

**City of Newberg
Rate Review Committee
October 13, 2021**

Meeting held electronically due to COVID-19 pandemic

Meeting called to order at 6:30 p.m.

Members Present: Brenda Morris, Melanie Mildenerberger, Jennifer Bean, Ned Knight, Wesley Clark, Sean Kelso, Alexander Aguilar (student), Councilor Stephanie Findley (ex-officio)

Absent: Ron Sinicki

Staff Present: Finance Manager Kady Strode, City Engineer Kaaren Hofmann, Senior Engineer Brett Musick, Administrative Assistant Zaira Robles Muniz.

Others Present: Galardi Consulting LLC, Deb Galardi

COMMITTEE BUSINESS

1. Election of Chair

Action: To nominate Brenda Morris as Chair of the Rate Review Committee
Motion: Brenda Morris
Second: Melanie Mildenerberger
Vote: 6 Yes 0 No 1 Absent [Sinicki]

2. Election of Vice-Chair

Action: To nominate Ned Knight as Vice Chair of the Rate Review Committee
Motion: Jennifer Bean
Second: Wesley Clark
Vote: 6 Yes 0 No 1 Absent [Sinicki]

3. Election of Secretary

Action: To nominate Jennifer Bean as Secretary of the Rate Review Committee
Motion: Jennifer Bean
Second: Melanie Mildenerberger
Vote: 6 Yes 0 No 1 Absent [Sinicki]

PRESENTATIONS

Deb Galardi, Galardi Consulting LLC, presented the 2021 Utility Rate Review (Exhibit A). She explained the rates were the primary funding source for utility enterprises. There were four rates to review: water, sewer, stormwater, and street maintenance. Rate reviews occurred every two years. She discussed other funding sources, rate review process, and sample municipal service statement.

There was discussion regarding breaking the rates out further on the service statements.


Consultant Galardi discussed the rate development process, financial plan development, establishing a revenue slope (annual system-wide revenue increases), key forecast drivers, balancing pressure on rates, foundation for financial resiliency, cash reserve guidelines, prior annual revenue increases, rate setting principles, current water rates, current sewer rates, and next steps.

There was discussion regarding franchise fees, SDCs, capital improvements, trip generation and intensity of use, and water service outside the City.

City Engineer Hofmann gave a utility system overview (Exhibit B). The wastewater system included the collection system and treatment plant and she showed maps of the sewer lines and areas of concern in the City. The current issues with the wastewater system were Inflow & Infiltration, maintenance, and reducing the number of lift stations. The water system included sources, treatment, distribution system, and storage. She showed a map of the water treatment plant, groundwater wells, and water storage reservoirs. The current issues with the water system were redundant source, seismic resiliency, HB 2001, and maintenance. The stormwater system included collection, treatment, and discharge. She showed a map of the City's watersheds and discussed where streams started. The current issues with the stormwater system were maintenance, Department of Environmental Quality requirements, and education. The transportation system included pavement, sidewalks/ADA ramps, bike facilities, and transit. She showed maps of the City's Transportation System Plan and pavement preservation projects for 2021. The current issues with the transportation system were maintaining the Pavement Condition Index, sidewalk gaps, ADA facilities, and bike facility gaps.


There was discussion regarding the pipe materials, homeowners' responsibility to repair adjacent sidewalks, enforcement of sidewalk repair, and advertising the City's sidewalk repair grant and loan programs.

The next meeting would be held on October 27. The meeting was adjourned at 8:02 p.m.

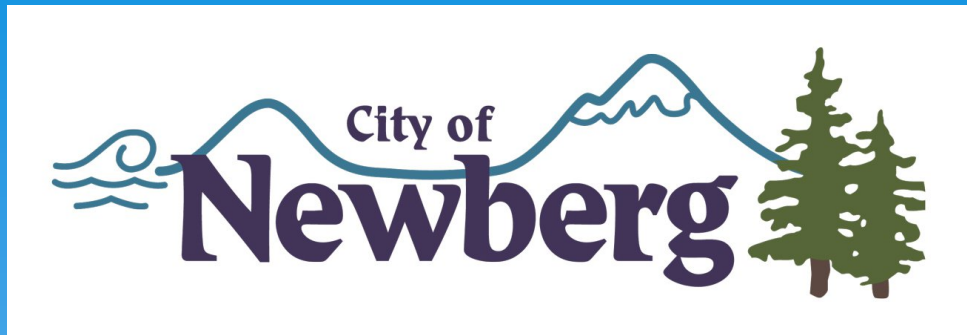


Zaira Robles Muniz, Administrative Assistant

ATTEST:



Brenda Morris, Chair



2021 Utility Rate Review

Introductory Meeting
October 13, 2021



Discussion Outline

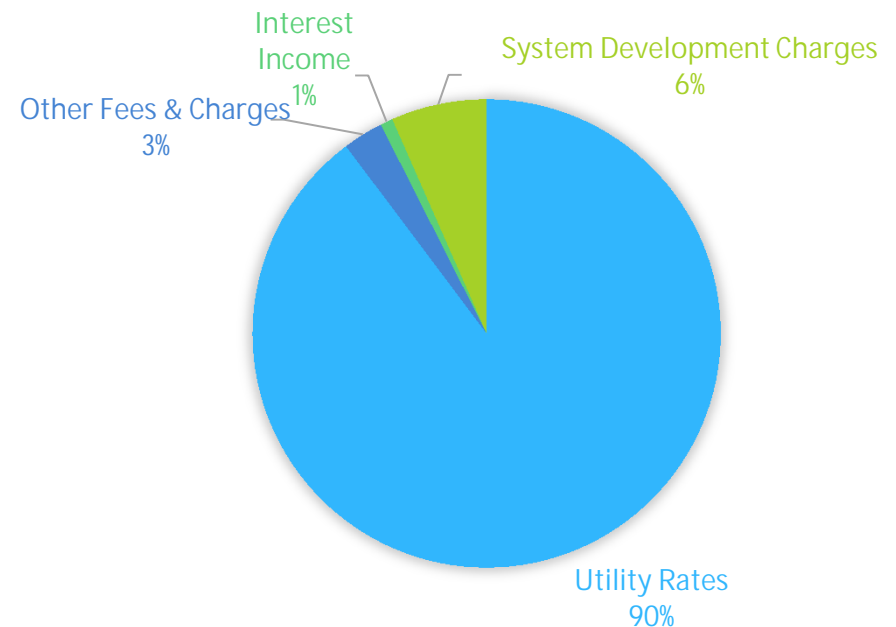
- * Background
- * Rate Development Process
- * Next Steps

