

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

January 12, 2021

COUNCILORS PRESENT:

Ron Lundbom, Mayor
David Holland
Paul Smith
Shannon Adair
Elliott Sky
Gregg Haberly
Heather Rookstool

COUNCILORS ABSENT

CITY STAFF PRESENT

Nicholas Green, City Manager
Chantal (virtual), Senior Account Clerk
Aaron Lieuallen (virtual), Project Manager
Daisy Goebel (virtual), Planning Associate
Laurabeth Wallenstein (virtual), Greenhouse

GUESTS PRESENT

Sherrie Rininger
Sarah Brown, CCS

GUESTS PRESENT VIRTUALLY

+15416201125	+15416203030
Harsh Patel	+15037047541
“S”	Logan Bagett
Darin Toy	

Agenda Item No. 1—Open and Note Attendance

Mayor Lundbom called the meeting to order at 7:00p.m., noting everyone was present.

Agenda Item No. 2—Oath of Office

Mayor Lundbom swore in the re-elected and new city councilors, Dave Holland, Elliot Sky and Heather Rookstool.

Agenda Item No. 3—Approval of Prior Minutes

Councilor Adair moved to approved the November 10, 2020 Minutes. Councilor Smith seconded and the motion passed unanimously.

Councilor Smith moved to approve the December 08, 2020 Minutes. Councilor Adair seconded and the motion passed unanimously.

Agenda Item No. 4—Appearance of Interested Citizens

Mayor Lundbom noted Sherrie Rininger was present and asked to be placed on the council agenda. She was added to the end of the agenda.

Action Item No. 5—Consent Agenda – Iron Triangle Shop Lease Agreement

Green described the terms of the lease agreement for the shop, which is a month-to-month commercial lease, along with the tenant improvements made to the shop that will be offset by the rent within the first six months.

Councilor Adair moved to approve the consent agenda. Councilor Haberly seconded and the motion passed unanimously.

Action Item No. 6—Discuss and Appoint a Council President

Council discussed the council president appointment. Councilor Smith is the senior city councilor and volunteered.

Councilor Adair moved to appoint Councilor Smith as the council president. Councilor Holland seconded and the motion passed unanimously.

Action Item No. 7—Standing Committee Appointments

Council discussed appointments to standing committees. Committee assignments were made by the Mayor as follows:

- Public Works: Smith, Haberly, Holland
- Public Safety: Rookstool, Smith, Sky
- Administrative: Holland, Lundbom, Adair
- Community Development: Lundbom, Adair, Haberly

Action Item No. 8—Budget Officer, Budget Committee & Planning Commission

Appointments

Council discussed the appointments. Sarah Brown volunteered for the Planning Commission and was asked to complete an application and then the council would consider her appointment.

Councilor Holland moved to appoint the City Manager as the Budget Officer for fiscal year 2022. Councilor Sky seconded and the motion passed unanimously.

Councilor Adair moved to reappoint Neale Ledgerwood and Darin Toy to the John Day Planning Commission for a four-year term beginning January 1, 2021. Motion was seconded by Councilor Sky and passed unanimously.

Councilor Adair moved to reappoint Beth Spell and Katrina Randleas to a four-year term to the John Day Budget Committee. Councilor Sky seconded and the motion passed unanimously.

Action Item No. 9—Public Hearing for Ordinance 21-192-03, An Ordinance of City of John Day Adopting Policies and Procedures Governing the Disposal of Certain Classes of City-Owned Real Property

Green noted this is unusual in that we're asking the council to hold a public hearing for an ordinance and then continue it to the next meeting, in order to give the public plenty of time to review and comment. This ordinance creates the authority for the City to sell certain classes of real property without holding a public hearing. The intent is not to circumvent the public comment process but rather expedite it, this is the opportunity for the public to comment on the ordinance, and we will pass a specific resolution related to each property class so that we do not have to hold a separate hearing each time we transact a property within that class, like the airport industrial park. Green presented regional comps for similarly sized and configured industrial lots in central and eastern Oregon and noted the proposed price of \$15,500 is consistent with these other properties, minus the outliers. This sale price would include a \$500 commission for the Buyer's realtor or broker in the event they are working with one. Adair and Sky asked for clarification on whether we are advertising these lots and whether we can adjust the price. Green clarified we are not advertising unless council directs otherwise, but this would incentivize other realtors to market the properties to their clients. We can also adjust the price later on but we could sell these subdivided lots at this price for the time being and could also do it with or without subsequent review by the council prior to closing the sale. Council deliberated and there was a consensus that a standard formula and approach would be more efficient. Green noted the larger parcels would also require a public hearing as they are unique.

