

**John Day City Council  
December 9, 2014  
7:00 p.m.  
Council Chambers  
AGENDA**

1. **OPEN AND NOTE ATTENDANCE**
2. **APPROVAL OF CITY COUNCIL MINUTES OF NOVEMBER 18, 2014.**
3. **APPEARANCE OF INTERESTED CITIZENS – At this time Mayor Lundbom will welcome the general public and ask if there is anything they would like to add to tonight’s agenda.**

**ACTION ITEMS:**

4. **INTRODUCTION OF NEW POLICE OFFICER TYLER SMITH**
5. **DISCUSS FOR APPROVAL THE FISCAL YEAR 2014 AUDIT BY GUYER & ASSOCIATES**

Attachment:

  - Independent Auditors’ Report and Financial Statements for the Year Ended June 30, 2014 (included in council packet)
6. **DISCUSS FOR ADOPTION RESOLUTION NO. 14-734-20, A RESOLUTION ESTABLISHING WATER RATES, DEPOSITS, AND OTHER RELATED CHARGES**

Attachments:

  - Resolution No. 14-734-20
  - City of John Day Rate Study
7. **DISCUSS FOR ADOPTION RESOLUTION NO. 14-735-21, A RESOLUTION TO ESTABLISH SEWER SERVICE AND CONNECTION CHARGES**

Attachment:

  - Resolution No. 14-735-21
8. **DISCUSS FOR ADOPTION RESOLUTION NO. 14-733-19, A RESOLUTION AUTHORIZING SALE OF GENERAL OBLIGATION BONDS APPROVED BY THE VOTERS OF THE CITY ON MAY 20, 2014, AND RELATED MATTERS**

Attachment:

  - Resolution No. 14-733-19
9. **DISCUSS MIKE COSGROVE’S REQUEST FOR A LETTER OF SUPPORT FOR THE LOGAN VALLEY SCENIC PATH**

Attachment:

  - December 3, 2014 letter from Mike Cosgrove
10. **DISCUSS FOR APPROVAL THE RECOMMENDATION OF THE**

**SELECTION TEAM TO AWARD CONTRACT FOR THE  
CONSTRUCTION MANAGEMENT/GENERAL CONTRACTING  
SERVICES (CM/GC) FOR THE JOHN DAY FIRE STATION PROJECT TO  
KIRBY NAGELHOUT CONSTRUCTION COMPANY**

Attachments:

- Notice of Intent to Award Contract
- Fee Proposal Sheet(s)

**11. REVIEW AND ACCEPT THE ELECTION RESULTS - ABSTRACT OF  
VOTES FOR THE NOVEMBER 4, 2014 GENERAL ELECTION**

Attachment:

- Abstract of Votes for the November 4, 2014 General Election

**OTHER BUSINESS:**

**12. OTHER BUSINESS AND UPCOMING MEETINGS**

Attachments:

- LOC Bulletins
- Christmas Potluck Flyer

**ADJOURN**

**TO:** John Day City Council  
**FROM:** Peggy Gray, City Manager  
**DATE:** December 5, 2014  
**SUBJECT:** Introduction of new Police Officer Tyler Smith

**BACKGROUND:**

Police Chief Richard Gray will introduce our new Police Officer Tyler Smith to the John Day City Council.

**TO:** John Day City Council

**FROM:** Peggy Gray, City Manager

**DATE:** December 5, 2014

**SUBJECT:** Discuss for approval the Fiscal Year 2014 Audit by Guyer & Associates

Attachment:

- Independent Auditors' Report and Financial Statements for the Year Ended June 30, 2014 (included in council packet)

**BACKGROUND:**

The Independent Auditors' Report and Financial Statements for the Year Ended June 30, 2014 is included in your council packets. Kent Bailey of Guyer & Associates will be present to address the Council and answer any questions you may have.

**RECOMMENDATION:**

I recommend the John Day City Council accept the Independent Auditors' Report and Financial Statement for the Year ended June 30, 2014.

**TO:** John Day City Council

**FROM:** Peggy Gray, City Manager

**DATE:** December 5, 2014

**SUBJECT:** Discuss for Adoption Resolution No. 14-734-20, a Resolution Establishing Water Rates, Deposits, and Other Related Charges

Attachments:

- Resolution No. 14-734-20
- City of John Day Rate Study

**BACKGROUND:**

Resolution No. 14-734-20, a resolution establishing water rates, deposits, and other related charges proposes to raise our current water rates for residential customers from \$31.50 to \$33.00, a \$1.50 rate increase per month beginning January 1, 2015.