Background

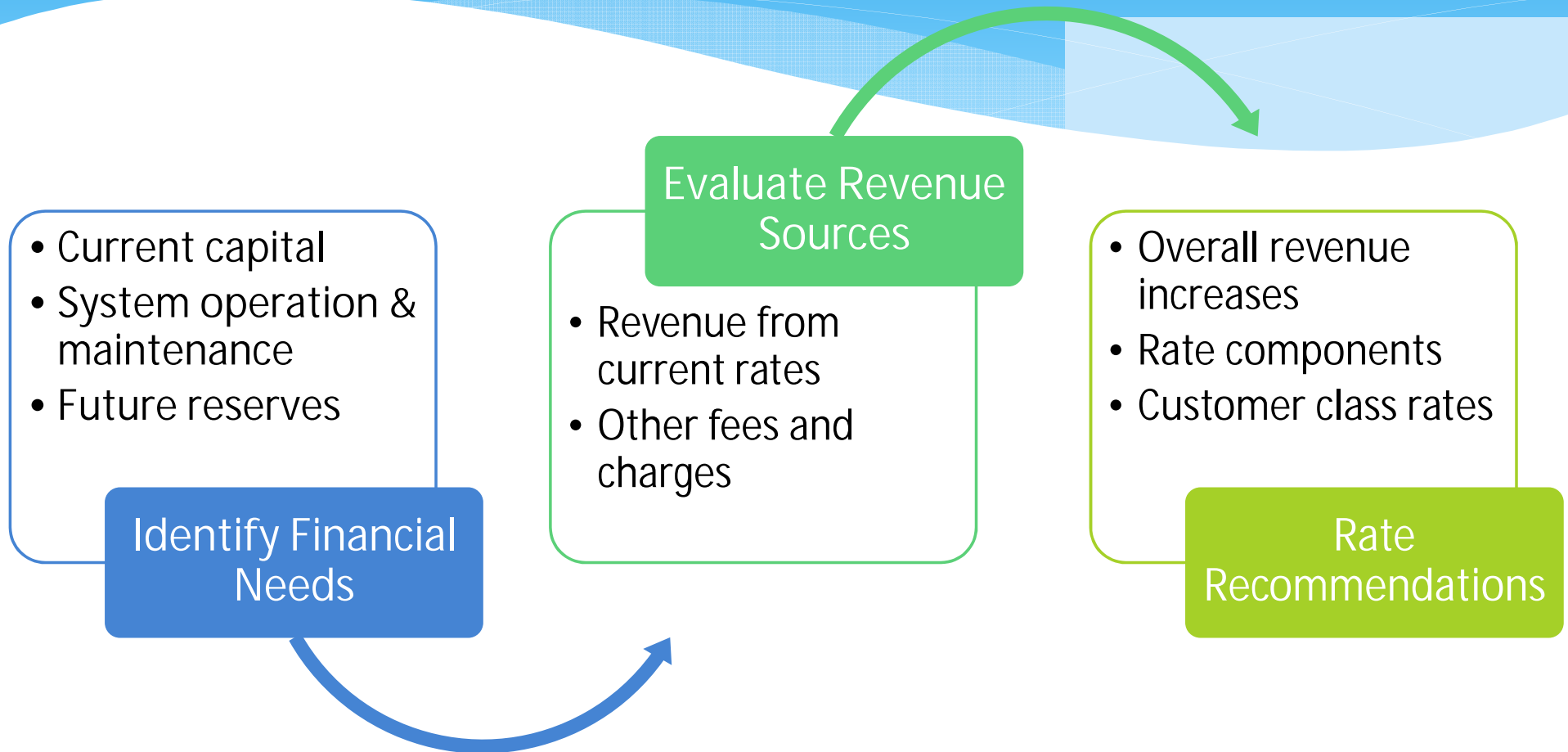
Utility Enterprises

- * Rates primary funding source for utility enterprises
 - * Water
 - * Sewer
 - * Stormwater
 - * Street maintenance
- * Rate reviews occur every 2 years

Typical Funding Sources



Rate Review Process



Sample Municipal Service Statement

Water

Service Charge	2.82
Meter Charge	17.06
Volume Charge	
4.17 per 100 cubic feet (cf) used	8.34
(200 X 0.0417)	
Total Water	<u>28.22</u>

Wastewater (Sewer)

Service Charge	29.00
Volume Charge * (Single Family)	
9.15 per 100 cubic feet (cf) used	18.30
(200 X 0.0915)	
Total Wastewater	<u>47.30</u>

Storm

\$13.34 per 1 edu (equivalent dwelling unit)	13.34
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Public Safety Fee

