

**Rate Review Committee**

**February 24, 2026**

**5:30pm**

**Newberg Public Safety Building 401 E. Third Street**

**Denise Bacon Community Room**

**Online: <https://us06web.zoom.us/j/89536547180>**

**Public Comment Registration:**

**[https://www.newbergoregon.gov/government/departments/public\\_comment\\_registration.php](https://www.newbergoregon.gov/government/departments/public_comment_registration.php)**

**1. CALL TO ORDER**

**2. ROLL CALL**

**3. PLEDGE OF ALLEGIANCE**

**4. PUBLIC COMMENTS**

**5. PUBLIC HEARING**

a. Rate Review Town Hall

**6. PUBLIC COMMENTS**

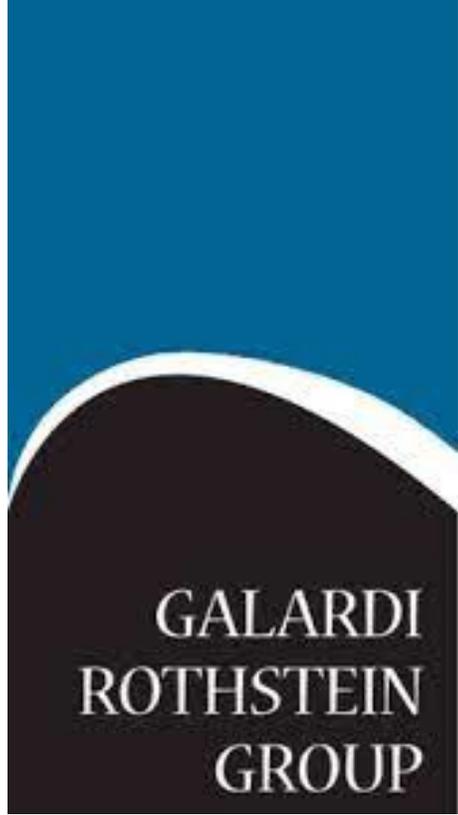
*(3 minutes maximum, which may be extended at the Chair's discretion, with an opportunity to speak for no more than 5 minutes per speaker allowed)*

**7. RATE REVIEW COMMITTEE RECOMMENDATIONS**

**8. NEXT CITY COUNCIL MEETING – MARCH 2<sup>ND</sup>**

**9. ADJOURNMENT**

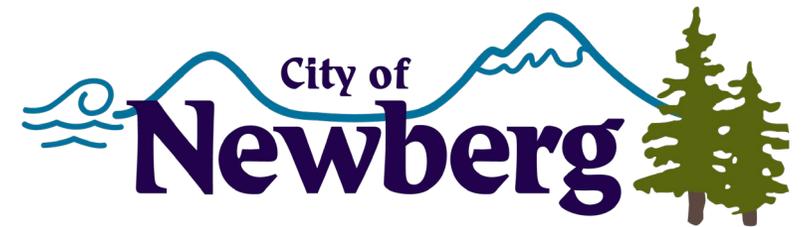
ADA Statement: Contact the City Recorder's Office for physical or language accommodation at least 2 business days before the meeting. Call (503) 537-1283 or email [cityrecorder@newbergoregon.gov](mailto:cityrecorder@newbergoregon.gov). For TTY services please dial 711.



# 2026 Rate Review

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- CRRC Town Hall Meeting: February 24, 2026



# RATE REVIEW PROCESS

## Infrastructure Systems:

1. Sewer (wastewater)
2. Water
3. Stormwater
4. Transportation



## Identify System Financial Needs

Capital improvements  
Debt service  
Operation & maintenance  
Contingencies & reserves



## Evaluate Revenue Sources

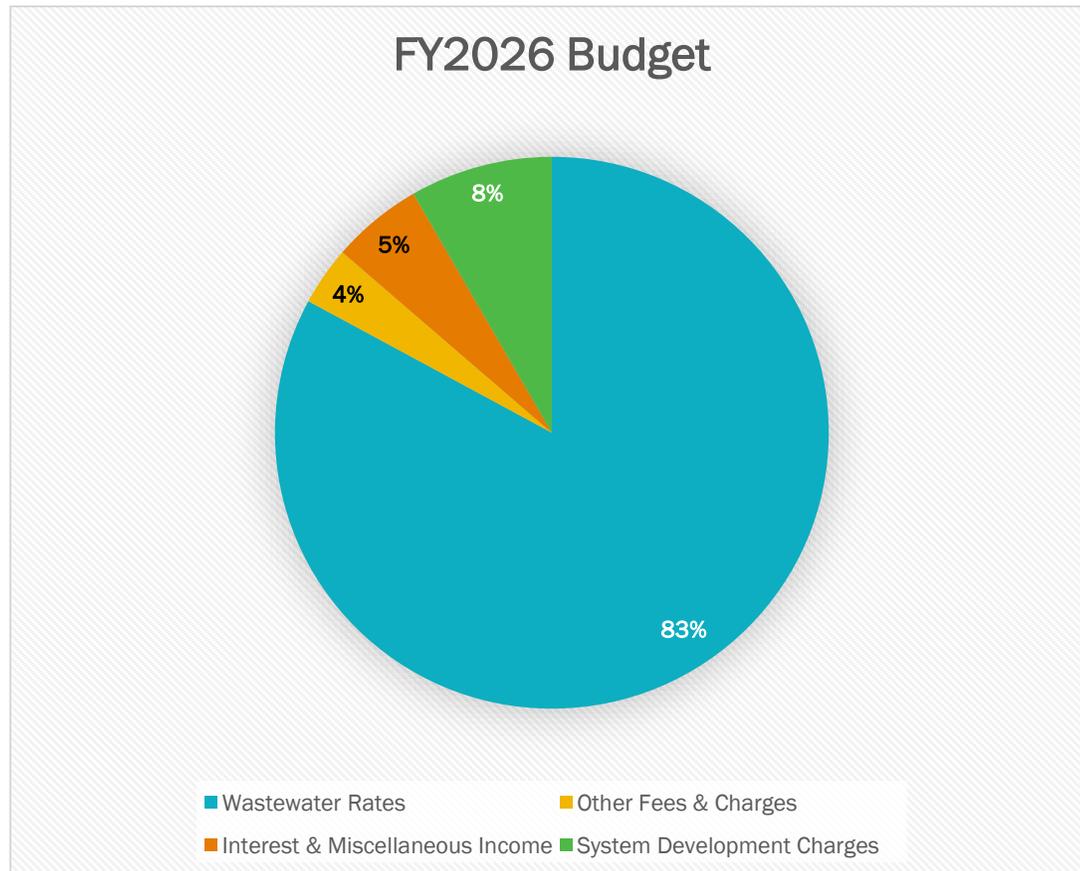
Revenue from rates  
Other fees and charges (e.g., system development charges)



## Rate Recommendations

Identify revenue increases by system  
Determine rate schedules

## Rates are primary ongoing funding source

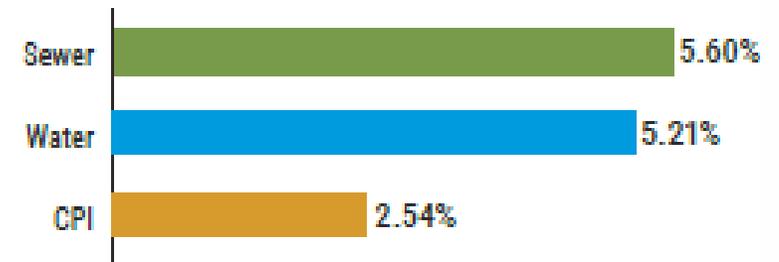


- System development charge revenues restricted to capital for growth
- Other fees & charges
  - Special service fees
  - Development review

# National Utility Rate Trends

- Recent National Survey Findings\*
  - Combined water and sewer bill increases averaged about 24% between 2019-2024
  - Projected cumulative sewer rate increases between 2024-2029 = 31%
- Increase Factors: Inflation, operational costs, capital investment needs

Compound average rate of change in surveyed typical bills (2001-2024).

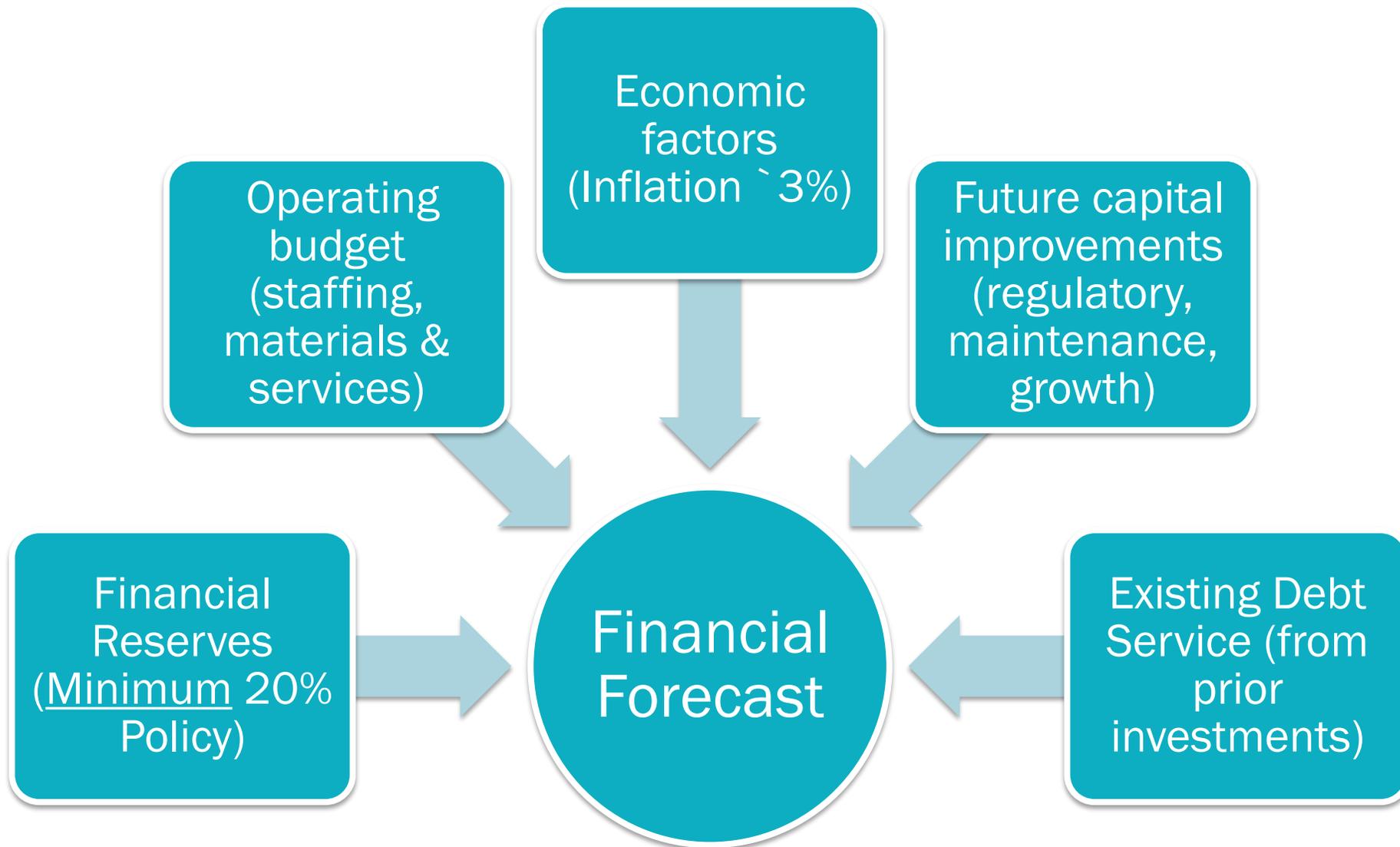


Source: Black & Veatch 2024 Rate Report

*"...the CPI index maybe too broad to accurately reflect the variety of costs that impact utilities"*

