

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

October 25, 2016

Adjourned Meeting

COUNCILORS PRESENT:

Ron Lundbom, Mayor
Steve Schuette, Council President
Gregg Haberly, Councilor
Lisa Weigum, Councilor
Paul Smith, Councilor
Donn Willey, Councilor

COUNCILORS ABSENT:

Louis Provencher, Councilor

STAFF PRESENT:

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

GUESTS PRESENT:

Rylan Boggs, Reporter, Blue Mountain Eagle
Anna Bass, City Recorder, Oster Professional Group
Lyle Chesley, John Day
Vincent Moore, John Day

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 Provencher, who is absent and excused.

Agenda Item No. 2 – Approval of City Council Minutes of October 11, 2016

The minutes of the October 11, 2016, City Council meeting were included in the agenda packets and were presented for the Council's approval.

Councilor Schuette moved to adopt the minutes. Councilor Weigum 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 Janine Weaver as the new Secretary/Cashier for the City. Janine moved back to the John Day area four years ago to be closer to family and is excited to be

back in the area. City Manager Green noted Janine used to work in the hospitality industry and has some good suggestions about advertising for the eclipse to destination resorts.

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

At the request of the council, City Manager Green went to the Union’s attorney with the council’s concerns about escalating cost of PERS and the deficit the state is facing. Both the City’s attorney and the Union’s attorney pointed out that since this topic was not asked to be negotiated at the beginning of negotiations, it is non-negotiable now. City Manager Green did mention the desire for the City to complete a compensation and total benefits package analysis. The Union is aware the PERS contribution is an issue and that the council had deadlocked 3-3 on ratifying the agreement. Since there is no option for renegotiating on PERS at this point, City Manager Green recommended making the motion to pass the collective bargaining agreement with the understanding that the completed compensation analysis data can be used on the next contract negotiation.

Mayor Lundbom stated he was unaware that PERS was not negotiable when the council asked for PERS to be questioned. City Manager Green noted that he was not here for the beginning of negotiations and was also unaware what was asked to be negotiated on.

Councilor Smith said negotiations are entered in good faith and understands why there is nothing to be done at this point. Councilor Weigum stated she is satisfied since the Union knows PERS is a concern and will be addressed in the future. Councilor Schuette noted the Council needs to be more involved. Councilor Haberly agreed. City Manager Green asked if anyone on the Council was asked prior to negotiations what points the City wanted to negotiate on. Council said that negotiation points in the past had been decided by the city manager. City Manager Green stated he will work with the Council before the next negotiation to ensure the negotiation process is more transparent.

City Recorder Bass pointed out the last negotiation was completed by the then City Manager and City Recorder Bass. It was a fairly straight forward negotiation with no big items for contention. City Manager Green noted this will continue to get harder to negotiate; costs are going up and we’ll need a way to sustain the department and manage our financial forecast in the event there is no 911 tax reform.

Councilor Willey motioned to authorize Mayor Lundbom and City Manager Green to sign the agreement between the City of John Day and the Grant County Police Officer’s Association for the next three years. Councilor Smith seconded and the motion passed unanimously.

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

City Manager Green recapped the 40 to 45 minute meeting of Mayor Lundbom, himself and the Canyon City Council. He said Canyon City is very concerned about how much the wastewater treatment will cost them and reducing payments seemed to be a reaction to the digester expense that raised their rates. He said Canyon City’s council had valid questions about future costs but they are unanswerable because a facility has not been selected. City Manager Green expressed the concern that Canyon City is not prepared to partner with John Day. Their rates are too low and any council that makes motions not to pay their bills creates risks for investors. He said Sustainable Water is an investor and not just a consultant.

Canyon City was receptive to the discussion and City Manager Green emphasized that our intent is to get back to a stable relationship, one where Canyon City and John Day are both paying a fair rate. City Manager Green and City Recorder Bass believe that Canyon City residents should be paying the same rate as John Day residents. Council concurred that it does not make sense for two communities using the

same facility to have one city paying significantly less than the other. Green also said the different rates will create confusion for the Infrastructure Finance Authority and other potential financiers.