\$3.00 per 1 RME (residential meter equivalency) 3.00



Communications Officer Fee

\$2.26 per 1 RME (residential meter equivalency) 2.26

Transportation Utility Fee

\$5.09 per 1 dwelling unit 5.09

Total Utility Bill \$ 99.21



Established by
separate ordinance

Rate Development Process

Financial Plan Development

* Annual cash flow projections over 10-year period

Sources of Funds

Fund Balances

User Rates

SDCs

Interest Income

Miscellaneous Fees

Operating Expenses

Personnel

Electricity

Chemicals

Commodities

Contract Services

Capital Financing

Cash Funded

Debt Service

Other Requirements

Fund Transfers

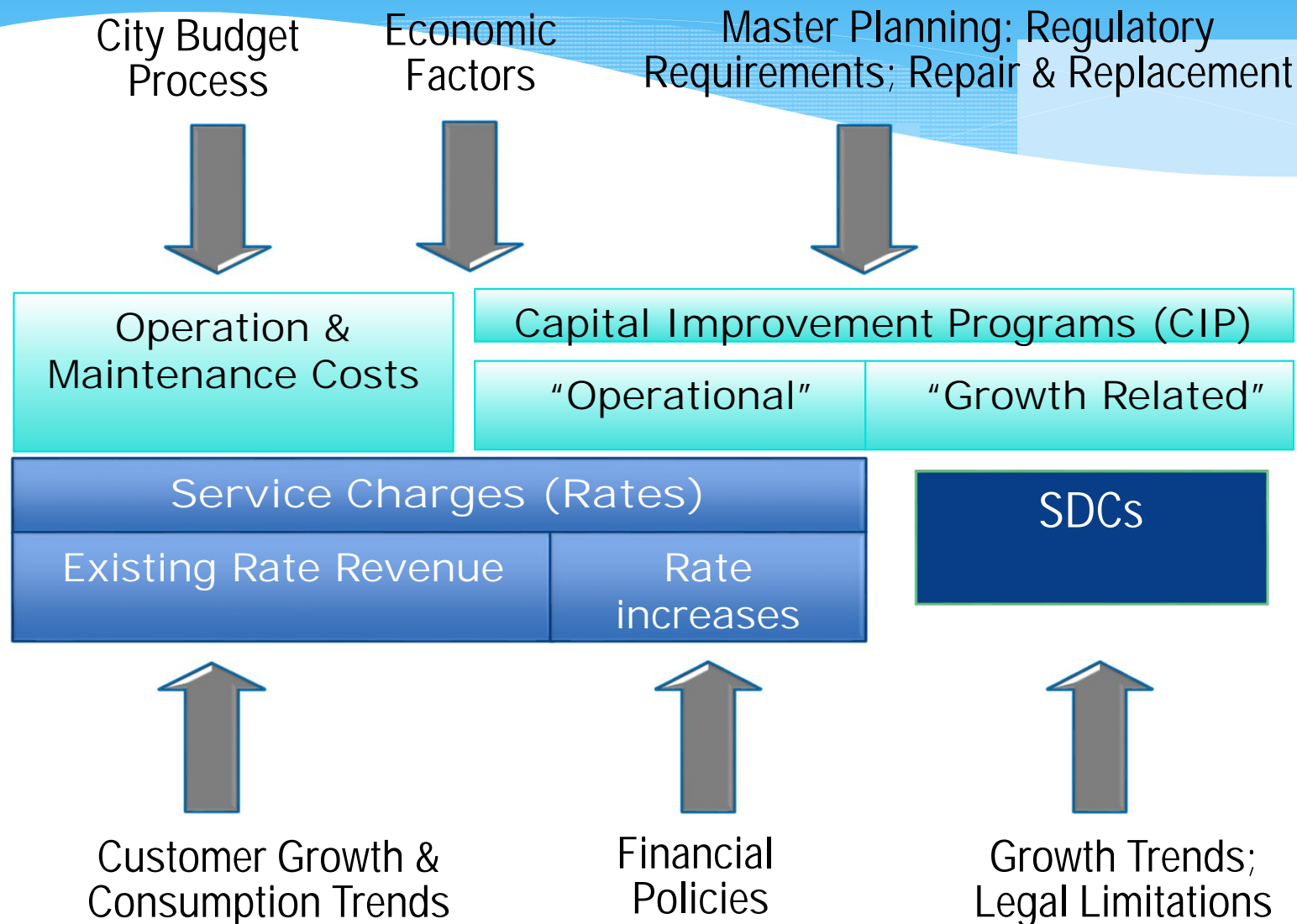
Franchise Fees

Reserves


Establishes "Revenue Slope"
(Annual system-wide revenue
Increases)

*SDCs = System Development Charges

Key Forecast Drivers




Balancing Pressure on Rates



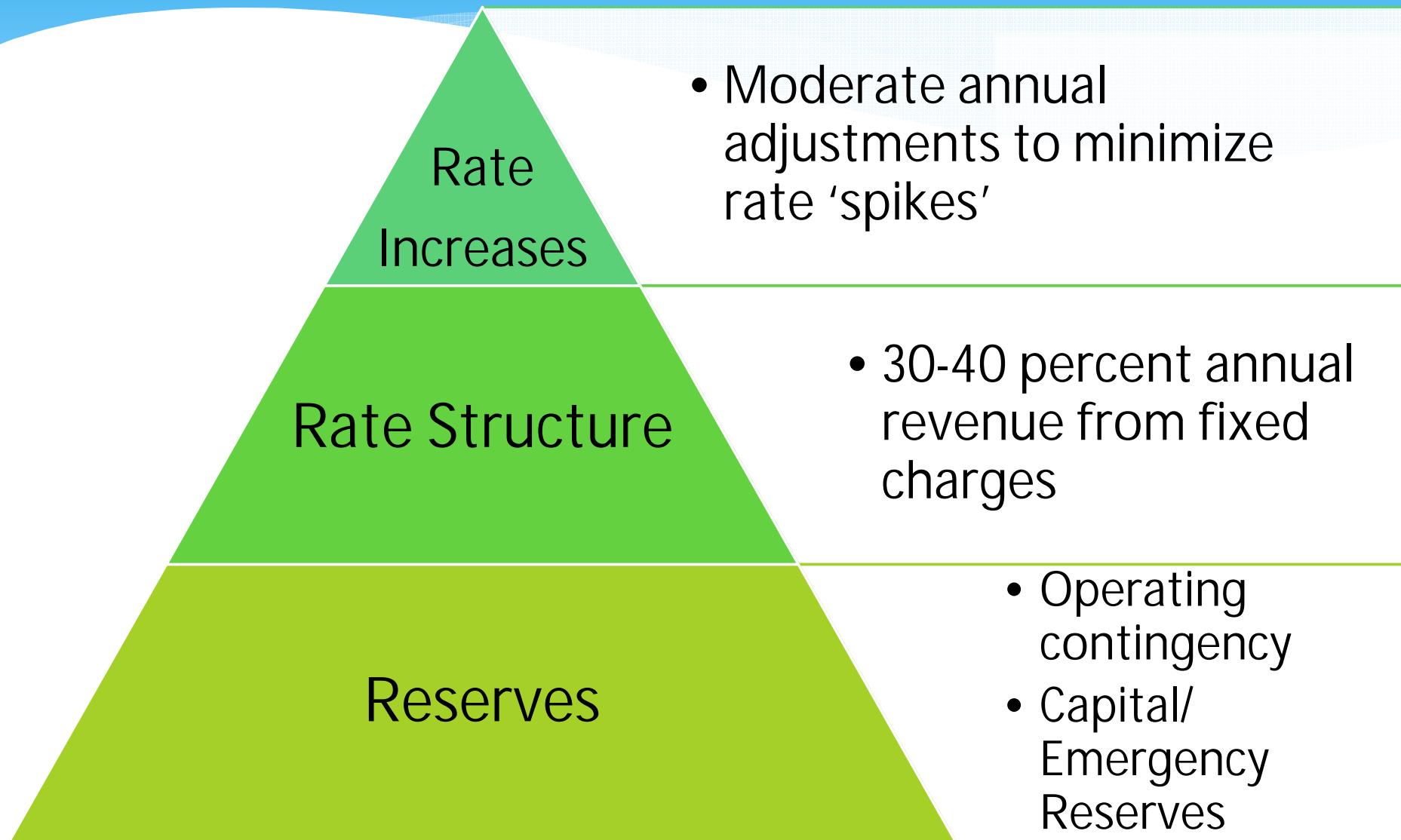
Downward Pressure

- * Steady consumption and customer growth
- * Reduced debt interest costs (refinancing existing debt; limit future borrowing)
- * Leverage existing reserves and grant funding

- 
- * Significant capital investment needed
 - * Existing debt burden (water & wastewater)
 - * Catch-up from prior years with no rate increases (transportation)

Upward Pressure

Foundation for Financial Resiliency



Cash Reserve Guidelines

“Cash reserve balances are a critical component to a utility’s financial resiliency and sustainability.”

- * Need for regular review and flexibility to respond to changing conditions
- * Cash reserves types
 - * Operating
 - * Capital
 - * Debt Service
 - * Rate Stabilization



