

**John Day City Council Meeting
Tuesday, January 25, 2022
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:

- None

ACTION ITEMS

5. **CITY COUNCIL, BUDGET COMMITTEE AND PLANNING COMMISSION VACANCIES**

Attachments:

- Councilor Smith Letter of Resignation

6. **REVIEW OF DOWNTOWN MERCHANTS MEETING**

Attachments:

- Dec. 14, 2021 Letter from John Rowell
- Jan. 12, 2022 Merchants Meeting Summary

7. **CONDITIONAL USE PERMIT CUP-21-05**

Attachments:

- CUP-21-05 Written Order (Draft)

8. **AQUATICS CENTER PROGRESS UPDATE**

Attachments:

- Nov. 8, 2021 Letter from John Rowell
- 2021-2023 Capital Project Information Form – Aquatics Center

9. WASTEWATER TREATMENT PLANT PROGRESS UPDATE

Attachments:

- Dec. 14, 2021 Letter from John Rowell
- Applicant Review Comments – City of John Day WPCF Permit_01.17.2022
- HUD-CDBG Inquiry Response Letter

10. STATE OF THE CITY ADDRESS

Attachments:

- State of the City Address

11. OTHER BUSINESS & UPCOMING MEETINGS

Attachments:

- Council's monthly financial statements
- February 8, City Council Meeting – Fire Hall, 7:00 PM
- February 22, City Council Meeting – Fire Hall, 7:00 PM

12. EXECUTIVE SESSION – ORS 192.660(a) and ORS 192.660(i)

Attachments:

- Executive Session Notice

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: January 25, 2022
SUBJECT: Agenda Item #4: Consent Agenda Items
Attachment(s)

- None

BACKGROUND

No items on the consent agenda.

Item 1) N/A

N/A

Recommendation: N/A

Item 2) N/A

N/A

Recommendation: N/A

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: January 25, 2022

SUBJECT: Agenda Item #5: City Council, Budget Committee & Planning Commission Vacancies

- Councilor Smith Letter of Resignation

BACKGROUND

Council has one vacancy due to the recent resignation of Council President Paul Smith. There are also vacancies on the budget committee and planning commission. We'll discuss the process for filling these positions during this agenda item.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: January 25, 2022

SUBJECT: Agenda Item #6: Review of Downtown Merchants Meeting

- Dec. 14, 2021 Letter from John Rowell
- Jan. 12, 2022 Merchants Meeting Summary

BACKGROUND

The enclosed letters are from John Rowell and Councilor Adair in reference to the downtown merchants meeting and plans for the Pit Stop. Councilor Adair will provide a report on the status of the meeting during this agenda item and we will answer the questions submitted by Mr. Rowell to the extent we are able.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: January 25, 2022

SUBJECT: Agenda Item #7: Conditional Use Permit CUP-21-05
Attachment(s)

- CUP-21-05 Written Order (Draft)

BACKGROUND

A draft written order is enclosed for council review and approval. A vote will be required by the council who participated in the appeal hearing with regard to this matter in order to finalize the written order.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: January 25, 2022

SUBJECT: Agenda Item #8: Aquatics Center Progress Update
Attachment(s)

- Nov. 8, 2021 Letter from John Rowell
- 2021-2023 Capital Project Information Form – Aquatics Center

BACKGROUND

This topic will address the status of the aquatics center and questions submitted from John Rowell on Nov. 8, 2021 with regard to the aquatics center. Most of his questions were addressed during the November 9th city council meeting and in subsequent meetings. I have also attached a copy of the Capital Project Information Form I submitted to Rep. Owens for this project prior to the start of the legislative session.

DISCUSSION

SB 5534 Aquatics Center Funding & Capital Construction Budget. The 2021 Legislature approved funding for the construction of an aquatics center, through SB 5534, section 31. This funding will be provided as a grant to the City of John Day in the amount of \$2,000,000, to be financed by the issuance of State of Oregon Lottery Revenue Bonds which are expected to be issued in spring 2023. Both the City and the Parks & Recreation District will be expected to enter into a grant agreement with the Department of Administrative Services (DAS) no later than January 15, 2023 in order for our project to be included in the spring 2023 Lottery Revenue Bond issuance.

