

John Day City Council
October 8, 2019
7:00 PM

John Day Fire Hall, 316 S. Canyon Blvd., John Day

1. **OPEN AND NOTE ATTENDANCE**
2. **APPROVAL OF PRIOR CITY COUNCIL MINUTES**
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.

CONSENT AGENDA

4. **ITEMS FOR CONSENT**
Attachments:
 - Quanta Construction Services Agreement
 - Oregon Department of Corrections Inmate Work Program Agreement
 - FEMA-DR-4452-OR Agreement
 - LG19-032 – John Day Aquatic Center Study and Master Plan Agreement
 - Weaver Building Purchase & Sale Agreement

ACTION ITEMS

5. **CLARK'S RATE INCREASE**
Attachments:
 - Rate increase letter from Clark's Disposal
6. **RESOLUTION NO. 19-825-26 – A RESOLUTION APPROVING A LOAN BETWEEN THE CITY OF JOHN DAY AND THE JOHN DAY URBAN RENEWAL AGENCY**
Attachments:
 - Resolution No. 19-825-26
7. **HOUSING & COMMUNITY INVESTMENT STRATEGY / FINAL LOGO & BRANDING PACKAGE – ECONORTHWEST**
Attachments:
 - Community Investment Strategy
 - Housing and Community Development Analysis
 - Branding Package
8. **AQUATIC CENTER STUDY PROFESSIONAL SERVICES AGREEMENTS**
Attachments:
 - SDAO Professional Services Agreement
 - Walker Macy Proposal
9. **OREGON RAIN**
Attachments:
 - RAIN presentation

10. GRANT COUNTY FAIRGROUND PROPOSAL

Attachments:

- EcoNW Fairground Proposal

11. DOWNTOWN PARKING & REPORT ON MAIN STREET CONFERENCE

Attachments:

- None

12. WASTEWATER TREATMENT PLANT UPDATE & REPORT ON WEFTEC

Attachments:

- None

13. RESOLUTION NO. 19-826-27 – A RESOLUTION TO INCREASE SYSTEM DEVELOPMENT CHARGES FOR CALENDAR YEAR 2020

Attachments:

- SDC Report FY19
- Resolution No. 19-826-27

OTHER BUSINESS & UPCOMING MEETINGS

14. OTHER BUSINESS & UPCOMING MEETINGS

- Report on LOC Annual Conference (Mayor)
- October 20-21 – Oregon Infrastructure Summit, Salem
- October 21 – OCF Eastern Oregon Leadership Council meeting, ODF Building
- October 22 – City Council Meeting
- October 24-25 – OAPA Annual Planning Conference, Eugene
- November 12 – City Council Meeting
- December 10 – City Council Meeting

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 8, 2019

SUBJECT: Agenda Item #4: Items for Approval on Consent Agenda Attachment(s)

- Quanta Construction Services Agreement
- Oregon Department of Corrections Inmate Work Program Agreement
- FEMA-DR-4452-OR Agreement
- LG19-032 – John Day Aquatic Center Study and Master Plan Agreement
- Weaver Building Purchase and Sale Agreement

BACKGROUND

We have five items to review and approve on the consent agenda.

Item A) Quanta Construction Services Agreement

Our original bid deadline for the fiber to city hall solicitation was in March 2019. The quote form provided to the vendors includes, in pertinent part, that the contractor agrees that all applicable provisions of Oregon law relating to public contracts (ORS Chapter 279A, 279B & 279C) and the City's public contracting rules are, by this reference, incorporated in and made a part of the Quote. This form further provides that the contractor hereby states that the contractor agrees to comply with the provisions of ORS 279C.838, 279C.840 or 40 U.S.C. 3141 to 3148, as applicable.

Unfortunately, many of the contractors were either unfamiliar with these requirements or did not research them in enough detail to determine that any bid over \$50,000 would require prevailing wage rates. In the future, we will include a statement in the advertisement and RFQ along the lines of "the project is a public works project subject to the provisions of ORS 279C.838, 279C.840 or 40 U.S.C. 3141 to 3148, as applicable."

We reviewed Blue Mountain Telecom's bid (apparent low-bidder) and after researching with the company we identified that their bid did not include prevailing wage rates. The firm adjusted their bid price, but as a result, Quanta Telecom was the actual low-bidder on the City Hall build.

