

**John Day City Council**  
**August 8, 2017**  
**6:00 PM**  
**Fire Station, 316 S. Canyon Blvd**  
**AGENDA**

1. **OPEN AND NOTE ATTENDANCE**
2. **EXECUTIVE SESSION (REGULAR SESSION BEGINS 7PM)**
3. **APPROVAL OF CITY COUNCIL MINUTES OF JULY 11 AND AUGUST 1, 2017.**
4. **APPEARANCE OF INTERESTED CITIZENS** – At this time Mayor Lundbom will welcome the public and ask if there is anything they would like to add to tonight’s agenda.

**ACTION ITEMS**

5. **MAIN STREET REVITALIZATION GRANT – PRESENTATION FROM PINNACLE ARCHITECTURE**  
Attachments:
  - CSDI Construction – Preliminary Budget Letter
  - Preliminary Budget
6. **FINAL ECLIPSE PREPARATIONS**  
Attachments:
  - Street Maps
  - Visitor Guides
7. **RESOLUTION NO 17-775-11, A RESOLUTION TO TRANSFER APPROPRIATIONS BETWEEN CATEGORIES WITHIN THE SEWER FUND IN THE FY 2017-2018 BUDGET**  
Attachments:
  - Resolution 17-775-11
8. **ORDINANCE 17-170-01, AN ORDINANCE OF THE CITY OF JOHN DAY AUTHORIZING A LOAN FROM THE SPECIAL PUBLIC WORKS FUND**  
Attachments:
  - John Day Contract Letter
  - Ordinance 17-170-01
  - Exhibit 1 – SPWF Loan Contract (Document for Signature)
  - John Day Trust Deed (Authorization for Signature)
  - Hazardous Substances Agreement (Document for Signature)
  - Signature Card (for Signature)
9. **FY17 YEAR END SYSTEM DEVELOPMENT CHARGES**  
Attachments:
  - FY17 SDC Report

**OTHER BUSINESS**

10. **OTHER BUSINESS AND UPCOMING MEETINGS**
  - Next City Council Meeting – August 22 – 7PM at fire station

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** August 8, 2017

**SUBJECT:** Agenda Item #5: Main Street Revitalization Grant – Presentation from Pinnacle Architecture  
Attachment(s)

- CSDI Construction – Preliminary Budget Letter
- Preliminary Budget

## **BACKGROUND**

The City of John Day received a \$100,000 Main Street Revitalization Grant from the Oregon Main Street Network on May 9, 2017. The purpose of the grant was to purchase the mixed-use commercial-residential building and parking area located at 103 W. Main Street.

The City has not yet accepted the funding. Over the past three months, we have conducted due-diligence assessments on the property and solicited proposals from construction companies to bring the building up to an acceptable fire safety standard.

## **DISCUSSION**

Pinnacle Architecture will present an overview of the complex in its current condition and a proposal on the steps necessary to restore the building. A cost-estimate from CSDI Construction for the preliminary restoration is enclosed.

The estimated cost for the second story interior demolition (aka “gut and stuff”) is \$130K, with an additional \$34K in the event asbestos is discovered. The demolition will remove all second story, non-load bearing interior walls, provide fire draft stopping between the first floor and the second floor and conduct asbestos abatement (if needed).

The proposal does not include electrical, mechanical, or plumbing improvements or any upgrades to any upgrades to existing fire alarm system or fire sprinklers systems. Per the State Fire Marshall, the draft stopping and interior demolition will be sufficient to make the building fire safe and additional suppression beyond the existing alarm system will not be needed post-demolition.

## **NEXT STEPS**

If the City Council chooses to accept the grant and purchase the building, the City may make an offer to the current owners for \$100,000 plus closing costs. The City would then take out a loan for up to \$200,000 to finance the interior demolition and make the building fire safe.

The cost of the interior demolition would not be born by taxpayers. The entire loan would be repaid by rental income from the commercial tenants on the ground floor over a period of 10 years. Estimated interest rates range from 3.5% to 5% depending on financing source (amortization schedule enclosed). This approach would give the city a ten-year window at no cost to taxpayers to identify a funding strategy and raise sufficient capital to renovate the top floor for residential and/or commercial use.

