

**John Day City Council  
April 14, 2020  
7:00 PM  
VIRTUAL MEETING**

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1. **OPEN AND NOTE ATTENDANCE**
2. **APPROVAL OF PRIOR 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. **CONSENT ITEMS**

Attachments:

- None

## **ACTION ITEMS**

5. **ECONOMIC RECOVERY & RESILIENCE / GENERAL DISCUSSION**

Attachments:

- Responding to the Economic Impacts of Coronavirus: A Proposed Oregon Economic Recovery and Resilience Framework
- EDA Economic Resilience Context

6. **4<sup>TH</sup> STREET REPAIRS PROFESSIONAL SERVICES AGREEMENT**

Attachments:

- Notice of Intent to Award

7. **PROJECT STATUS UPDATES**

Attachments:

- Oregon RAIN Grant County Q1 Report Feb-Mar 2020

8. **AQUATICS CENTER UPDATE**

Attachments:

- Gleason Pool Replacement Proposal
- Proposed Central Grant County Aquatic District Boundary Map

- Site Concepts & Renderings for Aquatic Center (Phase 1) and Future Rec Center (Phase 2)
- Aquatic District Tax Rate Worksheet (with Funding Alternatives)
- Sample Resolution

**9. EDA ECONOMIC ADJUSTMENT ASSISTANCE & BUILD GRANT UPDATES**

Attachment(s)

- Northwest Subdistrict Overlay – Innovation Gateway
- Summary of Loan Terms
- N20012 John Day Contract - Brownfield Redevelopment Grant
- Ironwood Estates Proposed Housing Developments
- Proposed Property Line Adjustment for ROW

**OTHER BUSINESS & UPCOMING MEETINGS**

**10. OTHER BUSINESS & UPCOMING MEETINGS**

- Heritage site grant update for Davis Creek Park Fallen Soldier memorial
- April 28, City Council Meeting, 7 P.M. – Virtual Meeting

**TO:** John Day City Council  
**FROM:** Nicholas Green, City Manager  
**DATE:** April 14, 2020  
**SUBJECT:** Agenda Item #4: Items for Approval on Consent Agenda  
Attachment(s)

- None

**BACKGROUND**

There are no items for this meeting's consent agenda.

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**Item 1)**

None.

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**Item 2)**

None.

**RECOMMENDATION**

N/A

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** April 14, 2020

**SUBJECT:** Agenda Item 5: Economic Recovery & Resilience / General Discussion  
Attachment(s)

- Responding to the Economic Impacts of Coronavirus: A Proposed Oregon Economic Recovery and Resilience Framework – EcoNorthwest
- EDA Economic Resilience Context

## **BACKGROUND**

The City declared an emergency on Friday, March 20<sup>th</sup> in response to the Coronavirus outbreak and the anticipated stay at home executive order, which was issued by Governor Brown on March 24<sup>th</sup>. Public buildings like the fire hall and city hall are closed to the public. Staff are available by appointment and most functions of government are proceeding virtually, but at a reduced pace.

This topic will give the council an opportunity to discuss any questions or concerns related to the outbreak and how we are managing the city during the response and recovery process.

I have also provided the council with an economic recovery framework written by EcoNorthwest that may help guide our thinking and decision making in the post-disaster recovery process.

## **DISCUSSION**

This discussion summarizes some key points from EcoNorthwest's paper for the council to consider.

