MISSION STATEMENT: TO PROVIDE A SAFE, HEALTHFUL AND SOUND ECONOMIC ENVIRONMENT, PROGRESSIVELY ENHANCING OUR QUALITY OF LIFE

STUDY SESSION AGENDA
CITY COUNCIL – CITY OF ONTARIO OREGON
THURSDAY, FEBRUARY 8, 2018, 12:00 PM, MT

Pursuant to the Public Meetings Laws and Rules within the Oregon Revised Statutes, the City Council has the authority, ability, and standing to take action on any items on the Agenda, or add items to the Agenda, during the Study Session or Regular Meeting, as long as all public meeting notice requirements have been met.

1) CALL TO ORDER

Roll Call: Tessa Winebarger _____ Dan Capron _____ Marty Justus _____ Ramon Palomo _____
Betty Carter _____ Norm Crume _____ Mayor Ron Verini _____

2) PLEDGE OF ALLEGIANCE

This Agenda was posted on February 6, 2018. Copies of the Agenda are available from the City Hall Customer Service Counter and on the city's website at www.ontariooregon.org.

3) MOTION TO ADOPT THE AGENDA

4) PUBLIC COMMENTS Citizens may address the Council; however, Council may not be able to provide an immediate answer or response. Our of respect to the Council and others in attendance, please limit your comment to three (3) minutes. Please state your name and city of residence for the record.

5) PRESENTATIONS

A) 2016-2017 Audit Presentation

6) OLD BUSINESS

A) Ordinance #2732-2017: Annexation and Rezone of Tax Lot 800, Assessor Map 18S4711BC - Urban Growth Area General Commercial (UGA C-2) to City General Heavy Commercial (C-2H) SECOND READING

B) Ordinance No. 2736-2018 - Registration and Fees for Derelict Structures First Reading

C) Resolution #2018-111: Housing Incentive Program

7) NEW BUSINESS

A) Appointments to Committees

B) Liquor License: Bargaritas

C) Utility Billing Write-Offs

D) Resolution 2018-108: City of Ontario Water Rights - Malheur Farms

E) Resolution #2018-109: Supplemental Budget to Recognize Police Donations and Authorizing Expenditures of Those Funds

F) Resolution #2018-110: Establishment of Septage Receiving Rates

G) Hanger Lease Transfer: 109 India (James & Josette Beaumont)

H) Hanger Lease Transfer: 260 Golf (Gary and Elaine Taylor)

I) Hanger Lease Transfer: 336 Echo/340 Delta (John and Sandra Freeburg)

J) Land Lease: FBO Modular (Frazier Aviation, LLC)

K) Expiration of Unified Certification Program Intergovernmental Agreement

The City Council may recess/adjourn to Executive Session under ORS 192.660(2) as follows: (a) Employment of Public Officers, Employees, or Agents; (b) Discipline of Public Officers, Employees, or Agents; (d) Labor Negotiations; (e) Real Property Transactions; (f) Exempt Public Records; (g) Trade Negotiations; (h) Litigation /Consult with Legal Counsel; (i) Performance Evaluation of Public Officers and Employees; (j) Trade Negotiations; and/or (l) Labor Negotiations.

The City of Ontario does not discriminate in providing access to its programs, services and activities on the basis of race, color, religion, ancestry, national origin, political affiliation, sex, age, marital status, physical or mental disability, or any other inappropriate reason prohibited by law or policy of the state or federal government. Should a person need special accommodations or interpretation services, contact the City at 889-7684 at least one working day prior to the need for services and every reasonable effort to accommodate the need will be made.

8) PUBLIC HEARING

A) Ordinance #2734-2018: Accepting Certain Territory as City of Ontario Street Right of Way. on First and Second Reading, Declaring an Emergency

B) Ordinance #2735-2018: Accepting Right of Way for Park Boulevard; on First and Second Readings, Declaring an Emergency

9) DEPARTMENT HEAD UPDATES

A) December 2017 Financial Report

B) Public Works Department: Quarterly Report

C) Community Development Department: Quarterly Report

10) HAND-OUTS/DISCUSSION ITEMS

A) Residency Requirements for City Employees

B) Sales Tax Proceed Opportunities

C) City's Policy on Auditing Nonprofits that Receive Funds from the City

D) Department Stats: Fire January 2018

E) Department Stats: Police Dec 2017

F) Department Stats: Code Enforcement Dec 2017

G) Department Stats: Code Enforcement EoY 2017

H) Department Stats: Public Works Dec 16, 2017 - Jan 25, 2018

I) Minutes: County Court (1/10, 1/17, 1/24, 1/25)

J) Minutes: SREDA (01/03)

K) Agenda: SREDA (02/07)

11) CORRESPONDENCE, COMMENTS AND EX-OFFICIO REPORTS

12) ADJOURN

The City Council may recess/adjourn to Executive Session under ORS 192.660(2) as follows: (a) Employment of Public Officers, Employees, or Agents; (b) Discipline of Public Officers, Employees, or Agents; (d) Labor Negotiations; (e) Real Property Transactions; (f) Exempt Public Records; (g) Trade Negotiations; (h) Litigation /Consult with Legal Counsel; (i) Performance Evaluation of Public Officers and Employees; (j) Trade Negotiations; and/or (l) Labor Negotiations.

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CITY OF ONTARIO, OREGON

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

CITY OF ONTARIO, OREGON
JUNE 30, 2017

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INTRODUCTORY SECTION

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CITY OF ONTARIO, OREGON

CITY COUNCIL AND OFFICIALS

June 30, 2017

NAME	ADDRESS	POSITION
CITY COUNCIL		
Ronald Verini	Ontario	Mayor
Norm Crume	Ontario	Council President
Ramon Palomo	Ontario	Councilor
Thomas Jost	Ontario	Councilor
Tessa Winebarger	Ontario	Councilor
Betty Carter	Ontario	Councilor
Martin Justus	Ontario	Councilor
OFFICIALS		
Adam Brown	Ontario	City Manager
Tori Barnett	Ontario	City Recorder
Cal Kunz	Ontario	Chief of Police
Terry Leighton	Ontario	Fire Chief
Dan Cummings	Ontario	Community Development Director
Cliff Leeper	Ontario	Public Works Director (CH2M Hill)
Kari Ott	Ontario	Finance Director (Oster Professional Group)
Debbie Jeffries	Ontario	Recreation Manager
Anita Zink	Ontario	Human Resources Manager

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FINANCIAL SECTION

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
CERTIFIED PUBLIC ACCOUNTANTS
1121 ADAMS AVENUE • P.O. BOX 1024
LA GRANDE, OREGON 97850-1024

Independent Auditors' Report

To the City Council
City of Ontario, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ontario, Oregon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Ontario, as of June 30, 2017, and the respective changes in financial positions and, when applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension liability information, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the MD&A and pension liability information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the MD&A and pension liability information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and was derived from, and, relate directly to, the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ontario, Oregon's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and other financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 26, 2017 on our considerations of the City of Ontario's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
Certified Public Accountants

By Chelsea A. Herron
Chelsea A. Herron, CPA
Owner/Member

La Grande, Oregon
December 26, 2017

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MANAGEMENT'S

DISCUSSION AND ANALYSIS

CITY OF ONTARIO, OREGON
Management's Discussion & Analysis
June 30, 2017

www.ontariooregon.org

As management of the City of Ontario, Oregon, (city) we offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the city for the fiscal year ended June 30, 2017. This Management's Discussion and Analysis (MD&A) is based upon currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

The emphasis of discussions about these statements will be on current year data. This information is provided for use in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The governmental assets and deferred outflows of the city exceeded its liabilities and deferred inflows at June 30, 2017 by $23,615,215 (net position). Of this amount, $2,067,226 was unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

- At June 30, 2017, the General Fund total fund balance was $2,788,700.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the city as a whole and present a longer-term view of the city's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the city's operations in more detail than the government-wide statements by providing information about the city's most significant funds.

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements which is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the city's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the city as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the city's *net position* and changes in them. You can think of the city's net position—the differences between assets, deferred outflows, deferred inflows and liabilities—as one way to measure the city's financial health, or *financial position*. Over time, *increases or decreases* in the city's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the city's property tax base and the condition of the city's roads, to assess the *overall health* of the city.

The Statement of Net Position and the Statement of Activities present information about the following:

- Governmental activities—All of the city's basic services are considered to be governmental activities, including general government, community development, public safety, culture and recreation, and highways and streets. Property taxes, intergovernmental revenues, transient occupancy taxes, user fees, and franchise fees finance most of these activities.

- Business-Type activities—Operation of the city's utility system and the golf course are considered to be business-type activities, whereby all or a significant portion of the cost of operation is intended to be recovered through user fees and charges. The city's business-type activities are water, sewer, storm and golf.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the city as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council, with the help of the city's budget committee, establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The city's three kinds of funds—*governmental, proprietary and fiduciary*—use different accounting approaches.

- *Governmental funds*—Most of the city's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash.

  The governmental fund statements provide a detailed short-term view of the city's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the city's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation section that follows the fund financial statements.

- *Proprietary funds*—When the city charges for certain services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

- *Fiduciary funds*—The city has an agency fund which accounts for monies belonging to the recreation board. This fund has no measurement focus, but employs the accrual basis of accounting for purposes of asset and liability recognition.

THE CITY AS A WHOLE

Our analysis focuses on the net position and changes in the city's net position (Tables 1 and 2).

Table 1. Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Current and other assets	$ 10,016,375	$ 10,568,985	$ 3,506,821	$ 3,937,611	$ 13,523,196	$ 14,506,596
Capital assets	21,108,230	29,222,531	41,773,809	33,775,562	62,882,039	62,998,093
Total assets	31,124,605	39,791,516	45,280,630	37,713,173	76,405,235	77,504,689
Deferred outflows of resources	5,965,086	836,257	-	10,321	5,965,086	846,578
Current liabilities	859,495	1,083,194	462,843	368,550	1,322,338	1,451,744
Noncurrent liabilities						
Due within one year	677,578	132,476	590,257	567,044	1,267,835	699,520
Due in more than one year	11,541,918	5,287,243	6,353,566	6,994,393	17,895,484	12,281,636
Total liabilities	13,078,991	6,502,913	7,406,666	7,929,987	20,485,657	14,432,900
Deferred inflow of resources	1,254,980	1,515,520	-	25,123	1,254,980	1,540,643
Net investment in capital assets	20,769,320	28,751,145	34,829,986	26,264,695	55,599,306	55,015,840
Restricted net position	778,669	1,205,688	327,465	328,242	1,106,134	1,533,930
Unrestricted net position	2,067,226	2,652,507	2,716,513	3,175,447	4,783,739	5,827,954
Total net position	$ 23,615,215	$ 32,609,340	$ 37,873,964	$ 29,768,384	$ 61,489,179	$ 62,377,724

Governmental Activities

The city's net position from governmental activities decreased by 27.58% from $32,609,340 to $23,615,215. This decrease of $8,994,125 comes from a $7,624,188 restatement of net position and a current year decrease of $1,369,937 as recorded in the Statement of Activities and flows through the Statement of Net Position. The following is an explanation of the changes between fiscal years as shown in Table 1:

- Current and other assets decreased by $552,610 which is mostly made up of a $293,108 decrease of unrestricted cash and a $202,885 decrease in other accounts receivable.

- Capital assets had a net decrease of $8,114,301, which is mostly due to a $7,401,623 restatement to move capital assets to the airport fund. Also, there was $757,428 in current depreciation expense.

- Current liabilities decreased by $223,699, made up mostly of a decrease in accounts payable and payroll liabilities.

- Long term debt decreased by $132,476 due to principal payments on the existing debt.

- Unrestricted net position decreased by $585,281 mostly due to the unfunded PERS liability.

Business-Type Activities

The city's net position from business-type activities increased by 27.22% from $29,768,384 to $37,873,964 This increase of $8,105,580 comes from the current year change in net position as recorded in the Statement of Activities and a $7,586,844 increase restatement of beginning net position.

- Current and other assets decreased by $430,790 largely due a decrease in unrestricted cash.

- Capital assets increased by $7,998,247 largely due to a $7,401,623 restatement moving assets to the airport fund and also a large water treatment plant improvement.

- Long term debt decreased by $516,474 due to principal payments on the existing debt with no new debt in the current year.

- Unrestricted net position decreased by $458,934 mainly due to a decreased cash position.

Table 2. Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Revenues						
Program revenues						
Charges for services	$ 2,387,401	$ 1,762,395	$ 6,294,135	$ 6,034,982	$ 8,681,536	$ 7,797,377
Operating contributions	1,028,966	965,744	107,243	68,584	1,136,209	1,034,328
Capital contributions	80,464	645,432	-	-	80,464	645,432
General revenues:						
Property taxes	3,438,294	3,327,771	-	-	3,438,294	3,327,771
Local taxes and fees	2,342,809	2,249,623	-	-	2,342,809	2,249,623
Unrestricted grants	120,635	138,917	-	-	120,635	138,917
Investment income	30,470	19,790	92,385	56,041	122,855	75,831
Miscellaneous	81,439	85,703	-	-	81,439	85,703
Total revenues	9,510,478	9,195,375	6,493,763	6,159,607	16,004,241	15,354,982
Expenses						
Governmental Activities						
General government	2,582,328	2,865,331	-	-	2,582,328	2,865,331
Highways and streets	2,168,609	2,092,910	-	-	2,168,609	2,092,910
Public safety	5,588,692	8,206,472	-	-	5,588,692	8,206,472
Parks and recreation	390,940	398,069	-	-	390,940	398,069
Interest on debt	16,338	16,031	-	-	16,338	16,031
Business-Type Activities						
Water	-	-	2,753,540	2,749,849	2,753,540	2,749,849
Sewer	-	-	2,838,631	2,760,363	2,838,631	2,760,363
Golf course	-	-	-	62,467	-	62,467
Storm sewer	-	-	192,585	190,891	192,585	190,891
Airport	-	-	309,990	51,582	309,990	51,582
Aquatic	-	-	17,578	43,723	17,578	43,723
Total Expenses	10,746,907	13,578,813	6,112,324	5,858,875	16,859,231	19,437,688
Transfers in (out)	-	(59,520)	-	59,520	-	-
Capital contributions	(137,297)	(398,217)	137,297	398,217	-	-
Gain (loss) on sale of asset	3,789	5,191	-	-	3,789	5,191
Increase in net position	(1,369,937)	(4,835,984)	518,736	758,469	(851,201)	(4,077,515)
Net position - beginning	32,609,340	37,170,358	29,768,384	29,022,154	62,377,724	66,192,512
Restatements	(7,624,188)	274,966	7,586,844	(12,239)	(37,344)	262,727
Net position - as restated	24,985,152	37,445,324	37,355,228	29,009,915	62,340,380	66,455,239
Net position, ending	$ 23,615,215	$ 32,609,340	$ 37,873,964	$ 29,768,384	$ 61,489,179	$ 62,377,724

Governmental Activities

The city's total revenues from governmental activities increased from the prior fiscal year by $315,103 (3.4%) and the total cost of all governmental programs and services decreased by $2,831,906 (20.8%). The increases in revenues came from motel occupancy tax, community development block grant and Brownfield Grant. The decreases in expenses were primarily from PERS related accruals.

Business-Type Activities

The city's business-type activities revenues increased $334,156 (5.4%) from the prior fiscal year and the total costs of the business-type activities increased $253,449 (4.3%). The total business-type revenues increased because of water and sewer rate increases. The expenses increased mainly due to the increase in contract with CH2M Hill and increase in airport depreciation.

FINANICAL ANALYSIS OF THE CITY'S FUNDS

At year-end, the city's governmental funds reported combined fund balances of $9,446,643 which is an increase of $212,671, after restatement (2.3%) from the prior fiscal year.

- The largest decrease in fund balance was in the Street Fund. The Street Fund had a net change of ($500,344). This was mainly due street revenues received by the state are less than the operating costs.
- The General Fund had a net increase of $8,544. This increase was mainly due to conservative spending and some capital projects pushed to the next year.
- The largest increase was in the Capital Projects Fund. The Capital Projects fund had a net increase of $349,181, this was due to more Utility Capitalization Fees received than what was spent for projects.

At year-end, the city's proprietary funds reported combined net position of $37,873,964 for enterprise funds. This is a combined increase in net position of $8,105,580, after restatements. This is mostly due the water and sewer rate increases and a large restatement to move capital assets to the airport fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The city is continuing to operate on an annual budget.

Expenditures

The final appropriations of the budget for personal services for the General Fund were $4,911,145 and the actual expenditures were $4,751,607. This is 96.8% of the budget expended.

The final appropriations of the budget for materials and services for the General Fund were $1,743,528 while actual expenditures were $1,551,973. This is 89% of the budget expended.

Overall, appropriations were $8,591,078 and total expenditures were $6,419,241. This shows that 74.7% of the appropriated budget was expended in the fiscal year ended June 30, 2017.

Revenues

102.6% of the budgeted revenues for the 2016-2017 budget was received.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the city shows $62,882,039 of capital assets, net of depreciation, this is a decrease of $116,054 from the prior year. The city has $21,108,230 of capital assets in governmental activities and $41,773,809 in business-type activities. The governmental activities reflect that the city had some holding cell improvements, an underground sprinkler system installed, a new phone system, new police cars, and began some street projects. The business-type activities had some sewer line replacements, finished Eastside #2 Reservoir repair and Water Treatment plant improvements.

Debt

The city had a total of $7,282,733 in long-term debt at June 30, 2017; this is a decrease of $699,520. The decrease is due to payments being applied to the principal of the debt. There was no new debt in the current year. $6,943,823 of this debt is being paid out of the proprietary funds and the remaining $338,910 is paid from governmental activities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy of the city is based primarily on agriculture; however, there is a great deal of retail jobs within Ontario as it serves as the shopping hub for the Treasure Valley.

The city utilizes an annual budget that takes into account the projected property tax rates and valuations, historical trends in transient occupancy taxes, rate increases as allowed by ordinance for water services and the balance of project expenditures.

The city continues to struggle to fund the city services at a level the citizens of Ontario deserve. There are difficult decisions required to be made by management, the budget committee and the city council on an ongoing basis to attempt to balance funding with services provided.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Ontario's finances and to show the city's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 444 SW 4th Street, Ontario, Oregon 97914.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ONTARIO, OREGON

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and pooled investments	$ 8,325,867	$ 2,338,245	$ 10,664,112
Receivables			
Property tax	239,762	-	239,762
Customer accounts receivable	51,298	694,361	745,659
Accounts	686,752	13,294	700,046
Street assessments	124,311	-	124,311
Loans	157,976	-	157,976
Restricted cash			
System development charges	138,574	-	138,574
Customer deposits	-	119,885	119,885
Held in evidence fund	14,338	-	14,338
Deposits held in trust	277,497	-	277,497
Debt service	-	327,465	327,465
Chemicals	-	13,571	13,571
Capital assets not being depreciated	2,161,864	7,854,888	10,016,752
Capital assets being depreciated			
(net of accumulated depreciation)	18,946,366	33,918,921	52,865,287
Total assets	31,124,605	45,280,630	76,405,235
DEFERRED OUTFLOWS OF RESOURCES			
Prepaid contract services	585,816	-	585,816
Deferred outflows related to PERS	5,379,270	-	5,379,270
Total deferred outflows	5,965,086	-	5,965,086
LIABILITIES			
Accounts payable	274,085	165,603	439,688
Accrued liabilities	137,265	-	137,265
Accrued interest payable	3,727	177,355	181,082
Customer deposits	-	119,885	119,885
Unearned rent income	1,500	-	1,500
Held in evidence fund	14,338	-	14,338
Deposits held in trust	246,663	-	246,663
Long-term liabilities			
Portion due or payable within one year			
Current portion of note payable	134,697	590,257	724,954
Current portion of compensated absences	47,220	-	47,220
Portion due or payable after one year			
Note payable	204,213	6,353,566	6,557,779
Compensated absences	250,732	-	250,732
Net pension liability	10,905,056	-	10,905,056
Total liabilities	12,219,496	7,406,666	19,626,162
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to PERS	1,254,980	-	1,254,980
Total deferred inflows	1,254,980	-	1,254,980
NET POSITION			
Net investment in capital assets	20,769,320	34,829,986	55,599,306
Restricted for			
Street projects	316,234	-	316,234
Debt service	99,366	327,465	426,831
System development	223,024	-	223,024
Building inspection	114,231	-	114,231
Aquatic Center	25,814	-	25,814
Unrestricted	2,067,226	2,716,513	4,783,739
Total net position	$ 23,615,215	$ 37,873,964	$ 61,489,179

CITY OF ONTARIO, OREGON
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2017

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
Functions/ Programs	Expenses	Charges for services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Primary Government							
Governmental activities							
General government	$ 2,582,328	$ 1,242,775	$ 157,046	$ -	$ (1,182,507)	$ -	$ (1,182,507)
Highways and streets	2,168,609	464,780	685,873	7,077	(1,010,879)	-	(1,010,879)
Public works	-	457,619	-	35,958	493,577	-	493,577
Public safety	5,588,692	165,808	165,471	5,436	(5,251,977)	-	(5,251,977)
Parks and recreation	390,940	56,419	20,576	-	(313,945)	-	(313,945)
Capital outlay	-	-	-	31,993	31,993	-	31,993
Interest on long term debt	16,338	-	-	-	(16,338)	-	(16,338)
Total governmental activities	10,746,907	2,387,401	1,028,966	80,464	(7,250,076)	-	(7,250,076)
Business-Type activities							
Water	2,753,540	2,912,627	-	-	-	159,087	159,087
Sewer	2,838,631	3,224,134	-	-	-	385,503	385,503
Storm sewer	192,585	106,772	-	-	-	(85,813)	(85,813)
Airport	309,990	50,602	-	-	-	(259,388)	(259,388)
Aquatic	17,578	-	107,243	-	-	89,665	89,665
Total business type activities	6,112,324	6,294,135	107,243	-	-	289,054	289,054
Total primary government	$ 16,859,231	$ 8,681,536	$ 1,136,209	$ 80,464	(7,250,076)	289,054	(6,961,022)
			General revenues:				
			Property and other city tax levied for:				
			General purposes		3,438,294	-	3,438,294
			Local transit taxes and fees		2,342,809	-	2,342,809
			Grants and contributions not restricted to specific purpose		120,635	-	120,635
			Unrestricted investments earnings		30,470	92,385	122,855
			Miscellaneous		81,439	-	81,439
			Total general revenues		6,013,647	92,385	6,106,032
			Special items:				
			Capital asset transfers		(137,297)	137,297	-
			Gain (loss) on sale of asset		3,789	-	3,789
			Changes in net position		(1,369,937)	518,736	(851,201)
			Net position, July 1, 2016, before restatement		32,609,340	29,768,384	62,377,724
			Restatement, see note 11		(7,624,188)	7,586,844	(37,344)
			Net position, July 1, 2016, after restatement		24,985,152	37,355,228	62,340,380
			Net position, June 30, 2017		$ 23,615,215	$ 37,873,964	$ 61,489,179

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FUND FINANCIAL STATEMENTS

CITY OF ONTARIO, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Street Fund	Capital Projects Fund	Nonmajor Funds	Total June 30, 2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash and investments	$ 1,954,141	$ 241,877	$ 3,163,764	$ 2,966,085	$ 8,325,867
Receivables					
Property taxes	239,762	-	-	-	239,762
Customer accounts, net allowance	-	-	44,351	6,947	51,298
Special assessments	-	-	49,888	232,399	282,287
Other	502,304	86,957	-	97,491	686,752
Due from other funds	2,633	-	-	-	2,633
Prepaid expenses	585,816	-	-	-	585,816
Restricted cash					
Cash held in trust	-	-	-	277,497	277,497
Held in evidence fund	14,338	-	-	-	14,338
System development charges	-	-	-	138,574	138,574
Total assets	3,298,994	328,834	3,258,003	3,718,993	10,604,824
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows	$ 3,298,994	$ 328,834	$ 3,258,003	$ 3,718,993	$ 10,604,824
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Current liabilities					
Accounts payable	$ 157,995	$ 12,386	$ 18,416	$ 85,288	$ 274,085
Payroll liabilities	137,051	214	-	-	137,265
Due to other funds	-	-	-	2,633	2,633
Unearned rent income	1,500	-	-	-	1,500
Held by evidence fund	14,338	-	-	-	14,338
Deposits held in trust	-	-	-	246,663	246,663
Total current liabilities	310,884	12,600	18,416	334,584	676,484
Total liabilities	310,884	12,600	18,416	334,584	676,484
Deferred inflows of resources					
Unavailable property tax revenues	199,410	-	-	-	199,410
Unavailable special assessment revenues	-	-	49,888	74,423	124,311
Unavailable economic development loans	-	-	-	157,976	157,976
Total deferred inflows	199,410	-	49,888	232,399	481,697
Fund balances					
Nonspendable	588,449	-	-	-	588,449
Spendable					
Restricted	-	316,234	-	462,435	778,669
Committed	-	-	3,189,699	2,697,671	5,887,370
Unassigned	2,200,251	-	-	(8,096)	2,192,155
Total fund balances	2,788,700	316,234	3,189,699	3,152,010	9,446,643
Total liabilities, deferred inflows and fund balances	$ 3,298,994	$ 328,834	$ 3,258,003	$ 3,718,993	$ 10,604,824

