

**MINUTES
FAIRVIEW CITY COUNCIL WORK SESSION
FAIRVIEW CITY HALL
1300 NE VILLAGE STREET
FAIRVIEW, OREGON 97024**

November 6, 2002 -- 6:30pm

**I. CALL TO ORDER/
ROLL CALL**

Mayor Vonderharr called the Work Session to order at 6:40pm.

PRESENT: Mayor Roger Vonderharr
Councilor Ken Quinby
Councilor Sherry Lillard
Councilor Steve Owen
Councilor Len Edwards
Councilor James Raze
Councilor Barbara Jones

STAFF PRESENT: Mary Jo Briggs, City Administrator
Bob Cochran, Public Works Director
Roy Wall, Finance Director
Caren Huson, City Recorder

II. Utility Rates

Roy Wall, Finance Director, reported that staff was proposing an increase from 5% to 6% in the franchise fee paid by the utility funds to the General Fund for use of the public right-of-way. The impact to utility rates from this proposed change would be negligible, as the offset is really the timing of capital projects being constructed. The estimated effect of raising the franchise fee would mean an additional \$22,000 in payments to the General Fund from the utility funds. If Council prefers to leave the franchise fee at 5%, some utility capital projects may be able to be constructed slightly earlier. Director Wall introduced Ray Bartlett of Economic and Financial Analysis.

Mr. Bartlett stated that in reviewing revenue forecasts and user charges for services, it is proposed that the City increase rates for all three utilities: wastewater, water, and stormwater. Rate increases for wastewater and water stem from the loss of the Portland Hospital Laundry which has announced plans to relocate from Fairview. The Laundry has been the City's single largest water and sewer customer, accounting for nearly 17% of sewer revenues and 8% of water revenues. The rate increase for stormwater will provide the cash flow needed to complete planned capital improvements. Mr. Bartlett added that the following was proposed: wastewater rates increase 4% beginning January 1, 2003 and 4% beginning January 1, 2004; water rates increase 3% beginning January 1, 2003 and 3% beginning January 1, 2004; and, stormwater rates increase 3% beginning January 1, 2003 and 3% beginning January 1, 2004.

Councilor Quinby asked if the proposed rate increases were due to the fact that City utilities had been operating at a loss. Mr. Bartlett responded no, and that the Hospital Laundry simply allowed the City to set aside money for planned capital improvements so that they may pay cash for projects instead of borrowing funds. Councilor Quinby questioned if the utilities have not been taking a loss, were they then making a profit. Mayor Vonderharr responded that the utility system must be maintained no matter how large a business the City may have in its boundaries. Also, no matter what the usage is, the City still has to pay off debt service for certain capital improvement projects.

Councilor Owen asked why the Hospital Laundry was moving out of Fairview. Bob Cochran, Public Works Director, responded that the Laundry felt that the land they own in Fairview is too valuable for simply a laundry service, and that they were constructing a new facility on 185th Avenue.

Councilor Edwards questioned if Gresham was current in their billings to Fairview for wastewater treatment. Director Wall responded no, that Gresham was usually 60-90 days behind in their billings.

Mary Jo Briggs, City Administrator, mentioned that some of the apartment complexes in Fairview were showing an increase of three times normal water consumption. The City started looking for leaks, broken meters, etc., and determined that it was simply high use. Staff would like to allow six months for apartment managers to determine how they will take care of the issue and staff needs to discuss whether they should be billed commercial or residential water rates.

Mr. Bartlett reported that in regards to coin-operated laundries, national statistics show only a 5% difference in water coming in and going out, so they are basically losing 5% of their water in evaporation. This means that the Council could consider reducing a coin-operated laundry utility bill by 5%.

Councilor Quinby stated that the owner of the coin-op laundry was threatening to leave the City due to our water rates, and it seems to him that Fairview loses businesses instead of gaining them. Mr. Bartlett asked Council to consider the fact that the coin-operated laundry only provides 1% of utility revenues.

III. Adjournment

Councilor Quinby moved and Councilor Lillard seconded the motion to adjourn. Mayor Vonderharr adjourned the Work Session at 7:25pm.

AYES: 7
NOES: 0
ABSTAINED: 0

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Mayor Roger Vonderharr

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Dated:

Caren C. Huson Quiniones
City Recorder