

MINUTES
City of Newport
Infrastructure Task Force Meeting
City Hall Conference Room "A"
Thursday, December 5, 2013

Task Force Members Present: David Allen, Ralph Busby, Fred Springsteen, Mark McConnell, and Mark Saelens.

Task Force Members Absent: Patricia Patrick-Joling (*excused*).

City Staff Present: Interim City Manager Ted Smith, Interim Finance Director Bob Gazewood, Community Development Director Derrick Tokos, and Executive Assistant Wanda Haney.

City Staff Absent: Public Works Director Tim Gross (*excused*).

Audience Members: Citizens: Nyla Jebousek.

I. Call to Order. Allen called the meeting to order at 3:07 p.m. Introductions were made around the table and of the audience member. Allen noted that this is the ninth meeting of the Task Force and that audience member Nyla Jebousek has been in attendance at all of them. Allen added that Patrick-Joling and Tim Gross were excused and that Bob Gazewood would be joining the meeting shortly.

II. Approval of Minutes from the November 21, 2013, Meeting.

MOTION was made by Saelens, seconded by Springsteen, to approve the meeting minutes of November 21, 2013, as presented. The motion carried unanimously in a voice vote.

III. Begin Formulating Recommendations. Allen noted that we are starting what will be a two-meeting session today and on the 19th for discussion of how to move forward with formulating recommendations. He said that since Patrick-Joling and Gross are not here, we obviously are not going to finish the process and probably not deal with a lot of stuff until the 19th; but we can get a good start on this today. Allen said that on the table were a couple of documents that he had Haney print out. He noted that back on November 7th we held a meeting with several of the Task Force members and staff where we started formulating some preliminary ideas for recommendations. Allen had put that in a one-page handout separating it into near-term, which he categorized as 0-5 years out; and then long-term, which referenced beyond five years. Also the handout that Tokos and Gross had created on October 31st was printed on the backside of Allen's summary. He said that was our stopping point last time and we decided to hold off until today to continue that discussion.

Allen wondered as a group how we want to put together a set of recommendations that will be useful for the Council, the Staff, and the public after the first of the year. Busby thought that the first thing to get down in black and white was what our goal is; what we are recommending. He said that we talked about a \$3 million per year goal. Is that what we want to say we are trying to accomplish or are there other things besides that that we are trying to accomplish. If so, let's delineate those before we go into how we are going to get to those so people have a very clear understanding of what we are recommending to accomplish. To further that point, Allen explained that what Busby had suggested was what Gazewood went over at the last meeting and what Gross has been saying for quite a while, which is for water and sewer combined \$3 million per year with a 50/50 split between water and sewer of \$1.5 million for each projecting out on a three-year period over a course of twelve years; so four three-year periods with roughly \$9 million per period. That was what the handout Gazewood presented last meeting covered. Allen said what Busby is saying is beyond water and sewer, which probably is going to be the heart of this, what other recommendations do we want to encompass in our options that deal with other infrastructure/facilities that we got plenty of information on that Tokos and Gross provided at the first few meetings. Busby said that's one thing, but on water and sewer and other things for that matter, he thinks we should be dollar-specific to the best of our ability; so for example we would say for water we are trying to get \$1.5 million, for sewer \$1.5 million, and put that in as finite of terms as possible. Allen asked Tokos based on discussions with the other staff what he thought would be an appropriate figure if we want to go that route. Tokos said, we have talked about the \$3 million. He would suggest a slightly different approach in terms of the recommendation and then use the specifics to back up the recommendation or to provide context for the recommendation. For example you could structure it such that you recommend that Council direct Staff to prepare a budget that strategically leverages utility revenues to secure loans for needed capital projects in lieu of the third year of the planned rate increases. He said that's the policy piece of it, and then to provide context you could then follow that up with an explanation that at the Task Force meetings the borrowing schedule that was discussed was "x" million dollars, and we can fill in the blanks. Allen asked then if what Tokos is suggesting is one possible recommendation could be that for the upcoming budget year or next fiscal year to put a hold on any further increases in lieu of some other options for funding and then take it beyond that next year for further recommendations. Tokos said that's one approach. McConnell added, then decide what money to borrow if you decide to

borrow and how you want to borrow it; like a GO bond. Tokos said he didn't know if the Task Force needs to sort that out. He thinks enough information's been provided to the Task Force to show that strategic borrowing is a viable alternative. The details can be sorted out by Staff if there's a recommendation or a request from Council that those details be provided. Saelens said if he understands, this would be more like "a recommendation from the Task Force is to basically establish kind of a policy that will direct this concept of not having to do tax increases but instead bring in alternative funding, and one of those primary funds is;" and this would be where you bring in the supporting documentation for strategic financing and the bullets about how much this Task Force felt like we need to put towards each category (water, sewer, etc.). Then Staff goes back and figures out how to hit those levels of \$1.5 million for water and \$1.5 million for sewer, etc. Tokos added and that's brought forward through the budget process, and it's framed from the Task Force as a recommendation to the Council.

Allen said if we were going to go that approach, what would be useful in our recommendation as part of written documentation is that we have a lot that Staff has provided and perhaps we would want to provide an appendices for Council as part of the Council packet for that recommendation basically compiling all of the documents we have been getting over the last seven meetings. So if we do make the general recommendation, the Council and the public and the other Staff members who haven't been present here can refer to appendices and see exactly what we are basing it on. He said so it should be kind of a nuts and bolts kind of thing, but he thinks that should be in any written report that we provide if we do a written report. He said, have that underlying documentation. Saelens agreed and said he would go so far as to say we have some of these supporting bullets as Tokos is describing them, and we actually make it super simple to go find where the supporting piece is in that stack of documents so they're not having to look through everything we are looking at. McConnell said you are going to have to regenerate a lot of that information anyway when the Council is trying to make a decision because the numbers are going to change. Allen said for purposes of what we are trying to do, that would at least be a good starting point and then we can revise from there. He said when they get stuff at the Council level, like on a land use issue, there is always the underlying supporting documentation. He said the Council doesn't have to look at it, but it's there in case they want to. Tokos added for those that are interested in details, they have the details; for those that want just the general recommendation, they don't have to look at that. McConnell said what he sees the discussion leaning towards is the concept brought forward to us at the last meeting, which was if you were to freeze the rates where they are now, how would you generate \$3 million extra. He thinks that's kind of the basic premise of what we are looking at now. We're supposed to be giving the Council kind of a direction of what to do with rates. He doesn't really think the freeze was a full-out freeze, however. Allen said no it was 4%; basically keeping it at what it's always been. Tokos added, construction cost increase. McConnell said the other situation we talked about was how to delineate the basic water rate and the need to increase that by 4% and the rate you are charging in order to fund your debt service. He thinks that has to be somewhere in our recommendation that we say the water bills and the communication to the people who are paying them need to be very clear. This is what it's costing us to keep the system operating day in and day out right now so you have water when you turn your tap on or you have water when you call to have your meter turned back on again; and this is the money coming in that we are assessing each ratepayer in order to cover the debt service for these capital improvement projects. He thinks we have to be careful, and the City Council needs to separate that so that people understand that 4% increase is supporting that. Springsteen said the debt service is a property tax issue. Busby said it depends on how you do it. McConnell said not if you do infrastructure financing. Springsteen said that would be a revenue bond, not a GO bond. McConnell said that was the whole discussion we had at the last meeting. Springsteen said it could be either. McConnell said the Council has to decide how we want to do that. Tokos noted that the chart that Gazewood put together was leveraging revenue; either revenue bond or securing State loans and relying on revenue generated from your utility rates. Going off the wastewater handout, Allen noted that for the next four to five years, Gazewood was looking at perhaps a 4% and then maybe a 3% increase inclusive of not only debt financing but operational costs. Tokos agreed. Allen said if the Council wanted to inform the public what part of the 4% increase was going to operational costs versus debt financing perhaps Staff could parse that out for the Council and for the public; say 2.5% of this is going toward operational, 1.5% is going toward debt financing. McConnell said you have to have a sample of an actual water bill; say here's your water bill now, here's what it will look like the next year and the next. People need to see that, and they also need to see where that money is going within that bill. Allen said that was our other recommendation; how we inform the public through the utility bills as to what is going on, which has been an ongoing issue for the past years. That's actually a separate recommendation. Tokos said we have to know how much is going to maintenance versus debt service for us to understand whether or not we are even in a position to borrow. He said it's worked into that spreadsheet.

