

City of Newberg
Rate Review Committee
February 09, 2022
Meeting held electronically due to COVID-19 pandemic

Vice Chair Knight called the meeting to order at 6:32 p.m.

Members Present: Melanie Mildenerger, Jennifer Bean, Ned Knight, Ron Sinicki, Wesley Clark, Alexander Aguilar (student)

Members Absent: Brenda Morris, Sean Kelso

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

Others Present: Galardi Rothstein Group, Deb Galardi

COMMITTEE BUSINESS:

Transportation Utility Fee Capital Projects

City Engineer Hofmann presented the Transportation Utility Fee Capital Projects (Exhibit A). She gave a background on the fee, pavement conditions, PCI, key things to note, how the fee could be modified, projects completed since 2017, proposed five year projects, and other transportation projects not funded by the fee.


2021 Utility Rate Review – Transportation

Deb Galardi, consultant, gave a presentation on the Transportation Utility Fee (Exhibit B). The fee was implemented in September 2017. There had been no rate increases in 2019 or 2020. She discussed the historical TUF revenue, which was originally projected to raise \$1.2 million (65% from non-residential and 35% from residential). The actual/projected revenues were about \$1.2 million (60% from non-residential and 40% from residential). She explained the TUF and other street-related capital, TUF financial forecast, total street fund forecast, rate structure, rate schedule for standard classes, comparison of proposed rates and rates with projected inflation, community comparison, and combined bill impact. For a 4% increase in water, 3.5% increase in sewer, 7.5% increase in storm, 4% increase in TUF, 0% increase in Public Safety, and 3% increase for Communications Officer, the single family average municipal bill would go up by \$6.31 per month in 2023 and by \$6.65 per month in 2024. She then discussed the community comparison with the combined bill showing Newberg as the highest due to the sewer bill.

There was discussion regarding next steps, lack of public participation, better advertisement for the upcoming town hall meeting, and to have staff bring back a one page summary for each rate increase and street projects maps.


The next meeting would be held on March 02, 2022.

Vice Chair Knight adjourned the meeting at 7:33 p.m.



Zaira Robles Muniz, Administrative Assistant

ATTEST:

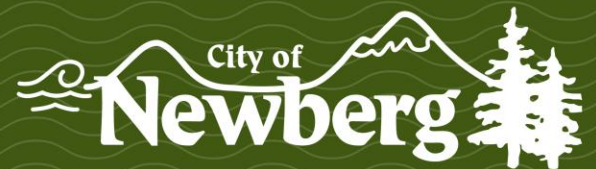


Brenda Morris, Chair

Transportation Utility Fee Capital Projects

Rate Review Committee

2/9/2022



BACKGROUND

- In July 2016, an ad-hoc committee was formed and began work on a proposed funding package for Phase 1.
- The work lead to a proposed Transportation Utility Fee to raise approximately \$1,200,000 for pavement maintenance.
- Goal was to maintain PCI (73) over the next 10 years.
- Implementation occurred on the September 2017 Municipal Services Statement.

Pavement Conditions



VERY GOOD (PCI=95)



GOOD (PCI=70)



FAIR (PCI=60)



POOR (PCI=45)

