

**MINUTES FOR THE REGULAR MEETING  
ASHLAND CITY COUNCIL**

**June 6, 2017  
Council Chambers  
1175 E. Main Street**

**CALL TO ORDER**

Mayor Stromberg called the meeting to order at 7:02 p.m. in the Civic Center Council Chambers.

**ROLL CALL**

Councilor Slattery, Morris, Lemhouse, Seffinger, and Darrow were present. Councilor Rosenthal arrived at 7:31 p.m.

**MAYOR'S ANNOUNCEMENTS**

Mayor Stromberg announced vacancies on the Historic, Housing and Human Services, and Tree Commissions.

The City would install the second sculpture on the watershed art trail titled, "Water is Life," Saturday, June 10, 2017 on the Bandersnatch Trail. Councilor Seffinger thanked everyone who worked in and protected the watershed.

Mayor Stromberg signed an open letter to the international community and parties to the Paris Agreement from the US pledging to continue to support climate action to meet the Paris Agreement. He went on to read the letter aloud.

**Councilor Seffinger/Slattery m/s to join in the effort. Voice Vote: ALL AYES. Motion passed.**

**APPROVAL OF MINUTES**

The minutes of the Study Session of May 15, 2017 and the Business Meeting of May 16, 2017 were approved as presented.

**SPECIAL PRESENTATIONS & AWARDS**

**1. Annual presentation by the Band Board**

Don Bieghler, the conductor of the Ashland City Band explained the band would start the Thursday night concert series June 15, 2017, ending August 10, 2017. The City Band would play in the 4<sup>th</sup> of July parade and during the celebration in the park. The band had played for 90 years in Lithia Park. Seventy members participated in the band, some for 20 to 50 years with one individual on his sixty-eighth year. This year, they would celebrate the oldest band member who would turn 100. Ashland Middle School students had played with the band for the past ten years and would perform with them July 27, 2017. The City Band would host a band from Switzerland for a week with a performance August 3, 2017.

The Lithia Park Bandshell would undergo some restoration in the fall to replace rotted wood and lighting. The Band Board was in the process of raising funds to attend the 50<sup>th</sup> anniversary of Ashland and Guanajuato Mexico as Sister Cities.

The Mayor's proclamation regarding June 19-25, 2017 as National Pollinator Week was read aloud.

**Kristina Lefever/2359 Blue Sky Lane/**Explained Ashland was the fifth Bee City in their Country and currently there were 45 bee cities. Pollinators required forage, an undisturbed habitat, water, and a pesticide free environment. She submitted documents into the record on pollinator garden resources, plant information, and a thank you card. She went on to describe winter garden conditions for pollinators.

**PUBLIC FORUM**

**Carol Walker/826 Holly Street/**Described the activity that occurred at the Lincoln School grounds. She urged Council to keep the grounds open.

**Melissa Mitchell-Hooge/271 High Street/**Supported preserving Briscoe and Lincoln playgrounds and fields as a dedicated City park. She provided background on the schools and the task force neighbors created. She distributed a 2005 Task Force report to Council.

**Councilor Rosenthal arrived at 7:31 p.m.**

**Jan Waitt/149 Manzanita Street/**Was a member of Save our Parks. The group was not notified when the agreement between the Parks and Recreation Department and the School District dissolved. She supported having Briscoe and Lincoln dedicated as Ashland parks.

**James Royce Young/1102 Holton Road, Talent OR/**Currently had an art studio at Briscoe and was the chair of the Lithia Arts Guild of Oregon. He described issues with the building, the art wing, and classrooms for Oregon Childhood Development Coalition (OCDC). The building was approximately 20,000 square feet and there were only 26 parking spaces.

**Huelz Gutcheon/2253 Hwy 99/**Expressed appreciation to Council after watching the June 5, 2017 Budget Committee meeting.

**Celine Buczek/355 High Street/**Supported saving open space at Lincoln and Briscoe and expressed concern for certain aspects of the space if it became a commercial venture.

Interim City Administrator John Karns explained the Parks and Recreation Department was looking into acquiring both properties for park space. Alternately, the City Hall Advisory Committee was looking at Briscoe as an option for a new City Hall that would also involve the Parks and Recreation Department. The Committee would bring recommendations to Council in September. Mayor Stromberg attended a tour of Briscoe School with the Committee earlier that day.