Saelens said not to lose track of what McConnell just said; he thinks that is an important piece to remember. He said that he's sitting there thinking of himself as a ratepayer at least in his mind it's easy to grasp the concept that he can either be paying 15% increases for however long or he can be supporting the idea that I'm funding what I need to have for my water and sewer. Much in the same way you buy your house or do anything else; you can't afford to be doing it all up front. But over time there is still an obligation to pay for it and good reason to pay for it. He said people are going to want to see that and be able to relate to which component of it is just getting the water for that particular month versus the longer-term needs. McConnell said that he thought Springsteen made the comment maybe during the budget meeting, and he thinks it was a great one, that rates have been increased to where they are right now; they don't go back, they are always increasing from there. He said part of the issue is if we decide to go to the voters and do a GO bond on the property tax side of things in order to pay for these improvements then the rate needs to go back. You need to go back to where it was a couple of years ago where you do a nominal increase that you would have had rather than doing that bigger jump; and then that would be your new rate that would

start to establish your increases from there on. But then you'd have the GO bond, which is paying other things. He thinks that needs to be a clear pathway for the Council and the people to see also. He said if we went back to the original water rates, which were covering basically the cost of operating the system, and took a 3-4% increase; what would they be now and what would your general obligation be. He said there is a trade-off there. McConnell said he guesses you have to say there is going to be a rate-based, revenue-based program or there is going to be a property-tax-based program.

Going to the flipchart, Allen began writing down recommendations. First he wrote **General**. Allen asked if the first thing to highlight was the dollar amounts. Busby said and what purpose. He said he would say as specific amounts as we can get and for what purpose. Allen wrote down Item I under **General** as **\$ Amounts** with sub-points **a) H₂O** and **b) Sewer**. Busby said obviously water and sewer but asked if there are other topics that we might address. Saelens asked Busby if he was saying what Tokos suggested just in a different way of expressing that. Busby said that would be a method of getting there. McConnell thought that you have to put stormwater as point c. Allen thought that was separate. McConnell said it's in the water bill. So Allen added sub-point **c) stormwater**. McConnell said that stormwater is a big issue. Jebousek said that infrastructure fee is on the bill also. Allen wrote down sub-point **d) other**. Allen asked if we want to have an estimate of what the dollar amount would be. Busby noted that for the first two we have been talking about \$1.5 million each. Tokos wondered if the Task Force wants to recommend that as an appropriate figure; or just pass on that that was the figure that was discussed. Allen said it will have to be ballpark. Tokos said the recommendation will be about how the City should go about funding. Allen said, but we are using that as an estimated thing to work off of. Allen put **\$1.5 million** next to sub-point **a) and b)**. McConnell said it's more basic than that because if you were to roll back to what the water rates were two or three years ago when we started down this pathway, you could say "we're not going to spend any money on projects and we're not going to improve our infrastructure; we're just going to be status quo and put out fires when they occur like we have for the last fifteen years." He said that's another alternative that could be on the table. He feels our infrastructure committee should make a recommendation that the City find these extra revenue dollars in order to start down the pathway to take care of these infrastructure needs. He said that was the decision we made a couple of years ago when we went down the pathway of the rate increases. He said that's still kind of the first decision that has to be made; do we still have the collective will to make the decision to generate and collect the monies on these projects. Saelens said, and a way to do that is a, b, or c. That's why he likes Tokos' approach. Allen said for **General** he is saying **decision – yes or no** for whether we want to do this or not. McConnell thought the general consensus of the committee was to generate the extra dollars. Allen said he was just laying out the general framework. He circled **yes** for now.

Jebousek said that she thought there is a general acceptance of what the Public Works Director has presented, and that's not even being examined. McConnell said people aren't arguing with that. Allen said we need to confirm it. It's not whether we're agreeing or disagreeing with it; it's basically setting our framework for our recommendation which is part of the documentation. So whether Gross has said this for the past two years or not, it needs to be part of the record like a land use decision or anything else. We need to set the framework from this point so everyone who is not involved from day one can understand what we have been doing over time because people might not be reading about this until it comes before the Council for the first time next year, and they are going to want to have some historical background so they can make sense of what we are doing. That is why we are doing it. Jebousek said for a public education opportunity, she would like Gross to justify the breakdown and justify what he is doing. Allen said Gross will do that at the Council level or maybe at this next meeting; but right now that justification from Staff level will be happening more when we get into the nuts and bolts at the Council level over the course of the year or beyond, including the budget process. Right now Allen thinks we just need to use this as a baseline. He said we're using the \$1.5 million figure as kind of a placeholder (for lack of a better word) to work off of. Jebousek said that what she is suggesting is that the Task Force recommends that that happen. Allen said right now we are just kind of putting this on paper. The recommendation that comes out of this group won't happen until the next meeting; this is starting to get this into form.

