



**CITIZENS' RATE REVIEW COMMITTEE AGENDA
THURSDAY, JANUARY 25, 2018**

6:30 P.M. MEETING

PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)

Mission Statement

The City of Newberg serves its citizens, promotes safety, and maintains a healthy community.

Vision Statement

Newberg will cultivate a healthy, safe environment where citizens can work, play and grow in a friendly, dynamic and diverse community valuing partnerships and opportunity.

I. CALL MEETING TO ORDER

II. ROLL CALL

III. CONSENT AGENDA

1. Approve minutes from the January 4, 2018 meeting.

IV. PUBLIC COMMENTS

(30 minutes maximum, which may be extended at the Chair's discretion, with an opportunity to speak for no more than 5 minutes per speaker allowed)

V. COMMITTEE BUSINESS

1. Transportation Utility Fee review
2. Consideration of internal franchise fee increase
3. 2018 rate comparison – Water, Wastewater, and Stormwater

VI. ADJOURNMENT

Next Meeting: February 15, 2018 at 6:30 pm at the Public Safety Building.

ACCOMMODATION OF PHYSICAL IMPAIRMENTS: *In order to accommodate persons with physical impairments, please notify the City Recorder's office of any special physical or language accommodations you may need as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please contact the City Recorder at (503) 537-1283. For TTY services please call (503) 554-7793.*

The Committee accepts comments on agenda items during the meeting. Fill out a form identifying the item you wish to speak on prior to the agenda item beginning and turn it into the Secretary. The Chair reserves the right to change the order of the items on this agenda.

**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 Marilynn 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 Wyooski 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.

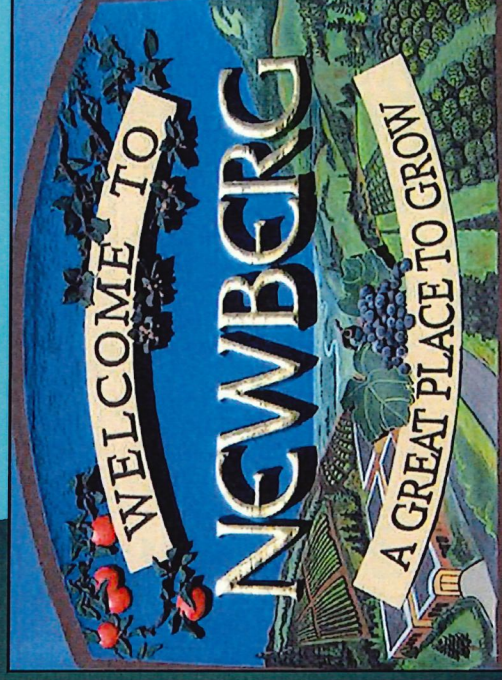
Approved by the Citizen's Rate Review Committee on this 25th day of January, 2018.

Citizens' Rate Review Committee Recording Secretary

Citizens' Rate Review Committee Chair

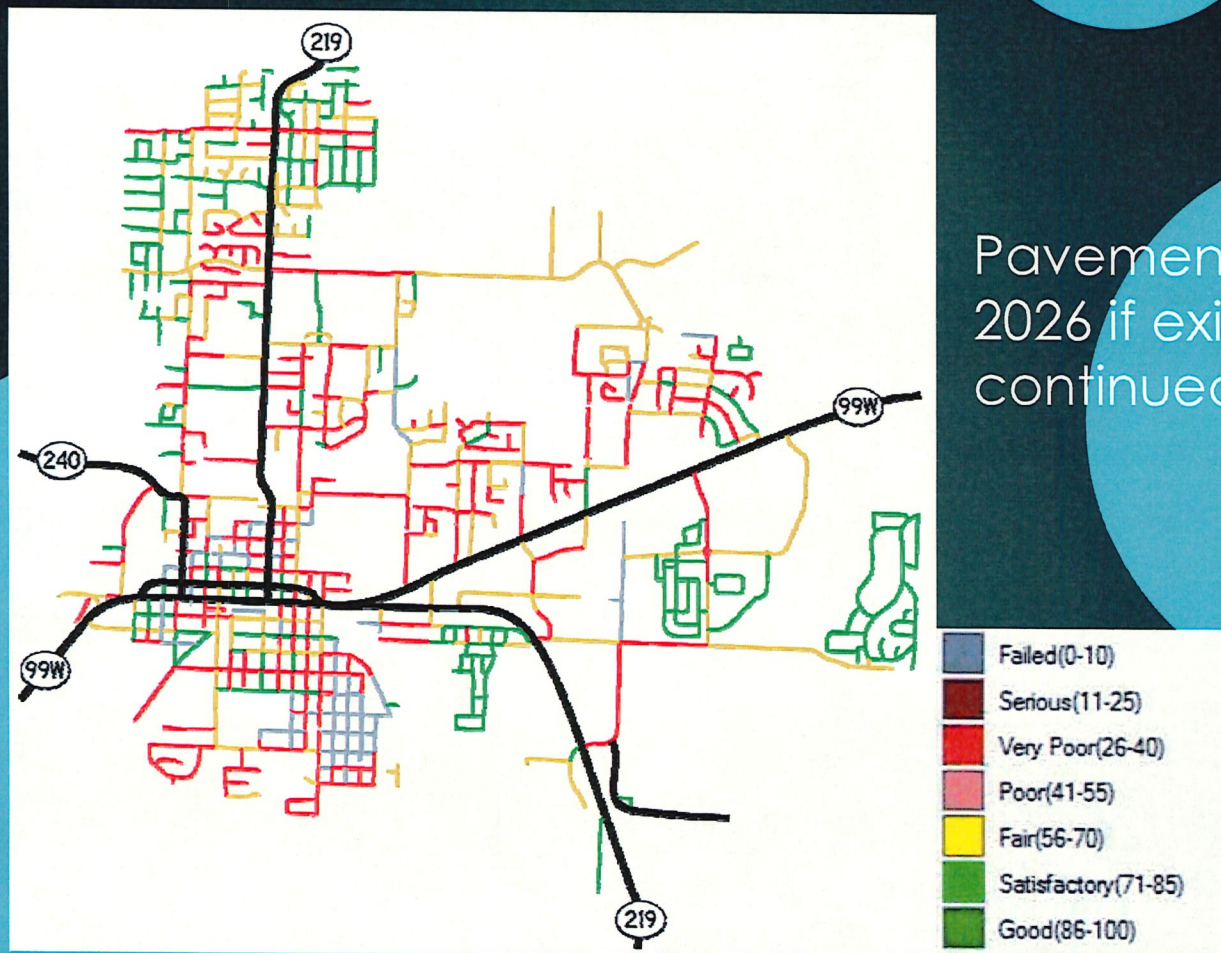
CITIZENS RATE REVIEW COMMITTEE 5 YEAR TRANSPORTATION C.I.P. PRESENTATION

JANUARY 25,
2018



BACKGROUND

- ▶ The Council and citizens have been concerned about the condition Newberg streets for a long time.
- ▶ 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.
- ▶ Implementation occurred on the September 2017 Municipal Services Statement.



Pavement Conditions



VERY GOOD (PCI=95)



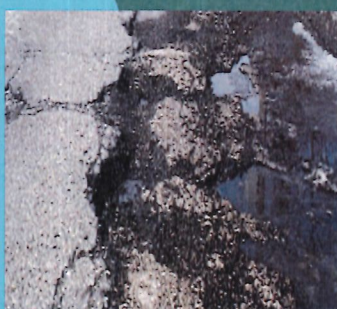
GOOD (PCI=70)



FAIR (PCI=60)



POOR (PCI=45)

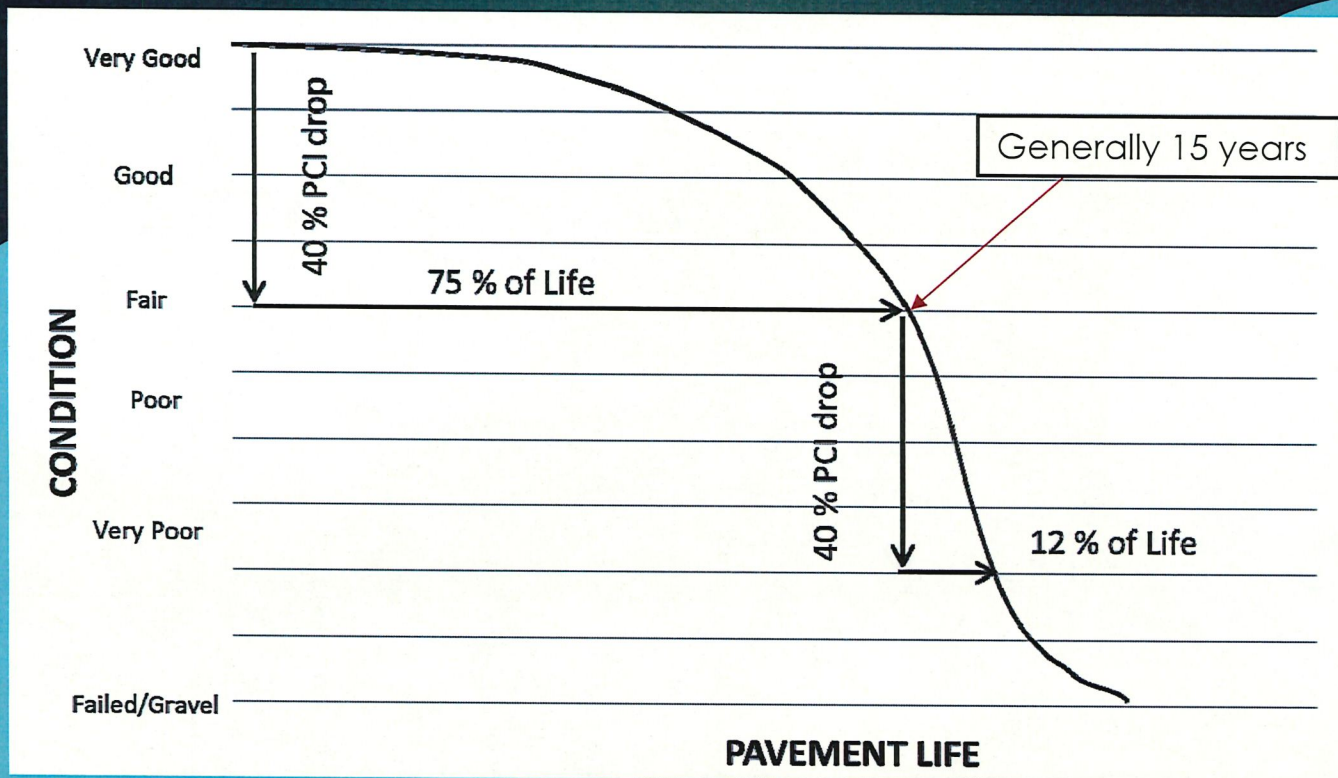


VERY POOR (PCI=20)



GRAVEL (PCI=0)

PCI



KEY THINGS TO NOTE

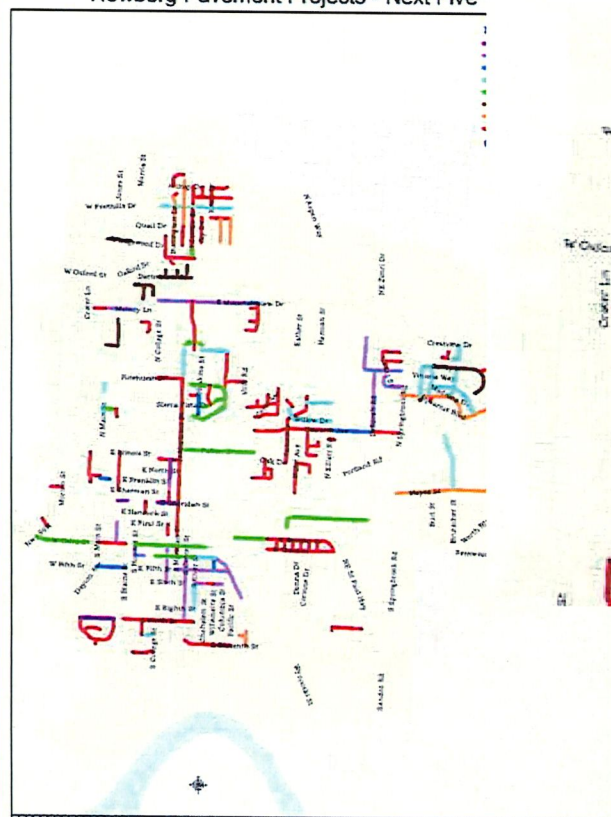
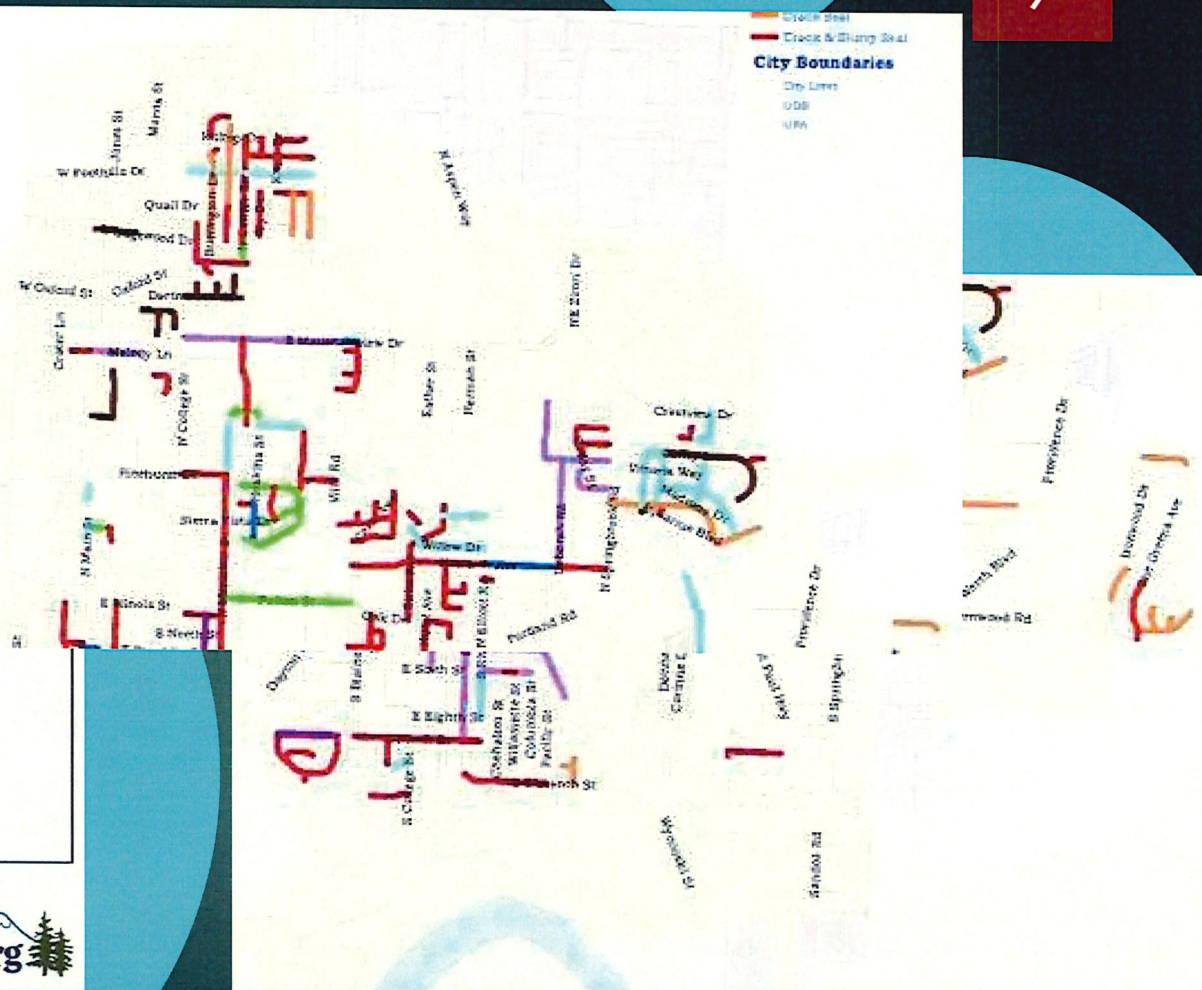
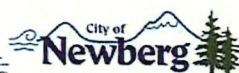
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- ▶ A maximum of 70% of revenue is proposed to be allocated to preservation of the good to fair streets, and a minimum of 30% to reconstruct the poor to very poor streets.
- ▶ Fee waivers – vacancy, low income, no vehicle, unemployment
- ▶ The TUF may not be used for other city purposes. TUF revenues will be used solely to pay items as noted in NMC 3.45.010.
- ▶ 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 Oregon Department of Transportation Four-Quarter Moving Average Construction Cost Index.
 - ▶ 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-

