

Tuesday, 7 P.M.

April 8, 2002

UTILITY RATE REVIEW COMMITTEE MINUTES

City Hall

Newberg, Oregon

Members Present:

Ernie Amundson
Rebecka Ratcliffe

Matson Haug

Dan Schutter

Members Absent:

David Maben

Barry Babin

Others Present:

Dan Danicic, City Engineer
Mike Soderquist, Community Development Dir.
Kathy Tri, Finance Director
Shaun Pigott, Consultant

1. Call to Order

The meeting was called to order at 7:00 p.m. by Chair Dan Schutter.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Continued Business

Shaun Pigott reviewed key points in the Storm Sewer Master Plan. These included the hydraulic capacity of the pipes and culverts, identified projects and costs, and the possibility that the City will be a Phase II city for the NPDES permit requirements. He further discussed the NPDES requirements with regard to water quality. He indicated that a monthly service charge is becoming the common way to fund storm sewer maintenance and capital. Mat Haug asked about what would happen if the City did not meet the NPDES standards. Mr. Pigott responded that the City would be fined.

Shaun Pigott then reviewed the various funding options. He indicated that a monthly charge is a generally accepted way of financing a storm sewer system. Dan Schutter asked about properties that drain directly into the creeks and are not using the system in the streets. It was indicated that the property is still part of the bigger system and the City is responsible for the quality of water in the streams.

Shaun Pigott then reviewed seven different rate structures. He stated that the goal is equity and fairness. He added that the rate should be based on impervious surface area; however, single family customers are generally charged a uniform rate. The topic of credits was raised. Mr. Pigott indicated that credits can create incentives to encourage property owners to do the right design. Rebecka Ratcliffe asked if credits would apply to monthly rates or SDCs. Mr. Pigott indicated they could apply to both.

The Committee then reviewed a preliminary budget and revenue projections. Members asked if streets were included in impervious area. Mat Haug asked about private streets. He also wanted to be sure the staff would update any pertinent codes to comply with the necessary quality and quantity storm water requirements. Dan Danicic stated that standards were in place for quantity but not quality. Mat Haug requested that new

Utility Rate Review Committee
April 8, 2002
Page 2

language be adopted concurrent with this process. Shaun Pigott indicated that development standards are part of the NPDES process and will be developed over time but that there is a commitment to review the standards.

The next meeting date will be April 22, 2002. The meeting was adjourned.

Approved by the Utility Rate Review Committee on this 24th day of June, 2002.

ATTEST:

Barry Babin, Secretary

Tuesday, 7 P.M.

June 24, 2002

UTILITY RATE REVIEW COMMITTEE MINUTES

City Hall

Newberg, Oregon

Members Present:

Ernie Amundson
David Maben

Matson Haug
Rebecka Ratcliffe

Dan Schutter

Members Absent: Barry Babin

Others Present: Mike Soderquist, CDD Director
Kathy Tri, Finance Director
Shaun Pigott, Consultant

1. Call to Order

The meeting was called to order at 7:00 p.m. by Chair Dan Schutter.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Minutes

Minutes of the April 8, May 13, May 28, June 10 were approved.

4. Continued Business

Shaun Pigott reviewed the single family sampling. Staff randomly selected 81 single family homes within Newberg. The average imprevious area was 2,877 square feet. The median was 2,704 square feet. These number are within the normal range of 2,500-3,000 square feet. Committee members discussed how you balance the mean with larger and smaller properties. It was agreed that it was impractical to measure every house. Shaun Pigott also stated that 60% of the EDUs are commercial and 40% are residential.

The committee then reviewed each progress element. Costs have been identified; a 2% rate growth is projected (consistent with the water and sewer rates); the annual revenue requirements have been identified (\$489,560); the billable EDU's have been established; and credits have been discussed (between 8% and 12%). These factors would create a fee of \$4.15 per EDU. Matt Haug asked what the impact of the credits had on the fee. Shaun Pigott responded that the EDUs would increase and the fee would drop to \$3.81/EDU or \$0.30 per month. This equates to \$3,543 in revenue (\$43,516 per year).