CITY OF ONTARIO, OREGON

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT TO NET POSITION

June 30, 2017

TOTAL FUND BALANCES		$ 9,446,643
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are not financial resources and, therefore, are not reported in the governmental funds		
Cost	$ 39,053,202	
Accumulated depreciation	(17,944,972)	21,108,230
Compensated absences are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements.		(297,952)
Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.		481,697
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
Net pension liability	(10,905,056)	
Note payable	(338,910)	
Accrued interest	(3,727)	(11,247,693)
Current year PERS contributions are deferred outflows of resources that will be a recognized expense in the subsequent period.		5,379,270
City's proportionate share of differences between projected and actual earnings on investments, and the differneces between employer contributions and the proportionate share of contributions will be amoritzed over the next five years.		(1,254,980)
TOTAL NET POSITION		$ 23,615,215

CITY OF ONTARIO, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended

June 30, 2017

	General Fund	Street Fund	Capital Projects Fund	Nonmajor Funds	Total June 30, 2017
Revenues					
Taxes					
Property taxes	$ 3,429,412	$ -	$ -	$ -	$ 3,429,412
Other taxes	5	225,210	-	631,341	856,556
Intergovernmental revenues	605,539	679,014	-	202,731	1,487,284
Charges for services	106,818	3,753	2,520	94,323	207,414
Licenses and permits	6,558	-	-	199,689	206,247
Fines and forfeits	3,475	-	-	-	3,475
Miscellaneous					
Franchise fees	1,695,704	-	-	-	1,695,704
Special assessments collected	-	-	-	26,464	26,464
Miscellaneous revenues	95,450	10,124	7,571	18,864	132,009
Interest on investments	26,956	162	1,490	11,910	40,518
Loan repayments	-	-	-	18,373	18,373
Utilities capitalization charges	-	-	456,768	-	456,768
Administration	497,148	412,535	-	-	909,683
Total revenues	6,467,065	1,330,798	468,349	1,288,145	9,554,357
Expenditures					
Current					
General government	1,319,944	-	69	585,526	1,905,539
Highways and streets	-	1,683,640		-	1,683,640
Public safety	4,620,498	-	-	-	4,620,498
Parks and recreation	363,138	-	-	-	363,138
Capital outlay	92,289	51,734	119,099	326,922	590,044
Debt service					
Principal	19,599	63,176	-	55,377	138,152
Interest	3,773	-	-	8,707	12,480
Total expenditures	6,419,241	1,798,550	119,168	976,532	9,313,491
Excess of revenues over (under) expenditures	47,824	(467,752)	349,181	311,613	240,866
Other financing sources (uses)					
Operating transfers in	30,720	-	-	75,000	105,720
Operating transfers out	(45,000)	(30,000)	-	(30,720)	(105,720)
Capital asset sales	-	-	-	9,150	9,150
Total other sources (uses)	(14,280)	(30,000)	-	53,430	9,150
Net change in fund balances	33,544	(497,752)	349,181	365,043	250,016
Fund balances, July 1, before restatement	2,780,156	816,578	2,840,518	2,796,720	9,233,972
Restatement, see note 11	(25,000)	(2,592)	-	(9,753)	(37,345)
Fund balances, July 1, after restatement	2,755,156	813,986	2,840,518	2,786,967	9,196,627
Fund balances, June 30	$ 2,788,700	$ 316,234	$ 3,189,699	$ 3,152,010	$ 9,446,643

CITY OF ONTARIO, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended

June 30, 2017

NET CHANGE IN FUND BALANCES		$ 250,016
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Expenditures for capital assets	$ 235,331	
Current year dispositions	(5,361)	
Less current year depreciation	(757,428)	(527,458)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.		
Debt principal repaid		132,476
Interest on long-term debt is not accrued in the governmental funds but is expensed when paid.		
Interest accrued		1,818
Certain revenues not collected for several months after year end are not considered available revenue and is deferred in the governmental funds. The change in deferred revenue is not reflected in the governmental funds, but is in the Statement of Activities as a change in revenues.		(43,879)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences		(29,740)
Changes in net pension liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the governmental funds.		(1,153,170)
CHANGE IN NET POSITION		$ (1,369,937)

CITY OF ONTARIO, OREGON
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Enterprise Funds					
	Water Fund	Sewer Fund	Airport Fund	Nonmajor Funds	Total June 30, 2017	Internal Service Fund
ASSETS						
Current assets						
Cash and investments	$ 818,464	$ 887,324	$ 5,072	$ 627,385	$ 2,338,245	$ -
Receivables						
Customer accounts receivable, net allowance for doubtful accounts	311,178	363,208	11,146	8,829	694,361	-
Other receivables	-	-	-	13,294	13,294	-
Restricted cash						
Customer deposits	11,103	-	-	1,000	12,103	107,782
Debt service	-	327,465	-	-	327,465	-
Long-term assets						
Inventories	13,571	-	-	-	13,571	-
Capital assets, net of accumulated depreciation	13,403,984	17,934,676	8,088,331	2,346,818	41,773,809	-
Total assets	14,558,300	19,512,673	8,104,549	2,997,326	45,172,848	107,782
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
LIABILITIES						
Current liabilities						
Accounts payable	40,656	115,834	1,664	7,449	165,603	-
Accrued interest	80,768	96,587	-	-	177,355	-
Deposit liability	11,103	-	-	1,000	12,103	107,782
Current portion of non-current liabilities	156,961	433,296	-	-	590,257	-
Total current liabilities	289,488	645,717	1,664	8,449	945,318	107,782
Non-current liabilities						
Notes payable	3,066,491	3,287,075	-	-	6,353,566	-
Total liabilities	3,355,979	3,932,792	1,664	8,449	7,298,884	107,782
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
NET POSITION						
Net investment in capital assets	10,180,532	14,214,305	8,088,331	2,346,818	34,829,986	-
Restricted net position						
Debt service	-	327,465	-	-	327,465	-
Unrestricted net position	1,021,789	1,038,111	14,554	642,059	2,716,513	-
Total net position	$ 11,202,321	$ 15,579,881	$ 8,102,885	$ 2,988,877	$ 37,873,964	$ -

CITY OF ONTARIO, OREGON

RECONCILIATION OF ENTERPRISE FUNDS STATEMENT OF FUND NET POSITION TO THE STATEMENT OF NET POSITION

June 30, 2017

TOTAL ENTERPRISE FUNDS NET POSITION		$37,873,964
Amounts reported for business-type activities in the Statement of Net Position are different because:		
The internal service fund is used by management to charge the costs of certain activities to individual funds. The internal service fund predominately serves the enterprise funds, so the assets and liabilities of the internal service fund is included in Business-Type Activities in the Statement of Net Position as follows:		
Cash and cash equivalents	$ 107,782	
Deposit liability	(107,782)	-
TOTAL NET POSITION		$37,873,964

CITY OF ONTARIO, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended

June 30, 2017

	Enterprise Funds					
	Water Fund	Sewer Fund	Airport Fund	Nonmajor Funds	Total June 30, 2017	Internal Service Fund
Operating revenues						
Consumer receipts	$ 2,903,770	$ 3,214,223	$ 49,102	$ 106,772	$ 6,273,867	$ -
Miscellaneous	8,857	9,911	1,500	-	20,268	-
Total operating revenues	2,912,627	3,224,134	50,602	106,772	6,294,135	-
Operating expenses						
Employee benefits	(31,445)	(31,445)	-	(1,282)	(64,172)	-
Contract services	1,686,872	1,513,424	38,222	81,141	3,319,659	-
Depreciation	462,420	558,133	234,429	104,472	1,359,454	-
Insurance	57,777	57,777	2,915	2,358	120,827	-
Miscellaneous expense	2,287	11,907	5,806	473	20,473	-
Repairs and maintenance	-	-	6,420	170	6,590	-
Supplies - general	12,794	12,795	8,227	178	33,994	-
Supplies - petroleum	-	-	947	-	947	-
Telephone	111	71	1,765	-	1,947	-
Utilities	1,499	14,832	11,142	11,428	38,901	-
Projects	10,747	98,053	-	-	108,800	-
Fees	199,637	205,764	-	7,403	412,804	-
Administrative	209,341	218,361	-	3,822	431,524	-
Capital outlay	525	525	117	-	1,167	-
Total operating expenses	2,612,565	2,660,197	309,990	210,163	5,792,915	-
Net income from operations	300,062	563,937	(259,388)	(103,391)	501,220	-
Non operating income (expenses)						
Interest earned on investments	38,368	52,448	-	1,569	92,385	-
Interest expenses	(140,975)	(178,434)	-	-	(319,409)	-
Other taxes	-	-	-	107,243	107,243	-
Total non operating income (expenses)	(102,607)	(125,986)	-	108,812	(119,781)	-
Net income	197,455	437,951	(259,388)	5,421	381,439	-
Other items						
Capital contribution (distribution)	99,863	8,832	28,602	-	137,297	-
Transfers in	-	-	40,000	-	40,000	-
Transfers out	-	-	-	(40,000)	(40,000)	-
Total other items	99,863	8,832	68,602	(40,000)	137,297	-
Change in net position	297,318	446,783	(190,786)	(34,579)	518,736	-
Net position beginning of year, before restatement	10,905,003	15,133,098	20,865	3,709,418	29,768,384	-
Restatement, see note 11	-	-	8,272,806	(685,962)	7,586,844	-
Net position beginning of year, after restatement	10,905,003	15,133,098	8,293,671	3,023,456	37,355,228	-
Net position end of year	$ 11,202,321	$ 15,579,881	$ 8,102,885	$ 2,988,877	$ 37,873,964	$ -

CITY OF ONTARIO, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION OF ENTERPRISE FUNDS TO THE STATEMENT OF POSITION

For the Year Ended

June 30, 2017

NET CHANGE IN ENTERPRISE FUNDS NET POSITION	$	518,736
Amounts reported for business-type activities in the Statement of Activities are different because:		
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is allocated to business-type activities.		-
CHANGE IN NET POSITION	$	518,736

CITY OF ONTARIO, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended
June 30, 2017

	Enterprise Funds					
	Water Fund	Sewer Fund	Airport Fund	Nonmajor Funds	Total	Internal Service Fund
Cash flows from operating activities						
Cash received from customers	$ 2,917,739	$ 3,083,254	$ 33,516	$ 106,637	$ 6,141,146	$ 2,680
Cash payment to employees for services	(588)	(1,046)	-	(24)	(1,658)	-
Cash payment to suppliers for goods and services	(2,179,836)	(2,024,691)	(75,372)	(100,872)	(4,380,771)	-
Other operating revenues	8,857	9,911	1,500	104,830	125,098	-
Net cash provided by operating activities	746,172	1,067,428	(40,356)	110,571	1,883,815	2,680
Cash flows from noncapital financing activities						
Operating transfers-out to other funds	-	-	-	(40,000)	(40,000)	-
Operating transfers-in from funds	-	-	40,000	-	40,000	-
Net cash provided by noncapital financing activities	-	-	40,000	(40,000)	-	-
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(1,628,592)	-	-	(4,968)	(1,633,560)	-
Interest paid on notes payable	(144,497)	(186,485)	-	-	(330,982)	-
Payment on notes	(150,924)	(416,120)	-	-	(567,044)	-
Net cash used for capital and related financing activities	(1,924,013)	(602,605)	-	(4,968)	(2,531,586)	-
Cash flows from investing activities						
Interest and dividends on investments	38,368	52,448	-	1,569	92,385	-
Net cash provided (used) in investing activities	38,368	52,448	-	1,569	92,385	-
Net increase (decrease) in cash and cash equivalents	(1,139,473)	517,271	(356)	67,172	(555,386)	2,680
Cash and cash equivalents at beginning of year	1,969,040	697,518	5,428	561,213	3,233,199	105,102
Cash and cash equivalents at end of year	$ 829,567	$ 1,214,789	$ 5,072	$ 628,385	$ 2,677,813	$ 107,782
Reconciliation of operating income to net cash provided by operating activities						
Net Income	$ 300,062	$ 563,937	$ (259,388)	$ 3,852	$ 608,463	$ -
Adjustments to reconcile net income to net cash provided (used) by operating activities:						
Depreciation expense	462,420	558,133	234,429	104,472	1,359,454	-
(Increase) decrease in accounts receivable	13,969	(130,969)	(2,368)	(2,548)	(121,916)	-
Increase (decrease) in prepaid rent	-	-	(13,218)	-	(13,218)	-
Increase (decrease) in accounts payable	1,754	108,818	189	6,101	116,862	-
Increase (decrease) in payroll liabilities	-	(458)	-	-	(458)	-
Net increase (decrease) in customer deposits	-	-	-	-	-	2,680
Changes in net pension liability	(24,779)	(24,779)	-	(1,012)	(50,570)	-
Deferred current year PERS contributions	5,057	5,057	-	207	10,321	-
PERS deferred inflows	(12,311)	(12,311)	-	(501)	(25,123)	-
Total adjustments	446,110	503,491	219,032	106,719	1,275,352	2,680
Net cash provided (used) by operating activities	$ 746,172	$ 1,067,428	$ (40,356)	$ 110,571	$ 1,883,815	$ 2,680
Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Position						
Current assets						
Cash and investments	$ 818,464	$ 887,324	$ 5,072	$ 627,385	$ 2,338,245	$ -
Restricted assets						
Customer deposits	11,103	-	-	1,000	12,103	107,782
Debt service	-	327,465	-	-	327,465	-
Total cash and cash equivalents at year end	$ 829,567	$ 1,214,789	$ 5,072	$ 628,385	$ 2,677,813	$ 107,782
Non cash capital financing transactions						
Capital contributions from (to) other funds	$ 99,863	$ 8,832	$ 28,602	$ -	$ 137,297	$ -

CITY OF ONTARIO, OREGON

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2017

	Agency Funds
ASSETS	
Cash and investments	$ 1,340
Total assets	1,340
LIABILITIES	
Current liabilities	
Held in trust for other governments	1,340
Total current liabilities	1,340
Total liabilities	$ 1,340

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NOTES TO BASIC FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Organizational Authority

The City of Ontario operates under a charter adopted in 1954. The City Council, composed of the mayor and six council members, comprises the legislative branch of the city. Each councilor and the mayor are elected for a term of four years. Individual departments are under direction of the City Manager, who is appointed by the City Council. The City of Ontario provides numerous services to citizens, including public safety, public works, parks and recreation and general government services. It also operates the airport and provides water and sewer utilities.

A. The Reporting Entity

The City Council exercises governance responsibilities over all entities related to city activity. The city receives funding from local, state, and federal sources. However, the City of Ontario is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Council members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In evaluating how to define the city for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the primary government's financial accountability. The criteria used to determine financial accountability include whether the primary government appoints a voting majority, the primary government can impose its will on the component unit, whether there is financial benefit or burden on the primary government, and if the component unit has a fiscal dependency on the primary government. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the city is financially accountable. No other entities met requirements for inclusion in the basic financial statements of the City of Ontario.

B. Fund Accounting

City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are grouped, in the financial statements in this report, into two broad fund categories: governmental funds and proprietary funds.

GOVERNMENTAL FUNDS

General Fund—The General Fund is the general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds—Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds—Debt service funds are used to account for interest and principal payments for debt.

Capital Project Funds—Capital project funds are generally used to account for financial resources to be used for the acquisitions or construction of major capital facilities.

PROPRIETARY FUNDS

Enterprise Funds—Enterprise funds are used to account for water and sewer services and golf course services provided to the community. Principal revenue sources are fees charged to consumers for services.

Internal Service Fund—The internal service fund is used to charge the costs of certain activities to individual funds. The internal service fund is predominately used by enterprise funds.

C. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information on all the nonfiduciary activities of the city. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are financed primarily through property taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the city's assets, deferred outflows, deferred inflows and liabilities, with the difference reported as net position. Net position is reported in three categories:

> *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
>
> *Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
>
> *Unrestricted net position* consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the city's funds. Separate financial statements are provided for each fund category (governmental and proprietary). The emphasis of fund financial statements is on major funds, each displayed in a separate column. The nonmajor funds are shown in the aggregate.

The city reports the following major governmental funds:

General Fund—The General Fund is the general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund.

Street Fund— The Street Fund is a special revenue fund used to account for maintenance of the city's streets and street lighting. The major sources of revenue for the Street Fund come from the state of Oregon with tax on motor vehicle fuel and the Surface Transportation Program funds.

Capital Projects Fund—The Capital Projects Fund is used to account for financial resources to be used for the acquisitions or construction of major capital facilities.

The city reports on the following major proprietary funds:

Water Fund – The Water Fund is an enterprise fund used to account for the operation of the city's water system.

Sewer Fund – The Sewer Fund is an enterprise fund used to account for the operation of the city's sewer system.

Airport Fund – The Airport Fund is an enterprise fund used to account for the operation of the city's airport.

Public Works Internal Service Fund – The Public Works Internal Service Fund is used to charge the costs of certain activities to individual funds. The internal service fund is predominately used by enterprise funds. This fund accounts for water & sewer deposits.

Additionally, the city reports the following fund types:

Agency Fund-The agency fund is used to account for the donations held for and spent by the recreation board.

D. Measurement Focus and Basis of Accounting

Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary fund financial statements (city has agency funds only) have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the city receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. With the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the city funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. A six-month availability period is used for revenue recognition for all reimbursable grants. The city considers property taxes

and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the city's proprietary funds are charges for services, operating grants and other miscellaneous revenues. Operating expenses for the proprietary funds include personnel and materials and supplies. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets and Budgetary Accounting

An annual budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, materials and services, capital outlay, debt service, transfers and contingencies by fund are the levels of control. The detail budget document, however, is required to contain more specific detailed information for the above-mentioned expenditure categories. All appropriations lapse at June 30.

Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the council. The budget for the General Fund, special revenue funds, and proprietary funds includes capital outlay expenditures in each program for capital outlay applicable to that program.

The city had one budget over expenditure violations for the fiscal year ending June 30, 2017 as follows:

Reserve Fund	Materials and Services	$1,649

F. Capital Assets

Capital assets, which include property, equipment, vehicles, and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The city defines capital assets as assets with an initial cost of more than $5,000 and an estimated life in excess of one reporting period. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives.

Buildings and improvements	20 to 50 years
Improvements other than buildings	20 years
Equipment	5 to 30 years
Vehicles	8 years
Infrastructure	10 to 100 years

G. Property Taxes Receivable

Property taxes assessed but not yet collected are reported on the balance sheet, but are offset by deferred revenue accounts. The city levies taxes on a fiscal year from July 1 to June 30. The current levy becomes a lien on July 1. Taxes are due November 15 and become delinquent May 15. Foreclosure is started three years after taxes become delinquent. The city turns all tax collection duties over to Malheur County, Oregon.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collected or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable is due from property owners within the city.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has one item that qualifies for reporting in this category. It is the deferred amounts relating to pensions. This amount is deferred and recognized as an outflow of resources in the period when the City's recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The City also reports deferred amounts related to pensions and unearned rental revenue. This amount is deferred and recognized as an inflow of resources in the period when the City's recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

I. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The city maintains a policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for non-vested unpaid accumulated sick pay benefits. All vacation pay and vested sick pay benefits is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For fiscal year ended June 30, 2017 benefits are paid from the General and Water, Sewer and Storm Sewer Funds. The compensated absences liability was $297,952 at June 30, 2017 and $268,212 at June 30, 2016.

J. Cash and Investments

The city's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in savings accounts and the state of Oregon Local Government Investment Pool and allocated to each fund based on the amount of excess cash each fund has deposited.

Oregon statutes and local ordinances authorize the city to invest (short-term and long-term) in certificates of deposit (considered deposits for risk categorization purposes), certain bond obligations of civil subdivisions, general obligations of the states of Oregon, Washington, Idaho, and California, certain interest bearing bonds of a county, port, or school district, certain interest bearing bonds of any city in the state of Oregon, life insurance and annuity contracts, pooled deferred compensation trusts, banker's acceptances, and certain corporate bonds.

K. Encumbrances

The city does not use encumbrance accounting.

L. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

M. Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

N. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the city considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the city’s pooled cash and investments.

O. Other Asset

Water and wastewater treatment thirty-day chemical inventory will have to be left with the city if the public works CH2M Hill contract is terminated. An asset of $13,571 is booked for this value as shown by the Appendix G of the contract.

P. Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Fund Balances

GASB Statement No. 54 requires analysis and presentation of fund balances in five categories; the fund balance categories are:

- *Nonspendable*— Fund balance is reported as nonspendable when the resources cannot ever be spent, whether due to legal restrictions (such as corpus) or items not spendable in form such as prepaid items, interfund receivables and inventory.

- *Restricted*—Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

- *Committed*—Fund balance is reported as committed when the council passes a resolution, the formal action of the city's highest decision-making level of authority, to establish a specific spending constraint on how the resources may be used. The council can also modify or rescind the resolution through the passage of another formal resolution. Includes items committed by city council; commitments are required to be made, modified or rescinded by formal council resolution.

- *Assigned*—Fund balance is reported as assigned by city policy when the council or designee assign portions of revenue sources or ending fund balance, which are not determined to be non-spendable, restricted or committed by formal written notice. Authority is granted to the individuals by the city council and such authority may only be established, modified or rescinded by the council.

- *Unassigned*—This is the residual classification used for those balances not assigned to another category.

The city council can commit fund balances anytime before the end of the fiscal year. The commitment of fund balances has to be done by formal council resolution.

The council is authorized to make assignments of ending fund balance. Assignments of fund balances can be done at any time, including after fiscal year end date.

GASB 54 requires a spending policy, as it relates to ending fund balance. The spending policy states in what order fund balance categories are spent. The council approved the following fund balance order of spending policy:

1. Restricted Fund Balance
2. Committed Fund Balance
3. Assigned Fund Balance
4. Unassigned Fund Balance

Note 2. Retirement Plans

PERS

General Information about the Pension Plan

Plan Description

Employees of the City are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits Provided

1. **Tier One/Tier Two Retirement Benefit ORS Chapter 238**

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than

30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

After retirement, members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal

retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits
Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits
A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement
Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits
An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death Benefits
Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping
OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2017 were $538,316, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2017 were 22.69 percent for Tier One/Tier Two General Service Member, 14.89 percent for Tier One/Tier Two Police and Fire, 19 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a liability of $10,905,056 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was 0.07264 percent, which was decreased from its proportion of 0.0871 percent measured as of June 30, 2015.

For the year ended June 30, 2017, the City's recognized pension expense (income) of $1,633,954. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 360,787	$ -
Changes of assumptions	2,325,786	-
Net difference between projected and actual earnings on investments	2,154,381	-
Changes in proportion	-	808,914
Differences between employer contributions and proportionate share of contributions	-	446,066
Total (prior to post-MD contributions)	4,840,954	1,254,980
Contributions subsequent to the MD	538,316	-
Total	$ 5,379,270	$ 1,254,980

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows		Deferred Inflows	
Amortization Period		Amortization Period	
FY2018	$ 1,396,931	FY2018	$ 320,092
FY2019	858,615	FY2019	320,092
FY2020	1,652,912	FY2020	311,531
FY2021	1,275,751	FY2021	241,999
FY2022	195,061	FY2022	61,266
Total	$ 5,379,270	Total	$ 1,254,980

Actuarial Assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015 and effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent (reduced from 2.75%)
Long-Term Expected Rate of Return [1]	7.5 percent (reduced from 7.75%)
Discount Rate	7.5 percent (reduced from 7.75%)
Projected Salary Increases	3.5 percent (reduced from 3.75%)
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with *Moro* decision, blend based on service
Mortality	**Health retirees and beneficiaries:** RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. **Active Members:** Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. **Disabled retirees:** Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.

[1] At its September 25, 2015 meeting the PERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.50 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mis Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equities	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100.00%	
Assumed Inflation - Mean		2.50%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality

(AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability (asset)	$ 17,608,029	$ 10,905,056	$ 5,302,543

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the Pension Plan

The city reported payables of legally required contributions to the pension plan in the amount of $71,221 at June 30, 2017.

Changes in Plan Provisions During the Measurement Period

As reflected in the December 31, 2014 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015 reversed a significant portion of the reductions passed by the 2013 Oregon Legislature, which increased the benefits projected to be paid by Employers compared to those previously developed and consequently increased plan liabilities. The employers' projected long-term contribution effort reflects the estimated impact of the Moro Decision. Following the completion of the December 31, 2014 actuarial valuation, the PERS Board adopted several assumption changes, including lowering the investment return assumption from 7.75% to 7.5%.

Changes in Plan Provisions Subsequent to Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

Deferred Compensation Plan

Plan Description – The city offers employees a deferred compensation plan (the plan) sponsored by the city. The plan is a defined contribution plan created in accordance with Internal Revenue Code Section 457. The plan is available to all represented and non-represented city employees, and permits them to defer a portion of their salary until future years. Contributions are made through salary deductions from participating employees up to the amounts specified in the Internal Revenue Code Section 457. No contributions are required from the city. As of June 30, 2017, 60 individuals were participating in the Internal Revenue Code Section 457 plans. Amounts deferred are not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. No plan assets have been used for purposes other than the payment of benefits.

