

**CITY OF JOHN DAY
BUDGET COMMITTEE MEETING
JOHN DAY FIRE HALL
7:00 PM**

May 26, 2020

BUDGET COMMITTEE MEMBERS PRESENT

Katrina Randleas
Ron Hasher, Committee Chairman
Tom Olson, Committee Secretary
Beth Spell (virtually)

BUDGET COMMITTEE MEMBERS ABSENT

Vincent Maurer
Mike Miller

COUNCILORS PRESENT

Ron Lundbom, Mayor
Steve Schuette, Council President
Paul Smith, Councilor
Gregg Haberly, Councilor
Shannon Adair, Councilor
Elliot Sky, Councilor
Dave Holland, Councilor

COUNCILORS ABSENT

STAFF PRESENT

Nicholas, City Manager
Chantal DesJardin, Secretary
Anna Bass, Solutions CPA's (City Recorder)

Don Gabbard, Fire Chief
Monte Legg, Public Works Director
Scott Moore, Sergeant

GUESTS PRESENT

Tammy Bremner, GC Chamber
Sherrie Rininger, GC Chamber

Rudy Diaz, Blue Mtn Eagle
Logan Bagett

Agenda Item No. 1 – OPEN AND NOTE ATTENDANCE

Mayor Lundbom opened the meeting at 7:00 PM and handed it off to prior budget chair Ron Hasher.

Agenda Item No. 2 – ELECTION OF A COMMITTEE CHAIR

Ron Hasher called for nominations of a committee chair.

Councilor Schuette nominated Committee Member Ron Hasher for Committee Chairman. Councilor Adair seconded the nomination and the motion passed unanimously.

Agenda Item No. 3 – ELECTION OF COMMITTEE SECRETARY

Committee Chairman Hasher opened the floor for nominations for the Committee Secretary.

Committee Chairman Hasher nominated Committee Member Tom Olson for Committee Secretary. Mayor Lundbom seconded the nomination and the motion passed unanimously.

Agenda Item No. 4 – BUDGET MESSAGE

City Manager Green asked the Chairman if he wanted to review or just ask for questions. Chairman Hasher asked for any questions or comments regarding the budget message or attachments. Committee Secretary Olson asked about the duplicate in insurance under the sewer fund (page 8); Green clarified it was a typo and it should read as just a 10% increase for insurance across all funds. Council noted the layout was appreciated, it is concise and helps make sense of the numbers. Mayor Lundbom asked if the greenhouse revenue estimate was conservative or generous for the agribusiness fund (page 11); Green responded that it was in line with their targets for the current production scale and spoke to adjusting expenditures throughout the year if they are not meeting the numbers.

Chairman Hasher asked for any other comments. *None appearing.*

Agenda Item No. 5 – REVIEW OF BUDGET

Chairman Ron Hasher proceeded to lead the review of the proposed budget.

General Fund

Administration Department

Page1: Mayor Lundbom asked City Manager Green to explain the single audit for those who don't know; Green noted anytime they receive over \$750,000 in federal grant revenue, they are subject to a single scope audit. They will meet that threshold for the wastewater treatment plant and likely for the 4th street repairs, but it is just one audit, not each project, for all the federal funds, in addition to the regular annual city audit. Councilor Smith asked if they had done one before; Green remarked not in his time.

Page2: Mayor Lundbom asked when the uncollected property taxes had increased from 10% to 11% (42100). Anna Bass noted it has been 11% for years, but it is a conservative estimate and they see better than that because the current assessor is good at collections. She noted that budgeting with the lower amount leaves a cushion.

Police Department

Page 3: Mayor Lundbom asked if PERS was going to change due to the impact on the stock market from COVID-19; Anna Bass noted they receive updated rates every two years. Since this will be the second year of the current rate, they likely won't see the effect in the actuaries for another three years.

Fire Department

No comments

Main Street Revitalization

Page 7: City Manager Green noted the Len's Grant is expected to be paid out this fiscal year so they will be zeroing out this department. Anna Bass clarified because it is just passing through the city, the auditor stated they can show it as revenue in miscellaneous revenue and expense the same line since they specifically audit miscellaneous revenue.

Water Fund

Administration Department

No comments

Water Department

Page 9: Mayor Lundbom inquired about line 63800, asking if the increase was all for the new o/m manual; Public Works Director Legg noted the increase of \$9,000 includes cost for additional water lines and valves but is mostly based off the quote for a new manual. The drinking water program requires the update and the low bidder was Joe Hitz with Sisul Engineering. Legg also spoke on the recent increase in chlorine cost from \$1.08 to \$1.98 per gallon, market rate, due to a forced change in distributor. Secretary Olson asked about the volume of chlorine; Legg replied they use about 32-35 cylinders, which hold about 150 gallons, to handle the water system disinfection and treatment plant.