Shaun Pigott then reviewed the systems development calculation. He indicated that the methodology was consistent with the water and sewer methodology. The SDC would be \$217 per EDU. This is low because there is no reimbursement calculation since the system is at or over capacity.

Shaun Pigott then reviewed the directions to date. The committee members offered several suggestions to be added to the discussion summary. For

example, Dan Schutter suggested linking the budget to Phase 2 requirements and levels of service. Mr. Pigott stated that the CIP does not focus on Phase 2 requirements. There would be significantly different costs to meet these requirements. Dan Schutter stated that there are two goals: targeting problems listed and discharge standards. Citizens will need to understand how rates are paying for system needs versus mandates, not what the City would like to do.

The committee then discussed credits. Shaun Pigott reviewed Issue Paper No. 3. He suggested that credits be for non-residential only; the amount of the credit be limited because the customer is still a user of the system; and there could be a test for meeting or exceeding standards. Ernie Amundson suggested limited the credit to maintenance. Rebecka Ratcliffe agreed stating it should be limited to maintenance of on site facilities; it should be measurable; and staff should propose design requirements. Matt Haug suggested that the design requirements should be in the development code.

Motion: Ratcliffe/Amundson moved to recommend a credit for non-single family residential customers for on site maintenance and further review of a non-single family residential credit structure for design above requirements when design criteria are developed. Passed by those present.

Motion: Ratcliffe/Haug moved to acknowledge that developing design criteria is unfunded, but should be given the highest priority. Passed by those present.

The next meeting date will be September 9, 2002. The meeting was adjourned at approximately 8:53 p.m.

Approved by the Utility Rate Review Committee on this 24th day of June, 2002.

ATTEST:

Barry Babin, Secretary

Dan Danicic

From: Kathy Tri
Sent: Monday, August 26, 2002 11:14 AM
To: Mike Soderquist; Dan Danicic
Subject: CRRC minutes

attached are the June 24th minutes. I sent them to the committee members and will mail them the Maben and Babin.



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Kathy Tri
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Tuesday, 7 P.M.

May 28, 2002

**UTILITY RATE REVIEW COMMITTEE
MINUTES**

City Hall

Newberg, Oregon

Members Present:

Matson Haug
David Maben

Rebecka Ratcliffe
Dan Schutter

Ernie Amundson
Barry Babin

Others Present: Mike Soderquist, Community Development Director
Elaina Canutt, Assistant Finance Director
Shaun Pigott, Consultant
Debbie Galardi, Consultant

1. Call to Order

The meeting was called to order at 7:00 p.m. by Chair Dan Schutter.

2. Roll Call

Roll call was noted by Elaina Canutt.

3. Minutes

Minutes of the March 25, 2002 and April 22, 2002 meeting were approved by those present.

4. Public Hearing

Chair Dan Schutter opened the public hearing on the proposed sewer rates. No members of the public were present. Matson Haug moved to submit the new sewer rates to council for review. Rebecka Ratcliffe seconded the motion. The motion was approved unanimously. The public hearing on sewer rates was closed at 7:10 pm.

5. Continued Business

The meeting was turned over to Shaun Pigott to lead the discussion on the evening's agenda. The Committee had received information on the proposed "program directions and costs," issue paper No. 4 regarding the application of a stormwater service charge to private roads within residential subdivisions and a meeting summary for 5/13/02.

Shaun began with a summary of the proposed budget items for the stormwater program highlighting to the Committee that the proposed expenditures reflected a reasonable list of priorities, primarily in capital improvements and maintenance, that also recognized the importance of an ultimate stormwater service charge that was affordable. Shaun went on to review the estimated rate requirement to support this level of expenditure which – assuming 10,700 EDU's within Newberg, would result in a rate of about \$4.13/EDU per month.

A Committee member then asked about the basis for the EDU calculation and Shaun Pigott indicated that the value or average amount of impervious surface

on a single-family residential property had not been calculated specifically for Newberg. The value used to calculate the 10,700 EDU's in Newberg was an overall average for other stormwater utilities. The Committee felt that the average value should be specific to Newberg and directed staff/consultant to prepare that statistical analysis.