The price-ranked city hall bids were as follows:

- Pro-UG – \$60,995.00 – not prevailing wage/did not re-bid
- Quanta – \$64,427.00 – low bidder
- Blue Mountain – \$69,743.21 – revised bid including prevailing wage
- Texstar – \$69,800.00

As a result, the City intends to award this project to Quanta for \$64,427. We have finalized our contract negotiations and timeline with their legal/risk teams and the firm has completed the initial pre-construction walk-through. The negotiated agreement is attached. Construction will begin upon approval of the contract and must be completed by November 22, 2019.

Recommended Action: Approve the services agreement subject to final review and approval by the city attorney; and authorize City Manager to sign all future contract documentation as appropriate/required to execute the agreement.

Item B) Oregon Department of Corrections Inmate Work Program Agreement

We would like to contract with the Oregon Department of Corrections (DOC) for inmates to assist with manual labor on specific projects. The enclosed agreement is a Work Order contract that allows us to negotiate for labor on a project-by-project basis. DOC will provide work crews at the City's request. Crews will be under the direct supervision of city staff during the project. We anticipate using inmates to assist with grounds-keeping and maintenance at city parks and the Innovation Gateway, primarily during spring, summer and fall. This Agreement shall become effective as of the date of last signature and shall remain in effect through September 30, 2024.

Recommended Action: Approve the work program agreement and authorize Mayor Lundbom/City Manager to sign all future contract documentation as appropriate/required to execute the agreement.

Item 3) FEMA-DR-4452-OR Agreement

Our recovery scoping meeting with FEMA was held on September 5th. The City has 60 days from the date of this meeting to complete our essential elements of information (EIs) to identify all damage to be claimed for Disaster - 4452DR (spring flood damage to 4th Avenue and associated sewer utilities/recovery activities along Canyon Creek). FEMA federal funds will be administered by the Office of Emergency Management under the enclosed contract agreement. We anticipate about \$500,000 to \$600,000 in cost recovery and repairs for this disaster and we will be responsible for 20% cost match (\$100,000-120,000). ODOT will convert the 2017 small city allotment grant for the U.S. 395S sidewalk project to this project, which will cover half of the match. The rest of the match will be in-kind expenses already incurred by the City during the event. As a result, no additional funds will be expended to complete these recovery projects. However, we will need to amend the budget to add a capital outlay item in the Street Fund to allow for receipt of these federal and state funds and expenditure of the funds within our current year budget. The supplemental budget will require public notice and will be brought to the council for approval at a subsequent meeting (likely November 12th).

Recommended Action: Approve agreement FEMA-DR-4452-OR and authorize Mayor Lundbom/City Manager to sign all future contract documentation as appropriate/required to execute the agreement.

Item 4) LG19-032 – John Day Aquatic Center Study and Master Plan Agreement

This is the first of the two Oregon Parks and Recreation Department grant agreements for grants awarded last month. This grant agreement for \$40,000 covers the scope of services for the aquatic center study and master plan. City minimum match is \$10,000. The second grant agreement, for the integrated park system, is in development and will be provided for the October 22 council meeting.

Recommended Action: Approve agreement LG-19-032 and authorize Mayor Lundbom/City Manager to sign all future contract documentation as appropriate/required to execute the agreement.

Item 5) Weaver Building Purchase and Sale Agreement

The PSA for the sale of the Weaver Building to Tyler Sheedy Construction, Inc. is enclosed. Terms of sale include city-financing for up to 20 years. Monthly payments would be interest only for first five years at 4 percent interest (monthly payment of \$416.67). Beginning at year 6 (payment #61), interest rate will be seven percent for the remaining 15 years (monthly payment of \$1,124). Our expectation is that they will refinance before the interest rate increase, so we are only carrying the mortgage for five years or less.

Recommended Action: Approve Weaver Building PSA subject to final review and approval by the city attorney; and authorize Mayor Lundbom/City Manager to sign all future contract documentation as appropriate/required to execute the agreement.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 8, 2019

SUBJECT: Agenda Item #5: Clark's Rate Increase
Attachment(s)

- Rate increase letter from Clark's Disposal

BACKGROUND

Nancy Moffitt with Clark's Disposal is requesting an 8% rate increase. Current rates were established by Resolution N0.17-765-01, which took effect January 1, 2017.

