



**City of Newport
City Council Workshop Meeting Minutes
August 1, 2013**

1. ROLL CALL -

Council Present – Tim Geraghty, Tom Ingemann, Bill Sumner, Steven Gallagher, Tracy Rahm

Council Absent –

Staff Present – Deb Hill, City Administrator; Renee Helm, Executive Analyst; Fritz Knaak, City Attorney;

Staff Absent - Bruce Hanson, Superintendent of Public Works; Curt Montgomery, Police Chief; Mark Mailand, Fire Chief; John Stewart, City Engineer

2. UTILITY RATE STUDY

Stacy Kvilvang, Ehlers, presented on this item as outlined in the August 1, 2013 City Council Workshop packet and as attached.

Councilman Ingemann – The only question I have is on the storm water, there seems to be a big jump from now until next year, is there an incremental step that you could take so it's not as painful?

Ms. Kvilvang – What you're going from is \$9 per year to \$32 per year. You can certainly do incremental steps but your future year increases will have to be greater as well.

Admin. Hill – The kicker is the future costs.

Councilman Sumner – It's going to go up \$24 a year?

Ms. Kvilvang – Yes, it'll go up \$6 on a quarterly bill.

Councilman Ingemann – Make it a 6% or 7% increase after 2014 but don't have such a large increase in 2014. Maybe go up \$1 every quarter for the next ten years but I have a problem with jumping \$6 in the next year.

Councilman Gallagher – Have we sent anything out to the residents yet?

Admin. Hill – No because no decision has been made yet. We won't make our debt service at this level because we're doing all of these projects now.

Councilman Sumner – But this isn't going to be used to pay the storm sewer?

Admin. Hill – There will be some costs with the street. The bigger kicker is the storm ponds that we have all over town and to clean those out will be extremely expensive. Debt service alone is \$20,000 per year for the next 20 years for the North Ravine project.

Mayor Geraghty – How much of an increase is that in revenue?

Ms. Kvilvang – You'll go from \$30,000 to \$79,000. If \$6 is too much of a jump, what is it because we're still going to have to make it up on the backend with some increases? I don't think it can be incremental all the way up.

Councilman Ingemann - \$2 a year until you're happy with what you're getting. You'll be ahead of the curve by 2018.

Mayor Geraghty – I think we need to know the impacts of the decision. What will it mean if we don't raise it?

Ms. Kvilvang – Is there anything else you would like to see besides the \$2?

Councilman Ingemann – Figure it out at \$2 per quarter.

Councilman Gallagher – How much will we need in the next two years to cover our costs?

Ms. Kvilvang – The 5% is the minimum to cover your costs.

Mayor Geraghty – I think we need to see the financial implications of the different rates.

Ms. Kvilvang – We'll bring back some other options.

3. CLOSE THE MEETING TO THE PUBLIC TO DISCUSS DEB HILL'S PERFORMANCE EVALUATION

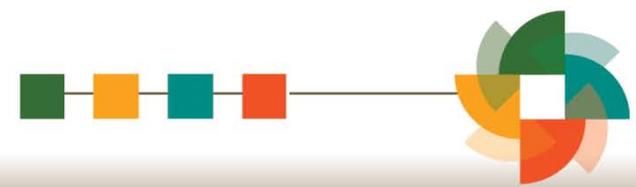
The City Council closed the meeting to the public to discuss Deb Hill's performance evaluation at 8:17 p.m. The City Council opened the meeting to the public at 8:42 p.m.

4. ADJOURNMENT

Signed: _____
Tim Geraghty, Mayor

Respectfully Submitted,

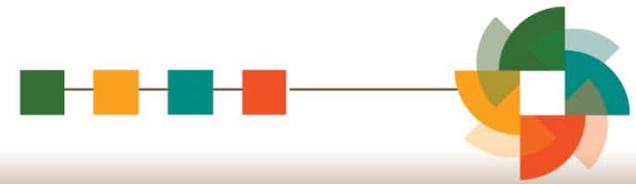
Renee Helm
Executive Analyst



City of Newport Utility Rate Analysis Storm Sewer & Street Light

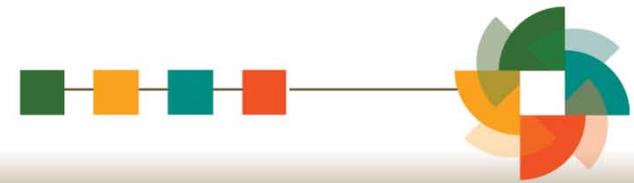
August 1, 2013

Storm Sewer & Street Light



- Both funds are enterprise funds
 - ✓ The storm sewer utility allows the City to maintain its storm sewer system
 - ✓ The street light utility allows the City to pay for the cost of operating and maintaining its street light system

Storm Sewer

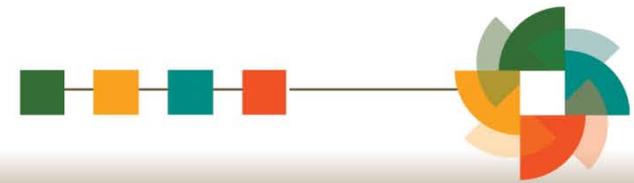


- Construction costs associated with street projects and future storm water system maintenance needs are causing strong pressure on user rates
- Quarterly rates are not adequate to pay for these costs
- Propose larger quarterly rate increase in 2014 and then 5% annual increase thereafter

Quarterly Storm Water Rates	2012	2013	2014	2015	2016	2017	2018
Rate Residential Equivalent Unit	2.00	2.25	8.15	8.56	8.99	9.43	9.91

- Beginning in 2018, we project there will be sufficient cash flow in the fund to pay cash for capital improvements, based on current capital estimates

Street Light



- This fund does not have sufficient cash balances to finance ongoing maintenance of the system or future improvements which include LED lights and pole replacement
- Propose quarterly rate increase of 5% in 2014 through 2018

Quarterly Street Light Rates	2012	2013	2014	2015	2016	2017	2018
Residential	4.17	7.25	7.61	7.99	8.39	8.81	9.25
Multi Family	50.07	52.57	55.20	57.96	60.86	63.90	67.10
Commercial	83.40	87.57	91.95	96.55	101.37	106.44	111.76

- Need future discussion on how commercial users should be charged
 - ✓ Per lineal foot vs. per unit/user

Comparison to Other Cities

