

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

**October 11, 2016**

**Adjourned Meeting**

**COUNCILORS PRESENT:**

Ron Lundbom, Mayor  
Steve Schuette, Council President  
Louis Provencher, Councilor  
Gregg Haberly, Councilor  
Lisa Weigum, Councilor  
Paul Smith, Councilor

**COUNCILORS ABSENT:**

Donn Willey, Councilor

**STAFF PRESENT:**

Nicholas Green, City Manager  
Valerie Luttrell, Emergency Communications Center Supervisor  
Richard Gray, Chief of Police  
Monte Legg, Public Works Director

**GUESTS PRESENT:**

Rylan Boggs, Reporter, Blue Mountain Eagle

**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 except Councilor Willey, who is absent and excused.

**Agenda Item No. 2 – Approval of City Council Minutes of September 27, 2016**

The minutes of the September 27, 2016 City Council meeting were included in the agenda packets and were presented for the Council's approval. Councilor Provencher asked for inclusion of the Council's discussion around the need to add a base cost calculation for operating the new fire station to the minutes. He also recommended changing Parks and Recreation 'Department' to 'District' since it is a separate taxing district. He also asked to clarify the minutes related to the sewer rate increase to reflect the fact that the budget committee planned for a \$1 increase, so if the Council does not pass that resolution it will impact the budget.

**Councilor Haberly moved to adopt the minutes. Councilor Provencher seconded and the motion passed unanimously.**

**Agenda Item No. 3 – Appearance of Interested Citizens**

Mayor Lundbom welcomed the general public and asked if there is anything they would like to add to tonight's agenda. City Manager Green introduced Andrew Martin as a new part-time Police Officer for the City. Andrew previously reserved for two years. He will also cross train as a Dispatch Operator.

Mayor Lundbom added Agenda Item #6 at the request of the City Manager.

**Agenda Item No. 4 – Discuss for Signature Agreement between the City of John Day and the Grant County Police Officer’s Association**

City Manager Green presented the background for the collective bargaining agreement, which began in February 2016 and included a number of personnel changes on both the Union and the City staff. At this point the Union has ratified the agreement and it is up to the Council to review and do the same.

Councilor Smith asked about the Cost of Living Allowance (COLA) and if it applied to all John Day employees. City Manager Green mentioned the salary survey he intends to do with the Local Government Personnel Institute (LGPI) and that about half of the city staff are at the top of the pay grade, so they receive longevity pay for their time in service. Councilor Smith asked if the 1% was across the board and for all staff. City Manager Green (incorrectly) said they only get the longevity pay and it is built into their salary structure. (He has since learned that the 1% COLA increase has been budgeted across the board for all staff, not just union members).

Mayor Lundbom said he takes exception with the City paying the 6% PERS match for employees. City Manager Green said he was not part of the bargaining agreement when this was initiated and he would like to do a total compensation analysis to determine whether our compensation including PERS is competitive with other cities. Councilor Provencher said he also takes exception to the City paying the employee’s contribution given that the State PERS account has a \$22 billion deficit. Councilor Haberly asked for clarification on whether the employees pay anything into their own retirement and staff clarified that the City has paid the employee’s contribution for at least the past twenty years, if not longer.

Councilor Provencher said one option the State is considering is a new bond that will reduce the budget deficit, so they are looking for tax payers to pay again on top of the taxes they have already contributed. He asked what the City’s PERS expense is today and City Manager Green said he believes we budgeted \$140,000. Mayor Lundbom said that amount includes the makeup for the MORO Clause. Councilor Provencher discussed his notes on the percentages the City will have to pay in the future for various positions, and that League of Oregon Cities is projecting PERS to be 30% of our labor costs in the future. He said he has a hard time with employees not contributing to their own retirement, that he does not want the City to make promises it can’t afford, and that it is unfair to taxpayers to keep funding this cost.

Councilor Smith said he appreciates what Councilor Provencher said, but that we need to look at the total compensation, because some employers pay more or less for health insurance and may or may not do the 6% employee contribution, so you have to look at the entire compensation package. Councilor Haberly said that there will be a reckoning day, and that the school’s PERS was nearly broke. Councilor Provencher said we are paying a lot for compensation including health savings accounts. City Manager Green said he can put together a total compensation analysis ahead of the budget cycle, and that when we get the LGPI market data we can incorporate those findings as well. He said that when you are looking at making adjustments to people’s livelihoods you have to make incremental adjustments so there aren’t abrupt financial impacts. Council continued to deliberate on PERS.