PAVEMENT PRESERVATION PROJECTS 5 YEAR PLAN

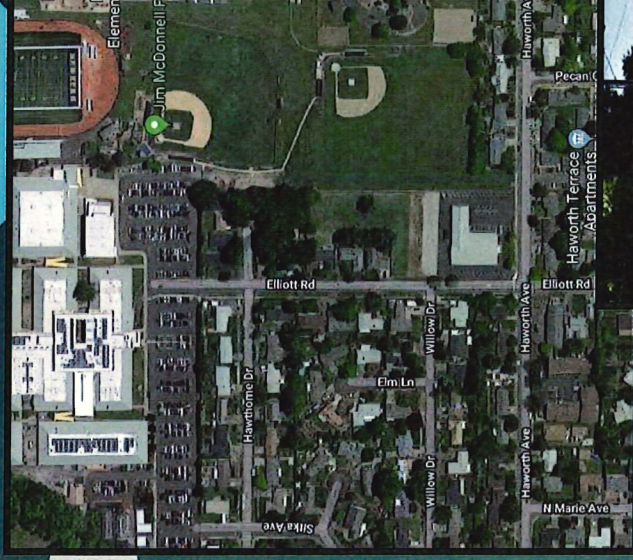
Newberg Pavement Projects - Next Five Years

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OTHER TRANSPORTATION PROJECTS

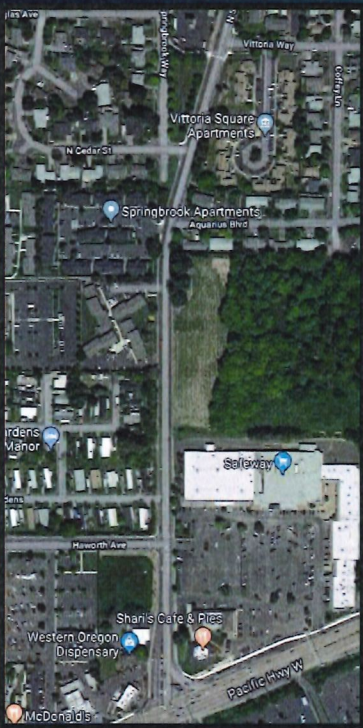
N. Elliott Road

- This is the main entrance into the High School.
- There are no bike or pedestrian facilities on this roadway.
- There is no public drainage system in N. Elliott Road resulting in frequent ponding other than ditches



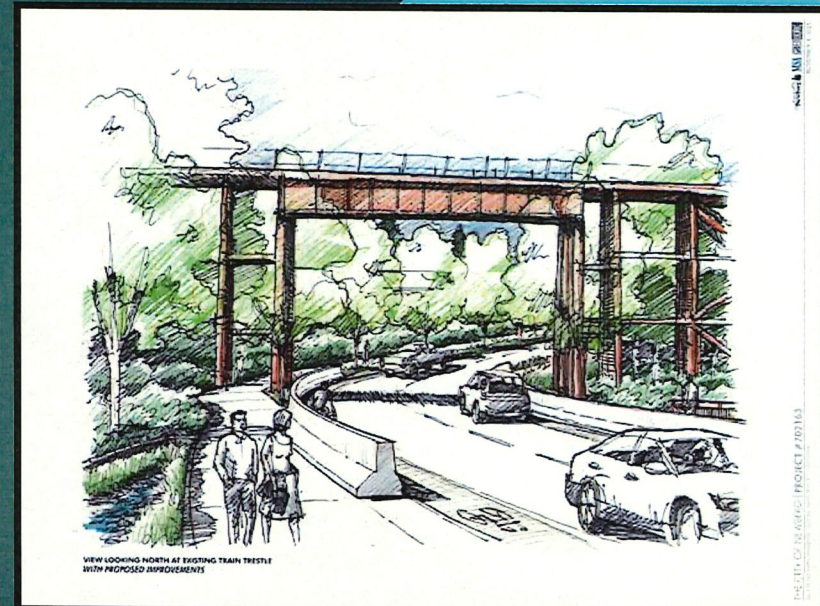
N. Springbrook Road

- There are existing flooding problems along Springbrook Road
- A signal at Haworth Avenue, and other street improvements will also be under construction



Villa Road Improvements Haworth to Park

- ▶ Phase 1 is complete (Hess Creek Culvert)
- ▶ Phase 2 (road work) to start construction April 2018



College Street; Bikelanes & Sidewalks



College Street looking North

- ▶ Aldercrest to Foothills
- ▶ Extend the sidewalks and bikelanes on the west side of the road
- ▶ College Street WL Relocation will be constructed ahead of this project

Crestview Drive; 99W to Springbrook Road

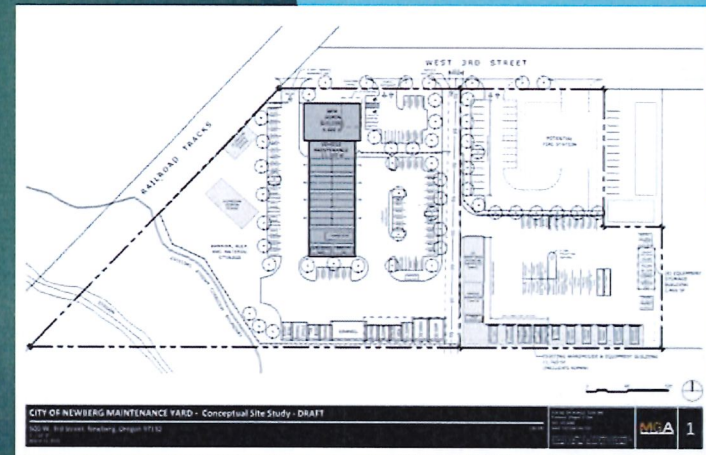
- ▶ Important transportation link to the north portion of the City
- ▶ Includes curbs, gutters, bikelanes & sidewalks, and replace existing substandard roadway segments
- ▶ \$1,100,000 is City's share; \$740,000 from State; \$3,160,000 from Developers – Total Cost = \$5,000,000
- ▶ Gramor & Springbrook Properties are partners



Multi-fund projects

Cartegraph

- ▶ Cartegraph Software Upgrade
- ▶ Maintenance Facility



Transportation Projects

The Transportation Program provides planning, engineering, and construction for improvements to the City's transportation systems that preserve existing infrastructure, increase roadway capacity, improve safety mobility and/or enhance neighborhood livability.

The primary funding source for the roadway maintenance budget is the City's share of the state gas tax revenue. This revenue source has been in decline since 2005-06 due to the public's response to increased fuel prices, increase in vehicle fuel efficiency vehicles, and slow/moderate economic growth. A secondary funding source for roadway improvements is federal funding distributed by ODOT through the Surface Transportation Program (STP), and can only be used for new roadway construction or full reconstruction of existing roadways, not maintenance projects.

The following project summary sheets were developed from the Transportation System Plan and associated studies while considering the available funds from state gas tax revenue, surface transportation program (federal funds exchange) and system development charges. A proposed transportation utility is currently under consideration by Council. If adopted, an additional \$1.2 million dollars per year will be available for roadway maintenance projects. This five year CIP currently does not include the additional funding from the transportation utility fee.

Transportation Program

Project Summary Sheet

ADA/BICYCLE/PEDESTRIAN IMPROVEMENTS

Fiscal Year	Costs	Criteria Met:	
2017/2018	\$30,000	☒	Safety/Liability
		☒	Council Goals
2018/2019	\$30,000	☐	Maintenance
		☒	Required per Regulation
Future Years	N/A	☐	Coordinates with Larger Project
		☐	Existing Capacity
Project Total	\$60,000	☐	Cost Reduction
		☐	Future Capacity

PROJECT DESCRIPTION:

City Council established a comprehensive bicycle program in 2011 to implement the policies and recommended improvements in the ADA/Pedestrian/Bike Route Improvement Plan.

Projects are selected based on the City's need and available funding for each fiscal year. The ADA/Pedestrian/Bike Route Improvement Plan is a resource the City often utilizes in selecting improvement projects. Current utility maintenance projects include replacement or installation of ADA accessible barriers identified in the plan. The ADA/Pedestrian/Bike Route Improvement Plan can be found on the city website.

PROPOSED FUNDING SOURCES:

This project is funded by the gas taxes that the City receives from the State of Oregon. A portion (1%) of the gas tax the City receives must be spent on bicycle projects in the right-of-way. The funding is split in the budget between the Street Capital Fund and the Street Maintenance Fund.



FIGURE 1 CURB RAMP NEEDED

Transportation Program

Project Summary Sheet

VILLA ROAD IMPROVEMENTS

Fiscal Year	Costs	Criteria Met:	
2017/2018	\$2,500,000	☒	Safety/Liability
		☒	Council Goals
2018/2019	N/A	☐	Maintenance
		☐	Required per Regulation
Future Years	N/A	☐	Coordinates with Larger Project
		☒	Existing Capacity
Project Total	\$2,500,000	☐	Cost Reduction
		☒	Future Capacity

PROJECT DESCRIPTION:

Villa Road north of 99W is a two lane major collector roadway that has intermittent sections of curb and sidewalk improvements. The proposed roadway improvement project is to construct a full width street improvement project consisting of curbs, sidewalk, and bike lanes, from Fulton Street to Crestview Drive. The incomplete sidewalk connections are unsafe as it forces pedestrians onto the roadway shoulders and the vertical/horizontal alignments of the roadway are not to current standards.

Phase 1 of this project (replacement of the Hess Creek Culvert) was completed in fiscal year 2016/2017.

PROPOSED FUNDING SOURCES:

The project is to be funded by gas tax revenue, system development charges and the Federal Funds Exchange.



Transportation Program

Project Summary Sheet

COLLEGE STREET BIKELANES AND SIDEWALK

Fiscal Year	Costs	Criteria Met:	
2017/2018	\$150,000	☒	Safety/Liability
		☒	Council Goals
2018/2019	\$150,000	☐	Maintenance
		☐	Required per Regulation
Future Years	N/A	☒	Coordinates with Larger Project
		☒	Existing Capacity
Project Total	\$300,000	☐	Cost Reduction
		☒	Future Capacity

PROJECT DESCRIPTION:

The 2007 ADA/Pedestrian/Bike Route Improvement Plan identified the project as a primary critical pedestrian and bikeway route. The incomplete sidewalk connections are unsafe as it forces pedestrians onto the roadway shoulders. This project will be a continuation of the project that was completed 3 years ago. We will enter into an Intergovernmental Agreement with ODOT on this project.

PROPOSED FUNDING SOURCES:

The project will be funded by ODOT Surface Transportation Project Fund (STP) with a funding match from



the City gas tax revenues.

FIGURE 2 LOOKING NORTH ON COLLEGE STREET

Transportation Program

Project Summary Sheet

CRESTVIEW DRIVE; 99W TO SPRINGBROOK ROAD

Fiscal Year	Costs	Criteria Met:	
2017/2018	\$1,100,000	☒	Safety/Liability
		☒	Council Goals
2018/2019	N/A	☒	Maintenance
		☐	Required per Regulation
Future Years	N/A	☒	Coordinates with Larger Project
		☒	Existing Capacity
Project Total	\$1,100,000	☐	Cost Reduction
		☒	Future Capacity

PROJECT DESCRIPTION:

Crestview Drive is an important transportation link to the north portion of the City. It will connect 99W at Providence Drive to N. Springbrook Road. The two sections on either end of the alignment have not been constructed. This improvement replaces the gravel roadway & substandard pavement and will include curbs, gutters, bike lanes and sidewalks.

PROPOSED FUNDING SOURCES:

The overall project is projected to cost \$5,000,000. The Transportation SDC fund will contribute \$1,100,000, the state will contribute \$740,000, and the balance will be funded by Springbrook Properties



and Gramor Development.

