

**CITIZENS' RATE REVIEW COMMITTEE
MINUTES**

Wastewater Treatment Plant

Members Present:

Matson Haug, Chair	Mike Gougler	Ernie Amundson	David Maben
Mayor Bob Andrews, Ex-Officio			

Members Absent:

Beth Keyser (excused)	Tony Rourke, Vice Chair (excused)	Charles Zickefoose (excused)
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Staff Present:

Howard Hamilton, Public Works Director
Janelle Nordyke, Finance Director
Deb Galardi, Galardi Consulting
Dawn Karen Bevill, Recording Secretary

Others Present:

Richard Boyle, Cardno WRG	Helen J. Brown, Citizen
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1. Call to Order/Roll Call/Introduction

Chair Matson Haug called the meeting to order at 7:00 p.m.

2. Approval of Meeting Minutes:

Motion #1: Gougler/Maben moved to approve the October 14, 2009 & the October 28, 2009 meeting minutes. (4 Yes/0 No/3 Absent [Keyser, Rourke, Zickefoose]). Motion carried.

3. Mayor's Clarifying Comments & Town Hall Meeting in January:

Chair Haug changed the agenda order by asking Mayor Andrews to share his thoughts regarding the Town Hall meeting in January 2010.

Mayor Bob Andrews addressed the idea of having a public meeting. When the City Council takes an action it does it in one of three ways: through a resolution or an administrative type activity which is a formal action of the City; by ordinance which is a legislative type of activity, and there are certain things in the area of Quasi-Judicial in which an order is issued. The way the City Council takes an action, only the legislative process is subject to referendum. Under the legislative process, there can be an initiative referred to the public for ratification. One of the reasons the City uses the Citizens' Rate Review Committee (CRRC) is to provide an open and administrative basis to help avoid the vulnerability of it being a legislative action. A Council legislative action creates the ability of this committee to make rate proposals, but the rate change itself is a Council administrative action which helps protect the actions taken by the CRRC versus being subject to referendums and referrals. A town hall meeting would help with the communication to the public in addition to having a public hearing.

Chair Haug stated he is in favor of holding a Town Hall Meeting. Mr. Gougler, Mr. Maben, and Mr. Amundson also voiced their support.

David Maben asked what would be the appropriate date to hold the town meeting. Howard Hamilton replied it would need to fall between the Stormwater Credit Program presentation on January 6, 2010 and the public hearing that is scheduled for January 27, 2010.

Mayor Andrews stated the public hearing to be held on January 27, 2010 will be conducted by the CRRC. After that hearing, there will be deliberations and then the committee will formally adopt whatever has been proposed. That action will then go to the City Council who in turn will also hold a public hearing.

Motion #2: Gougler Maben moved that the CRRC conduct a Town Hall Meeting at the Public Safety Building between January 6, 2010 and January 27, 2010; date to be decided by staff. (4 Yes/0 No/3 Absent [Keyser, Rourke, Zickefoose]). Motion carried.

4. Present Wastewater Rates:

Deb Galardi, Galardi Consulting presented the report including a PowerPoint (see official meeting packet for full report).

Howard Hamilton, Public Works Director addressed the Wastewater Treatment Plant (WWTP) Capacity Expansion Plan (page 4 of the PowerPoint presentation). Newberg began the commissioning of the facility plan in early 2005 and it was just completed last month. At that time, the plan was based on a median growth; the existing capacity would serve 17,900 people. The City now has 23,000 people and according to the plan, Phase I construction needs to begin in 2012 to meet the capacity of 26,900 people. Phase II construction will need to begin in 2015 to increase the capacity to 40,000 people but depends on what the actual growth is at that time. A key piece of information is right now this plant is beyond its capacity. The permit in dry weather is 4 million gallons per day and in wet weather it is 6.5 million gallons per day. In January of 2006, 8.1 million gallons was averaged per day for each day that month. The plant's capacity is 17 million gallons a day. The plant was commissioned in 1987 and in just the last year and a half the effluent pump station has replaced or had major repairs on all its 4 pumps.

Mayor Andrews asked if these figures were predicated on the median growth which comes out of a population forecast the City Council did years back. Mr. Hamilton replied, yes.

Deb Galardi asked Howard Hamilton about the implications of exceeding the permit limits regarding flow capacity. Mr. Hamilton replied January 1, 2010 the DEQ has adopted a sanitary sewer overflow prohibition. A plan was supposed to be created to fix the effluent pump station, which has been known to overflow in the past, but the City isn't on track in meeting the January 1, 2010 goal. If the pump station overflows after that date, the City is subject to fines and lawsuits. The Dayton Avenue Pump Station also falls into that same prohibition. The City has purchased a piece of property to build a new pump station at Highway 240 and Chehalem Creek near the bridge to correct Dayton Pump Station overflow problems. \$300,000.00 in funds are allotted for the 2009/10 budget year to begin construction; to be completed at the end of the 2010/11 budget year but due to the lack of growth, the revenue has depleted. The effluent pump station construction is wrapped into the wastewater treatment plant construction. Facility Plan Phases I & II have now been compressed into one project. Mr. Hamilton will bring back information to the next CRRC meeting showing the plan dates regarding the phases.

