

# **JOHN DAY INNOVATION GATEWAY ECONOMIC REVITALIZATION**

## **U.S. Department of Transportation - BUILD Grant Proposal**

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CITY OF JOHN DAY, OREGON

May 2020



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## Project Description

### Background

John Day is a historic ranching, mining and timber community nestled in the mountains of eastern Oregon. Though our size is small, we are the largest of Grant County's nine incorporated cities and its economic center. Many generations of county residents have called John Day home. Our residents have lived through the boom and bust cycles that have challenged our community and many natural resource communities throughout the country. While our traditions have endured, our way of life is also at risk. It is time for us to act.

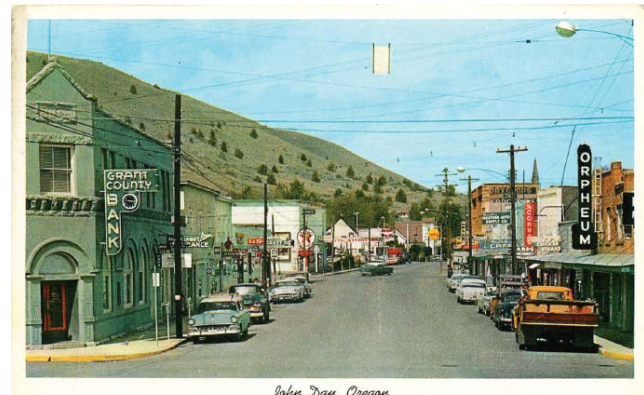


Figure 1. John Day Main Street c. 1950

John Day is surrounded by over two million acres of national forest and public lands ideal for hunting, fishing, outdoor recreation and business retreats. More than a dozen state and federal parks, heritage sites and recreation areas surround John Day – including the historic Kam Wah Chung Interpretive Center in downtown John Day, one of Oregon's 17 National Historic Landmarks, and the John Day Fossil Beds National Monument, located an hour to our west. The city's namesake and main natural feature is the John Day River, the third longest free-flowing river in the contiguous United States, which runs through the center of town.



Figure 2. The John Day River, Historic Kam Wah Chung Site and Community Events



Three decades of steady population decline has left us struggling to find enough revenue to fund basic city services. The disruption to the natural resource economy in the 1990s led to the closing of three of our four timber mills. The loss of family-wage jobs, particularly for our younger families, has created a vacuum filled largely by the unemployed, marginally employed, and retired residents living on fixed incomes. For years, Grant County has been considered Oregon's [most socioeconomically distressed area](#) by the Oregon Secretary of State.

Now we are fighting back.

In 2017, we adopted a new [Strategy for Growth](#) for the city. Since adopting the Strategy, we have raised over \$14 million in external funding for new housing developments, transportation planning, broadband improvements, recreational trails, Main Street infrastructure investments and other integrated initiatives – and we're just getting started (see [John Day's Integrated Initiatives, Appendix A](#)).

Over the next five years, our goal is to position John Day as a recreation and tourism hub in eastern Oregon. We are promoting high growth industries like controlled environment agriculture, agritourism and outdoor recreation that will benefit John Day as well as the surrounding farms, ranches and communities in Grant County. We are staying true to our heritage as a natural resource economy, but we are also adopting better business practices, new economic development approaches and entrepreneurial policies that will help our city become a leader in rural innovation and rural economic development.

We aren't going it alone. Our partners in this effort include the John Day city council; Grant County Chamber of Commerce; John Day downtown merchants; Grant County Economic Development Office; Grant School District 3; Blue Mountain Hospital District, Oregon Trail Electric Co-Op, and John Day/Canyon City Parks & Recreation District. We are also working closely with state and federal agencies, including the Malheur National Forest and Oregon Department of Fish & Wildlife, as well as our local businesses to explore opportunities to promote outdoor recreation in our area.

Our greatest assets are our people, our lands and our will to survive. We are resilient in spirit and are striving to overcome the decades-long decline that has strained our community to the breaking point – but we will not break. Please join us in our fight. Let's work together to accomplish something truly remarkable. We encourage you to take part in our community investment strategy by helping invest in John Day's transportation infrastructure. Together, we can overcome one of the longest economic recessions in Oregon's history and make John Day once more a thriving rural community.

### Transportation System & Infrastructure Challenges

The city's [1996 Transportation System Plan](#) and [2009 Local Street Network Plan](#) revealed a lack of cohesion in the city's general transportation planning, with large areas of the city's northern neighborhoods potentially stranded in the event of flooding along the John Day River. The city experienced its second major flood event in the past decade in April 2019, resulting in a Federal Disaster Declaration ([DR 4452](#)) and nearly \$1 million in local damages to John Day's street and utility infrastructure. Large extents of vacant, developable land also lack critical roads and utilities needed to make the sites more attractive to new businesses and housing developers, leading to a shortage in available workforce housing that further restricts economic expansion.

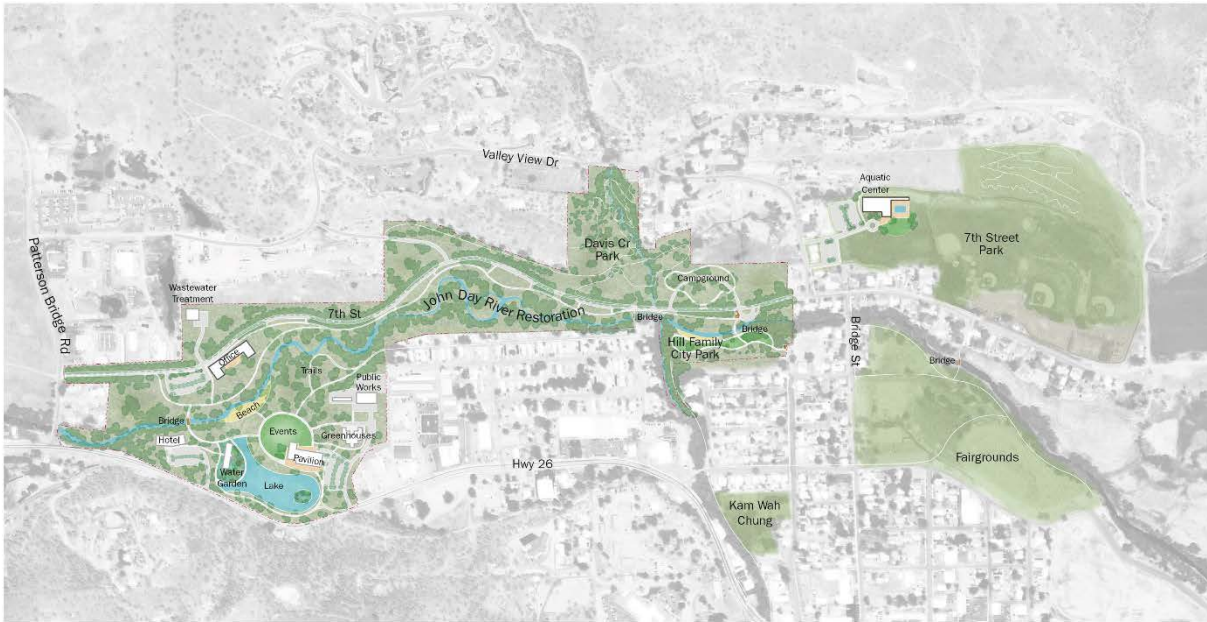


Figure 3. John Day's Innovation Gateway and Integrated Parks System

To combat these obstacles and reverse the pattern of population and economic decline, the City has adopted a new Strategy for Growth and other integrated initiatives centered on the John Day Innovation Gateway, a planned 100-acre innovation center in the heart of the city (Figure 3).

The [John Day Innovation Gateway Project](#) is an integrated community development, transportation and design plan that envisions the revitalization of the former Oregon Pine Mill site and adjacent riverfront properties as a dynamic, thriving and welcoming public space. The John Day River is a central, cohesive element of the Innovation Gateway, with public trails winding through restored habitat along the riverbanks, creating the connective tissue for a wide range of new land uses and a bold vision for the use of reclaimed wastewater. These investments offer significant improvements for John Day's future and support the City's initiatives to maximize innovation and efficiency, build partnerships and spur a sustainable and resilient economy that retains and attracts a wide range of residents and businesses.

### Project Overview

The 2020 BUILD grant will help John Day achieve its Strategy for Growth to attract new residents and businesses by helping the city build a complete street network more welcoming to all users, including those walking, biking, driving automobiles, and riding public transportation.