DISCUSSION

If council wishes to increase the rates, you will need to pass a new resolution, which can be brought forward at the next city council meeting. New rates would take effect on January 1, 2020.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 8, 2019

SUBJECT: Agenda Item #6: Resolution No. 19-825-26, A Resolution Approving a Loan between the City of John Day and the John Day Urban Renewal Agency
Attachment(s)

- Resolution No. 19-825-26

BACKGROUND

The city council and the budget committee approved a loan from the John Day Community Development Fund to the John Day Urban Renewal Agency (URA) to make payments for the initial two years of incentive rebates. This loan is needed until the URA begin receiving tax increments from new developments.

The source of repayment for this loan is the property tax generated within the urban renewal area. The county assessor has estimated URA collections for this year to be between \$30,000 and \$35,000. Similar collections next year will allow the URA to pay back the loan within two years, but we are providing up to five years for repayment in case more properties participate in the program during its initial years than anticipated. The loan is for 3.5% annual interest with no pre-payment penalties or origination costs.

RECOMMENDED MOTION

“I move to approve Resolution No. 19-825-26, A Resolution Approving a Loan between the City of John Day and the John Day Urban Renewal Agency”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 8, 2019

SUBJECT: Agenda Item #7: Housing & Community Investment Strategy / Final Logo & Branding Package – EcoNorthwest
Attachment(s)

- Community Investment Strategy
- Housing and Community Development Analysis
- Branding Package

BACKGROUND

The City contracted with EcoNorthwest to create a housing assessment, community investment strategy and brand redesign as part of our comprehensive economic development strategy funded by Business Oregon and the Economic Development Administration. These deliverables were developed with input from our community advisory committee and are ready for adoption by the city council. This concludes EcoNorthwest's work under these contracts, which ended on September 30th.

COMMUNITY INVESTMENT STRATEGY

The Community Investment Strategy (CIS) builds on the City's Strategy for Growth adopted in 2017. The CIS quantifies and refines our growth strategy by focusing on two primary outcomes:

- 1) Population Growth
- 2) Expanding the Local Economy

The CIS adds six Focal Areas to help achieve these outcomes, where the Strategy for Growth previously had four. The focus areas are:

- Greenhouse Industry
- Marketing and Tourism
- Competitive Broadband
- Business Development & Support
- Opportunity Areas
- Housing and Community Development

Arts and Culture is a cross-cutting area that should be considered for each of the six focus areas to emphasize our growing art scene and a distinct western-frontier culture.

The CIS also includes an implementation plan as an organizing framework as we carry out the work of the strategy and identifies project funding for each aspect of the strategy.

HOUSING AND COMMUNITY DEVELOPMENT ANALYSIS

The housing and community development analysis provides a comprehensive housing assessment for the city and quantifies our development goals. The assessment includes a summary of buildable residential lands, anticipated long-term demand for housing, and housing needs. It also identifies a set of strategic housing issues that provide a foundation for a community housing strategy.

The foundation of the housing needs analysis is a population forecast for John Day. The official forecast is prepared by the Portland State University Population Research Center. The city is required to use this forecast for review of the urban growth boundary (UGB). **The official forecast projects John Day will lose population in the next 20 years. The goal of John Day's Strategy for Growth is to return John Day to positive population growth.** EcoNorthwest modeled a different population forecast that assumes the City is successful in our growth strategy and can attract new residents.

Key findings from the report (emphasis added) include:

