

**John Day City Council
December 4, 2018
6:00 PM**

Grant County Regional Airport, 72000 Airport Rd., John Day

1. **OPEN AND NOTE ATTENDANCE**
2. **APPROVAL OF CITY COUNCIL MINUTES OF NOVEMBER 13, 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. **PUBLIC HEARING FOR CDBG BLOCK GRANT APPLICATION**
Attachments:
 - John Day Reclaimed Water Facility Presentation (will be presented at meeting)
5. **COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs)
PROFESSIONAL SERVICES AGREEMENT**
Attachments:
 - Draft CEDs PSA
 - Draft Schedule and Scope of Services
6. **PUBLIC HEARING FOR RESOLUTION 18-799-23, A RESOLUTION TO CHANGE
BUDGET APPROPRIATIONS BY SUPPLEMENTAL BUDGET**
Attachments:
 - Supplemental Summary Notice
 - Detailed Budget
 - Resolution 18-799-23
7. **SCA GRANT AWARD AGREEMENT**
Attachments:
 - 2019 Small City Allotment Awards
 - Charolais Heights Intersection Agreement
8. **GREENHOUSE CONTRACT MODIFICATION & STATUS UPDATE**
Attachments:
 - Private Access Easement (legal description and sketch)
9. **DEQ BROWNFIELD GRANT AWARD & SERVICES AGREEMENT**
Attachments:
 - Alpine Abatement Bid
 - Professional Services Agreement (will be provided Tuesday if ready)
10. **RESIDENTIAL COMMERCIAL (RC) ZONING APPLICATION**
Attachments:
 - Zoning Application Map

OTHER BUSINESS & UPCOMING MEETINGS

11. OTHER BUSINESS & UPCOMING MEETINGS

- Dec 11 – Project Advisory Committee (PAC) meeting, 12-2:30 P.M. @ Fire Hall
- Dec 11 – City Council Meeting, 7 P.M. @ Fire Hall
- Dec 18 – Grant County Digital Board Meeting, 6 P.M. @ Fire Hall
- Jan 8 – Innovation Gateway TGM PAC/TAC/Public Open House #1
- Jan 8 – City Council Meeting, 7 P.M. @ Fire Hall
- Jan 22 – City Council Meeting, 7 P.M. @ Fire Hall – Audit Report

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: December 4, 2018

SUBJECT: Agenda Item #4: Public Hearing for CDBG Block Grant Application
Attachment(s)

- John Day Reclaimed Water Facility Presentation (will be presented at meeting)

BACKGROUND

The CDBG application process requires us to hold a minimum of two public hearings, each at a different stage of the project, for the purpose of obtaining citizen's views and responding to proposals and questions. Together, the hearings must cover community development and housing needs, development of proposed activities and a review of program performance.

The public hearing to cover both community development and housing needs must be held before submission of an application to the state. Tonight's meeting will address this requirement. Notification of the meeting was published in the Blue Mountain Eagle on November 21st. The final approved minutes of this meeting will be included in our application, which is due by December 31st.

The public must be given an opportunity to comment on the proposed activities in our application. Given the in-depth nature of the material in the presentation, I recommend that we open the public hearing at the beginning of the agenda in order to allow for public comments and questions throughout the presentation. We have also invited the Canyon City council and our advisory committee members to attend and participate in the meeting.

PUBLIC HEARING PROCEDURE

1. Mayor Lundbom will request a motion to open the public hearing.
2. City Manager Green will make a brief presentation on the application and activities associated with the John Day Reclaimed Water Facility.
3. Mayor Lundbom will ask if any member of the audience wishes to comment on the proposed amendment.
4. Mayor Lundbom will request a motion to close the public hearing.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: December 4, 2018

SUBJECT: Agenda Item #5: Comprehensive Economic Development Strategy (CEDS) Professional Services Agreement Attachment(s)

- Draft CEDS PSA
- Draft Schedule and Scope of Services

BACKGROUND

The comprehensive economic development strategy (CEDS) will be a holistic economic strategy to accompany the Innovation Gateway area plan. The CEDS is funded in part by a \$70,000 U.S. Economic Development Administration grant and a \$50,000 Local Economic Opportunity Fund (LEOF) grant from Business Oregon. The City has committed \$22,500 in local cash and in-kind contributions.

