

John Day City Council
February 13, 2018
7:00 PM
Fire Station, 316 S. Canyon Blvd
AGENDA

1. **OPEN AND NOTE ATTENDANCE**
2. **APPROVAL OF CITY COUNCIL MINUTES OF JANUARY 23, 2018.**
3. **APPEARANCE OF INTERESTED CITIZENS** – At this time Mayor Lundbom will welcome the public and ask if there is anything they would like to add to tonight’s agenda.

ACTION ITEMS

4. **A PROCLAMATION IN RECOGNITION OF COUNCILOR DONN WILLEY**
Attachments:
 - Official Proclamation
5. **US395 SIDEWALK EXTENSION UPDATE**
Attachments:
 - None
6. **CANTON STREET EXTENSION PROJECT**
Attachments:
 - Project Area Maps
7. **ADVISORY COMMITTEE UPDATE**
Attachments:
 - 10-year Property Tax Summary
 - Preliminary Boundary Maps
8. **INNOVATION GATEWAY PROGRESS REVIEW**
Attachments:
 - None
9. **GREENHOUSE DESIGN-BUILD PUBLIC HEARING**
Attachments:
 - Notice(s) of Public Hearing
 - Resolution 18-783-07, A Resolution of the City of John Day Adopting Findings to Support the Design-Build Alternative Contracting Method for the Construction of the City Greenhouse Project
10. **BUDGET COMMITTEE SCHEDULE**
Attachments:
 - Proposed Schedule
11. **CHNA FUNDING REQUEST**
Attachments:
 - Letter of Request from Blue Mountain Hospital

OTHER BUSINESS

12. OTHER BUSINESS AND UPCOMING MEETINGS

- February 27 – City Council Meeting (7PM) – Annual Public Safety Report/Briefing
- March 13 – City Council Meeting (7PM) – State of the City Address
- March 27 – CANCELLED (No City Council Meeting)

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: February 13, 2018

SUBJECT: Agenda Item #4: A Proclamation in Recognition of Councilor Donn Willey
Attachment(s)

- Official Proclamation

SUMMARY

Councilor Timothy Donn Willey, 64, passed away Thursday, Jan. 25, at Blue Mountain Hospital in John Day. He had been courageously battling metastasized melanoma for over two years. A memorial service was held at 11 a.m. Saturday, February 3, at the Grant County Fairgrounds pavilion. It was a standing room only crowd with many councilors and city staff in attendance.

DISCUSSION

In recognition of Donn's service as a city councilor, I have drafted the enclosed proclamation for council to review.

Per the municipal code, "A vacancy in the council shall be filled by appointment by a majority of the Council. The appointee's term of office runs from the time of his or her qualifying for the office after the appointment and until expiration of the term of the predecessor who has left the office vacant" (City Charter, Section 20).

Councilor Willey's term expires on December 31, 2020. A new councilor will need to be appointed to fill the remainder of his term. There are no specific time constraints for making a new appointment identified in the city code. The City can advertise for his position later this month and council may make an appointment at their March or April council meetings.

RECOMMENDATION

Mayor Lundbom should read the official proclamation with any recommended changes from the council. A copy of the signed proclamation will then be delivered to Donn's family.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: February 13, 2018

SUBJECT: Agenda Item #5: US395 Sidewalk Extension Update
Attachment(s)

- None

BACKGROUND

The city council approved the design alternative for the U.S. 395 Sidewalk Extension during the June 13, 2017 city council meeting. The primary purpose of this project is to provide connectivity in pedestrian and bicycle facilities between the end of the current system at 6th Avenue and Grant Union High School.

This project was partially funded through a 2017 Special City Allotment (SCA) grant of \$50,000. The City was also awarded a 2015-2018 Statewide Transportation Improvement Program grant under the Multimodal Transportation Enhance Program (MTEP). This award was based on an estimated project cost of \$839,970. Under the MTEP program agreement, ODOT's financial contribution toward the project is limited to \$753,705. Preliminary engineering and right of way negotiations are ongoing. Additional funding will need to be secured before construction can proceed.

