Wednesday, 7 P.M. March 8, 2006

CITIZEN RATE REVIEW COMMITTEE
MINUTES
Public Safety Building

Members Present:

Chair Matson Haug
Ernie Amundson
David Maben
Mike Gougler
Charles Zickefoose

Members Absent:

Michael Sylvester

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

The meeting was called to order by Matson Haug

2 Roll Call

Roll Call was noted by Kathy Tri.

3. Continued Business

A. Responses to Committee Questions from 2/22/2006 meeting – Outside water users rate (Aspen Estates)

Dan Danicic stated that he did some research on outside water users. The first reference to outside users was in 1913, which was for properties within ½ mile or 500 ft within the water line. In 1914 the rate was $1.00 for 4,000 gallons a month. Since then, rates changes have been considered. In 1987, there was the first reference to a factor. In 1990 the factor was 1.2 and in 1999 the factor was changed to 1.5 which is still the current factor.

Ernie Amundson asked if there were any rates for in-city customers in 1913. Dan Danicic stated that there were no water rates until 1914.

Dan Danicic also reviewed the Aspen Estates agreement. As part of the hardship approval, they agreed to certain items, including annexation but not for 10 years, paying systems development charges, installing a water meter and paying the outside water rate.

Matson Haug asked if there are any costs that the city bears for serving them that we are not picking up from what they are paying.

Dan Danicic did not think so

Ernie Amundson asked if they agreed to the 1.5x rate

Dan Danicic said that they agreed to pay 1.5x the rate.

OPENED PUBLIC TESTIMONY

David Scott stated that he wanted to add some comments that he did not say at the last meeting. He took out a home equity loan for $13,000 and is paying approximately $300 for 4 years. In this case the home owners have paid for the infrastructure, the systems development charges, and a state of the art distribution system that was built to city code and then handed over to the city. He asked to consider whether or not the 150% rate is still fair and equitable for outside water users who have completely paid everything for which in-city users have paid.

David Maben asked if they are still using the well.

David Scott stated that they are not using the well but there is a possibility of using it for irrigation.

Dan Danicic recommended that it is the City's policy to charge a higher rate and that this is not an uncommon policy. This is trying to discourage additions to the system from outside the city. This policy has been around for a long time and he did not feel that it should be changed at this time.

Charles Zickafoose asked why the homeowners didn't press hard to change this requirement at the time of the agreement.

Rich Waldren stated that these properties helped the city to improve its infrastructure. The property owners paid for a right of way on the south end of the estates so that a pipe could come through there. He noted that the property owners did negotiate the agreement in good faith. However, it was his understanding that someone was talking to a water person about the possibility they could get a reduced rate because they have installed the most advanced water system in Newberg. They are happy to get it and the system has improved the value of the homes. In 10 years they will be in the city as agreed and will have to spend more money to pay for connection to the sewer system.

Ernie Amundson asked what is the advantage of annexing.

Dan Danicic said that there is some tax revenue but there hasn't been much desire to annex that area.

Kathy Tri stated the city does supply water to outside users but that these properties can't be added unless the council approves them. The council is normally pretty stringent on doing this and it generally has to be a hardship..

Dan Danicic said that these property owners did pay for the full cost of the water system. However, if it was a developer, then the developer would have to pay for installing the system.

CLOSED PUBLIC TESTIMONY

David Maben asked how many outside accounts does the City have.

Kathy Tri stated that there were about 115 and that does not include the Aspen Estates.

Mike Gougler asked about the requirements in 1913 or now. In order to hook up to the water, did they have to pay systems development charges?

Dan Danicic said that back in 1913, they had the per gallon rate and $5 per year. In the 1980's, systems development charges were added for new development.

Mike Gougler asked if there has been any place else that has had to pay systems development charges and the 150%

Kathy Tri responded affirmatively.

Mike Gougler asked if that were a council decision.

Dan Danicic responded affirmatively.

Mike Gougler asked if the system improvement and the line they had put in, has that also been a requirement that they do that along with the systems development charges and 150% rate.

Dan Danici responded affirmatively.

Mike Gougler stated that as one who pays a lot of systems development charges, and increasing costs per system, he would like to say that he supports their petition. Newberg is not a city limits; it is the city limits and those who live within the area of Newberg. We worry about jobs and providing a bedroom community. Small businesses depend on healthy communities. The system they paid for has enhanced the fire district, with 4 addition hydrants at no cost to the community and the city has an obligation to give public order, safety and health.

David Maben stated that if we grant them a special rate, are we going to have to go back and look into the other 115 accounts.

Ernie Amundson noted that 1999 was when we went to the 150% rate. Did this group make that decision?

