

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

January 24, 2016

Adjourned Meeting

COUNCILORS PRESENT:

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

COUNCILORS ABSENT:

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

GUESTS PRESENT:

Ted Ferrioli, District 30 Senator
Cliff Bentz, District 60 Representative
Anna Bass, Oster Professional Group
Rick Minster, John Day
Caleb Maplesden, John Day
Larry Maplesden, John Day
Bonnie Maplesden, John Day
Rylan Boggs, Blue Mountain Eagle
Josh Walker, City of Seneca
Steve Fischer, Mayor of Canyon City
Louis Provencher, John Day
Nancy Moffett, John Day
Farrell Moffett, John Day

Agenda Item No. 1 – Open and Note Attendance

The John Day City Council meeting opened at 6:00 p.m. Mayor Lundbom noted all members are in attendance.

Executive Session No. 1

Councilor Willey moved to enter executive session pursuant to ORS 192.660(2)(i), which permits the council to meet in executive session to review and evaluate the employment-related performance

of the chief executive officer of any public body. Councilor Schuette seconded and the motion passed unanimously.

Executive session was held from 6:03 PM to 6:13 PM to conduct the City Manager's 6-month evaluation.

Councilor Schuette moved to end the executive session. Councilor Haberly seconded and the motion passed unanimously.

Executive Session No. 2

Councilor Willey moved to enter executive session pursuant to ORS 192.660(2)(e), which permits the council to meet in executive session to conduct deliberations with persons designated by the governing body to negotiate real property transactions. Councilor Schuette seconded and the motion passed unanimously.

Executive session was held from 6:14 PM to 6:48 PM to discuss real property transactions.

Councilor Schuette moved to end the executive session. Councilor Weigum seconded and the motion passed unanimously.

Agenda Item No. 2 – Approval of City Council Minutes of January 10, 2017

The minutes of the January 10, 2017 City Council meeting were included in the agenda packets and were presented for the Council's approval. Councilor Smith noted the minutes should be amended to reflect \$62,500 as the correct minimum purchase price for the fire station. Mayor Lundbom corrected one spelling error.

Councilor Willey moved to adopt the minutes as amended. Councilor Schuette seconded and the motion passed unanimously.

Agenda Item No. 3 – Appearance of Interested Citizens

Mayor Lundbom welcomed visitors in the audience.

Agenda Item No. 4 – Rate Increase Request from Clark's Disposal

Nancy Moffett from Clark's Disposal requested an increase to their rates for solid waste management. Rates were provided to the councilmembers in advance along with draft Resolution No. 17-765-01. Mrs. Moffett reminded the council that the City approved a fuel charge increase of 80 cents per can from June 1, 2012 through December 30, 2014; but otherwise the rates have remained unchanged since 2008.

Councilor Holland stated he does not receive a bill and discussed the fuel charge. He stated he never receives a bill and has spoken with several people in the community who also never receive bills. He said he has no way of knowing if the fuel surcharge is included or not because of this. Audience members and other council members also stated they do not receive bills.

Mrs. Moffett said she was unaware residents were not receiving bills. She confirmed that she removed the fuel surcharge in 2014 as required by the previous resolution and that the City contacted her to request the removal.

Seneca City Recorder Josh Walker said their utility billing software has a box they can check that allows them to not send a bill to residents who have a positive account balance, and that may be the reason residents are not receiving bills.

Councilor Holland stated if the surcharge has been dropped he is not concerned about the increase. Mayor Lundbom stated Clark's is doing an excellent job.

Councilor Schuette moved to adopt Resolution No. 17-765-01, A Resolution Establishing Rates for Solid Waste Management, And Other Related Charges. Councilor Willey seconded and the motion passed unanimously.

Agenda Item No. 5 – Sale of the Old John Day Fire Station

City Manager Green opened the sealed bid for the fire station. Only one bid was received, that from Larry A. Maplesden. City Manager Green reviewed the proposal and determined that it met all of the requirements in the request for competitive bids.

