CITIZENS' RATE REVIEW COMMITTEE AGENDA
THURSDAY, JANUARY 9, 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. CONSENT AGENDA

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

IV. COMMITTEE BUSINESS

1. Pavement Preservation Street Selection Matrix
2. Review of rate recommendations presented (Water, Wastewater, Stormwater, Transportation Utility Fee)
3. Committee discussion and decision of proposed rates for CRRC Public Hearing

V. 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)

VI. ADJOURNMENT

Next Meeting: January 30, 2020 at 6:30 pm at City of Newberg Wastewater Treatment Plant, 2301 Wynooski Rd, Newberg, Oregon.

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, NOVEMBER 21, 2019
6:30 PM MEETING
WASTEWATER TREATMENT PLANT CONFERENCE ROOM (2301 N.E. Wynooski Rd)

I. CALL MEETING TO ORDER

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

II. ROLL CALL

Members Present:	Nick Morace	Ned Knight	Bill Rourke
	Ron Sinicki	Marie Maxwell	Adam Lundstrom
Members Absent:	Sarah Grider	Rick Rogers	
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 Andy Parks, CiviData		

III. CONSENT AGENDA

1. Approve minutes from October 24, 2019

MOTION: Morace/Sinicki moved to approve the minutes of October 24, 2019. The motion carried (6 Yes/ 0 No/1 Absent).

IV. COMMITTEE BUSINESS

1. Stormwater Capital Projects Presentation and Discussion

   City Engineer Kaaren Hofmann gave a status update on stormwater capital projects including S Blaine Street from Hancock to 11th Street, Villa Road improvements at Hess Creek, S Center Street, Columbia Drive, N Elliot, N Springbrook, TMDL/WQ retrofit, and SW Design Manual update. The proposed five year projects included S Blaine Street from Hancock to 11th Street, N Elliot, N Springbrook, TMDL/WQ retrofit, OR219/Railroad Tracks, Vermillion Street, Railroad Ditch from N College to N Meridian, Wynooski storm from 7th to 8th, and maintenance yard.

   Vice Chair Lundstrom asked what TMDL stood for. CE Hofmann responded Total Maximum Daily Load which had to do with the pollutants in the river.

   Committee Member Morace asked if the N Elliot project would be integrated with the road improvement project. CE Hofmann said it would.

Committee Member Morace asked why $50,000 per year was not enough for the TMDL project. CE Hofmann said it was not enough to rehabilitate streams, but they could do additional monitoring to determine the problems that they had and do other requirements in the TMDL Plan.

2. Stormwater Revenue and Rates Presentation and Discussion

Deb Galardi, Galardi Consulting LLC, gave a history of the City's stormwater rates which were first adopted in 2003 at an initial rate of $4.13 per Equivalent Dwelling Unit. When it first went into place it generated about half a million dollars. An Equivalent Dwelling Unit was defined by impervious area.

Committee Member Knight asked how they came up with 2,877 square feet as the average for single family residential. CE Hofmann said it was an average of the amount of impervious surface on a single family lot which would include the house plus any paving, patios, garage sheds, etc.

Ms. Galardi said most cities charged residential based on an average of the impervious area. Non-residential and multifamily were not averaged, but measured and charged for the actual amount of impervious area. The percentage of the rate increases for stormwater had been significantly higher than the other utilities, but it was a smaller rate. When it was first put into place, the 17.5% increase was a $0.72 increase on the monthly bill. The City had been building this fund to be able to fully pay for the operation, maintenance needs, and capital improvements as well as inflationary increases of the stormwater system. The rates today had more than doubled, with the rate being $12.24 in January 2020, which was still lower than the other rates. She gave a comparison of the prior forecast, actuals, and updated forecast. The fund had grown from half a million per year to $1.5 million. She was projecting a slightly lower revenue for the next couple of years based on the number of Equivalent Dwelling Units in the system today. She discussed the Capital Plan comparison through 2024. There was no debt for this fund and overall the CIP was $1.25 million higher than the prior forecast. The capital funding came from rates and SDCs and currently there was $4.5 million available.

Public Works Director Jay Harris said they were dealing with an old system and expensive projects. The safety related projects were the priority, and then the minor flooding projects would come next.

Ms. Galardi discussed the operation and maintenance cost comparison. The prior forecasts for these costs were $1.1 to $1.6 million, and the actuals came in slightly lower. The projected forecasts were slightly higher than the prior forecasts due to the increase in franchise fees and administrative support services as well as repair and maintenance costs. She explained the revenue requirements from the rates and how the reserves would have to be used to smooth in the rate increases in some years by drawing down on the reserves to put towards capital transfers and other years adding to the reserves. The reserves assumed a two month contingency for operations and the reserve target had been $500,000 for capital projects by 2024-25. If they continued to increase the rates by 9%, they would be able to hit that target. She explained the stormwater bill impacts for the 9% increase for the next two years, which would be an increase to $13.34 in 2020-21 and $14.54 in 2021-22.

Committee Member Sinicki asked about going to 9.5% to allow more breathing room in the budget. Ms. Galardi said that was an option, but she thought they had some time to consider it at the next rate cycle. It would give them more flexibility.

PWD Harris said the maintenance division held money until the spring for repair and maintenance of stormwater as they did not know what the winter would bring. There might be money left over if they did not get a lot of rain or flooding. He was in support of waiting as well.

Vice Chair Lundstrom asked if new development had been incorporated into the model. Ms. Galardi confirmed that it had and was reflected in the numbers.

3. Non-Potable Rate Presentation and Discussion

PWD Harris gave a presentation on the non-potable water system. The purpose of the system was to reduce the demand for potable water by large irrigation and/or manufacturing users. The system consisted of two water sources, Otis Springs and recycled water from the Wastewater Treatment Plant. He reviewed the non-potable water history, existing system map, recycled water facility and permits, Otis Springs facility, capital costs, and future system expansion.

There was discussion regarding the future expansion plans and the cost of cleanup on the Westrock property.

PWD Harris explained the rate history for the non-potable system which had been established at $3.52 per ccf in 2009, but was reduced to $2.51 per ccf in 2017. There was currently only one customer, the golf course.

Committee Member Sinicki asked why citizens were paying for this service if they did not use it. PWD Harris said this gave them capacity at the Water Treatment Plant during the summer that was available to all customers. The Wastewater Permit also required certain temperature reductions as well. To have citizens use the system, developers would have to put in a whole different set of pipes and the costs to do that would outweigh the three months benefit citizens would receive for irrigating. It was not feasible for Oregon.

CE Hofmann said there were many options for the reuse system as it could be used for irrigation and manufacturing.

