

**John Day City Council**  
**March 13, 2018**  
**7:00 PM**  
**Fire Station, 316 S. Canyon Blvd**  
**AGENDA**

1. **OPEN AND NOTE ATTENDANCE**
2. **APPROVAL OF CITY COUNCIL MINUTES OF FEBRUARY 27, 2018.**
3. **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**

4. **PRESENTATION OF STATE OF THE CITY ADDRESS**  
Attachments:
  - None
5. **PRESENTATION OF GOLDEN STORK AWARD TO SAVANNAH LOVELL**  
Attachments:
  - Copy of award certificate
6. **APPROVAL TO PROCEED FOR FIRE STATION**  
Attachments:
  - None
7. **APPOINTMENT OF REPRESENTATIVE TO 9-1-1 USER BOARD**  
Attachments:
  - None
8. **APPOINTMENT OF SELECTION COMMITTEE FOR GREENHOUSE RFP**  
Attachments:
  - None
9. **RESOLUTION FOR LOAN CONSOLIDATION**  
Attachments:
  - Washington Federal Revised Terms
  - Loan Refinance Estimate
  - Resolution No. 18-784-08
10. **URBAN RENEWAL AGENCY ENACT ORDINANCE**  
Attachments:
  - Ordinance No. 18-172-02

**OTHER BUSINESS**

11. **OTHER BUSINESS AND UPCOMING MEETINGS**
  - March 14 – Community Advisory Committee Meeting #2 (4PM)
  - March 20 – TGM Selection Meeting for Contract Review Board (2:30, Fire Hall)
  - March 20 – 911 User Board Meeting (7PM, Location TBD)
  - March 27 – CANCELLED (No City Council Meeting)

**TO:** John Day City Council  
**FROM:** Nicholas Green, City Manager  
**DATE:** March 13, 2018  
**SUBJECT:** Agenda Item #4: Presentation of the State of the City Address  
Attachment(s)

- None

## **SUMMARY**

During this year's State of the City address, I will discuss some of the significant accomplishments of the past year, and set the vision for establishing a new era of growth and revitalization in John Day.

## **DISCUSSION**

The State of the City will cover four topics:

- 1) Highlights of our financial condition and efforts the city council and city staff have made to realign our spending and investment priorities;
- 2) Major challenges facing the city today and in the coming decades;
- 3) Strategy for Growth and accomplishments we have made implementing the Strategy; and
- 4) Introduction of a Five-Year Plan for capital improvement projects.

The address should take approximately 30 minutes, after which we can open the session up for questions.

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** March 13, 2018

**SUBJECT:** Agenda Item #5: Presentation of Golden Stork Award to Savannah Lovell  
Attachment(s)

- Copy of award certificate

**SUMMARY**

Savannah Lovell, a 9-1-1 dispatch operator for the city, will receive a Golden Stork Award for her commendable work in aiding in the emergency delivery of a baby girl on January 21, 2018.

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** March 13, 2018

**SUBJECT:** Agenda Item #6: Approval to Proceed for Fire Station Attachment(s)

- None

## **SUMMARY**

The City has solicited three bids to complete the fire station renovation. The most competitive bid was from Kirby Nagelhout at a current price of \$326,600 (\$144/SF).

## **DISCUSSION**

On March 6, 2017, the City of John Day entered into an agreement with Pinnacle Architecture to complete the interior tenant improvements for the John Day Fire Station, as designed in the construction drawings set dated June 8, 2015 (approximately 1,473 square feet). The agreement included bidding and construction administration to complete the remaining tenant improvements for a not-to-exceed amount of \$10,000. The scope of Pinnacle's services includes: general requirements; wood and plastics; openings; finishes; specialties; plumbing; heating and ventilation; and electrical.

Pinnacle solicited a bid from Kirby Nagelhout and the original team of subcontractors from Bend, OR that built the fire station. The bid was received on May 16, 2017 with a bid price of \$291,700. This price included the cost for the tenant improvements for the mezzanine (Alt 10) at \$66K and the office build-out (Alt 29) at \$225K. The John Day Rural Fire Protection District did not have sufficient funding to complete their portion of the project at this price and neither the City nor the District felt the cost was competitive.

Pinnacle solicited a second bid from CSDI Construction, Inc. (Boise, ID) in July. After reviewing the plans, CSDI responded on September 18, 2017 and chose to decline making an offer to bid due to current workload.

Pinnacle solicited a third bid from W.C. Construction, Inc. (Elgin, OR). The bid price from W.C. submitted in January 2018 was \$411,329. This was for the same scope of work bid by Pinnacle but was nearly \$120,000 higher.

