

**John Day City Council Meeting
Tuesday, October 12, 2021
316 S. Canyon Boulevard**

7:00 PM 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 we will welcome the public and ask if there is anything they would like to add to tonight’s agenda.

CONSENT AGENDA

4. **CONSENT AGENDA ITEMS**

Attachments:

- Caselle Contract Proposal
- Software Assurance Agreement
- Software License Agreement
- 395 S. Sidewalk Agreement 31224 - Amendment No. 3

ACTION ITEMS

5. **CULLEY LAND EXCHANGE AGREEMENT & INTEGRATED PARK SYSTEM UPDATE**

Attachments:

- Property Transfer Agreement
- Property Line Adjustment Deed – City to Culley
- Property Line Adjustment Deed – Culley to City

6. **INDUSTRIAL PARK PURCHASE AND SALE AGREEMENT – BURNT RIVER FARMS LLC**

Attachments:

- Purchase and Sale Agreement – Lots 4-7

7. **ORDINANCE NO. 21-(DRAFT) CLARKS DISPOSAL FRANCHISE AGREEMENT**
Attachments:
 - Ordinance No. 21-(Draft) Franchise Agreement
8. **RESOLUTION NO. 21-869-17 – A RESOLUTION OF THE CITY OF JOHN DAY TO SUSPEND OPERATIONS OF THE JOHN DAY POLICE DEPARTMENT**
Attachments:
 - Resolution 21-869-17
9. **WATER RECLAMATION FACILITY FINANCING AGREEMENT – AMENDMENT NO. 01 / SDC REPORT / TREATMENT PLANT UPDATE**
Attachments:
 - Y21006, A-01
 - SDC Report – FY21
10. **NOTICE OF DLCD HB 2001 AND HB 2003 GRANT AWARD – 3D HOME PRINTING**
Attachments:
 - Grant Award Notice
11. **HOUSE BILL 5006 (2021) GENERAL FUND GRANT – KAM WAH CHUNG**
Attachments:
 - Grant Agreement No. 107-2021-5006-19
12. **TOURISM CAMPAIGN LAUNCH – INTRODUCTION TO STRAW-TO-GOLD**
Attachments:
 - None
13. **OTHER BUSINESS & UPCOMING MEETINGS**
Attachments:
 - October 26, City Council Meeting – Fire Hall, 7:00 PM
 - October 26, Urban Renewal Agency Meeting – Fire Hall, 8:00 PM
 - November 9, City Council Meeting – Fire Hall, 7:00 PM
 - November TBD, Planning Commission Hearing – Fire Hall, 6:00 PM
 - December 14, City Council Meeting – Fire Hall, 7:00 PM

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 12, 2021

SUBJECT: Agenda Item #4: Consent Agenda Items
Attachment(s)

- Caselle Contract Proposal
- Software Assurance Agreement
- Software License Agreement
- 395 S. Sidewalk Agreement 31224 - Amendment No. 3

BACKGROUND

The Caselle contract agreement is enclosed for council approval along with amendment no. 3 to the 395 S. Sidewalk agreement with ODOT.

Item 1) Caselle Software Update

As discussed in our prior council meeting, Caselle is a combination utility billing, general ledger accounting software program that will integrate several outdated, legacy systems we currently use with a single integrated platform. The software provides: budgeting and bank reconciliation; payroll/direct deposit; electronic W2/1099 filing; accounts payable/accounts receivable billing; utility management, electronic reading, and cash/credit card processing; online bill pay for utility customers; and document management services. The total cost for this software is \$75,891, which includes three user licenses, migration of legacy data and on-site training. This software will significantly increase staff efficiency and customer satisfaction as our utility customers will be able to pay their bills at the front desk with credit cards or online, will be able to review their water usage in real-time, and staff will have digital systems to replace our legacy paper-based processes.

Recommendation: Approve the City Manager to sign the enclosed agreements with Caselle.

Item 2) 395 S. Sidewalk Agreement (31224) Amendment No. 3

Amendment-03 for the John Day Sidewalk Improvements Project is attached. This was amended to address the "Fill Dirt" that is being excavated from the sidewalk Project. This soil has been determined to be "Not Clean Fill," which means it must be catalogued and used for specific, pre-approved purposes (one of which is as road base for city streets). Attached to this Amendment is the "Clean Fill Determination Report," that was created by ODOT's Hazmat Coordinator, Michelle Peterson. This is documentation that has been reviewed and explained by Sean Maloney with meetings that have been held with the City of John Day. This attached "Exhibit B," (very large document) is by this attachment made a part hereof this Amendment.