At June 30, 2017, the amount deferred and investments earnings thereon, adjusted to fair market value, amount to $2,340,497. The plan assets are held in custodial accounts by the plan provider for the exclusive benefit of the participants or their beneficiaries. The city does not perform the investing function and has no fiduciary accountability for the plan. Therefore, plan assets and any related liability to plan participants are not reported in the city financial statements as of June 30, 2017.

Note 3. Other Post Employment Benefits

PERS Retirement Health Insurance Account

Plan Description

The district contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health

insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004, PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that amount equal to $60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of $60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at the rate assessed each year by PERS, currently 0.49% Tier 1 and Tier 2 payroll and 0.19% of OPSRP annual covered payroll. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years. The city's contributions to RHIA for the year ended June 30, 2017 are included in the PERS annual pension amount.

GASB 45

For the fiscal year ended June 30, 2009, the city implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. This statement addresses how state and local governments should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). The statement generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. For the fiscal year ended June 30, 2016, the city's participation in the City County Insurance Services (CCIS) health plans have been determined to constitute community-rated coverage, as allowed by GASB 45, therefore, there is no implicit subsidy to value and no liability accrued in the financial statements.

Note 4. Accounts Receivable

The governmental funds of the city have accounts receivable as follows:

General Fund	Property taxes	$ 239,762
General Fund	Other	502,304
Street Fund	Other	59,039
Street Fund	Occupancy tax	27,918
Nonmajor funds	Service billing revenues	6,947
Nonmajor funds	Special assessments	232,399
Nonmajor funds	Grants	19,229
Nonmajor funds	Occupancy tax	78,262
Capital Projects Fund	Local Improvement District	49,888
Capital Projects Fund	Service billing revenues	44,351
	TOTAL	$ 1,260,099

The proprietary funds of the city have service billing revenues receivable as follows:

	Accounts Receivable	Allowance for Doubtful Accounts	Net Receivable
Water Fund	$ 320,165	$ (8,987)	$ 311,178
Sewer Fund	371,546	(8,338)	363,208
Airport Fund	11,146		11,146
Nonmajor funds	9,093	(264)	8,829
TOTAL	$ 711,950	$ (17,589)	$ 694,361

The proprietary funds of the city have other receivables as follows:

Aquatic Fund	Occupancy tax	$ 13,294
	TOTAL	$ 13,294

Note 5. Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2017 is as follows:

Description	Balance 6/30/2016	Increases	Decreases	Balance 6/30/2016	Due within one year
GOVERNMENTAL ACTIVITIES					
US Bank--LID 44 and 45	$ 193,819	$ -	$ 55,376	$ 138,443	$ 55,377
Police car lease	41,893	-	20,641	21,252	21,252
Sweeper lease	235,674	-	56,459	179,215	58,068
BUSINESS-TYPE ACTIVITIES					
WTP Upgrade OECDD	3,374,376	-	150,924	3,223,452	156,961
OECDD-Wastewater System Improvements	3,244,151	-	120,949	3,123,202	126,787
Oregon DEQ loans	892,340	-	295,171	597,169	306,509
Total Long-term Debt	$ 7,982,253	$ -	$ 699,520	$ 7,282,733	$ 724,954

Governmental Activities

US Bank Special Assessment Debt

The city issued $830,650 of special assessment debt to provide funding for local improvement districts previously funded by the city. These bonds bear interest rates of 4.75%, payable first from collections of assessment liens receivable and second, if necessary, from general property taxes. Payments are made from the Debt Service Fund. Final payment is due September 1, 2019.

Fiscal Year Ending June 30,	Principal	Interest	Remaining Balance
			$ 138,443
2018	$ 55,377	$ 5,918	83,066
2019	55,377	3,288	27,689
2020	27,689	658	-
	$ 138,443	$ 9,864	

Financial Pacific Leasing Police Car Capital Lease

The city entered into a lease purchase agreement with Financial Pacific Leasing, Inc. in July 2015 to purchase two police cars for $41,893. Interest is computed at 2.965% payable in three installments with the first installment due November 1, 2015. Payments are made from the General Fund.

Fiscal Year Ending June 30,	Principal	Interest	Remaining Balance
			$ 21,252
2018	$ 21,252	$ 630	-
	$ 21,252	$ 630	

Mountain West Bank Street Sweeper Capital Lease

The city entered into a lease purchase agreement with Mountain West Bank in April of 2016 to purchase a 2016 Elgin Eagle 4M Street Sweeper for $298,850. Interest is computed at 2.85% payable in five installments with the first installment due April 18, 2016. Payments are made from the Street Fund.

Fiscal Year Ending June 30,	Principal	Interest	Remaining Balance
			$ 179,215
2018	$ 58,068	$ 5,108	121,147
2019	59,723	3,453	61,424
2020	61,424	1,751	-
	$ 179,215	$ 10,312	

Business-Type Activities

Water Treatment Plant Upgrade Oregon Economic Community Development Department

The city converted water treatment facility improvements interim-financing from the Oregon Economic and Community Development Department (OECDD) to a promissory note in the amount of $4,482,580 on May 1, 2007. Principal and interest, at rates from 4.0% to 4.375%, is payable annually. The final payment is due December 1, 2031. The city has pledged its full faith and credit and the net operating revenues of the water system to repay the note.

Fiscal Year Ending June 30,	Principal	Interest	Remaining Balance	Interest Rate
			$ 3,223,452	
2018	$ 156,961	$ 138,460	3,066,491	4.0%
2019	163,040	132,181	2,903,451	4.0%
2020	169,162	125,660	2,734,289	4.0%
2021	180,364	118,682	2,553,925	4.0%
2022	186,640	111,106	2,367,285	4.0%
2023-2027	1,059,741	428,516	1,307,544	4.0%
2028-2032	1,307,544	176,167	0	4.0%
	$ 3,223,452	$ 1,230,772		

Wastewater System Improvements - Oregon Economic and Community Development Department

The city converted sewer treatment facilities improvements interim-financing from the Oregon Economic and Community Development Department (OECDD) to a promissory note in the amount of $3,976,600 on May 27, 2009. Principal and interest, at rates from 3.0% to 5.25%, is payable annually. The final payment is due December 1, 2033. The city has pledged its full faith and credit and the net operating revenues of the sewer system to repay the note.

Fiscal Year Ending June 30,	Principal	Interest	Balance	Interest Rate
			$ 3,123,202	
2018	$ 126,787	$ 147,078	2,996,415	4.0%
2019	132,658	142,007	2,863,757	4.3%
2020	133,621	136,369	2,730,136	4.5%
2021	144,684	130,356	2,585,452	4.0%
2022	145,672	124,569	2,439,780	5.0%
2023-2027	853,129	509,259	1,586,651	4% to 5.25%
2028-2032	1,078,244	279,208	508,407	4.5% to 5.25%
2033-2034	508,407	36,510	0	4.75%
	$ 3,123,202	$ 1,505,356		

Oregon Department of Environmental Quality

The city has notes payable to the state of Oregon Department of Environmental Quality for utility system improvements. Interest rates range from 3.0% to 3.98% over a term of 20 years. Semi-annual payments of principal and interest are required and recorded in the Sewer Fund.

Loan 70611 - 3.98% interest

Fiscal Year Ending June 30,	Principal	Interest	Fees	Balance
				$ 121,390
2018	$ 121,390	$ 3,635	$ 306	-
	$ 121,390	$ 3,635	$ 306	

Loan 70612 - 3.69% interest

Fiscal Year Ending June 30,	Principal	Interest	Fees	Balance
				$ 475,779
2018	$ 185,119	$ 15,864	$ 1,920	290,660
2019	192,011	8,971	978	98,649
2020	98,649	1,820	-	-
	$ 475,779	$ 26,655	$ 2,898	

Total DEQ				
Fiscal Year Ending June 30,	Principal	Interest	Fees	Balance
				$ 597,169
2018	306,509	19,499	2,226	290,660
2019	192,011	8,971	978	98,649
2020	98,649	1,820	-	-
	$ 597,169	$ 30,290	$ 3,204	

Note 6. Risk Management

The city is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the city carries commercial insurance. The city does not engage in risk financing activities where the risk is retained (self-insurance).

The City of Ontario is a member of the City County Insurance Services (CCIS) trust. This trust was established in 1981, by the League of Oregon Cities (LOC) and the Association of Oregon Counties (AOC) to provide risk management services including insurance and loss control to member entities. The city participates for property and liability insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 7. Deposits and Investments

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments.

Cash and investments are comprised of the following at June 30, 2017:

Deposits with banks	$ 650,805
Investments	10,306,923
Cash on hand	1,155
Certificates of Deposit	584,328
	$ 11,543,211

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	
Cash and investments	$ 10,664,112
Restricted cash	877,759
Statement of Fiduciary Net Position	
Cash and investments	1,340
	$ 11,543,211

As of June 30, 2017, the city held the following investments and maturities:

Investment type	Fair Value	% of investment portfolio
Local Government Investment Pool	$ 10,306,923	100.0%

Deposits

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial risk assumed by the city at June 30, 2017. If bank deposits at year end are not entirely insured or collateralized with securities held by the city or by its agent in the city's name, the city must disclose the custodial credit risk (below) that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295.

At June 30, 2017, the carrying amount of the city's deposits was $1,235,133 and the bank balance was $1,774,854. Of these deposits, all were covered by federal depository insurance or were in qualified depositories. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance (FDIC) of $250,000 applies to the deposits in each depository. Where balances continually exceed $250,000, ORS 295.018 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the Oregon state treasurer's website. Qualifying depository banks must pledge securities with a particular value based on the banks level of capitalization. The city deposits were in compliance with requirements of ORS 295.018.

Custodial credit risk—Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The city does not have a policy for custodial credit risk for deposits.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of government entities.

Investments

Investment Type		Fair Value	Maturity	Rating
Cash and cash equivalents				
Local Government Investment Pool (LGIP)		$ 10,306,923	50% less than 90-days, no more than 25% over one year, and no investment over three years	Unrated
Total cash and cash equivalents	100.00%	$ 10,306,923		

At June 30, 2017, the city held $10,306,923 of investments, which is all classified as cash and investments on the Statement of Net Position. The city has no formal policy for managing interest rate risk or credit risk.

The city has invested funds in the Oregon Short-term Fund Local Government Investment Pool (LGIP) during fiscal year 2017. The Local Government Investment Pool was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Local Government

Investment Pool is an external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40. Oregon LGIP is unrated for credit quality.

In addition, the Oregon LGIP distributed investment income on an amortized cost basis and participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the city's cash position.

Investments in the Oregon LGIP are made under the provisions of ORS 194.180. These funds are held in the city's name and are not subject to collateralization requirements of ORS 295.018. Investments are stated at cost, which approximated fair value.

A separate financial report for the Oregon Short-term Fund Local Government Investment Pool is prepared by the Secretary of State Audits Division in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investment Pools*. Copies of the report can be obtained from the Oregon Audits Division 255 Capitol Street NE, Suite 500 Salem, OR 97310 or online at http://www.sos.state.or.us/audits/index.html.

Oregon statutes restrict the types of investments in which the city may invest. Authorized investments included obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the Oregon Local Government Investment Pool. As of June 30, 2016, and for the year then ended, the city was in compliance with the aforementioned Oregon statutes.

Credit Risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes authorize the city to invest primarily in general obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper, and the Oregon Local Government Investment Pool, among others. The city has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk—Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The city is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the United States Government. The city has no such investments.

Interest Rate Risk—The city's investment policy limits long-term investments to 25% of the investment portfolio using specific identification. The city defines long-term as having a maturity of greater than 18 months to a maximum of 36 months. As of June 30, 2016, all of the city's investments were classified as short-term.

Foreign Currency Risk—The city is prohibited from investments that are not US dollar-denominated; therefore, the city is not exposed to this risk.

Note 8. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government and the state of Oregon. Any disallowed claims, including amount already collected, may constitute a liability to the city. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although city management expects such amounts, if any, to be immaterial.

Note 9. Interfund Receivables and Payables

The interfund receivable and payables to be paid within the next fiscal year at June 30, 2017 consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor gov't	$ 2,633
	TOTAL	$ 2,633

The purpose of the interfund receivable and payable balances is to account for expenses paid by the receivable fund for the payable fund, or revenue received in the payable fund that should be accounted for in the receivable fund.

Note 10. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Governmental Funds			**Proprietary Funds**		
Transfers in	Transfer from	Amount	Transfers in	Transfer from	Amount
General Fund	Nonmajor funds	$ 30,720	Airport Fund	Nonmajor prop	$ 40,000
Street Fund	Nonmajor funds	30,000			
Nonmajor governnmental	General Fund	45,000			
Total transfers in for governmental funds		$ 105,720	Total transfers in for proprietary funds		$ 40,000
Transfers out	Transfer to		Transfers out	Transfer to	
General Fund	Nonmajor gov't	$ (45,000)	Nonmajor prop	Airport Fund	$ (40,000)
Street Fund	Grant Fund	(30,000)			
Nonmajor governmental	General Fund	(30,720)			
Total transfers out for governmental funds		(105,720)	Total transfers out for proprietary funds		(40,000)
Total transfers for governmental funds		$ -	**Total transfers for proprietary funds**		$ -

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. These transfers represent budgeted expectations.

Note 11. Accounting Changes and Restatements

Governmental Activities: The following items caused beginning net position to be restated:

- The General Fund beginning balance was decreased by $25,000 to correct accounts receivable balances.
- The Street Fund beginning balance was decreased by $2,592 to correct accounts receivable balances.
- The Trust Fund Fund beginning balance was decreased by $2,389 to correct accounts receivable balances.
- The Revolving Loan Fund beginning balance was decreased by $3,193 to correct accounts receivable balances.
- The Debt Service Fund beginning balance was decreased by $4,171 to correct accounts receivable balances.

The governmental activities net position was decreased by $7,586,843 to transfer airport capital assets to the proprietary airport fund.

Recalculation of Net Position

Net position at July 1, 2016, as previously reported	$ 32,609,340
Accounts receivable restatement	(37,344)
Capital asset restatement	(7,586,844)
Net position at July 1, 2016, as restated	$ 24,985,152

Business-Type Activities: The following items caused beginning net position to be restated:

- The airport fund beginning balance was increased by $7,586,844 to transfer capital assets to the airport fund.
- $685,962 of capital assets was transferred from the proprietary golf fund to the proprietary airport fund. There was no net affect.

Recalculation of Net Position

Net position at July 1, 2016, as previously reported	$ 29,768,384
Airport Fund capital asset restatement	7,586,844
Net position at July 1, 2016, as restated	$ 37,355,228

Note 12. Schedule of Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Restatements	Additions	Deletions	Balance June 30, 2017
Governmental activities					
Capital assets not being depreciated					
Land	$ 4,770,446	$ (2,970,230)	$ -	$ -	$ 1,800,216
Construction in progress	540,764	(205,796)	36,670	9,990	361,648
Total capital assets not being depreciated	5,311,210	(3,176,026)	36,670	9,990	2,161,864
Capital assets being depreciated					
Equipment and vehicles	5,495,245	-	116,827	336,013	5,276,059
Buildings and improvements	8,900,402	(1,084,055)	81,421	-	7,897,768
Infrastructure	28,869,467	(5,162,359)	10,404	-	23,717,512
Total capital assets being depreciated	43,265,114	(6,246,414)	208,652	336,013	36,891,339
Less accumulated depreciation for					
Equipment and vehicles	4,089,382	-	206,821	330,652	3,965,551
Buildings and improvements	4,989,554	(1,008,930)	188,660	-	4,169,284
Infrastructure	10,274,857	(826,666)	361,947	-	9,810,138
Total accumulated depreciation	19,353,793	(1,835,596)	757,428	330,652	17,944,973
Total capital assets being depreciated, net	23,911,321	(4,410,818)	(548,776)	5,361	18,946,366
Governmental activities capital assets, net	$ 29,222,531	$ (7,586,844)	$ (512,106)	$ 15,351	$ 21,108,230
Business-type activities					
Capital assets not being depreciated					
Land	$ 2,645,560	$ 2,970,230	$ -	$ -	$ 5,615,790
Construction in progress	730,287	205,796	1,706,922	403,907	2,239,098
Total capital assets not being depreciated	3,375,847	3,176,026	1,706,922	403,907	7,854,888
Capital assets being depreciated					
Equipment and vehicles	35,415,476	-	-	-	35,415,476
Buildings and improvements	31,986,331	1,084,055	-	-	33,070,386
Infrastructure	9,663,378	5,162,359	467,842	-	15,293,579
Total capital assets being depreciated	77,065,185	6,246,414	467,842	-	83,779,441
Less accumulated depreciation for					
Equipment and vehicles	31,746,900	-	347,970	-	32,094,870
Buildings and improvements	13,570,005	1,008,930	667,823	-	15,246,758
Infrastructure	1,348,565	826,666	343,661	-	2,518,892
Total accumulated depreciation	46,665,470	1,835,596	1,359,454	-	49,860,520
Total capital assets being depreciated, net	30,399,715	4,410,818	(891,612)	-	33,918,921
Business-type activities capital assets, net	$ 33,775,562	$ 7,586,844	$ 815,310	$ 403,907	$ 41,773,809

Depreciation expense for the year was charged to the following programs:

Governmental Activities	
General government	$ 324,195
Highways and streets	433,233
Business-Type Activities	
Water	462,420
Sewer	558,133
Storm Sewer	104,472
Airport	234,429

Note 13. Fund Balance Classifications

Below is a schedule of ending fund balances, based on GASB Statement No. 54 requirements:

Fund Balances	General Fund	Street Fund	Capital Projects Fund	Nonmajor Funds	Total
Nonspendable					
Interfund Receivables	$ 588,449	$ -	$ -	$ -	$ 588,449
Restricted					
System development charges	-	-	-	223,024	223,024
Street projects	-	316,234	-	-	316,234
Debt Service	-	-	-	99,366	99,366
Building inspection	-	-	-	114,231	114,231
Aquatic Center	-	-	-	25,814	25,814
	-	316,234	-	462,435	778,669
Committed to					
Capital Projects	-	-	3,189,699	1,793,018	4,982,717
Funds held for other departments	-	-	-	375,181	375,181
Revolving loan fund program	-	-	-	529,472	529,472
	-	-	3,189,699	2,697,671	5,887,370
Unassigned	2,200,251	-	-	(8,096)	2,192,155
TOTAL FUND BALANCES	$ 2,788,700	$ 316,234	$ 3,189,699	$ 3,152,010	$ 9,446,643

GASB 54 requires city council approved action to authorize commitments of fund balances. These commitments, outlined in the table above, were approved by the city council on June 20, 2017. Commitments of fund balances must be made prior to the end of the fiscal year.

Note 14. Post Retirement Benefits

In addition to providing pension benefits, the city provides certain benefits for retired city employees. The city allows a city service credit for retired supervisors having 15 years or more employment with the city. This credit is a maximum of $300 per year until the retiree death. The credit may be used only for city services to include; use of the city's aquatic center, health insurance and city utilities. No carry forward from year to year is allowed.

For the year ended June 30, 2017, there were 12 active participants. The total cost of $3,600 in retiree benefits are current year expenditures and were charged to the fund for which the participant was employed.

Note 15. Deficit Fund Balances

At June 30, 2017, the city reported the following deficit fund balance:

Grants Fund	$ (8,096)	Transfer funds from the General Fund to cover deficit

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

(BUDGET BASIS)

For the Year Ended

June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Property taxes	$ 3,318,702	$ 3,318,702	$ 3,429,412	$ 110,710
Other taxes	-	-	5	5
Franchise fees	1,665,241	1,665,241	1,695,704	30,463
Licenses and permits	4,350	4,350	6,558	2,208
Intergovernmental	616,831	616,831	605,539	(11,292)
Charges for services	104,353	104,353	106,818	2,465
Fines and forfeits	2,300	2,300	3,475	1,175
Miscellaneous	55,995	78,111	95,450	17,339
Interest on investments	11,000	11,000	26,956	15,956
Administrative	497,145	497,145	497,148	3
Total revenues	6,275,917	6,298,033	6,467,065	169,032
Expenditures				
Personal services	4,910,900	4,911,145	4,751,607	159,538
Materials and services	1,640,943	1,743,528	1,551,973	191,555
Capital outlay	121,900	123,948	92,289	31,659
Debt service	23,541	23,541	23,372	169
Contingency	1,854,433	1,788,916	-	1,788,916
Total expenditures	8,551,717	8,591,078	6,419,241	2,171,837
Excess of revenues over (under) expenditures	(2,275,800)	(2,293,045)	47,824	2,340,869
Other financing sources (uses)				
Transfers in	20,800	38,045	30,720	(7,325)
Transfers out	(45,000)	(45,000)	(45,000)	-
Total other sources (uses)	(24,200)	(6,955)	(14,280)	(7,325)
Net change in fund balance	(2,300,000)	(2,300,000)	33,544	2,333,544
Fund balance, July 1, before restatement	2,300,000	2,300,000	2,780,156	480,156
Restatement, see note 11	-	-	(25,000)	(25,000)
Fund balance, July 1, after restatement	2,300,000	2,300,000	2,755,156	455,156
Fund balance, June 30	$ -	$ -	$ 2,788,700	$ 2,788,700

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STREET FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovernmental	$ 655,000	$ 655,000	$ 679,014	$ 24,014
Interest on investments	-	-	162	162
Charges for services	2,500	2,500	3,753	1,253
Other taxes	180,000	180,000	225,210	45,210
Administrative	412,535	412,535	412,535	-
Miscellaneous	5,000	5,000	10,124	5,124
Total revenues	1,255,035	1,255,035	1,330,798	75,763
Expenditures				
Materials and services	1,695,725	1,696,116	1,683,640	12,476
Capital outlay	61,760	61,900	51,734	10,166
Debt service	63,176	63,176	63,176	-
Contingency	169,374	168,843	-	168,843
Total expenditures	1,990,035	1,990,035	1,798,550	191,485
Excess of revenues over (under) expenditures	(735,000)	(735,000)	(467,752)	267,248
Other financing sources (uses)				
Transfers out	(30,000)	(30,000)	(30,000)	-
Total other sources (uses)	(30,000)	(30,000)	(30,000)	-
Net change in fund balance	(765,000)	(765,000)	(497,752)	267,248
Fund balance, July 1, before restatement	765,000	765,000	816,578	51,578
Restatement, see note 11	-	-	(2,592)	(2,592)
Fund balance, July 1	765,000	765,000	813,986	48,986
Fund balance, June 30	$ -	$ -	$ 316,234	$ 316,234

CITY OF ONTARIO, OREGON

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Last 10 Fiscal Years*

Year Ended June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.07264070%	$ 10,905,056	$ 2,878,700	378.82%	80.50%
2016	0.08706674%	4,998,903	2,795,527	178.82%	91.90%
2015	0.08950110%	(2,028,735)	4,561,292	-44.48%	103.60%
2014	0.08706674%	673,613	4,563,227	14.76%	91.97%

SCHEDULE OF CITY CONTRIBUTIONS

OREGON PUBLIC RETIREMENT SYSTEM

Last 10 Fiscal Years*

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2017	$ 538,316	$ 538,316	$ -	2,873,938	18.73%
2016	577,012	577,012	-	2,878,700	20.04%
2015	733,439	733,439	-	2,795,527	26.24%
2014	764,158	764,158	-	4,561,292	16.75%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

BUDGETARY REPORTING

An annual budget is prepared for each city fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the state of Oregon's local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, materials and services, capital outlay, debt service, transfers and contingencies are the levels of control for all funds. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget requires a hearing before the public, publications in newspapers, and approval by the city council. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the city council. Budget appropriations lapse at June 30. Encumbrance accounting is not utilized in the preparation of budgeted funds.

The budgets include capital outlay expenditures in each program for capital outlay applicable to that program.

During the year ended June 30, 2017 the General Fund and major special revenue funds of the city had no over expenditure of appropriations.

OREGON PUBLIC RETIREMENT SYSTEM INFORMATION

Changes in Benefit Terms

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms was not included in the net pension liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012 and 2014 Experience Study for the System, which were published on September 18, 2013 and September 23, 2015. These reports can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/mercer_reports.aspx.

