

Tuesday, 7 P.M.

June15, 2004

**CITIZENS RATE REVIEW COMMITTEE
MINUTES**

Public Safety Building

Newberg, Oregon

Members Present:

Blane Hansen
Dan Schutter

Matson Haug
Jeff Ratcliffe

David Maben

Members Absent:

Ernie Amundson

Lou Larson

Lon Wall (chair)

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 PM.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Minutes

The minutes of the April 20, 2004 meeting were passed by those present.

4. New Business: Storm Water Rates

Dan Danicic presented the background for storm water rates. He reviewed the history of the storm water rate and reminded the committee that the current fee is to sunset at the end of August. He hoped to have the Committee's recommendation to the August 2nd Council meeting. He reviewed the packet of information including information from the Ad Hoc Citizens Group which had been meeting most of the year reviewing design standards and the credit program.

Debbie Galardi then focused on the overall revenue needs. She indicated that the current rate structure is simple and straightforward. The rates generate about \$203,000 which only covers operations and maintenance costs. Dan Danicic then reviewed the capital improvement program. He explained that the projects for the next couple of years have been pared down to \$1.33 million from \$1.83 million. Exhibit E listed the projects. Projects were reviewed on which would mitigate property damage for both individual properties and roadways, life, health and safety issues, and maintenance headaches. The CIP will be ramped up from \$75,000 per year to \$350,000. Mat Haug asked if systems development charges will cover any of the projects. Dan Danicic answered that systems development charges can cover about 1% of the projects. Most projects are catch up work on the existing system.

Debbie Galardi then reviewed the rate scenarios. She noted that credits had not been figured into the calculation as yet. However, until a significant number of properties join

the credit program, there won't be much change in O&M and capital costs. She noted that the current rates are not sufficient to cover O&M nor any capital. She added that all capital projects are scheduled to be cash funded (no debt). Non rate revenues include interest earnings and some fund balance. Kathy Tri noted that the current rate structure is a differential rate between residential and non-residential and the proposed rate structure is an equal rate between the two classes. She stated that the committee needs to decide which rate structure to recommend.

Mat Haug indicated that the City should have an understandable credit system that is fair. Blane Hansen reiterated that there were only two parts of the program to be funded: O&M and the CIP. Dan Danicic noted that the Ad Hoc Committee agreed with the appropriate level of funding to start the CIP. However, there were two dissenters. David Craig agreed but wanted to change the fee structure so that businesses paid a different rate and formula. Leonard Rydell opposed the credit methodology. The committee discussed residential credits and what might apply, such as porous concrete driveways. Dan Danicic explained that some of the main issues are maintenance and monitoring. Dan Danicic noted that Exhibit F identified on site credit procedures and staff will draft new code language for applying for credits and an appeal process. Blane Hansen asked about who would get credits: current customers or future development. Dan Danicic responded that future developments would get credits if the improvements were over and above current design standards. He indicated that there are no minimum detention standards unless there is a downstream impact. Mat Haug asked about the financial impact of credits. Dan Danicic said he would compute revenue impacts to determine sensitivity and focus on three large businesses (GFU, A-dec and Fred Meyer). He concluded by restating the staff recommendation as outlined in Exhibit F.

Blane Hansen asked if there were any Federal or state requirements. Dan Danicic stated that there are no current requirements for Newberg, primarily because DEQ has no staff to enforce Phase 2 and Newberg was not on the revised list. A group challenged Phase 1 jurisdictions which has pulled Phase 1 permits back and may require treatment versus best management practices. Phase 1 includes 21 cities, Clean Water Services (Washington County) and Clackamas County.

The meeting adjourned at 8:50 p.m. The next meeting date will be June 29, 2004 at 7:00 p.m. at the Public Safety Building.

Approved by the Citizens Rate Review Committee on this July 13, 2004.

Next Meeting: Continue with Storm Water Rates