

SCA Talking Points For Shady Cove Municipal Water Acquisition

Disclaimer.

The information contained in this document represents the opinions and conclusions of the Shady Cove Advocates (SCA). Readers of this document are encouraged to draw their own independent conclusions.

Where possible, SCA has cited published online documents provided on the City of Shady Cove’s website. Where noted, SCA has also filed public records requests for additional supporting information.

SCA welcomes input from members of the community and will adjust and correct this document as more information becomes available.

1. SCA Statement of Support for Municipal Water Supply 1

2. Lack of Transparency in Municipal Water Supply Acquisition 2

3. Background on Resolution 25-07 (Unusual Delegation of Authority). 2

4. Additional Research..... 3

5. Lack of Written Documentation on Municipal Water Activities 4

6. Concerns Regarding Mgmt, Operations & Maintenance for City-Owned Municipal Water. 5

7. Recommendations for a Path Forward. 6

Purpose and Overview.

This document is intended to provide additional background information supporting SCA Goal to Promote Transparency in City Finances, Audit Findings and Municipal Water Acquisition. Specifically, this document provides background information on Shady Cove actions regarding the acquisition of a Municipal Water Supply.

1. SCA Statement of Support for Municipal Water Supply

SCA believes that securing a municipal water supply for the City of Shady Cove is an important goal, which we support. Residents of Shady Cove should understand that we have no hidden agenda against acquiring water. We recognize this effort will be a significant step to secure Shady Cove’s future.

For residents who have not been following the City's water efforts closely, be aware that there are two separate sources of funding which are relevant to the discussion.

(1) Shady Cove has been awarded a grant of \$1.5M from the State of Oregon in furtherance of a municipal water supply. The grant was formally accepted by the City Council on 8/15/2024. The grant money must be spent by August 2027.

(2) Shady Cove applied for (but did not receive) an additional grant of \$5M.

Led by former Mayor Ball, Shady Cove ramped up efforts to apply for an additional \$5M grant from the State of Oregon to help fund the acquisition of a municipal water supply. The State of Oregon made final grant recipient decisions in June 2025 and Shady Cove was not awarded this grant. However, Shady Cove was encouraged to continue its efforts and apply for the grant again in the next fiscal year.

2. Lack of Transparency in Municipal Water Supply Acquisition

SCA is extremely concerned about the ongoing secrecy related to the overall water planning effort, especially planning and funding commitments associated with the \$5M grant from the State of Oregon. SCA is concerned that there appears to have been an unusual collaboration amongst a small subset of Council members acting as a team (without a quorum), taking on the exclusive responsibility for handling all matters related to municipal water acquisition. The team appears to have used their status as a non-quorum to deliberately suppress plans and details; and actively avoided bringing the full Council into discussions.

3. Background on Resolution 25-07 (Unusual Delegation of Authority).

At the 5/1/2025 City Council meeting, resolution 25-07 was included as part of the agenda, and passed with little discussion. The resolution gives any current or future Mayor and City Administrator very broad-based powers associated with water. SCA is specifically concerned with Section 4 of the resolution which appears to give the mayor authorization to sign any project associated with water, without prior approval from the full Council. **We believe this provision violates the City Charter.**

- 3. Authorization to Secure Funding.** The City Council hereby authorizes the City Administrator, on behalf of the City, to search and apply for grants from private and public sources, including from the State of Oregon and the federal government, for the funding necessary to conduct the activities authorized under Section 1 of this Resolution; provided, however, that any grant requiring payment by the City (either monetary or in-kind), must first be approved by the City Council.
- 4. Authorization to the Mayor.** The City Council hereby authorizes the Mayor to sign, on behalf of the City Council, any letters of inquiry or support for grants, funding, cooperative actions, and projects consistent with the authorization granted herein.
- 5. Effective Date.** This Resolution shall take effect as of the date of adoption.

Excerpt of Resolution 25-07

The full text of Resolution 25-07 Establishing a Policy to Explore Options and Secure Funding for the Development of a Municipal Water System may be found at this link to the 5/1/2025 City Council Agenda packet. The resolution is on page 5. [05012025-Regular-City-Council-Meeting.pdf](#)

See the audio of the meeting starting at approximately the 29-minute mark for discussion of the resolution. At approximately 34 minutes, the former Mayor comments on the reasons for needing this resolution (red highlight coloring added for emphasis to the translation).

