

Stormwater

**CITIZENS' RATE REVIEW COMMITTEE AGENDA
THURSDAY, JANUARY 4, 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 July 27 and December 7, 2017 meetings.

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. Conclude Water and Wastewater discussion
2. Stormwater revenue and rate discussion

VI. ADJOURNMENT

Next Meeting: January 25, 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.

I. CALL MEETING TO ORDER

II. ROLL CALL

Others Present: None

III. CONSENT CALENDAR

- MOTION: Rourke/Bradford** moved to approve the minutes from the August 3, 2016 meeting. Motion carried (5 Yes/ 0 No).

IV. NEW BUSINESS

- Mr. Rourke noted that many of the entities did not use all of the funds they received previously including Red Hills and Love, Inc.

Ms. Van Grunsven did not have a problem with Red Hills using the funds for Love, Inc.

Chair Rogers said if in the future they got more applicants, they might want to look at increasing the fund even more and keep track to see if the applicants were using the full amount.

Ms. Bradford asked if an entity ran out of money in the middle of the year, did they contact the City. AFD Lippard replied the City kept track of each organization's balance and would contact them when they ran out of funds. The funds that were not used were returned to the City.

There was discussion regarding the reasons the number of applicants fluctuated through the years.

Chair Rogers thought it was important to get a sense for what the demand was. AFD Lippard said a lot of the agencies limited how much they gave out to each person which might account for leftover funds each year. He suggested making it mandatory that these organizations come to a meeting as part of the application and approval process.

There was further discussion regarding the advertising that was done for the grants.

MOTION: Rogers/Van Grunsven moved to allocate \$363 to each of the 11 applicants for a total of \$4,000. Motion carried (5 Yes/ 0 No).

There was consensus to make an official recommendation to the Council for increasing this grant fund during a regular Committee meeting and to make it mandatory that the organizations come to a meeting as part of receiving the grant. There was also consensus for staff to provide a tally to the Committee of the funds, of what was spent and what wasn't for each organization.

V. PUBLIC COMMENT

None.

VI. ADJOURNMENT

The meeting adjourned at 6:21 PM.

Approved by the Citizen's Rate Review Committee on this 5th day of October, 2017.

Citizens' Rate Review Committee Recording Secretary

Citizens' Rate Review Committee Chair

**CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
THURSDAY, DECEMBER 7, 2017
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 6:40 PM.

II. ROLL CALL

Members Present: Rick Rogers, Chair Nick Morace Adam Lundstrom
Bill Rourke
Mayor Bob Andrews, ex-officio

Staff Present: Matt Zook, Finance Director
Kaaren Hofmann, City Engineer
Caleb Lippard, Assistant Finance Director

Others Present: Deb Galardi, Galardi Consulting LLC

III. CONSENT AGENDA

1. Approve minutes from the October 5, October 26, and November 9, 2017 meetings

Committee Member Morace asked about the October 26 minutes where the Committee requested staff to find out the Council's intent for the proposed reduction of CPRD's reuse water rate. He would like to know why the Council wanted it reduced more than what was originally recommended. Chair Rogers said they would also like to know if this would set a precedent for any future users or if this was specific only to CPRD.

Finance Director Matt Zook would bring that information back to the CRRC.

MOTION: Rourke/Morace moved to approve the consent agenda. The motion carried (4 Yes/0 No).
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IV. COMMITTEE BUSINESS

1. Discussion on fund balance/reserves

Deb Galardi, consultant, reviewed the best practices for operating cash reserves. The recommendation was to have 1 to 3 months of operating expenses in reserves, and the City's policy was two months. Other than capital reserves, there should be reserves for rehabilitation/replacement, rate stabilization, equipment replacement, and emergencies. An appropriate level for rehabilitation/replacement reserves was \$3 million and rate stabilization was an additional \$.5 to \$1 million. She then gave a scenario summary with the current reserves, one based on the 3.5% rate increase, and one based on the 4.2% rate increase. The 4.2% rate increase would bring the rehabilitation/replacement and rate stabilization reserves to about \$3.7 million, and the 3.5% rate increase would bring those reserves to about \$3 million. The Committee needed to consider the additional rate impacts as well.

Committee Member Rourke clarified in either scenario they were in the ballpark for what was needed. Ms. Galardi confirmed that was the case.

There was discussion regarding the reserve policy for other City funds.

2. Wastewater rate discussion

Ms. Galardi gave an overview of the wastewater rates and what they were based on. There were different customer classes based on the strength of waste or level of pollutant load. There was a fixed charge and variable charge for this rate as well. She explained the cost allocation process, what drove the costs for rate setting, and rate structure. The fixed charge included billing and 80% of the inflow and infiltration (I & I) costs. She discussed the current rate schedule and proposed rate schedule based on a 3.5% increase. The rate consisted of the fixed charge, multi-family units which were charged for I & I, and the variable charge which was based on winter wastewater usage. In the updated rates the service charge increased significantly and in some cases the volume rates went down slightly or stayed the same. This was due to an increase in the billing charge and I & I load charge. It resulted in a 35% fixed cost recovery for wastewater. She discussed the impact to the average single family customer's bill. The current bill was \$64.59 and the 3.5% would increase it to \$67.19 in 2018/19 and \$69.56 in 2019/2020. It was a range of \$2.37 to \$2.60 more per month. Based on the updated cost of service, some customer classes would go up more than the 3.5%, about 4.3% due to the I & I charge, and some would go up less than 3.5%.

