

City of Newberg
Rate Review Committee
January 05, 2022
Meeting held electronically due to COVID-19 pandemic

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

Members Present: Brenda Morris, Melanie Mildenerberger, Jennifer Bean, Ned Knight, Sean Kelso, Ron Sinicki

Members Absent: Wesley Clark, Alexander Aguilar (student)

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

1. Approval of Minutes

Action: To approve the November 17, 2021 and December 01, 2021 Committee Minutes
Motion: Ned Knight
Second: Jennifer Bean
Vote: 6 Yes 0 No 2 Absent [Clark, Aguilar]

2. Five Year Stormwater CIP Presentation

Senior Engineer Brett Musick presented on the Five-Year Stormwater CIP (Exhibit A). He showed a map of the stormwater system and described the proposed projects.

There was discussion regarding surface runoff, flooding, and projects around the railroad.

3. Stormwater Utility Rate Review

Deb Galardi, consultant, gave a presentation on stormwater rates (Exhibit B). She discussed the stormwater rate increase history, projected rate increase for FY2023 and 2024, projected vs. actual accounts, current stormwater rates, rate revenue comparison, rate revenue by customer class, operation and maintenance cost components, projected operation and maintenance cost comparison, current rate funding capacity, current reserves, capital improvement funding, how the current CIP did not include future master plan projects yet to be identified, financial projections: minimum rate increases vs. rate increases to meet the reserve target.

There was discussion regarding previous rate increases, escalation of costs at 5% per year, meeting reserve targets, SDC revenue, why the reserves were low for stormwater, rate increase in comparison to the consumer price index, reducing the rate from 9% to 7.5%, and future expansion of the water treatment plant.

Ms. Galardi discussed the single-family residential stormwater bill comparison with other cities. She also discussed bill impacts for a 6.75% increase and next steps.

The next meeting would be held on January 26, 2022.

Chair Morris adjourned the meeting at 7:30 p.m.



Zaira Robles Muniz, Administrative Assistant

ATTEST:



