



CITY OF EAGLE POINT

"Gateway to the Lakes"

OREGON

May 26, 2011

Honorable Robert Russell, Mayor
Members of the City Council
Members of the Budget Committee
Citizens of Eagle Point

Ladies and Gentlemen:

I am very pleased to present the 2011/2012 Fiscal Year Budget for the City of Eagle Point. Despite the rumors to the contrary, the City continues to grow very slowly (25 units 10/11) while expecting only 25 building units to be constructed in the upcoming fiscal year. Construction of the new Hillside Elementary School has finally begun during the current 10/11 fiscal year and will continue construction throughout much of the 11/12 fiscal year. All the building permits and SDC payments will be part of the ending balance in the General Fund and appropriate SDC Funds for the 2010/2011 Fiscal Year. We see no action on the horizon for the Inn at Eagle Point or resale of the property but are seeing the beginning work on the new "Do It Best" hardware store that is being built by R.A. Murphy Construction.

The 2008/09 budget year began the downturn in the housing market requiring a mid-year adjustment in the General Fund (9.5% cut) that impacted all departments in the fund. Impacts to the 09/10 budget year were even more dramatic reducing the General Fund by 18% (\$585,040) over the 08/09 adopted budget. The revenue reductions called for either an increase in revenue or expenditure decrease to balance with available revenues. Staff combined a decrease in expenses, including the reduction of six positions (18% of total workforce) with new revenue increases charging our street and water systems a 5% franchise fee. The resulting changes stabilized our operations, but put significant stress on staff to learn new assignments and cover job functions that were not part of their original job description. The Street Fund and Water Fund transferred a 5% franchise fee to the General Fund to help cover costs in that fund. The franchise fee for our utilities is similar to the franchise fee charged to Pacific Power, Avista and Charter Communications for

their use of public right of way. A total of \$402,473 in reduced expenses came from the six personnel reductions, three in Police, two in Administration and one in Public Works.

The Budget Committee is aware that Eagle Point historically has run with far fewer staff members than other cities our size statewide. The loss of six positions has reduced our staff numbers from 34 to 28 FTE. Beginning the 2011/12 budget year we will begin operating with 25 personnel; one additional reduction in Public Works and one additional reduction in the Police Department and one at the Front Counter. The front counter position is temporally being filled with a Temp Employee from Personnel Source. We will fill the Public Works position in August or September. Please keep in mind as a matter of perspective, our twenty seven (27) FTE's in our 2011/12 budget contrast to seventy four (74) FTE's in Central Point. We will lose the Police Lieutenant position in our upcoming budget due to a lack of General Fund Revenue. Loss of any additional staff would make some programs functionally impossible to manage. Our level of service is now stretched to our maximum level with the personnel on board. These changes have been accepted by staff with great spirit but clear evidence of strain and pressure plagues our existing arrangement. It is particularly important for the City Council to set priorities on the various projects that are highlighted in the 2011/12 Budget. The same staff that might be working on a park plan will be the same staff that would work on a street project or water repair project. Although staff is very adept at handling several issues at the same time, there is only so much stretch in the rubber band.

We closed City Hall during lunch to allow personnel a lunch break while accounting for vacations and sick days. All programs have continued to function in 2010/11 but we have suffered some impacts in park maintenance, building department service time and financial record keeping. We have eliminated the Summer Day Camp Program for the 2011/12 fiscal year due to a lack of available staff. We were fortunate to complete the implementation of the new financial and record keeping software system this last year which has proven to help staff and patrons by allowing on-line bill paying and account reviews which eliminate the need for some degree of over the counter contact. We disbanded the "Pay or appear" program in the court system that has significantly reduced the numbers of court participants, thus allowing the Court to be administered on a part-time basis.

The new fiscal year will continue to see small amounts of development in the Barton Road area (Sienna Hills Subdivision, Barton Hills Estates Phase III and Shelter View) and various other small subdivisions such as Trent Greens and Hidden Valley. The occasional custom house at the golf course community will round out the expected 25 new building units for 2011/12. A new Chiropractic Clinic to be located in Creek Side Center is nearing completion with an additional expansion being planned for the Butcher Shop that is on the drawing board. It remains gratifying that several new buildings remain planned and on the drawing board for development in the downtown. All have been delayed in their progress due to the economy. Most of the new subdivision growth will continue to be associated with subdivisions that have already been approved since virtually all residential lands have been annexed into the city and have completed the conceptual planning process. Our efforts in changing the urban growth boundary of the

city will be critical in our ability to offer new housing opportunities for the future. The completion of Regional Problem Solving Regional Plan will be an important component to make future growth possible.

Public support still remains strong although unemployment in the County remains high. Many of the jobs in our community are government or service based retail that helps maintain a strong base. The strong numbers of retired residents that have moved to our community and to our region are a driving force supporting many of those service jobs. The retirement dollar in our community has added support to the community during recessionary times but also help to drive down the wages for those working in the region. It is therefore important to support programs promoted by organizations such as SOREDI that seek to develop and attract family-wage traded sector employment to the region. Eagle Point struggles with far too few spaces for new business development, both shovel-ready and appropriately zoned. It will be important to focus on rezoning opportunities within the existing city and new land use patterns (zoning) for future Urban Reserve Areas.

I continue to remain very pleased with the positive way the Staff, Planning Commission, Parks and Recreation Commission, Economic Development Commission and City Council have responded to the challenges.

We talked the last two years about how important it is to establish clear plans for the future based on community vision and needs. The City Council accepted that challenge and established a new vision in Goal Sessions completed in March of 2011. Staff feels comfortable with the current emphasis and direction and looks forward to the 2011/12 budget year. Staying focused and patient will continue to prove to be a winning combination.

The construction completion of the Harnish Park Tourist Information and Interpretive Center Building was finished in early spring of 2006 with the final touches on the park landscaping completed in 2007. Improvements to the exhibits and staffing have gone well and will continue this budget year with additional educational touches supported by several outside agency groups. A new computer monitor has been installed for the Little Butte Creek Room along with stream monitoring equipment that was installed in the creek to look at temperature, stream flow, conductivity, turbidity, dissolved oxygen and PH. The upcoming budget year will allow the information to be displayed in real-time values for visitors. The project was scheduled for last year and not able to be coordinated. The same partnership with the Medford Water Commission, SOU, Watershed Council and the Water Masters Office is making the project possible. Much of the cost for the monitoring will be paid by the Water Commission and Water Masters Office. The city will also install a separate monitor to run the Little Butte Creek Story for visitors to the Interpretive Center. The same group will also work on interpretive signing and demonstration riparian planting areas that are part of the City's TMDL Management Plan for DEQ.

