

**John Day City Council**  
**December 13, 2016**  
**7:00 PM**  
**Fire Station, 316 S. Canyon Blvd**  
**AGENDA**

1. **OPEN AND NOTE ATTENDANCE**
2. **APPROVAL OF CITY COUNCIL MINUTES OF NOVEMBER 8, 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 APPROVAL THE 5-YEAR INTERAGENCY AGREEMENT FOR WATER AND SEWER SERVICES TO CANYON CITY**  
Attachment:
  - Signature copies of interagency agreements from Canyon City Council
5. **DISCUSS FOR ADOPTION RESOLUTION NO. 16-762-09, A RESOLUTION TO AUTHORIZE EXPENDITURE OF THE FEMA – ASSISTANCE TO FIREFIGHTERS GRANT**  
Attachment:
  - Resolution No. 16-762-09
6. **DISCUSS FOR APPROVAL THE FISCAL YEAR 2016 AUDIT BY GUYER & ASSOCIATES**  
Attachment:
  - Independent Auditors' Report and Financial Statements for the Year Ended June 30, 2016 (included in council packet)
7. **OPTIONS FOR REINVESTING WATER REVENUE TO MAXIMIZE ROI**  
Attachment:
  - Memorandum on reinvesting water revenue to maximize return on investment
8. **DISCUSS FOR ADOPTION RESOLUTION NO. 16-763-10, A RESOLUTION ESTABLISHING WATER RATES, DEPOSITS, AND OTHER RELATED CHARGES**  
Attachment:
  - Resolution 16-763-10
  - Utility Expense Analysis – Water Fund
9. **DISCUSS FOR ADOPTION RESOLUTION NO. 16-764-11, A RESOLUTION ESTABLISHING SEWER SERVICE AND CONNECTION CHARGES**  
Attachment:
  - Resolution 16-764-11
  - Utility Expense Analysis – Sewer Fund

**10. REVIEW AND DISCUSS OREGON SOLUTIONS PROPOSAL AND PRIORITIES**

Attachment:

- Proposal from Oregon Solutions Team

**11. MOTION TO APPROVE CITY MANAGER RESIDING OUTSIDE OF JOHN DAY**

**OTHER BUSINESS**

**12. OTHER BUSINESS AND UPCOMING MEETINGS**

- Status update on sale of old fire station
- Laserfiche Digital Archive now active
- New city website scheduled to launch on January 1<sup>st</sup>, 2017
- 10 January 2017 – Next City Council Meeting
- 24 January 2017 – Representative Bentz to attend John Day City Council meeting to discuss proposed legislation for transportation taxes and funding

Attachment:

- LOC Bulletins

**ADJOURN**

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** December 13, 2016

**SUBJECT:** Agenda Item #4: Discuss for approval the 5-year interagency agreements for water and sewer services to Canyon City  
Attachment(s)

- Signature copies of interagency agreements from Canyon City Council

## **BACKGROUND**

Mayor Lundbom and City Manager Green met with the Canyon City Council on October 18<sup>th</sup> to discuss the status of Canyon City's sewer payments. On November 8<sup>th</sup> City Manager Green provided the John Day City Council with a memorandum proposing new sewer rates for Canyon City based on a fixed payment schedule with built-in escalation over the five-year agreement period. The Council concurred with making the proposal to Canyon City as described in the memorandum.

## **UPDATE**

The Canyon City Council has adopted the 5-year interagency agreements for water and sewer services as described in the November 8<sup>th</sup> memorandum. The agreement is now ready for ratification by the City of John Day.

Copies of the agreement are included in the packet for council to review.

## **RECOMMENDATION**

After review and discussion by the council, the following motions are recommended:

- 1) "I move that the Council adopt Amendment No. 1 to the First Amended and Restated Water Sale Agreement in its entirety and authorize Mayor Lundbom to sign the agreement."
- 2) "I move that the Council adopt Amendment No. 1 to the First Amended and Restated Sewer Sale Agreement in its entirety and authorize Mayor Lundbom to sign the agreement."

