

John Day City Council
October 25, 2016
7:00 PM
Fire Station, 316 S. Canyon Blvd
AGENDA

1. **OPEN AND NOTE ATTENDANCE**
2. **APPROVAL OF CITY COUNCIUL MINUTES OF OCTOBER 11, 2016.**
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. **DISCUSS FOR SIGNATURE AGREEMENT BETWEEN THE CITY OF JOHN DAY AND THE GRANT COUNTY POLICE OFFICER'S ASSOCIATION**
5. **REVIEW AND DISCUSS CANYON CITY WATER & SEWER AGREEMENTS**
6. **DISCUSS OREGON SOLUTIONS PROPOSAL**
7. **DISCUSS SALE OF FIRE HALL AND NEXT STEPS**

OTHER BUSINESS

8. **OTHER BUSINESS AND UPCOMING MEETINGS**
 - Dog ordinance update
 - Recap working group with Senator Ferrioli held on 10/20/16
 - EPA Rural Advantage Grant (due Nov. 6th)
 - DEQ Recycling Feasibility Grant (due Oct 31st)
 - FEMA FY16 Assistance to Firefighters Grant (due Nov. 18th)

Attachment(s)

- LOC bulletins

ADJOURN

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: October 25, 2016
SUBJECT: Agenda Item #4: Discuss for Signature Agreement between City of John Day and Grant County Police Officer's Association

DISCUSSION

The City of John Day entered into negotiations with the Grant County Police Officer's Association in February 2016 for the purpose bargaining the union contract that expired June 30, 2016. The City and the Union have reached an agreement and we are now ready to ratify the union contract.

City Manager Green spoke with Union attorney Becky Gallagher and via email with Pierre Robert from LGPI. He shared the Council's concerns about the PERS contribution the City is making and asked whether the Union would entertain negotiations on the subject. He also stated the city intends to conduct a comprehensive compensation review for all city employees.

Both attorneys concluded that at this point the City cannot ask to re-negotiate on PERS benefits since these were not items the City requested to open at the start of negotiations. Ms. Gallagher further stated that the Union would need to see the data from the compensation survey before they could agree to significant compensation changes.

City Manager Green discussed the need for the survey to determine both what comparison cities are doing but also to recognize the financial constraints of John Day and our ability to continue our current compensation. Both attorneys acknowledged these are valid concerns that will need to be addressed during future negotiations.

NEXT STEPS

City Manager Green provided the Council with a redlined version of the contract via email. If the Council is prepared to proceed, they may motion to authorize Mayor Lundbom and City Manager Green to sign the agreement.

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: October 25, 2016
SUBJECT: Agenda Item #5: Review and Discuss Canyon City Water and Sewer Agreements

EXECUTIVE SUMMARY

Mayor Lundbom and City Manager Green met with the Canyon City Council on October 18th during their council meeting to discuss the new wastewater treatment facility and Canyon City's delinquent payments. Mayor Fischer clarified Canyon City's position. They are concerned about their role in the future facility and what the up-front costs and ongoing expenses will be for them. He also referenced the Council's lack of understanding about how the current ERU rate structure is determined and reiterated their disagreement with some of the operating costs included in the fund. Mayor Fischer and the Council committed to future negotiations and said they see their best possible outcome by far is to work with John Day on a joint treatment facility.

DISCUSSION

City Manager Green and Mayor Lundbom met with Canyon City Council for a 40 minute discussion on the wastewater treatment facility. City Manager Green presented the memo he gave to the John Day City Council in August. Mayor Fischer said the city has developed an in-depth view of the new proposal and asked City Manager Green where he would like to begin the discussion.

City Manager Green stated he had two objectives: 1) to update the Council on the status of the new facility; and 2) to have a difficult discussion about the status of Canyon City's delinquent payments and their commitment to partnering with John Day on a future solution.

Mayor Fischer asked City Manager Green to provide the Council with an update on the new facility. He stated Canyon City has been working on their own solution and has developed some site designs and diagrams, but acknowledged that permitting standards are getting stricter and it isn't guaranteed that a lagoon in Canyon City would be permitted by DEQ.

He asked how best Canyon City would fit into John Day's plans, and what the costs involved in the new facility would be for Canyon City. He stated that these are their main questions, particularly what their debt ratio would be for the new plant.

City Manager Green began with a conceptual discussion about the new facility and its goals. He stated that we have a common enemy, and that enemy is our economy. We have the highest unemployment rate in Oregon, the rate of aging is 4 times higher than the State average, and we are losing our tax base of young, working families. He stated that the new facility is designed to address these needs by being a viable economic driver with two goals: to create jobs and make money. He said his hope is that it will allow us to launch a new industry using our natural amenities: plenty of sunlight, abundant water if we can reclaim it, and cheap land.

