

City of Falls City
City Council Meeting
CDBG Public Hearing Minutes
September 22, 2016

Meeting Location: 320 N Main Street, Falls City, Oregon 97344

Council Present: Mayor Terry Ungricht, Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles, Julee Bishop

Staff Present: Domenica Protheroe, City Clerk

Mayor Ungricht called the meeting to order at 7:05 PM. Councilor Bishop arrived at 7:06 PM and Councilor D. Sickles arrived at 7:07.

1) Roll Call

Clerk Protheroe took roll call.

2) Pledge of Allegiance

Mayor Ungricht led the pledge.

3) Motion to adopt the entire Agenda

A motion was made by Councilor Meier and seconded by Councilor Melin to adopt the entire agenda. Motion carried 5-0-0. Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Julee Bishop

4) Hearing script for CDBG Funding

Mayor Ungricht read aloud the public hearing script for Community Development Block Grant (CDBG) as follows:

This hearing is being held as part of the Community Development Block Grant (CDBG) application process. The City of Falls City is currently applying for approximately \$2.5 million in CDBG funds.

The purpose of the hearing is twofold:

1. For the City Council to obtain citizen views and respond to questions and comments about community development and housing needs, especially the needs of low and moderate income persons as well as other needs in the community that might be assisted with a CDBG project.
2. And for the City Council to obtain citizen views and respond to questions and comments about the proposed project.
 - a. Approximately \$11.5 million will be available and awarded to Oregon non-metropolitan cities and counties in fiscal year 2016. The maximum grant that a city or county can receive is \$2.5 million.
 - b. The range of activities that may be undertaken with the grant funds include the projects such as:
 - Microenterprise Assistance Public Services,
 - Public Works (i.e. water and wastewater system improvement projects),
 - Community/Public Facilities (i.e. homeless shelter, fire hall, senior center, community center, library, etc.)
 - Community Capacity/Technical Assistance,
 - Emergency Projects, and
 - Housing Rehabilitation

- c. The entire amount of grant funds applied for will be used for activities that will meet the national objective of primary benefit to low- and moderate-income persons; and
- d. The proposed activities in the application will not result in displacement or the local government's antidisplacement and relocation plans required under 24 CFR Part 570.488, Part 570.606, and Part 42.

Mayor Ungricht read his report that described two distinct grant options. He highlighted that the "ready to proceed" IFA rule worked against the City because the City did not own the land. He reviewed the plan to move forward with each option (Exhibit 1).

Mayor Ungricht stated that the full grant option was preferable. If the full grant was rejected the City will receive reasons for the rejection. This feedback will allow the City to improve the grant application for the next cycle. He stated that CDBG grant application typically take months to prepare. This grant application was prepared in a few weeks because the City was required to wait for the results of the Income Study.

Mayor Ungricht described a loan option for the \$844,000 needed under the full grant option. The City could borrow \$844,000 of which 50% would be a grant, and \$423,000 at 1% interest paid over 25 years at a cost of approximately \$10.00 per month per existing sewer customer.

Mayor Ungricht opened the public hearing at 7:15 PM.

Amy Houghtaling of Falls City spoke in favor of the grant application. Ms. Houghtaling stated she was a member of the Polk County Community Development Corporation (Polk County CDC) Board of Directors. The agency builds Section 8 housing in Polk County. Ms. Houghtaling stated that it was evident that Falls City lacks Section 8 low income housing for which there is a great need. She had made requests to Polk County CDC to build Section 8 low-income housing in Falls City. Polk County CDC responded the Falls City's existing sewer could not support a low-income housing complex. She felt a new sewer system would elevate the chances of Polk County CDC building low-income housing in Falls City.

Mayor Ungricht closed the public hearing at 7:20 PM.

Mayor Ungricht welcomed comments and questions from Councilors.

