

**CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
WEDNESDAY, DECEMBER 19, 2013
7:00 PM MEETING
NEWBERG PUBLIC SAFETY BUILDING (401 EAST THIRD STREET)**

I. CALL MEETING TO ORDER

Chair Tony Rourke called the meeting to order at 7:00 PM.

II. ROLL CALL

Members Present: Tony Rourke, Chair Mike Gougler Rick Rogers
 Charles Zickefoose Mayor Bob Andrews, ex-officio

Members Absent: Ernie Amundson (unexcused) Blair Didway, Vice-Chair (excused)
 Helen Brown (excused)

Staff Present: Lee Elliott, City Manager Pro Tem Janelle Nordyke, Finance Director
 Jay Harris, Interim Public Works Director DawnKaren Bevill, Minutes Recorder

Others Present: Deb Galardi, Galardi Consulting, LLC

III. PUBLIC COMMENTS

No comments were brought forward as there were no audience members present.

IV. CALENDAR DISCUSSION

Mr. Jay Harris, interim public works director, explained staff's opinion is to hold separate public hearings for springs rates apart from the water rates; bringing the springs rates before the city council in February, 2014. Mr. Harris explained the request came about because the city needs to embark on the corrosion control sooner than later and the facility needs to be installed. The committee consensus is to hold a public meeting for springs customers on January 22, 2014, at the public safety building.

V. CONTINUED BUSINESS:**1. Conclude Water Rates**

Ms. Deb Galardi, Galardi Consulting, LLC, gave a PowerPoint presentation (see official meeting packet for details) and reviewed the financial plan stating the prior meeting identified 9.5% annual rate increases. Staff revised the capital improvement plan to defer the reservoir project to fiscal year 2019-2020, instead of fiscal year 2017-2018, and cut the funding for the water treatment plant reserve to help buy down the 9.5% rate increase. The financial plan model has been extended to fiscal year 2028-2029, to attempt to balance over a time period in the best way possible. The revised plan recommends 7% annual rate increases needed for operations and maintenance (O&M) escalation (about 4% per year), increasing in cash funding of capital. Current rates support less than \$500,000.00 per year. This will increase the capital component to \$1.4 million by fiscal year 2020-2021, to fund the reservoir and future increases beyond fiscal year 2020-2021, needed to fund the water treatment plan reserve; building \$8,000,000.00 by fiscal year 2028-2029. The master plan will be updated in the next few years and will help with the planning process. Ms. Galardi presented a 25% fixed

rate scenario, phased in over two years, stating small volume customers will increase up to 18% because of the increase in the fixed charge. Other customer bill impacts vary based on use and meter size, generally between 3% – 9% and a 30% fixed rate scenario. She explained differential fixed charges by customer class stating the need to balance rate setting objectives. The existing structure already charges nonresidential customers more by scaling charges on meter size. Ms. Galardi also explained the percent breakdown of revenue by class.

Mr. Harris explained there is a potential industrial expansion in the master plan because the revenue from industrial versus residential will help the city gain more financial stability in the future. The system development charges (SDCs) will be reviewed and ensuring they are up to date will help fund the water treatment plant.

MOTION: Zickefoose/Gougler moved to recommend the 7% annual rate increase and the 25% rate structure. Motion carried (4 Yes/0 No/3 Absent [Amundson, Brown, Didway]).

VI. ADJOURNMENT

The next meeting is scheduled for Wednesday, January 8, 2014, at 7:00 PM in the public safety building.

Chair Rourke adjourned the meeting at 8:10 PM.

Approved by the Citizens' Rate Review Committee on this 2nd day of April, 2014.

Matt Zick 12-3-15
Citizens' Rate Review Committee Recording Secretary

[Signature] 12-3-15
Citizens' Rate Review Committee Chair

Minuted signed by current Chair and Secretary on 12/3/15 as the minutes weren't signed at time of approval.