Ms. Galardi discussed the non-potable system costs which included direct costs such as labor, materials and supplies, equipment, maintenance, and utilities; indirect costs such as administration and franchise fee (7% of revenue), and capital costs which was a portion of the re-use system debt service (27.4%). The remaining debt was recovered through wastewater rates (36.3%) and wastewater SDCs (36.3%). The operation and maintenance costs were divided by the volume sold which was 100% cost recovery. Since there was only one user, the debt service costs were divided by the capacity of the reuse system and the user was only paying a portion of the debt because their use was less than full capacity. She explained the preliminary non-potable unit costs which showed a recommendation to increase the rate to $2.70 due to operation and maintenance costs. It was still significantly less than the previous rate of $3.52 and cost to potable irrigation customers at $7.83 or public customer rate of $4.62. There was also a monthly base charge for the system as well. For a four inch meter, the cost would be $60.99 per month and for an eight inch meter it would cost $191.91. These costs were significantly lower than potable meter monthly base charges as well. The percent of capital cost recovery for the non-potable system was 23% and for the potable system was 77%. As they got additional users in the future the rate would not change, but there would be more revenue. It was a fairly small amount of the total water system revenue, and only made pennies difference for a potable water customer.

PWD Harris noted that there were some capital projects at Otis Springs, but there were none at the water recycle facility. However, the components would need to be replaced in the future. The rates needed to be able to include those types of projects.

Committee Member Morace asked if the proposed rate was a bare minimum or if it also included funds for future projects. Ms. Galardi said it was bare minimum, it was an inflationary increase.

Committee Member Morace asked what it would take to start putting money aside for the future. Ms. Galardi said they could come back to the Committee with some suggested amounts.

4. Utility Rate Comparisons and Discussion

Finance Director Matt Zook introduced Andy Parks, CiviData, who had designed water utility total monthly cost comparison graphs with other cities for single family residential and commercial users.

Mr. Parks gave his background and discussed how he built the models. There were 25 cities of similar size and characteristics included in the comparisons and all their current information had been included. He had also put in five years of rate data from the cities that had the data online or had responded to his inquiry. They could choose the criteria and the cities to compare to be the most relevant to the City. He then reviewed some of the information on the graphs. Newberg was 55% for fixed rates relative to the average fixed rate five years ago. That had not changed much since then. More cities were putting more into the variable costs while Newberg had been more focused on raising the fixed rate closer to the average. He said these models would show them over time where they were compared to the same data points and if the City was staying similar or getting out of bounds with other jurisdictions.

There was discussion regarding the models and the comparisons with other cities as well as how the data would be added to and refined for better comparisons.

Vice Chair Lundstrom asked about the value add for the City beyond comparing to other cities. What could the City by using this service offer the people paying the water rates?

PWD Harris stated one was safe drinking water and a reliable sewer system. There was value in these services so that people did not get sick. They could compare to other cities to see if they had safe drinking water and adequate sanitation services and if they were way behind on capital projects which was an indicator of debt financing and not cash funding for projects.

Mr. Parks stated it was also a way to see if they were consistent across all customer types and that there was rate equity. They might not be able to see it as well without the big data.

Ms. Galardi said the service also provided information about the rate structures. Some examples were increasing the fixed charge and funding reserve levels. It was also helpful to be able to see they had come a long way as in Newberg they were having inflationary increases and other communities had much more substantial increases. This was new information that the City could use.

Vice Chair Lundstrom asked if this data was helpful. FD Zook agreed that it was as staff had to do the research previously which was very time consuming. This would be dynamic into the future and would be an easier tool to use. He thought this was raw data and not necessarily meant to make a position statement until City staff figured out who were the comparables and what that was based on and what was important to the average user. He would like input from the CRRC about what was important from a user standpoint.

CE Hofmann said this data helped, and it didn't help. The rates were based on what they needed to maintain the systems and pay off debt. If the data showed that they were very high, they might go

back and take a look at that to make sure nothing was missed and they were being as efficient as possible.

Vice Chair Lundstrom suggested using the data to show how Newberg's water was safe as a value to citizens.

Committee Member Morace thought this was good data and had huge potential, but citizens would want to know the reasons behind the charges on the entire utility bill. He would like to know where other cities were with debt and keeping up with their infrastructure.

5. Utility Assistance Program Update

Assistant Finance Director Caleb Lippard gave an update on the Utility Assistance Program. In May the CRRC met to review and approve the grant applications and at that meeting the Committee recommended some changes to the overall program policies which had been approved by the Council. The CRRC also wanted to ensure the program information was available in Spanish. The whole policy had not been translated yet, but the Monthly Financial Assistance Application and Military Financial Assistance Application had been translated and were available on the City's website. Love, Inc. had been issuing vouchers on behalf of other organizations and he had listed out those entities in his staff report. The CRRC also wanted to review the usage of the program funds, and he had attached a Utility Assistance Program History for the last three fiscal years along with what had been used to date in the current fiscal year. Tweaks had been made so that almost the whole amount of the assistance funding was now being used.

FD Zook said they could have a future discussion about whether this fund needed to be increased or if there were other modifications to the program that were needed or other underserved populations that they might want to target.

Committee Member Morace asked if there had been any discussion about a City funded shelter.

PWD Harris thought that would be a City Council discussion. There would be a Council Goal Setting meeting coming up and it would be one of the topics. AFD Lippard said that would be something that would come out of the General Fund. The Utility Assistance Program came from rates.

V. PUBLIC COMMENTS

None

VI. ADJOURNMENT

Vice Chair Lundstrom adjourned the meeting at 8:23 PM.

Approved by the Citizen's Rate Review Committee on this 9th day of January, 2020.

Citizens' Rate Review Committee Recording Secretary

Citizens' Rate Review Committee Chair

CITY OF NEWBERG
CITIZENS' RATE REVIEW COMMITTEE
THURSDAY, DECEMBER 19, 2019
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 6:32 PM.

II. ROLL CALL

Members Present:	Sarah Grider	Ned Knight	Bill Rourke
	Ron Sinicki	Marie Maxwell	
Members Absent:	Nick Morace, Adam Lundstrom, Rick Rogers		
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 7, 2019

MOTION: Sinicki/Maxwell moved to approve the minutes of November 7, 2019. The motion carried (5 Yes/ 0 No/2 Absent).

IV. COMMITTEE BUSINESS

1. Transportation Utility Fee Presentation and Discussion

City Engineer Kaaren Hofmann gave a presentation on the Transportation Utility Fee. She gave a background on the Fee which was proposed to raise approximately $1.2 million for pavement maintenance. The goal was to maintain the current road Pavement Condition Index (PCI) of 73 over the next 10 years. Implementation occurred in September 2017. She showed pictures of different pavement conditions and how as road conditions got worse, the PCI number decreased. If pavement was maintained at the 75% of life or 15 years, it did not cost very much, but if the pavement got worse, it cost a lot more to bring it back up to standards. When the Fee was put into place, a maximum of 70% of the revenue was to be allocated to preserve good to fair streets and a minimum of 30% was to reconstruct the poor to very poor streets.