As per our conversations with the City’s auditor Kent Bailey, it is necessary to raise water rates each year in order to keep up with the cost of inflation and to put funds into our reserve account for future repairs and improvements. Mr. Bailey will be present at this council meeting and will speak directly on this subject.

I have also included a copy of the City of John Day Rate Study for your information. This study was completed in 2009; a tentative rate schedule for the next 6 years is included in the rate study. As you can see we are \$1.00 under the “planned 2015-2016” base rate of \$34.00 per month.

Also please note that we have not been increasing our overage rate at the study’s anticipated per 1,000 gallons over the base. Our current resolution sets the additional usage rate at \$2.50 per 1,000 gallons (or \$0.00250 per gallon) between 4,000 and 20,000 gallons and \$3.10 per 1,000 gallons (or \$0.00310 per gallon) for usage over 20,000 gallons.

In comparing the study’s planned overage to our current overage and proposed base rate increase is as follows:

<u>Gallons</u>	<u>Current overage with proposed base rate</u>	<u>Anticipated Water Rates based on rate analysis 2015-2016</u>
Base Rate (first 4,000)	\$33.00	\$34.00
10,000	\$48.00	\$58.60
50,000	\$166.00	\$222.60

As you can see we are well below the planned 2015-16 water overage rates. The Council might consider raising the overage rate; however, we have found that increasing the overage rates leads to reduced consumer water usage. But it is something to consider as it has been several years since we increased the overage rate.

**RECOMMENDATION:**

The John Day City Council adopts Resolution No. 14-734-20.

**TO:** John Day City Council

**FROM:** Peggy Gray, City Manager

**DATE:** December 5, 2014

**SUBJECT:** Discuss for Adoption Resolution No. 14-735-21, a Resolution to Establish Sewer Service and Connection Charges

Attachments:

- Resolution No. 14-735-21

**BACKGROUND:**

Resolution No. 14-735-21 proposes a \$2.50 increase to the base sewer rate. Currently the City's base sewer rate is \$39.50 which brings us at the Planned "2015-16" rate of \$42.00 for residential according to the rate study.

We no longer have a commercial coverage rate; we tried that method for a few years prior to our 2011 audit. Our auditor Kent Bailey made the following comment to the John Day City Council in his December 2, 2011 letter:

The rate structure for the sewer fund causes the need for many customers to seek adjustments to their sewer bill during irrigation season. An alternative to the current method would be to base the customer's sewer rate on an average of the water usage during the month's November through the following March. This would be a time period which would exclude high irrigation water usage and reduce the need for customer adjustments.

Staff discussed the rate structure with the City Council and recommended to take our auditor's advice and go back to our original monthly sewer charge formula:

97% of the six months winter average monthly water charge plus \$2.00. The monthly winter average is calculated as follows: total water charges for November, December, January, February, March and April divided by 6 = average monthly water charge.

This method has worked well for us. Please note that the rate study does not include the anticipated cost of constructing a new treatment plant.

**RECOMMENDATION:**

The John Day City Council adopts Resolution No. 14-735-21.

**TO:** John Day City Council

**FROM:** Peggy Gray, City Manager

**DATE:** December 5, 2014

**SUBJECT:** Discuss for Adoption Resolution No. 14-733-19, a Resolution Authorizing Sale of General Obligation Bonds Approved by the Voters of the City on May 20, 2014, and Related Matters

Attachment:

- Resolution No. 14-733-19

**BACKGROUND:**

I have been working with the City's financial advisor, Katie Schwab of Wedbush Securities and our Bond Counsel, Gulgen Mersereau of Hawkins, Delfield & Wood LLP to develop a resolution authorizing the sale of general obligation bonds that were approved by the voters of the City on May 20, 2014 and a RFP to solicit competitive bids for the purchase of each series of bonds.

Our financial advisor and bond counsel decided because the City of John Day and the John Day Rural Fire Protection District are going to be asking banks for financing of their general obligation bonds, it makes sense to have each entity's governing body adopt a resolution to authorize issuance of the bonds. However, rather than delegate authority to set the terms, we've asked our bond counsel to state in the authorizing resolution that the terms for the bonds would be brought back to each of the City and Fire District's governing body for action.

