

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

May 22, 2018

COUCILORS PRESENT:

Ron Lundbom, Mayor
Paul Smith, Councilor
Steve Schuette, Council President
Gregg Haberly, Councilor
Shannon Adair, Councilor
David Holland, Councilor
Brandon Smith, Councilor

COUNCILORS ABSENT:

STAFF PRESENT:

Nicholas Green, City Manager
Valerie Maynard, ECC Director
Monte Legg, Public Works Director
Matt Manitsas, Agribusiness Project Manager
Aaron Lieuallen, Senior Project Manager

Chantal DesJardin, Secretary
Anna Bass, City Recorder/Solutions CPAs
Ron Smith, Fire Chief
Mike Durr, Interim Police Chief

GUESTS PRESENT:

Logan Bagett, Elkhorn Media Group
Sherrie Ringer, Etc.

Rick Hanners, Blue Mountain Eagle
Jeremy Adair

Agenda Item No. 1—Open and Note Attendance

Mayor Lundbom called the John Day City Council meeting to order at 7:00 pm and noted that everyone was present.

Agenda Item No. 2—Approval of City Council Minutes of May 8th, 2018

Councilor Holland moved to approve the May 8th minutes as presented. The motion was seconded by Councilor Paul Smith and passed unanimously.

Agenda Item No. 3—Appearance of Interested Citizens

Mayor Lundbom welcomed the audience and asked if anyone had any items they wished to be added to the agenda. Councilor Holland requested to add the finalization process in the City Manager's Annual Performance Review after Agenda Item 5. Mayor Lundbom inserted the review as item 6.

Agenda Item No. 4— 9-1-1 Update and Tenant Arrangements

City Manager Green noted he didn't have the utility costs for the fire hall included in the packet but he brought some numbers. The IGC agreed to most of the proposal, but wanted clarification on the utilities under recurring operation expenses. Currently, electrical is \$130/month and they would be billed their one-third share monthly. The water and sewer share is \$350/year; they would be billed once a year

because it is a ledger adjustment for the City. There are fees of \$1,200 in insurance premiums; the IGC felt, as a tenant they should not pay a portion. Councilor Schuette noted the IGC voted last night and, other than the insurance, accepted the offer; there were seven yes and one abstention, with Councilor Schuette voting. Green explained the council will need to make some final decisions regarding the agreement. On the modified blueprint Green noted between rooms 105 and 115 will be glass so the dispatch supervisor can see if additional support is needed in the call room. He also added there are several options for addressing server needs if room 123 is not sufficient. *There were discussions about the changes and effects on the fire departments.* Green stated the current agreement stipulates a 90-day termination clause for the IGC, but a 15-year offer from the City gives the IGC flexibility to move to another facility in the future. It was noted the operations takeover would take place in January 2019, not 2018 as shown in the packet. Valerie Maynard noted the dispatchers are excited and added the glass between rooms also allows natural light in.

Councilor Paul Smith moved to approve the John Day City Manager to formalize the offer in a lease agreement to the IGC. The motion was seconded by Councilor Adair and the vote was unanimous, with Councilor Schuette abstaining due to sitting on the IGC.

Agenda Item No. 5—Results of LGPI Total Compensation Analysis

City Manager Green explained a compensation analysis had not been completed for more than fifteen years. LGPI did a salary and total compensation analysis, specifically, direct compensation; overtime eligibility; fringe benefits, like healthcare and premiums; leave accrual policies; all based on identified comparator cities. A brief summary of the thirty page report is: direct compensation (salary) was below market for every position, from 7%-32% below the midpoint; sick leave accrual was comparable, with a wide variation in the accrual cap; paid holidays were two less than every other city in the survey; health insurance benefits, while competitive, was on the low end; overtime was above market because management staff, except the city manager, are overtime eligible and John Day was the only city that offered that, in most cities they are exempt. Each city is unique, the whole context guides compensation. If certain staff are dual or triple hatted, versus in another city serving only one function, that has to be considered. The economic status of the city is important also, Grant County being the most economically distressed according to the Oregon Secretary of State.

