



EAGLE POINT CITY COUNCIL  
17 BUCHANAN AVE. SOUTH, EAGLE POINT, OREGON

NOVEMBER 27, 2018

REGULAR MEETING MINUTES

1. CALL TO ORDER – 6:00 P.M.

Mayor Russell called the meeting to order at 6:00 p.m.

Council Members Present: Bob Russell, Jonathan Bilden; Bill Fierke (via Skype), Ruth Jenks, James Mannenbach, Kathy Sell, and Michael Stanek.

Staff Members Present: Henry Lawrence, City Administrator; Souvanny Miller, City Attorney; Darin May, Police Chief; Robert Miller, Public Works Director; Melissa Owens, Finance Director; and Cindy Hughes, City Recorder.

Guests: Sue Kupillas, Board President, Butte Creek Mill Foundation; Suzi Collins, Planning Commissioner; Bernie Grossman, Planning Commissioner; Eric Gunn, Budget Committee Member; David Lacombe, Community Development Commissioner; Kevin Walruff, Planning Commissioner; Millie Wewerka, Budget Committee Member and Planning Commissioner; Jerry Zieman, Budget Committee Member; and members of the public and press.

2. FLAG SALUTE AND INVOCATION

Mayor Russell led the Pledge of Allegiance; and Jerry Zieman offered the invocation. Following the invocation, Mayor Russell reminded everyone about quieting cell phones until after the meeting.

3. AUDIENCE QUESTIONS OR COMMENTS CONCERNING ITEMS NOT ON THE AGENDA

There were no audience questions or comments.

4. PRESENTATIONS

There were no presentations.

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### 5. PUBLIC HEARINGS

There were no Public Hearings.

### 6. CONSENT CALENDAR

#### 6.1 Presentation of Regular Meeting Minutes of November 13, 2018.

Mayor Russell announced the Consent Calendar. There were no questions or comments. Councilor Stanek moved to approve the Consent Calendar as presented and Councilor Mannenbach seconded the motion. There was no discussion. Roll call: Michael Stanek, yes; Jonathan Bilden, yes; Bill Fierke, yes; Ruth Jenks, yes; James Mannenbach, yes; Kathy Sell, yes; and Bob Russell, yes. The motion passed unanimously.

### 8. PRESENTATION OF BILLS TO BE PAID

Mayor Russell asked if there were questions about the bills to be paid. There being no questions, Councilor Bilden moved to approve the regular bill list in the amount of \$32,829.77 and the additional bill list for \$28,048.59 (Submission No. 1). Councilor Jenks seconded the motion. There was no discussion. Roll call: Jonathan Bilden, yes; Bill Fierke, yes; Ruth Jenks, yes; James Mannenbach, yes; Kathy Sell, yes; Michael Stanek, yes; and Bob Russell, yes. The motion passed unanimously.

### 9. OLD BUSINESS

#### 9.1 Resolution No. 2018-49. A Resolution authorizing a Traffic Analysis for the Robert Trent Jones Boulevard Intersections.

Robert Miller, Public Works Director, explained about continuing the item from a previous meeting and paring down the project to three intersections along Robert Trent Jones Boulevard. The recommended intersections included Arrowhead Trail, Pumpkin Ridge Drive, and Poppy Ridge Drive. In addition, the proposed analysis will include the information and steps required to complete a follow up request to the Oregon Department of Transportation (ODOT) to reduce the speed limit to 25 mph on Robert Trent Jones Boulevard from Silverado Way to Alta Vista Road.

Mr. Miller further reported on changes to permit cities to set speed limits on residential streets but collector and arterial roads will continue to require approval by ODOT.

There being no further discussion, Mayor Russell asked for a motion to authorize Resolution No. 2018-49. Council President Jenks made a motion to authorize Resolution No. 2018-49, a Resolution authorizing a Traffic Analysis for the Robert Trent Jones Boulevard Intersections; and Councilor Sell seconded the motion. Mayor Russell announced the motion and second to authorize Resolution No. 2018-49. There was no discussion. Roll call: Bill Fierke, yes; Ruth Jenks, yes;

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James Mannenbach, yes; Kathy Sell, yes; Michael Stanek, yes; Jonathan Bilden, yes; and Bob Russell, yes. The motion passed unanimously.

