

Tuesday, 7 P.M.

June 24, 2002

**UTILITY RATE REVIEW COMMITTEE
MINUTES**

City Hall

Newberg, Oregon

Members Present:

Ernie Amundson	Matson Haug	Dan Schutter
David Maben	Rebecka Ratcliffe	

Members Absent: Barry Babin

Others Present: Mike Soderquist, CDD Director
Kathy Tri, Finance Director
Shaun Pigott, Consultant

1. Call to Order

The meeting was called to order at 7:00 p.m. by Chair Dan Schutter.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Minutes

Minutes of the April 8, May 13, May 28, June 10 were approved.

4. Continued Business

Shaun Pigott reviewed the single family sampling. Staff randomly selected 81 single family homes within Newberg. The average imprevious area was 2,877 square feet. The median was 2,704 square feet. These number are within the normal range of 2,500-3,000 square feet. Committee members discussed how you balance the mean with larger and smaller properties. It was agreed that it was impractical to measure every house. Shaun Pigott also stated that 60% of the EDUs are commercial and 40% are residential.

The committee then reviewed each progress element. Costs have been identified; a 2% rate growth is projected (consistent with the water and sewer rates); the annual revenue requirements have been identified (\$489,560); the billable EDU's have been established; and credits have been discussed (between 8% and 12%). These factors would create a fee of \$4.15 per EDU. Matt Haug asked what the impact of the credits had on the fee. Shaun Pigott responded that the EDUs would increase and the fee would drop to \$3.81/EDU or \$0.30 per month. This equates to \$3,543 in revenue (\$43,516 per year).

Shaun Pigott then reviewed the systems development calculation. He indicated that the methodology was consistent with the water and sewer methodology. The SDC would be \$217 per EDU. This is low because there is no reimbursement calculation since the system is at or over capacity.

Shaun Pigott then reviewed the directions to date. The committee members offered several suggestions to be added to the discussion summary. For example, Dan Schutter suggested linking the budget to Phase 2 requirements and levels of service. Mr. Pigott stated that the CIP does not focus on Phase 2 requirements. There would be significantly different costs to meet these requirements. Dan Schutter stated that there are two goals: targeting problems listed and discharge standards. Citizens will need to understand how rates are paying for system needs versus mandates, not what the City would like to do.

The committee then discussed credits. Shaun Pigott reviewed Issue Paper No. 3. He suggested that credits be for non-residential only; the amount of the credit be limited because the customer is still a user of the system; and there could be a test for meeting or exceeding standards. Ernie Amundson suggested limited the credit to maintenance. Rebecka Ratcliffe agreed stating it should be limited to maintenance of on site facilities; it should be measurable; and staff should propose design requirements. Matt Haug suggested that the design requirements should be in the development code.

Motion: Ratcliffe/Amundson moved to recommend a credit for non-single family residential customers for on site maintenance and further review of a non-single family residential credit structure for design above requirements when design criteria are developed. Passed by those present.

Motion: Ratcliffe/Haug moved to acknowledge that developing design criteria is unfunded, but should be given the highest priority. Passed by those present.

The next meeting date will be September 9, 2002. The meeting was adjourned at approximately 8:53 p.m.

Approved by the Utility Rate Review Committee on this 9th day of September, 2002.