City Manager Green did talk with Canyon City about options available. Option one would be to go back into the budget and make resolutions to change various line items. City Manager Green told Canyon City if they want the budget changed, he will do this, but he will also be adding in all of his time for writing grants, negotiating agreements and connecting the dots on the future facility because these costs are not reflected in the budget.

City Manager Green explained option two is to establish a fixed rate with predictable increases. City Manager Green said he likes this option because it provides Canyon City with the incentive to raise their rates. An example would be to give Canyon City a \$4,000 per year increase for the next five years, which would be a two dollar increase in their rates. If Canyon City increases their rates two dollars per year and John Day increases their rates one dollar per year, in five years the two cities will be charging the same.

City Manager Green said he will do a cost analysis on historical costs and what is expected for the future with the caveat that we do not know which facility we will be building. City Manager Green said he will base the cost analysis on the hydroponics since it is the higher cost and explained that it could be less with a different type of facility. Green would like to bring the analysis and future contract proposal back to the council for discussion before presenting it to Canyon City. Canyon City is still in arrears and City Manager Green did tell Canyon City that they will have to come current before the City of John Day will sign an agreement.

Councilor Smith stated that City Manager Green did a nice job of explaining to Canyon City that their rates need to be increased to have parity and be grant eligible and to be able to enter proposals as one population unit. He felt there is an understanding of where this needs to go in the future.

Mayor Lundbom felt the main positive coming out of the meeting was Canyon City's understanding of the future direction needed. City Manager Green stated that Canyon City expressed concern for their ability to create their own treatment options because of terrain, Department of Environmental Quality (DEQ) permitting standards, and local residents' concerns.

Mayor Lundbom thinks Canyon City realizes they will have to become current but the subject did not come up. Mayor Lundbom does feel headway was made and City Manager Green laid out what our future partnership could be. Canyon City seemed eager to get involved with the local income survey to find out where they stand as well. Councilor Smith feels the situation has been handled as well as possible by City Manager Green and agrees with giving them more time to see if they come through.

Councilor Weigum said she spoke with Canyon City's public works direct a few days after the meeting and was told that Canyon City was very impressed with City Manager Green and Mayor Lundbom and appreciated their professionalism. He stated that they were excited to partner with John Day on a treatment plant and that we would be paid in full.

City Manager Green said he will bring the financial analysis to the next council meeting with his recommendation of what the next five year contract will look like. The council can then discuss and make changes as we see fit before submitting to Canyon City.

Mayor Lundbom asked Public Works Director Legg if Canyon City not maintaining their pipes will affect John Day. Public Works Director Legg said we could be getting grit from their concrete pipe. As the pipe wears it will flow downhill but when public works jetted from the intertie down Canyon Boulevard there was very little grit.

Agenda Item No. 6 – Discuss Oregon Solutions Proposal

City Manager Green explained who Oregon Solutions are and their process. He said that Oregon Solutions is a non-profit organization working for the Governor's office, and he believes they were invited to our community by Superintendent Curt Shelley. He said Oregon Solutions works with communities to identify a community-wide project to support and facilitate. The project then comes with the Governor's stamp of approval. Green said it helps to have a professional facilitator to coordinate with multiple stake holders, and other locations have said without Oregon Solutions they never would have gotten their projects off the ground.

Green said Mr. Burkholder canvassed our community over a two-month period. He met with 30 to 40 people including City Manager Green. From this, Mr. Burkholder came up with a set of potential projects. There is the potential for a new school, the treatment plant may need bonding capacity and the idea of a wellness center for multiple uses came up. He said Oregon Solutions helps stakeholders identify a project, look at the bonding capacity and help decide if the project can actually get off the ground. City Manager Green explained the next step is for Mr. Burkholder to come back with a timeline to formalize the group of people who would select the project to complete.