### 10. NEW BUSINESS

#### 10.1 Resolution No. 2018-50. A Resolution authorizing a Monthly Mayoral Stipend.

Henry Lawrence, City Administrator, reviewed the Agenda Statement about authorizing a Monthly Mayoral Stipend. Mr. Lawrence continued with an explanation about how Mayors have many duties that include representing the City at local government and non-government organizations. Staff research revealed that other local cities provide either no stipend, or stipends ranging from \$42 to \$250 per month.

Mr. Lawrence further noted that Mayor Russell never complained about not receiving a stipend but after talking with other Mayors, believed a stipend would be an easy way to reimburse local travel and incidental expenditures. Further discussion revealed:

- The intent of only local travel being covered under the stipend and out of the area travel would be reimbursable at the rate of approximately .57 or .59 cents per mile, and also reimbursable to other members of the Council traveling on City business.
- Staff preparation time of monthly stipends or monthly mileage reimbursement equaling out but stipends processed as a payroll type check with deductions.

Council President Jenks stated she would be content with mileage reimbursement and completing the necessary paperwork. City Attorney Miller noted it could be a potential conflict for Council President Jenks to participate in the discussion relating to the Mayoral stipend. Discussion continued about the accuracy of reimbursing for mileage; however, no motion was made to authorize the Resolution.

#### 10.2 Resolution No. 2018-51. A Resolution authorizing the Mayor to sign the Subgrant Agreement with the Butte Creek Mill Foundation, related to the State of Oregon, Business Development Department Intergovernmental Grant.

Mayor Russell introduced the item, noting Sue Kupillas, Board President, of the Butte Creek Mill Foundation was present to answer any questions. Henry Lawrence, City Administrator, explained that the proposed Subgrant is part of a two step process but decided to place it on the agenda while awaiting the related contract from the State. Business Oregon, through the Governor's Regional Solutions Program, awarded a grant for \$200,000 from the Regional Infrastructure Fund Program to support the rebuild of the Butte Creek Mill. Mr. Lawrence noted the proposed Subgrant Agreement had been converted from another agency and finalized by the City Attorney.

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Mr. Lawrence went on to explain that at the time the grant application was submitted by the Foundation, he did not think everyone realized that the City would be required to administer the grant, submitting invoices to the State for reimbursement to the City and then passed through to the Foundation. That process requires a separate contract between the City and State. It was noted though that the proposed Subgrant would not be effective without the forthcoming contract from the State. Mr. Lawrence clarified that the City would not be funding or lending money to the Butte Creek Mill Foundation project and that the grant funds would likely be quickly used for construction costs.

Mr. Lawrence continued with an explanation about the grant application which was emailed to the Council prior to this meeting. It was further noted that it was not critical to review the application prior to authorizing the Subgrant because it is conditional upon the approval of the main agreement.

Council President Jenks inquired about the April 2018 Grant Application with the City of Eagle Point listed as the applicant and not recalling it being presented to or discussed with the Council or any other City committee. Mr. Lawrence reported he did not recall seeing the application during that time. Discussion continued wherein Council President Jenks recognized the rebuilding the Mill effort as being worthwhile but noted the City and Foundation had not had the smoothest of relationships, previous requests to the Foundation not being fulfilled, and expressed displeasure about being put in this position after the fact. Council President Jenks requested to see the formal agreement handled first, and suggested indemnification regarding the application process.

Sue Kupillas, Board President, Butte Creek Mill Foundation, expressed appreciation to the Council and explained the process originally outlined by the State representative without being totally informed of the extent of involvement by the City. Ms. Kupillas further noted Councilor Bilden served on their Board, and she spoke about the benefit to the City and need for the Mill structure to be enclosed without delay to avoid structural damage. She also noted the Foundation had done everything they said they were going to do such as working with the school district to develop curriculum, and will be working with the City.

Afterwards, Council President Jenks returned to the subject of the initial application process including its submission and certification of approval by the governing body but the Council being unaware. Council President Jenks expressed that the Foundation Board needs to take more care with the relationships they depend upon for success. Ms. Kupillas agreed and concluded that they had been focused on the goal and sometimes mistakes are made.

Councilor Fierke discussed the Council's relationship with the Foundation Board and questioned the Foundation's manner of working with the City on the request to meet with the Council and instead providing a letter about what they had decided. Ms. Kupillas responded that MaryAnne Pitcher (Foundation Executive Director) had

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met with some individuals on the Council and afterwards relayed concerns to their Board.

