

**CITY OF JOHN DAY  
CITY COUNCIL MINUTES  
JOHN DAY, OREGON**

**January 8, 2013**

**Adjourned Meeting**

**COUNCILORS PRESENT:**

Ron Lundbom, Mayor  
Steve Schuette, Council President  
Donn Willey, Councilor  
Doug Gochnour, Councilor  
Gene Officer, Councilor  
Don Caldwell, Councilor  
Chris Labhart, Councilor

**COUNCILORS ABSENT:**

**STAFF PRESENT:**

Peggy Gray, City Manager  
David Holland, Public Works Director  
Rich Tirico, Police Chief  
Valerie Luttrell, Dispatch Manager

**GUESTS PRESENT:**

Phil Gray, KJDY

**Agenda Item No. 1 – Open and Note Attendance**

The John Day City Council meeting opened at 7:00 p.m. Mayor Ron Lundbom noted that all Councilors were present.

**Agenda Item No. 2 – Oath of Office to the Elected Councilors**

Mayor Ron Lundbom administered the oath of office to Councilors Doug Gochnour, Steve Schuette and Donn Willey.

**Agenda Item No. 3 – Approval of City Council Minutes of December 11, 2012**

The minutes of the December 11, 2012 adjourned meeting were included in the agenda packets and presented for the Council's approval. Councilor Steve Schuette noted two spelling errors on the bottom paragraph on Page 5. **Councilor Steve Schuette made a motion that the minutes of December 11, 2012 be approved as amended; Councilor Don Caldwell seconded the motion. The motion passed unanimously.**

**Agenda Item No. 4 - Appearance of Interested Citizens**

Mayor Ron Lundbom thanked those in attendance and asked everyone to please sign in. He asked if there were any additional items that anyone would like to add to the agenda. There were none presented.

**Agenda Item No. 5 – Accept Letter of Resignation from Councilor Chris Labhart**

City Manager Gray stated the Mayor and City Council received a letter from Councilor Chris Labhart submitting his resignation from the John Day City Council effective January 1, 2013. City Manager Gray stated Chris was sworn in on Monday as Grant County Commissioner; she recommended the City Council accept Councilor Labhart’s resignation and discuss how they wish to fulfill the vacant position.

**Councilor Donn Willey moved to accept Councilor Chris Labhart’s resignation from the John Day City Council. Councilor Doug Gochnour seconded the motion.**

Mayor Lundbom asked for further discussion and stated it has been a pleasure “reserving” with him as they were on the City Council together back in the 90’s and stated he learned a lot from him; he thanked him and wish him luck at the County and hopes he makes progress.

**Upon call for the vote, the motion passed unanimously.**

At this time Mayor Lundbom presented a plaque to Chris Labhart for 24 years of distinguished service to the City of John Day serving as Mayor and/or City Councilor from 1988 to 2012.

Councilor Donn Willey stated “it gives me new optimism and hope to have someone at the commission level who understands the workings of the city.”

Mr. Labhart stated he is aware of how cities operate and knows that cities are an integral part of every community. He visited every city council in Grant County during his election. He said he will encourage the County Commission to hold some evening meetings in order for more people to attend and also hold some meetings out in Grant County. Mr. Labhart encouraged the John Day City Council to continue their work on the new fire hall. He hopes the County Court will have the vision that the City has to look forward and plan for the future and asked for the City Council’s support to help the County move forward.

The Council discussed filling the vacant council position. It was decided to advertise the vacant council position in the local newspaper, radio station and on the city’s website with the deadline for applications being Wednesday, February 6, 2013. The Council will review the applications received at their first regular council meeting in February and make a decision on whom to interview.

**Councilor Labhart left the council meeting at 7:15 p.m.**

**Agenda Item No. 6 – Discuss and Appoint Council President**

The John Day City Charter states at its first meeting of each odd-numbered year, the council shall appoint a president from its councilors. Mayor Lundbom asked the current Council President Steve Schuette if he was still interested in serving as Council President. Councilor Schuette stated that would be fine.

**Councilor Don Caldwell moved to appoint Steve Schuette as Council President. Councilor Gene Officer seconded the motion. The motion passed unanimously.**

**Agenda Item No. 7 – Standing Committee Appointments**

The John Day City Charter states each odd-numbered year the mayor shall appoint standing committees. Mayor Lundbom asked if everybody was happy with the committees, if so, he suggested keeping them the same.