FIGURE 3 CRESTVIEW DRIVE LOOKING EAST

Transportation Program

Project Summary Sheet

ELLIOT ROAD; 99W TO NEWBERG HIGH SCHOOL

Fiscal Year	Costs	Criteria Met:	
2018/2019	\$350,000	☒	Safety/Liability
		☒	Council Goals
2019/2020	\$750,000	☒	Maintenance
		☐	Required per Regulation
Future Years	\$750,000	☐	Coordinates with Larger Project
		☒	Existing Capacity
Project Total	\$1,850,000	☐	Cost Reduction
		☒	Future Capacity

PROJECT DESCRIPTION:

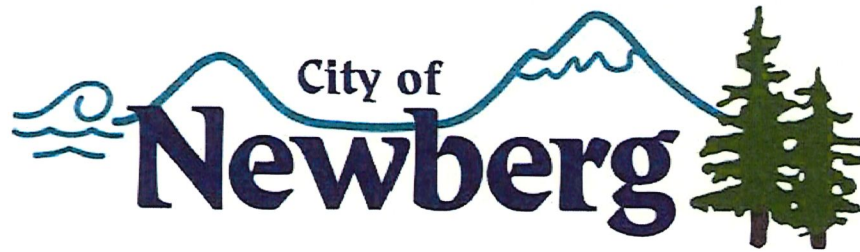
The TSP has identified this project as a high priority as it provides direct access to the high school. This project will construct full street improvements to include sidewalks and bike lanes. It will also include storm drainage improvements and street lighting.

PROPOSED FUNDING SOURCES:

The project will be funded by gas tax revenues and system development charges.



FIGURE 4 LOOKING SOUTH ON ELLIOTT ROAD



Transportation Utility Fees

Citizen Rate Review Committee Meeting

January 25, 2018

Agenda

- Background
- Street System Revenues and Requirements
- Other System Rates and Reserves

TUF Basics

- Dedicated funding source for preservation of existing roadways
- Revenues and expenses generally tracked in special revenue funds
- Charge proportionate to system use
- Fee system must balance fairness with administrative feasibility



414 E First St
PO Box 970
Newberg, OR 97132
503-537-1205
www.newbergoregon.gov

Municipal Services Statement

PREVIOUS	CURRENT	CONSUMPTION	METER ID	FROM	TO	SERVICE ADDRESS
19.900	20.600	700 cf	00000000	02/23/18	03/25/18	1 MAIN ST
ACCOUNT NUMBER	BILLING DATE	DUE DATE	Winter Average 500 Storm EDU 1.00			
000000-000	04/01/18	04/30/18				

		SERVICES	AMOUNT
Water			
Service Charge	2.18		
Meter Charge	12.95	Previous Balance	\$59.28
Volume Charge		Payments	\$59.28
4.00 per 100 cubic feet (cf) used	28.00		
(700 X 0.0400)		Water	\$43.13
Total Water	43.13	Sewer	\$66.87
		Storm	\$10.30
Wastewater (Sewer)		Connection Fee	\$0.00
Service Charge	22.57	Public Safety Fee	\$3.00
Volume Charge * (Single Family)		Communication Officer Fee	\$2.04
8.86 per 100 cubic feet (cf) used	44.30	Transportation Utility Fee	\$4.99
(500 X 0.0886)			
Total Wastewater	66.87		
Storm			
\$6.22 per 1 edu (equivalent dwelling unit)	10.30		
Connection Fee			
\$20.00 Non-refundable account set up fee			
Public Safety Fee			
\$3.00 per 1 RME (residential meter equivalency)	3.00		
Communications Officer Fee			
\$2.04 per 1 RME (residential meter equivalency)	2.04		
Transportation Utility Fee			
\$4.99 per 1 dwelling unit	4.99		
Total Utility Bill	\$130.33		

PLEASE RETURN THIS PORTION WITH PAYMENT



TUF Theory & Practice

Theory	Practice
Charge proportionate to use	Individual property use is not 'metered'
Use = number of trips to and from a property	Estimate from trip generation rates by customer type*

*Primary source of data is Institute of Transportation Engineers
Trip Generation Manual

Basic Fee Structure

- Variable Fee within Class – Customer bills reflect two primary variables:
 - Intensity of use (trip generation)
 - Magnitude/Size for nonresidential (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)

Cost Allocation

Total Annual Revenue
Target = \$1.2 million*

35%
Residential
(about
\$400K)

65% Nonresidential
(about \$800K)

*Total Annual Need = \$2.5 million

*Allocations reflect estimated trip generation

Current Rates – General Classes (September 2017 Active Accounts)

<u>Description</u>	<u>Rate</u>	<u>Units Measured</u>	<u>Examples</u>
CLASS 1 NON-RESIDENTIAL	\$ 3.72	KSF	Industrial, Warehousing
CLASS 2 NON-RESIDENTIAL	\$ 14.66	KSF	Office
CLASS 3 NON-RESIDENTIAL	\$ 21.35	KSF	Medical, Retail
CLASS 4 NON-RESIDENTIAL	\$ 33.46	KSF	Supermarket, Bank
CLASS 5 NON-RESIDENTIAL	\$ 97.16	KSF	Coffee Shop, Fast Food, Conv. Mkt
NON-RESIDENTIAL MINIMUM	\$ 4.99	1	
SF DETACHED HOUSING	\$ 4.99	DU	
MULTI-FAMILY	\$ 3.37	DU	
MOBILE HOME	\$ 2.61	Occupied DU	

See additional special rate classes in Appendix B of Ordinance
(attached)

Exhibit B – Ordinance 2016-2811

ITE	Description	Trip Rate	Examples/Units	Rate: \$/Unit/ Month
Residential Land Uses				
210	Single-Family Detached Housing	Refer to ITE Manual for current residential trip rates	Residential Home, per Dwelling Unit (DU)	\$ 4.99
220/230	Multi-Family		Apartment Sites, Per DU	\$ 3.37
240	Mobile Home		Mobile Home Park, Per DU	\$ 2.61
Non-Residential Land Uses				
		Per 1000 sf (ksf)		
	Class 1	Less than 18	Manufacturing	\$ 3.72
	Class 2	From 18 to 30	Office	\$ 14.66
	Class 3	More than 30 to 51	Auto Repair, Clinic	\$ 21.35
	Class 4	More than 51 to 80	Sit Down Restaurant	\$ 33.46
	Class 5	More than 80	Convenience Store, Drive Thru	\$ 97.16
Class 6 - Others				
		Special Units		
251	Senior Adult Housing Attached	Refer to ITE Manual for current Class 6 trip rates	Per DU	\$ 2.04
253	Congregate Care		Per DU	\$ 1.12
254	Assisted Living		Per Bed	\$ 1.47
255	Continued Care Retirement Community		Per Unit	\$ 1.33
310	Hotel		Per Room	\$ 4.52
320	Motel		Per Room	\$ 3.12
411	City Park		Per Acre	\$ 1.05
412	County Park, Farmland, Commercial Agriculture		Per Acre	\$ 1.25
430	Golf Course		Per Hole	\$ 19.77
520	*Public Elementary School		Per Student	\$ 0.36
522	*Public Middle/Junior High School		Per Student	\$ 0.45
530	*Public High School		Per Student	\$ 0.48
536	Private School (K-12)		Per Student	\$ 1.37
540	Junior/Community College		Per Student	\$ 0.68
550	University/College		Per Student	\$ 0.95
941	Quick Lubrication Veh. Shop		Per Service Position	\$ 12.87
944	Gas/serve Station		Per Fueling Position	\$ 54.10
945	Gas/Serv. Station with Conv. Market		Per Fueling Position	\$ 39.64
	*Refer to Exhibit A, Section 3.45.100.A.10			

Financial Forecast – Street Fund



Capital Improvement Plan (CIP)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
CIP Expenditure	\$5,892,337	\$ 1,428,920	\$ 2,406,826	\$ 2,270,522	\$ 1,831,540	\$ 2,571,660
<u>Project Name</u>						
Bicycle Route Improvements	\$ 5,000	\$ 5,140	\$ 5,284	\$ 5,432	\$ 5,584	\$ 5,740
ADA/Sidewalk Improvements	-	25,700	26,420	27,159	27,920	28,702
Pavement Maintenance Program	1,182,337	822,400	1,479,498	1,412,286	1,340,151	1,377,675
Villa Road; Haworth - Crestview	2,715,000	-	-	-	-	-
Elliot Road; 99W - High School	-	359,800	792,588	814,780	-	-
Crestview Drive; 99W - Springbrook Road	1,840,000	-	-	-	-	-
College Street Bikelanes & Sidewalk to Mountainview	120,000	205,600	-	-	-	-
N. Springbrook Road including signal at Haworth	-	-	-	-	446,717	1,148,063
Traffic Calming	-	10,280	10,568	10,864	11,168	11,481
LED Conversion	-	-	-	-	-	-
PW Facility	30,000	-	-	-	-	-
Street Sweeper Replacement (25% street/75% storm)	-	-	92,469	-	-	-
	-	-	-	-	-	-
SDC Eligible	\$4,147,750	\$287,840	\$634,070	\$651,824	\$357,374	\$918,450
Street Fund Supported	\$1,744,587	\$1,141,080	\$1,772,755	\$1,618,697	\$1,474,166	\$1,653,210
Gas Tax	\$787,250	\$341,080	\$372,755	\$418,697	\$274,166	\$503,210
TUF	\$957,337	\$800,000	\$1,400,000	\$1,200,000	\$1,200,000	\$1,150,000

RESERVE AND BILL COMPARISON

Typical Residential Bill – All Systems

Overall Increase					1-Jan	1-Jan
2019	2020	System	Units	Current	2019	2020
3.5%	3.5%	Water	7	\$43.16	\$44.54	\$46.37
3.5%	3.5%	Sewer	5	\$66.87	\$69.41	\$71.85
9.0%	9.0%	Storm	1	\$10.30	\$11.23	\$12.24
		TUF	1	\$4.99	\$4.99	\$4.99
		Public Safety	1	\$3.00	\$3.00	\$3.00
		Communication	1	\$2.04	\$2.04	\$2.04
		Total		\$130.36	\$135.21	\$140.49
		<i>Difference \$</i>			\$4.85	\$5.27
		<i>Difference %</i>			3.7%	3.9%

Reserves – All Systems

	Wastewater	Stormwater	Water		
<i>Annual Rate Increase</i>	3.5%	9%	3.5%	4.0%	4.75%
Operating Contingency (60 days)	\$1,081,992	\$260,906	\$761,773	\$763,106	\$764,617
Debt Service (1 Year)	\$2,098,814	\$0	\$876,823	\$876,823	\$876,823
Rate Stabilization/R&R*	\$3,002,231	\$322,911	\$607,821	\$1,034,937	\$1,473,232
Subtotal Operating/Capital	\$6,183,037	\$583,817	\$2,246,417	\$2,674,866	\$3,114,672
SDC Fund Balance	\$1,964,677	\$227,051	\$61,921	\$61,921	\$61,921
Combined	\$8,147,713	\$810,868	\$2,308,339	\$2,736,787	\$3,176,594
*Potential Reserve Policy Targets					
Total					
Low (2% Asset Value +5% sales revenue)	\$2,350,000	\$404,374	\$1,321,989	\$1,321,989	\$1,339,289
Medium (Rep. Value excl. debt +5% sales revenue)	\$3,550,000	\$654,012	\$1,621,989	\$1,621,989	\$1,639,289
High (Rep. Value +10% sales revenue)	\$4,800,000	\$768,186	\$2,543,979	\$2,543,979	\$2,543,979

FRANCHISE FEE DISCUSSION (SEPARATE PRESENTATION)

Reserves – All Systems (7% Franchise Fee)

	Wastewater	Stormwater	Water
<i>Annual Rate Increase (FY2019/FY2020)</i>	3.5%	9%	3.5%
Operating Contingency (60 days)	\$1,112,497	\$268,414	\$782,945
Debt Service (1 Year)	\$2,098,814	\$0	\$876,823
Rate Stabilization/R&R*	\$2,091,770	\$123,383	-\$44,884
Subtotal Operating/Capital	\$5,303,081	\$391,797	\$1,614,884
SDC Fund Balance	\$1,964,677	\$227,051	\$61,921
Combined	\$7,267,757	\$618,848	\$1,676,806
*Potential Reserve Policy Targets			
Total			
Low (2% Asset Value +5% sales revenue)	\$2,350,000	\$404,374	\$1,321,989
Medium (Rep. Value excl. debt +5% sales revenue)	\$3,550,000	\$654,012	\$1,621,989
High (Rep. Value +10% sales revenue)	\$4,800,000	\$768,186	\$2,543,979

Typical Residential Bill – All Systems (7% FF)

Overall Increase					1-Jan	1-Jan
2019	2020		Units	Current	2019	2020
5.5%	3.75%	Water	7	\$43.16	\$45.45	\$47.40
5.5%	3.75%	Sewer	5	\$66.87	\$70.82	\$73.49
9.0%		Storm	1	\$10.30	\$11.43	\$12.49
		TUF	1	\$4.99	\$4.99	\$4.99
		Public Safety	1	\$3.00	\$3.00	\$3.00
		Communication	1	\$2.04	\$2.04	\$2.04
		Total		\$130.36	\$137.74	\$143.41
		<i>Difference \$</i>			\$7.38	\$5.68
		<i>Difference %</i>			5.7%	4.1%
		Increase from base scenario			\$2.52	\$2.93

Reserves – All Systems (7% FF and Additional Rate Increase)

	Wastewater	Stormwater	Water
<i>Annual Rate Increase (FY2019/FY2020)</i>	<i>5.5%/3.75%</i>	<i>11%/9.25%</i>	<i>5.5%/3.75%</i>
Operating Contingency (60 days)	\$1,115,472	\$269,109	\$784,992
Debt Service (1 Year)	\$2,098,814	\$0	\$876,823
Rate Stabilization/R&R*	\$2,962,310	\$308,576	\$552,108
Subtotal Operating/Capital	\$6,176,596	\$577,685	\$2,213,923
SDC Fund Balance	\$1,964,677	\$227,051	\$61,921
Combined	\$8,141,273	\$804,736	\$2,275,844
*Potential Reserve Policy Targets			
Total			
Low (2% Asset Value +5% sales revenue)	\$2,350,000	\$404,374	\$1,321,989
Medium (Rep. Value excl. debt +5% sales revenue)	\$3,550,000	\$654,012	\$1,621,989
High (Rep. Value +10% sales revenue)	\$4,800,000	\$768,186	\$2,543,979

Next Steps

- Any additional information requests
- Develop proposed rate schedules

Discussion

REQUEST FOR COMMITTEE ACTION

DATE ACTION REQUESTED: January 25, 2018				
Order ____ No.	Ordinance ____ No.	Resolution ____ No.	Motion ____	Information <u>XX</u>
SUBJECT: Internal Franchise Fee increase			Contact Person (Preparer) for this Motion: Matt Zook Dept.: Finance	

RECOMMENDATION: Committee consideration of a 2% internal franchise fee increase from 5% to 7%.