Mayor Russell asked for a description of how the funding is passed through the City. Souvanny Miller, City Attorney, explained the process and the only cost to the City being administrative, reviewing invoicing, submitting, distributing, etc., but being only for the work by the contractor. Additionally, the Foundation agreed to indemnify the City, and carry insurance policies. Attorney Miller further reported that the proposed Subgrant would be subject to any changes in the State grant and it does not require the City to put forth any of its own funds.

Councilor Sell also questioned the process of the grant application being submitted by someone outside of the City. Councilor Sell stated she had talked with the Mayor during the meeting and that the Mayor had given his approval to use his signature but had not been made aware of the application being made by the City, noting he believed it was for the Mill. Discussion continued wherein Councilor Bilden reported he had not been part of the application process as a Foundation Member or as a member of the Regional Solutions. Ms. Kupillas also clarified she had not seen the application as they had been very busy but had discussed it with Ms. Pitcher.

Attorney Miller explained about the Intergovernmental Agreement between the City and State, and the Subgrant Agreement between the City and Foundation which could include provisions to indemnify the City. A brief discussion followed wherein Councilor Sell suggested tabling the item until the remaining document is received. There was no objection stated, and a formal motion was not requested.

### 10.3 Discussion: Budget Projections.

Henry Lawrence, City Administrator, reviewed the Agenda Statement about the new 6-month updated forecast for the next 10 years. Mr. Lawrence explained that the City's 10-year projections are somewhat like looking into a crystal ball but that it forces a review of the potential bumps along the way and allows a chance to fix things instead of being surprised. While this 6-month review was presented a little earlier than usual, it was noted that all three of the new City Council members were in the audience to listen to this presentation. In addition, Mr. Lawrence noted the projections are available to the public on the City's website.

Mr. Lawrence and Melissa Owens, Finance Director, reviewed the projections noting the following points:

#### Water Fund

- Nearly 7 years ago there were some serious financial issues with revenues and expenses, with the City not raising water rates for 10 years and not keeping up with inflation. **Since then, this Council, and the previous Councils with Councilors Brown, Prunty, and Curriston being part of a team, have made the tough decisions to raise water rates gradually to avoid drastic water rate increases. (Revised during the Council meeting on December 11, 2018)**

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- Using tools such as internal financing, and paying off debt early were some of the measures taken to reduce the need to drastically raise rates.
- Capital improvements including a leaking water tank, new Water Master Plan, and a new water tank for fire suppression and pressure at the Golf Course.
- Postponement of routine maintenance – i.e. water valves with each intersection having 4 valves and approximately 1,000 valves throughout the City with mapping and maintenance deferred for too long.
- Public Works staffing, with only 1 new position added in the last 7 years, being at a maximum of what they can handle while they are asked to do more and more, with subdivision growth adding to the workload.
- Staffing of the Police Department with only 1 new Police Officer position added during the last 7 years was briefly mentioned but discussion was planned later in the meeting.
- Responsibility of making sure operating expenses do not exceed operating revenues, and being ready for the unexpected; for example, staff repairing an 8” water main on Thanksgiving Day.
- Trend of spending more in Fiscal Years 18/19, 19/20 but stopping in 2023/2024 when internal loans have been paid off. At that time, the 4% increase stops but a 2.5% annual adjustment to the water rates is shown to keep up with the CPI.
- Scenarios of adding or not adding staff with a beginning cost of about \$50K per year and the cost split between multiple funds.
- Plan to revisit the addition of one new water operator position, probably in January to seek formal Council approval but advertising to begin.
- Setting aside enough funds to not have to borrow again like the City did on the USDA loan.

### Street Fund

- Eagle Point’s streets being a success story started by the review of every street and working the Master Plan so that only one street is currently in poor condition; but reserves were spent to accomplish.
- RVSS Franchise fees projected to raise around \$64K next year but gas tax disbursements not being as they had been projected by the State.
- Transportation Utility Fees helping to balance funds with a positive balance of roughly \$400K, but needing to evaluate to make sure we are spending enough for pavement maintenance.
- Gas tax revenues increase with the increase of population and need to be monitored as well.

