

**CITIZENS' RATE REVIEW COMMITTEE
MINUTES**

Wastewater Treatment Plant

Members Present:

Charles Zickefoose
Tony Rourke

Mike Gougler
Beth Keyser

Matson Haug (Chair) David Maben
Mayor Bob Andrews (Ex-Officio)

Members Absent: Ernie Amundson (excused)

Staff Present:

Howard Hamilton, Public Works Director
Janelle Nordyke, Finance Director
Deb Galardi, Galardi Consulting
Crystal Kelley, Recording Secretary
Barton Brierley, Planning and Building Director

Others Present: Richard Boyle, Charlie Harris, Dennis Russell and Ken Austin

1. Call to Order/Roll Call/Introduction:

Chair Matson Haug called the meeting to order at 7:04 p.m. and asked for roll call.

2. Approval of Meeting Minutes:

Motion #1: Gougler/Rourke moved to approve the meeting minutes for November 24, 2009 and December 9, 2009. (6 Yes/0 No/1 Absent [Amundson]).

3. Affordable Housing Presentation:

Barton Brierley presented the staff report (see official meeting packet for full report). City Council and the Planning Commission recommended an action plan be created that looked at all the housing programs to see what can be done to provide affordable housing. They put together a committee that spent nine months creating strategies to help solve the issue. They came up with a list of goals: 1) to amend the comprehensive plan to support affordable housing; 2) to retain the supply of housing already in the community; 3) to ensure there is enough land; 4) to change Development Code Standards so more affordable housing would be possible; 5) look into a development fee schedule; 6) to develop and support public and private home owners programs; and 7) to promote economic development efforts.

The action plan was accepted by the City Council. The Council then assigned the task of reviewing development fees to the Affordable Housing Committee (AHC) and the Citizens' Rate Review Committee (CRRC) since it affects the rates of the entire community. It is recommended that a system development charge (SDC) reduction be given to promote affordable housing. One concept discussed would be to raise (SDCs) for larger, more expensive homes. The AHC did not support that idea and the consensus was that the fee reduction should be spread among the population rather than one group.

Mr. Brierley referred to the handout on potential SDC reductions for affordable housing (see official meeting packet for full report). Planning fees, building fees, and public works fees could be reduced, but there is no mechanism to recover the reductions. They are now looking at SDCs as an affordability mechanism. There is a way they can make up the difference through rates in an effort to reduce the fee and keep with the general principle of the AHC. In the action plan, fee reductions are nine to ten percent of the total plan. The AHC took the idea to staff and asked for a rough ball park figure of how they can make up the rates.

Howard Hamilton mentioned if the rates were raised one dollar per month that would equate to about \$78,000.00 or SDC relief for ten homes. The AHC would like to bring that concept to the CRRC for consideration.

Chair Matson Haug said discussion and deliberation will be needed on the scheme itself. The concept of spreading the cost of reducing SDCs through utility rates needs to be brought up at the town hall meeting to ensure the public feels it is fair. The task of the CRRC, if they decide to get involved, is to determine what the mechanics of certain reductions will be. They also need to consider the timing of when to get involved on this type of discussion. Chair Haug asked the CRRC if they would like to spend time on the subject now or devote a special meeting for the topic later.

Mayor Andrews did not think the CRRC is ready to make a commitment to the plan tonight. He agreed they do not have the time to discuss the subject in the meeting. He recommends tabling the subject and asking for it to be brought back on an agenda for a future meeting.

Chair Haug stated the town hall meeting is scheduled for January 13, 2010. The topic may come up due to the impact it will have on the committee. It will require feed back from the community.

Tony Rourke was concerned since the last recommended rates increases were reduced by Council for the last two-year rate cycle, he feels that anything else that that will further increase the rates, without proper presentation, will be difficult to convince the Council to withstand the public's criticism at their February 16, 2010 public hearing.

Mike Gougler suggested they look at this differently. The CRRC responsibility is to look at operation and maintenance (O&M) and Capital Improvement Project (CIP) expenditures compared to revenue and determine if a rate increase is necessary. It would be easy for the CRRC to look at this affordable housing proposal and say they do not have enough money for it. The decision to provide affordable housing or to try to subsidize the development of affordable housing construction has been recommended by the AHC. City Council recommended they get the CRRC to look at the proposal. Mr. Gougler suggests if the City Council agrees with the plan and supports the main thesis of the proposal, then the AHC must prepare a funding proposal for review.

Chair Haug asked if City Council agrees with the AHC recommendation. Mayor Andrews stated it has not been presented to City Council yet. Mr. Brierley stated the action plan to consider the fees has but not this issue.