Recommendation: Review and approve Mayor Lundbom to sign Amendment No. 3.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 12, 2021

SUBJECT: Agenda Item #5: Culley Land Exchange Agreement & Integrated Park System Update

- Property Transfer Agreement
- Property Line Adjustment Deed – City to Culley
- Property Line Adjustment Deed – Culley to City

BACKGROUND

The Culley Land Exchange was approved through Property Line Adjustment (PLA-21-01) between the City of John Day and the Culleys in order to construct a trail between the 7th Street Sports Complex and the new Hill Family Park. The land exchange agreement and deeds to effect this change are enclosed for council review and approval.

The Integrated Park System is well underway. Grading is complete for the new parking lot and the bridge is scheduled to be set on Tuesday.

DISCUSSION

We'll discuss the status of the park, next steps and Culley's would like to discuss the terms of the agreement with the council to ensure there's an understanding of their future development options prior to signing the agreement.

RECOMMENDED MOTION

"I move to approve the purchase and sale agreement between the City of John Day and Culleys (as amended, if any) and authorize the City Manager to sign the agreement on behalf of the City."

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 12, 2021

SUBJECT: Agenda Item #6: Industrial Park Purchase and Sale Agreement – Burnt River Farms LLC Attachment(s)

- Purchase and Sale Agreement – Lots 4-7

BACKGROUND

Burnt River Farms LLC is requesting to purchase lots 4-7 and the land behind them (formerly part of lot 29), which requires council approval. The Land Partition (LP-21-03) to create these parcels was approved by the John Day Planning Commission on October 6th, along with siting their new dispensary at 518 S. Canyon Blvd (CUP-21-04). The sale of more than two lots requires council approval.

DISCUSSION

Burnt River Farms LLC is a vertically integrated cannabis enterprise that produces, processes and sales their own products. They are locally owned out of Huntington, OR, with retail dispensaries in Huntington and Ontario. John Day is their first expansion off the I-84 corridor. They are acquiring this land to allow the option for vertical integration as well as other approved land uses within the Airport Industrial Park zone. They estimate 4-6 local jobs will be created at the dispensary, with additional job growth anticipated upon development of the industrial lots.

RECOMMENDED MOTION

“I move to approve the purchase and sale agreement between the City of John Day and Burnt River Farms LLC and authorize the City Manager to sign the agreement on behalf of the City.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 12, 2021

SUBJECT: Agenda Item #7: Ordinance No. 21-(DRAFT) Clark's Disposal Franchise Agreement Attachment(s)

- Ordinance No. 21-(DRAFT) Franchise Agreement

BACKGROUND

Clark's Disposal's 10-year franchise agreement expired this year and needs to be renewed.

DISCUSSION

Council should review the terms of the agreement and discuss the franchise fee. The prior fee of three percent is at the lowest end of the margin. An up to seven percent franchise fee is authorized by the state. For the OTEC Franchise Agreement renewed earlier this year, council elected to do a tiered increase to seven percent (OTEC's franchise fee was previously at five percent).

RECOMMENDATION

Review the fee structure and agreement and provide any recommended changes to staff. We will then bring the final ordinance to the council for adoption at our next meeting.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 12, 2021

SUBJECT: Agenda Item #8: Resolution No. 21-869-17 – A Resolution of the City of John Day to Suspend Operations of the John Day Police Department Attachment(s)

- Resolution No. 21-869-17

BACKGROUND

Following the failed local option levy on August 17th and Chief Durr's retirement on September 1st, the council's intent was to continue operations of the police department until December 31st to allow time for a decision on the Department of Homeland Security Community Oriented Policing Services (COPS) Grant.

DHS notified us on September 27th that due to "technical delays" they are unable to notify us of a decision but hope to be able to announce awards this fall. The original deadline was September 30th for award announcements. As a result, we do not know when the COPS grant decision will be made or if we will be awarded the grant. The department currently has two full-time officers plus reserves, but no police chief and insufficient officers to take calls, work cases, or provide adequate coverage for the community.