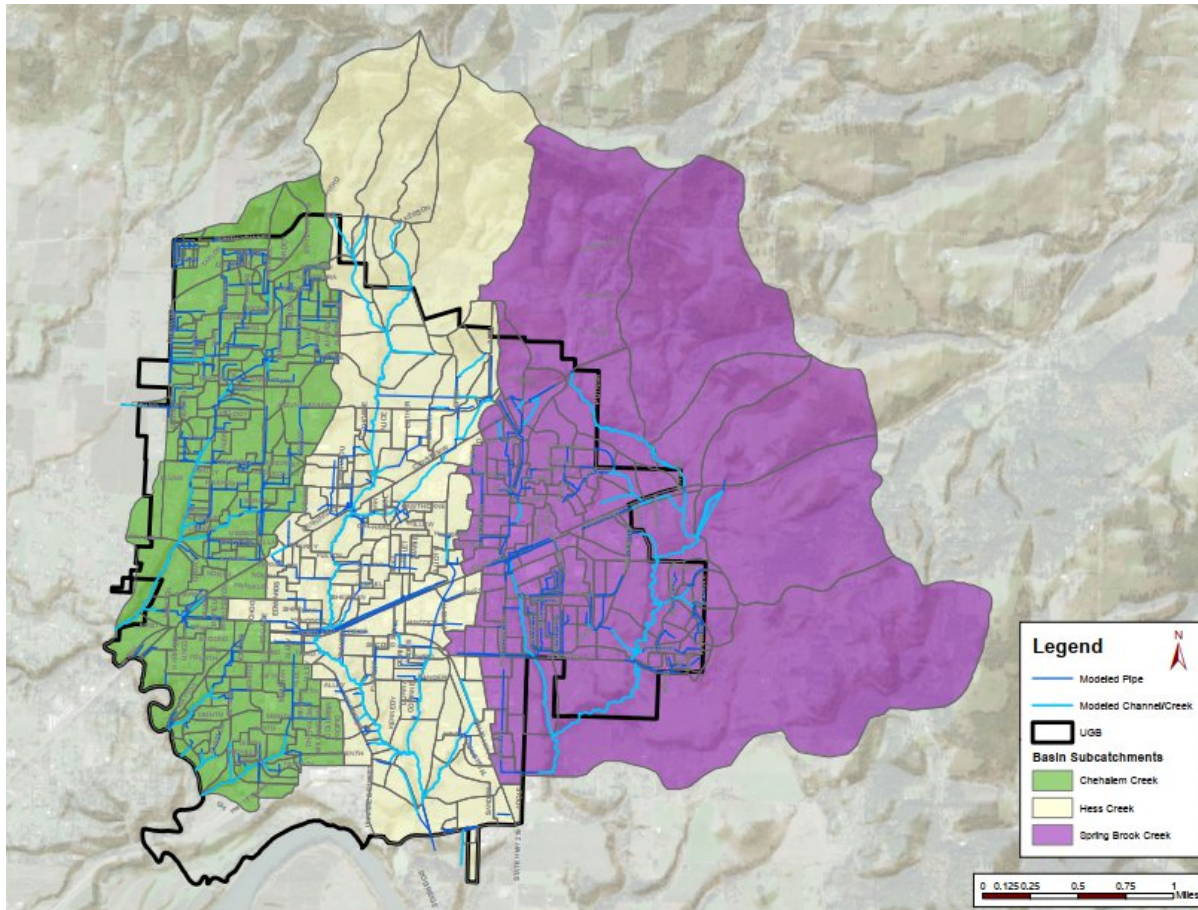
Brenda Morris, Chair

Five Year Stormwater CIP Presentation

Rate Review Committee
January 5, 2022



Stormwater System

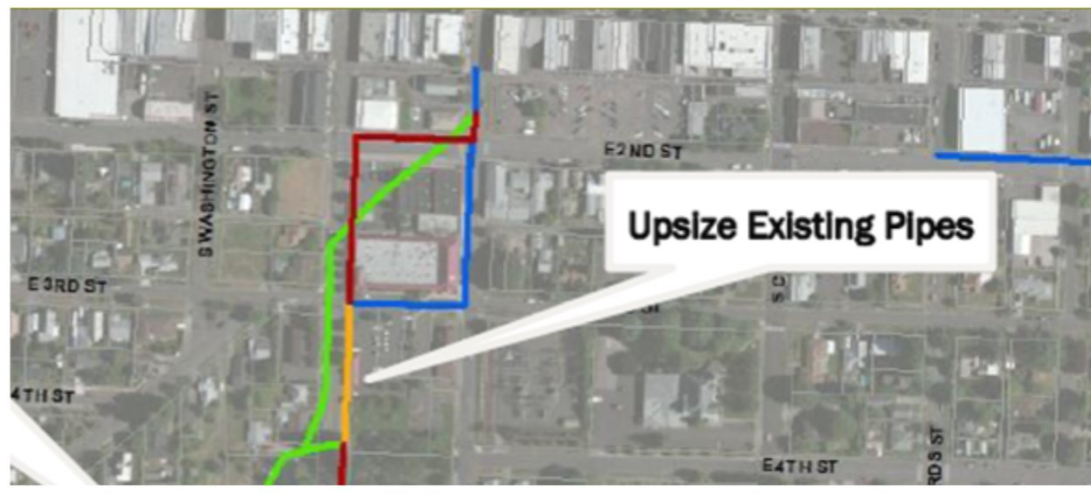


Proposed 5-year Stormwater Projects

- S Blaine Street; Hancock - Second to Eleventh Street
- Libra Street Improvements; Libra and Coffey
- OR240/Railroad Tracks/Franklin Street; Study & then Fix
- Vermillion Street; East of 219
- 800 Block Wynooski; Storm Outfall Extension to Hess Creek
- Railroad Ditch between N College & N Meridian; Study & Fix
- Wynooski Storm Lining; from Seventh to 800 Block
- 1800 N Hoskins Pipe Extension
- N Elliott Road Storm
- N Springbrook Road Storm; Study then Fix
- Pavement Fixes/ Annual Pipe Replacement Program; SWMP Recommendation
- Master Plan Update; Next Update Due in 2026
- MP Projects; placeholder for projects identified in the future 2026 SWMP Update

S Blaine Street: Hancock - Second to Eleventh Street

- Phases 1 & 2 are complete
- Sections of pipe crosses under the Fire Station
- Large sections of pipe are nearing end of life
- \$1,033,639 Total; \$733,639 in 5 Year Plan
- 5% SDC Eligible



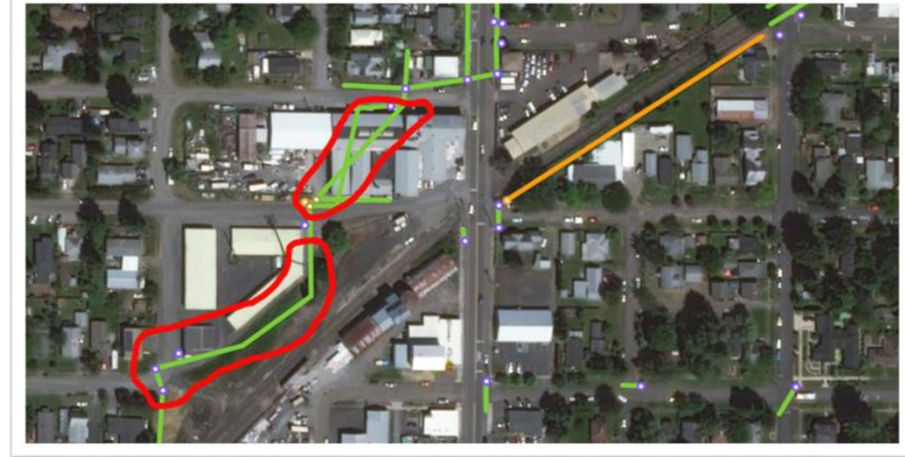
N Libra Street Storm Improvements: Libra Street and Coffey Lane



- Modeling shows flooding issues along N Libra Street.
- Needs frequent maintenance to address silt accumulation.
- Upsize existing stormwater pipes along N Libra Street.
- Add stormwater pipe on Coffey Lane to distribute flows.
- This project works in combination with a project recently completed with the E Crestview Drive Improvement Project.
- \$310,000
- No SDC Eligibility

OR240/Railroad Tracks/Franklin: Study and Then Fix

- Maintenance issues with the diagonal pipe that runs through the building contributes to flooding in the area.
- The inlet north of the building overflows during storm events. South of the area where the storm lines goes under the building the pipe is too long for it to be cleaned with the City's current equipment.
- This pipe may also need to be upsized.
- \$109,273 for the Study/Investigation & Preliminary Engineering; \$120,000 for Construction
- No SDC Eligibility



Vermillion Street: East of 219

- Undersized and flat pipe discharges into the railroad track ditch.
- Flooding occurs regularly in this location.
- \$79,568
- No SDC Eligibility



800 Block of NE Wynooski Street: Storm Outfall Extension to Hess Creek

- The current pipe and outfall severely eroded this area east of Wynooski.
- Project will extend the outfall further down the slope to reduce erosion.
- \$235,000
- No SDC Eligibility



FIG. 2: EXISTING OUTFALL



Railroad Ditch – N College and N Meridian: Study and Then Fix



- This area has a variety of contributing flooding factors. Needs a study to determine what the “fix” would be and where to route the stormwater.
- Potential solution to flooding issues could include connecting the stormwater line north of the railroad tracks to E Vermillion Street.
- \$45,000 for the study; \$120,000 for construction
- No SDC Eligibility

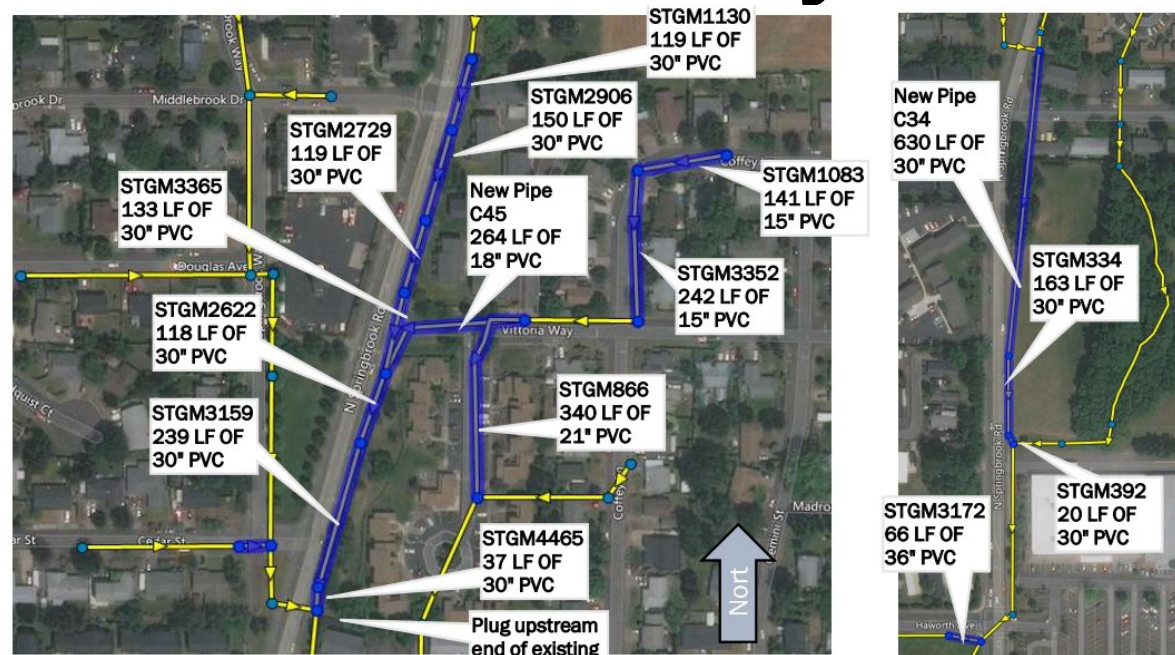
N Elliott Road Storm

- There is no public drainage system in N Elliott Road other than ditches resulting in frequent ponding.
- This project would add 18" storm pipe to convey storm drainage.
- Roadway improvements will occur at the same time.
- \$157,000
- 5% SDC Eligible