Cash Reserve Policy Guidelines

2018 American Water Works Association (AWWA)

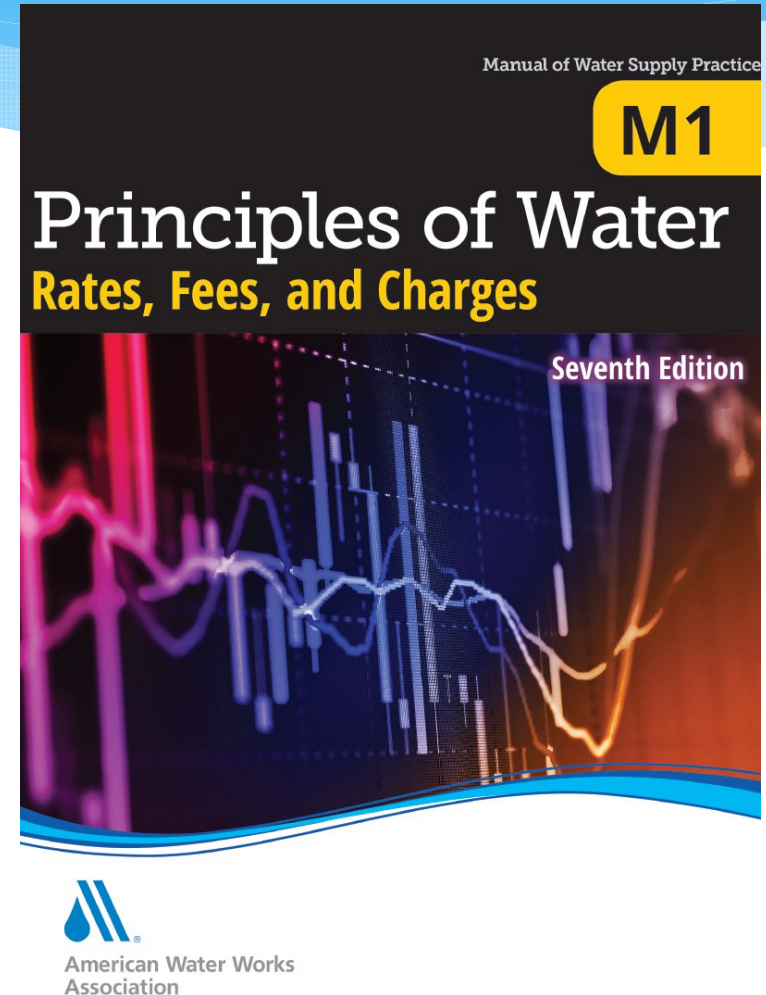
Prior Annual Revenue Increases

System	Effective Jan 1, 2021	Effective Jan 1, 2022
Water - Potable	4.0%	4.0%
Water – Non-Potable	10%	2.0%
Wastewater	3.5%	3.5%
Stormwater	9.0%	9.0%
Transportation Utility Fee	2.0%	2.0%

*Projected overall annual increase from all rates collectively; changes to individual rate components vary

Rate Setting Principles

- * Evaluate services provided
 - * Potable vs. non-potable water
 - * Fixed vs. variable costs
 - * Intensity of use (wastewater strength, peak water use, trip generation)
- * Recover costs from customer classes in proportion to service requirements



Current Water Rates

Service Charge (\$/month) \$3.25

Meter Charge (\$/month)	
3/4" meter	\$17.96
1"	\$30.53
1 1/2"	\$59.27
2"	\$95.19
3"	\$179.60
4"	\$299.93
6"	\$598.07
8"	\$957.27
10"	\$1,496.07
Non-potable 4"	\$62.21
Non-potable 8"	\$195.75

Volume Charge (\$/ccf)	
Single Family Residential	\$4.29
Multi-family Residential	\$3.50
Commercial	\$4.34
Industrial	\$4.89
Irrigation	\$8.03
Outside City	\$6.43
Public Agency	\$4.78
Non-Potable	\$2.80

Current Sewer Rates

Service Charge (\$/month)	\$30.11
Multi-family per unit Charge	\$24.88

Volume Charge (\$/ccf)	
Single Family Residential	\$9.46
Multi-family Residential	\$9.46
Commercial 1	\$9.46
Commercial 2	\$12.00
Commercial 3	\$19.69
Industrial	\$12.00
Outside City	\$9.45

Commercial 1 includes general businesses, public agencies, and schools.

Commercial 2 includes mini-markets, car washes, mortuaries, industrial, and fast food/cafeterias.

Commercial 3 includes restaurants.

Next Steps

- * Wastewater (Sewer) System Analysis
 - * Forecast capital and operating costs
 - * Project revenue under current rates
 - * Balance forecast drivers
- * Review findings with CRRC October 27, 2021

