City of Newberg

CITIZENS' RATE REVIEW COMMITTEE
ADMINISTRATIVE PUBLIC HEARING / TOWN HALL AGENDA
THURSDAY, FEBRUARY 20, 2020
6:30 P.M. MEETING
WASTEWATER TREATMENT PLANT CONFERENCE ROOM (2301 N.E. Wynooski Rd)

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. INTRODUCTIONS

IV. COMMITTEE BUSINESS

1. Approve minutes from the January 9 and January 30, 2020 meetings.
2. Election of officers.
3. Presentation of comparative financial statement information for each utility.

V. ADMINISTRATIVE PUBLIC HEARING

VI. NEXT STEPS IN PROCESS

1. CRRC Meeting Final Meeting : Thursday, March 12, 2020. This meeting is a place-holder in the event that the CRRC does not reach a decision upon a final recommendation of rates to the City Council. This meeting will be cancelled if the CRRC reaches a decision for final recommendation at the conclusion of the Public Hearing on February 20, 2020.
2. City Council Public Hearing : Monday, April 6, 2020

VII. ADJOURNMENT

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 9, 2020
6:30 PM MEETING
WASTEWATER TREATMENT PLANT CONFERENCE ROOM (2301 NE Wynooski Rd)

I. CALL MEETING TO ORDER

Chair Grider called the meeting to order at 6:30 PM.

II. ROLL CALL

Members Present:	Sarah Grider	Ned Knight	Bill Rourke
	Adam Lundstrom	Marie Maxwell	Nick Morace

Members Absent: Ron Sinicki and Rick Rogers, ex officio

Staff Present: Matt Zook, Finance Director
Caleb Lippard, Assistant Finance Director
Kaaren Hofmann, City Engineer
Jay Harris, Public Works Director

Others Present: Deb Galardi, Galardi Consulting LLC

III. CONSENT AGENDA

1. Approve minutes from November 21 and December 19, 2019

MOTION: Rourke/Morace moved to approve the minutes of November 21, 2019. The motion carried (6 Yes/0 No).

MOTION: Lundstrom/Maxwell moved to approve the minutes of the December 19, 2019. The motion carried (6 Yes/0 No).

IV. COMMITTEE BUSINESS

1. Pavement Preservation Street Selection Matrix

City Engineer Kaaren Hofmann said there was a question at the last meeting about how the pavement projects were chosen and she had provided that information for the Committee.

The Committee asked clarifying questions about the matrix.

Committee Member Morace mentioned that the slurry seal binder made the road too slick for motorcycles, and staff said they would look into other options.

2. Review of Rate Recommendations Presented

Deb Galardi, Galardi Consulting LLC, gave a rate review recap. For the water system, the overall revenue increase of 4% was to meet forecast requirements and informal reserve targets. They needed approximately $20.5 million for the capital improvement projects for FY 2020-2025. The reserve target for FY2024-25 was $3.2 million. The proposed rate structure reflected the increased fixed revenue share to 32% (from 30%). The two non-potable water rate options were: Option 1—7.5% increase based on updated costs or Option 2—31.5% increase based on additional Otis Springs capital costs.

There was discussion regarding the Otis Springs capital costs and whether they should be paid by the potable or non-potable rates, especially the fairness of having the one non-potable customer paying for all the capital costs.

Ms. Galardi showed a graphic of the water system financial forecast.

There was discussion regarding phasing in the 31.5% non-potable rate.

Public Works Director Harris stated the Otis Springs project set the framework for others to connect to the non-potable system. He recommended leaving this project in the potable rate system and to attract more non-potable customers with the goal of reducing the potable rate.

Ms. Galardi said Option 1 was an additional $9,000 per year, and Option 2 was an additional $37,000 per year.

CE Hofmann said getting new customers was an active goal they were pursuing, but the issue was where the current lines were, they were not useful for most other irrigation customers. The plan for Springbrook properties was to connect to the non-potable system, and that was the Otis Springs improvement project. They were also looking at the Crestview Crossing project near the hospital as also hooking up to the system.

Ms. Galardi clarified the non-potable rate was currently $2.51, with Option 1 it would be $2.70 and Option 2 was $3.30. For the potable irrigation customer it was $7.83 and for public customer it was $4.62.

There was discussion regarding what other cities were charging, and how there were not many who had a system to compare. Ms. Galardi would bring back comparisons, but thought these rates were competitive, especially since it was based on cost of service.

Ms. Galardi then reviewed the current and proposed water rates, for both the fixed and volume charges. She discussed the current and proposed water bills and how an average residential bill would go up around $2 per year.

For the sewer system, there would be an overall revenue increase of 3.5% to meet forecast requirements and informal reserve targets. They needed approximately $17.2 million for capital improvements for FY 2020-2025. The reserve target for FY2024-25 was $6.8 million. The proposed rate structure maintained the fixed revenue share of 35%. Ms. Galardi showed a graphic of the sewer financial plan and discussed the current and projected rates. She also explained the current and projected bills, and how the average single family customer bill would go up by $2.80 in the first year and by $2.50 in the second year.

For the stormwater system, there would be an overall revenue increase of 9% to meet forecast requirements and informal reserve targets. They would need approximately $4.3 million for capital projects in FY 2020-2026. The reserve target for FY2025-26 was $0.8 million. Ms. Galardi displayed the stormwater system forecast graphic as well as the current and proposed stormwater rates. This would mean a $1 increase per year on the bills.

For the transportation system, there had been no rate increases since the fee was implemented in FY2018. Inflation over the last two years was 7.4% (FY2019) and 4.9% (FY2020). The proposed rate increase was 2% per year. The pavement preservation projects would cost $7.8 million for FY2020-2025. Ms. Galardi showed a chart of the street fund financial forecast and gave a comparison of current and revised rates. For single family detached housing, the current rate was $4.99, and the revised rate would be $5.09 for FY2021 and $5.19 for FY2022. This would be a $0.10 per month per year increase.

Ms. Galardi then reviewed the combined bill impacts for single family customers.

Committee Member Knight noted that the Communications Officer fee already went up to $2.20 per month. It looked like the 9% increase in the stormwater fee was already in effect.

PWD Harris explained the 9% was approved by the CRRC two years ago, so this was a continuation of raising the fee by 9%.

3. Committee Discussion and Decision of Proposed Rates for CRRC Public Hearing

Finance Director Zook said once the Committee made a decision on the proposed rates, staff would publish the numbers for the public hearing.

Committee Member Rourke would have a hard time explaining the increase proposed for the non-potable water rate.

Committee Member Morace asked if the Transportation Utility Fee (TUF) was supposed to be temporary. CE Hofmann said there was no end date. It could be terminated if it was determined no longer necessary.

Committee Member Morace thought there would be push-back from the public on the increase to the TUF because of the opinions on what should be fixed first and there were some roads that were really bad that had not been touched. He did not think it should be increased. He asked why the Public Safety Fee never changed.

FD Zook said when it was established there was no language to include inflation. They had to stretch the fee to cover three police officers as it was intended by rotating the least expensive and newest officers into that fund. It was getting to the point where that fund would be compressed beyond being able to cover three officers and it would need to be increased. This was a Council decision, however the Committee could make a recommendation that it be increased.

Committee Member Morace was not in favor of any rate increases, especially for fixed income and low income families. Regarding the non-potable, the only customer, CPRD, had not signed a contract with the City and continued to raise the SDC rates. He did not think the City should bear the weight of their mismanagement. The City did not do a great job in implementing the non-potable system, however he did see the potential of it. He did not think the public should pay for the improvements. He would like the non-potable system to cover the capital improvement costs.

Committee Member Knight said if they kept it in the potable system, everyone was paying for it. It seemed like it should be paid for by the non-potable system.

Committee Member Rourke pointed out that there was a benefit to the potable system.

PWD Harris said there were minimum landscaping requirements for development, and the larger developments had to put in landscaping. If there was no non-potable system, they would be hooking up to the potable system and charged the irrigation rate. The non-potable system also helped off-set improvements on the potable system for piping, treatment, and pumping because it added capacity to the potable system long term.

Committee Member Lundstrom said the 31.5% increase was still a lot less than the potable rate. It also put the burden where it should be. It would decrease the single family potable rate by .75 to 1%. He was an advocate for the citizens and thought they could create a schedule to phase it in which was more than fair.

