

CITY OF WILSONVILLE
CITY COUNCIL MEETING MINUTES

A regular meeting of the Wilsonville City Council was held at the Wilsonville City Hall beginning at 7:30 p.m. on Monday, December 2, 2013. Mayor Knapp called the meeting to order at 7:34 p.m., followed by roll call and the Pledge of Allegiance.

The following City Council members were present:

Mayor Knapp
Council President Starr
Councilor Goddard - Excused
Councilor Fitzgerald
Councilor Stevens

Staff present included:

Bryan Cosgrove, City Manager
Jeanna Troha, Assistant City Manager
Mike Kohlhoff, City Attorney
Sandra King, City Recorder
Joanne Ossanna, Finance Director
Cathy Rodocker, Assistant Finance Director
Delora Kerber, Public Works Director
Nancy Kraushaar, Community Development Director
Holly Miller, IT Manager

Motion: Councilor Starr moved to approve the amended order of the agenda. Councilor Stevens seconded the motion.

Vote: Motion carried 4-0.

MAYOR'S BUSINESS

Upcoming meetings were announced by the Mayor. He noted no second meeting would be held in December, and reported on the meetings he attended on behalf of the City. At the WCCC meeting the Mayor registered his concerns with the inclusion of the purchase of right of way for the I-5/99W connector being included on the transportation funding list submitted to Metro.

COMMUNICATIONS

A. Auditor's Report (staff – Ossanna)

Mr. Chuck Swank said the City received an unqualified opinion audit; no adjustments to the accounting records were recommended and the City had the appropriate controls and procedures in place. The Auditors governance letter prepared by Grove, Mueller & Swank, was included in the Council Packet.

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CITIZEN INPUT & COMMUNITY ANNOUNCEMENTS

This is an opportunity for visitors to address the City Council on items ***not*** on the agenda. It is also the time to address items that are on the agenda but not scheduled for a public hearing. Staff and the City Council will make every effort to respond to questions raised during citizens input before tonight's meeting ends or as quickly as possible thereafter. Please limit your comments to three minutes.

There was none.

COUNCILOR COMMENTS, LIAISON REPORTS & MEETING ANNOUNCEMENTS

Council President Starr – Park & Recreation Advisory Board, Chamber/City Leadership liaison reported the Urban Renewal Task Force would be exploring possibilities of constructing a community center. To further his knowledge he visited a community center in Washington that receives sponsorship from the business community to help support the center. The Councilor announced the Holiday Light Drives.

Councilor Fitzgerald – Planning Commission; Committee for Citizen Involvement; and Library Board liaison announced the next meeting dates for the Library Board and the Planning Commission. She noted Council participated in a joint work session with the Planning Commission to receive the results of the Goal 10 Housing Needs Analysis. The Councilor invited the public to join in the Reindeer Romp and Bullwinkle Bash.

Councilor Stevens – Development Review Panels A and B; and Wilsonville Seniors liaison stated the next meeting date of DRB-Panel A noting that the next DRB-B meeting has been cancelled. She announced the Wilsonville Garden Club swag sale, the next meeting date of the Wilsonville Seniors, and that winter class registration will open December 16 for Community Center classes.

Mayor Knapp indicated Councilor Starr had an item of concern that he wanted to address.

Due to the number of families struggling financially this winter with the slow economy Councilor Starr wanted to provide an additional \$7,500 to Wilsonville Community Sharing to be used for resident utility relief.

Motion: Councilor Starr moved to authorize staff to move \$7,500 from the General Fund Contingency into line item currently available for Wilsonville Community Sharing utility relief program. Staff would bring back a supplemental budget. Councilor Fitzgerald seconded the motion.

Councilor Starr wanted to make sure the standards in place now are used to address the need for these additional funds.

Mr. Cosgrove would work with the Finance Director to see where Wilsonville Community Sharing (WCS) is with the amount they have received, and whether or not WCS feels they will need the additional funding, if they do, it will be available. The City would only transfer money to WCS if needed. Staff would report back to Council in terms of whether or not a supplemental budget was necessary.

