

**CITY OF JOHN DAY  
BUDGET COMMITTEE MEETING  
JOHN DAY FIRE HALL  
7:30 PM**

April 16, 2019

**BUDGET COMMITTEE MEMBERS PRESENT**

Robert Raschio  
Katrina Randleas  
Vincent Maurer  
Mike Miller  
Ron Hasher  
Tom Olson

**BUDGET COMMITTEE MEMBERS ABSENT**

Beth Spell  
Darin Toy

**COUNCILORS PRESENT**

Ron Lundbom, Mayor  
Paul Smith, Councilor  
Gregg Haberly, Councilor  
Shannon Adair, Councilor  
Brandon Smith, Council President  
Dave Holland, Councilor

**COUNCILORS ABSENT**

Steve Schuette, Councilor

**STAFF PRESENT**

Nicholas, City Manager  
Chantal DesJardin, Secretary  
Anna Bass, Solutions CPA's (City Recorder)

Ron Smith, Fire Chief  
Matt Manitsas, Agribusiness Project Manager

**GUESTS PRESENT**

*None Appearing*

**Agenda Item No. 1 – OPEN AND NOTE ATTENDANCE**

Mayor Lundbom opened the meeting at 7:30 p.m.

**Agenda Item No. 2 – ELECTION OF A COMMITTEE CHAIR**

Mayor Lundbom called for nominations of a committee chair.

**Committee Member Miller nominated Committee Member Ron Hasher for Committee Chairman. Committee Member Raschio seconded the nomination and the motion passed unanimously.**

**Agenda Item No. 3 – ELECTION OF COMMITTEE SECRETARY**

Committee Chairman Ron Hasher opened the floor for nominations for the Committee Secretary.

**Committee Chairman Ron Hasher nominated Committee Member Mike Miller for Committee Secretary. Councilor Holland seconded the nomination and the motion passed unanimously.**

#### Agenda Item No. 4 – BUDGET MESSAGE

City Manager Green restated some of the information included in the budget message memo. He emphasized that his goal is to maximize the city's return on investment, he is pushing for the best offers they can get—especially with the treatment plant. Next fiscal year, they will be looking at a budget of over 20 million, to include the construction costs of the facility; they are aiming for a 60-40 ratio to keep sewer rates between \$55-65. Green emphasized these projects are important because they signal to the markets, that they are investing in themselves, and to new residents, that this is a quality community that cares about its infrastructure; they are striving for making sustainable investments. Green reported the city is working on building a better relationship with the County to leverage the street fund but would also like a little more cushion in the general fund.

There was a question about police officer negotiations, Green noted he hopes they reach an agreement tomorrow. Committee member Raschio asked if the officers also will be expected to hold the line on wage growth. Green replied, they did not get reset with everyone else but he believes they were fair in their negotiations and if their counteroffer is accepted, it is accounted for in the proposed budget. There was discussion about police roles in the local area, compared to other small city police departments; in relation to other police agencies in the county; and the importance of keeping the city police. Green finished with an emphasis that the city is in a good financial and negotiating position moving forward into these significant capital improvement projects.

Committee Member Maurer voiced concerns about the city expecting too much of staff and losing talent by holding wages and reducing staff. Green explained, in the new slots, everyone received an increase, but they stretched the scale for those that were stacked up at the top. They will still be receiving a cost of living increase, independent of any step increase. Anna Bass noted the scale was very old and needed to be restructured. Green speculated that spot adjustments, for specific employees, warped the scale over time. Committee Member Olson noted that in his research for HR, he found that replacing an employee can cost an average 40-50%. Green's intent is to just slow the growth for a time; some staff still need adjustments because they gone above and beyond, turnover isn't a concern he felt.