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SUPPLEMENTARY INFORMATION

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CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

(BUDGET BASIS)

For the Year Ended

June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	$ 1,745	$ 1,745	$ 2,520	$ 775
Miscellaneous	-	-	7,571	7,571
Interest on investments	1,790	1,790	1,490	(300)
Utilities capitalization charges	445,369	445,369	456,768	11,399
Total revenues	448,904	448,904	468,349	19,445
Expenditures				
Materials and services	1,000	1,000	69	931
Capital outlay	549,108	549,108	119,099	430,009
Contingency	2,405,055	2,405,055	-	2,405,055
Total expenditures	2,955,163	2,955,163	119,168	2,835,995
Net change in fund balance	(2,506,259)	(2,506,259)	349,181	2,855,440
Fund balance, July 1	2,506,259	2,506,259	2,840,518	334,259
Fund balance, June 30	$ -	$ -	$ 3,189,699	$ 3,189,699

CITY OF ONTARIO, OREGON

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue Funds		
	Grant Fund	Building Fund	Reserve Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash and investments	$ -	$ 126,982	$ 1,758,954
Accounts receivable			
Assessments	-	-	-
Customer accounts, net of allowance	-	-	6,147
Other	19,229	-	27,917
Restricted cash			
Cash held in trust	-	-	-
System development charges	-	-	-
Total assets	19,229	126,982	1,793,018
Deferred outflows of resources	-	-	-
Total assets and deferred outflows	$ 19,229	$ 126,982	$ 1,793,018
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 24,692	$ 12,751	$ -
Interfund payable	2,633	-	-
Deposits held in trust	-	-	-
Total liabilities	27,325	12,751	-
Deferred inflows of resources			
Unearned special assessment revenues	-	-	-
Unavailable economic development loans	-	-	-
Total deferred inflows	-	-	-
Fund balances			
Spendable			
Restricted	-	114,231	-
Committed	-	-	1,793,018
Unassigned	(8,096)	-	-
Total fund balances	(8,096)	114,231	1,793,018
Total liabilities, deferred inflows and fund balances	$ 19,229	$ 126,982	$ 1,793,018

Special Revenue Funds				Capital Projects Fund	
Trust Fund	Revolving Loan Fund	Aquatic Donations Fund	Debt Service Fund	SDC Fund	Total June 30, 2016
$ 341,047	$ 529,472	$ 25,814	$ 99,366	$ 84,450	$ 2,966,085
-	157,976	-	74,423	-	232,399
800	-	-	-	-	6,947
50,345	-	-	-	-	97,491
277,497	-	-	-	-	277,497
-	-	-	-	138,574	138,574
669,689	687,448	25,814	173,789	223,024	3,718,993
-	-	-	-	-	-
$ 669,689	$ 687,448	$ 25,814	$ 173,789	$ 223,024	$ 3,718,993
$ 47,845	$ -	$ -	$ -	$ -	$ 85,288
-	-	-	-	-	2,633
246,663	-	-	-	-	246,663
294,508	-	-	-	-	334,584
-	-	-	74,423	-	74,423
-	157,976	-	-	-	157,976
-	157,976	-	74,423	-	232,399
-	-	25,814	99,366	223,024	462,435
375,181	529,472	-	-	-	2,697,671
-	-	-	-	-	(8,096)
375,181	529,472	25,814	99,366	223,024	3,152,010
$ 669,689	$ 687,448	$ 25,814	$ 173,789	$ 223,024	$ 3,718,993

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR FUNDS

For the Year Ended

June 30, 2017

	Special Revenue Funds		
	Grant Fund	Building Fund	Reserve Fund
Revenues			
Taxes			
Other taxes	$ -	$ -	$ 225,210
Intergovernmental revenues	190,436	-	12,295
Charges for services	-	-	78,523
Licenses and permits	-	199,689	-
Miscellaneous			
Special assessments	-	-	-
Miscellaneous	-	200	18,664
Interest on investments	-	-	1,876
Loan repayments	-	-	-
Total revenues	190,436	199,889	336,568
Expenditures			
Current			
Personal services	-	80,496	-
Materials and services	-	91,289	1,649
Capital outlay	224,607	185	102,130
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	224,607	171,970	103,779
Excess of revenues over (under) expenditures	(34,171)	27,919	232,789
Other financing sources (uses)			
Operating transfers in	47,600	-	27,400
Operating transfers out	-	-	(9,920)
Capital asset sales	-	-	9,150
Total other financing sources (uses)	47,600	-	26,630
Net change in fund balances	13,429	27,919	259,419
Fund balances, July 1, before restatement	(21,525)	86,312	1,533,599
Restatement, see note 11	-	-	-
Fund balances, July 1, after restatement	(21,525)	86,312	1,533,599
Fund balances, June 30	$ (8,096)	$ 114,231	$ 1,793,018

Special Revenue Funds				Capital Projects Fund	
Trust Fund	Revolving Loan Fund	Aquatic Donations Fund	Debt Service Fund	SDC Fund	Total June 30, 2017
$ 406,131	$ -	$ -	$ -	$ -	$ 631,341
-	-	-	-	-	202,731
15,800	-	-	-	-	94,323
-	-	-	-	-	199,689
-	-	-	26,464	-	26,464
-	-	-	-	-	18,864
409	6,878	-	2,747	-	11,910
-	18,373	-	-	-	18,373
422,340	25,251	-	29,211	84,450	1,288,145
-	-	-	-	-	80,496
404,110	7,982	-	-	-	505,030
-	-	-	-	-	326,922
-	-	-	55,377	-	55,377
-	-	-	8,707	-	8,707
404,110	7,982	-	64,084	-	976,532
18,230	17,269	-	(34,873)	84,450	311,613
-	-	-	-	-	75,000
(20,800)	-	-	-	-	(30,720)
-		-	-	-	9,150
(20,800)	-	-	-	-	53,430
(2,570)	17,269	-	(34,873)	84,450	365,043
380,140	515,396	25,814	138,410	138,574	2,796,720
(2,389)	(3,193)	-	(4,171)	-	(9,753)
377,751	512,203	25,814	134,239	138,574	2,786,967
$ 375,181	$ 529,472	$ 25,814	$ 99,366	$ 223,024	$ 3,152,010

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovernmental	$ 429,900	$ 432,400	$ 190,436	$ (241,964)
Total revenues	429,900	432,400	190,436	(241,964)
Expenditures				
Capital outlay	477,500	480,000	224,607	255,393
Total expenditures	477,500	480,000	224,607	255,393
Excess of revenues over (under) expenditures	(47,600)	(47,600)	(34,171)	13,429
Other financing sources (uses)				
Transfers in	47,600	47,600	47,600	-
Total other financing sources (uses)	47,600	47,600	47,600	-
Net change in fund balance	-	-	13,429	13,429
Fund balance, July 1	-	-	(21,525)	(21,525)
Fund balance, June 30	$ -	$ -	$ (8,096)	$ (8,096)

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUILDING FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Licenses and permits	$ 100,000	$ 119,500	$ 199,689	$ 80,189
Miscellaneous	-	-	200	200
Total revenues	100,000	119,500	199,889	80,389
Expenditures				
Personal services	84,715	84,715	80,496	4,219
Materials and services	64,771	113,761	91,289	22,472
Capital outlay	29,100	275	185	90
Contingency	20,514	19,849	-	19,849
Total expenditures	199,100	218,600	171,970	46,630
Excess of revenues over (under) expenditures	(99,100)	(99,100)	27,919	127,019
Net change in fund balance	(70,000)	(70,000)	27,919	97,919
Fund balance, July 1	70,000	70,000	86,312	16,312
Fund balance, June 30	$ -	$ -	$ 114,231	$ 114,231

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - RESERVE FUND

(BUDGET BASIS)

For the Year Ended

June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Intergovermental	$ 6,500	$ 6,500	$ 12,295	$ 5,795
Miscellaneous	-	-	18,664	18,664
Charges for service	-	-	78,523	78,523
Other taxes	180,000	180,000	225,210	45,210
Interest on investments	-	-	1,876	1,876
Total revenues	186,500	186,500	336,568	150,068
Expenditures				
Materials and services	-	-	1,649	(1,649)
Capital outlay	242,225	288,900	102,130	186,770
Contingency	975,567	920,797	-	920,797
Total expenditures	1,217,792	1,209,697	103,779	1,105,918
Excess of revenues over (under) expenditures	(1,023,197)	(1,023,197)	232,789	1,255,986
Other financing sources (uses)				
Transfers in	27,400	27,400	27,400	-
Transfers out	(29,100)	(46,345)	(9,920)	36,425
Capital asset sales	9,150	9,150	9,150	-
Total other sources (uses)	(9,795)	(9,795)	26,630	36,425
Net change in fund balance	(1,032,992)	(1,032,992)	259,419	1,292,411
Fund balance, July 1	1,477,030	1,477,030	1,533,599	56,569
Fund balance, June 30	$ 444,038	$ 444,038	$ 1,793,018	$ 1,348,980

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRUST FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Other taxes	$ 340,000	$ 340,000	$ 406,131	$ 66,131
Charges for services	7,500	7,500	15,800	8,300
Interest on investments	900	900	409	(491)
Total revenues	348,400	348,400	422,340	73,940
Expenditures				
Materials and services	522,300	522,300	404,110	118,190
Total expenditures	522,300	522,300	404,110	118,190
Excess of revenues over (under) expenditures	(173,900)	(173,900)	18,230	192,130
Other financing sources (uses)				
Transfers out	(20,800)	(20,800)	(20,800)	-
Total other sources (uses)	(20,800)	(20,800)	(20,800)	-
Net change in fund balance	(194,700)	(194,700)	(2,570)	192,130
Fund balance, July 1, before restatement	343,883	343,883	380,140	36,257
Restatement, see note 11	-	-	(2,389)	(2,389)
Fund balance, July 1	343,883	343,883	377,751	33,868
Fund balance, June 30	$ 149,183	$ 149,183	$ 375,181	$ 225,998

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - REVOLVING LOAN FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Interest on investments	$ 8,279	$ 8,279	$ 6,878	$ (1,401)
Loan repayments	27,600	27,600	18,373	(9,227)
Total revenues	35,879	35,879	25,251	(10,628)
Expenditures				
Materials and services	551,764	551,764	7,982	543,782
Total expenditures	551,764	551,764	7,982	543,782
Net change in fund balance	(515,885)	(515,885)	17,269	533,154
Fund balance, July 1, before restatement	515,885	515,885	515,396	(489)
Restatement, see note 11	-	-	(3,193)	(3,193)
Fund balance, July 1	515,885	515,885	512,203	(3,682)
Fund balance, June 30	$ -	$ -	$ 529,472	$ 529,472

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AQUATIC DONATIONS FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues	$ -	$ -	$ -	$ -
Expenditures				
Materials and services	25,450	25,450	-	25,450
Total expenditures	25,450	25,450	-	25,450
Net change in fund balance	(25,450)	(25,450)	-	25,450
Fund balance, July 1	25,450	25,450	25,814	364
Fund balance, June 30	$ -	$ -	$ 25,814	$ 25,814

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Special assessments	$ 25,000	$ 25,000	$ 26,464	$ 1,464
Interest on investments	5,200	5,200	2,747	(2,453)
Total revenues	30,200	30,200	29,211	(989)
Expenditures				
Debt service	63,500	64,084	64,084	-
Contingency	100,700	100,116	-	100,116
Total expenditures	164,200	164,200	64,084	100,116
Net change in fund balance	(134,000)	(134,000)	(34,873)	99,127
Fund balance, July 1, before restate	134,000	134,000	138,410	4,410
Restatement, see note 13	-	-	(4,171)	(4,171)
Fund balance, July 1	134,000	134,000	134,239	239
Fund balance, June 30	$ -	$ -	$ 99,366	$ 99,366

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SDC FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
System development charges	$ -	$ -	$ 84,450	$ 84,450
Total revenues	-	-	84,450	84,450
Expenditures				
Capital outlay	138,574	138,574	-	138,574
Total expenditures	138,574	138,574	-	138,574
Net change in fund balance	(138,574)	(138,574)	84,450	223,024
Fund balance, July 1	138,574	138,574	138,574	-
Fund balance, June 30	$ -	$ -	$ 223,024	$ 223,024

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - WATER FUND
(BUDGET BASIS)
For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	$ 2,864,980	$ 2,864,980	$ 2,884,086	$ 19,106
Miscellaneous	8,820	8,820	28,541	19,721
Interest on investments	17,150	17,150	38,368	21,218
Total revenues	2,890,950	2,890,950	2,950,995	60,045
Expenses				
Personal services	-	588	588	-
Materials and services	2,189,244	2,190,046	2,170,318	19,728
Capital outlay	1,825,000	1,825,497	1,639,864	185,633
Debt service	295,421	295,421	295,421	-
Contingency	500,285	498,398	-	498,398
Total expenses	4,809,950	4,809,950	4,106,191	703,759
Net change in fund net position	(1,919,000)	(1,919,000)	(1,155,196)	763,804
Net position, July 1	1,919,000	1,919,000	2,244,182	325,182
Net position, June 30	$ -	$ -	$ 1,088,986	$ 1,088,986

Reconciliation to Generally Accepted Accounting Principles

Capital assets, net of accumulated depreciation	$ 13,403,984
Inventory	13,571
Accrued interest	(80,768)
Long-term obligations	(3,223,452)
Net position, ending	$ 11,202,321

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - SEWER FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	$ 2,826,030	$ 2,826,030	$ 3,223,080	$ 397,050
Miscellaneous	1,000	1,000	1,054	54
Interest on investments	18,000	18,000	52,448	34,448
Total revenues	2,845,030	2,845,030	3,276,582	431,552
Expenses				
Personal services	-	588	588	-
Materials and services	2,197,588	2,198,390	2,059,699	138,691
Capital outlay	225,000	265,497	73,811	191,686
Debt service	602,605	602,605	602,604	1
Contingency	469,837	427,950	-	427,950
Total expenses	3,495,030	3,495,030	2,736,702	758,328
Net change in fund net position	(650,000)	(650,000)	539,880	1,189,880
Net position, July 1	650,000	650,000	922,283	272,283
Net position, June 30	$ -	$ -	$ 1,462,163	$ 1,462,163

Reconciliation to Generally Accepted Accounting Principles

Capital assets, net of accumulated depreciation	$ 17,934,676
Accrued interest	(96,587)
Long-term obligations	(3,720,371)
Net position, ending	$ 15,579,881

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - AIRPORT FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	$ 48,872	$ 48,872	$ 49,102	$ 230
Miscellaneous	1,602	1,602	1,500	(102)
Total revenues	50,474	50,474	50,602	128
Expenses				
Materials and services	85,474	90,169	75,443	14,726
Capital outlay	5,000	305	117	188
Total expenses	90,474	90,474	75,560	14,914
Excess of revenues over (under) expenses	(40,000)	(40,000)	(24,958)	15,042
Other financing sources (uses)				
Transfers in	40,000	40,000	40,000	-
Total other financing sources (uses)	40,000	40,000	40,000	-
Net change in fund net position	-	-	15,042	15,042
Net position, July 1	-	-	(488)	(488)
Net position, June 30	$ -	$ -	$ 14,554	$ 14,554

Reconciliation to Generally Accepted Accounting Principles

Capital assets, net of accumulated depreciation	$ 8,088,331
Net position, ending	$ 8,102,885

CITY OF ONTARIO, OREGON

COMBINING STATEMENT OF NET POSITION

NONMAJOR PROPRIETARY FUNDS

June 30, 2017

	Storm Sewer Fund	Golf Course Fund	Aquatic Fund	Total June 30, 2016
Assets				
Cash and pooled investments	$ 483,688	$ 6,802	$ 136,895	$ 627,385
Receivables				
Customer accounts, net allowance	8,829	-	-	8,829
Other	-	-	13,294	13,294
Restricted cash				
Customer deposits	-	1,000	-	1,000
Capital assets not being depreciated	12,977	-	-	12,977
Capital assets being depreciated (net of accumulated depreciation)	2,333,841	-	-	2,333,841
Total assets	2,839,335	7,802	150,189	2,997,326
Liabilities				
Accounts payable	$ 5,254	$ -	$ 2,195	$ 7,449
Customer deposit	-	1,000	-	1,000
Total liabilities	5,254	1,000	2,195	8,449
Net position				
Net investment in capital assets	2,346,818	-	-	2,346,818
Unrestricted	487,263	6,802	147,994	642,059
Total net position	2,834,081	6,802	147,994	2,988,877

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION

NONMAJOR PROPRIETARY FUNDS

For the Year Ended

June 30, 2017

	Storm Sewer Fund	Golf Course Fund	Aquatic Fund	Total June 30, 2017
Operating revenues				
Charges for services	$ 106,772	$ -	$ -	$ 106,772
Total operating revenues	106,772	-	-	106,772
Operating expenses				
Employee benefits	(1,282)	-	-	(1,282)
Contract services	75,141	-	6,000	81,141
Depreciation	104,472	-	-	104,472
Insurance	2,358	-	-	2,358
Miscellaneous expense	434	-	39	473
Repairs and maintenance	40	-	130	170
Supplies - general	178	-	-	178
Utilities	19	-	11,409	11,428
Fees	7,403	-	-	7,403
Administrative	3,822	-	-	3,822
Total operating expenditures	192,585	-	17,578	210,163
Net income from operations	(85,813)	-	(17,578)	(103,391)
Non operating income (expenses)				
Interest earned on investments	1,569	-	-	1,569
Other taxes	-	-	107,243	107,243
Total non operating income (expenses)	1,569	-	107,243	108,812
Net income	(84,244)	-	89,665	5,421
Other items				
Transfers out	-	(40,000)	-	(40,000)
Total other items	-	(40,000)	-	(40,000)
Change in net position	(84,244)	(40,000)	89,665	(34,579)
Net position, July 1, before restatement	2,918,325	732,764	58,329	3,709,418
Restatement, see note 11	-	(685,962)	-	(685,962)
Net positions, July 1, after restatement	2,918,325	46,802	58,329	3,023,456
Net position, June 30	$ 2,834,081	$ 6,802	$ 147,994	$ 2,988,877

CITY OF ONTARIO, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended
June 30, 2017

	Enterprise Funds			
	Storm Sewer Fund	Golf Fund Fund	Aquatic Fund	Total
Cash flows from operating activities				
Cash received from customers	$ 106,637	$ -	$ -	$ 106,637
Cash payment to employees for services	(24)	-	-	(24)
Cash payment to suppliers for goods and services	(84,197)	(675)	(16,000)	(100,872)
Other operating revenues	-	-	104,830	104,830
Net cash provided by operating activities	22,416	(675)	88,830	110,571
Cash flows from noncapital financing activities				
Operating transfers-out to other funds	-	(40,000)	-	(40,000)
Net cash provided by noncapital financing activities	-	(40,000)	-	(40,000)
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(4,968)	-	-	(4,968)
Net cash used for capital and related financing activities	(4,968)	-	-	(4,968)
Cash flows from investing activities				
Interest and dividends on investments	1,569	-	-	1,569
Net cash provided (used) in investing activities	1,569	-	-	1,569
Net increase (decrease) in cash and cash equivalents	19,017	(40,675)	88,830	67,172
Cash and cash equivalents at beginning of year	464,671	48,477	48,065	561,213
Cash and cash equivalents at end of year	$ 483,688	$ 7,802	$ 136,895	$ 628,385
Reconciliation of operating income to net cash provided by operating activities				
Net Income	$ (85,813)	$ -	$ 89,665	$ 3,852
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation expense	104,472	-	-	104,472
(Increase) decrease in accounts receivable	(135)	-	(2,413)	(2,548)
Increase (decrease) in accounts payable	5,198	(675)	1,578	6,101
Changes in net pension liability	(1,012)	-	-	(1,012)
Deferred current year PERS contributions	207	-	-	207
PERS deferred inflows	(501)	-	-	(501)
Total adjustments	108,229	(675)	(835)	106,719
Net cash provided (used) by operating activities	$ 22,416	$ (675)	$ 88,830	$ 110,571
Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Position				
Current assets				
Cash and investments	$ 483,688	$ 6,802	$ 136,895	$ 627,385
Restricted assets				
Customer deposits	-	1,000	-	1,000
Total cash and cash equivalents at year end	$ 483,688	$ 7,802	$ 136,895	$ 628,385

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL - STORM SEWER FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Charges for services	$ 107,000	$ 107,000	$ 106,772	$ (228)
Interest on investments	700	700	1,569	869
Total revenues	107,700	107,700	108,341	641
Expenses				
Personal services	-	24	24	-
Materials and services	87,931	94,612	89,356	5,256
Capital outlay	50,000	43,441	5,007	38,434
Contingency	434,769	434,623	-	434,623
Total expenses	572,700	572,700	94,387	478,313
Change in fund net position	(465,000)	(465,000)	13,954	478,954
Net position, July 1	465,000	465,000	473,309	8,309
Net position, June 30	$ -	$ -	$ 487,263	$ 487,263

Reconciliation to Generally Accepted Accounting Principles

Capital assets, net of accumulated depreciation	$ 2,346,818
Net position, ending	$ 2,834,081

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL - GOLF COURSE FUND
(BUDGET BASIS)

For the Year Ended
June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues	$ -	$ -	$ -	$ -
Expenses	-	-	-	-
Excess of revenues over (under) expenses	-	-	-	-
Other financing sources (uses)				
Transfers out	(40,000)	(40,000)	(40,000)	-
Total other financing sources (uses)	(40,000)	(40,000)	(40,000)	-
Net change in fund net position	(40,000)	(40,000)	(40,000)	-
Net position, July 1	40,000	40,000	46,802	6,802
Net position, June 30	$ -	$ -	$ 6,802	$ 6,802

CITY OF ONTARIO, OREGON

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

BUDGET AND ACTUAL - AQUATIC FUND

(BUDGET BASIS)

For the Year Ended

June 30, 2017

	Original Budget	Final Budget	Current Year Actual	Favorable (Unfavorable) Variance with Final Budget
Revenues				
Other taxes	$ 82,652	$ 82,652	$ 107,243	$ 24,591
Total revenues	82,652	82,652	107,243	24,591
Expenses				
Materials and services	5,000	20,000	17,578	2,422
Contingency	117,452	102,452	-	102,452
Total expenses	122,452	122,452	17,578	104,874
Net change in fund net position	(39,800)	(39,800)	89,665	129,465
Net position, July 1	39,800	39,800	58,329	18,529
Net position, June 30	$ -	$ -	$ 147,994	$ 147,994

CITY OF ONTARIO, OREGON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended

June 30, 2017

Recreation Board	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
ASSETS				
Cash and investments	$ 1,624	$ -	$ 334	$ 1,290
Total assets	1,624	-	334	1,290
LIABILITIES				
Held in trust for other governments	1,624		334	1,290
Total liabilities	$ 1,624	$ -	$ 334	$ 1,290

Friends of the Aquatic Center	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
ASSETS				
Cash and investments	$ -	$ 50	$ -	$ 50
Total assets	-	50	-	50
LIABILITIES				
Held in trust for other governments	-	50	-	50
Total liabilities	$ -	$ 50	$ -	$ 50

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OTHER FINANCIAL SCHEDULES

CITY OF ONTARIO, OREGON

SUMMARY SCHEDULE OF CASH, CASH ITEMS AND INVESTMENTS

June 30, 2017

Wells Fargo Bank		
Demand accounts	$	276,958
Intermountain Community Bank		
Demand accounts		359,509
Certificates of Deposit		584,328
U.S. Bank		
Demand accounts		14,338
Oregon State Treasury Local Government Investment Pool **		10,306,923
Cash on hand		1,155
Total cash and investments on books	$	11,543,211

SCHEDULE OF COLLATERAL SECURITY

Wells Fargo Bank *		
Federal Deposit Insurance Corporation	$	250,000
Total Wells Fargo Bank	$	250,000
Intermountain Community Bank *		
Federal Deposit Insurance Corporation	$	250,000
Total Intermountain Community Bank	$	250,000
U.S. Bank *		
Federal Deposit Insurance Corporation	$	250,000
Total U.S. Bank	$	250,000

*Qualified depository for public funds per ORS 295.

**Oregon LGIP is fully collateralized by the state of Oregon.

INDEPENDENT AUDITORS'

REPORT REQUIRED BY OREGON

STATE REGULATIONS

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
CERTIFIED PUBLIC ACCOUNTANTS
1121 ADAMS AVENUE • P.O. BOX 1024
LA GRANDE, OREGON 97850-1024

Independent Auditors' Report
Required by Oregon State Regulations

We have audited the basic financial statements of the City of Ontario as of and for the year ended June 30, 2017, and have issued our report thereon dated December 26, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Ontario, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitation, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

The independent elected officials of City of Ontario, Oregon, do not collect or receive money and are, therefore, not subject to the requirements of OAR 162-10-140.

In connection with our testing nothing came to our attention that caused us to believe City of Ontario, Oregon, was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1. The City did not comply with ORS 294.456(6). Expenditures exceeded budgeted appropriations for the year ended June 30, 2017, as follows:

Fund	Over Expenditure
Reserve fund- Materials and Services	$1,649

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered City of Ontario, Oregon's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Ontario, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Ontario, Oregon's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our considerations of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, signification deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weakness may exist that have not been identified.

Purpose of this Report

This report is intended solely for the information and use of the City Council and management of City of Ontario, Oregon, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

LEWIS, POE, MOELLER, GUNDERSON & ROBERTS, LLC
Certified Public Accountants

By Chelsea A. Herron
Chelsea A. Herron, CPA
Owner/Member

La Grande, Oregon
December 26, 2017

AGENDA REPORT
OLD BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Dan Cummings, Community Development Director

THROUGH: Adam J. Brown, City Manager

SUBJECT: **ORDINANCE #2732-2017: ANNEXATION AND REZONE OF TAX LOT 800, ASSESSOR MAP 18S4711BC - URBAN GROWTH AREA GENERAL COMMERCIAL (UGA C-2) TO CITY GENERAL HEAVY COMMERCIAL (C-2H) SECOND READING**

DATE: January 14, 2018

PROPOSED MOTION:

I MOVE THAT THE CITY COUNCIL ADOPT ORDINANCE #2732-2017, AN ORDINANCE ANNEXING INTO THE CITY AND REZONING OF A PARCEL OF LAND BEING LOCATED AT 510 SE 13TH STREET, FROM UGA GENERAL COMMERCIAL (UGA C-2) TO CITY GENERAL HEAVY COMMERCIAL (C-2H), ON SECOND AND FINAL READING BY TITLE ONLY.

