

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

December 08, 2020

COUNCILORS PRESENT:

Ron Lundbom, Mayor
Steve Schuette, President (virtual)
David Holland
Paul Smith
Shannon Adair
Elliott Sky (virtual)
Gregg Haberly

COUNCILORS ABSENT

CITY STAFF PRESENT

Nicholas Green, City Manager
Chantal (virtual), Senior Account Clerk
Aaron Lieuallen (virtual), Project Manager
Daisy Goebel (virtual), Planning Associate
Don Gabbard, Fire Chief

GUESTS PRESENT

Sherrie Rininger

GUESTS PRESENT VIRTUALLY

+15037047541
+15416201753
Tory Stinnett
"S"
Michael Cowing
Darin
+15416203030
+15416203030
Stephanie LeQuieu
Josey Gaslin

Allison Field
Didgette McCracken
Celeste Hill-Thomas
Anna Bass
Kenley Boss
Liz Aleman
Caller
Tok
Judy
Harsh Patel
Aaron

Agenda Item No. 1—Open and Note Attendance

Chairman Lundbom called the meeting to order at 7:00p.m., noting everyone was present, including Councilors Sky and Schuette virtually.

Agenda Item No. 2—Approval of Prior Minutes

No minutes presented.

Agenda Item No. 3—Appearance of Interested Citizens

Mayor Lundbom noted there was no audience in person and asked those attending virtually if they had any business to add to the agenda. *None appeared.*

Action Item No. 4—U.S. 395S Sidewalk Improvement Project – Right of Way Services

Agreement

Council reviewed the right-of-way services agreement with ODOT, which allowed for the acquisition of sidewalk and stormwater/utility right of way for 13 properties identified in the agenda packets.

Consent agenda was approved unanimously.

Action Item No. 5—City Council Election Results

Councilor Holland and Councilor Sky were re-elected for a new four-year terms. Both Heather Rookstool and Chris Labhart tied with 470 votes each. Green discussed the legal opinion from the city attorneys on the appropriate methods to break the tie in the third position for the city council election, as outlined in Oregon Revised Statute 254.575.

Councilor Smith moved to resolve the tie by having the city manager flip a coin, designating Labhart as heads and the handshake side of the coin as Rookstool. Motion was seconded by Councilor Adair and approved unanimously.

The coin toss was resolved in favor of Heather Rookstool, who will be sworn in on January 12.

Action Item No. 6— FY20 Audit Report

Robert Gaslin, city auditor, virtually presented the FY20 audit report. Green prefaced his remarks by stating this was an incredibly difficult year with the city recovering from two natural disasters, the spring 2019 flooding and the coronavirus pandemic, in addition to the untimely death of our Business Oregon regional development officer Scott Fairley. Gaslin presented the final draft of the audit, which is pending its final review process before being submitted to the Oregon Secretary of State, but he does not anticipate any major changes. Gaslin reviewed the letter to the city council, his responsibility and the City's responsibility, and the expected issuance date. The audit found the City in compliance with all generally accepted accounting principles (GAAP) with no significant findings. Gaslin then reviewed the financial statements with the city council. He remarked on the complexity of the City's fiscal year that closed June 30, 2020, including the urban renewal agency, a seller-financed building, and major capital improvements/capital leases and land acquisitions. He noted the pension liability, which increased significantly (more than \$1 million) as a result of the State adjusting PERS interest projections, and the sensitivity of the City to these fluctuating interest rates. The change in net position (equivalent of net income) was favorable with positive net income. The balance sheet