\*Sources: US Municipal Utility Water Rates Index 2024 (Bluefield Research); 2024 Cost of Clean Water Index (NACWA)

# Determining Financial Needs





## Sewer Funding Snapshot

Current rate revenue = approximately \$11 M

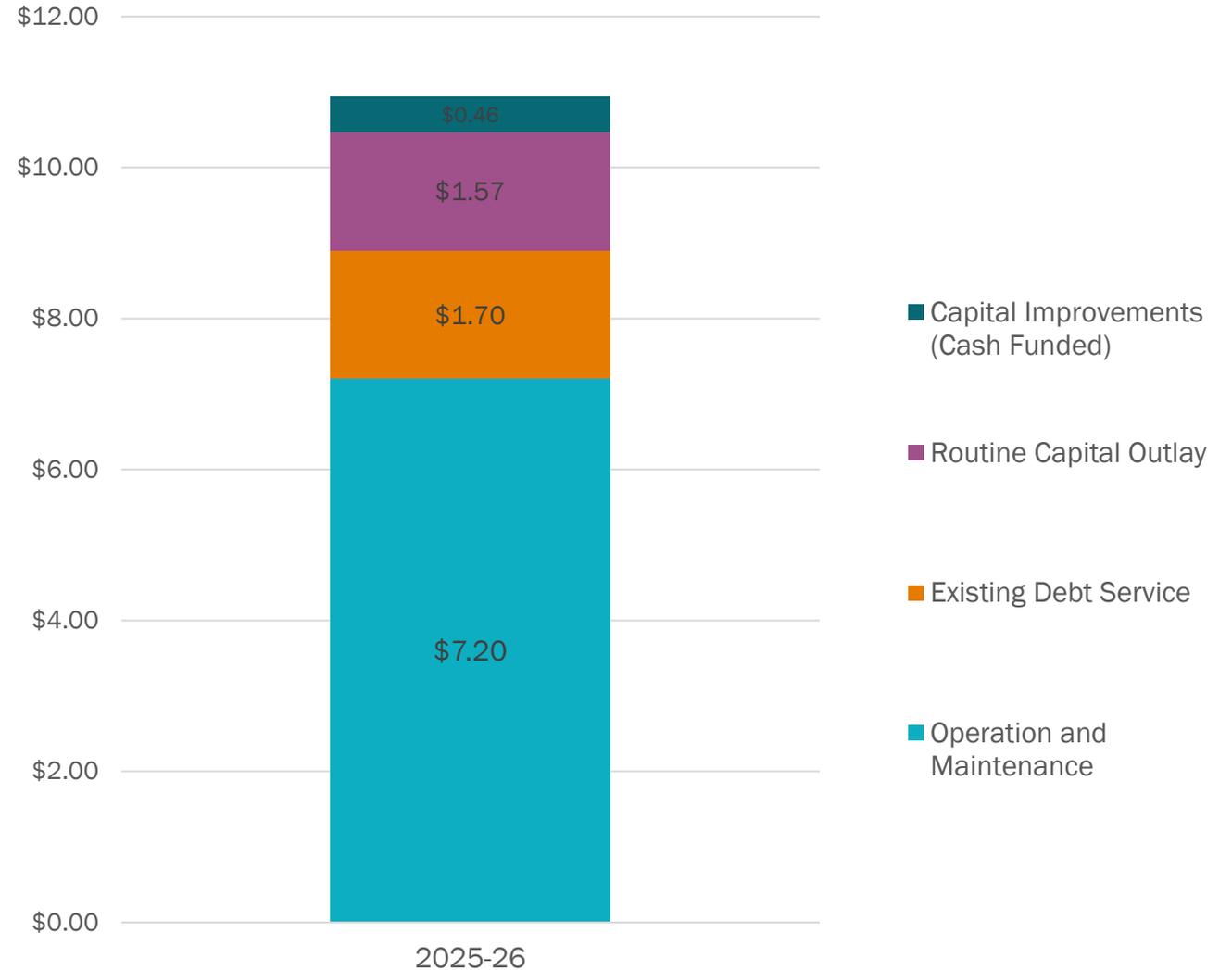
Near term (2-Year) rate plan addresses:

- General Inflation
- Support additional capital funding

Full funding of near term\* capital improvement plan (\$35 M) relies on:

- Use of existing cash reserves: \$14 M sewer fund, \$15 M system development charge fund
- 10-Year loan from water fund (\$6 M)

\*Fiscal year (FY) 2026 – FY 2028



# 5-Year Capital Plan (Expanded I/I)

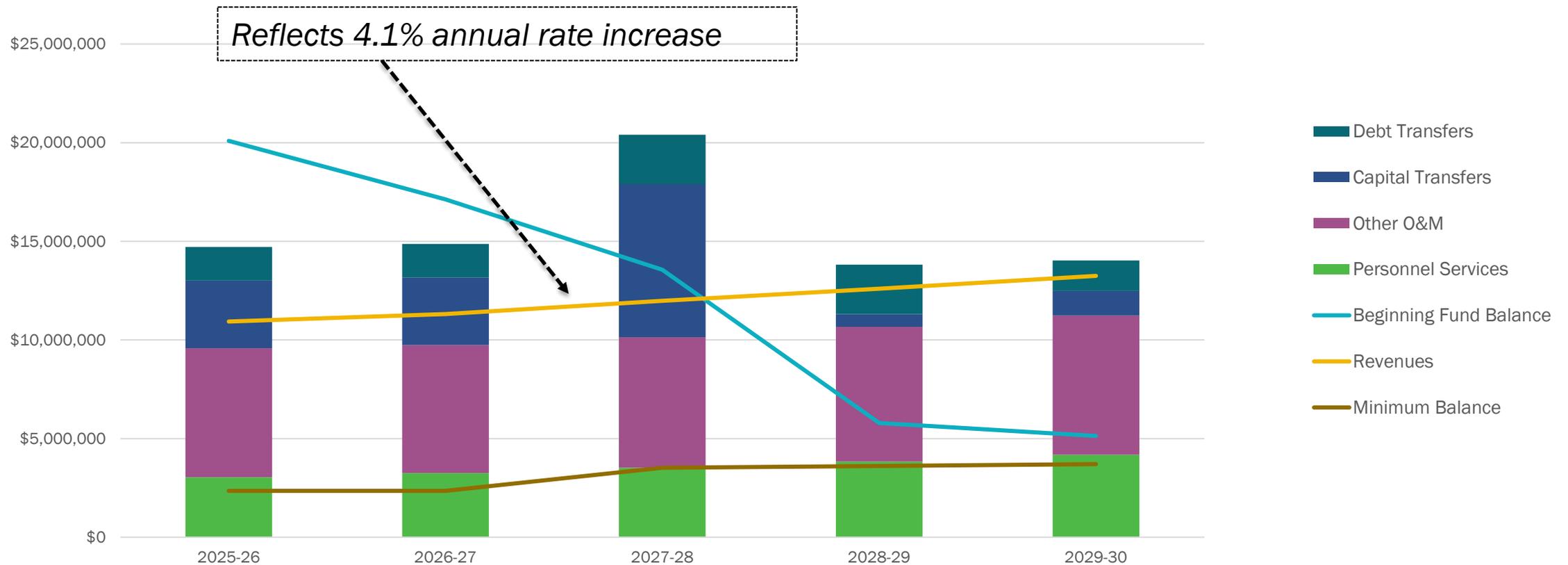
- Major investment is front-loaded and regulatory/growth driven (oxidation ditch project)
- Ongoing projects: Infiltration & inflow (I/I), pipe replacement, future project reserves
  - *Policy question: funding I/I at \$0.5 M or \$1.0 M per year (Expanded I/I)*

Project	Fiscal Year ending.....					5-Year TOTAL
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Inflow & Infiltration (I&I) Projects	\$500,000	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$4,000,000
Maintenance Yard	\$95,345	\$95,345	\$0	\$0	\$0	\$190,690
Pipe Replacement	\$150,000	\$155,250	\$160,684	\$166,308	\$172,128	\$804,370
Capital Project Reserve	\$0	\$0	\$0	\$0	\$573,762	\$573,762
I & I Report	\$171,000	\$171,000	\$0	\$0	\$0	\$342,000
Oxidation Ditches	\$4,283,697	\$4,283,697	\$23,932,606	\$0	\$0	\$32,500,000
<b>Total CIP (\$inflated)</b>	<b>\$5,200,042</b>	<b>\$5,205,292</b>	<b>\$25,093,290</b>	<b>\$1,166,308</b>	<b>\$1,745,890</b>	<b>\$38,410,821</b>

# 5-Year Projections: Expanded I/I

Debt reduction in fiscal year 2029-30 (\$0.4 M)

Projected to meet basic operating contingency and debt service reserve target; however, reserves decrease in each year of the forecast



# Current and Projected Sewer Rates

Rate Component/Customer Class	Current Jan 2026	Proposed Jan 2027	Proposed Jan 2028	Jan 2027	Jan 2028
<b>Typical Residential Bill</b>	<b>\$88.36</b>	<b>\$91.98</b>	<b>\$95.75</b>	4.1%	4.1%
<b>Service Charge (\$/Month)</b>					
Total Service Charge (\$/Account) <sup>1</sup>	\$33.63	\$35.01	\$36.44	4.1%	4.1%
Infiltration & Inflow (\$/additional Multifamily Dwelling Unit)	\$26.41	\$27.49	\$28.62	4.1%	4.1%
<b>Volume Charge (\$/ccf)</b>					
Single Family	\$10.95	\$11.39	\$11.86	4.1%	4.1%
Multifamily	\$10.95	\$11.39	\$11.86	4.1%	4.1%
Commercial - 1	\$10.95	\$11.39	\$11.86	4.1%	4.1%
Commercial - 2	\$13.87	\$14.44	\$15.03	4.1%	4.1%
Commercial - 3	\$22.54	\$23.46	\$24.42	4.1%	4.1%
Industrial	\$13.87	\$14.44	\$15.03	4.1%	4.1%
Outside City	\$10.95	\$11.39	\$11.86	4.1%	4.1%

<sup>1</sup>Includes billing charge and Infiltration & Inflow charge.