DISCUSSION

Sean Maloney, ODOT Transportation Project Leader for this effort, will present an update to the city council on the revised cost estimate for the project based on the design alternative the city council selected and additional funding sources that may be available.

A new program called the Safe Routes to School Infrastructure Program was created as a result of the work done by the HB2017 Joint Committee on Transportation Preservation and Modernization (Rep. Bentz, Co-chair) and the Oregon Bicycle and Pedestrian Needs assessment.

This program created funding for projects that meet the following criteria:

- Within a one mile radius of a school
- Provide infrastructure that benefits safety
- Has a 40% funding match available; lower (20%) in some areas (i.e. community of 5,000 people or less, area around a Title 1 school, or a safety corridor)
- Funding match is expected to be a hard money match (no in-kind)

OTC has authority for program design and rules and the program is currently in development. A rulemaking advisory committee (RAC) is creating OAR recommendations for how funds are divided, key definitions, eligibility requirements, and the operations of a standing advisory committee to oversee funds and projects.

SUMMARY

Mr. Maloney will explain the details of this program and the anticipated application process. No decision is needed from the city council at this time.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: February 13, 2018

SUBJECT: Agenda Item #6: Canton Street Extension Project
Attachment(s)

- Project Area Maps
- Rough Construction Cost Estimate (provided Tuesday)

BACKGROUND

The John Day Planning Commission will meet at 6PM on February 13 to discuss Site Design Review (SDR) Application 18-01, a proposal to build up to four duplexes (eight residential units) at the northeast end of Canton Street.

This proposal will require the construction of approximately 195 feet of new pavement to connect the property to city streets along with improvements and/or extensions to existing water, wastewater and stormwater systems in this area.

DISCUSSION

The proposed design for the street extension is enclosed. The street is about 165 feet from the end of the existing asphalt concrete to the center of the cul-de-sac. The cul-de-sac radius is 30 feet; therefore, from the end of the existing street to the most northerly curb at the end of the cul-de-sac is 195 feet.

A rough cost estimate, prepared by Sisul Engineering, will be provided on Tuesday night. These costs may be funded through a combination of city funds, including the Street Fund and revenue from past system development charges. The Street Fund had a balance of \$496,929 at the end of FY17. The SDC money market account balance was \$64,501.99 as of January 31, 2018. The City may also apply for future special city allotment (SCA) grants to offset a portion of these costs.

This property has been included in the preliminary boundaries of the proposed housing development district and will likely be the first large-scale development to begin construction under the housing development incentive program.

RECOMMENDATION

Council should review the proposed project and cost estimates.

Council should motion to authorize the City Manager to proceed with preliminary engineering if they feel this project is in the City's best interests.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: February 13, 2018

SUBJECT: Agenda Item #7: Advisory Committee Update
Attachment(s)

- 10-year Property Tax Summary
- Preliminary Boundary Maps

BACKGROUND

The John Day Project Advisory Committee held its first meeting on January 29. The meeting was well attended with twelve members present. Scott Vanden Bos (Project Manager, Elaine Howard Consulting) gave an Urban Renewal 101 presentation to committee members, followed by a question and answer session. City staff then presented the preliminary boundary maps for the proposed urban renewal area along with an overview of the City's current property tax structure and the affects of this proposal on other tax jurisdictions. The meeting concluded with a general discussion about redevelopment opportunities that could be pursued both under this program and in parallel with it.

DISCUSSION

The Urban Renewal 101 presentation provided a basic overview of how urban renewal agencies operate under Oregon Revised Statute (ORS) 457. Many Oregon cities have implemented this type of program and several cities have more than one urban renewal area. In eastern Oregon, urban renewal programs have been implemented in Hermiston, Pendleton, La Grande and Boardman.