of the governmental funds and aggregate remaining fund balance (which includes the urban renewal agency) changed because of the loan from the City to the URA (now repaid), which created a negative fund balance because the loan was included as a Note Receivable but was not paid off until after the fiscal year closed. Otherwise, the balance sheets and other financials were accurately reported. Mayor Lundbom asked if there was anything the city could do to avoid or prevent a discrepancy like this in the future. Gaslin noted it was a nuance of the GASB rules that was missed but it is not a common situation and as long as we reported it and corrected it, which we did, there should not be any issues moving forward. Staff noted they would include the URA in the budget for FY21 as a blended component unit, which was not done in in FY20 because they were unaware of this rule. Gaslin highlighted the reduction in the City's debt due to repayments and addition of capital leases for the copier and new police truck, and individual bonds like the Fire Hall bond that fall under long-term debt. The pension plan's investments and sensitivity analysis (pg. 37) fluctuate based on the State's assumptions of their rate of return on these investments. This is an actuarially-calculated estimate that has a major impact on the City's balance sheet each year. Council had no questions and Mayor Lundbom thanked Mr. Gaslin for his report. Green pointed out a few items in the management discussion and analysis section, which included spending by Fund. He noted the uptick in public safety spending due to code enforcement, its value and complexity. He also noted just over \$13 million received in grant funding over the past four years for our overarching community development efforts, which also included non-monetary grants like the Recreation Economy for Rural Communities and Touchstone Energy Cooperative assistance, which add value but are not recognized as revenue in the financial statements because there is no exchange of funds. Green summarized his remarks by sharing that the City achieved non-annexation-related population growth this year for the first time in 22 years (since 1998) as a result of our community development efforts and specifically the urban renewal agency and housing incentives. He also noted the 15 percent increase in tax receipts over the past four years as a result of these new developments. This is evidence (lagging economic indicators) that our Strategy for Growth is working and achieving its intended results. Council noted it was exciting to see positive numbers in these areas.

Action Item No. 7— Resolution No. 20-850-23, A Resolution Authorizing and Approving City of John Day Obtaining a Loan from State of Oregon, Acting by and through its Oregon Business Development Department, Pursuant to the Terms And Conditions of a Certain Oregon Business Development Department Brownfields Redevelopment Fund Financing Contract

Green presented Resolution 20-850-23, which allows the City to recapitalize the Water Fund in the amount of \$595,000 for our purchase of the Iron Triangle property on June 30, 2020. Green described the loan terms assumed in the agreement, the need for a final legal opinion, and that the preliminary plat and environmental assessments for the property have been approved.

Councilor Adair moved to adopt Resolution No. 20-850-23. Councilor Holland seconded and the motion passed unanimously.

Action Item No. 8—Resolution No. 20-851-24, A Resolution to Correct Resolution 20-835-08

Green noted this is a correction to a prior clerical error. It does not change the way we implemented the resolution but needs to be re-filed with correct figures with the county clerk.

Councilor Holland moved to approve Resolution 20-851-24. Councilor Adair seconded and the motion passed unanimously.

Action Item No. 9— Touchstone Energy Cooperative – Final Report (Painted Sky)

Kim Randleas presented the results of the Touchstone Energy Cooperative planning effort with the city council. Painted Sky was selected as the beneficiary of this planning effort, which was facilitated by Oregon Trail Electric Cooperative (OTEC) who applied for the grant on behalf of the City. Alchemy Community Transformations (Zach Mannheimer) was hired by Touchstone as a consultant, and they worked with Kim and her team during this process. She noted Alchemy focuses on incentivizing people and not businesses, and gave a brief history of Painted Sky Center for the Arts, which launched as a non-profit in 2018 and opened its doors to the public in 2019. She described the role of creative people in the economy and the economic value created through the Arts. She described the Art Center's growth and the need for additional space and programming, including after school programs for students of all ages. Much of the work focused on budgeting and expansion opportunities for Painted Sky, which concluded they needed to acquire additional brick and mortar space that is financially sustainable. Randleas stated her goal is to create a makerspace, and also a performance studio, with appropriate services and amenities like changing areas backstage, restrooms, etc. She also described their recently-acquired ceramic studio in Canyon City and the Center's efforts to work with students and businesses to market their art and ceramics. She stated the Center would like to be involved in the City's projects and efforts to revitalize the community. Painted Sky has an operating budget today but the Touchstone grant allowed them to create a long-term budget for this expanded programming (estimating \$563,000 in annual programming with \$25,000 a year needed in outside fundraising). This expanded programming includes a number of opportunities not available today and the cost of a new building. She asked council for their continued support and described their annual memberships. Councilor Smith applauded Kim's efforts and the results they've achieved so far. Mayor Lundbom noted he takes classes through the Center and the value they add. Council thanked her for her time.

Action Item No. 10— Recreation Economy for Rural Communities – Final Report

Green reported on the RERC results in the final draft and the action items the planning committee adopted as a result of this effort. It was a robust planning assistance team at the federal and state level and this was a community-led outcome, with residents and stakeholders involved every step of the way. He noted the City has already applied for an Outdoor Recreation Roundtable (ORR) grant to begin implementing this plan and would submit it for adoption as part of the City's Goal 8 – Recreation Needs in the Comprehensive Plan. Council

discussed the report and Mayor Lundbom asked who leads the process now. Green asked to discuss that during the next topic.