**Note:**

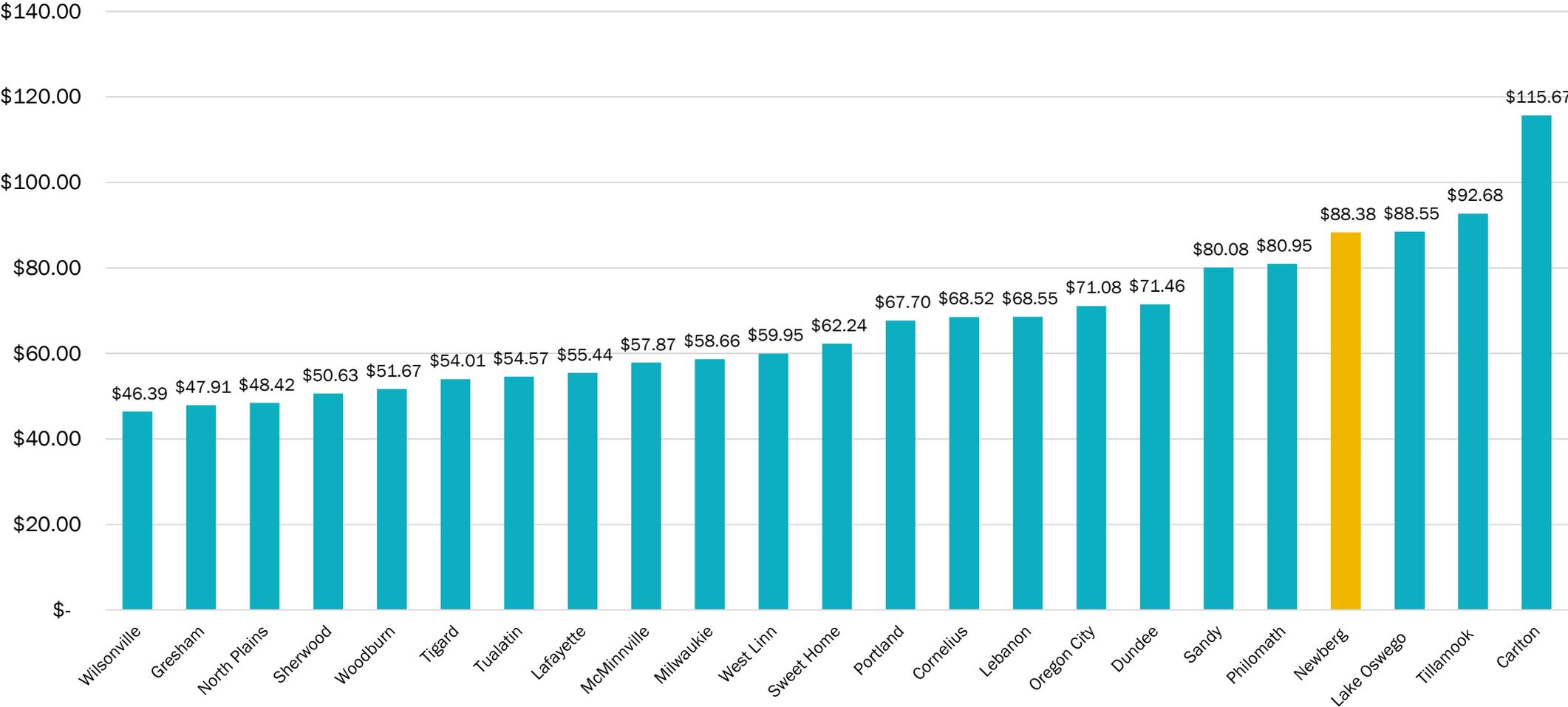
Commercial 1 includes general businesses, public agencies, and schools.

Commercial 2 includes mini-markets, car washes, mortuaries, industrial, and fast food/cafeterias.

Commercial 3 includes restaurants.

# Residential Bill Comparison

Single-Family Residential Wastewater Bill (500 cf/month)





# Water Funding Snapshot

Current rate revenue = approximately \$8 M

Near term (2-Year) rate plan addresses:

- General Inflation
- Support additional capital funding

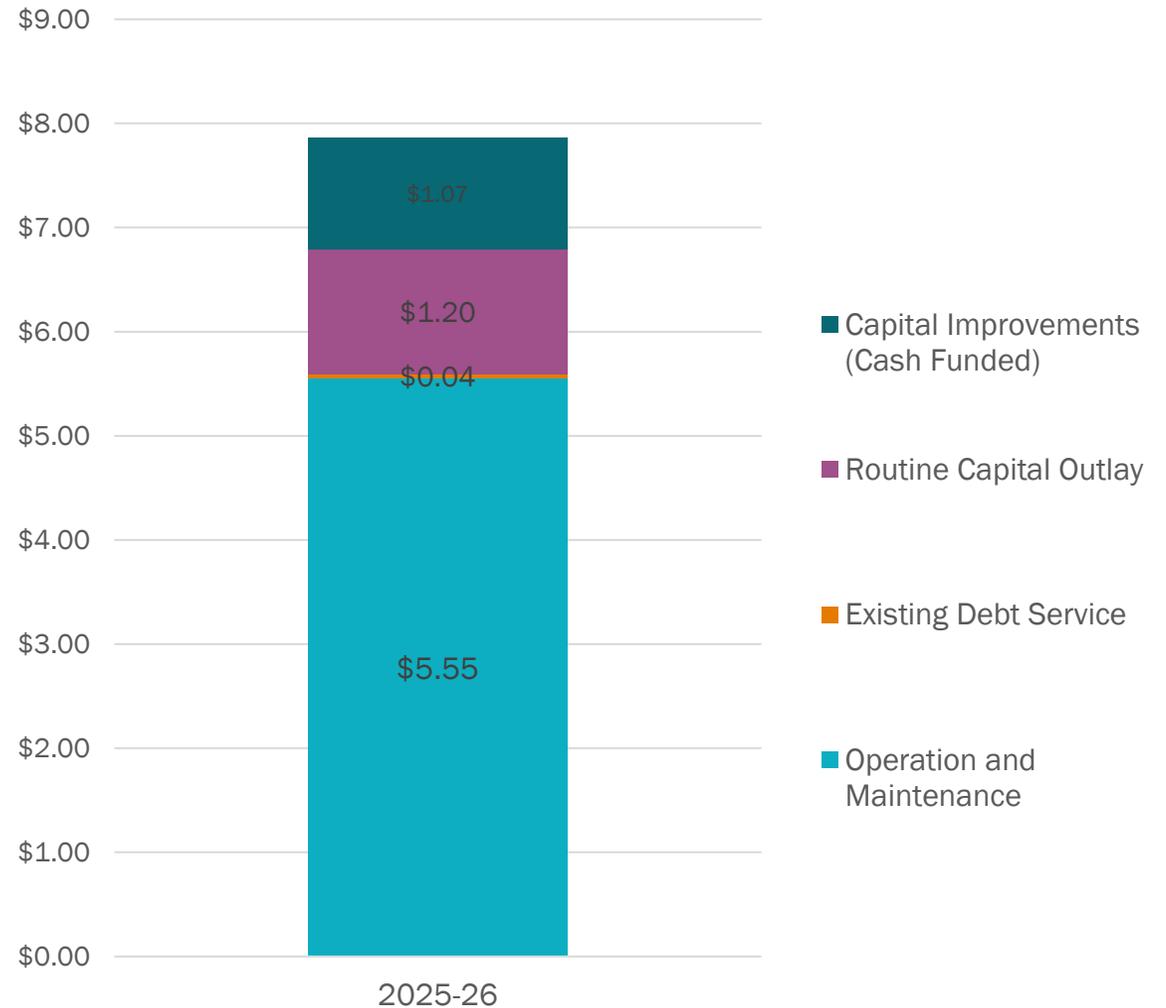
Full funding of near term\* capital improvement plan (\$6.7 M) relies on:

- Use of existing cash reserves: \$3 M water fund

System development charges used to repay most of existing debt

Long-term funding for new water treatment plant will require preserving/building reserves for later construction (FY 2033- FY 2035)

\*Fiscal year (FY) 2026 – FY 2028



# 10-Year Capital Plan

- Major investment back-loaded: Water treatment plan (regulatory, growth-driven)
- Near-term projects: HB 2001 pipe upsizing

	FY2026- 2035 Inflated TOTAL	FY 2026	FY 2027	FY 2028	FY 2029	FY2030- FY2032	FY 2033	FY 2034	FY 2035	10-Year CIP Total
<b>CIP Expenditure</b>	<b>\$68,176,001</b>	<b>\$ 2,425,000</b>	<b>\$ 2,425,000</b>	<b>\$ 1,800,000</b>	<b>\$ 1,800,000</b>	<b>\$ 150,000</b>	<b>\$ 5,150,000</b>	<b>\$ 20,150,000</b>	<b>\$ 20,150,000</b>	<b>\$ 54,350,000</b>
<i><b>Project Name</b></i>										
Water Treatment Plant	\$57,928,043						5,000,000	20,000,000	20,000,000	\$45,000,000
Seismic resilience - cast iron and concrete pipe replacement	\$300,000	150,000	150,000							\$300,000
<b>HB 2001 Program I 1,2,3a,3b,4a,4b,5,7,8</b>										
Upsize existing mains and construct new distribution loops to improve fire flow capacity (Fireflow - Various)	\$6,600,000	1,650,000	1,650,000	1,650,000	1,650,000					\$6,600,000
Main St. Imp Sheridan to Franklin	\$500,000	250,000	250,000							\$500,000
Routine Main Replacement Program	\$1,405,274			150,000	150,000	150,000	150,000	150,000	150,000	\$1,200,000
WTP Filter Covers	\$750,000	375,000	375,000							\$750,000

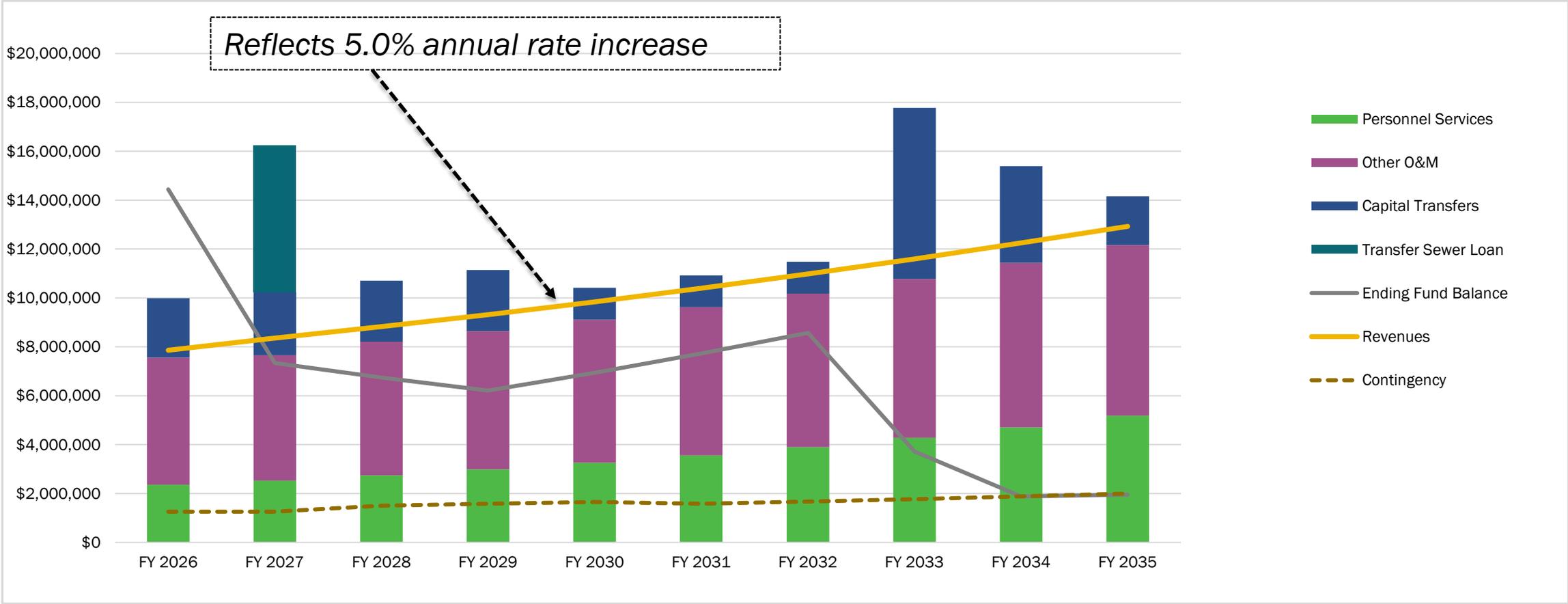
FY2030-FY2032 annual expenses = \$150K

# 10-Year Projections

Debt reduction/elimination in fiscal year 2029-30 (\$0.15 M)

