

Response to Opportunity/Problem

Briefly describe the major alternatives considered to address this opportunity or problem:

The John Day City Council has approved the first pilot-scale greenhouse to be built at the Innovation Gateway and has committed \$105,000 for the initial analysis. This pilot-scale facility will be the first public facility constructed at the innovation gateway for beneficial reuse of the City's treated wastewater. The entire venture will be owned and operated by the City of John Day as a division of our Public Works Department. Assets from the Sewer fund (reclaimed water) will become inputs to the greenhouse, and revenue (sales) from the greenhouse will accrue to the Sewer fund to offset its operating expenditures and ultimately the cost of wastewater treatment, all while delivering fresh, locally grown produce for our residents. The major alternative to this approach is to continue the status quo and discharge nutrient-rich effluent into the water table. This approach yields no economic benefits.

Detailed Project Description

Clearly describe the proposed project work to be accomplished:

In partnership with Sustainable Water, the City will construct its first pilot-scale greenhouse in 2018 as a test facility to evaluate using water for controlled environment agriculture, specifically to grow fresh produce for local consumption.

This proposal is for a final design/construction project. The 5,000-6,000 SF facility will be located on the south side of the Innovation Gateway within site of the highway and main western approach to the city. The capital expenditure (CAPEX) to build the greenhouse will be \$350,000 and will be incurred during the current fiscal year (FY18-19). An additional \$50,000 is estimated for site preparation expenses in FY18-19 which will be provided by the City of John Day. The year-one operating expenditure (OPEX) is budgeted at \$255,000 and will be incurred in FY18-19. The greenhouse will be designed to operate as a break-even venture in its first year of operation. OPEX costs are not included in this loan request. The year one OPEX will be financed by the City and recovered in revenue from crop sales.

Hydroponic growing systems such as ebb and flow benches, dutch buckets, growing ponds, and verticle grow towers will operate initially with freshwater, but will transition to reclaimed water once the future wastewater treatment plant is built.

Local grocers intend to purchase produce from the City at wholesale prices. The pilot-scale greenhouse should generate roughly 1,200 pounds of fresh produce per week with multiple crop types (leafy greens, fruits and herbs), resulting in just over 31 tons of produce per year. We may also experiment with specialty crops like hops in a portion of the greenhouse in partnership with Oregon State University and other Oregon research institutions.

Project Work Plan

List project activity milestones with estimated start and completion dates. Identify estimated date of first cash draw:

| Activity | Estimated Date | |
|--|-----------------------|-------------------|
| | Start | Completion |
| Project funding / economic analysis | Aug 14, 2017 | Dec 1, 2017 |
| Site analysis | Sep 1, 2017 | Jan 30, 2018 |
| Contract for design and construction | Dec 1, 2017 | Feb 1, 2018 |
| Greenhouse design | Feb 1, 2018 | May 15, 2018 |
| Greenhouse construction | Jul 1, 2018 | Aug 30, 2018 |
| Initial growth cycle (seed propagation/growth/harvest) | Sep 1, 2018 | Oct 15, 2018 |
| First crop sales | Oct 15, 2018 | Nov 1, 2018 |
| Ongoing crop sales / growth cycles | Nov 1, 2018 | |

Estimated First Draw Date: Jul 1, 2018

Project Budget

IF THIS APPLICATION IS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) OR SAFE DRINKING WATER REVOLVING LOAN FUND (SDWRLF) PROGRAM FUNDING, PLEASE SKIP THIS BUDGET TABLE AND COMPLETE THE PROJECT BUDGET INCLUDED IN THE PROGRAM-SPECIFIC APPLICATION SUPPLEMENT FORM.

List individual project budget line items with requested budgeted amounts by IFA and non-IFA funding sources. Change budget column labels to identify the specific requested IFA funding sources. Non-IFA sources are those funds other than those requested from IFA.

| Budget Line Item (Adjust budget items to suit the project) <i>Below are general items most used</i> | IFA Funding | | Non-IFA | Total |
|---|----------------|----------|---------------|----------------|
| | Source 1 | Source 2 | Funds | |
| Engineering/Architecture | \$50,000 | | \$25,000 | \$75,000 |
| Construction | 275,000 | | | 275,000 |
| Construction Contingency | 25,000 | | | 25,000 |
| Land Acquisition | | | | 0 |
| Legal | | | 10,000 | 10,000 |
| Construction Management | | | 15,000 | 15,000 |
| Other (Specify) | | | | 0 |
| Other (Specify) | | | | 0 |
| Other (Specify) | | | | 0 |
| Other (Specify) | | | | 0 |
| Totals | 350,000 | 0 | 50,000 | 400,000 |

Details of Non-IFA Funds

| Source of Non-IFA Funds | Amount | Status: C-Committed, A-Application S-Submitted, AI-Application Invited, PS-Potential Source | Dates Required Funds will be Committed and Available |
|-------------------------------|---------------|--|--|
| City of John Day Sewer Fund | \$25,000 | C | 01-Jul-18 |
| City of John Day General Fund | 25,000 | C | 01-Jul-18 |
| | | | |
| | | | |
| Totals | 50,000 | | |

If “Non-IFA funds” include USDA Rural Development funding that will require interim financing, please indicate the source of the interim financing.

General Certification

I certify to the best of my knowledge all information, contained in this document and any attached supplements, is valid and accurate. I further certify that, to the best of my knowledge:

1. The application has been approved by the governing body or is otherwise being submitted using the governing body's lawful process, and
2. Signature authority is verified.

Check one:

- Yes, I am the highest elected official. (e.g., Mayor, Chair or President)
- No, I am not the highest elected official so I have attached documentation that verifies my authority to sign on behalf of the applicant. (Document such as charter, resolution, ordinance or governing body meeting minutes must be attached.)

The department will only accept applications with proper signature authority documentation.

Signature
Ron Lundbom
Printed Name

Date
Mayor
Printed Title

FOR IFA USE ONLY

Concept Number

Intake Approval Date

Project Type:

- Planning Construction Other:
- Design Design & Construction