He described options for various cash crops that could be produced, and guided the Council through the feasibility study grant he has applied for on behalf of the City of John Day. He further described the challenges with the local economy and his intent to inject external capital since this is the largest investment our communities have made since the 1940s. He also described the team for the feasibility

study, which consists of John Day, Sustainable Water, Anderson Perry, and Trout Unlimited, with the intent to engage academic partners including the University of Washington and Oregon State University.

He stated that Plan A is the Hydroponics facility, but that the feasibility study also includes a Plan B, which is land application for traditional crop and field irrigation. Plan C has already been evaluated (the traditional mechanical plant) but those data and financial figures will also be updated as part of the feasibility study to reflect the cost of construction in 2018-2021.

Mayor Fischer inquired about the funding and how the economics would work for the reclaimed water. He wanted to understand what the up-front capital costs would be and how much debt service would be required, and what the operating and maintenance expenses would be. He also asked what the cost per household would be in user fees and whether the proposed rates referenced in the Treatment Facility memo would be in addition to the capital costs or inclusive of them.

City Manager Green stated that the only cost figures the City has developed to date were from the 2009 Wastewater Facilities Plan. He said the Plan included a discussion of the rates that would need to be charged if the new facility were financed entirely through user rates and not through property taxes. He stated that the costs for the new proposal are still to be determined. He also stated that the total capital costs will change if our cities conduct a local income survey and become eligible for federal community development block grants.

Mayor Fischer said that Canyon City's median household income is higher than John Day's, and asked how we would handle that situation if John Day qualified for block grants but Canyon City did not. City Manager Green said we would need to get creative about who owns the facility and how we finance it. He also stated that if we are going to include Canyon City in the local income survey and the feasibility study, we need to know that they are committed to partnering with us. He said the cost of the survey is apx. \$8,000 and the cost of the feasibility study including the grant funding, cash and in-kind contributions is \$110,000.

The Council and City Manager discussed the proposed locations that would be evaluated as part of the feasibility study for both of the new options. He stated that we will have architectural renderings and conceptual designs at the end of the study that will show us what a proposed facility would look like (contingent on receiving grant funding). He also discussed the floodplain development requirements for the proposed locations. City Manager Green said that we can build in the floodplain but we would have to meet the City's development restrictions, but it also provides intangible benefits by restoring access to the riverfront, eliminating discharge, and beautifying the industrial areas of the community.

The Council and City Manager discussed the risks associated with a new venture and with the proposal. Mayor Fischer asked what amount of funding Canyon City would need to contribute to the feasibility study as they will also have to conduct their own study for their proposed lagoon. He described the challenges they are anticipating with siting their lagoon and feedback from private landowners in the area.

Canyon City councilmembers stated that they enjoyed reading the memorandum and that they appreciated the work the City Manager has put into the proposal. Council member Jim Johnston said he has seen a hydroponics facility and is impressed by the technology. City Manager Green stated the proposal could include academic research and encourage post-secondary schools like Oregon State to send students to the area to conduct research on hydroponic agriculture.

Mayor Fischer said the Canyon City Council would like to know what their contribution would be. City Manager Green stated he needs them to pay their bills (laughter ensued). He said the cost increases this year were for the digester repair and said the City no longer plans to do the repair, which would return

rates for both cities to their FY16 levels. Green said that is a good jumping off point, but we also need to get an agreement because right now we have no contractual obligation to service Canyon City, and they have no agreement to pay us for the service.

City Manager Green said his goal is to get to a negotiated agreement with Canyon City where both cities feel like they have benefited, but that also acknowledges there will be cost increases as we invest in the new facility. He said he wanted to set expectations for the Canyon City Council that he does not expect the cost this year or in the future to go down, but that he would like to work toward a predictable rate increases for the future.

Mayor Fischer explained Canyon City's frustration with the previous negotiation between the cities and that none of his councilmembers understood what the ERUs meant or how they were determined. He said they would like us to come up with a viable, equitable rate structure so that they are paying their fair share and John Day is paying theirs. He also reiterated their concern about ownership of the new plant. He said he would very much entertain a transparent, explainable rate structure proposal.

Mayor Fischer went on to explain their rationale for motioning not to pay their bills last July and said he understood that came as a surprise to John Day. City Manager Green said that is not his preferred method of communication.