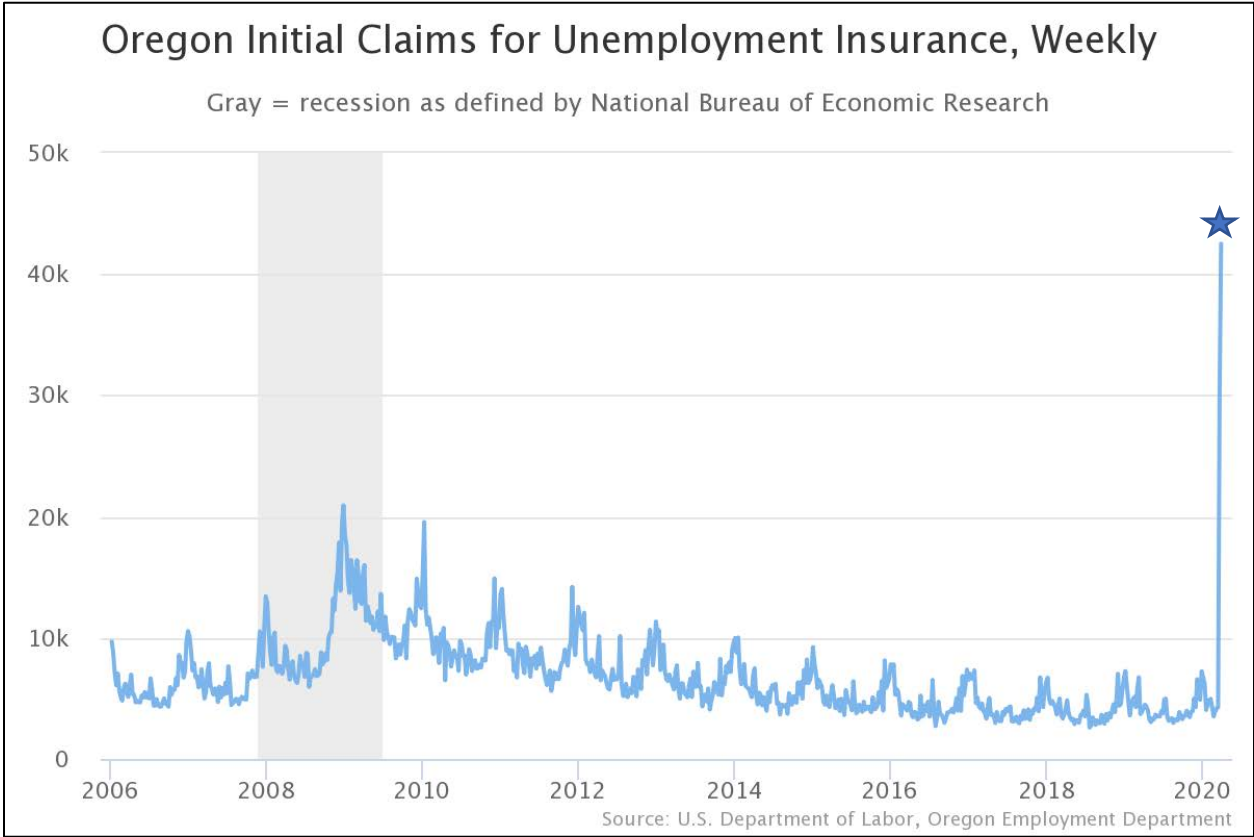
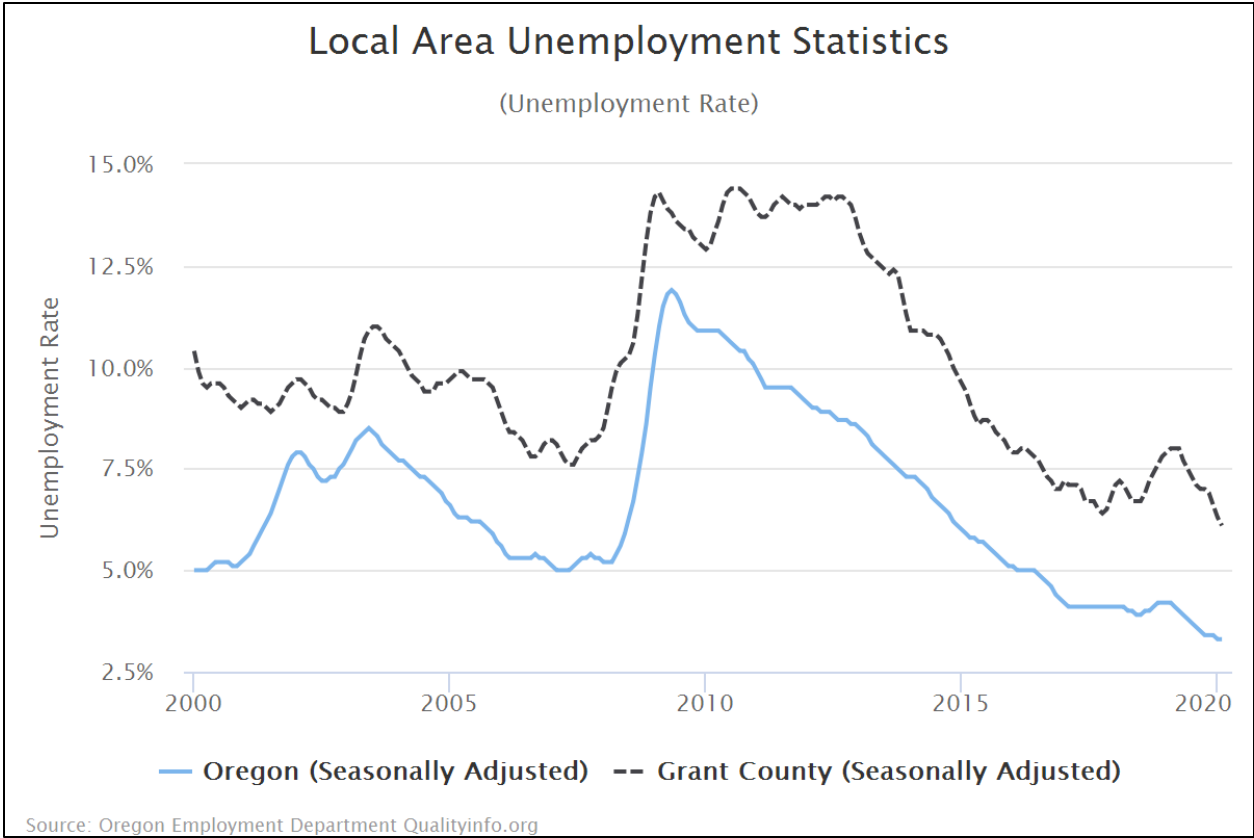
EcoNorthwest is estimating a 5-10 year recovery window before the economy establishes a new equilibrium. They also point out that no playbook exists to respond to this crisis – practitioners will have to create the playbook as they go. There is no precedent for this.

There are some principles outlined in the paper to help guide our decision making. Some questions to consider:

- Which activities will have the biggest impact?
- Determining how to prioritize these activities
- How can federal, state and local investments be deployed?
- How do we mobilize networks for action?

According to FEMA, over 40% of businesses do not reopen after a disaster. Of those that do reopen, 25% fail within one year, and over 90% fail within two years. These failures cause a ripple effect of unemployment and economic instability.

Grant County already had the highest unemployment rate in Oregon for 10 years prior to the Coronavirus pandemic. While we tend to trend with the state, our level of unemployment prior to the outbreak was about double the state average (Figure 1). As shown in Figure 2, unemployment claims statewide have increased ten-fold, from 4,154 the week ending March 7 to 42,502 the week ending March 28. This increase is more than double the highest number of unemployment claims at the peak of the Great Recession in 2008. This is a strong indicator of how severe the economic impact of Coronavirus has been relative to the recession.



During the week of March 15-21, 2020 the Oregon Employment Department processed around 22,800 Unemployment Insurance (UI) claims, four times more than the 4,900 processed the week prior. The department received a total of 76,500 claims online and by phone, around 20 times the workload experienced in a typical week.