Mayor Lundbom and Councilor Schuette noted that some of the changes to the contract had not been reviewed or discussed with the Administrative Committee, but that in prior years the Administrative Committee was not even part of the negotiation. City Manager Green said he assumed that all points had been negotiated prior to the Council hiring him, and that the only issues outstanding were the dispatch operator schedules.

Mayor Lundbom said that City Manager Green needs an answer for the Union. He stated said he thinks we need to sign the agreement and renegotiate next time. Mayor Lundbom asked for a motion.

**Councilor Schuette motioned to allow a signature agreement between the City of John Day and the Grant County Police Officer’s Association for the next three years. Councilor Smith Seconded. The motion was tied at 3-3, with Mayor Lundbom voting in the affirmative and Councilors Haberly, Weigum, and Provencher voting against.**

Councilor Weigum said she would like to go back to the Union and tell them on the PERS issue they would like to renegotiate. Councilor Haberly said he knows how it’s going to go because they have always had it. Councilor Weigum said she wants to go back to the Union and she isn’t advocating for an abrupt change but thinks the City should match funds and put the Union on notice that the City wants employees to contribute to PERS. Staff said the Union would not see this as a good faith action since we did not ask to open the PERS contribution as a point of negotiation and that PERS does not allow for an employee match like a traditional 401K does.

Mayor Lundbom asked the City Manager to go back to the Union and let them know the Council is not prepared to ratify the contract because of the PERS contribution, but that afterward the Council would be prepared to vote on it again.

**Agenda Item No. 5 – Review and Discuss Canyon City Water and Sewer Agreements**

City Manager Green said that he met with Canyon City Recorder Corry Rider and asked for an explanation for why Canyon City was not paying their sewer bills. Mr. Rider said that the Canyon City Council passed a motion during their July City Council meeting to reduce the bill by removing various operating expenses and reducing their percent contribution from 24% to 15%. Their Council voted unanimously to pass the motion. City Manager Green stated he was invited to the July Council meeting but was excused before the motion was passed and was not told it would be an item on the agenda.

City Manager Green provided the Council with data on the actual expenditures in dollars by both cities for the past 11 years. He stated that Canyon City residents are charged \$39 per month for sewer bills, and John Day charges \$44. Council discussed the February negotiations between the two public works committees and Councilor Smith said he does not want to have a repeat of that meeting and that it was not productive. He also said that their Council never understood why we include our overhead costs.

City Manager Green said a lot of it depends on how you frame the discussion, and that the two cities are focused on the marginal cost of adding one additional user, rather than the market-rate cost that Canyon City would be paying if they had to treat their own wastewater. He said if you frame it as a market rate discussion, Canyon City’s annual payments that have averaged \$52,000 are less than half of what they would pay if they had to go it alone.

Councilor Haberly asked if we could shut off the intertie. City Manager Green said yes, he confirmed with the City Attorney that we could. Councilor Schuette said he was upset by the way they informed us and that it was childish. Mayor Lundbom suggested we turn them over for collection now and send them a shut-off notice. Councilor Weigum concurred.

City Manager Green suggested another option, which is to back out the cost of the digester repair (by resolution of the Council) which would reduce the cost to both cities and restore our rates to approximately last year’s cost. Council asked why we are not doing the digester repair and Public Works Director Legg said that it would cost over a hundred thousand dollars to do it and that our consultants advised us not to do it.

City Manager Green also said another option is that we could set a fixed rate with predictable increases each year so that Canyon City can plan for regular increases in their payments. He said he also explained to Mr. Rider that their current rate of \$39 is too low to get grant funding, that DEQ learned about Canyon City's plans from City Manager Green, and that they don't have a facility plan, so they have not done the work they need to do and aren't progressing fast enough toward their own facility to make us comfortable that they will ever get there. He said that predictable increases will help them become grant-eligible and would incentivize them to raise their rates so they are either capable of paying a market rate or can stand on their own with their own facility.

He said his goal is to get them to the point where they are either committed to partnering with us or capable of servicing their own needs, but right now they aren't doing either and they aren't paying their bills to the City. He said so far this year the budget deficit they have created for the City is about \$14,000.

Councilor Schuette said that he does not believe the residents of Canyon City should be paying less than the residents of John Day. Councilor Weigum said she completely agrees. Mayor Lundbom said we are frustrated with this relationship, and asked the Council to give City Manager Green some concrete feedback. He suggested we present them with the City Manager's options and get their response.

