

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

January 9, 2018

COUCILORS PRESENT:

Paul Smith, Councilor
Steve Schuette, Council President
Gregg Haberly, Councilor
Shannon Adair, Councilor
David Holland, Councilor

COUNCILORS ABSENT:

Ron Lundbom, Mayor
Donn Willey, Councilor

STAFF PRESENT:

Nicholas Green, City Manager
Valerie Maynard, ECC Director
Monte Legg, Public Works Director
Anna Bass, City Recorder

Chantal DesJardin, Secretary
Richard Gray, Police Chief
Aaron Lieuallen, Senior Project Manager

GUESTS PRESENT:

Sherrie Rininger, John Day
Katie Piazza, House to Home/JD

Rick Hanners, Blue Mountain Eagle
Darin Toy, John Day

Agenda Item No. 1—Open and Note Attendance

Council President, Steve Schuette called the John Day City Council meeting to order at 7:00 p.m. He noted that Councilor Willey and Mayor Lundbom were not present and excused.

Agenda Item No. 2—Approval of City Council Minutes of December 12, 2017

Councilor Smith motioned to approve December 12th minutes. Motion was seconded by Councilor Adair and passed unanimously.

Agenda Item No. 3—Appearance of Interested Citizens

Councilor Schuette asked if the audience had any items they wished to be added to the agenda.

Agenda Item No. 4—Resolution 18-777-01

City Manager Green explained there has been an operating contingency in the water fund. The software glitch mentioned several months back, has been troubleshot. It is a multipronged issue, but it has been known for a long time the city needed to upgrade the reading software for the water meters. It has been budgeted for, it was not expected it would need replaced this year. The money is in the operating contingency and they have cost estimates; he proposed to update from the Connect system to Beacon Advanced Metering Analytics System. It is cloud based software that would interface the reads with our utility billing software. It will replace our current system. The computer being used for the current interface is a couple years out of warranty; it will basically be a whole system upgrade. There is wiggle

room, in case something comes up during the transition. The water meter system will cost around \$13,000 and \$1,300 for the computer.

Councilor Adair moved to approve Resolution 18-777-01, A resolution to transfer appropriations between categories within the Water Fund in the Fiscal Year 2017-2018 Budget. Councilor Haberly seconded and it passed unanimously.

Agenda Item No. 5—John Day Housing Development District

City Manager Green informed the council that in December the city was awarded a grant, which was applied for last fall. We were the only city in eastern Oregon, out of many applicants, to receive the grant. It is fully funded, at \$37,800, to pay for the consulting team, who will advise on how to create an Urban Renewal Agency in order to provide the housing incentives previously discussed. Enclosed is the professional services agreement with Elaine Howard Consulting, she will be the prime, who will subcontract a portion of the work to Tiberius. The scope of work is described in the agreement but basically they will: guide the city step by step through the process of creating the district; make sure all of the documentation is in order; that the public hearings have been held and documented; and help prepare the final package for submission and approval. The target date to make the district effective is July 2018, so most of the work will be conducted between now and June, with a little wiggle room. Once the district is established, the city will be able to provide the incentives for new home construction and potentially major remodels, if they are included. They will work with the county assessor to make sure that they know how to mechanically include these properties, for purposes of the incentive. There will be several community advisory committees to get feedback on what should and should not be included within the scope of the district.

Councilor Smith asked about the 25% rule and whether it will be addressed in the formal housing plan. Green responded that, for now, we will have to work with the percent given in the ORS. The proposal does not modify ORS 457. When they socialized making the changes with those who need to support a change, they did not want to open that bill for renegotiation. Smith asked if it is workable within those parameters. Green responded it is not ideal but it is workable. We would have to prioritize residential properties with city utilities; lots that are buildable right now but do not have homes currently, these are the quick wins. Properties with some utilities or that could fairly quickly be connected, would be tier two targets and should also be included. It is more difficult to try to anticipate where development will occur in the future. Strawberry View Estates had 24 residential units planned for the community, being a fairly sizable property. Do we include it in anticipation of someone developing? Some of the other areas with potential for development will also need to be evaluated. The consultants will guide us through the process and help us to prioritize within the cap. We will also work with the county assessor to make sure not to exceed the cap. Where it gets even trickier, is if we include major renovations. Such as if someone downtown in the residential limited district does a burn to learn and rebuilds on the lot. Under the current law there is a way to build a cherry stem, a line down the street that would include that property. We do not know where those will happen, so there will be a formal process to allow amendment to the boundaries of the urban renewal district. If the council becomes the Urban Renewal Agency, as the Agency we would go through the process of amendments. There are rules about how much land you can amend. If possible, Green would like to retain the renovation provision because of all the older homes that are not trading on the market because they need a lot of updates. If some financial offsets will help people improve the properties, we will receive the benefit of improvement while giving incentive to get the updates done. Councilor Adair asked if the 25% could be all over the city. Green responded that you could have donuts with big holes in the middle, long cherry stems, virtually any

