

**CITY OF JOHN DAY  
BUDGET COMMITTEE MEETING  
JOHN DAY FIRE HALL  
7:00 PM**

April 20, 2021

**BUDGET COMMITTEE MEMBERS PRESENT**

Ron Hasher, Committee Chairman  
Mike Miller, Committee Secretary  
Katrina Randleas  
Sarah Brown  
Tom Olson  
Beth Spell (virtually)

**BUDGET COMMITTEE MEMBERS ABSENT**

**COUNCILORS PRESENT**

Ron Lundbom, Mayor  
Paul Smith, Council President  
Heather Rookstool, Councilor  
Gregg Haberly, Councilor  
Shannon Adair, Councilor  
Elliot Sky, Councilor  
Dave Holland, Councilor

**COUNCILORS ABSENT**

**STAFF PRESENT**

Nick Green, City Manager  
Lindy Berry, Secretary  
Anna Bass, Solutions CPA's (City Recorder)  
Michael Durr, Chief of Police

Daisy Goebel, Associate Planner (virtual)  
Aaron Lieuallen, Senior Project Manager  
(virtual)

**GUESTS PRESENT (VIRTUAL UNLESS INDICATED AS IN-PERSON)**

Sherrie Rininger, GC Chamber	Chris Fox (virtual)
Rudy Diaz, Blue Mtn Eagle	Michele (virtual)
Rich Lallatin (virtual)	S (virtual)
Morgan (virtual)	
Didgette McCracken (virtual)	

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

Mayor Lundbom opened the meeting at 7:00 PM noting everyone was present with Committee member Beth Spell attending virtually.

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

Mayor Lundbom called for nominations of a committee chair.

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

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

Mayor Lundbom opened the floor for nominations for the Committee Secretary.

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

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

City Manager Green shared a short presentation. The county experienced an employment peak in the mid-1990's of 4,550 jobs, an estimated 1.35 jobs per household. As of 2017, the county had decreased to 3,780 jobs, estimated 1.2 jobs per household. He shared a graph showing that while national and state rates of employment are increasing, the county is decreasing. The budget is geared towards employment, employers and workforce housing. At the town hall a comment was made that the city does not have a plan. In response, he shared an overview of the 5-year strategy plan that was created last year. He pointed out components of the plan that the city has executed or are in the process of completing and areas of opportunity as well. City Manager Green invited the Budget Committee members to voice their opinions and ask questions.

The net position, or net worth has increased by \$2.5 Million in the past four years, an increase of 32%. The issue is that net worth is not increasing across all funds. The general fund has always been a challenge, partly due to the state shared revenue that continues to decrease. He noted that the city is very unique in their geographical isolation and that the police department here is unique as well. While not facing many obstacles seen in other areas of the nation in regards to police, the city is facing challenges due to state mandates and the declining population.

An update on the street fund included an overview of the Charolais Heights project. It is fully funded and should be completed by mid-July. Tidewater was awarded the contract. FEMA announced the grant award for the 4<sup>th</sup> St project. 75% of the project would be grant funded through FEMA while the remaining 25% must be locally funded. The city does not currently have those funds in the street fund. Requests for assistance from the county have gone unanswered. City Recorded, Anna Bass put together an estimated loan should the city be responsible for the cost on their own. If the city must take out a loan to do the 4<sup>th</sup> St repairs, the budget will not balance. The city would be in a deficit of \$11,000.

The city currently employs 18 staff as compared to 22 when City Manager Green first came on. He briefly reviewed his salary and the pay scale for current employees. He requested a step increase in wages for eligible staff and a 1% cost of living adjustment as well. The city has not executed a cost of living adjustment in the last two years.

With the award announcement from FEMA, the city has been awarded over \$14 M in grant funding. Total grant administration was a little of \$37,274.51, a net administration cost to the city of John Day of up to 0.41%. According to his contract, City Manager Green can work on up to 1% of grant contracts that he is managing.