McConnell said there needs to be a dollar figure attached to stormwater. Allen said that's what he was going to say and asked Tokos what his best guess was or if we should wait for Gross. Tokos said to put a question mark there. McConnell said what's happening now is stormwater dollars are mixed in. Tokos said the other aspect of this is that's the one area where we do not have the facilities plan in place where we can get a decent handle on what our needs are. He said we do for water and even for sewer, although it is not as good; but we have very little information in terms of the condition of our stormwater system. McConnell said that we did establish a stormwater fee on a monthly basis he thought a year ago. He said this is generating a dollar amount, so is that the dollar amount we are going to use; in other words we are going to say we are not going to add extra dollars to that. Looking back at the flipchart, Allen said we have "water," "wastewater," "stormwater." He said the "other" cannot only be the other infrastructure projects like streets and others we have talked about, but the question is what do we want to list for now under "other?" He said "streets" obviously. Allen listed under **other number 1) streets**. McConnell thought that you have to put "city facilities." Jebousek said that it says "infrastructure fee" right on the bill. Allen said that he just wants to start getting the list together. McConnell repeated "city facilities," which would include any buildings. Allen added under **other number 2) city facilities**. Smith said rolling stock; but Allen and McConnell thought that was getting more into the departmental level and not part of this group's scope. Allen said the "other" is the infrastructure fee Jebousek is talking about. Jebousek said that should be d) before "other" because it's on the bill right now. McConnell clarified for her that the infrastructure fee is going toward capital improvement projects, which are items a) and b). Allen said, no it's going

toward d). He said according to the minutes and Gross' explanation, the infrastructure fee is going towards those capital projects other than water and wastewater; it's streets and things like that. Allen put in parentheses behind d) **other (infrastructure fee on bill)** to show that is what is being talked about there. Busby asked for clarification because he believed that it was intended for stormwater initially. Allen said no. He said the "other" is referencing the infrastructure fee on the bill. Tokos said it's flexible. If we have a particular need on stormwater or streets, it gets funneled that way. McConnell said it's going toward repairs; it's not going toward preventative or every day wear-and-tear or expansion. Allen said he didn't know; that's something we need to get clarification on from Gross, what's going toward normal wear-and-tear. Allen went back to a list that the group generated at the very first meeting as what we thought was infrastructure and read: "water projects, wastewater projects, stormwater, streets, roads, sidewalks, Airport facilities, city buildings, parks, rights-of-way, and raw water." Allen asked if there was anything else. He thought that "city facilities" was pretty generic. He put an explanation in parentheses behind 2) **city facilities (e.g. buildings, parks)**. McConnell said he didn't know if you can justify using utility rates. He said those things aren't getting paid out of utility rates right now. Busby said if we went for a GO bond, it wouldn't matter; if you went for a revenue bond you would have a problem. Allen went back to d) **other 1) streets** and added **/rights-of-way**. He said that pretty much covers what we had in our first list of infrastructure back in our very first meeting back in July. Allen summarized that our general decision is to fund over and above just strictly inflation cost-of-living adjustment. That's the first decision. If we do that, here are the amounts we are talking about. We probably can get some clarification on amounts from Gross. For clarification, Tokos asked if Allen was talking about a decision to fund capital improvements; and Allen confirmed that. Allen put (**Gross**) for dollar amount on other and stormwater. He said Gross will cover our dollar amount next meeting. McConnell thought there should be a letter e) next to "city facilities." He said those aren't the same dollars there; those are General Fund dollars. He said maybe it should even be a Roman numeral II instead of e) for "city facilities" because it's a whole separate deal because it's a whole different funding mechanism. It's not related to utility rates at all. Allen said that's probably a fair point and changed 2) **city facilities** to **II. city facilities**. (*Gazewood joined the meeting at this point.*) McConnell said, and we don't really know a dollar figure of what's needed. We know there's not enough money being spent right now. Tokos said there really is no dedicated funding source; he thinks that was part of our issue. Smith said there's a small repair budget that's gone. Allen said in fact he thinks something we discussed at the first meeting is whether we even want to do Roman numeral number II or not. McConnell thought it would be interesting to have a dollar figure for Roman numeral number II for the Council to understand that these are extra dollars that are not in the budget right now and if they really want to address the long-term issues that are pending. Allen asked if Tokos and Gross couldn't put together with our larger city-owned facilities maybe some ongoing repair and maintenance costs like he did with the Visual Arts Center. Allen said the PAC probably has an associated cost, and the Airport facilities. Tokos said he will talk to Gross to see. He said it's probably going to be a little rough because he didn't know if all the facilities have been fully evaluated. Allen said that a ballpark figure for all the city-owned facilities (the Airport, the Recreation Center, VAC, and PAC) would be good. Under **II. City facilities** Allen put **estimated cost of repair/wear-and-tear, etc. (Gross & Tokos)**. McConnell said if you think of the huge amount of projects Gross has on his list and reduce that to a million and a half for water and for wastewater; it can't be that much that will be spent for buildings and parks and things. Tokos said you'll notice most of the stuff we do on buildings, the Senior Center remodel for example, was a community block grant; ditto for the Airport. Allen said that he thinks we have already further explained in detail at our previous meetings what that means so when we actually have a recommendation, we can expand on that in more detail; it is buried in the minutes from some prior meeting so he's not going to worry about it right now. He said we've pretty much articulated that already at a previous meeting.

Allen said if we are setting a framework for how we are recommending this to the Council, this is kind of our starting point. He asked now what's our next concept. McConnell said how to come up with those extra dollars. Busby said, the means of obtaining the money. Allen wrote on the second flipchart page, **Funding Options**. Springsteen said along with that you need a timeline because funding options are going to be limited by the amount of time you have. Allen suggested looking at the list that was created on November 7th and printed on the backside was Tokos' five bullet point handout. Allen's question was toward that general framework how to split that up; near-term versus long-term, or another way? Busby said methodology; you would have "borrow" and then under that a subset; then "bonds" with a subset under that. Allen noted that at the last meeting Busby actually came up with probably a good synopsis of five ways to go about doing this. Reading from the minutes, Allen said that at the last meeting, Busby encapsulated these five ways: one was borrow it, which would be bonds and loans; next was grants, which is money gifted to us; rate increases; then he had transfers, which Allen said is more budgetary; but Busby said we are talking about infrastructure and we can take money away from operations; Allen said last was efficiencies, and Busby said those both go together so Allen said let's just put those together. Busby said the last one he had mentioned was de-scope. Allen wondered if everyone could agree that those are the four general categories; and everyone was in agreement. McConnell said that he would put down the current pathway that we started a couple of years ago, which is pay as you go. Going off that list, Allen listed under **Funding Options** number 1) **rate increases - pay as you go**. Gazewood said pay as you go, rate increases of 50% every year. Allen said we are also going to be using the rate increases for debt servicing. Gazewood said that pay as you go is not a good option. Allen said but it's an option we can say we don't like. We are just listing options that we give either a thumbs up or a thumbs down on. Busby said with these options, you can do 10% of that one, 50% of the next one, and 10% of another; it doesn't have to be all one. McConnell said that pay as you go can be reduced by all kinds of factors along the way. Allen put number 2) **borrow - general obligation bonds, revenue bonds, and loans**. He noted that he is not putting urban renewal because that's a whole different category as Tokos had mentioned last meeting even though it does have a bond aspect to it. Allen added that obviously rate increases would be influenced by the revenue bonds and the loans.