SUMMARY:

At its regular meeting of November 6, 2017, the Planning Commission heard the annexation and rezone proposal contained in Planning File 2017-08-16AZ, which was applicable to a property located at 510 SE 13th Street, the property being known as Tax Lot 800, on Assessor's Map 18S47E11BC as shown and described in Exhibits and "A" and "B" of proposed Ordinance 2732-2017.

The Planning Commission, based on findings and testimony, makes a recommendation to the City Council to approve the annexation of the lands and to rezone the lands from Urban Growth Area General Commercial (UGA C2) to City General Heavy Commercial (C-2H).

The City Council at it's regular meeting of November 21, 2017 held a Public Hearing where it approved Ordinance 2732-2017 on First Reading by Title only.

BACKGROUND:

The applicant owns a parcel of land known as 18S4711BC, tax lot 800. The applicants wish to annex and rezone the property into the city for future development. This application, if approved, will result in the annexation of 0.39 acres, plus the right of way for SE 5th Avenue and SE 13th Street, into the city, and a rezone of the property from Urban Growth Area General Commercial (UGA C-2) to City General Heavy Commercial (C-2H).

This request for annexation and rezone needs a recommendation for approval or rejection from the Planning Commission to the City Council. The Ontario Municipal Code (OMC) designates the Planning Commission as the decision making body for a request for rezone, without City Council participation. The OMC designates the City Council as the decision making body for a request for annexation, without Planning Commission participation. State Law requires an ordinance be adopted by the local governing body to accomplish a rezone. The city's governing body is the City Council, and they are the only body that may adopt an ordinance; therefore, a request for rezone should go before the Council for a final decision. Staff feels that the best procedure is consistency with state law; therefore, this matter requires a recommendation from the Planning Commission, which will then be submitted to the City Council for their decision.

CURRENT SITUATION:

The proposed development must comply with applicable provisions of the OCC (City of Ontario Zoning Ordinance as set forth in the Ontario City Code), and the City of Ontario Comprehensive Plan. Generally, unless otherwise noted, if a request is found to be consistent with the Zoning Ordinance it is considered to be consistent with the Comprehensive Plan.

A. Rezone

1. Section 10B-20-30 REQUIRED FINDINGS, DECISION CRITERIA. In preparing findings to support a quasi- judicial zoning map amendment decision, the following findings shall be addressed except when alternatives are set forth or where a required findings clearly does not apply to the current action:

a. The zoning map amendment is in conformance with statewide planning goals and guidelines.

b. The zoning map amendment is in conformity with the acknowledged comprehensive plan.

c. The applicant has demonstrated a mistake or error in the original zone designation or the applicant has demonstrated a change in physical, social or market conditions generally effecting the area which make the proposed change appropriate.

d. A public need is demonstrated for this zoning at this location and is not the granting of a special privilege for a single property or small group of properties.

e. The property effected by the change is adequate in size and shape to facilitate its use and development as permitted under the new zoning classification.

f. The property effected by the proposed change of zone is properly related to streets and public facilities and with services adequate to meet the demands of the uses allowed in the new zone.

g. The proposed zoning map change will not result in adverse effects upon surrounding properties or surrounding uses from dust, noise, vibration, odor, heat, glare, lighting, or discharges into the air, water or land.

Findings of fact:

a. The City of Ontario Municipal Code Implements policies contained in the City of Ontario Comprehensive Plan, which conforms to the Statewide Planning Goals; if a proposed rezone meets all criteria and standards contained in the OMC, the request will be consistent with Comprehensive Plan Policies and therefore conform to the Statewide Planning Goals.

b. The subject property is currently zoned UGA General Commercial (UGA C-2) and the request is to rezone to the companion City General Heavy Commercial (C-2H) Zone that is the same zone as adjacent lands to the north and nearby property. The requested zone allows basically the same use as the UGA zone, and is reflected in the Comprehensive Plan. No Comprehensive Plan amendment is necessary for this rezone; therefore, the proposal is consistent with, and conforms to, the Comprehensive Plan. Based on testimony given at the Planning Commission meeting, the Planning Commission made a motion to recommend the City Council approve the rezoning of this property City General Heavy Commercial (C-2H).

c. The applicants have requested annexation into the City of Ontario concurrent with the request for rezone; a City Zone must be applied to the property once within City Limits. The existing zone is not a mistake, and there is no need to demonstrate a change in conditions in the surrounding area; the change in zone is necessary and appropriate.

d. This request is legally necessary due to the annexation of the property; granting of this request is not a special privilege and no public need has to be demonstrated.

e. The subject property is adequate in size and shape for the proposed use to be rezoned from UGA General Commercial to City General Heavy Commercial (C-2H).

f. The property owner of tax lot 800 proposes no new development at this time and the land has adequate room for existing structures, parking, landscaping, etc. City Water and Sewer are available near the boundary of the property. City fire and police services will

be available upon annexation for both properties.

City streets, right-of-ways, an addition 10 feet of right of way dedication for SE 13th Street and 5 feet along SE 5th Avenue will be required as a condition of approval and the existing street are not developed to City standards and has been requested to be deferred until future development and therefore the lands will NOT be removed from the Rural Road district No. 3 at this time.

g. Uses allowed by the current zone are basically identical to the proposed zone. No significant difference in allowed uses will occur as a result of the rezone. Requirements in the OMC applicable to uses in the commercial zone will ensure that impacts from dust, noise, vibration, odor, heat, glare, lighting, or discharges into the air, water or land are minimized.

Conclusion: The proposed recommended rezone to City General Heavy Commercial (C-2H) is consistent with all applicable criteria and standards.

B. Annexation:

1. 10B-45-10 INITIATION OF ACTION. When a person, authorized by statute, wishes to extend the city's boundaries, an application on forms supplied by the city shall be filed with the Planning Director and which include: annexation consent forms, by the property owners, and by tenants if required by law or court decision; request for a change in zoning map designation, or plan change if required; request for other quasi-judicial action if required; fees, and other exhibits and requirements for a quasi- judicial action as set forth in this Title. All land use actions associated with the annexation shall be consolidated, as feasible, and one fee paid.

2. Oregon Revised Statute 222.125: Annexation by consent of all owners of land and majority of electors; proclamation of annexation. The legislative body of a city need not call or hold an election in the city or in any contiguous territory proposed to be annexed or hold the hearing otherwise required under ORS 222.120 when all of the owners of land in that territory and not less than 50 percent of the electors, if any, residing in the territory consent in writing to the annexation of the land in the territory and file a statement of their consent with the legislative body. Upon receiving written consent to annexation by owners and electors under this section, the legislative body of the city, by resolution or ordinance, may set the final boundaries of the area to be annexed by a legal description and proclaim the annexation.

Findings:

1. The applicants have paid the fees and provided the proper application with signatures.

2. The property is annexable because it lies inside the Urban Growth Boundary and is contiguous with current city limits.

3. The property is currently zoned for Commercial use in the Urban Growth Area; the recommended zone, City General Heavy Commercial (C-2H), is consistent with contiguous property.

4. Findings from preceding sections of this report are herein included by this reference. A change to the comprehensive plan map or text is not necessary to annex the property; however, the annexation of the property must be consistent with all applicable Comprehensive Plan Policies.

5. Annexation would benefit the city by increasing tax revenue, and, by providing more potentially developable commercial land.

Conclusion: All criteria and standards applicable to a request for annexation have been met. The property may be annexed.

ANALYSIS:

A. **FINANCIAL** Annexation will benefit the city by increasing tax revenue and a new development tax base.

B. **TIMING** The request was filed on August 29, 2017 by the applicant. DLCD was given its 35 day notice, and the 20-day notice to the affected persons and agencies were sent 20 days prior to the hearing as required by law. The Public Hearing for this action has been

set for November 21, 2017, which meets the notice requirements.

The Ontario City Council authorized a public hearing at their regular meeting on November 9, 2017 to be held on November 21, 2017 at 7 pm.

C. **POLICY/LEGAL** The quasi-judicial Zoning Map amendment procedures are designed and authorized to adjust zone boundaries and create new zoning classifications on the official Zoning Map within areas on the land use plan indicated for the uses allowed by the map change. Such changes shall be in conformity with the land use goals of the state. The decision of the Planning Commission shall be the final decision of the city unless an appeal is filed as authorized by this Title. (LANGUAGE IN10B-10-05 SUPERSEDES THIS LANGUAGE) WHICH IS: The ultimate decision-making authority for legislative actions and zone changes brought under the provisions of this Title shall rest with the City Council. Certain actions of the Planning Commission are in the form of a recommendation to the City Council. The land use actions for which the Commission provides only a recommendation to the Council are amendments of the comprehensive plan and zoning ordinances or Zoning Map.

ALTERNATIVES:

Alternatives could be as follows:

1. The Council could, by motion, based on public testimony or need for more clarification refer this matter back to the Planning Commission.
2. Table and continue this item to a future date certain meeting, to obtain clarification on issues raised at this Public Hearing.

RECOMMENDATION:

The Planning Commission, at a Public Hearing on November 6, 2017, made a motion that the request for annexation be approved and rezoning of the subject property from UGA General Commercial (C-2) to City General Heavy Commercial (C-2H), as set forth in ACTION 2017-08-16AZ be recommended for approval by the City Council, based on the information, findings and conclusions at said Public Hearing, and Staff recommends the approval of the Annexation and Rezone.

ATTACHMENTS:

1. Ordinance #2732-2017

ORDINANCE #2732-2017

AN ORDINANCE PROCLAIMING THE ANNEXATION AND REZONING OF CERTAIN TERRITORY TO THE CITY OF ONTARIO, BEING A PARCEL WITHIN THE N1/2NW1/4SW1/2NW1/4 SECTION 11, TOWNSHIP 18 SOUTH RANGE 47 EAST, W.M.; AND WITHDRAWING SAID TERRITORY FROM THE ONTARIO RURAL FIRE PROTECTION DISTRICT 7-302

WHEREAS, there has been submitted to the City of Ontario a written request for annexation and rezoning to the City signed by 100% of the owners of land within the affected territory to be annexed; and

WHEREAS, All of the owners of land in that territory have consented in writing to the annexation of their land in the territory and have filed a statement of their consent with the legislative body of the City; and

WHEREAS, The City Charter does not expressly require the City to submit a proposal of annexation of territory to the electors of the City; and

WHEREAS, All the owners has requested the lands to be rezoned from UGA Commercial to City General Heavy Commercial (C-2H); and

WHEREAS, The City desires to withdraw the land to be annexed from the ONTARIO RURAL FIRE PROTECTION DISTRICT 7-302, pursuant to ORS 222.120(5) and has received assent from the Districts to do so;

WHEREAS, The owners has requested to defer the road improvement to City standards until adjoining lands are ready to also bring the streets to City standards the lands WILL NOT be removed from the Rural Road Assessment District No. 3;

NOW THEREFORE, THE CITY OF ONTARIO ORDAINS AS FOLLOWS:

1. Annexation Area. The following contiguous territory be and the same is hereby annexed: The property mapped and legally described in the attached Exhibits "A" and "B" respectively.

2. Rezoning. That based on the Planning Commission findings and recommendation the lands as shown and described in the attached Exhibits "A" and "B" be rezoned from UGA Commercial to City General Heavy Commercial (C-2H).

3. Withdrawing above described area from Ontario Rural Fire Protection District 7-302. The Common Council of the City of Ontario deems it in the best interest of the public of the City of Ontario and hereby declares that the real property described hereinabove is withdrawn from the Ontario Rural fire Protection District No. 7-302 on the effective date of this annexation pursuant to ORS 222.120(5).

4. That the lands will NOT be removed from the Rural Road Assessment District No. 3 until the streets adjacent to the property have been constructed to City standards and at that time the owner may request the lands be removed from the district and the City accepts the streets for maintenance.

5. That the owners shall dedicate the required additional right of way being 10 feet along the west side for SE 13th Street and an additional 5 feet along the north side for SE 5th Avenue either prior to the Second and final reading of this Ordinance or within 30 days after the final reading of this Ordinance and prior to the recording of this Ordinance.

6. Record. The City Planner shall submit to the Oregon Secretary of State (1) a copy of this Ordinance, (2) a copy of the statement of consent of the landowner in the territory annexed; and (3) Shall send a description by metes and bounds, or legal subdivision, and a map depicting the new boundaries of the City within 10 days of the effective date of annexation to the Malheur County Assessor, Malheur County Clerk and the State Department of Revenue.

PASSED AND ADOPTED by the Common Council of the City of Ontario this _____ day of _____, 2017, by the following vote:

AYES:

NAYS:

EXCUSED:

ABSENT:

APPROVED by the Mayor this _____day of _____, 2017.

ATTEST:

_____ _____

Ronald Verini, Mayor Tori Barnett, MMC, City Recorder

Exhibit "A"

Property Description for Annexation/Rezone
City Action No. 2017-08-16AZ

Land in Malheur County, Oregon:
In Twp. 18 S., R. 47 E., W.M.:
Sec. 11: A parcel of land in the N1/2NW1/4SW1/4NW1/4 described as follows:
Commencing at the Southwest comer of the N1/2NW1/4SW1/4NW1/4
thence North, along the West boundary thereof, 108 feet to the POINT OF BEGINNING;
thence East 112.02 feet;
thence North, parallel with the West boundary, to the North line of the N1/2NW1/4SW1/4NW1/4;
thence West along the North line, 112.02 feet;
thence South along the West line to the Point of Beginning.

EXCEPTING THEREFROM the West 20 feet thereof for road right of way.

ALSO EXCEPTING THEREFROM that portion of land conveyed to The City of Ontario, Oregon, by Warranty Deed, recorded March 08, 2002, as Instrument No. 2002-1831, records of Malheur County, Oregon.

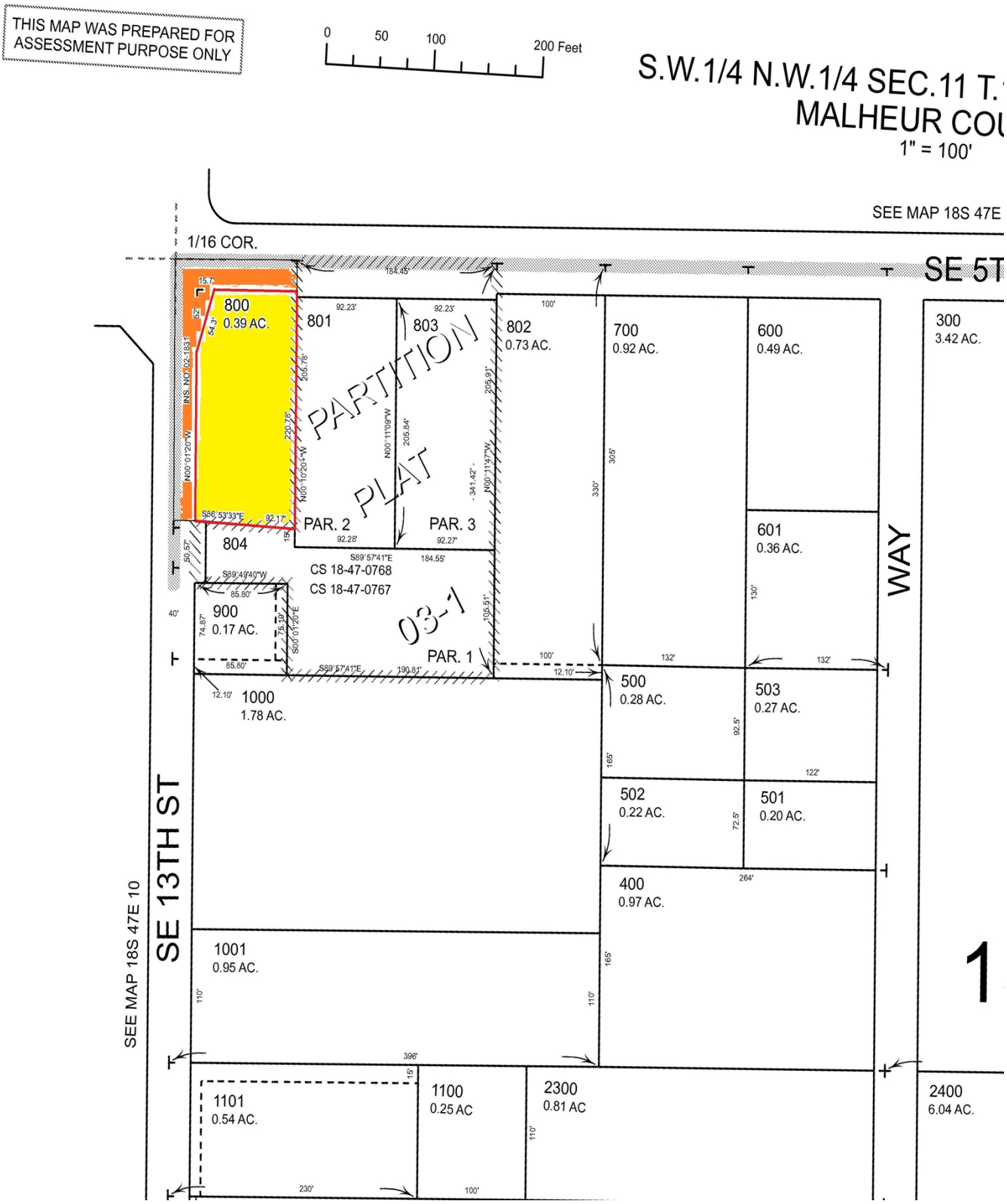
ALSO EXCEPTING THEREFROM that portion of land described as follows:

Commencing at the Southwest comer of the N1/2NW1/4SW1/4NW1/4
thence North, along the West boundary thereof, 108 feet to the POINT OF BEGINNING;
thence at right angles to said West line, North 89°49'40" East, a distance of 20.00 feet, to a point on the East right-of-way of SE 13th Street to the Southwest corner of that parcel of real property described in Warranty Deed Instrument No. 2001-1755, and the POINT OF BEGINNING.
thence along said right of way, North 00° West, a distance of 5.27 feet;
thence South 86°53'33" East, a distance of 92.17 feet, to the Southeast comer of said parcel,
thence along the South line of said parcel described in said Warranty Deed, South 89° West, a distance of 92.02 feet to the POINT OF BEGINNING.

TOGETHER WITH all the right of way of SE 5th Avenue and SE 13th Street adjacent to the above described lands.

Exhibit "B"

Subject properties



AGENDA REPORT
OLD BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Adam J. Brown, City Manager

THROUGH: Adam J. Brown, City Manager

SUBJECT: ORDINANCE NO. 2736-2018 - REGISTRATION AND FEES FOR DERELICT STRUCTURES FIRST READING

DATE: February 5, 2018

PROPOSED MOTION:

I MOVE THAT THE CITY COUNCIL APPROVE A FIRST READING BY TITLE ONLY OF ORDINANCE NO. 2836-2018, AN ORDINANCE AMENDING SECTIONS 7-2A-7 AND 7-2A-8 OF CHAPTER 2A OF TITLE 7 CONCERNING REGISTRATION AND FEES FOR DERELICT STRUCTURES.

SUMMARY:

On December 19, 2017, the City Council enacted Ordinance No. 2733-2017, which created a new Chapter 2A of Title 7. That ordinance failed to include certain revisions proposed to Sections 7-2A-7 and 7-2A-8 at a City Council work session on December 7, 2017, dealing with the registration of derelict structures and derelict structure registration fees. The purpose of Ordinance No. 2836-2018 is to make the revisions discussed at the work session.

BACKGROUND:

This should be the last revision needed to complete and enforce the civil penalties ordinance.

CURRENT SITUATION:

With the enactment of Ordinance No. 2733-2017, the City now has the authority to require the owners of derelict structures to register their derelict structures under Section 7-2A-7. At the work session, the City attorney proposed that the owner should have the right to appeal the registration requirement. However, when the ordinance was enacted on December 19, 2017, no provision was made for an appeal.

Section 7-2A-8 enacted by Ordinance No. 2733-2017 was intended to include a monthly fee for registration of derelict structures and a separate late fee if the registration fee was not paid on time. However, as enacted by the Council on December 19, 2017, there were blanks left for the amount of the those fees. Ordinance No. 2736-2018 allows those fees to be set by Council

resolution.

Also, at the work session on December 7, 2017, the Council consensus was to authorize the City Manager to postpone the imposition of the monthly registration fee in certain circumstances. However, as enacted, Ordinance No. 2733-2017 did not grant the City Manager that authority.

ANALYSIS:

A. **FINANCIAL** Enacting Ordinance No. 2736-2018 will allow the Council to impose a fee for derelict building registrations and late fees, to be set by Council resolution.

B. **TIMING** The City Ordinance Officer preparing to implement the nuisance abatement provisions passed by Ordinance No. 2733-2017, but cannot move forward on a fee schedule for derelict building registrations until Ordinance No. 2736-2018 and a companion fee resolution are passed by the Council.

C. **POLICY/LEGAL** Because the derelict building registration procedure in current Code Section 7-2A-7 does not include an appeal procedure, it could be subject to legal challenge by owners of derelict structures. Because current Code Section 7-2A-8 does not authorize the City manager to delay imposition of registration fees for owners who are required to register their derelict structures that cannot be repaired through no fault of the owner, the imposition of those fees could be subject to legal challenge.

ALTERNATIVES:

An alternative would be to take no action.

RECOMMENDATION:

Staff recommends that the City Council approve a first reading of Ordinance No. 2736-2018.

ATTACHMENTS:

1. Ord#2736-2018 Amend Derelict Structure Registrations and Fees

ORDINANCE ~~2733-2017~~2736-2018

AN ORDINANCE- AMENDING SECTIONS ~~OF CHAPTER 1 OF TITLE 7 OF THE ONTARIO CITY CODE CONCERNING PUBLIC NUISANCES; AMENDING SECTIONS OF CHAPTER 15 OF TITLE 1 CONCERNING NUISANCE ABATEMENT PROCEDURE; AND ADDING A NEW CHAPTER 2A~~7-2A-7 AND 7-2A-8 OF CHAPTER 2A OF TITLE 7 ~~TO TITLE 7 IDENTIFYING DERELICT BUILDINGS AS PUBLIC NUISANCES~~CONCERNING REGISTRATION OF DERELICT STRUCTURES

~~**WHEREAS,** The City police chief and ordinance enforcement officer have conducted a comprehensive review of Municipal Code provisions identifying public nuisances and the City's nuisance abatement procedure, and have recommended changes to Chapter 1 of Title 7 and Chapter 15 of Title 1; and~~

~~**WHEREAS,** The Police Department recommends that the Municipal Code include a new Chapter dealing with derelict buildings to identify structures that may not qualify as dangerous buildings under the Municipal Code but that are in disrepair, unsightly and qualify as public nuisances; and~~

~~**WHEREAS,** The City Council finds that the proposed changes will allow the City ordinance officers to cite offenders for nuisance conditions that are not currently identified in the Municipal Code, will help improve the appearance of the City and reduce blight, and will improve the City's notice abatement procedure~~WHEREAS, On December 19, 2017, the City Council enacted Ordinance No. 2733-2017, which created a new Chapter 2A of Title 7, but failed to include certain revisions proposed at a City Council work session on December 7, 2017, to Sections 7-2A-7 and 7-2A-8 dealing with the registration of derelict structures and derelict structure registration fees.~~.~~

NOW THEREFORE, THE CITY OF ONTARIO ORDAINS AS FOLLOWS:

~~**Section 1.**~~ Section 1. Sections 7-~~1-2~~2A-7 and 7-2A-8 of Chapter 2A of Title 7 ~~of Chapter 1 of Title 7 is~~ are hereby amended ~~by amending the specific subsections identified hereinafter by~~by deleting those portions that are stricken and by adding those portions that are underlined.

