

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

June 13, 2017

Adjourned Meeting

COUNCILORS PRESENT:

Paul Smith, Councilor
David Holland, Councilor
Steve Schuette, Council President
Gregg Haberly, Councilor
Lisa Weigum, Councilor
Ron Lundbom, Mayor
Donn Willey, Councilor

COUNCILORS ABSENT:

STAFF PRESENT:

Nicholas Green, City Manager
Monte Legg, Public Works Director
Janine Weaver, Secretary
Valerie Maynard, ECC Manager

Aaron Lieuallen, Public Works Senior PM
Richard Gray, Police Chief
Anna Bass, Recorder

GUESTS PRESENT:

Dale Rininger, John Day
Sherrie Rininger, John Day
Angie Jones, People Mover
Shannon Adair, 1188 Brewing
David Paddock, John Day
Mike Kilpatrick, Mount Vernon

Rylan Boggs, Blue Mountain Eagle
Ashley Stevick, John Day
Dave Fields, State Fire Marshal
Linda Sprouffske
Rick Minster, John Day

Agenda Item No. 1 – Open and Note Attendance

The John Day City Council meeting opened at 7:00 p.m. Mayor Lundbom noted all councilors were present.

Agenda Item No. 2 – Approval of City Council Minutes of May 23, 2017

The minutes of the May 23 2017, City Council meeting were included in the agenda packets and were presented for the Council's approval.

Councilor Holland moved to adopt the minutes. Councilor Weigum seconded and the motion passed unanimously.

Agenda Item No. 3 – Appearance of Interested Citizens

Council President Schuette welcomed visitors in the audience.

Agenda Item No. 4 – Welcome to John Day Sign and Funding Request

City Manager Green spoke to the council about the sign proposed by David Paddock a couple months ago. There is the option to go forward with the sign as is, go forward with the sign at the Oregon Pine property or wait until there is a more integrated plan for a sign. Mr. Paddock informed the Council he proposed the sign to make our city more welcoming before the eclipse. The sign design can be done mostly in-house and the Parks and Recreation Department has expressed their approval to use the 3rd

Street corner. Mr. Paddock has located a beautiful rock for the sign but it concerned about the time allotment before the eclipse.

Councilor Willey pointed out that by ORS 279B.070, the City would be required to solicit three proposals. City Manager Green confirmed we would have to go through a formal proposal process before awarding the job. Councilor Holland thinks a welcome sign would be a good addition to our City but does not believe 3rd Street is the best location. He would rather see it at Oregon Pine. He believes it is a good investment but does not want to rush the process to ensure the money is spent wisely. Councilors Schuette, Smith and Haberly agree with Councilor Holland. Mayor Lundbom agrees and asks that we include the sign in the area development plan.

Agenda Item No. 5 – Resolution 17-769-05, A Resolution to Adopt FY2017-18 Budget

City Manager Green explained this resolution is to adopt the budget approved by the Budget Committee.

Councilor Schuette moved to adopt Resolution 17-769-05, A Resolution to Adopt FY2017-2018 Budget. Councilor Smith seconded and the motion passed unanimously.

Agenda Item No. 6 – Resolution 17-770-06, A Resolution to Appropriate FY2017-18 Budget

City Manager Green explained this is the resolution to appropriate the resolution just adopted.

Councilor Smith moved to adopt Resolution 17-770-06, A Resolution to Appropriate FY2017-18 Budget. Councilor Schuette seconded and the motion passed unanimously.

Agenda Item No. 7 – Resolution 17-771-07, A Resolution to Impose and Categorize Taxes for FY2017-18 Budget

City Recorder Bass clarified the Excluded from Limitation \$64,045 includes the uncollectable taxes previously excluded.

Councilor Schuette moved to adopt Resolution 17-771-07, A Resolution to Impose and Categorize Taxes for the FY2017-18 Budget. Councilor Haberly seconded and the motion passed unanimously.