New parking and walkways scheduled for Matte Brown Park for 2008/09 were cut from the budget for 09/10 and 10/11 Budget due to lack of funds. The City was awarded

Congestion Mitigation Air Quality (CMAQ) funds to construct the parking facilities. The project construction is scheduled during the 2011/12 fiscal year. Plans remain open for a pathway connection between Matte Brown Park and the Butte Creek Mill. Some degree of pathway clearing will be completed by members of the LDS Church late this summer 2011. Final efforts for actual construction will require an easement from one private property owner to complete the right of way connection.

Funding is provided in the Park SDC Budget for 11/12 for additional park land acquisition if an opportunity presents itself. In addition, the SDC Fund will also provide for beginning park design on Lucas Park area, adjacent to the Eagle Point Golf Community and the Glenwood Subdivision. The City completed the design and development of Centennial Plaza at the corner of Main Street and Royal Avenue. The total design and construction was approximately \$370,200 with an additional \$79,000 for land acquisition.

City Hall improvements that began in the 07/08 fiscal year have included the completion of the main water fountain feature that surrounds the City of Eagle Point sign at the corner of Buchanan and Linn Road, entrance fountains and the completion of façade improvements for the City Hall and Ashpole Center have set the stage for additional work in the downtown that helps to focus positive change. The improvements, along with intersection work at Main Street and Royal Avenue, street work on Main Street and the work on Centennial Plaza have set the stage for the City to establish an improvement catalyst to create movement for private investment in our downtown area. The 2011/12 Budget sets aside funds to seek design help to take a look at the Old Fire Station lot and the two other adjacent properties owned by the city across the alley and adjacent to Loto Street.

Water service projects have been a large focus of our time and infrastructure needs over the past couple of years. The completion of the final water system capital improvements including the refurbishment of the Old Federal Reservoir purchased by the city in the early 1990's along with a Booster Pump Line connecting several homes along Robert Trent Jones and adjacent areas to the high pressure water zone have been physically completed. The reservoir project will add 4 million gallons of water storage to our water system providing many years of future growth in the water system. The final details of connecting all high pressure homes and filling the reservoir for use will start as we transition into the 2011/12 budget year in July. The contract repair of a section of 12" water line connecting the 3.6 million gallon reservoir to the city water system that has been found with severe water leaks is one of three repair projects scheduled for this upcoming budget year. The repair is expected to be completed in June 2011.

Additionally, public works personnel have been working to identify leaks that seem to be associated with either the 3.6 million gallon reservoir or with the connection piping under the reservoir. Repairs will be completed early in the upcoming 2011/12 fiscal year. Finally, a water line section is scheduled to be replaced as part of a road improvement to Fargo Street. Replacing old and sensitive Asbestos Cement (AC) water lines installed in the 1970's is a key priority for the water department. Major street rehabilitation on Fargo is a necessary project to replace this section of failing street.

The city continues to negotiate a new five-year water contract with the Medford Water Commission. Significant differences remain between the parties. Eagle Point, Central Point, Phoenix and Talent have been working on several elements of our joint relationship with Medford that has proven to be inequitable and not beneficial to any of the outside city users. The issues are so complex and the positions between Medford and the other city users so vast, it is difficult to forecast a solution during the next fiscal year. This issue will consume a good deal of staff time throughout the year.

City staff continues to plan for improvements to the Public Works Department site on South Shasta Avenue. The second phase of construction on the new site was scheduled in the 09/10 and 10/11 Budget but was not completed. The project included a vehicle wash area and additional covered storage. The upcoming 2011/12 budget sets aside funds for only the vehicle wash station. Completion of the covered storage facility to replace the Old Fire Station building on Main Street will be scheduled in the 2012/13 budget year.

In addition to infrastructure improvements, the city will continue to offer long-term planning direction for growth through the Regional Problem Solving (RPS) process and work to expand the Urban Growth Boundary (UGB). The beginning of the process for the City and County to incorporate the RPS plan into the respective comprehensive plans of both government agencies is now underway. The City Council adopted the update to the city's Buildable Lands Inventory and the Economic Opportunities Analysis for the expansion of the City Urban Growth Boundary. Eagle Point has grown out of the required 20-year supply of land necessary for future growth. The coordination of the Regional Problem Solving adoption process with our own Comprehensive Plan work is a key task facing planning staff for this upcoming year. It is our hope and the hope of all the RPS participants to use the results of Regional Problem Solving to secure part of necessary tasks for a UGB Expansion process.

Staff and Consultants from DKS Engineering in Portland completed an update to the Transportation System Plan. A TMDL (Total Maximum Daily Loads) Management Plan for Little Butte Creek was also completed in the 10/11 fiscal year with staff finalizing the first Implementation Plan due to DEQ in the early fall of 2011.

To begin the 2011-2012 fiscal year, the budget has continued to focus on many of the same visions and directions taken from the last fiscal year and formulated as part of the City Council Goals set in March of 2011. The new budget includes construction project design for pedestrian lighting along Loto Street and Main Street. Construction work will include water repair projects, street repair projects, storm sewer installation work, sign installation and construction and a second phase of work at the New Public Works Site.

Significant planning efforts include: Parks planning particularly on Lucas Park grounds, Incorporation of Regional Problem Solving Urban Reserves into the Comprehensive Plan, coordinating a Safe Route to School Plan with School District #9, continued work on the TMDL Implementation efforts and downtown design and analysis on the Old Fire Station Property and surrounding grounds.

The 2010/2011 Budget finalizes most of our primary water projects highlighted in the Water Comprehensive Plan:

- New Supply Line to Medford System – 16” (project completed)
- Main Pump Station Upgrade (project completed)
- 12” extension from Royal and Old Highway 62 to Nick Young (partially completed)
- Old Highway 62 water main upgrade to 12” (design completed)
- System Connection to New Reservoir (complete)
- Industrial Loop – Hannon Drive (completed by Wal-Mart)
- Reservoir upgrade or replacement (complete)
- Reservoir connections between proposed 4 million and existing 3.6 million gallon storage facilities (partially completed by developers with remaining portions to be completed in the future.
- Booster Pump Line for 4 MG reservoir (complete)

Several of the projects have been combined together to make a more attractive project to potential bidders. As costs escalated from 2004 to 2007, the bidding climate deteriorated the ability to complete all the listed projects made our efforts much more challenging.

