



CITY OF JOHN DAY

Newsletter – October 2020

Dear Residents –

We've made significant progress on several city projects over the past four months. We've discussed in city council meetings, on KJDY's *Coffee Time* broadcast and in other public forums that we felt if we played our cards right we could come through this pandemic stronger than ever. Our community has come together to keep the spread of COVID down and we need to continue to do so. Working together, we are seeing progress in John Day we have not seen in a long time.

I also believe we may be on the cusp of a new development wave. If COVID has shown us anything, it's that the value proposition of our larger cities is declining. High land prices, traffic and congestion, pollution, civil unrest and disease are plaguing our major metropolitan areas. It's easy to blame governments for their response, and in some cases, there's little question they failed to respond effectively. But blaming and public shaming rarely improve policy outcomes. The truth is, most of our public agencies are doing the best they can with very limited resources. The federal response to Coronavirus with regard to our cities and counties has been anemic at best. Time after time they have failed to reach a negotiated agreement on funding that we desperately need to replace our aging roads, bridges and critical community infrastructure.

Our total state and federal Coronavirus relief for the City of John Day amounted to \$30 per resident. We put that money to work purchasing personal protective equipment for our staff, remodeling City Hall's main entrance to create a socially-distanced entry to allow us to safely reopen the building to the public, and on food security, nonprofit stabilization and critical broadband infrastructure. I'll talk about each of these in this newsletter. But first, I want to say thank you in advance for your patience during this pandemic. It has been painful for all of us. We've all had enough. We hope it will end soon, and we appreciate your understanding as we all try to adapt to our new normal.

Treatment Plant Progress Update & \$12 Rate Increase



Let's address the elephant in the room first. Our base monthly wastewater rates are increasing by \$12 in January. That's difficult. It's not a pleasant thing to have to address. That was the minimum rate increase needed to secure funding to begin construction of the new wastewater treatment plant. Why? Because we have to be able to service the future debt payments on the capital improvements (the new plant and all of the horizontal infrastructure – piping, pumps and other equipment needed to make it operate). The good news is that agreeing to a \$60 per month base rate brought us a very significant grant/loan from our State investors.

This is a project that has been in the works for over a decade and that we have been actively planning, funding and permitting for the past five years. Our current treatment plant is 72 years old. It is located in the 100-year floodplain at the confluence of the John Day River and Canyon Creek. Last year, we took on record flows at the plant during the spring flooding. That event made it ever clearer that the plant has to be removed and a new plant built at the location we selected, which is out of both the 100 and 500-year floodplains. Our current estimated cost to replace the treatment plant is about \$11 million dollars. This is in addition to the cost of the land and other improvements we need to make to our sewer collection system, much of which was installed in the late 1940s and early 1950s.



To help offset these costs, we began purchasing land for redevelopment along the John Day River. From 2017 to the present we made four land purchases that created a 100-acre city-owned redevelopment zone we're calling the John Day Innovation Gateway (shown in red). This land has been through a century of heavy industrial use, from dredge mining that began in the 1920s through timber, construction and wastewater treatment uses today. Over 30 acres of this land along the John Day River is used just to store and dispose of our Class B wastewater.

We are now in the process of redeveloping this land as a mixed use commercial-industrial zone with multiple public amenities, including a new wastewater treatment plant, a riverfront trail system, new riverfront parks, an event lawn, water gardens, hydroponic greenhouses, a new hotel and event center, riverfront camping options and a 12-acre business park. The overarching goal of these improvements is to restore this land to public use while creating long lasting value in the form of new commercial and industrial businesses that will create jobs, widen our tax base and help us diversify our economy.

These public sector investments are being paired with new private sector housing developments at Ironwood Estates and Mahogany Ridge (formerly Strawberry View Estates) that will create up to a hundred new homes – homes we desperately need! Without these investments, we would have continued in population decline for the foreseeable future. With them, we are adding new users to our utility system that over time will allow us to keep our water and sewer rates manageable.