The combination of the failed local option levy, delay in the COPS award and insufficient staffing have resulted in the need to suspend operations of the police department.

DISCUSSION

Resolution No. 21-869-17 suspends operations of the police department for the reasons stated above. We are still in negotiations with the county court on a transition option for the department but no agreement has been reached yet.

Our proposal is to retain Sgt. Moore and Officer Piercy to fill current vacancies in the Public Works Department effective November 1st. Their DPSST certifications will remain active for 90 days, and can be renewed within five years without having to go back through the police academy.

Our transition timeline and next steps for the department are as follows:

Oct 13–31 – Calls from dispatch transfer to GCSO; Begin closing department:

- Notify 9-1-1 to begin transferring calls;
- Send two-week's notice of change in employment / offer letters to remaining officers as Utility Workers in PW dept. at nearest step/grade to current compensation (base pay)
- Remove old materials (non-public records) that do not have retention requirements (i.e. old training manuals, etc.);
- Retain and document / archive all public records for the police department;
- Update property book;

Assuming the COPS grant is not funded:

- Liquidate non-essential items (obsolete radios, decommissioned equipment, etc.);

- Coordinate for firearms assessment and valuation with FFL certified dealer / catalogue and sell firearms to dealer that they are willing to purchase; destroy the rest or transfer to County;
- Internal audit of casefiles and evidence locker – all items tagged and photographed;
- Vehicles decommissioned and either repurposed, sold or transferred based on current market value;

Beginning Nov 1st, we will have 90-days to transfer case files to GCSO, but this does not need to happen immediately. Active cases will be handed off over the next three weeks.

Both remaining officers will transition to Public Works on November 1st. The City does not need to terminate the officers' employment, but they will need to be re-classified as OPSRP General Service for PERS. This can be done by sending a DCR for a Job Class change effective on the date of transition.

RECOMMENDED MOTION

“I move to approve Resolution No. 21-869-17 – A Resolution of the City of John Day to Suspend Operations of the John Day Police Department.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 12, 2021

SUBJECT: Agenda Item #9: Water Reclamation Facility Financing Agreement – Amendment No. 01 / SDC Report / Treatment Plant Update
Attachment(s)

- Y21006, A-01
- SDC Report – FY21

BACKGROUND

Amendment No. 01 to the Water Reclamation Facility Financing Agreement is enclosed for council approval. This amendment moves \$200,000 from the Package Treatment Plant Procurement line item of the budget and into a Hydrogeological Testing line item to pay for the testing DEQ required prior to issuing our permit.

The SDC report for FY21 is also enclosed for council review, and we will provide an update on the status of the treatment plant during this agenda item.

DISCUSSION

SDC's revenues increased by \$14,880.80 in FY21, plus an additional \$1,007.24 in interest earned, for a total increase of \$15,888.04 for the fiscal year. This brings our ending balance to \$132,000.51, of which \$83,727.07 is held in the Sewer Fund and \$48,273.44 is held in the Water Fund. The detailed breakdown of revenues and expenditures is enclosed in the report (no expenditures were incurred this fiscal year).

Council has passed a resolution to loan \$100,000 of SDC revenues to the Urban Renewal Agency to expend on approved utility improvements for new housing. These funds will be transferred upon the URA approving a development agreement with the housing developers.

The hydrogeological testing is complete and the final report to DEQ will be submitted this week. I will provide an update to the council on the next steps for the project during this agenda topic.

RECOMMENDED MOTION

“I move to approve Amendment No. 01 to Financing Contract Y21006 and authorize Mayor Lundbom to sign the amended agreement on behalf of the city.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 12, 2021

SUBJECT: Agenda Item #10: Notice of DLCD HB2001 and HB2003 Grant Award – 3D Home Printing
Attachment(s)
• Grant Award Notice

BACKGROUND

DLCD notified us that the city has been awarded a grant in the amount of \$60,000 for our 3D housing implementation plan. The grant will fund the was a joint submission by the cities of John Day, Burns and Lakeview, who will collectively own the approved 3D architectural and structural plan sets for use in each community.