Agenda Item No. 8 – Resolution 17-772-08, A Resolution of the City of John Day, Grant County, Oregon, Declaring the City's Election to Receive State Revenue

City Manager Green explained this is a requirement under state budget law to pass a resolution to accept state revenue.

Councilor Haberly moved to adopt Resolution 17-772-08, A Resolution of the City of John Day, Grant County, Oregon, Declaring the City's Election to Receive State Revenue. Councilor Weigum seconded and the motion passed unanimously.

Agenda Item No. 9 – Resolution 17-773-09, Volunteer Worker's Compensation Resolution for Coverage Year 2017-2018

City Manager Green explained City/County Insurance Service requires the City to provide workers compensation for city police and firefighter volunteers.

Councilor Weigum moved to adopt Resolution 17-773-09, Volunteer Worker's Compensation Resolution for Coverage Year 2017-2018. Councilor Schuette seconded and the motion passed unanimously.

Agenda Item No. 10 – Resolution 17-774-10, A Resolution Establishing Water Rates, Deposits and Other Related Charges

City Manager Green explained this resolution is normally passed in December for the calendar year. This resolution adds the \$6 community development fee to the water bills and reduces the water base rate by \$6, making this a revenue neutral resolution. There will be some residents that notice the change but there will not be an increase in the water and sewer bills but reallocate funds to the community development fund. City Manager Green referred the council to the red changes in the resolution showing the change in wording. There were no questions from the audience as to why the City is establishing a community development fund.

Councilor Smith moved to adopt Resolution 17-774-10, A Resolution Establishing Water Rates, Deposits and Other Related Charges. Councilor Holland seconded and the motion passed unanimously.

Agenda Item No. 11 – John Day Sidewalk Extension Update

City Manager Green showed the Council the design options for the sidewalk from 6th Street to the high school. Originally the City went with option 1 but after the ADA settlement, the cost became too high. Oregon Department of Transportation came back with more options and met with the Public Works Committee to discuss the options. The committee chose option 3. This option looks similar to in front of the fire station except is at grade rather than above grade. There is a curb and gutter adjacent to the road, followed by a bio-swale which absorbs run off, followed by the sidewalk. The primary reason for choosing option three is the bio-swale means does not require treatment of the runoff and no runoff that would have to be injected into Canyon Creek.

Councilor Haberly questioned the need for two designated bike lanes. Councilor Holland explained there will be only one designated bike lane, the other is just a wide shoulder used as a bike lane. Mayor Lundbom questioned if there would be a higher cost in easement costs. City Manager Green explained the right of way costs are higher but there is a corresponding reduction in construction costs. There is a little more maintenance of the bio-swale but we avoid any future actions from the EPA on redirecting storm water.

City Manger Green said if option three is chosen, ODOT has found an additional \$80,000. The City is only upside down about \$500,000. We are going to go to the state and the county for more funding. We are the first project that has been scoped before the ADA ruling where construction is not done until after, causing a large increase in cost. We are telling ODOT they need to come up with additional funding because we were not a party to the settlement. The transportation package and fuel tax could increase the small city allotments as well.

Councilor Holland explained that if we cancel the project, the City has to repay ODOT all costs already incurred. Councilor Schuette believes we should shorten the project and only complete what we have been allotted. This would align us for the next grant opportunity to finish the project. Councilor Smith explained there was a discussion with Commissioner Britton about possible County funding since two blocks are in the county. City Manager Green explained that \$120,000 of the pricing is contingency funding. Some of the contingency will be realized but there is padding built into the pricing.

Councilor Holland explained that by going with option three there will not be a need for the retaining walls and storm water mitigation like there was in option one. City Manager Green explained he has asked to see the number where the options have come from to really look at the funding and options. The state wants to know tonight the City's intention to move forward. We have the funding to get through the next two years. In a worst case scenario, we will build until we are out of money. If the council decides to go with option three, which is what ODOT needs to continue until construction. ODOT has agreed to continue to find funding and City Manager Green will be looking for funding as well.