- John Day's **population shrunk by 6%** between 1990 and 2018
- **Demand for housing for retirees will grow over the 20-year planning period**, as the Baby Boomers continue to age and retire. The Grant County forecast share of residents aged 60 years and older will account for 53% of its population by 2040, compared to around 36% in 2017.
- **Growth in the number of seniors will result in demand for housing types specific to seniors**, such as small and easy-to-maintain dwellings, assisted living facilities, or age-restricted developments.
- Millennials (people currently aged 18 to 38) make up the largest demographic in the state, but the **forecast for Grant County shows a decline in the population share of Millennials** from about 15% of the population in 2020 to about 12% of the population in 2040.
- **John Day's ability to attract and retain people in this age group will depend, in large part, on whether the city has opportunities for housing (and employment) that both appeals to and is affordable to Millennials.** Retaining (or attracting) Millennials, will depend on availability of housing types (such as townhouses, cottages, duplexes and similar scale-multifamily housing, and apartments). This demographic is our digital commuters and young, working families.
- **John Day currently has a deficit of housing affordable to households in two different categories:** (1) **Low-income households** earning between \$10,000 and \$25,000, and (2) **high-income households** earning greater than \$50,000. We have a deficit of housing types affordable at lower income levels such as new and used government-assisted housing, apartments, duplexes, tri- and quad-plexes, and manufactured housing; but also a deficit of housing types affordable for higher income levels such as market-rate apartments, single-family attached, and single-family detached housing. As a result, lower income earners are living in homes they cannot afford, and higher income earners are living in homes that cost less than they can afford. **Both deficits put pressure on middle-income earners who are competing for the same housing types as low- and high-income households** (see Exhibit 47 for more detail).
- About **one-third of John Day's households face housing affordability problems**. About **48% of John Day's renters have affordability problems**. These factors indicate that John Day needs more affordable housing types, especially for renters.
- The median home sales price in John Day is about \$210,000. A household earning median household income (about \$54,700) could afford a home valued up to about \$147,000, well below the median sale price.
- **John Day will need to provide opportunity for a large variety of housing types over the next 20-years**, including: smaller single-family detached housing (e.g., cottages or small single-family detached units), manufactured housing, "traditional" single-family detached housing, townhouses, duplexes and quad-plexes, and small apartment buildings.
- If current preferences continue, about 75% of this supply will need to be single-family homes, 1% single-family attached, and 24% multi-family.
- EcoNorthwest forecasted two growth scenarios for annual average growth rate (AAGR). **Under the moderate growth forecast (0.5% AAGR), John Day will need to add 114 dwelling units over the next 20 years. This should be our minimum housing target.** In the high growth

forecast (1% AAGR), we will need to add 230 dwelling units. The addition of these households would increase our population by an additional 220 to 462 residents over the next 20 years.

- **John Day has capacity for 1,000-1,800 dwelling units in the current UGB, or an additional 2,100 to 3,780 people (10 times our expected growth rate)** if all vacant land without slope constraints is serviceable and available for residential development.
- The capacity analysis suggests **there is more than enough vacant land to accommodate the city's residential housing needs** even under the high growth forecast, but much of it is not serviced.

SUMMARY

Our CIS and housing assessments provide a logical analysis of our potential growth. Under optimal conditions, we can reverse three decades of decline and return to average annual growth rates of 0.5% to 1%, which would result in the addition of 220 to 462 over the next 20 years. This would put the city on par with its population peak in the 1980s of between 2,000 and 2,200 residents.

Achieving this 0.5% to 1% growth rate will require us to open buildable lands and promote housing growth at the rate of 5-10 homes per year over the next 20 years. Since opening the urban renewal area, we are on track to achieve 0.5% growth. Our ability to sustain this rate will depend in large measure on our ability to work with our investment partners to finance infrastructure (streets, water, sewer, power and broadband) to service our buildable lands in the city limits and the UGB.

It will also require us to promote and brand our community as a thriving rural designation attractive to our target demographics. This is the final portion of the EcoNorthwest team's deliverables.

BRANDING PACKAGE

EcoNorthwest has prepared the following items as part of our branding package:

- Investment Prospectus (enclosed with your packets)
- PowerPoint template (for public presentations)
- New city logo

The logo, template and prospectus are designed for an externally facing audience. Their purpose is to make the city's brand recognizable to people outside of John Day who may choose to live or work here.

I will show the council the PowerPoint template and discuss the final logo design during the council meeting.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 8, 2019

SUBJECT: Agenda Item #8: Aquatic Center Study Professional Services Agreements Attachment(s)

- SDAO Professional Services Agreement
- Walker Macy Proposal

BACKGROUND

The proposals enclosed are for the Aquatic Center Study funded in part through the OPRD grant. The Special Districts Association of Oregon (SDAO) has offered to facilitate the interagency planning for the new service district/organizational structure that will build, operate and maintain the pool. Walker Macy will lead the planning effort with a team that includes Opsis Architecture. The city also has contract capacity with Counsilman-Hunsaker from the prior planning effort. This approach maintains consistency with the original team that assisted on the planning effort last fiscal year and builds on it with the addition of SDAO.

