

# Prairie City still working on Faiman Springs water project

Hamsher: Grants, loans have no specific deadlines

By Rudy Diaz  
Blue Mountain Eagle

Work continues on Prairie City's Faiman Springs water project.

Prairie City Mayor Jim Hamsher said a wetland delineation report, a permit associated with wetlands, cultural resources investigation, Grant County conditional use permit, project design and contract documents have all been completed for the project, and the city continues to work on securing easements and other arrangements with private property owners affected by the project.

"Once land agreements are in place and the project funding agencies approve the agreements, it is estimated that the project can be advertised for bid and be constructed within six months, weather permitting and assuming there are no delays in project material procurement," Hamsher said.

The intent of the project is to tie an existing well near the Faiman Springs site into the existing city water system, according to Hamsher. He added the project includes the construction of a pump station and laying approximately 9,000 feet of piping.

"The ability of the city to meet community water supply needs would be greatly enhanced by tying the Faiman well into the city's existing water system," Hamsher said. "The Faiman well is anticipated to be utilized for limited circumstances when other city water sup-



Eagle file photo  
**Grant County Commissioner and Prairie City Mayor Jim Hamsher addresses a committee in October.**

**Prairie City was forced to transport water from John Day during a water emergency in 2018.**

Eagle file photo

ply sources cannot meet the city's needs."

Former Prairie City City Councilor Carole Garrison said Hamsher declared a state of emergency Aug. 6, 2018, due to the dire water situation and droughts in the city.

To address future worries about another drought or water emergency in Prairie City, Garrison said Hamsher and representatives from Business Oregon explained how the city could complete a water project using wells drilled by the city in 2005, using grants and loans to cover the cost. In order to qualify for loans, the city raised the monthly water rate by \$8.

"In order to get a loan, we had to

provide proof that we could afford to make payments," Garrison said. "Consequently, we had the \$8 a month raise on water fees."

Garrison said the city started fine with the project as the initial paperwork was being completed and the community was being informed on the status of the work. However, last summer, Garrison said the amount of information declined. She said, when questions were asked about the project to Hamsher or the city council, residents would not receive specific details on the status of the project.

"I am not sure how far they are with getting an agreement from the land owner," Garrison said.

"It's been two and half years, and he hasn't given us any answers. The mayor and the council are not forthcoming with us, and before the snowfall (in February), we were headed to droughts again this year."

When asked what has caused slowdowns or complications in the project, Hamsher said the project involves many public agencies, private contractors and several private property owners. He said getting everything in place with this many interested parties can take time, but it's important they work through issues with their partners.

Garrison said she is concerned about deadlines for the grants and loans the city received for this proj-

ect. Former city council member Georgia Patterson expressed the same concern.

"We have a limited time frame to be able to use that money that we have sitting there, and our time is running out," Patterson said. "I just want to see that we get water. The citizens need to have that water source, and we need to get moving."

Prairie City so far received a \$550,000 grant and a 30-year, \$950,000 loan at 1.7% interest from Business Oregon to develop the Faiman Springs well site. The city was also awarded a \$1 million grant by U.S. Department of Agriculture's Rural Development that could be used to offset the state loan and the cost of hauling water during the city's water emergency in 2018.

Hamsher said there are no specific deadlines they are aware of for the grants or the loans awarded by Business Oregon and Rural Development.

# County will seek legal advice before accepting John Day's invitation for roadwork session

Green: URA would pay county back with interest

By Steven Mitchell  
Blue Mountain Eagle

The city of John Day's proposal to Grant County Court to discuss joint road investments to spur land development is on hold while the county consults its attorney.

John Day City Manager Nick Green asked the county court to attend a study session about partnering with the city and its urban renewal agency to help offset land development costs within John Day.

Green said, under the city's proposal, the county would pay to install roads up front, and the URA would repay the county with interest when new developments increase the taxes paid to the renewal agency.

For all properties within the URA, each taxing district receives the tax payment it received during the 2017-2018 year, and additional taxes that result from increased assessed values are funneled into the URA for the life of the program, which cannot exceed 20 years.