Questions

Utility System Overview

Citizen Rate Review Committee

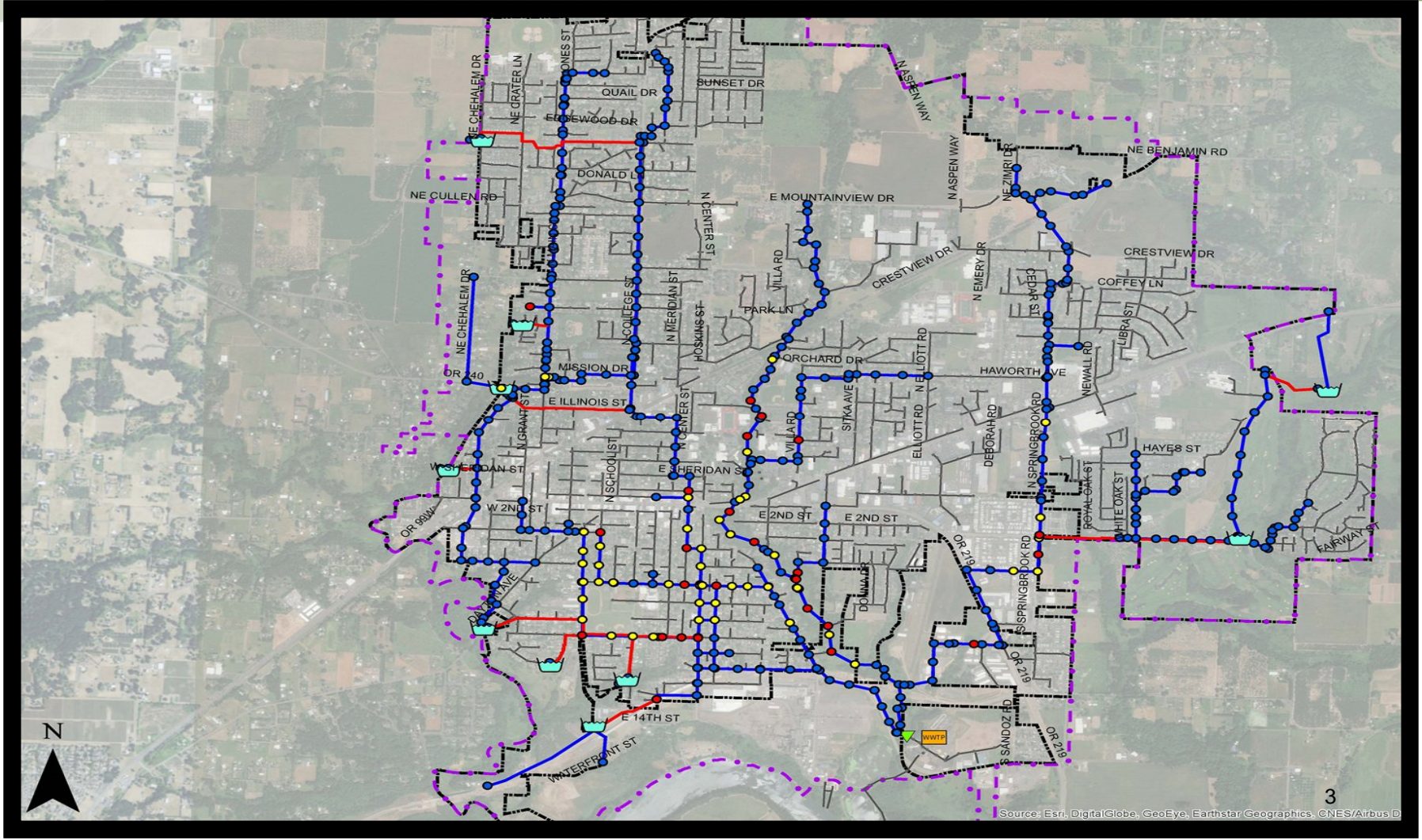
October 13, 2021

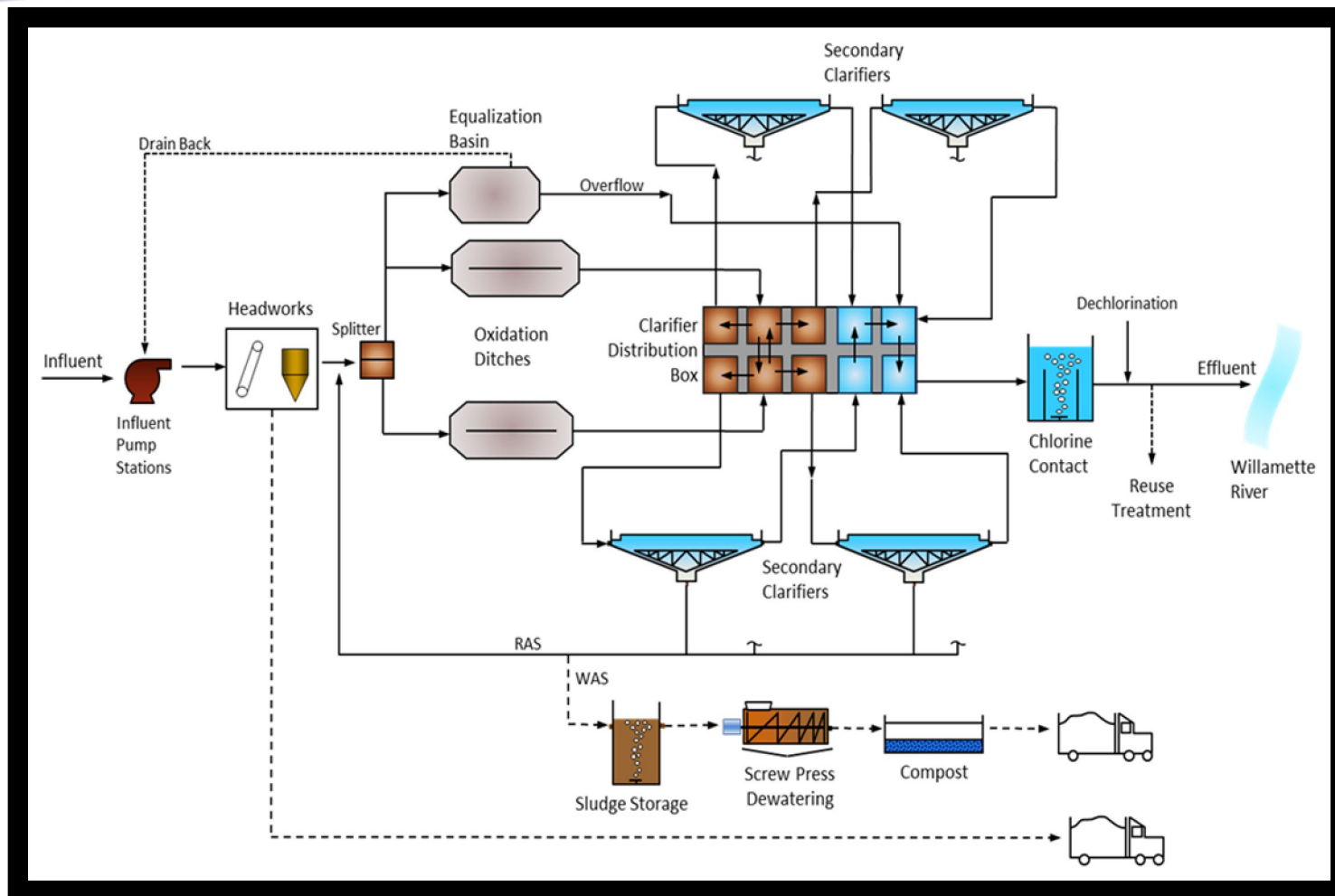


Wastewater System

- Collection System