Sewer loan in FY2027 will be repaid in time to provide funding for water treatment plant

Balance of water treatment plant costs (est. \$32 M) to be funded by property tax supported bond

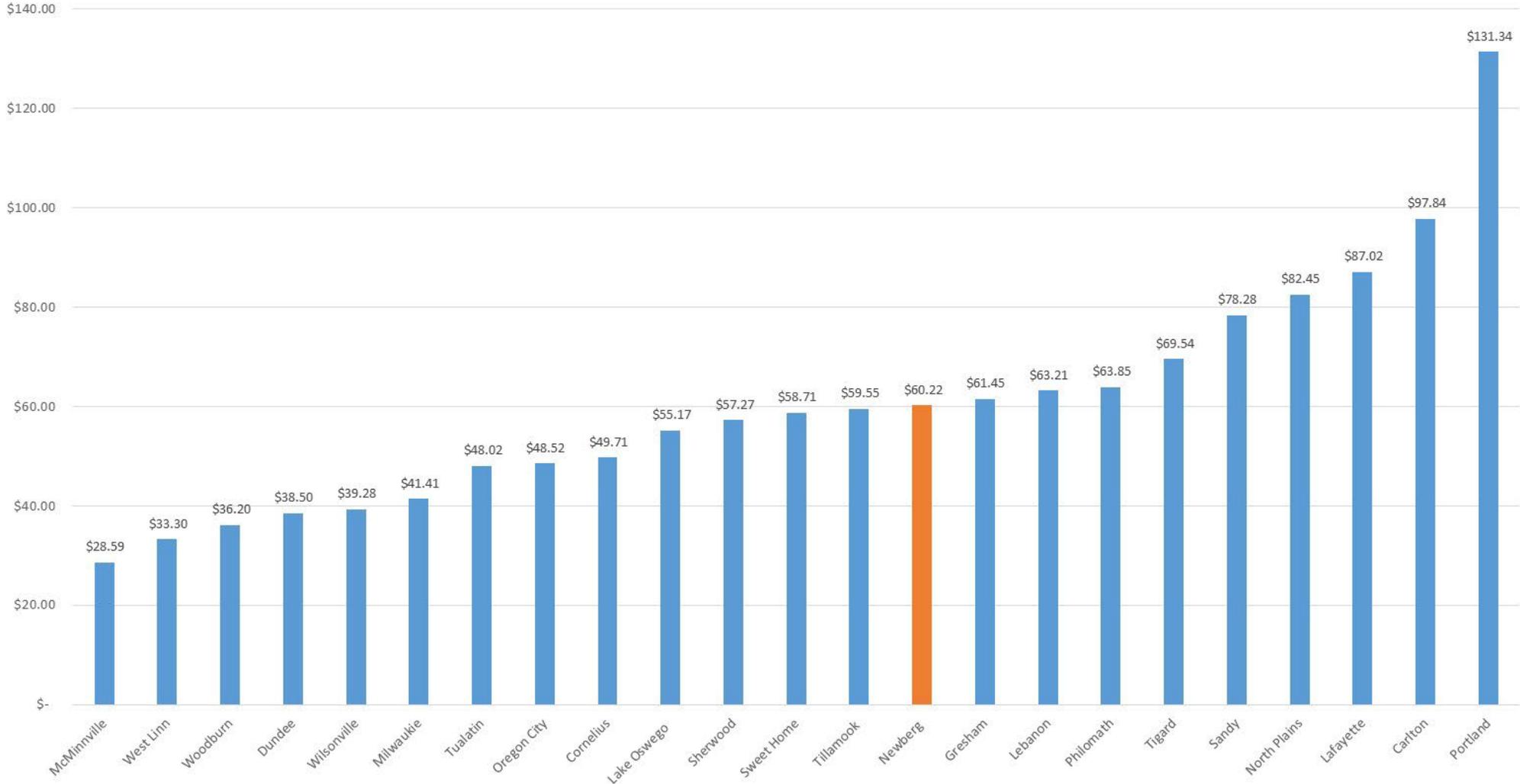


# Current and Projected Potable Water Rates

Customer Class	Current	Proposed	Proposed	% Increase	
	Jan 2026	Jan 2027	Jan 2028	Jan 2027	Jan 2028
<i>Typical Residential Bill</i>	\$60.22	\$63.24	\$66.40	5.0%	5.0%
<b>Billing Charge (\$/Account)</b>	\$3.98	\$4.18	\$4.39	5.0%	5.0%
<b>Potable Meter Charge (\$/Month)</b>					
3/4"	\$22.22	\$23.33	\$24.50	5.0%	5.0%
1"	\$37.77	\$39.66	\$41.64	5.0%	5.0%
1-1/4"	\$55.55	\$58.33	\$61.24	5.0%	5.0%
1-1/2"	\$73.33	\$77.00	\$80.85	5.0%	5.0%
2"	\$117.77	\$123.66	\$129.84	5.0%	5.0%
3"	\$222.20	\$233.31	\$244.98	5.0%	5.0%
4"	\$371.07	\$389.62	\$409.10	5.0%	5.0%
10"	\$1,850.93	\$1,943.48	\$2,040.65	5.0%	5.0%
<b>Volume Charge (\$/ccf)</b>					
S-F Residential	\$4.86	\$5.10	\$5.36	5.0%	5.0%
Multifamily	\$4.10	\$4.31	\$4.52	5.0%	5.0%
Commercial	\$5.02	\$5.27	\$5.53	5.0%	5.0%
Industrial	\$5.99	\$6.29	\$6.60	5.0%	5.0%
Irrigation	\$9.30	\$9.76	\$10.25	5.0%	5.0%
Outside City	\$7.29	\$7.65	\$8.04	5.0%	5.0%
Public Agency	\$5.59	\$5.86	\$6.16	5.0%	5.0%
Non-Potable	\$3.25	\$3.41	\$3.59	5.0%	5.0%

# Residential Bill Comparison

Single-Family Residential Water Bil (700 cubic feet)





# Stormwater Funding Snapshot

Current rate revenue = approximately \$3 M

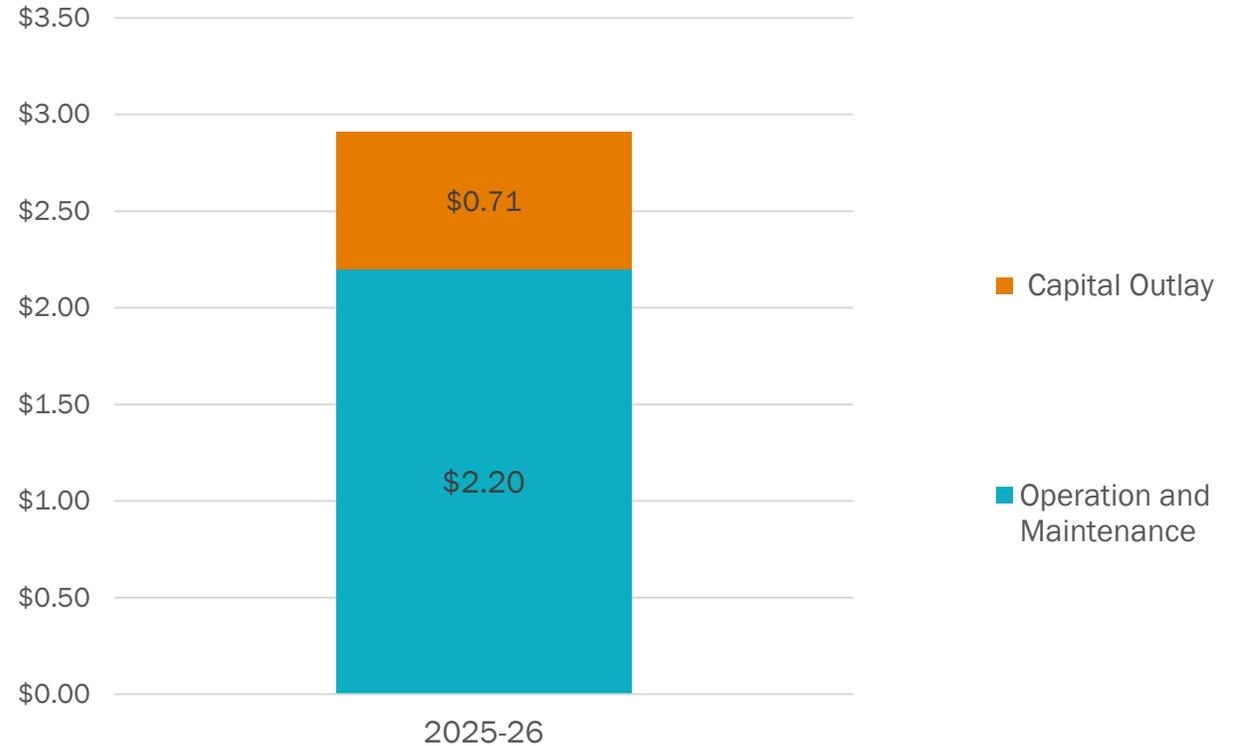
Near term (2-Year) rate plan addresses:

- General Inflation
- Support additional capital funding (avg. annual capital needs = \$1 M)

Full funding of near term\* capital improvement plan (\$3 M) relies on:

- Use of existing cash reserves: \$1 M stormwater fund, \$0.25 M system development charge fund