Page 10: Chairman Hasher asked if the Business OR-Patterson was for the Iron Triangle purchase and where the money would come from. City Manager Green noted there is money in the water fund currently and the loan for \$495,000; he also confirmed the money from the sale of the property, once developed, will go back into the water fund. Hasher inquired about who was developing the property, noting his concerns about money being spent to develop land when historically those purchases have not produced anything. Green confirmed they have applied for a grant to develop through the BUILD program, they will be looking for lease opportunities for the shop as is, and will start discussing how to sell the lots up at the Industrial Park to liquidate those land assets. Councilors spoke to the versatility, noting the property has far less restrictions than those that were imposed on the Industrial Park property. There was discussion about the zoning restrictions and issues with the state enterprise zone; Green noted the city will own the property outright in two years and could pursue trying to lift some of the restrictions and the lack of purchase makes a good argument for change. Mayor Lundbom also spoke to the utility needs in the area and strengthening the EDA application.

Sewer Fund

Administration Department

No Comments

Sewer Department

Page 13: Councilor Holland asked about the decrease in line 40110 for net working capital. City Manager Green noted that originally the proposal was to operate greenhouse as an extension of the sewer fund and it worked well. Business Oregon, who is doing the underwriting for the treatment plant, asked them to move it out of the sewer fund and into the community development fund, so they are now doing asset transfers from fund to fund so it is not carried on the books when they go to finance the new treatment plant. It's a lot of moving around but Business Oregon has been the largest lender historically. The asset being moved to the community development fund means it will have to repay the sewer fund for the portion that was used to launch the greenhouse. He noted the sale of the land for the new hotel is also not accounted for in the sewer fund but once that land is sold, all those revenue funds will accrue to the sewer fund unappropriated in the next fiscal year.

Agribusiness Department

No comments

Project Construction

Page 15: Mayor Lundbom asked if they were being optimistic on the USDA Rural Development Financing; Green stated that was the requested amount based on the four bids received. As the biggest lender, they have asked for additional analysis prior to doing the awards; the city brought on Flagline Engineering and Kenedy Jenks Consultants to do the additional analysis. The presented numbers are the best capital outlay they could propose but may adjust based on the analysis and where USDA lands.

Joint Sewer Facility Fund

Administration Department

No comments

Sewer Department

Page 18: Councilor Sky inquired about the Canyon City fees; City Manager Green explained they are fees for treating their sewer based on a five-year agreement through 2021. He noted that financing for the new facility would inform the new rates, with the goal being the same rate for both communities.

Treatment Plant Equipment Fund

No comments

Street Fund

Administration Department

No comments

Street Department

Page 21: Mayor Lundbom brought attention to 64300, showing the funds designated for street repair/maintenance in the coming year. City Manager Green noted that while there is nearly \$760,000 in capital outlay, but that was not reflective of the local revenue sources, most is special purpose grants through OPRD, ODOT, and FEMA. There was discussion about the need for funds for street maintenance, it was noted that they could implement a local fuel tax(voter approved) since the only revenue currently is from the County and State. Green highlighted points regarding the cost of construction and prevailing wage as significant hurdles to projects; Public Works Director Legg discussed the costs for maintaining the infrastructure that is within the streets, noting that it is not just the cost of repaving. Green noted they currently have \$100,000 in contingency but like the state, they don't know what kind of hit there will be to the fuel tax receipts; he suggested that they could reassess later and discuss addition street maintenance. Director Legg confirmed that once it dries out, they are planning to address the various potholes with a new cold mix they have found to work well. Legg gave an update about some ODOT chip sealing that will be taking place in the coming months.

Page 22: Councilor Smith suggested city allotted road funds from the forest receipts (line 44650) could be tapped into for a loan to complete road work, as a create way to solve this problem; he noted it is not a popular idea. Councilor sky asked for clarification about responsibility and cooperation for road maintenance between the various agencies. Chairman Hasher commented that Canyon City had hired the county to do some roadwork, which saved them some money. Councilor Holland noted the County Court is concerned with the long stretches of rural roads they have to maintain and less with the portion that is inside the cities, while not very much, there is some cooperation. Councilor Smith stated that he felt there could be a broader influence with the funds available. Secretary Olson asked if that was a point that had been made to the county. Mayor Lundbom noted that they were more generous before the logging decline but what they gathered from the Court is they don't find that to be the intended purpose of the funds. He stated he was told they were going to let the interest grow on the reserve funds until it could fund the road department, which hasn't happened in the last forty years because of the low interest rate.

IT Fund

IT Department

Page 23: City Manager Green noted one million of the capital outlay is to match Oregon Telephone's million and the six million ReConnect Grant funds for an eight million dollar project to extend fiber to Long Creek, Monument, Spray, and Seneca. The City is the fiduciary agent for Grant County Digital. The

remaining \$328,000 is to cover the match on the fiber to every home in John Day, which they are applying for through the EDA; if awarded those funds will be expended in the next fiscal year and complete the fiber networks in John Day. Chairman Hasher asked if the route would be down to Burns; Green noted there will be just enough left over to make one more swing at USDA funding for the route from Seneca to Burns but that will exhaust all of the funds they were given.