The Water Fund will continue to share a role in the purchase of water rights. Although we feel that the combined use of all water rights purchased or held by all users of Big Butte Springs and Duff Treatment Water would cover future water right needs for many years to come, Eagle Point may be required to cover water rights of peak flow periods that are currently not part of the rights we currently hold. Peak flow water rights would come from stored water at Lost Creek Lake. Most water right needs will be focused on the “prove up period” necessary for the use of the water rights already purchased. With the completion of Fish Screen Improvements and the Duff Water Treatment Plant the Water Commission will be working with our community and other city users on the final details to make all our water rights functional for municipal use. Water will always be our most valuable resource commodity and remains the key to future growth.

Storm water issues will now be assisted through funding provided by a System Development Charge that was created and approved by the City in March of 2009. An effective maintenance program coupled with the requirement for detention of storm water in new subdivisions has helped to get a handle on part of our storm needs. The storm water maintenance fee passed in April of 2000 has been recently upgraded based on our current maintenance needs. The utility fee is an effective maintenance tool but lacks adequate funding to support large scale capital projects. The lack of growth will restrict capital projects until sufficient funds are available.

The Storm Water Fund is supporting ditch stabilization work, implementation of the TMDL Management Plan, minor improvements along Platt Place and improvements to the Buchanan Ditch System in the vicinity of the Green Hills Subdivision.

The city began negotiations on a new labor agreement with our two bargaining units starting in the Spring of 2010 effective July 1, 2010. There was no cost of living wage increase calculated into the 2009/2010 budget year and again for 2011/12 fiscal year. A new agreement has been completed with the General Bargaining Unit with a final offer to the Police Unit extended by the end of May 2011. The loss of six FTE and the reduction of 18% of the General Fund revenues in 2008 have now included the additional loss of one additional FTE in the Police Department for 2011/12 leaving a sobering reminder and a true reflection of current times.

The 2009/2010 Budget created a new Capital Purchase Reserve Fund that targeted primarily vehicle replacement but can also set funds aside for large capital equipment purchases. We currently are saving funds for vehicle replacement within each fund and will be transferring those assets to the new Capital Purchase Reserve Fund each year to better track and account for our large capital purchases from all funds. The 2011/12 Budget will show transfer of only the current capital needs for 2011/12 vehicle and equipment replacement into the Reserve Fund from each of the operating funds. The Police Vehicle Replacement Program started three ago and was not been able to fund a replacement for a new vehicle for police for the 2010/11 fiscal year. However funds are in the upcoming 2011/12 budget to replace one of the aging police cars. Due to the annual high mileage on our regular patrol vehicles we have tried to replace the oldest of the fleet every year. All five patrol vehicles are owned by the city. Only the old jeep used by our detective and the Chief's administrative vehicle are leased through the state.

The 11/12 Budget does not reflect any new increase in general liability insurance, but will see a rebate of approximately \$18,000 for 10/11 and another \$18,000 rebate for 11/12. However, health insurance is expected to increase 15% based on the adjustments and reshuffling due to the current federal health insurance requirements. We have also included a 10% rate increase in power.

During our budget reductions in 2008/2009 and 2009/2010 all training was either cut or severely reduced from the budget with the exception of those positions in Police and Water Operations where certification training is required to maintain licenses. The 2010/2011 and 2011/2012 Budgets have increased the training budgets in the various funds that will allow the remaining General Fund staff to attend the training necessary to keep up with new regulations and requirements. There has been and will continue to be many changes in laws and regulations with regard to budget, finance reporting, audit requirements, PERS, public record/meetings, ethics, grant writing, building/planning and program regulations, etc. Although the routine funding levels have not allowed the city to fill positions lost in 2009/10 it is imperative that those staff members remaining, function with the correct information and background knowledge to address our ongoing operational needs.

Major projects scheduled for 2010/2011 that are funded or partially funded by outside resources are found in the special capital project funds. No outside resources are available to budget for 2011/12.

Major Policy Issues will again reflect any new capital expenditure over \$1,000 or any increase in wage or change impacting personnel. Two additional policy issues from outside agencies will be addressed in the upcoming budget. The first is from Food and Friends helping to support the meals program for seniors at the Senior Center. The second is from the Community Association to add to the fireworks display at the Fourth of July events. The fireworks request is to add fireworks to recognize the 100-year Centennial of the City. The policy issues will be reviewed as part of the budget review.

Revenues for the 2011/2012 Budget have been projected very conservatively, particularly in the General Fund. Cash Balance in the General Fund has seen significant improvement from a 2009/10 Budget of \$230,000 to a 2010/11 Budget of \$550,000 with a projected Cash Balance of \$800,000 in 2011/12. Our frugal approach over the last two budget years has allowed the extra savings insuring that we can meet our early fall expenditures before the first receipt of property tax in November. In addition, savings seen in several areas within the General Fund, particularly in personnel costs during this last year have allowed a one-time receipt of \$190,000 in savings that was unexpected. Unfortunately the savings is not reoccurring revenue and should be made available for only one-time expenses. We found additional savings in the cost of personnel particularly during the retirement transition of long-time Public Safety Director Dave Strand (January 2010) and the interim Police Chief position held by Lieutenant John Meeker. A full-time Police Chief salary was not paid until Vern Thompson was hired in November. Savings also was realized in the loss of one public works laborer that will not be replaced until July 2011, lower insurance rates particularly with rebates helped save money, savings in attorney and planning costs, travel and training expenses not used when staff could not leave due to understaffing levels and salary expenses that were reduced from 2.3% (budgeted) to 1.7% (negotiated) that saved extra funds. It was particularly important that the 1.7% was not applied to the salary schedule since additional revenue losses over the next couple of years in property tax will have a significant impact.

Since we will not be fortunate to achieve this level of savings for this upcoming year and thus not a dependable reoccurring revenue source, staff set aside the \$190,000 savings in the following areas in the 2011/2012 Budget:

- Buy one lap top for the council room to replace old news media lap top (\$500)
- Provide City-wide clean up day (\$1,500)
- Extend Temp help at Front Counter until December 31, 2011 (\$20,000)
- Site design and analysis for Old Fire Station (\$80,000)
- Maintenance on computer servers (\$5,000) includes maintenance, virus protection and updates (now being done by Finance Officer after hours)
- Remaining to Contingency of General Fund

The significant amount of savings to Contingency reflects recent discussions with the County assessor and County Administrator that highlights a continuing downturn in the housing market and devaluation of property values. The trend will reduce our revenue return from property taxes both this upcoming year and for 2012/13. We have budgeted

to lose \$36,661 in Property Tax from the 2010/11 Budget. No one seems to have a clear picture on the how the impacts on property values will end. The prudent choice is to save now when you can!

