

City of John Day Newsletter

December 2014

Water/Sewer Rate Increase

Effective January 1, 2015

At their December 9, 2014 city council meeting, the John Day City Council adopted resolutions to raise water and sewer rates. Effective January 1, 2015 the residential base rate for the first 4,000 gallons of water will be \$33.00. This is a \$1.50 increase per month to the base water rate. The residential base rate for sewer will be \$42.00. This is a \$2.50 increase per month for residential customers.

The council took action to raise utility rates after receiving the audit report for the year ending June 2014 by the city auditor Kent Bailey of Guyer & Associates, CPA. The John Day City Council was informed that revenues increased by \$32,589 primarily due to the rate increase enacted last year. This was a 2.9% increase. Mr. Bailey explained the positive news is that we came from a loss in 2012 to a small profit in 2013; to a larger profit in 2014 due to the rate increases over the past few years. Mr. Bailey explained the rate increases are necessary if you want some reserves in order to be able to do some capital improvements in the future. He noted that expenditures decreased by \$57,592.

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Visit our website at www.cityofjohnday.com; send us your comments at grayp@grantcounty-or.gov.

**Would you like to become a volunteer fire fighter?
Please contact Fire Chief Ron Smith for more
information at 541-575-0028.**

Best Wishes for a Safe and Happy Holiday!

Keep roads safe and prevent street flooding

Raking or blowing leaves into the street is a safety hazard—and its illegal (John Day City Code 10-1-3-7 Subsection E - No unauthorized person shall deposit any earth, gravel or debris upon any street or sidewalk).

Wet leaves create slippery road conditions, blocks storm drains and creates flooding. The John Day Public Works Department will pick up leaves on the street as their schedule allows but cannot always get to them in a timely manner due to other maintenance priorities.

Be a good neighbor, if you see leaves blocking a storm drain; if you can, please remove leaves around the storm drains or phone City Hall at 541-575-0028 to report street flooding or leaves dumped onto the street.

Fire Station Update

The City of John Day and the John Day Rural Fire Protection District awarded the contract for the Construction Manager/General Contractor (CM/GC) for the new fire station to Kirby Nagelhout Construction Company at their respective council/board meetings on December 9, 2014.

Using the CM/GC approach provides the owner to have more control over the costs of the project; it brings the contractor on board early so that our architect (Pinnacle Architect) and the contractor are working together on the design with the assumption that this collaboration will result in less change orders down the road during construction. The subcontractors and suppliers underneath the contractor will all be competitively bid. So everyone in the community has a chance to bid on supplies and materials, then the Council and the Rural District, as the owners, can look at those bids and decide which ones we want.

We are anticipating beginning construction late spring/early summer 2015 with completion of the project before winter 2015.

Mr. Bailey stated in 2014 we had \$925,794 in cash compared to \$749,319 in 2013. An increase of \$176,475; \$75,800 increase was in the water fund and \$100,675 was in the sewer fund. Mr. Bailey explained that if you take that \$100,000 increase in cash in the sewer fund and you decide that you'll save that \$100,000 in cash each year and do our own wastewater treatment plant, it would only take you 81 years to accomplish that. Mr. Bailey explained therein lies the problem, we had a good year this year but because we need so much money to build the new treatment plant, we need to look into the future to figure out how we're going to do that.

The City had a net increase of \$75,800 in the water fund and \$100,675 in the sewer fund. However depreciation expense for the water was \$130,186 and depreciation expense for the sewer was \$60,429. Mr. Bailey stated one way to think about having enough money to take care of your fixed assets is that you have to fund your depreciation. In our water fund, we didn't fund our depreciation by about half; Mr. Bailey stated that this tells me that would be your basis for a rate increase (meaning that when equipment wears out in the water department; we don't have the money to replace it).

In the sewer fund we do have enough money to replace it; but the problem is when you look at our total accumulated depreciation in the sewer fund it is \$1,839,093, the cash that we have available to replace those depleted assets is \$587,000 so we're \$1,251,000 short; not even taking into effect that we need to build a \$8.2 million treatment plant.

Mr. Bailey stated that you could wait to raise the sewer rates until you start to build the treatment plant or you could start building up some reserves. Mr. Bailey stated you will probably have to borrow money to build the new treatment plant; for every dollar that you have available to put down towards the project, will save you \$2.00 - \$2.50 in interest as you pay for the project; what you save now, saves you money in the future. Mr. Bailey stated the question you need to ask yourself is when, because we know we have to raise rates. The decision you need to make is now or later, the longer you put it off the more it's going to cost in the future. Mr. Bailey informed the Council that even if you weren't going to build anything in the future, he suggested to still raise the sewer rates because we're about \$1.2 million behind in the curve right now in just replacing what we have in the ground right now.

The Independent Auditors' Report and Financial Statements for the Year Ended June 30, 2014 can be found online on the City of John Day's website at <http://www.cityofjohnday.com/LinkClick.aspx?fileticket=wYow1MdqCw8%3d&tabid=6112&mid=13994&language=en-US>.

For questions or comments, please call John Day City Hall. A draft copy of the council minutes can be reviewed at City Hall, 450 East Main Street, John Day or call 541-575-0028.

Burn Permits

Burn permits expire on December 31st of each year. Burn permits can be renewed at John Day City Hall, Monday through Friday, 8 a.m. to 5 p.m. Burn permits can also be found online at www.cityofjohnday.com and mailed to City Hall, 450 East Main Street, John Day, OR 97845 or faxed to 541-575-3668.

Transportation Enhancement Project – Downtown Sidewalk Beautification Project

Iron Triangle, contractor for the City's downtown sidewalk project, has requested a suspension of the project because of weather conditions. ODOT has granted them a 45-day suspension with 20 days being accounted for in December. The contractor will have 25 days after they start back up to complete the project (*please see the enclosed flyer for more information*).

Iron Triangle has suggested the restarting date of March 2, 2015; however, ODOT is open to earlier or later dates dependent upon weather conditions. In order to be assured that the project will be completed in a timely manner, ODOT is requiring a March 31, 2015 deadline to have the project completed.

During the winter shut down period Iron Triangle will be responsible for the maintenance of the construction site. If you notice any trip hazards or have any safety concerns, please call the City of John Day at 541-575-0028 and we will relay your concerns directly to ODOT.

The City of John Day thanks everyone for your patience during the construction period and best wishes to one and all for a very happy 2015.