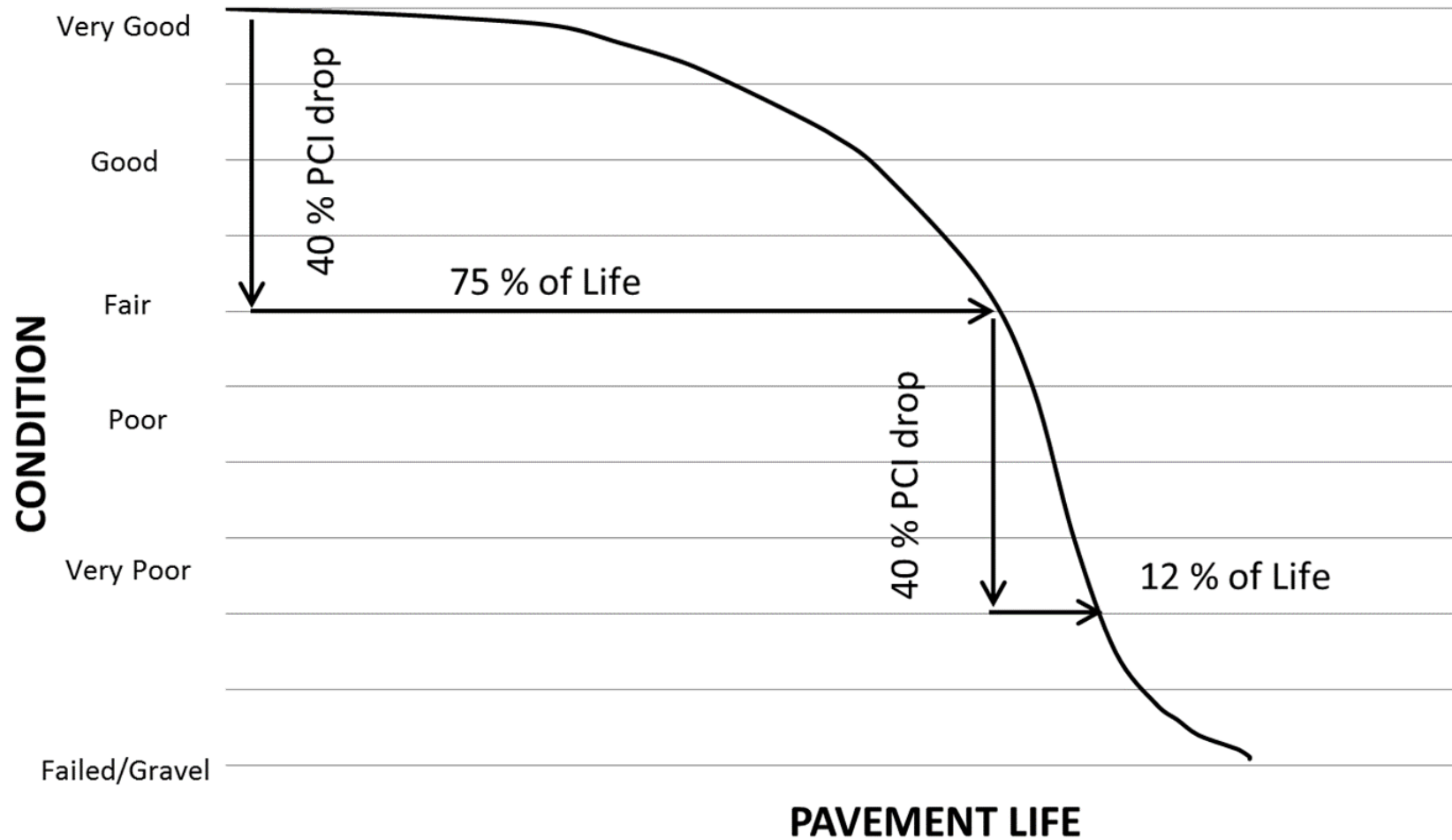


VERY POOR (PCI=20)



GRAVEL (PCI=0)

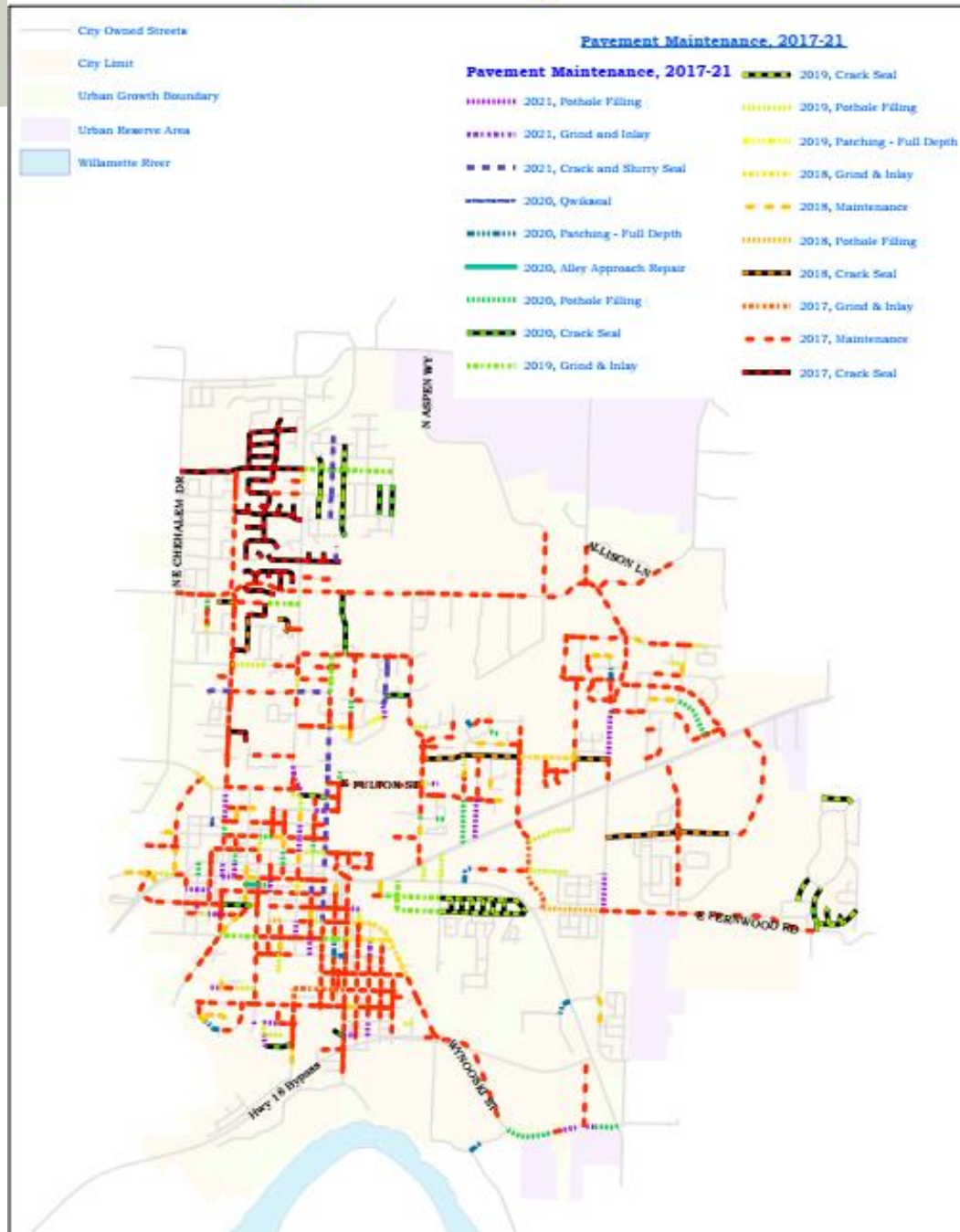
PCI



KEY THINGS TO NOTE

- A maximum of 70% of revenue is proposed to be allocated to preservation of the good to fair streets, and a minimum of 30% to reconstruct the poor to very poor streets.
- Fee waivers – vacancy, low income, no vehicle, unemployment
- The TUF may not be used for other city purposes. TUF revenues will be used solely to pay items as noted in NMC 3.45.010 (ie. Patching, sealing, grinding, inlaying, overlaying and ADA improvements)
- A transportation utility fee is imposed upon the owners of all developed property within the corporate limits of the City of Newberg.
- Each year the public works department shall prepare and present to the city council the “Annual Street Maintenance Program Report.”