In view of a continued limitations in General Fund resources, staff will be discussing with the City Council various additional funding options that could complement existing resources. Most other cities in the region have included a series of "fee based" service costs to the revenue base for General Fund activities. Eagle Point has not implemented most of the fee based programs and struggles to meet our current service demands with current staff resource levels. Regionally Eagle Point is fourth lowest out of eleven cities in tax revenue per \$1,000 assessed value. Comparing ourselves on a state-wide basis against the 20 comparable cities of 6,500 to 10,200 in population we are the third lowest in tax revenue received and last in the state in tax rate per \$1,000 in assessed value. Our lack of ability to change the state constitutional property tax provisions is clear, leaving only fee based options to discuss and address. We will thus be seeking a permanent revenue base that can sustain the rehire of two of the six employees lost in the 2009/10 budget. One employee in administrative services (front office) and the second position will be a police officer. Both areas see additional stress and scheduling conflicts that stretch our ability to serve the public. In addition we will discuss our current position in the Water Fund where an increase to cover debt service and staff levels will be a critical decision to make.

We have been fortunate during the 2003 to 2007 time period as growth has exceeded our budget expectations. Unfortunately, new growth will not be as forth coming or resilient as in the past. Although we do see signs of new home growth, our growth projections for the New Year will continue to be very low (25 homes). The reduced growth in the 08/09 budget (34 homes), 09/10 budget (25-27 homes), 10/11 (25 homes) and 11/12 (25 homes) will still allow several construction projects to take place and a major complement of planning issues to be addressed. The loss of our friends and valued staff members in 2009/10 is a sobering reality check for all us that will remain. The additional loss of the Police Lieutenant position for 2011/2012 is continuing reality or our reoccurring revenue needs. We viewed the low end of our functional spectrum in the 09/10 and 10/11 Budget with clear sense that for City Government finances, things can only look more positive. The boat has not been sunk but only damaged. We continue to sail proudly with a slightly reduced complement of services to our citizens. Because we cannot fully staff all functions we remain limited in our operations. We must wade through the tough times and make the necessary repairs to our programs when better budget times will allow us to rehire or refill staff positions lost.

General Fund: Increased from \$3,021,251 to \$3,113,935

Serves – Administration, Finance, Courts, Planning, Community Development, Building, Police, Fire, Parks, Recreation, Billing Service (RVSS) and Non Departmental Services

The primary reasons for the increase in revenues are related to a savings and reduced spending in 2010/11 thus allowing for a larger Cash Balance for 2011/12. Our property tax return for 2010/11 was a positive 1.3% increase while we expect to lose \$36,000+ this next year and again in 2012/13. Our General Fund is very dependent on property tax, franchise fee revenue, permit fees and state shared revenues to maintain the functions outlined above. When growth in new building activity and increased per capita income slows, our general fund will suffer. The increased use of cell phones and television dish systems has significantly reduced our franchise fee income from telephone and cable franchise holders. Staff intends to restructure our franchise programs modeled after work completed in Eugene. The reformulated privilege tax structure rather than a franchise agreement will include a cost to cell and dish customers who reside in our community. Particularly important is a franchise fee on Sewer Districts that we have been debating for the past couple of years. Sewer agencies are seeking legislative help to disallow the fee on sewer services that is currently allowed on other utilities.

The General Fund carries a Contingency line that now represents just 12.3% of the total fund balance which is a 2.3% increase over the 2010/11 Budget.

Last year virtually all the growth activities stopped with the exception of development in Sienna Hills Subdivision. In 2011/12 budget year, we see beginning signs of additional building which takes place in small development pockets and at housing prices that have a continuing market. However we have budgeted and forecast only 25 housing units for the New Year and recognize the continued impact of foreclosures on the building market. The inclusion of the Eagle Point Hardware Store and the Chiropractic Clinic will help growth revenue for year end.

In 2011/12 staff is recommending a new Privilege Tax on our Sewer Utility that will equal the 5% Franchise Tax on our Water and Street systems. The Transportation Utility Fee was required to be increased in 2011. The political discussion of any increase is important if the city really wants to cover costs for capital street improvements. Keep in mind that the Council reduced commercial rates by 45% and downplayed the increases to many businesses two year ago when rates recommended by consultants were not accepted. However, rate increases two years ago were primarily objected to because of the high cost that reflected no increases in the TUF for more than eight years rather than a more gradual impact that a business can easily pass on to customers. The forecasted increase in Cash Balance and Contingency for 2011/12 is encouraging but not a real indication of additional reoccurring revenue. The following totals from each of the General Fund Departments shows the financial status of the Fund on a department by department basis for 2010/2012 in comparison to our recommended 2011/2012 Budget:

	<u>10/11</u>	<u>11/12</u>
Administration	\$181,800	\$284,263
Court	\$58,625	\$59,700
Building	\$175,974	\$187,685
Planning	\$95,225	\$103,675

Police	\$1,578,766	\$1,439,786
Fire	-----	-----
Parks	\$116,575	\$108,100
Recreation	\$ 96,055	\$ 66,350
Billing Services	\$45,215	\$ 50,220
911 Tax Revenue	-----	\$ 50,000
Non Departmental	\$83,031	\$ 91,525
Transfer to Capital Reserve	\$41,850	\$ 36,850
Reserves and Contingency	<u>\$548,145</u>	<u>\$ 635,781</u>
	\$3,021,251	\$3,113,935

It should be noted that the Fire portion of the budget has been eliminated. In previous years we have chosen to budget a portion of our Director of Public Safety position salary in a Fire portion of the budget. The current Police Chief position will not have the coordination and operational role of a Public Safety Director and therefore all salary for the new position is taken from the Police portion of the General Fund.

Please also note that slight increases in some areas are a reflection on increases in the benefit costs for that portion of the budget not an increase in salary cost.

Additional areas of change include the Administrative Budget where a portion of one-time cash savings has been budgeted for Economic Development uses primarily the design and assessment of use on the Old Fire Station (\$80,000). Additionally we have increased the legal expense line in the Planning Budget to reflect time associated with growth planning. The Police Department has been reduced due to the lose of the Lieutenant Position and that most safety vests scheduled for replacement during this last year were acquired in 2010/11. Additionally, last year we budgeted for another officer through a COPS Grant Program that we did not receive. That position is not budgeted in the upcoming budget. However, the Police Department will be able to purchase a new police car combining reserve funds and additional resources in the personnel savings. The recreation department has been reduced in both revenue and expense due to the elimination of Summer Day Camp and After School Program.

Non-Departmental discussion in the Budget Message last year included Cash Balance and Contingency which have been broken out separately in the above chart of General Fund Expenses. Cash Balance has remained the same for 2011/12 but Contingency has increased based upon savings reflected in the 2010/11 Budget. We have additionally budgeted to cover the requested cost of Food and Friends and Community Association Fireworks for the upcoming year. Finally, a total of \$2,500 has been budgeted for the use in the year-long Centennial Celebration in 2011.