Councilor Holland explained the bio-swales have a quickly draining base and are large enough to cover a large amount of water especially with the breaks in the curbs. When you get in to the more dense residential area, the bio-swale is not necessary and will be more of a traditional sidewalk.

Councilor Weigum does not like the at-grade sidewalk. Councilor Holland explained it will be at the grade of the ground rather than raised the curb height. But the sidewalk will be set away from the road by the bio-swale.

Councilor Holland moved to move ahead with Option 3 and figuring out how far the option will take us at a further date. Councilor Smith seconded and the motion passed unanimously.

Agenda Item No. 12 – Street Improvements for 2017 Eclipse

City Manager Green explained that Council can make a motion to implement traffic regulations. We are recommending changing the intersection of 3rd Street and Bridge Street into a four-way stop. This would be a permanent change. If you are traveling from the east on 3rd Street, you have to go three feet into the road to see around parked vehicles. There is also high speed traffic coming down Bridge Street. Councilor Schuette believes it is a parking problem not a stop sign problem. Councilor Haberly believes the tree on the corner is harder to see around. Councilor Schuette explained that typically this would go to the Safety Committee before the council and creating a temporary stop can become a bigger hazard.

Councilor Holland explained that there is no parking 10 feet from an intersection and the City does have signs that at “No Parking from Here to Corner”. City Manager Green asked why there is a four-way stop at Canton and 3rd when there is very little traffic when not at Bridge Street. Councilor Holland explained the North/South running streets on the north end of town are the through streets while the East/West streets are the stop streets with Canton being the exception. He questions when do you stop making four-way stop intersections.

City Manager Green said it is a visibility issue. Emergency Communications Manager Lutrell believes it is also a speed issue. Her car has been run over on the corner because of a speeding driver and explained there are speed issues on Bridge Street. Councilor Schuette noted the speed limit is 20 miles per hour and the police force could enforce the speed limit. The council agreed to have the Safety Committee look into long term solutions for the Bridge Street and 3rd Street intersection.

Councilor Smith questioned where to set up vendors for the eclipse to prevent blocking off streets. Fire Marshal Fields explained that he would be able to look into vendors and their fire suppression. City Manager Green explained that months ago when the council looked into a street vendor ordinance, the Council decided not to implement one. We can still have the City Attorney pull the draft ordinance and create one. This would regulate anyone wanting to set up in the public right of way. Mr. Rininger pointed out the Grant County Fair Grounds has vendors staying from the fair. Councilor Weigum suggested shutting down a street like the Farmer’s Market does for the time. City Manager Green suggests to consider moving the Farmer’s Market for the weekend of the eclipse to alleviate traffic congestion. Councilor Holland suggested the Oregon Pine property.

City Manager Green suggested a temporary 2 Hour parking restriction to keep anyone from parking and not moving during the eclipse. Tickets would then be issued but the parking ticket fines would need to be readdressed.

City Manager Green recommends designated the city owned parking lots as permit only parking during the eclipse. The City can then issue permits to businesses to ensure out of town workers have parking without taking up all the downtown parking.

The Industrial Park RV camping sites are sold out and the tent sites are almost sold out. We have added 33 RV sites at Oregon Pine. Councilor Smith explained that emergency responders are afraid of access if there is an emergency. Ms. Jones with the Grant County Transportation Department explained they are increasing their routes for the eclipse to help ease the traffic on the road, making emergency response easier. There will be wrist band options, one day and four day passes, and cash only with no change in the buses.

The Council agreed to have a Safety Committee meeting to come up with suggestions on these topics. The Safety Committee meeting is scheduled June 28th at 5:15 pm.

