projects; 10) The Fernwood reservoir pipeline and the Fernwood (Werth) development project. It was asked what the difference was between the two. Mr. Naef responded by saying the Fernwood Road is the economic development loan project.

Mr. Naef listed three SDC categories: Future Users, Existing Users, and Other Sources. Mr. Naef explained that each project is broken down and placed into categories. For an example: the east reservoir along with the pipeline serving the reservoir is broken down into two categories with an 80/20 split. Mr. Naef then went through the entire water CIP list and proposed breakdowns for each between the three categories.

Mr. Naef explained the many steps in replacing a pipeline, where the main pipelines are in the City, and that the Public Works Division provides input for the annual replacement of old galvanized lines. A question was directed to Mr. Naef asking if the City will experience pressure problems with larger pipes being installed where smaller pipes previously were. Mr. Naef explained the water system is gravity fed and therefore pressure is set by the gravity feeding the pipe.

Mr. Naef summarized the projects covered in the meeting. Someone asked if it was possible to use the pre-treatment tank for a reservoir. Mr. Naef noted the tank is less than one million gallons and he believed, at its elevation it would require continuous pumping, but it was a possibility. A suggestion was made to use the tank for the Fire Station and/or the street sweeper.

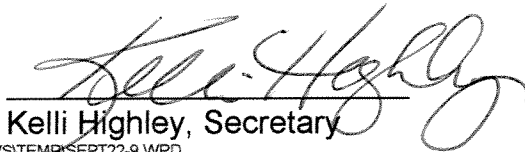
5. Adjournment

It was decided that the next meeting would be October 13, 1998. It was suggested that the group meet weekly starting with the October 13 meeting. The meetings will remain biweekly with the option of weekly meetings if necessary. .

The meeting was adjourned at approximately 9:30 p.m.

Approved by the Utility Rate Review Committee on this 27th day of October, 1998.

ATTEST:



Kelli Highley, Secretary