The 2011/2012 Budget continues to provide part-time staff services in the recreation department and part-time staff support for Planning and Permitting services. Both employees remain serving those areas but provide temporary service to reception/utility and court services for the remainder of each day. We have decreased the Building Inspection contract to half-time in the 2009/10 Budget but have increased service activity for our contract provider who will additionally provide electrical and plumbing

inspections to the normal building service activity. Additional contract time will be devoted to time spent on the new school construction and hardware store construction. The County had provided the electrical and plumbing inspections through June of 2010. Our operations allow staff to continue to provide half-time staff support to Court Operations. The remaining half-time support is supplied at reception. The 11/12 budget continues to support the SRO position in the High School. The School District continues to support their portion of the SRO position. The 09/10 budget reduced staff time at Harnish Park and the Eagle Point Museum to a Friday, Saturday and Sunday schedule which has been continued for both the 2010/2011 Budget Year and the upcoming 2011/12 Budget Year.

We continue to prepare with good planning strategies that will build a better and more resilient community for the future. We believe we have a good idea of what key issues the community wants addressed and what we can expect from others. The vision in our Strategic Plan remains solid although we need to start to consider a review of our August 2001 Plan as many new residents have moved to our community. The Council Goals set for the 11/12 fiscal year, continue to be reflected in the many plans and programs in the upcoming budget.

The purchase of new financial and operational software program has proven to be a huge success. Along with electronic document imaging and police electronic ticketing upgrades have allowed our reduced staff to better cover services and not significantly reduce the level of service to our customers.

Park facilities continue to be maintained by city staff. The 11/12 Budget sets aside additional funds to continue work on the development of real time water monitoring and other exhibit improvements. The real-time information will be fascinating for visitors and provide immediate information to the City of Medford, City of Eagle Point and Jackson County on the amount of water and the quality of water that flows through our community. Information for flood issues and impacts to the Water Treatment Plant are key factors in the installation of the monitoring equipment. We continue to receive active interest and support from the Little Butte Watershed Council, Medford Water Commission and the Water Master's office to help with interpretive displays. In addition, we have supplied space and staff support to a Water Quality Technician that will work out of the Judge Stewart House if outside funding is available.

Little Butte Creek Park completed its redesign through contract with Covey-ParDee Landscape Architects. The expansion of the park, along both sides of the creek and onto the adjacent hillside offers significant opportunity for new park grounds expansion and innovation.

The city also embarked on a design process to transform the vacated old gas station property at the corner of Main Street and Royal into a new downtown park/plaza. The name of Centennial Plaza has been chosen by a joint committee of the Economic Development Commission and Parks and Recreation Commission. The plaza park was completed and dedicated in February 2011 as Centennial Plaza. Additional Centennial

events will continue for the rest of 2011 with the final time capsule entombment for December of 2011.

The city is also working with the School District to coordinate facility uses through the creation of an Intergovernmental Agreement that would contemplate the use of school or city space for city/school facilities such as tennis courts or other needed recreation facilities. City staff will be looking at grant opportunities to add these various recreating facilities as the grant program opportunities evolve. Recreation programs for Junior Eagles Program will continue for 11/12. The Junior Eagles Program has grown over the past several years and has proven to be very successful.

The Senior Nutrition program at the Eagle Point Senior Center has been funded again at \$10,000. Funding to assist the Community Association for additional fire works at 4th of July has also been funded (\$1,000).

The General Fund helped to support the purchase of new Public Works vehicles in the 05/06 budget year and is currently supporting the Parks and the Police contribution to the Vehicle Replacement line in the current budget allowing us to save for replacement of the vehicles in the future. Over the past several years we have collected vehicle replacement funds in each department. We have created a Capital Replacement Fund that now accepts funding from each department for those major replacement purchases. At the end of 2009/10 we transferred the total of each department replacement to the Capital Fund. In 2010/2011 we transferred only the yearly need for each department.

We are also continuing to support the use of Channel 15 for public educational broadcasting. A contractual relationship with School District #9 is expected to be revisited and redrafted to reflect the inclusion of programming services through Southern Oregon Educational Service District. The city's only contribution to the Channel 15 service comes from fees charged to customers monthly and passed on to the city. We have received approximately \$10,000 to \$12,000 annually to support Channel 15 operations although we have budgeted \$53,600 in our upcoming 2011/2012 Budget which represents several years of PEG Fee revenue. The city council has authorized expenditures for only capital equipment to keep the system running. Due to the inability of the school district to adequately control and regulate the programming functions, no new equipment has been authorized to be purchased in the last couple of years. The arrangement with Southern Oregon ESD will offer greater opportunities for better programming service and greater accountability and care of the service equipment purchased by the city.

Finally, the General Fund has included the receipt of funds from Rogue Valley Sewer Services for Billing and Administrative Services.

Street Fund: Increase from \$1,433,130 to \$1,581,400

Serves – Street Maintenance

The primary cause for an increase in revenue in the Street Fund is an increase in Fund Balance from savings. The Street Fund and street projects will take on a more important role as major water projects have been completed in recent years.

Receipt of federal transportation money or STP Funds for cities over 5,000 in population is continuing to be a positive contribution to the Street Funding base. The funding is based upon population. The Federal STP funds can directly be used on limited eligible projects. We have chosen to exchange the federal funds through the State to receive return funding that can be used on local street projects. The exchange rate is generally .94 cents on the dollar. The current allocation of STP funding is scheduled to be used on improvements to Fargo Street based on the deterioration of the street condition. A value of \$150,000 is available for use. Additional dollars will provide sidewalk improvements connecting Lorraine with Royal Avenue. Gas Tax revenue has slightly decreased for 2011/12 due to the decrease in census figures, however Transportation Utility fees have remained stable for use in our 2011/2012 Budget.

We have set aside \$300,000 (\$150,000 in this fund) for pathway project improvements to South Shasta Avenue. An additional \$150,000 is set aside for the project in the Street SDC Fund. A grant to widen the street and add bicycle lanes was lost focusing the project on the separated path only. We are completing the engineering work on the project in 2010/11 and will extend a pathway from the school area at Main Street to Arrow Head Trail in the construction phase during the 2011/12 budget year. This project is part of a safe route to school program and is only possible through SDC contributions from the School District on behalf of Hillside Elementary School Construction. We are additionally working with Rogue Valley Transit District on a planning grant to focus on Transit Services needs for Eagle Point (\$6,000). The planning work will start some time after the first of 2012. The results will not focus on who will supply transit service or when. However the study results will offer valuable information on what type of services is most needed and how they could be achieved.