There was discussion regarding reserves. Ms. Galardi clarified for the 3.5% rate increase, it would bring the reserves for rate stabilization and rehabilitation/replacement to \$3 million, but the total reserve would be \$6.2 million with the operating and capital reserves as compared to the current \$8.7 million in reserves. The Committee needed to look at the appropriate level that balanced the rate increase, financial resiliency, and flexibility.

There was further discussion regarding how the SDC fund balance affected reserves. Ms. Galardi said the SDC fund balance helped the City not have to dip into the rates to pay for capital projects. City Engineer Kaaren Hofmann clarified SDCs could not be used for rehabilitation/replacement projects.

Chair Rogers asked if the Committee wanted to stay at the 3.5% rate increase or have staff look into a different percentage and if a reserve policy should be suggested to Council. He thought it would be helpful in the future to create a reserve target.

FD Zook said the Long Range Financial Planning Committee forwarded a reserve policy to the Council for operating contingency and debt service, but not for rate stabilization or rehabilitation/replacement. He thought creating a policy was worth considering.

MOTION: Rogers/Morace moved that for the purpose of future meetings to look at a low to medium level of rate stabilization and rehabilitation/replacement reserve, which at this point was a 3.5% rate increase. The motion carried (4 Yes/0 No).

There was consensus for staff to draft a policy stating that a medium level of reserves was the target.

V. PUBLIC COMMENTS

Desiree Neel, Newberg resident, discussed her concerns about being a small business owner and having to pay the new Transportation Utility Fee. She thought what she had to pay was out of proportion, but

was not opposed to paying it as long as the road repairs were done properly. She thought the water fee was not being properly charged and people should pay for what they were using.

Chair Rogers said the Committee would be discussing the TUF on January 25. He explained how the Committee was trying to balance the fixed charge and usage charge for the water fees.

CE Hofmann explained how the TUF was calculated. Mayor Andrews clarified the TUF was only to be used for street maintenance in the City.

VI. ADJOURNMENT

The meeting adjourned at 8:10 PM.

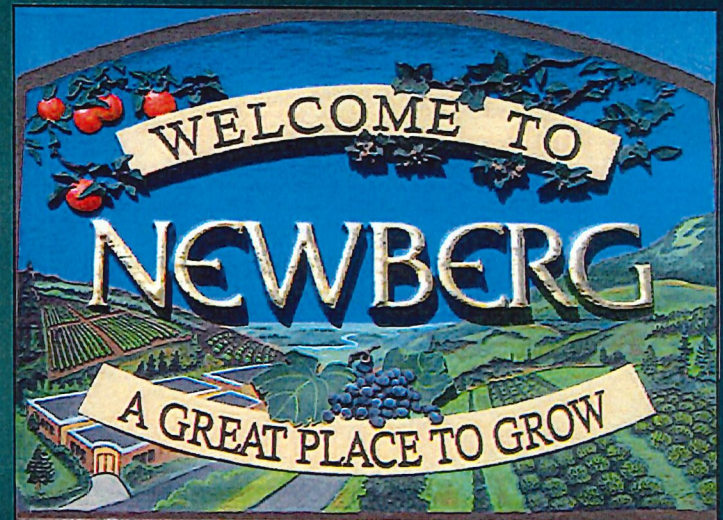
Approved by the Citizen's Rate Review Committee on this 4th day of January, 2018.

Citizens' Rate Review Committee Recording Secretary

Citizens' Rate Review Committee Chair

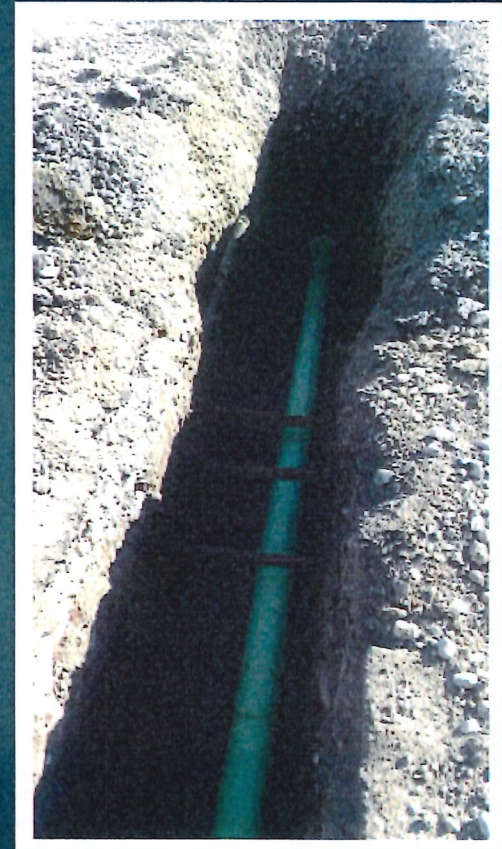
CITIZENS RATE REVIEW COMMITTEE 5 YEAR STORMWATER C.I.P. PRESENTATION

JANUARY 4,
2018



Status Update on Projects

- ▶ S. BLAINE STREET; HANCOCK – 11th STREET
- ▶ VILLA ROAD AT HESS CREEK
- ▶ S. CENTER STREET
- ▶ COLUMBIA DRIVE
- ▶ N. ELLIOTT
- ▶ N. SPRINGBROOK
- ▶ TMDL/WQ RETROFIT
- ▶ SW DESIGN MANUAL UPDATE