N Springbrook Road Storm: Study and Then Fix

- There are existing flooding problems along and in the vicinity of N Springbrook Road.
- Project will do some early investigation into the causes.
- \$139,500 for the investigation and evaluation; \$1,150,000 for construction
- 25% SDC Eligible



1800 N Hoskins Pipe Extension

- This project will extend a storm pipe to eliminate an existing flooding issue.
- \$50,000



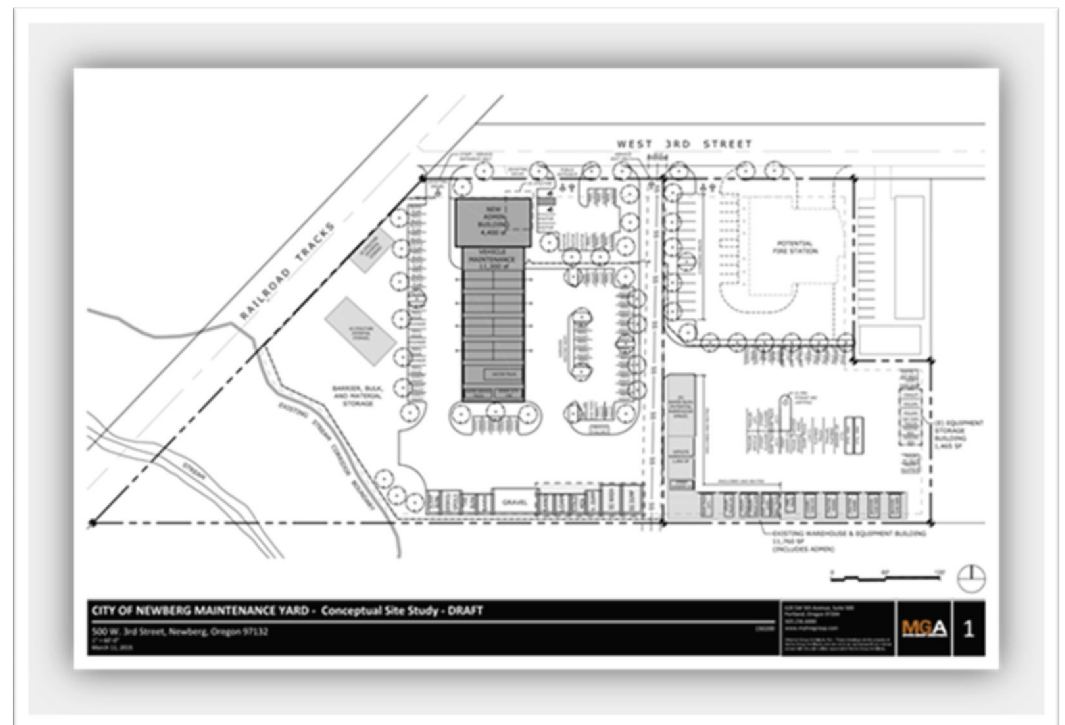
Miscellaneous Storm Repairs/Pavement Fixes/Annual Pipe Replacement Program

- The current Stormwater Master Plan recommends an Annual Pipe Replacement Program to address deteriorating and aging pipes.
- Project includes addressing storm drainage issues prior to scheduled Pavement Rehabilitation projects.
- \$100,000 to \$135,000 per fiscal year.



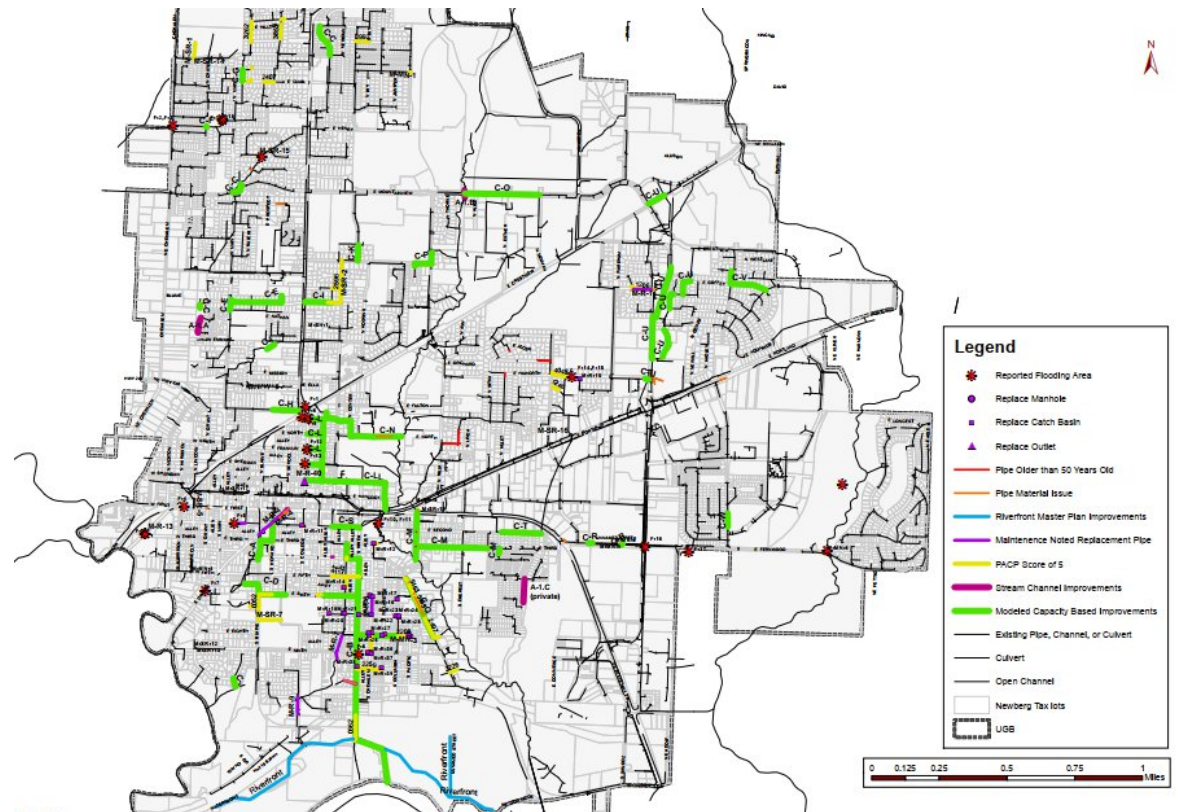
Multi-fund projects

- Maintenance Facility
- \$50,000/year



Master Plan Update: Next Update Due in 2026

- The Stormwater Master Plan is to be updated every 5 years per code.
- The next Master Plan update due in 2026 is to include flow monitoring and storm model updates.