\*Fiscal year (FY) 2026 – FY 2028



# 5-Year Capital Plan

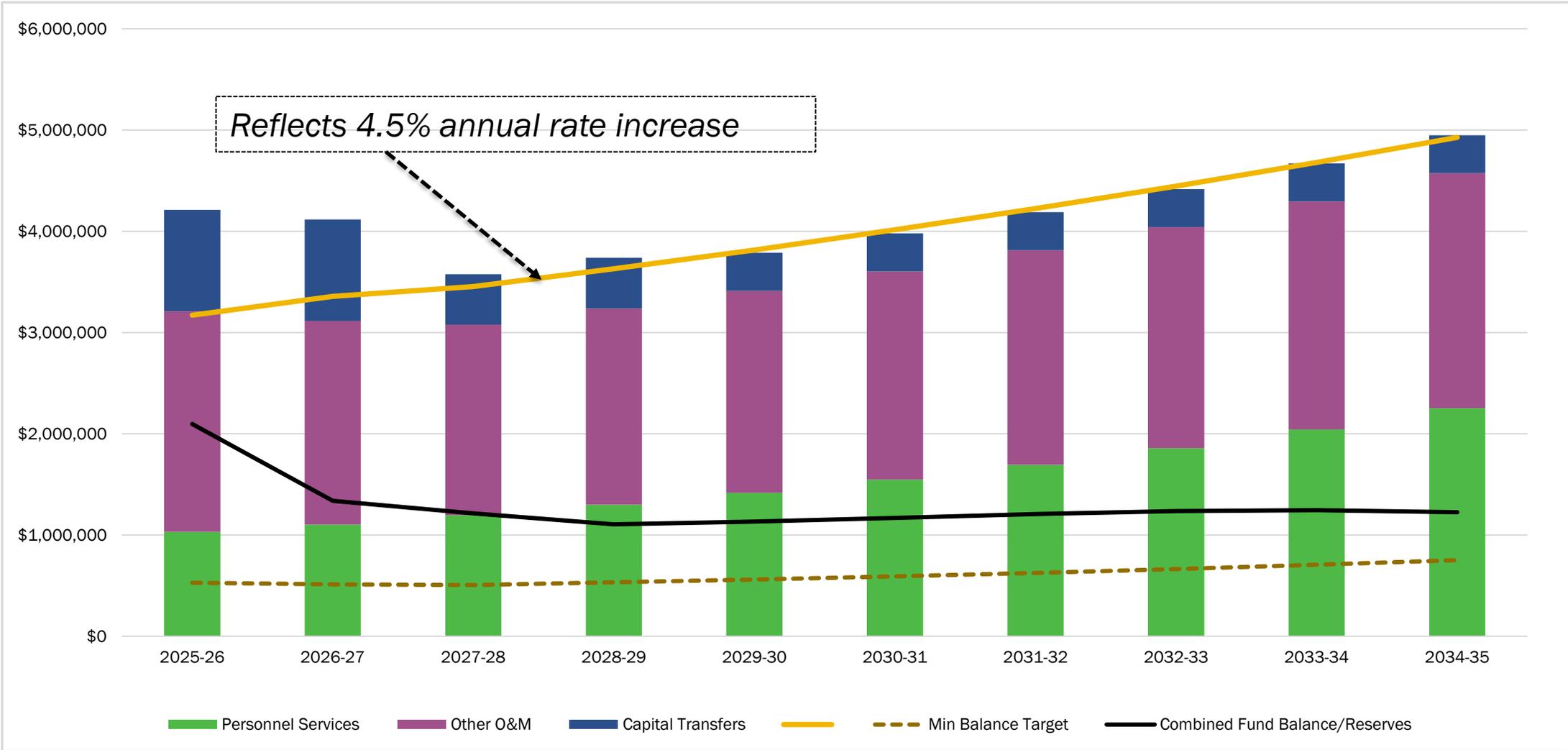
- Some larger projects initially; followed by routine investments

	Inflated TOTAL	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>CIP Expenditure</b>	<b>\$6,040,909</b>	<b>\$ 1,170,345</b>	<b>\$ 1,170,345</b>	<b>\$ 550,000</b>	<b>\$ 550,000</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>
<b><u>Project Name</u></b>							
Pavement Fixes/ Annual Pipe Replacement Program (SWMP)	\$1,705,274	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
PW Maint Facility Improvements	\$190,690	95,345	95,345				
N Springbrook Road Storm	\$871,245	225,000	225,000	200,000	200,000		
Master Plan	\$350,000	175,000	175,000				
Contingency Projects	\$1,873,699			200,000	200,000	200,000	200,000
OR240/Railroad Tracks/Franklin St (W Franklin)		525,000	525,000				

FY2032-FY2035 annual expenses = \$350K

# 10-Year Projections

No existing and planned debt  
Prior rate cycle projected need for 6.5% rate increases

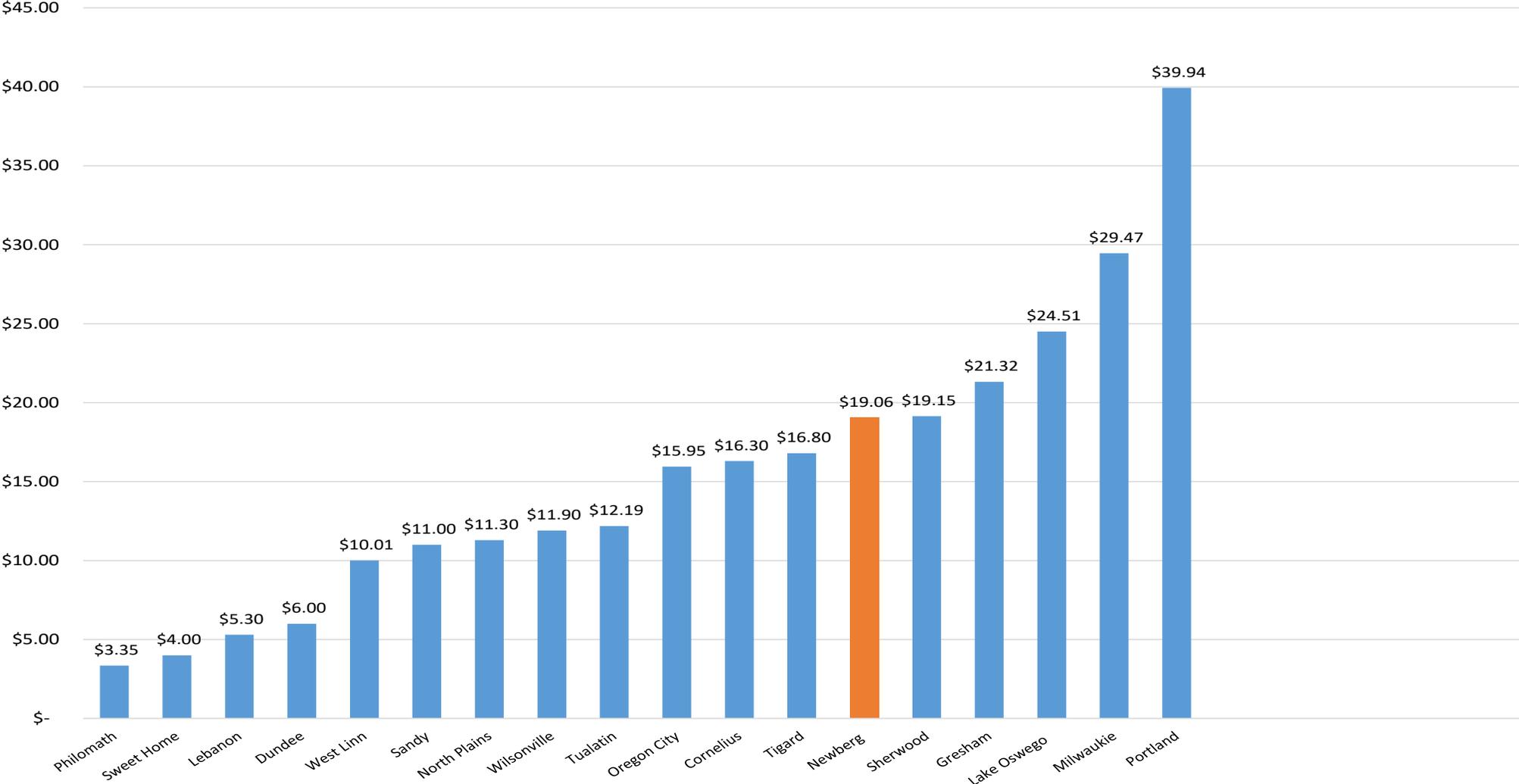


# Current and Projected Stormwater Rates

	<b>Current</b>	<b>Proposed</b>	<b>Proposed</b>			
<b>Customer Class</b>	<b>Jan 2026</b>	<b>Jan 2027</b>	<b>Jan 2028</b>		<b>Jan 2027</b>	<b>Jan 2028</b>
<b>Service Charge (\$/Month)</b>						
Single Family Residential	\$19.06	\$19.92	\$20.81		4.5%	4.5%
Nonresidential (\$/EDU)	\$19.06	\$19.92	\$20.81		4.5%	4.5%
EDU = 2,877 sq. ft. impervious area						

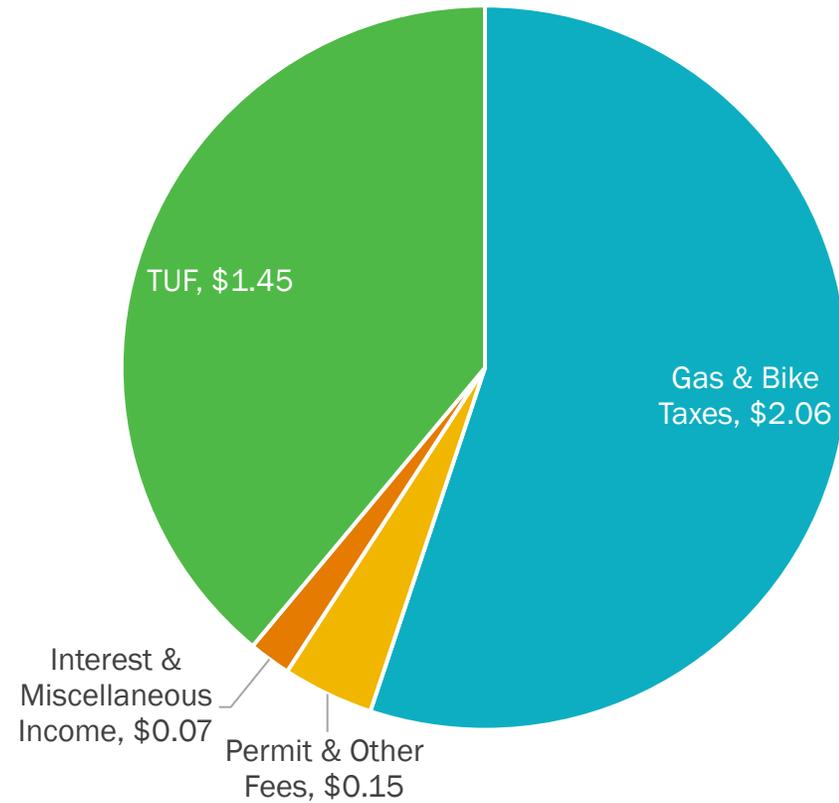
# Residential Bill Comparison

## Single-Family Residential Stormwater Bill





## TUF dedicated to pavement maintenance & preservation



## City Code Chapter 3.45.080



Cost of service adjustment – a change in the amount of revenue required to maintain the transportation pavement facilities.

