

John Day Innovation Gateway

Brownfield Redevelopment Summary
December 2022

Innovation Gateway Overview

The former Oregon Pine mill site is a 53-acre parcel that DR Johnson Lumber owned before being acquired by the City of John Day in 2017. The City purchased the property for \$519,000 through a Special Public Works Fund (SPWF) loan from Business Oregon (Loan Agreement L17011, John Day Wastewater Treatment Plant - Oregon Pine Property Acquisition).

The City developed an area plan for the site called the John Day Innovation Gateway Area Plan, which was adopted as a comprehensive plan amendment in 2019. The plan amendment included a technical report detailing various projects proposed for construction at the site and development standards for this and the adjoining properties owned or subsequently acquired by the City¹.

The plan envisioned as the core area for the Innovation Gateway showcased the City's bold investments in adaptive reuse, including new hydroponic greenhouses that would operate on reclaimed water, a new wastewater treatment plant, space for new parks and riverfront trails along the banks of a restored John Day River, and commercial improvements such as a site for a new hotel, eatery/distillery, and various public gathering spaces. A renovated pedestrian bridge across the John Day River leads to potential office development space and trailhead parking.

A summary of the completed projects at the Innovation Gateway is shown below, with the project completion date in parentheses:

- Repurposed existing shop for use by Public Works as a motor pool facility (2017)
- 6,000 sf hydroponic greenhouse erected (2019)
- Davis Creek Park and trail system opened (2019)
- Hill Family Park and riverfront trail system completed (2022)
- Replacement of the bridge at Oregon Pine and removal of historic bridge pilings (2022)
- 7th Street connection to Patterson Bridge Road (2022)
- Preliminary plat for future Business Park and Oregon Pine parcels (2022)
- Preliminary Engineering Report (PER) and DEQ permit for wastewater treatment plant (2022)

Projects in progress with estimated completion dates are shown below:

- Fiber optic installation (2023)
- Construction of purple pipe reclaimed water storage and distribution system (2023)
- Design and construction of the solar array for the new treatment plant (2023-2024)
- Construction of new Grant County Library (2023-2025)
- Completion of Innovation Gateway Business Park (2023-2025)
- Construction of the new wastewater treatment plant (2023-2025)
- Removal of the former treatment plant and percolation ponds (2025)
- Completion of 7th Street extension to Bridge Street (2025-2026)
- Riverfront restoration and creation of restored wetlands/water gardens (2026 and beyond)

¹ The Oregon Pine property (53 acres) was the first of four private property transactions from 2017 through 2020 that resulted in 100-acres of contiguous property along the John Day River owned by the City of John Day. The other properties were purchased from C&C Hill (11 acres), John Rowell (0.5 acres), and Iron Triangle LLC (16 acres).

Environmental Assessment and Site Characterization

The property transactions and subsequent developments took place over a four-year period that followed several years of site characterization and voluntary brownfield cleanup by DR Johnson Lumber Company.

Much of the early site cleanup happened on the south side of the John Day River, where most of the industrial activity occurred. The north side was primarily used for log deck storage and watering (Figure 1). Additional historical imagery, dating back to 1939, is included (*Historical Imagery, Enclosure 1*).