*"I had when I first read this, I want to get this part on the record, um I really felt at first that this was giving the Mayor too much authorization and yet after going over this with legal council and city administrator, **there are some things that happen so quickly you have to be able to sign and get them to make deadlines and also there are face-to-face meetings that I have where I have to have the authority to be able to say yes or no on the spot just to be eligible for money and that's with state politicians and such.** I will not abuse this authority in any way shape or form or do anything that I wouldn't do with my own money."*

Excerpt of Audio Transcript, Shady Cove City Council Meeting 5/1/2025

Considering the unusual authority granted in this resolution, the Mayor's explanation for why it is needed, and the concern noted above with a small subset of Council members handling water exclusively, it is SCA's opinion that this potentially creates conditions where individuals could easily abuse their authority.

4. Additional Research

From the research done to-date, as of September 2025, below is the current understanding of the status of the project to acquire municipal water.

No formal document that could be considered a project charter/roadmap exists.

We understand that up until late June 2025, efforts by (former) Mayor Ball, (former) Council President Kathy Nuckles and (current) City Administrator Michele Parry were operating under the assumption of a total budget of \$6.5M (the original grant of \$1.5M plus an assumption the Shady Cove would receive a further \$5M grant from the state of Oregon). Around the time that Mayor Ball and Council President Nuckles resigned, Shady Cove was informed they would not be receiving the \$5M grant, which dropped the current water budget to \$1.5M.

Up until July 2025, we understand that two broad options were being considered for water.

One option was for the City to purchase Hiland Water's water treatment plan and facilities. However, Hiland's owner did not want to sell the plant, it was estimated to cost far more than the City wanted to pay (\$5M) and restrictions in both grants meant that the City couldn't use the grant money for purchase of Hiland's facilities. There appears to have been some discussion about using a low-interest USDA loan for part of the funding, but we have very little information on this.

The second option was for the City to build their own water treatment plan serving the south side of town. It was believed there was a possibility of tying together multiple private water systems south of the bridge along Highway 62. Since these private water systems already had piping in the ground serving their residents, it was believed the piping could be used "as-is". This would mean the City could simply focus on building the plant and on the water main backbone & laterals tying together the existing systems. Since (a) Shady Cove already has Hiland water in the north of town and (b) since Hiland water didn't want to sell, this became the preferred option. An advantage of this option is that – together with Hiland water – this would provide the most municipal/private utility coverage within the town to start with.

The implementation of the Shady Cove municipal water system would require additional water rights. It is our understanding that an engineering feasibility study would have to be performed before the necessary steps could be taken to determine the optimal location for a water intake point, perform any required environment studies, and acquire water rights.

It is our understanding that the feasibility studies had not started as of July 2025.

5. Lack of Written Documentation on Municipal Water Activities

SCA members are frustrated by the nearly complete lack of information released by individuals within the City who were working on the Municipal Water Supply efforts. It seems clear that some preliminary engineering and planning efforts begun, and we know that the former Mayor and Council President met at least twice in 2025 with members of the Oregon State legislature to discuss the project. We are extremely concerned by the lack of comprehensive written documentation.

The SCA would additionally like to note the statements made by Mayor Lena Richardson at the City Council meeting on 9/4/2025. We believe the comments provided by the newly appointed Mayor

indicate that there are existing documents describing the former Mayor's efforts to acquire water, and we believe those documents should be publicly available.

[September 4, 2025 City of Shady Cove City Council Meeting - City of Shady Cove, Oregon](#) (see audio at this link, or zoom audio for translation). Red highlight added for emphasis to the audio translation.

At approximately 21:00 minutes into the recording, Mayor Lena Richardson notes that

"the plans were for developing the system in incremental stages in the south side of town. And it was... the start was dependent upon getting a \$5 million grant from the state, and an additional \$3 million loan. And then... With that money, the beginning the first portion of the project could be completed and the loan could be paid off by the fees from the people who had signed up for... who were using that water."

She continues, stating

"We did not get the \$5 million loan. So it's useless to... Pardon me, the grant, so it's useless to request the \$3 million loan. So, at this time, I don't see that we can do.. anything until we... as I requested last time, last... at the last meeting, have a meeting with Council, the engineers, the planners, involved in this, or anyone else who is involved in this project, and sit down and see what our next plan is. And then, we can develop the amended budget for this project"

Excerpt of Audio Transcript, Shady Cove City Council Meeting 9/4/2025

We note the following supporting information, which appeared in the Bills Paid Report for the August 7th City Council Meeting. This report shows what appears to be legal fees for a discussion on municipalization of City water. Again, no information has been publicly released, and SCA questions whether information on legal discussions (meeting notes, participants, principal subjects) was made available to the full Council and fully documented for future water roadmap discussions.

