

**CITY OF JOHN DAY
CITY COUNCIL MINUTES
JOHN DAY, OREGON**

October 13 ,2020

COUNCILORS PRESENT:

Ron Lundbom, Mayor
David Holland
Paul Smith
Shannon Adair
Elliott Sky
Gregg Haberly

COUNCILORS ABSENT

Steve Schuette, Vice President

CITY STAFF PRESENT

Nicholas Green, Executive Director
Chantal DesJardin, Senior Acct Clerk

Daisy Goebel, Associate Planner

GUESTS PRESENT VIRTUALLY

Jw, New York	541-620-1125
Aaron Lieuallen	831-596-1771
Logan Bagett	503-704-7541

Agenda Item No. 1—Open and Note Attendance

Mayor Lundbom called the meeting to order at 7:00p.m., noting everyone was present except Councilor Schuette who was absent and excused.

Agenda Item No. 2—Approval of Prior Minutes

The minutes from the September 22nd, 2020 meeting were presented for approval.

Councilor Holland noted that on the last page, under the motion to resume regular session, the time conflicted with the time of the previous and following motions.

Councilor Adair moved to approve the September 22, 2020 minutes. The motion was seconded by Councilor Haberly and passed unanimously.

Agenda Item No. 3—Appearance of Interested Citizens

Mayor Lundbom welcomed the audience and asked if there was any business to add to the agenda. *None appeared.*

Agenda Item No. 4—Consent Agenda

No items presented.

Action Item No. 5—Wastewater Treatment Plant & Innovation Gateway Update

City Manager Green reviewed the information presented in the agenda memo. He highlighted the loan payment details and timeline. Green also reviewed the kickoff call from earlier in the day and stated the week of October 26th they will be on the ground to do site assessment and the following week fly the drone for Lidar. Green noted they discussed options and some of the challenges, such as the fact that the existing treatment plant is largely in the floodplain. He explained that due to the location of current treatment processes, in the event of a 100-year flood the treatment process would be flooded and essentially non-existent with no access to the plant. Green concluded that USDA concurred that time should not be wasted on assessing improvements of the plant at the current location, but they would need approval from the national office and due diligence would still be completed to show the aging, location, past flood events, and base flood elevation relative to the building. Green noted they will go through the value engineering process, looking at treatment levels and packages, with a draft report ready in January with the final due in February. He also stated for the overall funding package to secure the initial construction loan, coupled with the CDBG grant, which allows for procuring the facility, they had to commit to raise the rates to the \$60.00 mark. He confirmed this was approved through the budget committee process to begin in January and continue until the plant was operational. Green explained they would hold at that rate through the duration of construction but once the plant was operational, USDA has the authority to consolidate all of the higher interest debt onto a 40 year loan, at hopefully one percent. At which point, once combined with any additional grants they are able to secure throughout construction, they could reset the user rates. He emphasized there is a lot of work and multiple decisions the council will need to make once they have seen the value engineering that will affect the finances but they will be tentatively operating at \$60.00 throughout the construction. Green also noted they want to be cautious of underfunding the facility to the point that funds are not being set aside for future replacement to end up again in the situation from 2009 where the financial position prevented the necessary replacement. The intent is to arrive at a rate, though maybe higher than it is today, that can operate and maintain the system sustainably. City Manager Green noted he will send out a newsletter to residents, better explaining the process; he emphasized that given the situation, he does not believe they could get better financing.

There was a discussion that followed regarding the widespread failing aging infrastructure and lessons learned in regards to the necessary financial planning for future infrastructure improvements to ensure future generations are not in the same predicament. They were able to benefit from low rates thirty years ago, but deferred the cost to users of today.

City Manager Green noted they are a very qualified design team and USDA is excited and with the financing approved for the Gateway Industrial Park, he is hoping to see progress on the

hotel. Green noted due to the impact of COVID and struggling to find builders, there has been a delay, but they are hoping to restart that process. He also elaborated on how the hotel and new residential development, which widens the user base, along with unlocking funds tied up in the Airport Industrial Park, will all help buy down the user rates. There was further discussion about the potential timeline for the property sale to Priday Family, noting the delay in sale due to lack of security regarding construction; Green explained even the city was struggling to find builders.

Mayor Lundbom asked about the status with Anderson Perry; Green responded that Flagline will do their work and once their findings are done, they will resume with Anderson Perry to finalize the Preliminary Engineering REport. The Flagline team specializes in the type of plant the city is doing so they will be doing the work through the end of the calendar year.