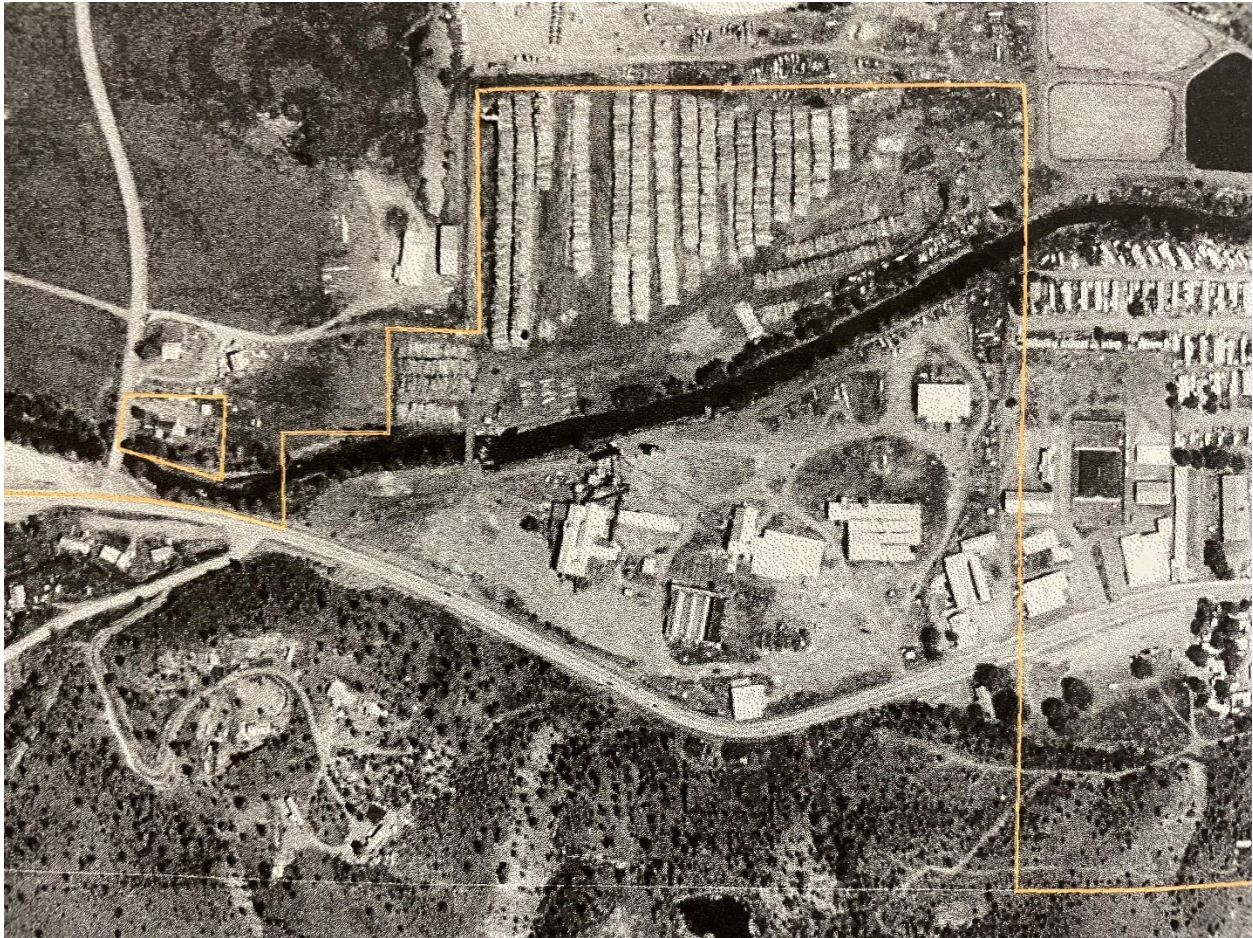


Figure 1. Aerial imagery of Oregon Pine site pre-cleanup, c. 1998-2000

The original lumber mill was most likely built in 1933 by W.A. Riordan, who operated a small circular sawmill until 1943. This mill was purchased in 1943 by the Welch brothers, who operated as Blue Mountain Mills (Figure 2). The Welch brothers reportedly added a double-cut band mill, dry kilns, a planer mill, and a molding plant. Hudspeth Pine bought Blue Mountain Mills in 1951 and operated as San Juan Lumber. D.R. Johnson purchased Oregon Pine Products in 1984 from Walter E. Heller & Company. D.R. Johnson produced dimensional fir lumber until the early 1990s when the main production facilities were closed. A fire destroyed the original sawmill building around 1993. It was replaced with the steel structure that occupies the site today. The chip plant was shut down in 2007, signaling the end of the mill's operations.