Councilor Smith moved to open the public hearing for Ordinance 21-192-03, An Ordinance of City of John Day Adopting Policies and Procedures Governing the Disposal of Certain Classes of City-Owned Real Property. Councilor Sky seconded and the motion passed unanimously.

Mayor Lundbom asked if anyone present or virtually wished to comment. None appearing.

Councilor Holland asked to what extent we want to allow the lots to land bank. Green noted that's essentially what the City has been doing for 20 years, but it's a valid point. Council deliberated and determined they would like to limit it to two lots per Buyer without further council review.

Councilor Holland moved to continue the public hearing for Ordinance 21-192-03 to 7:15 pm at the January 26 council meeting. Councilor Sky seconded and the motion passed unanimously.

Action Item No. 10— Resolution 21-853-01, A Resolution Establishing Water Rates, Deposits, and Other Related Charges

Green described the resolution and status of the water system, including the existing debt that the Water Fund is financing, as well as the purpose of the \$1 monthly rate increase.

Councilor Holland moved to approve Resolution 21-853-01, A Resolution Establishing Water Rates, Deposits, and Other Related Charges. Councilor Adair seconded and the motion passed unanimously.

Action Item No. 11— Resolution 21-854-02, A Resolution Establishing Sewer Service and Connection Charges

Green discussed the resolution and the progress report on the new wastewater treatment plant. He noted the \$12 rate increase was discussed as part of our revenue projections during the FY21 budget process. This was part of our required rate increases in order to secure financing through the Business Oregon Water/Wastewater program and the Community Development Block Grant program. He also discussed the debt restructuring proposal between USDA and WaFd Bank, which would consolidate the existing Sewer Fund debt under the USDA on a long-term, low-interest loan. These rate increases will ensure the City has enough liquidity to make it through construction of the plant and this debt consolidation event and then we can re-evaluate the rate structure once the new treatment plant is operational. He noted the new engineering team has identified a number of areas where we can value engineer the plant and potentially save costs. What he definitely does not want to do is have another situation where we have a partially completed project, where we run out of money before we finish. That is an untenable scenario and we are using this rate increase to prevent that. Rookstool asked if we don't do this if we can't complete the project. Green stated that if we do not increase our rates, our financing will have to be returned and renegotiated and work will stop. Sky confirmed his understanding that these rates are required by the lenders and Green said they were, and they also include operations, maintenance and *replacement*, not just O&M, which was not done after the last system upgrade in 1981. We are planning for replacement in this rate structure. We are also not including future revenues from reclaimed water, industrial lot sales, or system development charges we receive due to new housing, but all of these revenue sources could help us buy down our rates in the future once the revenues are realized. Council asked about Canyon City's rate structure and whether it will also increase by \$12. Green said he was not prepared to say, but that it would need to include a fixed component to cover the cost of the new debt, which will be built into their rate structure just like ours, and there needs to be a variable component that addresses use of the system. If we start outpacing them in home construction and new users, or vice versa, that needs to be taken into account in the rate

structure. The new rate agreement will be fair but they also have to cover their collection system and its maintenance in their rates, so that will be part of their evaluation. Sky noted the importance of providing more notice of major rate increases and the public discussion and that at least one resident was surprised and felt like this announcement was being held off until the last minute. Green noted it was included in the budget process and was in his October newsletter that went to all residents but acknowledged we could do better. Council discussed the best methods to engage the public on this and other projects as well as the complexity of these negotiations with our lenders and how best to communicate these issues with the public so they are aware of the extent of our work but also that we understand the impacts of these decisions on our residents. Council also discussed the terms of the agreement with the County for sewer service to the County Road building.

Councilor Sky moved to approve Resolution 21-854-02, A Resolution Establishing Sewer Service and Connection Charges. Councilor Rookstool seconded and the motion passed unanimously.