Specifically, this project will build over 4.4 miles of new street improvements, including:

- 2,500 linear feet of highway improvements to U.S. Highway 26
- 5,400 linear feet of new arterial streets
- 2,866 linear feet of new collector streets
- 12,455 linear feet of new local/connector streets
- 80,080 square feet of new parking on U.S. Highway 26 and local area attractions
- One (1) intersection improvement project

- Structural improvements to one (1) existing bridge (currently inoperable) at Oregon Pine to open it for public use by bikes, pedestrians and emergency/service vehicles
- One (1) new multimodal bridge for vehicles, bikes and pedestrian access
- One (1) new multimodal bridge for bikes and pedestrians, integrated with parking, trails and public transit stops to tie together the city's disconnected park transportation infrastructure

**The extension of the 7th Street minor arterial, Innovation Gateway and U.S. Highway 26 improvements and the Holmstrom Road and Bridge are the most critical project components in this proposal.** The 7<sup>th</sup> Street minor arterial will connect the only two functioning bridges to the north side of the city (Patterson Bridge and Bridge Street Bridge). Both bridges are rated Fair and moving toward Poor condition (see [Bridge Condition Assessment, Appendix B](#)). These are the city's most used bridges, accounting for 2,164 daily trips across the John Day River on an average weekday. Making this connection, combined with the addition of the new Holmstrom Road and Bridge, will significantly increase flood resilience and future housing growth while also creating an integrated network of trails and local access streets along the John Day River and its adjacent natural areas. The project will also: create connections to a new 50-room hotel, 250 person event center, and distillery at the Innovation Gateway; create access to new residential neighborhoods; and provide public access to wastewater reuse projects, educational areas, and community gathering places to complete the City's local street network.

## Project Objectives

This project has five main objectives:

1. **Improve Safety** – Improve transit and safety within the city by addressing deficiencies in local street network connectivity and eliminating single points-of-failure for critical road and bridge infrastructure.
2. **Increase Flood Resilience** – Build a new collector bridge across the John Day River capable of withstanding 100-year flood events and allowing the City to begin repairing and replacing the existing Bridge Street and Patterson Road bridges
3. **Spur Economic Competitiveness** – Create access to a new hotel and event center at the Innovation Gateway, along with 43 acres of buildable residential land (20-year housing supply) and 14 acres of new industrial lots (20-year mixed use industrial/commercial supply) in close proximity to city services, which are currently not accessible by city streets.
4. **Enhance Environmental Sustainability** – Provide over 80-million gallons of Class A reclaimed water annually to all new industrial, residential and recreation developments in the project area, reducing fresh water consumption from the John Day watershed and restoring wetland habitat.
5. **Improve Quality of Life** – Make the city more livable by eliminating brownfields and restoring public access to the John Day River for the first time in over a century, and creating new recreation and wellness opportunities throughout the city by integrating the City's five main parks through an integrated trail and street network.

## Previously Completed Components

The City has reached several significant milestones towards realizing this comprehensive vision that have set this project up for success. Over the past four years, we have:

- Completed a two-year land assembly effort in 2019 resulting in the City acquiring 83 acres of former timber mill sites and brownfields for redevelopment at a cost of \$750,000;

- Completed Phase 1 and Phase 2 environmental site assessments resulting in a No Further Action decision from the Oregon Department of Environmental Quality at the former Oregon Pine mill site ([ECSI Site ID 2739](#)) where the new hotel and event center will be located;
- Assembled a world-class team of architects, planners, engineers and economists to partner with the City in designing and building the city's infrastructure;
- Created the [John Day Innovation Gateway Area Plan](#) for the development of the street networks and infrastructure improvements proposed in this project;
- Acquired the land for right-of-way to accommodate the new 7th Street minor arterial and associated stub streets to adjacent redevelopment land;
- Signed Memoranda of Understanding (MOU) with all affected property owners and all local utility providers to provide the necessary right-of-way and utilities for the expansion of the arterial and collector streets proposed in this project (see [Memorandum of Understanding, Appendix C](#));
- Planned and financed new soft-surface trail networks along the John Day River to connect the city's parks and neighborhoods to the river and to each other through an [Integrated Park System](#), complementing a recently completed mountain bike trail park, all of which will begin to identify John Day as a destination for active recreation;
- Signed a purchase and sale agreement to acquire an additional 14-acres of land for the future Innovation Gateway industrial site;
- Updated the City's FEMA flood insurance rate maps (FIRMs) based on new hydrological data collected by the Army Corps of Engineers;
- Updated the City's Natural Hazard Mitigation Plan to increase resilience to and improve recovery from natural disasters.

The City applied for the 2019 BUILD grant for a similar proposal and were highly recommended. This year's application has adjusted the scope and added additional economic and transportation impact analysis to improve our competitive position. These adjustments were based on several planning and transportation studies completed in the last eighteen months. They are:

- [Housing Incentive Plan](#) (June 2018)
- [Wastewater Facility Plan Update](#) (March 2019)
- [Economic Opportunity Analysis](#) (June 2019)
- [Comprehensive Economic Development Strategy](#) (August 2019)
- [Housing and Community Development Assessment](#) (October 2019)
- [Innovation Gateway Area Plan](#) and [Technical Report](#) (November 2019)
- [Innovation Gateway Transportation Impact Analysis](#) (March 2020)

In preparation for this application, we have also formed a public private partnership or teaming relationship with six local businesses and regional utility providers to facilitate this project and companion projects at the Innovation Gateway. These relationships and their contributions include:

- Oregon Telephone Corporation (OTC): \$272,000 in private investment for community broadband, expected to create three (3) new private sector jobs;
- Priday Hotel Group – \$6.5 million in private investment from the Priday family for a new 50-room hotel at the Innovation Gateway, expected to create sixteen (16) new private sector jobs;

- 1188 Brewing Co. – Establishment of a new distillery at the Innovation Gateway event center, expected to create sixteen (16) new private sector jobs;
- Iron Triangle/Russ & Tara Young – \$498,000 in private investment for new Ironwood Estates workforce housing;
- Mahogany Ridge Property (MHP) – \$400,000 in private investment for new Mahogany Ridge housing developments;
- Oregon Trail Electric Cooperative (OTEC) – \$305,000 in investment for Innovation Gateway electrical grid improvements.

In addition to these private investments, the City of John Day has committed:

- \$290,000 to complete the city's Integrated Park System to add riverfront trails and bridges throughout the BUILD project area;
- \$768,000 to complete the property acquisition for the future Innovation Gateway industrial park, plus an additional \$100,000 for any remediation activities needed, which will add 12, one-acre mixed-use building sites expected to create 23 jobs per acre over the next 20-years;
- \$14 million for the new [John Day Wastewater Treatment Plant/Water Reclamation Facility](#) that will be co-located at this site, in addition to the City's first [commercial-scale greenhouse](#) erected in 2019 that will be accessed from the transportation improvements proposed in this project.

## Project Location

The City of John Day is located in the Blue Mountains of eastern Oregon at the base of the Malheur National Forest. John Day (*pop.* 1,735) is the largest community in Grant County (*pop.* 7,400) and its economic center. It is situated in the valley bottom of the John Day River at the intersection of state highways US 26 and US 395. The elevation of the City is approximately 3,040 feet above mean sea level.

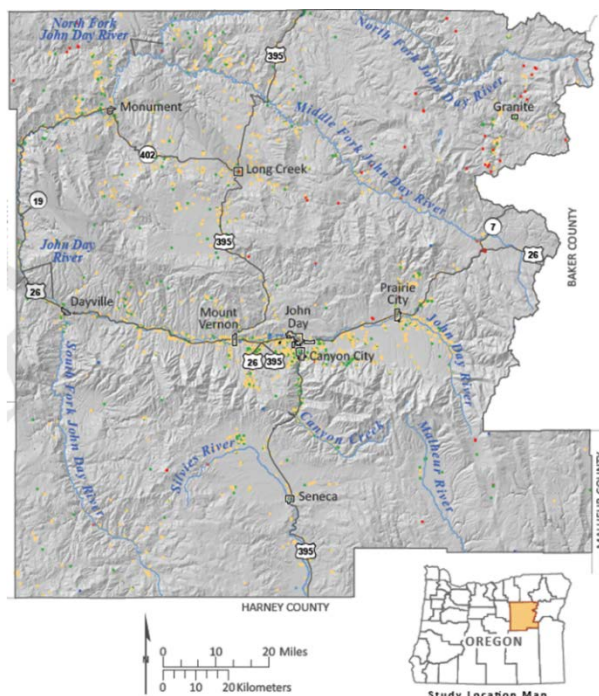


Figure 4. John Day in central Grant County, OR

The city is surrounded by over two million acres of national forest and public lands. More than a dozen state and federal parks and recreation areas surround John Day. **Though we are the most socioeconomically distressed community in Oregon, this project is not located in an economic Opportunity Zone.**

The project location, consisting of the John Day Innovation Gateway and surrounding properties, includes 100 acres of brownfields acquired and reclaimed by the City of John Day. Prior to the city's acquisition, a portion of this area was the former Oregon Pine Mill site, which operated from the 1940s until the early 1990s. Prior to being used in mill operations, the area was dredge mined in the 1920s-40s. In 1947, the City built its first wastewater treatment plant at the east end of the site. This heavy industrial activity in and around the John Day River resulted in significant



environmental degradation. The John Day River, where it flows through town, has been drastically altered by past gold mining activities. Bucket dredge mining resulted in the river channel being straightened, narrowed, and re-routed. The valley bottom soils, including the river sand and gravel, were essentially turned upside down, and all of the native vegetation was removed. The dredging activities had severe impacts on river and floodplain function, as well as on fish and wildlife habitat. Fish passage was also disrupted by the irrigation diversion structure at the downstream end of the project area. As a result, the current John Day River corridor and floodplain are not optimal for fish habitat, recreation, or flood storage. The 100-year floodplain (large flood that occurs, on average, once every 100 years) covers much of the city (see [John Day Flood Maps, Appendix D](#)).