Committee Member Knight said one of his overall concerns was lower charges, particularly fixed service charges, and the recommendations were for higher increases. He understood inching to the 40% over time to reduce rate instability, but he questioned if they had had rate instability.

Chair Grider stated yes, they had. It was something they had discussed at length. People had increased water conservation, but that did not decrease the amount of usage on the water treatment system. They still had to build out for the peak flows and maintain the system.

Committee Member Knight recommended showing the service charge and volume charge breakdown on the water and sewer bills.

PWD Harris said they would be going to a radio read system for the whole city and customers would be able to log onto their accounts through a portal and see the usage by day and a more detailed breakdown of all the items.

Committee Member Maxwell appreciated that they were being proactive instead of reactive. She was concerned about how limited the non-potable system was and the costs of the improvements. It had been going for many years but only had one customer, however it was environmentally sound and helped save the potable water.

Chair Grider thought it was common sense to move to the increased fixed rate and being more proactive. If CPRD was paying the irrigation rate, it would cost them much more and be a bigger impact than the non-potable rate. Overall she thought the rates were good.

Committee Member Maxwell asked if the City encouraged CPRD to participate in the non-potable system, or did CPRD ask the City. PWD Harris said when the golf course was being developed, the City told them the water treatment plant did not have the capacity. It was a project that the City and CPRD worked together to design. Subsequent to that, the City took on some debt and expanded the pipeline and upgraded the water treatment plant, and put in a reservoir and recycled water facility. There was not a need to upgrade the plant in the near future, however, it would not survive a Cascadia earthquake and in the next rate cycle they would be including capital projects for seismic upgrades.

Chair Grider asked for the non-potable rate options, what variables would factor into how many years the 31.5% increase would span over. Ms. Galardi said it would depend on when it got built and the actual costs of the project and there would be ongoing inflation associated with operation and maintenance.

Chair Grider asked if it would be a steep increase over a short amount of time, or a moderate increase over a longer period of time. Ms. Galardi said that would be a policy choice about how to implement it over what period of time. The Committee could make a recommendation to the Council on that.

FD Zook said they would be setting the rates for the next two years, and could revisit it in the next rate cycle.

There was discussion regarding a possible Option 3 that would be in between Options 1 and 2, or a modified Option 2 taking into account that it was only one customer and CPRD's service to the community.

Ms. Galardi said the options reflected the cost of service, and if they modified Option 2 it should be for specific reasons. It was very common to subsidize non-potable systems due to the benefits to the potable system in terms of delaying costly expansions for capacity.

There was consensus for staff to come back with more information regarding the non-potable system including inflation costs to the next meeting.

V. PUBLIC COMMENTS

None

VI. ADJOURNMENT

Chair Grider adjourned the meeting at 8:08 PM.

Approved by the Citizen's Rate Review Committee on this 20th day of February, 2020.

Citizens' Rate Review Committee Recording Secretary

Citizens' Rate Review Committee Chair

CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
THURSDAY, JANUARY 30, 2020
6:30 PM MEETING
WASTEWATER TREATMENT PLANT CONFERENCE ROOM (2301 NE Wynooski Rd)

I. CALL MEETING TO ORDER

Vice Chair Lundstrom called the meeting to order at 6:30 PM.

II. ROLL CALL

Members Present:	Adam Lundstrom	Ned Knight	Bill Rourke
	Ron Sinicki	Marie Maxwell	Nick Morace

Members Absent: Sarah Grider and Rick Rogers, ex officio

Staff Present: Matt Zook, Finance Director
Caleb Lippard, Assistant Finance Director
Jay Harris, Public Works Director

Others Present: Deb Galardi, Galardi Consulting LLC

Finance Director Zook announced Sarah Grider had resigned from the Committee.

III. COMMITTEE BUSINESS

1. Present additional information on non-potable rates and wastewater rates

Deb Galardi, Galardi Consulting LLC, said as requested from the last meeting she had put together projected non-potable costs adding inflation to align with the rate setting period and to allow for phase in. She followed the same methods as the other rates in terms of applying escalation factors to the different categories of personnel and materials and services and determining the cost of service rate for the two options. Option 1 continued with the same method used in the past, including full cost recovery of operation and maintenance and a portion of the debt service for the reuse system. Option 2 added in the capital costs of the Otis Springs system. There was also a 7% franchise fee that was charged to the water, sewer, and stormwater rates based on the revenue. For Option 1, the rate starting January 2021 would be $2.57 and with the franchise fee increase it would be $2.75. For Option 2, the rate starting January 2021 would be $3.39 with the franchise fee included. That was escalated over five years using the same escalation factors as the other utilities. The Committee had asked to see other options for phasing in the higher rate, and she had done a two year and a four year option. She had also supplied additional comparative information. There were very few examples in Oregon of non-potable systems.

Public Works Director Harris discussed his non-potable water rate comparison memo. There were not many systems in the Pacific Northwest as the primary users of non-potable water were irrigation users and there was not as much need because it rained more here than in other places like California and Texas who used these systems all year. He had called Clean Water Services Reuse Manager in Hillsboro, and found out they had to treat the water to level 3 treatment before they could discharge it into the Tualatin River. In Newberg they only treated it to level 2, until it went to the golf course at level 3. In Hillsboro they already had the capital costs to treat the water and it was a well-developed, older system. When they got a new customer, the customer was responsible for the cost of putting in the new piping to hook up and Clean Water Services had their own internal projects to help with their temperature problems. In the next ten years they would be increasing the recycled water users to help with the temperature issues. They charged $1 per 100 cubic feet (ccf). They did not have any fixed meter charges. In Denver, Colorado they had fixed charges at about $1 per 100 cubic feet also. Long Beach Water Department in California used theirs for sea water barrier intrusion. They had a peaking volume rate for the middle of the day and middle of the night. Pleasanton, California had fixed meter charges and a volume rate at $3.71. For San Margarita in California, they had year-round customers and a quarter of their water was sold as recycled water. They were trying to get more people to switch over to the recycled water rather than the retail system. They had meter charges and a tiered rate system. There was an AWWA Reuse Survey Report that discussed all the different organizations' rates which the Committee could review.

Ms. Galardi said from the study, there was a table that talked about the pricing strategies and what was most relevant was how many of the utilities set their rates not based on cost of service but based at some percentage of the potable water rate or at market rate that would incentivize the use. When they looked nationally at some of the pricing models it was common in these systems to deviate from cost of service. There had to be a balance. She also noted that some of these comparators had lower potable rates than Newberg. They had to look at these in the context of what the potable rate was and how they were pricing the reclaimed water.

PWD Harris said when the City's DEQ permit was reissued, temperature would be a requirement. If they did not have the reuse water system or a customer for that system, there would be a high cost to take that warm water and chill it.

Ms. Galardi pointed out that that benefit to the wastewater system was already realized in the rates. A portion of the debt for the reuse system was being paid by both the reuse system, 23%, and the wastewater system, 77%.

Vice Chair Lundstrom asked about the Option 2 phase in options, after 2022 would those still be the rates continuing on. Ms. Galardi said yes, barring some major change it would be the same but there would also be a 2 to 3% increase for inflation. The inflation was included in the projected numbers.

Committee Member Knight asked if water from Otis Springs was being used for anything currently. PWD Harris said it was going into Springbrook Creek. During irrigation season, it was turned on to be used for the golf course. When there was high demand, they stopped using Otis Springs and brought in the recycled water from the wastewater treatment plant. There was not enough water in Otis Springs for the golf course at peak times. The temperature requirement was related to the water temperature of the Willamette River, which did not warm up until June or July.

Committee Member Knight said if the goal was to have Otis Springs for the golf course and new users, would they still need the wastewater facility? PWD Harris said the Otis system would be serving the north side of the City and the recycled water system would serve the south side up to the golf course and stop. Unless there was an emergency, Otis water would not be going up to the golf course. They were doing a study now to see how many customers Otis could serve. Someday down the road, 20 to 30 years, they would need to supplement the Otis system.

Committee Member Rourke said the benefit of Otis Springs was trivial to the golf course, and in the future there would be no benefit to the golf course. PWD Harris said the benefit to the golf course was they were not paying an irrigation rate from the potable system. The capital costs for Otis Springs that was in the potable water rates made more sense because it would benefit the north side of the City, not the one user. It did not have to benefit the golf course, and in the future it would not benefit the golf course.