Councilor Holland asked if they still have a few of the larger grants that they are waiting to hear back on; Green responded they are still working with USDA, EDA, and FEMA to find the right package but they had discussed with USDA some of their community' facilities funds for things like the conversion of the planar shed to a community pavilion. Green noted there is some non-profit money but it is getting tighter because funds have been redirected for COVID and now fire recovery. Green emphasized the game changer would be if congress passed an infrastructure package, which was a frequent topic during campaign speeches four years ago. Mayor Lundbom inquired about another application; Green reviewed that they had applied for FEMA's Building Resilient Infrastructure and Communities (BRIC) and they made their final selection, which did not include the city because it was new construction. He noted that he was not aware that excluded them but it was a new program, in its first year so he would review the information again.

There were inaudible comments regarding projected timeline and excitement of the new team.

Action Item No. 6—Humbolt Broadband Update

City Manager Green reviewed the information in the agenda memo, noting the reason for the delay was the fiber, but it had been shipped and they hope to be hanging the following week. Mayor Lundbom recounted that Green had noted the City Hall was receiving 1GB; Green explained that speed was also available at the Fire Hall, ESD, the school, and soon at Humbolt. There was discussion about the need for a Gig Router and Wireless Receiver to see those speeds on all devices, Green noted that most of the routers are not at that capacity. City Manager Green also reported the wireless system they helped OTC procure had been shipped and they hope to have Riverside, and nearby areas that won't have fiber in the near term, with service available within the month. He noted many satellite customers have been throttled down to almost nothing, even struggling to upload a file, since the pandemic started.

City Manager Green also noted he would be discussing Community Connect with the Grant County Digital board; the applications are due December 23rd and they are in discussion with OTC about doing a joint bid with OTC as the applicant and the city providing financing and support with the community center.

Action Item No. 7— Other Business & Upcoming Meetings

City Manager Green reviewed the Friday Night Market and Saturday Market plans, noting the firefighters would be volunteering at the grill again but it would be held at the Fairgrounds Heritage Barn. Mayor Lundbom reviewed the upcoming meetings, confirming the council was comfortable only convening one meeting in each November and December. City Manager Green noted he would try to have the 4th street repair options ready to present to the council by the December meeting. Mayor Lundbom asked if there was any other business. *None appeared.*

Councilor Holland moved to close the regular session of the council at 7:25PM. The motion was seconded by Councilor Sky and passed unanimously.

Study Session Item No. 1—Industrial Lots - Regulations & Sale Procedures

City Manager Green reviewed the information presented in the agenda memo. Green noted the water fund has been saving for the bullet payment at the end of the following year, so the water fund would pay of its portion and the sewer fund would hopefully be rolled into the USDA refinancing at one percent. Green suggested there were challenges due the local recession as a result of timber mill closure, that was exacerbated by the Great Recession in 2009. He noted they are seeing strange behavior due to COVID, with real estate prices going up, along with increased development activity and interest. He was at a loss to explain, beyond the historically low long-term interest rate and suggested potential flight from the major cities to more rural areas. He explained that all of those factors make it hard to determine fair market value of the remaining properties. Green reviewed the five discussion points from the agenda memo.

Council highlighted the allowed land use influences the market value, noting that permitting residential development could increase the market value. There was discussion about which lots had power, with several councilors noting that only some of the lots, mostly sold ones, have power and the rest only have conduit. City Manager Green noted that OTEC has undergone some changes, one being they now offer amortized line extension costs. Everything used to be paid upfront but now they are spreading that cost out to reduce the price to improve the barrier to development. City Manager Green emphasized they share 100% market overlap with OTEC and based on his discussions with the CEO, Les Penning, regarding the shared growth he does not feel power is a barrier to development. Council concurred it was no

longer a concern. Green emphasized the bigger barrier is land use restrictions, noting the only two land uses he has been approached about are growing cannabis and storage, neither of which is allowed. Green explained that a legislative amendment by the council to the approved land uses could create greater flexibility, while also remaining compliant with AASC zone restrictions pertaining to the adjacent airport.

There were council comments that the job creation restriction needs to be removed because any business guarantees some kind of employment and they have proven to be ineffective. It was also suggested the industrial language to also include general commercial. Councilor Sky suggested that when envisioning the potential use there should be some consideration for the eventual uses, if a wide variety of uses was permitted, there is the potential for a hodgepodge development. Council discussion highlighted that uses such as agriculture would be more appropriate for the larger lots but it was not acceptable to waste the infrastructure of the developed lots. City Manager Green suggested rather than changing the zoning from industrial to commercial, they could just change the commercial or agricultural land uses to conditional use or require a variance, where the uses are currently just outright not permitted. That would give the city influence over where and how, with potential conditions, the various uses occur but open up opportunities that don't exist currently. There was further discussion about potential mixed-use opportunities and current lack of flexibility effecting lack of development.