Tokos wondered if annexation does fit though because you are increasing your tax base. Allen asked as another option? Tokos said as another funding option; but he was just throwing that out because he's not sure if it would fit or not. Allen continued with the flipchart list with 3) **grants, etc.** and then 4) **budget transfers/efficiencies**. McConnell wondered if then it didn't go back to the prioritizing. Busby said it's still a funding source it's just coming from a different source. Springsteen said from someone else's budget; not yours. Busby noted that we are talking about capital improvement projects and we can take it away from the operations side even though you may not agree with that. Tokos said he was thinking a fifth category that actually does encapsulate annexation, and urban renewal to a degree, and throw in investments in economic development; which are all options that have been kicked around, and that's increasing the tax base so you have more revenue. Allen went to write down urban renewal and annexation as number 5). McConnell said Allen could just say increase tax base. Allen said that urban renewal doesn't really increase your tax base; it's reallocating. Tokos said it's reinvesting to grow your tax base; that's what urban renewal's all about. Allen said he could just put annexation/urban renewal, and we all know what we are talking about for now. Saelens said, or put increase tax base and put those as bullets. McConnell said it's economic growth; it's economic development. Springsteen said, but the City's the beneficiary of that and not a creator of that. Allen put down as number 5) **urban renewal** separately. He said because it's not really the same as urban renewal, he put as number 6) **annexation**. Tokos agreed that is different; that's pulling in additional land to increase your tax base. Allen said he is going to separate them.

Busby said the trouble is you have two kinds of things up there. You have numbers 1, 2, and 4 where you can put an absolute dollar amount; and the other ones, especially 5 and 6 are kind of fuzzy and vague where you can't define what you're getting out of them. McConnell said, but you better not ignore them. Busby agreed you shouldn't ignore them; but you should realize that 1, 2, and 4, and to some extent 3, you can put dollar amounts to. Smith said, but there is nothing we can do with 5 and 6 that is going to keep us from having to increase the rates. Allen said it might. If we create an urban renewal district and some of those funding options could be used from urban renewal that would take the load off what we would be doing otherwise. He noted that is why urban renewal has worked in South Beach; we got a lot of infrastructure projects through urban renewal that otherwise would have had to be worked out through our conventional loans and GO bonds. McConnell added that we generate a lot of grants that way too. Allen said the problem with urban renewal if we create the new district that we are looking at, it's years in the future. He asked Tokos what his timeframe is on that; and Tokos said we haven't even set that. Allen said, but isn't it correct that it's beyond the near-term. Tokos said it's going to be in your mid- to long-term range. Allen said he would put **long-term** for both 6) **annexation** and 5) **urban renewal**. Tokos said that was fair. Smith agreed they're not going to fix things for next year. Tokos noted that one of the pieces you had actually in the economic development strategy that was adopted in 2012 too was the concept on infrastructure of trying to reserve some of our funds, say the infrastructure fee here for example, a pool of funds that we could strategically use to facilitate economic development. So that if we have someone who actually wants to locate in Newport, and there's an issue with the streets in that particular area and maybe that street was not priority otherwise, but because of that developer (that economic engine) there is that possibility there. We want to have that resource to be able to be a player. Tokos said it's a policy that's out there; it was adopted by the Council in 2012. He just wanted to make sure everyone was aware of it.

Jebousek said that this seemed like a good time for her to make a statement about the fact that what's driving her participation are the rates and the fact that there is not any discussion around low-income people. It's just not even acknowledged or factored in. Everybody's water bill has an infrastructure fee on it that's now being discussed for economic development, and she understands it matters and that it's important. But she finds that she is paying for people to land planes at the Airport, and for infrastructure that is twice as big as Newport needs for the people who live here because of the hotel/motel industry. It troubles her that there's no accommodation for people who can't pay and don't participate in those things but are still being charged for all that stuff. She said when she looked at the bills, this piece that Patrick-Joling has created here she thinks is something that is really important to be discussed. Jebousek said that she went on the internet today and spent a bunch of time trying to figure out what other towns are doing. She said that Eugene has an elevation charge that they charge on their water bill for pumping people's water and sewage; it's \$0.22 per thousand gallons for 800-850 feet, \$0.44 for 975 feet, and from 1150-1325 feet it's \$0.65. She said that the low-income people are not living in the upper, ocean-view lots; but we are all paying for all of these fees no matter where. Saelens said that he was thinking as we were talking, under the option where you would go with more of a tax base piece, what was running through his mind was for somebody that lives in a \$300-400 thousand home if it's a percentage rate like everything else in taxes they will be paying more towards capital investment than somebody who lives in a \$100 thousand home. He said if that were one of the routes that we took, that does act as a mechanism. Then he found himself asking himself as a citizen is he willing to do that. He said yes, because he lives in not an expensive home but probably more so than somebody else, so maybe he ought to be willing to pay a little bit more for the good of everybody that lives here. In his mind that's one way to equalize that for people who can't afford the water rates in the monthly bill. They are getting subsidized by people who make more, live in a fancier house, and therefore get taxed more. He thinks that one particular mechanism does address that. Jebousek continued that Albany has a low-income subsidy fund, and they have lower rates for senior or disabled citizens. They run it through CSC so if you qualify for energy assistance, you have a lower rate on your water bill every month. La Grande has a low-income rate. Portland has a program.

Allen said he is trying to keep this at this level, so what we can do for funding options (because he really wants to move on and not just focus on this one detail) is put down for number 7) opportunities for assistance perhaps for Council and Staff consideration. Tokos said he didn't know if it's a funding option or more as a separate recommendation regarding looking at

adjustments to the rate structure. Allen said really what we are talking about here is one of the outcomes of these funding options and the reason why we put this Task Force together if you look at the very top “whereas” clause was to try to come up with alternative funding options with the outcome of reducing the water and sewer rates, which were having an impact on the citizens. So ultimately these funding options are not here in a vacuum; there is a context for it. The context is how can we reduce the water and sewer rates and more equitably distribute the funding of these infrastructure projects so it impacts people differently who have different situations. He thought that was what Jebousek was speaking to. He said for the most part that is why we are even doing this. Allen said that he’s not saying it’s a funding option; but perhaps it’s an outcome we are actually looking for with these funding options. Tokos said most definitely, but all he was pointing out was that he didn’t know if it was a funding option. Allen said that he didn’t mean to put it as a funding option, but he wanted to at least acknowledge that it is something that we are trying to achieve through these funding options. McConnell said except that what Allen has up there is really more of a global budgetary look; it’s not looking at the water rates and water funds as they are. Allen said right now it is; but we will go into more detail.