Questions?



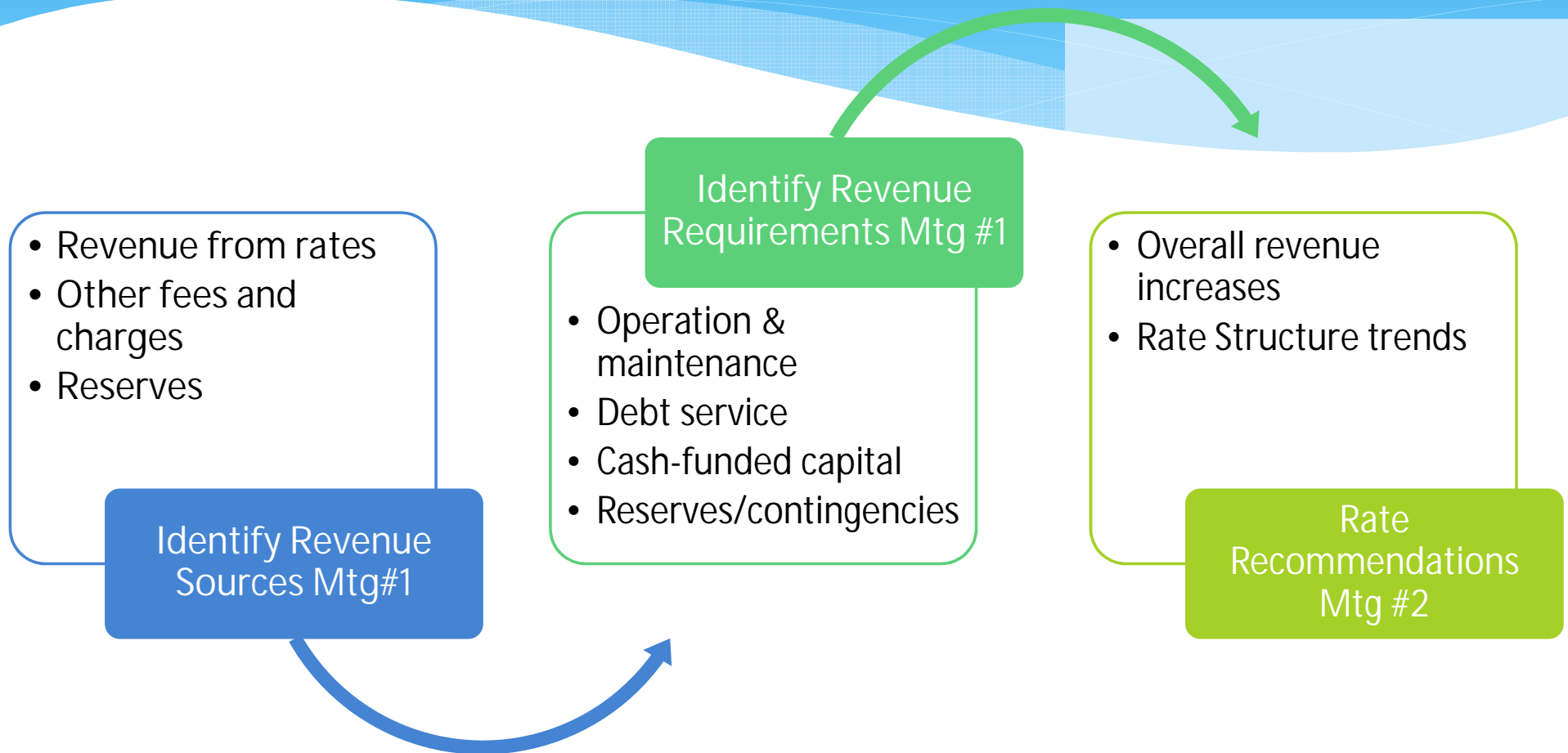
2021 Utility Rate Review

Stormwater Rate Meeting #1

January 5, 2022



Stormwater Rate Review Process

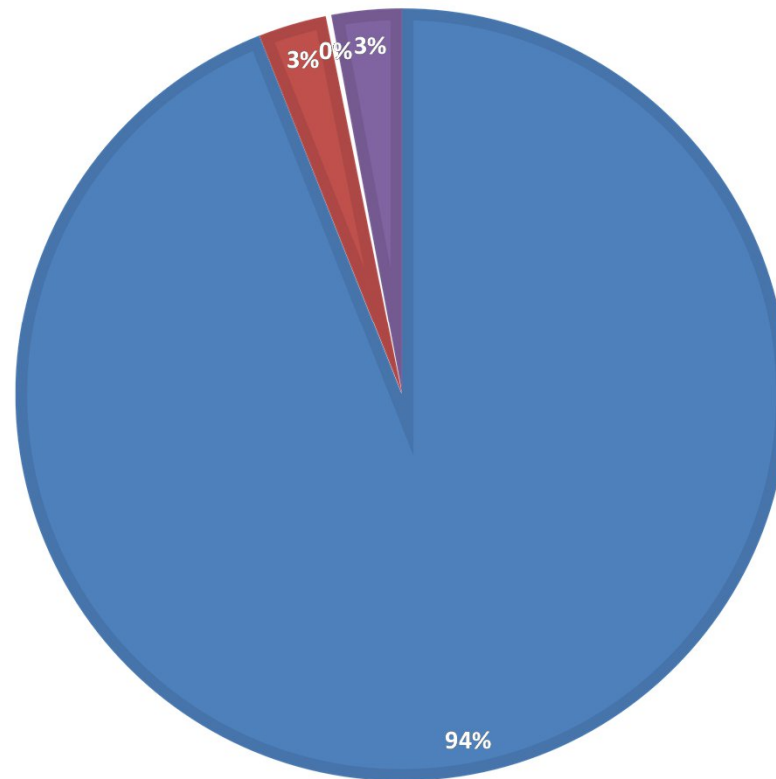


Revenue Analysis

Stormwater Utility Enterprise Funding

FY2022 BUDGET

■ Rates ■ Other Fees & Charges ■ Interest & Miscellaneous Income ■ System Development Charges