~~If a specific subsection of Section 7-1-2 is not identified, that subsection is not amended.~~

~~**7-1-2 Nuisances Enumerated**~~

*****

~~**(M) Noxious Weeds**. Any of the following noxious weeds:~~

~~(a) Puncturevine (Tribulus terrestris);~~

~~(b)Kochia (Kochia scoparia);~~
~~(c)Russian thistle (Salsola kalil aka tumbleweed;~~
~~(d)Prickly lettuce (Lactuca serriola) aka Chinese lettuce;~~
~~(e)Field bindweed (Convolvulus arvensis) aka morning glory;~~
~~(f)Hoary cress (Lepidium draba) aka white top;~~
~~(g)Scotch thistle (Onopordum acanthium);~~
~~(h) Canada thistle (Cirsium arvense);~~
~~(i) Rush Skeleton weed, (Chondrilla juncea);~~
~~(j) Purple Loosestrife, (Lythrum Salicaria); and~~
~~(k) Yellow Starthistle, (Centaurea Solstitialis L); and~~
~~(l) Common dandelion (Taraxacum officinale).~~

~~The City Council may modify or expand the list of noxious weeds by resolution of the Council.~~

*****

~~(O) Storage of Junk. The storage of used building supplies, scrap, junk, used furniture, used plumbing supplies or fixtures, used electrical supplies, fixtures or appliances unless they are placed so as not to be exposed to view from a public way.~~
~~(O) Outside Storage of Personal Property.~~

~~(1) Unless otherwise specifically allowed by law, no person shall store items of personal property out of doors, or outside a building or structure that is not fully enclosed. Prohibited items include, but are not limited to, the following: firewood that does not comply with subsection (2)(a); construction material or lumber that does not comply with subsection (2)(b); used building, plumbing, and electrical supplies; scrap; junk; used indoor furniture; used fixtures; and appliances.~~
~~(2) Notwithstanding subsection (1) of this section, the following items of personal property may be stored outside of a building or structure:~~

~~(a) Firewood that is stacked and useable. "Useable" firewood has more wood than rot and is cut to lengths that will fit a lawful fireplace or wood stove on the premises;~~
~~(b) Construction material, if the construction material is temporarily stored in a manner to protect its utility and to prevent its deterioration and the construction material is to be used for construction on the premises;~~
~~(c) All other items of personal property which are of a type, condition or quantity consistent with normal and intended use. By way of illustration, but not limitation, as used in this section, items of personal property include barbeque grills, lawn furniture, solid waste disposal receptacles and recycling receptacles.~~

~~(P) Storage of Motor Vehicles or Parts. The storage of a used motor vehicle or portion thereof without a license plate or with an expired license plate unless the vehicle is placed so as not to be exposed to view from a public way.~~
~~(P) **Junk**.~~

~~(1) No person shall deposit or keep junk within a public right of way, or out-of-doors on any premises within the city, or in a building or structure that is not fully enclosed.~~
~~(2) Notwithstanding subsection (1) of this section, the following junk may be deposited or kept out-of-doors on premises within the city:~~

~~(a) Any wrecked, neglected or derelict motor vehicle, or parts thereof, kept in a motor vehicle wrecking business licensed by the city.~~
~~(b) Any derelict or neglected motor vehicle displayed by a business offering new and used motor vehicles for sale.~~
~~(c) Recyclable solid waste that has been source separated for collection by a recycling service.~~
~~(d) Recyclable materials or source separated solid waste kept at a scrap and waste material establishment, operating in compliance with all applicable laws and where the materials or solid waste are enclosed by a sight obscuring fence in conformance with Ontario Municipal Code or in a receptacle.~~
~~(e) Any waste tire kept for storage, collection, transportation, or disposal by a person licensed for that purpose by the State of Oregon.~~

~~**Section 2.** Section 7-1-4 is hereby amended by deleting those portions which are stricken and adding those portions that are underlined.~~

~~7-1-4 Abatement procedure~~

~~(A) Notice to Abate.~~ ~~Initiation of Abatement Procedure~~

~~1. For an initial violation of the nuisance provisions of the City Code, the City Manager or the City Manager's designee shall cause a written notice to be served either personally on the property owner or the person responsible, or by registered or certified mail to the address of the property owner noted in the Malheur County Tax Assessor's office for tax notices to be sent or through a property title search. If the property has an occupied structure on it, notice may also be posted on the property. For service by mail, service shall be complete upon deposit in the mail. Notice shall be deemed sufficient if it complies with the procedure set forth herein, whether or not the property owner or person responsible receives actual notice. 2. Second or subsequent violations from the date of the initial notice and by the same person responsible, shall be subject to an assessment of an administrative fee, regardless if the second or subsequent violations are corrected. 3. The initial notice to abate shall contain: (a) A description of the real property, by street address or otherwise, on which the nuisance exists. (b) A direction to abate the nuisance within five (5) days for occupied properties and ten (10) days for unoccupied properties from the date of the notice. (c) A description of the nuisance, a citation to the section(s) of the City Code which are violated, and a description of the corrective action required. (d) A statement that unless the nuisance is removed, the City may abate the nuisance and the cost of abatement will be charged to the person responsible and assessed as a lien on the property. (e) A statement that failure to abate a nuisance may result in a fine. (f) A statement that the person responsible may appeal from the notice to abate by giving notice to the City Manager or his designee within ten (10) days from the date of the notice. (g) A statement that the City will assess an administrative fee upon a second or subsequent notice, regardless if the second or subsequent violations are corrected. 4. Upon completion of service of an abatement notice as provided herein, the persons serving the notice shall execute and file certificates stating the date and place of service. The procedure to initiate a nuisance abatement shall be as set forth in Sections 1-15-9 and 1-15-10 of Title 1, Chapter 15.~~

~~(B) Abatement by Person Responsible.~~

~~1. Within the time allowed, the person responsible shall remove the nuisance or show that no nuisance exists, or deliver a written notice of appeal to the City Manager or file an appeal under Section 1-15-11 of Title 1, Chapter 15 for a hearing to be conducted by a hearings officer under Title 1, Chapter 15. A written notice of appeal shall specify the basis for the appeal. Prior to the hearing, The the City Manager or Designee, will make good faith attempts to mediate the appeal. If unresolved, the appeal will go before a Hearings Officer. 2. A Hearings Officer appointed by the City of Ontario shall conduct a hearing on the appeal of the abatement notice at which the City's designee and the appellant may call witnesses and present evidence. The City shall have the burden of proof to demonstrate that a violation has occurred and that the required corrective action is reasonable. The Hearings Officer shall affirm, vacate, or modify the City's decisions regarding the alleged violation and/or the required corrective action, with or without written conditions. If the Hearings Officer affirms the City's decisions, the appellant shall pay the City's costs for the appeal, including the cost of the Hearings Officer for conducting the hearing.~~

~~(C) Abatement by City.~~

~~1. If after the time allowed, the nuisance has not been abated by the person responsible, the City may cause the nuisance to be abated and may make efforts toward the elimination or ease of future abatements by such means as spraying, debris removal and leveling of land.~~
~~2. The officer charged with abatement of the nuisance shall have the right, at reasonable times, to enter into or upon property, in accordance with law, to investigate or cause the removal of a nuisance.~~
~~3. The City Manager or his designee shall keep an accurate record of the expense incurred by the City in physically abating the nuisance, including incidental expenses set forth in subsection (E) below.~~

~~(D) Joint Responsibility. If more than one person is responsible, they shall be jointly and severally liable for abating the nuisance or for the costs incurred by the City in abating the nuisance.~~

~~(E) Assessment of Costs.~~

~~1. The cost, including incidental expenses, of correcting the violation or to send second or subsequent violation notices shall be billed to the person responsible for the violation and/or the owner, lessor, tenant or other person entitled to control, use and/or occupancy of the property and shall become due and payable to the City of Ontario within ten (10) calendar days of the bill being issued. A minimum administrative fee of not less than one hundred dollars ($100.00) shall be imposed for each abatement notice issued. The City Council may, by resolution, change the minimum fee from time to time. The term "incidental expense" shall include, but not be limited to personnel costs, both direct and indirect; attorney's fees; costs incurred in documenting the violation; hauling, storage and disposal expenses; and actual expenses and costs of the City in preparing notices, title searches, specifications and contracts, and in accomplishing and/or contracting and inspecting the work, and the costs of any~~

~~required printing and mailing. The City Manager or his designee, by registered or certified mail, postage prepaid, shall forward to the person responsible a notice stating:~~

~~(a) The total cost of abatement, if applicable, including incidental expenses.~~
~~(b) The total cost of administrative fees for abatement or second or subsequent violation notices.~~
~~(c) That the cost as indicated will be either referred to collection or be assessed to and become a lien against the property unless paid within thirty (30) days from the date of the notice.~~
~~(d) That if the person, responsible objects to the cost of the abatement as indicated, he may file a notice of objection with the City Manager or his designee not more than ten (10) days from the date of the notice. Objections shall be heard by the City Manager or Designee and shall be limited to the question of whether the amount of the abatement assessment is reasonable.~~

~~2. If the costs of the abatement are not paid within thirty (30) days from the date of the notice or thirty (30) days from the date of the City Manager or Designee's decision on objections, the City may cause the assessment to be filed as a lien in the Malheur County Deed records against the property of any property owner who was served with the initial notice of abatement pursuant to Section 7-1-4(A)1. set forth above.~~

~~3. The lien shall be enforced in the same manner as liens for street improvements and shall bear interest at the rate of six percent (6%) per annum, or at such other rate as may be fixed by resolution of the City Council. The interest shall commence thirty (30) days from the date of the notice.~~

~~4. An error in the name of the person responsible or property owner shall not void the assessment nor will a failure to receive the notice of the proposed assessment render the assessment void, but it shall remain a valid lien against the property.~~

~~5. In lieu of a lien against the property, the city may refer the account to collections once the account is more than sixty (60) days past due. In addition, a late fee set by Fee Resolution to offset the administrative expenses incurred due to the late payment, shall be due and owing on any payment received after the due date and in coordination with the completion of the payment processing grace period.~~

~~(F) Separate Violations. The requirements to abate a nuisance are not a penalty for violating the Code but are an additional remedy. The imposition of a penalty does not relieve a person of the duty to abate the nuisance. Abatement by the person responsible of a nuisance within the allowed time of the date of notice to abate, or within ten (10) days of the determination by the City Manager, Designee, or Hearings Officer upon an appeal therefrom, will excuse the person responsible from the imposition of any fine civil penalty.~~

~~(G) Summary Abatement. The procedure provided by subsections (A) through (F) is not exclusive but is in addition to procedure provided by other law and the City Manager, or other officer delegated responsibilities therefor, may proceed summarily to abate a health or other nuisance which unmistakably exists and which imminently endangers human life, health or property.~~

~~**Section 3.** Section 7-1-7 of Title 7, Chapter 1, is amended by deleting that portion that is stricken and by adding that portion that is underlined.~~

~~7-1-7 Civil Penalty~~

~~Except where penalty provisions have been provided otherwise in this Chapter, any person violating any provision of this Chapter commits a Class D civil violation. Any person violating any provision of this Chapter shall be subject to the civil penalty provided in Title 1, Chapter 15, Sections 1-15-14 and 1-15-15.~~

~~**Section 4.** The following Chapter 2A, entitled "Derelict Structures", is added to Title 7 of the Ontario Municipal Code.~~

~~**DERELICT STRUCTURES**~~

~~**7-2A-1 Derelict Structures As Nuisance**. Derelict structures are declared to be a public nuisance, subject to the abatement procedures provided in Municipal Code Sections 7-1-4, 7-1-5 and Chapter 15 of Title 1.~~

~~**7-2A-2 Definitions**.~~

~~CITY MANAGER includes the City Manager's designee.~~

~~DERELICT STRUCTURE means a building or structure that is unfit for human habitation, or poses an incipient hazard, or is detrimental to public health, safety or welfare, as a result of one or more of the following conditions:~~

~~(A) Is unoccupied and unsecured;~~
~~(B) Is partially constructed;~~
~~(C) Is an abandoned structure or attractive nuisance;~~
~~(D) Is in condition of deterioration;~~
~~(E) Has an infestation of pests;~~
~~(F) Has doors or windows boarded over, or;~~
~~(G) Other condition that in the opinion of the City Manager is detrimental to public health, safety or welfare.~~

~~OWNER means the person recorded in the official records of the state, county or city as holding title to premises, and that person's agent; any person who has purchased or otherwise acquired a premises but whose ownership is not yet reflected in the official records of the state, county or city; a trustee, executor, administrator, guardian or mortgagee in possession and having control of the premises; a person who has care and~~

~~control of a premises in the case of the absence or disability of the person holding title thereto; a lessee or tenant in possession.~~

~~**7-2A-3 Order to Vacate**. If the City Manager finds a building or structure in violation of Section 7-2A-1, the City Manager shall issue a Notice to Abate in accordance with Section 1-15-9. The City Manager may also order that a placard be posted on the building or structure, ordering the building or structure vacated, and to order the owner to register the building or structure as provided in Section 7-2A-7. The placard shall contain the information required for abatement notices under Section 1-15-9. Service of the Order to Abate shall be in accordance with Section 1-15-10. Persons performing active work to abate a violation are exempt from a vacation order while working at a premises subject to a vacation order.~~

~~**7-2A-4 Prohibited Habitation**. No owner shall maintain a structure as a derelict structure within the city. No person shall inhabit a derelict structure, nor allow any other person to inhabit a derelict structure, or a building or structure ordered vacated by the City Manager.~~

~~**7-2A-5 Removal of Placard Prohibited**. The City Manager shall remove a placard whenever the conditions that resulted in the order to vacate the building or structure have been eliminated. No person shall deface or remove a placard without the approval of the City Manager.~~

~~**7-2A-6 Temporary Safeguards**. Notwithstanding any other provisions of this Chapter, whenever, as determined by the City Manager, a building or structure qualifies as a dangerous building as defined in City Code Section 4-5-7A(B) , the City Manager may order such temporary remedial procedures as are authorized in Chapter 5 of Title 4 pertaining to dangerous buildings.~~

7-2A-7 Derelict Structure Registration Order; Appeal.

(A) If the City Manager determines that a building or structure is a derelict structure, the owner shall be required to register the building or structure within ten (10) days of the City Manager's issuance of an order to register. The order shall be served by first class US mail to the last known address of the owner. Registration shall be made on forms provided by the City Manager, and shall include information relating to the location and ownership of the building or structure, the expected period of its vacancy, a plan for regular maintenance during the period of vacancy, and a plan for its re-occupancy and use, or its remediation or demolition. Any change in the information required to be provided pursuant to this section shall be given to the City Manager not more than thirty days of the date of such change. When all conditions making the building or structure a derelict structure have been corrected, the owner shall contact the City Manager and request an inspection to determine compliance.

(B) The owner shall have 15 days from the date of issuance of an order to register to file an appeal under Section 1-15-11 of ~~Title 1,~~ Chapter 15 of Title 1 for a hearing to be conducted by a hearings officer under Chapter 15 of Title 1~~, Chapter 15~~. Prior to the hearing, the City Manager or Designee will make good faith attempts to mediate the appeal.

7-2A-8 Derelict Structure Fees.

(A) Every owner who, after receipt of an order under Section 7-2A-~~3~~7, fails to register the building or structure within the required time set forth in the order, or registers the building or structure but allows the building or structure to remain in a derelict condition, shall pay a monthly derelict structure fee ~~of $_____.~~ as set by City

Council resolution. Payment of the fee is due on the fifteenth day of each month. Any payment of the fee that is more than thirty days past due may be considered delinquent and subject to a penalty ~~of $_____~~ for every delinquent monthly payment in an amount set by City Council resolution. The derelict structure fee and penalty fee for delinquent payment may be amended from time to time by City Council resolution.

(B) The City Manager or Designee may temporarily postpone the imposition of the derelict structure fee upon proof by the owner of all of the following:

1) that the structure became a derelict structure because of a natural disaster or other circumstance beyond the reasonable control of the owner; and

2) that the owner has adequate property insurance coverage or other financial resources to remediate the structure so that it is no longer a derelict structure; and

3) that the delay in remediating the structure is caused by circumstances beyond the reasonable control of the owner, such as a delay by the insurance company in completing its investigation or by the unavailability of a contractor to complete the remediation within a reasonable time. In order to satisfy this condition, the owner must provide specific information allowing the City Manager or Designee to verify the cause of the delay. During the period of the postponement, the owner shall contact the City Manager or Designee at least every thirty days to justify continued postponement of the imposition of the derelict structure fee. If the owner fails to contact the City Manager or Designee for more than thirty days, the City Manager may impose the derelict structure fee on the owner without further notice to the owner.

~~(C)~~(D) In the event that the fees due under this section are delinquent for more than ninety days, or in the event the owner fails to register the building or structure as required by Section 7-2A-7, the City Attorney, on request of the City Manager, may file an action in the circuit court of Malheur County for the recovery of any and all delinquent fees and penalties due under this section, which shall be the total yearly fees plus all delinquent penalties.

~~(D)~~(E) All fees imposed under this section are to be paid prior to the issuance of any permit required for the demolition, alteration or repair of the derelict building or structure.

~~(E)~~ (F) In addition to any other remedies available to the City, the City has the authority to collect unpaid derelict structure fees, and any unpaid late fees, by filing a lien for the entire amount against the real property.

~~**7-2A-9 Civil Penalty**. Any person violating any provision of this Chapter shall be subject to the civil penalty provided in Title 1, Chapter 15, Sections 1-15-14 and 1-15-15.~~

~~**7-2A-10 Severability.** If any section, subsection, paragraph, sentence, clause or phrase of this chapter shall be declared invalid for any reason whatsoever, such decision shall not affect the remaining portions of this chapter which shall continue in full force and effect, and to this end the provisions of this chapter are hereby declared to be severable.~~

~~**Section 4.** Sections 1-15-9, 1-15-10, 1-15-15 and 1-15-16 in Title 1, Chapter 15, are amended by deleting those portions that are stricken and by adding those portions that are underlined.~~

~~**1-15-9. Initiation of Enforcement Proceedings.**~~

~~(a) Proceeding for enforcement of the Code, including abatement of nuisances and enforcement of land use regulations, shall be initiated by the issuance of an abatement notice.~~

~~(b) Prior to issuing an abatement notice, the enforcement officer may pursue such attempts as are reasonable in light of the circumstances to secure voluntary correction of the violation. If the attempts to secure voluntary correction are unsuccessful, the enforcement officer may issue an abatement notice, which shall give not less than ten business days to correct the violation.~~

~~(c) Notwithstanding subsection (b) of this section, the enforcement officer may issue an abatement notice without having made attempts to secure voluntary correction where the violation poses an imminent threat to public health, safety, or welfare; was knowing and intentional; or was a repeat of a similar violation. If an order is issued pursuant to this subsection, the order shall set forth a time certain within which correction of the violation must be completed, which may be as soon as is practicable under the circumstances. For nuisance abatements, the nuisance shall be corrected within ten (10) days from the date of delivery of the notice unless the nuisance is not capable of being corrected in ten days, in which case the correction date shall be within a reasonable time. If the abatement notice is served by first class mail under Section 1-15-10, the correction date shall be extended three (3) additional days.~~

~~(d) An abatement notice shall contain:~~

~~(1) Reference to the particular Code provision that is alleged to have been violated;~~

~~(2) A short and plain statement of the matters asserted or charged, including, if applicable, a description of the real property, by street address or otherwise sufficient for identification, on which the nuisance exists ;~~

~~(3) A statement of the action required to remedy the violation If a correction order is issued, a description of the corrective actions required;~~

~~(4) The date on which the abatement notice was issued and the date and time by which the violation must be corrected;~~

~~(5) If a civil penalty is authorized, a statement that a civil penalty may be, or has been, assessed, and the maximum amount of the penalty per day;~~

~~(6) A statement of the right to appeal the abatement notice to the hearings officer;~~

~~(7) A short and plain statement of the appeal procedure; and~~

~~(8) A statement that if a notice of appeal is not filed within the time allowed, the person will have waived the right to review of the abatement notice.~~

~~(e) Any abatement notice issued in substantial compliance with subsection (d) of this section shall be valid from and after the date the order is issued.~~

~~(f) Second or subsequent nuisance violations by the same person shall be subject to an assessment of an administrative fee, regardless if the second or subsequent violations are corrected. If the same real property has had two or more abatement notices in a single calendar year, the City may assess a civil penalty immediately under Section 1-15-14 and serve the notice of civil penalty with the abatement notice.~~

~~**1-15-10. Delivery of Abatement notice.** The abatement notice shall be personally delivered. to the person,. If personal delivery cannot be completed within a reasonable time, the abatement notice shall be sent to the person person's last known address by first class mail; and, In the case of a nuisance abatement, the notice shall also be posted on the real property on which the nuisance occurred if it has an occupied structure on it. and, in the case of nuisance abatement, by any one of the following: certified or registered mail, return receipt requested, or express mail, addressed to the person's last known residence or business address. Refusal to accept the registered or certified mail shall not be deemed to, and shall not, render the notice invalid.~~

~~**1-15-15. Criteria for Imposition of Civil Penalty.** The notice of civil penalty shall set forth the amount of the penalty, which, unless otherwise specifically provided in the Code, shall not exceed $2,000.00 per day. The maximum penalty made by amended from time to time by resolution of the City Council. The amount of the civil penalty shall be based on consideration of the following criteria:~~

> ~~**(a)** The gravity and magnitude of the violation;~~
> ~~**(b)** Whether the violation was the result of events or circumstances not reasonably within the person's control, or whether the violation was the result of the person's negligent, knowing or intentional acts;~~
> ~~**(c)** The person's cooperativeness in correcting the violation;~~
> ~~**(d)** **(b)** Whether the person has taken all feasible steps, or adopted necessary or appropriate procedures, to prevent future violations; and~~
> ~~**(e)** **(c)** Any prior violations of the same or related provisions of the Code.~~

~~**1-15-16. Notice.**~~

> ~~**(a)** Notice of civil penalty shall be personally delivered to the person, or sent to the person by first class mail. Any notice served by mail shall be deemed received three business days after the date mailed if to an address within the State of Oregon, and seven business days after the date mailed if to an address outside the State of Oregon.~~
> ~~**(b)** A notice of civil penalty shall include:~~
>> ~~**(1)** A statement of the amount of the penalty, and the reasons therefor, based upon the criteria set forth in Section 1-15-15;~~
>> ~~**(2)** The date on which the abatement notice was issued and the date by which correction was to be made as provided in Section 1-15-9, or, if the penalty is imposed pursuant to Section 1-15-14, a short and plain statement of the basis for concluding that the violation was knowing, intentional, repeated, or objectively impossible to remedy;~~
>> ~~**(3)** A statement of the party's right to appeal the civil penalty to the hearings officer;~~
>> ~~**(4)** A short and plain statement of the appeal procedure; and~~
>> ~~**(5)** A statement that if a notice of appeal is not filed within the time allowed, the person will have waived the right to review of the imposition or amount of the civil penalty.~~

Section 2~~5~~. Effective Date. This ordinance shall take effect 30 days after passage.

AYES:

NAYS:

EXCUSED:

ABSENT:

APPROVED by the Mayor this _____day of _____, 201~~7~~8.

ATTEST:

_____
Ronald Verini, Mayor

_____
Tori Barnett, MMC, City Recorder

AGENDA REPORT
OLD BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Adam J. Brown, City Manager

THROUGH: Adam J. Brown, City Manager

SUBJECT: RESOLUTION #2018-111: HOUSING INCENTIVE PROGRAM

DATE: February 5, 2018

PROPOSED MOTION:

I MOVE THE CITY COUNCIL APPROVE RESOLUTION #2018:111, A RESOLUTION REVISING THE CITY OF ONTARIO BUSINESS LOAN FUND AND LOAN ALLOCATION PROCEDURES RECENTLY REVISED BY RESOLUTION NUMBER 2018-101.

SUMMARY:

City Council members have recommended one additional revision to the recently adopted Housing Incentive Program to attract single family, owner occupied housing to the city.

BACKGROUND:

Resolution No. 87-103 establishing the City of Ontario Business Loan Fund and loan allocation procedures was passed on March 2, 1987. Funds were acquired as a grant through the Oregon Community Development Program. This established a revolving loan fund for the purpose of loaning to local businesses for business equipment, acquisition, business development, and the creation of new jobs. This resolution required that loans be established with interest.

Loan Terms in summary are as follows:

- Loans of not less than $10,000
- Maximum loan term of 15 years
- Interest rate fixed by city council at not less than 5%
- Loan servicing fee of 1 ½% to be deducted from the loan proceeds
- Applicant must secure a commitment from a commercial or private lender or local development group of at least 66 2/3% of the total project cost.
- Applicant must provide evidence of collateral
- Loan proceeds used for working capital shall not exceed 10% of the total loan amount.

Resolution No. 00-128 revised the City of Ontario business loan fund and loan allocation procedures established by resolution Number 87-103. Resolution No. 00-128 simplified the rules and procedures of the loan fund in

several ways:

- The purpose was rewritten to maximize the utilization by saying it "is to provide financing to: encourage economic and community development; create or retain jobs; and/or, enhance the aesthetic appeal of properties located within the Ontario Urban Growth Area."
- The resolution reduced the criteria, the ineligible activities, the application criteria, and repealed the minimum loan amount.
- It also designated the repayment of the loan directly to principal and outstanding uncollectable amounts and then established a grant fund for public facility projects.

Resolution No. 00-133 established the city of Ontario Economic and Community Enhancement Small Grant Fund and Accompanying Criteria and Procedures. This resolution defined the procedures for granting money acquired from interests and fees from the business loan fund.

The small grant fund criteria and procedures were established and the grants were established for the following uses:

- Public facility improvement projects identified in adopted plans
- Public Facility Projects such as playground equipment, street or crosswalk pavers, park irrigation systems
- Landscaping enhancements
- Improvements to the Railroad Depot
- Projects with a useful life of at least 5 years

Resolution No. 2004-140 revised the City of Ontario Business Loan Fund and Accompanying Criteria and Procedures to provide clarity that the Business Loan Fund could be spent within and outside the City of Ontario and the Urban Growth Boundary so long as there was a direct or indirect benefit to the City or Urban Growth Boundary.

The Ontario City Council directed the City Manager to prepare an amendment to the Business Loan Fund to implement the Housing Incentive Program as presented. Revisions to the Business Loan Fund were prepared and approved by the Ontario City Council on December 19, 2017.

A revision to the Housing Incentive Program was passed on January 4th 2018 as requested by several Council members that the funds not be awarded to projects already receiving or who will be receiving other governmental funding.

