

**CITIZENS' RATE REVIEW COMMITTEE
MINUTES**

Wastewater Treatment Plant

Members Present:

Matson Haug (Chair)
Ernie Amundson

Tony Rourke
David Maben

Beth Keyser
Mayor Bob Andrews, Ex-Officio

Mike Gougler

Members Absent: Charles Zickefoose (excused)

Staff Present:

Howard Hamilton, Public Works Director
Deb Galardi, Galardi Consulting

Janelle Nordyke, Finance Director
Dawn Karen Bevill, Recording Secretary

Others Present: Richard Boyle, Cardno WRG

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:

Mayor Bob Andrews suggested two corrections to the minutes.

Motion: Rourke/Maben moved to approve the November 10, 2009 meeting minutes as amended. (6 Yes/ 0 No/ 1 Absent [Zickefoose]) Motion carried.

3. Town Hall Meeting on January 13, 2010:

Janelle Nordyke stated the Town Hall Meeting is scheduled for January 13, 2010, at 7:00 p.m. at the Public Safety Building.

Discussion:

Howard Hamilton explained the town hall meeting notification will be sent as a mailer to also include the public hearing, which will be held on January 27, 2010, both at the Public Safety Building. The intent for the town hall meeting is to have discussion regarding water, wastewater, and stormwater with no deliberation so the public has the opportunity to ask questions and provide comments. Deb Galardi will also be present to talk about the proposals and rate impacts.

Suggestions were made from the committee to provide the information in categories for the community to digest and presenting a PowerPoint presentation to include key points such as capital improvement and bond issues.

Mike Gougler suggested showing the importance of capital improvements and the consequences if capital improvements are not done, such as the fines by Department of Environmental Quality (DEQ) and sufficient cash for bonds in terms of increasing rates and so on. Solutions will be evident to the public when they are shown the options.

Ernie Amundson would like to see it broken down into sections as well, but start out explaining the rate increase.

Beth Keyser asked the goal in holding a town hall meeting. Chair Haug replied the rate increases will be significant for the next few years and the community needs to understand what alternatives we have, what is needed, and the consequences to the City. Howard Hamilton added the primary goal is to notify and educate with the intent to hear the public up-front, which will also help City Council be better informed at decision time.

Beth Keyser asked if the people do not understand will they be allowed to say so. Tony Rourke explained the public hearing is for that purpose. The time between the town hall meeting and the public hearing is to give the community the opportunity to digest what they have heard and come back to the hearing with their views on the adoption of the rates.

4. Conclude Wastewater Rates:

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

Howard Hamilton explained the location of the Highway 240 pump station property showing the Urban Growth Boundary and Urban Reserve Area. The plan is to have the pump station completed by the end of 2010 and construction will cost \$1,500,000.00. This will be cheaper in the long run rather than a major capital improvement project fixing the existing Dayton station. The major issue to be dealt with if this project is pushed back is the Dayton pump station, which has Infill and Infiltration (I&I) induced overflow problems almost every winter. Newberg could be subject to DEQ fines and/or environmental lawsuits due to the new ruling by DEQ to begin January 1, 2010. Repairs have been made to try to alleviate the problems but a permanent fix is in order. The project was slated for the 2008/2009 budget year but due to funding the project was pushed out one year.

Janelle Nordyke addressed the question regarding the winter averaging policy for seasonal users. There is a general winter averaging based on what the potable use is over the December to March period but there are seasonal user exceptions. For example, George Fox University's wastewater use is greater during the winter from December to March, but in August they use less potable water so they are charged the winter averaging or the actual use, whichever is less.

Beth Keyser stated the importance for citizens to understand the rate structure and how they are being billed.

Deb Galardi discussed the summary of State programs available such as Clean Water State Revolving Fund (CWSRF) and Oregon Economic Community Development Department (OECDD) Grant eligibility and Federal programs to help fund the projects. Chair Haug asked what qualifies for the clean water fund. Ms. Galardi stated Newberg qualifies due to the overflow and regulatory issues. Howard Hamilton stated the Facility Plan must also be updated, which Newberg just received DEQ confirmation of, as well as an environmental review currently in DEQ review. After the State reviews it, they will let it out for thirty days of public comment and at that time we will be eligible for State Revolving Funds. Ms. Galardi stated Newberg is not eligible to qualify for some of the grant funding in this two-year cycle.

Beth Keyser asked what criteria are used to qualify. Ms. Galardi replied the City needs to be severely economically distressed. Mr. Hamilton explained in all of Yamhill County there are ten municipalities; eight of them are classified as severely distressed. Newberg and Dundee are only moderately distressed and do not qualify for Community Development Block Grants.