Chairman Hasher asked if they anticipate hiring additional employees once the greenhouses are operational. Green responded, in the short-term Mr. Manitsas and a cross trained public works employee will operate; they plan to have the city facilitate that industry, not operating it. There was further explanation by Green of the business model and operating cost scale by volume. Green explained Fire Chief Smith, after 15 faithful years of service with the city, will be retiring; that position will be replaced by an 80/20 (Public Works/Fire) staff member, who can assist with harvest time. They also budgeted an additional staff member, split between the police department and administration, for recordkeeping. They hope to utilize them for code enforcement, which has been a concern raised by residents, and help keep down legal costs associated with long term violators. Committee Member Raschio expressed concern about the only 20-30% dedication to fire, since it is such an essential service. Green explained it's the current dedication, if not more than the current fire chief is at; fire will always be priority. He noted there is synergy, having a Fire Chief detailed to public works will allow some of the training and maintenance to be accomplished in the process of daily city work.

Chairman Hasher asked about the use of potable water initially in the greenhouse and the associated increase cost. Agribusiness Manager Manitsas replied they are estimating 30,000 gallons per month. Green then discussed some opportunities to offset power costs. Committee Member Maurer suggested tapping into resources like the Master Gardner and school greenhouses. Green noted they presented to

the Farm Bureau, requesting a public-private partnership business model but the city has to demonstrate they uphold their side before the private sector will invest. Green elaborated on the profitability of maximizing growth acreage under a single grower, noting they will find the right scale. Manitsas noted they have been working with OSU, who runs the Master Gardner program--making contacts and evaluating various opportunities for partnership.

## **Agenda Item No. 5 – REVIEW OF BUDGET**

Committee Chairman Ron Hasher reviewed the process of review and noted any discussion is welcome.

### **General Fund**

#### **Administration Department**

Page 1: Miller asked about the jump in wages and salary. Green noted that was for half of the new police/administration staff discussed in the budget message. Bass added that a portion of the increase is a result of 9-1-1 discontinuance; that portion of administration had to be reallocated across the budget. Page 2: Olson asked if the Solar Eclipse line item would be removed. Bass noted it will stay as until it is no longer reported in historical. Raschio asked why the budget for social gaming license was zero. Bass responded that the city has not received a steady amount for the last few years, and it is a nominal amount, so she budgets for zero. There was discussion about the current policy on social gaming fees, it was suggested they review the ordinance. Hasher noted it is no longer a common occurrence.

#### **Police Department**

*No comments.*

#### **Fire Department**

Page 5: Lundbom asked about the increased in line items 62950 & 63000; Green noted the increased payment to the association incentivizes and ensures volunteers—it's important to maintain a well-trained, happy fire department. Lundbom noted that some business are paying the volunteers for hours missed due to fire response. Chief Smith noted that practice is not as common as it once was, and it has been several years since there was an increase. There was discussion about 1099s and taxing of volunteer reimbursements; there was support that the volunteers are more than worth it. Page 6: Lundbom asked if line item 67870 is for a new truck; Bass explained it is a transfer to save up capital for purchase of replacement vehicle. Chief Smith explained his plans for replacements.

#### **Main Street Revitalization**

*No comments.*

### **Water Fund**

#### **Administration Department**

Page 8: Lundbom asked for an explanation of the single audit in line item 62300. Green noted anytime you receive more than \$750,000 in federal funding, you are subject to a single scope audit; whether they will expend it this budget year depends on timing and awards. There was additional discussion about audit logistics, noting it is an independent audit done on the same schedule as the yearly audit.

#### **Water Department**

Page 9: Holland asked about the estimated over expenditure of line item 63825 in the current year. Green replied across every fund he printed out other professional services, expenditures were for: TGM planning match, pool consultants, and an appraiser and appraiser reviewer in the street fund. Green

noted in those two funds there was an over expenditure of \$8,000 but will net the city \$650,000 in grant awards if received. Green noted that legal costs also went up and will continue to because each of the grants has to be reviewed; they are budgeted and being offset or paid for entirely by external revenue. Olson commented that a 15% increase for insurance seemed steep. Bass noted again that she tries to overestimate on purpose; there is no way of knowing costs until closer to renewal.