BACKGROUND:

The City Council established a goal in 2016 that a long range financial plan be developed for the City. The General Fund has been the initial focus of this planning discipline. Between September 2017 and January 2018, the Council met three times to receive projections and evaluate option for meeting two challenges – 1) funding a \$3.1 million project to upgrade the Public Safety Communications system and 2) address an anticipated shortfall in General Fund operations.

One of the options to help address these challenges is to increase the internal franchise fee from 5% to 7% of user fees. This is calculated as a percentage of water, wastewater, and stormwater rate revenue. This franchise fee is already an existing expense to each of these utility programs and has been an existing system cost reflected in the rate discussions the CRRC has been reviewing in past years. The increase would generate approximately \$300,000 - \$325,000 per year. The additional revenue would be transferred to the General Fund and assist in meeting the challenges addressed above.

I have included a portion of the presentation to the City Council from January 9, 2018. Although no formal decision was made, the Council feedback indicated openness to the option of increasing the franchise fee. Staff will share the same presentation to the CRRC at their January 25 meeting. This will provide the background of the larger landscape that the City Council must consider in balancing the needs of the City. Additional information on the impact on rates and reserves will also be presented. The CRRC has the opportunity to weigh in on this option as a part of their final recommendation to the City Council.

FISCAL IMPACT:

The fiscal impact will be addressed with the assistance of the financial consultant during the meeting.

Long Range Financial Planning Presentation

Newberg City Council Special Session
January 9, 2018



Challenges to Address

1. How to pay for \$3.15 million upgrade to Public Safety Communications system?
2. How to close the ongoing difference of \$1.3 million in General Fund revenues versus expenditures?

Public Safety Communications Upgrade

- Council #1 priority
- Components of project
 - Antenna
 - Radios
 - Dispatch equipment
 - Computer Aided Dispatch (CAD) upgrade

Public Safety Communications Upgrade (continued)

- Funding

- City

- ❖ Butler Property – appraisal contract signed, expect report in one month.
 - ❖ Animal shelter – appraisal contract under negotiation and ongoing discussions with Newberg Animal Shelter Friends (NASF) and potential foundation grant for purchase, expect report in one month after contract signed.

- Tualatin Valley Fire & Rescue

- ❖ Sale of equipment – Suspended until March 13 TVF&R vote
 - ❖ Transfer of Springbrook station and additional lot. Retain downtown station – Suspended until March 13 TVF&R vote.

- Dundee Fire

Impact of 2% Cost of Living Adjustment (COLA) on General Fund

The impact of a 2% COLA applied to each future fiscal year would increase annual expenditures above the December 4, 2017 forecast by the following amounts, regardless of the various revenue-generating scenarios :

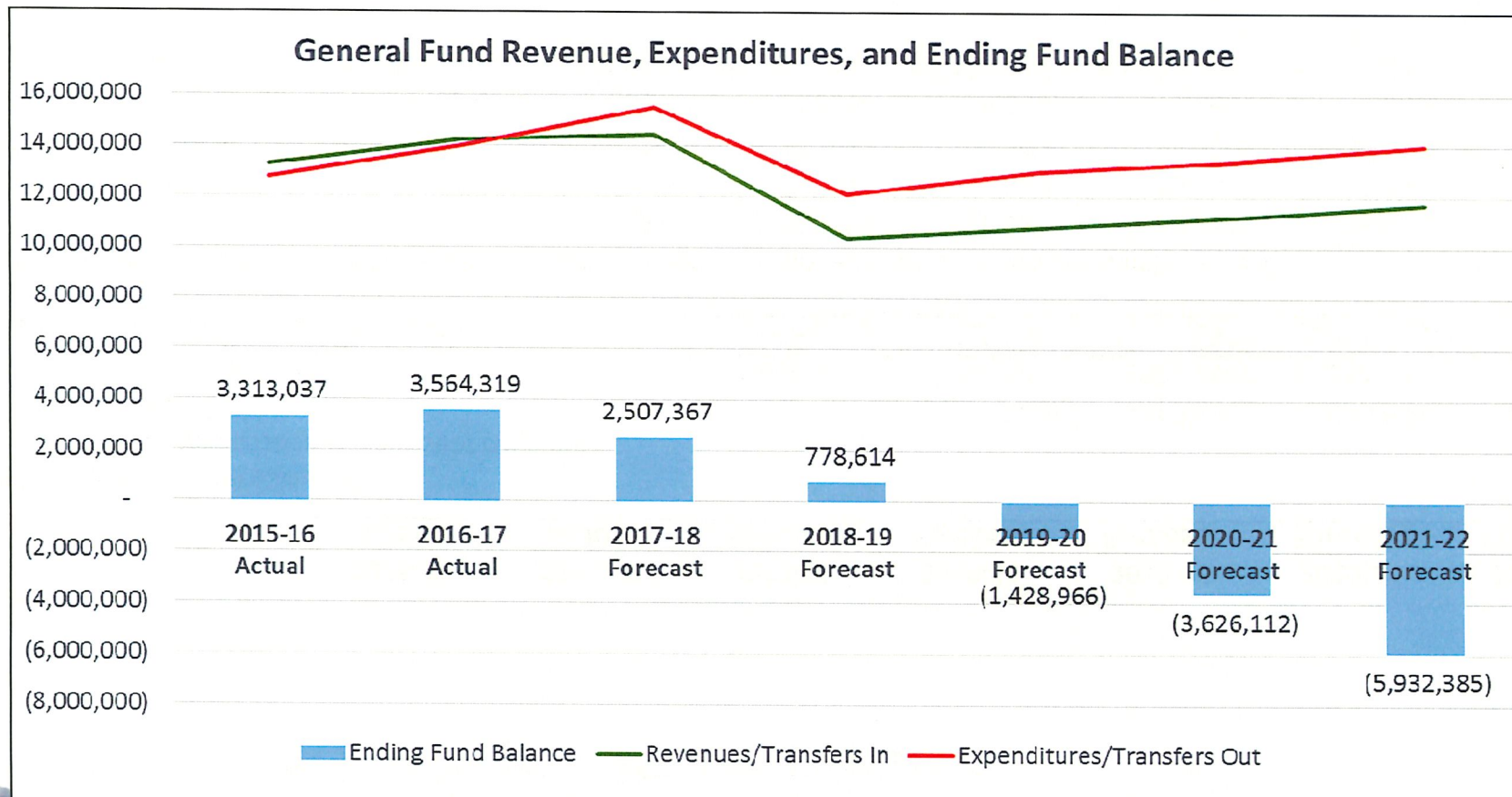
2018-19	\$149,562
2019-20	\$312,105
2020-21	\$478,362
2021-22	\$661,017

General Fund – Base Projection

- 1) 2018-19 levy drops to \$2.50 and increases 3% in each subsequent year. 4.3% growth in Tax Assessed Value.
- 2) Includes debt service payments for Public Safety communications project (see slide #8).
- 3) Includes December 2017 advisory PERS rate increases for 2019-21, and assumes same rate increase for 2021-22 (see slide #8).
- 4) 2% Cost of Living Adjustment (COLA) in 2018-19 and each subsequent year.

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
Beginning Fund Balance	2,797,675	3,313,037	3,564,319	2,507,367	778,614	(1,428,966)	(3,626,112)
Revenue & Transfers In	13,266,735	14,212,032	14,464,456	10,368,719	10,794,166	11,245,296	11,723,770
Expenditures & Transfers Out	(12,751,373)	(13,960,750)	(15,521,408)	(12,097,473)	(13,001,746)	(13,442,442)	(14,030,043)
Annual Surplus/(Shortfall)	515,361	251,282	(1,056,951)	(1,728,754)	(2,207,580)	(2,197,146)	(2,306,273)
Ending Fund Balance	3,313,037	3,564,319	2,507,367	778,614	(1,428,966)	(3,626,112)	(5,932,385)
<i>Fund Balance % (Target = 16%)</i>	25.98%	25.53%	16.15%	6.44%	-10.99%	-26.98%	-42.28%

General Fund – Base Projection



General Fund – Base Projection

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
1) Annual Surplus/(Shortfall) Composition							
Public Safety communication project debt payments (extends into 2023-24)			-	(337,250)	(645,636)	(645,636)	(645,636)
Operational surplus/(shortfall)			(1,056,951)	(1,391,504)	(1,561,944)	(1,551,510)	(1,660,637)
Annual Surplus/(Shortfall), as stated above			(1,056,951)	(1,728,754)	(2,207,580)	(2,197,146)	(2,306,273)
2) PERS Rates (including 6% City-paid employee pickup). These rates are applied to employees subject salary.							
Tier 1/Tier 2	21.09%	21.09%	26.32%	26.32%	29.05%	29.05%	31.78%
OPSRP-General Empe	13.11%	13.11%	16.02%	16.02%	19.36%	19.36%	22.70%
OPSRP-Police & Fire	17.22%	17.22%	20.79%	20.79%	24.09%	24.09%	27.39%
PERS Bond	4.80%	4.80%	4.50%	4.60%	4.75%	4.90%	5.02%
Total PERS Costs	\$1,189,921	\$942,994	\$1,206,219	\$1,246,912	\$1,421,129	\$1,462,830	\$1,643,633

General Fund – Local Option Levy

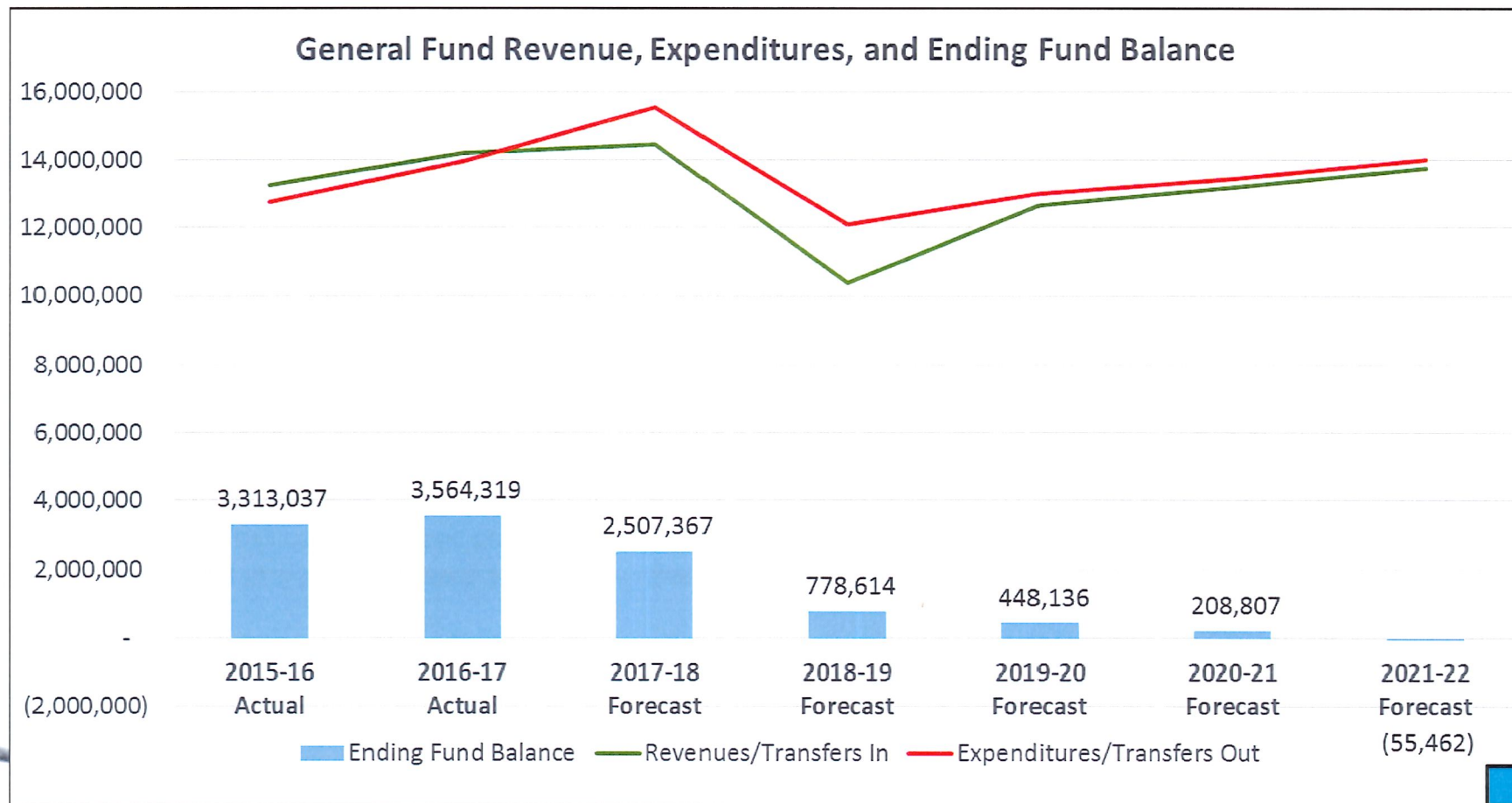
Scenario 1

- 1) 2018-19 levy drops to \$2.50 and increases 3% in each subsequent year. 4.3% growth in Tax Assessed Value.
- 2) Includes debt service payments for Public Safety communications project (see slide #11).
- 3) Includes December 2017 advisory PERS rate increases for 2019-21, and assumes same rate increase for 2021-22 (see slide #11).
- 4) 2% Cost of Living Adjustment (COLA) in 2018-19 and each subsequent year.
- 5) **Local Option Levy, with 0% compression, of \$1.00 per \$1,000 of assessed value from 2019-20 through 2023-24 (5 yrs).**

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
Beginning Fund Balance	2,797,675	3,313,037	3,564,319	2,507,367	778,614	448,136	208,807
Revenue & Transfers In	13,266,735	14,212,032	14,464,456	10,368,719	12,671,268	13,203,113	13,765,774
Expenditures & Transfers Out	(12,751,373)	(13,960,750)	(15,521,408)	(12,097,473)	(13,001,746)	(13,442,442)	(14,030,043)
Annual Surplus/(Shortfall)	515,361	251,282	(1,056,951)	(1,728,754)	(330,478)	(239,329)	(264,269)
Ending Fund Balance	3,313,037	3,564,319	2,507,367	778,614	448,136	208,807	(55,462)
Fund Balance % (Target = 16%)	25.98%	25.53%	16.15%	6.44%	3.45%	1.55%	-0.40%