Green stated he personally likes to run the leanest staff possible because it minimizes exposure in PERS and minimizes healthcare costs; he also prefers overtime exemption. If that is part of the compensation philosophy, you can't also underpay; work them hard, pay them well and they will be happy and stick around. He has found this works and would like to shift more that way, which would mean spot adjustments to those positions far below the midpoint. The city cannot afford to bring everyone up to the midpoint. He also recommended considering how performance is incentivized. Green suggested pay-for-performance; he thinks it encourages people to go the extra mile. Public Works Director, Chief of Police, and City Manager could be taken out of the step grade and go to a fixed salary, with cost of living adjustments. Any pay above that salary, unless it has been a significant amount of time or job description changes, if it is a good year with things going well and the city can afford to, a little extra will come from a bonus pool. Councilor Haberly noted Green just voted himself a pay cut. Green replied it is more about what behaviors are being encouraged; for example, if you combine sick, holiday, vacation, and comp time into paid time off studies show people use it differently. They are more judicious, because they get it paid out when they leave, and it is used more predictably. Councilor Holland asked about the effect on the unpaid comp fund. Green replied he would like to keep the leave as is until the numbers can be looked at with the admin committee and once the staff in January transition out.

Green noted these decisions are within the authority of the City Manager in the charter but he feels the Council should be involved because the city bears the cost when the city managers leave. It should be a collective discussion; they shouldn't make financial commitments today that can't be kept in the future but need to do right by their employees. Mayor Lundbom asked if it is prudent to wait until the end of the year. Green noted evaluations are done at the end of the fiscal year and spot adjustments to salary would be done in July 2018 for all non-union staff. The budget, approved by the committee and being reviewed later in the meeting, accounts for the changes in wage and change in vacation. Green suggested a trial-run to remove department heads from the pay scale and with adjusted salary have performance incentives in good years.

Councilor Adair supported the changes, they encourage doing extra; she does not like step increments. If the city is trying to grow and improve, the employees need to feel appreciated. Councilor Haberly stated his belief that the employee receives the step increase no matter what. Green noted they are asked to do a lot; many of them have more than one job. Councilor Paul Smith noted there is a lot to say in having ownership in the success of an organization. Councilor Brandon Smith asked about how this makes us competitive or not when it comes to hiring new city employees; current employees understand context but with changes how it would appear compared to other cities, even in the future. City Manager Green replied that he is proposing non-management staff stays in the step in grade, moving them closer to the market midpoint and only change the management staff, who have been here longer and are already in longevity pay two. Councilor Holland commented that his experience has shown the step increment is not guaranteed, it is up to a supervisor to determine if it is earned. Several councilors thanked him for clearing it up, they were under the impression it was guaranteed with time. Valerie Maynard added that steps can also be skipped. Green stated it helps to have steps when positioning new employees.

Agenda Item No. 6—City Manager Review

Councilor Holland noted that part of the evaluation process is review, overall rating, and potential for additional compensation/raise due to performance in the previous year. City council performed an evaluation in executive session but recommendations are done in open session.

Councilor Holland motioned an increase of 8.4% in salary, to begin July 1st for the City Manager. Noted this was supposed to happen in January. The motion was seconded by Councilor Schuette and passed unanimously.

Councilor Holland added that over the past year Green has put in extra time over and above salary expectations and pay working on grants. There is money in the current budget for administrative fees for administering the grant and doing work for it.

Councilor Holland moved to pay the City Manager the \$10,000 for the past year's above and beyond work and time put in to the process. Mayor Lundbom noted this has been previously discussed. Anna Bass confirmed the money is in the current budget. The motion was seconded by Councilor Adair and passed unanimously.