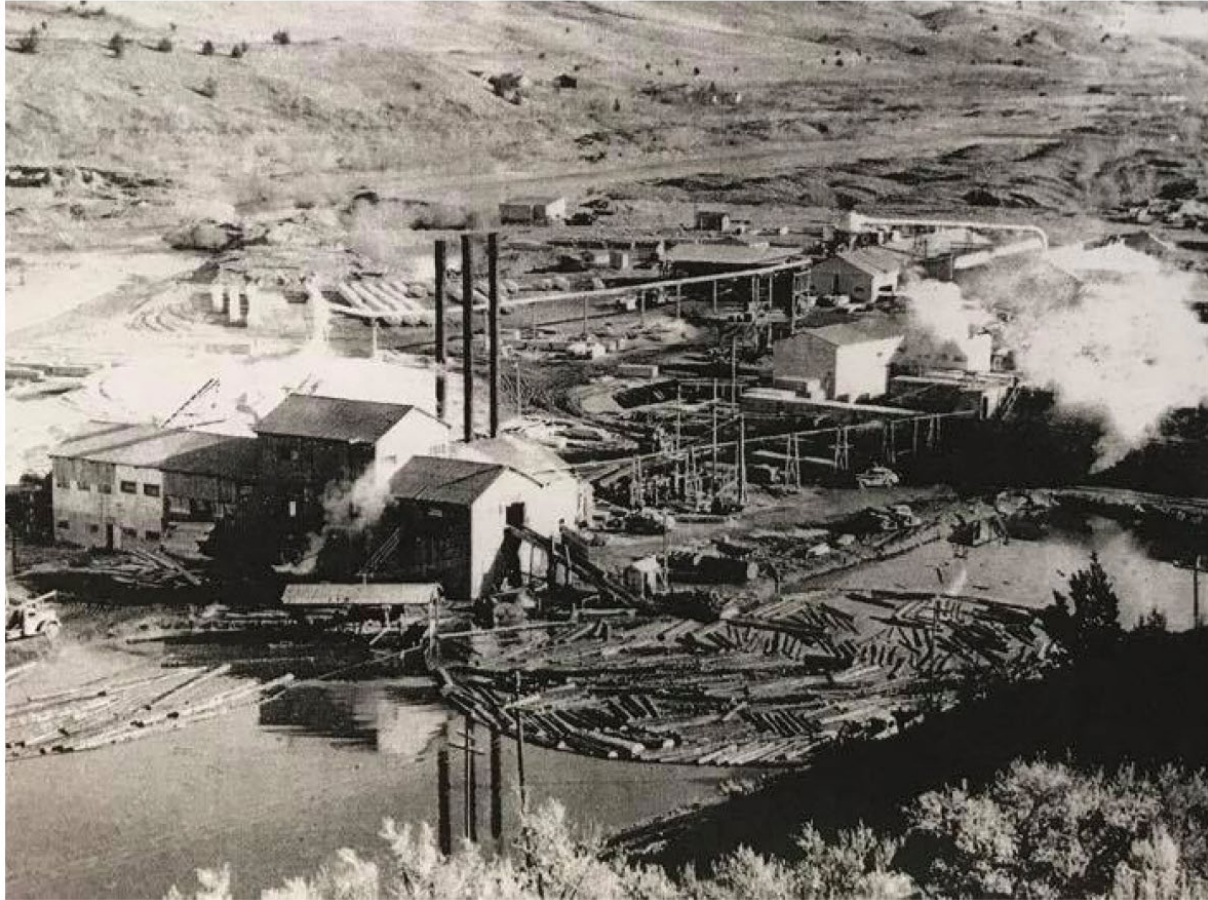


Figure 2. Blue Mountain Mills lumber site, c. 1950

Voluntary Brownfield Cleanup (2012-2014)

D.R. Johnson Lumber Company contracted with Mark Yinger to conduct an initial site investigation and remediation activities, which resulted in a No Further Action (NFA) decision from DEQ issued on January 14, 2014, based on the proposed future use at that time. The NFA identified “localized and limited areas of contamination” that were unaddressed but did “not present an unacceptable risk to human health, safety, welfare, and the environment.”

Phase 1 Environmental Site Assessment (2017)

The City of John Day contracted with Mr. Yinger to conduct a follow-up assessment of the residual contamination at the site before purchasing the Oregon Pine property in May 2017. The Phase I ESA identified several additional recognized environmental concerns (RECs). The RECs included stained soil in the vicinity of a utility pole (transformer oil-stained soil area) and red-stained soil on two (2) small and distinct areas of the larger 50-acre site, on the south side of the John Day River. Five (5) shallow patches of stained soil associated with parked heavy equipment on the north and south sides of the river in the vicinity of the Oregon Pine Bridge.²

² Yinger. 2017. Phase I environmental site assessment. Oregon Pine. Lot 300 in Section 22 of T.13.S., R.31.3., John Day, OR 97845. Prepared for Nicholas Green, City Manager, City of John Day, Oregon. Prepared by Mark Yinger Associates, Mt. Hood, Oregon. May 11.

Phase II Site Assessment and Cleanup (2017-2018)

Mark Yinger Associates performed a Phase II ESA in October 2017 to evaluate further the RECs identified by the Phase I ESA. The location of the areas investigated is shown in Yinger's Figure 2 (our Figure 3).

