

**CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
WEDNESDAY, JANUARY 8, 2014
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 Ernie Amundson Helen Brown
Rick Rogers Charles Zickefoose
Mayor Bob Andrews, ex-officio

Members Absent: Mike Gougler (excused) Blair Didway, Vice-Chair (unexcused)

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. CONTINUED BUSINESS**1. Springs Update**

Mr. Jay Harris, interim public works director, gave a PowerPoint presentation (see official meeting packet for full report) and stated he, Mayor Bob Andrews, and City Manager Pro Tem Lee Elliott met with the springs customer group today regarding potential transfer of ownership options, schedules, the general system, and legal matters. Mr. Harris reported after speaking with the State of Oregon regarding corrosion control testing requirements, they stated construction in the summer of 2015 would be adequate. The information was conveyed to the springs customer group and they requested the springs public meeting be rescheduled to a later date; giving ample time to research corrosion control and various legal processes.

MOTION: Rourke/Zickefoose moved to reconsider the dates and reschedule the springs public hearing from January 22, 2014, to March 18, 2014. (6 Yes/0 No/2 Absent [Didway, Gougler]).

Mr. Harris stated there are 15 wastewater capital improvement projects in the next five years. The 2007 wastewater treatment plant facility plan identified the need for significant repairs, renovations and expansion of the Wastewater Treatment Plant (WWTP) to meet Department of Environmental Quality (DEQ) requirements. Projects have been prioritized and phased in over the next five years or more, as funding allows. The construction of emergency repairs, the influent pump station maintenance road, and the fourth secondary clarifier are completed. Mortenson Construction will begin the next phase of construction in February, 2014; constructing a new headworks and solids screening facility, upsizing of the influent pump station, and dewatering facility upgrades. The city has received several low interest loans to fund the current phases of the

project, totaling \$25,900,000.00. When completed, the total project cost is estimated to be \$50,000,000.00. The city is completing a portion of the WWTP repair, renovation, and expansion project, outside of the Mortenson Construction contract; replacing the aging disinfection storage and delivery system (\$600,000.00) with a hypochlorite chlorine generation system similar to the system at the water treatment plant. The city is also proposing to expand the existing covered storage facilities at the composting site for \$250,000.00.

The Oregon Department of Transportation (ODOT) plans to improve Springbrook Road south of Highway 99W to Highway 219, for access to the first phase of the Newberg-Dundee Bypass. The city needs to improve its utilities on Springbrook Road in advance of ODOT's work. The existing 15-inch city wastewater conveyance system is being replaced or upsized to piping 21-27 inches in diameter. Construction is to commence in December, 2014, along with the other city utilities. This project will also pay for 50% of the new reuse waterline. The overall project cost is estimated to be \$3,200,000.00 in wastewater system improvements.

During large winter rainfall events, the wastewater conveyance system is subjected to a significant increase in flow compared to the summertime dry weather flows. Reducing stormwater infiltration into the wastewater collection system will reduce the maintenance costs for the wastewater piping systems and also reduce the pumping and treatment plant costs. Keller and Associates, Inc., is currently preparing the infiltration/ionized study to determine the type of projects needed and formulate a capital project improvement plan. The report will be completed in the summer of 2014. There is \$500,000.00 allocated in the next four fiscal years for a total project cost of \$2,000,000.00 for the construction of the infiltration/ionized projects to reduce wintertime stormwater flows into the wastewater mainline piping and the public/private lateral systems.

The wastewater system improvements are proposed to be completed with the Second Street parking lot rehabilitation project. The wastewater improvements will consist of the replacement of the eight-inch mainline and service laterals to the existing buildings adjacent to the alleyway on the north side of the parking lot as needed. The estimated cost is \$50,000.00.

Approximately 3,900 feet of existing 21-30 inch aging concrete sewer lines are to be replaced with new, larger 24-36 inch trunklines. The estimated cost of replacement is \$2,085,000.00. The Chehalem Park & Recreation Department (CPRD) has also expressed interest to participate in the project to complete sections of the planned Hess Creek trail system. Approximately 3,300 feet of existing 15-21 inch aging concrete sewer line is to be replaced with new, larger 18-24 inch trunklines. The estimated cost of the proposed trunkline replacement project is \$1,649,000.00.