Reconstruction of the intersection of Main Street and Royal was completed during the 2009/10 budget year. The intersection improvement coupled with repaving of Main Street with Stimulus Funds has been a significant improvement to the downtown area and the Town Center Plan. The Main Street Bridge is also scheduled for cosmetic repairs on the sidewalks for 2011/2012 (\$12,000). Painting of railings on the bridge was completed early in 2010/11. The non-standard walkways have been closed.

The Street Fund will also help to support the second phase of construction on a new public works site. Phase I allowed the rehabilitation of the general site along South Shasta, including paving, landscaping and underground improvements. Phase II will construct the vehicle wash facility along with a portion of covered storage. The Phase II improvements include a vehicle wash station with eventual covered storage in a third phase project (\$20,000 – Street; \$20,000 Water).

In 2008/09 the Street Fund helped to pay for the completion of the updates to the Street SDC Methodology Report which reviewed and updated current SDC Methodologies and

reviewed the Transportation Utility Fee Program. The fee increases associated with the report were implemented with Council modifications. New increases were scheduled for the Street Utility Fee for March 2010 and March 2011 but have not been implemented. The upcoming budget again does not include new fees for the TUF Program. However, the decision should come from the City Council whether maintaining the operational and capital improvement schedule outlined in the Methodology Report is important enough to increase the fees.

Street light utility payments will increase for 11/12 due to additional lighting in parks (Centennial), new school and hardware store. The budget will also fund crack sealing on numerous streets throughout the city. The 07/08 budget completed the reroofing of Bridge 202 (covered bridge) and new funding will repaint the bridge in the 11/12 budget (\$7,500). Funds have been set aside for the construction and placement of a new downtown entrance sign \$8,000). Engineering design on Loto Street Sidewalks and Main Street and Loto Street Pedestrian Lighting are also part of the 2011/2012 Budget. An additional \$1,500 has been set aside to help support the city-wide clean up

The Street Fund supported several sidewalk improvements associated with the Royal and Main Intersection rebuild. Continued improvements along Main Street from Buchanan to Royal Avenue were associated with Stimulus Funds managed by Jackson County. Funds left over (approx. \$100,000) from the Main Street Improvements have been “banked” with the County for use on other street improvement or maintenance projects. The Street Fund will also support a portion of a tree replacement program that has taken place over the last couple of years. The General Fund portion of the program has been eliminated due to budget reductions. The Street Fund will also support repaving of the Judge Stewart House Parking Lot and the associated alley (\$55,000). The Street Fund will transfer \$44,070 to the General Fund which relates to the 5% Franchise fee.

Water Fund: Decrease from \$2,977,708 to \$2,508,631

Serves – Water system maintenance, operations and improvements

The decrease is due to the completion of several project activities but primarily due to a decrease in Cash Balance being used to operate the Fund. Several new or increased expenses including the following: Increase in personnel cost by hiring a Water Technician rather than a Laborer, Ordinance Codification, Website Design, Fargo Water line (\$30,000), Repairs on 3.6 MGD Reservoir (\$12,000), Tabor Street Water line (\$50,000), Misc. Water Repairs (\$25,000) and Public Works Vehicle Wash Station (\$20,000).

The City has not increased a water rate since 1997 that relates to the operational needs of the Water Fund. Only increases in base rate to cover water bonds for the 1997 Improvements and recently completed 2011 Improvements increased the rate from \$8.00 to \$10.31. Water system operational increases are part of the rate per 1000 gallons used in the rate structure. Those increases have occurred only when Medford increases their water rates to the customer/partner cities. When we eat into the available cash savings to

run the water system, we face serious jeopardy if corrections in reduced expense or increase in revenue are not taken. Last year our Beginning Cash Balance was \$1,272,932 and the Beginning Balance for 2011/12 will be \$933,055. Cash reserves should never go below 10% of the total fund balance.

The Water Fund along with the Water SDC Fund also supports the debt service of water system improvements that were highlighted earlier in this correspondence. The rate plan established for USDA Rural Development and approved by Council in 2005 paid debt on either a 20-year or 40-year payment for the 3+ million in loan funds. The repayment schedule sets 25% of the payment away in the Water Fund and 75% of the payment in the Water SDC Fund. The 75% payment was based on both an escalating SDC rate over time and the construction of at least 50 homes per year. No one foresaw a Major Recession that has impacted the housing market like we now have been experiencing. Fortunately, we have been setting aside payments in the Water Debt Fund giving the city an additional two year cushion of debt payments. We are expecting to make our first payment this fall. The scheduled payment is based on a 40-year payment cycle rather than the 20-year plan we have discussed in the past. It is clear that if the housing slump does not recover soon, we must adjust the ratio of 25% debt payment from Water to the 75% portion of the payment schedule.

The City will also embark on a major water repair project that includes water leaking from the 3.6 MG Reservoir and potential pipe leaks associated with cracks found in the concrete floor of the tank. The water fund will be transferring \$38,145 (40-year loan payment) to the Water Debt Service Fund to cover the Water Fund Expenses on the current water capital projects. The USDA Loan is a forty year loan that we still hope to pay off in 20years.

The Water Fund will also pay a share of debt service on the electronic meter system and continue bond payments on the 97/98 water capital projects. We also maintain a reserve of \$99,076 required for the first USDA Loan in 97/98.

We have continued to include funding (\$100,000) for the support of Water Rights Investigations and Acquisitions. We expect to move forward with water rights purchases only if an arrangement with other customer cities and the Water Commission can be struck to jointly utilize the water rights held by all parties. If a joint arrangement can not be achieved, Eagle Point will need to purchase a small amount of stored water at Lost Creek Lake to cover peak water periods.

The Water Fund along with the Street Fund is supporting the second phase of relocation of the Public Works Offices (\$20,000 each). Phase I has completed the site work and allowed us to move in the existing office building and Phase II will install a vehicle wash area.

The Water Fund along with the General Fund (Parks), Street Fund and Storm Water are setting aside funds for equipment reserve. A Capital Purchase Reserve Fund has been established to accept reserves for those major capital costs throughout the budget.

The Water Fund started in the 06/07 Budget to fund the ongoing yearly expense of water rights maintenance. Funds for the water rights maintenance will not be spent until our water right transfers have been completed. In some cases, the maintenance cost is not assumed until we perfect the water right. We have started to make payment on four of the five transfer projects we have started. Ample water rights are currently held by the City of Medford to cover the immediate needs of the region. The key to our decision may be the ability to annually release the additional water in Little Butte Creek that we have purchased so that stream flow is enhanced. We should expect to budget for the maintenance portion of any water rights that we purchase as part of the water rate structure. The 2011/12 Budget calls for \$424,177 in Capital Expenses, \$116,816 in debt service payments, \$113,540 in Transfers primarily to debt service (\$38,145), General Fund \$68,825 and Capital Reserve (vehicle replacement - \$6,570). We currently also maintain a \$250,000 Contingency line for unexpected expenses.