Gazewood said there is another funding option that has been kicked around by various people but hasn’t been said here yet, and that’s a food and beverage tax like the city of Ashland has; which they use that tax to fund water and sewer projects. Smith said it’s “restaurant” and beverage; not food. It was noted that is on a local level. Gazewood said that the voters have to weigh in on that. He said that would be one that is directly related to taking it from tourism; tourists can offset the cost of infrastructure that they are using. Tokos said basically a new tax. Allen asked if we want to put that down. McConnell thought that should be number 7. Smith said it’s not subject to the State’s 54/46 split either. Allen said no, it’s not a room tax. Under **funding options**, Allen listed number 7) **new tax**. Saelens said the other thing is we don’t currently have a fund that would go very far in the ability for what we call SOS funds to help people with their bills. But if we are to devise a system that gives us more in the black, we might very well be able to start developing such a fund so we would be able to do that in the future. Busby asked about the legality of a sales tax at the local level. McConnell said that Yachats has a food and beverage tax. Allen said he would use Yachats and Ashland as examples because those are the two communities that he is aware of that have that tax and wrote down (e.g. **Ashland, Yachats**) following 7) **new tax**. Busby asked if you could do it on things besides food and beverages. Smith said we are doing it on gas right now. Saelens said that he realized that Gazewood just put this on the table, but that particular mechanism hits directly at what Jebousek was talking about earlier. He said that he has to admit as a Council member who understands how vital tourism is to Newport, he also finds himself wondering sometimes as a citizen about the same thing that everyone else wonders and that’s why we pay so darn much money. He thought he gave the example at one of the meetings that he has traveled around the country so much lately, and often the hotels are charging for an additional water and sewer fee that is getting passed on because the city is charging the hotels. Allen noted that at the very top for **funding options** he added **/equitable distribution among citizens**, which kind of covers what we are trying to resolve. Jebousek said that Albany has a \$0.50 charge every month on their water bill to fund their low-income and senior/disabled water bill break. McConnell noted that we do have an SOS fund that’s not very big. He asked Gazewood if he knew if anybody was using the SOS fund for their bill right now; but Gazewood wasn’t familiar with that program. Jebousek said it’s \$200 or something; it’s ridiculous. Allen added an asterisked point to the list: * (1) **senior/disabled/low-income assistance**. Saelens wondered if that went back to our page 1(general goals). Allen said we are not making a decision here; he is just noting it so we can think about it. He is just marking it here and we can discuss it and decide how we want to deal with it as a recommendation if necessary. McConnell said it would just be more of a general study of the utility rates. Allen said it might just be something that we say, “Council and Staff this might be something you want to look into to see if we need to do more than we are right now. The SOS apparently isn’t doing enough, and we may want to do more.” It could be as simple as that. Jebousek added that Albany just uses CSC and when they do energy assistance then they’re qualified. Allen said it’s noted here; and he thinks it really ties it to why we even did this Task Force to begin with, which was to try to research the utility rates and more equitably distribute stuff. So, it does tie in.

McConnell said another thing, if Allen wants to put it next to the asterisk also, is the way our water is charged right now there is not incentive for large users to conserve water. Allen said that he thought Gross had changed that structure. McConnell thought we were still where the more water you use, the less you pay for it. Tokos said that he and Gross had a recent conversation and he thinks there is a general sense that there needs to be some changes to address increases to large users. McConnell said they get huge breaks for the amount of water they use; they aren’t paying the same rate we are. Tokos said the conversation they had was in the context of this structured phase-in of these larger rate increases and how it’s a particular burden on them given the volumes that they use. They are paying big chunks of change every time these 10-15% increases go in. McConnell said but our water rates he thought still favor the large water users; they don’t promote any kind of conservation. He said that’s another place where there’s money to be found; in active water conservation. If you cut the amount of water you are having to make, you save a lot of money and your rates don’t have to go up. Right now we are generating a lot of water that is getting lost that no one’s paying for. Saelens asked if that happens at the residential level; the more you use, the less you pay. McConnell said that happens everywhere. Saelens said that means that’s another really good thing to look at because if he were wealthy enough to be running three hot tubs and he’s using all the water he wants and pays less and less for it; it’s a perfectly valid option in terms of equity. Springsteen asked if those rates aren’t upside down. Saelens said using the example he just gave, if you say in the future we’re going to actually reverse that so it’s going to cost you more; sure he can go ahead and make the decision to make that payment. Allen said that at Council level when McConnell was Mayor we actually said we wanted that to be looked at and changed; so that’s not anything new. Saelens said maybe we need

to highlight that. Allen said that he thought it already was, but maybe it needs to be more seriously. McConnell said part of the cost of running the water system, and it also relates to sewer, is that if you promote and generate water conservation, you have less water to treat too. McConnell said the problem is it's a revenue thing; so if you are selling less water, you are getting less money in. Tokos said there is recognition we need to do more on this front, and it also comes into stormwater. We have some new stormwater rules coming down the pike in terms of what can be discharged into treatment and all that. It's going to need to be dealt with. Allen put down under * number (2) **conservation/don't charge less for more use**. McConnell said if you got everybody to cut their water usage in half right now, it would just wreak havoc on the City budget. Allen noted that Gazewood's handouts from last meeting are really referenced to how we would structure our rate increases with borrowing. So following *(2) Allen referenced (*Gazewood's handouts*) so we know what we are talking about. Saelens said that nobody wants to put their name by number 1). McConnell said he already did; he voted for it. Busby said it's still in there at a certain percentage. McConnell said the decision at that point was that it was too expensive to borrow money. Busby said rate adjustment could mean lowering as well as raising. Jebousek noted that we were going to have a discussion this time about what Gazewood's handout would mean in terms of specific rates. Allen said actually we gave Gazewood until our final meeting on the 19th to do that. Gazewood's crunched for time on a lot of other stuff right now and Allen wanted to make sure he had the adequate time to do it. Allen said that there's no reason we need it today; and in fact it's probably better for the 19th since Patrick-Joling and Gross are not here. He would rather do stuff like that when we have a full group here. Allen said that Gazewood is working on it. He noted that if you look at the minutes, we actually said in the minutes that we gave Gazewood and Staff until the 19th. They were pressed for time on other things that they had to get done more immediately, like the pool bond measure and a few other things that have been taking up a lot of his time. Allen said that will be on the 19th. Jebousek said two meetings ago, we talked about also figuring out what it would look like reducing water rates. Allen said if you look at the minutes, we gave Staff the option of either today or the 19th; but given the other issues that are going on he is probably seeing that as the 19th, which is more than appropriate because that is what we decided last time as a group. Gazewood wanted to clarify that last statement about decreasing rates; he asked if there was an intent to actually show something like that. Allen said that in fact Gazewood and Busby had that discussion at the end of the meeting. Busby said that was an analysis. Allen said what we intended to show here was using your handout with different adjustments of these increases. On someone's bill what would that look like if we only had a 3%. Allen said what Gazewood was going to show was how the increases would factor in and that have currently been put in place based on the past years. Allen said Gazewood was going to put in how it would look with his new rates, and then he was going to try to accommodate Busby and have another one that actually showed if we were going with \$2.7 million. That was to show if we actually were able to use efficiencies at a 10% level, how that would factor out. You said that would be easy; rather than plugging in \$300 million, you plug in \$2.7 million. What we are trying to do is show how all these decisions are going to show on someone's utility bill. Allen noted that Gazewood said he probably would have enough time by the 19th to come with some examples for us to look at.