The City of John Day contracted with Walker Macy, a leading landscape architecture firm, to create the Innovation Gateway Area Plan for this site as part of a 2017 Oregon Department of Transportation Growth Management (TGM) grant. The Plan integrates opportunities to improve traffic flow and street infrastructure while also incorporating multiple opportunities for recreation, public space and future environmental restoration along the riverfront. **The Innovation Gateway Area Plan and associated improvements won the League of Oregon Cities 2019 Award for Excellence – the highest award available to any city in Oregon.**



Figure 5. John Day Mayor Ron Lundbom receives 2019 Award for Excellence for the Innovation Gateway Area Plan

## Grant Funds, Sources and Uses of Project Funds

There are 11 discrete project components associated with this project. The total estimated cost for the project is \$19,705,204.71. The City of John Day and our teammates have committed \$2,156,547.24 in local match (11 percent). The city is requesting \$17,548,657.48 in BUILD grant funding (89 percent). Eligible project costs, the source and amount of those funds, are shown in the table below.

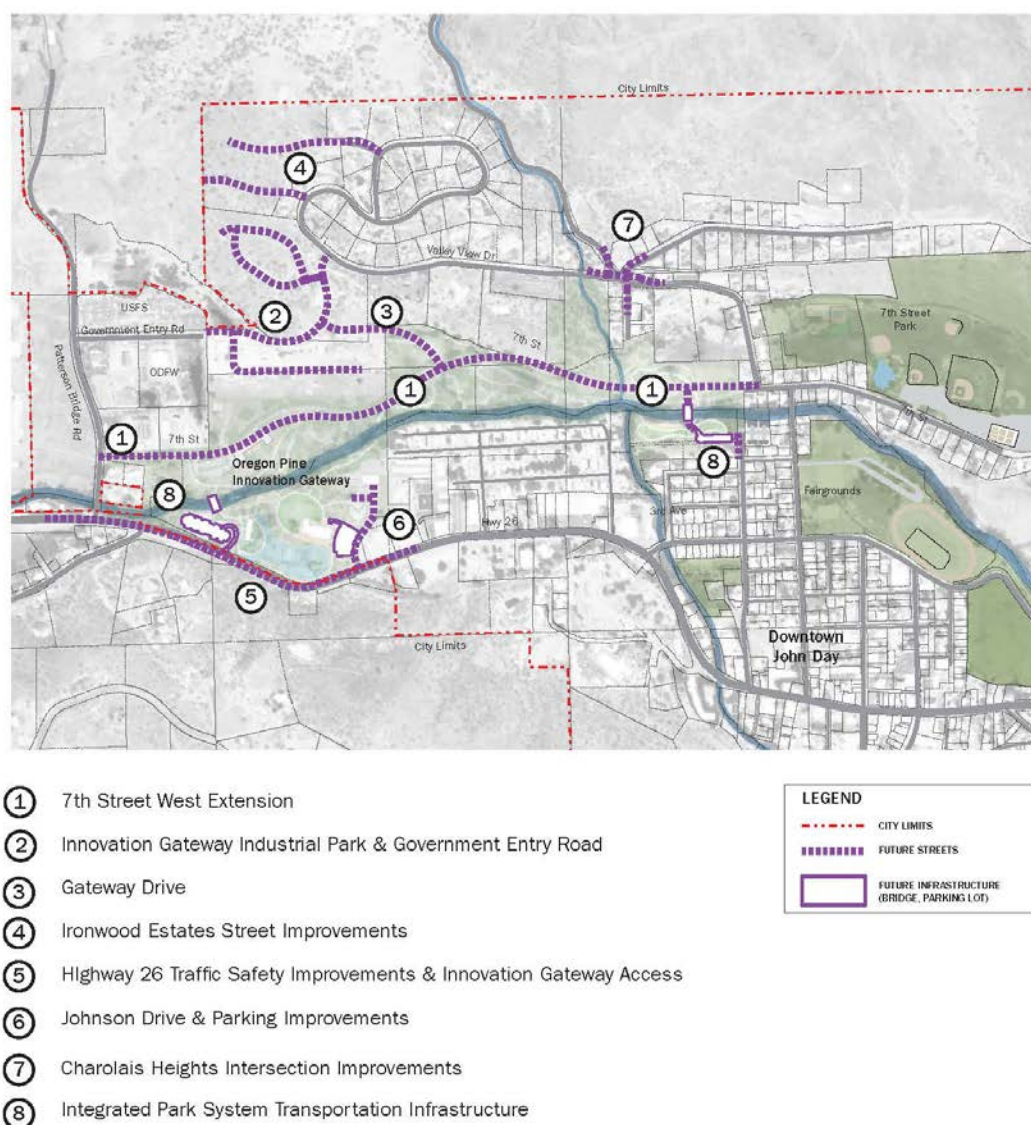
ID	DESCRIPTION	CONSTRUCTION	PROJECT TOTAL	MATCH	SOURCE
1	7th Street West Extension	\$2,806,505.63	\$3,668,505.63		
2	Gov't Entry Rd. & Industrial Park	\$1,204,379.33	\$2,382,135.33	\$868,256.00	COJD
3	Gateway Drive	\$417,222.50	\$552,722.50		
4	Ironwood Estates	\$2,018,837.80	\$2,490,837.80	\$498,167.56	Young
5	Highway 26 & Innovation Gateway	\$1,384,097.50	\$2,014,097.50		
6	Johnson Drive	\$361,457.30	\$451,957.30		
7	Charolais Heights Intersection	\$257,404.00	\$320,404.00	\$100,000.00	COJD
8	Integrated Park System	\$464,163.96	\$596,663.96	\$290,000.00	COJD
9	7th Street East & Holmstrom Road and Bridge	\$3,840,567.50	\$4,935,067.50		
10	Downtown Parking Improvements	\$226,194.83	\$292,194.83		
11	Mahogany Ridge	\$1,604,618.38	\$2,000,618.38	\$400,123.68	MHP
		<b>\$14,585,448.71</b>	<b>\$19,705,204.71</b>	<b>\$2,156,547.24</b>	

Matching funds are provided by the City of John Day (COJD), Russ & Tara Young, and Mahogany Ridge Properties. All matching funds are local (non-federal). **Detailed project cost elements are provided** (see [Engineer's Cost Estimates, Appendix E](#)).

## Project Components

Each project component has been assigned a specific identification number (1-11) as shown in Figure 6 and Figure 7. Detailed engineering diagrams (reference sheets) and any applicable agreements have been provided with the application for specific transportation improvements. The project will be completed in two phases, with concurrent investments from the City's utility partners that span both project phases, as described below. **The master transportation improvement plan is included** (see [Project Reference Sheets, Appendix F](#)).

Figure 6. Phase One Project Components



### Phase One - Project Components (Estimated Cost: \$12,477,324.01)

Phase One consists of new highway, arterial, collector and local street improvements in the northwest area of the city that will enable access to future residential, industrial and recreation/open spaces. This phase will provide a grid of 'complete street' circulation in an area that is currently underserved.

- 1. 7th Street West Extension.** The 7th Street West Extension is a 4,950 foot long arterial that extends from Patterson Bridge Road at the west to Bridge Street at the east. **This is the most critical investment for the City as it connects the only two bridges across the John Day River that service the city's north side.** As major flooding has become more common in the John Day Valley, the City sees the critical need to improve east-west and north-south connectivity across the John Day River. The City's two bridges over the John Day River, Patterson Bridge and the Bridge Street Bridge, were recently rated in Fair condition. Because there is no existing arterial between these bridges, all traffic flows for residential neighborhoods must cross Bridge Street - creating a single point of failure in the event of a flood or bridge failure. Other factors that increase the hazard and risk posed during a flood event include the bridge's age, condition and the narrow river channel that concentrates flows under both bridges. Due to these safety concerns, the City cannot permit new housing developments until this arterial and its collectors are completed. This arterial will also provide access to the City's new wastewater treatment plant, a critical community facility scheduled to begin construction in 2021 that will replace the City's 72-year old wastewater treatment plant approximately  $\frac{3}{4}$  of a mile to the east.

The street will partially follow an existing gravel access road, other portions will be constructed across a portion of the old Oregon Pine sawmill site and based on this it is anticipated that there will be areas that need to be over-excavated to remove organic material (bark, sawdust, etc) to create a solid base. The street construction will include two travel lanes and scattered roadside parking, a waterline, fiber optic and power will be installed, creating loops for the systems. Sidewalks and street side parking are also included in the overall width of disturbance, which will be 25 ft wide and 2-6 ft deep on average. One creek crossing will be involved over Davis Creek, which has been delineated and the Ordinary High-Water Mark determined as a part of a recent Wetland Delineation. Drainage from the street and sidewalks will be routed along the street into water quality/infiltration swales in the planter areas along the street.