**CONSENT AGENDA**

- 1. Liquor License Application for Kevin Broadie dba Ex Nihilio**
- 2. Liquor License Application for Nicole Ruibal dba Kobe Modern Japanese**
- 3. Assistance to Firefighters Grant Acceptance**
- 4. Special Procurement for "C" Mix Asphalt**
- 5. Approval of Fixed Based Operator Lease with Skinner Aviation**
- 6. Approval of Contracts for Water and Wastewater Treatment Plant Chemicals**
- 7. Approval of a resolution titled, "A resolution authorizing the transfer of all rights and ownership of You Have Options to Veracities, Inc."**
- 8. Approval of City Recorder Bond**
- 9. Adoption of Job Description for City Recorder Position**

Councilor Rosenthal pulled Consent Agenda item #3 and explained the Fire Department did a great job applying for grants on an annual basis. This grant would provide \$71,000 of federal funds to outfit Fire Station #1 with a vehicle exhaust capture system.

**Councilor Lemhouse/Rosenthal m/s to approve the Consent Agenda. Voice Vote: all AYES. Motion passed.**

**PUBLIC HEARINGS** - None

**UNFINISHED BUSINESS**

**1. Proposed Cost of Service Electric Utility Rate Increase**

Director of IT/Electric Utility Mark Holden explained the modifications in the proposed Cost of Service (COS) three-year rate design. The original rate design for the next three years was 7.52% for 2018, 4.53% for 2019, and 3.22% for 2020. Proposed modifications were 6.04% for 2018, 5.16% for 2019, and 3.67% for 2020. The last increase occurred two years ago. If approved by Council, the new rates would go into effect July 1, 2017. These increases were in the biennial budget for 2017-19.

The typical customers' rates would increase \$3.74 per month. The financial effect of the modified rate design would decrease the Electric Fund ending balance by approximately \$123,000 and decrease the General Fund \$43,000 in the first year of the biennium. However, the proposed rate design would recover those costs in year 2 and 3.

The electric rate increase was based on several factors. Bonneville Power Administration (BPA) would increase power 6.4% and transmission 24%. BPA was moving charges in the power costs that rightfully belonged in transmission. There were also operational and personal increases at 9.4%. Other increases included materials, services, and franchise fees. The Ending Fund Balance had declined and would become unsustainable in the future. The rate design allowed the City to recover. Currently, there was a 35-day operating cash on hand and industry norms recommended a minimum of 70 days.

Mr. Holden made a correction to the **Rate Adjustments by FY** table on page 4 of the Council Communication. The increase under 2020 should be 3.67% not 4.71%.

Rates continued to be lower than rates paid by surrounding communities. The City provided assistance for customers in need. There was a Senior/Disabled program for people 65 and older or 60 and older if they were disabled that provided a 30% discount on all utilities. The Low Income Energy Assistance Program (LIEAP) provided up to \$300 assistance. Utility Billing Manager Bryn Morrison further explained the LIEAP was income based and provided 50% off total electric charges for three to six months depending on how they qualified. Applications became available in October with the discount starting in December. The senior discount was year round at either 20% or 30% depending on income. The City used the poverty level issued by the state each year currently at 60% of the median.

Mr. Holden explained they were unable to have a community forum on the changes and did a survey instead. The survey was on the City website along with an explanation on why the rates were changing. Staff sent out 5,000 emails regarding the survey that ran from May 22, 2017 to June 2, 2017. Of the responses, 91% understood the cost of service and rate design process. Staff concluded more education was required on why the City was adopting cost of service rate design. The survey indicated 36% understood and 64% did not understand.

BPA was the marketing agency for the Army Corp of Engineers. The Trump Administration had made a suggestion to privatize transmission. It was controversial politically because the northwest ratepayers were the ones who paid for the transmission system. BPA was isolating costs that currently resided in power and moving them to transmission where they belonged. BPA would send out a Record of Decision formalizing rate increases in September. At this point, BPA knew what the rates would be. Mayor Stromberg added BPA was getting closer to the true cost of transmission and charging accordingly.

The Electric Fund paid for conservation. The City could reduce rates by reducing its investment in conservation but it would also decrease the benefits from conservation. City Attorney Dave Lohman noted that public power entities received a cost break compared to private entities. Public power did not have to

generate a profit either.