Committee Member Knight asked how those percentages had been determined. He thought 30% was low. Public Works Director Jay Harris said the reason was if all the money was being used to preserve the better streets, they would never get to the worst ones. If they looked at how the money had been spent, most of the projects were much more than 30% for the poor streets.

Committee Member Knight said he still heard from citizens questioning the improvements to the good streets when the bad ones that really need it were still being ignored. CE Hofmann said they also had to maintain what they had, and if the good streets were not taken care of then they would be bad shape as well.

Committee Member Rourke thought the percentages allowed for a lot of flexibility in the projects. Who decided what the percentages would be? CE Hofmann said that would be explained.

CE Hofmann said there were Fee waivers for vacancy, low income, no vehicle, and unemployment. The TUF could not be used for any other City purposes.

FD Zook said to make it transparent, the money went into the Street Fund which was traditionally funded by gas tax. There was a separate revenue line item for the TUF and all of it was transferred out to the Capital Projects Fund which had a line item for pavement preservation. There was a TUF fund balance as well.

PWD Harris asked how many waiver requests they received. Assistant Finance Director Caleb Lippard said they were minimal, about 5-10 per year.

CE Hofmann explained the Fee was imposed on the owners of all developed property within the City limits. Each year the Public Works Department had to prepare and present to the Council an annual street maintenance program report. She described how the TUF could be modified biennially by the CRRC based on certain factors. Those factors included a cost of service adjustment, inflationary index adjustment, new revenue adjustment, road condition assessments, or fee termination. She listed the pavement projects that had been completed since 2017. There was a list of the upcoming projects which was evaluated every year. She the discussed the Pavement Preservation Projects 5 year plan.

Committee Member Knight asked how the projects were prioritized. CE Hofmann said it was based on the volume of traffic, if they were near a school zone, condition of the road, upgrading of the utilities, and funding available.

Committee Member Sinicki asked if there was a list of the streets that were gravel that needed to be paved. CE Hofmann said the gravel streets were not on this list. That could change in the future and some of them were County roads.

PWD Harris said regarding gravel streets, the homes on those streets were originally less expensive but the values had gone up over time and he thought the property owners should help pay for the road improvement.

CE Hofmann thought in the next few years they would be done with the slurry crack sealing that they needed to do now and more money could be spent on the poorer condition roads.

FD Zook said the list of the road projects was also on the City's website.

CE Hofmann discussed other transportation projects that were not funded through TUF including N Elliot Road, N Springbrook Road, College Street bike lanes and sidewalks, Crestview Drive from 99W to Springbrook, Main Street study of Illinois intersection and collector standards, other transportation needs such as sidewalks and street lights, and maintenance facility.

There was discussion regarding the street projects and funding sources.

Committee Member Maxwell asked if they spent all of the TUF every year. CE Hofmann said no, it had to do with the projects they could do for the year and not overspending the money.

AFD Lippard said for this fiscal year that ended on June 30, 2020 they would have $200,000 left of TUF, and there was a beginning balance of $400,000.

Deb Galardi, Galardi Consulting LLC, said the TUF was implemented in September 2017 and there had been no rate increases since. Customer bills reflected two primary variables, the intensity of the use meaning the higher cost per unit reflecting estimated trip generation and customer size for non-residential which was the number of units, building square footage, hotel/motel rooms, etc. There were three residential classes based on type of dwelling and five non-residential classes based on type of business as well as special uses. These were based on intensity of use of the transportation network based on trip generation associated with the Institute of Transportation Engineers (ITE) Manual. There was no measured use for each customer like they did for water.

PWD Harris clarified it was not just residents coming and going, but other services to the house including garbage, repairs, Amazon, etc.

Ms. Galardi stated residents paid a portion of the trip and where they were going would pay a portion of that trip. The other component was size of the business which generated more trips the bigger the size. The fee was based both on the type of use and the size. This fee had the most customer classes than all the other rates. The total annual revenue target was $1.2 million. For 2020, the estimated revenue was $1.15 million. The cost allocation was 35% from residential (about $400,000) and 65% from non-residential (about $800,000). She explained the current rates for the different customer classes. Industrial uses had the lowest rate because they had the least amount of trips and paid $3.72 per 1,000 square feet while other uses such as fast food paid $97.16 per 1,000 square feet. For residential, single family detached paid $4.99 per dwelling unit, multi-family paid $3.37 per dwelling unit, and mobile homes paid $2.61 per occupied dwelling unit. She discussed the projects in the Capital Improvement Plan, funding sources, and the financial forecast for the Street Fund. She discussed what a 2% increase would do to the fee. For single family detached housing, the fee would go up by $0.10 each year, from $4.99 to $5.09 in 2021 and to $5.19 in 2022. She gave a comparison of the inflation adjusted rates with the proposed rates. Based on the Engineering News Record Construction Cost Index for Seattle, the inflation had been running more than double the proposed 2% increase. At a 2% increase they were not really keeping pace with the increase of the costs of materials.

Ms. Galardi showed the Committee the combined bill impacts for single family customers with a 4% rate increase for water, 3.5% increase for sewer, 9% increase for stormwater, and 2% increase for TUF. The increase for 2021 would be about $6.30 per month and for 2022 it would be about $5.99 per month. That averaged a 4.6% increase in 2021 and 4.2% increase in 2022.

2. Non-Potable Rate – Requested Information

Ms. Galardi said at the last meeting the Committee had requested options for the non-potable rate that would include some capital costs for Otis Springs. In the past the rate had only been based on a portion of the reuse system capital costs as well as the operation and maintenance costs. She had added the additional costs for the pump and pipe improvements that would cost around $1.75 million. She noted it would be difficult to expect the one user to cover all of the cost.

CE Hofmann discussed how they were working on getting more customers. PWD Harris explained how different users would affect the City's discharge permit.

Ms. Galardi said the current rate was $2.51 per ccf. She had presented Option 1 last time, with a rate of $2.70 per ccf and the new Option 2 was $3.30 per ccf that included the capital costs for Otis Springs. It was still a lot less than the potable irrigation customer and public agency customer rates.

PWD Harris said Otis Springs was in the potable water CIP. The non-potable would not give them enough for the project, but they could also use SDCs. If it was moved to non-potable, the potable rate would go down a little. Ms. Galardi said it would go down slightly. Right now the revenue for the non-potable customer was not enough to swing the other rates overall by more than a penny or so or it would slightly add to the reserves. This rate gave the City about $150,000 per year. It would take a long time to get to the $1.75 million. If new customers came in, SDCs could be used towards the project.

PWD Harris said if it was left as a potable project and the project happened, when they got more customers for non-potable, the SDCs could go back to the potable fund. He thought that made more sense. Ms. Galardi said yes, it could.