- 2. Innovation Gateway Industrial Park & Government Entry Road.** The City has signed a purchase and sale agreement to acquire a 14-acre under-developed industrial property from Iron Triangle as part of the proposed partnership agreement to develop Ironwood Estates. The City completed a USFLA appraisal (report and appraisal enclosed) that valued the property at \$495,000. The City has signed an agreement to purchase this property and the associated right-of-way from Iron Triangle and expects to close on this purchase in June 2020. Government Entry Road is a 1,500 foot new collector street that will be extended to provide access to a 12-lot Industrial Park and then continue up to the existing Valley View Road, providing direct access to workforce housing for employees. Government Entry Road will follow an existing dirt access road/utility easement, using cut/fill of the area to increase the width. Iron Triangle Place will be a new 1,300 foot access road constructed through a site previously used as a yard for Iron Triangle's logging/construction company. The site is level and will require minimal grading. The public utilities are currently installed along Government Entry Road, new private utilities and drainage culverts will be constructed. Iron Triangle Place is a new street so all of the utilities will

need to be installed: sewer, water, power and fiber optic. Power and fiber will be installed by OTEC and OTC as part of their companion projects. Also a supply line will be provide to each lot, providing recycled wastewater for industrial use and/or fire protection from the City's new wastewater treatment plant. The road system will use road side ditches to route runoff to a water quality/infiltration area. Upon completion of this project, the lots will be sold by the City at Fair Market Value.

- 3. Gateway Drive.** This is a new connector street that efficiently connects the traffic from Government Entry Road and 7th Street to improve traffic flows. The roadway will climb from the valley floor approximately 50 feet over 1,040 linear feet and connect with Government Entry Road. The street will be constructed with cut/fill of the project area and imported fill material. The existing drainageway will be crossed with a fill over culvert. Also as part of the road construction water, fiber optics and power will be looped between Government Entry Road and 7th Street creating redundant loops and more reliable utility systems. Cut and fill will be approximately 3-10 ft for the construction of the roads on hillsides.
- 4. Ironwood Estates Street Improvements.** Ironwood Estates II/III is the next phase of the Ironwood Estates master-planned community. Phase I was constructed in the early 1990s. Due to the loss of the timber industry, this was the last residential housing development completed in John Day. However, this neighborhood is experiencing new growth and increased demand for housing as a result of the City's new home incentive program. This project consists of a 2,370-foot of new pavement in three local streets ending in cul-de-sacs, two accessed from the existing Valley View Drive and one from the Government Entry Road. The property is owned by Russ Young, owner of Iron Triangle LLC, John Day's most experienced land development and construction firm. Iron Triangle will provide 20-percent matching funds for this project as cash and in-kind services to facilitate opening this area for new housing. The project element includes the expansion of streets and utilities from Ironwood Estates, to develop approximately 15.2 Acres - 17 single family residential lots and 9.83 Acres - 29 multi-family lots that will be sold at Fair Market Value. Fiber-optics will be extended to existing lots in the areas and will also be provided to the new lots. The property is on a hillside and roads will be graded to minimize impact and balance the cut/fills as much as possible. As part of the road construction all the utilities (sewer, water, storm and private utilities) will be installed prior to construction of the pavement. A roadside ditch and crossroad culverts will divert runoff way from future structures and into the existing drainages. The existing drainages are very seasonal, only high rainfall or snow melt create flow in these drainages, for a limited amount of time. Prior development and mining activities from when the valley was dredged have stopped any direct surface flow of these drainages to the John Day River. Cut and fill will be approximately 3-10 ft for the construction of the roads on hillsides. Sewer utilities will be installed at 5-12 ft with water, power and fiber optics at 4-6 ft.
- 5. Highway 26 Traffic Safety Improvements & Innovation Gateway Access.** Highway 26 is to be improved to increase traffic flow at the site of the new hotel and event center at the Innovation Gateway, as recommended in the Innovation Gateway Transportation Impact Study. This project creates a left-hand turn lane just west of Patterson Bridge Road, across all of the frontage of the Innovation Gateway, to the existing turn lane east of the Innovation Gateway. To create these, the Highway will be widened 12 feet on the north side of the existing pavement. This will require fill, minimal cut, new crushed base rock, existing culverts replaced at the full width, and



then paved. On both ends of the project, the existing pavement will be ground down 2" and then a new asphalt overlay and new pavement markings. East of Patterson Bridge Road the same will be done for an additional 12 ft to create a right-hand turn lane. Additionally, the highway access, parking and access to the proposed 7th Street for the Innovation Gateway will be constructed. The parking area is currently an old paved surface that will be pulverized and used a base rock. The Oregon Pine Bridge will be for pedestrians and maintenance vehicles only. This will be a 12 ft gravel surface and involve some rehabilitation of the existing bridge left over from the old sawmill operations. No excavation will be required, but 2-6 ft of fill will be used to create the extra width.

6. **Johnson Drive & Parking Improvements.** Johnson Drive is a 640-foot road, named after former owner of the Oregon Pine Mill site (D.R. Johnson). It is a proposed local street to provide public access to the Innovation Gateway property from U.S. Highway 26. The road width will be 25 ft and the depth of excavation will be approximately 2-3 ft. The road will connect the city's first commercial-scale greenhouse and the City public works shop to the main highway, which is also John Day's Main Street. Johnson Drive and the associated parking lot (33,500 sf) will also service a planned community pavilion for public gatherings and future commercial uses. This access road is currently a gravel road and the parking areas are roughly graded dredge tailings, this will be graded, compacted and then paved. All of the needed utilities currently exist. Runoff from the paved areas will be directed to flow into water quality/infiltration areas.
7. **Charolais Heights Intersection Improvements.** The Charolais Heights Intersection must be reconstructed to improve traffic flows for future residential areas for Ironwood Estates. The project element includes restructuring the right-of-way and redesigning the intersection to improve traffic-flow on Valley View Drive and reduce safety concerns from the five-way intersection currently in place. The Charolais Heights Intersection is an existing intersection that over the years slowly added streets and driveways that have created an intersection that has five (5) streets that intersect at odd angles, different grades and different surfaces. This project relocates and aligns four (4) of the streets into an intersection that is at nearly right angles and levels the grade issues. The fifth street is a gravel County Road (Davis Creek) that only serves a few residents. It will be relocated to create its own tee intersection, away from the main intersection. All of the public utilities are existing and just have to adjust the elevation. Some of the private utilities exist overhead and will be re-located underground through this area. The drainage system is existing and will be adjusted to meet the new grades and slopes.
8. **Integrated Park System Transportation Infrastructure.** This project will create an integrated park system by constructing a multi-modal bridge across the John Day River and a local bike/ped riverfront trail network to improve mobility and access between the city's parks and neighborhoods. The project will create off-street parking for the new Hill Family Park and erect a pre-fabricated steel bridge over the John Day River, which will improve both bike/ped safety and traffic flows in and around this area. The bridge excavation depth will be 5-10 ft on either side of the River. Parking lot excavation depth will be 2-3 ft. This project also creates a 12' wide paved access from 7th street to the steel pedestrian bridge over the John Day River that connects to the parking at Hill Family Park, followed by the completion of the construction of Canton Street. Canton Street is currently graded, curbs are installed, and all utilities are existing. It only requires fine tuning the base rock grading, paving and sidewalk construction. The Hill Family Park parking will need to be stripped, graded, base rock and paved. Sewer, water, power and fiber optics

lines need to be installed prior to paving for future plans in the area. Overall, the lot will be 13,840 sf for parking with 2,640 sf of paved area for trail access. The storm runoff from the parking area will be routed to a water quality/infiltration area. Site work will include grading and a concrete foundation on each side of the river. The trail on both sides of the bridge will require grading, base rock and paving.

The eight project components included in Phase One of the BUILD grant will be complimented by four companion projects. These companion projects represent significant investments on the part of the City and its teammates. Each project is described below. The impact of these projects is further discussed in the Project Costs and Benefits section of this application.

**Companion Project: John Day Innovation Gateway.** Planning for the Innovation Gateway began in 2017 with the City's purchase of the former Oregon Pine Mill site. Following a three-year planning and fundraising effort, the City has completed its plans to construct tourism and recreation facilities in this area (Figure 7). These plans include: a new 50-room hotel, 250-person event center and distillery; water gardens; restored wetlands; a community; an event lawn with riverfront beach access; and community gardens adjacent to the City's greenhouse (see [Innovation Gateway Design Charette and Precedent Studies, Appendix G](#)). The City has secured a commitment for a \$6.5 million investment from the Priddy family for the new hotel, *The Inn at Whiskey Flat*, which will be their fifth hotel in central and eastern Oregon. The hotel, event center and distillery will share a lobby and site improvements, including parking (Figure 8).



