

Wednesday, 7PM

January 30, 2008

**CITIZENS' RATE REVIEW COMMITTEE
MINUTES**

Wastewater Treatment Plant

Members Present:

Dan Schutter	Ernie Amundson	Chair Matson Haug
Charles Zickefoose	Mike Gougler	David Maben

Others Present: John Rekow

Staff Present:

Daniel Danicic, PE, Public Works Director
Elizabeth Comfort, Finance Director
Deb Galardi, Galardi Consulting
Dawn Karen Bevill, Recording Secretary

1. Call to Order/Roll Call/Introduction

The meeting was called to order at 7:02 PM by Chair Haug.

Attendance was noted by Dawn Karen Bevill.

2. Minutes

Mat Haug asked for Mike Gougler's *unexcused* absence at the January 9, 2008 meeting be changed to an *excused* absence.

MOTION: Zickefoose/Schutter to adopt the January 9, 2008 minutes as amended.
Motion carried by voice vote.

3. Low-Income Credit – Revised Report

MOTION: Gougler/Maben to adopt the YCAP Voucher Program as submitted.
Motion carried by voice vote.

MOTION: Schutter/Gougler to adopt the Grant Program as submitted. Motion carried by voice vote.

Mike Gougler asked if the credit amount can be changed if a large donation is received.

Mat Haug suggested since this is a pilot program it should remain as currently worded and review it again at a later date.

David Maben added it should be reviewed after they see how many people participate in the program.

Dan Danicic referred to the Program Cost portion of the memorandum which states the Citizens' Rate Review Committee may enhance or adjust the programs offered.

Mike Gougler agreed that was sufficient wording at this time.

MOTION: Gougler/Zickefoose to adopt the Military Credit Program as submitted. Motion carried by voice vote.

Mat Haug suggested the following wording be added to the Voluntary Donation Program portion of the memorandum: If stipulated, the funds will be applied as requested by the donor.

Dan Schutter asked if the donation will be tax deductible.

Elizabeth Comfort replied no, it's not tax deductible.

MOTION: Zickefoose/Gougler to adopt the Voluntary Donation Program as amended. Motion carried by voice vote.

Ernie Amundson asked about how the information will be made available to the public.

Elizabeth Comfort replied the options could be printed on the back of the door hanger and when customers come in to the counter they can be personally handed a flyer with the options listed.

Elizabeth Comfort stated the portion which reads, "In delinquent bill payer utility bills", should be removed.

MOTION: Zickefoose/Gougler to adopt the Public Awareness as amended. Motion carried by voice vote.

MOTION: Gougler/Zickefoose to adopt the Utility Bill Assistance Program Memorandum as amended. Motion carried.

4. Conclude Biennial Rate Review – Storm Water

Dan Danicic reviewed the need for a Storm Water Crew Chief Position. The most efficient crew size consists of 3 people: equipment operator, individual in the ditch/trench, and a coordinator between the two for assistance and safety. Currently, the maintenance budget funds 2 laborer positions. This staffing level only allows for minimal maintenance activities of the storm water system and responding to complaint driven problem areas and the street, water, and wastewater budgets have to provide support for storm system maintenance and repair activities when an additional person is needed.

Dan Danicic continued to explain that Russ Thomas put together the memo in the packet that lays out the storm system specifications and the estimated staff hours necessary to provide basic level maintenance of the storm water collection system stating that there's a shortage of 6,542 staff hours needed to meet basic needs, showing the need for an additional crew chief in the maintenance group.

Dan Danicic called Todd Saunders of The Saunders Company and without telling him the City budget for maintenance, asked him to prepare a budget estimate for the maintenance of the City's storm water system. Mr. Saunders' opinion was that this type of contract needs to cover a time period of 5 years; a 3 phase project. The scope of work budgeted represents 1/3 of the total storm system the City wants to refurbish. Prevailing wage rates were not used in the budget Mr. Saunders estimated. He outlined the proposal and costs, and broke out the culverts in item 5; the phase one budget total was \$1,080,844.00. Dan handed out a budget summary for the storm water maintenance program and demonstrated that the cost to perform the same work as proposed by The Saunders Company is \$1,110,000.

Mat Haug asked if the City was staffed adequately would the estimate be approximately the same as the amount Todd Saunders estimated.

Elizabeth Comfort replied yes, but we're understaffed.

Dan Danicic stated that his intent on going through this exercise with Saunders was to compare privatizing the work versus hiring staff. Privatizing means you can change the contract and/or end it. Instead of funding a crew in storm water, you will have to pay the contractor and Dan stated he doesn't see the benefit of that. Contractors may not care as much as a Newberg employee would and you lose the knowledge of the system down the road. Possibly a small crew on staff, with the institutional knowledge, could work along with a contractor.

Mat Haug asked for comments from the committee.

