

John Day City Council Meeting August 11, 2020

7:00 PM VIRTUAL CITY COUNCIL 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. **CDBG PUBLIC HEARING**
Attachments:
 - Affidavit of Public Hearing Notice
 - Census Bureau Quick Facts
6. **RESOLUTION 20-842-15, A RESOLUTION AUTHORIZING AN ASSET TRANSFER FROM THE COMMUNITY DEVELOPMENT FUND TO THE SEWER FUND BEGINNING FISCAL YEAR 2020-2021**
Attachments:
 - Resolution No. 20-842-15

7. RESOLUTION 20-843-16, A RESOLUTION AUTHORIZING DEBT SERVICE FOR THE DESIGN & FABRICATION OF THE NEW WASTEWATER TREATMENT FACILITY

Attachments:

- Resolution No. 20-843-16

OTHER BUSINESS & UPCOMING MEETINGS

8. OTHER BUSINESS & UPCOMING MEETINGS

- August 11, Second City Council Meeting, 7:30 P.M. Virtual/Fire Hall
- August 25, City Council Meeting, 7 P.M. Virtual/Fire Hall
- September 8, City Council Meeting, 7 P.M. Virtual/Fire Hall
- September 21-22, Recreation Economy for Rural Communities 2-Day Workshop
- September 22, City Council Meeting, 7 P.M. Virtual/Fire Hall

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: August 11, 2020
SUBJECT: Agenda Item #4: Consent Agenda
Attachment(s)

- None

BACKGROUND

No items on the consent agenda

Item 1) N/A

Recommendation: N/A

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: August 11, 2020

SUBJECT: Agenda Item #5: CDBG Public Hearing Attachment(s)

- Affidavit of Public Hearing Notice
- Census Bureau Quick Facts

BACKGROUND

The City is eligible to apply for up to \$2.5 million in CDBG grant funding per project. This public hearing is being held for the City to apply for CDBG funds.

The hearing format is specified in the grant application rules and is as follows:

- 1) Mayor/Council to open public hearing
- 2) City Manager presents staff report (below) & reads public notice (attached)
- 3) Public comment
- 4) Council deliberations, questions and/or comments
- 5) Hearing closed.

1) PUBLIC HEARING

Mayor Lundbom request motion to open public hearing for the City's CDBG block grant application for wastewater system improvements.

2) STAFF REPORT

Problem/Opportunity. The purpose of the City of John Day Wastewater System Improvements project is to construct a new Water Reclamation Facility (WRF) for the City to replace its aging wastewater treatment plant. The current facility is operating on an expired permit under administrative review by DEQ that requires both a configuration change and potentially a permit change to meet current and future treatment standards. A portion of the existing components and treatment units in the wastewater treatment facility were installed during the original 1949 plant construction, while other major components were installed during 1970 and 1978 upgrades.

The new facility will treat domestic wastewater from both John Day and neighboring Canyon City (2,400 residents in combined service area (approximately one third of Grant County's population). It will consist of, among other things, the following major components: flow equalization, headworks, influent pumps, a pre-fabricated treatment plant system. Tertiary hydroponics wastewater treatment and/or ultraviolet disinfection may also be required to meet future permitting requirements. The WRF system also includes an effluent pump system and sludge thickening and dewatering units.

This project will not be a typical on-site build because the isolated nature of John Day is not likely to yield competitive pricing for on-site construction. The off-site, pre-fabrication of many of the system components will enable final design of the remaining portions of the WRF concurrent with the manufacturer's fabrication of the core treatment processes. Once the manufacturer for the treatment package has submittals in with the design approved, the engineers can begin producing plans and

specifications for the rest of the facility and on-site piping needed to have a fully-functioning treatment facility. Because the manufacturer-specific details will impact the rest of the plant's design, the City and its engineers need to know exactly what is being produced by the package plant manufacturer.

Proposed Solution. The proposed Wastewater System Improvements Project: Phase 1 was developed as Alternative B of John Day's DEQ-approved 2019 Wastewater Facilities Plan Update to the 2010 Wastewater Facilities Plan. Generally, the project includes two elements: (1) the construction of a new Wastewater Treatment Facility/Water Reclamation Facility with piping to the facility and as discharge for the facility; and (2) the demolition of the existing wastewater treatment facility on 7th Avenue.