DISCUSSION

DLCD's HB2001 and HB2003 grants were highly competitive this year. This initial award will allow us to create four plans for 3D printed homes, which will be designed for The Ridge but can be used at any future development site once approved by the state. This grant will fund the architectural and structural design and a concept plan for veteran's preference housing at a target rental rate of \$850 per month.

Why 3D Printed Homes?

About one third of rural households in John Day are severely cost burdened and cannot afford a two bedroom apartment at Grant County's Fair Market Rent (FMR) of \$700. This problem is exacerbated by a lack of quality, affordable housing, by the loss of living wage jobs resulting from the decades-long recession due to the loss of the timber industry, by our delay in adapting to changing market conditions, and by macroeconomic factors currently at play that have increased the cost of building materials and disruptions to global supply chains. Similar conditions exist in both Burns and Lakeview.

John Day has adopted an aggressive housing incentive program to address these concerns that was co-sponsored and funded by DLCD technical assistance grant TA-19-163 in 2019. DLCD's financial assistance led to the formation of John Day's Urban Renewal Agency (URA) and Housing Incentive Programs, which now offer three incentive programs to assist with new home construction, major remodels, and land development. John Day's URA offers: 7 percent cash back on all new homes built within the URA boundaries, 15 percent cash back on major renovations, full payment of all system development charges (SDCs = \$7,400 per dwelling unit), and tailored incentive packages for both public and private land development on horizontal improvements (utilities, streets, greenspace, etc.), all with the goal of increasing the supply of affordable housing that meets the needs and incomes of local area residents.

Burns and Lakeview are in the process of adopting similar incentive programs under their own URAs. These programs have successfully addressed the cost-value disconnect for land development and housing production in John Day, which went from three site built homes in the decade prior to the URA's adoption in 2018 to 14 new homes built and seven major remodels in the past three years. This program also allowed John Day to approve two master planned communities in 2021 for 115 new home sites, which were the first master planned developments approved in the City since 1994.

Both Burns and Lakeview are pursuing similar master planned developments and these three communities are working together on their URA formation and through the entitlement process using shared regional planning staff and processes.

These programs are intended to reduce the cost of land development so that the builder, buyer, and/or owner nets at least a 15 percent rate of return on the land improvements, which is an industry average. In exchange, the developers have to consent to sell the individual lots at fair market value (which we would negotiate based on the location). The URA incentive programs also effectively reduce the price per square foot of the home by about 15-20% over building outside the URA, resulting in a significant cost savings to local homeowners and more affordable housing for low-to-moderate income and other socioeconomically disadvantaged residents.

This cooperative public-private partnership (P3) approach will reduce barriers to housing production, but will lead to others – namely, the lack of local builders to create this housing and the shortage of building materials caused by COVID-19 disruptions to global supply chains.





Approach

To address the labor and building materials supply shortage, we are proposing an innovative solution to build affordable housing at scale using innovative design and construction methodologies including 3D printing and potentially modular, prefabricated, panelized and other emerging building practices.

John Day has partnered with Alquist 3D and ECONorthwest to launch the first 3D printed homes in Oregon within The Ridge master planned development, approved by John Day's planning commission in June of this year. The Ridge will use a mixed income housing approach to create 10-12 dwelling units as housing for disabled Veterans and other socioeconomically disadvantaged groups.

Our gold standard for housing under this program is mixed income neighborhoods with a sense of place, tied to the history of the community, in neighborhoods with character and identity that resonate with the people who live there – all while keeping homes within an affordability range that doesn't price our current residents out of the market. This is difficult to achieve but these are the core principles that are driving the incentive programs and our proposal under this project.

In John Day, The Ridge developers will make land available for the home construction within their newly approved master-planned community. The City of John Day will provide incentives for the land development, utilities and home construction through its URA. DLCD Technical Assistance funds will be used to contract with Alquist 3D to deploy a single-story printer to John Day in 2022 to print the foundations and both the exterior and interior walls of these dwelling units with a concrete printer. This advanced technology endeavors to print each dwelling unit in 48 hours or less, completing the entire project in about three weeks.

Mahogany Ridge Properties LLC (owners of The Ridge and licensed general contractors) will then complete the roofs and finish work of the housing, which will be leased at affordable rates to Veterans in Grant County and other socioeconomically disadvantaged residents.