Committee Member Rourke thought CPRD should not have to bear the cost for the Otis Springs improvements. He was in favor of Option 1.

Ms. Galardi explained she had added inflation to Option 1. It was a change from the current $2.51 to $2.75 in 2021. That was a 9.5% increase.

Committee Member Sinicki arrived at 7:00 p.m.

Committee Member Maxwell was concerned about the increase to the rate, especially since it might discourage new customers to the non-potable system. She thought CPRD did not assume they would be the only customer for ten years and bearing the brunt of the whole cost. They wanted to get as many customers as possible. If they went with Option 2, they would be raising the rate by 20%.

Committee Member Knight said if Otis Springs was not included in the non-potable rate, all of the other potable water customers were paying for it.

Ms. Galardi clarified that the golf course did not have to use Otis water, it was more efficient for the City to supply it early in the season. They could be served by the other system. PWD Harris said CPRD would prefer not using Otis as the quality of the Otis water was lower than the recycled water at the wastewater treatment plant. When other users came online for the Otis system, the water quality would be significantly improved. Option 1 assumed that the potable system would be paying for the Otis Springs improvements and Option 2 was the non-potable paid for those capital costs.

Committee Member Rourke said currently 77% of the costs were being paid by the potable system, and 23% by the non-potable. PWD Harris said SDC charges helped off-set some of the costs to the potable system.

FD Zook said there were times when the SDC fund did not cover it.

Committee Member Sinicki asked what the benefits of the non-potable system were to the potable system. PWD Harris said during the summer on peak days, the non-potable system relieved the potable system significantly in capacity and as they added more customers, it would continue to benefit potable customers. It also helped with the wastewater permit in the future.

Ms. Galardi reviewed the wastewater rate schedule comparison, stating none of the numbers had changed except for an addition of the sewer only no water service flat rate customer charge. These were for customers who had their own wells, but were using sewer service. It was based on 7 ccf which was the average at the time, and if they kept it at that, the rate would go up to $93.07 in 2021. There were only seven customers who had this rate, and if they used 5 ccf, which was the current average, the rate would go up to $74.75 in 2021 and $77.41 in 2022. This was a 10% increase. The rate had been flat and had not been updated in the last rate cycle. She asked if they wanted to phase it in over a longer period of time and if they wanted to use 5 ccf instead of 7 ccf. The rate had not been increased since 2011.

There was discussion regarding making sure this rate got updated regularly so there would not be such a high increase in the future.

MOTION: Maxwell/Sinicki moved to add the sewer only rates as presented using the 5 ccf. Motion carried (6 Yes/0 No).

FD Zook said a Food Cart line item had accidentally been omitted on the Transportation Utility Fee list. It would go up the average 2% inflationary adjustment as all the other customer classes. The Fee had been charged all along, but just left off of the list that had been given to the Committee earlier.

2. Committee discussion and decision of proposed rates for CRRC Public Hearing

There was discussion regarding the non-potable rate options.

Committee Member Sinicki was in favor of Option 1 as there was a benefit to the potable water for this system.

Committee Member Knight thought Option 1 would be more attractive to new customers and had a better future.

Committee Member Maxwell was also in support of Option 1 because the people who would be using Otis Springs should be the ones to pay for it.

Committee Member Rourke concurred that Option 1 was the best choice as Otis Springs did not have a benefit to the golf course, and all the potable users benefitted from recycled water.

Committee Member Morace was in favor of Option 2 with the four year phase in. Going with Option 1 would not make any headway with this system and did not solve the issues. They needed more revenue in this account to do anything with it and Option 1 was more of the same.

There was discussion regarding how expansion of the non-potable system was a sustainability goal and it was likely there would be new customers in the future. PWD Harris said it also depended on development and they didn't know when Crestview Crossing would happen which was the line that they were waiting for to go in. There were reserve funds, and when the debt was paid off in a few years there would be more money for capital projects. New customers would also help with the costs.

Vice Chair Lundstrom said the City had worked hard to be proactive and they needed to be proactive for the non-potable system as well. Right now the non-potable system had one customer and any rate increase would be borne by the one customer. The City would continue to grow and the Otis Springs system would be used in the future. The benefits would be spread out over three systems, but the burden was borne by two systems. At the last meeting, they talked about shoring up the capital funds for improving Otis Springs and at the same time reducing the residential unit rate. He understood they wanted to attract new customers to the non-potable, but he was also in favor of Option 2 with the four year phase in.

Ms. Galardi noted that option would not be a noticeable change to the residential unit rate.

MOTION: Sinicki/Knight moved to use Option 1 for the non-potable water rates, $2.75 for 2021 and $2.80 for 2022. Motion passed (5 Yes/1 No [Morace]).

There was discussion that it was likely that in two years when they met again that there might not be any new customers to the non-potable line. PWD Harris explained the Crestview Drive extension project which would be putting in the lines, and he thought Crestview Crossing would be connected and getting ready to take it up to the Allison and A-dec.

Committee Member Sinicki discussed the need to repair Mountainview Drive due to the safety issues and to fix the pot holes in downtown. These were not on the list for the Transportation Utility Fee.

PWD Harris said the potholes on 99W were for ODOT to fix, but people could call the City for any other potholes to fix. The TUF was specifically to be used for pavement surface only, not widening the road or putting in sidewalks. The reason why Mountainview was not on the capital projects list was because the Springbrook Master Plan was supposed to redevelop all of that area including updating the road to City standards. These were policy decisions about the City making the improvements that should be developer funded and having the developer pay them back. That would still be 3-4 years out because Elliot and Crestview Drive were the next priorities. In the next 5 years the project should be done by a developer, and it would not come out of this fund.

MOTION: Sinicki/Rourke to present to the public the rest of the rates as presented along with the modified rates. Motion passed (5 Yes/1 No [Morace]).

V. PUBLIC COMMENTS

None

VI. ADJOURNMENT

Vice Chair Lundstrom adjourned the meeting at 8:12 PM.

Approved by the Citizen's Rate Review Committee on this 20th day of February, 2020.