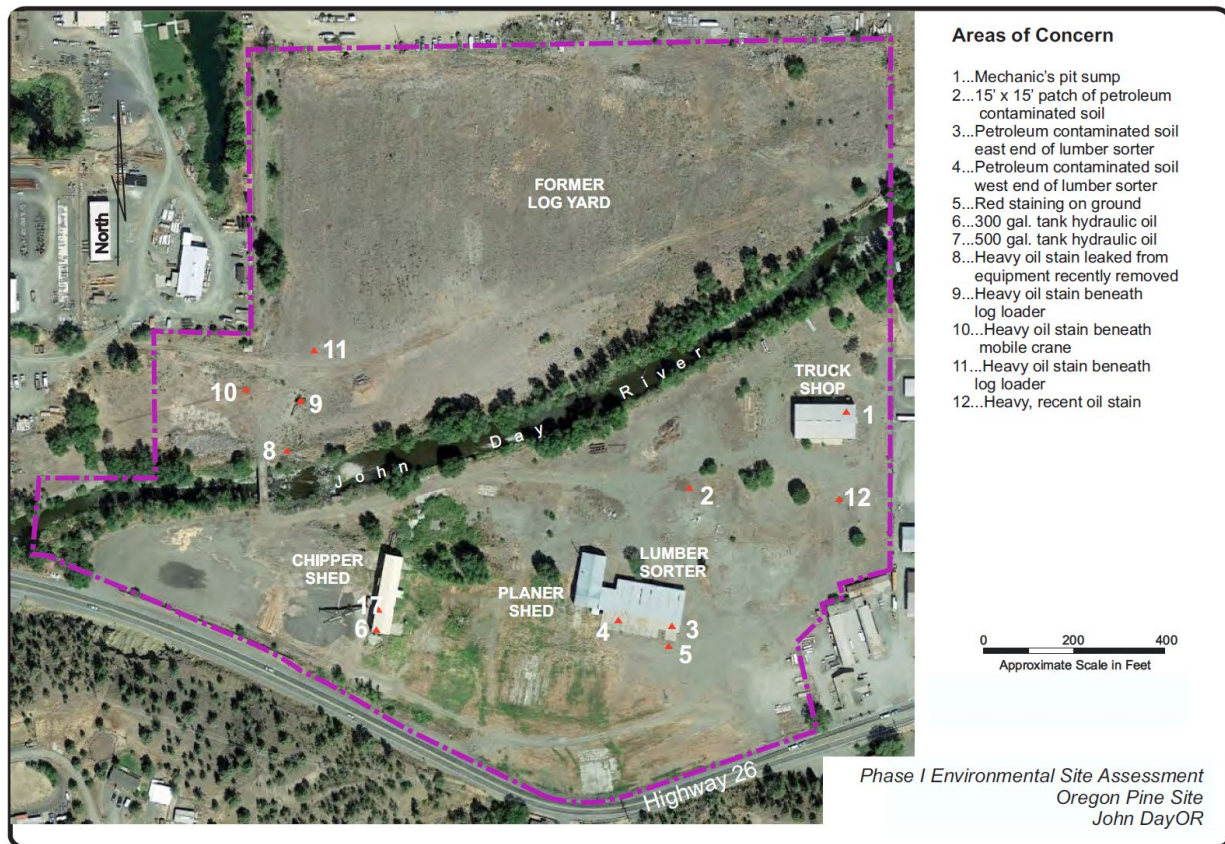


Figure 2
Site Map
Project No. 17-1201 May 2017

Figure 3. Phase I ESA Site Map for Oregon Pine property

The Phase I/Phase II ESAs identified environmental areas of concern (AOCs) associated with former milling operations, including oil-stained soil throughout the site (numbered in Figure 2). These concerns were associated with spilled transformer oil from electric transformers and leaking hydraulic systems from parked heavy machinery. Additionally, an area of red-stained soil potentially associated with stenciling the mill's logo with paint on bundles of lumber was identified.

In response, 21.43 tons of transformer-oil-impacted soil was excavated and disposed of at the Crook County Landfill. Initial near-surface soil samples and post-excitation soil samples were analyzed for diesel-range Northwest Total Petroleum Hydrocarbons (NWTPH), polycyclic aromatic hydrocarbons (PAHs), and polychlorinated biphenyls (PCBs). The concentrations of diesel-range organics (2,200 milligrams per kilogram [mg/kg]) and PCB-1260 (0.6 mg/kg) remaining in place following the excavation exceed the risk-based concentrations (RBCs) for urban residential receptors for soil ingestion, dermal contact, and inhalation pathways. These RBCs are exceeded at one sample location at 4.5 feet beneath the ground surface, below the depth these receptors are likely to encounter.

11.09 tons of red-stained soil were excavated and disposed of at Finley Butte Landfill. Initial near-surface and post-excavation soil samples were analyzed for Resource Recovery and Conservation Act (RCRA) 8 metals. The concentrations of arsenic (1.0 mg/kg) remaining in place following the excavation exceed the RBCs for urban residential receptors for soil ingestion, dermal contact, and inhalation pathways in two of the three soil samples collected. Concentrations of arsenic in all soil samples were near the DEQ background metals concentration for arsenic (4.576 mg/kg) in the Blue Mountains physiographic province and thus likely represent background arsenic.

The five small oil-stained areas associated with heavy equipment were removed by excavation based on visual and olfactory indications of impacts. Approximately 1.5 cubic yards of soil were disposed of at the Crook County Landfill. The heavy equipment that likely caused the staining was removed before cleanup.

With the removal of the bulk of the contaminated materials, DEQ issued a second NFA on February 14, 2018, for the portion of the property south of the river planned for mixed-use commercial and agricultural-based light industrial development (i.e., the hydroponic greenhouses).³

A summary of the aforementioned environmental activities related to the site is in Enclosure 2.

Site-Specific Characterization (2020-2021)

On May 1, 2020, the City contracted with Maul, Foster and Alongi, Inc. to perform certain environmental assessment services and related planning services based on the proposed site uses adopted in the 2019 Innovation Gateway Area Plan.

These actions were not specific to the wastewater treatment plant but are related to future improvements planned at the former Oregon Pine site.

