



LEBANON CITY COUNCIL WORK SESSION AND REGULAR MEETING MINUTES

March 12, 2025 at 5:00 PM

Santiam Travel Station – 750 3rd Street, Lebanon, Oregon

MISSION STATEMENT

*We provide services that foster a resilient, safe, and growing community,
strengthened by our community connections*

Mayor: Kenneth Jackola

Council President Michelle Steinhebel | Councilor Dominic Conti | Councilor Carl Mann

Councilor Jeremy Salvage | Councilor David McClain | Councilor Dave Workman

PRESENT

Mayor Kenneth Jackola

Councilor - Ward 1 Dominic Conti (5:28 PM)

Councilor - Ward 1 Carl Mann

Councilor - Ward 2 David McClain

Councilor - Ward 2 Dave Workman

Councilor - Ward 3 Jeremy Salvage

Council President - Ward 3 Michelle Steinhebel

STAFF

City Manager Ron Whitlatch

Finance Director Brandon Neish

IT Director Brent Hurst

Public Works Director Jason Williams

City Recorder Julie Fisher

5:00 PM – CALL TO ORDER WORK SESSION

City of Lebanon Work Sessions are less formal meetings that enable the Council to focus on and explore in detail a topic with staff and/or consultants. Like regular Council meetings, citizens are encouraged to attend and observe work sessions. Unlike regular Council meetings, work sessions do not include public hearings or other opportunities for citizen comments. Should action be required, that topic would be brought back to the next available regular session, at which time citizens would have the opportunity to comment before a formal action is taken.

The meeting was called to order at 5:00 PM.

DISCUSSION ITEMS

1. Utility Rate Review

Public Works Director Williams presented the Council with an update on the Utility Systems. The update included water, wastewater, and storm drainage. Finance Director Neish presented the financial updates.

In Water System, it was noted that staff continues to focus on water main replacements projects and priority goes to undersized and leaking mainlines. The Green Peter Reservoir

Drawdowns and impacts to the water treatment plant is a top priority. The water treatment plant produced 528.22 million gallons of water in FY 24/25 through February 2025. Upcoming projects in the Water System were noted.

In the Wastewater System, it was reported the wastewater treatment plant has treated about 835 million gallons of sewage in FY 24/25 through February 2025. The replacement of aeration basin gear boxes is planned in 2025. The City continues to see a substantial increase in sewer lines and laterals that are failing. A report of Infiltration and Inflow (I&I) was given, and it was noted recent heavy rain events have resulted in a 200% increase in flows. Upcoming projects were reviewed. It was reported that DEQ fines have been repealed, and the City will work with the Santiam Watershed Council on a project in lieu of paying fines to DEQ. City Manager Whitlatch stated the Albany Democrat Herald reported that raw sewage had entered the river, which was incorrect. The City did violate our DEQ permit, and proper notification was sent out.

Storm Drainage System has approximately 63 miles of storm drainage mains and 53 miles of open channel drainage ways. Staff maintenance crews spend a large amount of time during the summer mowing drainage ways. A few minor capital projects were reported.

In the Water Fund, Finance Director Neish reported a 5-year forecast for this enterprise fund shows a generation of 6.7 million without a rate increase for water. Operating expenditures, capital projects, interfund transfers out, and appropriated contingency were reviewed; the fund is expected to have an ending fund balance of 1.5 million with no rate increase. However, with the five-year projection, the ending fund balance withers without a rate increase in the projection.

In the Wastewater Fund, Director Neish stated the reason for the proposed increase was for small increases as opposed to a large increase later. The five-year projection shows 2028 and 2029 in a deficit, however with a rate increase that deficit is pushed out to 2030. The City knows the wastewater treatment plant project will become necessary within the next 5 years. The City will need to take an interfund loan of around 15 million for the estimated 30 million project. It was noted that the upgrades are necessary to meet regulations, and it is not the City of Lebanon making these regulations.

Mayor Jackola stated the City is providing testimony to the Capitol on the challenges small cities are having specifically with infrastructure and water issues. Mayor Jackola stated he is confident the City can find some other funding source and acknowledges they don't want to fund with utility rate increases.

City Manager Whitlatch added that the City is planning for long term by seeking grants and with lobbying efforts. He reviewed the Financial mythology and noted it costs one cent per gallon to get water to your faucet, and it costs two cents to treat the gallon of water when it enters back into the system.

A survey on utility fees shows Lebanon is 6th overall. It was noted other cities have capital projects coming as well, and their rates will increase. The City of Lebanon does not have the highest rates in the state as it has been rumored.

Public Works Director Williams extended an invitation to anyone who has questions to please tour the plants to have a firm understanding of what is true.