Mayor Andrews stated the City will have to work extra diligently for the citizens to understand. Where the population has done a good job of conserving water, it has reduced the revenues on which to build future contingencies.

Howard Hamilton reviewed the following projects:

The WWTP Dehydration Unit (sawdust dryer) is \$935,000.00; getting \$165,000.00 back through energy trust and business energy tax credits. When the economy collapsed, the amount of sawdust produced not only went down but became much more expensive to purchase, as well. The compost uses sawdust as a medium and a certain percentage of dryness is needed in the sawdust to make the process work correctly because of air flow. Mr. Hamilton explained that by putting a dryer in, the sawdust could be dried to approximately 90% dryness which will solve the problem of finding appropriately dried product. Also they found with calculations the ability to increase the throughput in the composter by up to 3 times. 8,000 yards of compost is sold per year. The ability to make the compost process consistently meet permit requirements and increase throughput will help pay back the investment quickly. The compost facility can then expand later on in the future delaying capital improvement project costs.

The Outfall Mixing Zone Study and Facility Update are mandated by the Department of Environmental Quality (DEQ) and must be done. The Facility Update is also a requirement if any new expansion is to be built in Newberg and must be done in order to obtain loans. The update was started in 2005 and was just accepted this last month.

The Hess Creek Trunk Line is a pipe that has many problems and is tied to the Springbrook Development. System Development Charges (SDC) funds are needed in order to do the work. The Springbrook Trunk Line has also been put off until the future because it's based on the Transportation System improvement schedule.

The defunct City owned Pretreatment Tank is on property owned by PPM Technologies and they are seeking grant money to clean up their site and the tank removal would need to fit into this plan.

The Alice Way Local Improvement District (LID) funds will be paid back by the people in the district.

The Public Works Complex has to do with the maintenance yard on Third Street and has been undersized for some time. The current Wastewater Treatment Plant building doesn't currently serve the needs of the operations staff. City Hall is crowded so there is the possibility of moving the engineering staff to the new property. \$819,000.00 has been budgeted in wastewater for construction in 2011/12 and 2012/13 on the new property.

Deb Galardi reviewed the preliminary revenue available for capital over the next 5 years. Howard Hamilton passed out information on State and Federal Wastewater Funding. The 2009 American Recovery and Reinvestment Act and Oregon's CWSRF Loan Program was reviewed (see meeting PowerPoint page 7 and meeting handout).

Chair Haug asked what needs to be done in order to access potential monies that may be available. Mr. Hamilton replied the City would need to have a design in place to begin construction in the near future in order to receive money but the fastest project the City can construct is a secondary clarifier and the design is \$600,000.00 which the City doesn't have. Newberg did not qualify in the 2009 cycle for any monies. Deb Galardi stated she will put together a revised best case scenario on what will be needed to qualify for some of the 2010 loans.

Mayor Andrews asked if there are any other funding sources that haven't been explored; perhaps there are other approaches to explore which may be unique to this area or using other technologies that could be implemented using Newberg as a "test case" helping to mitigate costs but also help with wastewater. Howard Hamilton stated maybe in the future. David Beam is always looking for money to help the City with costs. Deb Galardi stated an inquiry can be made with Mr. Beam on what programs he's tracking.

Deb Galardi reviewed the operating budget pie chart FY2009/10 and Janelle Nordyke explained the cost of living increases. Mayor Andrews asked what percentage of wastewater budget are personnel. Deb Galardi replied 36% is personnel including salary and benefits.

Howard Hamilton stated in past discussions the question was asked concerning contracting out for services. He passed out information regarding the comparison of hiring out and using Newberg personnel. It would not benefit the City financially to contract out.

Deb Galardi reviewed the actual and estimated requirements from rates and the previous forecast assumptions (pages 11-13 of the PowerPoint presentation).

Chair Haug asked if there will be user classes in regards to utility rates and if so, will the CRRC review the classes. Ms. Galardi replied there are user classes but it depends on the strength of the waste. She will bring back information for the committee to review on who will fall into those classes.

Mike Gougler stated in addition to rates covering the debt service you have to maintain the coverage. A certain percentage must go toward debt and the rest has to be kept to show the adequate reserves for what you borrow.

5. Public Participation:

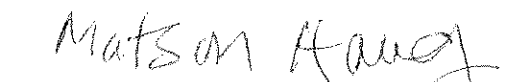
Richard Boyle stated there are numerous communities having the same issues throughout Oregon.

The next scheduled CRRC meeting is November 24, 2009 at 7:00 p.m.

6. Adjournment: The meeting adjourned at 8:46 p.m.

Approved by the Citizens' Rate Review Committee this 24th day of November 2009.


Recording Secretary


Citizens' Rate Review Committee Chair