CURRENT SITUATION:

A revision to the recently passed Housing Incentive Program has been requested by several Council members and in conversation with local builders. Reducing the size of the home will allow more affordable options to come into our community.

Also, Council members did not want to restrict the possibility of other local funds being made available.

ANALYSIS:

A. **FINANCIAL** This program will have a positive impact on the General Fund. Initially, as additional revenue comes in from new construction built under these agreements, the taxes will be transferred to replenish the Business Loan Fund. After the incentive program money has been replenished, the city will see be able to use the additional property tax revenue from the new construction.

Additional housing in Ontario will provide secondary economic impacts to the local economy by increasing the work force, providing closer access to places of employment, and additional retail business.

B. **TIMING** Multiple contractors and individuals have approached the city with interest in the program since it was presented conceptually to the City Council. Staff anticipates it will be received well by the community.

C. **POLICY/LEGAL** Amendments to the Business Loan Fund Rules and Procedures must be approved by the City Council.

ALTERNATIVES:

Take No Action: If the Council chooses not to pursue this program, the program will stand as recently passed by Res. No. 2018-101.

RECOMMENDATION:

Staff recommends the City Council approve Resolution #2018-111.

ATTACHMENTS:

1. Resolution #2018-101
2. Resolution No. 2018-111_Housing Incentive Program_2 5 2018

RESOLUTION #2018-101

A RESOLUTION REVISING THE CITY OF ONTARIO BUSINESS LOAN FUND AND LOAN ALLOCATION PROCEDURES ESTABLISHED BY RESOLUTION NUMBER 87-103 AND REVISED BY RESOLUTIONS NUMBER 00-128, 00-133, , 2004-140 AND 2017-143

WHEREAS, The City of Ontario, by Resolution No. 87-103, dated March 2, 1987, established a Revolving Loan Fund (RLF) for the purpose of providing financing for the purchase of land, buildings, fixed equipment and machinery, research and development, and working capital to eligible small businesses in Ontario; and

WHEREAS, The Revolving Loan Fund was revised by Resolution No. 00-128 to simplify the rules and procedures established by Resolution No. 87-103; and

WHEREAS, The Revolving Loan Fund was revised by Resolution No. 00-133 establishing the city of Ontario Economic and Community Enhancement Grant Fund derived from fees and interests from the revolving loan fund; and

WHEREAS, The Revolving Loan Fund was revised by Resolution No. 2004-140 to provide clarity for the geographic boundaries in which the fund could be spent; and

WHEREAS, The Revolving Loan Fund was revised by Resolution 2017-143 to add a new home construction incentive program; and

WHEREAS, The City Council finds that the new home construction incentive program should be available only for homes that are not receiving other government subsidies.

NOW THEREFORE, BE IT HEREBY RESOLVED,

The following provisions of this Resolution 2018-001 supersede and replace all prior Business Loan Fund Resolutions:

Section 1. Purpose: The purpose of the City of Ontario Business Loan Fund is to finance projects, located inside or outside the Ontario Urban Growth Boundary, which provide the following benefits within the Urban Growth Boundary: economic and community development, job creation, and/or retention, or enhanced aesthetic appeal of property.

Maximum utilization of the City of Ontario Business Loan Fund is encouraged.

Section 2. Criteria: The following project criteria are priority items of the City of Ontario Business Loan fund:

1. Businesses that are a "qualified business firm" as defined by the Enterprise Zone section of the Oregon Revised Statutes and are located in the Ontario Enterprise Zone;
2. Existing businesses with fewer than one hundred employees;
3. Employment of low and moderate income employees;
4. Making use of skills of displaced or unemployed workers;
5. Assisting in economic diversification;
6. Containing significant owner equity;
7. Maximizing participation by financial institutions and local development groups; or
8. Compliance with City of Ontario required upgrades to on-site landscaping and/or parking improvements for business enterprises.
9. Home Incentive Program: Providing a cash incentive of $10,000 per unit for construction of new owner occupied single family homes.

Proposed projects meeting some or all of the criteria set forth in this section will be given priority for loan funding. Greater consideration will be given to projects meeting two or more criteria.

Section 3. Ineligible activities: The following activities are ineligible for funding from the City of Ontario Business Loan Fund:

1. Paying off a loan, investment or advance to an employee, officer, partner or stock holder of the firm, or replenishing funds used for such purposes;
2. Investment purposes not related to the business, or business purposes considered speculative;
3. Firms involving gambling activity;

Section 4. Applications: Applications shall be submitted to the Ontario City Manager. The applications shall contain the following information:

1. How the proposed project meets the purpose and criteria as set forth in this resolution;
2. Information indicating that the project is feasible and has a significant prospect of repayment;
3. A list identifying collateral which is available and will be used to secure the City's interest in the loan, should the loan be extended.
4. Indicating the source and approximate amounts of other funds which will support the project.
5. Written agreement on behalf of applicant, his successors and/or assigns in interest to take necessary steps to maintain the City's security interests until the loan is paid in full.
6. A separate application form will be created for the Housing Incentive Program.

The City Manager shall review the application for completeness and sufficiency. If the application is deemed complete by the City Manager, it will be forwarded to the Loan Committee. The Loan Committee, after review of the application will make a recommendation of approval, approval with conditions or disapproval to the City Council. The City Council shall make the final decision on each application.

Section 5. Loan Committee. The Loan Committee shall review all applications for loans at least quarterly. The Loan Committee shall be composed of five (5) members, two (2) of whom are City Council members and three (3) of whom are members at large. All Loan Committee members shall be appointed by the Mayor with the approval of the City Council.

Section 6. Loan Terms.

1. Loans shall not be made for amounts so low they are inefficient to administer.

2. Loans will be authorized to qualifying applicants on a first come, first serve basis, subject to the availability of funds within the City of Ontario Business Loan Fund.

3. The Maximum loan term is fifteen (15) years.

4. The interest rate for all loans granted under the terms of this program shall be fixed by the City Council. The rates will generally be fixed at the Prime Rate, as published in the most current edition of the Wall Street Journal, less two percent (2%). However, the lending rate shall be established for all loans at a rate no lower than five percent (5%). Interest shall accrue on a fixed, simple interest basis.

5. All loans shall be subject to a one time loan origination fee which shall be the greater of one and one-half percent (1*Yz* %) of the principal amount or one hundred fifty dollars ($150.00).

6. City of Ontario Business Loan Funds should be used to leverage owner equity and other conventional financing of the project, with the Business Loan Fund amounts generally not exceeding thirty-three percent (33%) of the total cost of the project. Under no circumstances should Business Loan Funds be used for working capital.

7. Applicant must provide, along with the application, sufficient evidence of adequate collateral for security of the whole amount of the loan to insure loan repayment.

8. Provided there is adequate security, the monies loaned from the fund may be in a subordinate security position to that of other lenders.

9. Loan proceeds may be used for necessary physical facility expenses including, but not limited to the purchase of land, buildings, equipment or the construction or installation of site improvements.

Section 7. Loan Application: Requests for loan funds through the City of Ontario Business Loan Fund shall be made on applications provided by the City of Ontario.

Section 8. Escrow Agencies: The City of Ontario may require that the repayment of funds be made to a designated independent agent or escrow company which shall serve as an agent for the City in the collection of the loan funds.

Section 9. Repayment of Loan Funds: All revenue received through the repayment of the amount of loans under this program shall be placed:

1. The repayment of principal amounts shall be placed within the City of Ontario Business Loan Fund Account and shall be used to maintain a continuous loan fund.

2. All revenue received from interest on the principal balance of the City of Ontario Business Loan Fund or from interest on the principal amounts of loaned funds shall be allocated:

   a. First, to replace any principal amounts lost from uncollectable amounts on any outstanding loan granted through the City of Ontario Business Loan Fund

   b. The remainder to go to the Ontario Economic and Community Enhancement Small Grant Fund which shall be available for distribution in accordance with the policies and procedures as set forth by resolution of the Ontario City Council for public facility projects which enhance the economic stability or general quality of life within thecommunity.

Section 10. Geographical Restriction: All loan funds obtained through the City of Ontario Business Loan Fund must be used on projects inside or outside the Ontario Urban Growth Boundary, which provide benefits within the Urban Growth Boundary as described in Section 1.

Section 11. Housing Incentive Program: The following conditions must be met for projects eligible for the Housing Incentive Program.

a. Sufficient documentation of funding must be satisfied by the Business Loan Fund Committee to establish ability to pay for the proposed development.

b. The Housing Incentive application must be completed.

c. The program is only eligible for new single family, owner occupied homes, greater than 1,600 square feet.

d. The projects must be complete within 24 months of the application approval.

e. All projects must be permitted with the City and built by licensed bonded and insured contractors.

f. Homes must be within the city limits or annexed into the city prior to occupancy.

g. Incentive funds will be paid out at the certificate of occupancy.

h. Agreements must be approved prior to permitting & Construction

i. The City will repay the business loan fund annually by transferring taxes received into the general fund for each property to the business loan fund.

j. The home project must not be receiving any other governmental funding or subsidy (federal or state loan guarantees or tax credits are excluded).

Section 12. Modifications: The Ontario City Council may review all or part of this resolution and may make appropriate changes as necessary upon Resolution of the City Council.

PASSED AND ADOPTED by the Common Council of the City of Ontario this _____ day of January, 2018, by the following vote:

AYES:
NAYS:
EXCUSED:
ABSENT:

APPROVED by the Mayor this _____day of _____, 2018.

ATTEST:

_____
Ronald Verini, Mayor

_____
Tori Barnett, MMC, City Recorder

RESOLUTION #2018-111

A RESOLUTION REVISING THE CITY OF ONTARIO BUSINESS LOAN FUND AND LOAN ALLOCATION PROCEDURES ESTABLISHED BY RESOLUTION NUMBER 87-103 AND REVISED BY RESOLUTIONS NUMBER 00-128, 00-133, , 2004-140 AND 2017-143

WHEREAS, The City of Ontario, by Resolution No. 87-103, dated March 2, 1987, established a Revolving Loan Fund (RLF) for the purpose of providing financing for the purchase of land, buildings, fixed equipment and machinery, research and development, and working capital to eligible small businesses in Ontario; and

WHEREAS, The Revolving Loan Fund was revised by Resolution No. 00-128 to simplify the rules and procedures established by Resolution No. 87-103; and

WHEREAS, The Revolving Loan Fund was revised by Resolution No. 00-133 establishing the city of Ontario Economic and Community Enhancement Grant Fund derived from fees and interests from the revolving loan fund; and

WHEREAS, The Revolving Loan Fund was revised by Resolution No. 2004-140 to provide clarity for the geographic boundaries in which the fund could be spent; and

WHEREAS, The Revolving Loan Fund was revised by Resolution 2017-143 to add a new home construction incentive program; and

WHEREAS, The Revolving Loan Fund was revised by Resolution 2018-101 to revise the housing incentive program; and

WHEREAS, The City Council finds that the new home construction incentive program should be available only for homes that are not receiving other government subsidies.

NOW THEREFORE, BE IT HEREBY RESOLVED,

The following provisions of this Resolution 2018-111 supersede and replace all prior Business Loan Fund Resolutions:

Section 1. Purpose: The purpose of the City of Ontario Business Loan Fund is to finance projects, located inside or outside the Ontario Urban Growth Boundary, which provide the following benefits within the Urban Growth Boundary: economic and community development, job creation, and/or retention, or enhanced aesthetic appeal of property.

Maximum utilization of the City of Ontario Business Loan Fund is encouraged.

Section 2. Criteria: The following project criteria are priority items of the City of Ontario Business Loan fund:

1. Businesses that are a "qualified business firm" as defined by the Enterprise Zone section of the Oregon Revised Statutes and are located in the Ontario Enterprise Zone;
2. Existing businesses with fewer than one hundred employees;
3. Employment of low and moderate income employees;
4. Making use of skills of displaced or unemployed workers;
5. Assisting in economic diversification;
6. Containing significant owner equity;
7. Maximizing participation by financial institutions and local development groups; or
8. Compliance with City of Ontario required upgrades to on-site landscaping and/or parking improvements for business enterprises.
9. Home Incentive Program: Providing a cash incentive of $10,000 per unit for construction of new owner occupied single family homes.

Proposed projects meeting some or all of the criteria set forth in this section will be given priority for loan funding. Greater consideration will be given to projects meeting two or more criteria.

Section 3. Ineligible activities: The following activities are ineligible for funding from the City of Ontario Business Loan Fund:

1. Paying off a loan, investment or advance to an employee, officer, partner or stock holder of the firm, or replenishing funds used for such purposes;
2. Investment purposes not related to the business, or business purposes considered speculative;
3. Firms involving gambling activity;

Section 4. Applications: Applications shall be submitted to the Ontario City Manager. The applications shall contain the following information:

1. How the proposed project meets the purpose and criteria as set forth in this resolution;
2. Information indicating that the project is feasible and has a significant prospect of repayment;
3. A list identifying collateral which is available and will be used to secure the City's interest in the loan, should the loan be extended.
4. Indicating the source and approximate amounts of other funds which will support the project.
5. Written agreement on behalf of applicant, his successors and/or assigns in interest to take necessary steps to maintain the City's security interests until the loan is paid in full.
6. A separate application form will be created for the Housing Incentive Program.

The City Manager shall review the application for completeness and sufficiency. If the application is deemed complete by the City Manager, it will be forwarded to the Loan

Committee. The Loan Committee, after review of the application will make a recommendation of approval, approval with conditions or disapproval to the City Council. The City Council shall make the final decision on each application.

Section 5. Loan Committee. The Loan Committee shall review all applications for loans at least quarterly. The Loan Committee shall be composed of five (5) members, two (2) of whom are City Council members and three (3) of whom are members at large. All Loan Committee members shall be appointed by the Mayor with the approval of the City Council.

Section 6. Loan Terms.

1. Loans shall not be made for amounts so low they are inefficient to administer.

2. Loans will be authorized to qualifying applicants on a first come, first serve basis, subject to the availability of funds within the City of Ontario Business Loan Fund.

3. The Maximum loan term is fifteen (15) years.

4. The interest rate for all loans granted under the terms of this program shall be fixed by the City Council. The rates will generally be fixed at the Prime Rate, as published in the most current edition of the Wall Street Journal, less two percent (2%). However, the lending rate shall be established for all loans at a rate no lower than five percent (5%). Interest shall accrue on a fixed, simple interest basis.

5. All loans shall be subject to a one time loan origination fee which shall be the greater of one and one-half percent (1*Yz* %) of the principal amount or one hundred fifty dollars ($150.00).

6. City of Ontario Business Loan Funds should be used to leverage owner equity and other conventional financing of the project, with the Business Loan Fund amounts generally not exceeding thirty-three percent (33%) of the total cost of the project. Under no circumstances should Business Loan Funds be used for working capital.

7. Applicant must provide, along with the application, sufficient evidence of adequate collateral for security of the whole amount of the loan to insure loan repayment.

8. Provided there is adequate security, the monies loaned from the fund may be in a subordinate security position to that of other lenders.

9. Loan proceeds may be used for necessary physical facility expenses including, but not limited to the purchase of land, buildings, equipment or the construction or installation of site improvements.

Section 7. Loan Application: Requests for loan funds through the City of Ontario Business Loan Fund shall be made on applications provided by the City of Ontario.

Section 8. Escrow Agencies: The City of Ontario may require that the repayment of funds be made to a designated independent agent or escrow company which shall serve as an agent for the City in the collection of the loan funds.

Section 9. Repayment of Loan Funds: All revenue received through the repayment of the amount of loans under this program shall be placed:

1. The repayment of principal amounts shall be placed within the City of Ontario Business Loan Fund Account and shall be used to maintain a continuous loan fund.

2. All revenue received from interest on the principal balance of the City of Ontario Business Loan Fund or from interest on the principal amounts of loaned funds shall be allocated:

   a. First, to replace any principal amounts lost from uncollectable amounts on any outstanding loan granted through the City of Ontario Business Loan Fund

   b. The remainder to go to the Ontario Economic and Community Enhancement Small Grant Fund which shall be available for distribution in accordance with the policies and procedures as set forth by resolution of the Ontario City Council for public facility projects which enhance the economic stability or general quality of life within thecommunity.

Section 10. Geographical Restriction: All loan funds obtained through the City of Ontario Business Loan Fund must be used on projects inside or outside the Ontario Urban Growth Boundary, which provide benefits within the Urban Growth Boundary as described in Section 1.

Section 11. Housing Incentive Program: The following conditions must be met for projects eligible for the Housing Incentive Program.

a. Sufficient documentation of funding must be satisfied by the Business Loan Fund Committee to establish ability to pay for the proposed development.

b. The Housing Incentive application must be completed.

c. The program is only eligible for new single family, owner occupied homes, greater than 1,600 square feet~~.~~ or for homes greater than 1,350 square feet with a two car garage and two bathrooms.

d. The projects must be complete within 24 months of the application approval.

e. All projects must be permitted with the City and built by licensed bonded and insured contractors.

f. Homes must be within the city limits or annexed into the city prior to occupancy.

g. Incentive funds will be paid out at the certificate of occupancy.

h. Agreements must be approved prior to permitting & Construction

i. The City will repay the business loan fund annually by transferring taxes received into the general fund for each property to the business loan fund.

j. The home project must not be receiving any other state or federal governmental funding or subsidy (federal or state loan guarantees or tax credits are excluded).

Section 12. Modifications: The Ontario City Council may review all or part of this resolution

and may make appropriate changes as necessary upon Resolution of the City Council.

PASSED AND ADOPTED by the Common Council of the City of Ontario this _____ day of January, 2018, by the following vote:

AYES:
NAYS:
EXCUSED:
ABSENT:

APPROVED by the Mayor this _____day of _____, 2018.

ATTEST:

_____
Ronald Verini, Mayor

_____
Tori Barnett, MMC, City Recorder

AGENDA REPORT
NEW BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Tori Barnett, City Recorder

THROUGH: Adam J. Brown, City Manager

SUBJECT: APPOINTMENTS TO COMMITTEES

DATE: January 24, 2018

PROPOSED MOTION:

I MOVE THE CITY COUNCIL APPOINT PAUL CHENEY AND MARIA ROMERO TO THE DIVERSITY ADVISORY COMMITTEE, WITH TERM OF OFFICE COINCIDING WITH THE ESTABLISHING ORDINANCE.

I MOVE THE CITY COUNCIL APPOINT ALLISON THAYER OR STEVEN MELAND TO THE MARIJUANA AD HOC COMMITTEE, TERM OF OFFICE COINCIDING WITH ESTABLISHING RESOLUTION .

SUMMARY:

The city is currently recruiting volunteers from the community to serve on the various Committees. An advertisement was placed in the Argus Observer, the Reminder, on the city's website, and all current members with expiring terms of service were contacted directly.

Four applications for appointment have been received subsequent to the January 16, 2018, City Council meeting.

BACKGROUND:

The Council has historically appointed individuals to fill positions on the various city committees as they become vacant or open.

Further, on December 7, 2017, the Council passed Resolution #2017-138, which created an Ad Hoc Committee, to address the marijuana issues in the community. Councilor Dan Capron was assigned to sit as the Liaison to this Committee.

CURRENT SITUATION:

There is currently one open position on the Marijuana Ad Hoc Committee; two applications were submitted for appointment.

There are currently four open positions on the Diversity Advisory Committee; two applications were submitted for appointment.

ANALYSIS:

A. **FINANCIAL** None.

B. **TIMING** The city would like to fill the open positions as soon as possible.

C. **POLICY/LEGAL** City policy states appointment to all Boards, Committees, and the Planning Commissions are to be made by the Mayor, with consensus of the Council.

ALTERNATIVES:

Not appoint some, any, or all of the applicants. This could leave vacancies on the Committees.

RECOMMENDATION:

Staff makes no recommendation on appointments, as this is a Council action.

ATTACHMENTS:

1. Application for DAC-Paul Cheney
2. Application for DAC-Maria Romero
3. Application for Marijuana Ad Hoc-Allison Thayer
4. Application for Marijuana Ad Hoc-Steven Meland

APPOINTEE
ROLES AND RESPONSIBILITIES FOR INDIVIDUALS
SERVING ON STATUTORY BOARDS, COMMITTEES AND THE PLANNING COMMISSIONS

Introduction

The City of Ontario uses various appointments to boards, committees, and the Planning Commission to advise the City Council. Each varies in terms of:

1) the duties of the individuals appointed;
2) the length of the appointment;
3) compensation, if any, that is to be received;
4) whether City Councilors may serve as voting members or in Ex-Officio status;
5) the date and time of meetings and the number of meetings per year

Appointment Process

1) Solicitation - The opening is advertised in the local media for all positions.

2) Application - Each individual must complete an application form – whether they are nominated or responding to a solicitation. The forms are available from the City Recorder's Office, the City Hall Reception Desk, or can be downloaded off the city's internet website www.ontariooregon.org.

3) Nomination - A person can be nominated for the position at a City Council meeting.

Completed applications shall be submitted to the City Recorder's Office – 444 SW 4th Street, Ontario, OR 97914. A faxed application is acceptable at (541)889-7121.

Applicant Requirements

Potential nominees should:

- Have an interest in the position they are applying for;
- Be willing to become knowledgeable about the particular board, committee, or commission;
- Be committed and willing to serve as a representative of the city;
- Have no conflict of interest in regard to the appointment they are applying for;
- Apply or accept a nomination willingly, and not out of a sense of obligation;
- Be available on the dates and times of the meetings, as attendance at meetings is encouraged. The determination of unexcused absences shall be made by the respective board, committee, or commission. A recommendation for removal from the position shall be forwarded to the City Council for review and potential action. This Section shall not apply to boards, committees or commissions which have other statutory procedures for removal of members

Roles and Responsibilities

The roles of individuals appointed to various boards and commissions vary depending on the statutory nature of the appointment.

1) Some board, committee, or commission appointments serve only in an **advisory capacity** while other positions may be both **advisory and policy management**. The statutes govern the nature of the role of the board or commission.

   a) **Advisory Boards** - Boards, committees, and the Planning Commission which are advisory in nature function as a sounding board to the agency director or management personnel. The member is appointed to solicit feedback from the community and to advise the management staff on such issues as program priorities, the success of the agency in meeting stated objectives, and to provide assistance to management staff in addressing issues and concerns which may develop in relationship to the agency functioning in the community. Separating an advisory role from a policy management role is a fine line which may have to be defined by mutual agreement between the board, committee, or Planning Commission and management staff. The internal day-to-day management and operation of an agency is not the function of an advisory board, committee, or Planning Commission unless management staff solicits input. If the operation, management, and performance is below desired levels (assuming it is known what those levels are), the advisory body has an obligation to provide feedback to the management staff and actively seek resolution of the deficiencies.

   b) **Advisory and Policy Management Boards** - Boards, committees, or the Planning Commission which have both advisory and policy management responsibilities, such as approving contracts, approving and reviewing budgets, or making decisions on land use actions, require a more active role on the part of appointed members. This requires each appointee to gain an in-depth understanding of the operating policies and guidelines which contribute to the operation of the agency. However, the day-to-day management of the agency remains with the management staff.

2) After Appointment:

   a) Once appointed, board, committee, and Planning Commission members have the responsibility to become familiar with the goals and objectives of the agency, and any state and/or county statutes which guide the operation of the agency and its financing arrangements. Some agencies have a complex financing arrangement with federal, state and local funds involved. Developing a knowledge base of the financing arrangement is important if the appointee is to fulfill their role as a contributing member to the advisory body.

   b) Appointees should be mindful that they are serving as a representative of the City of Ontario.

   c) Appointees should come prepared to meetings. Members should take the time to become familiar with the agency, its challenges, problems and programs. In addition, gaining operational knowledge of the financial condition is paramount to becoming an effective member.

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CITY OF ONTARIO
REQUEST FOR BOARD OR COMMISSION APPOINTMENT

Mail or personally deliver to: ***City of Ontario -- City Recorder***
444 SW 4th St., Ontario, OR 97914
(541) 889-3232 ***FAX (541) 889-7121***

The Ontario City Council appoints individuals to numerous Boards, Committees, and the Planning Commission. Persons who wish to serve need to provide the following information.

NAME: Cheney (Last) Paul (First,) H (Middle Initial)

HOME ADDRESS: 1633 Hickory Ave. (Street) Fruitland (City) Idaho (Zip Code)

TELEPHONE: cell: 208-484-9838, work: 541-881-7332 (Home, Work, Cell, or Business (Include Area Code)) phcheney@yahoo.com (E-mail Address)

Name of Board, Committee, or Commission for appointment requested:

1. Diversity Advisory Committee
2.
3.

Community Activities/Civic Organization/Boards/Committees:

Activity / Organization:	Length of Service	Position (s) Held:
Boy Scouts	2 years	Scout Leader
City of Kuna - volunteer		Clean up projects, School Board Levy Support
Church	30+ years	Multiple Leadership Positions

Employment:

Current Employer:	Position:	Dates of Employment:
Saint Alphonsus	Senior HR Business Partner	Feb 2016 to Present

Education:

Masters in Organizational Leadership - HR Performance from Colorado State, Bachelors in HR Management from Boise State.