Committee Member Maxwell asked if in ten years they would have more than one customer. She questioned paying for capacity that they would never use. CE Hofmann said that was the plan. If they did not build some portions of it, it would never happen. There was a non-potable SDC and if there were new customers, the City would be getting the money back. The rate increase for water included this project.

Committee Member Rourke asked how long they had the non-potable system in use. He questioned how effective they had been in getting more customers. AFD Lippard said since 2008. PWD Harris said there was a benefit to the City for the reuse system as otherwise they would need to use potable water for these uses which would affect capacity and need to expand the Water Treatment Plant, reservoirs, pipes, pump stations, etc. The fish also benefitted by not having all of the wastewater go into the river.

Chair Grider also pointed out that the non-potable rate was much lower than the potable rate.

CE Hofmann said if a customer like the hospital connected to the reuse system, they would have to build controls to allow for another user. The hospital was very interested in using the system.

Ms. Galardi said resources were going to get more expensive and increasing capacity made sense, but it was a policy decision for setting the rate. From a cost of service standpoint, Option 2 was closer to fully recognizing the cost of serving the customer and Option 1 was a reflection of the historical practice and methodology.

Committee Member Rourke said the non-potable customer had received a large reduction a few years back in response to their concerns about how much they had to pay. Option 2 was close to what the rate originally was. PWD Harris explained that was two rate cycles ago and how Ms. Galardi did a debt analysis and they found there was a problem with the percentage of debt being applied between wastewater and water and the rate was changed at that time.

There was discussion regarding the comparison of TUF to other cities.

Committee Member Rourke thought some funds needed to be allocated to the LED conversion project. PWD Harris thought that project would be included in the Council Goals when they discussed sustainability.

FD Zook reviewed the topics for upcoming meetings and asked if there was any information the Committee wanted brought back to the next meeting.

Committee Member Maxwell asked who was making the decision for how the TUF was being spent. CE Hofmann stated it was staff who made the decision and she had to show how they were complying with the 70/30 split for the funding.

FD Zook said the projects were also approved in the yearly budget by the Budget Committee.

CE Hofmann said she had run the PCI again based on the projects that had been done, and they were holding steady at 74 so they had not lost any ground. She was going to run the numbers to see what it would look like in five years based on the projects and she could bring that back to the next meeting.

There was consensus to have a summary of all the rates for the next meeting.

V. PUBLIC COMMENTS

None

VI. ADJOURNMENT

Chair Grider adjourned the meeting at 8:00 PM.

Approved by the Citizen's Rate Review Committee on this 9th day of January, 2020.

Citizens' Rate Review Committee Recording Secretary

Citizens' Rate Review Committee Chair

City of Newberg

Street Selection Matrix for:
Pavement Preservation

November 21, 2017

This is a *tentative* matrix for decision making *(highest total aggregate score means highest priority)*:

1. Pavement Conditions

Pavement Conditions	Suggested Treatments *(subject to street walk & core drill pavement)*	Priority *(5=most urgent; 1=least)*
90-100	No action *(minor crack seal as needed within 5 years)*	3
70-90	Crack & slurry seal	5
50-70	Chip seal or thin pave or overlay *(limited gutter/shoulder grind at 3' to 6' width)*	4
30-50	Grind & inlay *(depth varies)*	2
0-30	Reconstruct	1
30-90	Dig out *(limited soft spots or spot repair as needed)*	Not assigned *(in conjunction with other treatments)*

2. Functional classifications

Functional Classification	Priority *(5=highest functionality; 1=lowest)*
Minor Arterial	5
Major Collector	4
Minor Collector	3
Local	2
Dead End or Cul-de-Sac	1

3. Traffic Volumes *(#2 & #3 are somewhat connected)*

ADT	Typical Treatments	Priority *(3=highest; 1=lowest)*
> 5,000	Thin pave, overlay or grind & inlay	3
2,000 – 5,000	Chip seal	2
< 2,000	Slurry seal	1
Note: Streets that are gravel or concrete	Not applicable or considered	Not assigned

4. Proximity

Proximity	Priority *(1=highest; 0=lowest)*
Within a neighborhood or a subdivision	1
An isolated street	0

5. Subsurface Utilities

Utility Conflict or Repair	**Priority** *(2=highest; 0=lowest)*
No conflict	2
Need repair or replacement	1
Unknown or not determined	0

6. Costs

Costs *(per street or per block of street)*	**Priority** *(based on funding: 5=low hanging fruit; 1=more dollars)*
< $50,000	5
$50,000 - $100,000	4
$100,000 - $500,000	3
$500,000 - $1,000,000	2
> $1,000,000	1

7. Other Considerations

Special Consideration *(extra point)*	**Priority** *(1=highest; 0=lowest)*
School Zones, Civic Corridor or Business Districts	1
None	0
Note: #4 and #7 can be combined	

City of Newberg

Rate Review Recap

Citizen Rate Review Committee Meeting

January 9, 2020

Agenda

- Summary of Findings
  - Water
  - Sewer
  - Stormwater
  - Transportation
- Combined System Bills
- Discussion