DISCUSSION

Mayor Lundbom and Aaron Lieuallen represented the City at the county study session in September, where participants agreed to bring a plan forward to the voters next year. Our consulting team will prepare that plan and work with the relevant public agencies to refine the approach for bringing the question to the voters, including the timing of the ballot measure, preparation of the ballot language, delineation of the service area for the new facility, and a detailed cost model for building, operating, and maintaining the new pool.

We are still in discussions with the state about the sale of Gleason Pool and held a productive meeting with representatives of Oregon State Parks on October 1st. Representative Findley participated in those discussions along with Arthur Chaput from Business Oregon and Courtney Warner-Crowell from the Governor's Office. We believe we have a unique opportunity to leverage state funding to assist with the development of a new Kam Wah Chung interpretive center, a local visitors center within the interpretive center, and a new city pool. The City will coordinate these various efforts as part of our aquatic center planning effort and the integrated park system.

The Integrated Park System grant was also awarded, and we expect to have a notice to proceed later this month. That proposal will build in the Innovation Gateway area plan by refining the Hill Family Park concept, completing the trail and bridge network between the existing parks, and identifying a timeline for the development of the new Kam Wah Chung interpretive center and the new pool.

RECOMMENDED MOTIONS

- 1) "I move to approve the professional services agreement with SDAO and authorize the City Manager to sign all future contract documentation as appropriate/required to execute the agreement."
- 2) "I move to approve the professional services agreement with Walker Macy and authorize City Manager to sign all future contract documentation as appropriate/required to execute the agreement."

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 8, 2019

SUBJECT: Agenda Item #9: Oregon RAIN
Attachment(s)
• RAIN presentation

BACKGROUND

The Ford Family Foundation has offered a \$50,000 grant to the Oregon Regional Accelerator & Innovation Network (Oregon RAIN). Oregon RAIN's mission is to partner with Oregon communities to catalyze entrepreneurial ecosystems, connect entrepreneurs to resources (including overlooked entrepreneurs), and contribute to the creation of prosperous economies.

RAIN engaged the county economic development office and hosted an information session in John Day on August 21st to discuss their approach to building entrepreneurial ecosystems in rural communities. They are asking for a two-year commitment to do a pilot program in John Day, with \$15,000 in local funds required as the match. The county economic development office can contribute \$5,000 from this fiscal year's budget and we have \$10,000 available in our Community Development Fund for economic development.

DISCUSSION

The enclosed PowerPoint provides background on RAIN's process. Allison Field, the County economic development director, will attend the meeting and provide details on their proposal. We participated in a call with the RAIN organization on September 16th. I believe this is a good opportunity to evaluate a model that has proven effective in other communities and may spur new business growth in John Day. The contribution from the Ford Family Foundation is significant. Those funds, plus our match, would go to RAIN and they would administer the program.

This program would be available to any entrepreneur in Grant County. Depending on the participation, our share of the cost could be adjusted next fiscal year to reflect the participation (i.e. a larger contribution from the county if more participants come from outside John Day).

This is a low risk opportunity to test a model for new business generation and accelerating existing businesses interested in exploring new market opportunities. It is also in line with our "Business Development & Support" focus area from the Community Investment Strategy, specifically

- Item 1) Seek partnerships to enhance and support existing businesses; and
- Item 2) Develop a plan to attract new entrepreneurs.

RECOMMENDATION

I recommend we fund this program for a not-to-exceed amount of \$10,000 in this fiscal year and evaluate the program and its cost-sharing for FY21 based on local participation rates.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 8, 2019

SUBJECT: Agenda Item #10: Grant County Fairground Proposal
Attachment(s)

- EcoNW Fairground Proposal

BACKGROUND

EcoNorthwest, at the request of the County, has provided the enclosed scope of work for assessing revenue enhancing activities at the fairgrounds. The work plan is divided into two phases. Phase One will examine the market factors that will influence fairground revenues. Phase Two will focus on the creation of a business concept, site plan, and marketing plan to navigate the fairgrounds to financial sustainability, establish a vision for the future improvement and development of the fairground's properties, and generate more visitor trips to the fairgrounds.

DISCUSSION

The county felt it was important to take a more comprehensive view of the fairground considering the Innovation Gateway area plan and the need to revitalize several of the existing buildings at the fairground. Because it is in the city limits and the city benefits from hosting the fairground, they asked that we contribute toward the cost of the study. We also have a pre-solicited list of qualified professional services firms to which we can make direct awards of up to \$100,000 per project that includes EcoNorthwest and Walker Macy. As a result, the city can award and manage this contract without having to do a formal solicitation.

