

Tuesday, 7 P.M.

February 23, 1999

**UTILITY RATE REVIEW COMMITTEE
MINUTES**

Wastewater Treatment Plant

Newberg, Oregon

Members Present:

Paula Fowler, Chair	Myrna Miller	Matson Haug
Kelli Highley	Barry Babin (7:12 pm)	Rebecka Radcliffe (7:15 pm)
Dan Schutter	Debbie Sumner (7:05 pm)	

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 February 9, 1999 meeting.
Motion passed unanimously.

4. Water Rate Discussion

Mr. Tomlinson began reviewing the handouts and highlighted changes. Changes included (1) removing the contingency from the rate calculation and (2) including a column for inflated rates. The above adjustment changed the net revenue requirements.

Mr. Tomlinson presented five different rate scenarios. Scenario A included a column for the current rates inflated since 1991 (21%) to provide the committee with a comparison of the current and proposed rates. Paula Fowler asked about outside meter charges. Mr. Tomlinson stated that it would be hard to justify a different meter charge for outside meters. It is easier to defend a different volume charge. Committee members expressed concern over the increase for low water users.

Mr. Tomlinson then reviewed the other scenarios. Scenario B showed an inverted block rate in order to encourage conservation. He pointed out that it is hard to have a conservation rate when rates are decreasing. Scenario D

showed a summer rate (five months) which was 10% higher than the "winter" rate. Scenario C showed a cost of service rate for single family only and left the rate for under 500 ccf at the current rate structure. Scenario E was presented as the best scenario for low users. He added that all rate structures are revenue neutral. Mat Haug asked if it was fair to manipulate the rates without an accurate cost of service. Committee members expressed concern about fairness. Committee members then reviewed a table comparing the different scenarios with comparable cities in the Portland metropolitan area.

Mr. Tomlinson then summarized the systems development charge tables, reminding the committee that they had recommended the water sdc based on original costs. If the committee changes the water sdc, it will have to address the water rates. Paula Fowler reminded committee members that the enabling ordinance states the decisions shall be based on a cost of service analysis. Committee members expressed that they were comfortable with staying with the cost of service analysis. Kelli Highley indicated that she was interested in helping low volume users, especially those who were low income. Barry Babin stated that the City can establish a need level and that users can apply. Myrna Miller stated that it would be easier to defend equal treatment. Dan Schutter suggested that rates could be increased to be closer to current rates and the adjustment in the revenue requirements could be in lowering the water sdc. Bob Tomlinson reminded committee members that the rates did go up until the analysis was based on 95% of budget. Debbie Sumner added that the Budget Committee was very concerned about fairness and recommended Scenario A.

The committee members then discussed the water rate principles and sdc capital chart. Barry Babin indicated that judgment was part of the analysis and recommended lowering the water sdc. Paula Fowler reminded committee members that the directive was to fund the capital needs outlined in the Water Summit. Bob Tomlinson added that the study was based on growth assumptions. Mat Haug said that it was up to the City Council to deal with the social engineering and the committee needed to give them a clear picture. If it doesn't, the committee does a disservice. Dan Schutter asked about the capital projects. Kelli Highley indicated that the percentage splits were worked on very carefully by staff and the committee.

**MOTION: Haug/Sumner moved to adopt the cost of service scenario (A).
Passed by those present.**

Mat Haug asked to have a periodic review included in the Committee's recommendations.

The committee then discussed the public hearing on March 9 and the packet which will go to the City Council on April 19.

MOTION: Miller/Haug moved to approved the original cost water systems development charge. (6-yes; 2-no (Babin and Schutter))

Barry Babin felt that too much money would be collected. Mat Haug indicated that a periodic review by the committee will be necessary.

Paula Fowler suggested that the City Council amend the ordinance to make this committee a standing committee. She suggested that the committee review the CIP again and growth factors. Dan Schutter expressed concern with the shift to water sdc and the sensitivity of factors, such as the CIP and growth.

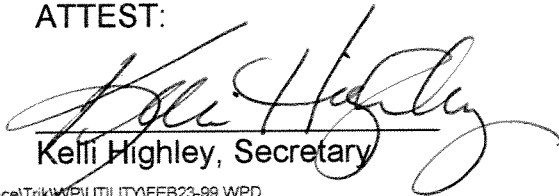
Randy Naef indicated that there may be an issue with irrigation meters as there is no incentive to have a separate meter. He indicated that the water ordinance may need to be amended to require irrigation meters in certain circumstances.

5. Adjournment

The meeting was adjourned at approximately 8:50 p.m. until the next meeting at 7:00 p.m. on March 9, 1999 at the Wastewater Treatment Plant.

Approved by the Utility Rate Review Committee on this 9th day of March, 1999.

ATTEST:


Kelli Highley, Secretary