Mr. Maplesden's bid also requested certain items contained within the building. Several of these were already spoken for or were needed by the fire department. However, the City Council agreed to include the following items in the purchase of the building:

- 1) Water heater (as currently installed)
- 2) Upstairs metal shelving (on right hand side of stairs)
- 3) Air lines and hoses (as currently installed)
- 4) Certain items of firefighter gear and memorabilia that are non-serviceable (to be identified by the Fire Chief)

City Manager Green stated that OTEC will also need a limited license to access the power substation adjacent to the building and this will need to be included in the purchase agreement. Mr. Maplesden stated that will not be a problem.

Councilor Willey moved to accept the offer from Larry Maplesden as described in his proposal and authorize the City Manager to act on the City's behalf to complete the sale of the property. Councilor Schuette seconded and the motion passed unanimously.

Mayor Lundbom moved Agenda Item No. 6 to the end of the program to allow Representative Bentz time to travel to the meeting and proceeded with Agenda Item 9, followed by Agenda Item No. 8 and No. 7.

Agenda Item No. 9 – Other Business and Upcoming Meetings

1. City Recorder Anna Bass discussed changes to the 2016 certified annual financial reports (CAFR). The CAFR incorrectly identified a budget overrun in the General Administration fund. This was due to an accounting error. The CAFR also incorrectly stated that city staff are appointed by the City Council when they are actually hired by the city manager. These changes were made in the CAFR before they were sent to the State Auditor's Office and copies of the changes were provided to the council.
2. Council moved to increase the City Manager's salary following the successful completion of his six-month probationary period (ending Dec 20th, 2016). His next evaluation will be held in January 2018. **Councilor Schuette moved to increase the City Manager's salary one step to Grade 15 Step 5. Councilor Weigum seconded and the motion passed unanimously.**

3. City Manager Green discussed the public safety oriented city council meeting that will be held on February 14th. The City will publish its first annual public safety report that will highlight department accomplishments and significant events as well as crime rate data for the city.
4. Mayor Lundbom reminded council members of the LOC elected essentials training dates.

Agenda Item No. 8 – A Strategy for Growth

City Manager Green presented an outline for a strategy for the city that focuses on growth. The methodology for the strategy was developed by Price Waterhouse Cooper (Strategy&) after studying high growth companies over a 70-year period. City Manager Green recommended the strategy because his perception following the last six months of council meetings is that many of the city's challenges could be resolved simply by going from population decline to population growth.

City Manager Green discussed the main aspects of the strategy (provided in the council packets) including: target demographics; differentiated capabilities that make John Day unique and desirable to residents and businesses; aligning the city's cost structure with the strategy so that we finance the strategy; and organizing the city staff and key partners to facilitate growth.

Council concurred with the initial aspects of the strategy and noted that attracting digital commuters will require better internet. They also discussed their knowledge of active retirees who are looking to move here. Rick Minster, John Day resident, volunteered to assist with the strategy. Councilor Smith discussed quality of life attributes, what is at stake and the need for job creation to help stimulate growth.

City Manager Green stated that if the council concurs with the strategy then the next most important thing is that we finance the strategy. That critical link has been broken in the past. He noted this will require creating a new line item in our budget for digital marketing and provided the example of the new website, which has added 800 new users in its first month. He said we will also have to promote and fund recreational amenities, competitive broadband infrastructure and more balanced housing options.

Green noted that these are interconnected issues. Grant County has the second worst internet connectivity in Oregon behind Wheeler. He stated that there is a tight correlation between property market values, broadband infrastructure and population growth: the four counties with the worst broadband infrastructure in Oregon are also the four counties with the lowest real market property values and highest rates of population decline.

Green discussed the formation of an internet task force with seven members to begin addressing the broadband challenges and the City's need for a housing plan to begin addressing the imbalances in the housing market.

Agenda Item No. 7 – Fiscal Impacts of State Tax Policy on the City of John Day

Council discussed the City Manager's memo on the need for 9-1-1 Tax reform and the fiscal impacts of the transportation package and the proposed property tax reform that will be discussed during the 2017 Oregon legislative assembly. Green stated he will be traveling to Salem next week to lobby for tax reform on this issue. Representative Bentz joined the meeting at 8:15 and this agenda item merged with the discussion of the transportation package.

Agenda Item No. 6. – Representative Bentz Transportation Presentation

Representative Bentz asked the Council what they would like to know about the transportation package. Council asked him to provide the highlights of the package. Representative Bentz gave a candid response

about the frustrating nature of the process. A group of 14 legislators have been traveling the state listening to people tell them every wish list item they ever wanted in the history of the transportation world. He said he wished they could have done that differently.