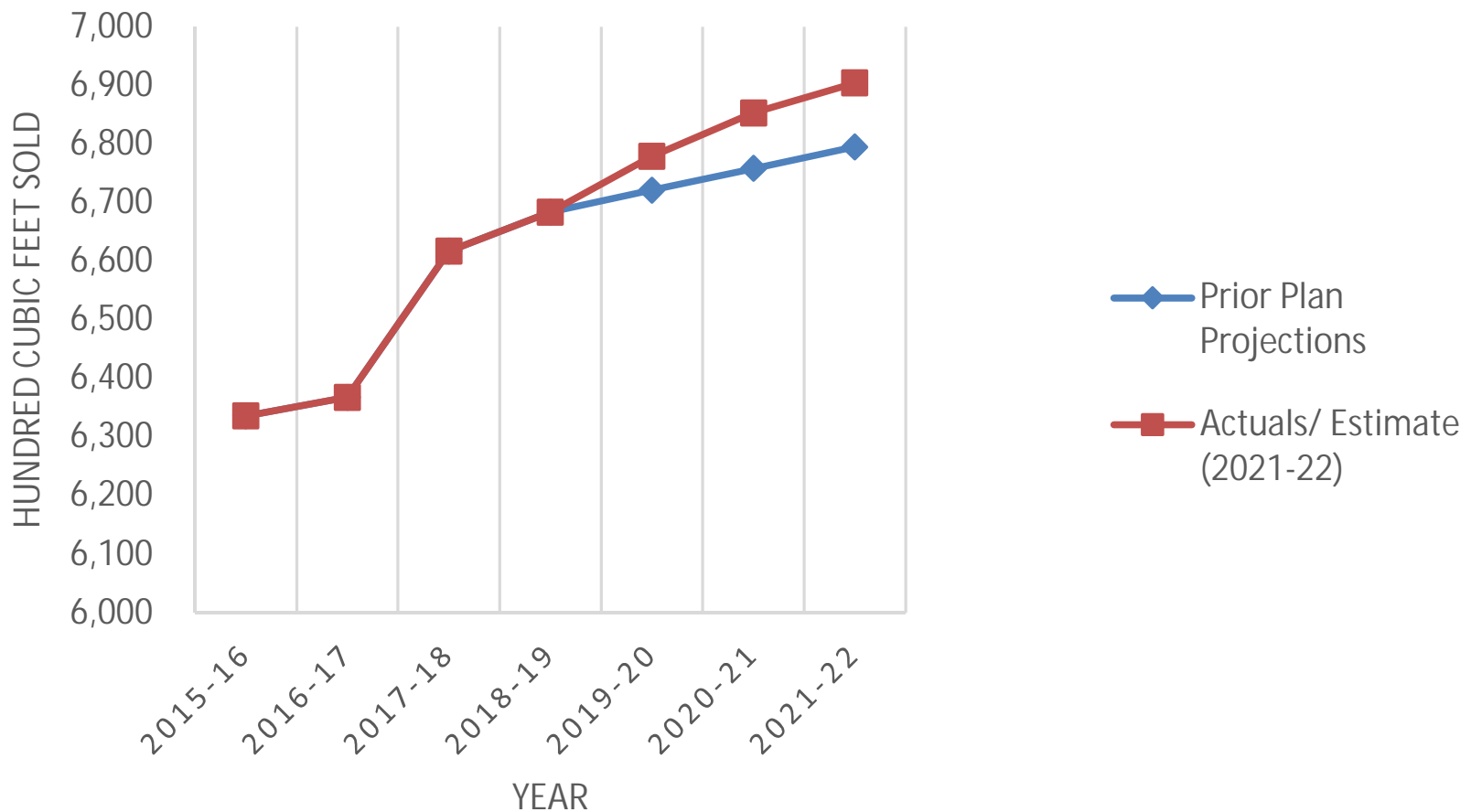


Stormwater Rate Increase History

- * July 2013 & 2014 – 17.5% Initial increases designed to increase revenues to cover full operating costs
- * Jan 2015 & 2016 – 9.00%
- * Jan 2017 & 2018 – 9.00% Subsequent increases designed to build revenue capacity for capital improvement projects.
- * Jan 2019 & 2020 – 9.00%

2020 Rate Review projected increases of 9.0% for FY2023 and FY2024

Projected vs. Actual Accounts



Current Stormwater Rates

Class	Rate/Unit	Unit of Measure
Single Family Residential	\$14.54	Dwelling Unit
Nonresidential	\$14.54	Equivalent Dwelling Unit
Equivalent Dwelling Unit = 2,877 SQ FT Impervious Area		

Rate Revenue Comparison

	Fiscal Year				
	2019-20	2020-21	2021-22	2022-23	2023-24
Actual/Updated Projections*	\$1,757,337	\$1,910,357	\$2,111,883	\$2,294,291	\$2,484,887
Prior Projections**	1,736,978	\$1,888,460	\$2,069,690	\$2,268,461	\$2,486,283
Difference (\$)	\$20,359	\$21,896	\$42,193	\$25,831	-\$1,397
Difference (%)	1.2%	1.2%	2.0%	1.1%	-0.1%
Actual					
*FY2022-23 and FY2023-24 projections include 7.5% annual rate revenue increase					
** Based on 9.0% increase					

Rate Revenue by Customer Class

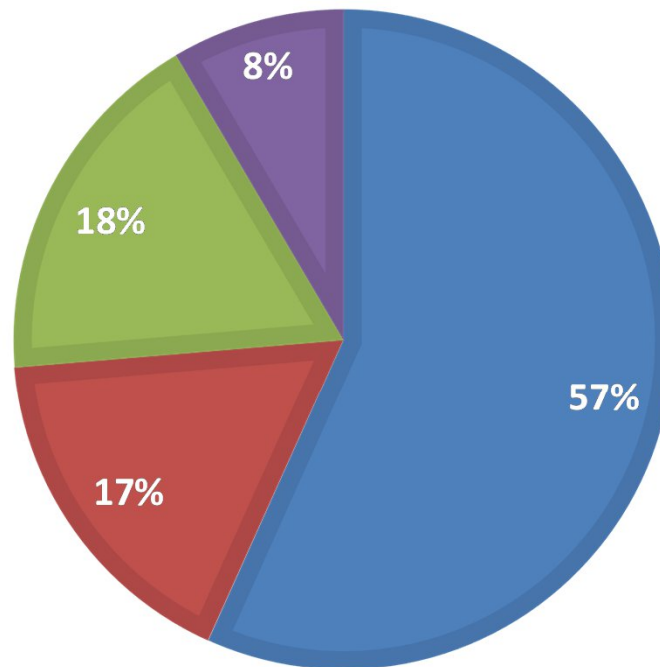
	2021-22	
Customer Class	Revenue \$M	% Total
Single Family Residential	\$1.04	49.1%
Nonresidential	\$1.07	50.9%
Total	\$2.11	100.0%

