

**CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
WEDNESDAY, FEBRUARY 12, 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 7:06 PM.

II. ROLL CALL

Members Present: Tony Rourke, Chair Blair Didway, Vice-Chair
 Helen Brown Rick Rogers
 Charles Zickefoose Mayor Bob Andrews, ex-officio

Members Absent: Ernie Amundson (excused) Mike Gougler (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. CONTINUED BUSINESS**1. Conclude Water, Wastewater, and Stormwater Rates**

Ms. Deb Galardi reviewed the highlights of the financial plan for water capital improvements driving the rate increase. The recommended 7% annual rate increases are projected to meet operations & maintenance escalation of approximately 4% per year and increase cash funding of capital as no new debt is in the planning window to fund the water treatment plant. The 7% annual rate balances the need for future planning without raising the rates for projects in 2028. In the past the committee agreed to increase the fixed charge rate schedule more than the volume in order to recommend rates at 25% over two years instead of the current 20%.

Ms. Galardi reported water bill impacts for small volume customers will increase up to 18% by fiscal year 2015-2016 due to the increase in the fixed charge; other customer bill impacts vary based on use and meter size, generally between 3-9%. A residential average on an annual basis is \$3.00 per month for fiscal year 2014-2015. There is currently \$3,000,000.00 in the capital reserve fund but will be spent down due to projects in the planning period.

Ms. Galardi said the eight-year wastewater capital improvement plan adjusted inflation shows a longer look at planning in the future due to the wastewater treatment plant. Wastewater, pump stations, and infiltration and flow improvements, which are all very high priority projects, will cost \$62,000,000.00. There is funding from the Oregon Department of Environmental Quality (DEQ) and the state revolving loans of \$3,800,000.00 will fund most of the wastewater treatment plant. The 5.75% annual rate increases for operations and maintenance

(O&M) escalation are about 4% per year and increased fixed charge revenue to about 30%. The current fixed revenue equals 28% and the proposed fixed revenue is 29.5% for fiscal year 2015-2016.

Ms. Galardi explained the bill impacts for wastewater for an average residential customer is \$3.27 in fiscal year 2014-2015, and \$3.44 for 2015-2016; a 5.8% change for both years.

The five-year stormwater capital improvement plans total \$1,710,000.00. The recommended plan of a 9% annual rate increase covers the annual O&M escalation of about 4% per year; increasing cash funding of capital as it draws down existing reserve by about \$450,000.00 with the need to build capital funding capacity to about \$250,000.00 per year. One-hundred percent of the revenue from stormwater is fixed charges.

Ms. Galardi recommended rates and bills for stormwater with an assumed rate increase of 9% per monthly bill in fiscal year 2014-2015, would be \$7.96 and \$8.67 in fiscal year 2015-2016.

The residential combined utility bill impacts for small users would be between \$5.71 - \$5.82; an average consumption customer at \$7.18 - \$7.41; and a large consumption customer at \$12.27 - \$13.12.

2. Decision of Rates for Town Hall

MOTION: Rourke/Zickefoose moved to increase water rates to 7% with a 25% fixed rate over two years. Motion carried (5 Yes/ 0 No /2 Absent [Amundson, Gougler]).

MOTION: Rourke/Brown moved to increase wastewater to 5.75% with a fixed cost to 29.5% over two years, and stormwater at 9% fixed. Motion carried (4 Yes/0 No/2 Absent [Amundson, Gougler]/1 Abstain [Rogers]).

3. Discussion on the Town Hall Format

Chair Rourke wants to treat the town hall more formally. He will open the meeting; provide announcements and the process, followed by the staff presentation and recommended rates just approved. Public comments will follow and be accepted until the presentation is finished. Public comments are five minutes, reserving the right to change if needed. The hearing will be officially closed and recess until the following meeting for discussion. Chair Rourke will be out of state for the scheduled meeting on March 5, 2014, to discuss the water, wastewater and stormwater town hall meeting. The town hall meeting for springs customers will be held on March 18, 2014. On April 2, 2014, the committee will recommend rates for all three systems to city council. The record will be closed on February 25, 2014. The public can attend city council meetings to present further written and oral testimony.

V. ADJOURNMENT

The water, wastewater and stormwater town hall is scheduled for Wednesday, February 25, 2014, at 7:00 PM at the public safety building.

Chair Rourke adjourned the meeting at 8:25 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

AA 12-3-15
Citizens' Rate Review Committee Chair

Minutes signed by current Chair & Secretary on 12/3/15 due to no signature obtained when approved by CRRC