This disaster will help us measure our economy's resilience. Economic resilience, as defined by the Economic Development Administration, is inclusive of three primary attributes:

- the ability to recover quickly from a shock;
- the ability to withstand a shock; and
- the ability to avoid the shock altogether.

We cannot avoid the shock of Coronavirus. We also need to recognize that we are still recovering from previous economic disasters – specifically the spring 2019 flooding, the 2015 wildfires, and the loss of timber receipts due to the decline in the timber industry that began in the 1990s.

## **GRANT COUNTY DATA**

I have been coordinating with Christopher Rich, our regional economist with the State for Grant County, and he has provided some county-specific data on the impacts of Coronavirus.

UI claims in Grant County have increased approximately 50% each week since March 14<sup>th</sup>, with 14 claims processed the week ending 3/14, 40 claims the week ending 3/21 and 52 claims the week ending 3/28. These claims reflect about 3.5% of Grant County's estimated 3,000 person civilian workforce. These are leading indicators. The economic impact of COVID-19 won't begin to show in the usual data until the May press release and it is too soon to tell if these trends will continue to increase, stabilize or decline.

The majority of claims processed are in three main industries:

- Accommodation and Food Services (34 claims, 32% of total)
- Healthcare and Social Assistance (9 claims, 8% of total)
- Manufacturing (4 claims, 3.7% of total)

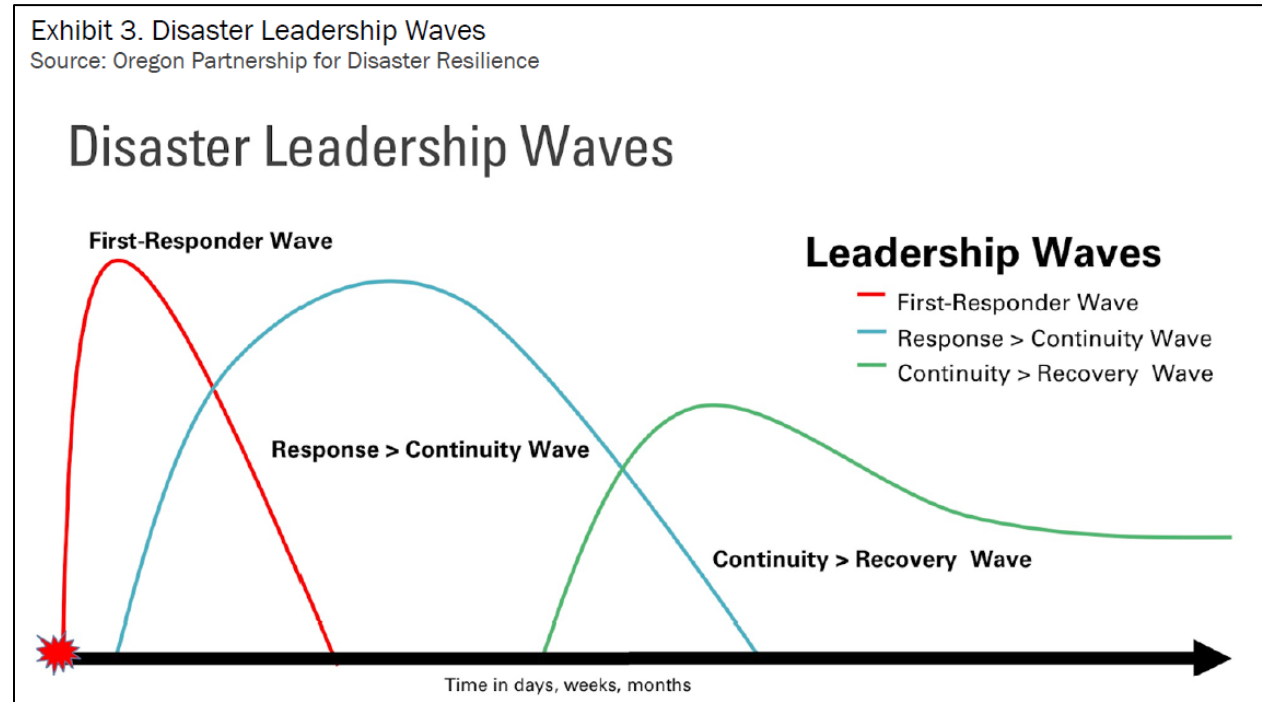
Additional data are needed to verify if these will be the hardest hit sectors across the county economic landscape, and it is unclear at this stage how self-employed, forestry and public sector industries will be affected. Much will depend on the response of government agencies in the weeks to come.

## **FEDERAL, STATE & LOCAL RESPONSES**

At the federal level, three emergency relief packages have been passed and congress is discussing a fourth relief package to provide more money to aid states, cities and small businesses, expand unemployment benefits and another round of direct cash payments for Americans. So far, \$500B in new lending has been made available to states and municipalities, but this is not nearly enough.

I participate weekly on calls with the League of Oregon cities related to the "whole of government" response. The mantra the President's administration is following is: locally executed, state managed, and federally supported. An example of this policy approach is: the federal government is covering 100% of the costs for National Guard deployments in support of this disaster, but the determination is made at the state level where the Guard will be sent and their efforts are in direct support of local communities.

The Oregon Partnership for Disaster Resilience describes recurring disaster events and the public sector's response in terms of disaster waves (Figure 3). We are in the "First Responder" wave for Coronavirus and moving into the Response > Continuity Wave. We are in the Response > Continuity Wave from the 2019 flood events moving into the Recovery Wave. We are in the recovery Wave from the 2015 complex fires since homes and structures that were destroyed are still being replaced and it will take decades for the environment to recover to its pre-disaster levels.



## SUMMARY

Sustained effort will be needed to ensure we recover effectively from our concentric waves of economic disasters. We also need to continue to plan for future disasters to come even as we are recovering from those we are currently experiencing. We will continue to monitor the unemployment data to determine which sectors will need immediately relief and the state and federal responses to ensure we are positioned to do our part, but much will depend on the effectiveness of congress in addressing the macroeconomic impacts of this pandemic.

