

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

December 14, 2021

COUNCILORS PRESENT:

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

COUNCILORS ABSENT

CITY STAFF PRESENT

Nicholas Green, Executive Director
Lindy Berry, Secretary
Michael Durr, Police Chief
Monte Legg, Public Works Director

Aaron Lieuallen, Senior Project Management (virtual)
Anna Bass – Solutions CPAS (in-person)
Robert Gaslin – Gaslin Accounting (in-person)

GUESTS PRESENT (VIRTUAL UNLESS INDICATED AS IN-PERSON)

+15416203030
+15416202992
Ann
Bob Keefer, SDAO
Darin
Dawn DeGrande
Josh Walker
LauraBeth Wallenstein

Todd McKinley, GC Sheriff (in-person)
Eric Bush (in-person)
John Morris (in-person)
Charlene Morris (in-person)
Sherrie Rininger (in-person)
Linda Ginrich (in-person)
John Rowell (in-person)
Russ Comer, Mahogany Ridge Prop. (in-person)
Jeanette Radinovich (in-person)
Bob Pereira (in-person)
Bennett Hall (in-person)
Judy Schuette (in-person)

Agenda Item No. 1— OPEN AND NOTE ATTENDANCE

Mayor Lundbom called the meeting to order at 7:46 p.m., noting everyone was present.

Agenda Item No. 2— APPROVAL OF PRIOR MINUTES

The minutes from the November 9, 2021 council meeting were presented for approval.

Councilor Adair motioned to approve the November 9th, 2021 minutes as submitted. Mr. Morris noted he and Mr. Rowell were in attendance and mentioned in the minutes but not listed under guests present; there was consensus of their attendance and noted they would be added. **Councilor Adair moved to approve the November 9th, 2021 minutes as amended. The motion was seconded by Councilor Rookstool and passed unanimously.**

Agenda Item No. 3— APPEARANCE OF INTERESTED CITIZENS

Mayor Lundbom asked if anyone was appearing regarding an item not on the agenda. Several councilors noted they would like to add discussion in the other business item.

Action Item No. 4— CONSENT AGENDA ITEMS

None presented.

Action Item No. 5 PUBLIC HEARING—RESOLUTION NO. 21-879-18, A RESOLUTION TO CHANGE THE BUDGET APPROPRIATIONS BY SUPPLEMENTAL BUDGET (48:15)

City Manager Green reviewed changes included in the supplemental budget. Councilor Sky inquired whether a supplemental budget would be necessary pending a change in the police department. Green replied after conferring with Anna Bass that it can be done via resolution and an additional hearing is not needed.

Councilor Rookstool moved to open the public hearing for Resolution No. 21-879-18, A Resolution to Change Budget Appropriations by Supplemental Budget. The motion was seconded by Councilor Sky and passed unanimously.

No comments.

Councilor Holland moved to close the public hearing for Resolution No. 21-879-18. The motion was seconded by Councilor Haberly and passed unanimously.

Councilor Holland moved to adopt Resolution No. 21-879-18, A Resolution to Change Budget Appropriations by Supplemental Budget. The motion was seconded by Councilor Adair and passed unanimously.

Action Item No. 6—FY21 AUDITED FINANCIAL STATEMENTS & AUDIT REPORT (53:00)

Robert Gaslin, Gaslin Accounting, introduced himself and reviewed the audit report noting staff worked well with him and he had no concerns regarding them. He then reviewed the financials, highlighting no errors and a clean audit. He discussed some comparisons in the financial statements between prior year and current year and encouraged the council to read City Manager Green's *Management Discussion and Analysis* section at the beginning of the audit report. Mr. Gaslin noted on page 40, a small change in the discount rate can substantially impact the long term PERS liability which is largely governed by a board of five people in Salem. Gaslin noted the one item of note on the independent auditors review was a GASB accounting requirement that the Urban Renewal Agency borrowing money from the Community Development Fund was clearly budgeted, just to the wrong appropriations category, but otherwise there were no errors in the budget-to-actuals. Mayor Lundbom asked if there is any way the city is stashing money or other illegal conduct. Mr. Gaslin noted it is possible, no audit can give 100% assurance and they do look for fraud, but the city's internal controls are strong with an independent CPA group looking at the financials, and they interview city councilors. He stated he has confidence it is likely not happening – if he had any concerns he would have reported them.