This proposal would result in an enhanced site concept for the fairground, like the work Walker Macy did for the Oregon Pine property, which is rooted in an economic assessment of the fairgrounds current and potential revenue generating opportunities. This plan will complement the Innovation Gateway area plan and riverfront recreation area and will generate a prioritized list of projects the county can invest in at the fairground. These improvements could make our riverfront recreation areas and the county's property along the riverfront more attractive for visitors and more accessible to our residents. It should also encourage an increase in events and attendance that will benefit John Day merchants and businesses.

RECOMMENDATION

If council concurs with the scope and agrees to award the contract, the city will invoice the county for their share of the costs (approximately \$15,000) for the duration of the project as we are invoiced, and we will manage the contract with EcoNorthwest.

Our share of the costs will come from our Community Development Fund, which has \$83,857 in operating contingency that can be moved into the Economic Development line item during the next supplemental budget.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 8, 2019

SUBJECT: Agenda Item #11: Downtown Parking & Report on Main Street Conference
Attachment(s)

- None

BACKGROUND

The Ford Family Foundation provided the city with a \$1,000 grant to attend the 2019 Oregon Main Street Conference in Tillamook, held from October 2-4. Councilor Adair and Kim Randleas attended to represent the city. Allison Field attended for the county.

DISCUSSION

One of the presentations was “Parking Management Strategies that Increase Downtown Vitality.” Councilor Adair will provide a report on the conference and discuss the findings from this and other presentations that may be relevant in our efforts to revitalize downtown.

I will also discuss the status of our discussions with downtown property owners interested and willing to sell vacant land to the city to increase parking opportunities downtown.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 8, 2019

SUBJECT: Agenda Item #12: Wastewater Treatment Plant Update & Report on WEFTEC Attachment(s)

- None

BACKGROUND

Our RFP for the membrane bioreactor and Phase 1 components of the treatment plant is scheduled to be released next week. The public works committee and city attorneys have reviewed the RFP. Vendors will have 30 days to submit their bids. The City will evaluate bids at the November 12 city council meeting.

I will also report on my presentation to the Water Environment Federation Technical Exhibit and Conference (WEFTEC) during this agenda item.

DISCUSSION

The RFP will solicit for the following components:

- Design, manufacture, and delivery of a package membrane bioreactor (MBR) system for the reclamation of the City's domestic wastewater.
- System shall include the following major components: grit removal and dewatering; anoxic basins, aeration basins, membrane basins, and other equipment as outlined in the General Requirements; aerobic digesters; and all tankage, valving, piping, pumps, electrical equipment, and instrumentation equipment as required to treat the influent wastewater according to the Design Criteria outlined in the General Requirements of the RFP.

During the November 12 council meeting we will review vendor bids and select a vendor for the membrane bioreactor. We will then enter negotiations and scope refinement for the MBR and core treatment components. We expect that will take about 4-6 weeks. Our plan is to approve the final purchase agreement at our council meeting on January 14, 2020.

Shop drawings from the selected vendor are due 120 days from the notice to proceed, so by mid-May 2020, but delivery of goods on-site won't be allowed before May 1, 2021. The 12-month gap between delivery of the drawings and the equipment is to allow us to do all the on-site preparation (site design review, completing the environmental, site prep/pouring the concrete pads and setting the utility infrastructure to receive the MBR components, etc.). There will be some significant site prep costs associated with the MBR in addition to the cost of the MBR facility itself.

We will make a 10% progress payment accepting the shop drawings from the selected vendor. Once the goods are delivered, our next payment of 75% is due, which is followed by the final two progress payments for training and completion as shown in the table below.