The City received two applications under its solicitation for economic development services, one from ECONorthwest and one from the Center for Sustainable Infrastructure. Both firms bid with teammates. City staff reviewed the applications and have selected ECONorthwest to be the prime contractor. We have drafted the enclosed professional services agreement (PSA), which outlines the scope of work and schedule of services to be performed. The staff kickoff for the CEDS will be held on December 21st in John Day.

We are recommending an award of \$110,000 to the ECONorthwest team. This will leave \$12,500 for additional services as needed before we reach the contract cap of \$122,500, which is the maximum funding we can allocate under our agreement with the EDA. The balance of the funding can be awarded later through contract amendments with ECONorthwest and/or could be allocated to the Center for Sustainable Infrastructure to expand on the work ECONorthwest is doing.

RECOMMENDED MOTIONS

“I move to approve the professional services agreement with ECONorthwest, subject to final review and approval by the City Manager and City Attorney.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: December 4, 2018

SUBJECT: Agenda Item #6: Public Hearing for Resolution 18-799-23, A Resolution to Change Budget Appropriations by Supplemental Budget Attachment(s)

- Supplemental Summary Notice
- Detailed Budget
- Resolution 18-799-23

BACKGROUND

We have prepared Resolution 18-799-23 as a supplement to the FY2018-2019 budget approved by the city council. The purpose of this resolution is to document several changes in revenues and expenditures that were not anticipated in the budget. Notice of this public hearing was published in the Blue Mountain Eagle on November 21st and November 28th.

DISCUSSION

The proposed changes are as follows:

- *General Fund:* Adds \$65,300 in grant revenue to Main Street Revitalization Department from the DEQ brownfield grant for the Main Street building asbestos abatement.
- *Sewer Fund:* Increases grant revenues by \$365,500 (anticipated funding from CDBG program); Adds an additional \$156,500 for sewer system improvements (for facility engineering under CDBG grant) and re-allocates existing capital outlay to property purchase for Sewer portion of Hill property acquisition; increases operating contingency by \$108,000; eliminates debt service payments not needed for greenhouse; increases capital outlay for greenhouse construction to allow for additional bays (if needed).
- *Street Fund:* Adds \$191,300 in grant revenue from OPRD Recreational Trails Grant program. Increases capital outlay by \$65,000 for Street Fund portion of Hill/Rowell property acquisition and Innovation Gateway Trails capital outlay by \$240,200; Reduces street maintenance by \$32,900 and Canton Street Improvements by \$40,000; eliminates operating contingency for FY2018-19. (Does not include SCA funds, which will be appropriated by resolution)
- *Community Development Fund:* Adds \$70,000 in EDA grant funds and \$50,000 in Business Oregon grant funds; increases other professional services by \$149,450 for economic development work; reduces community promotions by \$7,000 and SDC payments by \$22,450.
- *9-1-1 Fund:* Reduces personnel services by \$226,700; Increases dispatch services by \$226,700 in order to make payment to Grant County Emergency Communications Agency for staff transition that will take place on January 1, 2019.

PUBLIC HEARING PROCEDURE

1. Mayor Lundbom will request a motion to open the public hearing.
2. He will then ask if any member of the audience wishes to comment on the proposed budget changes.
3. Mayor Lundbom will request a motion to close the public hearing.

RECOMMENDED MOTION

“I move to adopt Resolution 18-799-23, A Resolution to Change Budget Appropriations by Supplemental Budget.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: December 4, 2018

SUBJECT: Agenda Item #7: SCA Grant Award Agreement Attachment(s)

- 2019 Small City Allotment Awards
- Charolais Heights Intersection Agreement

BACKGROUND

The Charolais Heights Intersection Improvements project was one of 56 projects selected for funding in the 2019 Small City Allotment (SCA) program. The SCA award for our project is \$100,000.

