

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

May 27, 2014

Adjourned Meeting

COUNCILORS PRESENT:

Ron Lundbom, Mayor
Steve Schuette, Council President
Gene Officer, Councilor
Don Caldwell, Councilor
Paul Smith, Councilor
Doug Gochmour, Councilor
Donn Willey, Councilor

COUNCILORS ABSENT:

STAFF PRESENT:

Peggy Gray, City Manager
David Holland, Public Works Director
Ron Smith, Fire Chief

GUESTS PRESENT:

Anna Bass, Oster Professional Group
Amy Walker, Oster Professional Group
Jerry Daake, John Day Rural Fire Board
Rob Batten, John Day Rural Fire Board
Dean Elliott, John Day Rural Fire Board
Blake Stone, Mt. Vernon
Clay Johnson, Mt. Vernon
Angie Johnson, Mt. Vernon
Bill Wilcox, John Day Rural Fire Board

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 – Approval of City Council Minutes of April 22, 2014

The minutes of the April 22, 2014 adjourned meeting were included in the agenda packets and presented for the Council's approval.

Councilor Don Caldwell made a motion that the minutes of April 22, 2014 be approved as presented; Councilor Donn Willey seconded the motion. The motion passed unanimously.

Agenda Item No. 3 - Appearance of Interested Citizens

Mayor Ron Lundbom welcomed 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. 4 – Public Hearing to Discuss the Budget for Fiscal Year 2014-2015 as Approved by the John Day Budget Committee

Mayor Ron Lundbom opened the public hearing to discuss the budget for fiscal year 2014-2015 as approved by the John Day Budget Committee. City Manager Gray stated the Budget Committee met on April 1, 2014 and approved the budget. However, we have some proposed changes that will decrease the budget approved by the Budget Committee. City Manager Gray stated that Oregon Budget Law allows city councils to decrease budgets as approved by their Budget Committee without having to go back to the Budget Committee.

It was noted that the vac truck broke down this month resulting in a motor replacement which we estimated the repairs to be approximately \$23,000. It was decided that it was better to replace the motor than to fix it; that way we start with a new motor.

City Manager Gray stated we have an opportunity to purchase a used 4-wheeler to assist the Public Works Department with their weed spraying. This 2006 4-wheeler comes equipped with all the spraying equipment necessary, and the Grant County Weed Control District is selling it to us for \$1,200. Public Works Director stated this spraying equipment was much more automated than the one we currently use.

Public Works Director David Holland thought we should have the fire hydrants moved before the contractor begins the downtown sidewalk project this summer. So he would like to order the fire hydrants and the materials for the drip irrigation system. We propose to increase this year’s estimates for fire hydrant repair (\$2,800) and water system maintenance (\$8,000) totaling \$10,800.

The following proposed changes were given to the City Council for consideration:

	CY Est Chg	Revised Budget Amt	Diff
02 - 060 - 64745 Fire Hydrant Repair	2,800		
02 - 060 - 64800 Water System Maintenance	8,000		
02 - 060 - 67560 Tfr to Water Replacement Rsv		44,444	(10,832)
02 - 060 - 40110 Net Working Capital		46,564	(10,800)
02 - 060 - 45450 Interest Income		140	(32)
26 - 110 - 65450 Equipment Purchases	1,200		
26 - 110 - 66360 Other Vehicle/Equipment	23,000	155,871	(24,273)
26 - 110 - 40110 Net Working Capital		211,648	(24,200)
26 - 110 - 45450 Interest Income		635	(73)
27 - 060 - 63800 Operating Supplies		80,168	(10,832)

27 - 060 - 44830 Tfr from Water Fund	44,444	(10,832)
Total Budget	6,085,443	(45,937)

City Manager Gray stated the public hearing is also an opportunity for any member of the public to comment on or make requests regarding how State Revenue Sharing Funds will be spent in the 2014-2015 Fiscal Year beginning July 1, 2014. She stated we discussed the State Revenue sharing funds at the Budget Committee meeting and reminded the Council the funds that we are talking about are the liquor taxes, gasoline taxes, cigarette taxes and state revenue sharing funds. The gasoline taxes go directly into the Street Funds, the rest are budgeted to go into general fund.

Councilor Doug Gochnour moved to accept the changes to the budget as proposed; decreasing the total budget to \$6,085,443. Councilor Steve Schuette seconded the motion, the motion passed unanimously.

