

## **Working Draft for the December 19, 2013 Infrastructure Taskforce Meeting**

### Newport Mission Statement

*The City of Newport pledges to effectively manage essential community services for the well-being and public safety of residents and visitors. The City will encourage economic diversification, sustainable development, and livability (revised April 1, 2013).*

### General Assumptions

- City has a responsibility to fund the maintenance and improvements of its capital assets. Capital assets include city-owned infrastructure, facilities and other improvements that provide services to the public, usually with benefits to the community at large as well as the direct user.
- Capital assets considered by the Taskforce, include:
  - Water Infrastructure
  - Wastewater Infrastructure
  - Stormwater Infrastructure
  - Streets
  - Rights-of-way (lighting, landscaping, incidental structures)
  - City facilities (buildings, parks, public parking lots, public piers, etc.)

The issue of rolling stock (fire engines, heavy equipment, police vehicles, etc.) was discussed, but is not factored into the Taskforces recommendations.

- Annual investments to upgrade capital assets were assumed to be as follows:
  - Water - \$1.5 million
  - Wastewater - \$1.5 million
  - Stormwater - Not available due to lack of capital facilities plan. Dedicated funding source sufficient to cover maintenance only.
  - Streets – Maintenance only. Dedicated funding sources are applied to maintenance of existing streets or are used as match for grants to construct capital projects.
  - City Facilities – Maintenance only. No dedicated funding sources. Limited funding for maintenance provided by the General Fund or, if applicable, Room Tax Fund.

### Potential Near-Term (1-5yr) Recommendations:

- These potential recommendations were prepared with the understanding that funding capital project needs is necessary both in the near term and long term.
- Several options for funding capital project needs were discussed, including:
  - Consider continuing “pay as you go” approach that relies upon utility rate increases to pay for capital project needs. This includes continuing the 5-year plan to increase water and sewer rates that call for water rate increases at 10% in FY15 and FY16, and an 8% increase in FY 17, with 5% increases each year thereafter. Sewer rates would increase 15% in FY

15, and 10% in FY16 and FY17, with 5% increases each year thereafter. Stormwater and Infrastructure fees would increase 5% each year.

- Consider a budget strategy that leverages utility revenues to secure loans/bonds for needed capital projects in lieu of the remaining years of the 5-year plan for rate increases. Future rate changes would be limited to inflationary adjustments and debt service requirements.
- Consider General Obligation Bonds as a potential financing option for discrete facilities that serve the broader community.
- Continue to pursue grants to fund capital project needs, recognizing that these funding opportunities have administrative requirements that influence timelines and the scope of projects, and are not available for all types of work.
- Is a new tax a viable funding option, if it can capture more tourist dollars to help pay for capital infrastructure needs? For example, Ashland and Yachats approach of imposing a food and beverage sales tax.
- Consider looking at annexation and urban renewal as opportunities to expand and grow the City's tax base over time so that it is more capable of meeting its capital project needs with existing funding sources.
- Consider whether a policy option package should be prepared for Budget Committee and Council consideration that eliminates payment of the in lieu of franchise fees from the Water and Wastewater (Sewer) Funds into General Fund (alternatively this could be structured as a fixed percentage cut).
- Consider developing a 10-year prospective debt schedule across all city departments to ensure viability of financing city's capital infrastructure needs.
- Consider reevaluating the city's reserve policy to ensure that it meets, but does not exceed, best management practices.
- Consider adjusting the City's utility rates to include a viable low-income assistance program.
- Consider adjusting the City's utility rates to encourage water conservation.
- Pursue changes to the format of the City's utility bills to show more information about how the fees are used along with a glossary of terms.
- Consider developing level of service standards (e.g. extent to which streets are maintained, swept, etc.).
- Prioritizing services and associated funding should be considered as part of the Council goal setting process and should be informed by past decisions and also feedback from the public, staff and other stakeholders.

## Potential Long-Term (5+ yr) Recommendations:

- Support efforts to update the city's facility master plans so that the community has an accurate assessment of its near, mid, and long term capital infrastructure needs.
- Critically evaluate proposed projects in public facility master plans to ensure that they reflect what is realistically expected within the planning period as these plans serve as the foundation for future funding decisions.
- Comprehensively evaluate utilization of existing facilities to see if cost savings can be achieved through consolidating space usage, reduced utility expenses, etc.
- Support efforts to map the location and assess the condition of the City's water, sewer, storm drainage and street infrastructure, so that the information can be used to inform service priorities.
- Consider developing level of service standards (e.g. extent to which streets are maintained, swept, etc.).
- Explore opportunities to more equitably distribute costs and/or achieve organizational efficiencies for services that provide regional benefit (e.g. regional fire authority, regional airport authority, county street lighting district).
- Follow through with the policy and action items related to the provision of infrastructure contained in the Economic Opportunity Analysis that the City completed in 2012.
- Recognize that measures should be put in place to periodically check and verify that selected recommendations are achieving desired outcomes.