Tokos said if we are getting at the issue that Busby brought up, which was getting rid of the fee-in-lieu-of, you may want to frame this more as a recommendation to the Council to direct Staff to bring forward a policy package at the budgeting process that does that. Allen said he thought that's what we talked about. Tokos said that's going to require the City Manager in consultation with the different departments to figure out how to deal with now a \$300 thousand shortfall in the General Fund and bring that forward so that policymakers can decide whether they want to do that or not. Allen said there are two separate issues going on. At the last meeting that is what we said; we're not getting into details. But we also said, and Busby wanted to see, regardless of whether it's a policy choice or not, what is it going to look like. So we just wanted to see what it's going to look like as far as a hard number; regardless of the policy choice. It really wasn't whether we're making a decision; but we just wanted to see what it would look like. Allen noted that Gazewood said that would be fine, he could make it happen really quickly. Again, Allen said what he is asking Gazewood to do is not that we are going to make a recommendation for that; we may or may not. But, we'll see what it looks like in hard numbers. Smith said you can see what it looks like in hard numbers as far as the water rates, but then you need to look at what it looks like in various departments to deal with a \$300 thousand loss. Smith said we're not just talking about water rates when talking about the General Fund things. Allen said our recommendation can only be that we recommend taking a look at it; that can be the extent of our recommendation, which is probably an appropriate recommendation. Smith said that he didn't disagree, he was just saying there are two things to look at when you make that recommendation; this is how it will affect water rates versus departments. Allen said that is why he said this Task Force isn't able to do that because that gets into budgetary issues; and we are not the budget committee. Allen said we are rehashing stuff we did last meeting; which was we're not going to get into details. If anything, our recommendation on budget efficiencies will be just that; "we recommend that the Council and Staff look at ways if possible to make the budget more efficient," which might perhaps reduce the amount we are spending on certain things and then can be put into infrastructure. Then we can have the Staff with our new City Manager look at that and either come back to the Council and say we can make it happen or we can't. But he thinks our recommendation could be to look into it. He doesn't think there is anything wrong with that and asked Smith if he did. Smith said no, he just wanted to note that a \$300 thousand push from the General Fund into the water fund may look great, but all he is saying is we can't forget what other effect we are going to have.

McConnell said he didn't know if it was possible, but told Gazewood that there's another water rate that needs to be considered if you were to go to a property-tax-funded program with general obligation bonds. What would the water rate need to be in order to do what it is supposed to do each year? He thinks it would be less than the water rate we have right now but more than the rate two years ago when we started down the path of increases. He thinks that would be an interesting figure to come up

with. Gazewood said off the top of his head he would say if you substituted property-tax-funded bonds for revenue bonds that would effectively take away any increases in those funds. Probably the existing rate structure could support that. He said that one of the factors that is involved here is how much other ongoing construction costs would be involved in those funds just for maintenance and repair type stuff. He said that's an unknown that could be really expensive if there wasn't some attention directed toward that in the overall construction bond issue.

Allen said for general obligation bonds he thinks we are going to have to have some caveats in our recommendation, which will be we have the \$10 million limit per year that includes urban renewal bonding from what Gazewood said, and how often do we want to take something out to the voters, which is obviously more of a political choice. Allen said the other thing we want to think about with general obligation bonds is we might want to have a recommendation for a GO bond reserve for certain things like the water and wastewater treatment plants. Do we want to have a recommendation that GO bonds can also perhaps encompass not only just discrete buildings or facilities but the distribution lines? He said that's another discussion; what do we want to take out to the voters? He asked if that is something to let the Council think about; or do we want to have a recommendation that if we use GO bonds that should be reserved for things that really are very discrete. Allen asked Gazewood for his take on that. Gazewood said he thought you would have to do a combination of revenue bonds and GO bonds just because of a couple of factors on the amount of debt you can take at any given time that you have to have obligated 85% of the bond proceeds within a three-year period. You have to commit in the first six months 5% of the issue, which is an easier thing to do. The big thing is the 85% factor. If you did something like a \$10 million thing and it's for water and sewer infrastructure that would be kind of difficult to spend \$10 million in three years as compared to building a structure that you could do in three years. Tokos thought Allen's idea of reserving that for discrete projects makes a ton of sense. Again, it also gives the public a reasonable chance to get their heads around what the issue is. Gazewood said or you could do a revenue bond for three years then you could go see if the voters would approve a property tax amount for three years and then go back to the revenue bond. That would impact keeping the rates down too.

Jebousek noted that on Patrick-Joling's handout, it talks about that Lincoln City does SDC charges to pay for financing. She asked what that is. Allen said that Patrick-Joling was unable to be here today, but she will probably be able to explain in better detail. Tokos explained that is system development charges. Allen said Patrick-Joling will be back at next meeting and can explain. Gazewood said that Lincoln City uses SDCs and water reimbursement to finance their infrastructure. Jebousek asked what system development charges are. Gazewood said they have a combination in their SDC charges that is a reimbursement portion, which means then they can use those SDC monies for existing water lines. Jebousek asked, so what is an SDC charge. Tokos explained they are fees we charge to new development. Statutorily we can only use those funds for growth-related improvements. Gazewood said you have to have a two-structured SDC fee; one would be to renew existing structures and then there's a portion of the fee that is strictly related to growth additions to that. Jebousek said that before Allen tore off the last sheet from the flipchart, she really wanted the Task Force to think about an elevation charge. She thinks that's a serious proposal. Eugene is using it. When our Public Works Director was talking about infrastructure charges, he said no they don't have pumping stations and all the problems we have in Newport in all these other places; and in fact they do and they are doing elevation charges for that. She thinks that is serious and is a revenue-generating fee. Busby said that he thought that would be a nightmare to implement. Allen said he didn't want to get into that discussion right now; but it's noted. Allen said he would take a look at Patrick-Joling's handout. Jebousek said that's not part of Patrick-Joling's handout, it would be under rate increases, number 1. McConnell said or as an asterisk at the bottom. Allen said he would add something to it.

Allen wrote on the next page of the flipchart, **other issues** and said right now he wanted to finish up with a few things; the other issues because we do have some other issues. He said that we started with the general framework, we have the funding options; but there are some other things if you look at the handout from November 7th and Tokos' five bullet points, there are a lot of other things that he thinks we want to recommend that have to do with long-term planning. Allen asked if everyone was comfortable with that handout he had put together summarizing our meeting on the 7th and Tokos' bullet points as part of our recommendation package. He noted that that really is dealing with a lot of extraneous other issues separate from what we just talked about for the past hour and a half. He said it has to do with prioritizing, getting information out to the public; a lot of things that he thinks are not directly related to rate increases but they are part of the overall package we are trying to put together. That's what he means by other issues; things that we can recommend that are related to core issues but not necessarily part of the core issues. McConnell said to just give them this list. Saelens said that he liked this before and still does. McConnell said they are other things that need to be occurring at the same time that are more global but need to be done to really make a change. Saelens asked if the reason all of the bullets got listed under long-term was because they are going to take longer. Allen said we incorporated that as our long-term plan. He said, so we're all comfortable with Tokos' five bullet points being our long-term plan. And for the near term, he thinks a lot of those things weren't things we just talked about but he thinks there are a lot of important issues we want to recommend here; like review the reserve policy. He thinks these are just things we want to recommend generally. McConnell thought if you are going to have any kind of impact on the budget in the next couple of years you are going to need to consider developing level of service standards; sooner rather than later. Saelens said he was just going to ask that same question. Allen said we have that under near-term. McConnell said not really. Allen said to look at his list, it says "evaluate funding for current levels of service." McConnell said that's not the same thing as developing level of service standards. Under **other issues** Allen wrote down number 1) **develop level of service standards**. McConnell said something that says this is the minimum level that the City is going to provide. Allen said what he wanted to