Urban renewal areas are limited to 25% of a City's land area and 25% of its assessed value. Based on 2017-2018 assessment data, the total assessed value of the City's property is \$100,015,746. Total land area is 2.15 square miles (apx. 1376 acres). This means the maximum assessed value of all properties within the proposal urban renewal area will be limited to about \$25M and a maximum land area of 344 acres. ORS 457 allows amendments to the area of up to five percent after the agency has been established. Therefore, the consultants recommend the City include up to 286 acres in the initial boundaries in order to leave room for future amendments.

The City's proposal is unique in that we are proactively investing in the urban renewal areas alongside our future homeowners and builders, rather than waiting for incremental tax increases to accrue from private sector development. The reasons for the proactive approach were clearer to the committee after reviewing the City's 10-year property tax summary (enclosed). Property tax values have increased annually by 2.4 percent, less than the 3 percent allowed under state law. This represents essentially a 'no growth' environment. Urban renewal agencies in a no growth environment cannot function because there is not a sufficient increase in the underlying tax base to support the urban renewal programs.

Under the City's current proposal, the City will provide cash incentives to homebuilders to stimulate growth, by paying all system development charges and offering a seven percent cash rebate on the assessed value of the improvements. These incentives will be provided after the home is placed on the tax rolls, making them an asset-backed investment. By injecting capital into the market, we guarantee a return on investment as long as the incentive is given after the home is built and the new homeowner makes their annual property tax payments. However, this proposal does require private sector investors who are willing to build homes in John Day within the urban renewal area.

It also requires sufficient investment capital from the City to provide the incentives. This can be accomplished by drawing from the community development investment fund and through a line of credit from the State. The urban renewal agency must establish a maximum indebtedness (MI). The proposed MI for this agency is based on an average financial incentive of \$20,000 per home, with a target of 100 homes, for an MI of \$2M over the life of the agency. The expected duration of the agency is 20 years.

The committee also discussed the need to address urban blight with existing homes that require structural repair or significant improvements. Many of these are older homes built in the 1940s and 1950s (or earlier). Some homeowners have deferred maintenance because they are on fixed incomes or have legitimate concerns about recovering the cost of their upgrades when their home eventually sells. Others are estate sales that would require substantial improvements in order to become marketable. Committee members asked the city staff to review other urban renewal agencies to determine how other communities have addressed blight conditions for existing residences and how we might structure an incentive program to encourage private sector investment in existing housing stock.

The City does not have to define every aspect of the program upon its inception. We may include both buildable lands and existing housing within the boundaries of the urban renewal area and determine later how to implement some of the redevelopment aspects of the program.

For these reasons, we have described the initial boundaries for the housing district to include the majority of our buildable residential land (defined as Tier 1) and also our existing Residential Limited (RL) zoned housing (defined as Tier II). We excluded all publicly owned lands and commercial properties. We also excluded Residential General (RG) homes as these tend to be newer and larger residences, however, these properties may be amended into the area at a future date.

The majority of the committee recommended that we limit the home building incentives to site built homes rather than site built and manufactured. Their reasons for this included the desire to stimulate economic growth by employing local contractors and builders, the longer-term value of a site built home, and the fact that the intent is to offset negative equity from new construction. Manufactured homes do not face the same investment hurdles due to their lower cost per square foot. Others were concerned that this would be too restrictive. Staff explained that regardless of whether the incentives were provided, homeowners could still build manufactured homes in John Day, they just would not participate in this program if manufactured homes were specifically excluded from the rebate.

David Thunell (County Assessor) discussed the challenges of implementing urban renewal from an assessment and tax collection standpoint. Due to complexities in Measure 5 and Measure 50, all property owners in John Day will see an "urban renewal" line item in their tax bills regardless of whether or not they are in the urban renewal area. This is a legal requirement for all urban renewal areas in Oregon. However, the net tax receipts collected will be based solely on the land area and assessed value described in the adopted urban renewal plan. No existing homeowner will pay more taxes under this program and the City can under levy properties to limit the area to those specific homes that receive the incentives.

Mr. Thunell also pointed out that the minimum investment that triggers a new assessed value is \$10,000. As a result, any improvements to existing homes would have to exceed that threshold before they could result in a new assessed value and a corresponding increase in the tax base. Incentives for development proposals less than \$10,000 would not result in a return on investment for the City and should be excluded from the program.