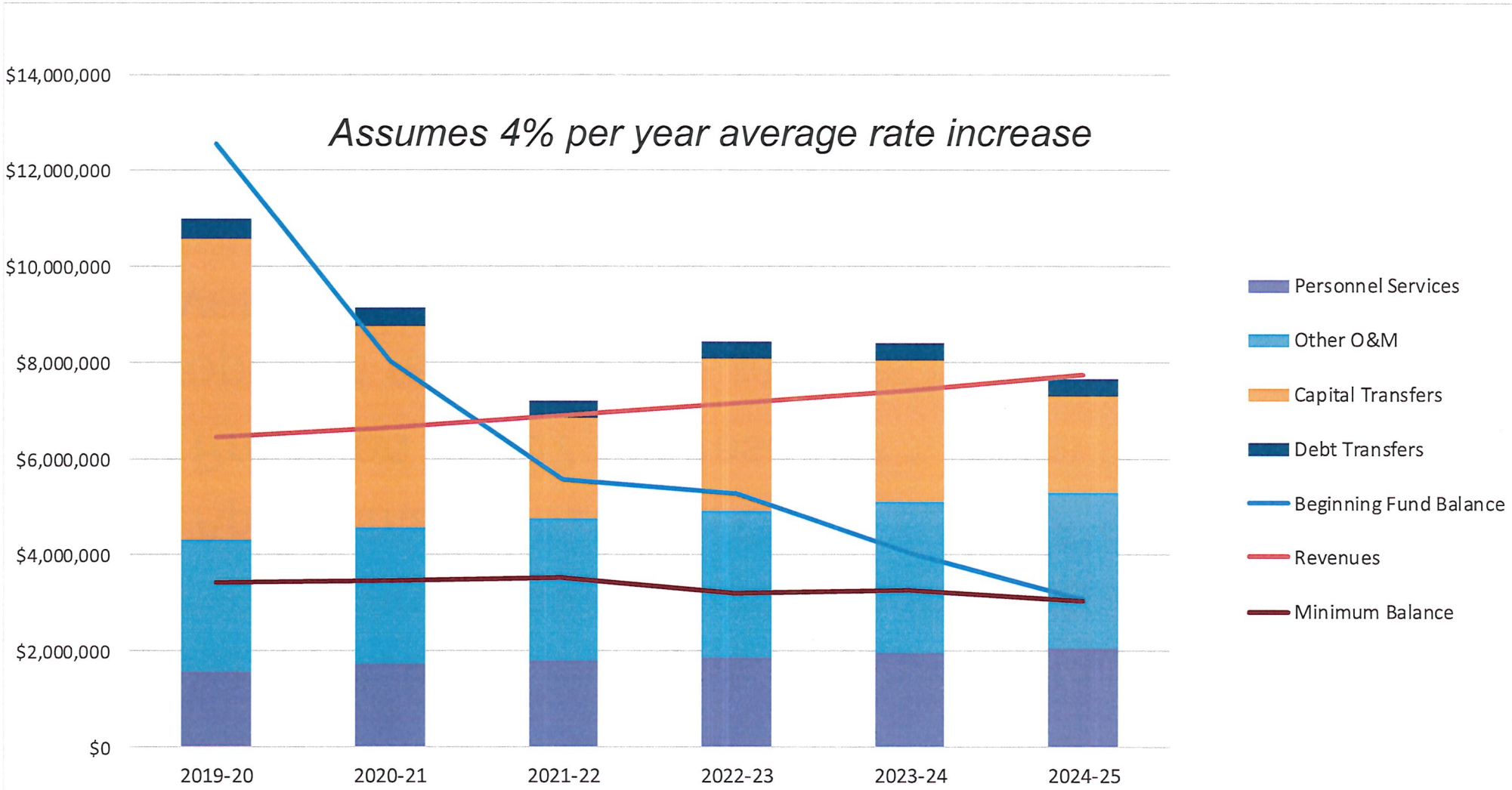
Findings by System

Water Summary

- Overall revenue increase of 4 percent to meet forecast requirements and informal reserve targets
  - Approximately $20.5 m CIP (FY2020-FY2025)
  - Projected FY2024-25 reserves = target ($3.2 m)
- Proposed rate structure reflects increased fixed revenue share to 32% (from 30%)
- Two nonpotable water rate options
  - Option 1 – 7.5% increase* based on updated costs
  - Option 2 – 31.5% increase* based on additional Otis Springs capital costs

**Increase from current volume rate*

Water System Financial Forecast



Current and Proposed Water Rates (Fixed Charges)

Scenario: Fixed Charge Revenue =		*31%*	*32%*		
	Adopted	**Revised**		**% Increase**	
Customer Class	FY 2020	FY 2021	FY 2022	FY 2021	FY 2022
Service Charge ($/Month	$2.38	$2.82	$3.25	18%	15%
Meter Charge ($/Month)					
3/4"	$16.05	$17.06	$17.96	6.3%	5.3%
1"	$27.29	$29.00	$30.53	6.3%	5.3%
1-1/4'	$40.13	$42.65	$44.90	6.3%	5.3%
1-1/2"	$52.97	$56.30	$59.27	6.3%	5.3%
2"	$85.07	$90.42	$95.19	6.3%	5.3%
3"	$160.50	$170.60	$179.60	6.3%	5.3%
4"	$268.04	$284.90	$299.93	6.3%	5.3%
6"	$534.47	$568.10	$598.07	6.3%	5.3%
8"	$855.47	$909.30	$957.27	6.3%	5.3%
10"	$1,336.97	$1,421.10	$1,496.07	6.3%	5.3%
Nonpotable Meter Charge ($/Month)					
4"	$59.79	$60.99	$62.21	2%	2%
8"	$188.15	$191.91	$195.75	2%	2%

*Proposed rate increases would go into effect January 1 of respective year

Current and Proposed Water Rates (Potable Volume Charges)

Customer Class	Currrent	Proposed		% Increase	
	FY 2020	FY 2021	FY 2022	FY 2021	FY 2022
Volume Charge ($/ccf)					
S-F Residential	$4.06	$4.17	$4.29	2.8%	2.7%
Multifamily	$3.28	$3.41	$3.50	4.1%	2.6%
Commercial	$4.16	$4.23	$4.34	1.6%	2.8%
Industrial	$4.42	$4.73	$4.89	7.0%	3.3%
Irrigation	$7.75	$7.83	$8.03	1.0%	2.6%
Outside City	$6.09	$6.26	$6.43	2.8%	2.7%
Public Agency	$4.45	$4.62	$4.78	3.9%	3.3%

CCF = Hundred Cubic Feet

*Proposed rate increases would go into effect January 1 of respective year

Current and Proposed Potable Water Bills

Scenario: Fixed Charge Revenue =			*30%*	*31%*	*32%*		
			Adopted	Proposed		Annual $ Increase	
CUSTOMER CLASS	Meter Size	Monthly Use (ccf)	FY 2020	FY 2021	FY 2022	FY 2021	FY 2022
Residential Small	3/4"	1.0	$22.49	$24.05	$25.50	$1.56	$1.45
Residential Avg.	3/4"	7.0	$46.85	$49.08	$51.21	$2.23	$2.13
Multifamily	1"	48.1	$187.47	$196.09	$202.30	$8.62	$6.21
Commercial	1"	31.7	$161.69	$165.91	$171.64	$4.22	$5.73
Industrial	1 1/2"	97.4	$485.95	$520.03	$538.57	$34.08	$18.54
Irrigation	2"	51.0	$482.78	$492.48	$507.90	$9.70	$15.42
Outside City	3/4"	7.0	$61.06	$63.70	$66.22	$2.64	$2.52
Public Agency	2"	55.2	$333.02	$348.41	$362.00	$15.39	$13.59
				Percent Change			
Residential Small				6.9%	6.0%		
Residential Avg				4.8%	4.3%		
Multifamily				4.6%	3.2%		
Commercial				2.6%	3.5%		
Industrial				7.0%	3.6%		
Irrigation				2.0%	3.1%		
Outside City				4.3%	4.0%		
Public Agency				4.6%	3.9%		