This environmental assessment aimed to evaluate subsurface conditions, based on proposed reuse at the Property, in previously unassessed areas and/or that may have been adversely impacted by recognized environmental conditions (RECs) that were identified during the previous Phase I ESA. In addition, this assessment included the identification of hazardous building materials (HBMs) that may require special handling during redevelopment. The evaluation consisted of collecting and analyzing groundwater and soil from reconnaissance borings; shallow soil via incremental sampling methodology (ISM); and lead paint from the chipper shed, planer shed, and lumber sorter building (MFA Figure 2, our Figure 4).

³ Yinger. 2018. Phase II environmental site assessment and cleanup at former Oregon Pine mill site. John Day, OR. Prepared for Nick Green, City Manager, City of John Day, Oregon. Prepared by Mark Yinger Associates, Mt. Hood, Oregon. January 4.



Figure 4. Site Features and Areas of Environmental Concern assessed by Maul, Foster, and Alongi, LLC

Soil samples from six borings (B01 – B06) were analyzed for petroleum hydrocarbon identification (HCID). Borings B02 and B03 were on the north side of the river, south of the future treatment plant, roughly aligned with the proposed 7th Street Extension. Soil samples from the ISM DU1, DU2, and DU3 were initially analyzed for diesel- and oil-range petroleum hydrocarbons. All four groundwater samples collected were initially analyzed for petroleum HCID and dissolved metals (MFA Figure 4).

Based on the potential future uses of the Property, concentrations were generally screened against occupational risk-based concentrations (RBCs) as well as construction and excavation worker RBCs (in the event of site redevelopment).

The soil sampling results did not exceed the RBC for occupational use. Arsenic exceeded the RBC for occupational receptors at multiple locations at the Property; however, arsenic did not exceed the established background concentration for the region in any sample.

Low-level groundwater detections for gasoline-range and diesel-range TPH were present at boring B05, on the south side of the John Day River, but at concentrations below the occupational RBCs. These results were flagged by the laboratory and data validator as being potentially not associated with a known fuel pattern. A review of the chromatograms for the sample indicates that the groundwater detections are associated with a weathered fuel pattern. Additionally, dissolved arsenic was detected in all groundwater samples at concentrations above the occupational RBC for ingestion and inhalation of tapwater.

No further action was taken as the results did not warrant additional site assessment.

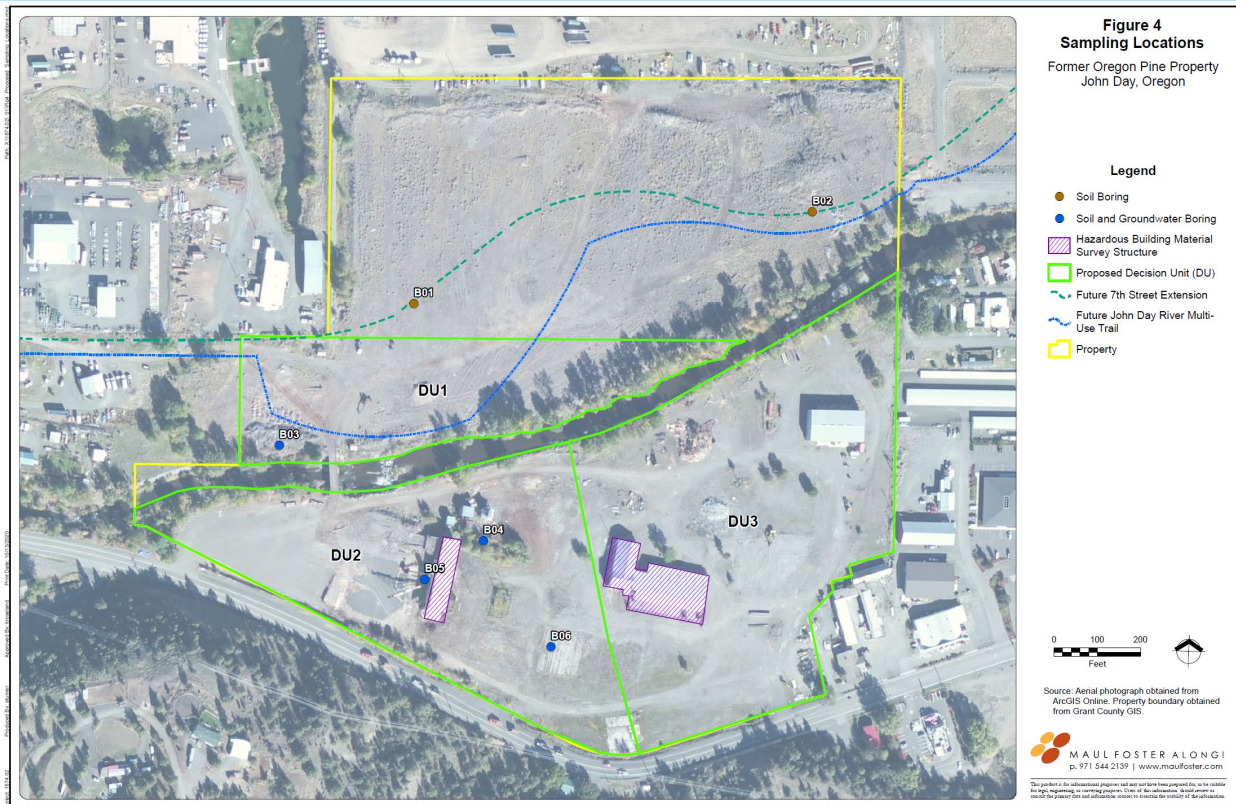


Figure 5. Sampling locations for site-specific characterization by Maul Foster and Alongi, LLC