Pinnacle requested a revised estimate from Kirby Nagelhout in February 2018. Their revised bid price is \$326,600. This is a 12% increase over last year's bid. The increase is due primarily to the increased cost of construction. It may be possible to value engineer the project to lower the budget due to the fact that the Nagelhout team will be in the John Day area this summer working on a seismic rehabilitation project for the school district.

## **RECOMMENDATION**

Pinnacle has completed their initial obligation based on the scope of award. They have solicited three bids and the most competitive offer is from the team at Kirby Nagelhout that originally built the fire station.

Given current cost escalations of 10-15% annually, we will be perpetually trying to make up ground if we delay completing the fire station further. Each year we would have to plan for an additional \$30K in cost. My recommendation is that we secure financing to complete the fire station renovation and we authorize Kirby Nagelhout to resume work on this project as soon as the financing is in place. A 20-year loan for \$315K at 4% interest would cost approximately \$23,000 annually. This cost would be paid by the City and the John Day Rural Fire Protection district based on our five-year rolling average for calls. At present the Rural District's share is 39.36%, which means their portion of the \$23,000 annual financing cost would be approximately \$9,200 and the City would pay the balance of \$13,800. This cost would be included in the Fire Department's budget beginning next fiscal year.

If Council authorizes me to proceed, I will coordinate a schedule, finalize the bid documentation, and secure financing to resume construction on this project.

Alternative approach: If the 9-1-1 User Board makes the decision to keep 9-1-1 local, the Office of Emergency Management will work with the City and the future 9-1-1 Jurisdiction Lead to relocate the 9-1-1 Center (if we request it). We could relocate the 9-1-1 Center to the Fire Hall, making it a multi-purpose public safety center. Funding from the 9-1-1 Center's budget could then be used to help offset the cost of the building renovation and annual rent payments from the 9-1-1 Center could be used to reduce our payments. The ultimate location of the 9-1-1 Center, if it remains local, will be up to the new 9-1-1 Jurisdiction Lead. The City can make this location available to that organization as a tenant, but we do not have to do so, nor is the new Jurisdiction Lead required to accept that offer. This is a point of negotiation with the new agency, but regardless of the 9-1-1 Center outcome, I recommend we proceed with the fire hall completion. This alternative simply reduces our financial burden in exchange for giving up space in our building.

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** March 13, 2018

**SUBJECT:** Agenda Item #7: Appointment of Representative to 9-1-1 User Board  
Attachment(s)

- None

**SUMMARY**

I sent a the letter (reviewed in last month's city council meeting) to all 9-1-1 users. The meeting will be held March 20, 7PM. We are looking for an alternative location because our fire hall will not have sufficient capacity.

The City needs to appoint one authorized individual to represent our interests at the meeting. Because we are the 9-1-1 Jurisdiction Lead and are hosting the meeting, that individual will also need to conduct the meeting and will represent the City at future user board meetings until the 9-1-1 Center transition is complete.

**RECOMMENDATION**

Please identify a city councilor to represent us on the 9-1-1 User Board.

**TO:** John Day City Council  
**FROM:** Nicholas Green, City Manager  
**DATE:** March 13, 2018  
**SUBJECT:** Agenda Item #8: Appointment of Selection Committee for Greenhouse RFP  
Attachment(s)

- None

## **SUMMARY**

The request for proposals (RFP) for the greenhouse was posted on March 8. Sealed proposals must be received at City Hall by April 10, 2018 at 5 P.M.

We need to appoint a five-member panel to act as our local contract review board (LCRB) for the source selection process.

## **DISCUSSION**

The anticipated schedule for the project is below. Review and scoring will take place during the last two weeks in April.

RFP Issued	March 7, 2018
Requests/RFP Protest Deadline	April 3, 2018
Proposal Due Date	April 10, 2018
Opening	April 11, 2018
Review and Scoring	April 17, 2018
Evaluation Interviews (if needed)	April 24, 2018
Notice of Intent to Award (approx.)	April 24, 2018
Award Protest Deadline (approx.)	May 1, 2018
Negotiations	May 1 – May 8, 2018
Council Approval/Notice of Award	(approx.) May 8, 2018

## **RECOMMENDATION**

We are recommending a five-member LCRB made up of three city staff and two councilors.

LCRB Members:

- Nick Green (City Manager)
- Aaron Lieuallen (Senior Project Manager)
- Matt Manitsas (Agribusiness Project Manager)
- TBD (City Councilor)
- TBD (City Councilor)

Two councilors should be appointed to the LCRB committee and all five members should be approved by the city council through a formal motion.