So back to the treatment plant. The design we have chosen will replace our Class B treatment plant with a Class A water reclamation facility. This new facility will reduce our fresh water consumption by about 60 percent and create an asset class (reclaimed water) that we can market for industrial and commercial uses. Sales of this reclaimed water will help us buy down our rates, once we have it to sell. We recently secured a very generous funding package this month with commitments of \$3.25 million in grant funding from Business Oregon and \$1.75 million in loan funds for 30 years at 1% interest. This funding will allow us to complete the design and begin construction next year—with 65% of the cost covered by grants that do not have to be repaid. Our goal was to reach a 40/60 split with 60% of the costs covered by grants on our original budget of over \$13 million. So far, we have beat that goal, saving hundreds of thousands of dollars in loan interest we would have otherwise had to repay, and reducing our original cost estimate from \$13.6 million to \$11.4 million through design adjustments.

We also hired a new Oregon-based engineering team – Flagline Engineering and Kennedy Jenks – to perform additional value engineering of the new treatment plant. Their goal is to identify additional cost saving measures we can make to reduce the construction cost of the treatment plant even further. Finally, we are in the process of re-evaluating land use restrictions at the Airport Industrial Park to motivate sales of this land that was purchased and redeveloped by the City 20 years ago (discussed later). All of the proceeds from these land sales will go back into the water and sewer funds. If these efforts are successful, we will be able to reset our rates for both utility systems in two years (at the end of these projects) to put these utilities on a stable financial footing where we can operate, maintain and replace equipment while holding rates steady for our customers and residents.

Gleason Pool Replacement, Kam Wah Chung & Integrated Park System Update



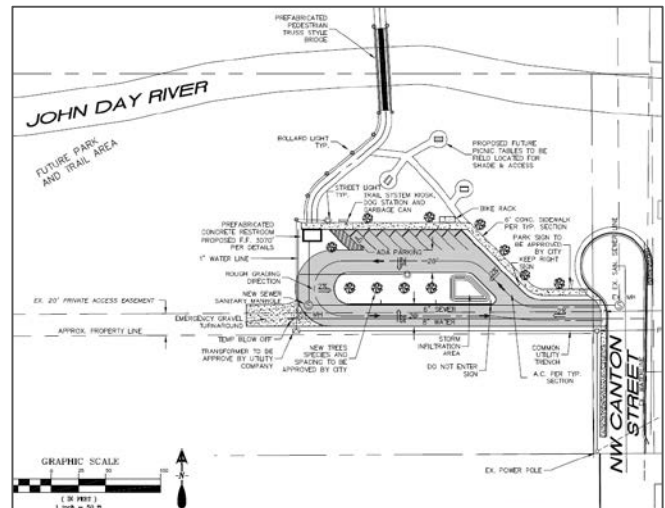
We recently held a joint study session with the Grant County Court to discuss the future of our pool and the new Kam Wah Chung interpretive center. There seems to be broad agreement on the need for a pool in our county, but our public agencies have yet to reach a consensus on how to fund it. You can help by making your voices heard with your elected officials. If you value the pool, encourage them to come together and reach an agreement on how to fund it. We have created a plan in partnership with the John Day/Canyon City Parks & Recreation District to replace our 60+ year old pool with a new pool that will last the next 60 years.



The Oregon State Parks & Recreation Department (OPRD) recently went through a significant level of layoffs which has been very challenging and slowed the progress of the new Kam Wah Chung (KWC) interpretive center. Fortunately, prior to the layoffs, one of their planners was able to put together a rough draft of the new KWC site, pictured above.

This design will begin the process of updating the now 11-year old master plan and is the first step toward creating this facility. OPRD is also in the process of reappraising Gleason Park & Pool, which has now been decommissioned. Our intent is to complete the land sale to the State and we have committed to using all of the funds from the sale toward the new pool, should we reach an agreement on how to proceed.