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** December 13, 2016

**SUBJECT:** Agenda Item #5: Discuss for adoption Resolution No. 16-762-09, A Resolution to Authorize Expenditure of the FEMA – Assistance to Firefighters Grant Attachment

- Resolution No. 16-762-09

## **BACKGROUND**

The City of John Day was awarded a grant from FEMA in the amount of \$24,682 for the FY2014 Assistance to Firefighters Grant. The award was accepted by former City Manager Peggy Gray on 09/18/2015.

Funds from this award are disbursed upon the request of the City. The City has requested five disbursements during the current fiscal year for a total of \$19,432. These disbursements were for the following items:

- 1) Office furniture for new fire station, consisting of two lifetime 8 foot Professional Grade tables, reception chairs, folding and stacked chairs (\$6835)
- 2) Training room furnishings, podium/lectern, audio/video equipment, and white boards (\$2037)
- 3) All welded gear locker with foot locker top shelf cabinet and legs 24x18x72 red; 20 units (\$7680)
- 4) White Granite Tables 4-pk - Item #913278 for conferences and meetings; QTY 3 (\$1110)
- 5) Reimbursement is for shipping costs associated with the All Welded Gear Lockers (\$1770)

A resolution of the council is required to apply these funds.

## **RECOMMENDATION**

After review and discussion by the council, the following motion is recommended:

“I recommend the John Day City Council adopts Resolution No. 16-762-09.”

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** December 13, 2016

**SUBJECT:** Agenda Item #6: Discuss for approval the fiscal year 2016 audit by Guyer & Associates Attachment

- Independent Auditors' Report and Financial Statements for the Year Ended June 30, 2016 (included in council packet)

## **BACKGROUND**

The Independent Auditors' Report and Financial Statements for the Year Ended June 30, 2016 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**

After review and discussion by the council, the following motion is recommended:

"I recommend the John Day City Council accept the Independent Auditors' Report and Financial Statement for the Year ended June 30, 2016."

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** December 13, 2016

**SUBJECT:** Agenda Item #7: Whiskey is for drinking, water is for fighting over  
Attachment

- Memorandum on options for reinvesting water revenue to maximize ROI

## **BACKGROUND**

John Day has water. What it needs is money.

The City of John Day currently uses one tenth of its annual water generating capacity and less than five percent of its total water rights. Based on the findings of the 2015 Water Conservation Plan, the City has enough water capacity in its current infrastructure to meet the needs of a population four times larger than its current population of 1,735 residents.

## **DISCUSSION**

Water is a strategic asset of the City that has been underutilized. In addition, the fixed cost to build, operate and maintain our water system infrastructure is being spread over a declining population base. As a result, there are fewer residents and industries to absorb the fixed cost of the system. Meanwhile, the variable cost to produce more water cannot be used to offset current investments because supply exceeds demand by an order of magnitude. In order to right the ship, the City needs to stimulate demand.

The memorandum enclosed provides options for the City Council to help maximize our investments in water infrastructure. The City has an abundant water supply that could be used to invest in “thirsty” industries and recreational amenities that require large quantities of water to maintain.

Some of the current revenue could also be redirected away from water infrastructure and toward community development projects that will increase John Day’s population. Increasing the population will in turn increase the water system user base, thus generating more revenue from system development charges and water usage fees to offset the City’s fixed costs.

There’s an old adage that cities don’t charge for water, they charge for shipping and handling. John Day has a complex water distribution and storage system that needs to be maintained to ensure our residents will continue to enjoy healthy and abundant water for domestic and commercial use. However, there are opportunities to ensure this outcome while also realizing a higher return on investment for our taxpayers. This can be achieved by putting our excess water capacity to use.