General Fund – Local Option Levy

Scenario 1



General Fund – Local Option Levy

Scenario 1

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
1) Annual Surplus/(Shortfall) Composition							
Public Safety communication project debt payments (extends into 2023-24)			-	(337,250)	(645,636)	(645,636)	(645,636)
Operational surplus/(shortfall)			(1,056,951)	(1,391,504)	315,158	406,307	381,367
Annual Surplus/(Shortfall), as stated above			(1,056,951)	(1,728,754)	(330,478)	(239,329)	(264,269)
2) PERS Rates (including 6% City-paid employee pickup). These rates are applied to employees subject salary.							
Tier 1/Tier 2	21.09%	21.09%	26.32%	26.32%	29.05%	29.05%	31.78%
OPSRP-General Empe	13.11%	13.11%	16.02%	16.02%	19.36%	19.36%	22.70%
OPSRP-Police & Fire	17.22%	17.22%	20.79%	20.79%	24.09%	24.09%	27.39%
PERS Bond	4.80%	4.80%	4.50%	4.60%	4.75%	4.90%	5.02%
Total PERS Costs	\$1,189,921	\$942,994	\$1,206,219	\$1,246,912	\$1,421,129	\$1,462,830	\$1,643,633

General Fund –Internal Franchise Fee Increase

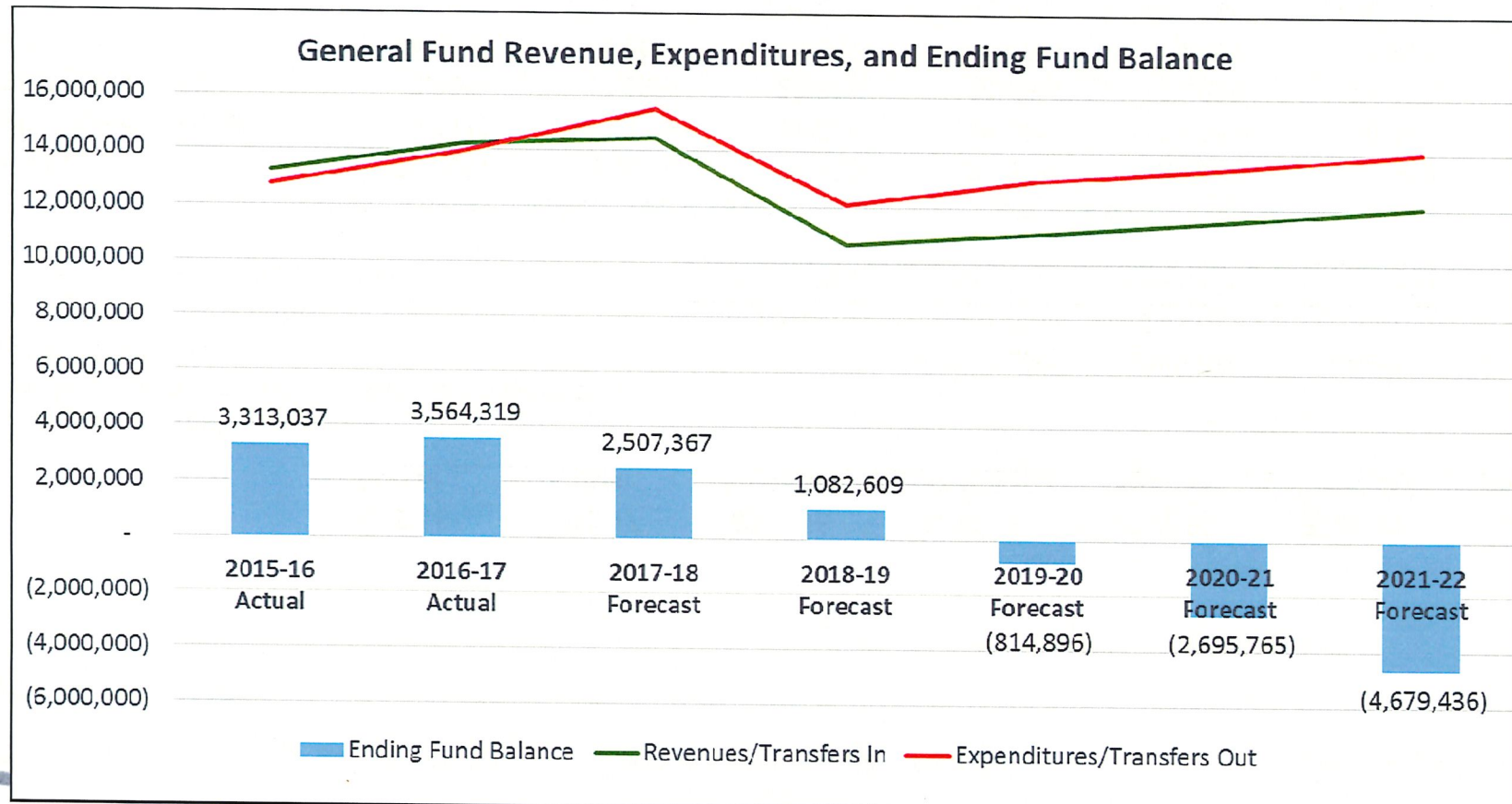
Scenario 2

- 1) 2018-19 levy drops to \$2.50 and increases 3% in each subsequent year. 4.3% growth in Tax Assessed Value.
- 2) Includes debt service payments for Public Safety communications project (see slide #14).
- 3) Includes December 2017 advisory PERS rate increases for 2019-21, and assumes same rate increase for 2021-22 (see slide #14).
- 4) 2% Cost of Living Adjustment (COLA) in 2018-19 and each subsequent year.
- 5) **Internal Franchise Fee on Water, Wastewater and Stormwater revenue from 5% to 7% in 2018-19 and each subsequent year.**

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
Beginning Fund Balance	2,797,675	3,313,037	3,564,319	2,507,367	1,082,609	(814,896)	(2,695,765)
Revenue & Transfers In	13,266,735	14,212,032	14,464,456	10,672,714	11,104,241	11,561,573	12,046,372
Expenditures & Transfers Out	(12,751,373)	(13,960,750)	(15,521,408)	(12,097,473)	(13,001,746)	(13,442,442)	(14,030,043)
Annual Surplus/(Shortfall)	515,361	251,282	(1,056,951)	(1,424,759)	(1,897,505)	(1,880,869)	(1,983,671)
Ending Fund Balance	3,313,037	3,564,319	2,507,367	1,082,609	(814,896)	(2,695,765)	(4,679,436)
Fund Balance % (Target = 16%)	25.98%	25.53%	16.15%	8.95%	-6.27%	-20.05%	-33.35%

General Fund –Internal Franchise Fee Increase

Scenario 2



General Fund –Internal Franchise Fee Increase

Scenario 2

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
1) Annual Surplus/(Shortfall) Composition							
Public Safety communication project debt payments (extends into 2023-24)			-	(337,250)	(645,636)	(645,636)	(645,636)
Operational surplus/(shortfall)			(1,056,951)	(1,087,509)	(1,251,869)	(1,235,233)	(1,338,035)
Annual Surplus/(Shortfall), as stated above			(1,056,951)	(1,424,759)	(1,897,505)	(1,880,869)	(1,983,671)
2) PERS Rates (including 6% City-paid employee pickup). These rates are applied to employees subject salary.							
Tier 1/Tier 2	21.09%	21.09%	26.32%	26.32%	29.05%	29.05%	31.78%
OPSRP-General Empe	13.11%	13.11%	16.02%	16.02%	19.36%	19.36%	22.70%
OPSRP-Police & Fire	17.22%	17.22%	20.79%	20.79%	24.09%	24.09%	27.39%
PERS Bond	4.80%	4.80%	4.50%	4.60%	4.75%	4.90%	5.02%
Total PERS Costs	\$1,189,921	\$942,994	\$1,206,219	\$1,246,912	\$1,421,129	\$1,462,830	\$1,643,633

General Fund – Local Option Levy & Internal Franchise Fee Increase

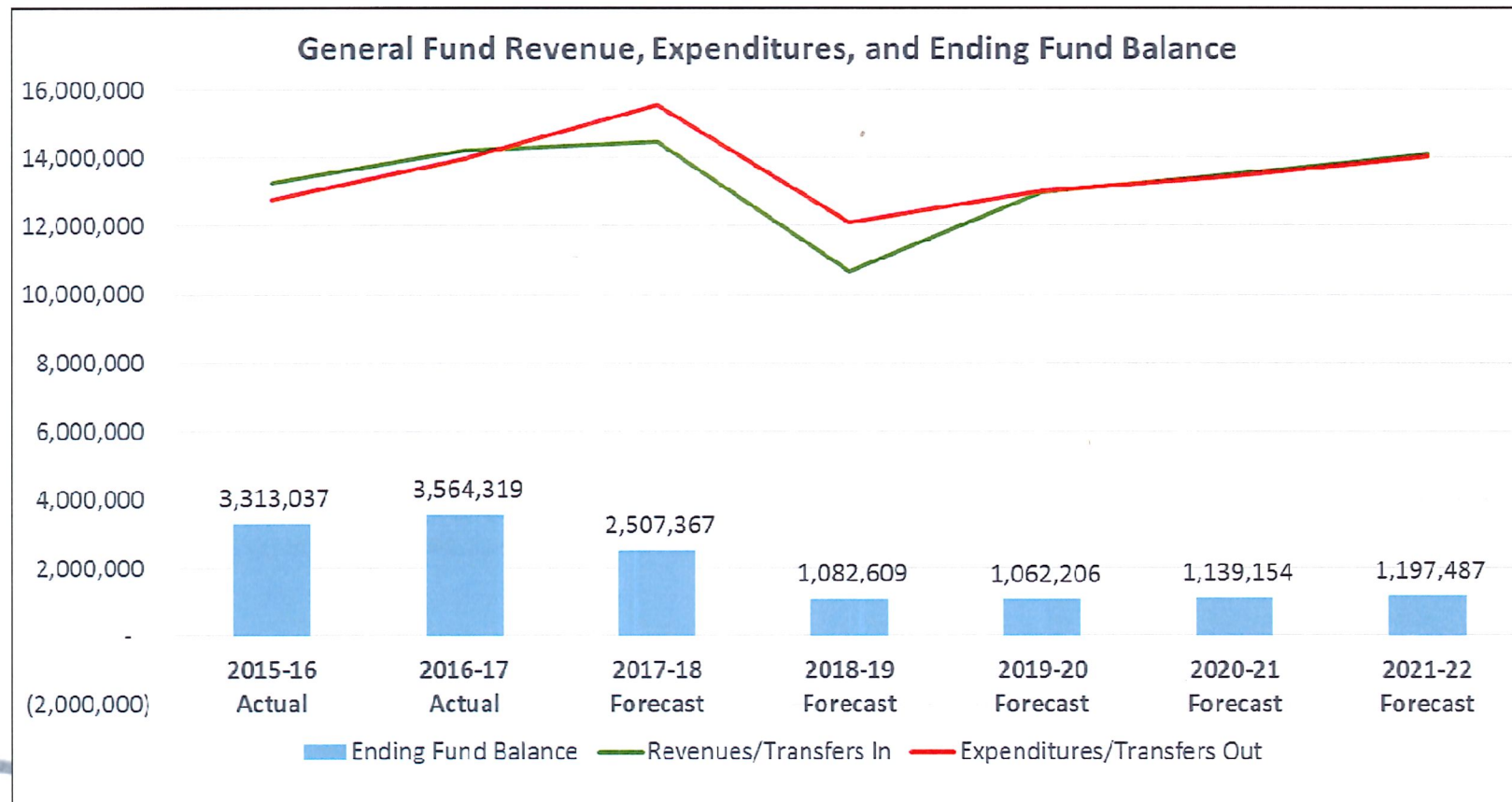
Scenario 3

- 1) 2018-19 levy drops to \$2.50 and increases 3% in each subsequent year. 4.3% growth in Tax Assessed Value.
- 2) Includes debt service payments for Public Safety communications project (see slide #17).
- 3) Includes December 2017 advisory PERS rate increases for 2019-21, and assumes same rate increase for 2021-22 (see slide #17).
- 4) 2% Cost of Living Adjustment (COLA) in 2018-19 and each subsequent year.
- 5) **Local Option Levy, with 0% compression, of \$1.00 per \$1,000 of assessed value from 2019-20 through 2023-24 (5 yrs).**
- 6) **Internal Franchise Fee on Water, Wastewater, and Stormwater revenue from 5% to 7% in 2018-19 and each subsequent year.**

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
Beginning Fund Balance	2,797,675	3,313,037	3,564,319	2,507,367	1,082,609	1,062,206	1,139,154
Revenue & Transfers In	13,266,735	14,212,032	14,464,456	10,672,714	12,981,343	13,519,390	14,088,376
Expenditures & Transfers Out	(12,751,373)	(13,960,750)	(15,521,408)	(12,097,473)	(13,001,746)	(13,442,442)	(14,030,043)
Annual Surplus/(Shortfall)	515,361	251,282	(1,056,951)	(1,424,759)	(20,403)	76,948	58,333
Ending Fund Balance	3,313,037	3,564,319	2,507,367	1,082,609	1,062,206	1,139,154	1,197,487
Fund Balance % (Target = 16%)	25.98%	25.53%	16.15%	8.95%	8.17%	8.47%	8.54%

General Fund – Local Option Levy & Internal Franchise Fee Increase

Scenario 3



Slide 16

General Fund – Local Option Levy & Internal Franchise Fee Increase

Scenario 3

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
1) Annual Surplus/(Shortfall) Composition							
Public Safety communication project debt payments (extends into 2023-24)			-	(337,250)	(645,636)	(645,636)	(645,636)
Operational surplus/(shortfall)			(1,056,951)	(1,087,509)	625,233	722,584	703,969
Annual Surplus/(Shortfall), as stated above			(1,056,951)	(1,424,759)	(20,403)	76,948	58,333
2) PERS Rates (including 6% City-paid employee pickup). These rates are applied to employees subject salary.							
Tier 1/Tier 2	21.09%	21.09%	26.32%	26.32%	29.05%	29.05%	31.78%
OPSRP-General Empe	13.11%	13.11%	16.02%	16.02%	19.36%	19.36%	22.70%
OPSRP-Police & Fire	17.22%	17.22%	20.79%	20.79%	24.09%	24.09%	27.39%
PERS Bond	4.80%	4.80%	4.50%	4.60%	4.75%	4.90%	5.02%
Total PERS Costs	\$1,189,921	\$942,994	\$1,206,219	\$1,246,912	\$1,421,129	\$1,462,830	\$1,643,633