Citizens' Rate Review Committee Recording Secretary

Citizens' Rate Review Committee Chair

City of Newberg

Town Hall Meeting

Citizen Rate Review Committee

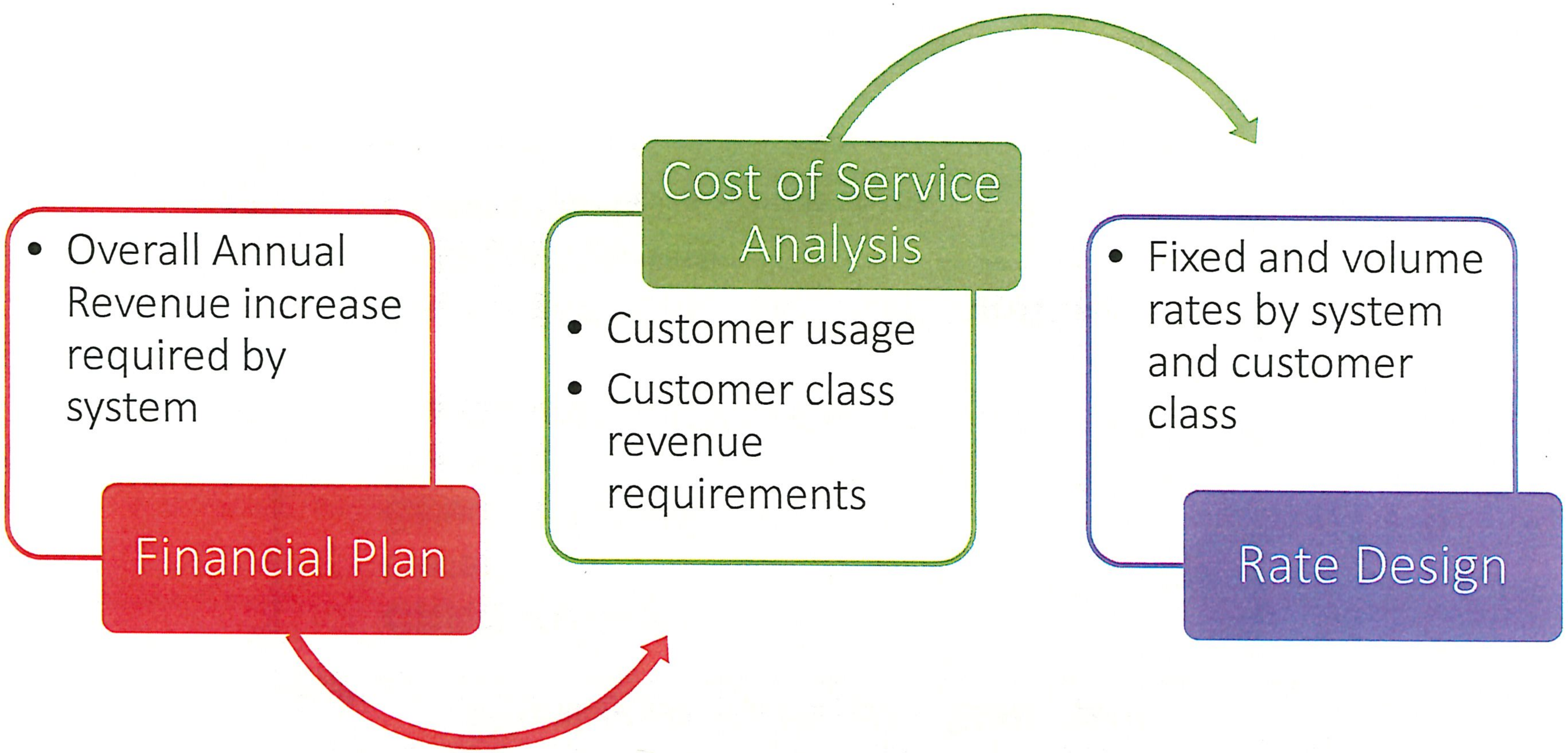
February 20, 2020

Agenda

- Overview of Rate Setting Process
- Findings by System
- Summary
- Next Steps

Overview of Rate-Setting Process

Rate Update Components



Scope of CRRC Review

Monthly Utility Service Statement

CRRC Review
Water
Sewer (Wastewater)
Stormwater
Transportation Utility Fee

Set by Separate Council Resolution
Public Safety Fee
Communications Officer Fee

Financial Plan Development

- Annual cash flow projections over 5-10 year periods

Sources of Funds	Operating Expenses	Capital Financing	Other Requirements
Reserves	Personnel	Cash Funded	Fund Transfers
Service Revenues	Materials	Debt Service	Future Capital Reserves
SDCs*	Services		
Miscellaneous Fees	Utilities		
Other (interest, grants, etc.)	Repair & Maint.		

*SDCs = System Development Charges

Water Industry Reserve Guidelines

"Cash reserve balances are a critical component to a utility's financial resiliency and sustainability."

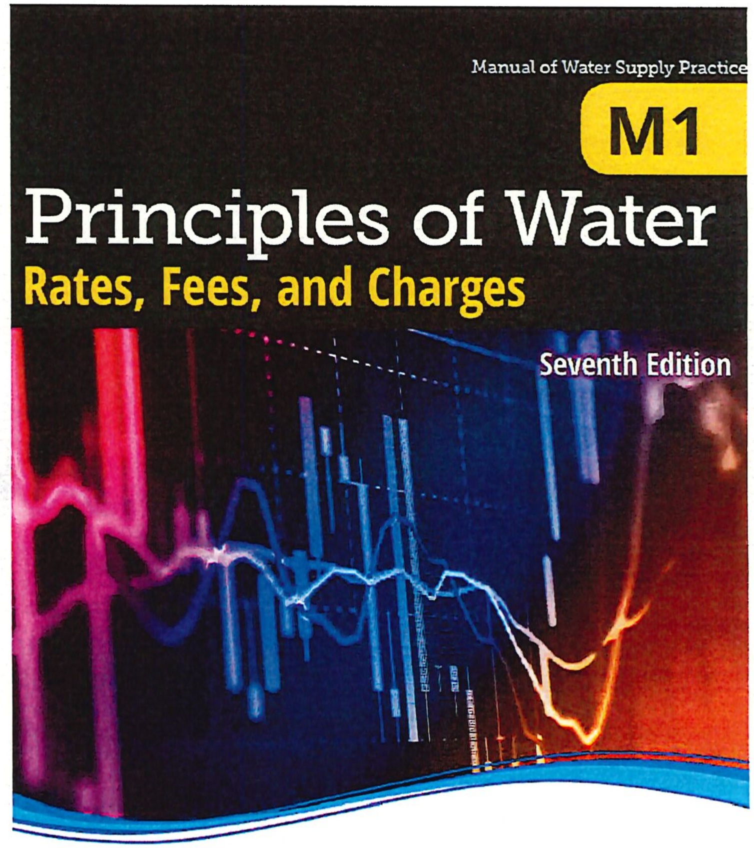
- Need for regular review and flexibility to respond to changing conditions
- Cash reserves types
  - Operating
  - Capital
  - Debt Service
  - Rate Stabilization

Cash Reserve Policy Guidelines

2018 American Water Works Association (AWWA)

Cost of Service Principles

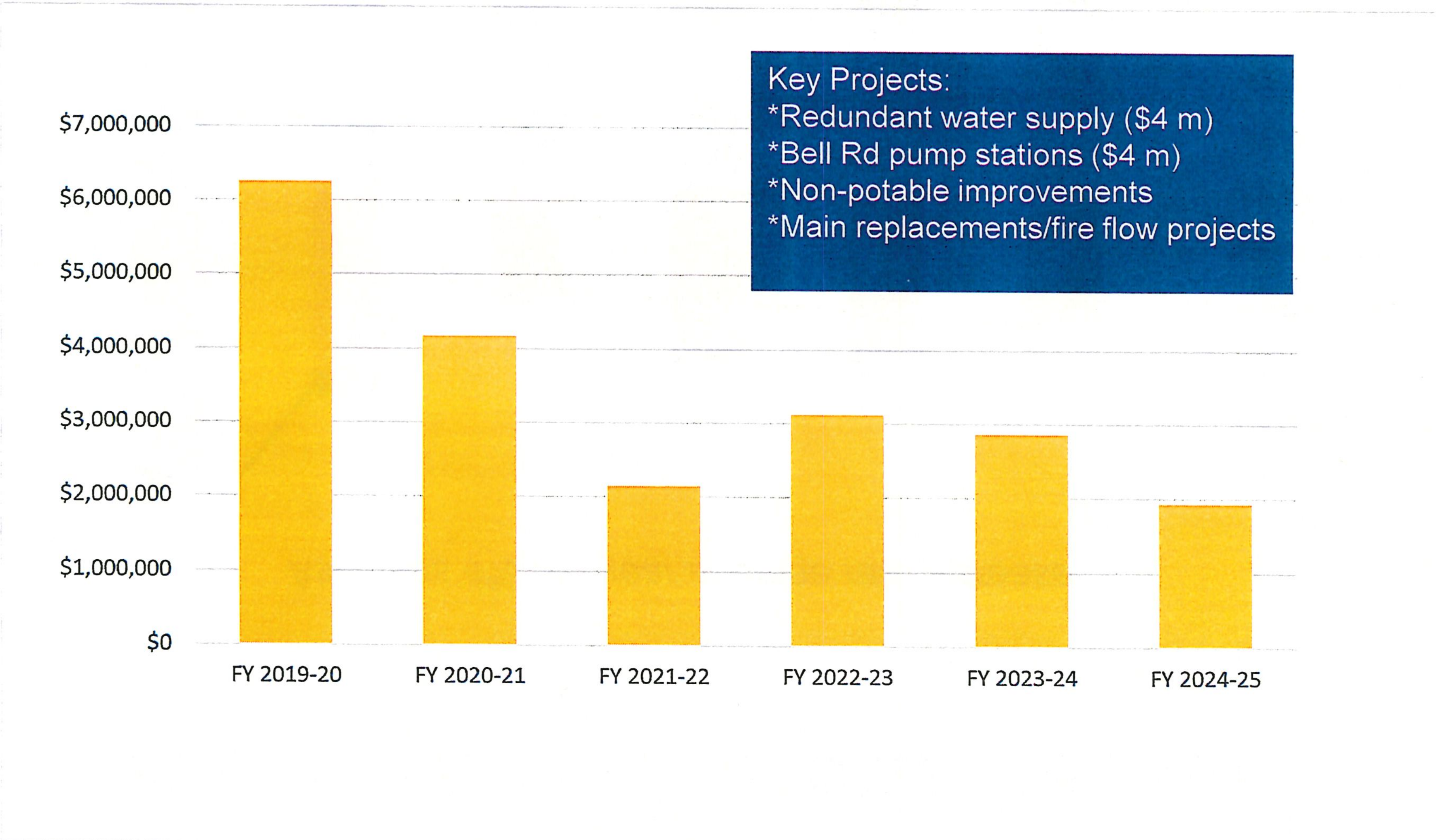
- Classify costs by specific services provided
  - Potable vs. Non-potable
  - Fixed vs. Variable
  - Customer account vs. volume of use
- Recover costs from customer classes in proportion to service requirements