## **CONCLUSION**

The Council does not have to make an immediate decision on how to deploy the City’s water assets. Rather, this information should be used to inform the discussion with the auditor about our efforts to monetize the City’s assets and reinvest revenue in amenities and infrastructure that will make our community more attractive to future residents and investors.

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** December 13, 2016

**SUBJECT:** Agenda Item #8: Discuss for adoption Resolution No. 16-763-10, A Resolution Establishing Water Rates, Deposits, and Other Related Charges  
Attachment

- Resolution No. 16-763-10
- Utility Expense Analysis – Water Fund

## **BACKGROUND**

Resolution No. 16-763-10, a resolution establishing water rates, deposits, and other related charges proposes to raise our current water rates for residential customers from \$35.00 to \$36.00, a \$1.00 rate increase per month beginning January 1, 2017.

As per conversations with the City's Auditor Kent Bailey of Guyer & Associates, it is necessary to raise water/sewer 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. The City is also paying \$82,553 annually for the west-end water system improvement project. These payments will continue until 2027 (see note 5 to basic financial statements). In addition, the water fund contributes 54% of the cost of the Business Oregon loan for the industrial park, with the sewer fund contributing 46%). The total payments for this loan are \$152,510 annually. These payments will continue until 2029 (see note 6 to basic financial statements).

The City of John Day had a net increase in water of approximately \$75,000 in 2014; \$62,000 in 2015, and \$66,000 in 2016. However, depreciation expense for the water averaged \$130,000 for the past three years. At present the City is covering 51% of its average annual depreciation. A \$1 increase will cover an additional 7.5% of depreciation.

## **DISCUSSION**

This resolution also proposes a negotiated rate for Canyon City of \$6.00 per 1,000 gallons. As noted in the attached spreadsheet prepared by Anna Bass of Oster Professional Group, last fiscal year it cost the City \$5.18 to produce 1,000 gallons of water. The cost per gallon decreased from FY14-15 (previously at \$5.33) because we produced an additional 858,000 gallons. The more water the city produces, the lower our average cost per gallon and the more revenue the city generates (assuming there is a buyer).

## **RECOMMENDATION**

After review and discussion by the council, the following motion is recommended:

“I recommend the John Day City Council adopts Resolution No. 16-763-10.”

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** December 13, 2016

**SUBJECT:** Agenda Item #9: Discuss for adoption Resolution No. 16-763-10, A Resolution Establishing Sewer Service and Connection Charges  
Attachment

- Resolution No. 16-764-11
- Utility Expense Analysis – Sewer Fund

## **BACKGROUND**

Resolution No. 16-763-10 proposes a \$1.00 increase to the base sewer rate. The sewer fund had a net increase of approximately \$100,000 in 2014; \$56,000 in 2015, and \$9,000 in 2016. Our depreciation expense for the sewer system averaged about \$60,000 over that three-year period. The City is covering its depreciation costs within the sewer fund; but the total accumulated depreciation in the sewer fund is \$1,959,068. The City is approximately \$1.6 million short of fully funding its depreciation, which does not take into account that the cost to replace the wastewater treatment plant. In addition, the sewer fund contributes 46% of the cost of the Business Oregon loan for the industrial park, with the water fund contributing 54%. The total payments for this loan are \$152,510 annually. These payments will continue until 2029 (see note 6 to basic financial statements).

## **DISCUSSION**

As stated by the City Auditor last year, every dollar that we have available to put down towards the project will save \$2.00 - \$2.50 in interest as we pay for the new treatment plant.

## **RECOMMENDATION**

After review and discussion by the council, the following motion is recommended:

“I recommend the John Day City Council adopts Resolution No. 16-764-11.”



**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** December 13, 2016

**SUBJECT:** Agenda Item #10: Review and Discuss Oregon Solutions Proposal and Priorities  
Attachment

- Oregon Solutions Team Proposal

## **BACKGROUND**

On October 19, 2016 Grant County community leaders met with the Governor's Regional Solutions Coordinator and expressed a desire to develop a plan for community investment that would help focus community efforts on a short set of priority projects.

