

**CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
THURSDAY, JANUARY 4, 2018
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 Nick Morace Marilyn Van Grunsven
Bill Rourke Sarah Grider
Mayor Bob Andrews, ex-officio

Staff Present: Matt Zook, Finance Director
Kaaren Hofmann, City Engineer
Jay Harris, Public Works Director
Caleb Lippard, Assistant Finance Director

Others Present: Deb Galardi, Galardi Consulting LLC

III. CONSENT AGENDA

1. Approve minutes from the July 27 and December 7, 2017 meetings

MOTION: Morace/Rourke moved to approve the consent agenda. The motion carried (5 Yes/0 No).
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IV. PUBLIC COMMENTS

Joan Drabkin, property owner in downtown Newberg, discussed the Transportation Utility Fee and affordable housing. Her property was a combination of commercial and residential units and she tried to keep her rents affordable. She had 21 apartments and 9 commercial spaces. She thought she was being double taxed through the Transportation Utility Fee and large rent raises would adversely affect her renters. The business next door to her received a \$200 rent raise and the business was planning to move into her building. She thought the TUF was bad for a thriving downtown. Her TUF assessment was \$700, and it had nothing to do with the water bill. There was no sunset clause on the TUF. She was in a tough position of trying to provide affordable housing and being charged an extra \$700 per month.

Chair Rogers said this issue would be discussed at the next CRRC meeting.

V. COMMITTEE BUSINESS

1. Conclude Water and Wastewater Discussion

This item was discussed below.

2. Stormwater Revenue and Rate Discussion

City Engineer Kaaren Hofmann gave a status update on the stormwater projects from two years ago including S Blaine Street from Hancock to 11th, Villa Road at Hess Creek, S Center Street, Columbia Drive, N Elliott, N Springbrook, TMDL/WQ retrofit, and SW Design Manual update. The proposed 5 year stormwater projects included S Blaine Street from Hancock to 11th, N Elliott, N Springbrook, TMDL/WQ retrofit, 800 block Wynooski Road extension, and multi-fund projects. She then gave the details for these proposed projects. S Center Street had come off of the list due to funding and Columbia Drive had come off because a development project would take care of most of the improvements. Villa Road at Hess Creek had been completed.

Deb Galardi, Galardi Consulting LLC, provided a background on stormwater rates which began in 2003. The initial rate was \$4.13 per equivalent dwelling unit which generated \$0.5 million. The last rate review was completed in 2016 and at that point 9% annual increases were approved. She discussed the stormwater rate increase history, current rates, sales revenue comparison, Capital Improvement Plan comparison, annual CIP expenditures, capital funding, operation and maintenance cost comparison, revenue requirements from rates, preliminary forecast, and stormwater reserves. The reserves did not reach the same reserve policy targets as wastewater, but this program was a young program and they had been phasing it in to meet the targets. This system had not incurred any debt to date, and they wanted to keep it that way. The recommendation was to continue with the annual rate increase of 9%. To reach the reserve targets in five years, it would require more than a 9% increase. She showed the stormwater bill impacts of a 9% increase, which would add about one dollar per month to bills. It went from \$10.30 in 2018 to \$15.85 in 2023.

Ms. Galardi gave a recap of all systems rates and reserves. The 3.5% wastewater rate increase met the low reserve policy target, the 9% stormwater rate increase did not meet the low target, and the 3.5% water rate increase did not meet the low target, but a 4.75% water rate increase would meet the low target. The increase for all the rates combined with wastewater and water at 3.5% and stormwater at 9%, would be an increase of 4% in 2019 or \$4.85 more, and 4.2% in 2020 or \$5.27 more.

Chair Rogers said that when the Transportation Utility Fee was discussed, he would like to see the full impact on the utility bills.

There was consensus to move forward with the 3.5% increase for wastewater, 9% increase for stormwater, and something between the 3.5% and 4.75% for water.

Finance Director Matt Zook said at the last meeting the Committee asked staff to bring back information on what the Council's intent was by referring the reduction of the CPRD rate to the Committee. He looked at past minutes and staff reports, and it looked like Council wanted the CRRC to consider the recommendation for the rate reduction. There was not a push for the change, but they wanted the CRRC to look at the option. There was a \$20,000 impact to reducing the rate, which was minor. It could either increase water rates or drop the reserves.

Mayor Andrews said the Council did have concerns regarding subsidizing the non-potable water with other rates. Chair Rogers said another concern would be setting a precedent for other customers.

Ms. Galardi reviewed the non-potable water rate, which was currently at \$2.51 and the reduction request, which was \$2. If the potable water rates subsidized the reduction, it would be about an extra 15 cents per month for a typical residential bill. This would be the only instance where a subsidy would be required as the rates were based on cost of service.

Chair Rogers said all of the rates were established in a formulaic and determined manner. He did not know how he could justify the reduction as it seemed to be more of a political question than a rate question.

Committee Member Rourke thought the \$2.51 was a significant reduction from the \$3.52 it had been previously. He had not heard a compelling reason to reduce the rate.

VI. ADJOURNMENT

The meeting adjourned at 7:35 PM.

Approved by the Citizen's Rate Review Committee on this 25th day of January, 2018.

Citizens' Rate Review Committee Recording Secretary



Citizens' Rate Review Committee Chair