- The TUF may be modified biennially based on one or more of the following factors:
 - 1. Cost of service adjustment. A rate adjustment reflecting a change in the amount of revenue required to maintain the city transportation pavement facilities defined by this chapter net of other city revenue that may be pledged for that purpose.
 - 2. Inflationary index adjustment. A rate adjustment reflecting the changes in the cost of labor, materials and other services linked to changes to broader economic conditions as measured by the Engineering News-Record Construction Cost Index for Seattle.
 - 3. New revenue adjustment. An adjustment based on revenue received from outside sources (not locally generated) to provide street maintenance.
 - 4. Road condition assessments. Assessments that forecast reduced costs to maintain the condition of the road system.
 - 5. Fee termination. The fee can be terminated by the city council if it is determined that the funding is no longer needed to maintain the street system.
- The adjustment to the TUF will not be automatic or pre-determined. The citizen rate review committee will review the TUF program on a biennial basis and recommend any modification to the amount of TUF collected to the city council.

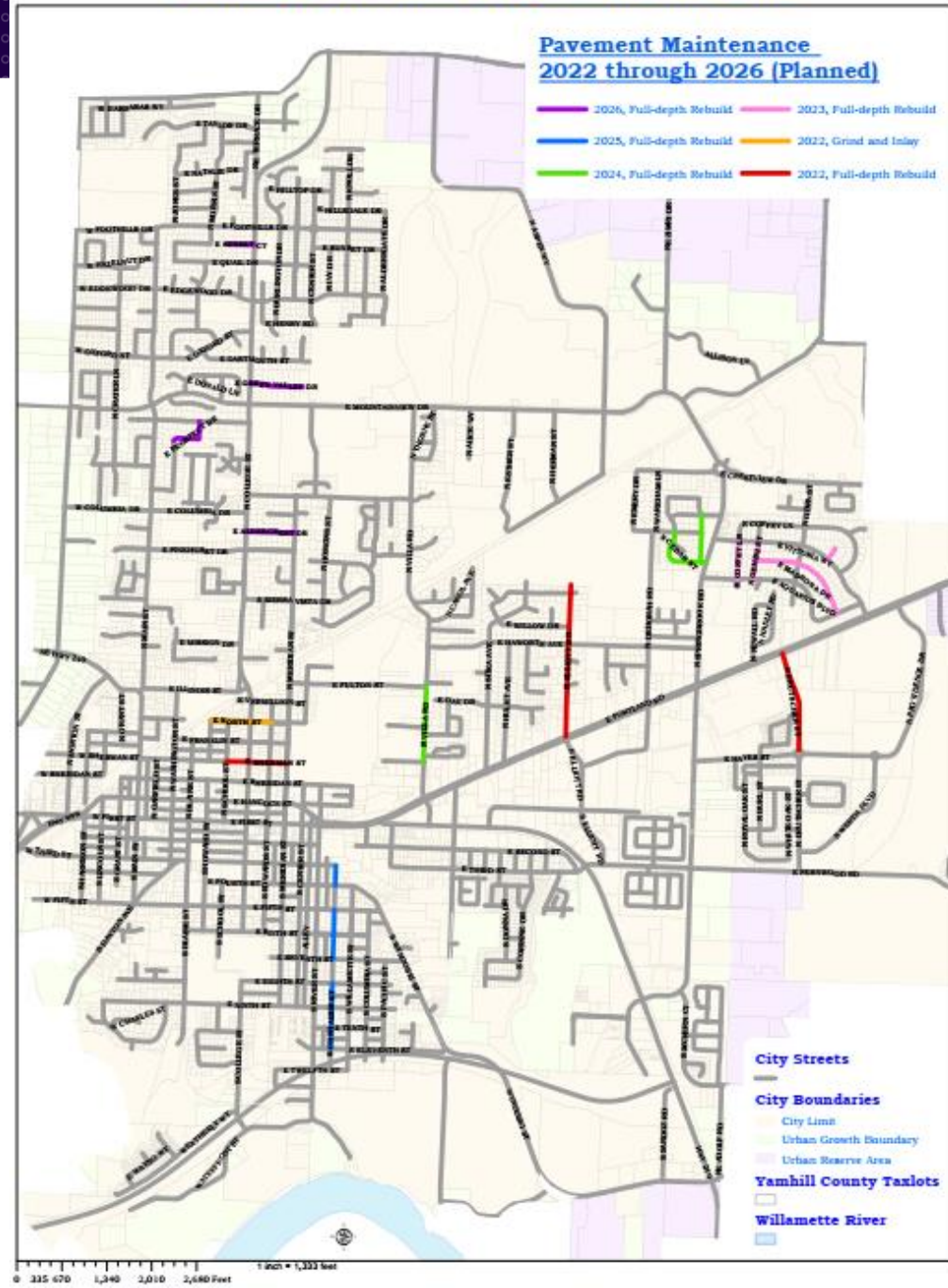


Projects completed since 2017 – include complete rehabilitation and maintenance projects

With the completed projects we have maintained the PCI per the original Council Goal

Proposed 5 Year Projects

Newberg Pavement Projects: 2022-2026



Other Transportation Projects – Not funded by the TUF

- N Elliott Road Sidewalks & Bikelanes
- Safe Routes to School
- Meridian Street ADA Ramps
- Sidewalks on Critical Routes
- Main Street/Illinois/Hwy 240 Feasibility Study
- N Springbrook – signal at Haworth
- N College Street Sidewalks & Bikelanes