Green said the URA is looking to borrow from both the city and county's local government investment pool account.

According to the state Treasury's website, the accounts are investment tools offered to public entities to invest public funds safely. The Treasury-managed Oregon Short Term Fund comprises money from state agencies, certain public universities and local governments.

Green said John Day's account has \$2.8 million, while the county's road reserve fund has roughly \$60 million. He said the average rate of return is 1.5-2%.

As an example, Green said he estimates a \$100,000 investment from the city and roughly \$350,000 from the county could build a cul-de-sac for approximately 17 buildable lots.

He said the URA would repay the county's investment with the same amount of interest currently being earned through the LGIP.

Green said they would be looking at a roughly 10- to 12-year repayment window to pay the principal back.

### Court response and questions

County Judge Scott Myers said the developer is usually responsible for the improvements and the utilities being in the ground before building on a lot.

Additionally, he said, the county didn't build up the road



The Eagle/Steven Mitchell  
**Grant County Judge Scott Myers during the Feb. 24 session of county court.**

reserve fund to become a bank or a loaning agency.

Green said the county is already operating as a bank when it puts money into a low-interest-bearing account such as an LGIP.

He said the state repackages the money and sells it in the bond market to hedge fund investors, who typically use high-risk methods, such as investing on Wall Street with borrowed money.

"We get a guaranteed rate of return through LGIP because they know they can repackage that money and lend it at a higher rate of interest," Green said. "We're already putting our money into banks."

He said they are asking that the city and the county shift

their investment profile, albeit a small portion, to invest in the community.

Myers said he was not convinced that it was a "good risk" for the county, nor was he convinced the road reserve funds were available for land development. He said those were all questions the county's legal counsel would have to answer. He said, if using the road reserve money was as easy as Green made it sound, they would have done it before.

Green said he wished they would have, but they did not, and now they have land developers willing to put in their private capital to meet the county and the city halfway to build on Ironwood Estates.

"We could have 17 lots open and ready for sale in 2021," he said.

Green said other developments could be available in the future, such as Mahogany Ridge on East Main Street, which could be workforce housing. Green said he had spoken to Blue Mountain Hospital CEO Derek Daly and Rich Bolton of Malheur Lumber about housing difficulties leading to hiring difficulties.

Myers asked if John Day's infrastructure could handle 17 or more houses in the next year. Green said both water and sewage could handle the influx of 17 more homes, and they will start construction on

a new sewer plant in the fall, which would take two years to build.

Myers said, in his opinion, the county would be putting the "cart in front of the horse." And, he said, that is a risk.

Additionally, he said, if the county were to jump in headfirst to the partnership, they would get the same type of request from other cities within the county.

"We have to think about that," Myers said. "What we're willing to do for one, we must be willing to do for all. I don't know where that puts us with any loan or development program with other entities when they come knocking."

### Political bias or distrust?

Green said Friday the relationship with the county and the city needs to improve. He said the elected officials on both sides need to discuss how they can work jointly to enhance opportunities and the quality of life for all residents. And so far, he said, that is not happening.

He said political biases are at play and need to be set aside for the residents' sake.

"We should not become pawns in somebody's political game," Green said.

He said, ultimately, builders and home buyers will go elsewhere — where other counties and cities are working together

to reduce development barriers. Green said Gilliam County and the city of Condon are an example of a public-public partnership. He said the county gave the city approximately \$500,000 in grant funding to develop infrastructure for housing.

He said it is about getting the public agencies on the same page.

"The county is going to be a beneficiary of this housing," he said. "They're going to receive taxes. They're going to receive state shared revenue that, today, they're losing."

Myers said what is at play, albeit on a smaller scale, is the same distrust that many people in Eastern Oregon have of Western Oregon.

John Day is the county's most populous community, and people in small communities do not usually trust people in larger communities.

Myers said Friday, if he was to put out a county-wide survey, he would guess that 80% of the people would not think it would be a good idea to lend county road funds to help John Day grow its population. He said perhaps the people of John Day think it's a good idea, but people outside of the city do not.

"I'm not sure that half the people in John Day want John Day to be bigger," Myers said.

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