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Mayor Knapp was concerned that this may be indicative of additional needs if WCS has allotted a years' worth of utility relief during the first five months of the fiscal year. He would like additional information of the projections.

Mr. Cosgrove would work with WCS to put together a report and projection. He confirmed Councilor Starr saw a need for additional utility relief, not necessarily city utilities.

Mr. Kohlhoff stated the City does provide relief for three areas through WCS. He asked if Councilor Starr wanted to give staff the flexibility to use the funds for any of the three programs.

Councilor Starr said he was open to giving staff the flexibility but wanted to make sure the other Councilors agreed.

Mr. Cosgrove understood the motion was for utility relief; however if Council wanted to give staff the discretion to add the additional \$7,500 to WCS bottom line irrespective of need, that is a different motion. He understood Councilor Starr wanted staff to work with the WCS on the utility relief program.

Councilor Starr stated that was the intent of his motion, but he thought it would be wise for the council to discuss it if they wanted to be more inclusive.

Mr. Kohlhoff asked Cathy Rodocker, Assistant Finance Director, to identify the three relief programs.

Ms. Rodocker explained there was an assistance program for renters, homeowners, and assistance for help with the repair of water leaks. All of the programs are administered through Wilsonville Community Sharing.

Councilor Fitzgerald felt the motion should be broadened to be applied "as needed", so WCS can respond to needs as they come up.

Mr. Cosgrove confirmed Council wanted to apply the \$7,500 to the three programs described by the Assistant Finance Director.

Councilor Scott agreed and modified his motion to include all three programs. Councilor Fitzgerald agreed with the change.

Mayor Knapp restated the motion as modified to include all three areas that the City traditionally has provided assistance in, and includes a report back from staff as to the situation in January or February. The Mayor wanted to know what the next steps were.

Mr. Cosgrove will collect information from either the Finance Department or Wilsonville Community Sharing about how much money has been drawn down on those three programs and what WCS is projecting for need during the winter going forward. Once that information was in hand, staff would report back to Council.

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Vote: Motion carried 4-0.

CONSENT AGENDA

Mr. Kohlhoff read the title of the Consent Agenda items for the record.

A. Minutes of the November 18, 2013 City Council Meeting.

Motion: Councilor Starr moved to approve the Consent Agenda. Councilor Stevens seconded the motion.

Vote: Motion carried 4-0.

PUBLIC HEARING

A. **Resolution No. 2447**

A Resolution Establishing And Imposing Just And Equitable User Fees For The Water System Of The City Of Wilsonville; Providing For The Manner Of Payment, Collection, Enforcement, And Disbursement Of Such Fees; Providing Rules And Regulations For Control Of City Water Service; And Amending Resolution No. 1624.

Mr. Kohlhoff read the title of Resolution No. 2447 for the record.

Mayor Knapp read the public hearing format and opened the public hearing at 8:08 p.m.

The following report was prepared by Joanne Ossanna, Nancy Kraushaar, Delora Kerber and Cathy Rodocker and is provided here for clarity.

Begin report.

ISSUE BEFORE COUNCIL: Consideration of a rate structure adjustment on January 1, 2014 and a series of 2.25 percent annual water rate increases beginning on January 1, 2015, 2016 and 2017 respectively.

EXECUTIVE SUMMARY: The City authorized Galardi Rothstein Group to conduct a water cost of service study. The purpose of the study was to assist the City in determining a schedule of water rate increases sufficient to implement the recently adopted Water System Master Plan (Keller Associates, September 2012). In addition, the study developed alternative rate structure options sufficient to generate stable and predictable revenue overall, and equitably recover revenue from different water user types (e.g., residential, multifamily, and nonresidential), based on the cost of services provided.