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** April 14, 2020

**SUBJECT:** Agenda Item #6: 4<sup>th</sup> Street Repairs Professional Services Agreement Attachment(s)

- Notice of Intent to Award

## **BACKGROUND**

The City solicited design and engineering bids for the 4<sup>th</sup> Street/Airport Road repair project through a qualification based selection (QBS) process in accordance with the informal selection procedures under OAR 137-048-0210. The request for proposals (“RFP”) was provided to five firms and posted to the city website. Proposals were due on Tuesday, March 4 by 4 P.M.

Three firms responded to the request for proposals:

- H.A. McCoy Engineering and Surveying, LLC (Redmond, OR)
- Ecology & Environment, Inc. (Portland, OR)
- GHD Engineering, Inc.

The Public Works Committee (Councilors Smith, Haberly and Holland) met at 6 P.M. on March 10<sup>th</sup> to review proposals for the project. City staff then followed up with reference checks for each vendor. Final scoring was done individually and city staff consolidated the scoring.

## **DISCUSSION**

The committee ranked the proposals – from highest score to lowest – in the following order:

- GHD
- E&E
- H.A. McCoy

All three proposals were competitive but they ultimately felt GHD had the stronger overall approach.

I issued the notice of intent to award based on the committee’s decision on March 27<sup>th</sup>. The protest window expired April 3<sup>rd</sup> and no protests were submitted.

With the council’s approval, we will have GHD sign our standard professional services agreement (which was included with the RFP) based on the scope and schedule of services proposed by the vendor, using the vendor’s standard rates.

## **RECOMMENDED MOTION**

“I move to authorize the city manager to contract with GHD to perform the design and engineering services for the 4<sup>th</sup> street repairs, subject to final review and approval of the professional services agreement by the city attorney.”



**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** April 14, 2020

**SUBJECT:** Agenda Item #7: Project Status Updates  
Attachment(s)

- Oregon RAIN Grant County Q1 Report Feb-Mar 2020

**BACKGROUND**

Our goal is to review project status at least once per quarter with the city council. The last quarterly update was on December 10<sup>th</sup>. This agenda item will provide basic information on the status of each project. Council is welcome to request additional information and we can put any of these items on a future agenda topic, as needed.

**DISCUSSION**

**Street, Sidewalk, Bridge and Trail Improvements**

395 Sidewalk extension	ODOT is refining their design criteria based on feedback from property owners. They will hold a public hearing this summer prior to finalizing the design and go into construction in 2021. This project is fully funded and 100% of the city’s match was paid in advance. No additional charges are expected. However, a portion of the project could be subcontracted through the city (i.e. utility relocates), which would reduce the overall project cost and ODOT would reimburse the city for these expenses.
4 <sup>th</sup> Street repairs	GHD was the high scorer. Work was supposed to commence in April, however, the project award was delayed slightly due to COVID-19. Our intent is to award the contract this month and have the team begin work upon contract award.
Charolais Heights intersection improvements	City staff have begun clearing the trees from this lot. The SCA agreement with ODOT for \$100,000 is awarded. City is responsible for the balance of the cost. We met with the county road department and Judge Myers at the site to discuss resource sharing with the county – they declined to assist the city with this project citing concerns about the availability of their staff, but were willing to sell us fill if we wanted them to quote a price. We are working with Sisul engineering to solicit quotes for this project. Based on the estimated cost of the 4 <sup>th</sup> Street Repairs, we may not be able to complete the full project this FY (repairing flood damaged roads needs to take priority over intersection improvements). We will do the re-grading and utility relocates this year and if we have to phase the project we will begin construction next year on the street improvements.
Oregon Pine bridge improvements	This project is temporarily on hold, pending the outcome of the 2020 BUILD grant, which includes bridge improvements in the scope.

2020 BUILD grant	We made it to the final selection round in 2019 and will resubmit for 2020 with additional data. We now have a traffic impact assessment for this project and additional engineering and planning detail. The proposed hotel and new commercial developments in this area will also increase the overall impact of the project. Our overall goal with this application is to complete our local street network to allow for new residential, commercial and industrial development. Applications are due on May 18 <sup>th</sup> .
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**Innovation Gateway & Riverfront Recreation Projects**

Hotel & Event Center site development	The integrated planning team for this effort is completing their work for the EDA Economic Adjustment Assistance grant, which will be finalized and submitted this month. This is a separate topic on the agenda.
Treatment plant	We are working through the contracting process to bring Kennedy Jenks and Flagline engineering onto our design team to complete the necessary analysis to receive USDA Rural Development funding. USDA has requested additional analysis in the form of a technical memorandum on the various alternative designs proposed. We have asked Anderson Perry to stop work on the design and procurement of the MBR package treatment plant until this analysis is completed and the funding for construction is approved, so as not to get too far into the design of the facility before we have secured the necessary financing for construction.
Aquatics center	The planning team is nearly complete with their work. This is a separate topic for discussion on the agenda.
Integrated Park System	Staff have updated signage at the Davis Creek park and we are designing the parking for the west end of 7 <sup>th</sup> Street Park as part of this project. Tree thinning and hazardous tree removal was performed throughout the Hill Family Park this month and is nearing completion. The next phase will be finalizing the design and beginning construction for the new bridge between the Hill Family Park and the future 7 <sup>th</sup> Street Extension. That project will be included in the 2020 BUILD grant.
Greenhouse	We are increasing productivity at the greenhouse and conducting market surveys with customers to determine how they like our product line and to evaluate price elasticity of demand for each of our products. We are working closely with Chester's to optimize both volume and pricing of our living lettuce in their store and have begun harvesting tomatoes this month. We will continue to refine our operating model and go-to-market strategy based on customer feedback and will present a summary of our findings to the council at the April 28 council meeting.
Innovation Gateway Northwest Subdistrict Industrial / Commercial Land Expansion	We are evaluating options to increase available industrial and commercial land for future development by private enterprise. This is a separate topic on the agenda.