2021 Utility Rate Review

Meeting #8 (Transportation Meeting)
February 9, 2022



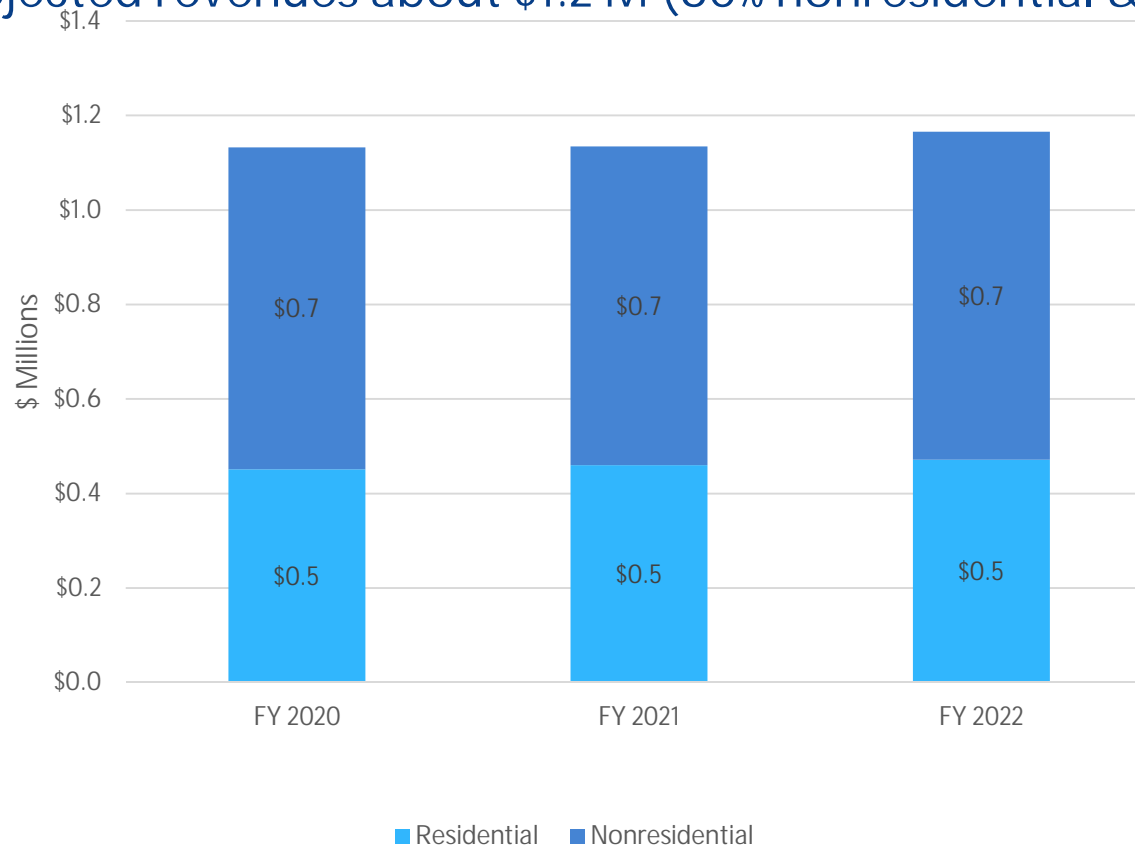
Transportation Utility Fee (TUF)

- * Implemented September 2017 (FY2017-18)
- * No rate increases in FY2019 or 2020

	Sep 2017 (FY2018)	FY2019	FY2020	1-Jan-21	1-Jan-22
Rate Increase		0.0%	0.0%	2.0%	2.0%
Single Family Rate	\$ 4.99	\$ 4.99	\$ 4.99	\$5.09	\$5.19
Inflation*		3.2%	1.3%	1.7%	8.4%
SF Rate w/Inflation	\$ 4.99	\$5.15	\$5.22	\$5.31	\$5.75
*Based on Engineering News Record Construction Cost Index for Seattle (September to September)					