Action Item No. 11— Ford Institute for Community Building Grant

Green noted we are trying to shift from government-led to community-led and government-supported initiatives. He described their efforts to work with the Ford Family Foundation to craft a strategy to implement community initiatives like the Painted Sky effort to create economic growth through the Arts and the RERC strategy to drive the recreation economy. The goal of this Ford Institute effort would be to create a team that can lead these community initiatives that the City can support financially and through technical assistance. He noted there are a lot of people willing to talk about work but few willing to actually do work. This team would focus on strategic doing and would be action-oriented. Green also noted some new ventures that the City has the opportunity to pursue, like the Certified Local Government program, that can lead to additional funding but require organizations like a historic preservation commission, as well as the Main Street program that requires someone to have a dedicated focus on Main Street in order to move to the next level. Adair noted she attended the last annual Main Street meeting for Oregon and that it is a full-time job to do that work. Smith agreed, someone needs to take the lead and we need a structure to encourage this type of work, otherwise they just default to a discussion of good ideas that nobody implements. Green said this team will have its own initiatives they are interested in pursuing but we can leverage them to help action and plan events that benefit the city (like we did with the 2017 Eclipse). Councilor Smith also discussed the community action team (CAT), which hasn't convened its first meeting but could also assist in planning and guidance. Mayor Lundbom asked about next steps. Green said we would need to apply, receive funding, and then create the organization, but we have people interested in assuming this responsibility who have been engaged throughout this process.

Action Item No. 12— Business Owner Utility Reimbursement Requests

Green said this is a council decision. Three business owners have asked for a refund of utility bills for a period during which they were closed due to COVID-19 and for any future closures. Staff do not have the authority to credit accounts for this reason. Mayor Lundbom asked Mrs. Rininger if she would like to speak. Rininger spoke extensively about her frustrations with the city and the city council for not dedicating COVID-relief funds for use by local businesses. She described a program she presented to the city council to allow the City to support local restaurants once she learned we had received COVID funds. Mayor Lundbom described the City's use of these funds, including broadband investments to the schools and safety improvements to City Hall, which were explicitly authorized by the grant, and the deal was if we spend it we may get more, which didn't happen. Green noted it hasn't happened yet but there is still a lot of money being held in reserve by the State. Adair discussed the extensive programs that have been made available by other entities for direct support to businesses and that our biggest concern at the time we received our funds was to ensure we had adequate broadband

for our kids at school, so to say we haven't done anything is highly inaccurate. Rininger said she came early to the Mayor with the hope we could put something in place to help the businesses and residents when they lost their jobs. She said she doesn't particularly want the utility credit she requested, but there are others who are hurting. Adair said it was a complicated issue that would require a lot of thought and Mayor Lundbom said there just wasn't enough money to go around, and if we credit it from the utility accounts then the other customers are subsidizing the cost for these businesses that would receive a refund. Rininger asked that if we receive more money in the future we consider additional business support. Holland reminded her any resident or business can close their accounts if they request it and the city does not charge for that, and there are no startup costs to reopen the account. We just limit that to once per year to avoid multiple shutoffs at the same location. He shared his concern with issuing a credit at this point that it would be the other customers paying for it. Councilor Sky noted he thought it would be good for the City to support businesses if we receive additional COVID-relief funding in the future. Rookstool described Prairie City's program that was just released for utility reimbursements that the City of John Day could adopt.

Action Item No. 13— Capital Improvement Project Updates

Green described the various capital improvement projects the City has ongoing, which are described in detail in the agenda. He also noted there was an additional \$500,000 awarded by the Department of Administrative Services to Grant County for COVID-relief. That money should have gone to the cities directly in addition to the counties, but DAS did not think they could get 250 agreements in place in time to expend the funds by the federal statutory deadline of December 31, 2020, so they sent it all to the counties. Green also discussed potential users of the Iron Triangle shop we acquired in June, and two interested parties who wanted to use/lease the building. Council discussed this space and the old city shop at the sewer treatment plant. Green said he has a tenant looking for move-in ready space and is interested in the Iron Triangle shop on a monthly lease agreement.

Council concurred with entering into a monthly lease agreement and making improvements to the Iron Triangle shop garage doors and heat to make it move-in ready, using the rent money to offset the cost of these improvements.