DISCUSSION

ODOT received 150 eligible applications from 112 Cities for a total of \$14,897,114 in funding. Funding was limited to \$5.5 million making this a very competitive selection process. The applications were carefully reviewed for eligibility and ODOT liaisons conducted site visits to further evaluate and score the projects. On November 5th ODOT met with the SCA Advisory Committee to review and select the projects to be funded with final approval coming from ODOT Director Matthew Garrett.

Though ODOT did not limit the number of applications that could be submitted, the Small City Allotment Oversight Committee determined that for the 2019 funding cycle no city would receive funding for more than one project. As a result, the Government Entry Road application was not approved during this cycle. ODOT also noted that in order to be eligible in the future, the City will need to acquire the right of way for the project prior to applying for SCA funds. This route could be revised after subsequent discussions with the property owner and resubmitted in 2020.

NEXT STEPS

I have submitted the information request form to ODOT. They will respond with specific grant agreement documents. We will notify our engineering team that we intend to proceed with engineering once we have a notice to proceed and will schedule the construction to begin next spring or upon completion of the revised plans. The SCA grant may require a resolution to appropriate grant funds and other action by the city council, but in order to streamline the process, I recommend the council delegate signature authority for any actions not specifically required by the council regarding this project.

RECOMMENDED MOTION

“I delegate signature authority for the Charolais Heights Intersection Agreement to the City Manager and authorize him to sign all future agreements related to this project that do not specifically require council approval.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: December 4, 2018

SUBJECT: Agenda Item #8: Greenhouse Contract Modification, Status Update and Utility Easement Attachment(s)

- Private Access Easement (legal description and sketch)

BACKGROUND

The City submitted structural plans for approval to the county planning department on November 8th. We submitted a revised foundation plan on November 29th. We are waiting for final approval of these plans before proceeding with construction. All materials for the greenhouse have been shipped to John Day and are in storage. This memo recommends one change to our agreement and provides a brief status update.

CONTRACT MODIFICATION

The original agreement awarded \$367,320 to EuroMex for the greenhouse structure (3-bays) and related farming systems. The agreement called for Payment #1 (Initial Payment) to be paid upon execution of the agreement; Payment #2 (Progress Payment) to be a payment of \$91,830 once the building is deemed 50% complete and the greenhouse frame and structure have been assembled and constructed on the site; and Payment #3 (Final Payment) to be \$91,830 upon completion of the project.

Due to delays in the engineering and plans approval process, I am recommending we make one minor modification to the EuroMex agreement, which is that we split Payment #2 into two payments – a payment of \$45,915 to be paid based on delivery of the goods and the balance of this payment (\$45,915) to be paid upon 50% completion. The reason for this change is to reduce the amount of interest EuroMex must finance while we wait for approval to begin construction. The City does not begin paying interest or principal on its loans until our project is complete and some of the delays in engineering and plans approval were not anticipated when we signed the agreement.

GREENHOUSE EXPANSION

Staff met with Oregon State University faculty and Business Oregon on November 28th in John Day. OSU faculty toured the greenhouse site and the Innovation Gateway. We discussed our potential plans for expanding the greenhouse to five bays, as described in prior council meetings.

OSU is not able to directly invest financial resources into our project currently. They have faculty with experience growing hops but do not have faculty with experience in hydroponic hops and have very limited experience with hydroponics. Budgets have also not recovered to pre-recession levels and therefore they do not have the ability to hire staff with relevant experience unless they are grant-funded. OSU is still interested in supporting the project in non-financial ways, including by data gathering and analysis of the three produce bays and making recommendations for adjustments based on the data.

Staff also spoke with Ted Hausotter, Hop Heaven, Inc. (Baker City, OR) about establishing a market for fresh hops in our region. He is optimistic we would succeed but acknowledged the uncertainty of establishing an off-season grow process with unknown potential yields, the need to identify microbreweries able to harvest the hops, and determining the optimal growing environment.