Dennis Russell stated they are going to have a conversation that will stir up a lot of questions without a lot of answers. It may create some tension around the issue. They still have a lot of work to do with regards to affordable housing.

Mr. Gougler believes in order for the CRRC to consider the proposal they need a policy statement from City Council. The job here is to determine what it would take to pay for that. City Council has to determine if they desire to create a program to stimulate affordable housing.

Chair Haug stated City Council has made a partial determination in that direction by recommending they come to the CRRC. They can brainstorm after the rates are formally adopted.

Mayor Andrews stated the resolution adopted by the City Council recommends the subcommittee organization to consist of two members of the CRRC. Mr. Gougler asked if they should appoint two people from the CRRC to sit on the AHC. He is already a member. Chair Haug asked the other members of the CRRC if they are interested in participating on the AHC. Beth Keyser and David Maben agreed they would be willing to participate.

Motion #2: Zickefoose/Gougler moved to nominate Beth Keyser and David Maben to sit on the AHC to represent the CRRC. (6 Yes/0 No 0/1 Absent [Amundson]).

Mr. Brierley will contact Ms. Keyser and Mr. Maben with the agenda as well as the meeting schedule.

4. Conclude Stormwater Rates:

A handout with the City of Newberg Total Maximum Daily Load (TMDL) Implementation Matrix was presented by staff. (See official meeting packet for full report). Chair Haug was concerned with the last minute distribution of the handout since it is the intent of the committee to conclude the stormwater rates discussion tonight. Mr. Hamilton stated the handout was reference material for the next meeting and not necessarily for review at this time. Chair Haug encouraged the CRRC to bring any questions they may have, regarding the handout, to the next meeting.

Ms. Galardi presented the staff report (see official meeting packet for full report). She supplied rate scenarios that were requested at the last meeting.

Mr. Rourke asked for clarification if they went from an 18% increase to a 25% increase would that cash fund \$2.4 million CIP with inflation. Ms. Galardi confirmed he is correct. Chair Haug asked if the slides are showing the 18% increase and not the 25% increase. Ms. Galardi confirmed that is correct.

Mayor Andrews asked what the experience has been for people who apply for the commercial stormwater credit program. Mr. Hamilton stated they have two businesses in the area that have applied for credits. Mayor Andrews asked how much of an imposition the program has made on staff. Mr. Hamilton stated that the staff time involved is initially a couple of hours. The stormwater program pays for staff time. Staff simply reviews the submission of documents and does a site inspection. Mayor Andrews asked how much of a financial imposition it has caused. Mr. Hamilton stated very small.

Chair Haug asked how much those two companies saved through this program. Mr. Hamilton stated a total of 30% of their stormwater fee for each company. Chair Haug requested the committee reevaluate the commercial stormwater credit program to ensure it is doing what was expected.

Motion #3: Gougler/Zickefoose moved to recommend an 18% annual increase in stormwater rates. (6 Yes/0 No/1 Absent [Amundson]).

Mr. Rourke would like to see how the increase will affect the other projects they have discussed. They need to consider the total cost of the program. He asked how much additional rate increase they would need to start funding reserves. Chair Haug would like to look at the rate impact of increasing the water and wastewater reserves. Ms. Galardi will bring the information to the next meeting.

5. Town Hall and Public Hearing Flyer:

Howard Hamilton presented the draft flyer (see official meeting packet for full report).

Chair Haug recommended the committee take a couple minutes to review the versions of the flyer that were presented. Several suggestions were made to better improve the flyer and to get the intended message across to the community. Staff needs a final version by December 17, 2009 in order to get to the printer/mailer on time.

Motion #4: Gougler/Zickefoose moved to have Beth Keyser work with staff to represent the CRRC to create the final draft of the flyer. (6 Yes/0 No/1 Absent [Amundson]).

6. Public Participation:

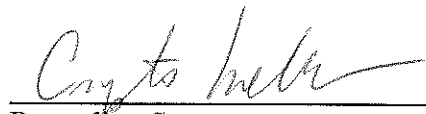
No comments were presented from the public at this time.

The next scheduled CRRC meeting will be January 6, 2010 at 7:00 p.m.

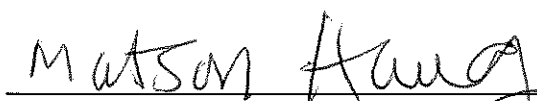
7. Adjournment

The meeting adjourned at 9:04 p.m.

Approved by the Citizens' Rate Review Committee this 6th day of January 2010.



Recording Secretary



Citizens' Rate Review Committee Chair