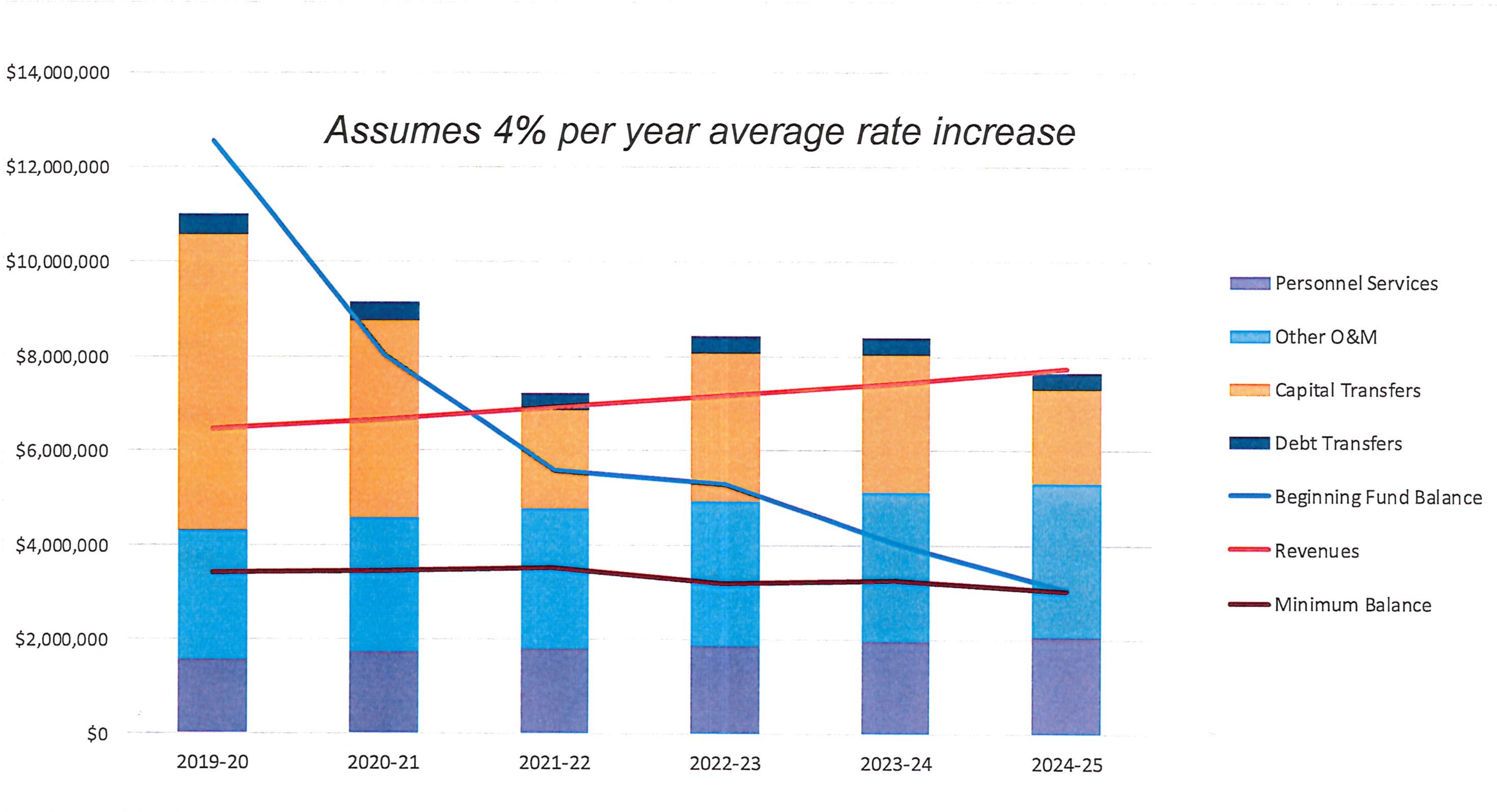
American Water Works Association

Findings by System

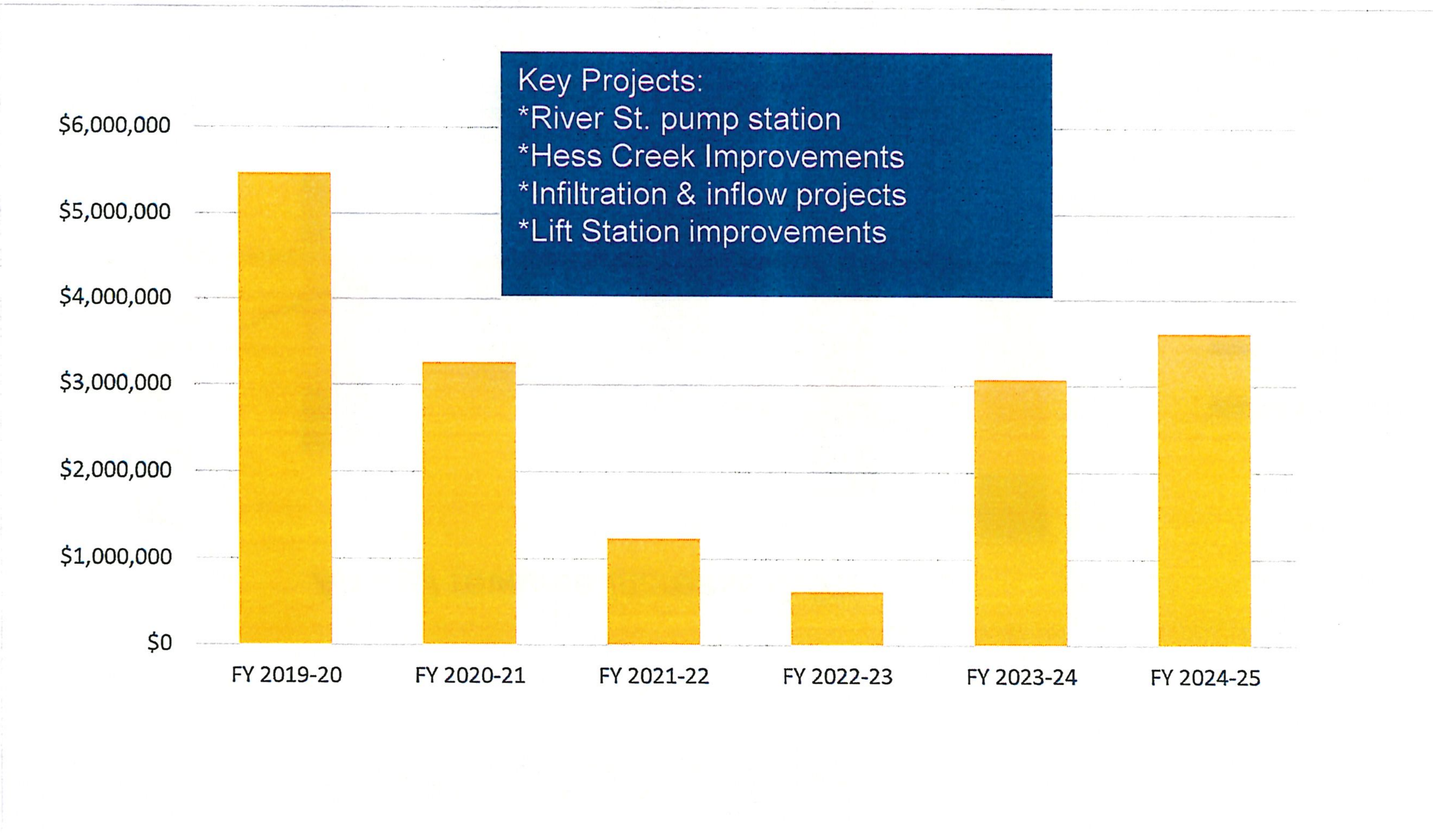
Water System Capital Plan ($20.5 m)