The wastewater treatment plant is held up due to the DEQ. They have approved the scope of work however they are requiring additional site testing with monitoring wells. The hope is that the results will show the city is not direct discharging into the John Day River. Funds currently committed or pending award sit at \$5,137,775 with \$3,250,000 (63.25%) grant funded and \$1,887,775 (36.75%) locally funded.

The total estimated cost is \$7.8M to \$10.8M. If required to go to secondary treatment the estimated cost was \$8.3M compared to tertiary treatment at an estimated \$9.2M. The budget includes a 10% contingency which they may not need. Rates raised to \$60 which covers the debt service for procurement. The city would not need to increase rates again and may even be able to reduce the rates once construction is complete. City Manager Green shared 11 potential reuses of the reclaimed water. The primary use would be for Malheur Lumber. The sale of reclaimed water would replace the purchase of fresh water and would cost substantially less. Usage of the reclaimed water would allow for Malheur Lumber to discontinue use of their horizontal wells. They are estimating a 10-15% increase in revenue once the plant is complete. The city is working with the Luce Long Ditch Company to co-locate. As well as working with Parks and Rec to irrigate the parks. Providing the reclaimed water to users will put more water into the streams which will benefit fish populations.

Police staff put together an estimate for maintenance and upgrades for the next 5 years. They included \$20,000 in contingency planning for additional education training due to legislation in the pipeline. Looking at the estimate, there is an additional \$253,000 in costs above normal escalation. Chairman Hasher inquired about purchasing two new cars. City Manager Green answered that there are two new vehicles and two that are old and will require replacement within the next 5 years. Chief Durr did not recall the mileage, but agreed they would need replacement. City Manager Green noted that they do not have to approve the full amount he recommended. They discussed dropping code enforcement from the budget for cost savings, however the legal costs are about 0.1% of the budget. Abatement costs are minimal and recoverable.

Option 1 was the transition option to work with the County. There must be a finalized transition plan by July 30<sup>th</sup> with staff transitioning September 1<sup>st</sup>. Option 2 to fund the department requires an emergency election August 3<sup>rd</sup>. The ballot measure must be filed by May 14<sup>th</sup>. They must have a double majority to be valid. Committee Member Olson stated that there are two options not being presented. He inquired about operating with fewer officers or not hiring additional staff at City Hall. City Manager Green answered that Chief Durr had previously shared that less than 4 officers would not be possible. He also stated that other positions are funded from a separate fund. Chairman Hasher noted that if they went with Option 1, they would be taking the choice away from the community.

City Manager Green invited Chairman Hasher to take over and allow for public comment and questions, limited to 3 minutes per person. Chairman Hasher recommended they take comments first. Councilor Haberly shared that past law enforcement officers operated in a different world. Councilor Adair agreed with Councilor Haberly and stated that there are different regulations now as well. She agreed that the community needs to have the choice to approve the levy or transfer to the county. Chairman Hasher added that past law enforcement was not 24 hours, but an as needed basis. Councilor Adair inquired if there would be any officers willing to operate in that way. Several committee members and councilors agreed that it would mean increased turnover and make John Day a training ground or stepping stone. Councilor Rookstool asked that people take a close look at what the options will really mean for the community. Councilor Sky shared that people deserve a clear comparison of what each option looks like. People need to understand what a transition to the County would look like. He felt that the community should be given the choice to vote and that it would be unfair to the voters to not have a clear view of both options. Councilor Haberly stated that if the current legislation should pass, this will only be a temporary fix and the deficit in the budget will need to be addresses again, 5 years from now. Mayor Lundbom added that during the interview with OPB the worst-case scenario that was brought up was union bargaining that would make the local option levy short on funds. Chairman Hasher inquired what Sheriff McKinley's thoughts were after meeting. City Manager Green answered that he believed Sheriff McKinley saw the positives of both options. The City and County already reinforce each other on

important calls. He stated that he believed they had a good relationship and secure agreement, he did not anticipate much change. He shared concerns about a lack of trust between the County and City, but reiterated the Sheriff's Department and City are in good standing.