### **Sewer Fund**

#### **Administration Department**

Page 11: Maurer asked about the percentage of sales on bad debts for line item 62310. Bass replied it is a percentage of the sales, it's included for cushion, but the city has not been writing off much bad debt for several years. He commented that it seemed like a low percentage; she noted that it has been that amount for many years and they rarely hit that amount, current staff has been good at collecting. There were comments about changes that had been made to policies to decrease bad debt. Green added that from the standpoint of the lender, particularly the sewer fund, the city is a great bet because the uncollectable rate is so low and they have the authority to raise rates to cover debt. This should translate to a better interest rate for loans. Lundbom asked about the line item 61050 increase; Green replied it accounts for twenty percent of the new public works/fire chief position and also the two season employees to help with the heavy lifting.

#### **Sewer Department**

*No comments*

#### **Agribusiness Department**

*No comments*

### **Joint Sewer Facility Fund**

#### **Administration Department**

*No comments*

#### **Sewer Department**

Page 17: Lundbom asked if PERS rate goes up, the city will be locked in for the proposed budget. Bass confirmed they would be locked in for this and the following year. Lundbom also asked about the IAP. Bass replied that for audit purposes, they have to separate the 6% for IAP in its own line item

### **Treatment Plant Equipment Fund**

Page 19: City Recorder Bass explained this fund is going away, they just have to report the historical.

### **Street Fund**

#### **Administration Department**

*No comments*

#### **Street Department**

Page 21: Lundbom asked if line item 61050 increase was for the new full time chief position; Green confirmed. He then asked for an explanation of line item 64300; Bass noted it balances the difference to match revenue. Green explained this fund is struggling the most because street revenue, from the fuel tax, is per capita based-which is stagnate. The only other source of funding for streets is a transfer from the county, which is dependent on timber receipts. Timber receipts are always a pawn in D.C., but it has been saving the city; if it stops, it becomes a problem. He feels the only action they can take is to grow.

There was discussion about county contribution to city streets and it was noted that the county also has to consider the risks associated with long term effects from the potential loss of timber receipts.

### **IT Fund**

#### **IT Department**

Page 23: Lundbom asked about the increase in line item 63825; Green replied it is the Solutions increase and increase costs that are only incurred if they win the grant. He added that due to the structure of the state's award, they sit on the money until a federal grant is awarded; they are almost back to the original principal due to interest income accrued.

### **Debt Service Fund**

#### **Administration Department**

Page 24: Bass noted this is a new fund, research for another client discovered that per an ORS the GO Bond needs to be in a separate fund.

### **Community Development Fund**

#### **Administration Department**

*No comments*

### **Motor Pool Fund**

#### **Police**

*No comments*

#### **Fire**

Page 27: Bass noted the line item 66370 for fire truck replacement under capital outlay; the last time this department had a savings was in FY12-13, so she used that number. Green clarified the Rural District does not contribute to the motor pool.

#### **Motor Pool**

*No comments*

### **Water Replacement Reserve Fund and Sewer Collection Replacement Fund**

Bass noted both of these funds have been moved in the respective water and sewer fund.

### **9-1-1 Fund**

Green explained this fund will be going away, there will be transfers to police and to administration until the funds are expended; if there is a change in the 9-1-1 tax this may take more years.

### **Unpaid Comp Fund**

*No Comments.*

### **Safe Communities Coalition**

Page 35: City Recorder Bass explained the Safe Communities Coalition Fund will be reported until no more historical data.

*There were comments made that the comprehensive budget message explained the budget so well that people had very few questions. There was discussion about ways to communicate information to public.*

*Some additional discussion was had regarding community inaccuracies and misinformation regarding city spending and financial position. There was talk about broadcasting meetings with an A/V system.*

**Councilor Holland moved to approve the budget for FY2019-2020. The motion was seconded by Councilor Adair and passed unanimously.**

**Committee member Raschio moved to approve the property tax rate, laid out in page 9 of 15 in the budget message, as \$2.9915/\$1,000 assessed value. The motion was seconded by Mayor Lundbom and passed unanimously.**

**Mayor Lundbom moved to approve the receipt of General Obligation Bond revenue in the amount of \$57,000 from the tax assessor. The motion was seconded by Councilor Holland and passed unanimously.**

*There were no proposed changes to the proposed budget.*

Committee Chairman,  
Ron Hasher

  
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Date: 6/20/2019