**Councilor Donn Willey moved to keep the standing committees the same with the exception of Chris Labhart's position on the Safety Committee and fill that position when the Council appoints a new councilperson. Councilor Gene Officer seconded the motion, the motion passed unanimously.**

Mayor Lundbom offered to fill in on the Safety Committee until the vacant position is filled.

**Agenda Item No. 8 – Reappoint Ron Hasher to the John Day Budget Committee and Discuss Vacancies on the John Day Budget Committee**

City Manager Gray stated Ron Hasher's term on the John Day Budget Committee expires the 1<sup>st</sup> council meeting in January 2013. Mr. Hasher has agreed to serve another term on the Committee to expire January 2016. City Manager Gray stated the City also has two other vacant positions on the John Day Budget Committee that have not been filled and the City has an ongoing notice on the City's webpage advertising the positions.

Councilor Doug Gochnour suggested advertising the vacant Budget Committee positions with the ad for the City Council position. City Manager Gray thought that was a good idea and will advertise all the vacant Councilor-Budget Committee positions together.

**Councilor Donn Willey moved to reappoint Ron Hasher to the John Day Budget Committee. Councilor Doug Gochnour seconded the motion; the motion passed unanimously.**

**Agenda Item No. 9 – Discuss and Appoint a Budget Officer**

City Manager Gray stated Oregon Budget Law requires taxing districts to appoint a budget officer each year. The John Day City Charter states the city manager shall prepare and transmit to the council an annual city budget; so the council usually appoints the city manager as budget officer.

**Councilor Steve Schuette moved to appoint the city manager as the budget officer for the fiscal year 2013-2014. Councilor Doug Gochnour seconded the motion; the motion passed unanimously.**

**Agenda Item No. 10 – Discuss Setting a Date for a Council Goal Setting Work Session**

City Manager Gray stated for the past several years the City Council has held annual goal setting work sessions. For the past couple of years we have held the work session on the fourth Tuesday of January at 6 p.m., one hour before the regular 7 p.m. meeting of the City Council.

It was the consensus of the City Council to hold the goal setting work session on Tuesday, January 22, 2013 at 6 p.m. Mayor Lundbom stated he had a potential conflict with the 2013-2014 Budget Process Schedule. As he is the golf coach for Grant Union, he stated he could be out of town on May 14<sup>th</sup> which is the date for the public hearing on the budget. City Manager Gray stated she could revise the budget

schedule and would discuss moving the public hearing date to May 28, 2013 with Oster Professional Group.

**Agenda Item No. 11 – Discuss for Adoption Resolution No. 13-697-01, a Resolution Establishing Water Rates, Deposits and Other Related Charges**

City Manager Gray stated Auditor Kent Bailey of Guyer & Associates gave his annual audit report to the John Day City Council at our December 11, 2012 council meeting, minutes included in this council packet. Mr. Bailey stressed the importance of keeping up with the cost of inflation and the need to provide for adequate reserve funding for our water and sewer infrastructure. Mr. Bailey reported both of the City's proprietary funds had a combined net loss in 2012, the City lost \$35,000 in 2012 and lost \$26,000 in the prior year; what that says is that we didn't take in enough money to replace the assets we were out.

Mr. Bailey stated the Council could look at the current CPI as a way of raising utility rates or another way would be to look at the operating expenses. This year the operating expense was \$935,668 and the prior year they were \$901,833 which is an increase of \$33,835 or 3.7%. Mr. Bailey stated that if we wanted to keep revenues up, we should look at a 3.7% rate increase. Another way would be to look at your loss for the year was \$35,109 and that loss is 3.5% of the revenue. He stated he would pick a number around 3.5% to cover our expenses as they stand today.

City Manager Gray reminded the Council at our March 2012 Budget Committee meeting, the Council and the Budget Committee had a long discussion about raising utility rates and whether to raise rates annually or wait a couple of years. It was decided that the Council should raise water rates in July 2012 and then annually beginning January 2013 in order to keep up with the cost of inflation and to provide for adequate reserve funding. In July 2012 we raised water rates by \$2.00 and sewer rates by \$3.00; we now propose to raise water rates by \$1.50. Currently the base rate for the first 4,000 gallons of water is \$29.00; with this rate increase it would be \$30.50 or a 4.92% increase. This is above the recommended amount Mr. Bailey suggested to keep our revenues up; however, the City's PERS rate will increase July 2013 as reported in Mr. Bailey's audit report. Mr. Bailey stated if you want to look forward instead of looking in the rearview mirror, this is something you will need to consider when you look at your utility rates increase to help cover these costs. The July 2012 rate increase and the January 2013 rate increase will help cover some of these cost increases.