**Lija Appleberry/704 Willow Street/**The rate increase was not beneficial to people on fixed incomes. People did not have the ability to pay the increased rates and fees. She was \$50 above the range that made her eligible for the energy assistance programs.

**Cyndi Dion/897 Hillview Drive/**Agreed electrical rates should be kilowatt based. However, she and her friends belonged to the “church of electrical conservation,” and felt strongly the base rate should not increase. The City may not be set up to make a profit but it did on this utility. If the City adopted a cost based increase program, the Electric Users Tax should go to the Electric Fund and not to the General Fund.

Mr. Holden explained the Electric Utility did not use the Electric Users Tax. It went into the General Fund. Administrative Services/Finance Director Mark Welch further explained the Tax funded general services for police and fire and was approximately \$3.5 million. The Electric Users Tax increased as rates did. Ms. Morrison confirmed customers participating in the energy assistance programs paid for the Electric Users Tax. The tax was reassessed each year.

**Councilor Lemhouse/Rosenthal m/s to approve Resolution #2017-11. DISCUSSION:** Councilor Lemhouse explained Council had made a decision to move forward with a cost of service model. It was the right choice. The City did make money to fund the services the community wanted. One of the reasons for the increase was due to BPA raising power rates 6.4% and transmission 24%. In addition, there was a 9.5% increase in total personal services and the need to deal with an aging network. He suggested Council explore lowering the LIEAP from 60% to 50%. Mayor Stromberg added the cost of living was higher in Ashland than other areas in the valley. Councilor Rosenthal noted the increases were based on objective research and data. It was great study, a good investment, and provided the City with a plan for the electric utility. Ashland had a lower outage rate than neighboring towns. Councilor Seffinger commented the City still had to maintain the infrastructure no matter what decreases occurred in usage. There would always be a fixed cost.

Councilor Slattery thought staff should have made a greater effort to host a community meeting. He did not think Open City Hall on the website was user friendly. He understood the consultant was not available but staff should have been able to handle a community event regardless. Having 64% of the respondents not understanding why the City was going to this rate structure was disconcerting. He would not support the motion. Councilor Darrow urged the people who spoke to the item to contact City Hall in the fall and see if they qualified for the assistance programs. She understood why costs were increasing but was sensitive to lower income residents and costs passed on to the community.

**Roll Call Vote: Councilor Darrow, Seffinger, Lemhouse, Rosenthal, and Morris, YES. Councilor Slattery, NO. Motion passed 5-1.**

## **NEW AND MISCELLANEOUS BUSINESS**

### **1. Discussion of Process for Upcoming Executive Recruitments**

Interim City Administrator John Karns explained there would be several executive recruitments in the next 18 months. Depending on need, viable internal candidates, and regional outlook, he recommended having the Human Resource (HR) Department steer the recruitment process. However, there were some positions that might require hiring a contracted recruiter. Staff would keep Council informed of the process.

Council wanted all positions open to the outside even though there were potential candidates internally and succession plans in place. HR would start the recruiting process and if they were not getting a qualified candidate pool, they could initiate a contract with a recruitment firm. Mayor Stromberg agreed but noted professional recruiters had the benefit of reaching out to candidates not in the market that might be a good fit. Council could participate in the initial candidate screening.

**ORDINANCES, RESOLUTIONS AND CONTRACTS** - None

**OTHER BUSINESS FROM COUNCIL MEMBERS/REPORTS FROM COUNCIL LIAISONS**

Councilor Darrow announced she was going to Sister City Guanajuato Mexico June 11, 2017 with Ashland High School students.

Councilor Lemhouse recognized Taliesin Myrddin Namkai-Meche, an Ashland citizen who died defending two young woman during a hate crime incident in Portland OR. He was proud of Mr. Namkai-Meche's actions and noted Ashland shared a common value of standing up and helping. Mayor Stromberg added the memorial service for Mr. Namkai-Meche would happen at 5:00 p.m. at the Lithia Park Bandshell June 7, 2017.

**ADJOURNMENT OF BUSINESS MEETING**

Meeting adjourned at 8:59 p.m.

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Dana Smith, Assistant to the City Recorder

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John Stromberg, Mayor