**John Day City Council Meeting**

**Tuesday, April 28, 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**

1. **CONSENT ITEMS**

Attachments:

* None

**ACTION ITEMS**

1. **RESOLUTION NO. 20-832-05, A RESOLUTION TO DECLARE ACCOUNTS UNCOLLECTIBLE AND TAKE OFF THE BOOKS AS RECEIVABLE**

Attachments:

* Resolution No. 20-832-05
1. **EDA GRANT UPDATE**

Attachments:

* Application Materials for Final Review
1. **POLICE REPORT, VEHICLE REPLACEMENT & EQUIPMENT UPGRADES**

Attachments:

* Vehicle & Equipment Quote
1. **BROWNFIELD REDEVELOPMENT GRANT AGREEEMENT NO. XXXXX**

Attachments:

* Grant Agreement No. XXXXX

**OTHER BUSINESS & UPCOMING MEETINGS**

1. **OTHER BUSINESS & UPCOMING MEETINGS**
* May 12 – Joint Planning Commission / City Council Meeting
	+ 7 P.M. Virtual Meeting – Code Amendments Public Hearing
	+ Council Meeting and Hearing on Supplemental Budget Resolution No. 20-833-06 to follow
* May 26 – Budget Committee Hearing, 6 P.M. Virtual Meeting
* May 26 – City Council Meeting, 7 P.M. Virtual Meeting
* June 9 – City Council Meeting, 7 P.M. (Format TBD)
* June 23 – City Council Meeting, 7 P.M. (Format TBD)

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:**  April 28, 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.

**Item 1)**

None.

**Item 2)**

None.

**RECOMMENDATION**

N/A

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:**  April 28, 2020

**SUBJECT:** Agenda Item 5: Resolution No. 20-832-05, A Resolution to Declare Accounts Uncollectible and Take off the Books as Receivable

 Attachment(s)

* Resolution No. 20-832-05

**BACKGROUND**

Two accounts with past due balances have been closed. Our attempts to collect have gone unanswered. This resolution refers the past due balances to a collections agency and writes the past due amount off our books. The past due balances, if collected, will be returned to the city’s utility accounts.

**RECOMMENDED MOTION**

“I move to approve Resolution No. 20-832-05, A Resolution to Declare Accounts Uncollectible and Take off the Books as Receivable.”

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:**  April 28, 2020

**SUBJECT:** Agenda Item #6: EDA Grant Update

 Attachment(s)

* Application materials for final review

**BACKGROUND**

This item provides a final update on the economic adjustment assistance grant prior to submission.

**DISCUSSION**

Our application is complete and ready for submission. The updates from the prior council meeting are highlighted in blue.

**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)
* **Ducote Consulting** (firm providing the environmental report narrative for the application)

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)
* **Priday 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.

**Cost analysis:**

1. **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.

**Cost analysis:**

1. **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, to attract and grow traded-sector businesses in Oregon.

**Cost analysis:**

1. **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.

**Cost analysis:**

1. **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.

**Cost analysis:**

1. **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.

**Cost analysis:**

1. **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.

**Cost analysis:**

**DELIVERABLES & TIMELINE**

Each team member has provided their final deliverables:

* **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 integrated these products into the final EDA proposal. Renderings and work product are provided for the council’s review.

**FINANCING**

A summary of the financing and estimated return on invested capital (ROIC) for the project is provided in the table, below.

**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 7th 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 7th 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 12th 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 Solider 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)