Action Item No. 7—REVIEW OF THE AQUATIC CENTER DESIGN PROPOSALS, NOTICE OF INTENT TO AWARD & APPEAL OF CUP-21-05 (1:15:37)

City Manager Green briefly reviewed the background and discussion in the agenda memo. He noted the council could also authorize the City Manager to enter into negotiations if they would not like to wait for the January meeting. Councilor Smith clarified of the \$550,000 was being funded by the proceeds from the land sale of Gleason Pool and proceeds from the Aquatic Center Grant.

City Manager Green reviewed the process for the appeal of CUP-21-05, noting it was not on the agenda for the night – tonight is simply a notice to the council and opportunity to schedule an appeal hearing. Councilors discussed a date and time, noting January 5th at 6PM worked best. He reviewed the hearing process outline by the code.

Mayor Lundbom confirmed with Mr. Morris, who was in the audience that that date and time worked for him. He stated it would. Green noted the process was for the appellant to present his argument, and for the applicant to present argument, it is not a repeat of the planning commission hearing, as outlined in the code. He noted he would prepare the appropriate documents and send them to the hearing participants. Mayor Lundbom noted he and Councilor Adair will be recusing themselves, as they provided testimony at the hearing.

Councilor Rookstool asked if the council could review the proposals the score sheets were based on; Green also noted they can delay and bring back a negotiated agreement at the first meeting in January because of the holidays it is unlikely to be a major delay. John Rowell asked if the design work would not be awarded without knowing they have funds; it was clarified there are funds for the design currently. John Rowell stated if the bond for construction failed, they would be out the money for the design. John Morris asked who would be the construction oversight for the pool; Green clarified the architecture would provide oversight on the construction company. Marsha Christensen asked how they got to where they are regarding building a pool when the other cities voted against building a pool .City Manager Green clarified the other cities within a proposed aquatics district voted against a new tax district. No one has voted on a capital improvement bond and voters did not vote on the aquatics district. The Parks & Recreation District proposal includes a bond to the voters regarding the capital construction of a pool, which will be presented to their taxing district.

Councilor Holland moved to authorize the City Manager to issue a notice of intent to award for RFP 2021-01, John Day Aquatics Center Design. The motion was seconded by Councilor Adair and passed unanimously.

Agenda Item No. 8—REVIEW OF THE PIT STOP PRELIMINARY DESIGN (1:31:55)

City Manager Green noted they asked Walker Macy to present a design concept for the SW Canton parking property. He then reviewed the design graphics. Councilor Rookstool noted it has been brought to her attention that the council previously intended to have a community discussion regarding the design and use but a concept and design has been garnered without public input. Council discussed changes that had occurred in funding, plans, and opportunities that affected that community meeting they had planned. Councilor Sky suggested they now hold a focus group or discussion with interested parties to provide input on the design before rendering any decisions. Sherrie Rininger presented photos to the council of a recreational vehicle parked in front of her shop on Main Street. She then emphasized that she day after day has oversized vehicles parking in front of her business; the council approved