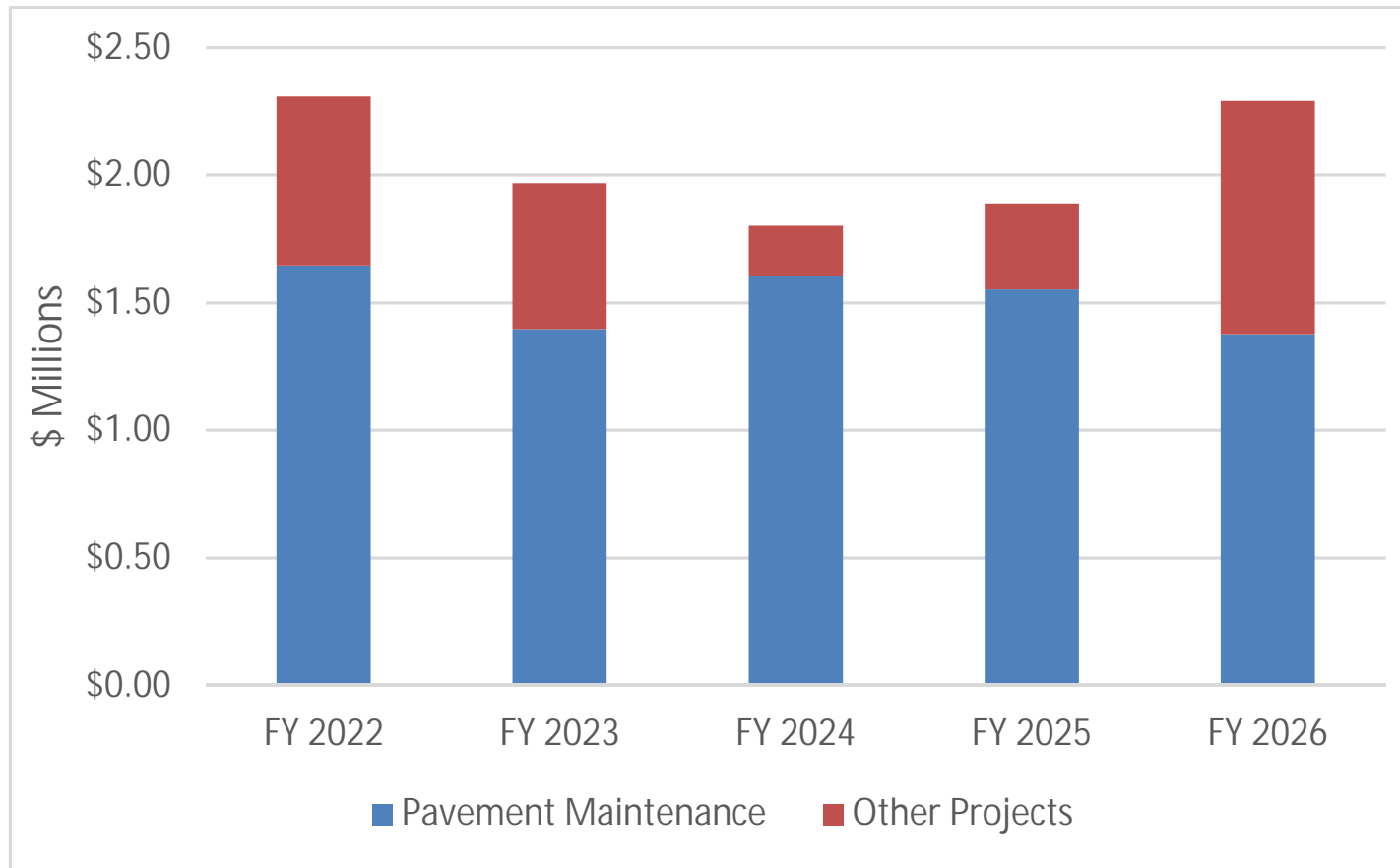
Historical TUF Revenue

- * Originally projected to raise \$1.2 M (65% nonresidential & 35% residential)
- * Actual/projected revenues about \$1.2 M (60% nonresidential & 40% residential)