Green said the EDA CARES grant we submitted is going up for decision tomorrow (Dec 9) and this has been an incredibly difficult application. He uploaded it to the agenda so the council could see how much is involved in this particular grant, which if it is funded will get fiber to the home throughout John Day, creates a GC Co-works shared workspace in John Day, and upgrade our 911 Center's communications consoles. He also reported on the Humbolt broadband extension, which has been installed and should be tested and operational within the next couple of weeks, as well as reimbursement requests sent to the County at the request of Grant County Digital. No response was received by the County Court. Other projects were discussed with a brief status update on each. Green emphasized the results of the 2020 BUILD grant. The

City again made it to the final round, with high scores in most categories and areas of improvement were also discussed for a potential 2021 BUILD application and the City's various street improvement projects.

Action Item No. 14— Code Enforcement Updates

Green presented concerns with Boring Properties LLC and their mismanagement of the property at 701 SW Brent Street, which has left multiple tenants without water or trash collection services. He stated he has initiated code enforcement against Boring properties and citations would be issued if the code violations are not addressed, the most egregious of which is leaving tenants without a functioning water system for the past two weeks. He stated some residents may not be paying rent at this time due to COVID-19, but the State Legislature has authorized rent relief for this reason, they have not authorized landlords to discontinue essential utilities. Council recognized the financial burden this places on landlords, but agreed they have a moral obligation to their tenants to ensure they have safe and sanitary living conditions. Green referenced Oregon's landlord tenant laws and that Boring's water lines are leaking about 86,000 gallons a month, roughly equivalent to 20 additional single family homes on top of the units already there. He said he has been turning the water on and off periodically to give the tenants some relief, but he does not have the authority to incur losses in the utility system for landlords that fail to address leaks and do not pay their bills. Council discussed their concerns about the tenants' welfare, who have no choice about what their landlord is doing. Holland agreed the City should use its remedies available to recover our costs but does not want to see these tenants go without water. Green said the landlord's violation of the law does not mean we can violate the law, we still have to give them due process, but if the issues are not resolved within 15 days we can request an administrative warrant from the courts to enter and abate the violations ourselves. The landlord can also give us permission to enter, but Boring Properties so far has declined to return our attempts to contact them. Green reiterated he has exceeded what he can do without council authorization and he would need their approval to restore water service. Mayor Lundbom noted that these issues with Boring properties have been ongoing and started well before COVID, they have established a pattern of non-payment until they are shut off. Green agreed and said this time is unique because they have not made payment or responded to our attempts to collect, which is what triggered the code enforcement proceedings. Kenley Boss said he thought the situation would self-correct in the next month or so but could not comment further. Green said he is pursuing the administrative warrant but the fastest solution would be for them to invite us to repair it, but either way we have to give them due process. If we do have to enter and abate, we will assess the full cost of our time and materials plus a 20 percent administrative fee. Resident Mike Cowing stated the landlord had not talked to them either. Green recommended the council restore service and work toward establishing individual utility accounts with each tenant so that we can bill them directly.

Councilor Holland moved to allow the tenants of Boring Properties to establish temporary individual accounts with the City to make payment for their utilities. The City will restore service until the code abatement issues have been resolved, at which point they will revert back to the landlord. Councilor Adair seconded and the motion passed unanimously.

Councilor Schuette noted if the landlord also pays then we would be receiving double payment. Green said when the landlord brings their past due balance current we can resolve that issue, and take any overpayments and add them to the landlords account until the balance is repaid. Tenants responded that they are paying their utility bills, and the landlord told them he used their utility payments to pay the City. Green said that was not correct, no payments have been receiving by the landlord since September. Councilor Smith discussed the need to address low income housing and homelessness long-term because it is increasing in John Day.

Action Item No. 15— Other Business and Upcoming Meetings

Mayor Lundbom personally thanked Councilor Schuette for his 15 years of service as a city councilor. This is Councilor Schuette’s last meeting. He thanked him for his service and council recognized his contributions over the years. Green discussed the need to hold a Urban Renewal Agency meeting before the end of the year. Council agreed to meet next Tuesday, December 15.

Councilor Adair moved to adjourn. Councilor Holland seconded and the motion passed unanimously. Meeting adjourned at 9:45p.m.

Respectfully Submitted:

Nicholas Green, City Manager

ACCEPTED BY THE CITY COUNCIL ON JANUARY 12, 2021.



Ron Lundbom, Chairman