He stated he is one of four Vice Chairs of a 14-member Transportation Committee. There are seven House members and seven Senate members on the committee; three of the House are republican and four are Democrat – and the same is true of the Senate membership. The committee held 11 public meetings to identify needs, after which Rep. Bentz suggested that they begin building the transportation package.

He said the package consists of increases of some sort on the revenue side (gas tax, registration and title fees, and 15-20 other fees); and on the spending side there will be a bonding component. Each transportation dollar is broken into three parts: 50 cents goes to ODOT, 30 cents goes to counties based on population and 20 cents goes to cities based on population). The 50 cents that goes to ODOT funds state highways regardless of population and this benefits rural Oregon greatly because we have so many roads relative to our population. On the other hand, the amount that goes to the counties and the cities is relatively small because our populations are small.

Bentz said taxes cannot be raised in Oregon unless there are 36 votes in the House. The Democrats have 35 votes in the House, they need one Republican vote to get the 36. In the Senate are 18 senators and the Democrats are short one Republican vote in the Senate to pass the funding package.

Rep. Bentz stated Grant County has been wise about how it has managed its timber dollars and their current road fund balance is approximately \$50 million. However, the towns and cities are in desperate straits when it comes to city streets. Most of his cities have failing road systems because they do not have the population to generate the tax revenue to replace them. His estimate is 30% of city streets in his District are completely gone. The 70% that remain are in danger of being lost if they are not maintained.

He said the four co-chairs have created a framework for the transportation package with: 1) Maintenance and preservation; 2) Safety; 3) Modernization; 4) Accountability of ODOT and Planning; and 5) Revenue. He said this will be provided to the Press as a proposal and then sub-committees will meet to develop the details. He said his priority is accountability on how transportation tax dollars are spent.

Rep. Bentz then discussed the low-carbon fuel standards and their impacts on the price of gas and discussions of a proposed cap and trade policy that will also add to the cost of fuel. With those two elements also in play, there will not be much room left to increase the fuel tax for transportation improvements. Councilor Haberly discussed the poor quality of fuel and the impacts of blending. Rep. Bentz discussed the technical details for how the low carbon standards have to be reached and said he has argued on the floor of the House that the only way to reach the standard is to go to alternative fuels that do not create carbon. He reiterated that the process has been frustrating.

Council discussed mass transit and light rail investments in Oregon and Rep. Bentz clarified that mass transit is not paid for out of state fuel tax; it is paid for out of employer payroll taxes. He said there is an ongoing audit of ODOT to verify that tax dollars are not misspent, but it may not serve the purposes it is supposed to serve.

City Manager Green stated he sent both Senator Ferrioli and Representative Bentz a letter as suggested by the League of Oregon Cities Legislative Director who asked us to help educate our representatives on the fiscal impacts of state tax policy on cities. Green said he ran a couple of scenarios where he looked at the impacts of fuel tax increases, proposed property tax reform and 9-1-1 tax reform on John Day. Green stated that for the city, the transportation package (with a 10-cent increase in the fuel tax) would net \$33,000 in increased revenue – good but not a game changer. It would allow us to chip seal

approximately 1/13th of our streets. The same is true of the property tax. Removing the caps on Measure 50 and going to a Real Market Value-based tax system would net \$30,000. He said this is because Grant County has the second lowest RMV in the state and there is only a 12% difference between our assessed value and our RMV.

Green acknowledged that Representative Bentz and Senator Ferrioli have a tough job. He said we're sitting here telling you what everyone else is telling you, "here's all of our asks," but that is your job, so here are our asks: what would be the biggest impact would be 9-1-1 tax reform. Green said the deficit in the distribution of the 9-1-1 tax (which is 1% across the board regardless of population or ability to pay) costs local taxpayers \$200,000 annually. That money comes from unrestricted general funds and is an order of magnitude higher than the increase we will see from the transportation tax and the property tax.