Debt Service Fund

No comments

Community Development Fund

Administration Department

Page 25: Tammy Bremner asked why the budgeted amount had decreased from what Green stated last week at the study session of \$60,000 down to \$45,000 for transient room tax. Green responded that the city tax has not been passed and with the impact on travel, they are trying to be conservative. She confirmed they still aren't sure how that revenue is going to be collected and asked about the Economic Development Fee. Green explained the change that took place in water rates to allocate a portion for capital improvement projects that would improve the community.

Agribusiness Department

Page 26/27: Secretary Olson asked if the fire chief position was still committing ten percent of time at the greenhouse. City Manager Green noted that included as a portion of the wages and salaries (line 61050); he noted they are still working on the market and distribution, but production is going well. Olson noted it appears it is losing money and how long until it breaks even; Green responded that the goal is to break even within three years but they do have some exit strategies such as convert it to community supported agriculture because the biggest hinderance to profit is the cost of labor. He noted they are also pursuing the option with EDA to add two additional bays, which would increase volume and productivity without increasing fixed costs of labor; they will be watching closely over the next two years and see where they land. He discussed some of the creative ways they have pursued to improve the labor cost portion, such as interns from OSU.

Motor Pool Fund

Police

Page 28: Mayor Lundbom asked for an update on the pickup; City Manager Green noted it was ordered, the lease agreement has been signed, and they are upfitting it now.

Motor Pool

Page 30: Councilor Schuette asked about the \$55,000 for wages and salary in motor pool. Anna Bass noted it was an estimate based on a percentage across the board, is variable between employees, and has only been \$30,000 the last several years. Councilor Holland explained during his time with the city, they had changed motor pool to include personnel services to account for the wages when doing in house vehicle maintenance instead of taking it to the shop.

No comments regarding the following funds:

Water Replacement Reserve Fund

Sewer Collection Replacement Fund

9-1-1 Fund

Unpaid Comp Fund

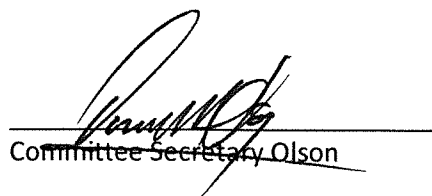
Safe Communities Coalition

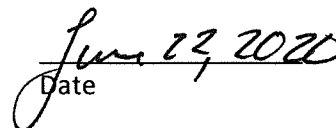
Councilor Sky asked if city had considered creating a grant fund, or pool of money specifically allocated for non-profits, that was flexible based on revenues year to year. He acknowledged that the requests were not budgeted for due to the concerns resulting from COVID-19 but spoke to the significance of contribution, even a token amount, that local backing has for non-profits when they are pursuing grants and other external funders. City Manager Green reviewed his opinion as stated on page 11 of the budget message. Mayor Lundbom noted this is the first year he has not seen a cost of living increase and suggested opportunities through the CARES Act. Councilor Sky noted that yes his wife is the director of CASA so he is more informed about it but the significance is not just in funding but the public statement that the funding makes. When an organization like a non-profit doesn't get support locally, it is hard to show worth to the organizations that bring in bigger money, as the city has experienced in their attempts to bring in grant dollars. He thinks it would be nice if local agencies could lend support where they can and recognized the value and lending support, where available. He understands why it was left off the proposed budget but wanted to raise awareness and consideration for the future. Mayor Lundbom noted they should make it a point to revisit in the New Year. City Manager Green restated a point made in the working group about marijuana revenue. He explained the ordinance prohibits marijuana sales citywide but if you walk ten feet outside city limits there is a legal marijuana shop. Therefore, the city is forgoing the state shared revenue for marijuana taxes. The ordinance is not changing marijuana behavior, in his opinion. If they repeal the ordinance the three percent tax on those in city limits would take effect but they would also begin participating in the state shared revenue immediately, which when incidentally included, constituted \$4,500. Chairman Hasher stated that there was no increase in funding for the police for increased criminal activity relating to marijuana. There was discussion about the feeling at the time and council's decision to follow the voting of the constituents and concerns about dispensaries on Main Street. City Manager Green noted they are still subject to the current development code and he isn't sold that there is a market for a second shop in John Day, so they may not even receive the three percent on local sales, but they would still receive the state shared revenue if it was repealed. Mayor Lundbom also added that when they were considering the ordinance they had mapped the possible locations for a shop and there were very few places that conformed to the restrictions on distances from schools, parks, and daycares. Mayor Lundbom asked if anyone attending virtually had questions or concerns. *None appeared.*

There were no recommended changes to the proposed budget.

Councilor Holland moved that the City of John Day budget committee approve the presented budget and approved property tax for the 2020-2021 fiscal year at the rate of 2.99150 per thousand for assessed value for operating purposes and in the amount of \$64,045 for the payment of bond principal and interest. The motion was seconded by Mayor Lundbom. Councilor Smith asked if it could be in one motion; Anna Bass confirmed in her research with the Secretary of State that it could be combined. The vote in favor of the motion was unanimous.

Mayor Lundbom closed the budget committee meeting at 7:59PM.


Committee Secretary Olson


Date