## Downtown/Main Street Improvements

Downtown Parking Improvements	We will be finalizing design and bid packages for downtown parking to be included in the 2020 BUILD grant, based on prior designs approved by the city council.
Len's Drug Renovation	Len's has received approval through the Planning Commission to begin construction of their proposed site design package.

## Housing

Weaver Building	All development agreements have been signed. Development timeline is driven by the Sheedy's and improvements are expected to be complete within five years.
Phase 2 of Ironwood Estates	We continue to coordinate for street improvements to allow for the expansion of housing in Ironwood Estates. These street improvements were included in the 2019 BUILD grant and may be included in the 2020 BUILD grant.
Mahogany Ridge	The owners of the Mahogany Ridge property (formerly Strawberry View estates) are working with city engineers to develop designs that could be included in the 2020 BUILD grant. These designs will be reviewed by the city council prior to submission.
Code Enforcement	We continue to pursue code enforcement for housing and floodplain development violations, while also working with our developers to help them understand the importance of applying for permits before they begin construction. This is particularly important for the FEMA special flood hazard areas and the landslide hazard areas in our community as these land use designations are regulated at the local, state and federal levels and are subject to state and federal audits.

## Intergovernmental Projects

Broadband expansions	We continue to work with our internet service providers and the state broadband office to expand broadband coverage in our area. The EDA grant includes a full fiber buildout to each premise in John Day and to our remaining public facilities that are not connected to the Grant County Digital network today.
Oregon RAIN	Stephanie LeQuieu was hired as the Rural Venture Catalyst for Oregon RAIN in our region. She has been in place for 9 weeks. She has shared a Q1 Report (attached) with us to let you know the progress we are making in the region.
County Fairground Master Plan	EcoNorthwest completed a draft of the Fairground market assessment in March. This assessment will be refined based on stakeholder feedback. The site concept work has begun to align the market assessment and the Fairground's strategy with potential land use changes and developments at the property.
Kam Wah Chung Interpretive Center	We are coordinating closely with the Oregon State Parks & Recreation Department to develop plans for the new interpretive center. Prior to the declaration of emergency for COVID-19 the intent was to have conceptual designs by mid-Summer. These timelines may be delayed due to staff working remotely and the needs of the department.

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** April 14, 2020

**SUBJECT:** Agenda Item #8: Aquatics Center Update  
Attachment(s)

- Gleason Pool Replacement Proposal
- Proposed Central Grant County Aquatic District Boundary Map
- Site Concepts & Renderings for Aquatic Center (Phase 1) and Future Rec Center (Phase 2)
- Aquatic District Tax Rate Worksheet (with Funding Alternatives)
- Sample Resolution

**BACKGROUND**

Our interdisciplinary design team has been working for the past 18 months on the proposal to replace Gleason Pool. We are now ready to present our recommendations. We held a meeting on March 9 (prior to the COVID-19 emergency declaration) to review this proposal and our recommendations with a steering committee, comprised of representatives from each affected city and the county.

The enclosed proposal summarizes the replacement plans our team has created and provides the analysis for each recommendation. It is an executive summary memorandum. The final report on the pool, including all of the enclosed documentation, will be prepared later this month.

**FINANCING DISCUSSION**

Most residents are primarily interested in the pool costs. I’ve therefore broken out this section separate from the rest of the discussion.

The anticipated cost of construction for the proposed aquatics center is \$6 million. Expected annual operations, maintenance and replacement (OM&R) is \$90,000 per year. The proposed ballot measure would therefore include two components:

- A permanent rate of 20-cents per \$1,000 assessed value for the OM&R
- A temporary rate of 0.7117 (apx. 71-cents per \$1,000 assessed value) for a 20-year capital improvement bond (or loan) to build the aquatics center.

Based on these financing assumptions and using data from the 2019-2020 tax year, the average cost per property owner in each city is summarized in the table below.

<b>Jurisdiction</b>	<b>Annual Aquatics Center Cost per property (includes pool and operating levy)</b>	<b>Net Tax Reduction (savings) per property over 2019-2020 taxes</b>
John Day	\$110.68	\$24.91
Canyon City	\$66.67	\$16.03
Seneca	\$25.22	\$7.08
Mt. Vernon	\$58.55	\$12.06
Prairie City	\$64.49	\$13.75

Column two shows the cost per average account owner. Column three shows the savings over their current tax rates (based on the reduction of the hospital bond prior to this tax taking effect).

**All property owners will receive tax savings under the current proposal** if the ballot measure passes because the proposal is less than what we currently pay for the hospital bond. This was a principle objective of the design team from the beginning. We wanted to create a community facility that would serve our residents in the best manner possible without increasing their tax burden beyond what they currently pay.

These costs are based on Alternative E, which is a future aquatics district that encompasses the boundaries of the John Day/Canyon City Parks & Recreation District, Mount Vernon and Prairie City Rural Fire Protection Districts, and the cities of Prairie City, Mount Vernon, and Seneca.

## **POOL DESIGN**

Renderings of the facility are included that show the proposed aquatic center at the 7<sup>th</sup> Street Sports Complex – both in its proposed condition and with the future expansion of a recreation center. The facility is designed for growth, but the expansion is not being proposed as part of the financing for the pool. We simply designed with expansion in mind so that the needs of future generations could be accommodated within the proposed footprint of this facility and we could thereby avoid future design and engineering costs.

The facility is also designed to support year-round operations and could be enclosed at a later date if voters chose to fund the enclosure or if additional funding becomes available. We did not design or propose OM&R costs for a year round pool as that would have significantly increased taxes beyond what we currently pay.