Proposed 5 Yr Stormwater Projects

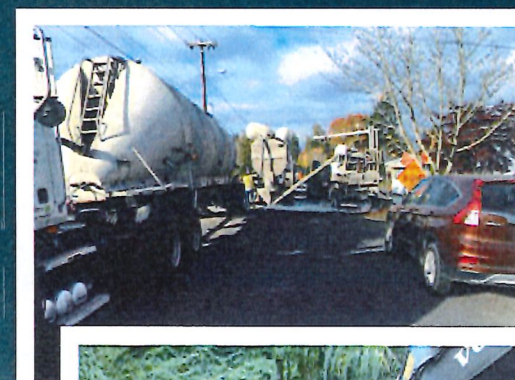
- ▶ S. BLAINE STREET; HANCOCK – 11th STREET
- ▶ N. ELLIOTT
- ▶ N. SPRINGBROOK
- ▶ TMDL/WQ RETROFIT
- ▶ 800 BLOCK WYNOOSKI ROAD



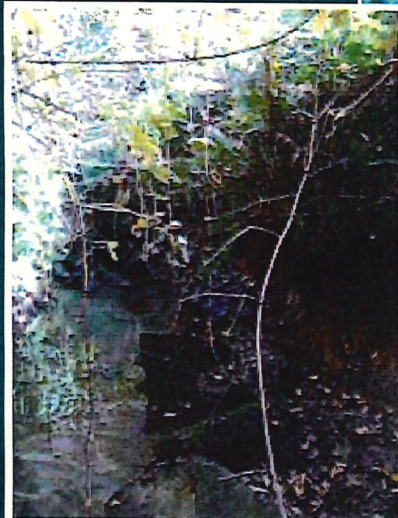
Villa Road Culvert

S. Blaine Street: Hancock to 11th Street

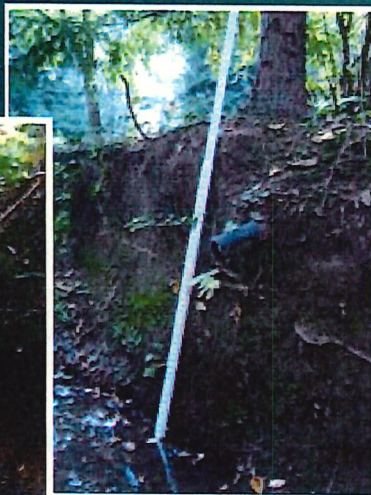
- Sections of pipe crosses under the Fire Station and several homes
- Flooding occurs in the 10-year storm event in 6th Street and Blaine Street
- Large sections of pipe are nearing end of life



TMDL Implementation & Water Quality Improvements



West Bank Chehalis Creek
Streambank Erosion

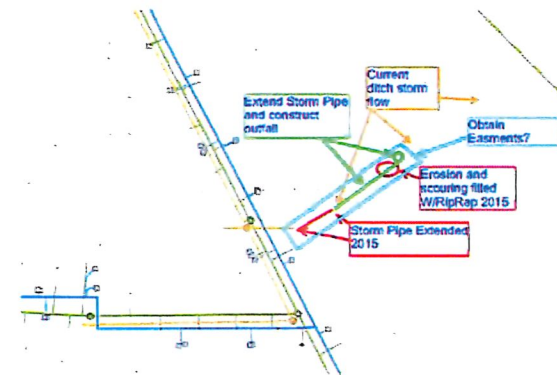
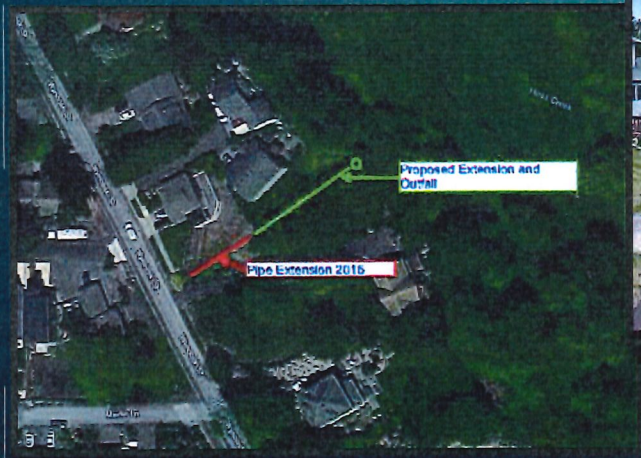


Creek (DS of Mountainview Drive)
Residential Stormwater Outfall

- The city currently has an Implementation Plan that we report annually our progress
- Mostly reactive program – need to move to a more proactive program
- GIS Mapping efforts
- Storm facility inspection, enforcement & retrofit

800 Block Wynooski Road Extension

- ▶ The current pipe and outfall severely eroded the area east of Wynooski.
- ▶ This project would extend the outfall further down the slope to reduce the erosion



N. Elliott Road

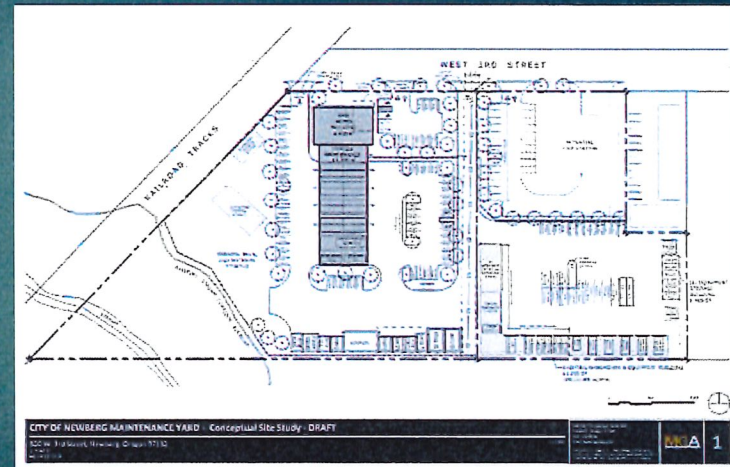
- There is no public drainage system in N. Elliott Road resulting in frequent ponding other than ditches
- This project would add 18" storm pipe to convey storm drainage
- Roadway improvements will occur at the same time



