

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

January 8, 2019

COUCILORS PRESENT:

Steve Schuette, Councilor
David Holland, Councilor
Paul Smith, Councilor
Shannon Adair, Councilor

COUNCILORS ABSENT:

Ron Lundbom, Mayor
Brandon Smith, Council President
Gregg Haberly, Councilor

STAFF PRESENT:

Nicholas Green, City Manager
Monte Legg, Public Works Director
Chantal DesJardin, Secretary
Julie Larson, Senior Account Clerk

Matt Manitsas, Agribusiness Project Manager
Ron Smith, Fire Chief
Mike Durr, Police Chief

GUESTS PRESENT:

Rick Hanners, Blue Mountain Eagle
Logan Bagett, Elkhorn Media Group
Sherrie Rininger, etc.
Bob Pereira, John Day
Beth Simonsen, Heart of Grant County
Rick Minster, Heart of Grant County
Shelly Whale-Murphy, Heart of Grant County
Valerie Maynard, Grant County 9-1-1

Cheryl Jarvis-Smith, ODOT
Ken Pirie, Walker Macy
Mike Zilis, Walker Macy
Aaron Maples, Walker Macy
Tiffany Swift, Walker Macy
Kristen Kibler, JLA Consulting
Kevin Chewuk, DKS

Agenda Item No. 1—Open and Note Attendance

Councilor Steve Schuette called the John Day City Council meeting to order at 7:08 pm, noting Councilor Haberly, Councilor Brandon Smith, and Mayor Lundbom were absent and approved.

Agenda Item No. 4—Oath of Office

*Councilor Shannon Adair affirmed the oath of office.
Councilor Paul Smith affirmed the oath of office.*

Agenda Item No. 3—Appearance of Interested Citizens

Councilor Schuette presented a dedicated service recognition plaque to Valerie Maynard, Director for the Grant County Emergency Communications Agency, for 30 years of service by the 9-1-1 dispatchers under the City.

Agenda Item No. 2—Approval of City Council Minutes of December 11th, 2018

Councilor Dave Holland moved to approve the December 11th, 2018 minutes as presented. The motion was seconded by Councilor Paul Smith and passed unanimously.

Agenda Item No. 5—Discuss and Appoint a Council President

Councilor Dave Holland nominated Councilor Brandon Smith as the council president. After a brief discussion, Councilor Adair seconded the motion and it passed unanimously.

Agenda Item No. 6—Annual SDC Report & Heart of Grant County Waiver Request

City Manager Green noted Anna Bass was going to report on system development charges but was unable to attend due to illness. He asked to push the discussion until she could be present, noting it is interest and revenue on the same \$65,000 previously reported. The discussion would be regarding what it will look like moving forward with the Urban Renewal Agency after receiving the applications for housing development under the new incentive program. Heart of Grant County is a new commercial applicant and he believes they are the first non-residential SDC application since the ordinance was established in 2009. Rick Minster, Heart of Grant County board member, elaborated on the non-profit and work on the Meredith House, a domestic trauma service center. *There was discussion between representatives and city council about the need for the facility, anticipated design, responsibility of the land and building, along with intended use.* He noted the grant they are applying for does not cover all the affiliated expenses, one of which is SDC's, and asked the council to consider waiving the fees. Councilor Holland noted that he believes since the proposed utilization of the system is not greater than the previous development on the property, it does not qualify for charging SDC's because it was grandfathered in with established services when the charges were adopted. City Manager Green noted that it is first non-residential application and SDC's are based off the net change in utilization and he believes the proposed does not constitute a greater impact on the system. Green suggested tabling the issue unless something in the site design review warranted further review and discussion.