Figure 7. Innovation Gateway Site Plan





Hotel - Architectural Rendering

John Day Innovation Gateway - Economic Revitalization  
May 2020



Hotel - Architectural Rendering

John Day Innovation Gateway - Economic Revitalization  
May 2020

Figure 8. The Inn at Whiskey Flat Hotel, Event Center and Distillery (Top) with Event Center and Water Gardens (Bottom)

### Companion Project: John Day Wastewater Treatment Plant/Reclaimed Water Facility.

North of the hotel and event center, on the north side of the John Day River, the City will construct its new \$12 million wastewater treatment plant (Figure 9). This state-of-the-art facility will reclaim 100% of the city's wastewater and repurpose it for beneficial reuse at the Innovation Gateway, future industrial park, and for irrigation and grounds maintenance. This project is currently in final design engineering and will begin construction in 2021.



Figure 9. John Day Water Reclamation Facility

**Companion Project: OTEC Power Upgrades.** In order to accommodate the new industrial and residential load growth for this project, OTEC has agreed to provide \$305,000 in new electrical improvements through two projects: (1) Patterson Voltage Conversion will convert the local distribution facilities along Patterson Bridge Road and east along the river from 12,500 volts to 34,500 volts; (2) 7th Street electrical facilities will be installed and improved to provide a looped (backup) power feed to the area and offer a readily available source of power along the new 7th Street Extension. These projects are described in detail in the [OTEC Addendum \(Appendix H\)](#).

**Companion Project: OTC Fiber Optic Network Infrastructure.** OTC, a local telecommunications firm, has partnered with the City to construct a community broadband network that will extend to all of the proposed housing developments and Innovation Gateway improvements proposed in this application. The City and OTC have applied for funding through the Economic Development Administration to complete this project. The preliminary engineering report and full details on this project are enclosed (see [John Day Broadband Project Summary, Appendix I](#)).

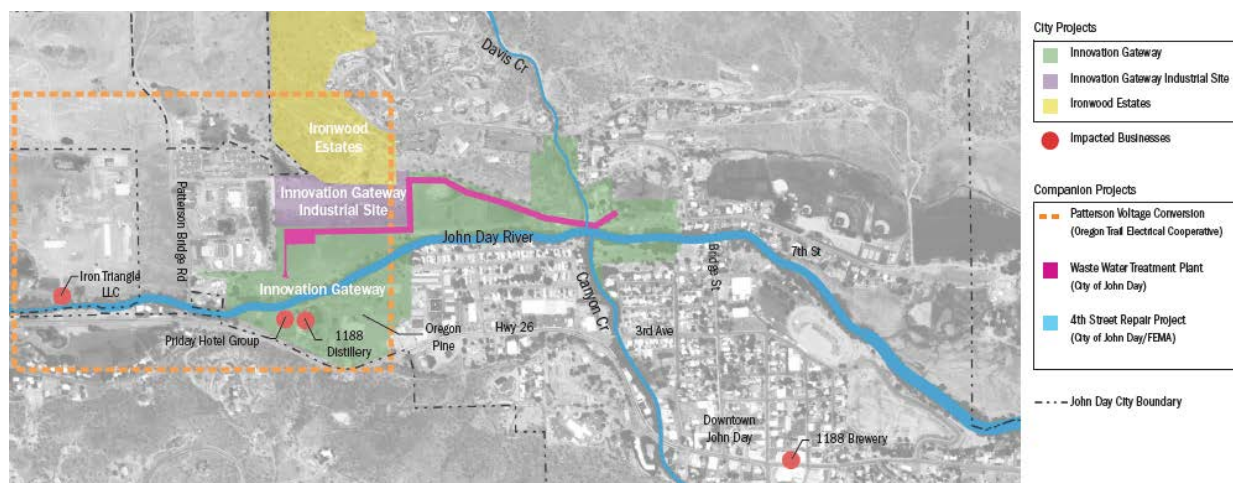


Figure 10. Companion Projects

Companion project overview maps (Figure 10) are enclosed with this report (see [Companion Project Maps, Appendix J](#)). The physical location of the Phase 1 improvements is shown in Figure 11.



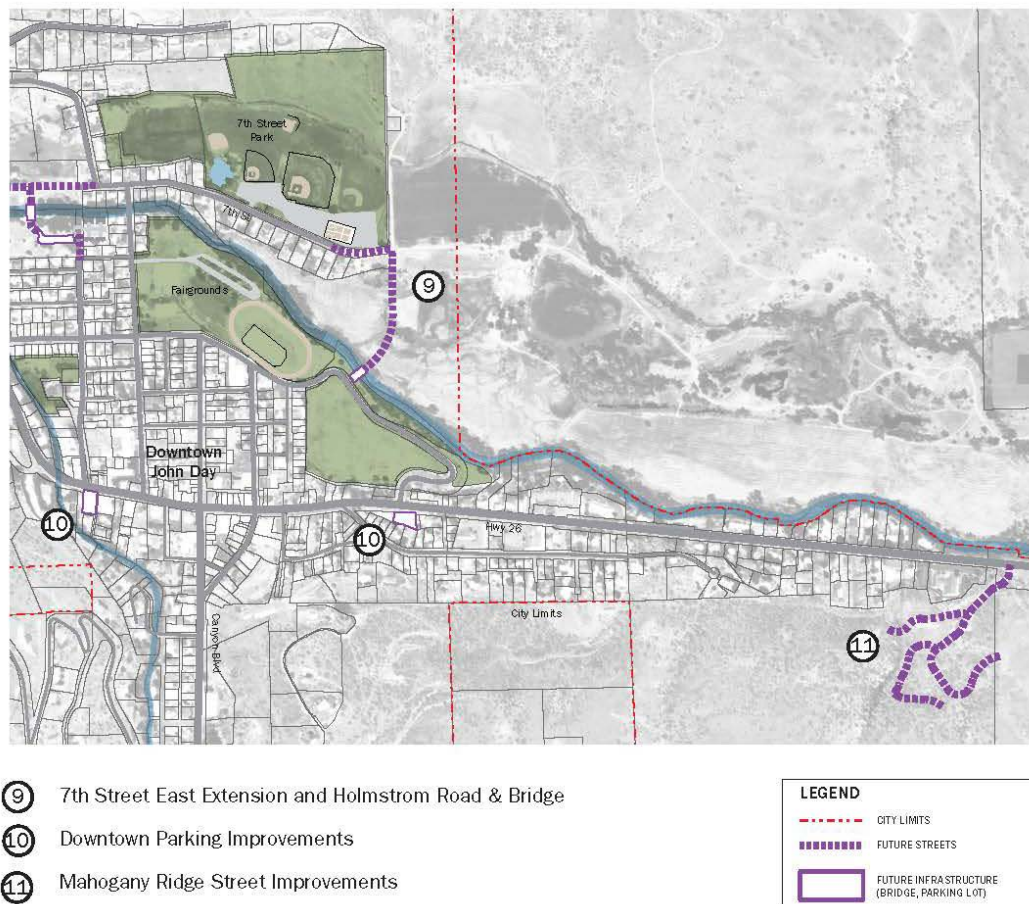


Figure 11. Innovation Gateway (Pink); Future Industrial Park (Green); and Ironwood Estates (Yellow)

#### Phase Two - Project Components (Estimated Cost: \$7,227,880.70)

The Phase One activities set the stage for the development work in Phase Two, which focuses on creating new residential housing east of the city and tourism opportunities downtown (Figure 12). This phase will build an extension to the 7th Street minor arterial at the east end of 7th Street and creates a new collector street accessible by a new bridge over the John Day River. A public private partnership with Mahogany Ridge LLC will open an additional 18 acres for multi-family housing at the east end of John Day. These transportation system improvements on the east end of town will create a new river crossing that will allow the City to replace the Bridge Street Bridge and Patterson Road Bridge in the future. They will also enable access to much needed housing within the city limits. The downtown parking improvements constructed in this phase will improve parking and access to downtown tourist attractions like the Kam Wah Chung interpretive center and local restaurants.

Figure 12. Phase Two Project Components



9. **7<sup>th</sup> Street East Extension and Holmstrom Road & Bridge.** 7th Street will be extended from the end of the current pavement east approximately 450 lf. This portion is currently a well gravelled access approximately 18'-20' wide. The street will then turn south, with a new bridge crossing over the John Day River and approximately 1050 lf of new pavement (Holmstrom Road and Bridge), which will connect 7<sup>th</sup> Street to the existing 3rd Street. As part of the road construction, all the utilities (sewer, water, storm and private utilities) will be installed prior to construction of the pavement, curb and sidewalks. The proposed street will have minimal grading, with the largest amount likely needed for the bridge construction. Storm runoff will be controlled with curbing and gutter inlets, then routed to water quality/infiltration swales in the road side planter areas. Excavation for this portion of the extension will be 4-6 ft. Sewer utilities will be installed at 5-12 ft with water, power and fiber optics at 4-6 ft.
10. **Downtown Parking Improvements.** This project creates two new downtown parking areas within three blocks of the City's main commercial center. Both parking areas are owned by the city and are important to improve tourism and allow for recreational vehicle parking and access to downtown. The East Side Parking Lot (10,500 sf) is an existing parking lot adjacent to the John Day City Hall with asphalt that is in poor condition and it is being expanded. The existing asphalt will be pulverized and mixed with new 3/4"-0" crushed base rock, the site will be graded to

match the existing storm drainage system. A public restroom will be added for use by travelers. The current ADA area will be properly graded, signed and marked. The West Side Parking Lot (11,100 sf) is an existing gravel lot previously used for automobile sales that was recently purchased by the City. The site will be regraded to drain to a water quality/infiltration area to dispose of the site runoff. Additional 3/4"-0" crushed base rock will be added and the site paved. A public restroom with ADA access and parking will be included for travelers and the public downtown. Excavation depth for construction of the parking lots will be 2-3 ft.