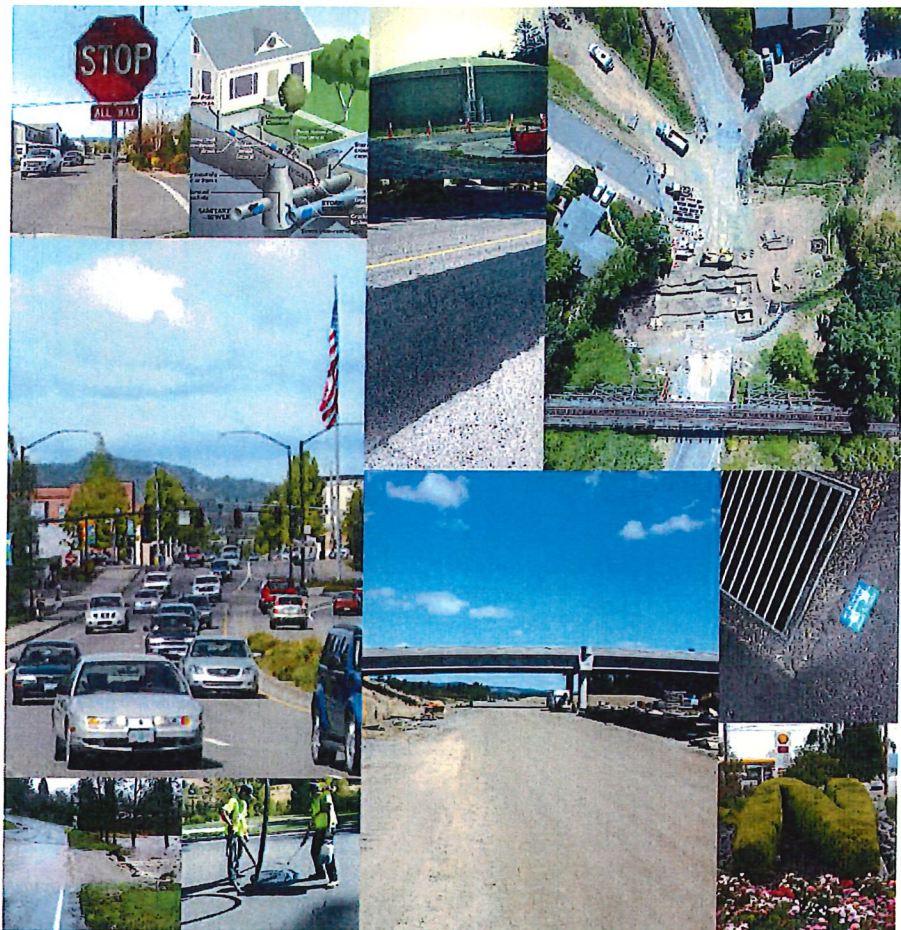
Multi-fund projects

Cartegraph

- ▶ Cartegraph Software Upgrade
- ▶ Maintenance Facility



STORMWATER PROJECTS



January 4,
2018

Five Year Plan

Stormwater Projects

The Stormwater Program provides planning, design and construction of improvements for the City's public storm drainage system. This program includes the conveyance of water quality, and stormwater detention systems.

The 2014 Drainage Master Plan Update is used to plan for improvements to the overall City storm drainage system. Funding for the stormwater program is provided through stormwater utility rates and system development charges.

Stormwater Program

Project Summary Sheet

S. BLAINE STREET; HANCOCK TO 11TH STREET

Fiscal Year	Costs	Criteria Met:	
2017/2018	\$800,000	☒	Safety/Liability
		☐	Council Goals
2018/2019	N/A	☒	Maintenance
		☒	Required per Regulation
Future Years	N/A	☐	Coordinates with Larger Project
		☒	Existing Capacity
*Project Total	\$1,200,000	☒	Cost Reduction
		☐	Future Capacity

*Project totals also includes costs from prior budget year

PROJECT DESCRIPTION:

Flooding occurs in the system during the 10 year storm event including Second Street, Howard Street and at 6th Street and Blaine Street. Large segments of the existing pipe are constructed of corrugated metal and are near end of life. The project will decommission the existing stormwater pipes (shown in green below) and construct a new 24" stormwater mainline (shown in red) along South Blaine and 2nd Streets. Sections of the existing piping system will also be upsized to convey existing and future flows (shown in gold). This project will also include the storm system adjacent to 99W and the Second Street Parking Lot.

Due to funding constraints, the project is scheduled to be constructed in phases over several fiscal years. The first phase of construction will commence in FY17/18.

PROPOSED FUNDING SOURCES:

This project is funded by the stormwater utility fee and a small amount of system development charges.