do was look at this two-page handout and add to it at next meeting. McConnell said Allen could just add that to near-term (0-5 years). Following number 1) Allen put (0-5 years). McConnell said you can't do it really fast, but it's something to be considered. Allen said he better mark down Jebousek's point and added number 2) **elevation charge**. Allen said he is putting this down as something else for us to think about. McConnell said that's going to be part of rate structure issue. Saelens said that he clearly understand that the more wealthy people have ocean view and you pump water up, but we also have a situation where we have people that are below grade that have to pump their sewage up. He asked if we are talking about that being part of it too. Busby noted that as he had said before, it would be a nightmare to implement. Allen said he was just putting question marks behind **elevation charge** ?? Jebousek replied to Saelens that it's just an elevation charge. Saelens said, and the elevation would be upwards for water and not downwards for sewer. Allen said, again, this is just marking it down. Tokos said that Corvallis does something similar. Allen added following 2) (*Corvallis*) as a reference. Tokos said it's less capacity to pay; it's more based on rationale that it costs the city more to provide service to the higher elevations, therefore, they should pay a higher rate than those at a lower elevation. Allen said let's take a look at the Corvallis ordinance; he assumes it's an ordinance. Saelens said but we also have areas where we are required to pump sewage, and that costs more. Allen said his idea in this is we can take a further look at it to see if it makes sense, but at least let's acknowledge it as something; just like when we acknowledged the "new tax." He's not saying we are doing it, but it's something that's being done elsewhere in other communities. Tokos said that the steps you'd have to go through is that you have to evaluate what those actual costs are, study it, and then use that study as a baseline to support whatever rate changes you make. That's how you'd have to go about doing it if you even want to go down that path. Allen said that he thinks probably some of the recommendations we are going to be making are a lot firmer than others. Others will be "we have no real consensus on this other than to look at this further;" that would probably be the new tax and maybe the elevation charge. Allen said we can probably categorize our recommendations into being some that are more firm than others, which would then give the Council more opportunity to be the ones to make those policy choices. As Jebousek requested, Allen also added (*Eugene*) behind 2) as another reference. On the **other issues** flipchart page, Allen added (*see 11/7/13 handout along with Tokos' bullet points*).

McConnell said he thinks we also need to say on these recommendations some of these things that are on the long-term list may cost money. We need to put a dollar sign. Some staff can do if they have time. Other things are things that are going to cost money to do. He thinks one of the things that needs to be decided is how much money should you be spending on getting the information you need collected to make a better decision about how to spend. Even getting your loans for your big projects; and right now you don't even really know what big projects you really have. Some money has to be spent on that, which is where a lot of the utility rate increases have been going in the last couple of years; it's just getting Gross to a point where he can say we need to do these things.

Allen said that he is again going to put this information together into a handout and send it out to everyone. He will try to get it to where we have a nice one- or two-pager that we can work off of next meeting. Allen said the other thing he is probably going to do, maybe working with Staff, is go through all the materials we received over the past six months and try to compile what an appendices would look like for the Council and the public. Maybe at the next meeting we don't have to print stuff out, maybe we just have a list of what the appendices would look like referencing each of the documents that have been given to us as reference points. That's going to be the meeting where Allen thinks as a Task Force we decide what we want to hand off to the Council as far as written documentation. The actual recommendation itself, whether that's going to be in writing or verbal, as a group next meeting we can decide if we want to have a written report put together or if we want to just have a couple of people on the Task Force (maybe those who are Council members) give a written report and then invite the other Task Force members who are not Council members to weigh in with their own perspectives. We can talk about that. If we're not in full agreement on everything, what we may want to do is have a recommendation that has full consensus and then in those options that don't we have either a minority report or those folks that are strongly supportive of those things can directly speak to the Council at the meeting and give it to them that way. Saelens said he would put that back in the perspective Allen was talking about earlier, hopefully we can come up with several or quite a few and everyone agrees that should go into a written report. Then you could have "these are some other items discussed that we didn't come to consensus on;" and then that still leaves people on the committee and everybody or anybody else like Jebousek could make comments on those. Allen said it's the first meeting in January, and we're going to notice that meeting as a joint meeting of the Council and the Task Force because we are going to have a quorum of the Task Force members at that meeting, so if we do it as a joint meeting then when people are there we are okay from the public meeting standpoint. Saelens sees a problem if we don't at least have a written report on everything we all agree to. Allen said the written report could maybe be just a synopsis. Saelens said similar to what we are doing here. Allen said we can work that out logistically next meeting.

Tokos wondered if Staff took this and worked it into a series of recommendations and on the 19th actually could do it interactively where we just put the laptop down and all of the recommendations would be bulleted out and you just go through them and decide which ones you like or don't like and tackle it that way. Allen said we have two weeks, and if Staff would like to do that, it makes life easier for him rather than having to do something separately. He will gather all this stuff together and on behalf of the Task Force meet with Tokos, Gross, and Gazewood; and we can put something together and have an interactive PowerPoint. Tokos said and get it to the members in time so they have a chance to review it before the meeting, and then at the meeting interactively go through and try to hammer it out together. Allen said he will spend some additional time with Staff between now and the 19th. He asked the Task Force if that sounded like a good way to do it. He asked if

anyone else wanted to join him; we could have at least another person. McConnell said that he thinks what would be helpful for the Council too would be to have some sort of documentation that would be a list of five or six basic premises or decisions; things that the Council needs to decide up front (decision points or points for consideration). He said that there are a whole lot of big decisions that need to be shaped and formed first; and it will be the Council's will about which path to go on. Saelens said like that first page, we all pretty much agreed yes on all of that. Allen listed number 3) **decision points/points to consider for Council and Staff under other issues**. Allen said some of that will probably have to be taken out for public vetting and stakeholder input as well. He said that gets back to how we want to prioritize stuff; that's going to be a decision point that's going to have to have a fairly good public vetting. Tokos said that McConnell's point was a good one, that the fewer points that are made strongly have a better chance of going somewhere as opposed to a laundry list of things. Allen said like an executive summary at the very beginning. Tokos said "these are our key recommendations." Allen said we'll have an executive summary; these are the things we recommend; these are the things Council needs to further consider and then have more detail; and then have the appendices behind that. Busby said you might want to break it up into money-generating points and administrative points. Allen added under **other issues number 3) a) \$ issues and b) administrative issues**.

McConnell said it kind of goes back to some of the conversations we had early on, and that's in here too, about review of the reserve policy. We have a new City Manager and a new Finance Director. There are some basic beginning points that have to be decided before having any further discussions that are going to have an impact on how the budget gets put together. He doesn't know how that's going to be able to filter out. Allen said he will look at everything we have and maybe we can come up with some suggestions for the next meeting.

Smith said that Gazewood needs to weigh in on that. He said that Standard and Poor's had an issue with our ending fund balance and our beginning fund balance and our General Fund. He said if we take that fee-in-lieu-of out of the budget, Standard and Poor's is definitely going to react to that. Gazewood handed out an email about Standard and Poor's. He said he thought that was an issue that should go up on the list because in this email is an implied threat that if the City tampers with its General Fund too much and the balance goes below a point, they are going to downgrade the City's bonds. Allen added number 4) **S & P rating/General Fund**.