As currently designed, this facility will allow for future expansion while staying true to our original intent of not raising taxes. The facility will likely endure well beyond the 20-year capital improvement bond, and voters will benefit from the forward-thinking design long after the cost of the aquatic center has been repaid. Only the 20-cent permanent rate would apply upon retirement of the bond, which is enough to operate the facility and provide for future equipment replacement, as needed.

## **SUMMARY**

Each city council within the proposed district will need to pass a resolution similar to the one enclosed to authorize the county to proceed with the district formation. This resolution approves the court to submit the question to the voters, but it is ultimately up to the voters to approve the district and operating costs. The district will not be formed if the voters do not approve both the capital improvement bond and the district tax rate.

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** April 14, 2020

**SUBJECT:** Agenda Item #9: EDA Economic Adjustment Assistance & BUILD Grant Updates Attachment(s)

- Northwest Sub-district Overlay – Innovation Gateway
- Summary of Loan Terms
- N20012 John Day Contract - Brownfield Redevelopment Grant
- Ironwood Estates Proposed Housing Developments
- Proposed Property Line Adjustment for ROW

## **BACKGROUND**

This item provides an update on the economic adjustment assistance grant.

## **DISCUSSION**

As a result of the 2019 federal disaster declaration for Oregon, John Day is eligible to apply for economic adjustment assistance through the EDA under their FY19 Disaster Supplemental. Council previously provided staff with their prioritized projects and this application will be submitted in April. It will be followed by an application to the U.S. Department of Transportation's 2020 BUILD grant for street improvements, which is due May 28<sup>th</sup>.

Other federal, state and non-profit funds may be pursued in parallel with these larger efforts as part of the CARES Act or through non-profit funding to supplement various project elements. Financing for the treatment plant is also ongoing and this project will be integrated with the other aspects of the Innovation Gateway upon approval of funding and the city's final design for the water reclamation facility. Total estimated private and public investment in the Innovation Gateway is \$90 million by project completion. Multiple investors will be needed to secure this level of funding. The EDA Economic Adjustment Assistance grant is our first opportunity.

## **PROPOSAL TEAM**

We have assembled a fantastic planning team to assist us with this effort. Team members are:

- **Sisul Engineering** (City engineer responsible for preliminary engineering report, schedule and cost estimation for overall project)
- **Walker Macy** (Landscape architect responsible for site design)
- **Open Concept Architecture** (Architect leading the Hotel Convention Center and Community Pavilion tenant improvements and structural assessments)
- **EcoNorthwest** (Economists creating the Convention Center operating model)
- **Maul Foster Alongi** (Firm conducting site characterization for proposed land use)
- **Clean Water Services** (Agency assisting with wetland design and budgetary cost estimates)
- **Commstructure Consulting** (Engineering firm providing feasibility and cost estimation on broadband network expansion)
- **DKS** (Planning firm providing transportation impact analysis for project)

- **Blue Mountain Consulting: Archaeology and Public History** (Firm providing archeological survey for site developments)
- **Benchmark Land Surveying** (firm providing topographical surveys and floodplain assessments for this project)

This is a public private partnership (P3) project that includes public, private and non-profit investment from multiple organizations. It is expected to create 31 new private sector jobs and 1 new public sector position. Our committed investors are:

- **City of John Day** (applicant, land owner)
- **Friday Hotel Group** (design, build and financing of new hotel)
- **Iron Triangle LLC** (residential land and housing developer)
- **OTC Connections** (fiber optic internet provider)
- **1188 Brewing Co.** (co-location of distillery/microbrewery and eatery at the Inn at Whiskey Flat)
- **Oregon Trail Electric Cooperative** (electrical provider)

We are also in discussion with other federal agencies and non-profit organizations to secure financing for various project elements included in this scope.

## PROJECT SCOPE

The scope of the EDA proposal consists of the following project elements:

- 1) **Broadband expansion and network modernization.** This project element consists of a fiber optic backbone extension and connectivity of strategic community, city and county facilities. The envisioned outcome of this project element will be to expand the development of an open-access network to support connectivity to various community and public agency facilities in the region, including: the Grant County Regional Airport; Innovation Gateway; Airport Industrial Park; Humbolt Elementary School; and the Grant County Court and Sheriff's Office. The network expansion will also support greater resiliency and redundancy of critical government and first responder communications in the event of natural disasters and emergency situations. The proposed network expansion will allow for efficient information distribution to the general public for potential emergency events with two (2) primary dispatch console positions and one (1) backup solution upgraded at the Grant County Emergency Communications Agency to improve emergency communications. Finally, this project element will provide fiber-to-the-home to every household in John Day that currently lacks broadband internet access, including the proposed workforce housing at the new Ironwood Estates development included in this overarching project.
- 2) **Workforce Housing.** The CEDS included a housing market assessment that identified the need to create between 114 and 230 new housing units in John Day over the next 20 years with 22-46 of these units needed in the next five years. This project element will complete three streets and utilities (including broadband) in the Ironwood Estates subdivision overlooking the Innovation Gateway to open 30 acres of buildable land for workforce housing. Housing will be developed by Iron Triangle LLC, John Day's largest multi-family housing developer, who will also provide the matching funds for this portion of the project. The City of John Day, through its urban renewal agency, will provide 7% cash back on all new homes constructed on these lots plus full payment of all system development charges during the 20-year investment horizon, for a net cost savings to the builder or homeowner of about 10% of the home's assessed value.
- 3) **Innovation Gateway Industrial Site & Grid Modernization.** The Innovation Gateway Area Plan re-zoned 14-acres of General Industrial (GI) land as the Innovation Gateway Northwest Sub-district, a

zoning overlay that allows for more expansive commercial and industrial development than what is typically allowed in the city's GI zones. The Grant County EOA identified the need to create 15 additional acres for industrial growth in John Day over the next 20 years. Therefore, the city will purchase this 14-acre property and redevelop it to meet our 20-year land supply. Concurrent with this purchase, OTEC will provide electrical grid modernization by upgrading the power substation and transmission lines that service this area. OTC's fiber optic network will also connect to this site. Upon completion of this project, the site will be registered with Oregon's Certified Shovel Ready program to verify the site is market-ready and developable. Certified sites are then advertised in the global real estate market, like [oregonprospector.com](http://oregonprospector.com), to attract and grow traded-sector businesses in Oregon.