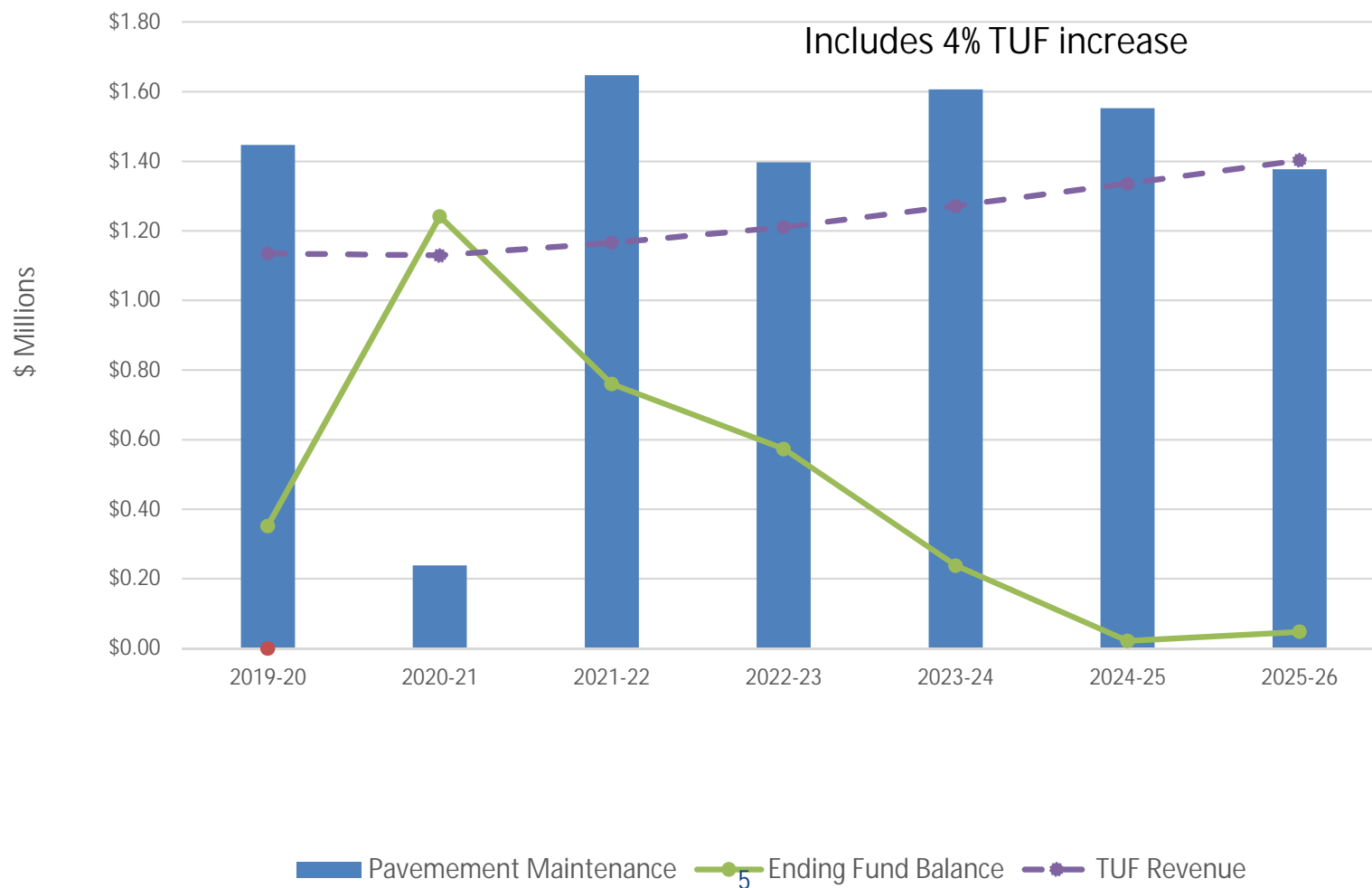


TUF and Other Street-Related Capital

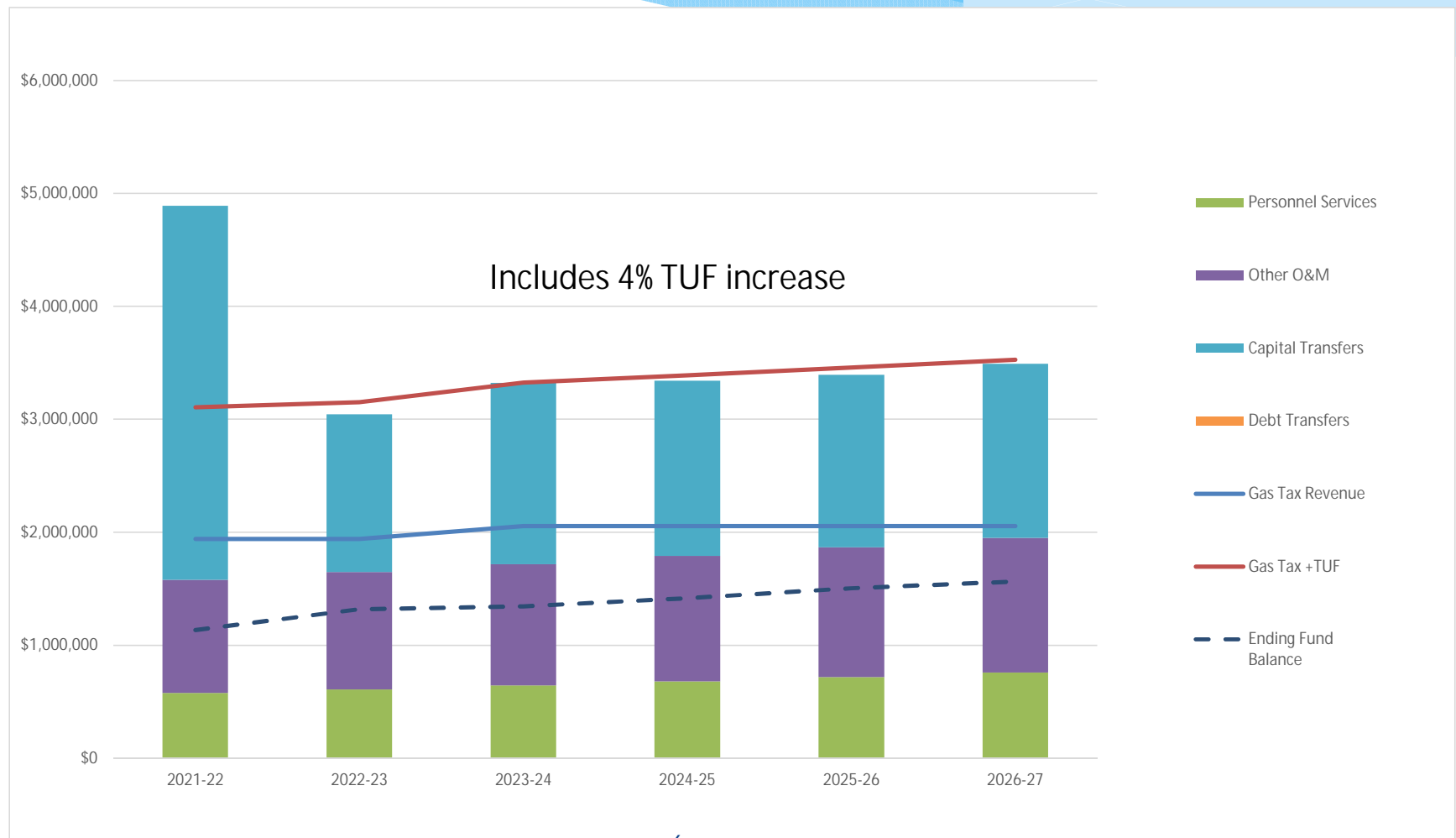
- * Avg. TUF-support maintenance = \$1.5 M/year
- * Other capital funded by gas taxes, SDCs and grants



TUF Financial Forecast



Total Street Fund Forecast



Rate Structure

- * Customer bills reflect two primary variables:
 - * Intensity of use: higher cost per unit reflecting estimated trip generation
 - * Customer size for nonresidential (number of units)
 - * Building square footage, hotel/motel rooms, etc
- * 3 Residential classes based on type of dwelling
- * Nonresidential classes based on type of business
 - * 5 General classes (based on building size)
 - * Special uses (other variables, like students, rooms, gas pumps)

Rate Schedule – Standard Classes*

<u>Description</u>	<u>Rate</u>	<u>Units Measured</u>	<u>Examples</u>
CLASS 1 NON-RESIDENTIAL	\$ 3.87	KSF	Industrial, Warehousing
CLASS 2 NON-RESIDENTIAL	\$ 15.25	KSF	Office
CLASS 3 NON-RESIDENTIAL	\$ 22.21	KSF	Medical, Retail
CLASS 4 NON-RESIDENTIAL	\$ 34.81	KSF	Supermarket, Bank
CLASS 5 NON-RESIDENTIAL	\$ 101.09	KSF	Coffee Shop, Fast Food, Conv. Mkt
NON-RESIDENTIAL MINIMUM	\$ 5.19	1	
SF DETACHED HOUSING	\$ 5.19	DU	
MULTI-FAMILY	\$ 3.51	DU	
MOBILE HOME	\$ 2.72	Occupied DU	

KSF = 1,000 Square Feet building area

*Additional special classes for schools, hotels, gas stations, assisted living, etc.