Iron Triangle Phase 1 and Phase 2 Site Analysis (Property due north of Treatment Plant)

In June 2020, At the request of the City of John Day, Maul Foster & Alongi, Inc. conducted a Phase I ESA of the former Iron Triangle site at 433 Patterson Bridge Road, John Day, Oregon 97845 (due north of the future wastewater treatment plant). This site was the last of the four privately-owned properties purchased by the City for its Innovation Gateway.

The Phase I ESA was conducted in accordance with the requirements of the ASTM International Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process (ASTM E1527-13). In addition, the Phase I ESA report was prepared to support the Bona Fide Prospective Purchaser defense (Comprehensive Environmental Response, Compensation and Liability Act [CERCLA] § 101(4) and the innocent purchaser defense (CERCLA § 101(35)(A)(i)). The Phase I ESA generally complies with 40 Code of Federal Regulations Part 312, adopted by the U.S. Environmental Protection Agency on November 5, 2005, and effective November 1, 2006. These rules identify the standards and practices for all appropriate inquiries under CERCLA § 101(35)(B). The purpose of the Phase I ESA was to identify, to the extent reasonably feasible, “recognized environmental conditions” (RECs).

The approximately 14-acre Property is located on Patterson Bridge Road in section 22, township 13 south, range 31 east of the Willamette Meridian, on tax lot 2700. In the early 1900s, the Property was used for tailings storage from dredge mining conducted at the time. From the late 1970s to 2020,

Property uses included truck and heavy equipment repair, fueling, truck parking/equipment storage, and log storage. Current and prior buildings on the Property have been used for office space, equipment repair, and truck storage.

Three aboveground storage tanks (ASTs) in concrete containment areas were present on the Property until they were removed in early 2020. The secondary shop and office building have been removed from the Property; the main shop building, previously used for equipment repair, is currently the only structure remaining on the Property.

Aerial images reviewed and interviews conducted during a Phase I ESA suggested that the gravel/dirt surrounding the main shop building was oil stained. The previous Property owner indicated that the soil was occasionally cleaned up and removed from the Property. No cleanup records for the removal of oil-stained dirt/gravel or associated confirmation soil sampling were available.

Based on the results of the Phase I ESA, MFA completed Phase II ESAs at the Property in 2020 and 2021 to assess whether contamination associated with prior equipment repair and fueling is present on the Property. According to the prior owner, fuel leakage surrounding above-ground storage tanks (containing gasoline and diesel fuel) may have occurred on site, and some chemical contamination may be present near the secondary shop building based on past uses.

Based on these findings, a focused investigation was conducted to assess the potential presence of contaminants of concern associated with the identified RECs—concentrating specifically on the area around the main shop building where equipment maintenance was conducted and where the soil staining has occurred. Sampling and screening data to appropriate Oregon Department of Environmental Quality risk-based concentrations were recommended.

In August 2020, four rotosonic borings were completed, and soil and groundwater samples were collected at the Property (Figure 1-2). Borings B01, B02, and B03 were located to assess subsurface conditions at the primary and secondary shop buildings and the area with historically stained soil. Boring B04 was located to assess the former AST fueling area.

In October 2021, eight test pits (TP-01 through TP-08; see Figure 1-2) were completed to further assess the extent of petroleum-contaminated soil at boring B04 in the former AST fueling area. Test pits were completed to a maximum depth of 8 feet; groundwater was not encountered.

The following determination of the extent of contaminated areas is based on the analytical results and risk screening completed during the Phase II ESAs. The following areas of contaminated soil and groundwater were identified on the Property. The approximate extent of known contaminated soil and groundwater (restricted area) and areas with visual/olfactory evidence of petroleum (soil management area) are shown in Figure 1-2.

- At the former AST fueling area, soil with diesel-range total petroleum hydrocarbons (TPH) at concentrations above the DEQ RBC for soil ingestion, dermal contact, and inhalation for construction workers is present at boring B04 and test pit TP-07 (the restricted area, see Figure 1-2) at approximately 6 feet below ground surface.
- At the former AST fueling area, diesel-range TPH is present in groundwater at boring B04 at concentrations above the DEQ RBC for ingestion and inhalation from tap water for occupational receptors.

- At borings B01, B02, B03, and B04, the dissolved arsenic concentrations in groundwater are above the DEQ RBC for ingestion and inhalation from tap water for occupational receptors. Groundwater was encountered 7 to 9 feet below the ground surface at these borings.
- Visual/olfactory evidence of petroleum and detections below RBCs was observed in the vicinity of the ASTs (the soil management area; see Figure 1-2).