There was a consensus that addressing the zoning challenge first.

Green explained as part of the certification for the state industrial program, a price has to be set but they could only certify the developed lots and leave the undeveloped lots to be more flexible. He also cautioned against land banking at a price point loss to the city. There was discussion about the potential for land banking, the effect on the community, and difficulty in claw back provisions in sales. The consensus was to put in work to visioning and intention regarding the benefit of asset liquidation relative to overall economic benefit. There was also a consensus that after land use re-evaluation, an assessment and redetermination of price would be appropriate. There was various discussion about potential land uses and previous considerations regarding residential and heavy industrial. Green explained the state industrial land program, it was suggested that private marketing could replace the program. Councilor Holland suggest the third priority should be marketing, incentives could be considered later, and building restrictions is not within their control. There was a review of the permitted light industrial uses in comparison to airport industrial. City Manager Green noted he could review the light industrial code with city staff and contract planners to consider whether some changes made sense or could be applied to the airport. There was discussion about public notices regarding legislative changes and the opportunity to self-market once land uses have been determined to also test the market for value, in addition to the appraisal.

There was additional discussion about some of the more technical, community design standards that would need to be accounted for with increasing potential use, such as limitations to tree species to ensure compliance with height/visibility restrictions. They also noted there have been changes to the airport and industrial park, which need to be reflected in the marketing campaign. City Manager Green confirmed he will look into a light industrial hybrid and speak to an appraiser.

Study Session Item No. 2—Marijuana Ordinance

City Manager Green noted this was partly driven by interest in growing industrial hemp at the Industrial Park, noting when the plant is fully ripened it has a strong smell, but it has a lot of uses. Green also reviewed the information included in the agenda memo regarding the history and existing marijuana restrictions in the City of John Day. He also touched on the discussion points regarding the process for council to rescind or repeal by the voters. There was discussion about the potential tax generation of a dispensary with Green noting the job creation and motivation of land sales could have more impact than potential taxes. It was noted that there has potentially been a change in the community regarding marijuana. When it was suggested that growing hemp was different than marijuana, it was reminded that rescinding the ordinance would eliminate the ban for not just hemp but all marijuana industries.

There was discussion about what the actual accounting of events was regarding original ban and eventual overturn of the ban at the county level. The general consensus of councilors involved at the time was that the city had decided to reflect the majority vote by John Day residents in favor of banning. Councilor Holland noted that the original intent was to support the popular opinion to keep marijuana out of the community but since the county repealed their ban, a dispensary is literally on the edge of city limits, eradicating the spirit of the council's decision; in light of that, he felt a new decision should not be referred to the voters and the council should evaluate whether permitting it would benefit the city more than potential negative effects. His opinion was that eliminating the ban would not impose additional negative effects but open up the possibility for positive effects such as job creation and tax revenue. There was discussion about a cultural shift and the suspected current community opinion. Councilor Holland noted if the community felt strongly in favor of the ban, they can force the decision back to the voters. Councilors voiced concern in making a decision that voters felt should have been referred to the ballot.

There was discussion about where a dispensary could potentially be located and what public opinion would be with City Manager Green confirming he could put it on the next agenda and include the map of exclusion zones. Green also explained that the ban prevents the city from receiving state shared revenue of the marijuana tax and he feels the original intent of prohibition in the community was eliminated when the voters repealed the county ban in 2018. There was confirmation that Green would bring the map of allowable zones for marijuana

activity within the city along with additional information regarding the process and notice to rescind. It was emphasized that community outreach was important to garner public opinion regarding a potential decision, so ample time should be given before a hearing was scheduled and points of consideration for why the council would chose to change the existing code. Green also noted that a discussion surrounding how the council might appropriate the revenue, given the likely interest from various entities who would ask for a portion, before a decision is made. Councilor Smith asked for confirmation that entities who opted out were not forever excluded from state shared revenue.

There was discussion the details of the study session with the county the following day.

The study session ended at 8:30PM.

Respectfully Submitted:

Nicholas Green, City Manager

ACCEPTED BY THE CITY COUNCIL ON OCTOBER 27, 2020.

A handwritten signature in black ink, appearing to read 'Ron Lundbom', is written over a horizontal line.

Ron Lundbom, Chairman