The south area industrial master plan has property proposed for inclusion into the city Urban Growth Boundary (UGB) in the near future. The proposed amendment to the UGB has been adopted by city council, but has been appealed to the Oregon State Land Use Board of Appeals (LUBA). The proposed \$75,000.00 project in fiscal year 2015-2016 will fund a preliminary design report to consider the various options to provide sanitary sewer service to the area. Depending on the progress of the inclusion of the south industrial area master plan into the UGB, there is a possibility that funding will be needed to finance a large local improvement district to provide sanitary sewer service to the master plan area. Other funding options may exist allowing the industrial area properties to develop, such as advanced financing agreements, system development charge (SDC) credits, and the formation of a tax increment financing district for the roadway and utility improvements. The current five-year wastewater capital improvement project does not include funding for the construction of projects to serve the new industrial area; but, the project is listed for tracking purposes.

The existing Dayton Avenue pump station and the 4,000 foot long 12-inch force main were constructed in 1993. The Gorman-Rupp top-side dry pumps are nearing the end of their service life and the volume of the station wet-well is significantly undersized for the flows to the station. Prior to 2010, the Dayton Avenue pump station would overflow into Chehalem Creek approximately five or more times per year during periods of heavy

rainfall, resulting in DEQ fines. The Highway 240 pump station was constructed in 2010 to bypass flows away from the Dayton Avenue pump station and has reduced the number of overflow events to once in January, 2012. The preliminary design report, at an approximate cost of \$50,000.00, will evaluate the performance of the existing station and recommend the needed upgrades to the station, such as new submersible pumps and a larger wet-well, to increase the pump station capacity and reliability. The estimated cost for the Dayton Avenue pump station is \$3,500,000.00, with the construction of a pump station similar in design and capacity to the Highway 240 pump station constructed in 2010. Because of the proximity of the station to a tributary at Chehalem Creek, existing topography, and the size of the existing site; the station may need to be relocated as evaluated in the preliminary design report.

Approximately 2,800 feet of existing 10-12 inch sewer lines are to be replaced with new, larger trunklines. Design of the needed improvements will cost approximately \$200,000.00 and is scheduled to commence in fiscal year 2017-2018 in conjunction with the North Springbrook Road street improvement project. The replacement of the Springbrook Road line numbers 4-6 is to be completed with the bypass improvements to Springbrook Road in 2015.

Small sections of the city are not served by the city wastewater collection system and utilize private septic systems for onsite wastewater disposal. Local improvement districts are formed by the city and/or residents and the city finances the project cost. The project cost and interest is reimbursed by the property owner(s) over a specified time period. The intent of the \$150,000.00 reserve fund is to have a portion of the needed funds in place to be utilized for new local improvement districts as they are formed in the future.

The city master plans are updated at maximum every ten years. The current wastewater master plan was prepared in 2007, and the update to the plan is proposed for fiscal year 2017-2018, with costs estimated at \$250,000.00. The master plan update includes the analysis of urban growth boundary expansion areas proposed to be added to the city and modeling of the hydraulic capacity of the system to identify the needed system improvements.

2. Present Wastewater Rates

Ms. Deb Galardi, Galardi Consulting, LLC, gave a PowerPoint presentation (see official meeting packet for full report), reviewed the preliminary wastewater system financial plan, and gave a preview of rate increases. Capital outlay fluctuates due to non-recurring vehicle and other purchases. Budgeted materials and services reflect key increases in the collection system rehab and replacement, as well as the treatment operating supplies and utilities. There are increases in other costs, such as personnel services and materials. Applying the same assumptions as water, materials and services reflect inflation and modest system growth. The current contingency (days of cash) show industry standards at 30 – 120 days and franchise fees are based on projected sales revenue. The capital improvement projects cash flow shows an increase to \$61,784,240.00 in capital improvement projects for year 2014, including the wastewater treatment plant phase one and two. The preliminary revenue forecasts for fiscal year 2014-2015 include additional revenue from a 3% increase on January 1, 2014. Projected capital funding sources debt service is based on a 20-year term with an interest rate of 2.88-3%. The accumulated debt service would be approximately \$3,500,000.00. Ms. Galardi reviewed the preliminary financial plan from fiscal year 2014-2015 to fiscal year 2020-2021 with a 7.75% annual rate increase.

VI. ADJOURNMENT

The next meeting is scheduled for Wednesday, January 22, 2014, at 7:00 PM in the public safety building.

Chair Rourke adjourned the meeting at 8:55 PM.

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

Matt Zee 12-3-15
Citizen's Rate Review Committee Recording Secretary

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

Minutes signed by current Chair & Secretary on 12/3/15, as the minutes were not signed at time of approval