

**CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
WEDNESDAY, JANUARY 22, 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
	Mike Gougler	Charles Zickefoose	
	Mayor Bob Andrews, ex-officio		
Members Absent:	Blair Didway, Vice-Chair (excused)	Rick Rogers (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. CONSENT CALENDAR

1. Approve the citizens' rate review committee (CRRC) minutes for November 6 and November 21, 2013.

MOTION: Rourke/Amundson moved to approve the November 4 and November 21, 2013, Citizens' Rate Review Committee (CRRC) Minutes. Motion carried (5 Yes/0 No/2 Absent [Didway, Rogers]).

2. Updated CRRC meeting calendar was presented to the committee.

V. CONTINUED BUSINESS

1. Conclude Wastewater Rates

Ms. Janelle Nordyke gave an update regarding fiscal year 2013-2014 personnel increases, stating Mr. Jay Harris' position was added to payroll after the past rate cycle and has been very beneficial as there is no engineering manager at this time. In addition, there were increases in retirement and health insurance costs; an increase over projected costs and savings are being seen in the administration department. She also reviewed the rate increase history and reviewed the revised wastewater system financial plan.

Ms. Deb Galardi, Galardi Consulting, LLC, reviewed the revised wastewater financial plan, rates and customer bill impacts. The capital improvement projects have not changed from the presentation given at the last meeting regarding the need and timeframe of \$61,000,000.00 over an eight year period of time. Ms. Galardi

went through a scenario comparing the Department of Environmental Quality (DEQ) plan from the last meeting to the revised plan. The prior plan's annual rate increases equals 5% and the preliminary 2014 plan equals 7.75%. The projected debt service coverage would be highly leveraged with the revised plan and while the DEQ contract and covenants do not exclude gross revenues, relying on system development charges (SDCs) can be risky. Ms. Galardi explained the revised wastewater rates current fixed revenue equals 28% and the proposed equals 29.5%. Relative to where the current rates were a few years ago, rates will now need to cover the anticipated cost of treatment such as infiltration and inflow. Ms. Galardi also reviewed the residential combined water and sewer bill impacts for residential customers, using the actual averages for the individual systems, an average increase of \$6.00-\$7.00 per month.

Mr. Charles Zickefoose believed it could be detrimental for SDCs if the city charges more for commercial use.

Mr. Mike Gougler said for six years the city has tried to increase industrial land within the city. He asked if Newberg will still be able to attract businesses if they are charged three times more than other cities. Portland and Lake Oswego are the only cities paying more than Newberg and asked if we have what those cities offer. The city needs to understand since 2008, water has gone up 100% and wastewater 200%. As much as he appreciates what the city is trying to do, he does not believe new businesses will come into the city if given a choice to go somewhere with less charges. Mr. Gougler stated the community will pay the price of the local government, but not understand economic competitiveness. He does not understand why being competitive is not considered by city council. He believes for the municipal purposes of the city, the committee should choose the low-end of rate increases with rate flexibility.

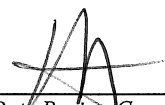
VI. ADJOURNMENT

The next meeting is scheduled for Wednesday, February 5, 2014, at 7:00 PM at the public safety building.

Chair Rourke adjourned the meeting at 8:08 PM.

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

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

 12-3-15
Citizens' Rate Review Committee Chair

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