City Manager Green said he does not want this to become one project at the risk of all others and he tried to get Oregon Solutions to look at their needs as a portfolio, where multiple projects are in the portfolio and we leave room for targets of opportunity if grant funding or special appropriations become available. Mr. Burkholder informed City Manager Green that Oregon Solutions is not a partner for the long term but for a single project. City Manager Green still sees value in the Oregon Solutions project but feels we need to look at our projects as a portfolio.

Councilor Weigum also interviewed with Mr. Burkholder. She said she felt a little skeptical about the amount of people who were representing the school because of the long term talks of a new school. Councilor Weigum still felt it was an opportunity that needs to be looked into and how the project may coincide with the City's projects. Mayor Lundbom felt that Cindy Lemke from Oregon Worksource, really caught Mr. Burkholder's ear. Ms. Lemke brought up the limited housing available for people relocating to the area as well as limited daycare available allowing only a one income family. Ms. Lemke mentioned Oregon Worksource is hiring seven more employees just to handle seniors. Mayor Lundbom clarified that Mr. Burkholder is currently putting together a wish list of what everyone wants. The list will then be taken back to the governor. It then comes back to create a local group to manage the project. Oregon Solutions does not fund the project. They only fund the facilitation of the project.

Councilor Smith mentioned the project decision will come down to the local selected group's priorities. Councilor Weigum said 80 people were interviewed by Mr. Burkholder and 20 people were asked back to the meeting to decide to move forward. Mayor Lundbom said that in the meeting Zach Williams mentioned the need for semi-truck driving and equipment operator training. Mayor Lundbom told Mr. Burkholder one solution may be to help the industrial arts college get quicker funding for training. It takes two years before the college can get Pell Grants. City Manager Green mentioned the group's discussion on whether investing in housing or jobs should come first. He said he feels that they are equally necessary and the community needs to pursue both, and what the City of John Day really needs is large infusions of cash. Councilor Smith said we have a lot of needs and very few resources.

City Manager Green said if we don't do something the State is going to own a failed city. He said he will sit down with the Governor's office when they come next month and walk them through all the unfavorable categories John Day is leading in. He said John Day does not need a politician's token project. We need significant investments and politicians to recognize that Oregon's tax policy

disenfranchises rural communities. It does not matter the tax, the 911 tax or the gas tax, it is never going to add up for rural communities. Councilor Haberly agreed that the tax structure does not help the City. City Manager Green said the City is going to need a strategic communications campaign, needs to get much more creative about the policy options, and may need to get community activists involved with making phone calls and writing letters.

Councilor Schuette stated that no one wants another tax, but balancing the need versus the want of a service is the issue. If it is a need he believes people will step up. City Manager Green stated ironically the City may need to hire an external consultant with money from the state to then get the state to start looking at tax restructuring. Not charging new taxes but changing the structure and distribution of the tax should be the priority. He said taxes benefit population dense communities but fail in rural communities.

Mayor Lundbom said Oregon Solutions and Mr. Burkholder will be getting back to the City to update their progress. The City will then be able to decide how it would like to participate.

Agenda Item No. 7–Discuss Sale of Fire Hall and Next Steps

City Manager Green updated that there are now five prospective buyers. All the buyers are fairly interested in making an offer. City Manager Green has been working with the City Attorney Green to put together a two page terms list that includes the property description, being sold as-is, history of the property, shows clean title, explains property lot partition, discusses how the Council plans to evaluate offers, sets a date for questions and for submitting best and final offers to the Council. The goal would be to get two to three offers that can be compared by the Council. City Manager Green suggested a best value criteria that allows for the selection of an offer not solely based on price but the long term economic value. Green said his goal is to have offers to consider by the end of November to mid-December.

City Manager Green said he did speak with Mr. Dave Thunell and the soft appraisal of the property is high. There is roof damage, water leakage and places where it is possible to see through the mortar. City Manager Green does not believe there is structural damage but the bids may not be in the \$85,000 range but instead the \$65,000 range. City Manager Green said a minimum can be set. City Attorney Green suggested getting a broker provided opinion on the cost rather than an appraisal. Mr. Jerry Franklin with Eastern Oregon Realty told City Manager Green the market value would be around \$65,000 for the property. Green said the council can set a floor or wait for a better offer to come along. Councilor Schuette stated that with the roof leaking, he believes sooner would be better to limit the amount of damage. City Manager Green said he has not had a general contractor come look at the building to find out the size of the repair. He also said a sale price of \$60,000 plus would finish the new fire hall with what is currently budgeted.