Agenda Item No. 7— Innovation Gateway Workshop #1

City Manager Green introduced Ken Pirie with Walker Macy. Mr. Pirie noted he is a principal with Walker Macy out of Portland. Mr. Pirie introduced the team, he noted they are in town for two days and wanted to give the council a report on what they had heard so far at the joint committee meeting and open house. Pirie explained they are working with Inter-Fluve, a river restoration firm from Hood River, and with the ECONorthwest team on their economic development study. Ken Pirie reviewed the presentation given at the preceding meetings, which included a summary of the area and attractions being considered while they develop the illustrated plan document that will be presented to the council in the summer. The presentation included their schedule, main study area, vision statement and guiding principles. They emphasized they are working to really understand the community, noting they presented photos of what they thought were some of the qualities, like the innovation and location of natural resources; important of floodplain constraints; and circulation through the city. The team asked those present for feedback on their vision statement and guiding principles, along with aspects of the character that the community feels are most important. Councilor Adair noted that she felt what was reiterated at the meeting was the idea that we want to have a viable and thriving community but not one that is like anywhere else, we want to be John Day. The team also had requested feedback about the Innovation Gateway such as the importance of the history of Oregon Pine. They noted the large contiguous riverside property provides wonderful opportunities to highlight the river and its importance to the establishment of John Day. There were clarifying questions from the council about the coordination of firms within the team and planning for the 7th street extension. Councilor Adair encouraged residents to fill out the online survey to continue helping guide the team and council. City Manager Green noted their focus has been about brining community together, even if there are

competing ideas about what it should look like; it is a unique opportunity to take an abandoned mill site, brownfields, and wastewater disposal site and turn it into something that adds value to the community, creating public benefit through enhancing the natural features. Green stated he is optimistic they will find the right balance to get them done with the resources available.

There was additional discussion between council and city staff about whether SDC funds had been used for the Canton extension.

Agenda Item No. 8— Resolution No. 19-800-01, A Resolution to Approve an Interfund Loan from the Water Fund to the General Fund Fire Department

City Manager Green reviewed the resolution noting it was to document the loan now that the tenant improvements for the fire hall are finished. The council and John Day Rural Fire Protection District agreed to secure the financing and the funds have been expended, the resolution just documents the loan and repayment terms. Bob Pereira asked what the total of the two combined resolutions was. Green replied the total loan was \$306,345.97, with the portion being paid by the Rural is \$168,976.66. Pereira asked who was responsible for the cost overrun, who was overseeing the project. He clarified that he meant the overrun beyond the bond for the fire station, noting the voters were led to believe the bond was plenty of money to put in a really nice one. Green replied he could not answer because the project was before his time and was managed by his predecessor, which was approved by the council. Mr. Pereira stated that he believed the city should be responsible for the overrun and should not be going to the fire districts, forget all the money leveraging. Green clarified that only John Day Rural Fire Protection District shares the cost of the facility with the city. Mr. Pereira summarized that he believed someone mismanaged money somewhere and he can see potential down the road for cost overruns on other city projects, which if they were so wonderful they (Walker Macy) would be working pro bono to design. The amount is over and above what the tax payers are paying, which is what they were told the building would cost. He said bottom line, he would like to know who is responsible for it. Green asked Councilor Schuette if he wanted Green to review the reasons for the cost overrun. There was clarification that the additional funds were used in part for the 9-1-1 center, in part to complete the building and from his understanding there were number reasons the costs for the facility were more than had been bonded for. Mr. Pereira asked why they did not come back on the contractors and stated that the fire district should not be charged a loan to pay it off. Green clarified that the fire district agreed to finishing the station and to the same cost sharing structure both agencies used previously. Pereira noted he had already discussed his concerns with them. He stated that Green is in charge now and he views it as city overreach because they are asking taxpayers outside the city limits. Mr. Pereira also asked how much the taxes will have to be raised once they run out of everyone else's money on the whole project, if it can be done with about 1,117 taxpayers. He added that a lot of people are mad that they added money on to the station and are still putting money into it when they thought the bond would be the final sum, he voted for it. Mr. Pereira said it will just keep going on with cost overruns, or unfunded mandates. Green replied it was not an unfunded mandate. Pereira stated it is an unfunded mandate when you don't get enough money to finish a project and you have to put more money into it and have to come back to the taxpayers and that he is a small government or no-government person. Green noted he is as well and that the city had reduced their staff by thirty percent under his administration. He also clarified that the source of funding for the loan was debt consolidation; by taking advantage of lower interest rates, which saved tax payers money, the Water Fund now has the money to loan to the General Fund to complete this project at no additional taxpayer expense. If the city had not saved taxpayer money by making smarter financial investments with their debt, there would not have been a source of funding to complete the building and it would have remained unfinished; no taxes