 - Gravity
 - Lift Station
- Treatment Plant

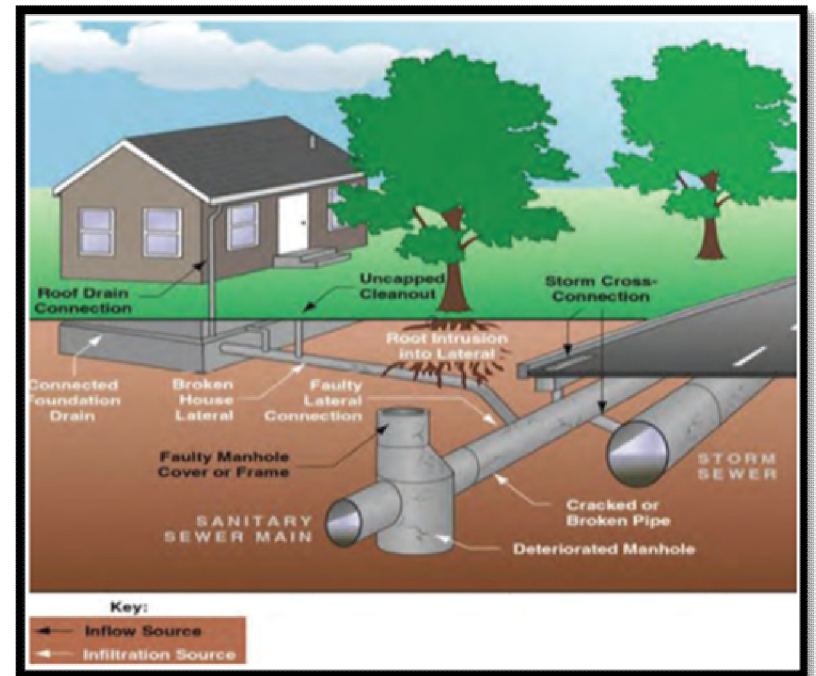






Issues

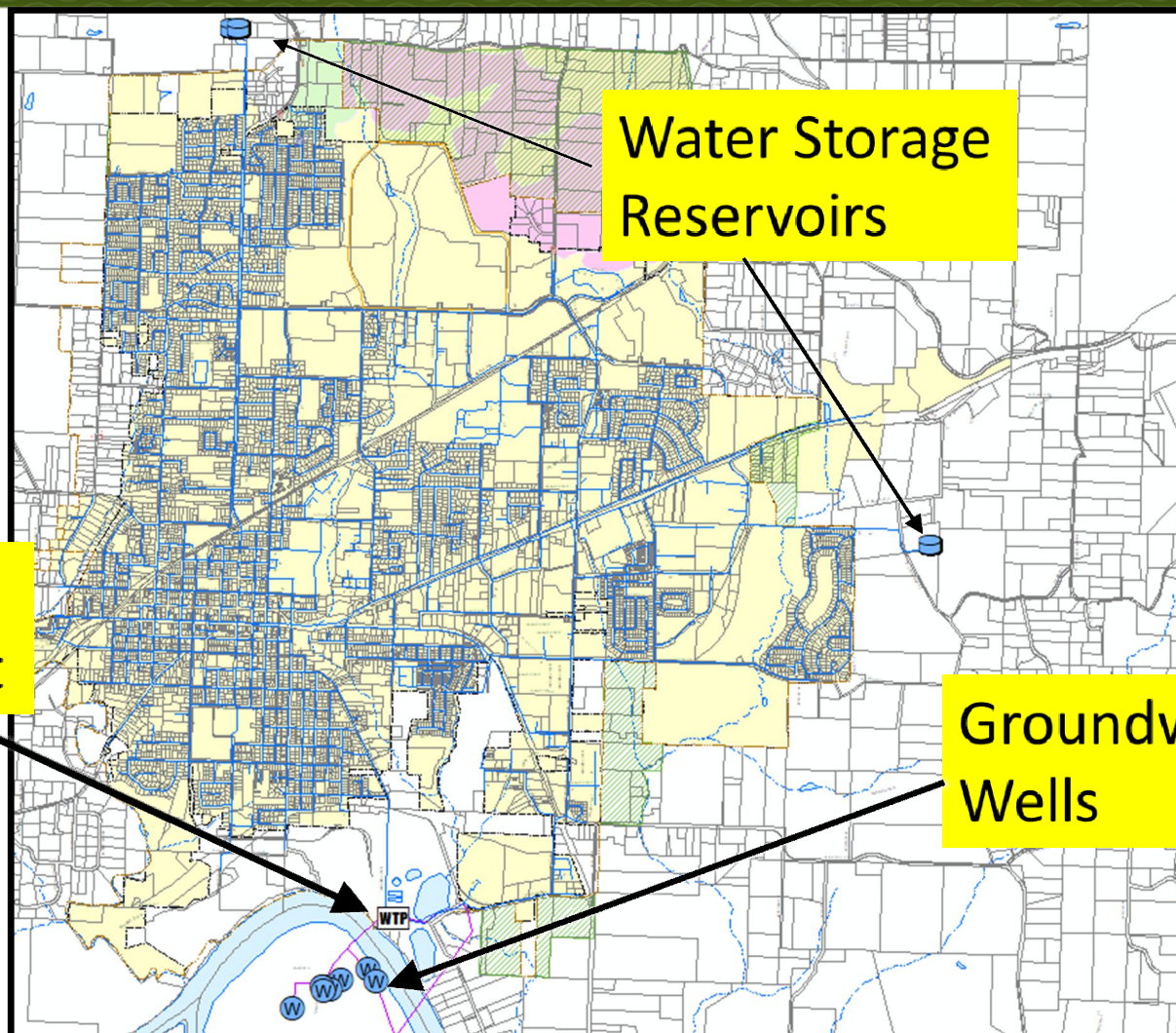
- Inflow & Infiltration
- Maintenance
- Reduce number of Lift Stations