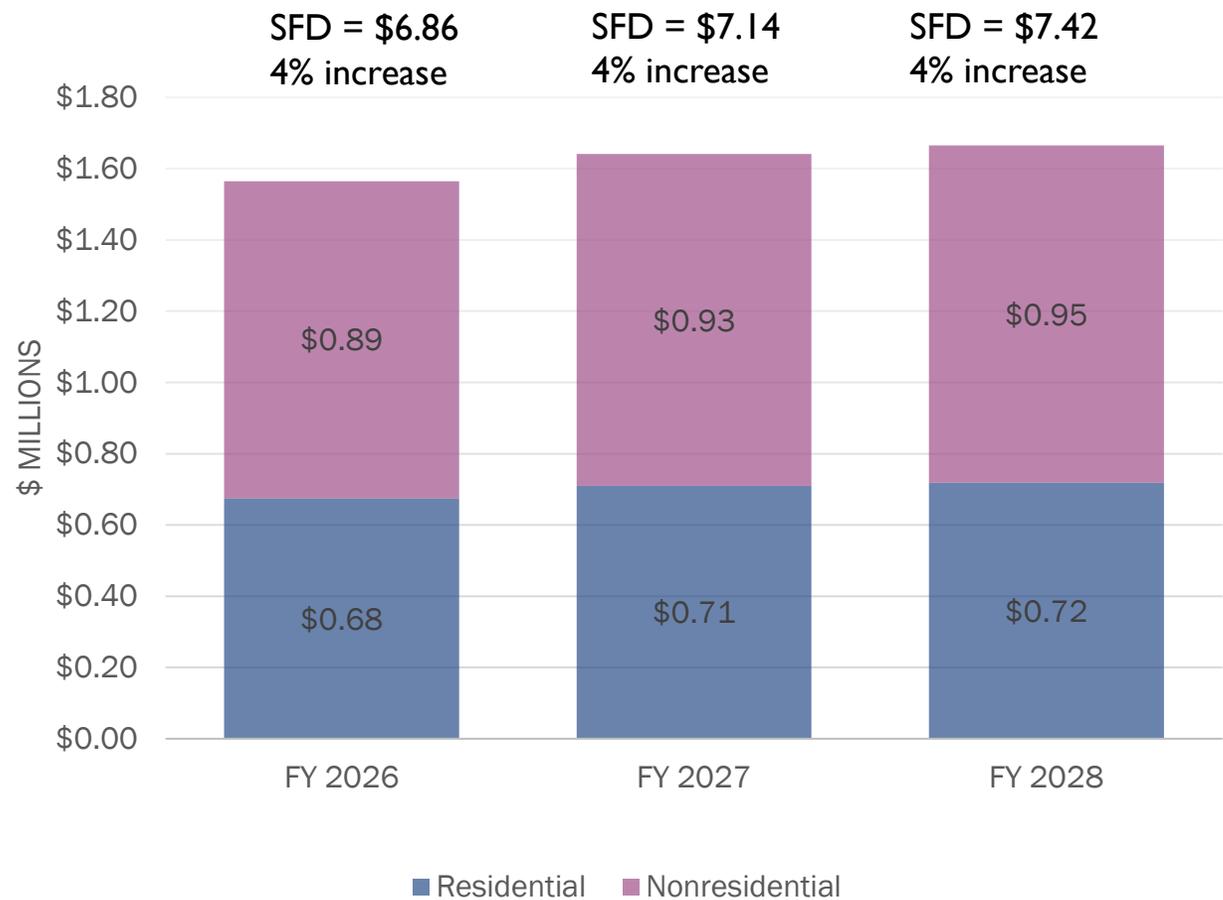


Inflationary Index Adjustment as measured by the ENR CCI for Seattle.



Other adjustments for changes in road conditions or other revenue source.

# Recommended Single-Family Monthly Rates & Revenue



SFD = Single family dwelling

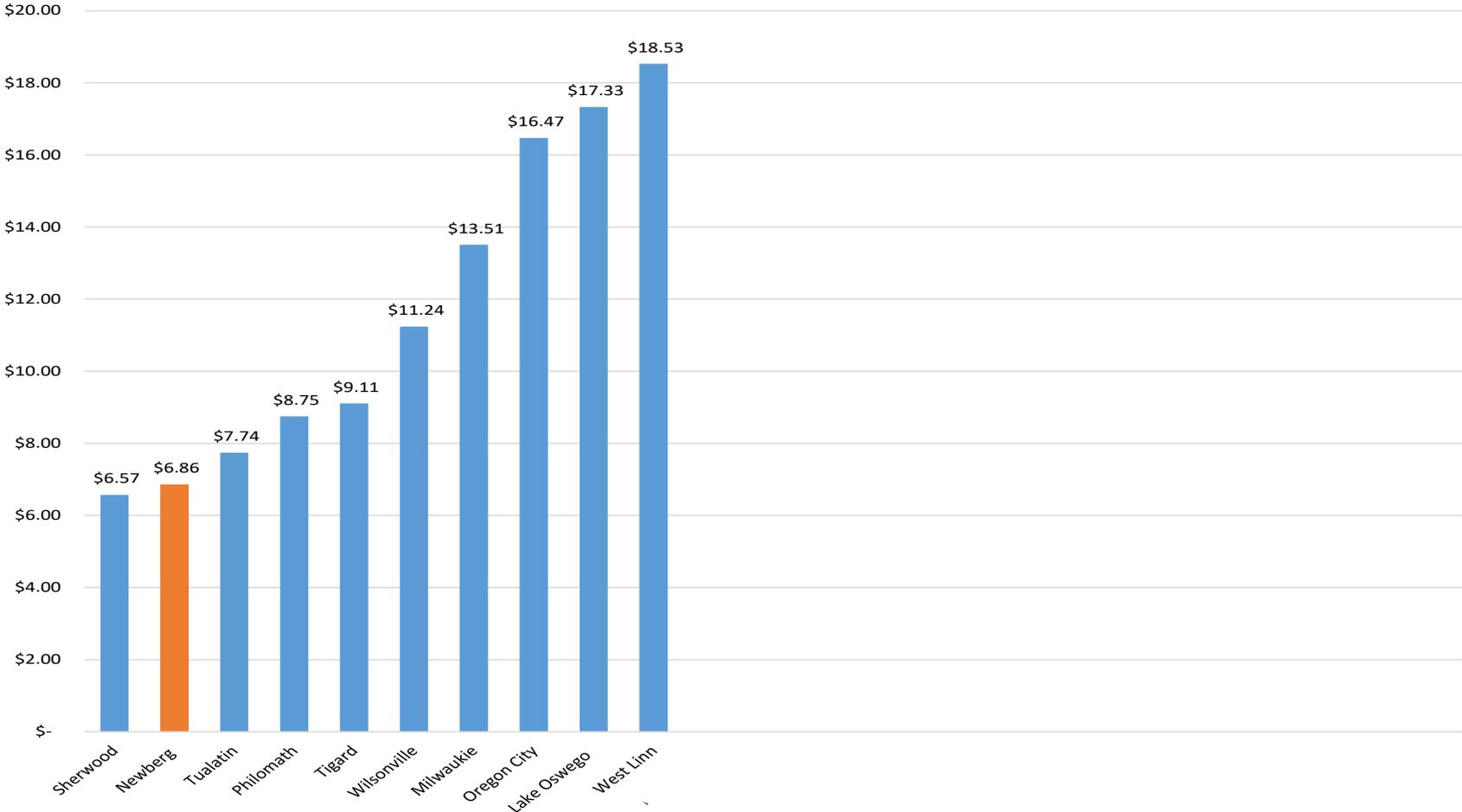
# Other Housing and Standard Non-Residential Rates

Description	Current	Proposed	Proposed	Units Measured
	Jan 2026	Jan 2027	Jan 2028	
		4.0%	4.0%	-
Class 1 Industrial, Warehouse	\$ 5.12	\$ 5.32	\$ 5.53	KSF
Class 2 Office	20.16	20.97	21.80	KSF
Class 3 Medical, Retail	29.36	30.53	31.75	KSF
Class 4 Supermarket, Bank	46.01	47.85	49.77	KSF
Class 5 Fast Food, Convenience, Coffee	133.61	138.95	144.51	KSF
Multi-Family	4.63	4.82	5.01	DU
Mobile Home	3.59	3.73	3.88	DU
Senior Adult Housing Attached	2.81	2.92	3.04	DU
Congregate Care	1.54	1.60	1.67	DU