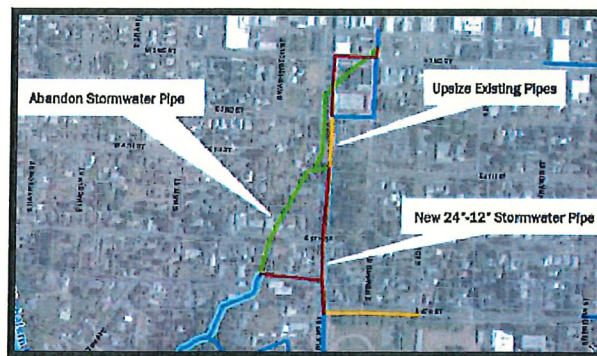


FIGURE 1 STORMWATER UTILITY LINES

Stormwater Program

Project Summary Sheet

800 BLOCK WYNOOSKI EXTENSION

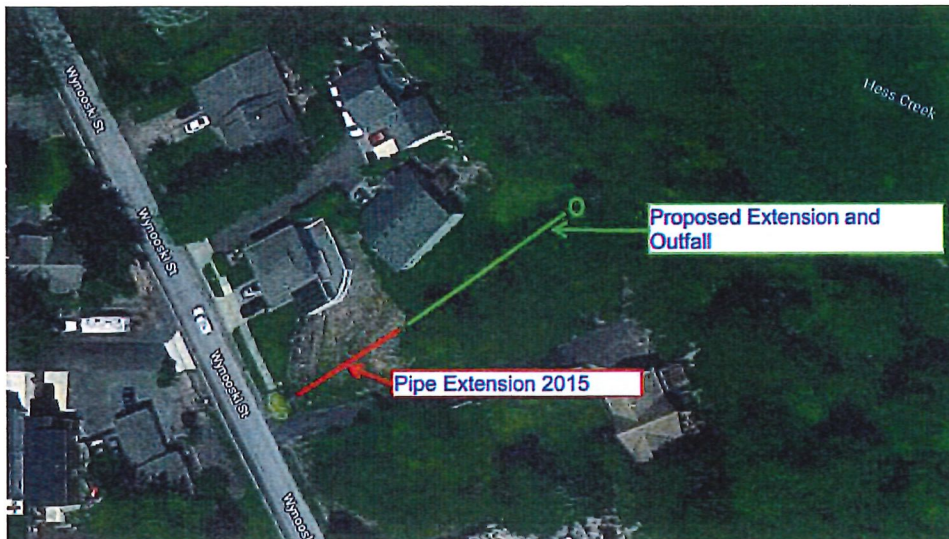
Fiscal Year	Costs	Criteria Met:	
2018/2019	\$100,000	☒	Safety/Liability
		☐	Council Goals
2021/2022	N/A	☒	Maintenance
		☐	Required per Regulation
Future Years	N/A	☐	Coordinates with Larger Project
		☒	Existing Capacity
Project Total	\$100,000	☒	Cost Reduction
		☒	Future Capacity

PROJECT DESCRIPTION:

The current pipe and outfall was severely eroding the area east of Wynooski where the surface ditch dumped out over the hillside. This is the outfall for almost all of the Stormwater off of Wynooski. This project would extend the existing outfall location further down the slope to reduce the erosion.

PROPOSED FUNDING SOURCES:

This project is funded by the stormwater utility fee and a small amount of system development charges.



Stormwater Program

Project Summary Sheet

N. ELLIOTT Fiscal Year	Costs	Criteria Met:	
2019/2020	\$250,000	☒	Safety/Liability
		☐	Council Goals
2021/2022	N/A	☐	Maintenance
		☐	Required per Regulation
Future Years	N/A	☐	Coordinates with Larger Project
		☒	Existing Capacity
Project Total	\$250,000	☐	Cost Reduction
		☒	Future Capacity

PROJECT DESCRIPTION:

There is no public storm drainage system in N. Elliott Road resulting in frequent ponding alongside the roadway. This project would add 18" storm pipe to the system as a part of the larger roadway project. Refer to the N. Elliott Road Improvement project description in the Transportation section for more information.

PROPOSED FUNDING SOURCES:

This project is funded by the stormwater utility fee and a small amount of system development charges.

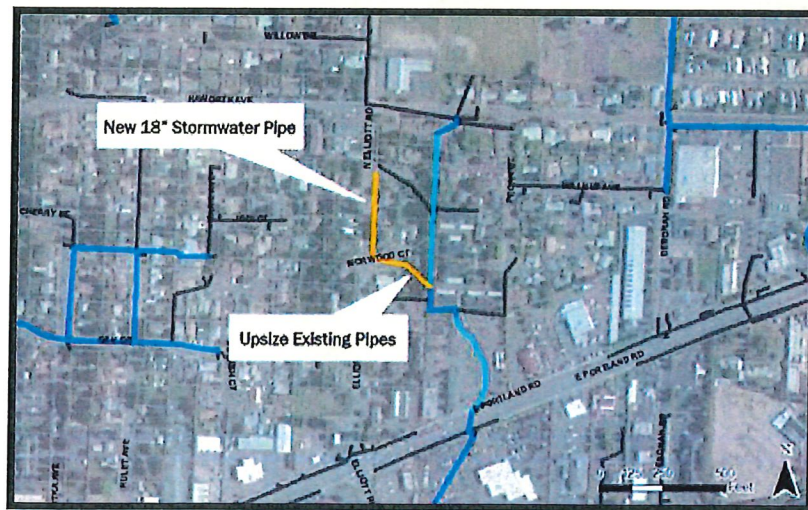


FIGURE 2 STORMWATER UTILITY LINES



Stormwater Rates

Citizen Rate Review Committee Meeting

January 4, 2018

Agenda

- Background
- System Revenues and Requirements
- Preliminary Findings
- Recap all systems rates and reserves

Stormwater Rates

- Adopted by the City in 2003
 - Initial rate = \$4.13 per Equivalent Dwelling Unit (generate approx. \$0.5 million)
 - EDU Definition
 - Flat for residential
 - 2,877 sq. ft. impervious area for multifamily and commercial
- Last review completed in 2016
 - 9% annual rate increases