were increased. Mr. Pereira stated that if someone doesn't have the money to fix something in their homes they don't just go out and go for someone else's money to fix it, they do it themselves or do without. Mr. Pereira noted that the city cannot raise his taxes because he is not in city limits but they are trying to pay for everything with 1,117 taxpayers. He confirmed he is not a John Day resident but is affected by the resolutions because he is a water customer and the city is charging an excise tax on the water bills every year, that is the definition of an excess. Then the city is leveraging that same money to loan another entity that they pay taxes on, outside the city limits. He stated they need to know where their city limits are before you start asking for more money and that they ran into money problems on the budget before they got into the budget. Mr. Pereira requested the council to put it on hold and do some research and buck up and pay for it. Councilor Adair noted they have discussed it multiple times in public meetings. Mr. Pereira stated it had not been passed yet and asked them to find out where the money went, why it is over, and who is responsible because the taxpayers shouldn't be. He added that people all around are getting tired of it and that Nick even admitted it wasn't a good idea to come up with the 9-1-1 deal and not a precinct in the county voted in favor. He stated there isn't anyone who runs or owns a business who would do the same thing, period.

Councilor Paul Smith asked Ron Smith about when they thought they had the fire station done, noting he remembered getting hit with unanticipated seismic issues, solar issues, and state requirements that had not come up before. Chief Smith noted that all of those issues had arisen. Smith noted that the council felt like they owed it to the public to finish the station, after they went to the taxpayers for a bond, without going back for more money. Mr. Pereira stated they had a plan and budget and when they started going over they should have cut back. Chief Smith replied they had cut back which is why the back area had not been finished until now, adding that the engineers sent their specs for footings size and upon final review the State listed extra things that needed to be done such as extra firewall protection and solar. Pereira noted that was in the past and all this has been done in the last couple years, if they know they are spending money the taxpayers didn't give them. Chief Smith noted they asked for \$1.2 million, with an additional \$600,000 being received in gifted monies. When they started coming up short with their budget, they cut back to at least finish the building the best they could. Mr. Pereira stated they should have stopped there. Chief Smith noted they had discussed that with him previously at the Rural Board meeting. Mr. Pereira stated he wants the city to just pay it off and not charge it that way, so they don't have to get into all the borrowing to pay money and loan out. Money leveraging, which the Lehman Brothers-that's how they went broke; that is what the city is doing now.

The council thanked Mr. Pereira for his comments. It was confirmed that the city had already taken out and expended the loan.

Councilor Adair moved to approve Resolution 19-800-01, a resolution to approve an interfund loan from the water fund to the general fund fire department. The motion was seconded by Councilor Holland and passed unanimously.

Agenda Item No. 9— Resolution No. 19-801-02, A Resolution Approving a Loan between the City of John Day and the John Day Rural Fire Protection District

City Manager Green reviewed the resolution noting that the fire board had already approved it, it had been a part of the agreement negotiated before the city went out for the additional funding, which was all paid for on interest savings from consolidated debt and no increase in taxes. It was confirmed that no auditing issues existed with one taxing district giving another district a loan.

Councilor Adair moved to approve Resolution 19-801-02, a resolution approving a loan between the City of John Day and the John Day Rural Fire Protection District. The motion was seconded by Councilor Holland and passed unanimously.

Agenda Item No. 10—Other Business & Upcoming Meetings

Councilor Schuette reviewed the upcoming meetings. Green noted a lot of things will be happening in the next quarter but a big one will be the next council meeting where they expect to have the audit review.

Adjourn

There being no further business before the council, Councilor Adair moved to adjourn the meeting at 8:05PM. The motion was seconded by Councilor Holland and passed unanimously.

Respectfully Submitted:

Nicholas Green
City Manager

ACCEPTED BY THE CITY COUNCIL ON JANUARY 22, 2019



Ron Lundbom, Mayor