The study recommends that the City continue to charge customers on a cost of service basis. While the current rate structure reflects a prior cost of service analysis, updated costs and planning criteria (from the City's recently completed Water System Master Plan), along with current customer usage characteristics support a moderate shifting of costs away from nonresidential customers to residential customers. While this rate structure adjustment will have

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rate impacts on some users in the short-run (FY2013-14), future bill increases for all users are projected to be at or less than inflation.

The study also recommends that the City begin to phase-out the minimum monthly quantity that is included in the base charge by changing from a monthly 4 ccf (one hundred cubic feet) minimum to a 2 ccf monthly minimum. An industry-wide trend has been to eliminate minimum quantities, charge for actual water consumption, and replace the minimum quantity revenue with a charge for standby capacity costs and other fixed charges. Many customers use less than the current 4 ccf minimum, and the City's sewer rates are based on a 2 ccf minimum, which can contribute to customer confusion. Standby charges for secondary capacity costs (like fire protection capacity) are quickly gaining favor in the industry and customers, as these charges generate stable revenue for a portion of water service that benefits all customers and is not related to actual monthly water use.

Over the course of the study, three alternative water rate options were developed for the City Council's consideration. The first two options (along with the current rates) were presented to the City Council on October 7, 2013 and are documented in the Water Cost of Service Rate Study Draft Report (September 2013) as Scenarios 1 and 2. The third option (Scenario 2a) was developed in response to feedback from the City Council at the October 7 work session and is presented (along with current rates) in this Final Report.

For most residential customers, the average bill increase (over the course of the year) will generally be in the \$3-\$4 per month range (with higher bill increases in the winter months and lower bill increases in the summer months). However, annual bills for very small volume users will decrease, as would the bills for very large summer water users. In future years, all customer bills would increase uniformly based on the system-wide increase (currently projected to be 2.25 percent).

A change to the City's leak policy is reflected in Resolution No. 2447. Currently, customers with a water leak can receive a 100 percent credit on their water bill attributable to water leakage as long as the leak is repaired within 72 hours of discovering that a leak has occurred. The proposed resolution changes the water leak credit from 100 percent to 50 percent.

Another policy change reflected in the resolution relates to the monthly base charge. In the past, a customer did not receive or pay a monthly utility bill while their water service was temporarily turned off (at the customer's request) for seasonal reasons - typically for travel, second residence, or shut-off irrigation. All customers will now be responsible for monthly base charges. Non-water utility rates (water, storm sewer, sanitary sewer, street light, and street maintenance) will be included. This policy change provides equity for all customers. Even when select connections are inactive, the public infrastructure remains available for their use and requires the same maintenance and overall capacity and operational needs.

Currently 55 residential services are temporarily turned off. With the new policy, they will be required to pay approximately \$52 per month for all of the base fees.

There are also 42 irrigation services temporarily turned off. The irrigation customers typically keep their domestic service active and pay the all of the monthly base charges except for their irrigation meter base charge. They typically have a 1.5-inch meter that has a base fee of \$24.03 that will decrease to \$23.76 with the new rate structure.

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In summary, the rate structure adjustment redistributes the cost of service equitably among water user categories. The rate increase is necessary to cover capital and operations and maintenance costs of the water distribution system.

EXPECTED RESULTS:

Fiscal responsibility for sustainable operations and maintenance and capital investment in the City's potable water system. Please note that the Water Treatment Plant Master Plan update is planned to occur in the next three years; which will likely trigger the need for a rate study review for treatment plant needs.

TIMELINE:

The rate structure adjustment would go into effect on January 1, 2014 and also include a series of 2.25 percent water rate increases beginning on January 1, of 2015, 2016 and 2017 respectively.

CURRENT YEAR BUDGET IMPACTS:

The rate adjustment in the current year does not have a financial impact on the water budget, since the adjustment only shifts costs between customer classifications based on a cost of service mode. The three annual rate increases of 2.25 percent, beginning January 1, 2015, are necessary to cover increasing capital and operations and maintenance costs of the water-distribution system to avoid budget impacts.