Finance Director Neish stated the City Services Fee annual review happens along with the Utility rates. The services fee was passed in November 2024 and implemented in January 2025. There is no proposed increase in this fee. Although it does appear on the utility bill, it is not a fee for utilities, but it funds police, library, senior center, planning, parks and municipal court. Projections for general fund for the next five years shows no deficit in funds, which means the fee is working as intended. It was noted that per ORS, money in each fund has to stay in each respective fund; water funds cannot go to the wastewater fund and help fill the general fund.

ADJOURN WORK SESSION

The meeting was adjourned at 5:50 PM.

6:00 PM – CITY COUNCIL REGULAR SESSION

CALL TO ORDER / FLAG SALUTE

The meeting was called to order at 6:00 PM.

ROLL CALL

PRESENT

Mayor Kenneth Jackola
Councilor - Ward 1 Dominic Conti
Councilor - Ward 1 Carl Mann
Councilor - Ward 2 David McClain
Councilor - Ward 2 Dave Workman
Councilor - Ward 3 Jeremy Salvage
Council President - Ward 3 Michelle Steinhebel

STAFF

City Manager Ron Whitlatch
City Attorney Tre' Kennedy (online)
Public Works Director Jason Williams
Finance Director Brandon Neish
IT Director Brent Hurst
Chief of Police Frank Stevenson
City Recorder Julie Fisher

CONSENT CALENDAR

The following item(s) are considered routine and will be enacted by one motion. There will not be a separate discussion of these items unless a Councilor so requests. In this case, the item(s) will be removed from the Consent Calendar and considered separately.

Motion made to approve the Consent Agenda by Council President - Ward 3 Steinhebel, Seconded by Councilor - Ward 1 Mann.

Voting Yea: Councilor - Ward 1 Conti, Councilor - Ward 1 Mann, Councilor - Ward 2 McClain, Councilor - Ward 2 Workman, Councilor - Ward 3 Salvage, Council President - Ward 3 Steinhebel

1. **AGENDA:** Lebanon City Council Agenda – March 12, 2025
2. **APPROVAL TO AWARD:** Willow Drive Storm Drainage Improvement Project
3. **BOARD MINUTES:**
 - Library Advisory Committee - December 10, 2024
 - Parks, Trees & Trails Advisory Committee - January 15, 2025
 - Planning Commission - December 18, 2024
4. **COUNCIL MINUTES:** February 12, 2025 Regular Session
5. **EASEMENT:** Black Rock Apartments
Hickory Lake Apartments
6. **RIGHT-OF-WAY DEDICATION:** Black Rock Apartments

PRESENTATION / RECOGNITION

7. Lebanon Strawberry Festival, Cindy Kerby

Cindy Kirby Association President and Shyla Malloy, Chair of Strawberry Festival presented an update on the festival with their board and management team present. The event is an

annual community festival, 501 C4 nonprofit association that has been staffed completely by volunteers since 1909. The festival is four days and includes a parade, strawberry shortcake, family land, and carnival. It served 27,000 people in 2024 and many from outside of Lebanon. The festival is an Oregon Heritage event and is a long running tradition. 5 scholarships are given each year for festival princesses. Entek is a large supporter of the scholarships. In 2019, the association gave 100k to the city for park development. Over 700 participants took part in the run/walk fundraiser for East Linn Christian Academy. At the end of the festival, strawberry shortcake is distributed to folks who can't get out and go the festival.

The Council thanked the association for all of their hard work for such a great event that benefits our community in so many ways.

PUBLIC COMMENTS

Steve Smith spoke in opposition to the City Service Fee as well as any increase in Utility Rates. Mr. Smith felt the Council response to an earlier email was inappropriate and also felt the Council does a poor job communicating with the public.

Keith Murphy stated he felt the park rental fees were too high and cited the Cheadle Lake rental fee. He stated he did not receive notifications of the City Services Fee. He was concerned about the City using funds for housing for the homeless.

Jeremy Guenter spoke regarding the Chicken Ordinance and hoped the Council would allow more chickens.

Wyatt King spoke regarding the Chicken Ordinance and was in favor of allowing additional chickens and opposed to current permit processing. Mr. King thought the addition of reasonable care against pests could be added.

Sarah Brown asked how much communication mailings would cost if they were included in the utility bills. Finance Director Neish reported it would cost between \$500 and \$600 each time.

Shellie Jackola, Executive Director, gave a monthly update on the Lebanon Downtown Association. Summer events include a wine walk, car show, pub crawl, 1st Friday, Senior Banners, and a Pow Wow at Boulder Falls. Main Street Revitalization Grant applicants could receive \$450k if their grant is accepted. The association has helped 5 applicants submit their grant.

PUBLIC HEARING(S)

8. Public Hearing - Resolution No. 2025-02, A Resolution Adopting the City of Lebanon's Utility Rates and repealing Resolution No. 2024-05.