Dan Danicic responded affirmatively.

Matson Haug noted that he was leaning towards allowing them to have a reduced factor. They did put in a brand new system,; they paid the SDC's; and they have agreed to annex. This is a good way to bring them in as full citizens. He felt that the 1.5x factor would be appropriate for people whom the City was trying to encourage to annex. He did not think they should be penalized because they have agreed to annex in 10 years. Some of the other 115 properties may not want to be annexed.

David Maben stated that they did agree to pay 150%.

Matson Haug noted that was true but they are coming back to re-negotiate. It may be 10 years down the road before they annex but they did pay the systems development charges and they did pay for the system.

Dan Danicic noted that the agreement to annex was not an easy one to come to. They originally did not want to annex. They did have an attorney helping them with the agreement.

Matson Haug stated that in the end they said they would be annexed within 10 years.

Dan Danicic noted that the agreement says the city would not "initiate" annexation for 10 years.

Matson Haug suggested changing the rate from 1.5 to somewhere between 1.0 and 1.5 and require them to be within the UGB.

David Maben asked if we have to give everyone a break because eventually everyone will come into the city.

Matson Haug noted that they did agree to annex after 10 years. He talked about the UGB requirement.

Dan Danicic said that at one point Aspen Estates were being included within the urban growth boundary and argued successfully to not be within the UGB and URA amendments. This has not been approved by the city council.

David Maben asked how many of the 115 outside accounts are in the UGB.

Dan Danicic said maybe one quarter.

Mike Gougler stated he still supported giving them a lower rate. He felt that anyone who gets city services should be annexed.

Dan Danicic stated that if they wanted to have the city maintain their system, then they had to do it to city standards.

Rich Waldren commented who wouldn't like to get water without coming into the city. He noted that sometime someone was asking for water and they were allowed to run a 6 inch line. Aspen put in an 8 inch line and four new fire hydrants. They were here asking for mercy. As he understands it, after 10 years they will be annexed. In 10 years they will have to start preparing for sewer costs.

Matson Haug noted that periodically the City evaluates land uses and it has been 10 or 13 years since it was last done. He agreed with the decision of the group as being designated being within the UGB.

Rich Waldren stated that he did not know of the thoughts of the other residents.

David Scott stated that was true. The residents did originally opposed annexation. On a map that was sent to them it showed that they were in the UGB and as far as he knew, there were no problems with it.

Mike Gougler stated that if the city agreed to not charge a premium, Aspen will be a part of the urban expansion rather than waiting for 10 years.

Kathy Tri stated that there is no sewer system in the area, and as long as the septic system is okay, then they would not have to connect until the line is within 100 feet of the homes.

Matson Haug asked what other cost would they have to pay for at the time of annexation.

Dan Danicic stated that currently the city does not charge transportation and storm water systems development charges at the time of annexation. There would just be sewer and increased property taxes.

Mike Gougler wanted to know should the city decide to annex that area prior to 10 years that they will come in on the city's schedule.

MOTION: Gougler/Amundson any land within the UGB using city water and whose owner has signed a remonstrance to annex with no conditions, will qualify for the city rate. (Unanimous) Motion carried

MOTION: Gougler/Amundson if there is a homeowners association and/or applicant or water association or district, the above recommendation should apply to the whole association and/or district/applicant and any property which is part of the association and/or district must be part of the agreement.

Called for a 5 minute break

B. Complete sewer rate review – I&I for multi-family

Dan Danicic reviewed the concept of the multi family per unit charge for sewer rates (tab 5 –e). The unit charge is for I&I contributions to the system. The committee established this separate fee around 2000. Not every property contributes to I&I. You could take the I&I and divide it among all of the accounts. Twenty percent of the I&I costs would be in with the volume charge and the 80% in the service charge. In order to look at the multi-family, it was decided that apartments would be charged $5.40 per unit. It is common practice to have this charge.

Kathy Tri stated that we do not charge the dorms the I&I surcharge, nor hotels and motels.

Matson Haug asked if we've always had the charge.

Ernie Amundson asked how does Gresham get by with a $10 cheaper rate.

Dan Danicic noted that it is always hard to compare cities. Gresham does not have their own water facilities. A large city can spread out the cost a little bit more. The bottom line is that shown through the budget and that this is a fair rate for Newberg.

Matson Haug asked if the average bill would go up about a dollar.

MOTION: Maben/Zickefoose to recommend the proposed sewer rates. (Unanimous) motion carried.

4. **Adjournment**

5.

Gougler/Maben to adjourn at 8:40 PM.

Next Meeting: March 22, 2006