Stormwater Rate Increase History

- January 1, 2013 – 17.50%
- January 1, 2014 – 17.50%
- January 1, 2015 – 9.0%
- January 1, 2016 – 9.0%
- January 1, 2017 – 9.0%
- January 1, 2018 – 9.0%

Initial increases designed to increase revenues to cover full operating costs

Subsequent increases designed to build revenue capacity for capital improvement projects

Prior Rate Review:

- *Projected increases of 9.0% for remaining plan*

Current Rates

	January	January
Customer Class	2017	2018
Service Charge (\$/Month)		
Single Family Residential	\$9.45	\$10.30
Nonresidential (\$/EDU)	\$9.45	\$10.30
EDU = 2,877 sq. ft. impervious area		

Ccf = hundred cubic feet (748 gallons)

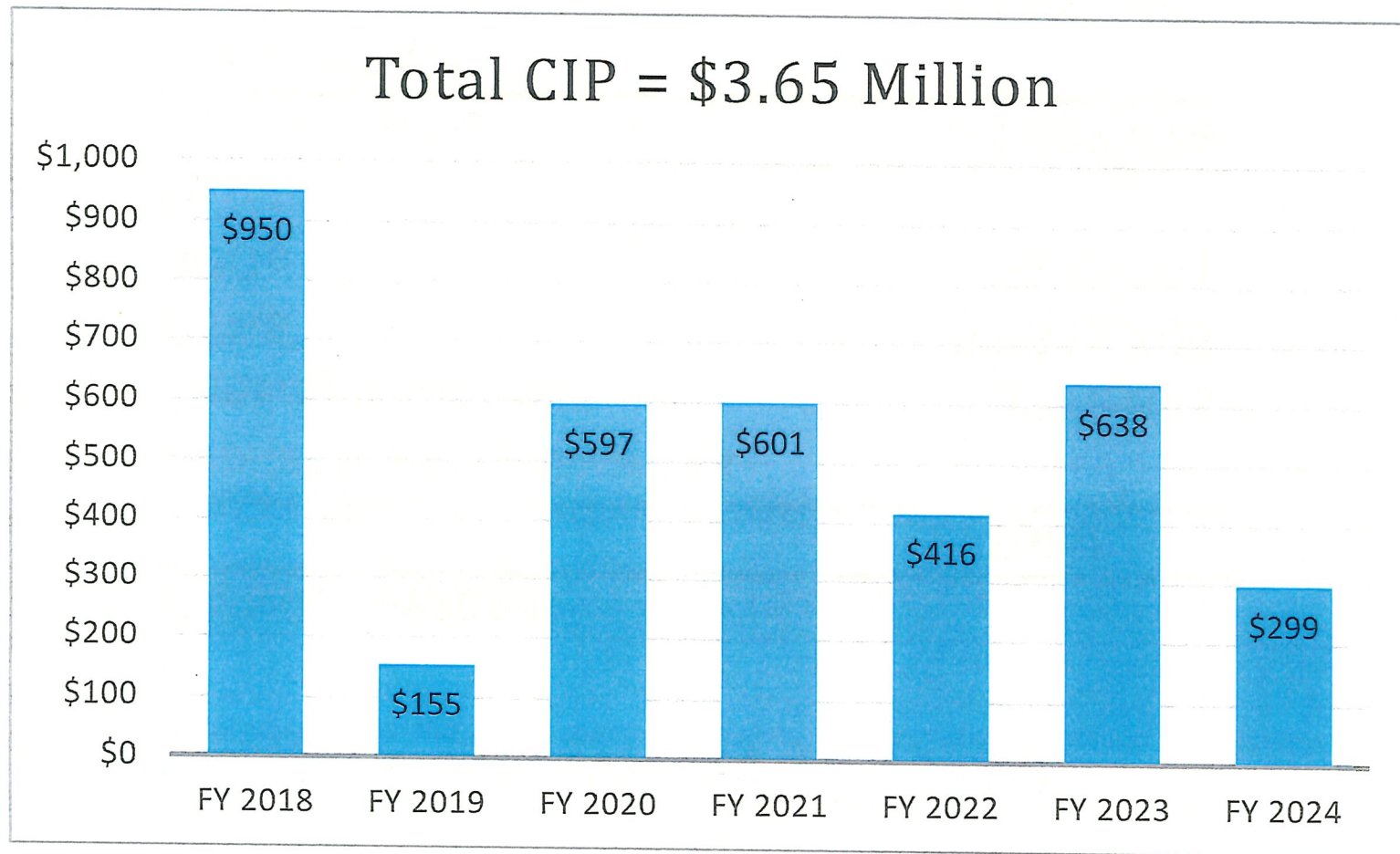
Sales Revenue Comparison

	2015-16	2016-17	2017-18	2018-19	2019-20
Actual/Updated Projections*	\$1,218,424	\$1,321,849	\$1,422,720	\$1,585,691	\$1,736,978
Prior Projection**	\$1,225,102	\$1,335,781	\$1,463,259	\$1,602,885	\$1,755,814
Difference	-\$6,678	-\$13,932	-\$40,539	-\$17,194	-\$18,836
*Updated based on adopted rates through FY2017/18; then 9% increase					
** Based on 9% increase					

Capital Improvement Plan (CIP) Comparison

Inflation- Adj					
Capital	FY 2018	FY 2019	FY 2020	FY 2021	Total
Current Plan	\$950,000	\$154,500	\$596,756	\$601,000	\$2,302,256
Prior Plan	\$498,623	\$587,341	\$540,244	\$695,564	\$2,321,772
Difference	\$451,377	-\$432,841	\$56,512	-\$94,564	-\$19,516

Annual CIP Expenditures



Capital Funding (Total)