Action Item No. 12—Resolution 21-855-03, A Resolution Establishing System Development Charges

Green noted this resolution increases SDC costs by the rate of inflation, which was 1.2 percent for 2020, and that most residents will not pay these costs since they are covered by the urban renewal agency. This will impact non-residential properties and people connecting outside the city limits to either the water or sewer system because the URA by law cannot apply outside the city limits. However, this approach has really increased the SDC revenue available to the city – this program is working phenomenally well, we just need to do it more, as many times as we can. Council discussed this increase was consistent with the ordinance and their intent to keep revenues and costs in balance.

Councilor Adair moved to adopt Resolution 21-855-03, A Resolution Establishing System Development Charges. Councilor Sky seconded and the motion passed unanimously.

Action Item No. 13—Resolution 21-856-04, A Resolution Establishing Land Use and Development Permit and Approval Fees under Title 5, Chapter 5-4.1, Section 5.4.1.100 of the John Day City Development Code for all of the City of John Day's Land Use and Development Permit and Approvals Outlined in Table 5-4.1.100 therein and Title 5 Appeals; and Fees for Filing Measure 37 Claims under Ordinance 04-112-2; and Repealing All Previous Resolutions Establishing Fees under Title 5 or Conflicting with this Resolution

Green said this is a council decision and this resolution is not ready for adoption, but he wanted to point out the adopting ordinance from 2004 preceded the rate structure established by resolution in 2005, and has not been updated since. The rate structure should reflect what we do and the cost we incur to provide these services. It should also take into account the various new functions, like code enforcement and the URA management that did not exist at the time

the 2005 fee structure was established. Council concurred and Green stated he would bring a revised resolution back for a decision when ready.

Action Item No. 14—CCS Crisis Outreach – Sarah Brown

Ms. Brown described the services available from CCS for crisis outreach due to the COVID-19 pandemic. She noted these were FEMA funded programs but were locally administered and locally focused. She described the services outlined in the brochure provided to the council in the packets. Council discussed the merits of the program and thanked Ms. Brown for attending and informing them of these services.

Action Item No. 15—2021 Strategic Planning

Green described the projects currently under construction, those funded and pending construction start dates, and those in the queue. He noted the next two years will be unlike any others in recent memory, with five commercial developments currently underway and a number of large capital improvements from the City scheduled for construction. He also discussed the costs to continue to fund these projects, including the engineering, site prep, brownfield remediation, horizontal improvements, etc. and the work the City has been doing to prepare these various locations for construction. Because there are so many projects in the pipeline and not enough money to go around, he would like to do some pre-budget committee meeting planning with the city councilors around these improvements, specifically what we want to include in the FY22 budget and what we don't. Some of these are large, like the BUILD grant, and we will incur costs to make our applications stronger with the hope of winning if we are to reapply. We also have several street improvement projects and the SW 4th Avenue repair project that are competing for funding, along with long-term housing needs that remain unaddressed because we have unimproved lands but few ready to build lots. **Council agreed to schedule a study session for 7 pm on January 19th to review these projects in greater detail.**

Action Item No. 16— Other Business and Upcoming Meetings

Sherrie Rininger presented the City with a \$4,000 grant offer (letter of intent) with a pledge from the Chamber of Commerce to match the \$4,000 provided by the Outdoor Recreation Roundtable (ORR). The conditions of the award will be that there is an approved plan and the project is ready to be implemented until which time the funds will remain in the Chamber's budget. The council thanked Mrs. Rininger for the grant offer. Mayor Lundbom asked Green to clarify the purpose of the ORR award, which was to help improve waypoints and signage to help people navigate through town, like identifying riverfront locations, parks and public amenities. Green said these funds will be used for asset mapping to identify what we want to highlight and then begin implementing by installing signs and waypoints as outlined in the master plan.

Mayor Lundbom reviewed the upcoming meetings and asked councilors and staff for any final comments.

There being no other business before the council, Councilor Holland moved to adjourn. Councilor Sky seconded and the motion passed unanimously. Meeting adjourned at 9 pm.

Respectfully Submitted:

Nicholas Green, City Manager

ACCEPTED BY THE CITY COUNCIL ON JANUARY 26, 2021.

A handwritten signature in black ink, appearing to read 'RL', is written over a horizontal line.

Ron Lundbom, Chairman