

**CITY OF NEWBERG  
CITIZENS' RATE REVIEW COMMITTEE  
THURSDAY, MARCH 24, 2016  
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                      Mayor Andrews

Staff Present: Matt Zook, Finance Director  
                                 Kaaren Hofmann, City Engineer

Others Present: Deb Galardi, Galardi Consulting LLC

**III. CONSENT CALENDAR**

1. Approve minutes from the February 18, 2016 meeting

**MOTION: Bradford/van Grunsven** moved to approve the minutes from the February 4, 2016, meeting. Motion carried (4 Yes/ 0 No).

**IV. ITEMS FROM STAFF**

1. Staff presentation on revised Wastewater Rates

Chair Rogers said the reason the CRRC was meeting was because the suggested wastewater rates were remanded back to the Committee from the Council to fund Inflow and Infiltration (I & I) projects. Originally the proposed wastewater rates were to be raised 5.95%. The Committee thought it was too high and had considered other options, finally deciding on 4%. The City also found out that if the suggested rates were 3% beyond the CPI, it was subject to voter referendum. With the current CPI, rates up to 4.2% were not subject to the referendum. There were different opinions on what constituted the rate, such as the average user rate or every single user rate or increase in overall revenue. The final rates presented to Council were 3.8% for the average user for the first year and 4.2% for the second year.

Deb Galardi, Galardi Consulting LLC, said that was the total bill, but stormwater rates were being raised by 9%.

Finance Director Matt Zook said the Council approved an amended resolution for stormwater that showed the rate that was above the 4.2% was subject to possible voter referendum.

Mayor Andrews clarified citizens would have to file an initiative petition for a referendum to take place. It was eligible for a referendum, but the Council was not referring it to the voters.

Ms. Galardi presented the capital improvement costs and funding with the I & I projects included, revenue increases, and the rates and bills. The Council's charge was to add back in the I & I projects and she explained what those projects would be. These projects were also eligible for SDC funding and did not all have to be funded by the rates. There were also existing reserves that could be used. She developed the lowest rate increase that would fund the projects and came up with 4.2%. The 4.2% per year increase would fund the I & I projects and would potentially draw down reserves in the short term but with the higher than projected current revenue for the current year it could end up as good or better than what was projected. For an average residential wastewater customer bill, the increase would be 4.2% or \$2.65 in the first year and \$2.74 in the second year. For commercial and industrial customers it would increase 3% to 5% based on their class and amount of usage. It was an overall 4.2% system-wide revenue increase.

Mr. Morace thought the proposed rates that went to Council were too high already and he would like to keep them where they were.

Ms. Bradford said this was only an increase of .2% and she was in support.

Ms. van Grunsven agreed with Mr. Morace to leave the rates as they were recommended to Council.

Mayor Andrews said the charge from the Council had been to <sup>consider to</sup> reinstate the I & I projects to avoid kicking the can down the road as had been done in the past.

Chair Rogers said he was not qualified to say how one capital improvement project weighed against another. Staff had been hired to do that. He did not think it was in the Committee's purview to say do the I & I vs. Hess Creek or other projects. The Committee's deliberation weighed a lot of these considerations including kicking the can down the road. The Council felt strongly enough to go beyond the current recommendation and had staff do the work, but he would not feel right going forward with a proposal to increase the rates that came from a minority position on the Committee.

City Engineer Kaaren Hofmann said the one thing about the I & I projects was that they would help the City in the long term so the City would not have to do big trunk line projects. If the I & I projects were put off, the operations and maintenance costs would be more in the future.

Mayor Andrews asked what would happen if the Committee voted no on the increase, and the Council rejected it again. FD Zook said the Council met the Code by referring it back and could move forward with the rates they deemed were sufficient. If the recommendation from the Committee was different from the original recommendation, there would be a public hearing on April 7. If the recommendation stayed the same he would take it back to Council in April.

**MOTION: Morace/van Grunsven** moved to not raise the rates and keep them as originally recommended. Motion passed (3 Yes/ 1 No [Bradford]).

FD Zook said in Budget Law, a motion had to be passed by a majority of the committee, not a majority of a quorum. In this case that would mean four yes votes.

**MOTION: Morace/van Grunsven** moved to reconsider the previous motion vote. Motion carried (4 Yes/ 0 No).

**MOTION: Morace/van Grunsven** moved to keep the wastewater rates at 4% and not change what was originally proposed. Motion carried (4 Yes/ 0 No).

## V. PUBLIC COMMENTS

None.

**VI. COMMITTEE DISCUSSION**

**VII. NEXT STEPS IN PROCESS**

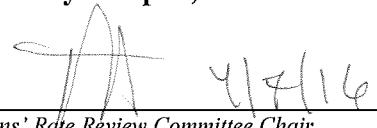
FD Zook would research to see if a public hearing needed to be held since the recommendation was not changed.

**VIII. ADJOURNMENT**

The meeting adjourned at 7:20 PM.

**Approved by the Citizen's Rate Review Committee on this 7th day of April, 2016.**

  
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*Citizens' Rate Review Committee Recording Secretary*

  
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*Citizens' Rate Review Committee Chair*