23638	07/02/2025	07/22/2025	Bryant Lovlien & Jarvis	Matter 2315739-001 Miscellaneous	570.00	570.00
23639	07/02/2025	07/22/2025		Matter 2315739-008 Engineering services agreement-RH2	270.00	270.00
23640	07/02/2025	07/22/2025		Matter 2315739-010 Right of Way Ordinance	2,645.00	2,645.00
23641	07/02/2025	07/22/2025		Matter 2315739-019 2025 Engineer of Record - Request for P	2,550.00	2,550.00
152761	06/18/2025	07/22/2025	Cable Houston	RE: Sunstone-Water Minicipalization	2,109.00	2,109.00
062504	07/14/2025	07/22/2025	Smokin Joes	2500 Gallon delivery 6/5, 6/12, 6/16, 6/20	310.00	.00
062504	07/14/2025			2500 Gallon delivery 6/5, 6/12, 6/16, 6/20	310.00-	

Source: <https://shadycove.org/wp-content/uploads/2025/08/F1-Aug-7-PH-and-Regular-CC-AgendaPacket.pdf> (pg. 18)

6. Concerns Regarding Management, Operations & Maintenance for City-Owned Municipal Water.

The SCA notes that in multiple verbal remarks, the former Mayor expressed his preference for the City of Shady Cove to own their own Municipal Water Treatment Plant. He noted on multiple occasions that the City was exploring options to purchase Hiland Water (now Sunstone Water). He indicated that

members of the State Legislature told him there would be more grant support if the City owned the utility system.

The SCA is concerned that those involved in the water acquisition effort may be biased against alternatives to City ownership. We have concerns that our small City truly has the budget, resources, and administrative bandwidth necessary to manage the day-to-day activities of a water plant. Additionally, in the case of the Hiland Water acquisition, SCA has concerns regarding the long-term operations and maintenance of an aging water treatment plant.

We strongly believe the City needs to look carefully at the ongoing operations & maintenance costs and consider whether public-private partnership would be a cost-effective option.

Given the current struggle to afford the Jackson County Sheriff's contract, we believe full (and transparent) due diligence is necessary.

7. Recommendations for a Path Forward.

In our opinion, what we have right now is a mess. In a nutshell, we are managing a complex initiative by the seat-of-the-pants, instead of using a more formalized approach. The root cause in our opinion is due to two members of the Council taking authority upon themselves to manage the activities of the Municipal Water acquisition and taking authority upon themselves to micro-manage the City Administrator in violation of the City Charter.

To restore trust and transparency, our recommendation is to have the City Administrator create a formal project charter, to be approved by the City Council, to outline broad goals, major activities, budget assumptions and responsibilities of the effort.

We believe the City Council should function as a board of directors overseeing the project, and the City Administrator has overall responsibility to plan and execute the work. Therefore, the project charter should clearly spell out Council and City Administrator roles to allow everyone to stay in their lane.

We believe the City Administrator has the right (per Charter and role) to hire and direct staff to implement planning, design and execution phases of the municipal water initiative. This includes the right to delegate administrative/project management activities as she sees fit, provided they meet the grant budget/obligations and expectations of any city-provided funding.

However, we are not suggesting that the City Administrator operate without supervision. We believe the Council should have input into the project charter to specify their expectations up-front for what they expect to be given for communication of project status updates, major checkpoints where they

expect to review the direction of the project, budget spend to-date, major issues, etcetera. Such updates should always be in written format with provisions made for availability to the public.

We believe the Council has the right to oversee spending, however this should be done by reviewing and approving a project budget up-front and at periodic intervals, as opposed to micromanaging activities on an ongoing basis. In turn, the City Administrator has the responsibility to report significant budget variances in a timely manner.

We believe the Council has the right to lobby State and Federal Agencies in supporting of funding.

Once a project charter is properly executed, we believe the Council does NOT have the right for any member to directly participate in project design, planning or execution activities. While we recognize there may be legitimate exceptions, those exceptions should be mutually approved by the City Administrator and Council and documented in writing.

Additionally, to promote transparency, a policy should be adopted whereby any activities/meetings being held by the Council with external or internal parties should be made available for the City Administrator to attend. Furthermore, any meetings held by members of the Council (including non-quorum meetings) should be thoroughly documented and provided in writing to the City Administrator to be included as part of the overall project documentation. Meetings of Council where a quorum is present should be publicly documented per existing Oregon public meeting law.