Our financial advisor Katie Schwab will be available on speaker phone at the council meeting to answer questions.

**RECOMMENDATION:**

The John Day City Council adopts Resolution No. 14-733-19.

**TO:** John Day City Council

**FROM:** Peggy Gray, City Manager

**DATE:** December 5, 2014

**SUBJECT:** Discuss Mike Cosgrove's request for a letter of support for the Logan Valley Scenic Path

Attachment:

- December 3, 2014 letter from Mike Cosgrove

**BACKGROUND:**

Attached is a letter from Mike Cosgrove, he would like to make a brief presentation to the John Day City Council to discuss the possibility of the old railroad grades in Logan Valley being designated as a Scenic Bikeway and ask for a letter supporting "The Logan Valley Scenic Path."

**TO:** John Day City Council

**FROM:** Peggy Gray, City Manager

**DATE:** December 5, 2014

**SUBJECT:** Discuss for Approval the Recommendation of the Selection Team to award contract for the Construction Management/General Contracting Services (CM/GC) for the John Day Fire Station Project to Kirby Nagelhout Construction Company

Attachment:

- Notice of Intent to Award Contract
- Fee Proposal Sheet(s)

**BACKGROUND:**

The proposals for the Construction Management/General Contracting Services for the new fire station project were due November 19, 2014 at 2:00 p.m. We received one proposal from Kirby Nagelhout Construction Company (proposal was emailed to Selection Team and City Council on November 19, 2014). This is the company that built the Grant County Airport Terminal and the new ODF building and is familiar with our community.

The Selection Team for the CM/GC met with Jeff Deswert, President; Matt Stockton, Project Manager and Ed Parker, Superintendent of Kirby Nagelhout Construction Company and Peter Baer of Pinnacle Architecture on Monday, December 1, 2014.

Mr. Deswert explained who they are and how they work; CMGC process for this project; budget; schedule and questions and/or concerns were addressed. Councilor Paul Smith, a member of the Selection Team, will give a report on the meeting at the council meeting.

Fee Proposal:

Total preconstruction costs will not exceed \$19,650  
CM/GC Fee: 4%  
General Conditions: \$191,544  
Performance, Payment bond: (if required) .7%  
GL Insurance: .8%

**RECOMMENDATION:**

It was the consensus of the Selection Team to recommend to the John Day City Council award the contract for Construction Manager/General Contractor for the new John Day Fire Station Project to Kirby Nagelhout Construction Company.

I recommend the John Day City Council accept the recommendation of the Selection Team and award the contract for Construction Manager/General Contractor for the new John Day Fire Station Project to Kirby Nagelhout Construction Company.

**TO:** John Day City Council

**FROM:** Peggy Gray, City Manager

**DATE:** December 5, 2014

**SUBJECT:** Review and Accept the Election Results - Abstract of Votes for the November 4, 2014 General Election

Attachment:

- Abstract of Votes for the November 4, 2014 General Election

**BACKGROUND:**

Attached you will find the Election Results - Abstract of Votes for the November 4, 2014 General Election for the City of John Day. We had the mayor position and three council positions running unopposed. Attached is the Abstract of Votes for your review.

**RECOMMENDATION:**

The John Day City Council accepts the Abstract of Votes for the November 4, 2014 General Election. Mayor Ron Lundbom and Councilors Gregg Haberly, Paul Smith and Lisa Weigum will be sworn in at the first council meeting in January 2015.

**TO:** John Day City Council  
**FROM:** Peggy Gray, City Manager  
**DATE:** December 5, 2014  
**SUBJECT:** Other Business and Upcoming Meetings  
Attachments:

- LOC Bulletins
- Christmas Potluck Flyer

**OTHER BUSINESS:**

1. Attached are LOC Bulletins for your information and review.
2. The Christmas potluck for all city employees has been scheduled for Friday, December 19, 2014 at noon. The John Day City Council is cordially invited to attend; bring your family and a dish to share. Please see the attached flyer.

**UPCOMING MEETINGS AND EVENTS:**

December 19, 2014	Noon	Annual Christmas Potluck
December 23, 2014	7:00 p.m. Council Chambers	Regular meeting of the John Day City Council canceled Due to the Christmas Holiday
December 25, 2014	City Hall Closed	Christmas Holiday
January 13, 2015	7:00 p.m. Council Chambers	Next regular meeting of the John Day City Council