Councilor Holland proposed a 1% administrative fee on all grants administered, because they all take extra time above and beyond normal work, the City Manager provides the city with and administers, starting in FY19. Green added that engineers are asking for 3.5% to 20% for this work; it adds many hours to his workload. Councilor Adair noted it should be a percentage, as an incentive, because he does

not have to be so ambitious. *It was clarified this would apply as one percent of the award on grants with an allowable for administrative fees.* Green noted that straightforward financing grants typically do not allow administrative costs but labor-intensive grants with complicated management usually allow it. He looked at hiring more staff, which is far more expensive. Mayor Lundbom asked if one percent was enough. Green replied it is enough for him. Councilor Holland noted in the IT Fund of the current budget, there is an administration category for the grant, which is where those fees would be allocated through. As grant money came in, money would be in the budget to administer the grant. Green added that overhead was put into that broadband grant but the City Council has to motion to allocate that funding to the City Manager, he cannot pay himself. *There was discussion about the ways he has gone above and beyond to benefit not just John Day but the whole county.* **The motion was seconded by Councilor Adair. Councilor Holland amended the motion to state the fee would only apply to grants that allow an administrative fee. The motion passed unanimously.** Mayor Lundbom added for clarification that City Manager Green's contract is not year to year but rather ongoing.

Agenda Item No. 7—FY2019 Budget Hearing and Approval

Councilor Holland motioned to open the public hearing for the FY2019 Budget. The motion was seconded by Councilor Schuette and passed unanimously. No comments were made. Councilor Adair motioned to close the public hearing regarding the FY2019 Budget. The motion was seconded by Councilor Haberly and passed unanimously. Mayor Lundbom noted they would adopt and appropriate the budget (by resolution) in the June 12th council meeting.

Agenda Item No. 8—Wastewater Treatment Facility and Capital Projects Update

City Manager Green overviewed the updates on capital projects from the agenda. Green noted the Wastewater Treatment Plant will be, arguably, the largest capital investment the county has ever made. It will be a big lift, with the goal being to get as much of the capital costs financed externally as possible; the reality is, the results of the income survey state we could not support the cost to replace the plant. The plant is seventy years old, is next to state waters, and has to be replaced. The funding agencies have been pre-briefed; they know that a new economy is needed along with the treatment plant and the city is going to try to do both. To form an asset that creates jobs and revenue stream that lowers the cost to the consumer, capital costs for construction needs to be offset. Green stated there is currently \$700,000 saved in the reserve fund, for the new treatment plant, and we are eligible for \$2.5 million in block grants, which gets the city about a quarter to third of the way. At the one-stop in Pendleton, financing agencies will provide an estimate of what they can do, like potential grant and long-term loans. It will be up to the city to close the gap left over. On the 26th, the engineers will present their recommendations from the feasibility study at which point the council could downselect an option or decide at a later meeting. The city will not commit to construction until the financing is nailed down for the project. It is important to have a capital financing strategy to do engineering in the following year and construction in the next. What is built in the next three years has to last for another seventy years and could set an example of how cities can turn wastewater into an asset. Councilor Paul Smith noted it is a perfect opportunity for John Day to be a showcase, for the State to take note; it would be the first sustainable water treatment facility in the state and he feels state officials will take note and look into investing in the success and replication across the state. Green noted at the WateReuse conference in Portland it was well received and resonated with people; they were surprised it was coming out of John Day. He toured a reclaimed water facility in Portland that is processing more in a week than John Day does in a whole year, so it is happening at scale in other cities but not in small towns. Green added the city could afford to finance on the USDA loan nearly \$2.5 million, in addition to reserve funds and potential grants

the city is looking at five million towards the goal, which could be ten to twelve million or less if needed. He feels the city should shoot for the ideal situation, with Class A reclaimed water, which would increase our available water by seventy-five percent, or 80 million gallons in the first year and every year after-nearly 200 of our water reservoirs. Councilor Haberly asked if the city could ever outgrow the system. Green stated they wouldn't outgrow it in population but the facility will age out in forty to seventy years.

Councilor Schuette asked about where the other five to seven million will come from. Green replied with endowments, state, federal and non-profit agencies; he has scheduled an investor conference for September. A program called New Market Tax Credits has three million available in private sector investment but you have to create some economic value, which is where the greenhouse comes in. A reclaimed water facility brings in funders that would not be available for a traditional plant such as, Oregon Water Resources Department and the U.S. Economic Development Agency. If the target funding is not reached, they will value engineer out to match funding, but it is vital to not fall short of achieving Class A water.