COMMUNITY INVOLVEMENT PROCESS:

The Water Cost of Service Rate Study and a Q&A was added to the City's Website with a link for customers to ask questions or to provide feedback. A postcard was sent to all customers and a letter was sent to the top 28 water users. The postcard and letter informed of the Public Hearing and directed people to the City's website for additional information.

POTENTIAL IMPACTS or BENEFIT TO THE COMMUNITY

Provides an equitable distribution of rate charges to customers based on usage class effective January 2014. Provides sufficient revenue to fund the City's water distribution operation, maintenance and debt service requirements.

End of Staff Report.

Using a Power Point Presentation, Ms. Ossanna outlined the public hearing discussion items.

Nancy Kraushaar provided a recap of previously presented information. The three objectives for the rate study included: a financial plan with sufficient revenue for capital and operations; sufficient revenue to pay costs of services; and a rate that is equitable for all of the water customers. The current rate structure was reviewed to determine whether it was in a position to provide stable and predictable rates resulting in the proposed rate structure. Ms. Kraushaar reviewed the annual water system costs which are distributed between treatment, operations, and capital. Looking forward to the year 2020 showed much of the City's needs remaining stable; however, towards the end of the 8-year period there is a growth in capital needs, resulting in the proposed rate increase.

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Ms. Ossanna added the fund is stable, but the capital maintenance costs increase because the plant is aging over time. In January 2015 a 2.25% increase will be implemented to keep the fund stable as the larger capital projects are addressed.

Ms. Kraushaar stated the rate structure was revised to provide equity for all customers and customer types. Staff recognized that much of the system is designed to meet the high demands of residential customers primarily for irrigation in the summer, including the sizing of the reservoirs, and distribution system. In the past, industrial users paid slightly more than residential customers. The residential demand indicated a change in the rate structure was needed to insure fixed costs were distributed equitably among all user types.

Another facet of the rate structure that was reviewed was the base rate for meters. In the past the base meter charges were very low for non-residential customers. When the large meters are taking water from the system they place a high demand on the system with the volume of water draw and it is important that the water system is able to provide such capacity at all times. The large meter base charges were compared to other cities and it was determined Wilsonville's were quite low, resulting in an increase.

One other factor studied was the 4ccf monthly minimum charged to all residential customers. Staff recommended reducing the monthly minimum to 2ccf which is consistent with the monthly minimum sanitary sewer charge. Customers who have a winter average of less than 3ccf felt the 4ccf monthly minimum charge was unfair.

Referring to a slide showing a rate comparison to neighboring cities, Ms. Kraushaar pointed out Wilsonville was in the middle. She remarked rates in some of the other cities would be increasing as they address their future water needs and water sources.

Staff is recommending monitoring the financial plan annually, impose a 2.25% increase beginning January 2015, and update significant changes in capital and use. Rates should reflect the revised cost of service by customer type; the rate structure maintain at least 20% revenue from the base charge; increase the rates for the larger meter sizes; and reduce the minimum monthly charge of 4ccf to 2ccf.

Ms. Ossanna addressed the public outreach. The Finance Department sent postcards to each customer, letters were sent to the top 25 commercial and irrigation users, and information about the rate studies was posted on the City's website as well as a Q&A. Customers were encouraged to email questions to staff for a response. Plans for future outreach include contacting individual customers and information in the monthly bills.

Councilor Starr asked where the majority of commercial/industrial customers fall in the meter sizes.

Ms. Rodocker responded the majority of commercial and industrial customers would fall between the 2-4 inch sizes. Most commercial/industrial customers have an irrigation meter as well, and these rates will increase.

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Councilor Starr surmised that in the future, the water rates for Wilsonville will look lower than those in surrounding cities due to those cities upgrading their water system supplies.

Ms. Kerber noted Resolution No. 1624 addressed both user rates and System Development Charges. The proposed Resolution No. 2447 would amend Resolution No. 1624. She identified the amendments to Resolution No. 1624. She added some of the related water charges will now be in the Master Fee and Charge Schedule rather than being included in resolutions.