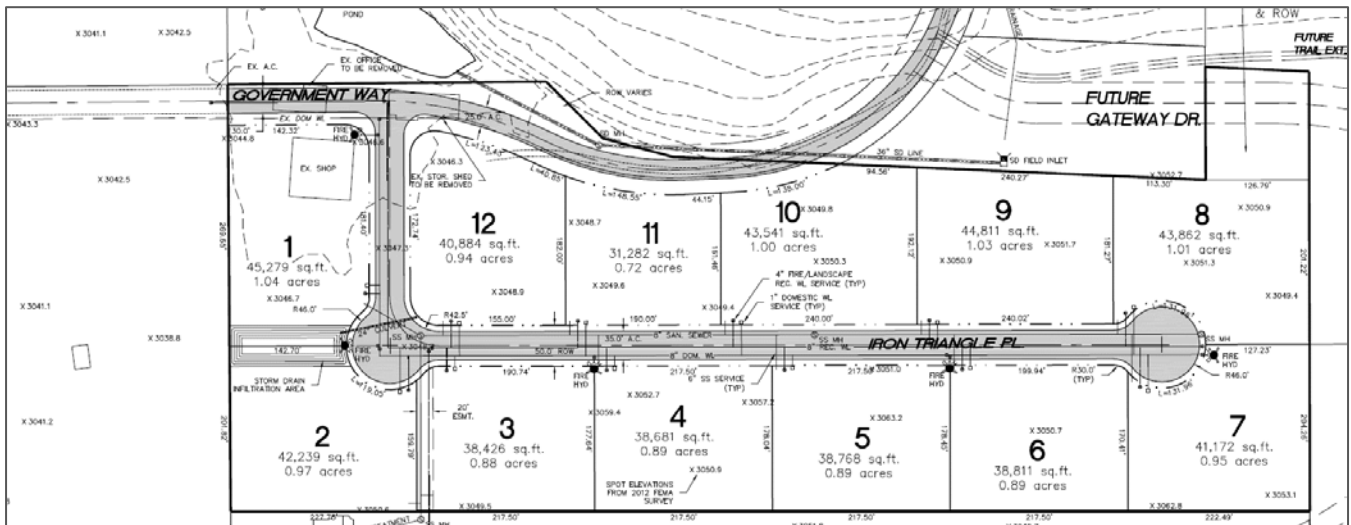
A site has been selected for the new pool at the west end of the 7th Street Sports Complex. We recently completed construction of a new parking lot at this location as part of our Integrated Park System grant from OPRD. The next step in this process will be to extend the trail system from 7th Street to the John Day River, with a new bridge over the river to the future Hill Family Park. This park will become a new riverfront recreation area. Its proposed design will be presented to the John Day Planning Commission next month (shown below).



Recreation Economy & Painted Sky Center for the Arts

The City is also in the process of adopting new plans based on the recently completed Recreation Economy for Rural Communities (RERC) summit and a new Painted Sky Center for the Arts master plan. These planning projects were 100% grant funded and involved residents and stakeholders from multiple local, state and federal agencies. Their final plans will be presented at our December city council meeting.

Improving public art and recreational opportunities is part of our Strategy for Growth and was included in our recently adopted Community Investment Strategy. These initiatives are the first step in the process of integrating public art and recreation into our master plans.



Innovation Gateway Business Park, Enhanced Broadband & Other Community Improvements Underway

Gateway Business Park & Airport Industrial Park. The Planning Commission will review the proposed design for the new Innovation Gateway business park next month (shown above). This 12-acre industrial site was acquired by the City this June from Iron Triangle. It will be accessible from Patterson Bridge Road and the future 7th Street extension, as well as from Valley View Drive / Ironwood Estates to the north. The Park will have 12 one-acre lots for sale at Fair Market Value, no strings attached. What is Fair Market Value you ask? Great question. In Bend, it's about \$12 a square foot (\$500,000 an acre). Here in John Day we're much lower, below \$1 a square foot. The city council has asked me to have both the airport industrial park (89 acres of city-owned land) and this future business park appraised so we can establish an initial sale price. We have completed the Phase 1 and Phase 2 environmental site assessments and wetland delineations at this site and expect to have it certified shovel-ready next spring/summer.

Broadband Expansions. This City has applied for \$2 million in grant funding to expand fiber to the home for much of John Day. That grant is currently in review by the Economic Development Administration and will be presented to their Investment Review Committee (IRC) for a funding decision next month. This is in addition to the \$6 million USDA ReConnect grant awarded to OTC Connections that will extend fiber to the northwest and southern portions of Grant County. That project is working its way through the federal environmental review process and construction will begin once they receive USDA's notice to proceed. We also partnered with OTC to extend wireless broadband access to Riverside Home Park, Valley View Drive and other areas that are unserved today. Contact OTC next week if you live in that area and they can discuss their process for activation.