Representative Bentz said he has been on the Revenue Committee for nine years and the 9-1-1 concept has come up almost every year. He said this is the first time he has heard about this problem when it comes to John Day. He has heard about it a lot in Malheur County, a little in Harney County and a little in Baker County, but this is the clearest statement that he has heard. He said since he is in a position to address the issue, when he gets back to his office he will put it on the list of things that need attention. He said these issues have been thought through a lot and he needs to go back and look at it. Louis Provencher asked if the city had seen a response from his letter to the Governor on this issue and City Manager Green said he had not, but the Governor's policy advisor had seen our feedback.

Green said if we can free up that money we can use it as matching funds for an 80/20 grant and turn it into one million dollars annually for local investment in any asset class: streets, public safety, housing, etc. He said we particularly need to invest in broadband capacity. Josh Walker said they are averaging less than one mbps download speed in their area and the increase in their street fund from the transportation tax will be less than \$12,000.

Representative Bentz stated the gas tax has only increased six cents since 1993, and that was in 2009, so the money we are raising to pay for state highways is diminishing. He said the average Oregonian who drives 12,000 miles per year and gets 21 miles per gallon pays \$153 a year in gas tax – far less than the amount paid for basic maintenance on a vehicle. Bentz said if the Council is supportive of his request to increase the fuel tax it will help maintain the roads for which we do not pay the full cost.

Councilor Smith referenced the City Manager's email requesting a placeholder for 9-1-1 tax reform to ORS 403.240(8) to provide a 2% distribution to rural counties with fewer than 10,000 residents that have only one public safety answering point (PSAP) in the county. Councilor Smith asked if the legislature would consider making that change. Representative Bentz said it is difficult when you are in the minority to make legislative changes that affect funding. He suggested that our chances this year are far better than they have been before because of the experience of our state legislators, but he could not guarantee it. Councilor Smith acknowledged the political challenges but asked 9-1-1 Supervisor Valerie Maynard how long the 9-1-1 tax of 75 cents had been in place. She said she believed it has not changed since 1995.

City Manager Green clarified he is not proposing an increase, but to keep the dollar amount the same and to change the distribution to fully fund the rural PSAPs before they distribute the 1% to the other PSAPs. He said for John Day, the cost to make up the difference is half of our property tax base. He does not believe there are many cities that receive the distribution who are facing that kind of problem. Representative Bentz reiterated that it is not impossible, but it is extraordinarily difficult to make these kinds of changes, especially when you are in the minority party. He said the problem is understood but the solutions need a lot of discussion and he has been through this conversation many times on the 9-1-1 tax. He said he is willing to consider it and have the discussion.

Representative Bentz recommended we contact Congressman Greg Walden’s office and get our broadband request on his desk immediately with an infrastructure stamp on it (Congressman Walden chairs the Committee on Energy and Commerce and is the Chairman, Subcommittee on Communications and Technology). He said if we have a solution to the broadband problem, he could help support us.

Green said we would like to leverage state and local funding in conjunction with federal broadband programs to help stimulate economic vitality in the region. Bentz asked what was missing and why we could not execute yet, and Green said there are several components, including a market analysis of the county’s current broadband infrastructure, but we are getting closer. Bentz said whatever the opportunity might be the avenues toward funding in an odd-year are fare better than an even-year. Green said he would get him a viable and financeable plan this session. Senator Ferrioli said he will check with the Oregon Broadband Advisory Council staff to see if the information for the survey is already available.

Council unanimously consented to supporting a fuel tax increase as part of the new transportation package.

Other Business

Council reviewed Robert Raschio’s application to the John Day Budget Committee.

Councilor Willey moved to appoint Robert Raschio to serve on the budget committee. Councilor Weigum seconded and the motion passed unanimously.

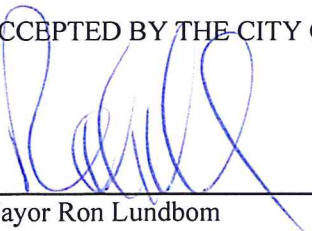
Adjourn

There being no further business before the Council, Councilor Haberly moved to adjourn the meeting. Councilor Weigum seconded and the session was adjourned at 9:31 p.m.

Respectfully Submitted:

Nicholas Green
City Manager

ACCEPTED BY THE CITY COUNCIL FEBRUARY 14TH, 2017



Mayor Ron Lundbom