Green stated the city has a design but no builder for the greenhouse; bidders for the design-build contract could not find anyone local to team with and did not know to look as far away as central Oregon. There were no fully compliant bids, just bids compliant and cost competitive design options. Going back to the drawing board, Green plans to discuss with the council a split contract; do the contract for the structure and the farming systems and have the city award separate contracts for the electrical, plumbing, foundation, and to erect the greenhouse. The city will act as a general contractor and subcontract the specialties; it adds more work for the city but ultimately will save money. A services portion could be stipulated, so the design company comes out to advise on assembling their structure. The delay in contract award has pushed the first crop back thirty days.

The TGM Grant is in the award process; a scope of work refinement will be done later in the week. In late August, after it goes to the Department of Justice for adjudication, they will begin work. Thirty days were lost due to the original source selection having a tie, resulting in a follow up to narrow down a choice. Mayor Lundbom noted they would also have to come to a deal with the selected company. Green noted that does not appear to be an issue, they are excited to get started.

The Urban Renewal Agency referred the Urban Renewal Plan to the Planning Commission and City Council. Planning Commission will read on Thursday and council will review and adopt on June 12th, effective thirty days after adoption.

The window for construction, on the fire hall, is about sixty eight days; by September it should be ready for 9-1-1 to move in.

Public Works Director Monte Legg said bidding will begin on excavation for the Canton extension the following day. Traffic will be allowed on, once construction begins on the duplexes, with pit run gravel and paving to be done once construction is complete. Mayor Lundbom noted the area looks nice and cleaned up.

City Manager Green noted that he did not have the bandwidth to get the application to upload for the USDA Community Connect Grant. The team in Portland was able to upload the application for him in time. There were five fifteen hour days where team members in London edited the application each night. The application was very complication with eleven schedules and twenty attachments; it has been

accepted and notification of shortlist will be within the next few months. Those shortlisted will be visited for verification of need. It is a competitive process, Green feels good about the team and application but there are other financing options if they are not awarded the grant.

On June 12th, the council will discuss the application for the 2018 Recreation Trails Program through the OPRD, which is for financing of the trails on the north side of the river (Phase 1). It would bring the trails up to a design standard and would be done alongside the TGM work for the Innovation Gateway; the ask amount for the grant is estimated at \$240,000.

City Manager Green noted the city did not receive the housing grant through the governor's office but will be redirected for the hazardous substances abatement and draft stopping. He is anticipating a discussion in the next two weeks. Once the abatement portion is complete the city can look at putting it back on the market or doing a joint development with a private entity. While waiting for the top floor work, the old Naturally Yours space needs work done--probably just a new vinyl floor and paint to get rented out again.

Agenda Item No. 9—Other Business and Upcoming Meetings

City Manager Green talked about the Water Reuse Conference. He noted were discussions about how the science of wastewater treatment is moving beyond just the science and into art; it is not just about treating to dispose but creating something, to benefit the community, from that process. The theme of his presentation was leveraging technology to: create new jobs, new investment opportunities, and address population decline. They were able to network with designers, policy makers, and permit writers; many people are interested—they are watching the city to see if the city can turn Class A water into cash crops. *There were discussions among councilors about the wetlands in Prineville.*

City Manager Green noted Richard Gray accepted the severance package; his last day was May 11th. Andrew Martin is now working solo, has gotten experience in court, and helped find a suspect who was burglarizing homes in Riverside Home Park. Chief Durr confirmed the Sheriff's Department is still helping out, about two days a week, for the remainder of the transition.

Mayor Lundbom reviewed the other business, upcoming meetings, and noted City Manager Green will be on vacation from the 13th to the 26th but attending the one-stop on the 21st in Pendleton.

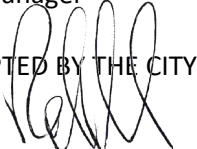
Adjourn

There being no further business before the council, Councilor Schuette motioned to adjourn the meeting. The motion was seconded by Councilor Haberly and passed unanimously.

Respectfully Submitted:

Nicholas Green
City Manager

ACCEPTED BY THE CITY COUNCIL ON JUNE 12, 2018



Mayor Ron Lundbom