CCF = Hundred Cubic Feet

*Proposed rate increases would go into effect January 1 of respective year

Non-Potable Volume Rate Options

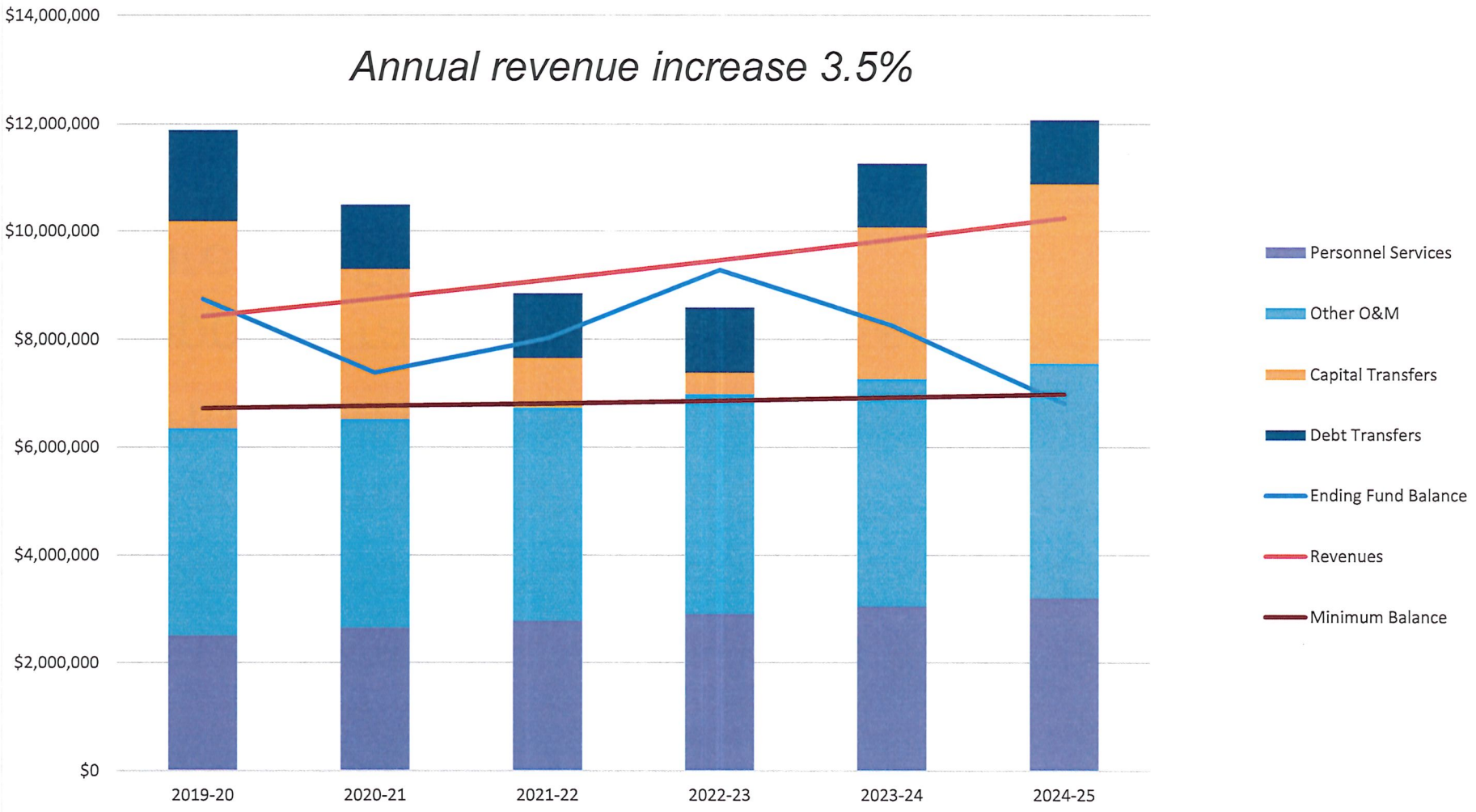
		Updated		
	Current	Option 1	Option 2	**Potable (1)**
Volume Rates ($/ccf)				
Operation & Maintenance (2)	$1.79	$2.05	$2.05	
Capital (3)	$0.72	$0.65	$1.25	
Total	$2.51	$2.70	$3.30	
Potable Irrigation Customer				$7.83
Public Agency Customer				$4.62
(1) January 2021 recommended rates				
(2) Includes labor and materials & supplies for Effluent Re-Use and Otis Springs				
(3) Based on 27.4% of annual re-use system debt, spread over total re-use capacity				
Option 2 includes Otis Springs Depreciation				

Impacts to potable water revenues/reserves:
Option 1: $9,000/year
Option 2: $37,000/year

Sewer Summary

- Overall revenue increase of 3.5 percent to meet forecast requirements and informal reserve targets
  - Approximately $17.2 m CIP (FY2020-FY2025)
  - Projected FY2024-25 reserves = target ($6.8 m)
- Proposed rate structure maintains fixed revenue share of 35%

Sewer Financial Plan



Current and Projected Rates

Component	Adopted 2019-20	Preliminary 2020-21	Preliminary 2021-22	% Increase (from Prior Yr) 2020-21	2021-22
Total Service Charge ($/Month/Account)	$27.21	$29.00	$30.11	6.6%	3.8%
Billing/Customer Charge ($/Month)	$3.42	$5.07	$5.23	48.2%	3.2%
Multifamily Unit Charge*	$23.79	$23.93	$24.88	0.6%	4.0%
**Applies to each additional unit over first unit*					
Volume Charge ($/ccf)					
Single Family	$8.93	$9.15	$9.46	2.5%	3.3%
Multifamily	$8.93	$9.15	$9.46	2.5%	3.3%
Commercial - 1	$8.93	$9.15	$9.46	2.5%	3.3%
Commercial - 2	$11.15	$11.62	$12.00	4.2%	3.3%
Commercial - 3	$18.83	$19.07	$19.69	1.3%	3.2%
Industrial	$11.15	$11.62	$12.00	4.2%	3.3%
Outside City	$8.92	$9.15	$9.45	2.6%	3.3%