If the City chooses not to accept the grant, the City Manager will notify the current property owner and provide sufficient time for the owners to implement fire safety protocols and other measures needed to bring the building into compliance with state fire codes. This option will make the building safe but will not lead to any economic improvements or add economic value to the community beyond reducing the risk of fire exposure to adjacent property owners.

#### **RECOMMENDATION**

If Council wishes, you may motion to authorize City Manager Green to enter into a purchase and sale agreement with the property owners subject to review by the City attorney and authorize Mayor Lundbom to accept the grant award subject to our offer being accepted by the owners.

Alternatively, the City Manager will notify the Oregon Main Street Program that we are declining the grant funding.

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** August 8, 2017

**SUBJECT:** Agenda Item #6: Final Eclipse Preparations  
Attachment(s)

- Street Maps
- Visitor Guides

## **BACKGROUND**

In the back of the Councilmember's packets is a copy of the street map and visitor guide that will be provided to our RV and campsite guests at the Industrial Park and Oregon Pine properties. Eclipse glasses will be available for purchase for \$2 at both locations.

Digital copies of the street map and information guide will be sent to the Chamber of Commerce and will be emailed to each person with a reservation at city locations, along with a link to the People Mover website for public transit routes

## **DISCUSSION**

Some Main Street business owners have contacted City Hall with concerns about parking closures on US 26 and the impacts those restrictions will have on their businesses. It is difficult to address their concerns because we do not know the net economic effect will be of the eclipse. While they will have 2-3 fewer parking spots in front of each storefront, they will also have 10,000 or more potential customers visiting the community.

Other than those calls, the majority of residents have been informed of the changes in the parking restrictions and locations for public facilities. We believe we are as prepared as we can be for the event.

## **NEXT STEPS**

City staff will be out in the community during the weekend prior to the event and on the day of the event. City Hall will be closed Monday morning from 8AM – 12PM. Collaborators from state and local agencies will meet periodically throughout the event and an after action review will be held during council meeting on August 22 with city staff.

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** August 8, 2017

**SUBJECT:** Agenda Item #7: Resolution No. 17-775-11, A Resolution to Transfer Appropriations Between Categories within the Sewer Fund in the FY2017-2018 Budget Attachment(s)

- Resolution 17-775-11

## **BACKGROUND**

Following the August 1 study session, Council motioned to approve the expenditure of \$105K from the Sewer fund for creation of the first pilot-scale greenhouse in the innovation gateway. This funding will hire our Agribusiness Project Manager (a recent OSU grad out of the Agribusiness Program) and pay for a portion of Aaron Lieuallen's time as our Senior Project Manager for the gateway redevelopment, plus incidentals. A Resolution is needed to appropriate the funding for this project.

## **DISCUSSION**

The Agribusiness Project Manager and Senior Project Manager will solicit design-build options for the greenhouse, which will be a 5,000-6,000 SF facility to be located on the north side of the innovation gateway due west of the current percolation ponds. We have preliminary offers from three firms for the design-build and farming systems. Our estimated capital expenditure to build and launch the venture will be between \$250-350K.

Our goal is to be in construction by May and operational by August 2018, with our first harvest next October. By next August, the facility will employ at least two FTEs, the Agribusiness Project Manager and a Head Grower with a background in horticulture and greenhouse operations. Volunteers will be used initially for seed propagation and harvest, but we will hire additional staff as we generate sales revenue.

We have received commitments from Chesters and other wholesale buyers to purchase 100% of what we can produce locally up to their annual buying quotas and they will buy from us at market prices. The pilot scale greenhouse should generate roughly 1,200 pounds of high quality fresh produce weekly across multiple crop types (leafy greens, fruits and herbs) for an annual yield of approximately 31 tons. We may also experiment with specialty crops like hops in a portion of the greenhouse.

Our intent is to run the pilot-scale greenhouse as a break-even venture in its first year of operation (excluding capital expenditures). We will run the initial facility with freshwater, but the design will include a purple-pipe extension to the future treatment plant and will run on reclaimed water once the new plant is operational. If we do not build a reclaimed water facility, the greenhouse will remain as a community asset that addresses local food security needs and creates two to three new full-time jobs.