Water System

- Source
- Treatment
- Distribution System
- Storage

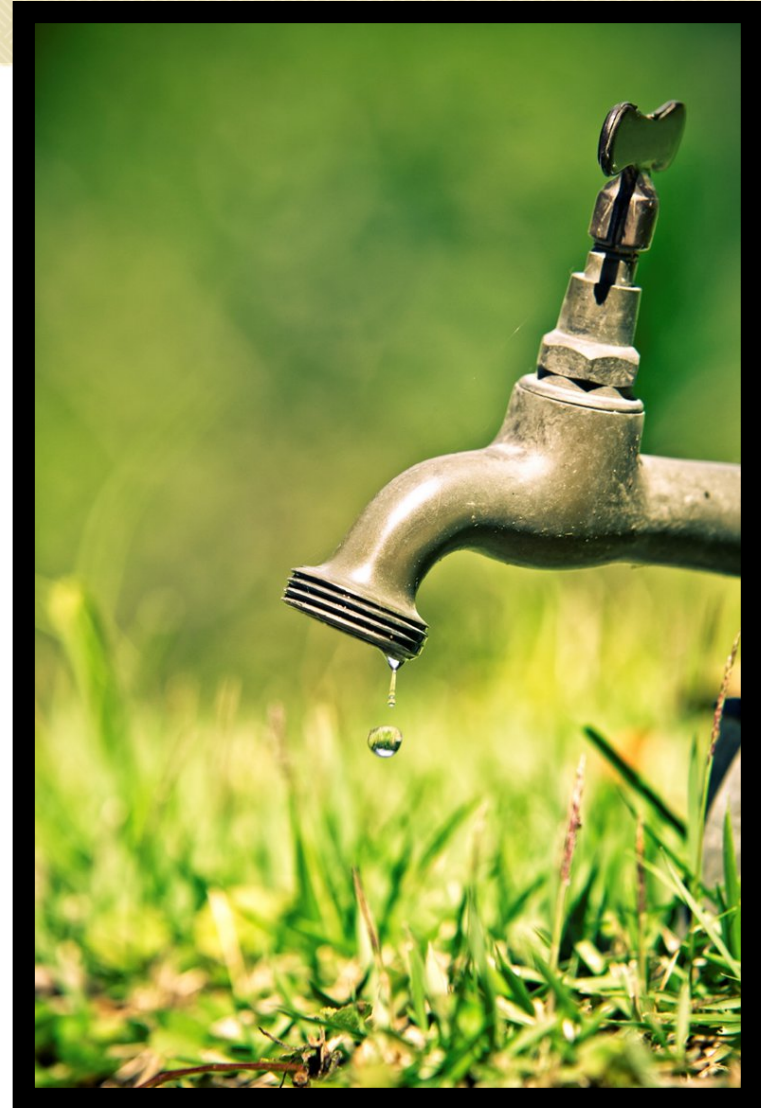






Issues

- Redundant Source
- Seismic Resiliency
- House Bill 2001
- Maintenance

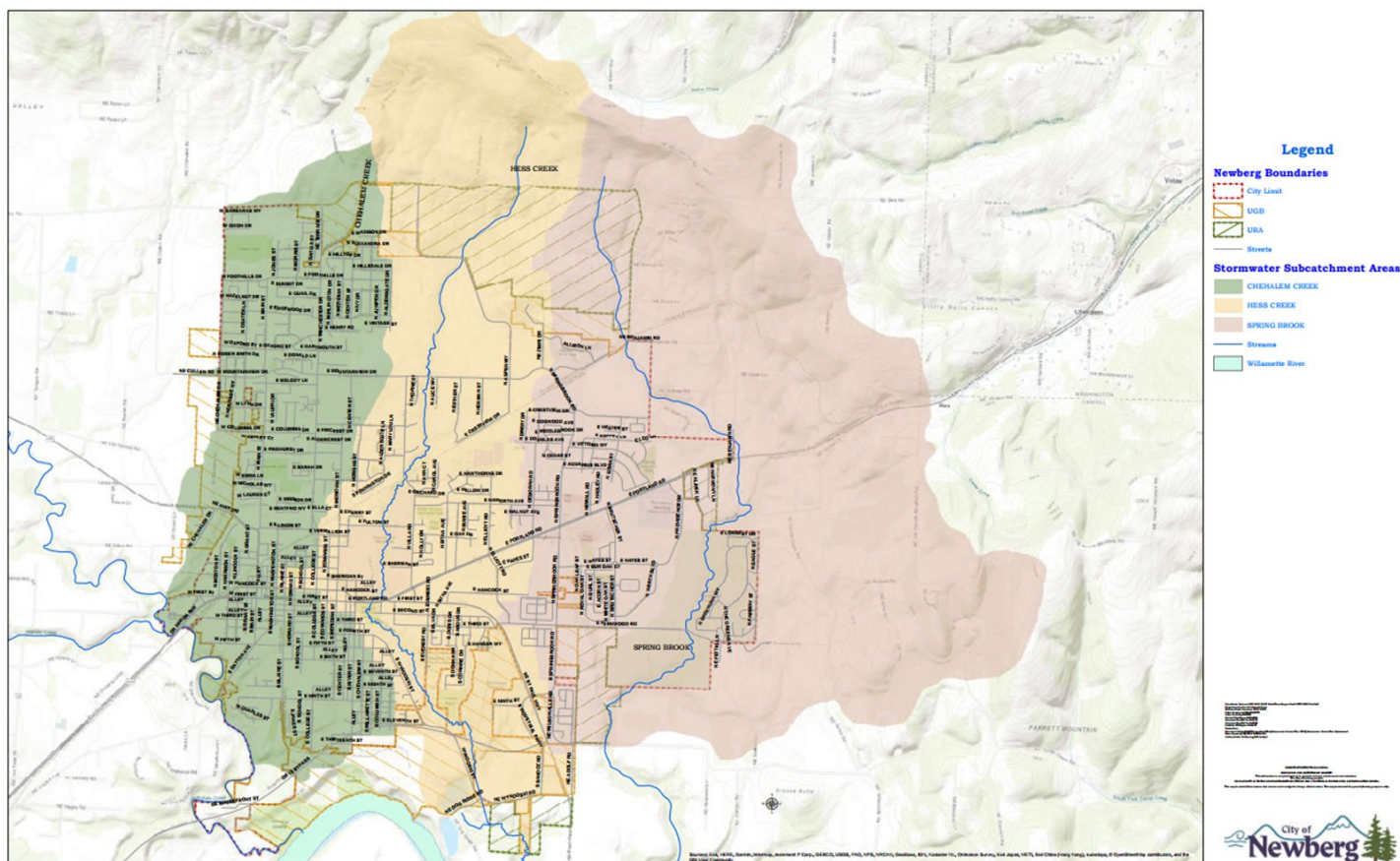


Stormwater System

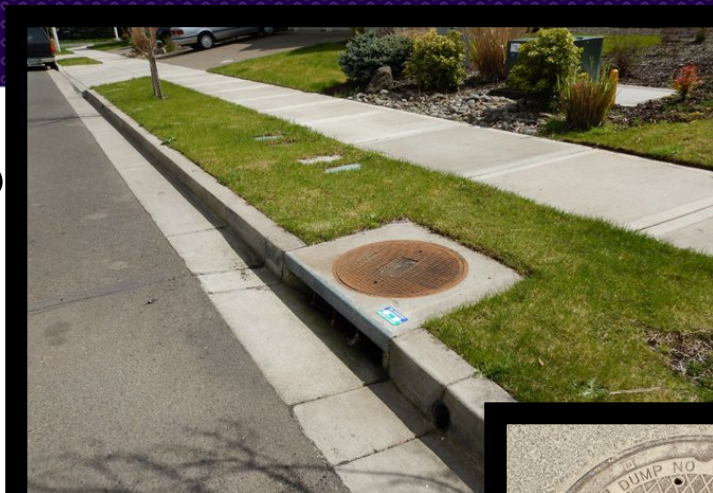
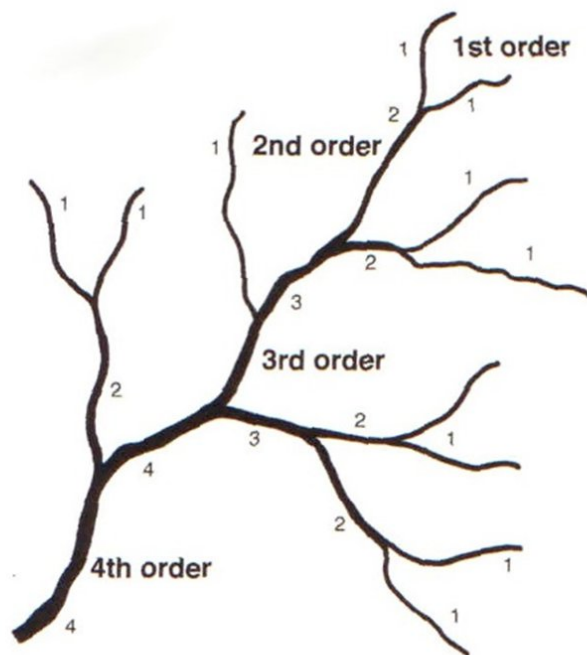
- Collection
- Treatment
- Discharge



City of Newberg Watersheds

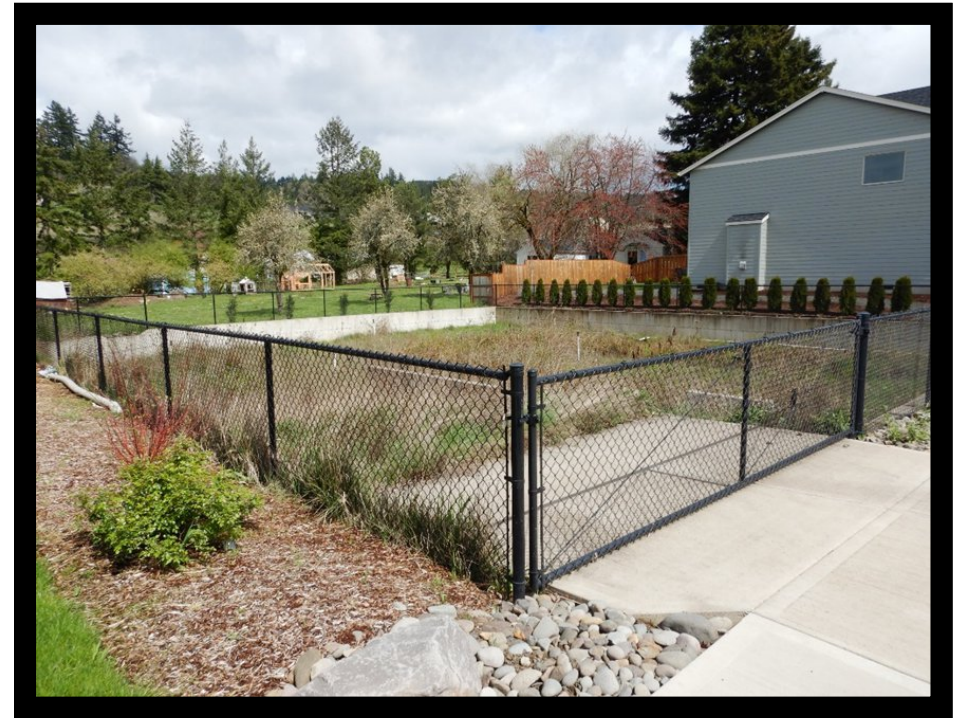


Where do streams start?