Councilor Smith concurred this is juvenile but also asked how we could get to a fixed cost when we don't know what to expect in the future. He also asked if we are grant-eligible. City Manager Green said the City is in good shape with our current rates and thinks he can come up with something reasonable. Councilor Provencher said his issue with the current average is that there were some years when they weren't paying the true cost.

City Manager Green said his goal is to help them get to a point where they could partner with us on the future facility because right now it isn't an option, they aren't paying their bills and they are creating risk for us and our investors because of their unpredictable decision making. Mayor Lundbom asked how he would like to proceed. City Manager Green said he would like to present Canyon City Council with these options and discuss their plans for the future. Council concurred. He said that if we can't get to a negotiated agreement then he will have to send them a notice that we are closing the intertie within a reasonable time limit, most likely 24-months, because they can't build a lagoon system in less time.

Councilor Haberly asked that we inform them that three-quarters of the Council is prepared to close the intertie. City Manager Green said that we need to get them to a position where they are grant eligible and that we can't partner with them unless they are, but we also need to ensure that when that time comes they are capable of going out on their own so they have that option.

Mayor Lundbom said we should allow the City Manager to negotiate on our behalf and let him to his job. Councilor Smith said he trusts him to see this to resolution, but wants to be clear with them where the Council stands.

**Agenda Item No. 6 – Discuss for Signature John Day Water Reuse Feasibility Study – Water Conservation, Reuse and Storage Feasibility Study Grant Program**

City Manager Green explained the purpose of the feasibility study grant program, which is to study the hydroponics component of the future treatment plant and to determine if it is economically feasible to use reclaimed water in John Day for controlled environment agriculture. He drafted a letter of support for the Council to sign and said he already has letters of support from the Grant County Court, Sustainable Water and Trout Unlimited.

Councilor Smith asked how the water repurchasing agreement would work, if we need to have our own market for the water or if there would be other entities to purchase it. City Manager Green said we could potentially do both, and part of the feasibility study is to evaluate the policy options for the State to see if we could develop a public enterprise or other venture to grow crops and export them.

Mayor Lundbom asked if the study is just for the reclaimed water, and that they will figure out how to treat it, we'll just be looking at how to use it after the clean water comes out of the pipe. City Manager Green said that is correct.

**Councilor Schuette motioned to allow Mayor Lundbom to sign the letter of support for the water reuse feasibility study. Councilor Smith seconded and the motion passed unanimously.**

**Agenda Item No. 6– Other Business**

- City Manager Green said he just received a draft of the dog ordinance today and still needs to review it with Justice Stinnett. He said he will provide it to the Council once they have reviewed.
- Mayor Lundbom mentioned the upcoming meeting with Rex Burkholder from Oregon Solutions and the proposed visit to Huntington.
- Mayor Lundbom discussed the upcoming meeting with Senator Ferrioli.
- Councilor Haberly asked how many reservations we have at the industrial park for the eclipse. City Manager Green said we have rented four campsites.
- Councilor Provencher said that he thought it was a great idea that the City Manager went on the Coffee Time radio broadcast to share what is being discussed during council meetings. He also said he will be absent for the upcoming meeting.
- Councilor Provencher said that there is a residence off of Bridge Street near the Charolais Heights intersection and that a constituent told him it is zoned Residential but that ODF is using it as a Commercial property. Councilor Schuette said he was involved with that land use decision and that was not correct, they sub-divided the area where the offices were as one residence, and then made another residence, and they are renting out some of the shop bays. He said their original intent was to rent it out as storage bays but City Manager Gray said that was not a permitted use.
- City Manager Green provided the Council with an update on his planning for a municipal fiber optic network, and that he is looking for a middle-mile partner to work with the City to lay fiber along the 13 miles of city streets within the City limits. He said that private companies may not be able to recover their investment within their optimal timeframe, but the City has the flexibility to make a long-term investment with a return on investment over a twenty year timeline rather than a two-year timeline.

**Adjourn**

**There being no further business before the Council, Councilor Haberly moved to adjourn the session. Councilor Provencher seconded and the motion passed unanimously. The session was adjourned at 8:37 p.m.**

Respectfully Submitted:

Nicholas Green  
City Manager

ACCEPTED BY THE CITY COUNCIL, OCTOBER 25TH, 2016

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Mayor Ron Lundbom