Agenda Item No. 13 – Main Street Revitalization Grant

City Manager Green explained that many of the buildings downtown are in disrepair. The Main Street Revitalization Grant was asked to be applied for by a dozen downtown merchants. After discussing options such as facades, the proposal was to apply for the grant to purchase one of the downtown buildings. The Council decided to apply for the grant and won the grant. After being awarded the grant, City Manager Green began doing the due diligence on the building. There has been multiple on-site inspections with the state fire marshal, an architect, two construction companies and the Public Works staff. The City knew the building was in disrepair but did not know it is a dangerous building. There are actually four buildings with exterior walls and windows inside the building. This has created many empty spaces and fire hazards in the building. City Manager Green met with the building owners and explained that with the uncertainty of restoring this building, he could not recommend the Council to spend any tax payer money outside of the cost of the grant. The owners deliberated over the weekend and the realtor called City Manager Green the following week agreeing to sell the building as-is for \$100,000 with the City paying the closing costs.

If the City chooses to buy the building, it will cost the City \$6,000. The City will then be responsible for bringing the building to an acceptable fire safety standard and renovations. The City would also be receiving rent from the commercial tenants on the first floor which is just under \$20,000 a year. The Council's first decision is whether to purchase the building and address the fire safety or not purchase the building and put the burden of the fire safety back onto the current property owners. Either way the fire safety is an issue that will have to be addressed. There is no known cost for addressing the fire safety of the building. We are waiting on estimates but a large part will depend upon what is found during the project. There is the option to fix the issue more cheaply but the City would make sure it is done right. When that is done, the building will be safe. Then the question would be how to raise the capitol for the renovation but the building would be safe. There will be significant costs involved in bringing the building to fire safety standards but we will have the revenue from the renters and potentially other sources. There may be additional funding available for projects like this.

State Fire Marshal Fields explained that if a fire were to start in any of the businesses down below, it would take down the entire block. The voids would allow fire to travel very quickly. There is no fire alarm system that would notify the lower tenants if a fire were to break out upstairs. There is no fire stop. This building has brought attention and triggered other owners to ask for walk throughs. Fixing wise it can be fixing and filling voids. This is the same issue you would find with a 100 year old house. Balloon construction is a fire hazard. State Fire Marshal Fields explained he wants to work with the merchants and can give time as long as progress is being made. If it were to be put on a back burner, there would need to be discussions about whether it meets the requirements of a dangerous building. If it were fixed up the building would be safe but if you cannot let it just sit as is anymore. Remediation has to happen. City Manager Green explained there is 12 months before it has to be denied. The architect believes the building to be structurally sound but there has not been a structural engineer in to evaluate. The electrical is a problem but we can probably work around it with other fire safety measures. This will not be an easy project and would be kitchen sink financing. We would through non-profit grants at it, USDA Rural

Development Funds, consider creating an Urban Renewal District which would create a sustainable revenue source to invest into the community, and housing and commercial rental/retail space from the building. In the next month we should have estimates from the contractors. The contractors did warn they will be estimating high because they do not know what they will find during the process. If the contractors began the project and realized it is not possible, the building would be condemned anyway. In this scenario, we pay the property owner, the city is only out the \$6,000 plus closing costs, the building is torn down and downtown merchants have more parking. The grant cannot be amended to anything other than purchasing the building. It could be declined and we could reapply for another project.

Councilor Weigum understands this could be a huge undertaking but worries the current property owner may rather have the building condemned than invest the money required to bring it to fire safety standards. Either the City makes the investment knowing worst case scenario we have downtown parking or we watch another building be condemned. Councilor Haberly knows the building owners have put money into the building including a newer roof. Mike Kilpatrick explained the upstairs of the building had been a disaster since before the building was purchased by the current owners.

Mr. Kilpatrick explained that he is here because his sister Joan owned half of the building and he represents her interest. He has read about the building in the paper but has not been contacted by anyone. He has read the grant and knows it is specifically for the building but knows the grant can be used to help the business owners without the City having to own the buildings. Mr. Kilpatrick saw the fire marshal report this morning but does not believe it is correct on most of the points such as the electrical. Mr. Kilpatrick said he would love to sell to the City but the problem is the building is worth \$250,000 according to the county and the City's appraisal. He believes the lot behind the building to be worth more. No one has asked Mr. Kilpatrick if he is willing to sell for \$100,000.