Ms. Rodocker talked about the changes to the water leak adjustment policy. The original intent of the adjustment policy focused on water conservation. While that is still a priority, the city is now looking at a more equitable way to handle the costs of the program.

She explained a non-residential customer with a leak outside of their building will receive 100% credit for their sewer bill since water on the ground does not impact the sewer system.

A survey of how surrounding cities and water districts handle their water leaks resulted in twelve responses: 7 organizations give a credit of 50% of the average consumption; 3 charge 100% of excess use but use a wholesale water rate resulting in a lower cost than normal; 1 provided up to a 75% adjustment for water leaks occurring from the meter to the main entrance of the building; 1 city provided 100%. To be fair and equitable to all customers' staff is recommending a 50% reimbursement for the portion of water lost beyond a two year average for the same month. Originally the policy allowed customers 48 hours to repair the water leak; this has been extended to three working days.

Ms. Kraushaar spoke about the monthly base charge which affected people who asked that their water be shut off for an extended period of time when they would not be at home; or to shut off their irrigation meters for the winter. In the past, these customers did not receive or pay a utility bill. The more equitable policy is for all customers to pay the monthly base charges.

Currently there are 55 residential customers who have made the request to turn off their water meter; these customers are not paying the stormwater utility, sewer utility base rates, street maintenance fund, and street light fund, in addition to the monthly base charge. The recommendation is to bill these customers \$52.00 per month to include the monthly base charge, and the stormwater utility, sewer utility base rate, street maintenance fund, and street light fund. So that the \$52.00 charge was not such a surprise to the customer, staff suggested phasing it in over two years beginning with 50% July 2014, and 100% in July 2015. Additional language has been included in Resolution No. 2447 which further defines a temporary shut off as any time period over thirty days.

Mayor Knapp noted the wide variance on meter charges when comparing Wilsonville to surrounding cities.

Mr. Cosgrove indicated the differences in the charges depended on the rate making philosophy for the individual city. They may be trying to capture more of the revenue on the base rate rather than the volume charges.

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Mayor Knapp wanted to know how significant water projects figured into the costs.

Ms. Ossanna stated projects that deal with the operation of the water system and water distribution system are included in the rate structure. The new west side reservoir will be paid for through System Development Charges. A discussion followed regarding future capital projects, including future water treatment plant expansion and capacity of the plant.

Councilor Starr commented some citizens believe the initial high cost of the water treatment plant would, over time, reduce the water rates.

Ms. Rodocker indicated staff has heard this comment from a couple of customers; however, the past water studies did not state there would not be any water rate increases in the future. Staff was able to show there had not been a water rate increase since 2011.

Councilor Starr noted many cities are just now entering the water supply market, which will increase rates in those cities dramatically. He thought it was important for the community to recognize past choices put the Wilsonville into a good position compared to Portland, Hillsboro, and Tigard.

Ms. Kraushaar pointed out a plan will need to be developed to replace the original older delivery system pipes, which will increase rates in the future.

Councilor Stevens confirmed the reduction of the minimum monthly rate from 4ccf to 2ccf was revenue neutral. She commented conservation results in lost revenue and fixed costs are shared by everyone. The Councilor wanted to ensure staff was saving for the replacement of the pipe infrastructure.

In response to a comment from the Mayor, Ms. Kerber explained Sherwood is reimbursing Wilsonville for the cost of treating the water, the City does not see any profit. As water is sold it lessens the need for rate increases since the fixed costs at the treatment plant are spread over more users including Sherwood.

Mr. Kohlhoff explained how Sherwood participated through Tualatin Valley Water District for the costs of the water treatment plant.

Mayor Knapp invited public testimony.

Jerry Hanni, expressed frustration at the late start of the hearing when the notice said the hearing would start at 7 p.m. He thought the charts showing the comparison of water rates with surrounding cities was incorrect; and that the increase in water rates was difficult for persons on fixed incomes.