buying the SW Canton lot for the intention of parking, not a Pit Stop. City Manager Green noted he keeps presenting this to the council because he feels there is a need. Councilor Adair noted this is the first time the council is viewing the design and she understands the change to the design prevents oversized parking, which was identified as a significant need; she asked for a community meeting to discuss the new design. She noted the comment that it is a concept is not comforting as the restrooms that have been built were also originally only part of a concept. Councilor Rookstool raised concerns about the downtown merchants thinking the project was for oversized parking and that we offered to have a community meeting and never did, then presented an alternative plan that included cargo containers for food service. Green said he also planned to have a community development director, which did not materialize. Councilor Sky simply suggested we just set up a meeting for the merchants and to hold the meeting prior to council making a decision. John Rowell noted those interested in food carts should be included as a topic; Mayor Lundbom noted food carts were originally intended in part of the discussion. Councilor Sky restated that what he is hearing is a frustration regarding a lack of community discussion prior to council decision it feels like they are not intentionally being heard and considered. Mrs. Rininger noted none of the three designs included oversized vehicles; Green noted the original plan did but it was quickly identified as not feasible for more than two vehicles, and since they have received the million dollars for Kam Wah Chung facilities there is a much wider opportunity for a more suitable oversized parking solution somewhere else. He noted their desire to ensure a 5-star experience city wide, not just at the Kam Wah Chung Center. Mrs. Rininger noted she feels there is a shift in priorities; Green clarified parking is still a priority and they just passed a new budget appropriating the expenditure of those Kam Wah Chung funds, they just need to identify the right location for downtown parking. Brian Hubbard noted it is a public highway and people are still going to want to park in front of their business if they want to. Mayor Lundbom also asked him to speak regarding a food cart; he noted some businesses are not in support but he recently purchased one in addition to their two existing businesses and he would be interested in a spot at the Pit Stop. Councilor Adair noted that the Little Canyon Food Cart did nothing but help the rest of the downtown businesses when they were open. The diversity and walkability provides value to the other businesses; she does not feel threatened as an eatery to have food trucks and hubs similar to the design as they bring business to more than just themselves. City Manager Green noted they have a few priorities for the million dollar KWC Grant funds but have not had a chance to do a more substantial community/stakeholder discussion regarding priorities. He also spoke to the purchase of storage containers noting it can be used for that but they also could be used for a variety of the other needs the city holds. Councilor Sky noted not having the staff is not an excuse but provides context for their shortcomings and their continued struggle in successful engagement outside of council meetings. Councilor Holland noted they never believed the one of two oversized spaces they could have squeezed in to SW Canton could have solved all the parking issues. He noted they can't have steering committees on every little project and the council meetings twice a month are opportunity to provide input so they need to prioritize projects like the large capital projects to engage a wider steering committee. Councilor Smith noted all of the ideas presented regarding the KWC Grant; he recommend the city look at the overall area, the new Visitor Center plans included bringing the community together to figure out how to best utilize and enhance the overall area rather than limiting the scope to the SW Canton lot. Judy Schuette echoed Councilor Smith's comments and thinking back remembers when first discussed the excitement around the bike lock containers and the restrooms; she encouraged the council to reach out to businesses rather than the general public regarding parking needs and strains from tourism. Charlene Morris noted for the last few months she has been trying to research the bathrooms not realizing it was being referred to as the Pit Stop. Brian Hubbard inquired about the once discussed acquisition of the lot on N Canyon Blvd; Green reviewed the lack of ability to purchase the land necessary to achieve necessary ingress/egress.

City Manager Green also suggested some short term solutions they could utilize the funds to alleviate strains on parking, and that the parking really needed to be addressed as part of our broader solution.

Agenda Item No. 9—POLICE AGREEMENT & FY21 COPS GRANT AWARD (2:09)

City Manager Green noted there was not much of an update since he has not received a response from the DHS COPS Program Office regarding the grant. He noted the Sheriff's office inquired about transferred funds as well, and generally this is allowed but with some constraints – they will not change the value of the award or the terms. They would allow the county to assume the grant as awarded, but not to increase the cost per officer or take all of the money for the City's three proposed officers and just hire one. He has asked DHS for clarification but does not have an answer tonight. Sheriff McKinley said when they heard back it was not an award until the fall of 2022 and it is transferrable. He said he appreciates what is going on downtown but if there is not some sort of police services people are not going to stop. Green said he agrees and asked Sheriff McKinley why the County has not put our proposal on their agenda. McKinley said that no answer was the County Commissions answer to the City's proposal. He stated he feels stuck in the middle and is very overwhelmed.

Councilor Sky asked Sheriff McKinley if he had recommended the County Court take this discussion up in public meetings. He said they were not going to do that. He asked if they were going to discuss funding for the Sheriff's department independent of what John Day does or if they will just leave him struggling. Sheriff McKinley said no, they will not be adding funding to his budget, they are actually looking at cutting the department's funding. Councilor Adair noted they have come to several county court meetings and they haven't replied. There was a lot of discussion among councilors regarding tense relationships with the court. Green noted he works for the council and if they want him to budget and recruit to resurrect a police department, he will, but it appears there is not going to be an agreement between the two agencies if they cannot communicate. Councilor Sky pointed out that the city came with a proposal, they did not respond, and that is not an appropriate response. Council continued the lengthy discussion but came to no consensus. Mrs. Schuette asked the council to make some kind of commitment today that the city is going to have police. Council had a heated discussion about addressing short and long term goals and issues. Mrs. Schuette wanted to impress upon the council the importance of making this a priority. Linda Gingrich noted she has seen posts on Facebook regarding holding the pool hostage until they get police; new residents will not come without a police department. City Manager Green noted people want a safe community and everyone else bigger than John Day has given up the idea that a safe community can only be achieved by operating an independent police department. City Manager Green noted our attorneys reported they spoke to the County's attorneys and one of the Commissioners but none have replied. Anna Bass raised her concerns with the COPS grant funding as much as 20 years ago; that it is almost impossible to budget in the final year. She spoke to the funding frustrations the final year it's a hard band aid to attempt to utilize that additional office without grant funds and an increase in local revenue. City Manager Green asked the council if they want him to attempt to resurrect the police department. Council noted they did not have the funding in the current year budget, they need to consider future budget shortfalls if they accept the funds like Anna discussed. Council spoke to the public feedback through the vote regarding a lack of a support for paying more tax dollars for police; if their opinion has changed they have the option through voter referendum to put an initiative on the ballot for a policy levy to shore up the budget shortfalls for a department. Councilor Smith proposed the idea of dedicating \$200,000 for the county to hire two officers who could assist in covering the City of John Day, it alleviates the strain and doesn't obligate them to the \$500,000 plus cost of the police department. Linda Gingrich asked if the council had just showed up en masse to a Court meeting to force them to hold a discussion. Bass noted they would need to provide notice if the