Charles Zickefoose stated he appreciates the analysis, but there is always tension between hired staff and contracting out. Institutional knowledge is very important. He's in support of municipal workers doing the work and feels the City employees are much more dedicated to their work rather than someone on the outside.

Mike Gougler stated he's a consumer of City services on a daily basis and agrees with Charles. There is an advantage to having City employees do the work. There needs to be a backbone of City staff with the ability to retain people in those rolls responsible for the institutional knowledge. A partnership of staff and outside contractors could be a challenge. The one advantage of outside contractors is you can hire and fire them without affecting the City staff.

Mr. Rekow stated a private contractor pays taxes on equipment; the City employees are paid more than general contractors. Hiring a contractor would save a considerable amount of money.

David Maben stated his concerns about sending the storm water work out to a private outfit. There are other areas such as waste water that can be contracted out. He likes the combination of having some staff and using some contract work to help maintain the system.

Ernie Amundson stated his opinion is based solely on costs. The citizens can't afford the increases. A private contractor furnishes their own vehicles and equipment.

Dan Schutter stated the quote Todd Saunders made doesn't present any hours worked or how many employees are included, just the cost per mile. He agrees there is a lot of advantage to having your own employees do the work. The continuity of City staff is of some benefit but the high rate increase is a concern.

Mat Haug stated first that he appreciates the analysis, but would like to see what other towns in Oregon are doing that are approximately the same size and have experimented with similar services.

Dan Danicic stated there are other cities that have done this, but most have migrated back to staff.

Mat Haug stated he'd like to see a profile along those lines; finding out why they've gone back to City employees. The CRRC needs valid information to help evaluate this. If contractors are hired, there will be an ongoing need for oversight. In addition, if a contractor is doing the maintenance work, there are costs that haven't been discussed. Mat is concerned with overlapping of services which will cause additional costs.

Mat Haug asked for suggestions relative to the rate decision tonight.

Charles Zickefoose suggested gathering information from the City of Vancouver who has a blended system between contractors and City employees. Charles stated he doesn't know of any precedence for storm water.

Mike Gougler stated he would like to hear the staff make a recommendation based on dollars that it will take. He recommended delaying in order to get a clear analysis from staff and the dollars involved, not just for right now, but in the future as well.

David Maben agreed with Mr. Gougler that it would be best to wait on a decision at this time.

Ernie Amundson stated he is not anti-City employees, but looking at the budget as a whole, 78% is already dedicated to wages and benefits and at some point the City can't

keep following the status quo. Ernie commended the staff on all the preparation and work they've done. He also agreed the committee should wait.

Dan Schutter expressed his frustration and concern over the rate increase and agreed the committee should wait on this decision.

Mat Haug suggested taking a closer look at this and spend more time in discussion before voting on the rates.

Elizabeth Comfort explained the collection process of storm water is very recent, but at this point they're not even 50% up to where it should be. The City has an obligation to the storm water system and it needs to be up to speed. Staff is not proposing the full necessary rate increase, but systematically increasing the rates in an effort to eventually have the fund at full operation. It's a new process and an unfunded mandate.

Mike Gougler stated he wants to hear what is required to address the immediate needs and to stay even with the mandate.

Mat Haug asked staff how much time would be needed to present the CRRC the information they're requesting.

Dan Danicic replied he would need 2 -3 weeks. This issue is complex and it won't satisfy everyone. He personally doesn't believe the committee will get any farther in decision making after looking at the information. If they stay with the current staff, it's putting off maintenance that will catch up to them in the future.

Mike Gougler stated he doesn't want the committee to settle for a rate and down the road be told they need to pay more to keep up with the system.

Ernie Amundson suggested going ahead and adopting the rates as presented and then look at the contractors and City employees next time.

Dan Danicic verified with the committee that at the next review cycle they would like greater detail on what can be accomplished.

Mike Gougler replied he wants to see what the budget would look like with the "big picture".

Mr. Rekow asked if the Streets Dept. can work on the sewer.

Dan Danicic replied a lot of cross over is done in critical situations.

Mr. Rekow asked if the current staff can be utilized for storm water.

Dan Danicic replied he doesn't think so because they need crews to maintain specific things; balancing out with the service level.

Mat Haug stated he would like to see the analysis and proposed fees and utilities rates and what services can be covered with an outside firm.

David Maben asked staff about the original proposed rate for storm water.

Dan Danicic replied it was around \$5 in 2002.

Mat Haug stated the committee would like to have a profile of information including full funding and creating ways to use outside contractors when the next cycle begins.

MOTION: Gougler/Amundson to approve the rates as submitted. Motion carried.

MOTION: Gougler/Schutter to request staff prepare a proposal that fully funds storm water that meets all requirements. Motion carried by voice vote.

Mat Haug stated he will not be in attendance at the February 13, 2008 CRRC due to a scheduling conflict.

MOTION: Gougler/Maben to adjourn at 8:43 p.m. until the next meeting on February 13, 2008 at the Wastewater Treatment Plant. Motion carried by voice vote.