General Fund – Public Safety Fee Increase & Internal Franchise Fee Increase

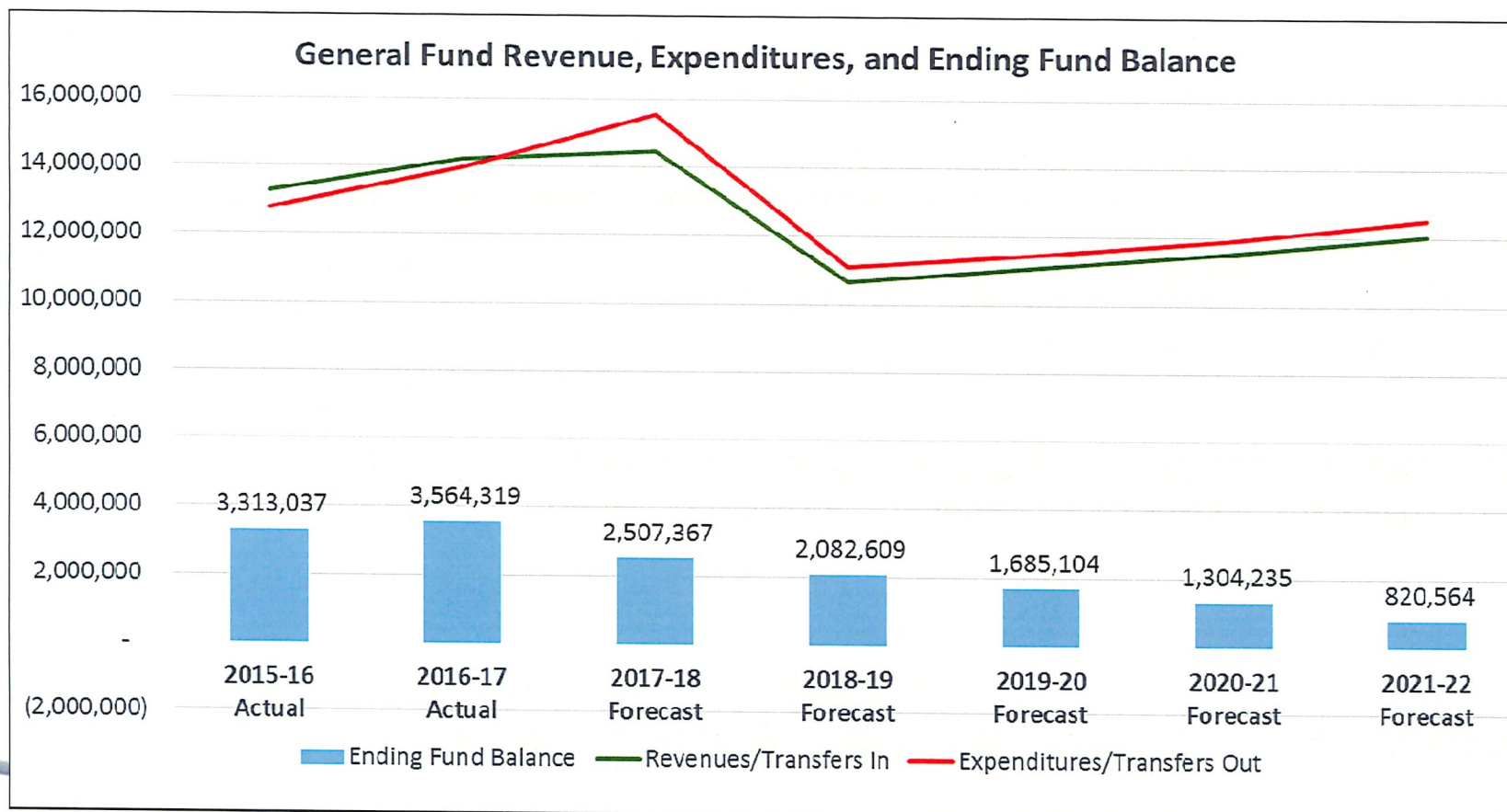
Scenario 4

- 1) 2018-19 levy drops to \$2.50 and increases 3% in each subsequent year. 4.3% growth in Tax Assessed Value.
- 2) Includes debt service payments for Public Safety communications project (see slide #20).
- 3) Includes December 2017 advisory PERS rate increases for 2019-21, and assumes same rate increase for 2021-22 (see slide #20).
- 4) 2% Cost of Living Adjustment (COLA) in 2018-19 and each subsequent year.
- 5) **Public Safety Fee increases from \$5 in 2017-18 to \$15 in 2018-19 and \$20 in 2019-20 (and subsequent years).**
- 6) **Internal Franchise Fee on Water, Wastewater, and Stormwater revenue from 5% to 7% in 2018-19 and subsequent years.**

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
Beginning Fund Balance	2,797,675	3,313,037	3,564,319	2,507,367	2,082,609	1,685,104	1,304,235
Revenue & Transfers In	13,266,735	14,212,032	14,464,456	10,672,714	11,104,241	11,561,573	12,046,372
Expenditures & Transfers Out	(12,751,373)	(13,960,750)	(15,521,408)	(11,097,473)	(11,501,746)	(11,942,442)	(12,530,043)
Annual Surplus/(Shortfall)	515,361	251,282	(1,056,951)	(424,759)	(397,505)	(380,869)	(483,671)
Ending Fund Balance	3,313,037	3,564,319	2,507,367	2,082,609	1,685,104	1,304,235	820,564
<i>Fund Balance % (Target = 16%)</i>	25.98%	25.53%	16.15%	18.77%	14.65%	10.92%	6.55%

General Fund – Public Safety Fee Increase & Internal Franchise Fee Increase

Scenario 4



General Fund – Public Safety Fee Increase & Internal Franchise Fee Increase

Scenario 4

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
1) Annual Surplus/(Shortfall) Composition							
Public Safety communication project debt payments (extends into 2023-24)			-	(337,250)	(645,636)	(645,636)	(645,636)
Operational surplus/(shortfall)			(1,056,951)	(87,509)	248,131	264,767	161,965
Annual Surplus/(Shortfall), as stated above			(1,056,951)	(424,759)	(397,505)	(380,869)	(483,671)
2) PERS Rates (including 6% City-paid employee pickup). These rates are applied to employees subject salary.							
Tier 1/Tier 2	21.09%	21.09%	26.32%	26.32%	29.05%	29.05%	31.78%
OPSRP-General Empe	13.11%	13.11%	16.02%	16.02%	19.36%	19.36%	22.70%
OPSRP-Police & Fire	17.22%	17.22%	20.79%	20.79%	24.09%	24.09%	27.39%
PERS Bond	4.80%	4.80%	4.50%	4.60%	4.75%	4.90%	5.02%
Total PERS Costs	\$1,189,921	\$942,994	\$1,206,219	\$1,246,912	\$1,421,129	\$1,462,830	\$1,643,633

General Fund – Local Option Levy, Internal Franchise Fee & No Public Safety Fee

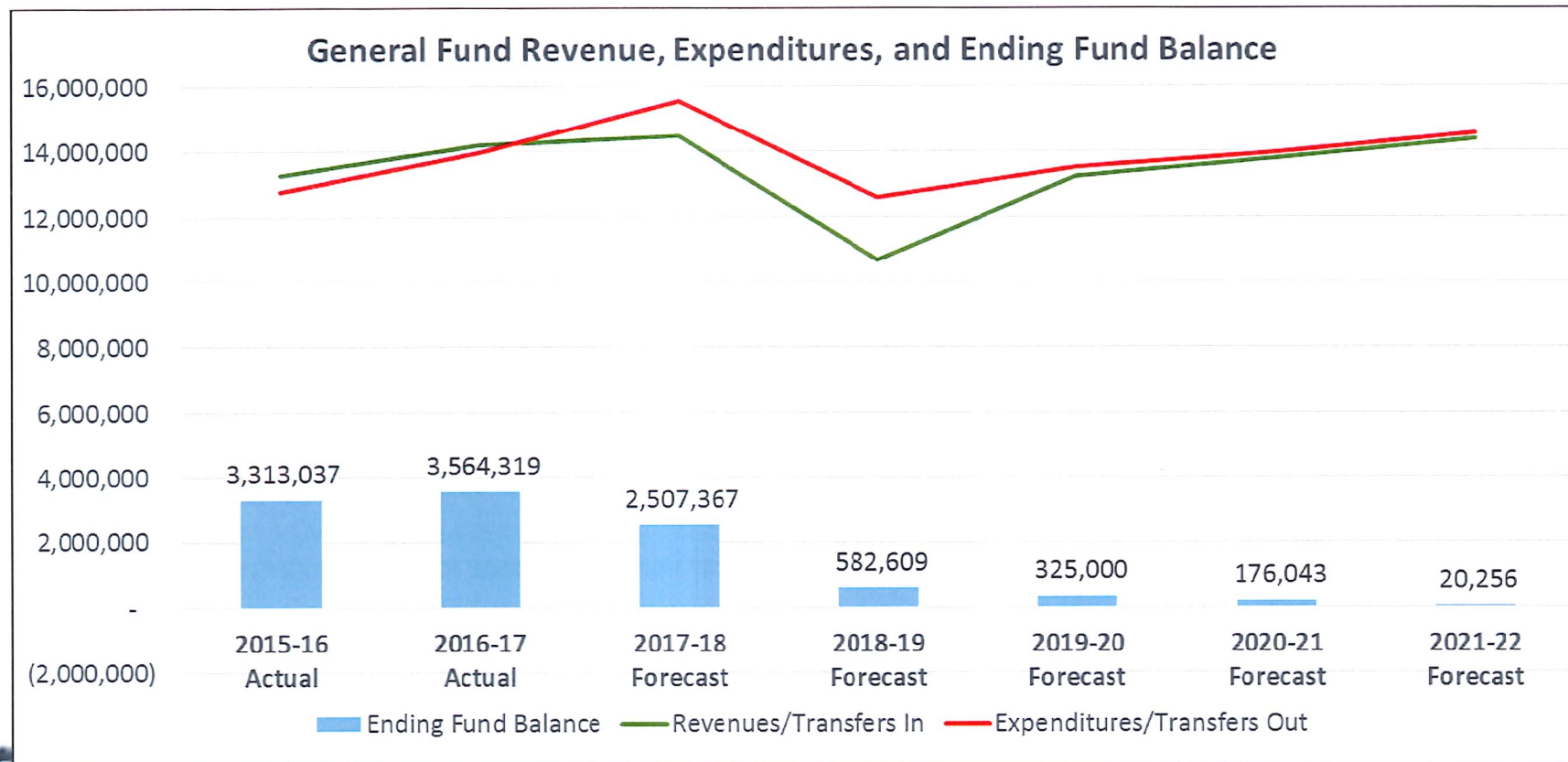
Scenario 5

- 1) 2018-19 levy drops to \$2.50 and increases 3% in each subsequent year. 4.3% growth in Tax Assessed Value.
- 2) Includes debt service payments for Public Safety communications project (see slide #23).
- 3) Includes December 2017 advisory PERS rate increases for 2019-21, and assumes same rate increase for 2021-22 (see slide #23).
- 4) 2% Cost of Living Adjustment (COLA) in 2018-19 and each subsequent year.
- 5) **Local Option Levy, with 0% compression, of \$1.14 per \$1,000 of assessed value from 2019-20 through 2023-24 (5 yrs).**
- 6) **Internal Franchise Fee on Water, Wastewater, and Stormwater revenue from 5% to 7% in 2018-19 and each subsequent year.**
- 7) **Public Safety Fee decreased from \$5 to \$0 (eliminated) in 2018-19 and each subsequent year.**

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
Beginning Fund Balance	2,797,675	3,313,037	3,564,319	2,507,367	582,609	325,000	176,043
Revenue & Transfers In	13,266,735	14,212,032	14,464,456	10,672,714	13,244,137	13,793,485	14,374,256
Expenditures & Transfers Out	(12,751,373)	(13,960,750)	(15,521,408)	(12,597,473)	(13,501,746)	(13,942,442)	(14,530,043)
Annual Surplus/(Shortfall)	515,361	251,282	(1,056,951)	(1,924,759)	(257,609)	(148,957)	(155,787)
Ending Fund Balance	3,313,037	3,564,319	2,507,367	582,609	325,000	176,043	20,256
Fund Balance % (Target = 16%)	25.98%	25.53%	16.15%	4.62%	2.41%	1.26%	0.14%

General Fund – Local Option Levy, Internal Franchise Fee & No Public Safety Fee

Scenario 5



General Fund – Local Option Levy, Internal Franchise Fee & No Public Safety Fee

Scenario 5

	2015-16 Actual	2016-17 Actual	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
1) Annual Surplus/(Shortfall) Composition							
Public Safety communication project debt payments (extends into 2023-24)			-	(337,250)	(645,636)	(645,636)	(645,636)
Operational surplus/(shortfall)			(1,056,951)	(1,587,509)	388,027	496,679	489,849
Annual Surplus/(Shortfall), as stated above			(1,056,951)	(1,924,759)	(257,609)	(148,957)	(155,787)
2) PERS Rates (including 6% City-paid employee pickup). These rates are applied to employees subject salary.							
Tier 1/Tier 2	21.09%	21.09%	26.32%	26.32%	29.05%	29.05%	31.78%
OPSRP-General Empe	13.11%	13.11%	16.02%	16.02%	19.36%	19.36%	22.70%
OPSRP-Police & Fire	17.22%	17.22%	20.79%	20.79%	24.09%	24.09%	27.39%
PERS Bond	4.80%	4.80%	4.50%	4.60%	4.75%	4.90%	5.02%
Total PERS Costs	\$1,189,921	\$942,994	\$1,206,219	\$1,246,912	\$1,421,129	\$1,462,830	\$1,643,633

Summary of Revenue Options

Type of Revenue	2018-19	2019-20	2020-21	2021-22
Local Option Levy - \$1.00, 0% compression	-	1,877,102	1,957,817	2,042,004
Franchise Fee Increase from 5% to 7%	303,995	310,075	316,277	322,602
Public Safety Fee Increase from \$5 in 2017-18 to \$15 in 2018-19 and \$20 in 2019-20	1,000,000	1,500,000	1,500,000	1,500,000
Local Option Levy - \$1.14, 0% compression	-	2,139,896	2,231,912	2,327,884
Public Safety Fee Decrease from \$5 to \$0	(500,000)	(500,000)	(500,000)	(500,000)

City of Newberg Franchise Fee Rates

Electric	5%
Natural Gas	5%
Telecom Utility	7%
Other Telecom Utility	5%
Cable	5%
Water	5%
Sanitary Sewer	5%
Storm Sewer	5%

WCCCA Dispatch Model (General Fund)