Allen noted that Gross is on vacation until December 11th, so maybe he, Tokos, and Gazewood can start before Gross gets back and then when he gets back fill in the blanks. Again, Allen asked if anyone else on the Task Force wanted to join him. Saelens said he would like to help, but didn't know if he would be available. Allen said he didn't mind doing it himself.

IV. Public Comment. Jebousek said that according to the stuff that Patrick-Joling provided and the things she has looked at, she thinks we have the highest rates. McConnell said he didn't know if this list was any kind of an accurate comparison. He said you don't know how much water is being used in each of those bills; you have all kinds of different fruits being compared to each other. Jebousek asked if McConnell had any evidence that we are not the highest rate; and he asked her if she had any evidence that we are. Jebousek said that this is public comment time and expressed her displeasure about constantly being interrupted during public comment. Jebousek continued that the research she did today shows Portland, La Grande, and Albany all have low-income programs that are not some SOS thing that somebody contributes \$5 or something to; they are consistent and helpful all the time. We don't have anything. She said when she looks at Patrick-Joling's chart, we are the only place listed as "increase in user rates" as the financing infrastructure mechanism. Albany's was very impressive because they use CSC, which provides service to our community, and they had a \$0.50 charge on everyone's water bill that funded their program. If you qualified for energy assistance, you automatically got the water assistance. So that looked to her like that was going to be a really easy thing for them to do in our community. She said she didn't know what extra administrative costs would be involved but she bets it's really minimal considering that's how they are funding their program, and they have the same agency that we do. Allen said we could take a look at a couple of those communities. It's a fair point. He said it could be a recommendation to Council and Staff to look into it if other cities have a template for it. Jebousek said that the only reason she is interested in the idea of looking at a reduction of the rates and how that would pencil out with all of the loans and the funding is just to try to figure out; we only look at increases, we don't look to see what would happen if the water rates were decreased and how we could deal with that. She said the idea of a 10% lopping off of everyone's budget makes absolutely no sense to her; she hasn't seen any rationale or justification for doing something like that. She said that she hears people talk about running Government like a business, and the fundamental paradigm for Government is that it does all of the things that business can't do; so you can't run Government like a business because it's doing all of the nonbusiness things that aren't being done by the business community. She said that just doesn't make any sense. So you can't just say "oh well, we'll just chop off 10% of everybody's budget and move forward" because you have to have some factual basis for making a decision to do something like that; and she hasn't seen anybody come up with anything remotely close to that. She said there hasn't been any discussion of why you would do that. Busby said that nobody recommended that either. Again, Jebousek stressed that this is her time to talk and the committee members are not supposed to be interrupting her now. Allen said to let Jebousek finish and we can always respond with comments or questions afterwards. Continuing, Jebousek said she has never seen an itemized or systematic explanation for why all of these increases are necessary. She said that she is impressed and grateful that we have a Public Works Director that recognizes problems and knows how to fix them; and we certainly are behind the curve on that level, and she knows that. She said that we have created funds of money knowing that we have

problems that are undefined. She would like to see a factual hookup between money that is collected and where it's going to be spent. She doesn't see that having taken place yet.

Allen said regarding Jebousek's last point, one of our recommendations from last meeting, which we noted, was to provide the information on the utility bills or otherwise to make that connection. He thinks that in reading through the minutes, there were at least two pages on that; so that's going to be a recommendation. He doesn't see anyone in the room or even at the last meeting not saying we don't need to do a better job of connecting how we are spending the money with projects versus what we are collecting. From what he understands, and he thinks we have the program, it's just a matter of preprinting stuff and then have the utility bill printed on that preprinted paper. He said it sounds like that's the way to go. We'll talk more about that. Allen said that he actually has some ideas on that that he didn't get into today for how we might do that; including a glossary, maybe a preprinted chart that could be for the entire fiscal year that generally talks about how we are spending the money that we are collecting; that way we are not changing things each month. A utility bill would then be printed on that preprinted form, which would make life easy for City Staff. That preprinted form on the back would have all of the information that would be relevant for the customers to be able to see what's going on.

Jebousek had one more point to make, and that was that our bills are becoming less and less detailed. She said the old bill used to talk about how she has her 1-inch meter; the new one doesn't talk about that. The water consumption is rounded to 1,000 gallon increments. There are no meter readings on here or anything. Allen said our recommendation he thinks to some extent will be how to provide more useful and relevant information, more detailed information, to the public on the utility bill given the constraints we have in actually printing out these utility bills; and that's going to obviously be a balancing act.

As an additional response to Jebousek, Saelens said we have heard from a lot of the public kind of along the lines of why does the City spend so much on "x, y, and z" and not on water and sewer. So the exercise of determining some level of overall reduction in the City budget (10%, 5%, or whatever it is), the way he was looking at it it's simply an exercise for us to be able to show if you were to remove some percentage from operations of all departments (if it's even there; we don't even know that) how much of a reduction might that make in terms of that money being able to go toward water and sewer. He said that was the reason for it. He said we've never really gotten to the point and, as Smith in particular was pointing out, if you decided to do that, you still have to recognize what all these impacts are going to be on all the other departments. He said it's really kind of more of an exercise of trying to understand budget efficiencies within the entire government operation that was driven by a lot of people saying "why are we funding the Library, Parks and Recreation, why are we doing anything other than water and sewer, streets, police, and fire department." That's what that exercise is for because there were a lot of people saying that sort of thing. They don't feel like they are getting enough information on why we spent money on those areas. McConnell said and you get the same number of people saying "why aren't you funding."

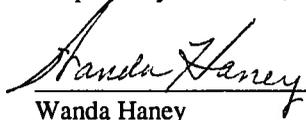
Under **other issues** Allen added number 5) **information to public on utility bill; a) glossary; and b) use of funds for projects.**

V. Additional Task Force Comments. McConnell asked that with this information Patrick-Joling collected, if she could sit down with Gross and go through it with him to see if there is any kind of comparative value in it. He said right now as you look at it you can't make any comparison at all other than just looking at what people's bills are, but it doesn't really mean anything. Allen said he would give Patrick-Joling a call and ask her if she can do that.

Allen said so between now and the 19th, he will be meeting with Staff; and they will be putting together a PowerPoint that could be interactive for the next meeting. We will get that posted and sent out to the Task Force given whatever time we have. Tokos said it's going to be tight, so maybe a couple of days before. McConnell asked, and we're going to have our new City Manager here, and Allen confirmed that. Allen said the materials that Gazewood and others handed out today will get posted on the website. Allen said in the meantime, we'll just start putting stuff together and expect something as Tokos said maybe a couple of days before the next meeting; which will probably be enough time for people to take a look at it. And then the minutes from today's meeting will be sent out separately.

VI. Adjournment. Having no further business to discuss, the meeting adjourned at 4:45 p.m. with Allen telling the Task Force that he would see them on December 19th.

Respectfully submitted,



Wanda Haney

Executive Assistant