The State's attorneys have reviewed our proposal regarding the transfer of the aquatics center from the City of John Day to John Day Parks & Recreation District upon completion of construction. The attorneys agree that this won't be an issue for bond purposes since we are both local governmental entities. However, since the entity that will own and operate the facility is the district, while the city will construct the facility, both agencies will need to be a party to the Grant Agreement. The city will be a party for all of the obligations related to the use of funds and the requesting reimbursement for the project, and the district will be a party for all of the ongoing obligations related to maintaining the facility for the purpose that it was built for and complying with the laws and regulations until the bonds have matured. When we get closer to the actual bond sale in 2023, the state's attorneys will work on updating the Grant Agreement to reflect both entities as part of the agreement.

DA Davidson presented options for an interim credit facility for up to \$3M that will be backed by proceeds from the sale of Gleason pool to cover the cost of issuing the interim financing until the state lottery bonds fund, with the goal of having enough to cover the full design fee and still have about \$2.5M available for capital outlay for the construction of the aquatics center once design is complete. It is the council's discretion whether to request the full \$3M or an amount less than that. Council will need to authorize me to coordinate with DA Davidson to secure financing if you wish to proceed with construction this year and have the new aquatics center for the 2023 swim season.

The interim credit facility will then be repaid from the lottery bond proceeds, which will be issued in April 2023, and from the City's General Fund if you choose to increase the amount, which could be repaid over a 10-year period. Funds will be available immediately upon issuance of the credit facility,

however, the city will be responsible for the interest cost of the interim credit facility until the latter bonds fund next year.

The estimated cost of construction for the full aquatics center buildout as previously reviewed by the planning commission and city council is \$6 million. The project information form submitted to Rep. Owens prior to the start of the legislative session is attached. This request was consistent with the anticipated \$6M budget amount but recognized that some site improvements for parking and capital construction had already been incurred. The project budget will be refined as we proceed through final design and actual quotes will be received during the bid and solicitation process this spring. The facility can be value-engineered to adjust to budget differences, and I am requesting additional funds through the interim credit facility to account for any unforeseen contingencies.

Facility Operations, Maintenance and Financial Obligations. The tax district responsible for the facility is the John Day/Canyon City Parks and Recreation District and bonds issued by the district would be repaid by their district residents, assuming their bond passes and is approved by voters. Any supplemental funding provided by the City of John Day would be the responsibility of the city but would not require additional tax increases – it would be a budget action of the city council and budget committee and would come from existing revenue sources.

The proposed Parks & Recreation District bond for \$3M in capital outlay only applies within the boundaries of their district (less any local fundraising or outside assistance), which would result in a bond rate of 53 cents per one thousand dollars in assessed property value (so the average homeowner within the district would pay 64 dollars per year). Absent the City’s additional \$1 million contribution, the levy would increase to 72 cents per one thousand dollars in assessed property value (so the average homeowner would pay 87 dollars per year). This is the estimated range of the bond the parks district will need to issue – 53 cents to 72 cents per thousand (\$64 to \$87 per year for the average household in the district, which has an assessed value of \$120,000), depending on the final cost of construction and the net local contribution prior to the ballot measure being referred in May. Based on the information provided by the survey reviewed in the last council meeting work session, both amounts would likely pass by narrow margins.

Council approved staff to proceed with the design of the aquatics center so that we can have an accurate estimate of construction costs prior to the ballot measure being issued by Parks and Rec, so that the voters will know exactly what they are voting on and will have an accurate estimate of its cost of construction.

Project Timeline. The proposed project timeline is as follows:

Milestone	Lead	Begin	End
Planning Commission Review & Approval	City	11/9/2021	11/23/2021
Sale & Site Retrograde for Gleason Pool --- <i>Sale Proceeds available NLT March 1st</i>	City	11/9/2021	2/17/2022
Design RFP for 7 th Street Aquatics Center	City	11/9/2021	12/14/2021
Community Survey	Both	11/10/2021	12/30/2021
Aquatics Center Design --- <i>Architectural, Structural, Mechanical, Electrical, Code Analysis and 90% Construction Documents</i>	City	12/15/2021	4/30/2022
Aquatics Center Capital Construction Ballot Measure Referral	District	01/15/2021	05/17/2022
Construction Firm Solicitation	City	05/01/2022	06/30/2022
Capital Construction	City	07/01/2022	06/30/2023

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: January 25, 2022

SUBJECT: Agenda Item #9: Wastewater Treatment Plant Progress Update Attachment(s)

- Dec. 14, 2021 Letter from John Rowell
- Applicant Review Comments – City of John Day WPCF Permit_01.17.2022
- P18011 - Amendment 03
- HUD-CDBG Inquiry Response Letter

BACKGROUND

The December 14, 2021 letter from John Rowell with regard to the treatment plant is attached, along with our response to the DEQ Permit and to a HUD-CDBG Inquiry.