There being no citizens in the audience that wanted to comment on the budget; Mayor Lundbom kept the budget hearing open and moved onto the next agenda item.

Agenda Item No. 5 – Request from Grant Union FBLA for Financial Support for Their Upcoming Trip to the FBLA National Leadership Conference in Nashville, Tennessee

Mayor Lundbom introduced Clay Johnson and Blake Stone; they are the Management Decision Making Team for the Grant Union FBLA Club. Mr. Johnson explained they are a team of three freshman boys who won first place at the Oregon FBLA State Leadership Conference in April and have been invited to complete at the national level at the National Leadership Conference to be held in Nashville, Tennessee.

They are undertaking a variety of activities to raise money for the trip and are seeking the City Council’s financial support.

Councilor Steve Schuette moved to donate \$200 to the Grant Union FBLA. Councilor Don Caldwell seconded the motion, the motion passed unanimously.

Agenda Item No. 6 – Presentation from Grant County Economic Development Coordinator Sally Bartlett

Ms. Bartlett was unable to attend the meeting; Mayor Lundbom tabled this action item.

Agenda Item No. 7 – Joint Meeting of the John Day City Council and the John Day Rural Fire Protection District to Discuss the Next Steps for the New Fire Station

City Manager Gray stated Rural Fire Board Chair Rob Batten and her spoke after the May 20th election to discuss next steps for the new fire station after the passage of both bond measures. Rural Fire Board Chair Rob Batten thought we should sell the bonds (totaling \$1.2 million) soon in order to obtain the low interest rates; City Manager Gray was concerned about the funding gap in the \$1.8 million project and thought we should wait until we have some commitments from the funders in regards to our grant applications.

We decided to have a joint meeting of the City Council and the Rural Board to discuss our next steps. City Manager Gray stated in the interim, she contacted the City and the Rural’s financial advisor Katie Schwab. City Manager Gray presented an email from Ms. Schwab that included the following table to highlight some options the Council and the Rural Board to discuss and the pros and cons associated with each:

Wait until grant funds are received before issuing bonds:	Pros	Cons
1. Issue bonds in FY 2014-15 after receipt of grant funds.	No funding gap.	Uncertainty on how much to levy for bonds because you won't know the interest rate and corresponding debt service a bank would charge.
2. Put the project on hold for a year and levy in FY 2015-16.	No funding gap. No time pressure for submitting levy.	The City and District bear the market risk of rising interest rates and construction costs. Delays project for a year.
3. Include “reimbursement” language in your authorizing resolution; Begin construction in CY 2015 through an interfund borrowing, line of credit or other mechanism; Levy in FY 2015-16, Reimburse City and District from bond proceeds once the bonds are sold; and Make first payment after November 2015 tax receipts arrive.	Allows you to know exactly how much principal you need. No funding gap. No time pressure for submitting levy.	Additional costs for external borrowing, if applicable. Delays project.

Ms. Schwab was available on speaker phone and explained the City Council and District Board need to decide whether to move forward now with the general obligation bonds or wait. Waiting could delay the project, but the voter approval for issuing bonds does not expire. You should issue the bonds within a reasonable period of time, but that does not necessarily mean immediately, especially if there is a funding gap that is to be filled with grants.

Ms. Schwab’s recommendation was to wait until we receive all of our grant money, get our ducks in a row and then go to the banks and say we’ve done all our homework. She explained that option 3 would give us more flexibility than option 2; which is to wait a year and not do anything and try to get the grants. With Option 3 you won’t have to wait the whole year; once we get our grant money we could do our project. She suggested using the grant money as seed money; Council Paul Smith suggested getting some interim financing to at least look at our engineering cost and construction bids.

It was discussed by choosing option 3 there might be additional costs for external borrowing; however, Ms. Schwab explained that depending on our interim financing, it actually may be less on a blended basis than going out for the bond initially. The reason for that is if you are doing a line of credit it’s a variable

rate debt; it's the short end of the yield curve which are the lower interest rates. When you blend that with the bond yield rate over the 15 (or 20) years you're going to ultimately get a blended lower yield rate. Even if the market does go up a little bit; it may end up pretty much whole, as it is today. Ms. Schwab explained by using option 3 there will be no exposure of having a funding gap. She stated you definitely don't want to issue your bonds, start your project and not be able to finish it.