entire Council was attending and discussing a meeting with the Court. City Manager Green suggested this is a discussion they could have in January since no progress is being made. Mayor Lundbom asked Sheriff McKinley what the budget he would need to provide adequate coverage for the entire county, if there was no police department, which he had not determined, but he stated he would prefer six more patrol officers and a secretary to provide adequate coverage county-wide. He said he knows at a minimum it would take half a million dollars to cover five patrolmen. Green said the last year of operations for the city cost us \$680,000 as reported in our audit, for four officers, code enforcement and a secretary, inclusive. McKinley said he did not believe the County Court would not issue a referral to voters for law enforcement coverage county-wide because they do not want to burden voters with additional taxes. Discussion continued at length with no motions made. Chantal DesJardin noted the emotionally-charged nature of this discussion was impeding discussion but she saw an independent solution that materialized for the 9-1-1 financial discussion years earlier and asked if a similar approach could be used for this. McKinley said it would be tough to broker that because he would be handpicking five people, which would not be fair to the community at all. He thinks the two bodies will have to solve it and that's what they were elected to do.

Agenda Item No. 10—TREATMENT PLANT UPDATE & OWRD PROVISIONAL AWARD FOR THE JOHN DAY INNOVATION GATEWAY ADAPTIVE WATER REUSE PROJECT (2:48:20)

Green noted we were awarded \$3 million for the reclaimed water project. Mayor Lundbom reviewed the information in the agenda memo. City Manager Green noted there is additional funding including in the infrastructure package to expand upon the reuse and conservation efforts for water in the western United States. Discussion about Luce Long Ditch enclosure ensued and Green noted our proposal that OWRD funded does not include enclosing the ditch. Anna Bass inquired about what the impact on irrigators if the ditch is enclosed; Green explained they worked with Farmers Conservation Alliance regarding how they could ensure access but those other stakeholders have not agreed to work with the city, even though the city presented an alternate route that enclosed the ditch and would have saved them 30-70% in water loss. Sky noted this is what water-scarce communities in the arid west should be doing. Green identified there was a very positive response to his post on LinkedIn for this project. In the first week it got 5,516 views by people outside of Grant County, from all over the country. He summarized the goal was to follow the highway and have it fully completed by the time the new wastewater treatment plant is operational.

Agenda Item No.11—INDUSTRIAL PARK LAND SALE UPDATE, PRICING FOR GATEWAY BUSINESS PARK AND LETTERS OF INTENT FOR ADDITIONAL LAND SALES (2:54:30)

City Manager Green reviewed the agenda memo background and discussion, noting about 2/3 of the developed portion of the Airport Industrial Park has been sold or committed for sale. He raised Councilor Adair's request to purchase about 2.5 acres of land along the riverfront (DR Johnson property) west of Oregon Pine. He said valuations for this type of land are hard – we purchased it undeveloped for \$9,800 per acre (un-reclaimed) and \$75,000 fully developed (based on OPRD's appraisal for Gleason Park). He suggested a per square foot price of \$1, which would be \$43,560 per acre. Councilor Sky noted his desire to have deliberative discussion around land use independent of individual proposals for potential developments they are interested in so they don't piecemeal the development. He shared concerns regarding long term land use planning for the entire property, and there was extensive discussion around options and how the council should approach these land sales. Green concurred but noted he has been contacted by multiple parties interested in developing in John Day and wants additional guidance from council on how to proceed because there is so much land owned by the City.