The discussion on private roads within subdivisions was then introduced by showing a map of the older subdivisions (estimated number is 5) within Newberg that were the subject of issue paper No.4. Shaun Pigott reiterated that the issue paper set the "informational stage" for the Committee's direction as to how the program would deal with these road areas. The primary concerns were fairness and consistency. The Committee discussion brought up the variation in street construction within the City and the fact that numerous streets may have been originally built to City standards but had not been upgraded to stay current with revised City standards. The Committee was reminded that this issue came up in the context of a standard rate for all single-family residences in Newberg and the question was whether that rate uniformity should be modified under conditions where the subdivisions owned streets. The Committee felt that in cases where the privately owned streets within residential subdivisions were "built to the City's design standards for storm drainage" then there was a basis for excluding those privately owned streets from the stormwater service charge.

Shaun Pigott then revisited the stormwater SDC calculation presented to the Committee on 5/13/02 (materials handed out at meeting). The Committee had directed staff to assure that growth rate projections for the stormwater program were consistent with the projections in water and sewer. The water/sewer growth rate was 2% while the stormwater SDC growth assumption had been 1.5%. By changing the growth projection for stormwater to 2%, the SDC came down to \$217. This reflects the fact that a greater number of growth EDU's is being spread over the same capital improvement cost base allocated to new development. The Committee concurred with the change in growth projections and understood the corresponding reduction in the stormwater SDC.

The next agenda item revisited the issue of service charge credits (issue papers 2 and 3 discussed on 5/13/02). As requested by the Committee, Shaun Pigott presented a sample credit calculation and provided a sample credit procedure to the Committee stating that since the City did not have specific design criteria or a drainage plan review process that modeled pre and post development flows from the site, a calculated credit amount based on specific site hydraulic conditions was not possible. Lacking that information, there was the option of establishing a credit based on the existence of on-site stormwater facilities and/or the implementation of best management practices (BMP) as a basis for a water quality rate credit. The credit amount could be established based on fixed and variable expenditure categories, with the variable portion of the stormwater program's budget only being eligible for credits. The Committee had differing views at two levels about credits: the first was whether a credit needed to be offered at all and at a second level why specific calculations could not be developed to measure each property's credit eligibility and amount of credit. Shaun Pigott responded to both of these views by stating that service charge credits are not a mandatory requirement for stormwater utilities. Not all utilities offer credits. However, in terms of being able to create incentives and to provide

the City with a reasonable basis for negotiating the impacts of a new fee on non-single family residential properties that have invested in on-site stormwater facilities or BMP's, a service charge credit provides useful flexibility. Some Committee members felt that having this tool would be useful for staff and that it should be staff's responsibility to establish the specific procedures for its implementation. Others felt that the service charge credit provided too much potential advantage to large ratepayers and would transfer more of the cost to residences. Shaun Pigott stated that part of the process for establishing credit eligibility was a staff determination whether there was some downstream advantage to the City due to the on-site facilities/activities of the specific nonsingle family residential customer. Since stormwater flows off the site are not uniformly measurable like water through meter size/use or sewer through water consumption, a storm water service charge credit program cannot be completely premised on a single calculation but must also reflect on-site engineering judgment as to the effectiveness of a facility or best management practice. The sample procedures presented to the Committee are intended to help the Committee place reasonable policy limits on staff's flexibility and discretion regarding the amount of credit and the basic rules of the road for credit eligibility. The Committee then considered a vote regarding whether credits should be allowed but deferred that decision until the next meeting when the issue of credits would be discussed again.

The last agenda item dealt with public information and the need for an effective public awareness effort before the stormwater program gets too far down the road. Shaun Pigott suggested to the Committee that he bring some examples of materials put together by other cities for the next meeting. The Committee agreed with this suggestion.

6. Adjournment

The Chairman asked for any further Committee discussion. Hearing none the meeting was adjourned at 9:00 PM and the **next meeting set for June 10, 2002.**

Approved by the Utility Rate Review Committee on this 10th day of June, 2002.

ATTEST:

Barry Babin, Secretary