Councilor Haberly asked if the City should start using the well in the old city hall, since we have decided to keep that portion of the property, given what the state is trying to do with water rights. Councilor Haberly said he does not know the cost to have the well become usable but worries that if water rights are going to be taken away, the well should be used. Mayor Lundbom asked Public Works Director Legg if the water had to be used to maintain water rights. Public Works Director Legg said water rights are not supposed to go away whether the water is used or not but the criteria could change. Councilor Smith mentioned the well is a stand-by source for future use if necessary. Councilor Haberly stated that right now the water rights are not a problem but the removal of water rights is coming from their conversation with Ferrioli. Councilor Smith verified that the old city hall is not a part of the sale, just the old fire hall.

City Manager Green said we do need to decide what to do with the old city hall. Does the City just continue to pay liability insurance? Councilor Weigum asked if any group was interested in purchasing the old city hall and the fire hall. City Manager Green said he has only spoken with one group, Oregon

Trail Electric Co-op, about purchasing both. OTEC said they were not interested because their plan at some point in the future is to shut down the substation between the buildings. Councilor Smith said he recalls having the discussion before City Manager Green's arrival about whether to sell the old city hall and fire hall together or separately and recalls deciding it would be easier to sell them separately. City Manager Green stated that the real challenge with the sale is the well and its location in the middle of the property. Councilor Smith stated the City may need to just keep the house. City Manager Green suggested that would could turn it into a parking lot and not allow anything to be built over the well but it will cost money to tear it down. Bruce Ward offered to put a façade like the one on the coffee shop on the building. Councilor Weigum was unsure of the benefit the façade would provide.

Public works Director Legg said if there were to be a parking lot, there would need to be a vault on the well with the housing being underground. The size of the vault would depend if the well would have a pump and electricity or just a cap but converting the area to a parking lot would not be an issue. City Manager Green said he will have time in December to come up with some ideas on what to do with the old city hall and the costs, including converting to a parking lot or the façade. The only cost now for the building is the base cost for electricity and insurance. Councilor Smith said he believes the City should get the old fire station sold first.

Mayor Lundbom said we should set a minimum on the fire hall and not give it away as it is nearly downtown real estate. City Manager Green suggested the option to set the floor lower to get multiple bidders that have to guess at the others' bids. Councilor Weigum stated she was glad to have the ability to consider economic growth in the bids. Counselor Smith said he wants to be sure it is clear how the bids will be decided to avoid any contention.

Agenda Item No. 8–Other Business and Upcoming Meetings

- City Manager Green has a meeting next week with City Attorney Green and Justice Stinett to see how the dog ordinance can be implemented with the inter-government agreement for going to Justice Court for enforcement. After the meeting City Manager Green will send a revised, more functional draft to the council with his observations on benefits and detriments. The Council will then be able to decide if they would like to implement the ordinance. Police Chief Gray sees some flaws in who will be enforcing the ordinance and sees pieces that still need worked out. City Manager Green pointed out the ordinance does give law enforcement discretion to identify a dog on a one-to-five scale without having to wait for a neighbor to report a dog. City Manager Green said he hopes to have the new draft before the next council meeting.
- City Manager Green recapped the meeting with Senator Ferrioli on October 20, 2016. Senator Ferrioli acknowledged the 911 tax is broken but said no politician will sign up for more taxes. Even though the tax has not been increased since the 1990's, Senator Ferrioli did not think an increase would be feasible. City Manager Green said the 911 tax is structured so that rural communities have to regionalize unless there is a strong commitment to pay the difference from the tax. Senator Ferrioli suggested bridge funding until tax reform or Grant County's population increases. City Manager Green calculated it would take a population of 64,666 residents to break even for fiscal year 2017. Councilor Smith commented that what was heard in the meeting is that the tax restructure is not going to happen so rural communities are forced to regionalize.