RESOLUTION

City Manager Green said he has discussed two options with the John Day City Council. One is to take the digester cleanout out of the budget for this year, and then look at each of the costs in the budget and re-evaluate them. He said that he can relook those costs, but that he is also going to have to include the cost of his time for the future facility and his labor because those costs are also not built in. He said he is willing to do that.

Another option he proposed is to look at a fixed rate based on historical usage and projected usage with built in escalation that we all agree to that would give Canyon City predictable step increases for the next five years. He said John Day would incur more risk in the event of a major failure, but that would also incentivize us to make the operations more efficient so we can add to our contingency and reserve fund, and John Day would also have a stable revenue source they can count on.

He said there is a third option, which is to stay in the stalemate we are already in, where everyone loses, it's just a question of who loses bigger, but neither Council has time for that and it sends a bad message to the community. He stated the status quo is broken and we need to take one or the other of the first two options until we reach a decision point to either pursue independent solutions or partner on a future plant. He said if we were to do a fixed rate, he would start with the average that has been paid by Canyon City over the past ten years, which is about \$52,000, and use that as a starting point to calculate a fixed rate with predictable increases.

He further said that Canyon City's current rate of \$39 per month for residential sewer service does not make them grant eligible, and most granting organizations would not consider that a sufficient contribution for a future facility. He said that his goal would be to help Canyon City get to the rate they need to have in a responsible way without a lot of disruption to their residents.

Mayor Fischer said the best possible scenario is for our cities to work together. He said his strong preference would be to come to an equilateral decision for the next few years to give us time to work through the details on the future facility, and that he will take it up with the Council which course of action they would like to pursue. He said he would like to see a proposed payment amount from John Day

and what Canyon City's contribution would need to be for the local income survey. City Manager Green said he will look at the past, present and projected future costs to come up with a baseline rate and step increases for a five-year planning horizon. He said that whatever agreement we come to the City of John Day will make the appropriate adjustments to the rates for this year to account for the changes.

NEXT STEPS

City Manager Green will provide analysis to the John Day City Council on a proposed rate structure that will be presented at the November 8th Council Meeting.

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: October 25, 2016
SUBJECT: Agenda Item #6: Discuss Oregon Solutions Proposal

BACKGROUND

Mr. Rex Burkholder from Oregon Solutions presented his findings from his community canvassing conducted during August and September. Mr. Burkholder represents Oregon Solutions, a non-profit consultant that works directly for the Governor. Oregon Solutions facilitates intergovernmental and regional projects that include state funds and/or endorsements.

DISCUSSION

Mr. Burkholder presented his findings to a group of local leaders and community activists. City Manager Green, Mayor Lundbom, and Councilor Weigum were in attendance, along with members of the School Board, Grant County Economic Council, Chamber of Commerce, and local business leaders and residents.

Mr. Burkholder identified a number of potential projects that various stakeholders and interest groups are promoting, including a potential school bond for a new Jr./Sr. High School, the new wastewater treatment facility, a proposed recreational/wellness center, municipal fiber-optic networks, etc.

His goal was to develop a shared understanding among the various stakeholders of the community's needs, of Oregon Solution's role as a facilitator, and to determine whether there was a commitment from the group to pursue collaborative solutions for a common priority. The group did not attempt to select a project, but did indicate their interest in engaging Oregon Solutions support.

City Manager Green expressed some reservations with the process, namely due to the nature of the engagement. The facilitation is project focused and for a limited duration. His recommendation to Mr. Burkholder was that our community needs to take a portfolio approach to its needs, prioritizing long-term investments while leaving room for targets of opportunity. He also said that pursuing a single solution to a single problem is less effective than a multi-dimensional solution that addresses multiple problems. He further expressed concern about the amount of funding available to support the effort, but concurs that some level of external support is needed to build consensus and momentum around regional projects.

NEXT STEPS

Mr. Burkholder will report back to the Governor that there is interest from the community and will reach out with a proposal from Oregon Solutions about how to proceed.

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: October 25, 2016
SUBJECT: Agenda Item #7: Discuss Sale of Fire Hall and Next Steps

BACKGROUND

The quarterly newsletter has generated solid interest from a number of prospective buyers. However, most verbal offers have come in below the anticipated appraised value.

DISCUSSION

City Manager Green has shown the fire station to four (4) prospective buyers over the past two weeks. All verbal offers have been for less than the expected value of \$85,000. He has spoken with Dave Thunell and Mr. Thunell concurred that given the renovation work needed to the interior and roof, the original informal appraisal would likely need to be reduced.