Mayor Lundbom asked if any of the Councilors have talked to the public about this; he stated he has and about three-quarters of them are in favor but a quarter of them don't want anything. City Manager Gray stated she has given notice of the increase in the December 2012 newsletter as well as in previous newsletters when the Council and the Budget Committee made the decision to increase rates annually.

Councilor Doug Gochnour wanted to know if there was a rush to take action on this right away or would there be an opportunity to hold a public hearing on this before taking any action. City Manager Gray stated for the past two years the City has been in the red in the utility departments. In 2012 we lost \$35,000 and \$26,000 the prior year; yes, she believed this needed to be done. She reminded the Council this was discussed at the March, 2012 Budget Committee meeting and it was the consensus of both the Council and the Budget Committee to increase water and sewer rates annually to keep up with the cost of inflation and we agreed to raise rates in July, 2012 and again in January, 2013 then raise rates annually in January. Notice was given in several newsletters and the public should be aware of the necessary increase. She also stressed we need to run the utilities like a business; we can't continue to lose money each year and continue to provide the service.

Councilor Donn Willey stated he appreciates Mayor Lundbom taking the time to explain the situation to the public. He stated it's not that we're sitting around this table wanting to raise the rates; we're doing it because we have to and somehow we need to express that. Councilor Willey went on to explain when citizens look at the budget they can't see where we have cut costs; somehow we need to educate people. Mayor Lundbom stated he has spoken with some people who say you've already gotten the pipes in the ground, why is it so expensive to run? They don't understand the costs related to maintain and operate the system. City Manager Gray explained part of the \$30,000 deficit was due to depreciation; however, you have to account for depreciation and we need to put money in reserves in order to replace that infrastructure in the future and currently we are not able to do that. Councilor Willey reminded the Council that we have not replaced the last two public works employees who retired; so we're down two employees in the Public Works Department.

Public Works Director David Holland stated another increase that we are expecting this year is an increase in electrical rates. Bonneville or Idaho Power whoever serves Oregon Trail Electric is looking at an increase in rates; because they didn't do it last year; OTEC is fairly positive they will do it this year. We have to run the wells, booster stations, lift stations, treatment plant etc., it will be a pretty big hit on our budget for next year. Another reason the rate increase is justified, we don't know what the rate increase will be but it will happen in October 2013 and we need to prepare for that.

**Councilor Donn Willey moved to adopt Resolution No. 13-697-01. Councilor Don Caldwell seconded the motion; the motion passed unanimously.**

**Agenda Item No. 12 – Discuss for Adoption Resolution No. 13-698-02, a Resolution to Establish Sewer Service and Connection Charges**

City Manager Gray stated the rate increase for the sewer is pretty much the same scenario as in the water. Basically this is the same discussion as in the previous agenda item only this time it is to raise sewer rates by \$1.50 per month. Sewer fund has the same issue with not keeping up with the cost of inflation as with the water fund; we propose raising the sewer rate by \$1.50 making the base rate for residential sewer at \$38.50. This is a 3.90% increase from the July rate of \$37.00.

Mayor Lundbom asked if there were residents within the city limits that have not hooked up to the city water or sewer; and if they did, would that help make up some of the deficit. Public Works Director David Holland stated most of the people that have mainlines available have hooked on. On sewer most of the people inside city limits are hooked up to sewer.

Councilor Schuette didn't think \$1.50 was enough and asked how old the sewer plant was. Public Works Director Holland stated parts of it were upgraded in 1978-79 and some of it is still from the 1940's. Councilor Schuette stated the plant is at least 34 years old and its life expectancy was 25 years? Public Works Director Holland explained yes, that is what their design life is; however, you need to understand that the design life is figured on growth rate. If you have a design life at 2% growth rate, in 25 years if you have the 2% growth rate you would reach that design capacity. John Day has never had the 2% growth rate and has not reached the design capacity; so we're a third of design capacity thirty years later. He stated we're still under the design capacity but the mechanics of the plant are getting old and starting to deteriorate.

