

PLAN

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bate based on the assessed value of each new home, to be provided after the home was placed on the tax rolls. The city also would waive all system development fees.

The city plans to recoup those stimulus payments through increased property tax revenue over seven years, but the city will need sufficient investment capital to provide these incentives. With an average financial incentive of \$20,000 per home and a goal of building 100 homes, the urban renewal program would need a maximum indebtedness of \$2 million over the expected 20-year duration of the program, Green said in his council report.

Green said the city wanted to be proactive rather than wait for incremental tax increases to accrue following private sector development. He noted that property tax values in John Day have increased by an average of 2.4 percent over the past 10 years.

"This represents a 'no growth' environment," he said. "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."

The Project Advisory Committee discussed the need to address urban blight — in-



The Eagle/Richard Hanners

Site preparation is underway in the Valley View/Ironwood Estates neighborhood in John Day.

cluding older homes with deferred maintenance that need significant repair. According to Grant County Assessor David Thunell, the minimum investment in a home that will trigger a new assessed value is \$10,000. Increased assessed value would mean more tax revenue to the city.

"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," Green said.

The majority of the committee recommended limiting the proposed home-building incentives to site-built homes and excluding manufactured homes. Property owners could continue to place manufactured homes in John Day where allowed, but they wouldn't be eligible for the incentive program.

The preliminary boundaries for the urban renewal area include two categories:

- Tier 1, about 45 percent

of the urban renewal area, is defined as buildable land zoned residential and adjacent to city services. This includes the neighborhoods of Valley View/Ironwood Estates, Charlais Heights/Bridge Street, North Canton Street, Southwest Fourth Avenue/Airport Road and Strawberry View Estates, along with 4.85 miles of "cherry stems" connecting the neighborhoods.

- Tier 2, about 20 percent of the urban renewal area, includes higher-density areas with older properties zoned residential limited. This includes about 27 acres west of the fairgrounds, 31 acres east of downtown and 12 acres south of downtown.

The Project Advisory Committee will meet again at the John Day Fire Hall at 4 p.m. March 14. According to an anticipated timeline, a draft version of the urban renewal plan and report will be completed in April, and review and adoption hearings will be held in June.

FOREST

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sites is estimated at \$3.3 million, and funding needed to maintain them is \$103,086.

But forest funding available for maintaining FAO and recreation buildings meets only 15 percent and 18 percent of the need, respectively. And this available funding does not address the \$3.8 million in deferred maintenance for FAO and \$325,148 for recreation buildings on the forest.

These deferred maintenance estimates "appear to be very low and not representative of actual" deferred maintenance, Dixon said. For one thing, the forest's facilities are surveyed once every five years and must be updated, she noted.

Nationwide, the Forest Service estimates it needs \$390 million for annual maintenance but has only \$65 million available. The Malheur National Forest has a funding gap of \$960,000 for FAO buildings and \$303,648 for recreation buildings.

One way to deal with this funding gap could be to raise revenue — such as increasing existing fees or implementing new fees at developed campgrounds. Recreation sites on the Malheur National Forest generated \$111,865 in fees, while maintenance costs were \$117,470. But occupancy at the forest's campgrounds ranges from 80 percent in summer and hunting season to zero for other parts of the year. Remoteness is also a factor in driving up maintenance costs.

Some popular sites are subsidizing others, Dixon noted. The forest's five main sites — Big Creek, Delintment, Idlewild, Magone and Middle Fork — posted a total positive return of \$29,264, while 16 other fee campgrounds had a total negative return of \$21,031. Meanwhile, the cost of maintaining the forest's 18 non-fee campgrounds was \$36,853.

While the forest considers options such as decommissioning or changing fees, Dixon noted that two "premier historic sites" must be maintained: the John Day Compound and the Allison Guard Station.

The master plan

The Malheur National Forest is the first in the United States to complete a facili-



Contributed photo/Rex Kamstra

The Flagtail Lookout on the Malheur National Forest.

ties master plan for recreation buildings. The recently completed draft plan for FAO and recreation buildings was required by the Forest Service, but it's a guidance document, not a regulatory one, Dixon noted.

"We don't want to spend limited funds unwisely," she said.

In 2014, the National Engineering Leadership Team completed a two-year study that looked at the Forest Service's aging, oversized infrastructure amidst flat or declining budgets. The team came up with 50 strategies in five categories, including increasing revenue through appropriations, fees or rent; improving efficiencies; and reducing inventory.

Local forest offices were told to update facility master plans with financial data, step up the pace of decommissioning and continue to look for ways to obtain additional revenues.

"The goal is a sustainable infrastructure," Deputy Forest Supervisor Ryan Nehl told the county court. "Every year the maintenance gap grows. We need to be proactive. We need to identify buildings we can do without."

A recent report for the Malheur National Forest by two retired Forest Service engineers raised a number of issues:

- The forest "has more recreation sites than they can operate and maintain with the funds they receive."
- Insufficient maintenance funding will continue to drive up the deferred maintenance backlog to where "the buildings will suffer."
- There is no money to eliminate or reduce the \$600,000 in

deferred maintenance for recreation buildings.