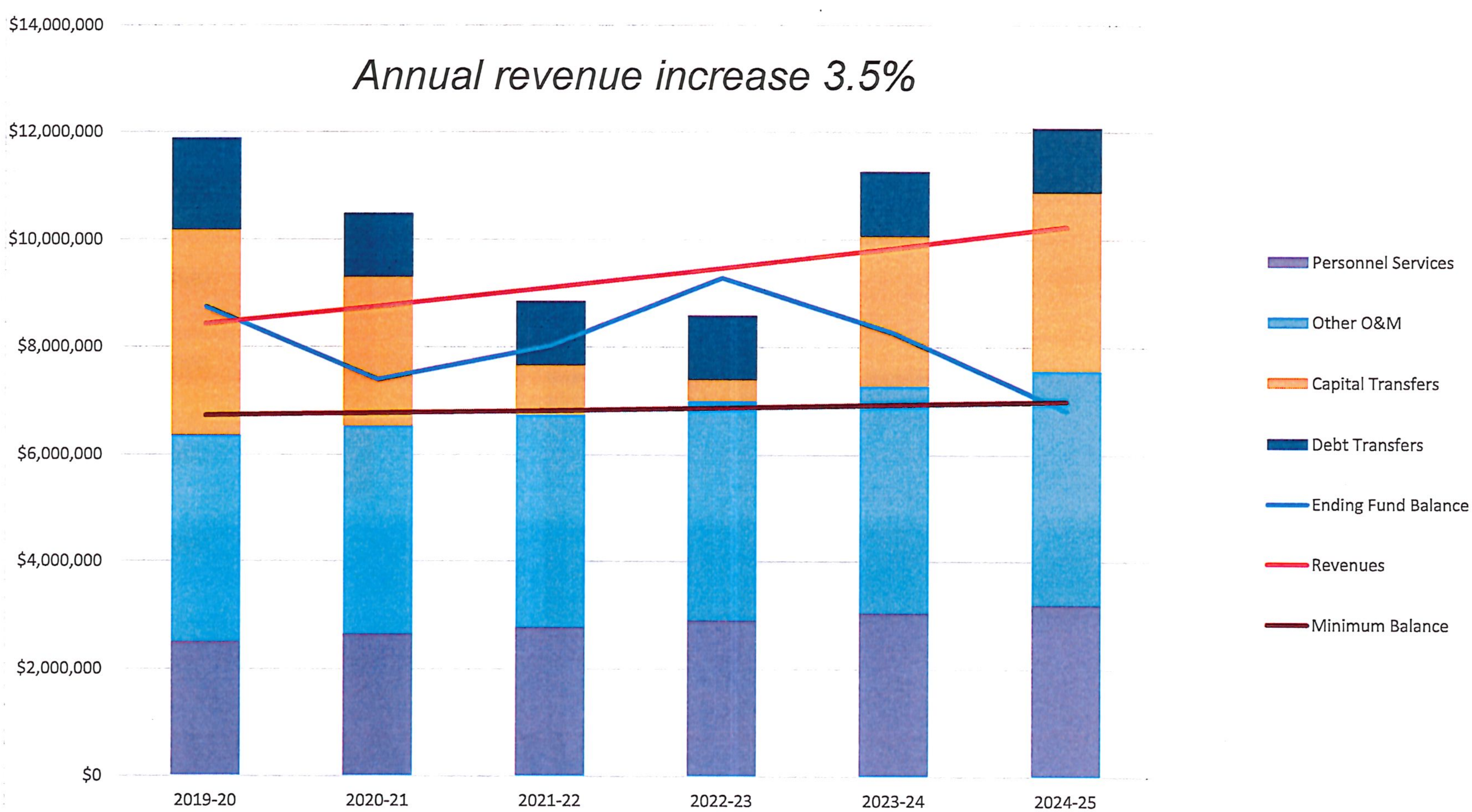
Water System Financial Forecast



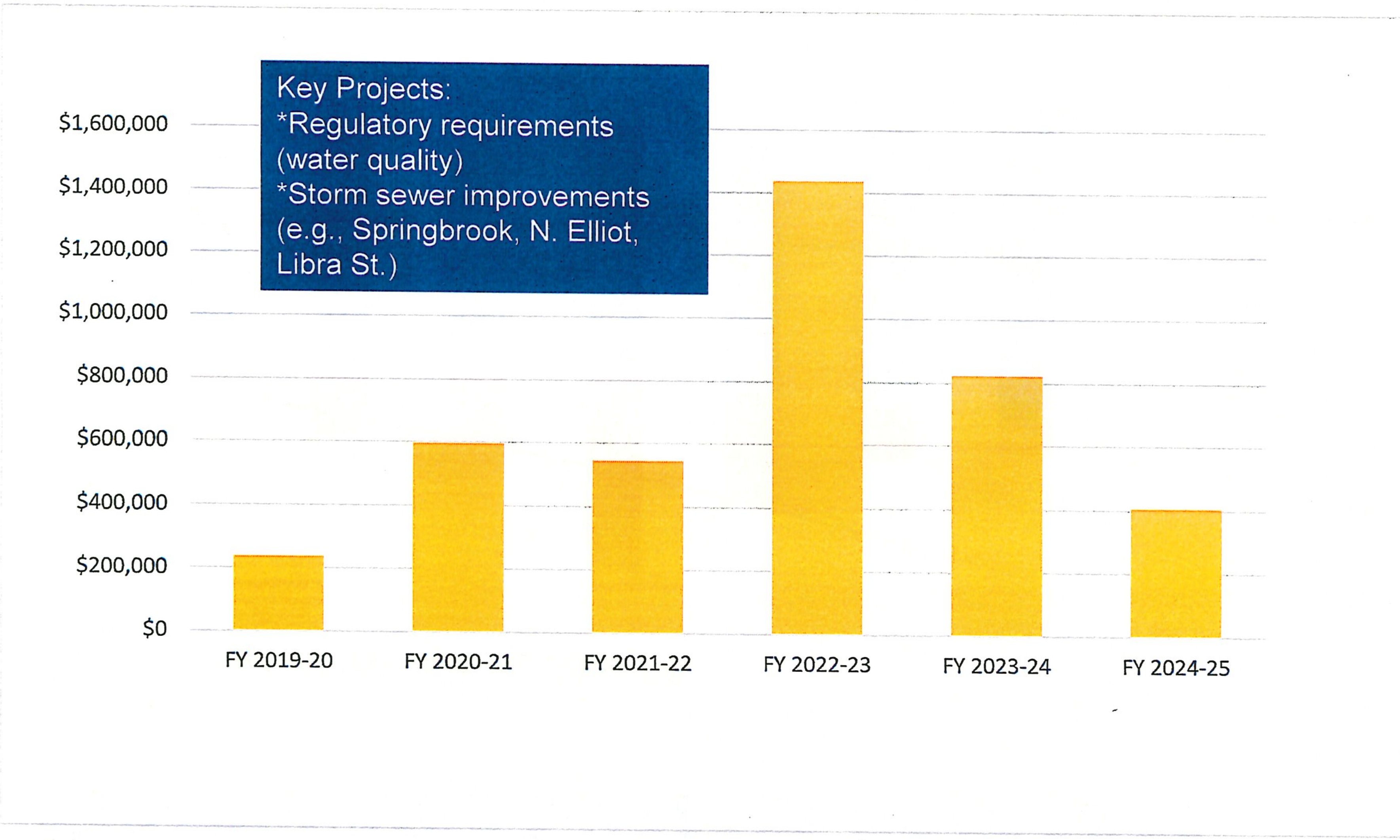
Wastewater System Capital Plan ($17.2 m)