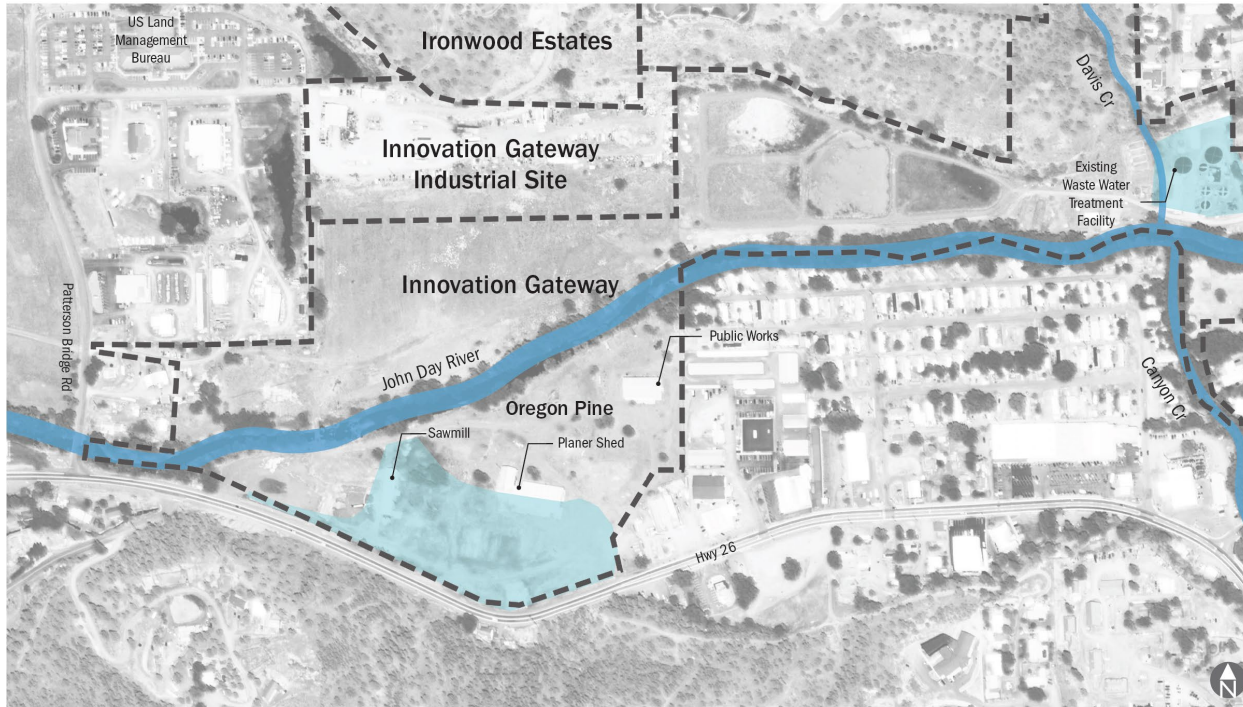
Figure 6. Figure 1-2 from MFA's assessment of the former Iron Triangle property

On April 8, 2022, Maul Foster produced a Contaminated Media Management Plan (CMMP) that describes recommended procedures that the City and its contractors should follow for identifying, characterizing, and managing contaminated soil and groundwater that may be encountered during future construction activities.

This CMMP identifies Property-specific contaminants of concern (COCs), excavation protocols, soil- and groundwater-handling procedures, waste characterization, disposal requirements, and stormwater protection measures to be addressed and implemented at such time as the City or any subsequent owner or developer may redevelop the Property.

April 2019 Flood Event

The site was chosen for the new wastewater treatment plant due to its large land area north of the John Day River, which is located outside the 100-year and 500-year flood events. An approximately 10-year event occurred in April 2019 that impacted the south side of the property (Figure 7).



2019 Flood Impact Diagram - Innovation Gateway Area

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May 2020

Figure 7. Extents of the April 2019 flood event impacting the Oregon Pine property and Innovation Gateway

No flooding occurred north of the John Day River, nor is this anticipated in the northwest quadrant of the Innovation Gateway, where the treatment plant will be located, as shown in the 100-year floodplain maps revised and adopted in October 2019 (Figure 8).