*Proposed rate increases would go into effect January 1 of respective year

Current and Projected Bills

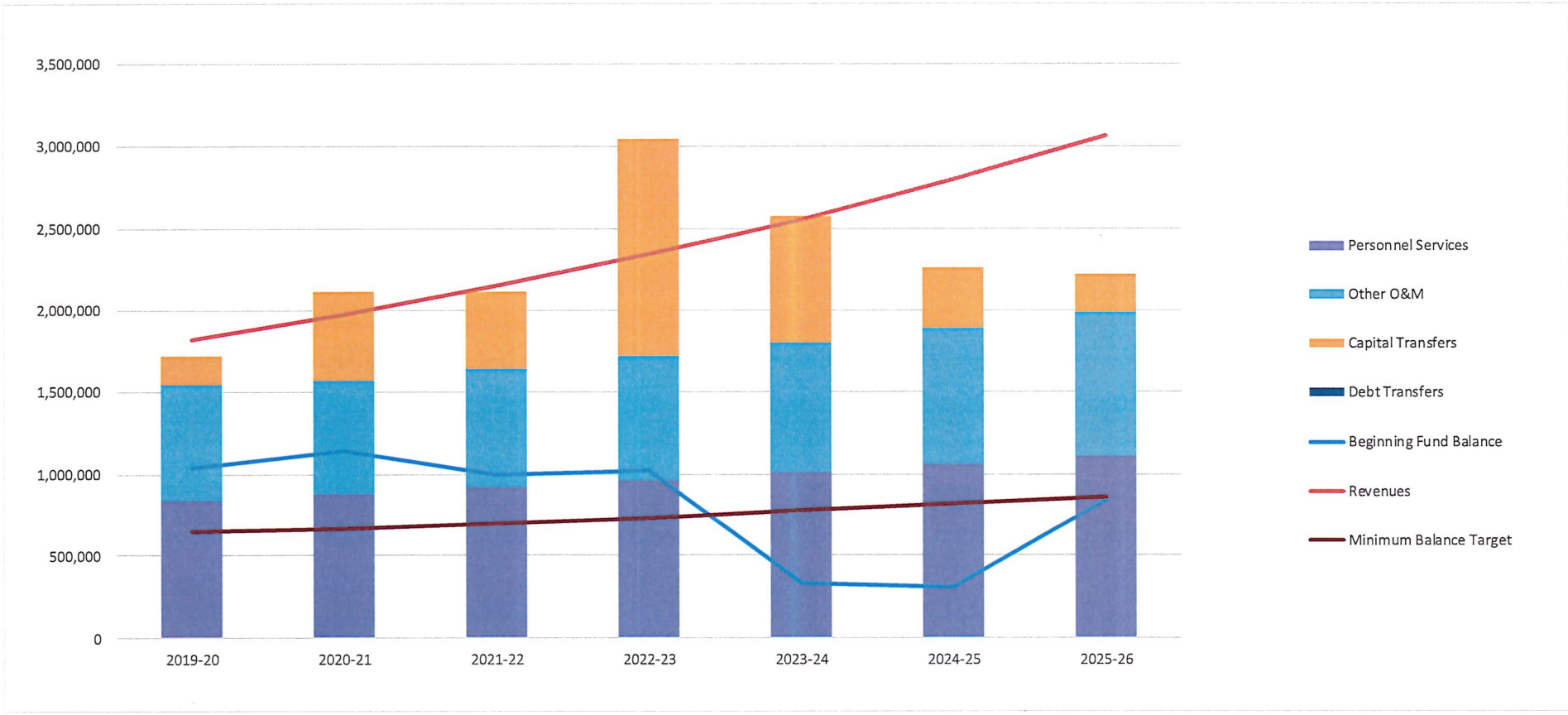
CUSTOMER CLASS	Units	Monthly Use (ccf)	2019-20	Proposed		$ Increase	
				2020-21	2021-22	2020-21	2021-22
Single Family		4.5	$67.84	$70.64	$73.13	$2.80	$2.49
Multifamily	10	39.7	$620.03	$632.10	$654.73	$12.07	$22.63
Commercial - 1		10.3	$119.11	$123.19	$127.42	$4.08	$4.23
Commercial - 2		88.2	$1,011.04	$1,054.17	$1,088.93	$43.13	$34.76
Commercial - 3		41.7	$812.02	$823.97	$850.82	$11.95	$26.85
Industrial		33.5	$401.02	$418.52	$432.42	$17.50	$13.90
Outside City		1.5	$40.96	$43.11	$44.69	$2.15	$1.58
				Percent Change			
Single Family				4.1%	3.5%		
Multifamily				1.9%	3.6%		
Commercial - 1				3.4%	3.4%		
Commercial - 2				4.3%	3.3%		
Commercial - 3				1.5%	3.3%		
Industrial				4.4%	3.3%		
Outside City				5.2%	3.7%		

*Proposed rate increases would go into effect January 1 of respective year

Stormwater Summary

- Overall revenue increase of 9 percent to meet forecast requirements and informal reserve targets
  - Approximately $4.3 m CIP (FY2020-2026)
  - Projected FY2025-26 beginning fund balance = lower end of reserve target ($0.8 m)

Stormwater System Forecast



Current and Proposed Stormwater Rates

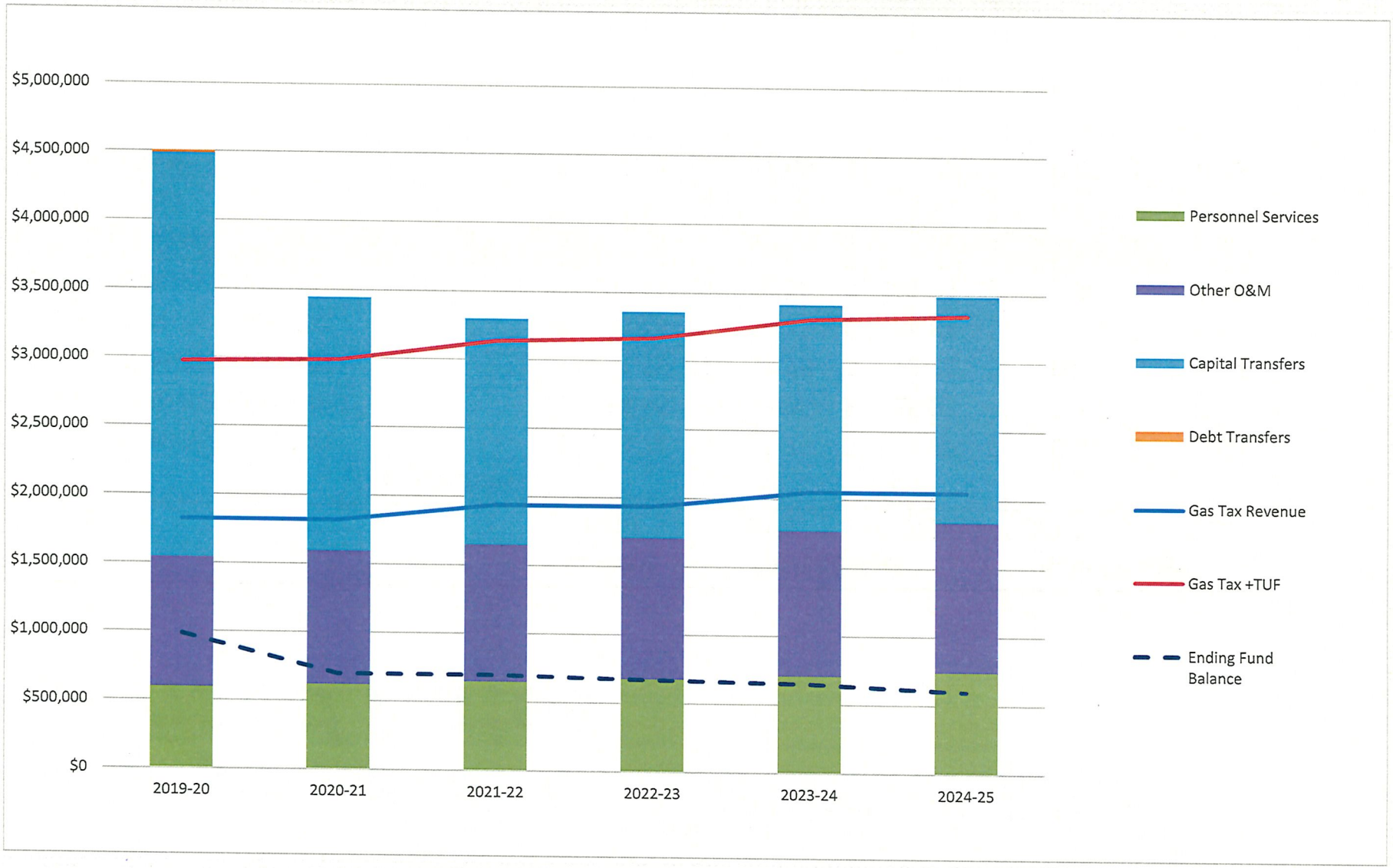
Rate Schedule Comparison	Jan 1 '20	Jan 1 '21	Jan 1 '22				
	Adopted	Preliminary	Preliminary	$ Increase (from Prior Yr)		% Increase (from Prior Yr)	
Component	**2019-20**	**2020-21**	**2021-22**	2020-21	2021-22	2020-21	2021-22
Single Family Residential ($/Account)	$12.24	$13.34	$14.54	$1.10	$1.20	9.0%	9.0%
Nonresidential ($/EDU)	$12.24	$13.34	$14.54	$1.10	$1.20	9.0%	9.0%
EDU = 2,877 sq. ft. impervious area							