Electric Vehicle Rapid Charging Stations. Oregon Trail Electric Cooperative, in partnership with the City, is also developing a new electric vehicle parking station and pocket park downtown at the site of the old City Hall. This will be rapid charging EV station and will improve the look and utility of this land next to their downtown substation. The site will initially have one rapid charging station but it is designed to expand to four stations to meet future demand.

Coronavirus Relief Funds. The City was awarded Coronavirus Relief Funds through the FY20 CARES act in an amount not to exceed \$52,796.81, which is to be used for costs incurred due to COVID-19 from March 1, 2020 through December 30, 2020. The City requested reimbursement for PPE and public safety measures of just over \$6,800 earlier this year, most of which was used to create a socially-distanced lobby entrance to City Hall. Roughly \$30,000 was committed by the City for broadband support to extend fiber to Humbolt Elementary School, for regional food security initiatives that included the Grant County Fairground Livestock Auction, John Day Farmer's Market, and COVID-related cost recovery at the John Day Greenhouse. An additional \$15,500 was committed for GC Coworks to create public broadband access and shared working space in John Day. The City continues to look for opportunities to extend relief to our community and will evaluate options for additional community investment if more funds are provided by the State.

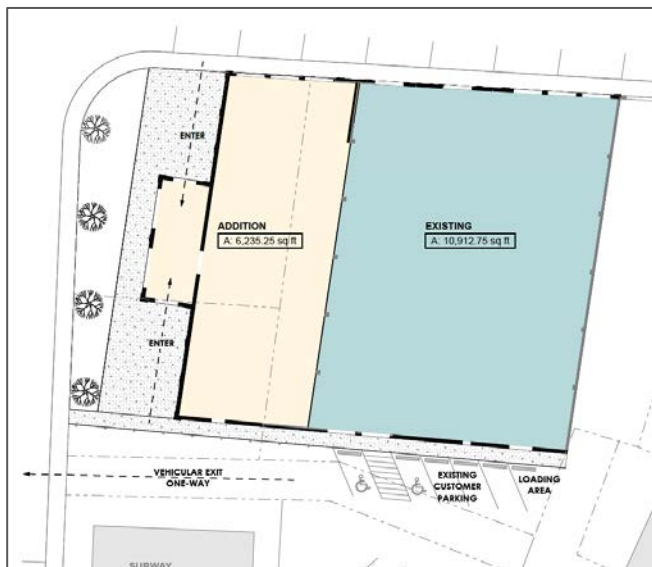
Commercial & Industrial Expansion



In my June newsletter, I wrote about the new Dollar General that was proposed for John Day. In addition to this project, we now have three active commercial construction sites in downtown John Day.

The Dollar General site design has been approved by the John Day Planning Commission and development permits were approved by the City this month, allowing them to close on the land purchase next to Timbers Bistro. The project is now going through structural permitting with the State and is expected to be construction ready early next year.

Len's Drug is also expanding. This month they demo'd the area for their 6,234 SF addition to the west end of their current building (shown below). This project was funded in part by a \$200,000 grant awarded to the City by the Oregon Main Street Network. This is a tremendous opportunity to expand retail options for our community.



The Sheedys have also begun the façade replacement on the Weaver building at 131 West Main Street (above) and the Meredith House for Heart of Grant County is now under construction at 115 NW Bridge Street.

Stick With Us

We set out four years ago with a plan to use public stimulus to help encourage private sector investment. Since then, we have brought in \$13.35 million in grant funding for various community projects. We're starting to see the fruit of our labors, and there's more to come.

Stick with us! We work for you, and we want to make sure we're meeting your needs as our residents. If you have questions about any city related projects or business, please email us at cityofjohnday@grantcounty-or.gov or call us at (541) 575-0028 and we'll schedule an appointment.

Later this year we're going to start talking about what comes next, not just for these projects, but for our strategy as a city. In January, it will be four years since we adopted our Strategy for Growth. It's time for us to start thinking about the next phase of our development. We want you to be a part of that process.

Early next year we'll do a state of the city address. I try to do these every March, but we did not do one this year due to COVID-19. We're going to restart that process next year and use it as a kickoff for the next phase of our strategic planning.

Thank you for staying engaged and informed! We appreciate your continued support as we navigate these difficult times.

Sincerely,



Nick Green, City Manager