### Storm Water Fund

- While not a lot of money, some of the fund balance is designated for the Stevens Road and Linn Road projects, and the cost of a Water Operator.
- TMDL (Total Maximum Daily Load) reporting mandated by the State without funding.
- Watching funds but plenty of time to solve.

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### General Fund

- Virtually all cities having limited means of raising revenue and some funding areas of the budget not having a way of self-funding; i.e. Police, Parks, and economic development issues.
- Eagle Point's conservative spending resulting in the ability to subsidize with reserves if needed and to weather recessions.
- 2009 staff layoff of approximately 18% including a number of police officers.
- Construction trailing off and spending down reserves on the Linn Road project with the inclusion of undergrounding utilities and pedestrian lighting.
- Operating deficit projected at \$79K being deceptive as repayment amounts by the Water Fund stabilizes rates, but it is actually a repayment.
- Net operating loss for 19/20 spending \$182K per year out of savings. Correction needed to bring in more revenue or spend less money.
- Property tax revenues estimated conservatively as new growth is not guaranteed.
- Franchise Fees not as conservative but being monitored as there are a lot of changes in how franchise fees are collected.
- Work on Franchise Agreement completed to bring all to the same 7% with the exception of 5% for cable pursuant to Federal regulations.
- Additional Police Officer position projected in Fiscal Year 20/21, and the possibility of implementing a Public Safety Fee with discussions beginning in January and the assumption of bringing in \$150K per year but actually needing twice that amount as the City grows.
- Approximate cost of \$125K per year to begin with for a new officer but cost going up over time.
- Staffing costs, PERS rates, and the Rogue Valley's competitive job market.
- Building decrease.
- Projections even without additional staffing has expenses higher than revenue in the General Fund and does not include much for capital improvements or major projects but includes funding for police vehicles or things like that.
- The need for sufficient reserves, as other agencies have to borrow until they receive property taxes but Eagle Point does not want to get into that position with cash flow.
- Overall headline is that Eagle Point is in great financial condition and wants to stay that way.

Afterwards, some of the Council discussion included comments regarding:

- Adding revenue to the General Fund.
- Projections being good but conservative and not in dire straits as it may appear.
- Decline of cable television use and consideration of privilege taxes for other entities providing services such as internet.

## 11. REPORTS FROM CITY COUNCIL AND CITY COMMITTEE REPRESENTATIVES

Councilor Fierke reported on a workshop of the D9 School Board which addressed the bond issue, and how different things can be made better and what the next steps are. The regular

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session included a discussion on policies. Councilor Fierke also noted a public meeting had been scheduled to get feedback.

Council President Jenks reported on the Rogue Valley Metropolitan Planning Organization (RVMPO) Policy Committee Meeting which was mostly administrative but discussion was held about a consortium of MPO's seeking more authority for cities to set speed limits, and recommending more money for the Safe Routes to School program and ConnectOregon.

Mayor Russell reported attending a 2-hour round table discussion regarding National Parks and seeking the support of cities to ensure funding of the parks. Compliments went to Public Works for the holiday lighting along Main Street, and to Mike Upston, Planning Director for contributions in the Friday Letter including the map of 100 years of subdivisions.

## 12. STAFF REPORTS

Melissa Owens, Finance Director, announced the finance report was in the packet and everything was as expected at this time of year. Ms. Owens also discussed PERS rates and property taxes in the packet, and making a conditional offer to a Water Operator, as well as advertising for an entry level police officer.

Mayor Russell complimented Robert Miller, Public Works Director, for the photos in the Friday Letter, new paint on the Museum, and spoke about a special award to the staff that repaired the broken water pipe on Thanksgiving Day. Mr. Miller expressed appreciation followed by an update on the Linn Road project.

Police Chief May reported on recruiting efforts as well as hosting a crisis intervention and mental health training, as reported in the Friday Letter.

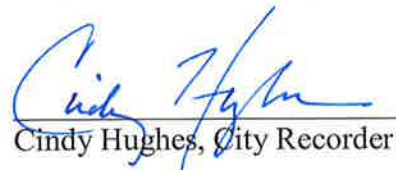
## 13. INFORMATION

There were no information items.

## 14. ADJOURN

There being no further business, Mayor Russell closed the meeting at 8:13 p.m.

Respectfully submitted,

  
Cindy Hughes, City Recorder

ATTEST:

  
Robert E. Russell, Mayor