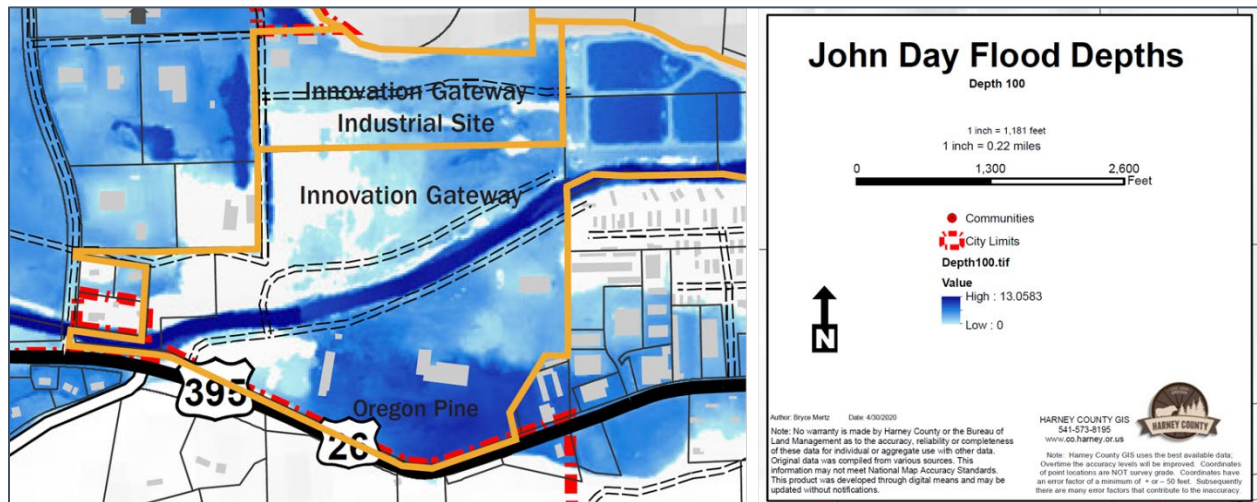


Figure 8. FEMA flood-depth maps for the 100-year scenario at the Innovation Gateway site

Additional Site Characterization, Assessment, and Permitting

In connection with the proposed land uses, the City commissioned a wetland delineation and archeological site assessment for the entire Innovation Gateway site, which preceded DEQ's issuance of the new operating permit.

The archeological assessment was completed in February 2020 and received concurrence from the State Historic Preservation Office in June 2020 (SHPO Case No. 19-1577).

Anderson Perry and Associates completed the wetland delineation report and received agency concurrence from the Department of State Lands on July 14, 2020 (WD # 2020-0186).

On April 18, 2020, the Department of Environmental Quality issued a new Water Pollution Control Facilities (WPCF) Permit, which took effect on May 1, 2022 (WPCF Permit No. 103281, expires March 31, 2022).

Future Land Use

There are multiple land partitions proposed to accommodate future developments at the site. In 2023, the Oregon Pine property will be subdivided 2023 into three parcels. Parcel 1 will include the former planar shed, sawmill, and the site of the new treatment plant. Parcel 2 will house the city shop and the eastern portion of the property. Parcel 3 will isolate the John Day Greenhouse, which is being leased to a private operator (see **Enclosure 3, Oregon Pine Preliminary Plat**, and Figures 9-11).

The Innovation Gateway Business Park (former Iron Triangle property) will be subdivided into 12 lots. The City will retain Lot 11 (the site of the former storage tanks) for future use as a solar array to power the new treatment plant. The CMMP will be recorded for this lot only. The remaining lots will be leased or sold (see **Enclosure 4, Innovation Gateway Business Park Preliminary Plat**).

Summary

A decade of environmental cleanup and site characterization has occurred at the former Oregon Pine mill site and surrounding properties, now known as the John Day Innovation Gateway.

This award-winning project received the 2019 League of Oregon Cities *Award for Excellence*, 2021 *Western Planner President's Award* for planning innovation, and the 2022 *Under Construction Award* at the 8th Annual Oregon Infrastructure and Brownfields conference.

Upon completion of the project, the City intends to pursue platinum certification through the Sustainable SITES initiative for the entire Innovation Gateway project site, recognizing its alignment of sustainable land design and development practices with the functions of healthy ecosystems.

Environmental Species Act (ESA) Section 7 consultation is the final permit required before beginning construction of the new wastewater treatment plant, which will reclaim 100% of the community's wastewater and repurpose it for beneficial reuse as part of the ongoing redevelopment and restoration of this site.

Upon completion of the Section 7 consult, City of John Day staff will prepare the request for proposals (RFP) for the final design-build of the new wastewater treatment plant, which will begin construction in 2023 and proceed through 2025.



Oregon Pine

Above image captures the overall vision of the Oregon Pine Site from west to east.

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May 2020

Figure 9. The proposed land uses on the former Oregon Pine property south of the John Day River



EXISTING HYDROPONIC GREENHOUSES

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EXISTING HYDROPONIC GREENHOUSES

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Figure 10. Current hydroponic greenhouses on Parcel 3 of the proposed preliminary plat, now in private operation



PERSPECTIVE FROM SOUTHEAST

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PERSPECTIVE FROM SOUTHWEST

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Figure 11. The imagery of the proposed sawmill restoration and associated improvements



Figure 12. The iLeague of Oregon Cities 2019 Award for Excellence (top); 2021 Western Planner President's Award (center); and 2022 Oregon Infrastructure and Brownfield Conference Under Construction Award (bottom)