Storm Water Fund: Increase from \$278,728 to \$366,700

Serves – Storm water system maintenance and capital improvements

The Storm Water Fund has increased due to savings from last year and an increase in Cash Balance.

The realignment of the Little Butte Irrigation ditch by Wal-Mart gave the city an opportunity to keep the majority of the Eagle Point Irrigation System water and Long Mountain Drainage water on the west side of Highway 62. The continuation and completion of that project cost the city almost \$500,000 which was not available in the Storm Water Fund. The Street SDC Fund provided a long-term (5 year) loan to Storm Water to complete the project. The payments to the Street SDC Fund have severely hampered the Storm Water Fund in starting any significant capital project long-term maintenance. This upcoming year will be the last repayment of that debt to the Street SDC Fund. The Storm Water Fund was established to fund the maintenance portion of the storm water system with little funding left over for capital improvements. The capital projects that have been completed have stretched the resources to the limit. We have completed work on establishing a Storm Water SDC Methodology and Fee which will relieve the Storm Water Fund of most of the capital costs as the new SDC fund gains revenue through new growth.

The majority of the fund expense will concentrate on maintenance of the storm water system.

The Storm Water Fund will also provide a proportionate share of the cost of Public Works vehicle replacement along with the General Fund, Street Fund and Water Fund. The Fund will also pay for implementation of Master Planning work on our TMDL Management Plan (total maximum daily load) for Little Butte Creek. The planning work coordinates efforts with DEQ on bacteria and temperature issues that plague the creek. Although most of the problems are generated upstream of the city, Eagle Point is required

by law to address storm water and other factors that can contribute to temperature and bacteria impacts in the area of Little Butte Creek that falls within the city limits. The City will offer office space to a Water Quality Technician who will concentrate on water quality issues on Little Butte Creek. The Little Butte Watershed Council is seeking funding help to cover the cost of the position. The City will also be working with Department of State Lands on a restoration project in the Buchanan Drainage. The \$26,000 project is the largest effort in Storm Water this coming year.

Sewer Fund: Increase - from \$950,928 to \$1,059,138

Serves – Collection of funds sent to Rogue Valley Sewer Service for sewer maintenance, debt service and capital improvements.

All funds are transferred to Rogue Valley Sewer for sewer services. Administrative funds are paid to the City from RVS for billing and related services and are now seen in the General Fund due to tracking issues from the State. The increase in the fund is due to increased sewer rates.

Water System Development Fund: Increase from \$101,832 to \$190,274

Serves – Capacity improvements to the water system with new system lines and facilities and upgrades to existing infrastructure due to increased growth.

The Water SDC Fund accumulates revenue and authorizes expense for Water System Development. The increase in revenue is due to the construction of the new School and Chiropractic Clinic. The Fund for 2010/2011 will not include any capital project support. The series of major water construction projects have depleted fund resources. Depleted Water SDC reserve means fewer project expenses can be scheduled until additional growth helps to restore the fund balance.

Most of the water system capital projects are budgeted in the Water Capital Project Fund. Only those projects that use USDA or other outside funding are expensed from Water Capital.

The Water SDC Fund is paying for 50% of the debt service on the Electronic Water Meter System. The remaining 50% is paid form the Water Operating Fund. The fund has transferred 4 years of payments for the current USDA Loan to the Water Debt Fund to coincide with payments from the Water Fund on our 40 year obligation. The water debt fund payment this year will be the last made by the SDC Fund until additional growth occurs in the future. Our payment for the USDA Loan will start in December of 2011. The amount saved for the debt service in the Water Debt Fund will carry the payment load for now. To cover only the debt service cost on our loan obligation, a total of 75 new equivalent dwelling units would need to be built per year. It is hoped that new construction activity will increase over the next five years to help cover debt service

obligations. Without new growth we may be faced with readjusting payments to take a greater burden of debt obligation from the Water Fund.

Parks System Development Fund: Decrease from \$1,199,800 to \$948,600

Serves – New park capacity improvements due to growth.

The 2011/2012 Budget Year will include the conceptual design of Lucas Park (\$40,000) and Harnish Park Improvements for signage and computer coordination. Additional funds (\$250,000) are set aside for Land Acquisition.

Street System Development Fund: Increase from \$1,702,087 to \$2,218,080

Serves – New street system capacity improvements on Arterial and Major Collector streets including bridges and appurtenances.

Street SDC growth can be attributed to the small amount of housing growth in 2010/11, and the construction of the new school and chiropractic clinic.

The 2011/2012 Budget Year reestablishes funds for the S. Shasta pedestrian improvements (\$150,000) sets aside funds for potential property acquisition (\$50,000) and funds to complete the RPS Plan (\$10,000 – if needed)

Storm Water System Development Fund Increase - \$69,506 to \$182,150

The Storm Water SDC Fund supports storm water system capital improvements

The new SDC Fund was created in the spring of 2009 and will begin to support capital projects that will expand the capacity of the storm water system. The expected funding was based on the development of 30 housing units for 2009/2010. Only 25 dwelling units are expected to be built in Eagle Point for 2010/11 and 25 units for 2011/12. The primary increase in the fund is the result of the new school construction and the development of the Chiropractic Clinic. The project for 2011/12 will oversize a storm water project along East Main Street from the new Hillside Elementary to Little Butte Creek. The city will pay to increase the pipe size that will serve the school and create a larger outfall. Cost of the project is expected to be \$30,000.

Water Capital Project Fund Decrease \$643,725 to \$20,000

A fund established for major capital water projects that require outside funding resources. The fund has decreased due to completion of the recent water projects. The remaining funds will be transferred to the Water Fund.

Park Capital Development Fund **Decrease from \$284,155 to -0-**

Serves – Park capital projects for capacity improvements that require outside funding assistance.

The Fund was created and funded at \$245,155 in grant revenue from Oregon State Parks to help support the Skate Board Project. The skate park project was not funded by the state grant and has been set aside seeking additional funding support.