Rate Increases -- Standard Classes

Description	FY 2022	1-Jan	1-Jan	Increase		Units Measured
		2023	2024	2023	2024	
		4.00%	4.00%			
Class 1 Non-Residential	\$ 3.87	\$ 4.03	\$ 4.19	\$ 0.15	\$ 0.16	KSF
Class 2 Non-Residential	15.25	15.86	16.50	0.61	0.63	KSF
Class 3 Non-Residential	22.21	23.10	24.03	0.89	0.92	KSF
Class 4 Non-Residential	34.81	36.20	37.65	1.39	1.45	KSF
Class 5 Non-Residential	101.09	105.13	109.33	4.04	4.21	KSF
Non-Residential Minimum	5.19	5.40	5.62	0.21	0.22	1
Sf Detached Housing	5.19	5.40	5.62	0.21	0.22	DU
Multi-Family	3.51	3.65	3.79	0.14	0.15	DU
Mobile Home	2.72	2.82	2.94	0.11	0.11	Occupied DU

KSF = 1,000 Square Feet building area

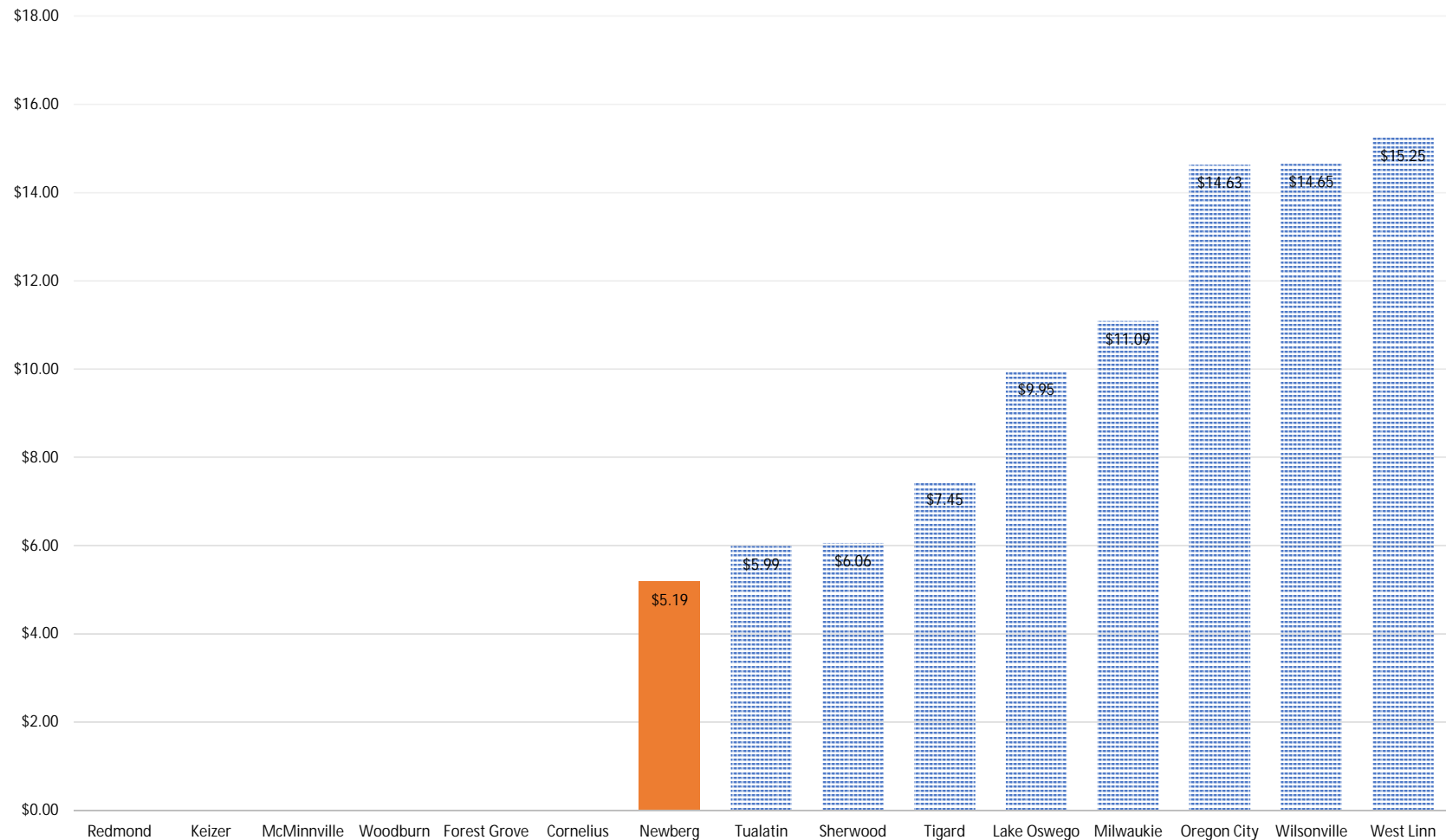
Comparison of Proposed Rates and Rates with Projected Inflation