Dennis Hubel, doubted the reasons stated are the true reasons for the increases. He thought large summer irrigators are not paying their share and questioned whether Sherwood water rates will increase along with the planned Wilsonville increases.

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Bill Buliroh questioned homes using less water are paying a higher percentage of the rate increase. Customers who are using below 4 units will save 75-cents, but it will only effect those using two units because those that have three units will pay the base rate plus one unit rate, or less than 800 residents will save less than 75 cents per month. Mr. Buliroh did not think the tier system was equitable in terms of raising rates fairly across the board; it did not encourage water conservation, and seemed to penalize small users.

Councilor Fitzgerald asked if a penalty was being removed for residents with large yards who watered during the summer.

Ms. Ossanna explained the rates were based on the study of the actual cost of providing service to those customers using irrigation in the summer. A big part of the cost of running the plant is to have the capacity for the summer uses, summer watering of single family home yards. On the whole, commercial and industrial water use has gone down slightly, and customers who were using 4-6 units in the winter who were using the irrigation during the summer. The plant is designed to handle the summer peak use demand.

Ms. Kraushaar indicated the pipes, reservoirs and plant are all sized to carry the water at the peak residential demand times during the summer and staff addressed the Councilor's request not to penalize residential irrigation.

Terry Lutkavage asked why cost reductions were not implemented rather than rate increases to address the budget, and what was examined as a way to reduce costs in the existing system. What was looked at in the plant to save money.

Ms. Ossanna stated during the budget process all costs related to the city are analyzed. The water treatment plant is fairly staffed, utilities are controlled, and the plant is very efficient. To maintain the high quality of water, Water treatment cannot be reduced and regulations must be followed.

Mr. Cosgrove added the rate study was based on debt service, operations and maintenance based on existing levels of service. The operation of the plant is contracted to another company which reduced operational costs saving the City money. The other thing we have done to help reduce costs is to partner with other entities such as TVWD to help maintain and operate the plant. These areas are where the large impacts for rate payers occur, the operations and maintenance of the plant are the biggest cost driver other than debt service. The "low hanging fruit" has been picked, additional cost savings are looked at each budget year, whether to move forward with a capital project is discussed with the Council and Budget Committee. Those are ongoing conversations. But the big ticket items where we can save our rate payers money have been accomplished.

Ms. Ossanna clarified the objective of a rate study is not to cut costs, but during the budget process ways are looked at to contain costs.

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Mayor Knapp closed the public hearing at 9:28 p.m. The Mayor asked staff to remain and address the comments and questions raised during public testimony:

- Question - Compared to other cities, the water rates seem to be higher.
 - Answer - The question with rates, comparisons are always good and bad, you have to depend on what city you are comparing yourself to, and where they are at in terms of their capital development. If you have just undertaken a multimillion dollar plant upgrade, your rates will be higher than someone who did that work 20 years ago. Items also taken into consideration include water source, operations and maintenance program and level of treatment of the water, the cost of the plant, there are many things that go into that that make comparisons difficult.

Councilor Starr thought Mr. Hanni's water rates for his household would go down slightly.

- Question - Large volume summer irrigators not paying their share, are we facilitating people who want to water a lot in the summer, or are they paying their fair share
 - Answer - There was also a concern about the fire standby fire charges. One of the things not included in the rate study is that when a business has a sprinkler system, they are charged a monthly fire charge fee based on the size of the pipe. People with a sprinkler system do have a built in fire charge.
 - Answer - The irrigation rate itself is going down some.
- Question - Irrigation rates for large irrigation users will go down with each additional unit used.
 - Answer - A small number of large residential users will see their rates go down. This is in response to the concern raised by Council to address the residential irrigator.

Councilor Starr said his concern was the user rates for people who watered their lawns more during the summer and he had requested staff to make this rate more equitable.

Mr. Hubel stated large commercial/industrial irrigators rates will decrease while the residential rates would increase, which did not seem equitable.