- 11. Mahogany Ridge Street Improvements.** Mahogany Ridge Properties (MRP) is a locally-owned, family-run business with a vision of improving housing opportunities in Grant County. MRP has purchased 81.5 acres of residential zoned property on the east side of John Day with the intention of developing a variety of innovative housing options to fill a demand the market is currently lacking. This project includes the expansion of streets and utilities for Phase 1 of Mahogany Ridge, to develop approximately 18.2 Acres - 11 multi-family lots. Previous development in the areas has stubs for the sewer and water adjacent to the property. Power and fiber optics are located overhead at HWY 26 and will be provided underground along the streets. The property is on a hillside and roads will be graded to minimize impact and balance the cut/fills as much as possible. As part of the road construction all the utilities (sewer, water, storm and private utilities) will be installed prior to construction of the pavement. A roadside ditch and cross-road culverts will divert runoff away from future structures and into the existing drainages. The existing drainages are very seasonal, only high rainfall or snow melt create flow in these drainages, for a limited amount of time. The drainage eventually connects to a culvert system on HWY 26. Road width will be 25 ft. Cut and fill will be approximately 3-10 ft for the construction of the roads on hillsides. Sewer utilities will be installed at 5-12 ft with water, power and fiber optics at 4-6 ft.

## Conditions

The Iron Triangle partnership agreement is conditioned on the City purchasing the industrial lot and on Iron Triangle being allowed to be the prime contractor for the street improvements in their Ironwood Estates Phase II/III residential development. A purchase and sale agreement is pending signature as of May 18, 2020. A Phase 1 environmental site assessment (ESA) was conducted on May 12, 2020 (report pending). The City has the financing committed to complete this transaction and associated permitting within the statutory timeframe of the grant.

The Holmstrom MOU from 2019 will need to be updated to reflect the 2020 BUILD scope. Some additional right-of-way acquisition and property line adjustments/land exchange between Holmstroms and the City near Charolais Heights may be needed, which will be determined based on the final design and Planning Commission review. This final agreement will be made post-award and prior to construction.

## Selection Criteria

### Primary Merit Criteria

**Safety.** John Day is fortunate to have very few collisions within the city limits. Crashes, fatalities and injuries between motorists are infrequent. There are no rail crossings anywhere in the city and most freight in the area is non-hazardous. However, the city does have several deficiencies in local street



network connectivity, including a lack of sidewalks alongside main collector and arterial streets, disconnected multi-modal trails and bridges that lack connectivity and result in single points-of-failure for critical services. The new highway improvements, arterials, collectors and local streets proposed in this application will enhance mobility and traffic flow for vehicles and improve safety by distributing traffic among more local streets.

Specific safety benefits include the following:

1. **Improves Bike/Pedestrian Safety.** The proposed trails and sidewalks where none currently exist will create separation between motorized and non-motorized traffic. Two new and improved bridges across the John Day River at the Hill Family Park and Oregon Pine will also separate motorized and non-motorized traffic, providing multi-modal pathways to safely connect neighborhoods and public recreation areas like the Kam Wah Chung heritage site that have seen an increase in tourism since the 2017 Solar Eclipse.
2. **Improves Motorist Visibility.** Using street designs that provide good visibility with reduced speeds (park streets) as proposed in this application will increase safety throughout the proposed street network. Establishing parking pull-outs with ADA-accessible covered shelters for public transit will also help improve pedestrian safety and mobility for passengers on the public transit system.
3. **Eliminates Emergency Access Bottlenecks.** The new bridge at 3rd Avenue, the extension of the 7th Street arterial eliminates emergency vehicle bottlenecks and significantly improves access for ingress/egress for residents during flood emergencies and other natural disasters by linking two disconnected bridges and creating a new bridge crossing for the east end of the city.

**State of Good Repair.** The City of John Day actively invests in its street infrastructure and devotes significant funding each year toward street maintenance and improvements. While the majority of our street infrastructure is rated “Good,” the City has not been able to maintain our bridges over the John Day River in a good state of repair due to budget constraints. The Bridge Street Bridge is currently the only way to access all of the residential housing on the north side of the city. Patterson Bridge is the only way to access the city’s west industrial complex. Collector streets and intersections serving both bridges have experienced increased wear due to high traffic volumes being funneled through these locations.

1. **Maintenance Planning.** The City recently completed a multi-million dollar sidewalk improvement project for Main Street/Highway 26 that reconstructed its downtown sidewalks and improved traffic flow and visibility at the intersection of Highway 26 and Highway 395. In 2018, the City received a Safe Routes-to-Schools grant to build sidewalks between downtown and the Grant Union Jr./Sr. High School, which are scheduled for construction in 2021-2022. The next step in the City’s street improvement process is to build the new 3<sup>rd</sup> Avenue collector bridge across the John Day River. This bridge, with a span length of 130-feet, will be capable of withstanding 100-year flood events and will allow the City to begin repairing and/or replacing both of its aging bridges. The Bridge Street Bridge (55-foot steel bridge erected in 1961) and Patterson Bridge (68.9-foot pressed concrete bridge erected in 1990) are currently rated Fair and moving toward Poor condition due to scour critical, unstable foundations and below standard sub-structures (bridge condition summaries attached as Appendix B).
2. **Impacts if Unimproved.** The shorter span lengths of the city’s current bridges increases the likelihood of failure during flood events. If left unimproved, the City would face significant costs to replace these bridges in the event of a failure with no way to re-route traffic. Mobility and economic growth have also been affected by inadequate street infrastructure. The City cannot



permit additional large-scale residential developments without ensuring both resilient and redundant street networks to service them. This in turn affects the City's growth by restricting housing supply and reinforcing the area's economic decline.

3. **Project Capitalization.** The City and its diverse investment partners have committed to providing significant financial contributions toward this project. All told, the Non-Federal match will provide over \$2.1 million in committed funding (11% cost match), which is readily available and can be allocated upon receiving the Notice-to-Proceed. The City of John Day is the largest investor and has committed \$1,258,256 toward the project. Private investment has been secured from two sources: \$498,167.56 from Russ Young/Iron Triangle toward the development of the Ironwood Estates Phase residential developments and \$400,123.68 from Mahogany Ridge Properties for the Mahogany Ridge residential developments. Each party will be responsible for its own asset management, with the City bearing overall responsibility for the improvements.
4. **Financial Sustainability.** The recent passage of Oregon House Bill 2017 increased state shared revenue for John Day by 30 percent. The bill also created a 5x increase in small city allotment funding, which will allow the City to apply for up to \$100,000 each year for critical street improvements and ongoing road maintenance. These new funding sources will help ensure the proposed street improvements can be maintained in Good condition through chipsealing, increased inspections and other maintenance activities that will reduce life cycle costs for street repair and replacement.

**Economic Competitiveness.** This project facilitates over \$18 million in committed public and private investment for companion projects that will be serviced by the transportation improvements proposed in this BUILD grant. This project creates access to 43 acres of buildable residential land and 14 acres of new industrial lots in close proximity to city services that are currently not accessible by city streets, which are currently stifling growth and economic recovery. Through this project, the City will increase its economic competitiveness by creating a 20-year land-supply of housing and mixed use commercial-industrial lots and will restore public access to the John Day River.

1. **Decreased Costs and Improved Access.** This proposal will result in significant cost avoidance by creating a new bridge that will allow the city to save money on future bridge repair and maintenance of its existing bridges. The project also improves access to buildable industrial land and residential land for new housing, which were identified as needed investments to spur the city's economic recovery in our recently completed economic opportunities assessment and comprehensive economic development strategy.
2. **Improved Long-term Efficiency.** Transit times will be modestly reduced as residents will have more options to get from work to home on the completed street network. Connecting the existing bridges and building the new Holmstrom Road and Bridge will enable residents and visitors entering John Day from the east and west on Highway 26 to drive directly to their destination rather than entering downtown to reach the city's north side.
3. **Increased Economic Productivity.** The City's residential housing incentive and the public private partnership approach for developing Ironwood Estates and Mahogany Ridge properties and improving the new Innovation Gateway industrial park should result in long-term economic gains in new home construction and industrial growth. The Priday Hotel Group estimates 16 new jobs will be created at the hotel, and 1188 Brewing Company estimates 16 jobs will be created at their new distillery in the event center, for a total of 32 new jobs created.
4. **Long-term Opportunity.** Having readily buildable land versus abandoned brownfields is expected to result in long-term job creation opportunities, as businesses will have options for

placing new industrial buildings and the city will have developed land to accommodate workforce housing, which is critically lacking in the region. The Economic Opportunities Assessment for cities in Grant County estimated 133 jobs could be created over a twenty year period (23 jobs/acre) assuming the site is fully utilized. The City has received funding through the Oregon Brownfield Redevelopment Fund to complete the Phase 1 environmental site assessment and wetland delineation for this site, which began in May. At the completion of the environmental site assessment, this site is expected to be certified shovel-ready.