During discussion of grant funding, Janelle Nordyke stated most of the debt comes from public works and financing.

Deb Galardi referred to the two meeting handouts; WWTP-RRE Project with/without CWSRF Funding. This addresses the question of construction costs and shows details proposed construction. Howard Hamilton reviewed the handouts and explained he tried to scale the charts on how much money could come from the revolving fund and how much of the projects could be funded from that amount of money. Howard Hamilton noted if the City receives State loan funds, they are paid back when the project is completed. Rates would need to be in place and accumulating revenue before completion to start paying back the loans.

Deb Galardi reviewed the revised capital improvement projects (CIP) scenarios and the two different CIPs under multiple financing assumptions. In the prioritization process, quite a bit was pushed out in terms of CIP for the WWTP. Based on the two revised CIPs, rate increases were brought down. Ms. Galardi feels confident the City will get CWSRF funding but it is not guaranteed.

Discussion took place regarding bill comparisons for single family residents showing Newberg at the top of the chart. Ms. Galardi gave examples of other cities that will also be looking at rate increases and stated Dundee will surpass Newberg in rates shortly. Howard Hamilton explained as the municipalities update and implement facility plans, they will take on CIP projects that require rate increases which will push them up the list.

Ernie Amundson stated Newberg used to be lower on that list and after serving eight to nine years on the Citizens' Rate Review Committee (CRRC) he does not understand why rates have been increasing over the years when there are still many capital improvement projects that have not been started. Howard Hamilton replied the City's maintenance of an aging plant is expensive and pays for occasional CIP with debt, which in turn costs additional money in interest.

Chair Haug stated he believes it is a disservice to show the community this list and automatically think Newberg should fall lower on the rate scale when many factors are involved.

Mike Gougler stated the CRRC has just started to attempt to repair the fact that funds were never allocated for what is needed. Newberg is at the top of the bill comparison list now because we are paying for what was not allocated in the past and we are paying for debt.

Chair Haug asked for input regarding the uniform (20 year term) 15.9% plan scenario; recommendation for two years. David Maben believes this is the best approach to cover debt with the possibility of building reserves. Mike Gougler wants it specified to the public the rate increase in regards to the CIP and the projects that have been pushed out due to lack of funds. Deliberations have been based on building the CIP and compliance in order to keep from being fined in the future by DEQ. This committee has attempted to find the best way to pay for the capital improvement obligation.

The CRRC agreed to suspend the wastewater deliberation and vote until the December 9, 2009, meeting.

5. Contingency and Reserve Funds:

Howard Hamilton handed out the "Rainy Day Fund" sheet to the committee members. Janelle Nordyke explained there are a variety of funds used to handle rates, which include operating reserves for future capital

projects, and the SDCs. Newberg currently does not have a "rainy day fund", but there are some funds in reserves, most of which are for capital projects. Due to the lack of growth over the last couple of years, the volume has decreased and revenue has gone down, thus pushing out many future capital projects. Now there isn't enough to fund the current requirements and fixed obligations. A rate needs to be adopted to fund the requirements.

6. Non-Agenda Items:

Janelle Nordyke stated that Love, Inc. has applied for matching grants. The deadline for the grant program is December 31, 2009. Ms. Nordyke will be sending out a letter to all the other non-profits if they wish to apply. The applications will then be brought before the CRRC at the January 6, 2010 meeting for their decision on how much is to be given and to whom.

Janelle Nordyke referred to the handout regarding an email sent to Mayor Bob Andrews from Troy Spurlock in regards to the Military Credit Program. Mr. Spurlock stated in his email the 12-month verbiage is restrictive. Janelle Nordyke stated as long as an individual is on active duty, they qualify for the duration of 12 months at a time.

7. Public Participation:

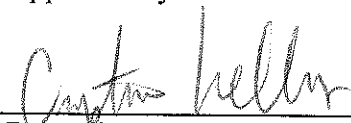
Richard Boyle, Water Resources Civil Engineer lives outside Newberg but is interested in the City's growth. He sees his future in public works and is interested in how rates are put together.

The next scheduled CRRC meeting is December 9, 2009 at 7:00 p.m.

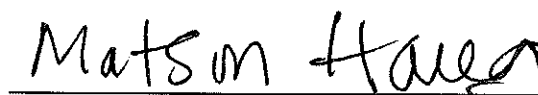
8. Adjournment:

The meeting adjourned at 9:30 p.m.

Approved by the Citizens' Rate Review Committee this 16th day of December 2009.



Recording Secretary



Citizens' Rate Review Committee Chair