Mayor Lundbom invited guests to comment.

Didgette McCracken thanked the Council and Budget Committee for their forward thinking and support. She was grateful to see the vision reflected in the budget.

Council President Smith shared that a special election would cost the city between \$3,000-\$5,000. If they were to wait until November, there would be no cost, and the funds would be available in fiscal year 2022. City Manager Green addressed this stating that they would need to know the result of the votes prior to the retirement of Chief Durr in order to recruit a new Chief. Committee Member Brown inquired if there might be more participation in a typical election instead of a single-issue type of election. Several Councilors agreed that either way it will be the councilors job to encourage community members to vote. Council President Smith noted that he had asked in years past about operating the department with less than 4 people and was told less than 4 is not possible. He noted that generally when there's a budget deficit you see cuts in personnel.

Chairman Hasher asked for additional comments. *None appeared.*

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

The committee and council chose to review Option 2 to pursue retaining the police department through a local option levy.

Chairman Ron Hasher proceeded to lead the review of the proposed budget.

#### **General Fund**

##### **Administration Department**

*No comments*

##### **Police Department**

*Page 3:* Committee Member Olson inquired about line item 62750, the 15% increase in cost of electricity. City Manager Green answered that they could drop that number a bit as they always do come in below the projected cost. OTEC raises their rates periodically, so they were forecasting those potential rate increases.

Mayor Lundbom inquired about line item 63825, in regards to recruiting a new Chief, noting that he expected that figure to be larger. City Manager Green shared that he would be leveraging CIS to assist with the hiring and recruiting process

##### **Fire Department**

*Page 6:* Councilor Rookstool inquired about line item 44200, rental income. City Recorder, Anna Bass answered that's the 991 facility.

Page 7: Chairman Hasher asked about the highlighted figure. City Recorder, Anna Bass replied it is to show the fund is not balanced. City Manager Green added that is where the levy comes in. The minimum amount of the optional levy should be \$35,000 to balance the fund.

Mayor Lundbom pointed out line item 45230, sale of land. This amount is from the sale of the Weaver building.

Main Street Revitalization

*No comments*

**Water Fund**

Administration Department

*No comments*

Water Department

Page 9: Councilor Holland asked for clarification on line item 65175, capital outlay, property purchase. City Manager Green answered that came from the forgivable loan component to purchase the property from the Iron Triangle property. That was not budgeted towards purchasing additional property, but is tied to clean up and remediation.

Page 10: City Manager Green noted that the transfer to the URA is an investment. SDC revenues can only be used on water and sewer infrastructure.

Councilor Holland clarified if that was to pay for water and sewer for the subdivisions. City Manager Green confirmed this.

**Sewer Fund**

Administration Department

*No comments*

Sewer Department

*No comments*

Agribusiness Department

*No comments*

Project Construction

Page 15: City Manager Green noted that the highlighted figures are due to uncertainty until they have approval.

Chairman Hasher inquired what the chances of that are. City Manager Green answered that the hydrogeologists are ready to go. It's just the drillers that are busy.

**Joint Sewer Facility Fund**

Administration Department

*No comments*

Sewer Department

Page 18: City Manager Green noted the highlighted Canyon City fee. The current agreement expires the end of June. There is no new agreement yet, but they have forecasted for the current agreement through the end of the fiscal calendar year, then increasing 15% of the forecasted cost.