## Appendices

The above recommendations were developed and informed by the following information:

- Summary of Infrastructure Costs from Comparable Jurisdictions
- Overview of Grant Service (Chase Park) and review of City Secured Grants
- Standard and Poor's Bond Rating and Debt Reports
- Overview of Existing City Maintained Facilities and City Owned Properties
- Review of Short and Long Term Capital Project Needs
- Summary of Potential Funding Sources
- Review of Existing Revenue Sources
- Potential Debt Schedules for Funding Water and Wastewater Capital Project Needs
- Other Materials as posted on the Infrastructure Taskforce webpage and noted during the December 19<sup>th</sup> Taskforce Meeting.

CITY OF NEWPORT  
RESOLUTION NO. 3637

A RESOLUTION ESTABLISHING  
AN INFRASTRUCTURE TASK FORCE

WHEREAS, the City Council and Budget Committee recognize the need for consistent and long-term public infrastructure investment; and

WHEREAS, the City Council and Budget Committee recognize that utility rates and fees can create a financial hardship for residents and businesses; and

WHEREAS, the City Council and Budget Committee desire to explore different and various funding options for public infrastructure investment; and

WHEREAS, the City Council, in consultation with the Budget Committee, has determined that a task force should be established to study this issue and forward recommendations to the City Council.

The City of Newport Resolves as follows:

Section 1. The City Council establishes an Infrastructure Task Force with the following members:

David Allen, City Councilor  
Ralph Busby, City Councilor  
Mark Saelens, City Councilor  
Patricia Patrick-Joling, Budget Committee  
Fred Springsteen, Budget Committee  
Mark McConnell, former Mayor

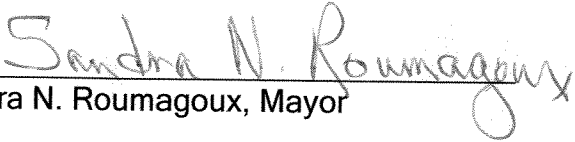
Section 2. The Task Force will consult with the Public Works Director, Finance Director, Community Development Director, and other city staff, as needed, in studying this issue.

Section 3. The Task Force will forward recommendations to the City Council for consideration and a potential plan of action.

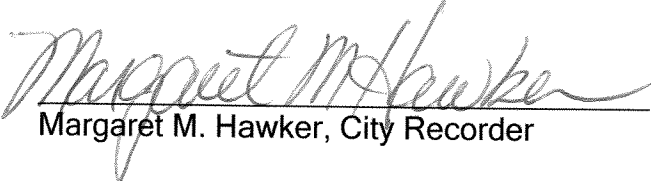
Section 4. The Task Force will complete its task by the regular City Council meeting of January 6, 2014.

Section 5. This resolution is effective upon adoption.

Adopted by the Newport City Council on June 17, 2013.

  
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Sandra N. Roumagoux, Mayor

ATTEST:

  
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Margaret M. Hawker, City Recorder

5 Year Scenario

Period	Example Monthly Bills*				Total Projected Utility Billing	Annual Rate Revenue Increases			Cost per gallon Water	Cost per gallon Wastewater
	Infrastructure Fee	Water	Sewer	Storm Water Fee		Water	Wastewater	Stormwater and Infrastructure Fee		
Current	\$5.65	\$24.70	\$37.35	\$0.00	<b>\$67.70</b>				\$0.004	\$0.006
FY2013	\$5.93	\$28.41	\$44.82	\$6.80	<b>\$85.96</b>	15%	20%	5%	\$0.005	\$0.007
FY2014	\$6.23	\$32.67	\$51.54	\$7.14	<b>\$97.58</b>	15%	15%	5%	\$0.005	\$0.009
FY2015	\$6.54	\$35.93	\$59.27	\$7.50	<b>\$109.24</b>	10%	15%	5%	\$0.006	\$0.010
FY2016	\$6.87	\$39.53	\$65.20	\$7.87	<b>\$119.47</b>	10%	10%	5%	\$0.007	\$0.011
FY2017	\$7.21	\$42.69	\$71.72	\$8.27	<b>\$129.89</b>	8%	10%	5%	\$0.007	\$0.012
FY2018	\$7.57	\$44.82	\$75.31	\$8.68	<b>\$136.38</b>	5%	5%	5%	\$0.007	\$0.013
FY2019	\$7.95	\$47.06	\$79.07	\$9.11	<b>\$143.20</b>	5%	5%	5%	\$0.008	\$0.013
FY2020	\$8.35	\$49.42	\$83.03	\$9.57	<b>\$150.36</b>	5%	5%	5%	\$0.008	\$0.014
FY2021	\$8.77	\$51.89	\$87.18	\$10.05	<b>\$157.88</b>	5%	5%	5%	\$0.009	\$0.015
FY2022	\$9.20	\$54.48	\$91.54	\$10.55	<b>\$165.77</b>	5%	5%	5%	\$0.009	\$0.015

\* Residential Monthly Bill Example: 3/4" meter at 5000 GAL