- The gap in available versus needed maintenance funding "continues to expand into the future."
- "Fully decommissioning or increasing fees on selective sites is far from a complete solution."

Alternatives considered by the forest include taking down buildings, letting them "melt in place" or selling them. Private parties who buy forest buildings must remove them from the site — acquiring the underlying land would create an inholding, which requires approval from a reluctant Congress, Dixon said.

Some buildings could be converted into recreation rentals, some sites could be used for dispersed camping after decommissioning and some campgrounds could be hosted by concessionaires as a fee site.

"We don't want to level any buildings without checking our options," Nehl said.

Buildings over 50 years old with historic significance must be reviewed by the State Historic Preservation Office for possible listing on the National Register of Historic Places.

In any case, some sites have special value to locals and there will be strong feelings about the plan, Dixon noted. Forest staff have been collaborating with stakeholders and meeting with specialists, and they want to take public input.

The draft plan and comment form are available at the Malheur National Forest website. Comments on the plan will be accepted through March 23. For information, Teresa Dixon can be contacted at teresaldixon@fs.fed.us.

PROJECT

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wanted to help address the housing shortage in John Day by providing eight new rental units. The project will be non-intrusive and well landscaped, she noted.

Joe Hitz with Sisul Engineering, who worked with Knowles on the project, said the four duplexes would max out infill for the vacant lot but shouldn't impact traffic on Canton Street.

The planning commission approved Knowles' site design review application with two conditions — that the building site is removed from the Special Flood Hazard Area by the Federal Emergency Management Agency, and that the John Day City Coun-

cil commits to providing public access to the property by extending Canton Street and city utilities to the project site.

The city will pay for extending the road and the utilities as part of its contribution to promoting housing development in the city, but it can't do this for every future project, Green told the planning commission.

The city council took up the matter of extending Canton Street that same evening. Green said extending Canton Street by 195 feet could cost from \$80,000 to \$90,000, but with some assistance from Grant County the cost could drop to \$60,000.

Some of the needed building materials could come from stock on hand, but the city would need to purchase a fire hydrant, Green said.

Funding for the work could come from the city's street fund and its system development fund, he said.

The project also falls within the preliminary boundaries of the city's proposed Housing Development District and could benefit from the 7 percent rebate offered by the city to encourage new home development. The city also has offered to front the cost of water and sewer hook-ups for new homes in the district. Additional property tax revenue collected from each new unit is expected to cover these subsidies in about seven years.

The council unanimously directed Green to proceed with preliminary engineering for extending Canton Street. Knowles told the city council she planned to break ground on the project this summer.

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AIRPORT

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Most Grant County air travelers drive to Boise, Idaho, a six-hour round-trip that requires an overnight stay for outbound or return flights, or both, the report said.

A slightly shorter drive would take local travelers to the Eastern Oregon Regional Airport in Pendleton, which has regularly scheduled flights to Portland that are subsidized by the federal government. But passenger trips to and from Pendleton have declined by 82 percent since 2000 despite the subsidies, paralleling a general trend toward fewer enplanements at smaller airports across Oregon, the report said.

Among the largest employers in the Grant County area are the city of John Day, several federal and state agencies and Malheur Lumber Co., the report said. The lumber company currently operates its own planes in and out of the airport, and access to scheduled service or charter arrangements likely wouldn't impact this business investment decision, the report said.

"It's possible that demand exists for business travel on air taxi or charter flights, but it is unlikely that sufficient demand exists to support scheduled air services to GCRA for the foreseeable future," the report said.

ECONorthwest noted that "for many people who choose to live in Eastern Oregon, driving long distances is routine and does not represent the same perceived cost as it may to someone from a more urban area of the state. Thus, the most stable primary source of demand for small rural airports would be business travelers, with less predictable demand from tourists or travelers

on personal business."

Walker told the Eagle that communities typically draft a business plan for their airports and present it to an air service company to attract their business. She said the county was considering scheduled service with six- to nine-seat aircraft, but the Grant County airport could not meet the "load factor" requirements.

According to ECONorthwest's study, load factor is the most common tool used to describe a marketplace for scheduled air passenger service. Load factor combines the supply of seats available in a region to the demand by passengers choosing to fly from that location.

"High load factors mean that airlines are able to 'right size' the supply of seats with the demand," the study said. "In other words, passengers are filling every seat on the plane, thereby maximizing revenue for that flight."

Grant County Commissioner Boyd Britton noted that ECONorthwest's report never mentioned The Retreat and Links at Silvies Valley Ranch, a new major tourism attraction in Grant County.

Walker said she believes the report is an accurate description of current conditions, however. Tourism is not a good indicator of consistent demand, she said. If it costs too much to fly, people in this region are willing to drive, she said. Seats on a plane need to be filled to make it work for private business, she said.

Grant County Judge Scott Myers agreed that based on the study it didn't make sense to approach an air service company about establishing flights to John Day. Air taxi and charter flights could continue as an alternative, he noted.