

**CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
THURSDAY, OCTOBER 22, 2015
6:30 PM MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)**

I. CALL MEETING TO ORDER

The meeting was called to order at 6:30 PM.

II. ROLL CALL

Members Present: Rick Rogers, Chair Holly Bradford Marilynn van Grunsven
Nick Morace Blair Didway, Vice Chair Bill Rourke, Secretary
Mayor Bob Andrews, ex-officio

Staff Present: Steve Rhodes, City Manager Pro Tem Matt Zook, Finance Director
Jay Harris, Public Works Director Kaaren Hofmann, City Engineer
Caleb Lippard, Assistant Finance Director

Others Present: Deb Galardi, Galardi Consulting LLC

III. PUBLIC COMMENTS – None.

IV. CONSENT CALENDAR – None.

V. NEW BUSINESS

1. Stormwater Capital Improvement Plan Presentation

City Engineer Kaaren Hofmann gave a status update on the projects the CRRC approved during the 2013-14 meetings which included the Stormwater Master Plan update which was completed, Sheridan Street storm drainage upgrades which was on hold, 2nd Street parking lot pipe which was completed, Blaine Street storm pipe which was in design, 2014 SDC rate consultant study which was completed, and Center Street storm pipe was still a couple years out. She then discussed the stormwater projects coming up in the next five years. Those projects included S. Blaine Street from Hancock to 11th Street, Villa Road at Hess Creek, S. Center Street, Columbia Drive, N. Elliot Road, N. Springbrook, TMDL/WQ retrofit, SW Design Manual update, and multi-fund projects.

There was discussion regarding stream bank erosion, GIS mapping, ten year storm event, anticipating population growth, and run off from private development.

2. Stormwater Rates Presentation

Deb Galardi of Galardi Consulting LLC gave an overview of the stormwater rates which had been in effect since 2003. The initial rate was \$4 for an equivalent dwelling unit (EDU). She explained how customers were assessed and gave definitions of EDU and impervious area. The last rate update was done in 2014 and 9% annual rate increases were recommended by the CRRC. Those increases were still being implemented. The first one went into effect in January 2015 which brought the rate to \$7.96 per EDU. The next rate increase went into effect in January 2016 which would bring the rate to \$8.67 per EDU. She explained the rates needed to cover the cost of the system in a fair and equitable way. Costs were identified by staff, approved by the Budget Committee and adopted by

Council. The CRRC would develop a rate proposal based on the budget. The CRRC would be looking at projected costs and revenues past the current fiscal year and making a recommendation for the next two years. She explained the revenue sources and the expenses for stormwater. The policy for stormwater had been to cash fund projects to minimize the financial costs of the improvements. She then explained how the revenue sources and expenses were forecasted for the two year period, forecasting operation and maintenance, user rates, and capital improvements. She then discussed the specific numbers in the stormwater budget for the current fiscal year and compared the numbers to what was projected in the 2014 CRRC process. She reviewed the cash flow needed to implement the Capital Improvement Plan. Revenues came in higher and expenditures came in lower than anticipated in the last fiscal year, and that money would carry forward which put them in a stronger financial position. Existing reserves could be used to fund part of the CIP as well, however rates and SDCs were needed to contribute due to inflation. In order to forecast revenue and expenditures, they would use similar assumptions as done previously, such as .5% annual customer growth, 3-4% for operating cost inflation, 2% of the budget would not be spent, and there would be no debt funding for the CIP. Based on these assumptions, the recommendation was the 9% annual rate increase. However, they could use reserves to buy down the rate increase.

3. Committee Discussion

There was discussion regarding the charts in the presentation, funding for the capital improvements, SDC eligible projects, difference between capital reserves and operating contingency, stormwater runoff and reducing 50% of the stormwater load to the system as well as providing better incentives for new development to reduce impact to the system, and how accurate the revenue projections and estimated costs were.

Mr. Rourke would like to see what happened in 2013 and 2014 for capital expenditures and rate increases as well as a comparison of Newberg's stormwater rates to other comparable cities.

Ms. Galardi discussed the items that would be brought back to the next meeting.

Chair Rogers said the Committee would have to decide if they were comfortable with 9% per year increases, comfortable with the capital improvement project list, and comfortable with no reserve for capital improvements.

4. Utility Facilities Tours

Public Works Director Jay Harris listed potential tour dates. He would send out an email and work on scheduling two tours.

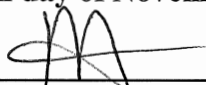
Chair Rogers said the December 17 meeting would be changed to be considered "an additional meeting day if needed" rather than the beginning of the water rate discussion. The water rate discussion would begin January 7 and the conclusion would be January 21.

VI. ADJOURNMENT

The meeting adjourned at 8:20 PM.

Approved by the Citizen's Rate Review Committee on this 19th day of November, 2015.

 11-25-15
Citizens' Rate Review Committee Recording Secretary

 12-3-15
Citizens' Rate Review Committee Chair