After much discussion on the subject, it was the consensus of both the John Day City Council and the John Day Rural District to go with Option #3 which would include "reimbursement" language in our authorizing resolutions; begin construction in calendar year 2015 and through an interfund borrowing, line of credit or other mechanism; Levy taxes in FY 2015-2016, reimburse the City and the District from the bond proceeds once the bonds are sold; finally we would make our first payment after November 2015 tax receipts arrive. This allows both the City and the Rural to know exactly how much principal we will need; there will be no funding gap and no time pressure for submitting our levies.

It was also decided to have City Manager Gray contract Stan Foster of PARC Resources to get a timeline from him as to when we could expect to hear from the funders. Councilor Paul Smith suggested developing a timeline (calendar) in order to keep the public informed as the project moves along.

Agenda Item No. 8 – Discuss for Adoption Resolution No. 14-720-06, a Resolution Extending Workers' Compensation Coverage for Coverage Year 2014-2015 to Volunteers of the City of John Day

City Manager Gray stated this resolution is required annually by City County Insurance Company (CIS) for workers' compensation coverage to provide for our firefighters and our police reserve volunteers. This resolution assumes a monthly wage of \$1,000 to be used for public safety volunteers.

Councilor Don Caldwell moved to adopt Resolution No. 14-720-06. Councilor Donn Willey seconded the motion, the motion passed unanimously.

Agenda Item No. 9 - Discuss for Adoption Resolution No. 14-721-07, a Resolution to Declare Accounts Uncollectible and Take Off the Books as Receivable

City Manager Gray stated this is a resolution to declare accounts uncollectible and take them off the books as a receivable and turns them over to a collection agency. She stated these accounts are renters before the City updated their utility ordinances. There was another account listed; however, it was a property owner so staff will put a lien on the real property as allowed by our updated ordinance.

Councilor Donn Willey moved to adopt Resolution No. 14-721-07. Councilor Steve Schuette seconded the motion, the motion passed unanimously.

Agenda Item No. 10 - Discuss for Adoption Resolution No. 14-722-08, a Resolution of the City of John Day, Grant County, Oregon, Declaring the City's Election to Receive State Revenues

City Manager Gray stated State Revenue Sharing Law, ORS 221.770 requires cities to pass an ordinance or resolution each year stating that they want to receive state revenue sharing money. A copy must be filed with the Operations Unit of the Department of Administrative Services prior to July 31, 2014 in order for the City to receive these funds.

Councilor Gene Officer moved to adopt Resolution No. 14-722-08. Councilor Don Caldwell seconded the motion, the motion passed unanimously.

At this time Mayor Lundbom asked for a motion to close the public hearing on the budget. City Manager asked the Council if they would consider a motion to allow the City Manager to sign an intergovernmental agreement between the City of John Day and the Grant Soil and Water Conservation District for the purchase of a 2006 Honda 4-wheeler (as previously discussed in the public hearing).

Councilor Donn Willey moved to allow City Manager Gray to sign an intergovernmental agreement between the City of John Day and the Grant Soil and Water Conservation District for the purchase of a 2006 Honda 4-wheeler. Councilor Steve Schuette seconded the motion, the motion passed unanimously.

Councilor Donn Willey moved to close the public hearing on the 2014-2015 budget. Councilor Don Caldwell seconded the motion, the motion passed unanimously. The public hearing was closed at 8:25 p.m.

Agenda Item No. 11 – Other Business and Upcoming Meetings

1. LOC Bulletins were given to the City Council.
2. A signed agreement for this season's Farmers' Market was included in the council packets. City Manager Gray informed the council that we have an agreement with the Farmers' Market for this season and they have provided proof of liability insurance as required in the agreement. Dates for this year's Farmers' Market are June 21, 2014 to October 18, 2014.
3. The quarterly staff report was included in the council packets.
4. Councilor Gene Officer informed the council that his family has purchased a home in Prairie City and he would be resigning from the City Council sometime this fall.
5. Fire Chief Ron Smith thanked the council for their support on the bond measure.
6. City Manager Gray presented the May 2014 City newsletter for the council information. Included in the newsletter was a thank you to the voters for their support of the bond measure for the new fire station.

Adjourn

There being no further business before the Council, Councilor Don Caldwell made a motion to adjourn the meeting. Councilor Donn Willey seconded the motion and the motion passed unanimously. The meeting was adjourned at 8:34 p.m.

Respectfully Submitted:

Peggy Gray
City Manager

ACCEPTED BY THE CITY COUNCIL, JUNE 10, 2014.

Mayor Ron Lundbom