

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

October 20, 2004 -- 5:30pm

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

Mayor Weatherby called the meeting to order at 5:31pm.

PRESENT: Mayor Mike Weatherby
Councilor Darrell Cornelius
Councilor Steve Owen
Councilor James Raze
Councilor Larry Cooper

ABSENT: Councilor Sherry Lillard
Councilor Jim Trees

STAFF PRESENT: Bob Cochran, Public Works Director
Laura Zentner, Finance Director
Caren Huson, City Recorder
Pam Beery, City Attorney

**II. DISCUSSION
Utility Rates**

Financial Consultant Ray Bartlett reported that two years ago the Council reviewed utility rates and made adjustments; at that time, it was agreed that utility rates would be reviewed every other year. During the last two years, the City lost its largest water user, Portland Hospital Laundry, which had an impact on the water rates at 10-15% of revenues. Mr. Bartlett explained Table 1 of the handout which depicted a cash flow history of the water fund and reviewed its status, adding that there were capital improvements remaining to be completed at an approximate cost of \$2.1 million in 2004/2005. In addition, labor costs were rising 6.5% a year, with labor overhead increasing due to rising health insurance costs.

Councilor Owen questioned if the figures before Council reflected a new allocation study. Laura Zentner, Finance Director, responded no, as she was currently working on the new allocation system which has the potential of changing the utility funds. Mr. Bartlett commented that staff was recommending a 3% increase in water rates which would increase the average household bill from \$21 to \$24 a month in the winter, and more in the summer depending on water usage.

Councilor Cornelius asked what would happen if the City did not

increase water rates. Mr. Bartlett responded that if the City did not raise water rates, the negative impact probably would not show up for about 3 years; reserves would start dropping. The City would find that the net operating expenses would not match its debt amount, and in addition, the City would probably have to defer capital improvements. The end result would be increasing rates significantly in the future in an amount such as 10%.

Mr. Bartlett distributed a handout on the sewer fund which depicted a financial history of the fund, forecast assumptions, capital improvements schedule, schedule of debt service, and financial forecast upon which to base future rate increases. Staff was recommending a 4% increase in sewer rates. Discussion ensued on future capital improvements and debt service to Gresham for sewer treatment.

Mayor Weatherby thanked Mr. Bartlett for his presentation and asked that Mr. Bartlett return at a future date to discuss stormwater rates.

III. EXECUTIVE SESSION
ORS 192.660(2)(a)
Employment of Public
Officers, Employees and
Agents

At 6:30pm, Mayor Weatherby adjourned the Council in Executive Session per ORS 192.660(2)(a).

Mayor Mike Weatherby

Dated:

Caren C. Huson Quiniones
City Recorder