The Public Hearing was opened at 6:46 PM.

Public Works Director Williams and City Manager Whitlatch presented the staff report. An overview of the Water Fund was presented. It was reported the water treatment plant produced 528 million gallons of drinking water and has 88 miles of distribution mains. The water system is at a 160-year replacement cycle.

An overview of the Wastewater Fund was presented. It was reported the Wastewater Treatment Plant treated 835 million gallons of sewage and include 70 miles of sanitary sewer mains not including private laterals. The wastewater system is at a 170-year replacement cycle. There has been a 200% increase in flow. The Wastewater Treatment Facility Plan is almost complete. The project has been completely driven by regulatory agencies. The City has 18 million set aside for the project in hopes of not raising rates.

An overview of Stormwater was presented. The system includes 63 miles of drain lines and 55 miles of open ditches.

A 5-year projection for Utility Funds was discussed. It was noted Operations and Capital Funds are fine, but a 2% increase for the future Wastewater Treatment Plant Project is proposed.

A Utility Rate Survey was presented. Last year the City of Lebanon was 3rd highest, and this year are currently 6th as cities have the same infrastructure needs and are also raising rates.

Finance Director Neish spoke regarding Oregon Revised Statutes (ORS) addressing complaints on balances in other funds questioning why we can't use that money for the wastewater fund. State Law requires enterprise funds must stay in their own fund. He further explained when you pay the water portion on your water bill, that money goes to treat the water that ends up at your tap and not to other functions in the city.

Mayor Jackola stated that water treatment and wastewater treatment is an issue statewide. The City has been advocating in Salem for the City of Lebanon and requesting funding for infrastructure. Mayor Jackola reviewed rates with comparable cities. Mayor Jackola stated right now might not be the right time to increase rates.

Councilor McClain and Councilor Workman both agreed with the Mayor that now is not the time for a rate increase. Councilor Salvage noted there are needs to the wastewater treatment plant that are regulatory and asked for an example from staff. City Manager Whitlatch stated the City has a 50-year-old plant, and in order to meet those requirements additional measures are needed such as an additional clarifier. He added the aeration basins cannot be expanded based on the way they were built, in addition, the operation building has a digester that is above the offices, once flooding the offices underneath. Regulations are getting tighter and 50-year-old technology makes it hard to meet those requirements. Public Works Director Williams invited anyone for a tour of the current plant. He noted it is the goal to make water cleaner than it was when it arrived at the plant and be good stewards of the environment.

Mayor Jackola called for Public Comment both in favor and opposition of the Resolution. There was none from the audience. City Recorder Fisher added Public Comment received by email at 4:47 PM and noted additional Public Comment handed out to each councilor as well as Public Comment included in the packet. All were opposed of any increase.

The Public Hearing was closed at 7:11 PM.

Councilor Steinhebel asked about the history of rate increases and noted the City is seeking additional revenue options, grants, legislative asks, and never anything other than serving the citizens. She realizes it is a big ask.

Councilor Steinhebel noted the previous Council chose to not increase rates and not save for the plant. She would choose a 1.5% increase over a double-digit future increase.

City Manager Whitlatch noted the City has 18 million reserved for a 35 million project. He acknowledged a 2% increase doesn't do much but does help toward the need in the case that we don't receive other funding. The City is preparing for a project that is likely necessary within the next 5 years.

Councilor Salvage stated he is leery of kicking the can down the road but does not like raising rates. This rate increase would help build towards paying for the plant. He added 5 years isn't that far out, but it is enough time to hold off.

Carl Mann asked if this is the only option and what would be the deadline. City Manager Whitlatch stated that the current plant is at capacity but there are small ways we can increase capacity. On paper it says we are there, but operationally we have a few years and are able to meet demand. Utility reviews happen every year.

Mayor Jackola stated the staff at the City do their due diligence and work very hard researching information for us to help us understand the issues. This is a hard subject and we have to weigh the balance of the city as a whole. There is not a lot of waste; they are knowledgeable on their systems and processes.

Councilor McClain stated the wastewater treatment plant feels like an older outdated facility, and he commended the staff who work there.

Motion made to not approve Resolution No. 2025-02, A Resolution Adopting the City of Lebanon's Utility Rates and repealing Resolution No. 2024-05, by Councilor - Ward 2 Workman, Seconded by Councilor - Ward 3 Salvage.

Voting Yea: Councilor - Ward 1 Conti, Councilor - Ward 1 Mann, Councilor - Ward 2 McClain, Councilor - Ward 2 Workman, Councilor - Ward 3 Salvage, Council President - Ward 3 Steinhebel

The Resolution Failed.

REGULAR SESSION

9. Resolution No. 1 for 2025 - A Resolution Eliminating Parking on a Portion of C Street Within the City of Lebanon

City Manager Whitlatch presented the staff report regarding a parking issue on C Street creating a hazard. Staff sent a notice to residents and no comments were received back. The parking only affects one spot.