Revenue Requirements

Operation & Maintenance Cost Components

FY2022 O&M BUDGET

■ Personal Services ■ Materials & Services ■ Internal Services ■ Franchise Fees



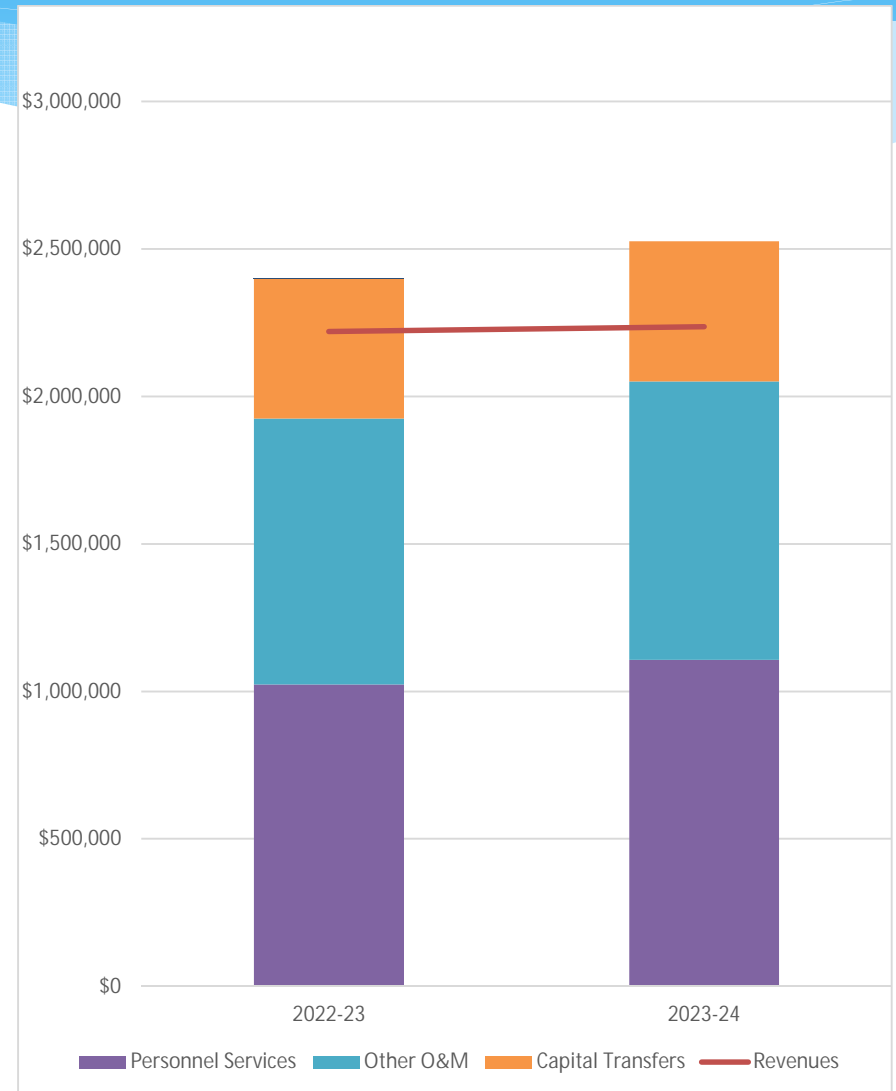
Projected Operation & Maintenance Cost Comparison

- * Short-Term reductions due to:
 - * Reduced repair & maintenance during pandemic
- * Projected increases due to:
 - * Additional 0.25 staff position (\$25K)
 - * Equipment / vehicle replacement funding (\$150K)
 - * Additional stormwater repair (\$50K)

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Current Plan								
Engineering	\$810,978	\$785,926	\$939,945	\$979,392	\$1,031,270	\$1,086,327	\$1,144,797	\$1,206,903
Maintenance	\$580,151	\$600,439	\$771,685	\$945,430	\$1,018,791	\$1,068,600	\$1,121,283	\$1,177,034
Total	\$1,391,129	\$1,386,365	\$1,711,630	\$1,924,822	\$2,050,061	\$2,154,926	\$2,266,080	\$2,383,936
Prior Plan								
Engineering	\$875,700	\$910,232	\$954,625	\$1,001,877	\$1,052,195	\$1,105,814	\$1,162,990	\$1,224,000
Maintenance	\$667,392	\$659,208	\$687,699	\$717,902	\$749,942	\$783,951	\$820,071	\$858,457
Total	\$1,543,092	\$1,569,440	\$1,642,324	\$1,719,780	\$1,802,137	\$1,889,765	\$1,983,061	\$2,082,457
Difference	-\$151,963	-\$183,075	\$69,307	\$205,042	\$247,924	\$265,161	\$283,019	\$301,479

Current Rate Funding Capacity

- * Current rates can support about \$300K in capital in FY2023 and about \$200K in FY2024
- * Future operating cost escalation erodes capital funding capacity