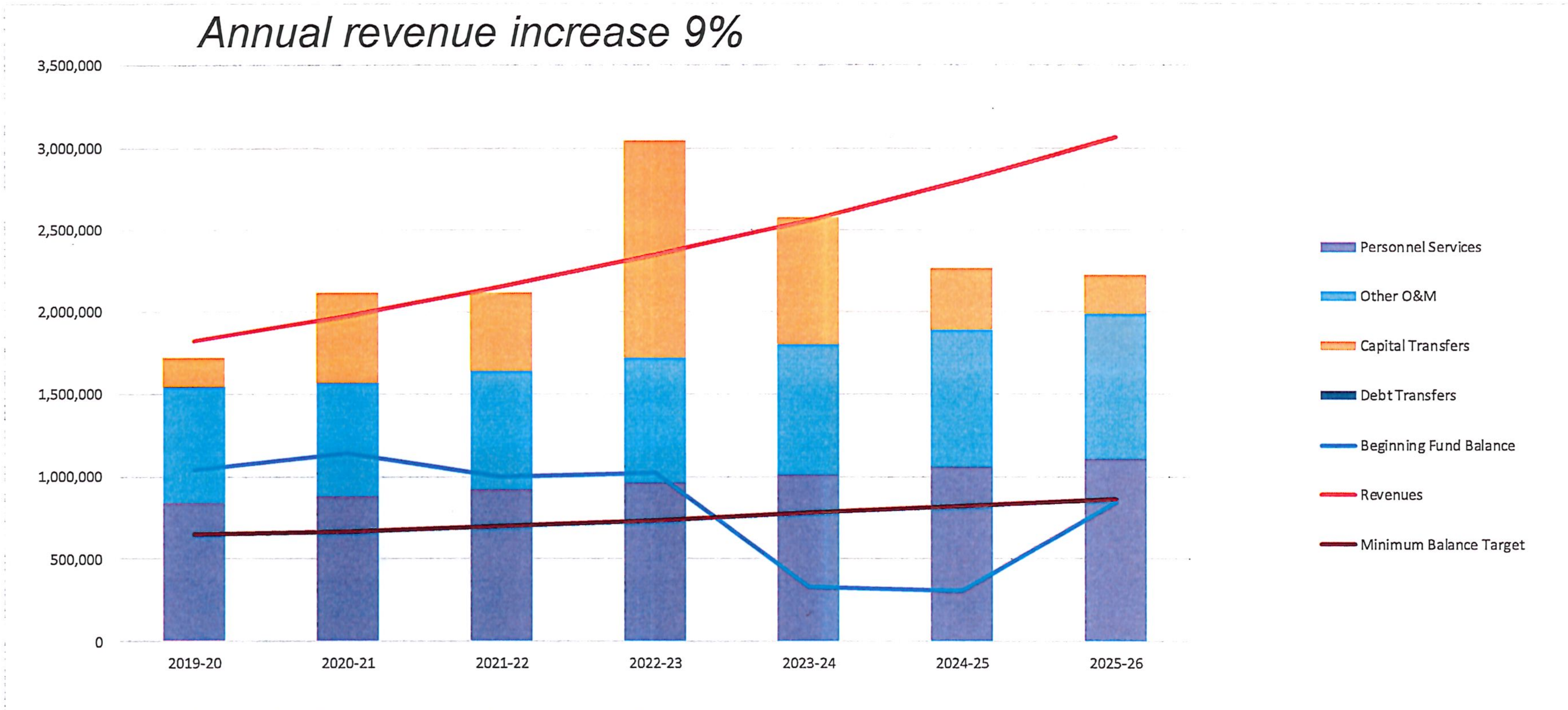
Sewer Financial Plan



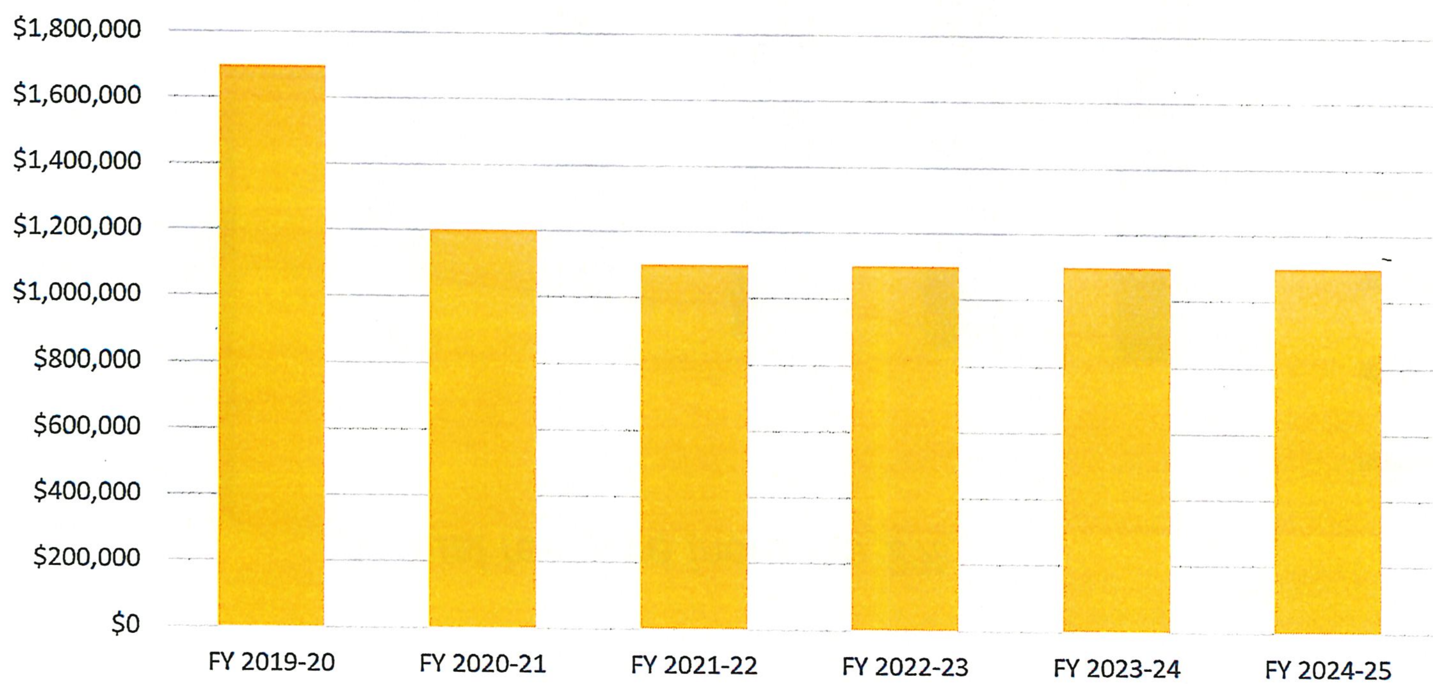
Stormwater System Capital Plan ($4 m)