Motion made to approve Resolution No. 2025-01, a Resolution Eliminating Parking on a Portion of C Street, by Councilor - Ward 1 Mann, Seconded by Council President - Ward 3 Steinhebel.

Voting Yea: Councilor - Ward 1 Conti, Councilor - Ward 1 Mann, Councilor - Ward 2 McClain, Councilor - Ward 2 Workman, Councilor - Ward 3 Salvage, Council President - Ward 3 Steinhebel

10. Park Reservation Fee Waiver Policy

Public Works Director Williams stated he is not in favor of waiving fees for park rentals and there are other avenues to help those requesting eliminations such as the Chamber of Commerce grants.

Mayor Jackola asked the Public Works Director to explain what the fees are used for. It was reported the city has only two dedicated park staff to take care of all parks, and there are no funding streams to replace shelters, no funds for restrooms, or leaking roofs. Administrative staff is very active in perusing grants through Oregon State Parks, which has allowed some updates to the parks. When 35K people are at an event in a park such as Cheadle Lake and there are food carts, stages, and other equipment, the repairs for the turf, sprinkler heads, etc. cost more than the rental fees.

City Manager Whitlatch stated Cheadle Lake is a large event, and the \$600 daily use fee is not an unreasonable cost for a large event. That reservation causes the park to be unavailable to the public.

Councilor Steinhebel noted the amount of funding the City allocates for the Chamber of Commerce Tourism Grants is 43K and Cheadle Lake is 33.5 acres.

Direction to staff is for a policy to not waive fees but direct those requesting fee waivers to other avenues. Council Consensus was approval of the draft policy provided in the packet.

11. Municipal Code Discussion - LMC Section 6.16.010 Bees, Fowl, and Other Animals

City Manager Whitlatch presented a staff report on procedure to allow chickens. Staff reached out to other cities and chicken ordinances vary in every community. Staff has no recommendation. The current permit process was discussed.

Council consensus was for an amendment to the current code to allow up to 12 chickens (currently 6) and 1 chicken per 1000 square foot (currently 1/2000) and no permit process.

Chief of Police Stevenson stated the six ordinance violations reported in the past were for odor and exceeding maximum allowed.

12. Department Reports

IT Director Hurst updated Council with the accomplishments of the IT Department for the last year. IT staff recently oversaw and implemented a City website upgrade as well as worked on the new Station 31 Fire Department building. Upgrades to the City's server storage have taken place and updates to cyber security and Windows 11. IT staff completed the bulk water dispenser integration with current the financial system. The Systems Engineer has been working at the Senior Center on the LINX dispatch system. The IT department spends a lot of time on support at the Justice Center and is why the department is located there. The Council Chambers relocation is moving along and AARPA Funds will be used for audio and visual upgrades. The Council Chambers relocation should be complete by June. Lebanon staff met with Linn County for a tabletop emergency preparedness exercise. Phishing campaigns continue to go out to staff and Council for training purposes. Water and Wastewater IT infrastructure updates continue. The City's phone system upgrades are a top priority and upgrading the Emergency Operations Center (EOC). The GIS tech continues mapping - water, sewer, storm drainage, and transportation, which aids in locates and integrates with Utility Billing.

City Manager Whitlatch highlighted legislative items all geared towards infrastructure. March 26 is a joint work session with the Planning Commission for housing updates. The Mayor, City Manager, Public Works Director and Community Development Director will be absent for the April meeting; they will be in Washington D.C. advocating for Lebanon and seeking additional revenue streams.

Airport Road will be closed and detours in place starting March 31, 2025, for about four months during construction.

ITEMS FROM COUNCIL

Finance Director Neish reminded the Council that the first Urban Renewal Agency and Budget Committee meeting is scheduled for April 16, 2025, at noon. There is a current vacancy for which an application has been accepted and will be on the next Council agenda for consideration.

Councilor McClain raised his concern whether the minutes were really capturing the story of Lebanon and thought they could be better. City Recorder Fisher stated staff moved from verbatim minutes in 2023 and provide action minutes, however if it is the desire of the Council that could be reviewed. It was noted the Council meetings are recorded and videos are available on the City's website.

PUBLIC/PRESS COMMENTS

An opportunity for citizens and the press to comment on items of city business.

There were no additional comments from the public or press.

NEXT SCHEDULED COUNCIL MEETING(S)

March 26, 2025 Joint Planning Commission and City Council Work Session at Noon

April 9, 2025 Regular Meeting at 6pm

April 16, 2025 City and Urban Renewal Agency Budget Committee Meeting at Noon.

ADJOURNMENT

The meeting adjourned at 8:21 PM.