RECOMMENDATION

Given the uncertainty around our ability to establish a new hops market at this stage in the process, and the potentially long lead time to get a product to market without outside research support, I am recommending we do not proceed with the additional two bays at this time. We can continue to plan for the expansion and conduct the necessary market research and continue to try and build a team to create this market opportunity. We will have approved plans for a five-bay structure and we have designed the foundation to allow for future expansion. I will continue to seek funding for the expansion and bring this opportunity back to the council when we are more comfortable with our ability to proceed successfully.

NEXT STEPS

Public Works has completed the trenching for the new water line that will service the greenhouses. An utility easement will need to be recorded for this line (see sketch provided). We will proceed with a contract award for site preparation and concrete foundation upon approval of our plans.

Staff are evaluating the best approach for erecting the greenhouse based on the bids that were submitted in response to our RFQ for construction services. We will have a recommendation for council at the December 11 meeting along with a revised timeline for construction.

RECOMMENDED MOTION

“I move to approve the private access easement with Cernazanu Enterprises, as described and shown in the attached sketch.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: December 4, 2018

SUBJECT: Agenda Item #9: DEQ Brownfield Grant Award and Services Agreement Attachment(s)

- Alpine Abatement Bid
- Professional Services Agreement (will be provided Tuesday if ready)

BACKGROUND

The City was awarded a brownfield reclamation grant from DEQ on November 15th for \$65,300. The grant is to complete the asbestos and lead abatement of the Weaver building. Our attorneys are drafting a standard professional services agreement, which will be provided to council prior to the meeting (if ready).

DISCUSSION

City is prepared to award an agreement to Alpine Abatement Associates, Inc. for the renovation based on previously solicited requests for services (bid/quote attached). Total contract award will be for \$74,924. The portion of the services not covered by the DEQ grant will be funded through the balance of our Oregon Main Street Revitalization grant received in 2017.

Renovation is scheduled to begin on December 10th and will take approximately 30 days to complete. Tenants have been notified that they will be able to remain in the building during the renovation and Alpine will follow as OSHA and DEQ guidelines throughout the process.

RECOMMENDED MOTION

“I move to authorize the City Manager to sign the bid and professional services agreement with Alpine Abatement Associates, Inc. for \$74,924.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: December 4, 2018

SUBJECT: Agenda Item #10: Residential Commercial (RC) Zoning Application
Attachment(s)

- Zoning Application Map

BACKGROUND

We have received a request under the housing incentive program for a home owner to replace an existing manufactured home with a site-built dwelling. Proposal would create a minor expansion to the footprint of the home. The application is for a residence in the General Commercial (GC) zone that is adjacent to the Residential General (RG) zone (tax lot 600, shown in enclosed map). This request requires review by the council because it does not conform to the city's development code and there are multiple options to address the request.

DISCUSSION

Under our current development code, a residence cannot be replaced within the GC zone unless it is involuntarily destroyed, in which case it must be replaced within three years. Homeowners cannot voluntarily destroy a home in order to rebuild it or expand the footprint of a residence within the GC zone. The planning commission does not have the authority to grant a variance for this type of request.

Three options for this application:

- 1) City could approve a request to change the zoning (spot zone) this property to match the Residential General (RG) zoning adjacent to the property to its east;
- 2) Council could apply to rezone this area of the city (to include adjacent Meadowbrook properties and homes on north side of U.S. 26 between third street extension and this property) as Residential Commercial (RC) to allow for both residential and commercial uses to coexist in the same area;
- 3) Council could deny the request and prohibit residential development at this location.

NEXT STEPS

I will review the specific details of the application with the city council and ask that you advise me on the course of action you would prefer.

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: December 4, 2018
SUBJECT: Agenda Item #11: Other Business and Upcoming Meetings
Attachment(s)

- LOC Bulletins

OTHER BUSINESS

- None

UPCOMING MEETINGS

- Dec 11 – Project Advisory Committee (PAC) meeting, 12-2:30 P.M. @ Fire Hall
- Dec 11 – City Council Meeting, 7 P.M. @ Fire Hall
- Dec 18 – Grant County Digital Board Meeting, 6 P.M. @ Fire Hall
- Jan 8 – Innovation Gateway TGM PAC/TAC/Public Open House #1
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