arrangement as long as it does not exceed 25% of the city's land area and 25% of its total assessed value. Councilor Smith asked about the voting on public hearings. Green clarified that the council is the deciding body but the public hearings will solicit community input from anyone; the community advisory committees will go through the process to solicit feedback. The proposed plan will be presented to the community at large to give a chance to provide feedback. Green has pre-briefed this to most of the tax agencies that would be affected, not all of the boards but at least the executives. There is a lot of support because they are also facing the same tax challenges we are, which is a basically no-growth-environment. The 2.4% annual tax increases are the only increase being reflected. There are no noticeable increases in tax revenue due to new development. Smith asked if Green felt like this was a barrier with the other taxing districts. Green responded that it would only make more work, not kill the proposal. He thinks we will likely find through the committee process that there are other non-financial barriers to building in John Day. We need to try to ferret out what those other barriers are. They may have nothing to do with money, such as newcomers trying to get in contact with the homebuilders in the area. You could not find them through Google and a newcomer does not have those contacts and connections. How do we facilitate the process for people looking to build in our community? Information about the schools, healthcare, or other amenities may need to be more accessible, making the search easier and more optimal, to remove non-financial barriers.

Councilor Holland motioned to approve the Professional Services Agreement with Elaine Howard Consulting, LLC with a final effective date on or after the effective date of the DLCDC grant agreement. Councilor Adair seconded the motion and it passed unanimously.

Agenda Item No. 6—Resolution 18-778-02

Councilor Holland motioned to approve Resolution 18-778-02, a resolution to authorize expenditure of the DLCDC Technical Assistance Grant. Councilor Smith seconded the motion and it passed unanimously.

Agenda Item No. 7—Public Hearing for Resolution 18-779-03

Councilor Holland motioned to open the public hearing. Councilor Adair seconded the motion. No comments were made by the public or council.

Councilor Adair motioned to close the public hearing. Councilor Holland seconded the motion and it passed unanimously.

Anna Bass noted that a typo in the resolution, the total sum in the first paragraph should be \$1,836,150.

Councilor Adair motioned to approve the amended Resolution 18-779-03, a resolution to establish an IT Fund by supplemental budget. Councilor Holland seconded the motion and it passed unanimously.

Agenda Item No. 8—Resolution 18-780-04

Councilor Holland asked City Manager Green if a dollar increase was enough to sustain us in a positive forward motion, at least for now. Green said yes, with the good news being, there is an end in sight. With the consolidation of the loans, we will have them paid off within six years. From that point forward, we will try to implement an asset management strategy. We pick the amount of depreciation we want to cover and the amount we will leave for future liability, meaning future loans and grants.

Using the GIS data compiled for the utilities, we will be able to quantify the number of feet of utility infrastructure in the ground and the value, condition, and depreciation of the assets. Using Excel we can compute the asset condition and amount of money needed to set aside to maintain at that level. This will be presented to the council, once ready, to have a more informed discussion about how much needs to be set aside and the rate increases that will be needed to maintain that level of service. He thinks we have struck the right balance, for now, between capacity to pay of our users and where we need to get. We all know we are not there in terms of covering our depreciation. Holland noted there is no way to set enough money aside to replace the whole system.

Councilor Holland motioned to approve Resolution 18-780-04, a resolution establishing water rates, deposits, and other related charges. Councilor Smith seconded and it passed unanimously.

Agenda Item No. 9—Resolution 18-781-05

Councilor Smith noted that the auditor, Kent Bailey, said we need to keep our annual sewer increases at a \$1 minimum pace every year to qualify for federal grants. He supports the rate increase if Green feels it is where we should be at this point and time. Green commented that it is and we will have a much better discussion a year from now, having down selected a facility design and gone through our One Stop. We will know the results of the local income survey, which is being sent out this month. A lot of the questions we still don't have answered, like if we are eligible for block grants, we will be able to answer and use to inform rate structure moving forward. The audit reported that we are just above breaking even in our sewer operating expenses; we are not covering much of our depreciation. Councilor Haberly asked if part of that is because of Canyon City. Green clarified that we have a five year fixed cost agreement, with a set rate structure for Canyon City. It is not optimal for covering depreciation but is better than it was. Anna Bass noted the dollar per month increases were also discussed and approved by the budget committee.

Councilor Smith moved to approve Resolution 18-781-05, a resolution establishing sewer service and connection charges. Councilor Adair seconded and it passed unanimously.

Agenda Item No. 10—Public Hearing for Resolution 18-782-06

Councilor Holland motioned to open the public hearing. Councilor Adair seconded the motion. No public comment.

