

# John Day budget shows higher capital outlay and leaner staff

By Rudy Diaz  
Blue Mountain Eagle



The Eagle/Rudy Diaz

Ron Hasher from the budget committee, far left, asked a question regarding the proposed budget on May 26.

With the state projecting a \$3 billion deficit, the city of John Day is making adjustments to its budget for next fiscal year to prepare.

In the letter to the Budget Committee, from John Day City Manager Nick Green said, while the city will continue to fund projects such as the Innovation Gateway and other investments, the city must be cautious about overextending the budget going into the 2020-2021 fiscal year.

“As a result of COVID-19 and the devastating economic impacts that came from the economic shutdown, the state is forecasting a \$3 billion budget deficit,” Green said in the letter. “These deficits could impact several aspects of our budget, including our General Fund due to reduced state shared revenue and our Street Fund due to reduced fuel tax receipts.”

Because the city is aiming at a moving target due to the uncertainties with the future of COVID-19, they will be prepared to make further reductions such as hours of operation at city hall and staff furlough if necessary, he said.

As of right now, the city is projecting that the fiscal year ending next month will have 17.23 full-time employees, and the budget committee approved 16.23 FTE for next fiscal year.

“We are also hoping for a federal or state stimulus package similar to the CARES act that will allow all our cities to sustain the level of service our residents have come to expect. In other words, we will plan for the worst, and hope for the best,” Green said.

A hearing on the proposed 2020-2021 fiscal year budget of \$18.2 million budget will be held at 7 p.m. June

9 by the city council.

During the John Day City Council and Budget Committee meeting on May 26, the Budget Committee reviewed the 39-page budget document and gave the public an opportunity to ask questions about any item in the document.

The water fund included the purchase of 14 acres of land from Iron Triangle this fiscal year.

Ron Hasher, who is on the budget committee, shared his concerns about the acquisition of land from Iron Triangle. He asked about the Business Oregon loan and the money coming from the water fund.

To complete the proposed land acquisitions and development clean up, the city needed to approve a supplemental budget for water fund expenditures that increased capital outlay for this project to \$725,000, Green said. The goal is to sell all 12 lots from this purchase at fair market value to allow for business expansion.

Green said the water fund is the collateral for the loan, which can be paid back through water fund revenues or land sales. As individual lots are sold, the funding will go back to the water fund. The loan is for \$595,000 with \$60,000 forgivable.

The purchase price of the land was \$495,000, but the additional \$100,000 was asked in case the city needs to do

any clean up, environmental remediation or improvement to the property. If the \$100,000 is used, \$60,000 of it will be subtracted from the balance owed once the clean up is finished and then it becomes a grant. If the clean up is not needed, the money borrowed would be just \$495,000.

Hasher shared that his concern is that the city is spending a lot of money on land that is not being used.

“Getting a lot of developing land for a city that’s never produced anything... I’m just concerned about the amount of money that we’re putting out there,” Hasher said.

Mayor Ron Lundbom said that the Economic Development Administration liked the inclusion of this purchase in a grant application and that the purchase made sense with the development of Ironwood Estates and the wastewater treatment plant nearby.

Street repairs was a concern Lundbom wanted to expand on since there are many questions regarding street maintenance. To address potholes and other concerns, \$42,631 was proposed for street maintenance and repairs.

While there is \$760,000 in capital outlay for the proposed budget, only \$40,000 of that is from local revenue sources, Green said. The majority of funds have been through grants. He

added that the only grant that he is aware of for street maintenance is the small city allotment grants from the Oregon Department of Transportation that come every three to four years, which are capped at \$100,000.

Revenues for the street fund come from the county and through fuel tax receipts from the state level, he said.

Hasher said the city is going to have to do something for street maintenance because of streets crumbling, especially on the street he lives on.

“That’s the number one complaint you’ve got downtown, guys,” Hasher said.

Monte Legg, the John Day Public Works director, said the city got new coal mix from the county, and the plan is to tackle some of the potholes when the weather dries up.

Councilor Paul Smith said the county could help cities with road work.

“With the county having \$50 million in (a Road Reserve Fund), and if they went on population use on how that money was spent as far as road work, it just seems like there could be a larger formula to help all the cities in the county and their road work,” Smith said.

Lundbom said the discussions on using those funds from the county really don’t go anywhere as the county has the money reserved for

emergencies.

In an interview with the Eagle on May 29, Grant County Judge Scott Myers said that funds were saved because the county expected to build up a reserve and have enough interest annually to save that money in place for projects and use the interest from those reserves on wages and emergencies.

“If we have a major bridge emergency it could be millions and millions of dollars, and we have project money set aside too, but we could all of a sudden need \$15 to \$20 million and that falls on us,” Myers said.

During a work session between the city and the Grant County Chamber of Commerce on May 21, Green also noted his frustration on the use of the federal Secure Rural Schools funding and the growing road fund the county has.

“The reality is that this isn’t even a rounding error in their budget,” Green said. “The thing that we’re grappling over doesn’t even register, and when you’re talking about securing rural schools and we’ve lost 40% of our student enrollment, we failed — our grade is an F-minus,” Green said.

In an interview with the Eagle, Myers said when the county received about \$3 million in SRS funds — which are not guaranteed annually — the county gave the cities about \$450,000 to split among themselves. They gave about \$450,000 to schools based on a formula since SRS started, he said.

By law, 75% of the SRS Title I money must go to public road funds, and 25% to public school funds.

“We used to give the schools a million a year extra outside of their formula,” Myers said. “Now we kind of dropped that down to about what the cities get for their streets and bridges.”

# John Day’s housing incentive program sees growth beyond expectations

By Rudy Diaz  
Blue Mountain Eagle

John Day’s housing incentive program continues to steadily grow as construction and renovations increase for homes in the urban renewal district.

The tax-increment financing program provides rebates to people who build or renovate within the district and had the goal of seeing 100 new homes in the 20-year life of the program.

“Our goal was to be at six, and we’re at 12 (this year) so we’re quite a bit ahead of our initial projec-

tion for where we’re at in the program right now,” said John Day City Manager Nick Green. “We’re still seeing interest and progress that’s exceeding our target. If we stay on this pace, we’ll get there in 10 years or less rather than the 20 we were projecting.”

Of the 12 homes, Green said at the May 26 Budget Committee meeting that there are nine new homes and three renovations. The city is also expecting one new application since the party has gone through permitting and been approved.

“It’s either coincidence

or something the city is doing is encouraging the city to build,” Councilor Elliot Sky said.

The city has seen an increase in assessed value of \$1.2 million and estimates around \$48,000 in incentive payments for these properties this coming fiscal year, according to Green.

“It’s really exciting because we get to retire the urban renewal area early, and we could create another one, but we’ll see how things go this year. It’s gonna be a strange year,” Green said.

Some of the variables that make this year so strange

have been the economy during the pandemic and with interest rates being low for people to take advantage of.

Along with the benefits of new homes and increased

assessed value, putting contractors to work and gaining water and sewer revenues are some of the other positives not measured by the program, Green said.

The program provides

cash rebates equal to 7% of the increase in assessed value for new homes, according to Green, and a 15% rebate for remodels that increase assessed value by at least \$10,000.

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