

**CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
WEDNESDAY, APRIL 2, 2014
7:00 PM MEETING**

PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)

I. CALL MEETING TO ORDER

Chair Tony Rourke called the meeting to order at 7:10 PM.

II. ROLL CALL

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

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

Others Present: Deb Galardi, Galardi Consulting LLC

III. PROCLAMATION

Mayor Andrews stated that this may be a bit premature, but he felt it was appropriate in sharing with the CRRC that at the next City Council meeting a proclamation announcing April 6 - 12, 2014 as "National Volunteer Week" will be shared. He expressed his appreciation to the CRRC members in their commitment to volunteering on the CRRC.

IV. PUBLIC COMMENTS

Chair Tony Rourke opened and closed the public testimony; no citizens appeared.

V. CONSENT CALENDAR

1. Approve the following minutes:

December 11, 2013	February 12, 2014
December 19, 2013	February 25, 2014
January 8, 2014	March 5, 2014
January 22, 2014	March 18, 2014
February 5, 2014	

MOTION: **Rourke/Zickefoose** to approve the following minutes December 11, 2013, December 19, 2013, January 8, 2014, January 22, 2014, January 22, 2014, February 5, 2014, February 12, 2014, February 25, 2014, March 5, 2014, and March 18, 2014. Motion carried. (7 Yes/ 0 No)

VI. CONTINUED BUSINESS

1. Staff recommendation on Water, Wastewater, and Stormwater rates.

Ms. Deb Galardi, Galardi Consulting LLC, presented the report. (see official meeting packet for full report)

MOTION: Rourke/Brown moved to recommend water rate increase by 7% with revenues for fixed costs to increase to 25%. Motion carried. (7 Yes/ 0 No/ 0 Absent)

2. Deliberate on Wastewater and Stormwater rates with motion.

Ms. Deb Galardi, Galardi Consulting LLC, presented the report. (see official meeting packet for full report)

MOTION: Rourke/Didway moved to recommend wastewater rate increase by 5.75% with revenues for fixed costs to increase to 30%, and Stormwater rate increase by 9%. Motion carried. (6 Yes/ 0 No/ 0 Absent/ 1 abstention Rick Rogers)

3. Staff recommendation on springs rates.

Ms. Deb Galardi, Galardi Consulting LLC, presented the report. (see official meeting packet for full report)

4. Deliberation of springs rates with motion

Mr. Rick Rogers stated he is waiting for an MOU (memorandum of understanding) between the city and the springs customers. He asked if the agreement can be prepared before the City Council meeting May 5, 2014.

Mr. Chuck Zickefoose stated the CC should be corrosion control, not chlorine contact as is mentioned on the slide presentation. He asked what staff's recommendation is. Staff replied Option A effective on January 1, 2015 as we must follow the Council's requirement per Resolution 2008.

Chair Rourke asked about the additional volume charge and when we will recover that. Staff is recommending it is included in Option A, with a 2 year recovery rate.

Mr. Mike Gougler asked if we should present as a motion or discuss the issue first. We really won't be able to divest in 1 year and he recommends Option C for January 1, 2015 and if it is not divested before January 1, 2016 then switch to option A.

Mr. Rogers said it should not be solely upon the springs customers and he also agrees with no significant work toward divesting near the end of 2015. There should be a flat rate unless there is no divesting and no shortfall needs to be addressed until 2016.

Chair Rourke stated he will reiterate the earlier request by Mr. Rogers to raise rates to a fixed amount like the water rate increase of 7%. He also asked if we need to replace the pipe. Mr. Jay Harris said the average pipe replacement is 500 feet.

Mr. Gougler said we are not charged to come up with political solutions but are required to come up with a rate to maintain the system. He thinks it should be Option C the first year because there are going to be capital/repair costs on the system and Option C still requires the rate payers of the city to subsidize the springs class. It reduces the amount the springs customers have to pay as well as the rest of the customers.

Chair Rourke asked Mr. Gougler to clarify the recommendation. Mr. Gougler stated we do not want to cover the shortfall and the 2007 methodology is in place through the end of 2014. It is not going to be possible to complete the divesting agreement prior to end of 2014, so for one year we have one rate Option C to cover the cost. It does not totally cover the cost but it is closer than the 2007 resolution.

Mr. Rogers said the project was overrun but the operations and maintenance was covered. If we are going to recoup from 65 users we need to confirm the pipe replacement. There is an historical obligation with these users and if nothing is done by January 2016 it is fair warning.

Mr. Gougler stated a reasonable estimate is based on assumed costs during this period and if there is no need to do pipe replacement in 2015 then they will get a credit towards divestiture. Mr. Rogers responded the city can bear the cost much easier than the springs customers. Mr. Lee Elliott said these are the true costs for the operations and maintenance and the rates have gone up every year.

Mr. Rogers stated if the city was not tracking the rates correctly, then it is the city's problem, because we were being told what to pay.

Mr. Blair Didway said there is lots of discussion that can be continued all night but the per user rate for the springs is approx \$1,000.00, which is Option D. Mr. Gougler said Option C for 1 year with no recovery for 2015 and if divestiture does not happen by 2016 Option A with no shortfall recovery. Option E is Mr. Rogers's option to be 2007 resolution times 7% rate increase.

Motion: **Gougler/Brown** move to adopt Option C for January 1, 2015 and if divestiture isn't completed by January 1, 2016, then Option A will be implemented, but with no recovery of shortfall. Motion removed from table.

Mr. Rogers said that if you take out the pipe replacement it comes down to 32% and keep out overrun. Down to 28.8% for total costs of \$99,192.00 and revenues at \$77,131.00 equates to a 26.6% increase.

Motion: **Rourke/Rogers** moved to recommend for the interim period for springs rates to increase by 25% until 2016 (to accommodate both parties City Council and springs customers) and jump to Option A if no divestiture. If the city is required to do capital improvements and, but not limited to, pipe replacement in 2015, then the rates in Option A would be recalculated as of January 6, 2016. No additional shortfall will be recovered from the past CT project for the 2 year rate cycle. Motion carried. (7 Yes/ 0 No/ 0 Absent)

5. Final overview on rate recommendation to City Council

We have recommended a 7% increase for water and increasing the fixed costs from 20% to 25% over the course of this two-year rate cycle, a 5.75% increase for wastewater and increasing the fixed costs from 28% to 30% over the course of this two-year rate cycle, a 9% increase for stormwater, and a 25% increase for springs in 2015, jumping to option A in 2016 to actual costs if springs divestiture does not

take place by January 6, 2016.

VII. FINAL STEPS IN PROCESS

The next step will be a public hearing at the May 5, 2014, City Council meeting to hear the rates as recommended by the CRRC at 7:00 PM at the Public Safety Building.

Next CRRC meeting will be in June to approve the grant funding to non-profits to help Newberg citizens with their utility bill.

VIII. ADJOURNMENT

The meeting adjourned at 8:47 PM.

Approved by the Citizens' Rate Review Committee on this 4th day of June, 2014.

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

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

Minutes signed by current Chair & Secretary on 12/3/15 as the signatures were not obtained on date of approval.