The list of projects included the following:

- A new school or updating infrastructure for the existing high school (new bond measures)
- A new community recreation / wellness center
- Improving the area's broadband infrastructure
- A new wastewater treatment facility
- Improvements to the Canyon Creek watershed for floodplain mitigation
- Workforce development and training
- New housing projects / housing developments

No single project was identified as the top priority, and the above list is not inclusive of every project that was discussed or could be proposed as part of the effort.

## **DISCUSSION**

Oregon Solutions has developed a proposal for a two-day community priority setting event. The purpose of this event is to identify a single project that would have the highest impact and broadest public support. Oregon Solutions would provide a neutral forum and highly skilled professional support led by Mike Dugas, a facilitator who has conducted previous strategic planning sessions in Grant County.

The cost of the proposal is \$9,800 and would be provided by the City of John Day, Grant County, and the School District. An application for a Community Collaborations Technical Assistance Grant from the Ford Family Foundation (if approved) would offset this cost by \$5,000 leaving a balance of \$1,600 per agency plus incidentals.

## **RECOMMENDATION**

Council should discuss the projects listed above and list any other projects they consider a priority.

Council should also determine if they consider participating in this process to be a worthwhile endeavor.

**TO:** John Day City Council  
**FROM:** Nicholas Green, City Manager  
**DATE:** December 13, 2016  
**SUBJECT:** Agenda Item #11: Motion to approve City Manager residing outside of John Day

## **BACKGROUND**

City Manager Green requests a motion from the Council to authorize him to live outside of the city limits. Chapter V of the John Day City Charter states, "The manager need not reside in the city or the State when appointed but thereafter shall become, and during his or her tenure of office remain, a resident of the city, unless given a waiver by a majority of the Council" (Section 22, Paragraph 3).

Footnote 20 of this paragraph states, "it is the intent of this section to require the city manager to live within the boundaries of the city unless permission is obtained from a majority of the council to do otherwise."

## **DISCUSSION**

City Manager Green is contemplating making an offer on a property located in John Day's urban growth boundary. No decisions have been made yet, but he would like council approval to live outside of the city limits if necessary.

## **RECOMMENDATION**

Motion to allow the city manager to live outside the John Day city limits.

**TO:** John Day City Council  
**FROM:** Nicholas Green, City Manager  
**DATE:** December 13, 2016  
**SUBJECT:** Agenda Item #12: Other Business

Attachment(s)

- LOC Bulletins

### **OTHER BUSINESS**

1. Status update on sale of old fire station

The City has copies of the deeds and a legal description of the two parcels of land the old fire station currently sits on (Deed Book 76 Page 45 and Deed Book 123 Page 166). These descriptions along with the description of the building will be provided to potential offerors in late December. Offerors will have a period of two weeks to submit questions and evaluate the site if needed. Best and Final Offers will be submitted in mid-January and the Council will be able to make a determination on the sale of the property during the January 24<sup>th</sup> council meeting. No minimum offer price will be required, however, the City reserves the right not to sell the building if the offers are not considered competitive or in the best interest of the city.

2. Laserfiche Digital Archive now active

The Laserfiche installation and training are complete and staff are actively archiving the city's public records. The oldest record found to date is a leather-bound ordinance book containing City Ordinance No. 1, an ordinance requiring a license to sell spirituous liquors, dated May 1900.

3. New city website scheduled to launch on January 1<sup>st</sup>, 2017

The new website designed by Aha consulting will switch to the cityofjohnday.com domain on December 30<sup>th</sup> and will be live on January 1<sup>st</sup>.

### **UPCOMING MEETINGS**

1. 1/10/2017 – Next City Council Meeting.
2. 1/24/2017 – Representative Bentz to attend John Day City Council meeting to discuss proposed legislation for transportation taxes and funding