KSF = 1,000 SQ FT, DU=Dwelling Unit

# Residential Bill Comparison

Single-Family Residential Street Charges



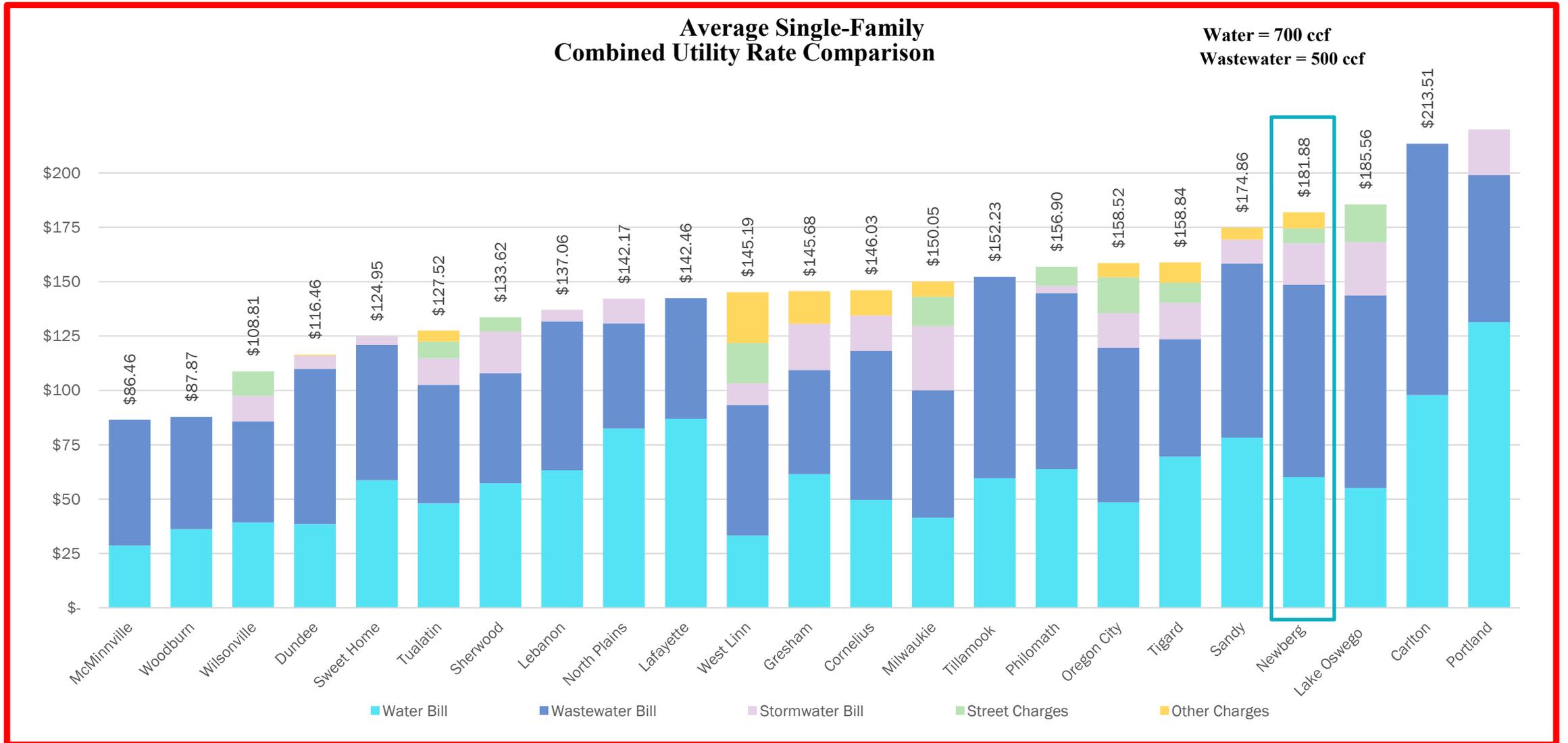


# Summary

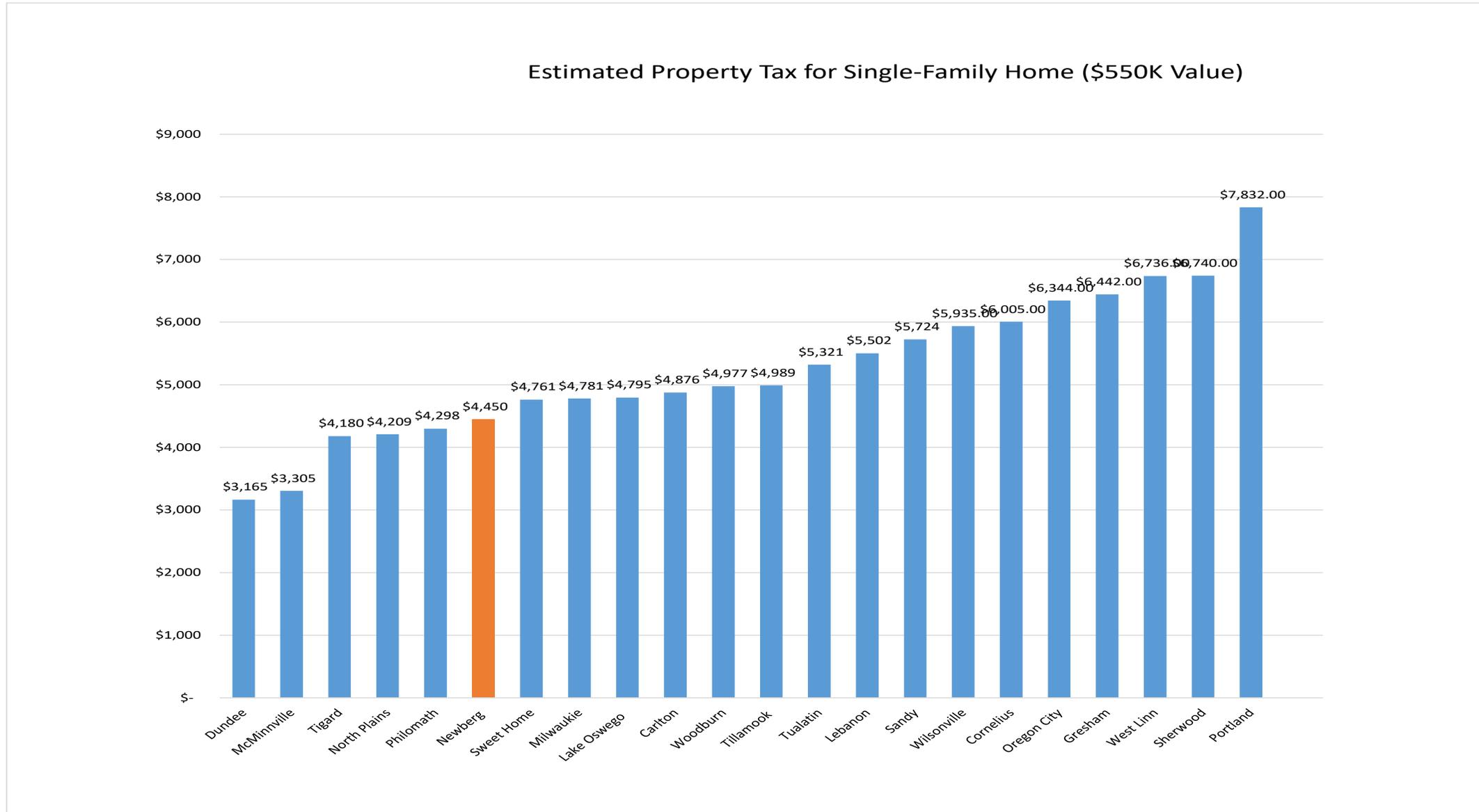
# Combined Residential Bill

Overall Increase					1-Jan	1-Jan
2027	2028	System	Units	Current	2027	2028
5.0%	5.0%	Water	7.0	\$60.22	\$63.24	\$66.40
4.1%	4.1%	Sewer	5.0	\$88.36	\$91.98	\$95.75
4.5%	4.5%	Storm	1	\$19.06	\$19.92	\$20.81
4.0%	4.0%	TUF	1	\$6.86	\$7.14	\$7.42
		Public Safety <sup>1</sup>		\$4.58	\$4.72	\$4.86
		Communications Officer <sup>2</sup>		\$2.78	\$0.00	\$0.00
		<b>Total</b>		<b>\$181.87</b>	<b>\$186.99</b>	<b>\$195.25</b>
		<i>Difference \$</i>			<i>\$5.12</i>	<i>\$8.26</i>
		<i>Difference %</i>			<i>2.8%</i>	<i>4.4%</i>
		<sup>1</sup> Set by separate process. Future years include 3% estimated inflation				
		<sup>2</sup> To be removed from the bill effective July 1, 2026.				

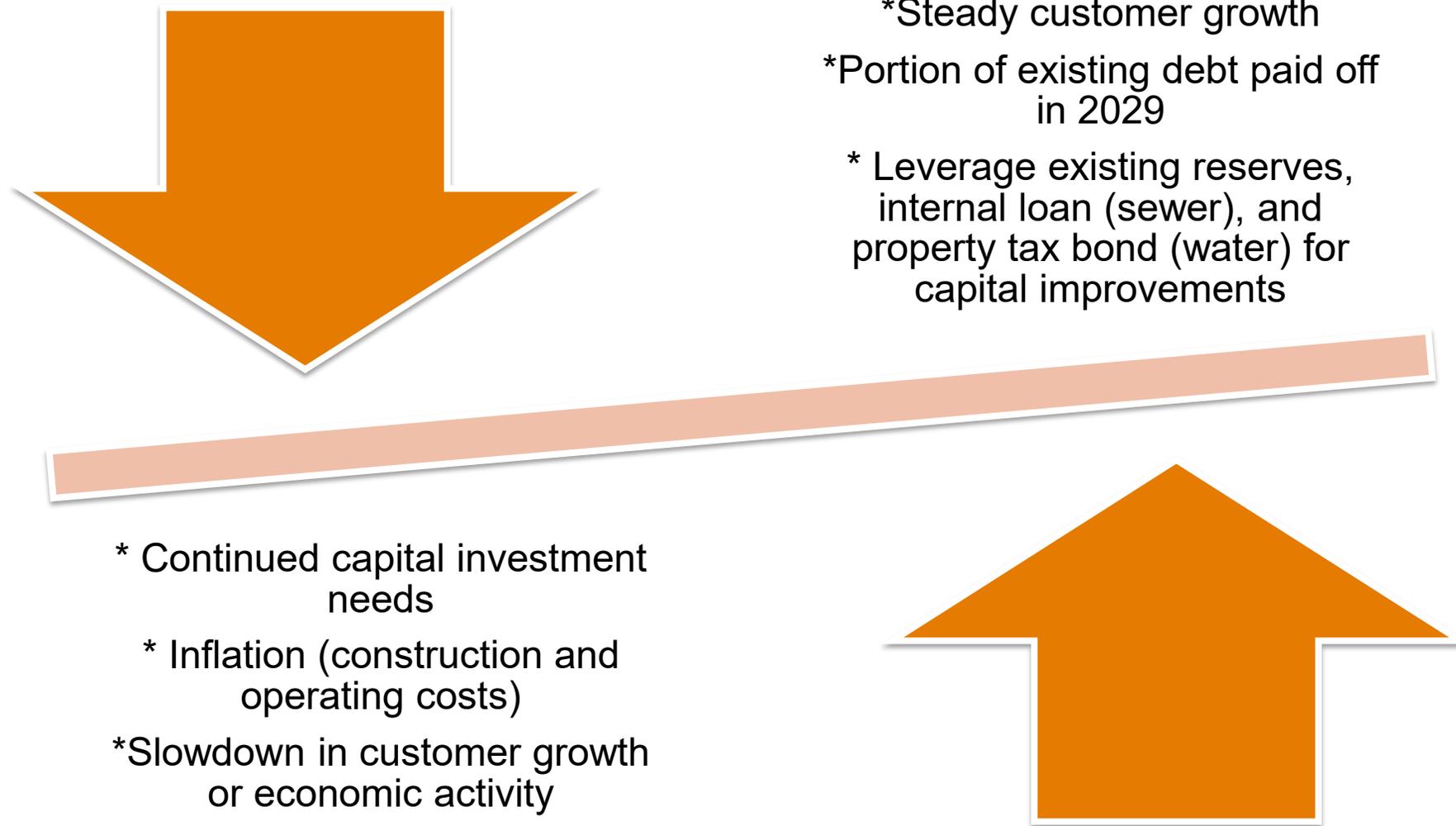
# Total Residential Utility Bill Comparison