He noted we have had an inquiry from a large commercial retailer, we have an offer to purchase naming rights for the planar shed, and we have a land purchase offer before us today from Councilor Adair, and he needs to know how to respond to these inquiries. He said he's getting about a call a week from developers and is unclear how council wants him to respond, other than bringing them to the council on a case-by-case basis. Council discussed the regulations adopted that do guide future land use development, but that none of these options are available unless they make some portion of the property available for redevelopment. Alternatively, there is a risk for landbankers who have no real interest in development but would just hold the asset and resell it later for a higher price. Green recommended we restructure the lot lines for Grant Western to create a buildable and transactable parcel that could be sold, while retaining the remainder as part of the City's right of way or the Oregon Pine property. Councilor Rookstool asked Councilor Adair as the prospective buyer to speak further regarding her vision as described in the letter of intent submitted with the packets, which she did. Councilor Adair discussed the proposed distillery, restaurant and air bnb lodging for the site west of the Oregon Pine Bridge, along with the potential for a makerspace, all of which they had been evaluating even prior to her joining the council. Their intent is to keep 1188 Brewing on Main Street but they are looking for an area to create a McMenamins' style riverfront development in John Day, but really needs something in writing in order to secure additional investment. She indicated her willingness to talk with the other investor interested in air bnb sites in the same vicinity and liked that concept from the City's Innovation Gateway Area Plan. Their goal is to create spaces attractive to recreationists, visitors, etc. from a wide range of backgrounds. Green noted it is walkable to our public facilities like the water reclamation facility, and those customers could result in conversion of other like-minded business owners who may be interested in starting a business in John Day. He also said he'd like to get Ray Fields going as the City's arborist with about a \$250,000 contract to begin revegetating this location and our riverfront so that it's ready when these types of developments come online. Council asked about the next steps. Green noted the LOI with Councilor Adair would allow us to proceed with the lot line adjustments, finalizing the right-of-way, and cleaning up the property lines for the Grant Western property. Councilor Smith asked if \$1 per square foot would recover our costs. Green stated it's about 4-5 times higher than what we paid for it, but we reclaimed it and made it shovel ready, so we have added some value to the property though much of that was done through grants.

Councilor Rookstool moved to approve the letter of intent provided by Councilor Adair with the proposed sale price of \$1 per square foot, and to authorize the City Manager to return with a purchase and sale agreement upon completion of the proposed lot line adjustments for council approval. Councilor Haberly seconded and the motion passed unanimously.

Agenda Item No. 12—KAM WAH CHUNG INTERPRETIVE CENTER / OPRD GLEASON POOL PURCHASE AND SALE AGREEMENT

City Manager Green noted that people who want to know about city projects come to the city for answers, and those who want to sling mud typically head straight to Facebook. Much of what has been posted online about the Kam Wah Chung sale is incorrect. Green said the City has an agreement in review by our attorneys and the state's to have OPRD purchase the property for \$222,000 as presented to the city council, and online comments to the contrary are either misunderstanding the situation or deliberately disseminating misinformation. He also noted that the budget adopted by the City at \$29 million is larger than Baker City, which has 10,000 residents, and larger than Jackson Hole, which is one of the most affluent cities in the country. These grants are going to be a tremendous benefit to John Day, and most people don't appreciate the scale of what's happening. Mr. Rowell noted the increase in

tourism in the Painted Hills and that his neighbor, Mr. Biel, indicated the significant uptick even during COVID. The City is poised to host a lot of visitors.

Agenda Item No. 13—INFRASTRUCTURE AND JOBS ACT WEBINAR

City Manager Green provided the link to the webinar.

Agenda Item No. 14— OTHER BUSINESS & UPCOMING MEETINGS

Mayor Lundbom reviewed the upcoming meetings. Green stated he is looking forward to the state of the city address because we are in a really strong financial position and most of the public doesn't realize it. Mayor Lundbom also noted the totem pole downtown will have its 25-year anniversary next year and a local resident, Margo White, asked if we could clean it and re-varnish it for the anniversary. Green said he would take that for action. Council complimented the staff and business owners on the downtown lights and how many people participated. Mr. Rowell also presented letters to the city council and asked that they address his questions in the next council meeting, specifically those related to the wastewater treatment plant capital construction costs and operating costs. He also provided letters related to the pool and the Pit Stop requesting similar responses. Mayor Lundbom noted much of the work has focused on obtaining the DEQ permit and completing the preliminary engineering, but Green said he would address these questions once the permit responses were submitted.

Councilor Rookstool moved to adjourn the meeting at 9:36 PM. Councilor Haberly seconded and the motion passed unanimously.

Mayor Lundbom noted he will be absent for the next meeting and Council President Smith will conduct.

Respectfully Submitted:

Nicholas Green, City Manager

ACCEPTED BY THE CITY COUNCIL ON JANUARY 24, 2022.



Ron Lundbom, Mayor