We are proposing to use a combination of local funding (Sewer Fund revenues), Business Oregon Water/Wastewater financing, and CDBG Block Grant funds to procure the pre-fabricated components of the wastewater treatment plant, which will be designed at a manufacturer's facility, tested and certified in a controlled environment, and then shipped to John Day for on-site assembly. Concurrent with the manufacturer's fabrication and assembly, we will do some site preparation at the location of the new wastewater treatment plant to prepare the site to receive the package treatment plant components. A preliminary competitive request for proposals was issued in October 2019 with four bidders responding. The average bid price was \$4.5 million for the package plant, with half of the cost due upon award and manufacturer's assembly of the plant, and the balance due upon delivery, assembly and on-site operational testing and acceptance. We are proposing to use Water/Wastewater financing to begin the manufacturer's assembly and prep work along with \$2.3M in additional CDBG funding (see Resolution No. 20-843-16). The balance of the construction costs will be provided by USDA Rural Development pending their approval of the City's preliminary engineering report in November 2020. The project will include three basic tasks: 1) Project/Grant Administration and Environmental; 2) Engineering Services to complete the Preliminary Engineering Report and Final Plans/Specs; and 3) Package Treatment Plant Procurement.

These CDBG funds will be limited to the purchase of equipment and design engineering costs related to the package treatment plant and the rest of the facility. No on-site prep or construction work will take place with these CDBG design funds. The on-site prep and placing of the package treatment plant will take place roughly one year after the contract with the vendor is executed. The City's current Final Design project will be merged with this project in order to truly get the City to bid-ready plans and specs for the entire system. The discovery of the major advantages of constructing the package treatment plant off-site and having the submittals in-hand for the completion of the Final Design process necessitated this request for additional funding.

Next steps. City must pass two resolutions before finalizing applications for CDBG and Water/Wastewater funding.

- 1) Resolution No. 20-842-15 transfers the City's greenhouse as an asset from the Sewer Fund to the Community Development Fund. The remaining debt service in the Sewer Fund (Oregon Pine property acquisition loan and Sewer portion of WaFd consolidation loan) will be assumed by USDA's long-term, low interest facility loan as part of their financing package.
- 2) Resolution No. 20-843-16 authorizes the City's debt service under the Business Oregon Water/Wastewater loan in the amount of \$2.5 million. Council previously approved \$1.5 million, but in reviewing the cost profile on the package plant and final design costs, City staff and engineers believe the full procurement of the package plant using CDBG funds and Business Oregon Water/Wastewater funds will streamline the acquisition and this resolution therefore increases the amount of funding requested and formalizing the request.

- 3) City will apply for CDBG grant funds of \$2,264,500 by the statutory deadline. Intake is due August 30th and final application deadline is September 30th.

3) PUBLIC COMMENT

Mayor to ask for public comment on the CDBG application and any other community development priorities of our low-to-moderate income households.

4) COUNCIL DELIBERATIONS, QUESTIONS AND/OR COMMENTS

Council may deliberate, ask questions or comment on the application.

5) CLOSE HEARING

Mayor Lundbom request motion to close the public hearing.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: August 11, 2020

SUBJECT: Agenda Item #6: Resolution 20-842-15, A Resolution Authorizing An Asset Transfer From The Community Development Fund To The Sewer Fund Beginning Fiscal Year 2020-2021
Attachment(s)
• Resolution No. 20-842-15

BACKGROUND

Resolution No. 20-842-15 was requested by Business Oregon to transfer the greenhouse from the Sewer Fund to the Community Development Fund to facilitate financing of the new wastewater treatment plant. Business Oregon is a lender on both projects.

This resolution codifies the action the city council and John Day Budget Committee approved during the FY21 budget process, which created a separate department in the Sewer Fund for the capital outlay for the sewer system improvements project and transferred the budgetary costs and revenues from the greenhouse to the Community Development Fund.

RECOMMENDED MOTION

“I move to approve Resolution 20-842-15, A Resolution Authorizing An Asset Transfer From The Community Development Fund To The Sewer Fund Beginning Fiscal Year 2020-2021.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: August 11, 2020

SUBJECT: Agenda Item #7: Resolution 20-843-16, A Resolution Authorizing Debt Service For The Design & Fabrication Of The New Wastewater Treatment Facility
Attachment(s)

- Resolution No. 20-843-16

BACKGROUND

Resolution 20-843-16 authorizes the City Manager to apply for \$2.5 million in Business Oregon financing for the new treatment plant. Our expectation is that \$750,000 will be awarded as a grant, with the balance as a low-interest loan.

RECOMMENDED MOTION

“I move to approve Resolution 20-843-16, A Resolution Authorizing Debt Service For The Design & Fabrication Of The New Wastewater Treatment Facility.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: August 11, 2020

SUBJECT: Agenda Item #8: Other Business and Upcoming Meetings
Attachment(s)

- None

OTHER BUSINESS

- Topics for council consideration in future study session(s):
 - **Marijuana Ordinance** – Following the TRT discussion, council will discuss whether the City should repeal John Day’s marijuana ordinance prohibition and/or refer the repeal to the city voters in November.
 - **Industrial Park Land Use Regulations and Land Sales** – City staff will discuss the proposed amendments to land use regulations and development restrictions in the Airport Industrial Park, and specific actions the council could take to promote and streamline land sale procedures in this area.

UPCOMING MEETINGS

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