The committee also discussed opportunities to enhance community facilities in parallel with the program. City staff briefed the committee on the potential to develop new city parks, trails and greenways by leveraging investments in new street infrastructure as an in-kind match for state grants. These amenities

can enhance the value of new housing developments. City staff discussed the need to address the status of the current city park and pool. Our 25-year agreement with the Parks and Recreation District to operate the city park and pool expires on August 4, 2020. Creating a new pool and recreation center was one of the highest ranked priorities in the recent countywide survey of residents conducted by Oregon Solutions and Oregon's Kitchen Table. Committee members were supportive of the idea of new investments in recreational facilities but asked that we consider those investments in the context of our existing facilities. We agreed to revisit this topic at a future committee meeting.

TIMELINE & NEXT STEPS

The next advisory committee meeting is scheduled for March 14, 4PM at the John Day Fire Hall. The advisory committee will review the updated boundary maps and revisions to the draft plan at their March meeting. The draft urban renewal plan and report will then be prepared and submitted to the technical advisory committee for approval.

The anticipated timeline for this project is as follows:

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|---|-----------------------------|
| • Preliminary Research/Scheduling for Public Meetings | January 2018 (complete) |
| • Community Advisory Committee Meeting #1 | January 29, 2018 (complete) |
| • Community Advisory Committee Meeting #2 | March 14, 2018 |
| • Draft Urban Renewal Plan and Report | April 2018 |
| • Review and Adoption Hearings / Meeting #3 | June 2018 |
| • Preparation of Legal Description and Notice of Adoption | July 2018 |

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: February 13, 2018

SUBJECT: Agenda Item #8: Innovation Gateway Progress Review
Attachment(s)

- None

BACKGROUND

The City completed the purchase of the Oregon Pine property in May 2017. We are now eight months into the property redevelopment. This memo provides a brief update on the progress made to date and our anticipated schedule for the coming months.

STATUS UPDATES

- The engineering feasibility study for the new wastewater treatment plant is ongoing. Anderson Perry is evaluating the DEQ permitting limits for a new direct discharge permit. Sustainable Water is developing recommendations for the reclaimed water treatment option.
- Portland State University has sent surveys to 312 randomly selected Canyon City and John Day wastewater customers. Of these, 72 surveys (23%) have been returned. The City needs a 90% response rate to complete the survey. Volunteers will be sent out in February to contact those households that have not responded.
- The statement of work (SOW) for the Transportation Growth Management grant has been submitted for review and approval. The City will need to budget for a \$27K cash match in FY18-19 for the area development plan. An invitation for the County to contribute in-kind match of staff time and data (no cash) was sent on January 16. If the County is interested, this step will need to be finalized prior to finalization of the grant agreement. Contracts for the TGM area development planning will be solicited upon approval of the SOW.
- The Phase 2 Environmental Assessment has been completed and submitted to DEQ for approval. If approved, the site cleanup is complete and development of the greenhouse may proceed.
- The two-acre area between the shop and the planar shed, identified as the future site of the greenhouse, has successfully been removed from the floodplain by FEMA.
- Power has been extended to the shop by OTEC and it will be ready for use in the coming weeks. A ten-foot conduit for power to the greenhouse was also installed using the same transformer.
- Survey planning for a trail system around the property has begun. The City is working on easements to enable some of the trails to open this summer for public use.
- Improvements to the bridge at Oregon Pine are being evaluated through pre-engineering and analysis. A cost estimate for this project will be provided later this year. Funding for the bridge improvement will be included in the funding request for trail paving.
- City staff are soliciting bids to repair the siding on the saw mill building and repaint it to improve its appearance until a future commercial use for the building has been decided. We will solicit local bids for this project.
- We removed the power poles from the property that are no longer in use, removed the fence from the pipe gate to the existing green fence along the highway, leveled portions of the meadow to improve its appearance, and cleaned up the brush and trees along the perimeter.
- We located the points of diversion that we believe cause the seasonal flooding on the property. If we can isolate and close those points, the property should not flood due to seasonal river flow.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: February 13, 2018