FY2018 - FY2024

	Total
Capital Funding Sources	
Existing Reserves	\$212,823
Rates	\$3,512,705
SDCs	\$252,101
Interest	
Total Sources	\$3,977,629
Uses of Funds	
Inflation-Adjusted CIP	\$3,654,808
Ending Balance	\$322,911
Total Uses	\$3,977,719

Operation & Maintenance Cost Comparison

	2017-18	2018-19	2019-20	2020-21
Engineering	\$703,510	\$734,664	\$766,589	\$800,471
Maintenance	\$575,742	\$600,010	\$625,712	\$652,951
Total	\$1,279,253	\$1,334,675	\$1,392,301	\$1,453,422
<i>Prior Plan</i>	\$1,246,695	\$1,235,663	\$1,312,254	\$1,393,594
<i>Difference</i>	<i>\$32,557</i>	<i>\$99,012</i>	<i>\$80,047</i>	<i>\$59,828</i>

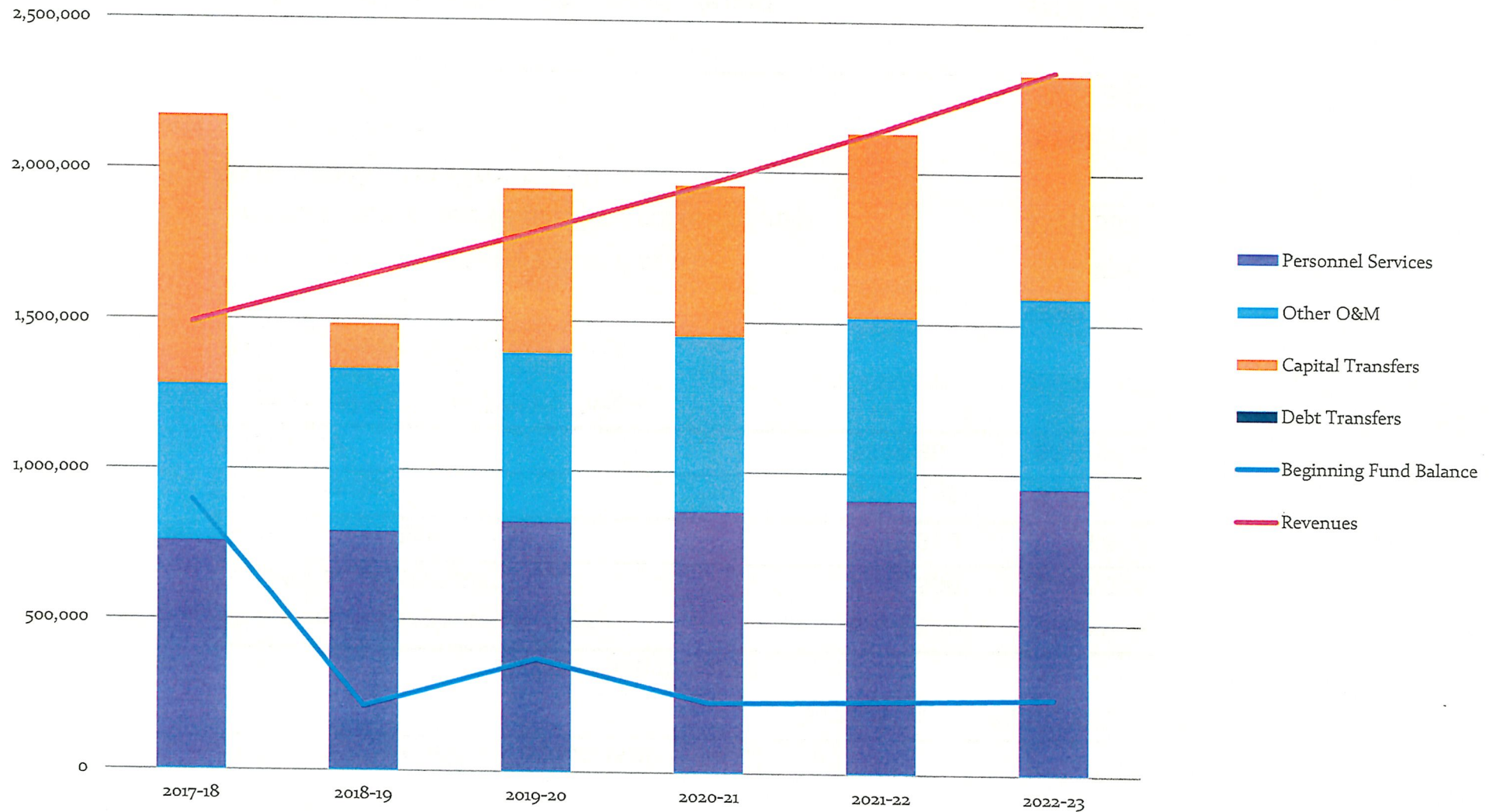
Key Increase in Current Plan:

**Admin Support Services*

Revenue Requirements from Rates

	Budget 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Requirements						
Operation and Maintenance	\$ 1,279,253	\$ 1,334,675	\$ 1,392,301	\$ 1,453,422	\$ 1,518,289	\$ 1,587,180
Debt Service	-	-	-	-	-	-
Transfers -- Capital	895,000	149,350	543,711	498,725	612,810	742,345
Total Revenue Requirements	2,174,253	1,484,025	1,936,013	1,952,147	2,131,098	2,329,526
Less Nonrate Revenue:						
Uses of/ (Additions to) Reserves	685,329	(158,669)	140,444	(7,871)	(10,663)	(11,325)
Nonrate Revenues	66,204	57,003	58,590	57,185	57,264	57,371
Revenue Requirements from Rates	1,422,720	1,585,691	1,736,979	1,902,832	2,084,497	2,283,480

