

Monday, 7 P.M.

April 22, 2002

**UTILITY RATE REVIEW COMMITTEE
MINUTES**

City Hall

Newberg, Oregon

Members Present:

Matson Haug
David Maben

Rebecca Ratcliffe
Dan Schutter

Members Absent:

Ernie Amundson Barry Babin

Others Present:

Mike Soderquist, Community Development Director
Dan Danicic, City Engineer
Katherine Tri, Finance Director
Debbie Galardi, 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 March 11, 2002 meeting were approved by those present.

3. Continued Business

The meeting was turned over to Debbie Galardi who presented the following information.

Slide 3 Debbie Galardi showed revised sewer systems development charge methodology. She explained that it was the same methodology as the water SDC. However, the unit of capacity is based on fixture units versus meter size.

Slide 4 This slide outlined the revised reimbursement portion of the sewer systems development charge. The reimbursement fee would be calculated at \$542 per EDU. Matt Haug questioned the claim on capacity number. Mike Soderquist asked about the solids stream which is at capacity. Debbie Galardi explained that this demand is on the improvement side of the calculation.

Slide 5 This slide outlined the revised improvement portion of the sewer systems development charge. The growth value of the improvements is \$3.425 million and the growth capacity requirements equal \$1.5 million. The improvement fee would be calculated at \$690 per EDU.

Slide 6 This slide showed the change in the total sewer system development charge. The fee would decrease from \$2,300 to \$1,233 for a single family

house. This fee reflects the change in methodology and change in the CIP which is significantly less. Debbie Galardi indicated that this calculation will have a significant impact on the financial plan.

- Slide 7 Debbie Galardi explained that the change in the systems development calculation shifts the CIP to rates. She also revised the data on multi-family units, delaying the rate increase to July and correcting the debt service data.
- Slide 8 This slide revised the projected revenue requirements and projected rate increases of 20% for 2002-03, 15% for 2003-04 and 10% for 2004-05. Ms. Galardi explained that this is about a 50% increase over four years, and less than first anticipated.
- Slide 9 & 10 Ms. Galardi stated that based on earlier discussions, she has calculated rates for residential/commercial 1 (normal strength) and commercial 2/3 based on flow, inflow and infiltration assumptions, strength of flow and billing/debt service. The volume rates will be based on average flow, 20% inflow and infiltration, and strength. The fixed charge will be based on billing costs and 80% inflow and infiltration.
- Slide 11 This slide presented the existing and proposed rates. Three commercial classes are included based on strength. Ms. Galardi explained that there will no longer be charges based on BOD and TSS. These costs are rolled into the volume charge.
- Slide 12 This slide showed the projected average bill impacts by class. Ms. Galardi explained that in year 1, there are equity shifts. Bills for higher strength users will increase more and bills for lower strength users will increase less.
- Slide 13 This slide showed the bill impacts. Committee members suggested using the same consumption as were used in the water rate study.
- Slide 15 This slide outlined the implication of the new rate structure. Ms. Galardi explained that changes in revenue recovery between fixed and variable costs will result in intra-class adjustments and the functional allocation approach shifts costs to higher strength customers.

Haug/Ratcliffe moved to adopt the recommendations for a public hearing. Passed.

The date of the public hearing was discussed and May 28th was chosen. The meeting was adjourned at approximately 8:00 p.m.

Approved by the Utility Rate Review Committee on this 28nd day of May, 2002.