City Manager Gray reminded the Council that we raised the sewer rate by \$3.00 in July 2012 and felt the \$1.50 added to the \$3.00 is justified for this fiscal year and we can evaluate the rate again next January. Councilor Schuette stated he believes we should be putting money away for the treatment plant in case something happens otherwise we will regret it. Councilor Willey stated looking down the road next year,

we will be raising the rate again; he agreed with Councilor Schuette but was hesitant to raise the rate higher at this time. Mayor Lundbom stated the people he has spoken with were content with the \$1.50 increase this year. Councilor Willey stated if we adopt the rates as recommended; we would have a year to educate the public on the need to raise rates annually.

Councilor Willey reminded the City Council that the sewer rate needed to be at a certain rate before the City could qualify for a loan for a new treatment plant. Councilor Officer reminded the Council that we also need a new fire station.

Public Works Director Holland stated we have to maintain the water and sewer to certain standards. We just can't quit providing the service when we can't afford it like with the snowplowing and sanding due to lack of funding.

Mayor Lundbom stated he felt we should go with the staff recommendation and see where we are at next year. We need to be prepared to tell people that our costs keep going up and we're not raising the rates fast enough and this is the best we can do.

**Councilor Don Caldwell moved to adopt Resolution 13-698-02. Councilor Donn Willey seconded the motion. The motion passed 5-1; Councilor Schuette voted no.**

#### **Agenda Item No. 13 – Other Business and Upcoming Meetings**

1. The December 21, December 28, 2012 and January 4, 2013 LOC Bulletins were given to the City Council for their information and review.
2. News releases from Representatives John Huffman and Cliff Bentz were included in the Council packets.
3. The Council was informed the resolution to order the building located at 405 SE Hillcrest Road to be removed or abated will be presented to the Council at the January 22, 2013 council meeting.
4. Dispatch Manager Valerie Luttrell informed the City Council that City Manager Gray asked her and Police Chief Tirico to give a report on the activities of their respective departments for last year as well as quarterly beginning this calendar year. Ms. Luttrell stated she is going to begin with some basic information and hopefully the Council will tell her what they would like to see in the future. For Calendar year 2012; 9-1-1 summary:
  - 7,710 calls for service
    - 148 fires related
    - 459 ambulance
    - 103 actual accidents
    - Rest were split out over various calls for service and law enforcement
  - 1,466 9-1-1 calls

Councilor Gochnour asked if they receive calls for 9-1-1 that really weren't 9-1-1 calls. Ms. Luttrell stated not as much as we used to; they've really cracked down on that. However, we certainly do get some.

Mayor Lundbom asked if she tracked the 0030 phone number. Ms. Luttrell stated with the new phone system she currently does not have the ability to track business line phone calls; however, with a future upgrade she might be able to do that. She used to be able to track businesses calls

with the old phone system. She informed the Council that the State of Oregon upgrades the City's system periodically; and the last upgrade did not include the administration package. She stated this report does not include the business line phone; this number would have been much higher had those calls been included.

Police Chief Rich Tirico gave the following report for the John Day Police Department:

- 2,624 incidents
  - Made 248 cases
  - 65 arrests
- 532 Traffic stops
- 97 citations

5. City Manager Gray informed the Council of a Land Use Application received from Valley View Assisted Living. They want to add a "Memory Care" unit to their existing facility located on Valley View Drive. The addition is 3,230 square feet and will consist of 10 additional memory care beds. Since the addition is over 500 sq. ft. and is non-residential, the application requires a Site Design Review that can be done administratively with notices sent to property owner's within 100 feet. Notices to the property owners were sent out on Wednesday, January 9, 2013.
6. City Manager Gray informed the City Council that representatives from PARC Resources, consultant for the new fire station, will be present at the January 22, 2013 council meeting to give a report to the City Council regarding the new fire station.
7. The November 2012 and December 2012 Statement of Revenue and Expenditure Budget to Actual Reports were given to the City Council.

### **Adjourn**

**There being no further business before the Council, Councilor Doug Gochnour made a motion to adjourn the meeting. Councilor Don Caldwell seconded the motion and the motion passed unanimously. The meeting was adjourned at 8:09 p.m.**

Respectfully Submitted:

Peggy Gray  
City Manager

ACCEPTED BY THE CITY COUNCIL, JANUARY 22, 2013.

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Mayor Ron Lundbom