Ms. Ossanna indicated the chart looked at individual users, and the 5600 residential customers far outnumber the commercial customers.

- Question - Would Sherwood share in the increased cost?
 - Answer - Sherwood pays proportionally based on the costs to treat the water. As the costs go up for treating the water, Sherwood participates in that.
 - Answer - The construction costs of the large diameter pipe distribution system were shared between Wilsonville and Sherwood and the operation costs will be shared for these pipes. Sherwood would pay a proportional share of capacity.
 - Answer - Sherwood is not linked to Wilsonville's reservoirs, and they will be establishing their own rates based upon their demands. The treatment costs will impact the city of Sherwood use.

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- Question - The higher percentage increases on larger volumes does not encourage conservation.
 - Answer – Much of the conservation is achieved through modern efficient plumbing fixtures.

Ms. Ossanna noted Deb Galardi looked at each customer and calculated the actual costs of providing service to the customer.

Councilor Starr addressed his comments to Ms. Lutkavage regarding cost savings. Over the past three years Council implemented a number of programs to cut costs. One may not see savings specifically in the water rates but spreading the fixed costs over a larger population will reduce costs.

Councilor Fitzgerald thought she needed more information about the way irrigation cost is being addressed, and if it is really as equitable as it should be between the large irrigators and the average customer. If you look at our 3500 customers, it looks like there is a large block that are fairly similar; the high end users and the low volume users. She wanted to make sure we are not passing on that irrigation savings trading it out to the residential user too much.

Staff offered to research the issue and get back to Council with the answer.

Mayor Knapp thought it was a policy question, if someone uses a lot of water to irrigate their yard, should they be paying exactly the same amount for each unit of water or should they receive a discount for each additional unit of water; and did the City wish to give a 'volume' discount to people who choose to irrigate.

Ms. Kerber noted Section 4.3 Peaking Requirements addressed irrigation¹. The reason irrigation is a higher rate is due to the seasonal peaking demand of water use. In that Section there is a discussion about the maximum daily demand, maximum hourly demand and how irrigation is one of the user groups making the capacity requirement of the system to be greater.

Councilor Starr would like to have more information to understand the pricing system.

Ms. Ossanna offered to bring back the calculations behind the rates.

¹ 4.3 Peaking Requirements

The cost of providing water to customers depends not only on how much water they use, but also on how that use occurs over time. The maximum-day and maximum-hour peaking, requirements of a water utility's customers are an important influence on the utility's costs. because water utilities attempt to meet all of the water demands of their customers, water systems are sized to meet their customers' peak requirements. Therefore, during off-peak periods there are usually significant costs associated with the unused capacity of the system. To develop equitable rates, these costs must be allocated to customers in proportion to each customer class's contribution to the system peak. Thus, it is necessary to determine the peak rate of use relative to the average rate of use for each class. This ratio is called a peaking factor. Peaking factors are developed for maximum-day and maximum-hour rates of use.

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Referring to the FAQ sheet, Ms. Kraushaar stated the separate irrigation meters are being charged a higher per ccf volume rate than residential customers. Tier one residential customers will pay \$3.22/ccf, after the 2 ccf monthly minimum. An irrigation customer, for example Costco, has a separate irrigation meter from their domestic meter. Customers with a separate irrigation meter will pay \$5.39/ccf so they are paying more per ccf with a separate irrigation meter than the residential customer.

Councilor Fitzgerald did not think the information had been explained accurately for the residential customer.

Ms. Kraushaar agreed it was the separate irrigation customer. We started out with the different kinds of categories of meters and the higher user from the residential happened to be the same as separate irrigation users.

Ms. Kerber thought it was intended to be that way because typically when a residential customer gets into tier two, the tier two user is irrigating above and beyond the average. The winter average is water used inside the home.

Mayor Knapp asked how this compared if you go into tier two in a residential situation, what is your cost per ccf.

Ms. Rodocker stated it was the same, the \$5.39, with a residential user you get your winter average, so if your winter average is 5 then we give you another 3 units, and you do a little watering you won't go into tier two.