**Treatment Plant Equipment Fund**

*No comments*

**Street Fund**

Administration Department

*No comments*

Street Department

Page 21: Council President Smith commented that the council had approached the County many times with no response in regard to the 4<sup>th</sup> street repairs. City Manager Green added that the first presentation on the needed repairs was in October and at that time the county expressed an interest in assisting with the project. Since that time, they had not had correspondence from the County. A decision must be made. Forecasting a cost will not change, but grant funds from the county are uncertain. If funds from the county are not received, they would need to locate \$12,000 which would come out of personnel. Construction is scheduled July 15<sup>th</sup> through the end of August. They may need to do a supplemental budget to add debt service and reduce personnel costs. Chairman Hasher clarified if the City and County have met since the October meeting. Several councilors answered that they have had zero correspondence from the County. Council President Smith stated we are all in this together. 4<sup>th</sup> street is valuable to the county as a whole. City Manager Green suggested to leave the budget as is, but plan to do a supplemental budget in July. Councilor Adair stated she'd like to continue to put pressure on the County Court. Committee Member Randleas asked how to go about approaching putting pressure on the county. Several councilors stated people need to call and voice their opinion. Mayor Lundbom shared that the city attorney investigated the legality of using Title 1 funds for streets, roads and bridges and found it is a legal use. Committee Member Olson shared that he believed the road was paved by the County and City together. City Manager Green stated that the City had spent \$270,000 on the plan and they've been working with FEMA for well over a year. City Manager Green pointed out some of the community efforts that have been made and asked that the County be a good community partner. He briefly reflected on past examples of cities within the County operating and working together. He touched on the city no longer paying toward the community development fund and stated if that has created a point of contention, they should discuss it.

**IT Fund**

IT Department

*No comments*

**Debt Service Fund**

*No comments*

**Community Development Fund**

Administration Department

Page 25: City Manager Green noted this fund included a community development director position. If the grant is not awarded they would not hire to fill that role.

Councilor Rookstool inquired if they needed to vote on the transient room tax. City Manager Green answered that would be done by ordinance.

Committee Member Brown asked if the transient room tax would apply to Airbnb type rentals. City Manager Green confirmed that it would.

#### Agribusiness Department

*No comments*

#### Motor Pool Fund

##### Police

Page 28: Mayor Lundbom inquired about the surplus vehicles at the sewer plant and if they had plans to get rid of them. Chief Durr confirmed that he had a few vehicles to get rid of.

##### Fire

Page 29: Chairman Hasher inquired about line item 64710, generator maintenance.

City Manager Green answered he wasn't certain if it was allocated for more than one generator.

##### Motor Pool

Page 30: Councilor Rookstool inquired about fleet maintenance. City Manager Green stated that the city had done a fleet overhaul and should be good.

He also shared that they are looking at procuring a sewer lining machine. They could then take the machine to other cities and line their pipes which would allow for cost recovery. They estimated the machine could be paid in full within 5 years. That was not in this year's budget, but would be in next year's budget.

#### Water Replacement Reserve Fund

*No comments*

#### Sewer Collection Replacement Fund

*No comments*

#### 9-1-1 Fund

*No comments*

#### Unpaid Comp Fund

*No comments*

#### Urban Renewal Agency

Page 38: City Manager Green stated the URA became a blended component unit of the City of John Day. The City is managing the URA budget within the City budget, but will need to approve it separately as well.

Page 39: City Manager Green noted for motions they would need to approve option 2 as well as a local option levy. He recommended a 5-year local option levy for not less than \$35,000.

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

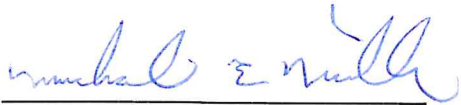
**Committee Member Miller motioned that the City of John Day Budget Committee approve the presented budget and approve property taxes for the 2021-2022 fiscal year at the rate of \$2.99150 per thousand for assessed value for operating purposes and in the amount of \$62,921 for payment of bond principal and interest. The motion was seconded by Mayor Lundbom and passed unanimously.**

City Manager Green provided an example of the motion for the option levy.

“I move to have the City submit a local option levy for \$50,000 for 5 years for a special election to be held on or around August 3<sup>rd</sup>.”

**Committee Member Randleas motioned to approve what City Manager Green had just stated. The motion was seconded by Councilor Adair and passed unanimously.**

**Councilor Rookstool moved to close the John Day Budget Committee meeting at 8:34 pm. The motion was seconded Councilor Holland and passed unanimously.**



Committee Secretary Miller

6/9/21

Date