Payment Line Item (Lump Sum)	Percentage of Lump Sum	Estimated Payment Date
1. Receipt of Approval of Shop Drawings and Samples	10	May 15, 2020
2. Delivery of Goods to Point of Destination in accordance with the Procurement Contract Documents	75	June-July, 2021
3. Completion of Startup Training	10	January 2022
4. Final Payment: Correction of non-conformities, provision of final Operations and Maintenance manuals, submittal of warranties and other final documentation required by the Procurement Contract Documents	5	Spring 2022
Total Procurement Contract Price (Lump Sum)	100	

FINANCING

The offer from the Business Oregon Water/Wastewater at our One-Stop was \$1.5 million – 50% grant/50% loan. We are proposing to use that funding to pay for the progress payment on the MBR facility, site prep, and a portion of the 75% progress payment for the MBR. The balance of the MBR cost would come from one of our other state or local funding sources discussed in prior council meetings.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 8, 2019

SUBJECT: Agenda Item #13: Resolution No. 19-826-27 – A Resolution to Increase System Development Charges for Calendar Year 2020
Attachment(s)

- SDC Report FY19
- Resolution No. 19-826-27

BACKGROUND

System development charges were established in 2009 by Resolution No. 09-643-11. Rates at the time were set based on the November 2009 *Water and Sewer System Development Charge Study* produced by Anderson Perry.

The adopting ordinance for the SDCs anticipated the council would raise SDC rates based on inflation, but council has never opted to do so. The U.S. Department of Labor consumer price inflation index shows a 19% increase in SDC costs from November 2009 through August 2019.

DISCUSSION

I am proposing council increase SDC rates for inflation by 20% effective January 1, 2020. This keeps the SDC costs consistent for 2020 with the levels established in 2009, adjusting for inflation.

We will need to update our SDC study in 2020 to reflect several changes from the 2009 report. These changes include:

- Establishing SDC rates for reclaimed water (both reimbursement fee and capital improvement fee) that will be distributed through the purple pipe network from the new reclaimed water facility
- Updating Sewer SDC rates for wastewater based on the capital improvement cost of the new facility
- Revising assignment of SDC fees (fee allocation) based on updated population/development assumptions for new service projections using a 0.5% to 1% AAGR.

The 2009 SDC study assumed a 2030 design population of 2,852 residents in John Day, which was based on a two percent average annual growth rate (AAGR). This growth estimate projected 29 new water service connections and 20 new sewer connections would occur each year over the 20-year planning period, for total annual SDC revenue of \$143,715. Had these projections been accurate, the city would have received over \$1.4 million in SDC payments by this point as we are at year 10 since SDC's were implemented.

During the first ten years of the planning period, the city had less than 15 water and 10 sewer connections and has a current SDC balance of \$70,941.75 – achieving approximately 5% of the assumed revenue in the 2009 plan (see FY2019 SDC Report, enclosed). During this period our AAGR was -0.6%. Rather than gaining 500 residents by 2019, as assumed in the plan, we lost over one hundred residents. Considering our current and past economic trajectories the study's population and growth estimates were unrealistic.

Council also chose in 2009 to reduce the Sewer SDC payment from the recommended \$7,025 per connection to \$4,215 (60% of the recommended amount). This was a policy choice intended to encourage development that did not prove to be effective.

With the establishment of our urban renewal area, all buildable residential lots within the city limits are now eligible for the John Day Urban Renewal Agency to pay their SDCs on behalf of the homeowner/developer. This eliminates the cost-burden of SDCs for residential development. Because the SDC costs are recovered through the tax increment generated by the urban renewal area, the city council should reconsider adopting the full sewer allocation, plus a reclaimed water SDC for any reclaimed water connections made to the new system. These costs should also be re-evaluated with a more realistic population growth assumption of 0.5% to 1% AAGR.

We should wait until next fall to do the study so that we have the cost of the new wastewater treatment plant and those costs can be capitalized in the new SDC rate study. However, since the current SDC rates established in 2009 have never been cost-adjusted for inflation, which is allowed in the adopting ordinance, I am recommending we make an inflation rate adjustment through the enclosed resolution that would take effect on January 1, 2020.

RECOMMENDED MOTION

“I move to approve Resolution No. 19-826-27, A Resolution to Increase System Development Charges for Calendar Year 2020.”

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: October 8, 2019
SUBJECT: Agenda Item #14: Other Business and Upcoming Meetings
Attachment(s)

- None

OTHER BUSINESS

- Report on LOC Annual Conference (Mayor)

UPCOMING MEETINGS

- October 20-21 – Oregon Infrastructure Summit, Salem
- October 21 – OCF Eastern Oregon Leadership Council meeting, ODF Building
- October 22 – City Council Meeting
- October 24-25 – OAPA Annual Planning Conference, Eugene
- November 12 – City Council Meeting
- December 10 – City Council Meeting