	1-Jan-22	1-Jan-23	1-Jan-24
Proposed Rate Increase	2.0%	4.0%	4.0%
Single Family Rate	\$5.19	\$5.40	\$5.62
Inflation*	8.4%	3.5%	3.5%
SF Rate w/Inflation	\$5.75	\$5.95	\$6.16
*Estimated			

Combined Bill Impacts

Community Comparison - TUF

SINGLE-FAMILY RESIDENTIAL MONTHLY BILL



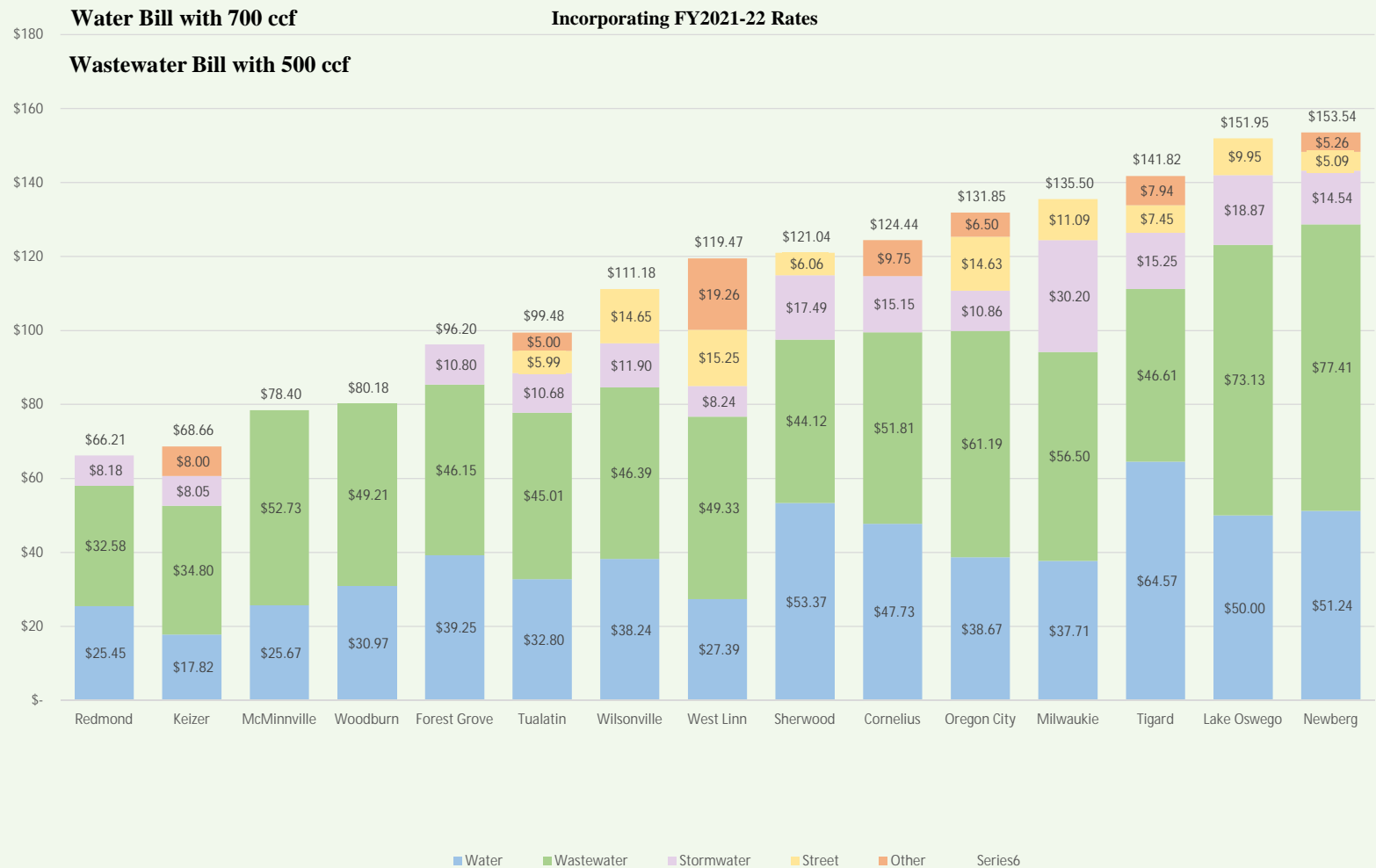
Combined Bill Impact

Single Family Average Municipal Bill Comparison								
Overall Increase		System	Units	Current	1-Jan	1-Jan	% Increase	
2023	2024				2023	2024	2023	2024
4.0%	4.0%	Water	7.0	\$51.24	\$53.31	\$55.69	4.0%	4.5%
3.5%	3.5%	Sewer	5.0	\$77.41	\$80.28	\$83.09	3.7%	3.5%
7.5%	7.5%	Storm	1	\$14.54	\$15.63	\$16.80	7.5%	7.5%
4.0%	4.0%	TUF	1	\$5.19	\$5.40	\$5.61	4.0%	4.0%
0.0%	0.0%	Public Safety	1	\$3.00	\$3.00	\$3.00	0.0%	0.0%
3.0%	3.0%	Communication Officer	1	\$2.26	\$2.33	\$2.40	3.0%	3.0%
		Total		\$153.64	\$159.95	\$166.59		
		Difference \$			\$6.31	\$6.65		
		Difference %			4.1%	4.2%		
Communication Officer Fee estimated; annual increases are July 1 based on inflation.								

Community Comparison – Combined Bill

Prepared November 2021

Average Single-Family Combined Utility Rate Comparison



Next Steps

- * Recap with CRRC March 2, 2022

Questions