# Residential Property Tax Bill Comparison



# Future Rate Increase Factors





- City Council Meeting
  - March 2, 2026

## ❖ **Oxidation Ditch #3 & Wastewater Treatment Plant (WWTP) Upgrade**

- Estimated expense total for BY 25 – 27 and BY 27 – 29: \$25M – \$30M

## ❖ **HB2001 Waterline Program**

- Estimated expense total for BY 25 – 27 and BY 27 – 29: \$3.3M and \$3.3M

## ❖ **Main Street Water Main Project**

- Estimated expense total for BY 25 – 27 and BY 27 – 29: \$500,000

## ❖ **Ground Water Plant (9MG)**

- Further out, but we are saving for it.  
Likely cost \$45 – \$50M

## ❖ **N Springbrook Road Storm Water Line**

- Estimated expense total for BY 25-27 and BY 27-29:  
Budget \$850,000

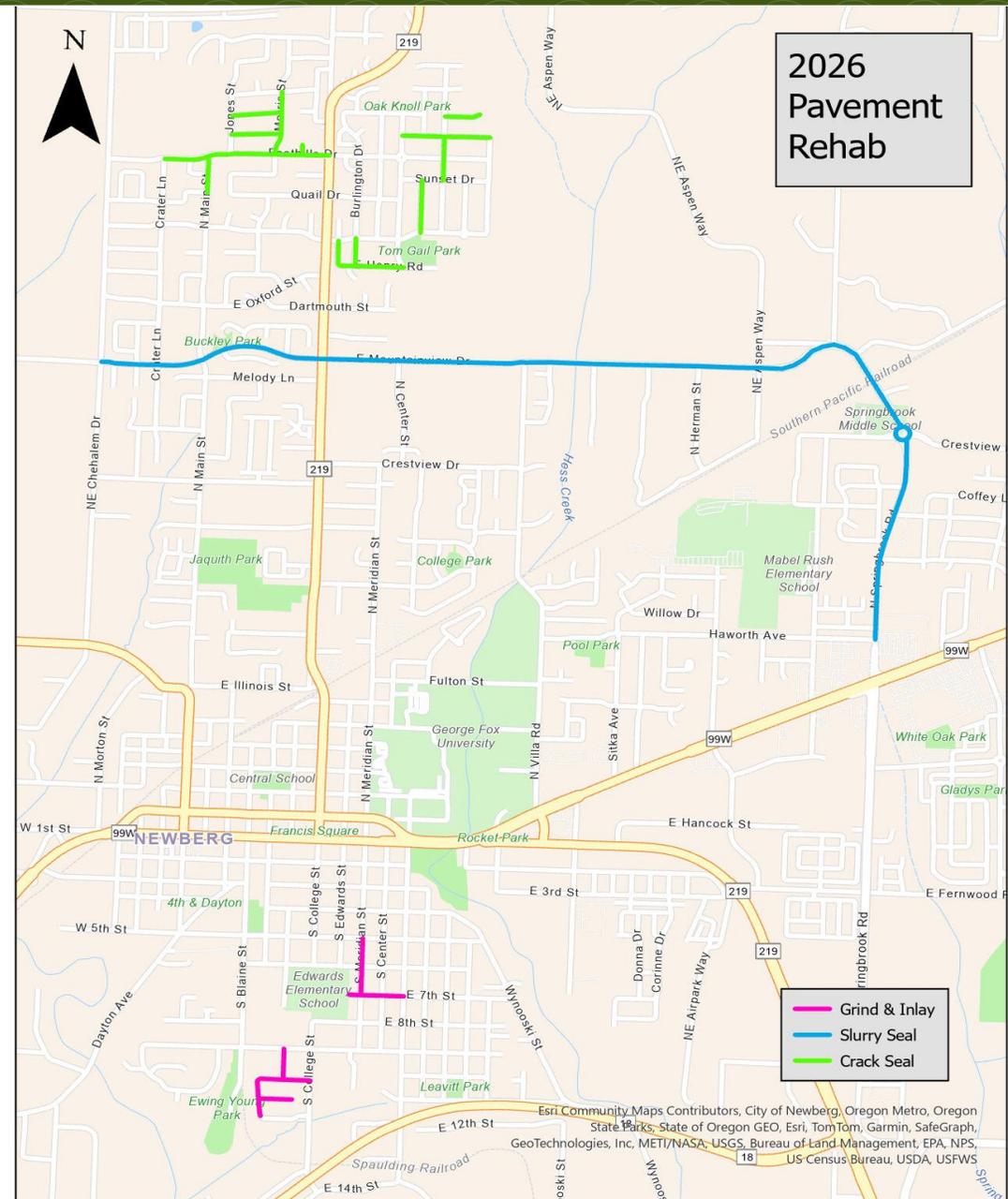
## ❖ **The Storm Water Master Plan (SWMP) Update**

- Estimated expense total for BY 25-27 \$237,000 still to go to get us to completion (so far on budget)

## 2026 TUF Targets

- Crack Sealing neighborhoods in the north side of town off Hwy 219
- Slurry Seal E Mountainview and along N Springbrook Rd
- Grind and Inlay work along South Meridian St and E 7<sup>th</sup> St.  
... as well as farther south, along the neighborhoods near Ewing Young Park

PASER data – We are also in the process of adding and confirming the new LiDAR data to our GIS model. By the time you read this there will have been a legislative change to recognize PASER in future TUF planning. This involves thousands of Street “objects”.

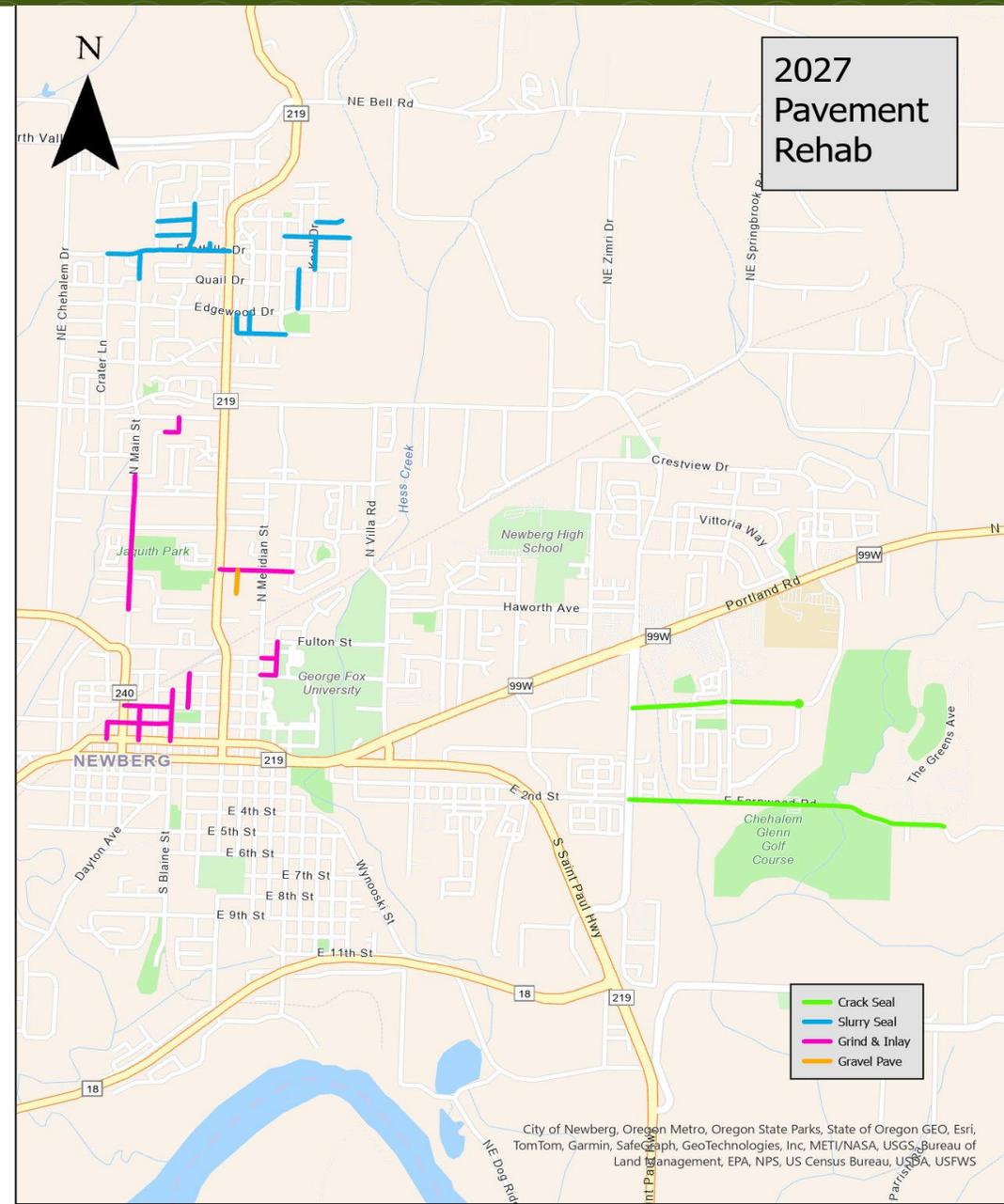


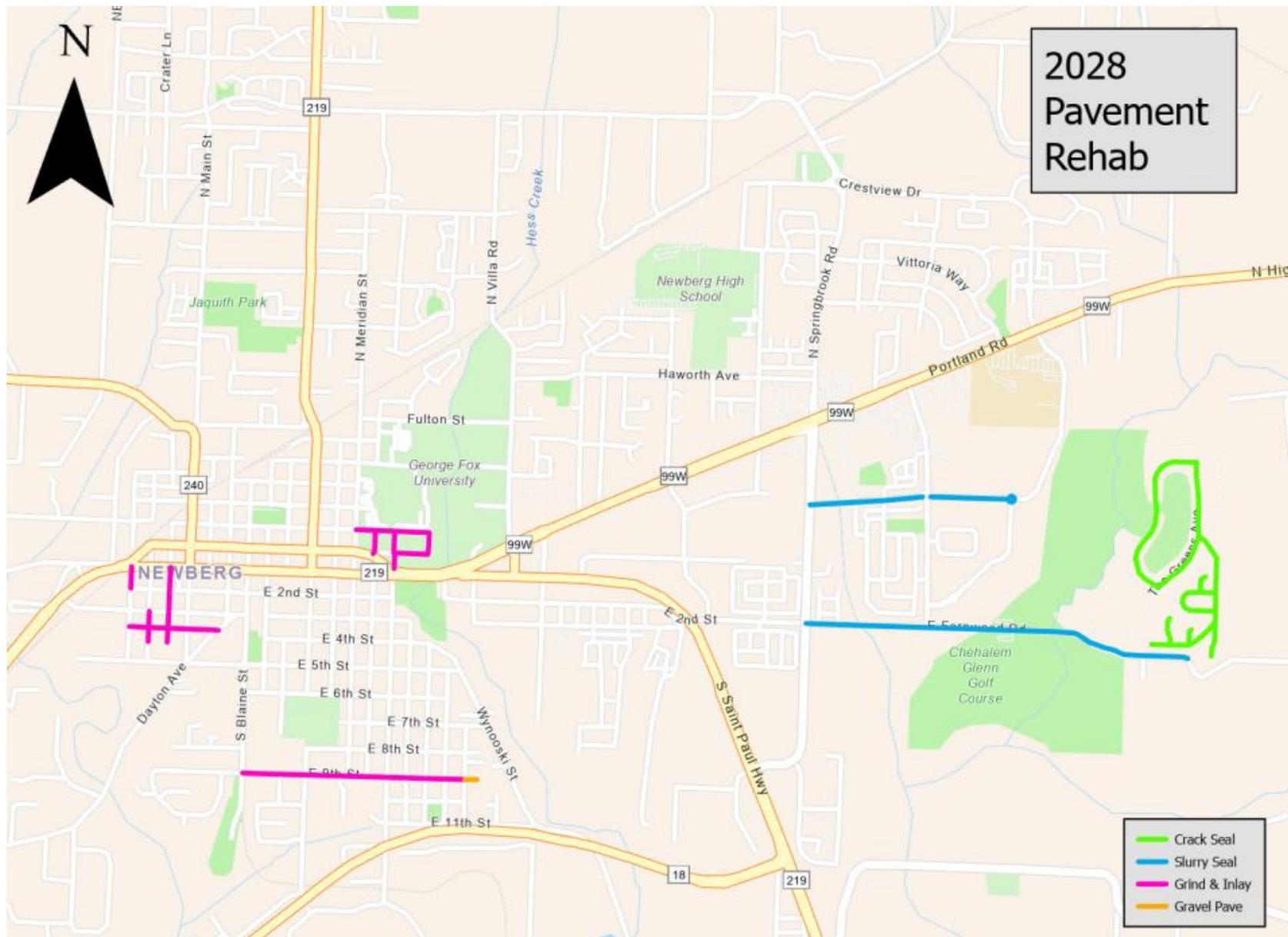
## 2027 TUF Targets

- Crack Sealing neighborhoods in the South-East of town along E Fernwood and Hayes St
- Slurry Seal farther North in Neighborhoods surrounding Foothills Dr, Near Tom Gail Park and Oak Knoll Tot Lot
- Grind and Inlay work off N Main St near Jaquith Park, crossing Meridian along Sierra Vista Dr and near George Fox University, along Vermillion and E North St. More work will be done west near Hwy 240 off S Grant, E Sheridan, E Sherman and surrounding roads.

Note that we are also moving forward with the River Street project, but it is a NURA (Urban Redevelopment Area) not a city project.

I am working with the COG to try to develop a better solution to the Grind and inlay fiscal problem.







### Legend

Pavement  
Condition (2025)

PASER

- Failed
- Poor
- Fair
- Good
- Excellent