5. **Global Competitiveness.** The City has made significant investments in hydroponic agriculture, creating the first commercial-scale greenhouse in Oregon designed to operate using reclaimed water. This facility is currently 60% producing and is expected to yield 25 tons of produce annually. The greenhouse at Oregon Pine is a proof-of-concept to attract new commercial growers and startups to our area. The Innovation Gateway and future industrial park connected by these proposed street networks are essential to position John Day as a leader in this industry. They will also facilitate the City's efforts to expand its outdoor recreation and tourism economy by creating access to the Innovation Gateway site and improving downtown parking.

**Environmental Sustainability.** The conceptual framework for the Innovation Gateway is to provide over 80-million gallons of Class A reclaimed water annually to all new industrial, residential and recreation developments in the project area, reducing fresh water consumption from the John Day watershed. The project also redevelops 100 acres of brownfield, which the city has actively acquired and reclaimed over the past four years. The design of the 7th Street west extension through this area is positioned to allow for future riverfront restoration work, giving a large span of separation from the river so that the river could eventually be rehabilitated and restored to a more natural condition.

**Quality of Life.** This project will make the city far more livable by eliminating brownfields and restoring public access to the John Day River for the first time in over a century. It creates new recreation and wellness opportunities throughout the city by integrating the City's five main parks through an integrated trail and street network. The project also includes high-speed fiber optic cables along every new street and bridge, resulting in access to existing residents who currently lack broadband internet and ensuring all future developments have access to commercial broadband networks. In a recent survey conducted by the City, 80 percent of respondents approved of the city's planning effort and support the street improvements proposed in this grant.

## Secondary Merit Criteria

### Innovation

- **Innovative Technologies.** Three innovative technologies have been incorporated into the project design: (1) Deploying high-speed broadband networks throughout John Day in areas where internet is currently lacking; (2) Delivering reclaimed water throughout the project area using a state-of-the-art hydroponic wastewater treatment facility; and (3) Incorporating commercial-scale greenhouses to spur job growth in an advanced industry throughout the future 14-acre industrial site.
- **Innovative Project Delivery.** The City has created a public private partnership (P3) investment approach that includes all local utilities, a major housing developer and the city's largest private property owners. In many rural cities, new construction can lag several years behind the land development, resulting in longer payback periods and a lower return on investment (ROI). The City's P3 approach delivers access to land, right-of-way and construction/land development

firms that are prepared to begin new housing developments immediately upon completion of this project, significantly reducing risk and increasing the ROI.

- **Innovative Financing.** The city has a financial portfolio for the project that includes over \$2.1 million in non-federal investment from the City and its investments partners. The City has also created one of the nation's most aggressive [housing incentive programs](#) by offering a 7-percent cash rebate on all new home construction and full payment of all system development charges for new home builders after they complete their projects. This last in, first out approach encourages builders to begin construction and complete their housing projects as they only receive rebates once the new homes are recognized on the tax role. Eleven new homes are now participating in the program within the first 18 months of launching the program, compared to only three new homes built in the prior decade – a 4x increase in new home construction as a direct result of this incentive program. The City's Urban Renewal Agency receives 100 percent of all property taxes generated from this new home construction, which are then recycled through the program to become available for the next home, thus creating a perpetual investment fund to encourage housing growth for the next 20 years.

**Partnership.** The City, through its extensive land acquisitions and floodplain mitigation activities, has developed positive relationships with the permitting agencies that need to be involved in this project, including the Oregon Department of Environmental Quality (DEQ), State Historic Preservation Office (SHPO), Oregon Department of Fish and Wildlife (ODFW), and the Army Corps of Engineers. The City has initiated the environmental permitting and review process for this project to accelerate project delivery and ensure all funds can be committed within the statutory timeframe. The City is also working closely with public agencies that will be affected by these developments.

The City also has a strong collaboration among a broad and diverse range of stakeholders in project development and funding, including the Oregon Trail Electric Cooperative (power), OTC Connections (broadband), Iron Triangle and Mahogany Ridge Properties (land development and construction) and the Holmstrom family (right-of-way acquisition). MOUs and right-of-way agreements are in place with each respective party needed to complete this project. Each party clearly understands their roles and responsibilities. The incentives will remain aligned throughout the project because these parties are also financial investors and most have worked successfully with the City on prior projects.

The City of John Day is the largest utility provider in Grant County for water and sewer services, providing regional service to 2,400 customers in the John Day valley. The City also began operating a municipal fiber optic network in April 2019 serving the areas schools and public agencies. John Day's public works department is well positioned to oversee and participate with private contractors in the development of the water, sewer, reclaimed water and broadband installations, as well as the trenching for conduit to accommodate the other utilities. The City is currently in the final engineering phase of a \$14 million wastewater treatment plant and recently completed the construction of a \$2 million fire hall. The City has established a comprehensive list of professional services firms to assist in planning, design and construction and has a contracting office and legal team in place capable of managing all of the professional services contracts for a project of this size.

## Project Readiness

The City's proposal includes activities to be conducted in two phases. Phase One (projects 1-8) are largely on public property already owned by the City of John Day or the Oregon Department of Transportation. All of these projects have been through an extensive local transportation planning process. For those limited areas where right-of-way is needed for street connections, MOUs are in place with the property owners to secure the right-of-way upon approval of the final engineering plans.

### Technical Feasibility

The master plan for the Innovation Gateway brownfield redevelopment and associated street improvements was prepared by a design team led by Walker Macy, one of Oregon's leading landscape architecture and planning firms, with support from DKS, the transportation planning firm that provided the John Day Gateway Transportation Impact Analysis. Preliminary engineering and design for each project component was completed by Sisul Engineering, a licensed and certified civil engineering firm in Oregon. The detailed statement of work enclosed with the application includes 17 design sheets with technical details and cost parameters for each street improvement project, which formed the basis for the costs included in the project budget.

### Project Schedule

The City estimates a four-year period of performance for this grant. Pre-construction activities will occur through June 2021. Construction of Phase One will begin in July 2021. Construction of Phase Two will begin July 2023. All construction activities will be completed by June 30, 2025. The project schedule is included (see [Project Schedule, Appendix K](#)).

**Phase One Milestones.** Phase One activities are low risk. All local planning was completed as part of the 2009 Local Street Network Plan or the recent Transportation Growth Management (TGM) Area Plan for the Innovation Gateway, which was adopted in November 2019. All non-BUILD funding for the Phase One projects has already been committed. MOUs with private parties have been signed as have purchase and sale agreements for the industrial park and associated right of way. Final engineering of all Phase One projects will be completed by March 2021. All pre-construction activities for Phase One will be completed by June 2021 so that construction can begin in July 2021.

**Phase Two Milestones.** Most Phase Two activities are low risk. Final engineering for these components will be completed in 2021 and necessary right-of-way will then be acquired from Holmstroms and Mahogany Ridge Properties for developments on their land.

### Required Approvals

**Permitting, Assessment of Project Risks and Risk Mitigation Strategies.** State and federal approvals will be required for several aspects of this project. These approvals are detailed in the [NEPA Evaluation Document, Appendix L](#). Prioritized project risks and mitigation strategies, with required permit approvals, are described below. These are categorized as Low and Moderate Risk. None of the project elements are considered High Risk.

**Right-of-Way – Low Risk.** No right-of-way acquisitions, permanent or temporary easements are required for the majority project. All work will occur within the existing right-of-way. Parking lot



improvements areas are already owned by the City. The entire Innovation Gateway and Innovation Gateway Industrial Area is owned by the City already. Work on US Highway 26 will require permitted approvals from ODOT, but no easements. Private property owners (Russ & Tara Young, Mahogany Ridge Properties and Fran Holmstrom) have MOU's with the City to create rights-of-way as needed on their property.

**Land Use – Low Risk.** The project is consistent with the applicable local comprehensive plan and the Statewide Planning Goals. There are no special land use considerations that need to be addressed for the project.

**Socioeconomics – Low Risk.** As whole, this project would have no negative impact on existing businesses or result in residential or business displacements. Much of this work will take place on relatively empty City-owned property on the Oregon Pine lot to the north and south of the John Day River. The Mahogany Ridge, Ironwood Estates, and eastern portion of the 7<sup>th</sup> Ave work will be on undeveloped land outside of existing roads. Businesses and residents overall will see an increase in quality of life and economic value as a result of this project.

**Environmental Justice – Low Risk.** The City of John Day has consistently and continually brought this project concept and plan to the general public through Council meetings, Planning Commission meetings, public open houses related to various projects, and even a Regional Economic Development summit that profiled the City's long-term plan for the Innovation Gateway and associated projects. For public outreach efforts to reach as many local residents as possible, the City hired JLA Public Involvement and, in addition to regular public meetings, the City informed residents of these projects through social media, mailers and fliers, and a quarterly City newsletter. This project will not disproportionately or adversely impact minority or low-income populations. The project component that will enable the Mahogany Ridge multi-family property development will provide affordable multi-family housing for the region, which is a need identified in the City's 2019 *Housing and Community Development Assessment*.