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** March 13, 2018

**SUBJECT:** Agenda Item #9: Resolution for Loan Consolidation  
Attachment(s)

- Washington Federal Revised Terms
- Loan Refinance Estimate
- Resolution No. 18-784-08, A Resolution Authorizing Refinancing of Existing Borrowings

## **SUMMARY**

The City has retained Gulgun Mersereau (Delafield & Wood LLP, Portland, OR) as bond counsel for the consolidation of our two Special Public Works Fund loans from Business Oregon's Infrastructure Finance Authority (IFA). The loan consolidation is scheduled for March 27. A Resolution of the City Council is needed to authorize the new debt instrument and will be provided prior to the council meeting.

## **DISCUSSION**

Council approved a debt consolidation proposal through Washington Federal in December 2017. The Tax Cuts and Jobs Act that Congress passed on Dec. 22 had an immediate impact on interest rates and refinancing options.

Tax reform caused prices for municipal debt to increase across the board. This is due to the lowering of the corporate tax rate. Since banks (and all corporations) will pay less in taxes (21% instead of 34%) and since rates offered on municipal bank loans are tied to corporate tax rates, when the tax rates go down the amount of taxes paid on interest earned also goes down, which causes a bank to price loans with higher rates. As a result, the terms proposed at the city council meeting were increased and the net savings of consolidating was about \$40,000 less than the savings would have been before tax reform.

As a result, Washington Federal has restructured the proposal (see enclosed offer for full details):

- Tax Exempt, Fixed Rate: 3.34% for Years 1-5
- Loan can be paid in full on June 1, 2022
- Rate for years 6-10 will be reset if not paid in full and loan continues to maturity
- Loan will originate on March 27 with a payoff amount of \$1,782,473.91 for the current loans [\$1,229,220.19 (L03005 – Airport Industrial Park) and \$553,253.72 (B02002 – West End Water System Improvements)].
- Origination fee to Washington Federal of \$5,000
- Estimated bank counsel fee of \$5,000

After consolidating and making the first five years of payments, the balance due on June 1, 2022 will be approximately \$1.14M (see loan refinance estimate enclosed). Making this payment will require the City to set aside an additional \$228K annually, of which \$155K will come from the Water Fund. We have budgeted for this repayment schedule and the funds will be placed in a money market account until they are needed for the payment.



While this option is not as attractive as the pre-tax reform options, Option A in the enclosed terms will still save the City over \$230,000 in interest versus keeping the loans on their current repayment schedules.

**RECOMMENDED MOTIONS**

“I move to authorize the City Manager to sign the revised Washington Federal terms sheet and execute Option A, the 5-year Put Option Rate at 3.34% interest.”

“I move to adopt Resolution No. 18-784-08, A Resolution Authorizing Refinancing of Existing Borrowings.”

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** March 13, 2018

**SUBJECT:** Agenda Item #10: Urban Renewal Agency Enact Ordinance Attachment(s)

- Ordinance 18-172-02, An Ordinance Declaring that Blighted Areas Exist in the City of John Day, Oregon, Establishing the Need for an Urban Renewal Agency in the City of John Day, and Electing a Method for Exercising the Powers of the Urban Renewal Agency.

### **SUMMARY**

The enclosed ordinance creates the Urban Renewal Agency needed for the housing development district. It identifies the need for the agency, establishes the city council as the agency, and sets forth specific powers of the council when acting as the agency.

### **DISCUSSION**

Adopting this ordinance is the next step in the process of creating an urban renewal area for the city. The Community Advisory Committee will hold its second meeting on March 14 to review changes to the boundary maps and other aspects of the program. These changes will then be submitted for review by the Technical Advisory Committee.

### **RECOMMENDED MOTION**

“I move to adopt Ordinance 18-172-02, An Ordinance Declaring that Blighted Areas Exist in the City of John Day, Oregon, Establishing the Need for an Urban Renewal Agency in the City of John Day, and Electing a Method for Exercising the Powers of the Urban Renewal Agency.”

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** March 13, 2018

**SUBJECT:** Agenda Item #11: Other Business and Upcoming Meetings  
Attachment(s)

- LOC Bulletins

**OTHER BUSINESS**

- Applications are currently being requested for the appointment to Councilor Position #6. Applications are due to city hall by 4PM on March 30. Appointment will be made at the April 10 city council meeting.

**UPCOMING MEETINGS**

- March 14 – Community Advisory Committee Meeting #2 (4PM)
- March 20 – TGM Selection Meeting/Contract Review Board (2:30, Fire Hall)
- March 20 – 911 User Board Meeting (7PM, Location TBD)
- March 27 – CANCELLED (No City Council Meeting)
- April 10 – City Council Meeting