Issues

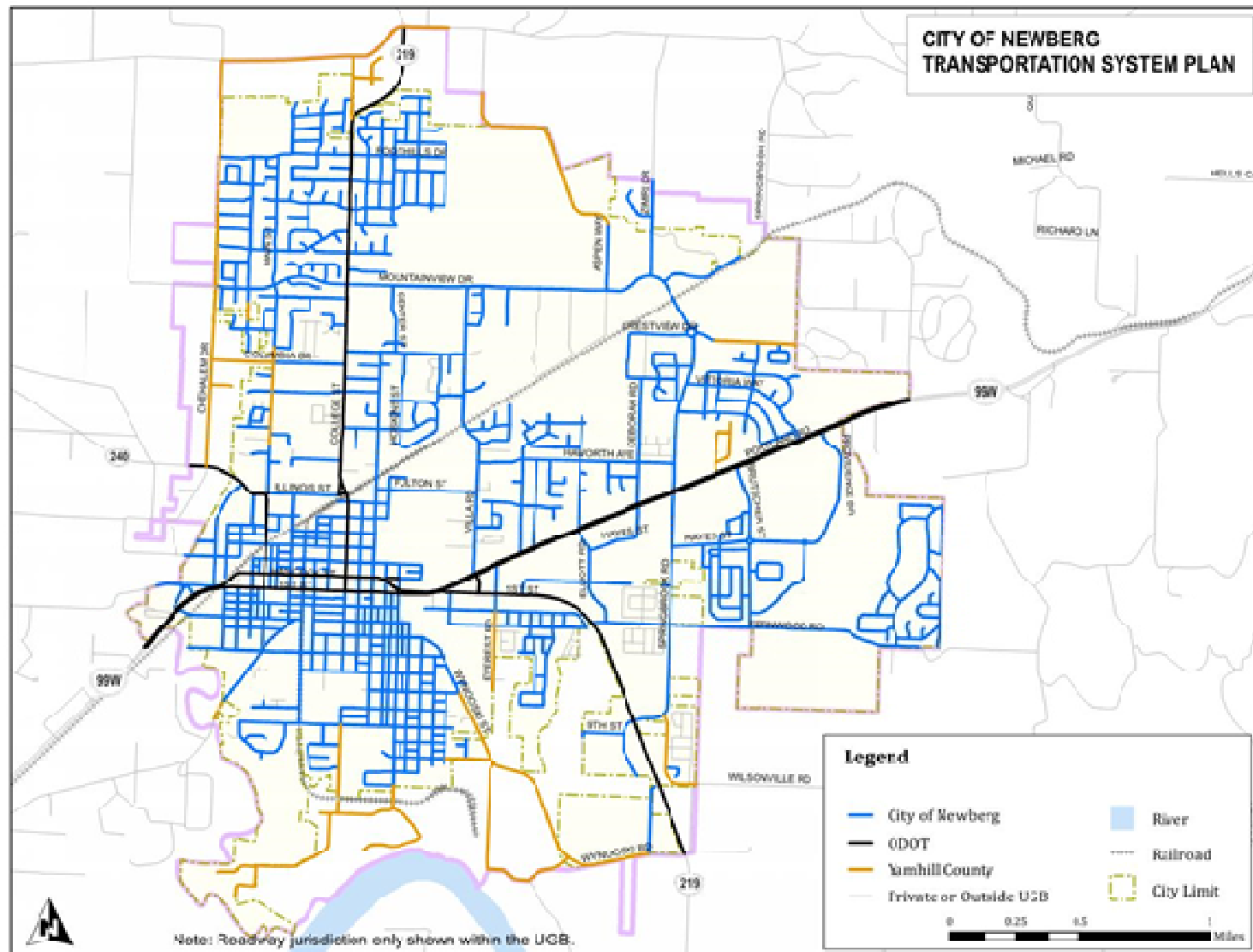
- Maintenance
- Department of Environmental Quality Requirements
- Education



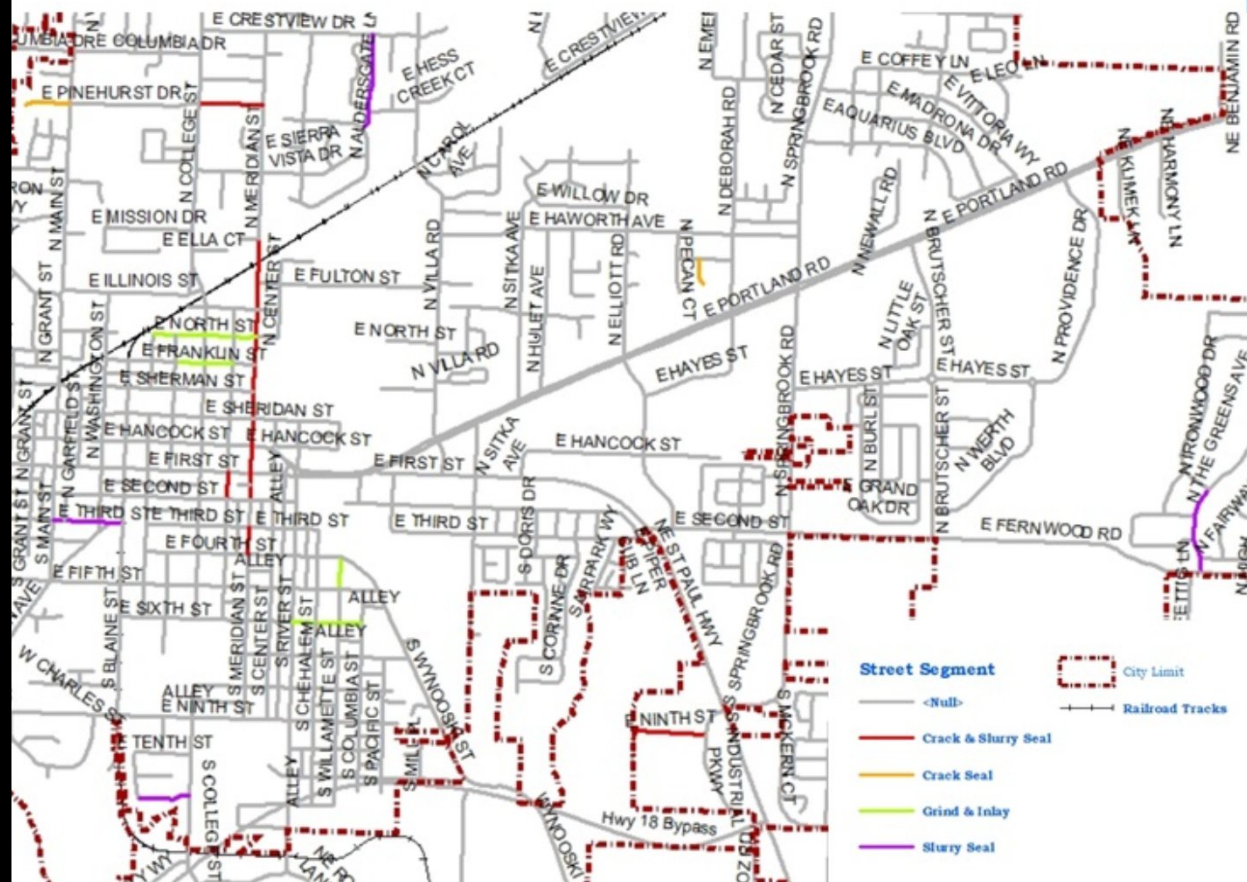
Transportation System

- Pavement
- Sidewalks / ADA Ramps
- Bike Facilities
- Transit





PAVEMENT PRESERVATION PROJECT—2021



Issues

- Maintain Pavement Condition Index
- Sidewalk Gaps
- ADA Facilities
- Bike Facility Gaps



Photo 1: OR 99W Entering Downtown Newberg