

Tuesday, 7 P.M.

January 27, 2004

**UTILITY RATE REVIEW COMMITTEE
MINUTES**

Public Safety Building

Newberg, Oregon

Members Present:

Ernie Amundson	Matson Haug	Dan Schutter
David Maben	Rebecka Ratcliffe	Lou Larson
Lon Wall		

Members Absent: none

Others Present: Dan Danicic, City Engineer
Kathy 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. Election of Chair

Haug/Maben moved to nominate Dan Schutter at chair. Mr. Schutter withdrew his nomination.

Amundson/Larson moved to nominate Lon Wall for chair. Passed by those present.

Haug/Schutter moved to nominate Lou Larson as vice chair. Passed by those present.

4. Meeting Schedule

Staff suggested that the committee meet the second and fourth Tuesdays of the month. Committee members agreed. It was requested that the February 10th meeting be scheduled for 6:00 p.m. instead of 7:00 p.m.

5. Rate Presentation

Debbie Galardi reviewed five rate principles. These principles are to guide the rate review discussions. They cover cost of service analysis, efficient use of natural resources, cost recovery, equitability among rate payers. After some discussion, committee members added that revenues should be reasonable and justifiable. There was concern that the budgets and capital programs which are supported by the rates are within reason. It was noted that the committee is given the budgets and is to based rates based on these revenue requirements.

Ms. Galardi then reviewed the status of the sewer, water and storm water rates, reviewing when rates were last changed and actions the committee took to affect the

rates.

Lou Larson asked if the franchise fee currently being charged the water and sewer funds was part of the committee's discussion. Kathy Tri indicated that the committee should review the fees. The policy decision was still up to the council; however, the committee should look at the amount and affordability of the fee.

Dan Schutter indicated that the committee should look at a tiered rate.

Debbie Galardi then reviewed the process. She indicated that the committee will first look at the financial plan, then the cost of service analysis, which she will prepare with staff's help, and finally rate designs. Part of the financial plan review will include a review of the capital project requirements. She then presented charts to show the process graphically.

Debbie Galardi began the sewer rate review. Questions were raised about prior expenditures in the financial plan. Staff will investigate the 2001-02 data. She reviewed the cost allocation factors by function (collection, treatment, billing and administration) and user characteristics (flow, strength and infiltration and inflow). She also reviewed the allocation of costs to customer classes and the infiltration and inflow costs characteristics and allocation. Finally, she reviewed the revenue recovery and rate design that was used in the last rate review.

The next meeting date will be February 10, 2004. The meeting was adjourned at approximately 8:45 p.m.

Approved by the Utility Rate Review Committee on this February 10, 2004.