SUBJECT: Agenda Item #9: Greenhouse Design-Build Public Hearing
Attachment(s)

- Notice(s) of Public Hearing
- Resolution 18-783-07, A Resolution of the City of John Day Adopting Findings to Support the Design-Build Alternative Contracting Method for the Construction of the City Greenhouse Project

BACKGROUND

The John Day City Council, as the local contract review board (LCRB), can adopt findings to exempt the contract for the greenhouse project from the traditional competitive bidding process and approve the design-build alternative contracting method.

As shown in Exhibit A (Findings) of the Resolution, this allows the council to consider alternative and innovative public improvement contracting methods that allow alternate construction delivery processes, including, without limitation, design-build, and for allowing considerations other than lowest bid when doing source selection.

DISCUSSION

Design-build is a method of project delivery in which the owner executes a single contract with one entity to provide design and construction services. Many greenhouse firms provide both design and construction of their projects, delivering a better overall value to their clients. Others specialize in design and team with companies that specialize in construction. Both types of companies can submit an offer under this approach, either individually or as a team. This approach allows for value engineering and streamlines the review process, potentially reducing design and construction time that translates into an increased likelihood of cost savings, lowers our administrative burden, and provides greater cost certainty throughout the project.

The city posted a public notice for the public hearing in the Daily Journal of Commerce and the Blue Mountain Eagle (enclosed). The draft findings and resolution are also enclosed.

RECOMMENDATION

Council should open the public hearing and ask for comment. Council may then close the public hearing and deliberate. Upon conclusion of the deliberations, the following motion is recommended:

“I move to adopt Resolution 18-783-07, A Resolution of the City of John Day Adopting Findings to Support the Design-Build Alternative Contracting Method for the Construction of the City Greenhouse Project.”

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: February 13, 2018
SUBJECT: Agenda Item #10: Budget Committee Schedule
Attachment(s)

- Proposed Schedule

BACKGROUND

Council needs to adopt a schedule for the FY2018-2019 budget. A copy of the proposed schedule will be provided prior to the Tuesday meeting.

RECOMMENDATION

Council should review the proposed schedule and move to adopt or amend it, accordingly.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: February 13, 2018

SUBJECT: Agenda Item #11: CHNA Funding Request
Attachment(s)

- Letter of Request from Blue Mountain Hospital

BACKGROUND

The Blue Mountain Hospital District has requested \$4,945 in funding from the City of John Day to support the community health needs assessment (CHNA) process. The CHNA committee consists of members of the community and hospital staff that work collaboratively to improve community health.

DISCUSSION

I have chaired the committee on substance abuse and trust in the medical system since its inception in January 2017. The committee has focused on identify opportunities to improve awareness around substance abuse issues and improve education to the K-12 population.

The committee, through CEO Derek Daly, is requesting the sum of \$4,945 to be applied toward substance abuse prevention efforts. This is the amount of funding the city received through the supplemental marijuana tax in 2017 and is currently an unappropriated revenue source. This was a one-time payment that resulted from legislative changes to the way the tax is collected and distributed.

RECOMMENDATION

The city council may choose to appropriate these funds and issue them as a grant in a future council meeting. Alternatively, the City Manager could make a one-time payment from the community development investment fund during this fiscal year and replenish the fund in next year's budget from the unappropriated revenue source. Council may also choose to decline the request.

TO: John Day City Council
FROM: Nicholas Green, City Manager
DATE: February 13, 2018
SUBJECT: Agenda Item #12: Other Business and Upcoming Meetings
Attachment(s)

- LOC Bulletins

OTHER BUSINESS

- None

UPCOMING MEETINGS

- February 27 – City Council Meeting (7PM) – Annual Public Safety Report/Briefing
- March 13 – City Council Meeting (7PM) – State of the City Address
- March 27 – CANCELLED (No City Council Meeting)