Street Capital Project Fund \$30,127

The fund was created to allow for the receipt and expenditure of funds received from other sources for Street or Bridge improvements. Funds are received from projects choosing to pay for street improvements rather than making those improvements. Two projects have receipted funds: The first project came from the development of the Pediatric Clinic along Old Highway 62. The \$11,172 is maintained for use on Old Highway 62 improvements as additional funds are made available. Development of pedestrian improvements on the south side of Alta Vista is the second project that is also included in the budget (\$18,955). Those funds have been received from a portion of homes in the various subdivisions south of Alta Vista. The funding was collected by the County and transferred to the city at the time of jurisdictional exchange. It has been kept in the Street SDC Fund and has been transferred in 2010/2011 into Street Capital. No projects are currently scheduled to complete those street projects.

Capital Purchase Reserve Fund Increase - \$286,390 to \$334,630

The Capital Purchase Reserve Fund was created to consolidate revenue saved by the various vehicle equipment reserves from the various operating funds into a single fund for better tracking. The fund will also allow for the setting aside of funds to purchase major pieces of equipment rather than just vehicles. The totals will be kept separately so each department can distinguish their contributions from others within the same fund.

Museum Fund Decrease \$69,500 to \$64,309

Serves – Operations of the Eagle Point Museum and Grounds

The Eagle Point Historical Society transferred their assets to the City of Eagle Point shortly after the beginning of the 2008/2009 fiscal year. The city received funds (approximately \$72,000) from the Historical Society, the Museum and artifacts, Museum grounds and the Antelope Historical Cemetery. The cemetery will be maintained out of the General Fund (Parks). We have provided funding to partially staff the museum during many of the same hours that Harnish Park is open. Both Harnish Park and the Museum have continued the reduced hours of operation from last year. Both facilities will be open only on Friday, Saturday and Sunday and special events during the next year. The transferred funds pay for the yearly operations cost of the building while the General Fund budget pays for the staff costs. Eventually greater funding will be required to

support the Museum operations as the original funds received from the Historical Society deplete slowly every year.

98 GO Bond Fund: Increase from \$72,220 to \$72,300

Serves – Payment for City Hall Bond Debt

The tax collected and payment to be made for bond debt. The bond is the purchase of the land and property for the current City Hall. This is a 20 year bond.

Vending Machine Fund Increase \$3,011 to \$3,029

This fund was created to manage funds from the new vending machines. The equipment was purchased in the 2001/2002 fiscal year and replaced with updated equipment. The fund variance is based on sales of products.

Jackson County Housing Authority Fund: Increase \$124,477 to \$132,042

Serves – Housing rehabilitation program funded through the Jackson County Housing Authority.

Seventeen loans were processed for a total of \$243,000 for low income housing assistance. Upon sale or refinancing of the loan repayment the loan amount comes back to the city. If more than one sale or refinancing takes place in a year, the funds received must be used for additional housing assistance. If only one sale or refinance is completed in a year, the funds can be used for any purpose authorized by the City Council. Currently \$124,477 has been received as restricted funds to be used for housing rehabilitation. This last year 2010/11 the city received \$14,997 in repayment on one of the loans. Since the funds are less than \$25,000 the \$14,997 is unrestricted and can be sent to the General Fund next year to be used as the Council chooses.

Water Debt Fund: Increase from \$753,011 to \$772,774

The Water Debt Fund was created at the request of USDA to make debt payments on the loan that will be created for the Major Water Capital Projects.

The fund has received payments from the Water Fund and Water SDC Fund to set up the payments to USDA. The creation of the Water Debt Fund establishes the obligation of the Water Fund, Water SDC Fund and General Fund as resources for the yearly payments for the next 20 years. The USDA loan is a forty year loan that we have set up to finance in 20 years. The increase is the result of transfers being made without a payment until December 2011.

City finances have stagnated and declined over the three previous years largely due to the slow economy. The total budget of \$13,598,119 is less than the 10/11 Budget of \$14,001,586. Primary reason for the decrease in the budget is due to the completion of projects in the Water Capital Fund. The proposed 2011/2012 Budget allows the City to move forward with most of the program functions as seen last year. We continue to be very successful in providing a wide array of funding options for many different projects. The magnitude of the projects in most cases is a continuance of projects and programs seen in 2010/11 but many projects were actually completed in the last budget year. Projects have started a shift from major water projects to associated street and sidewalk projects. Our continued success is due to the dedication of our staff and the support of the City Council, Planning Commission, Parks and Recreation Commission, Economic Development Commission and the Community. We look forward to the challenges ahead. Our successes have been many and will continue to shape the community's future. These are difficult times for our city programs and staff, but have found the ability to rebound and still provide quality services to the public. We also must continue to remain patient as we view opportunities for new programs, projects and general development. It is vitally important to continue our efforts to set a clear vision and establish good planning and engineering foundations for all our projects.

We have projected a conservative revenue picture for the next fiscal year, but still allowed for progress in most of our programs.

The continued support from the Community, Council and advisory boards for well planned and orderly development of all our programs has been critical to our current success.

This is my last Budget Message after 13+ years in Eagle Point and 40 years in city management. I am particularly proud of what I have accomplished in the last 40 years but even more proud of what we all have accomplished in the last decade in Eagle Point.

I have always felt that my staff was my greatest asset and the support of the city council most important for success. I have truly been blessed to have both in Eagle Point.

For me as a "Boss" I have always tried to respect others and the efforts they make. As a result I offer the following Poem:

Non-Financial Incentive

If I were a boss I would like to say:
"You did a good job here today"
I'd look for a man, or girl or boy
Whose heart would leap with a thrill of joy
At a word of praise, and I'd pass it out
Where the crowd could hear as I walked about.

I were boss I would like to find
The fellow or gal whose work is the proper kind;

And whenever to me a good thing came
I'd like to be told the toiler's name,
And I'd go to him or her, and I'd pat their back,
And I'd say: "that was perfectly splendid, Jack or Jill"
Now a bit of praise isn't much to give,
But it's dear to the hearts of all that live;
And there's never a man or gal on this good old earth
But is glad to be told when they have been or worth;
And a kindly word, when the work is fair,
Is welcome and wanted everywhere.

If I were boss I'm sure I would
Say a kindly word whenever I could;
For a man or gal who has given their best by day
Wants a little more than their weekly pay;
They like to know, with the setting sun,
That the boss is pleased with the work they have done!

The following was part of the inside front cover of a 1935 Funk and Wagnalls
Comprehensive Standard Dictionary that was owned by my mother and given to me
when she died! I was eleven years old!

There is nothing more important for a Boss than his staff. I have been privileged and
proud to work with all the employees that I have met and I have hired during this last 13
years working for Eagle Point. I am proud and very pleased with the relationship formed
with the various individuals that have made up the City Council and most proud of our
community and their spirit. Much can be had with new growth and new personalities to
help move things along the way. Thanks for letting me part of this community!!

On behalf of your staff, we look forward to a very positive new year.

Respectfully,



David A. Hussell
City Administrator