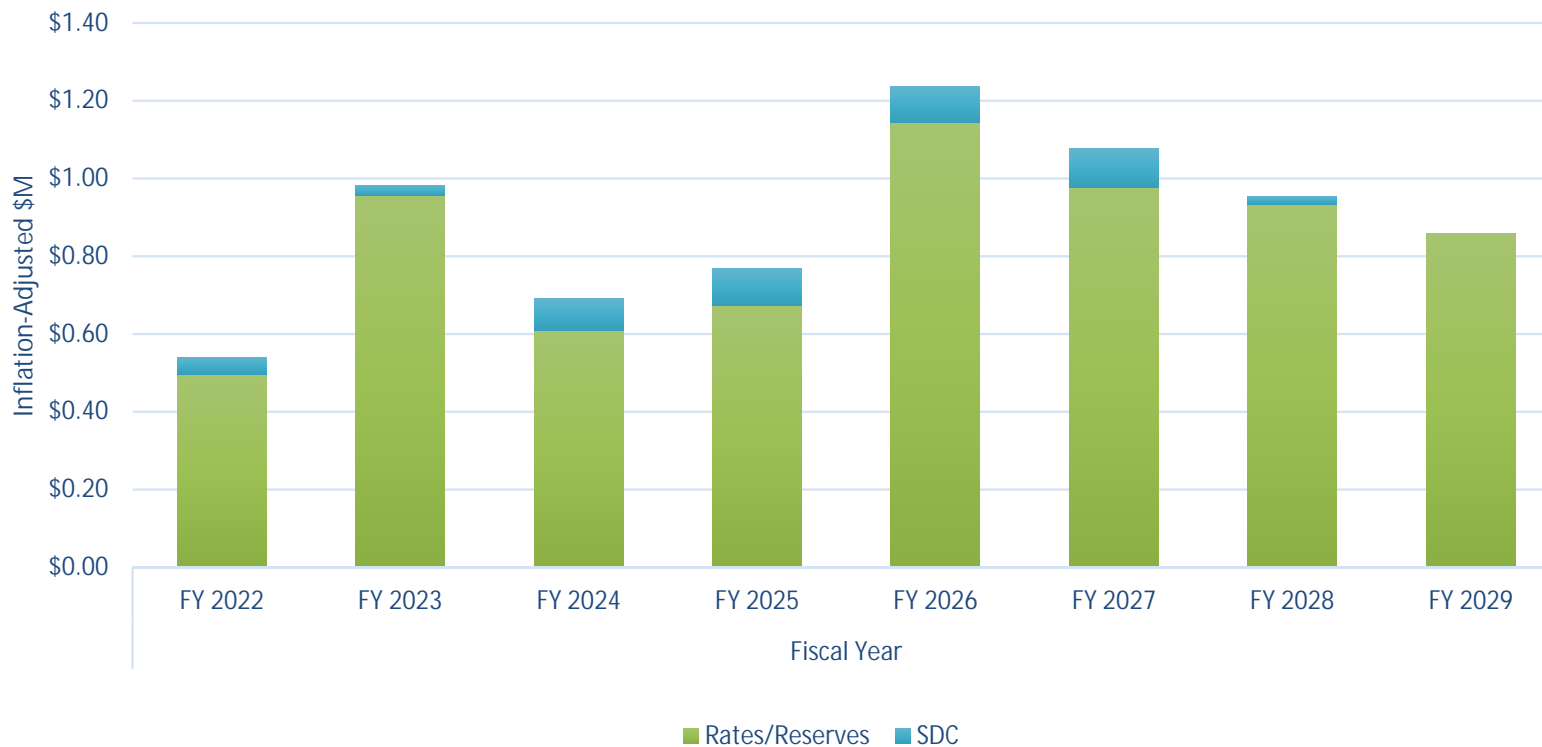


Current Reserves

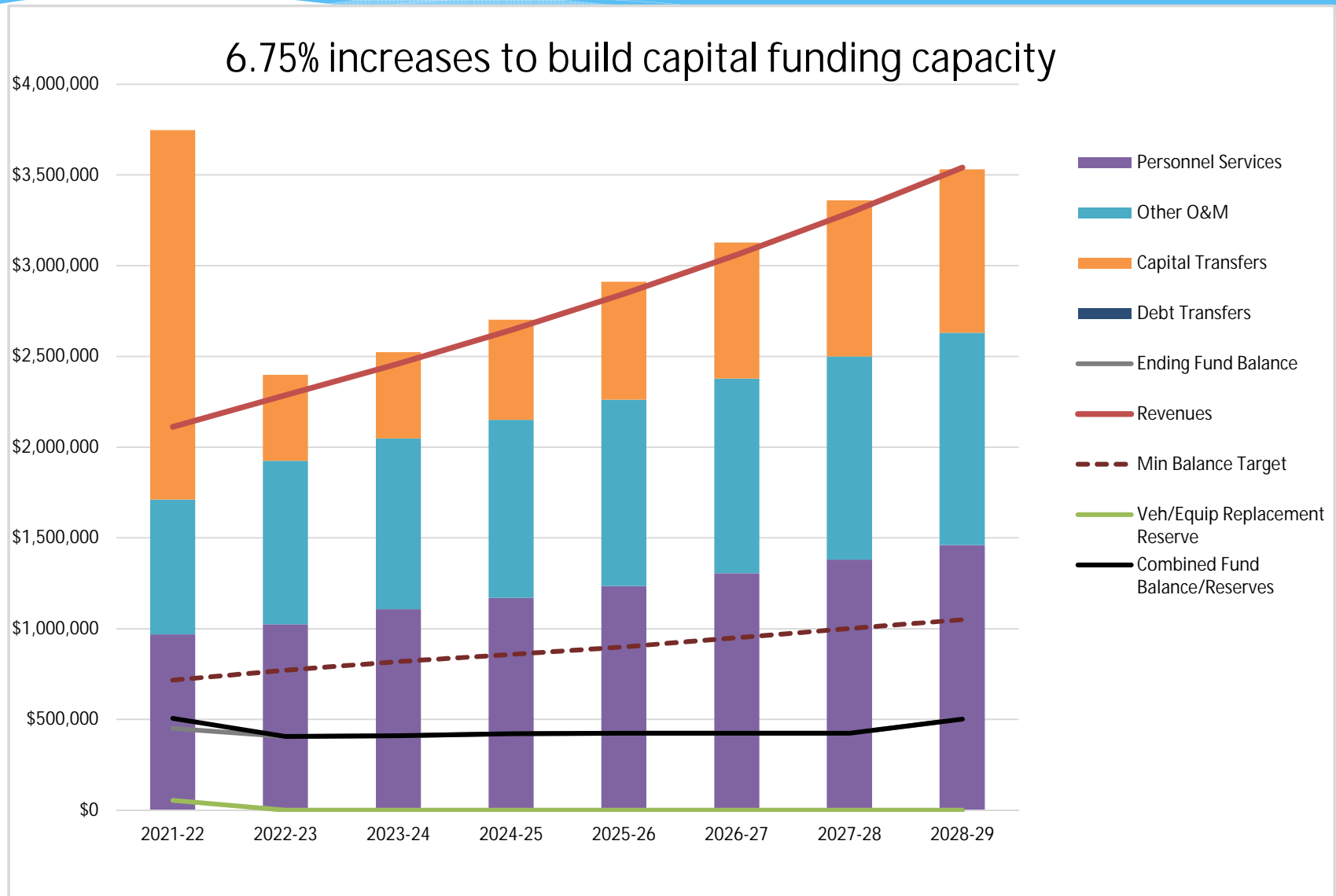
	2021-22
Operating Contingency	\$281,364
Debt Service	\$0
Other Operating	\$168,572
Capital	\$2,033,982
Subtotal Operating/Capital	\$2,483,917
SDC Fund Balance	\$261,633
Combined	\$2,745,551
<i>Min. Target (2% Asset Value +5% sales revenue +Contingency,</i>	<i>\$715,781</i>