- 4) **Hotel & Event Center / Distillery.** This project element is a proposed joint venture between the City of John Day, the Priday hotel group and 1188 Brewing Company. The project will repurpose the Oregon Pine saw mill as a hotel convention center and physically connect this site to the proposed 50-60 room hotel, the Inn at Whiskey Flat. The hotel and convention center will revitalize the former mill site and will be the most prominent investment at the Innovation Gateway as it is the first structure one sees upon entering John Day from the west on Highway 26. Open Concept Architecture is creating the conceptual design for the hotel convention center and will perform structural assessments for the saw mill. Walker Macy is developing the site plan for access to the shared lobby and surrounding riverfront property. Their scope also includes the development of the water garden concept that will feed the wetland restoration project and the parking and site access designs from Highway 26, which will be informed by DKS's transportation impact analysis completed last month. The convention center will feature views and seating areas that open onto the surrounding landscape and will be capable of hosting large-scale conventions, wedding receptions and corporate events. EcoNorthwest developed the business model for the convention center with a focus on recreation and how it will operate with the hotel and surrounding improvements to promote John Day's recreation and tourism traded-sector economy.

As part of the operating model pro-forma developed by EcoNorthwest, they identified the need for only a 2,500 SF event space and to have an additional tenant in the sawmill. At 2,500 SF we would have the fourth largest commercial event space in our area. They recommended adding a distillery with an eatery as one of the highest value-added uses of the site, one that would save costs for the hotel by not having to do a separate café and that would create a draw to the location. I coordinated with 1188 Brewing Company and they are willing to set up a brewery/distillery and eatery at the site that would add an additional 16 jobs to our overall application. Sisul engineering is developing the utility site plan to service these new facilities.

- 5) **Flood Mitigation and Environmental Restoration.** Decades of dredge mining and timber operations left this area exposed to seasonal flooding and prone to higher impact flood events like the 2019 flood that covered the mill site to a depth of four to six feet. Habitat restoration of the low lying area between the future hotel convention center and community pavilion will create natural flood mitigation in addition to improving the environmental benefits and aesthetics of the site. Consultants with Maul Foster Alongi will perform the focused site assessment, including jurisdictional wetland delineation, habitat assessment, and a critical areas report for the former mill sites. They will work with Clean Water Services to help inform the proposed restoration of these wetland areas and with Walker Macy to ensure the natural environment blends seamlessly and efficiently with the convention center gardens. Paths and trails connecting the convention center to the community pavilion around this area, including off-highway paths to the south and riverfront trails to the north, will enhance the value and accessibility of this location.
- 6) **Community Pavilion.** The Innovation Gateway Area Plan includes repurposing the sorter shed/planar shed for use as an open air community pavilion. Walker Macy prepared an initial concept



and site design during the Innovation Gateway planning process. The city subsequently contracted with STRUX engineering to perform a structural assessment of this site. The proposal team led by Walker Macy will revise these designs with the goal of achieving code compliance in order to receive a certificate of occupancy for the repurposed facility.

- 7) **Greenhouse Learning Center.** John Day operates a 6,000 SF hydroponic greenhouse at the Innovation Gateway that provides fresh, locally grown produce to area markets and restaurants. This vertically integrated public enterprise has been permitted for 10,000 SF but only the first three bays were erected in its first year of operations. This project element will complete the greenhouse facility by adding an additional 4,000 SF of grow space and corresponding hydroponic systems and mechanical systems. A portion of the completed greenhouse will then be converted into a learning center where students and entrepreneurs interested in controlled environment agriculture will have the opportunity to learn more about hydroponics and gain valuable workforce training in this emerging industry. Participants will experience the full operations and management of the facility, from seed selection and propagation through harvesting and distribution. The City is piloting this program with three interns from Oregon State University this year and will build on the lessons learned from this internship program to expand it to local students and additional universities in future years.

## **DELIVERABLES & TIMELINE**

Each team member will provide the following for their project elements by April 17th:

- **Project narratives** that can be used in the grant application describing the scale and scope of work, contracting approach and any other information needed to explain the purpose of the project;
- **Budgetary cost estimates** in the format of SF-424C – Budget Information for Construction Programs, which includes both soft and hard costs
- **Grant-level design drawings** and other work products demonstrating project readiness; and
- **Construction timelines and milestones** for each project element.

City staff will integrate these products into the final EDA proposal. The EDA grant will fund both construction and design activities needed to build each of the proposed project elements, so we do not have to be at or near 100% design, but we need to show enough work product so their investment review committee can determine that these projects are capable of being completed within a four-year window from notice to proceed.

Our goal is to have grant-ready designs and budgetary cost estimates for final council approval on April 28<sup>h</sup>. The city council will review the designs during this council meeting and the final package will be submitted that week to the EDA by the end of the month.

## **KEY ACTIONS – LAND ACQUISITION & RIGHT OF WAY DEDICATION**

In order to include the industrial land development (proposed Innovation Gateway Industrial Site) in the EDA application, we will need to have a signed purchase and sale agreement with Iron Triangle LLC for the city to acquire this property for development.