Councilor Drill asked for pros and cons of the two grant options. Mayor Ungricht reported that not owning the land would equate to fewer points on the grant. He had issued a formal challenge to Infrastructure Finance Authority on this point and was waiting for their response. He stated the goal was to qualify for CDBG grant in order to keep the costs down for sewer users. Mayor Ungricht stated if the sewer system fails, Oregon Department of Environmental Quality (DEQ) will step in, replace the system, and require all residents on the system and the rates would be high.

Councilor Drill asked if sewer rates would increase next budget cycle. Mayor Ungricht said an increase is not on the table, but cautioned Council that recent sewer repairs consumed the money allocated for tank pumping and a rate increase may be necessary next budget cycle.

Amy Houghtaling of Falls City thought that applying for the CDBG grant would show DEQ that the City is trying to moving forward. Councilor Meier thought the submittal of the full grant option this cycle would help the City reapply next year, if the grant was not awarded this cycle.

Councilor Drill asked what amount of money had been spent on the grant application to date. Mayor Ungricht reported that City Engineer worked on the grant application for two days adding that they had been very helpful.

Cliff Lauder of Falls City asked for additional details on the likelihood of the grant. Mayor Ungricht stated if the full grant application fails because it included land acquisition, the City will submit a separate loan application for the land acquisition in order to be better prepared for the next grant cycle.

Councilor Drill thought the grant applications were very good but she was concerned and did not know what the City would do if the grant was not awarded. Councilor D. Sickles said the City should move forward with the grant application. Councilor Bishop thanked Mayor Ungricht for his efforts on the application.

A motion was made by Councilor Meier and seconded by Councilor Bishop that Falls City Council instruct staff to submit the CDBG funding grant for the wastewater project and give authority to the Mayor to sign the grant application. Motion carried 6-0-0. Ayes: Lori Jean Sickles, Jennifer Drill, Tony Meier, Gerald Melin, Dennis Sickles, Julee Bishop

5) New Business:

A. Schedule meeting to approve minutes

Council will meet Monday September 26, 2016 at 7:00 PM.

6) Correspondence, Comments, and Ex-Officio Report

Councilor Drill asked Council to consider a meeting to discuss the Emergency Operation Plan. Council will discuss the Emergency Operations Plan at the Monday September 26, 2016 7:00 PM Meeting.

7) Adjourn

Mayor Ungricht thanked Council for attending the meeting. He stated that this was one of the most important things Council will do.

The meeting adjourned at 7:45 PM.



Mayor Terry Ungricht

Attested:



City Clerk Domenica Protheroe

Exhibit 1

I have been working on the CDBG funding application, as you know we had to do the income survey to qualify and this has left us without much time to get the application in. These applications usually take months to develop and we have had to try and do it in weeks.

We have run into problems on trying to submit an application under the Federal rules for CDBG funding in this short time frame. I am bringing to the Public and Council two separate applications. The first one is for \$3,344,917.00 for final design and construction, but we have ran into a problem on being "ready to proceed" under the CDBG rules. We have within the budget funds to acquire land, there were three parcels identified in the facility plan, but in order to score high on the ready to proceed we need to have all of the land use permits already granted. This is impossible when we do not exactly know which parcel of land or own the land to be permitted.

So I was advised to apply for a design grant, application 2, for \$300,000 without land purchase or \$550,000 with purchase. I budgeted for the environmental, engineering, and land acquisition, but I was told we can't go for the land acquisition. I have IFA reviewing the rules to see if we can get a wavier to keep the land acquisition in the application. This way we can spend the next year doing the land purchase, engineering, and permitting. Then we can apply for another CDBG grant, when we qualify, for the construction of the project.

So the game plan we are proposing is for Council to grant authority to apply for which ever application that we will have the best chance of winning and permission to execute the chosen application. Once we filed the intake form and was invited by IFA to apply for the CDBG funding we fall under the Federal property acquisition regulations and there is now an estimated 22 million in request for the 11.5 million in funds, so we are not confident under the current interpretation of the rules if application 1 will be successful. I have a problem; IFA is reviewing the rules, in submitting application number 2 if we cannot purchase the land. We will end up with the same problems if the chosen parcel of land does not have a willing seller. We will not be able to fulfill the engineering if we cannot access the land.