Preliminary Forecast



Stormwater Reserves

Stormwater Reserve Comparison (End of Year)		
	FY2017-18	FY2022-23
<i>Annual Rate Increase</i>	9%	9%
Operating Contingency (60 days)	\$212,823	\$260,906
Rate Stabilization/R&R*	\$90	\$322,911
Subtotal Operating/Capital	\$212,913	\$583,817
SDC Fund Balance	\$101,691	\$227,051
Combined	\$314,604	\$810,868
*Potential Reserve Policy Targets		
Rehabilitation & Replacement		
2% Asset Value		\$290,200
Annual Replacement Value (total)		\$539,838
Annual Rep Value (excluding current debt)		\$539,838
Rate Stabilization (rounded)		
5% Sales Revenue		\$114,174
10% Sales Revenue		\$228,348
Total		
Low (2% Asset Value +5% sales revenue)		\$404,374
Medium (Rep. Value excl. debt +5% sales revenue)		\$654,012
High (Rep. Value +10% sales revenue)		\$768,186

Stormwater Bill Impacts

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<i>Projected Rate Increase</i>		9.00%	9.00%	9.00%	9.00%	9.00%
<i>Typical Residential Bill</i>	\$10.30	\$11.23	\$12.24	\$13.34	\$14.54	\$15.85
<i>Bill Change</i>		\$0.93	\$1.01	\$1.10	\$1.20	\$1.31

Recap Reserves – All Systems

	Wastewater	Stormwater	Water	
<i>Annual Rate Increase</i>	3.5%	9%	3.5%	4.75%
Operating Contingency (60 days)	\$1,081,992	\$260,906	\$761,773	\$764,617
Debt Service (1 Year)	\$2,098,814	\$0	\$876,823	\$876,823
Rate Stabilization/R&R*	\$3,002,231	\$322,911	\$607,821	\$1,473,232
Subtotal Operating/Capital	\$6,183,037	\$583,817	\$2,246,417	\$3,114,672
SDC Fund Balance	\$4,356,688	\$227,051	\$61,921	\$61,921
Combined	\$10,539,724	\$810,868	\$2,308,339	\$3,176,594
*Potential Reserve Policy Targets				

Total

Low (2% Asset Value +5% sales revenue	\$2,350,000	\$404,374	\$1,321,989	\$1,339,289
Medium (Rep. Value excl. debt +5% sale	\$3,550,000	\$654,012	\$1,621,989	\$1,639,289
High (Rep. Value +10% sales revenue)	\$4,800,000	\$768,186	\$2,543,979	\$2,543,979

Recap Rates – All Systems

			1-Jan	1-Jan
	Units	Current	2019	2020
Water	7	\$43.16	\$44.54	\$46.37
Sewer	5	\$66.87	\$69.41	\$71.85
Storm	1	\$10.30	\$11.23	\$12.24
Total		\$120.33	\$125.18	\$130.46
<i>Difference \$</i>			\$4.85	\$5.27
<i>Difference %</i>			4.0%	4.2%

Water and sewer based on 3.5% overall revenue increase; storm based on 9%

Next Steps

- Any additional information requests
- Develop proposed rate schedules
- Develop transportation financial plan

Discussion

Capital Improvements Project List

Stromwater System Financial Plan

	Budget							Inflated CIP Total	SDC SHARE
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024		
CIP Expenditure	\$ 950,000	\$ 154,500	\$ 596,756	\$ 601,000	\$ 416,438	\$ 637,601	\$ 298,513	\$ 3,654,808	
<u>Project Name</u>									
S. Blaine Street; Hancock - 11th Street	\$ 700,000	\$ -	\$ -	\$ -	\$ 360,163	\$ 405,746	\$ 298,513	\$ 1,764,422	5%
Villa Road Improvements @ Hess Creek	-	-	-	-	-	-	-	-	25%
S. Center Street	-	-	-	-	-	-	-	-	5%
TMDL Requirements	20,000	20,600	21,218	21,855	22,510	23,185	-	129,368	0%
Springbrook	-	-	-	-	-	173,891	-	173,891	10%
WQ Maintenance	30,000	30,900	31,827	32,782	33,765	34,778	-	194,052	0%
SW Design Manual Update	-	-	-	-	-	-	-	-	0%
Columbia Drive	-	-	-	-	-	-	-	-	15%
N. Elliot	-	-	-	273,182	-	-	-	273,182	5%
800 Block Wyooski Extension	-	103,000	-	-	-	-	-	103,000	5%
Master Plan	-	-	-	-	-	-	-	-	
PW Maintenance Facility	-	-	-	-	-	-	-	-	
Street Sweeper Replacement (25% street/75% storm)	-	-	278,486	-	-	-	-	278,486	0%
520 W 3rd property	-	-	-	-	-	-	-	-	
Carryover	150,000	-	-	-	-	-	-	150,000	
Management Facility Site Work	50,000	-	-	-	-	-	-	50,000	20%
Fleet	-	-	265,225	-	-	-	-	265,225	20%
Admin	-	-	-	273,182	-	-	-	273,182	20%
	-	-	-	-	-	-	-	-	
	\$45,000	\$5,150	\$53,045	\$68,295	\$18,008	\$37,676	\$14,926	SDC Eligible Total	\$242,101
	\$905,000	\$149,350	\$543,711	\$532,704	\$398,430	\$599,924	\$283,587	Rate Total	\$3,412,708