Capital Improvement Funding

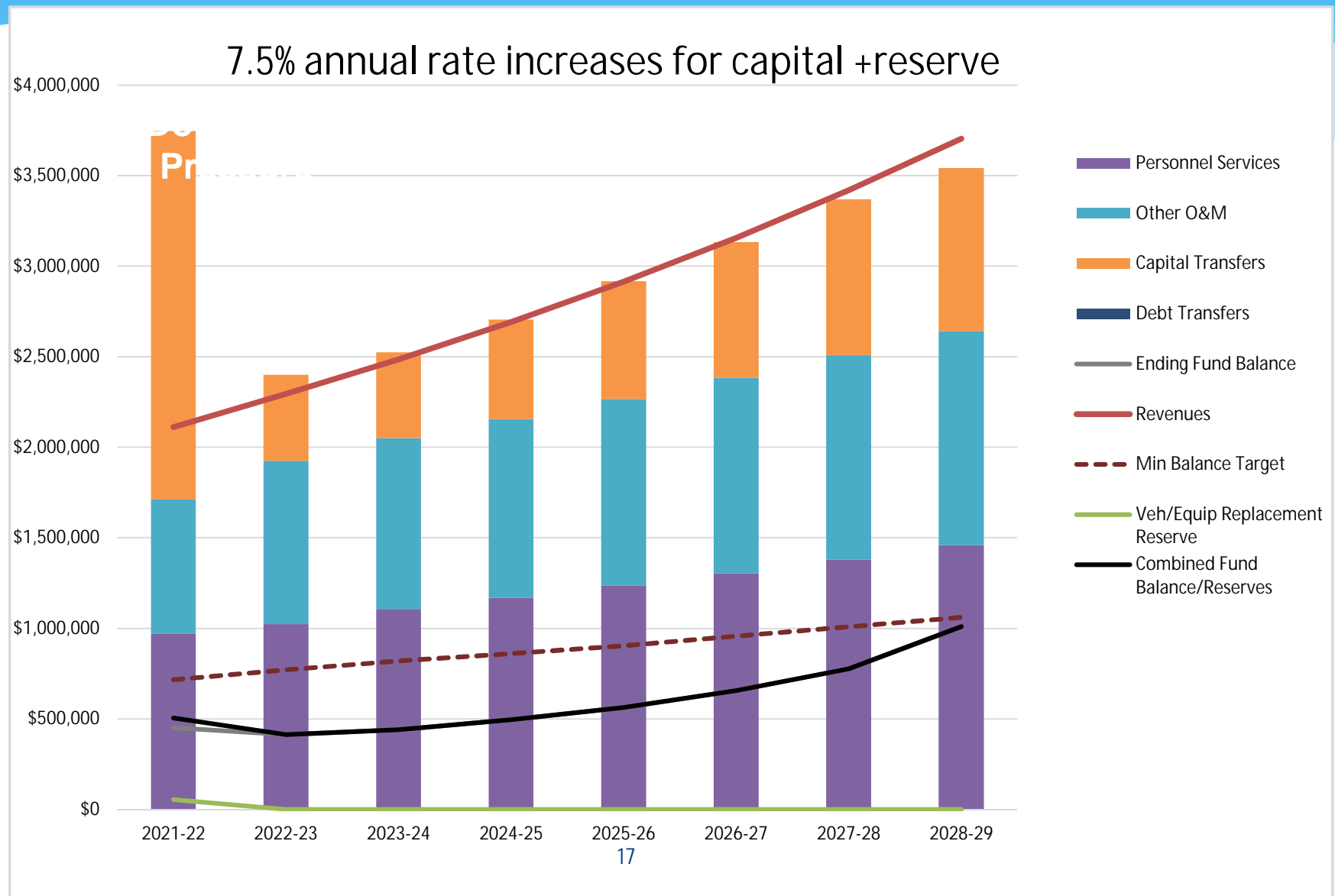
- * See capital improvement table for detailed project information
- * Total CIP = \$7.1 M; average rate funding = \$800K/year
- * Current CIP does not include potential master plan projects yet to be identified



Financial Projections: Minimum Rate Increases



Financial Projections: Rate Increases to Meet Reserve Target



Next Steps

- * Final Stormwater System Analysis
 - * Bill impacts and rate comparison
- * Begin Transportation Fee Discussion
- * CRRC Meeting January 26, 2021

Questions

Stormwater Capital Improvement Plan (Adjusted for Inflation)*

Project	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	TOTAL	SDC
S Blaine Street; Hancock - 2nd to 11th Street	\$0	\$0	\$0	\$242,305	\$404,841	\$192,760	\$368,777	\$0	\$1,208,682	5.0%
Libra Street Improvements (Libra and Coffey)	\$100,000	\$217,350	\$0	\$0	\$0	\$0	\$0	\$0	\$317,350	0.0%
OR240/Railroad Tracks/Franklin Street Study & then Fix	\$0	\$113,097	\$0	\$0	\$0	\$141,816	\$0	\$0	\$254,913	0.0%
Vermillion Street East of 219	\$0	\$82,352	\$0	\$0	\$0	\$0	\$0	\$0	\$82,352	0.0%
800 Block Wynooski Extension	\$75,000	\$155,250	\$0	\$0	\$0	\$0	\$0	\$0	\$230,250	0.0%
Master Plan (Next Update due in 2026)	\$2,500	\$0	\$0	\$0	\$344,257	\$59,384	\$0	\$0	\$406,141	0.0%
Railroad Ditch between N College & N Meridian Study & Fix	\$0	\$46,575	\$127,910	\$0	\$0	\$0	\$0	\$0	\$174,485	0.0%
Wynooski Storm from 7th to 800 Block Lining	\$0	\$82,353	\$0	\$0	\$0	\$0	\$0	\$0	\$82,353	0.0%
1800 N Hoskins Pipe Extension	\$0	\$0	\$53,561	\$0	\$0	\$0	\$0	\$0	\$53,561	0.0%
N Springbrook Road Storm Evaluation	\$39,500	\$103,500	\$0	\$0	\$0	\$0	\$0	\$0	\$143,000	25.0%
N Elliott (In 21/22 Approved Budget)	\$157,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$157,000	5.0%
PW Maint Facility Improvements	\$31,827	\$51,750	\$53,561	\$55,436	\$57,376	\$59,384	\$61,463	\$63,614	\$434,411	n/a
N Springbrook Road Storm (SWMP Project C-U)	\$0	\$0	\$321,368	\$332,615	\$286,881	\$356,306	\$0	\$0	\$1,297,170	25.0%
Master Plan Projects (placeholder)	\$0	\$0	\$0	\$0	\$0	\$118,769	\$368,777	\$636,140	\$1,123,685	n/a
Pavement Fixes/ Annual Pipe Replacement Program	\$135,000	\$129,375	\$133,903	\$138,590	\$143,440	\$148,461	\$153,657	\$159,035	\$1,141,461	n/a
Total CIP (\$inflated)	\$540,827	\$981,602	\$690,303	\$768,946	\$1,236,795	\$1,076,879	\$952,673	\$858,789	\$7,106,814	

By Funding Source

Rates	\$523,102	\$955,727	\$609,961	\$673,677	\$1,144,832	\$978,165	\$934,234	\$858,789	\$6,678,488
SDC	17,725	25,875	80,342	95,269	91,962	98,714	18,439	-	\$428,326
Total Inflation Adjusted	\$540,827	\$981,602	\$690,303	\$768,946	\$1,236,795	\$1,076,879	\$952,673	\$858,789	\$7,106,814

*Reflects 3.5% capital inflation