Councilor Fitzgerald asked if it was determined that in fact the residential irrigator is not getting a lower rate, if that's the case then I do not have a concern.

Ms. Kerber confirmed tier two, after the winter average and 3 additional units, anything above and beyond that is \$5.39 for each additional unit of water used which is equivalent to irrigation.

Councilor Fitzgerald stated her concerns had been addressed and the rate structure was equitable.

Motion: Councilor Stevens moved to adopt Resolution No. 2447. Councilor Fitzgerald seconded the motion.

Mr. Kohlhoff noted a recommendation had been made to include the following language to Section 9, Policy Discussion, "for customers whose services are turned off for 30 days or greater will be responsible for 50% of their total monthly base charge beginning on July 1, 2014, and 100% of their total monthly base charge beginning July 1, 2015."

Motion To Amend: Councilor Stevens moved to amend the motion to include the language "for customers whose services are turned off for 30 days or greater will be responsible for 50% of their total monthly base charge beginning on July 1, 2014, and 100% of their total monthly base charge beginning July 1, 2015" as proposed by Mr Kohlhoff.

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Councilor Fitzgerald seconded the amendment.

Councilor Stevens thought the language suggested by Mr. Kohlhoff provided some relief from sticker shock for those customers who turn off their water for longer than 30 days.

Councilor Fitzgerald thought recovering some of the cost of water leak charges served the rate payers well.

Councilor Starr commented although he would vote for the resolution he felt it was harsh on residential irrigators, but overall it achieves the intent sought for the majority of citizens.

Councilor Stevens wanted to be sure the infrastructure was maintained to provide the service to the citizens. An incremental rate increase is easier to accept rather than a major jump in rates. The Councilor acknowledged increased costs, but it was important that the water provided was a high quality.

Vote on Amended Motion: Motion carried 4-0.

Mayor Knapp suggested extending the number of days to repair a water leak from 3 to 5 was warranted. Ms. Kerber said this was an administrative decision and staff would make the change to the Leak Adjustment Policy.

Councilor Fitzgerald agreed with the extension of time to make the repairs.

Vote on Main Motion: Motion carried 4-0.

CONTINUING BUSINESS

- A. **Ordinance No. 731** –Second Reading
An Ordinance Of The City Of Wilsonville Amending Wilsonville Code 8.210(9).

Mr. Kohlhoff read Ordinance No. 731 into the record on second reading, pointing out Section 3 had been revised at the direction of Council.

Motion: Councilor Starr moved to adopt Ordinance No. 731 on second reading. Councilor Fitzgerald seconded the motion.

Vote: Motion carried 4-0.
Councilor Starr - Yes
Councilor Goddard - Excused
Councilor Fitzgerald - Yes
Councilor Stevens - Yes
Mayor Knapp - Yes

- B. **Ordinance No. 732** – Second Reading

CITY OF WILSONVILLE
CITY COUNCIL MEETING MINUTES

An Ordinance Amending Ordinance No. 353 To Correct Legal Descriptions Of Vacated
Utility Easements In Day Dream River Estates.

Motion: Councilor Starr moved to adopt Ordinance No. 732 on second reading. Councilor Stevens seconded the motion.

Vote: Motion carried 4-0.
Councilor Starr - Yes
Councilor Goddard - Excused
Councilor Fitzgerald - Yes
Councilor Stevens - Yes
Mayor Knapp - Yes

CITY MANAGER'S BUSINESS

Mr. Cosgrove advised Council of the days he would be on vacation during the holidays.

LEGAL BUSINESS – There was no report.

ADJOURN

The Mayor adjourned the Council meeting at 10:16 p.m.

Respectfully submitted,

Sandra C. King, MMC, City Recorder

ATTEST:

Tim Knapp, Mayor

Addendum:

Water Cost of Service Rate Study Final Report prepared for City of Wilsonville by Galardi Rothstein Group, dated November 2013.