		<u>Option 1</u>	<u>Option 2</u>
Assumed WCCCA Costs (Tualatin)		\$ 354,218	\$ 354,218
Using Tualatin as example due to similar size population to Newberg/Dundee			
City Personnel			
2 records clerks (2.0 FTE)	180,000		
1 manager (0.50 FTE), with other half already in Police Office Support	<u>68,225</u>	248,225	68,225
Materials & Services			
Supplies, Training, etc.		30,000	30,000
Internal Charges-Admin Support Svcs		361,000	361,000
Existing cost of dispatch services that would be retained by the City and reapportioned over the remaining departments			
Total Costs		<u>\$ 993,443</u>	<u>\$ 813,443</u>
Dundee contract revenue		(41,483)	(41,483)
Net costs		<u>\$ 951,960</u>	<u>\$ 771,960</u>

WCCCA Dispatch Model (General Fund) (cont'd)

Cost Comparision between Current and New Models

Cost of CON-operated dispatch model

Option 1

Option 2

1,228,577

1,228,577

Cost of General Fund WCCCA dispatch model

(951,960)

(771,960)

Savings

\$ 276,617

\$ 456,617

Annual revenue raised by a \$2 Communications Officer Fee

\$ 194,000

\$ 194,000

Police & Communications Revenues & Expenditures

	FY17-18				FY18-19			
	Gen Fund	911 Fund	PSF Fund	Total	Gen Fund	911 Fund	PSF Fund	Total
Revenue								
Police Grants	1,500			1,500	1,500			1,500
Dundee Police Contract	450,555			450,555	459,566			459,566
School District-SRO	35,000			35,000	35,000			35,000
Forensic Services	-			-	-			-
Police Reports, Impound Fees	8,000			8,000	8,000			8,000
Police Reserves Revenue	-			-	-			-
Traffic Fines	474,754			474,754	479,502			479,502
Alarm Fees	1,500			1,500	1,500			1,500
Traffic School Fee	86,909			86,909	87,778			87,778
Photo Red Light	2,000			2,000	2,000			2,000
K-9 Donations	750			750	750			750
911 Excise Taxes		205,000		205,000		207,050		207,050
911 Dundee Excise Taxes		16,000		16,000		16,160		16,160
Public Safety Fee-Patrol			295,000	295,000			295,000	295,000
Public Safety Fee-Commun			201,209	201,209			205,233	205,233
	1,060,968	221,000	496,209	1,778,177	1,075,596	223,210	500,233	1,799,039
Expenses								
Police	6,835,552	-	353,042	7,188,594	7,047,571	-	402,040	7,449,611
Communications	1,270,060	224,502	186,630	1,681,192	1,317,647	232,856	210,822	1,761,325
	8,105,612	224,502	539,672	8,869,786	8,365,218	232,856	612,862	9,210,936
Net Police Costs	7,044,644	3,502	43,463	7,091,609	7,289,622	9,646	112,629	7,411,897
Property Tax Levy Revenue (Net Collections)	7,562,424				4,499,286	\$2.50 per \$1,000 Assessed Value		

Amount of tax to cover Net Police Costs is approximately \$4.05 per \$1,000 Assessed Value in FY 18-19.

General Fund Impact of FY16-17 New Positions

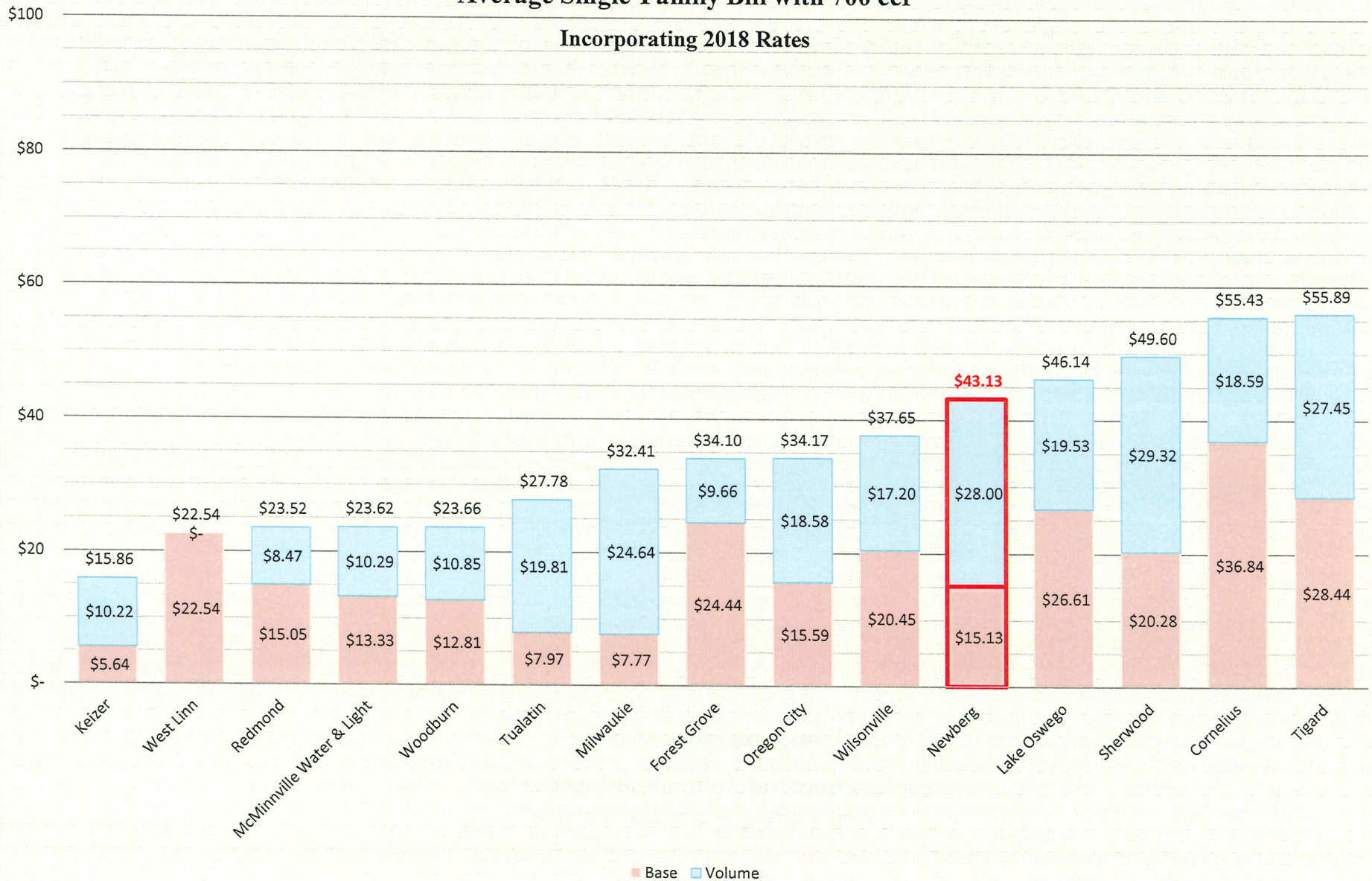
Position	FTE Increase	FY 17-18			FY 18-19		
		Total City-wide	General Fund Allocation		Total City-wide	General Fund Allocation	
		Cost	%	\$	Cost	%	\$
Community Engagement Specialist	1.00	106,046	47.39%	50,255	113,204	47.39%	53,647
HR Assistant	0.50	38,647	57.74%	22,315	39,680	57.74%	22,911
Assistant Planner	1.00	97,293	100.00%	97,293	102,387	100.00%	102,387
Senior Accountant	0.50	63,020	25.62%	16,146	66,168	25.62%	16,952
Systems Administrator	1.00	110,378	75.25%	83,059	114,687	75.25%	86,302
Facilities & Ground Maint Worker	1.00	73,058	71.02%	10,377	76,990	71.02%	10,936
	<u>5.00</u>	<u>488,442</u>		<u>279,445</u>	<u>513,116</u>		<u>293,135</u>

Questions?

City of Newberg

Prepared December 2017

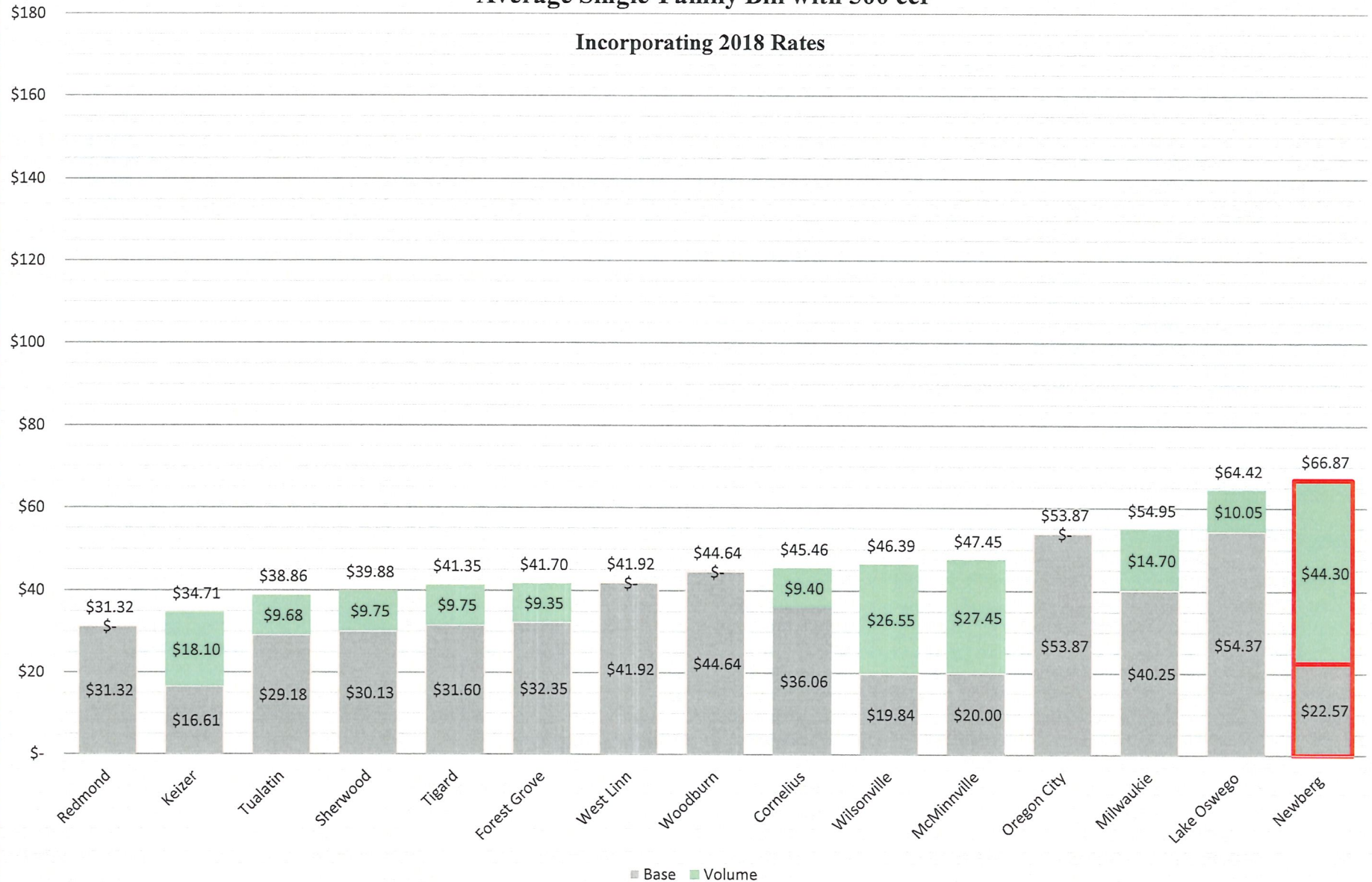
Water Rate Comparison
Average Single-Family Bill with 700 ccf
Incorporating 2018 Rates