City Manager Green stated he did not know about Joan's interest in the building until Mr. and Mrs. Weaver told him. Joan's name is not on file at the assessor's office. This is why Mr. Kilpatrick has not been contacted. The City has never had the building appraised. The number in the grant was an estimate from City Manager Green and he does not know when the last county assessment has been to know the accuracy. In City Manager Green's perspective the building is worth the land it is sitting on because it may have to come down. There is too much uncertainty as an investor. It is up to the Council how much they pay but City Manager Green's advice is not to pay more than \$100,000 for the building if the council chooses to buy it. City Manager Green has already advised the grant administrators that the building may have to be demolished. The administrators said that is acceptable because the scope of the grant it to purchase the building not restore the building.

City Manager Green has been dealing with the realtor, Lori, of the building and met with the Weavers once. Mr. and Mrs. Weaver said they would have to speak with Mr. Kilpatrick. When Lori called back to notify City Manager Green of being willing to accept \$100,000 for the building, he had the understanding it was accepted by all parties. Mr. Kilpatrick said he was informed of the discussion but did not agree to the pricing.

Mayor Lundbom said he would like to see some numbers from the contractors for the fire safety. Councilor Smith would like to have the structural stability tested. State Fire Marshal Fields explained the 60 day time frame in the original report is a standard time issued under the report. Then he works with the building owners to find a suitable time frame for completing repairs. If nothing has happened in 60 to 90 days then he will move forward. Councilor Weigum sees the worst side of \$6,000 for a much needed downtown parking lot. Mayor Lundbom said we need to not focus on the \$100,000 price until Mr. Kilpatrick has agreed to it as well. The Council agreed to readdress this in July after there are quotes from the contractors and we hear back from Mr. Kilpatrick. City Manager Green clarified that he will be negotiating with the realtor hired jointly by the building owners since it is listed on the commercial

market. Mr. Kilpatrick said he will take care of the communication with the realtor and if anyone needs to get a hold of him he is available by phone and email regularly. City Manager Green does not want to go to the current building owner and put all the burden on them for a dangerous building just because the City is the first entity to do due diligence. We do not want to conduct business that way.

City Manager Green explained an Urban Renewal District. The district is defined by the City. As an example, the city could define the district as one block deep along Main Street all the way to Oregon Pine. The tax base for the defined district would freeze. All eight taxing districts would receive the same tax revenue they received the prior year. Any new assessed value, such as improvements to the downtown building or 1188 Brewery and True Value expanding, would accrue to the Urban Renewal District. Any new buildings built after the implementation of the Urban Renewal District would have all of their assessed tax value going to the Urban Renewal District. We could potentially have \$50,000 renewable revenue to invest into our city. 55 cities have created an Urban Renewal District. Public meetings would be required and notification to all taxing districts. We would complete a feasibility study beginning with the merchants who initially came to the City for the grant. Pendleton has done an Urban Renewal District and has invested \$1.3 Million from their Urban Renewal District in a variety of ways: jump start financing for new businesses, micro loans at competitive interest rates but better than the local government investment pool, a small grant program and the majority used to lever up other grants. Pendleton's manager of their Development Commission said it has made a tremendous difference in the quality of their downtown. The City receiving \$50,000 to \$60,000 a year of renewable revenue is a lot of façade improvements, grant matches, and help with demolition financing. The only negative City Manager Green has heard is if there is no growth in the district, it is a lot of work for nothing. At the end of the feasibility study, a public hearing is required but a public vote is not. There is a time limit on the district. 10 to 15 years is common. Typically revenue is not seen until year 6. We need to look at alternative revenue sources if we want to save our declining areas. A private owner can receive micro loans and competitive financing.

Ms. Adair explained that a loan as described in the Urban Renewal District would be beneficial with their expansion as gap financing to finish their unforeseen costs before the eclipse. Mr. Rininger explained that as a business owner, he can get the financing to buy a building but cannot afford the renovations required. People keep saying to let the private sector help, but no one from the private sector is wanting to put money into the old buildings. When asking the City to help with the grant, the original idea was facades but that just becomes a band aid on an unsafe building. Councilor Smith pointed out that the county would realize the increased assessed values when the Urban Renewal District closes. City Manager Green stated that Oregon City's assessed values increased 1,000% at the end of their Urban Growth Renewal District. He does not expect the same growth from John Day but getting to structurally sound and improved buildings is easily worth it. If the public sector will lead, the private sector will follow. The Council would all like to find out more about the Urban Renewal District.