The City Attorney advised City Manager Green to seek a broker provided opinion (BPO) for the facility instead of a formal appraisal. City Manager Green has spoken with Jerry Franklin at Eastern Oregon Realty and he is looking for comps. The City Attorney is also drafting a brief letter for prospective offerors describing the process under which the Council will hear best and final offers and make a final determination.

NEXT STEPS

City Manager Green will provide the Council with a copy of the letter from the City Attorney and will continue to solicit informal offers prior to a request for best and final offers. He is also working with Jason Hatfield from Benchmark Land Surveying to prepare a property lot partition application for the property in order to divide the tax lot in conjunction with the sale.

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: October 25, 2016
SUBJECT: Agenda Item #8: Other Business

Attachment(s)

- LOC Bulletins

OTHER BUSINESS

1. Dog Ordinance

City Manager Green is reviewing and revising the draft ordinance with City Attorney Jeremy Green and Justice of the Peace Kathy Stinett. They have scheduled a teleconference for Friday, October 28th. The purpose of the teleconference is to review the scope of the ordinance and make revisions to the enforcement provisions so that it does not conflict with the intergovernmental agreement between the City and the Justice Court. A coordinating draft will be circulated in the November 8th council meeting.

2. Recap working group with Senator Ferrioli held on 10/20/16

City Manager Green will provide the council with an update on the working group and follow-on requirements for the strategy session held with State Senator Ted Ferrioli on 10/26. The focus of this meeting was on future funding needs for the Emergency Communications Center (ECC). In addition to City Manager Green, Councilmembers Haberly, Smith, and Provencher as well as Mayor Lundbom were in attendance, along with Judge Scott Myers from the County Court.

Senator Ferrioli said it may be possible to bridge fund the department until future population increases could make it more sustainable, but he was not optimistic that the 911 Tax would be increased. City Manager Green reviewed the tax policy after the discussion. If no changes are made to the current tax structure, the combined population of all of the cities in Grant County would need to be 64,667 for the City to break even on its ECC operating expenses in FY17 without having to subsidize the department or raise rates on service recipients.

In other news, Senator Ferrioli was optimistic that the state legislature could help the City with infrastructure finance for a new municipal fiber network and potentially with other capital improvements. He offered some useful recommendations on a path forward for these initiatives.

3. EPA Rural Advantage Grant (due Nov. 6th)

Cool & Connected, a planning assistance program sponsored by the U.S. Department of Agriculture Rural Utilities Service, EPA's Office of Sustainable Communities, and the Appalachian Regional Commission, helps rural communities use broadband service to revitalize small-town main streets.

Communities can combine broadband service with other local assets such as cultural and recreational amenities to attract investment and people, including young people, and diversify local economies.

Through Cool & Connected, a team of experts helps community members develop strategies and an action plan for using broadband to create walkable, connected, economically vibrant main streets and small-town neighborhoods that improve human health and the environment.

The application deadline is 11:59 p.m. Eastern Time on Sunday, November 6, 2016.

4. DEQ Recycling Feasibility Grant

The Oregon Department of Environmental Quality's Materials Management program is again offering its grant program to fund projects that prevent, recover or reuse solid and household hazardous wastes. Up to \$1.2 million for this 2016 grant round is available to 501(c)(3) and (c)(4) non-profit organizations as well as local governments in Oregon.

The Household Hazardous Waste/Solid Waste/Materials Management Planning grants will fund the development or update of solid waste management plans, materials management plans, and household hazardous waste plans developed by local governments.

Friends of Grant County supports the grant proposal and will assist with the application. Sally Bartlett from the Grant County Economic Development Office may also assist.

The application deadline is 11:59 p.m. Pacific Time on Monday, October 31, 2016.

5. FEMA Assistance to Firefighters Grant.

The primary goal of the Assistance to Firefighters Grant (AFG) is to meet the firefighting and emergency response needs of fire departments and nonaffiliated emergency medical service organizations. Since 2001, AFG has helped firefighters and other first responders to obtain critically needed equipment, protective gear, emergency vehicles, training and other resources needed to protect the public and emergency personnel from fire and related hazards.

The City recently completed an AFG grant and intends to apply for a new grant this year in support of the Eclipse. The grant will be for turnout gear and improved communications equipment.

The application deadline is 5:00 p.m. Eastern Time on Friday, November 18, 2016.

UPCOMING MEETINGS

1. 11/8-10/2016 – Wastewater Energy Efficiency Audit will be performed by Industrial Smart (Bonneville Power contractor) and OTEC.