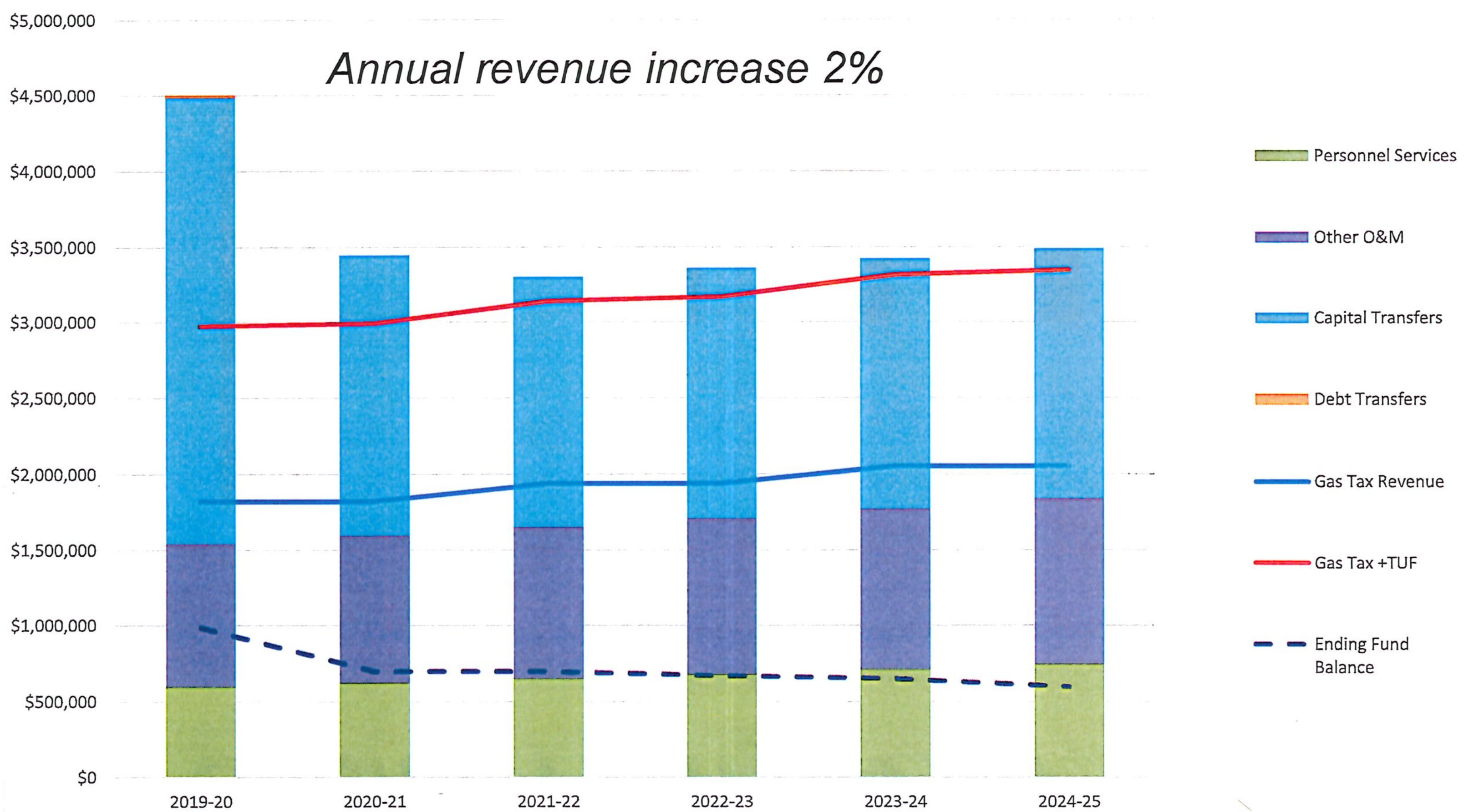
Stormwater System Forecast



TUF Capital Plan ($4 m)



Street Fund Financial Forecast



Non-Potable Water Rates

- Rates reflect cost of service of non-potable system specifically
  - Updated review of system-specific operating costs
  - Revised debt service costs for re-use system

	Jan. 1	Jan. 1	Jan. 1
	2020	2021	2022
Volume Rates ($/ccf)	$2.51	$2.75	$2.80
Percent Change		*10%*	*2%*

Summary

Current Rate Drivers

Downward Pressure

* Steady consumption and customer growth (including system development charges)
* Debt refinancing
* Existing reserves and cash funding capital

Required Rate Increases

* Replacement of aging infrastructure
* Existing debt burden (water & wastewater)
* System reliability upgrades
* No increases last 2 years for TUF

Upward Pressure

Combined Bill Impacts – Single Family Customer

Overall Increase					1-Jan	1-Jan
2021	**2022**	System	**Units**	**Current**	**2021**	**2022**
4.0%	4.0%	Water	7.00	$46.85	$49.08	$51.21
3.5%	3.5%	Sewer	4.55	$67.84	$70.64	$73.13
9.0%	9.0%	Storm	1	$12.24	$13.34	$14.54
2.0%	2.0%	TUF	1	$4.99	$5.09	$5.19
0.0%	0.0%	Public Safety	1	$3.00	$3.00	$3.00
3.0%	*3.0%*	*Communication Officer*	*1*	*$2.20*	*$2.27*	*$2.33*
		Total		$137.12	$143.42	$149.41
		Difference $			*$6.30*	*$5.99*
		Difference %			*4.6%*	*4.2%*

Communication Officer Fee estimated; annual increases are July 1 based on inflation.

Proposed Water Rates

Customer Class	Current Through Dec 31, 2020	Effective Jan 1, 2021	Effective Jan 1, 2022
Service Charge ($/Month)	$2.38	$2.82	$3.25
Meter Charge ($/Month)			
3/4"	$16.05	$17.06	$17.96
1"	$27.29	$29.00	$30.53
1-1/2"	$52.97	$56.30	$59.27
2"	$85.07	$90.42	$95.19
3"	$160.50	$170.60	$179.60
4"	$268.04	$284.90	$299.93
6"	$534.47	$568.10	$598.07
8"	$855.47	$909.30	$957.27
10"	$1,336.97	$1,421.10	$1,496.07
Nonpotable Meter Charge ($/Month)			
4"	$59.79	$60.99	$62.21
8"	$188.15	$191.91	$195.75
Volume Charge ($/ccf)			
Residential	$4.06	$4.17	$4.29
Multifamily	$3.28	$3.41	$3.50
Commercial	$4.16	$4.23	$4.34
Industrial	$4.42	$4.73	$4.89
Irrigation	$7.75	$7.83	$8.03
Outside City	$6.09	$6.26	$6.43
Public Agency	$4.45	$4.62	$4.78
Non-Potable	$2.51	$2.75	$2.80

Proposed Wastewater Rates

Customer Class	Current Through Dec 31, 2020	Effective Jan 1, 2021	Effective Jan 1, 2022
Service Charge ($/Month)	$27.21	$29.00	$30.11
Multifamily Unit Charge (applies to	$23.79	$23.93	$24.88
each multifamily unit over the first unit,			
which is included in the Service Charge)			
Volume Charge ($/ccf)			
Single Family	$8.93	$9.15	$9.46
Multifamily	$8.93	$9.15	$9.46
Commercial - 1	$8.93	$9.15	$9.46
Commercial - 2	$11.15	$11.62	$12.00
Commercial - 3	$18.83	$19.07	$19.69
Industrial	$11.15	$11.62	$12.00
Outside City	$8.92	$9.15	$9.45
Sewer Only (no water service) Flat Rate	$67.80	$74.75	$77.41

Proposed Stormwater Rates

	Current Through Dec 31, 2020	Effective Jan 1, 2021	Effective Jan 1, 2022
Service Charge ($/EDU/Month)	$12.24	$13.34	$14.54

EDU = Equivalent Dwelling Unit (2,877 square feet of impervious area)

Proposed TUF Rates

Customer Class	Current Rate Per Unit Per Month	Effective Jan 1, 2021	Effective Jan 1, 2022
Single-Family Detached Housing	$4.99	$5.09	$5.19
Multi-Family	$3.37	$3.44	$3.51
Mobile Home	$2.61	$2.66	$2.72
Non-Residential Class 1	$3.72	$3.79	$3.87
Non-Residential Class 2	$14.66	$14.95	$15.25
Non-Residential Class 3	$21.35	$21.78	$22.21
Non-Residential Class 4	$33.46	$34.13	$34.81
Non-Residential Class 5	$97.16	$99.10	$101.09
Non-Residential Class 6			
Senior Adult Housing Attached	$2.04	$2.08	$2.12
Congregate Care	$1.12	$1.14	$1.17
Assisted Living	$1.47	$1.50	$1.53
Continued Care Retirement Community	$1.33	$1.36	$1.38
Hotel	$4.52	$4.61	$4.70
Motel	$3.12	$3.18	$3.25
City Park	$1.05	$1.07	$1.09
County Park, Farmland, Commercial Agriculture	$1.25	$1.28	$1.31
Golf Course	$19.77	$20.17	$20.57
Public Elementary School	$0.36	$0.37	$0.37
Pulbic Middle/Junior High School	$0.45	$0.46	$0.47
Public High School	$0.48	$0.49	$0.50
Private School (K-12)	$1.37	$1.40	$1.43
Junior/Community College	$0.68	$0.69	$0.71
University/College	$0.95	$0.97	$0.99
Quick Lubrication Veh. Shop	$12.87	$13.13	$13.39
Gas/serve Station	$54.10	$55.18	$56.29
Gas/Serv. Station with Conv. Market	$39.64	$40.43	$41.24
Food Carts	$47.66	$48.61	$49.58

Next Steps

- CRRC Deliberation
  - February 20
  - March 12 (if necessary)

- City Council Public Hearing: April 6