

Wednesday, 7 P.M.

February 22, 2006

**CITIZEN RATE REVIEW COMMITTEE
MINUTES**

Public Safety Building

Members Present:

Ernie Amundson	Dan Schutter	David Maiben
Charles Zickefoose	Mike Sylvester (left at 9)	

Members Absent:

Chair Matson Haug	Mike Gougler
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Staff Present:

Dan Danicic, Public Works Director
Jadene Stansland, Utility Engineer
Kathy Tri, Finance Director
Janelle Nordyke, Asst, Finance Director
Kathleen Bochart, Recording Secretary

1. Call to Order

Vice Chair Dan Schutter called the meeting to order.

2. Roll Call

Roll call was noted by Kathy Tri

3. Public Comments

Mark Pruitt 975 NE Chehalem Dr. stated that he came to the committee tonight to make a request. Mr. Pruitt stated that he lives just outside of city limits and was recently added to the water system. Through a hardship request, he was granted the right to hook up to the city water system at his expense. Mr. Pruitt stated that he is asking for the water rate be reduced from 150% for outside residents to a different structure than others or the rate be reduced to the inside city limit water rate.

Ernie Amundson asked if they are hooked up to city sewer also.

Mr. Pruitt stated that they are not at this time and have signed an annexation agreement stated that they would not be annexed for the next 10 years because of the cost of the system that was just installed.

4. Review of Water Rates

Kathy Tri presented Use 10's peaking factor table. Ms. Tri stated that the peaking factor and the rates were the same for university and commercial classes. Ms. Tri state that they are going to try and re-label some of the accounts for the university class so we can do a better job at managing the separate buildings.

Dan Schutter asked how the maximum daily use was calculated.

Dan Danicic stated that the high month was divided by 30 to figure the daily use.

Dan Schutter asked how the peaking factor was figured.

Kathy Tri stated that it is done by taking the total residents in a class and dividing it by the total average peaking factor for the system.

Kathy Tri covered the information on the cos-10 table. This table showed the average base flow, the maximum daily flow and billing services. Currently the golf course is classified under other government and was put under irrigation.

Dan Danicic stated that he believed that the committee is not at a place to adopt the proposed water rates.

Mike Schutter asked what would determine whether or not to raise the rate.

Kathy Tri stated that what drives the rates are the O&M costs, staffing, capital projects, how much money we owe to bonds, the SDC charges and the customer base.

Mike Schutter asked how much money was invested in banks for the water system.

Kathy Tri stated that there is two months of cash in an account for day to day expenses. There is also a fund in an account for water replacement needs. She added that SDC revenues are higher than expected. With all of those combined there is approximately two million dollars.

Mike Schutter asked if the city does not use the cash, and with the 5% raise in rate and if nothing happens that we need to spend money on, at what point does the fund stop growing.

Kathy Tri stated that ever two years they look at capital projects and see what needs to be done. If there are a small amount of projects, then the SDC's could go down. Another way the SDC's could go down is if there are not many homes built.

Ernie Amundson asked if the day to day fund can be transferred to any other account.

Kathy Tri stated that it can be transferred to anything water related.

Ernie Amundson asked if the rate increase was to add new employees.

Kathy Tri stated that several new positions are included. These are the first additions is about 10 years. The rate increase also reflects the water treatment plant expansion to accommodate up to 9.5 million gallons a day along with adding well No. 8.

Charles Zickefoose asked how the water reuse is going to impact the water rates.

Dan Danicic stated that at the city council meeting on February 20, 2006, they approved the request for the water reuse program. Once the program is online we'll look at how to charge for it.

Dan Schutter asked what the water reuse program will be use for.

Dan Danicic stated that it would be used mainly for the golf course.

Dan Schutter asked if they had thought of using the water for irrigation at other places.

Dan Danicic stated that as the water system is expanded, the city will look into putting in water reuse lines at that time.

Dan Schutter stated that he still has a concern about the proposed rates. There is still a lot of jumping up and down with the peaking factors. The university and industrial classes peaking factors jump around too much. Does Debbie have any suggestions on how to smooth this out.

Kathy Tri stated that Debbie Galardi has been out of town but she did review the model with the staff.

Dan Danicic stated that this may look a little out of place, but it does follow the methodology that was approved by the city council, the rate review committee and the home builders association.

Dan Schutter stated that there is a 25% drop in volume charge in the industrial class. Mr. Schutter stated that he doesn't think that this is representative of fair distribution of the costs for services provided. Mr. Schutter stated that he still thinks that there is a problem with the model.

Kathy Tri stated that the monthly statistics show that industrial consumption has gone down.

Mike Sylvester stated that he thought that the commission was going to change the accounts for the university.

Kathy Tri stated that they are still looking into that option.

Kathy Tri stated that increases last year were Water: 15% and Sewer 4%. The current increases add a laborer and a half time plant operator. There are two positions that are going to be split between water and sewer.

Ernie Amundson asked how many public works employees there are.

Dan Danicic stated that there are 39 in all of public works.

MOTION: Zickefoose/Maben to recommend the proposed rates to the council (3 Yes /1 No [Amundson]) Motion carried.
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5. Review of Sewer Rates

Dan Danicic presented a brief overview of tab 8 in the committee books. It shows the rate methodology for the sewer rates and is similar to water rates.

Charles Zickefoose asked if industrial users have metered flow into the system.

Dan Danicic stated that at this time industrial users are not metered.

Dan Danicic stated that sub tab b is another sewer rate table. It shows that there was basically no increase during the 1990s.. Tab c is the capital projects list. Projects include the s-curve sewer lines, capacity improvements and replacements and also a generator upgrade

Ernie Amundson asked what the generator upgrade included.

Dan Danicic stated that it is for a new generator and a building to store it.

Dan Danicic presented budget tables under tab d.

Dan Schutter asked if a reservoir would be needed for the water reuse.

Dan Danicic stated that because it will be just the golf course at first, there would not be a need for a reservoir until more users are added.

Charles Zickefoose asked what unit per account is.

Kathy Tri stated that it was mainly for apartments. Each unit is an apartment. Ms. Tri stated that she does not remember why they did that. Ms. Tri said that she could go back and look at the minutes and see why they did that.

Dan Schutter stated that he would like to see that.

Kathy Tri presented the rates for the coming years and the main expenses for the system including O&M costs and upgrades to the system. Overall sewer rates are projected to increase 3%.

Ernie Amundson asked how they were going to deal with the public comments that we received tonight.

Charles Zickefoose asked if the rate assumption was done when the council OK'd the connection.

Kathy Tri stated that they are not being treated any differently. If you live outside of city limits, the water rate is 150% of the in-city residential rate.

Dan Danicic stated that he would look into their agreement and report back to the committee at the next meeting,

This item was tabled until the next meeting.

Dan Danicic stated that he feels a little nervous about discussing this without the people being here. Mr. Danicic stated that he is sure Mr. Pruitt will call tomorrow to find out what happened.

MOTION: Zickefoose/Amundson to adjourn at 9:15 PM. (Unanimous) Motion carried.

Next Meeting: March 8, 2006.