

**John Day City Council Meeting  
January 19, 2021  
316 S. Canyon Boulevard**

**7:00 PM CITY COUNCIL STUDY SESSION  
VIRTUAL ONLY**

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**1. OPEN AND NOTE ATTENDANCE**

**STUDY SESSION AGENDA**

**2. 2021 STRATEGIC PLANNING**

- Continuation of Agenda Item #15 from the January 12 City Council meeting

**TO:** John Day City Council

**FROM:** Nicholas Green, City Manager

**DATE:** January 12, 2021

**SUBJECT:** Agenda Item #15: 2021 Strategic Planning Attachment(s)

- None

## **BACKGROUND**

This will be a year like no other. A number of major projects will go into construction in 2021, including expanded streets, the new wastewater treatment plant, new industrial land development at the Innovation Gateway and broadband improvements. We also have several senior staff changes we are anticipating over the next two years. We will likely need several work sessions to discuss these items in more detail. This purpose of this agenda topic is just to introduce those projects and items that will require additional discussion so council is aware of them and we can discuss how we want to proceed.

## **DISCUSSION**

Several items need council input prior to placing them on the agenda. Others do not require council input per se but could impact our FY22 budget.

**Streets.** We have ten street improvement projects ongoing. Most are locally funded (or only partially funded), but some include state and/or federal funding:

- 4<sup>th</sup> Street/Airport Road repairs
- Charolais Heights
- 7<sup>th</sup> Street Extension (access to new treatment plant)
- Government Way (road from Patterson to Valley View Drive)
- Gateway Business Park street (former Iron Triangle property)
- Three new streets at Ironwood Estates Phase 2/3 (one court, one loop, one drive)
- NW Johnson Drive (greenhouse / shop access)
- Mahogany Ridge Phase 1
- Downtown Parking lots
- Bridge enhancements (Oregon Pine & Hill Family Park)

We need to discuss the scope of the 2021 BUILD grant and which of these components to include. We need to discuss the anticipated cost of the 2021 BUILD grant application and potential right-of-way acquisition costs to implement the project if it is funded. We also need to discuss how quickly to adopt these roads as city streets, and naming conventions for the new roads, which have to be approved by the city council. SCA funds can only be used for existing streets, but if we classify some of these highly used but unimproved roads as city streets (i.e. Government Way) then SCA funds will be potentially available to improve them. The next SCA round is available this summer, but would require Charolais Heights to be substantially complete by July 31<sup>st</sup>.

**Innovation Gateway & Brownfield Redevelopment.** We have funds available for additional brownfield development and funding opportunities related to the greenhouse, planar shed, sawmill restoration, hotel/events center, in-city camping and the other improvements we've begun at the Gateway. All will require matching funds and significant staff time to develop. We need to prioritize these projects for the FY22 budget as we can likely do some but not all of these projects in the coming fiscal year. We also

need to discuss the transition planning for the greenhouse and the opportunity to create an agricultural cooperative to help this project continue to expand and serve our area residents.

**Broadband & GC Co-works.** A joint work session between the Grant County Digital board and the city council should be scheduled to discuss broadband expenditures, plans and strategies that are in development and what the next steps are in terms of funding and expanding our local broadband networks.

**Community Projects.** We have been working with the Ford Family Foundation on funding for the Vision Team, Downtown/Main Street & Recreation Developments. The Main Street Revitalization Grant will likely be refunded this legislative session, and we spoke briefly about establishing an arts and culture commission and heritage commission to enable us to apply for the certified local government program. These functions would best be served through a blended team that the city participates in but is not responsible for leading. We also need to resolve the transient lodging tax discussion we began with the county court in October. Some discussion is warranted to address the overarching strategy and approach to these initiatives because they will likely have budget impacts for FY22 and beyond.

**Land Use Regulations & Code Enforcement.** The City's legal counsel is working on the time, place and manner updates to allow for recreational marijuana legalization within city limits and on the zoning changes for the airport industrial park. Some discussion is needed on the parameters for those ordinances. The City's Code enforcement activities should also be reviewed prior to this fiscal year's budget to determine the extent of code enforcement we wish to engage in for FY22 and beyond. We have several active enforcements that will likely require hearings before the city council prior to us leaning properties. I want to discuss enforcement protocols and the status of these projects with the council prior to the budget meeting.

**Strategic staffing.** Chief Durr will be retiring later this year. The timing for his retirement will be based on a number of factors. He has served the city well and we want to make his transition as seamless as possible. Our public works director will likely retire toward the end of next year. Several other staff are nearing retirement age. These are critical positions that are going to require some time and thought in when and how we replace them to ensure continuity of operations. I have some ideas on how to plan for these adjustments. Ultimately all staffing decisions outside of the city manager's position are the responsibility of the city manager, but given the importance of these roles and the potential budget impacts, the transition planning warrants a broader discussion with the city council.

**Housing.** We are at a critical juncture for housing. The Ironwood Estates Phase 2/3 master planned development and Mahogany Ridge master planned developments will be ready for approval by the planning commission next month. We have SDC revenues now to assist with utility expansion and other strategic opportunities to help reduce utility expansion costs, but we have a deficit in street funding. As discussed with the county court in October, we only have three sources of street funding for the city – our state shared revenue, the timber receipts, and an occasional SCA grant. We have no debt in the street fund but we also have very little capacity for debt since the only reliable source of the three is our state shared revenue, and it is estimated at \$80 per person (\$140,000 for FY22). This is the source of funds we use to maintain all our streets and the only source we could use to collateralize debt.

Our ability to build new housing is entirely dependent on our ability to build new streets, and that is going to require a joint venture or some form of public private partnership approach with the land developers in order to offset the costs to build roads, which exceeds the value of the land once it is improved. Absent this approach, our URA receipts and new home starts will decline precipitously as most of our buildable improved lots have already been developed. Given our aging population and other demographics, this means we will likely go back into population decline after FY22 and residents will face higher utility

rates as costs increase but customers remain flat or decline. We can break free of that pattern if we can break the log jam on new home starts and figure out how to syndicate the cost of street improvements.