**CWA 5404 - Wetlands/Waters & USCG Bridge Permits – Moderate Risk.** All construction near the John Day River will have Wetland Delineations performed and will be followed up with Removal/Fill permitting through the state and/or U.S. Army Corps, if wetland impacts are identified. The City anticipates that much of the actual excavation will take place outside the very narrow channel of the John Day River and its associated wetlands.

The City is experienced in delineating and proceeding with wetland-related compliance measures. Plans have been made for the City's consultant team to begin delineating for this project in the summer of 2020. The Oregon Pine site south of the John Day River – featuring the Innovation Gateway Improvements, Johnson Dr. parking lot improvements, and access – will be heavily delineated and involved in a permitting process. The City will be restoring that landscape as a functional wetland and potentially using it as a mitigation bank for any disturbances along the River – as a part of this project or any others planned in the near future. Areas illustrated on the National Wetlands Inventory around the John Day River are very limited in size because the landscape and river environment has been so negatively impacted by dredge mining and industrial uses over the last century. There are six areas where construction will take place near to National Wetland Inventory-identified wetlands, which are described in detail in the NEPA report.

***Floodplain Development – Low Risk.*** Floodplain and Floodway Development permits will be needed for some of the road construction through the river valley. ODOT approach permits will be needed for work on Hwy 26 and the Patterson Bridge Rd. turning improvements. Because the disturbance for this project will be over 1 acre, the City will also have a 1200-C permit from Oregon DEQ that will focus on sediment/erosion controls during construction. All sewer and water improvements will be reviewed and approved by Oregon DEQ and Oregon Health Authority respectively. Land use approvals from the City will be processed through the Planning Commission, which is intimately aware of the City's plans and intentions.

***Water Quality/Stormwater – Low Risk.*** There will be many added impervious surfaces through new roads and also the addition of a left turn lane on Hwy 26. However, John Day has very little precipitation and snowfall. In addition, the ground around the John Day River is exceptionally permeable to infiltration. The City plans to develop a number of infiltration basins that will capture runoff from the new streets and roads. These basins will have adequate capacity to collect all the stormwater runoff and divert it into the ground. Joe Hitz, PE, with Sisul Engineering determined that swales and infiltration systems designed to collect the runoff from new streets will be sufficient to remove any new stormwater created by the project. There will not be runoff directly into the John Day River.

***ESA, MSA, MMPA – Low Risk.*** Federally protected species in the area include Gray Wolf, Bull Trout, and MCR Steelhead. The only trigger for potential impacts to fish as a part of this project will be the construction of new impervious surfaces. This will be confined almost entirely to the construction of new roads, which will be accompanied by stormwater collection infrastructure that will connect to the City's existing stormwater system. The City's stormwater system outlets to the John Day River and Davis Creek. John Day is a very dry area and receives an average of <14 inches of precipitation annually. The project will have no effect on the Gray Wolf.

***Cultural Resources/Section 106 – Low Risk.*** Full pedestrian archaeological surveys will be performed on all areas that are being improved through this project. No existing conditions are known in the project area that would result in cultural resource/Section 106 impacts.

***Visual Resources – Low Risk.*** There are no Wild & Scenic Rivers near the project area. U.S. Highway 26 through John Day is the *Journey Through Time Scenic Byway*, on the Kimberly to John Day segment, which will be impacted by the addition of the left-turning lane outside of the Innovation Gateway area. This impact will be temporary and minor during the construction of the lane. The addition of the lane will improve traffic patterns in the long term as the highway will not be stopped when there are an increase in cars entering the Innovation Gateway. John Day is not near a Coastal Zone Management County and is located in eastern Oregon. No National Scenic Areas, State Heritage Program areas, National Parks & Monuments, or USFS/BLM land will be impacted by this project. Overall, this project will help convey people to appreciate the beautiful landscape that will be developed in the Innovation Gateway area. The improved riverfront, trails, restored wetland, and increased vegetation will all have a positive impact on the visual resources in this area. Mahogany Ridge will also place a multi-family development on a hillside overlooking the valley and hills opposite – a beautiful vista.

***Air Quality – Low Risk.*** This project will not have an impact on air quality outside of construction activities, which will create dust. John Day is not part of, or near, any Non-Attainment or Air Quality

Maintenance Areas. During project construction, contractors will follow OAR 340-208-0210 to avoid particulate matter from becoming airborne. No odor control measures are anticipated to be needed.

**Noise – Low Risk.** All developments proposed as a part of this project will be significantly quieter than the industrial users on these parts of John Day for the last 50+ years. Iron Triangle was a logging and industrial operation. The Oregon Pine site was a large log yard and industrial lumber complex. The noise levels from a hotel, event center, outdoor area, Community Pavilion, and long-term an industrial site and residential development will not compare to previous noise levels in the area.

**Hazardous Materials – Low Risk.** No toxic or hazardous materials will be used during construction or rehabilitation elements of the project. All construction activity will following state and federal regulations regarding substances. None of the facilities being constructed or rehabilitated will produce toxic or hazardous materials during operation. There is no known or documented contamination or toxics on the Mahogany Ridge property, Charolais Heights, Hill Park, 7<sup>th</sup> St. East Extension, or the Ironwood Estates area. In anticipation of developing the Innovation Gateway area land for this project, the City has planned extensively and executed a long-term plan to remediate the contamination left by centuries of industrial activity in the John Day Valley.

**Environmental.** The City has completed a Phase 1 and Phase 2 Environmental Site Assessment (ESA) and remediation activities for the city-owned brownfields involved in this grant and has received a No Further Action decision from DEQ. A Phase 1 ESA is in progress for the future Innovation Gateway industrial park prior to the City acquiring and redeveloping the future industrial site to be purchased from Iron Triangle. An appraisal report showing current site conditions is enclosed. The Phase 1 ESA began May 12, 2020. A Phase 2 ESA may be required for any conditions requiring remediation identified in the ESA process.

**Public Engagement & Tribal Coordination.** Extensive public hearings were held prior to the November 2019 adoption of the Innovation Gateway Area Plan, with broad public support shown throughout (see [Letters of Support, Appendix M](#)). The City's long-term vision for the Innovation Gateway, land planning use, and road building decisions have all occurred in public view at a combination of Planning Commission, City Council, and project-specific open houses. The development, goals, and priorities being served through the implementation of this project have been purposefully aligned with the residents' and local stakeholders' specific desires for the site.

The Innovation Gateway project has been a topic of conversation at City Councils, and consistently featured in the local newspaper the *Blue Mountain Eagle*, since 2017 when the City first purchased the Oregon Pine lot from D.R. Johnson. Planning and visioning for the site have included input from residents, local experts, local federal and state agencies, and various private businesses and entities.

A January 8, 2019 Open House hosted by the project architects Walker Macy took input from the public and developed a series of community goals and visions for the property. An additional online open house was held March 12, 2019 and a regional summit on May 14, 2019 that included stakeholders from 42 public agencies, including the DOT. The City also developed an online survey through Survey Monkey to receive as much feedback as possible from locals.



Tribal outreach and coordination has occurred for the John Day Wastewater Treatment Plant companion project but has not occurred at this time for the BUILD grant because the City assumes they will defer to US DOT as the lead federal agency. Previously, while notifying tribes for the wastewater system improvement project, the City did not have any substantive replies from tribal agencies or request to be a consulting party.

## Project Costs and Benefits

The net present value of this project in FY19 dollars is \$1,454,027, which results in a Benefit Cost Ratio of 1.09 (see [Appendix N. Benefit Cost Analysis Narrative and BCA Spreadsheet](#)). The quantitative economic benefits accrue from opening over 48 acres of buildable residential land, on which the City expects 135 homes will be constructed over the next 20 years. The project also provides qualitative benefits, including:

- New hotel and convention center, creating 32 private sector jobs;
- 20-year supply of new buildable industrial lands, capable of accommodating 331 new jobs;
- Restored and accessible riverfront and greenspace along the John Day River;
- Up to \$8.1 million in indirect benefits resulting from increased economic activity;
- Improved safety and accessibility from having more multimodal bridge crossing, trails, sidewalks and public transit stops outside of traffic lanes;
- Cost avoidance from having a new 3<sup>rd</sup> Avenue bridge that will allow for the eventual repair and replacement of the Bridge Street and Patterson Road bridges.

### BENEFIT: COST ANALYSIS SUMMARY DATA (@ 7%)

<b>PV of Capital Costs</b>	<b>(\$16,986,723.31)</b>
PV of State of Good Repair Benefits	Qualitative
PV of Economic Competitiveness Benefits	\$18,194,317
PV of Quality of Life Benefits	Qualitative
PV of Safety Benefits	Qualitative
PV of Residual Value	\$246,433
<b>PV of Benefits Total</b>	<b>\$18,440,750</b>
<b>Net Present Value</b>	<b>\$1,454,027</b>
<b>Benefit: Cost Ratio</b>	<b>1.09</b>