*Proposed rate increases would go into effect January 1 of respective year

Transportation Summary

- No rate increases since fee implemented in FY2018
  - Inflation over last 2 years was 7.4% (FY2019) and 4.9% (FY2020)
- Proposed rate increase of 2% per year
  - FY2020-FY2025 pavement preservation projects = $7.8 m

Street Fund Financial Forecast



Comparison of Current and Revised Rates

Description	Current Rate	Revised Rate FY2021	Revised Rate FY2022	Rate Change FY2021	Rate Change FY2022
Rate Increase		*2.0%*	*2.0%*		
CLASS 1 NON-RESIDENTIAL	$ 3.72	$ 3.79	$ 3.87	$ 0.07	$ 0.08
CLASS 2 NON-RESIDENTIAL	$ 14.66	$ 14.95	$ 15.25	$ 0.29	$ 0.30
CLASS 3 NON-RESIDENTIAL	$ 21.35	$ 21.78	$ 22.21	$ 0.43	$ 0.44
CLASS 4 NON-RESIDENTIAL	$ 33.46	$ 34.13	$ 34.81	$ 0.67	$ 0.68
CLASS 5 NON-RESIDENTIAL	$ 97.16	$ 99.10	$ 101.09	$ 1.94	$ 1.98
SF DETACHED HOUSING	$ 4.99	$ 5.09	$ 5.19	$ 0.10	$ 0.10
MULTI-FAMILY	$ 3.37	$ 3.44	$ 3.51	$ 0.07	$ 0.07
MOBILE HOME	$ 2.61	$ 2.66	$ 2.72	$ 0.05	$ 0.05

*Proposed rate increases would go into effect January 1 of respective year

Combined Bill Impact

Combined Bill Impacts – Single Family Customer

Overall Increase					1-Jan	1-Jan	% Increase	
2021	**2022**	System	**Units**	**Current**	**2021**	**2022**	**2021**	**2022**
4.0%	4.0%	Water	7.00	$46.85	$49.08	$51.21	4.8%	4.3%
3.5%	3.5%	Sewer	4.55	$67.84	$70.64	$73.13	4.1%	3.5%
9.0%	9.0%	Storm	1	$12.24	$13.34	$14.54	9.0%	9.0%
2.0%	2.0%	TUF	1	$4.99	$5.09	$5.19	2.0%	2.0%
0.0%	0.0%	Public Safety	1	$3.00	$3.00	$3.00	0.0%	0.0%
3.0%	*3.0%*	Communication Off	1	$2.13	$2.19	$2.26	3.0%	3.0%
		Total		$137.05	$143.35	$149.33		
		Difference $			*$6.30*	*$5.99*		
		Difference %			*4.6%*	*4.2%*		

Communication Officer Fee estimated; actual increase will be tied to inflation

Discussion

Rate & Fee Summary as Proposed to the Citizens Rate Review Committee

as of January 9, 2020

Monthly 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	$2.70	$2.70

Monthly 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	$23.79	$23.93	$24.88
Volume Charge ($/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

Monthly Stormwater Rate			
Customer Class	**Current Through Dec 31, 2020**	**Effective Jan 1, 2021**	**Effective Jan 1, 2022**
Service Charge ($/EDU/Month)	$12.24	$13.34	$14.54

Rate & Fee Summary as Proposed to the Citizens Rate Review Committee

as of January 9, 2020

Monthly Transportation Utility Fee				
Customer Class	**Per 1000 sf or other unit**	**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	Less than 18 trips	$3.72	$3.79	$3.87
Non-Residential Class 2	From 18 to 30 trips	$14.66	$14.95	$15.25
Non-Residential Class 3	More than 30 to 51 trips	$21.35	$21.78	$22.21
Non-Residential Class 4	More than 51 to 80 trips	$33.46	$34.13	$34.81
Non-Residential Class 5	More than 80 trips	$97.16	$99.10	$101.09
Non-Residential Class 6				
Senior Adult Housing Attached	Per Dwelling Unit	$2.04	$2.08	$2.12
Congregate Care	Per Dwelling Unit	$1.12	$1.14	$1.17
Assisted Living	Per Bed	$1.47	$1.50	$1.53
Continued Care Retirement Community	Per Unit	$1.33	$1.36	$1.38
Hotel	Per Room	$4.52	$4.61	$4.70
Motel	Per Room	$3.12	$3.18	$3.25
City Park	Per Acre	$1.05	$1.07	$1.09
County Park, Farmland, Commercial Agriculture	Per Acre	$1.25	$1.28	$1.31
Golf Course	Per Hole	$19.77	$20.17	$20.57
Public Elementary School	Per Student	$0.36	$0.37	$0.37
Pulbic Middle/Junior High School	Per Student	$0.45	$0.46	$0.47
Public High School	Per Student	$0.48	$0.49	$0.50
Private School (K-12)	Per Student	$1.37	$1.40	$1.43
Junior/Community College	Per Student	$0.68	$0.69	$0.71
University/College	Per Student	$0.95	$0.97	$0.99
Quick Lubrication Veh. Shop	Per Service Position	$12.87	$13.13	$13.39
Gas/serve Station	Per Fueling Position	$54.10	$55.18	$56.29
Gas/Serv. Station with Conv. Market	Per Fueling Position	$39.64	$40.43	$41.24