Agenda Item No. 14 – Discussion about Madden's Building

City Manager Green explained the Maddens have purchased the old junior high. They would like to convert the gym into a concert hall with bands playing. They think they can 200 to 300 people occupancy. Typically the change of use would go through the planning committee but to book concerts for this summer they do not have time to wait. They are asking to instead have it permitted under the special use permit. The largest impact will be in parking. City Manager Green has asked the Madden's to work with the fair grounds to use their parking or open Oregon Pine for parking with Maddens responsible for shuttling. They would like the special events permit for this season to give them time to apply for land use approval. The fairgrounds have concerts and 7th Street is having one. The impact to the neighbors would be no different than those. State Fire Marshal Fields' only concern with this building is the occupancy number and serving alcohol. Councilor Weigum and Haberly are both in favor of allowing the use.

Councilor Schuette is in favor as long as the parking is addressed. Secretary Weaver spoke with Jesse Madden who had already been working with the fairground to address the parking.

The Council came to the consensus to allow the Maddens to operate for the season under the special use permit.

Agenda Item No. 15 – Oregon Solutions Update

City Manager Green told the council as of June 11th there were 251 responses, 3.5% of the county. There are still two more weeks and June 29th we will get the results. There has been a high number of responses.

Agenda Item No. 16 – Attorney Information

City Manager Green stated the Bryant, Jarvis and Loveland have been asked to draft an ORS 190 agreement that would allow us to receive \$2.2 million dollars in funding with John Day as the fiduciary agent. This is the funding request to build out broadband and to pay for 9-1-1. In order for the City to receive money on behalf of other tax districts we must have an ORS 190. Bryant, Jarvis and Loveland also represent the City of Prairie City creating a possible conflict of interest. If we are willing to sign that we have considered the possible conflict and do not have any concerns, then they can proceed. If we choose not to have them draft the ORS 190, we can get external council. City Manager Green does not see any reason for concern. The potential funding is still on track but there is a special interest group lobbying against us. We should know by July 10th.

The council came to the consensus to allow City Manager Green to sign a conflict of interest waiver for Bryant, Jarvis and Loveland in regards to an ORS 190.

Agenda Item No. 17 – Update on Grants

City Manager Green needs a motion for the council to allow Mayor Lundbom, City Manager Green and City Recorder Bass to sign the grant awards for the \$20,000 Infrastructure Authority grant and \$50,000 Oregon Water Resources Department grant.

Councilor Schuette motions to allow the City Manager and Mayor to sign the two grants IFA and OWRD grants. Councilor Weigum seconded and the motion passed unanimously.

The TGM grant was submitted for \$227,000 and we will find out if we receive it in August. This brings our total external funding requests this year to \$3.1 million dollars.

Agenda Item No. 18 –

UPCOMING MEETINGS:

1. 6/27 – No Council Meeting, City Manager on leave
2. 7/11 – Next City Council meeting, 7 PM at Fire Hall
3. 7/25 – No Council Meeting, City Manager on leave

Adjourn

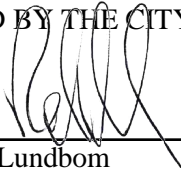
There being no further business before the Council, Councilor Holland moved to adjourn the meeting. Councilor Schuette seconded and the session was adjourned at 9:03 p.m.

Respectfully Submitted:

Nicholas Green

City Manager

ACCEPTED BY THE CITY COUNCIL JULY 11, 2017

A handwritten signature in black ink, appearing to be 'RL', is written over the text 'ACCEPTED BY THE CITY COUNCIL JULY 11, 2017'.

Mayor Ron Lundbom