The agreement will need to include the following components:

- 1) Purchase and sale agreement for 14-acre industrial site (Iron Triangle tax lot 2700) for future development by the city; proposed purchase price of \$495,000.
- 2) Purchase and sale agreement for land and connecting right-of-way for city streets, trails and utilities between the 14-acre property and Valley View Drive; proposed purchase price of \$205,000.

- 3) Right-of-way dedication agreement for the three cul-de-sacs (future city streets) associated with Ironwood Estates Phase 2 (dedication to be completed upon receipt and approval of a preliminary plat by the John Day Planning Commission); financial contribution of \$310,000 from property owner to City as 20% match toward street improvement costs over life of project.

As these are complex transactions, I will review each one independently with the city council during the meeting and we will finalize the agreements at our April 28 council meeting based on feedback from the city council.

The City anticipated the possibility of acquiring additional land for commercial development at the Innovation Gateway and re-zoned the property as the Northwest Sub-district. This sub-district overlay (enclosed) allows for more expansive commercial and industrial land uses at the Innovation Gateway than what is typically allowed in a General Industrial zone, while also providing for protections that ensure the riverfront character of the site is maintained. With the other neighboring investments, including a full complement of utilities, these individual lots should become attractive to businesses looking to expand in our region and for local businesses in need of additional space.

## **FINANCING & BUDGET ACTIONS**

Business Oregon, through the Brownfield Redevelopment Fund, has offered us highly competitive terms for financing (terms sheet attached), including 2.0% interest on a 25-year loan; financing for cleanup/development costs in the loan package and a \$60,000 forgivable loan component (grant) upon completion of the environmental project. They have also approved a Brownfield Redevelopment Grant in the amount of \$38,930 for us to perform the Phase 1 environmental assessment (grant agreement attached). Council should review these documents for our discussion.

To complete the proposed land acquisitions and development cleanup, council will need to do the following:

- 1) Approve a supplemental budget for the Water Fund expenditures that increases capital outlay for this project to \$725,000, budgeted as:
  - a. \$700,000 for land and ROW purchase;
  - b. \$20,000 for title, legal, surveying and closing costs; and
  - c. \$5,000 for match on Phase 1 environmental site assessment.
- 2) Increase the Water Fund revenues in the supplemental budget by:
  - a. \$595,000 (loan proceeds); and
  - b. \$38,930 (grant proceeds); and
  - c. \$91,070 (transfer from FY20 contingency) to complete the financing.

This supplemental budget could be approved at the May 12<sup>th</sup> city council meeting following notice in the Blue Mountain Eagle. These anticipated expenditures would then be included in the FY21 budget (in development) and presented at the May 26<sup>th</sup> Budget Committee meeting.

If council wishes to proceed with these actions as described, we would still be able to set aside enough funding to complete our bullet payment to WaFed Bank on schedule, with an additional \$285,179 in contingency funds budgeted for next fiscal year.

## **SUMMARY**

If we are successful in funding this next phase of development as proposed in the grant, the project would provide significant economic gains at a critical time for our community, including:

- Increases private investment activity by more than \$7 million and creating 31 new jobs;
- Opening 14 acres of industrial land (20 year supply) for resale as individual 14-acre lots, with multiple approved land uses as part of the Innovation Gateway Northwest Subdistrict, with ready access to both Patterson Bridge Road and the future 7<sup>th</sup> Street Extension
- Opening 30-acres for new residential housing (20 year supply) with trail access to the John Day River in an area with improved electrical, water and sewer utilities and access to high-speed fiber optic internet
- Re-designing the city's sewer collection system to better manage design flows – directly routes sewer from Ironwood Estates and the public sector agencies along Patterson Bridge Road to the new wastewater treatment plant, reducing pumping costs and improving collection efficiency
- Completing the City's local street network plan with the creation of the Government Entry Road and the collector street to the new 7<sup>th</sup> Street Extension, improving public safety by creating access for ingress/egress across two bridges in the event of future flooding
- Provides environmental restoration for the Oregon Pine mill site and improves flood habitat and conveyance
- Increases local food security by doubling production capacity of the city's greenhouse
- Opens historic structures like the planar shed for use as a community pavilion, increasing activity at the site and providing additional benefits from recreation and tourism to our local small businesses

## **RECOMMENDED MOTIONS**

If council wishes to proceed with the land purchase approval, the following motions are recommended:

**Motion 1:** “I move to authorize the City Manager to proceed with the purchase and sale agreement of:

- The 14 acre Iron Triangle property for \$495,000 plus closing costs; and
- The land acquisition and right-of-way dedication agreements for \$205,000 plus closing costs as presented to the city council;
- Subject to final review and approval by the city attorney.”

**Motion 2:** “I move to authorize the City Manager and Mayor to sign and accept Brownfield Redevelopment Grant agreement No. N20012 with Business Oregon for \$38,930 and to sign all future agreements related to this grant, as needed.”

**Motion 3:** “I move to request the City Manager prepare a supplemental budget for adoption by the city council on May 12<sup>th</sup> to adjust the Water Fund FY20 budget to reflect the council's motions related to the Iron Triangle property acquisition as discussed.”

**TO:** John Day City Council  
**FROM:** Nicholas Green, City Manager  
**DATE:** April 14, 2020  
**SUBJECT:** Agenda Item #10 Other Business and Upcoming Meetings  
Attachment(s)

- None

**OTHER BUSINESS**

- Heritage site grant update for Davis Creek Park Fallen Soldier memorial

**UPCOMING MEETINGS**

- April 28, City Council Meeting, 7 P.M. (virtual meeting)
- May 12, City Council Meeting / Supplemental Budget Hearing, 7 P.M. (virtual meeting TBD)
- May 26, Budget Committee Meeting, 6 P.M. (virtual meeting TBD)
- May 26, City Council Meeting, 7 P.M. or at the conclusion of the Budget Committee meeting if later than 7 P.M. (virtual meeting TBD)