So until I hear back on the interpretation of the rules my and the engineers thoughts are that we receive permission for both applications, if we cannot purchase land under application number 2, we submit application 1. Even if we are denied we will have the feedback from the reviewers and will have a better application for next year's funding round. Then if we can we look at a financing package that will allow us to purchase the land we will need to develop for the lagoons, which will make next year's application much stronger.

PUBLIC NOTICE AND NOTICE OF PUBLIC HEARING

The City of Falls City is eligible to apply for a 2016 Community Development Block Grant from the Oregon Business Development Department. Community Development Block Grant funds come from the U.S. Department of Housing and Urban Development. The grants can be used for public facilities and housing improvements, primarily for persons with low and moderate incomes.

Approximately \$11.5 million will be awarded to Oregon non-metropolitan cities and counties in 2016. The maximum grant that a city or county can receive is \$2,500,000.

The City of Falls City is preparing an application for a 2016 Community Development Block Grant from the Oregon Business Development Department for a wastewater system improvements project in order to upgrade the system and address serious compliance issues within the City of Falls City, Polk County, Oregon.

It is estimated that the proposed project will benefit at least 437 persons, of whom 55.15% percent will be low or moderate income.

A public hearing will be held by Falls City, City Council at **7:00 PM on September 22, 2016 at the Falls City Community Center, 320 North Main Street, Falls City, Oregon 97344.** The purpose of this hearing is for the City Council to obtain citizen views and to respond to questions and comments about community development and housing needs, especially the needs of low- and moderate-income persons, as well as other needs in the community that might be assisted with a Community Development Block Grant project; and the proposed project.

Written comments are also welcome and must be received by **5:00 pm on September 22, 2016 at Falls City, City Hall, 299 Mill Street, Falls City, Oregon, 97344.** Both oral and written comments will be considered by the City Council in deciding whether to apply.

The location of the hearing is accessible to persons with disabilities. Please contact **Terry Ungricht, Mayor/Manager at 503-7897-3631** if you will need any special accommodations to attend or participate in the meeting.

More information about Oregon Community Development Block Grants, the proposed project, and records about the City of Falls City's past use of Community Development Block Grant funds is available for public review at City Hall during regular office hours. Advance notice is requested. If special accommodations are needed, please notify **Terry Ungricht, Mayor/Manager at 503-787-3631** so that appropriate assistance can be provided.

Permanent involuntary displacement of persons or businesses is not anticipated as a result from the proposed project. If displacement becomes necessary, alternatives will be examined to minimize the displacement and provide required/reasonable benefits to those displaced. Any low- and moderate income housing which is demolished or converted to another use will be replaced.



City of Falls City
299 Mill Street
Falls City, OR 97344
Ph. 503.787.3631

**OFFICE OF THE MAYOR
AND CITY MANAGER
TERRY UNGRICHT**

September 14, 2016

Mid-Willamette Valley Council of Governments
Attn: Garrett Jensen
100 High Street SE, Suite 200
Salem, OR 97301

Dear Garrett,

I, Terry Ungricht, Mayor/Manager of City of Falls City, certify that the attached "Exhibit A – City of Falls City Notice of Public Hearing" for a 2016 Community Development Block Grant application was posted on September 14, 2016 at the following locations:

- Falls City Post Office, USPS, 123 Parry Road, Falls City, OR 97344
- Falls City Community Center, 320 North Main, Falls City, OR 97344
- Frink's General Store, 319 North Main, Falls City, OR 97344
- Boondocks Bar and Restaurant, 318 North Main, Falls City, OR 97344
- Falls City, City Hall, 299 Mill Street, Falls City, OR 97344
- Falls City High School, 111 N Main St, Falls City, OR 97344

Regards,

Terry Ungricht
Mayor/Manager
City of Falls City