Councilor Holland asked for clarification on what Resolution 17-775-11 included. Green responded that the Main Street Revitalization was revenue and expenses within the general fund but not its own department. The resolution was to appropriate expenditures and receive revenue but it was not very clear, within the general fund, what was due the main street building and what was due to other general fund expenses and revenue. He asked Anna to help clean that up and make it more transparent, the result being a new department in the general fund for Main Street Revitalization. Now, when people ask about the cost and revenue, we can pull up the budget and present a clear picture. Since this is midyear, the one change that was not made was allocation of administrative costs because that would affect every other city fund. Next budget cycle, those costs will be divided among, including this department.

Councilor Adair asked if this is just for the building or for all main street revitalization. Green responded that it is intended for all main street revitalization because this is a recurring grant and they want you to reapply; so if there are additional improvements, they can just include it in the same department.

Councilor Smith asked if the capital outlay was included in case we receive that money this budget year. Anna Bass clarified since we are applying for those grants we could eliminate the need for another supplemental budget down the road by anticipating the revenue and including it in this supplement budget.

Councilor Holland motioned to close the public hearing. Councilor Adair seconded the motion and it passed unanimously.

Councilor Holland motioned to adopt Resolution 18-782-06, a resolution to adopt the supplemental budget reversing appropriations of the General Fund as adopted in Resolution 17-775-11, creating a Main Street Revitalization Department within the General Fund and appropriating various funding sources that may be received prior to June 30, 2018. Councilor Adair seconded and it passed unanimously.

Agenda Item No. 11—Resolution 18-783-07

Councilor Holland asked, normally when someone requests support from the city council they want it in the form of a letter of support, so what is the purpose of actually doing a resolution. City Manager Green noted that there may not be much of a difference; they may have just wanted something more formal. He noted that this was a request from the public relations firm the National Park service hired; he blocks most of these requests but put it forward to the council because the John Day Fossil Beds is one of the parks. He drafted a resolution to edit, review, or not vote for. Councilor Smith asked if Green drafted the resolution himself. Green responded they provided a template that he made changes to.

Councilor Holland asked if the Kam Wah Chung is a State Park. Anna Bass clarified it is not and this is for National Parks. Green noted that the tourist traffic to the John Day Fossil Beds is an asset to the city.

Councilor Haberly stated that if this is a resolution for National Parks he wants nothing to do with it, there is too much that has gone on the last couple years about that. Chief Gray noted that he read a tribute article about the Thomas Condon Center and Fossil Beds that talked about the city of John Day. Councilor Haberly added they keep trying to buy up more private land and we don't need that.

Councilor Adair stated it is important that: what we have, is there; and what is provided, is maintained. She believes this topic is political and could be interpreted diversely. The city council choosing to make a stance one way or the other is not the best use of its decision-making; it isn't an issue that is directly affecting the City of John Day. She is also on the fence about the necessity or importance for city officials to pass a resolution of support. Councilor Smith added that he agreed with part of the argument that John Day sees a lot of traffic that supports business from people visiting the Fossil Beds. If they were to use these dollars specifically for deferred maintenance, he does not know how that stipulation could be changed in the future by congress. Green commented that in the proposed legislation, it notes the funds are to be used for deferred maintenance. They were clear that their intent is not to acquire additional lands. He tends to believe they have the deferred maintenance, though unsure about the numbers, the city also has big numbers too; most publicly funded organizations are way behind and are not keeping pace. The question is if this is the City of John Day's concern. Councilors Adair and Haberly expressed concerns about it being the city's business.

Councilor Schuette asked if this was presented to the County. Several people noted that it has been presented to every government. Councilor Smith suggested we should defer to the County.

Councilor Adair added that she believes it is an important issue but that she read it as a letter of support for money being included in their budget. The federal budget is beyond a city council's say regarding specific budget lines. Councilor Haberly noted that it sounds like they are using government agencies to battle for money. Green commented that it is not uncommon, there are national campaigns for all sorts of issues, this just happens to be a federal agency; it is an elective resolution and does not require a decision by the council. Councilor Haberly noted his problem is that if they are experiencing budget problems, but can come up with money to purchase more ground, and cannot budget to maintain current parks; they should not be buying more land to make more parks.

Council President Schuette suggested a motion to table the issue. Councilor Adair motioned to table the discussion. Councilor Holland seconded the motion and it passed unanimously.

Agenda Item No. 12—Other Business and Upcoming Meetings

Jan. 13—Oregon State Snowmobile Association Convention – City Manager Speaking

Jan. 18—LOC Region 8 Small Cities Meeting (John Day Hosting)

Jan. 23—City Council Meeting, 7PM

Jan. 29—John Day Community Advisory Committee Meeting, 4PM

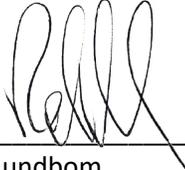
Adjourn

There being no further business before the council, Councilor Holland motioned to adjourn the meeting at 7:38 pm. The motion was seconded by Councilor Adair, and passed unanimously.

Respectfully Submitted:

Nicholas Green
City Manager

ACCEPTED BY THE CITY COUNCIL ON JANUARY 23, 2018



Mayor Ron Lundbom