Wednesday, 7 PM January 20, 2010

CITIZENS' RATE REVIEW COMMITTEE
MINUTES
Wastewater Treatment Plant

Members Present:
Charles Zickefoose, Mike Gougler, Matson Haug (Chair), David Maben
Tony Rourke, Beth Keyser, Ernie Amundson

Members Absent: Mayor Bob Andrews (Ex-Officio)

Staff Present:
Howard Hamilton, Public Works Director
Crystal Kelley, Recording Secretary
Deb Galardi, Galardi Consulting

Others Present: None

1. Call to Order/Roll Call/Introduction:

Chair Matson Haug called the meeting to order at 7:00 p.m. and asked for roll call.

2. Discuss Town Hall Meeting:

Howard Hamilton presented the staff report which consisted of the comments and questions that were brought up at the Town Hall meeting. It also included the tables created by our consultant, Deb Galardi. Table One presented Projected Utility System Revenue Requirements. Table Two presented Wastewater Service Characteristics. Table Three presented the Projected Capital Improvement Program (CIP) and Projected Rate Increases. Table Four presented Projected Debt Requirements. A graph was also distributed showing City projects from 2006 to future projects for 2012 (see official meeting packet for full report).

Ernie Amundson asked what the franchise fee is for and why he has never heard about it before. Howard Hamilton stated the City budget is on the web site and the franchise fee is included in the budget. It is a fee paid to the City for having water and wastewater utilities in the rights-of-way not unlike those paid by PGE, Verizon, and NW Natural Gas, etc. Chair Matson Haug stated they recommend there is no franchise fees coming out of the money brought in from rates. Janelle Nordyke stated it is a franchise fee rather than a tax. Chair Haug pointed out they need to consider this subject since it may not make sense to the public. Mike Gougler stated the franchise fee is legal and he does not know of any jurisdiction that does not use a franchise fee. All over the United States you will find franchise fees have been used for years. The franchise fees are going into the general fund in Newberg. Mr. Hamilton pointed out it is listed under administration, 06 & 07-5110-590015 in the budget. Mr. Gougler stated the subject of franchise fees has come up at City Council as well. The franchise fee for Newberg is five percent as of today. Mr. Gougler stated the Budget Committee, which includes the franchise fees, has a public hearing of its own. He does not feel the issue of the franchise fee needs to come up in the public hearing for the CRRC. They are not going to be able to micro-manage the City's ability to make its books balance.

Beth Keyser stated the question brought up at the Town Hall meeting of how long it has been since the City was audited was a very good question. They would like to see how the City is doing in the way they spend money. She would like to ensure this question is addressed very clearly at the public hearing.

Mr. Hamilton proceeded to go through the list of questions and answers and cover the plans he has for addressing each of the concerns at the public hearing. A question was asked at the Town Hall meeting of how often the City takes part in an audit. Chair Haug pointed out staff will need to clarify when the audits occur and who does the audits. This information will need to be presented in the staff report. The Citizens' Rate Review Committee (CRRC) guidelines should be itemized. Mr. Hamilton pointed out that the master and facility plans are audits and the goal is to update them every five to ten years. They assess the state of the infrastructure and staffing levels and provide a plan for improving operations and maintenance and equipment replacement as well as growth related expansion. Maintenance and replacement are behind schedule and staffing is on track.

3. Reconsider Rate Adjustments:

Chair Haug stated he would like Ms. Galardi's presentation of the recommended rate increase to reflect the way she would also present the information to City Council. Mr. Hamilton presented a slide to reflect the combined utility summary. Ms. Galardi would like to present a simple slide that shows each of the recommended rate increases. This would include the percent and the increase in the single family bill.

Ms. Galardi asked for clarification as to what the recommendation from the CRRC was for the stormwater credit program. Mr. Hamilton reminded the Committee they agreed to hold off on recommending a credit program until the next session of the CRRC. They recommended staff study the subject and provide them more details to allow the CRRC to make a better recommendation based on the new information.

Mr. Amundson stated they need to consider why the City was able to run well for so many years without any rate increases. He clarified they did not have a CRRC until 2001. It was confirmed he was correct. He asked who made the decisions during that time. It was clarified it was City Council who made the recommendations for rate increases. Mr. Hamilton stated the City Council approved rate increases a number of times over the years that are on record. He will include the 2008 and 2009 increases on the graph as well.

4. January 27, 2010 Public Hearing – Public Safety Building:

Chair Haug stated the public hearing is a dress rehearsal for the City Council meeting. He would like to see staff include the items on the notes as a part of the staff report. He would like to discuss how they would like the items included and addressed. The notes that were submitted should also be a part of the staff report from CRRC members.

Beth Keyser suggested Mike Gougler display the graph that shows there have not been any increases for many years and talk about what it implies. They need to keep it simple to help eliminate a lot of questions.

Ms. Keyser recommended each CRRC member introduce themselves and share a little about their connection to the City. Chair Haug agreed the committee member should introduce themselves and share about their experience with the City and the Committee. Mr. Hamilton suggested they should consider stating why they wanted to be on the Committee before the public as well.

Mr. Gougler stated he would like to see slides available to help guide the presentation. They can also address some of the concerns with handouts when necessary. The slides can summarize the details. On item number nineteen on the list of questions from the Town Hall meeting, he recommends Mr. Hamilton make a presentation on the topic. The staff report would be a combined report from the CRRC and staff.

Mr. Hamilton asked how they would like to address the questions from the Town Hall meeting at the public hearing. Chair Haug stated they will conduct the meeting as a quasi-judicial hearing which has a format that should be used for addressing the topics at hand. When the staff report is done the questions can be presented from the CRRC to staff and then they can open the meeting for public testimony. They will submit their name and the stance they are taking on the topic at hand. The staff will present the CRRC recommendation for rate increases as part of the staff report. The recommendation will end the staff report. After the public testimony they will open deliberation among the CRRC.

Mr. Hamilton stated they need to ensure they keep the public testimony to a maximum of five minutes for each person who testifies. It may need to be lowered to three minutes if there are a large number of citizens who would like to testify.

Ms. Galardi recapped the CRRC would like a packet of handouts to include the full question and answer session and the recommended schedules. The presentation would highlight key slides and present the recommendations.

Chair Haug stated he recommends they address the first issue on the list of questions by including a few of the slides the CRRC saw at a prior meeting showing the wear of the wastewater plant. Mr. Zickefoose pointed out they can also include the details of the projects that were deferred from the list Mr. Hamilton provided. Ms. Galardi stated the presentation will show the total CIP per year. Chair Haug does not understand the chart and is concerned it will raise some questions.

Mr. Hamilton stated they are aiming for the City Council meeting as the focal point for the presentation. That will be the final piece of the presentation from the CRRC for the recommended rate increases. The CRRC confirmed the issues will be presented in writing which will not require the issues to be discussed during the meeting. Chair Haug gave Mr. Hamilton the freedom to remove any questions from the Town Hall that he does not feel he will have the time to properly address before the public hearing.

5. Public Participation:

No public present at the meeting.

6. Adjournment

The meeting adjourned at 8:53 p.m.

Approved by the Citizens' Rate Review Committee this 13th day of July 2010.

Cynthia Kelly
Recording Secretary

Matson Haug
Citizens' Rate Review Committee Chair