Prepared December 2017

Wastewater Rate Comparison **Average Single-Family Bill with 500 ccf**

Incorporating 2018 Rates

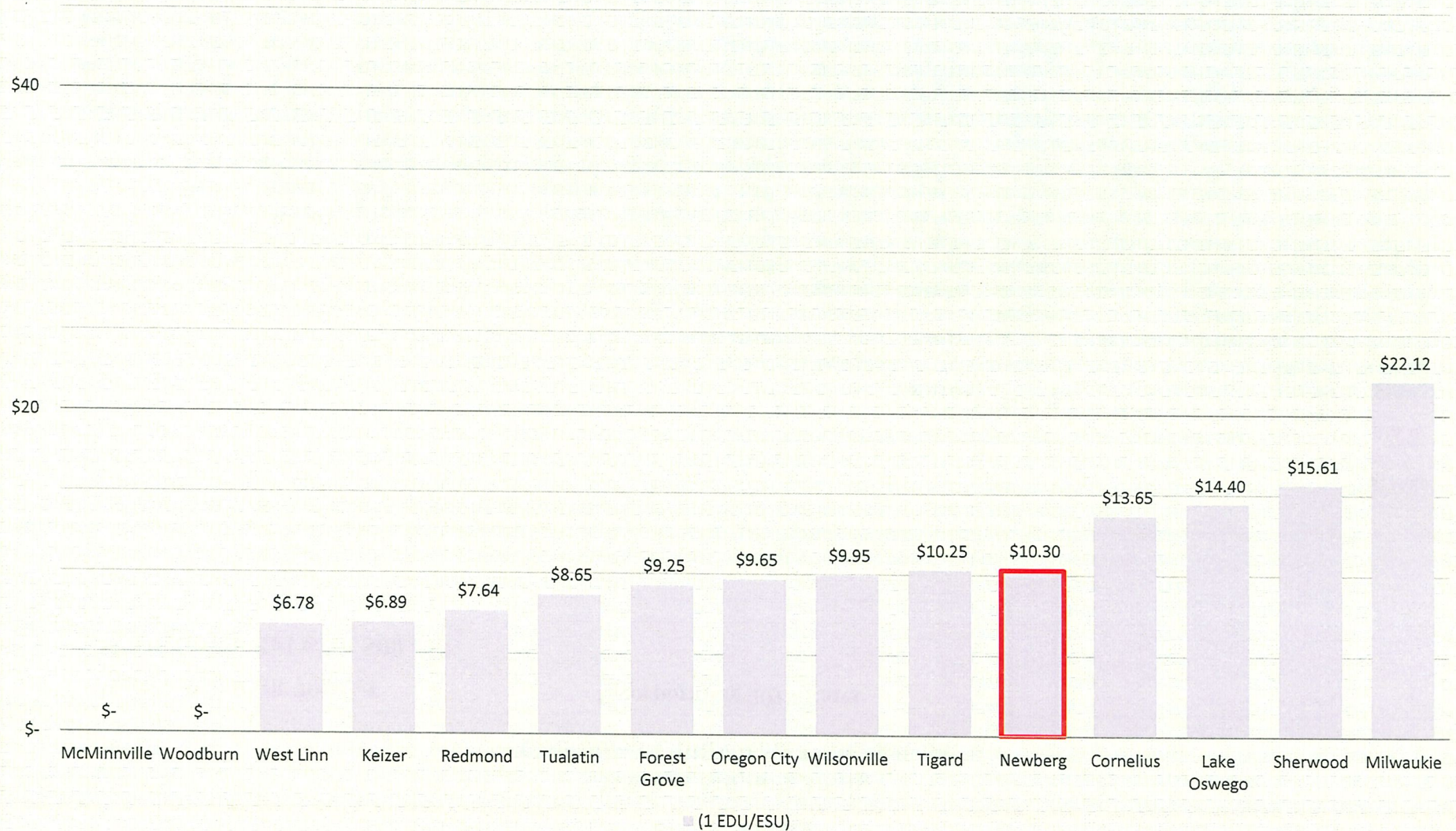


City of Newberg

Prepared December 2017

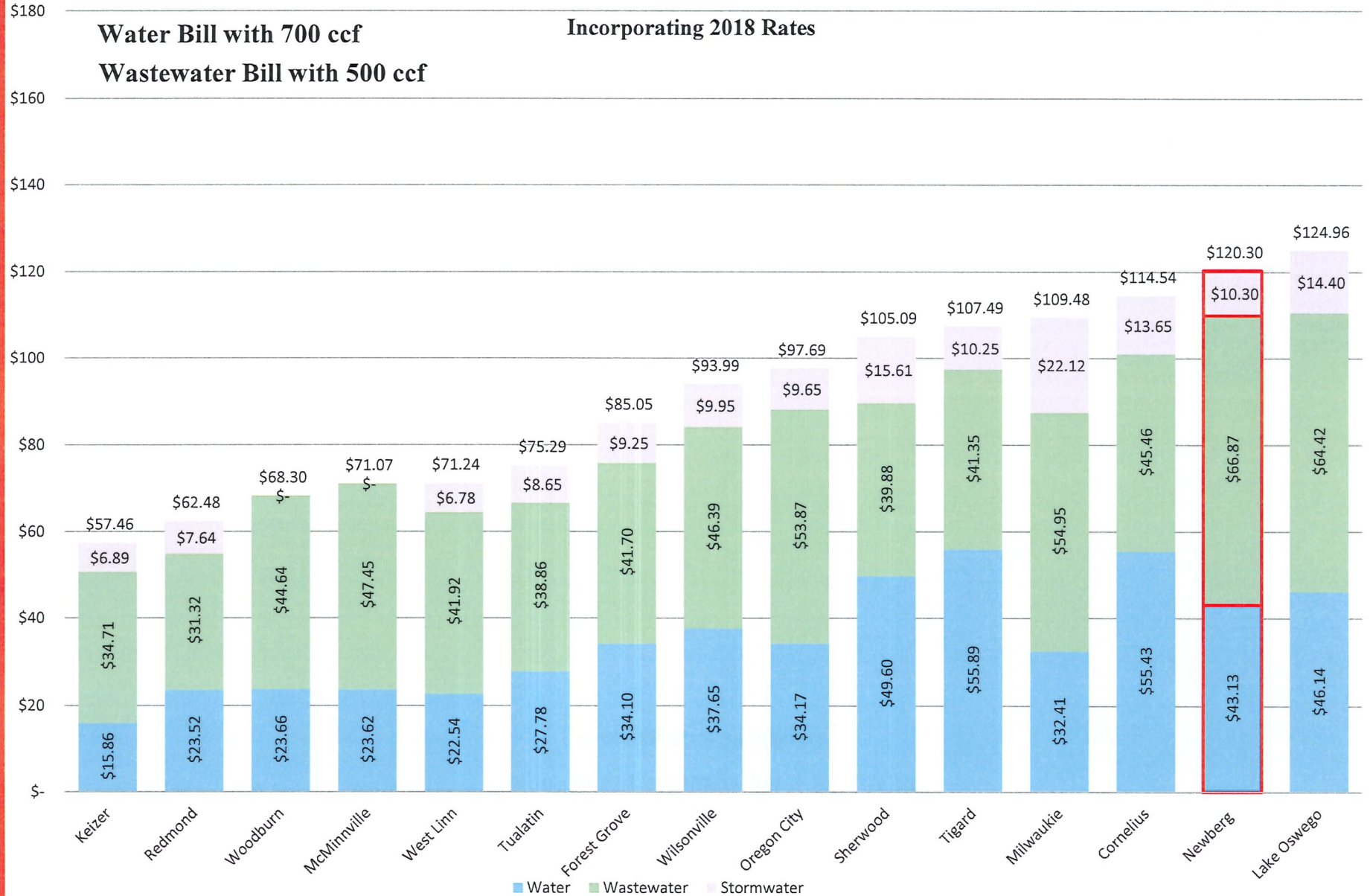
Stormwater Rate Comparison
Single-Family Charge per 1 EDU/ESU

Incorporating 2018 Rates

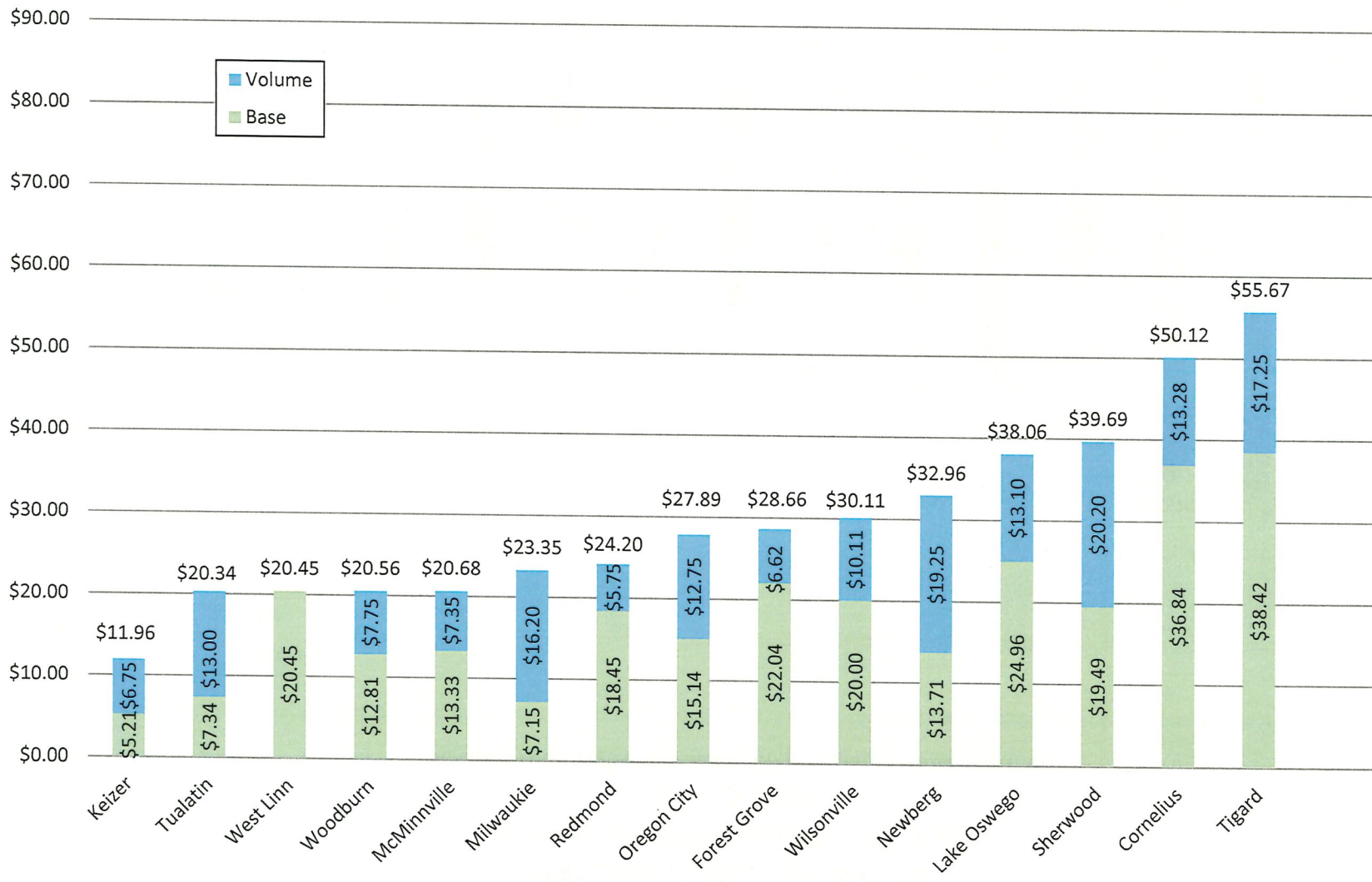


Prepared December 2017

Average Single-Family Combined Utility Rate Comparison



Water Rate Comparison Average Single-Family Bill with 5 ccf January 2016

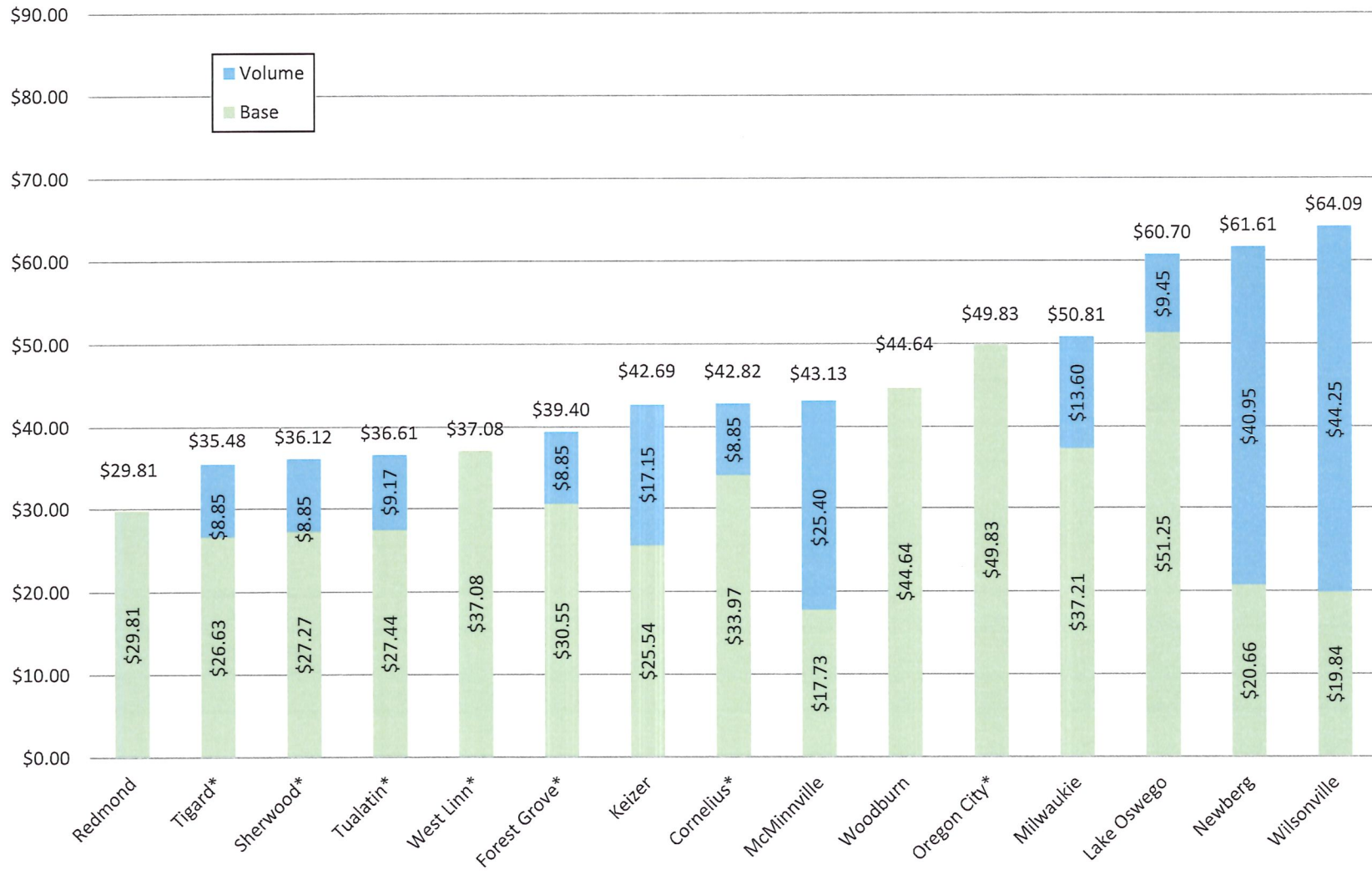


Wastewater Rate Comparison

Average Single-Family Bill with 5 ccf

January 2016

**indicates rates reflect participation in regional service district*



STORMWATER RATE COMPARISON NOVEMBER 2015 <i>Sorted by rate</i>				
City	Rank	Population (2014)	Effective Date	Avg. S/F Bill (1 EDU/ESU)
Keizer	1	36,985	Jan 1, 2013	\$5.37
West Linn	2	25,540	Jan 1, 2015	\$5.86
Wilsonville	3	21,980	Apr 1, 2015	\$6.95
Redmond	4	26,770	Oct 1, 2013	\$7.27
Tualatin	5	26,925	July 1, 2015	\$7.65
Newberg (current)	6	22,765	Jan 1, 2015	\$7.96
Forest Grove	7	22,715	July 1, 2015	\$8.25
Oregon City	8	33,760	July 1, 2015	\$9.05
Tigard	9	49,140	July 1, 2015	\$9.25
Lake Oswego	10	37,105	July 1, 2015	\$12.58
Cornelius	11	11,910	July 1, 2015	\$12.65
Sherwood	12	18,955	July 1, 2015	\$14.27
Milwaukie	13	20,485	July 1, 2015	\$16.99

STORMWATER RATE COMPARISON NOVEMBER 2015 <i>Sorted by population</i>				
City	Rank	Population (2014)	Effective Date	Avg. S/F Bill (1 EDU/ESU)
Cornelius	1	11,910	July 1, 2015	\$12.65
Sherwood	2	18,955	July 1, 2015	\$14.27
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Wilsonville	4	21,980	Apr 1, 2015	\$6.95
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Lake Oswego	12	37,105	July 1, 2015	\$12.58
Tigard	13	49,140	July 1, 2015	\$9.25

Some rates include city rate plus special district rate. Thus, rate reflected is monthly stormwater fee to resident.