DISCUSSION

A cost estimate is included in the Preliminary Engineering Report that was updated by Flagline Engineering and Kennedy-Jenks Consultants. I have included a copy of the summary from section 6.5 (Table 20) of the PER.

6.5 Cost Summary for Recommended Alternatives

Preferred Alternatives Combined - 20 Year Evaluation Summary				
Alternative	Description	Initial Capital Cost	Total 20 yr Capital Costs	Cumulative 20-yr NPV
SBR	Preferred Treatment Alt	\$7,600,000	\$7,686,000	(\$8,430,000)
Alt 1	Preferred Routing Alt	\$1,932,800	\$2,079,000	(\$2,070,000)
Access and Site improvement	Roadway and Site Improvement Requirements	\$936,400	\$936,400	(\$936,400)
Total		\$10,469,200	\$10,701,400	(\$11,436,400)

Table 20: Summary Cost Table

The estimated construction cost (initial capital cost) for the preferred alternative (Sequencing Batch Reactor), re-routing of the gravity main (Alt 1), and Access/Site Improvements is \$10,469,200.

There will also be soft costs for design fees, contingency and other planning-related expenses that will not be determined until we proceed with final design. Our engineers are recommending we secure \$14.2 million in funding for the complete project to ensure we can cover these costs, which includes 20% for contingency (above the capital construction cost). This is a very conservative contingency rate but it will allow us to plan for unforeseen expenses without having to request additional funds.

We do not anticipate adjusting sewer rates until the completion of the project, at which point, we will take the final construction cost (actual cost, not estimates) and the final grant-to-loan ratio and operational costs into consideration when adjusting the rates.

P18011 Amendment 03. The HUD-CDBG Office at Business Oregon has completed Amendment 03 to our agreement for the wastewater treatment plant financing. Amendment 03 formalizes the increase in grant funds from \$235,500 up to \$2.5 million, and consolidates funding from CDBG (P18011) with the Water/Wastewater Fund (Y21006) previously awarded into a single project budget.

NOAA/NMFS Inquiry. The CDBG-HUD Office at Business Oregon notified staff of an inquiry that was made by a local area resident to the NOAA Fisheries office in Portland. We were not provided a copy of the inquiry, but responded appropriately to the request for information from CDBG-HUD. The City's project is fully in compliance with local, state and federal regulations, which we have documented extensively through multiple rounds of environmental review. A copy of our response is being provided to the council simply for situational awareness. No further action is needed by the city.

RECOMMENDED MOTION

"I move to approved P18011 Amendment 03 and authorize Mayor Lundbom to sign the amendment on behalf of the City."

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: January 25, 2022

SUBJECT: Agenda Item #10 State of the City Address
Attachment(s)

- State of the City Address

BACKGROUND

I will provide my state of the city address at the conclusion of the council meeting. A written copy will be posted following the session.

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: January 25, 2022
SUBJECT: Agenda Item #11: Other Business and Upcoming Meetings
Attachment(s)

- None

OTHER BUSINESS

- Council's monthly financial statements

UPCOMING MEETINGS

- February 8, City Council Meeting – Fire Hall, 7:00 PM
- February 25, City Council Meeting – Fire Hall, 7:00 PM

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: January 25, 2022

SUBJECT: Agenda Item #12: Executive Session - ORS 192.660(2)(a) and ORS 192.660(2)(i)
Attachment(s)

- Executive Session Notice

NOTICE OF EXECUTIVE SESSION

The John Day City Council will meet in executive session at 8:30 p.m. (or upon conclusion of the city council meeting, whichever comes later) on January 25, 2022 at the John Day Fire Hall, 316 S. Canyon Blvd, John Day, Oregon 97845. This executive session will be held pursuant to ORS 192.660(2)(a), which permits the council to meet in executive session to consider the employment of a public officer, employee, staff member or individual agent; and ORS 192.660(2)(i), to review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing. Representatives of the news media and designated staff will be permitted to attend the executive session. All other persons will not be permitted to attend the executive session. Representatives of the news media are specifically directed not to report on any of the deliberations during the executive session, except to state the general subject of the session as announced. No decision will be made during the executive session.