Mahogany Ridge Properties LLC will retain ownership of these units and the City of John Day will provide appropriate protections to ensure affordability over time for each tenant. ECONorthwest will model the economics of the development through assessments like benefit-cost analysis and case studies of the project with a focus on potential cost and building efficiencies achieved through the use of 3D printing technology. Lessons learned will be provided to DLCD and used to adapt this approach for Burns and the Town of Lakeview, who will be going through the master planned development process concurrently for their new subdivisions. The 3D printer will travel south to Burns and then to Lakeview and will modify its approach as needed based on the lessons learned in John Day, with the goal of creating up to 36 new homes in southeastern Oregon in a single season at or below FMR for each city. This model will then be refined and used to scale housing in these areas in 2023 and beyond to reach out goal of 100 homes in each community over the next five years.

NEXT STEPS

DLCD will follow up with a grant agreement in the coming weeks to refine the project scope and milestones. The City will then award a contract for the architectural and structural design of the 3D printed homes. Working through the URA, we will then form a financing agreement with Mahogany Ridge Properties LLC to fund the development of the housing and infrastructure needed to support these and future developments.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 12, 2021

SUBJECT: Agenda Item #11: House Bill 5006 (2021) General Fund Grant – Kam Wah Chung Attachment(s)

- Grant Agreement No. 107-2021-5006-19

BACKGROUND

The Grant Agreement for the site improvements related to the new Kam Wah Chung interpretive center is attached for council review and approval.

Pursuant to the Oregon Laws 2021, chapter 669, section 84 (the “Authorization”), the Oregon Legislature appropriated \$1,000,000 from the General Fund to the City of John Day for this purpose.

DISCUSSION

The KWC funding will be included in our upcoming supplemental budget and will be used to make necessary site improvements in conjunction with the sale of Gleason Park and Pool to the state. The appraisal for the sale is complete and has been reviewed; we are in discussions with Oregon State Parks on finalizing the deal terms for the purchase, which we hope to have approved at the November meeting of the Oregon Parks and Recreation Commission.

RECOMMENDED MOTION

“I move to approve Grant Agreement No. 107-2021-5006-19 and authorize Mayor Lundbom to sign the agreement on behalf of the city.”

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: October 12, 2021

SUBJECT: Agenda Item #12: Tourism Campaign Launch – Introduction to Straw-to-Gold
Attachment(s)

- None

BACKGROUND

The three percent transient lodging tax (TLT) took effect on October 1st. As far as the City's use of the TLT revenues, the first fiscal year will be fairly minimal because we will only have tax receipts from October through June, so we are budgeting \$20,000 in revenue and expenditures. These funds will be used to launch the DiscoverJohnDay.com website and ad campaign, which will be a targeted communications campaign combining design, messaging and social events to bring together the people of John Day with visitors and tourists in the outdoor recreation and agritourism segments.

We are in the process of creating video content that will run on the website and on specific channels (online and television). Straw-to-Gold is producing this content and development the website and will be here in person to present some examples of their content.

DISCUSSION

Our goal with the ad campaign is to push digital content to the people most likely to respond and visit John Day, which we'll measure using data analytics.

In addition to these direct expenditures of TLT funds, we are supplementing our investments with \$1 million in downtown improvements tied to the new Kam Wah Chung interpretive center, \$2 million on the new aquatics center, and an additional \$360,000 in ARPA funds that will be invested through our community development fund on sidewalk improvement projects, façade restorations, and business development incentives.

We're investing at a significant scale to promote tourism and outdoor recreation, in line with the City's adopted Recreation Economy for Rural Communities Action Plan. Future TLT investments will be oriented toward this plan.

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: October 12, 2021
SUBJECT: Agenda Item #13: Other Business and Upcoming Meetings
Attachment(s)

- None

OTHER BUSINESS

- None

UPCOMING MEETINGS

- October 26, City Council Meeting – Fire Hall, 7:00 PM
- October 26, Urban Renewal Agency Meeting – Fire Hall, 8:00 PM
- November 9, City Council Meeting – Fire Hall, 7:00 PM
- November TBD, Planning Commission Hearing – Fire Hall, 6:00 PM
- December 14, City Council Meeting – Fire Hall, 7:00 PM