The City of John Day will own and operate the venture as a sub-department of our Sewer fund. Assets from the Sewer fund (reclaimed water) will become inputs to the greenhouse, and revenue (sales) from the greenhouse will accrue to the Sewer fund to offset its operating expenditures.

We are seeking \$250-350K in external funding to construct the greenhouse and stay on schedule. We are evaluating multiple sources including grants and low-interest loans. We will present our proposal to Oregon State University on September 19 as a potential option for academic research and partnership.

The City can contribute to the capital cost from our new Community Development Investment fund, but our intent is to raise as much funding as possible from external parties. This venture is part job-creation, part economic development, but the real value will be in proving that the business model works and that we can create an integrated value chain to provide public services like wastewater treatment at reduced cost to our residents while also delivering multi-dimensional benefits to the community.

### **RECOMMENDATION**

The following motion is recommended:

“I move to adopt Resolution No. 17-775-11, A Resolution to Transfer Appropriations Between Categories within the Sewer Fund in the FY2017-2018 Budget.”

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** August 8, 2017

**SUBJECT:** Agenda Item #8: Ordinance 17-170-01, An Ordinance of the City of John Day Authorizing a Loan from the Special Public Works Fund  
Attachment(s)

- John Day Contract Letter
- Ordinance 17-170-01
- Exhibit 1 – SPWF Loan Contract (Document for Signature)
- John Day Trust Deed (Authorization for Signature)
- Hazardous Substances Agreement (Document for Signature)
- Signature Card (for Signature)

## **BACKGROUND**

The Oregon Pine property acquisition was made through a loan guarantee from the Infrastructure Finance Authority. Funds for the purchase were initially advanced from the City's net working capital reserves. The enclosed documents must be completed to secure the IFA loan and replenish the City's funds.

## **DISCUSSION**

As described in the Contract Letter, there are six (6) documents to be approved by the council and signed by City Staff and the Mayor, and a seventh document that must be signed by our legal counsel.

- Ordinance 17-170-01, describes the loan terms and the public due diligence to enter into the loan
- Loan Contract, contains the loan terms
- Trust Deed will be applied to the property until the loan is paid in full
- Hazardous Substances Agreement verifies there are no known, undisclosed hazards on the property
- Signature Card is necessary to authorize the fund transfer from IFA to the City

## **RECOMMENDATION**

The following two motions are recommended:

- 1) "I move to adopt Ordinance 17-170-01, An Ordinance of the City of John Day Authorizing a Loan from the Special Public Works Fund."
- 2) "I move to authorize Mayor Lundbom to sign the Loan Contract, Trust Deed, Hazardous Substances Agreement and Signature Card to complete the Special Public Works Fund loan documentation."

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** August 8, 2017

**SUBJECT:** Agenda Item #9: FY17 Year End System Development Charges  
Attachment(s)

- FY17 SDC Report

## **BACKGROUND**

A report of System Development Charge (SDC) revenues and expenditures is required annually. Enclosed is report for FY17, which ended on June 30.

## **DISCUSSION**

Interest Revenue earned in FY17 was \$299 (Water) and \$381.26 (Sewer). The City received no new SDC revenue for the water system in FY17. Sewer SDCs were \$6,056. Total Revenue including interest was \$6,736.26.

No expenditures were made from the SDC fund in FY17. The ending fund balance is \$63,925.93. These funds are available for future system improvements.

**TO:** John Day City Council  
**FROM:** Nicholas Green, City Manager  
**DATE:** August 8, 2017  
**SUBJECT:** Agenda Item #10: Other Business  
Attachment(s)

- LOC Bulletins

**OTHER BUSINESS**

- LOC bulletins are included in the packet.
- The City has submitted and received certification for its FY18 State Shared Revenue.

**UPCOMING MEETINGS**

1. August 22 – City Council Meeting – 7PM (Broadband Discussion)
2. September 12 – City Council Meeting – 7PM (Housing & Urban Renewal Plan)
3. September 19 – Corvallis trip to meet with OSU (Presentation on Innovation Gateway)
4. September 26 – City Council Meeting – 7PM
5. September 28-29 – LOC 92nd Annual Conference (Portland Double Tree Hotel)