Emergency Communications Center Supervisor Lutrell said she was in a meeting with the Association for Public Communications Officers (APCO). APCO has lobbyists who will help push for tax increases but APCO's advice was that no one is going to support a new or increase in taxes. She said in the state's mind, the 911 tax is for 911 calls, not for taking care of the fire department and the police. But a 24 hour staff is still required. She said the Next Gen is a big

cost for the 911 community. There is a pilot project for Text to 911 that will be coming to our center soon which could increase costs. She said these are huge costs to the state as a whole so the state sees our community's costs as minimal and that we should be taking care of them. She said if the state mandates implementing the Text to 911, the state will pay for the equipment, but if more staffing is required, the City will have to cover it. Emergency Communications Center Supervisor Lutrell sees the Text to 911 as possible under the current staffing but the state's requirements for implementing the Text to 911 could change the staffing requirements. The Text to 911 would be beneficial to the hearing or speech impaired communities, times when it is unsafe for voice calls and times when there is not enough service to make a voice call. Mayor Lundbom said it was a good meeting and felt the Senator Ferrioli heard the City's problems.

City Manager Green said the good news coming out of the meeting was that Senator Ferrioli thinks the state would back the City on a fiber optics to the home project. Senator Ferrioli emailed the lead on the Oregon Broadband Advisory Council (OBAC) who got in touch with City Manager Green. After learning what we will be submitting for the EPA Rural Advantage Grant, OBAC may endorse the City for the grant. Councilor Smith felt that Senator Ferrioli was interested in helping rural cities like ours with infrastructure.

- City Manager Green said the EPA Rural Advantage Grant is called "Cool and Connected." The Connected piece is for being virtually connected, municipal fiber network, and connecting residents to each other through multimodal paths, sidewalks and bridges. He said the goal is to stimulate commerce and more active lifestyles, that this will be a highly competitive grant, but the City has a great story to tell. The grant application is finished and City Manager Green will be asking Senator Ferrioli and Representative Bentz for letters of support. He said there is no dollar value for the grant but it provides planning assistance. The grant will be awarded in January or February.
- City Manager Green updated the Council on the DEQ Recycling Feasibility Grant. Mr. Mike Cosgrove and The Friends of Grant County have been working with City Manager Green on the application. Mr. Cosgrove spoke with DEQ on a preadmission conference. DEQ notified Mr. Cosgrove that DEQ will not fund a feasibility study because they are doing their own feasibility study for all of Eastern Oregon. He said DEQ will be looking at recycling and waste management challenges for all of the rural communities. City Manager Green will be finding out more about DEQ's time line for the study. DEQ asked for the grant application to be amended to asking for funding for a specific project. City Manager Green said he feels the focus should be on residential recycling with local collection points but does not know what to do with collected materials. Without the feasibility study, City Manager Green does not feel we should put in an application for the recycling, but instead look at solar powered trash compactors for community waste diversion. He said custom labels can be created for systems like Big Belly, where the solar-powered compactors send notifications to public works when it is time to empty them. Director Legg said there are 11 garbage cans downtown which are picked up once a week. The Council agreed these solar powered compactors would be beneficial to pursue in the grant.
- City Manager Green updated the Council on the FEMA Fiscal Year 16 Assistance to Firefighters Grant. He said the turnout gear and new equipment could be for both the City and Rural District. The application is pushing emergency preparedness for the eclipse. This grant will be submitted November 15th.
- City Recorder Bass notified the Council that the auditors are planning to attend the December meeting for their presentation.

Adjourn

There being no further business before the Council, Councilor Smith moved to adjourn the session. Councilor Haberly seconded and the motion passed unanimously. The session was adjourned at 8:03 p.m.

Respectfully Submitted:

Nicholas Green

City Manager

ACCEPTED BY THE CITY COUNCIL, NOVEMBER 8TH, 2016

Mayor Ron Lundbom