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Tuesday, 7 P.M.

July 27, 2004

**CITIZENS RATE REVIEW COMMITTEE
MINUTES**

Public Safety Building

Newberg, Oregon

Members Present:

Ernie Amundson
Lou Larson
Dan Schutter

Blane Hansen
David Maben
Lon Wall (chair)

Matson Haug
Jeff Ratcliffe

Members Absent:

None

Others Present:

Dan Danicic, City Engineer
Kathy Tri, Finance Director
Mike Soderquist, CDD Director
James Bennett, City Manager

1. Call to Order

The meeting was called to order at 7:00 PM by Chair Lon Wall.

2. Roll Call

Roll call was noted by Kathy Tri.

3. Minutes

Haug/Maben moved to approve the minutes of June 15, 2004, June 29, 2004 and July 13, 2004 meetings. Passed by those present.

4. Public Hearing: Storm Water Rates

Lon Wall opened the public hearing.

Dan Danicic, City Engineer, reviewed the background for the change in the storm water rate. He reviewed the existing rate structure, the budget, and the capital improvement plan, noting that the project list had been adjusted so that fewer projects would be completed during the rate study period. He noted that the recommended financial plan, as originally approved by the committee, looked at 2004-05 and 2005-06 with the same rate for residential and non-residential customers. He then reviewed the credit methodology.

Mat Haug asked if the credits were cumulative. Dan Danicic responded not necessarily so. It could be if the system were designed for a 100 year event.

Lon Wall explained the hearing process and committee responsibility.

Mike Gougler, representing the Newberg Area Chamber of Commerce and a member of the Ad Hoc Committee, spoke. He agreed in principal and technically

with Mr. Reidel's ideas for the community. He noted that the committee's mandate was to evaluate the storm water management system and determine if fees were too much or too little and to review the scope of the program. He noted two critical functions of the storm water system: repair of the existing system and educating the property owners on best practices to protect the environment. He add that there is a major issue about credits – how and when they should be applied. He concurred that large tracks of land with parking had the ability to do some mitigation which would immediately be effective. However, residential properties would require considerable staff time or require trusting that property owners had done what they reported. The credit program would also reduce the amount of money available for the overall system. He did not feel it was the time to provide a credit program for residential properties.

David Craig, a commercial property owner and who was a member of the Ad Hoc Committee, spoke next. He said the committee spent a lot of time reviewing the storm water program and was disappointed that they were not able to review the rate structure. He was concerned about getting away from a split rate (between residential and non residential properties). Business is being asked to pay an inordinate share of costs. The costs to the City is incurred regardless of volume of discharge. One third of impervious is streets and sidewalks. Businesses equal 65% of the balance of impervious area and they pay a greater percentage than their impact on the system. He recommended a rate structure which reduced the business charge per EDUs and recommended that the Committee revisit the rate structure. He noted that capital improvements are needed for a lot of reasons that have nothing to do with the amount of water coming from developed property. Mr. Craig also reviewed his rate proposal. Mr. Craig was asked about credits. He responded that his proposal did not include credits and at this time he did not feel it was feasible with the limited amount of money and staff. However, he did support the committee recommendation for non residential credits.

Mat Haug commented that all the rate studies tried to allocate costs fairly. David Craig responded that all parking lots have private storm water management systems and the businesses have to take care of parking lots by sweeping, pipe repair and cleaning catch basins. If getting a rate reduction goes to help pay for on site maintenance, it is not really an advantage over others. He added that volume is related to EDUs and contributes a small portion to maintenance costs because the City is doing same thing as property owners but on the public right of ways. The CIP covers issues where volume is a factor. Blane Hansen asked what was the difference between a roof and driveway versus a parking lot. Mr. Craig responded that there is no real difference as the water from both go to the same system. He asked Dan Danicic which costs more: 10 homes (2877 sq feet) or a commercial building of 28,000 square feet. Dan Danicic responded that large pipes in commercial areas are harder to maintain than small pipes in residential areas. The key is controlling volume.

Jeff Ratcliffe asked what was the likelihood of a 50% credit being given. David Craig responded that he didn't know. Mat Haug commented that we would know if a system is built to a 2 year or 10 year flood standard. Mike Gougler added that usually a builder doesn't design residential lots to detain water. He noted that the smaller the facility the less likely that a system would be designed to fix a problem.

Leonard Rydell stated that we are creating probelms with standards and creating

another tax. The City needs to improve storm water management. While the City is building bigger and bigger pipes, it is not addressing the 50 year problem and is creating a path of self-destruction. He showed a slide to understand 1, 10 and 100 year storms. He stated that we need to change practice to help water quality. He asked to present a slide show.

Lon Wall stated that he did not want to have a show if it takes the committee in a direction not the responsibility of the committee but better directed at the planning commission or Ad Hoc Committee. Mat Haug stated that the issues belong before the City Council to initiate an ordinance to address problems. The rates reflect the immediate responsibility to an immediate problem. Lou Larson added that this Committee was not the correct venue for these issues. Dan Schutter and David Maben stated they would like to hear more. Ernie Amundson stated he felt it was beyond this committee's responsibilities.

Leonard Rydell then showed his slide show. He stress the importance of reducing storm water run off by increasing the time of concentration. He felt residential properties should be able to self-certify steps they have taken to reduce run off. He recommended the committee forward the fee to the City Council and that all customers should receive credits up to 100% (50% for volume and 50% for quality). Lon Wall felt that this request was a major change in direction and would require a change in planning.

The public hearing was closed.

Mat Haug/Lou Larson moved to adopt staff recommendation.

Mat Haug felt that the committee needed to take care of the immediate problem and that it needed more study of residential credits and their implications.

Jim Bennett stated that we do need to educate people on how the system operates. In the meantime we need time to implement an education program and then the City can reconsider a credit program.

David Maben liked David Craig's thinking because bigger businesses are paying the fee. Dan Schutter concurred with the idea that large businesses are paying an undo burden in rates. He does not think the storm water rates are necessarily a fair way of distributing the costs of the system to rate payers. Further the credit system is not going to be easy for staff to analyze. He noted that George Fox can't even begin to estimate their credits; it will be a huge task.

Jim Bennett noted that he and Leonard Rydell did tour the City. He agreed with a lot of his issues and solutions. He doesn't know if they will cost more or less and these ideas don't necessarily affect this rate proposal. He suggested that the committee recommend the City Council look at the issues with the goal of coming back. This will be an ongoing process.

Mat Haug added that this credit system is a first attempt and the committee can come back to study the options. Some of the issues are land use development issues. Dan Schutter recommended continuing with the existing rates and to come up with a system and educational program. Mat Haug responded that the existing rates will not bring in enough money to cover existing costs. This is a bare bones program. Jeff Ratcliffe felt the rate structure was not fair and should

not be passed. Business are being charged twice for parking lots and general system. David Maben agreed with Dan Schutter in that the committee needs more study.

Vote on the motion: 3-5 (Failed).

Blane Hansen said he voted no because he was not sure the committee was being fair to businesses.

Larson/Maben moved to continue the existing rates.

Ratcliffe/Maben moved to amend the motion by extending the existing rates for 90 days. 4-4 (Failed)

Vote on the original motion. 4-4 (Failed)

Jim Bennett said the staff would take the split decision to the Council. Mat Haug wanted more analysis of cost allocation, and felt it would take a couple of months to develop an education program and environmental friendly design standards. Ernie Amundson asked if there were any way to exempt George Fox University and A-dec.

The meeting adjourned at 9:45 p.m.

Approved by the Citizens Rate Review Committee on this August 27, 2004.

Next Meeting: None Scheduled