Please indicate why you are requesting appointment to this Board (s) /Commission (s):

I want to make an impact in the city I work in. Diversity is at the heart of what I do in HR and with what I'm trying to build at Saint Alphonsus.

Additional Information you feel may be helpful in considering your request for appointment:

I'm looking for an opportunity to make a difference and help out where I can.

Signature: Paul Cheney

Date: January 19, 2018

Submit Reset

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CITY OF ONTARIO
REQUEST FOR BOARD OR COMMISSION APPOINTMENT

Mail or personally deliver to: *City of Ontario -- City Recorder*
444 SW 4th St., Ontario, OR 97914
(541) 889-3232 *FAX (541) 889-7121*

The Ontario City Council appoints individuals to numerous Boards, Committees, and the Planning Commission. Persons who wish to serve need to provide the following information.

NAME: ROMERO (Last) MARIA (First) _____ (Middle Initial)

HOME ADDRESS: 714 SW 2ND AVE/PO BOX 582 (Street) ONTARIO (City) 97914 (Zip Code)

TELEPHONE: 541-212-1683(C) 541-889-3121(W) (Home, Work, Cell, or Business (Include Area Code)) mariar0705@yahoo.com (E-mail Address)

Name of Board, Committee, or Commission for appointment requested:

1. Diversity Advisory Committee
2. _____
3. _____

Community Activities/Civic Organization/Boards/Committees:

Activity / Organization:	Length of Service	Position (s) Held:
PROJECT DOVE	4 YEARS	BOARDMEMBER
COMMUNITY IN ACTION	5 MONTHS	BOARDMEMBER
BLESSED SACRAMENT CATHOLIC CHURCH	1 YEAR	PARISH ADVISORY COMMITTEE

Employment:

Current Employer:	Position:	Dates of Employment:
OREGON LAW CENTER	PARALEGAL	3/1980

Education:

ONTARIO HIGH SCHOOL GRADUATE, TVCC, AND MANY EDUCATIONAL TRAININGS IN CIVIL LAW. SPANISH LANGUAGE COLLEGE IN GUADALAJARA, MX

Please indicate why you are requesting appointment to this Board (s) /Commission (s):

I HAVE AVOCATED FOR OUR LOW INCOME COMMUNITY FOR MANY YEARS AND FEEL THAT I CAN CONTINUE ADVOCATING FOR OUR COMMUNITY THROUGH THIS COMMITTEE

Additional information you feel may be helpful in considering your request for appointment:

I AM INVOLVED WITH EUVALCREE A NON PROFIT ORGANIZATION THAT ADVOCATES FOR THE NEEDS OF OUR COMMUNITY, THE LATINO COMMITEE FOR FRCC

Signature: _____ Date: November 22, 2017

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received
1/24/18

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CITY OF ONTARIO
REQUEST FOR BOARD OR COMMISSION APPOINTMENT

Mail or personally deliver to: *City of Ontario -- City Recorder*
444 SW 4th St., Ontario, OR 97914
(541) 889-3232 *FAX (541) 889-7121*

The Ontario City Council appoints individuals to numerous Boards, Committees, and the Planning Commission. Persons who wish to serve need to provide the following information.

NAME: Thayer (Last) Allison (First) Marie (Middle Initial)

HOME ADDRESS: 1491 Horning Way (Street) Ontario (City) 97914 (Zip Code)

TELEPHONE: 971-322-7453 (Home, Work, Cell, or Business (Include Area Code)) ali.thayer@gmail.com (E-mail Address)

Name of Board, Committee, or Commission for appointment requested:

1. MARIJUANA AD HOC COMMITTEE
2.
3.

Community Activities/Civic Organization/Boards/Committees:

Activity / Organization:	Length of Service	Position (s) Held:
Revitalize Ontario	Jan 2018	Board Member

Employment:

Current Employer:	Position:	Dates of Employment:
Argus Observer	Advertising Sales Representative	08/15/2017

Education:

Associates Degree - General Studies

Please indicate why you are requesting appointment to this Board (s) /Commission (s):

I want to help Ontario residents understand the benefits of cannabis, as well aseducate myself on the pain points that exist in our community concerning cannabis use and misuse.

Additional Information you feel may be helpful in considering your request for appointment:

My goal is to help Ontario overcome its fiscal challenges and help us grow as a community.

Allison Thayer
Signature:

January 23, 2018
Date:

Submit Reset

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CITY OF ONTARIO
REQUEST FOR BOARD OR COMMISSION APPOINTMENT

Mail or personally deliver to: *City of Ontario -- City Recorder*
444 SW 4th St., Ontario, OR 97914
(541) 889-3232 *FAX (541) 889-7121*

The Ontario City Council appoints individuals to numerous Boards, Committees, and the Planning Commission. Persons who wish to serve need to provide the following information.

NAME: Meland (Last) Steven (First,) J (Middle Initial)

HOME ADDRESS: PO Box 592 (Street) Ontario (City) 97914 (Zip Code)

TELEPHONE: 208-954-1246 (Home, Work, Cell, or Business (Include Area Code)) Steven@HotboxFarms.com (E-mail Address)

Name of Board, Committee, or Commission for appointment requested:

1. Marijuana Committee
2.
3.

Community Activities/Civic Organization/Boards/Committees:

Activity / Organization:	Length of Service	Position (s) Held:
Treasure Valley Gastroenterology Specialists-B.O.D.	5 Years	Director
Healing Arts Day Surgery-B.O.D.	5 Years	Director

Employment:

Current Employer:	Position:	Dates of Employment:
Hotbox Farms	Co-Founder	06/01/2016

Education:

Nampa Senior High Shcool-Health Professions Acadamy High Honors Graduate 2009, EMT-B 2009 EMT Advanced 2010

Please indicate why you are requesting appointment to this Board (s) /Commission (s):

To lend my expertise in the cannabis industry and vast knowledge of cannabis law. I feel I have a unique ability to help our community as the leading industry executive in our community.

Additional Information you feel may be helpful in considering your request for appointment:

Email conversations with Mayor Verini and Councilor Justus have implied I maybe a good canidate for appointment and encouraged me to apply.

Signature:

January 16, 2018
Date:

Submit Reset

AGENDA REPORT
NEW BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Kari Ott, Finance Director

THROUGH: Adam J. Brown, City Manager

SUBJECT: UTILITY BILLING WRITE-OFFS

DATE: January 31, 2018

PROPOSED MOTION:

I MOVE TO APPROVE THE LIST OF UTILITY BILLING WRITE OFFS AS PRESENTED AND AUTHORIZE SENDING THE APPLICABLE ACCOUNTS TO COLLECTIONS.

SUMMARY:

Attached is the following document:

- List of utility billing accounts over 120 days old proposed to write off and send to collections

BACKGROUND:

As required by the Allowance for Bad Debts and Write Offs policy the council needs to approve accounts to write-off before they are written off and\or sent to collections. The list of accounts proposed to write-off is attached to the report, they are all over 120 days past due.

CURRENT SITUATION:

There are $14,218.07 of utility billing accounts to write off with $14,079.28 to be sent to collections. They are all over 120 days past due.

ANALYSIS:

A. **FINANCIAL** There is $14,218.07 from utility bills that are deemed uncollectible by the City Finance Department. Hopefully, a portion will be collected in the future from the collections agency.

B. **TIMING** The Finance Department would like to get the utility accounts to collections as soon as possible.

C. **POLICY/LEGAL** These write-offs need to be approved by the council per the allowance for doubtful accounts policy.

ALTERNATIVES:

A. Take No Action - The council could take no action on this matter; this would leave the past due accounts on the city books which most likely will never be collected.

RECOMMENDATION:

Staff recommends the City Council approve the utility billing accounts to send to collections.

ATTACHMENTS:

1. Utility Billing Write-Offs

ACCOUNTS TO COLLECTIONS FEBRUARY 2018

Account No	DATE FINALED	TOTAL DUE	FINAL BILL WAS	INTEREST TO WRITE OFF	BAD DEBT TO WRITE OFF	AMOUNT TO COLLECTIONS	NOTES
010523-000	8/22/17	$ 2,779.71	$ 2,779.71	$ -	$ -	$ 2,779.71	
014236-000	9/19/17	$ 10.06	$ 7.40	$ -	$ -	$ 10.06	
005968-001	6/1/17	$ 64.30	$ 31.46	$ 16.97	$ -	$ 47.33	
005943-000	6/5/17	$ 187.25	$ 91.62	$ 62.79	$ -	$ 124.46	
013550-000	6/5/17	$ 456.76	$ 195.25	$ 153.16	$ -	$ 303.60	
014190-000	6/15/17	$ 283.60	$ 130.83	$ 95.09	$ -	$ 188.51	
013840-000	6/16/17	$ 169.36	$ 82.87	$ 44.68	$ -	$ 124.68	
014448-000	6/20/17	$ 167.40	$ 81.91	$ 44.17	$ -	$ 123.23	
014335-000	6/20/17	$ 265.99	$ 130.15	$ 70.18	$ -	$ 195.81	
008013-000	6/20/17	$ 284.97	$ 139.44	$ 75.19	$ -	$ 209.78	
011988-000	6/20/17	$ 306.33	$ 149.90	$ 80.82	$ -	$ 225.51	
014369-000	6/20/17	$ 484.22	$ 236.94	$ 127.76	$ -	$ 356.46	
008157-001	6/20/17	$ 854.00	$ 417.89	$ 225.32	$ -	$ 628.68	
011902-001	6/30/17	$ 213.23	$ 104.33	$ 56.26	$ -	$ 156.97	
012183-000	7/6/17	$ 195.02	$ 98.74	$ 51.45	$ -	$ 143.57	
014106-000	7/7/17	$ 89.83	$ 48.68	$ 16.59	$ -	$ 73.24	
007118-001	7/17/17	$ 129.29	$ 70.07	$ 23.88	$ -	$ 105.41	
013819-000	7/18/17	$ 42.11	$ 25.27	$ 4.09	$ -	$ 38.02	
013641-000	7/18/17	$ 115.84	$ 69.53	$ 11.24	$ -	$ 104.60	
013916-000	7/18/17	$ 46.64	$ 113.67	$ 38.74	$ -	$ 171.01	
013899-000	7/18/17	$ 223.54	$ 121.15	$ 41.29	$ -	$ 182.25	
014199-000	7/18/17	$ 251.35	$ 136.21	$ 46.43	$ -	$ 204.92	
007768-000	7/18/17	$ 259.17	$ 140.45	$ 47.87	$ -	$ 211.30	
014401-000	7/18/17	$ 574.53	$ 311.35	$ 106.12	$ -	$ 468.41	
014303-000	7/28/17	$ 324.77	$ 176.01	$ 59.98	$ -	$ 264.79	
014240-000	7/31/17	$ 127.86	$ 69.28	$ 23.62	$ -	$ 104.24	
014185-000	8/2/17	$ 370.91	$ 208.60	$ 68.51	$ -	$ 302.40	
014393-000	8/2/17	$ 405.03	$ 223.69	$ 74.81	$ -	$ 330.22	
013987-000	8/7/17	$ 594.95	$ 329.96	$ 109.89	$ -	$ 485.06	
013892-000	8/21/17	$ 191.90	$ 109.26	$ 35.45	$ -	$ 156.45	
013589-001	8/21/17	$ 731.11	$ 422.27	$ 135.05	$ -	$ 596.06	
011382-003	8/22/17	$ 148.65	$ 91.16	$ 14.43	$ -	$ 134.22	
014184-001	8/22/17	$ 295.64	$ 177.44	$ 54.61	$ -	$ 241.03	
014455-000	8/22/17	$ 388.18	$ 234.92	$ 37.68	$ -	$ 350.50	
014456-000	8/22/17	$ 461.23	$ 276.82	$ 44.77	$ -	$ 416.46	
011956-000	8/22/17	$ 624.12	$ 74.58	$ 60.58	$ -	$ 563.54	
014300-000	8/22/17	$ 1,242.03	$ 745.44	$ 120.56	$ -	$ 1,121.47	
010288-000	9/7/17	$ 62.39	$ 41.46	$ -	$ 62.39	$ -	DECEASED
013099-000	9/8/17	$ 154.18	$ 94.81	$ 14.97	$ -	$ 139.21	
014083-000	9/19/17	$ 412.27	$ 259.27	$ 40.02	$ -	$ 372.25	
004483-001	9/20/17	$ 38.92	$ 26.65	$ -	$ -	$ 38.92	
014297-000	9/20/17	$ 130.25	$ 87.35	$ -	$ -	$ 130.25	
013250-001	9/20/17	$ 147.32	$ 98.70	$ -	$ -	$ 147.32	
013515-000	9/20/17	$ 150.99	$ 101.14	$ -	$ -	$ 150.99	
014156-000	9/20/17	$ 194.50	$ 130.06	$ -	$ -	$ 194.50	
010903-001	9/20/17	$ 199.10	$ 133.11	$ -	$ -	$ 199.10	
014194-000	9/20/17	$ 284.97	$ 190.19	$ -	$ -	$ 284.97	
011505-000	5/22/17	$ 32.25	$ 32.25	$ -	$ 32.25	$ -	BANKRUPTCY
000158-001	4/19/17	$ 48.90	$ 44.15	$ -	$ 44.15	$ -	BANKRUPTCY
014527-000	10/5/17	$ 177.81	$ 122.99	$ -	$ -	$ 177.81	
		$ 16,394.73	**$ 10,216.38**	**$ 2,335.02**	**$ 138.79**	**$ 14,079.28**	

AGENDA REPORT
NEW BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Dan Cummings, Community Development Director

THROUGH: Adam J. Brown, City Manager

SUBJECT: RESOLUTION 2018-108: CITY OF ONTARIO WATER RIGHTS - MALHEUR FARMS

DATE: January 15, 2018

PROPOSED MOTION:

I MOVE THE CITY COUNCIL APPROVE RESOLUTION 2018-108, A RESOLUTION AUTHORIZING THE CITY MANAGER TO SIGN ANY DOCUMENTS REQUIRED TO ALLOW WARMSPRINGS IRRIGATION DISTRICT TO ADJUST AND TRANSFER ANY RIGHTS ON THE CITY LANDS KNOW AS THE MALHEUR RIVER FARM.

SUMMARY:

The City of Ontario owns land called the Malheur River Farm. The city has surface water rights out of the Malheur River for the Farm with priority dates of1902 and 1909 and some more recent that were originally applied by ditches and surface irrigation.

BACKGROUND:

The original lands were purchased by the city in the late forties (40's) or early fifties (50's). In the the late fifties (50's) and early sixties (60's), the city developed their Wastewater Treatment Plant and Lagoon System on portions of that land. In the early 90's, the city purchased additional land to install a pivot system for land application of the city's treated wastewater.

CURRENT SITUATION:

Staff has been working with the Warmsprings Irrigation District to determine what water rights the city has on its lands and the status of the water rights, along with the best procedure to correct and final proof those rights.

According to the water right documents for this land, the city has approximately 429.0 acres of surface water rights under several permits. Based on the mapping by Warm Springs Irrigation District, 364.30 acres of these lands are under irrigation, which leaves approximately 64.70 acres not designated as land available for irrigation.

Warmsprings Irrigation has offered to do the mapping and water right documentation required of these lands under their project for the City of Ontario, in exchange for any excess water rights the city is not using on these lands.

ANALYSIS:

A. **FINANCIAL** Staff has estimated that it would cost the city approximately $30,000-$50,000 to to have the mapping and water right transfers required to proof up on the lands being irrigated.

B. **TIMING** Time is very important as the Warmsprings Irrigation District is working under a state mandated time to complete this project.

C. **POLICY/LEGAL** The city is at risk of losing some of these water rights for non-use.

ALTERNATIVES:

The Council could take no action on this matter and continuing using the lands as they currently have been until such time as the state of others take an action.

RECOMMENDATION:

Staff recommends that the City Council approve Resolution 2018-108.

ATTACHMENTS:

1. Resolution No. 2018-108
2. Resolution #2018-108: Exhibit Map

RESOLUTION #2018-108

A RESOLUTION ACCEPTING THE RIGHT OF WAY FOR PARK BOULEVARD AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE RELINQUISHMENT DEED FROM THE OREGON DEPARTMENT OF TRANSPORTATION

WHEREAS, The City of Ontario owns land being called the Malheur River Farm that the city has surface water rights out of the Malheur River 1902 and 1909 and some more recent that were originally applied by ditches and surface irrigation; and

WHEREAS, The original lands were purchased by the city sometime in the late forties (40's) or early fifties (50's). In the late fifties (50's) and early sixties (60's), the city developed their Wastewater Treatment Plant and Lagoon System on portions of the lands. In the early 90's, the city purchased more lands to put under a pivot system for a land application of the city treated wastewater; and

WHEREAS, Staff has been working with the Warm Springs Irrigation District to determine what water rights the city has on its lands and the status of the water rights along with the best procedure to correct and proof up the city water rights; and

WHEREAS, The water right documents on these lands shows that the city has approximately 429.0 acres of surface water rights under several permits. According to the mapping by Warm Springs Irrigation District, 364.30 acres of these lands are under irrigation, which leaves approximately 64.70 acres not in land available for irrigation, and

WHEREAS, Warmsprings Irrigation has made the offer to the City of Ontario that they will do the mapping and water right documentation required of these lands under their project, in exchange for any excess water rights the city is not using on these lands, and

WHEREAS, Staff recommends that it is in the best interest of the city to have Warmsprings Irrigation District, at no charge to the city except for any surplus water rights, perform the mapping and documentation to proof up on the city water rights.

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/

NOW THEREFORE, BE IT HEREBY RESOLVED by the Ontario City Council, that:

THE CITY COUNCIL HEREBY APPROVE RESOLUTION 2018-105, AN RESOLUTION AUTHORIZING THE CITY MANAGER TO SIGN ANY DOCUMENTS REQUIRED TO ALLOW WARMSPRINGS IRRIGATION DISTRICT, TO ADJUST AND TRANSFER ANY RIGHTS ON THE CITY LANDS KNOWN AS THE MALHEUR RIVER FARM.

EFFECTIVE DATE: Effective immediately upon passage.

PASSED AND ADOPTED by the City Council of the City of Ontario this _____ day of _____, 20____, by the following vote:

AYES:

NAYES:

ABSENT:

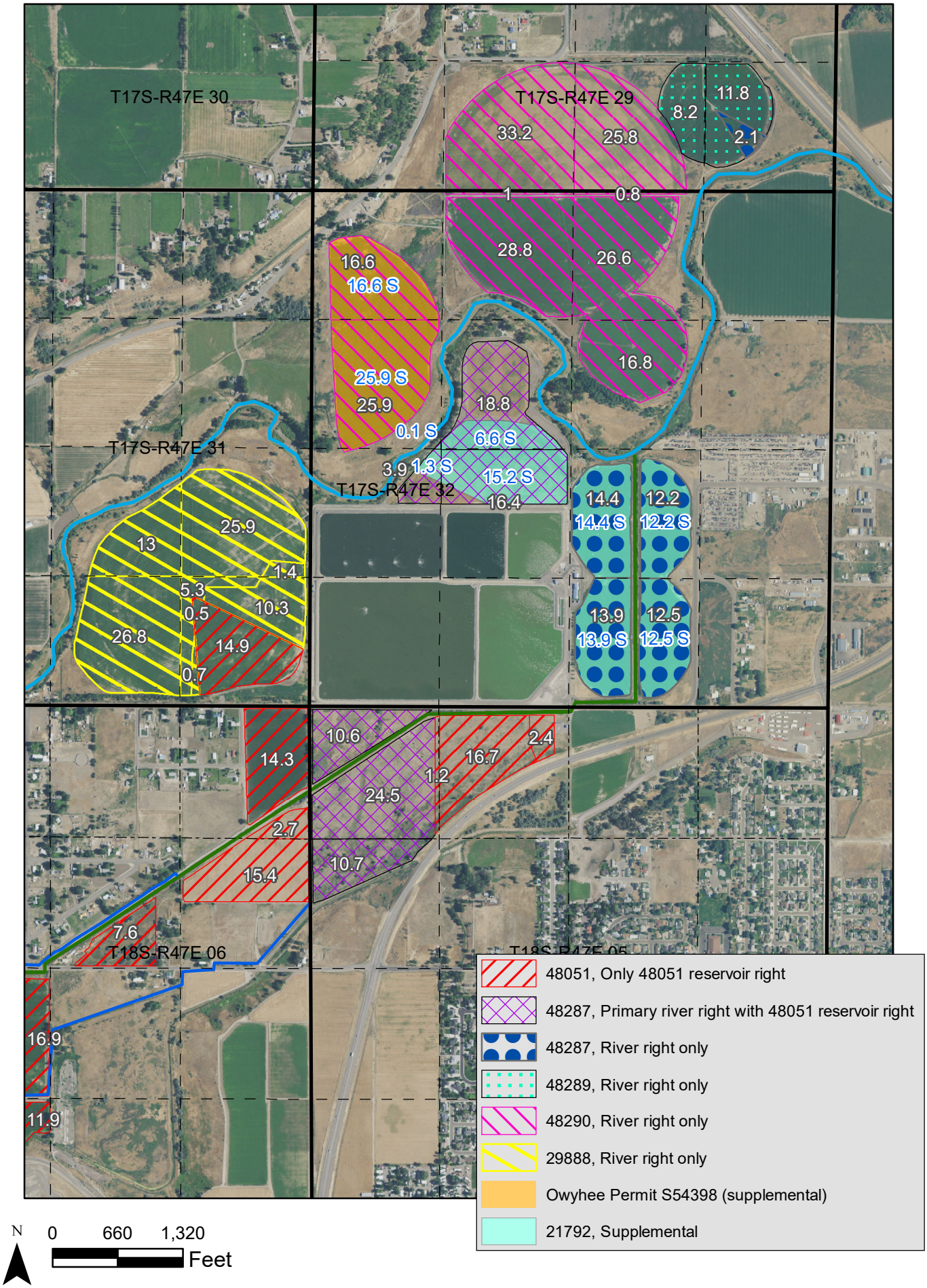
APPROVED by the Mayor this _____ day of _____, 20___.

_____
Ronald Verini, Mayor

ATTEST:

_____
Tori Barnett, MMC, City Recorder

Resolution #2018-108: Proposed Water Rights Map



AGENDA REPORT
NEW BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Kari Ott, Finance Director

THROUGH: Adam J. Brown, City Manager

SUBJECT: RESOLUTION #2018-109: SUPPLEMENTAL BUDGET TO RECOGNIZE POLICE DONATIONS AND AUTHORIZING EXPENDITURES OF THOSE FUNDS

DATE: January 31, 2018

PROPOSED MOTION:

I MOVE THE CITY COUNCIL APPROVE RESOLUTION 2018-108, A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET TO RECOGNIZE POLICE DONATIONS AND AUTHORIZING EXPENDITURES OF THOSE FUNDS.

SUMMARY:

Attached is Resolution #2018-109 for City Council approval.

BACKGROUND:

The Police Department has recently received the following donations for police projects:

- $250 Ontario VFW
- $300 Ontario American Legion
- $100 Ontario American Legion (for Citizens on Patrol)

A supplemental budget change is required for the Police Department to expend these donations.

CURRENT SITUATION:

The Police Department comes into contact with numerous children in the course of its duties. This could be a regular contact where someone in the child's family had something stolen or it could be something traumatic for the child such as witnessing a domestic violence incident. The Police Department would like to use $550 of these donations to purchase items such as plastic police badges and stickers to be given to children. This can help to develop a rapport with children to help them not to be afraid of police officers. The plastic badges can also be handed out to school children that tour the Police Department.

$100 of the donations given by the Ontario American Legion Auxiliary is specified to to go the Citizens on Patrol Program.

ANALYSIS:

A. **FINANCIAL** The Police Department did not budget to receive and expend these funds and would like to receive and expend the $650.

B. **TIMING** The Police Department would like to purchase the items to give to children as soon as possible.

C. **POLICY/LEGAL** A formal resolution approving the supplemental budget by the City Council is required to expend the funds per ORS 294.

ALTERNATIVES:

A. Take no action - The Council could take no action on this matter; this would allow the city to keep the donations, but not allow the expenditure of the donations.

RECOMMENDATION:

Staff recommends that the City Council approve Resolution #2018-109.

ATTACHMENTS:

1. Resolution #2018-109 OPD Donations

RESOLUTION 2018-109

A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET AUTHORIZING THE APPROPRIATIONS TO RECEIVE AND EXPEND POLICE DONATIONS

WHEREAS, The Ontario Police Department occasionally receives unexpected revenue from donations; and

WHEREAS, The Ontario Police Department received $650, and would like to spend $550 of the donations to purchase plastic police badges and stickers to give to children. The remaining $100 is specified for Citizens on Patrol; and

WHEREAS, The General Fund Police Department Budget for Fiscal Year 2017-2018 was adopted without the knowledge of such funds; and

WHEREAS, The city desires to modify the 2017-2018 budget to receive and expend the funds.

NOW THEREFORE, BE IT HEREBY RESOLVED by the Ontario City Council to approve the following adjustments to the fiscal year 2017-2018 budget:

Line Item	Item Description	FY 17-18 Budget	Amount of Change	Adjusted Budget
GENERAL FUND				
001-000-469210	Misc. Police Revenue	$7,000	$650	$7,650
001-024-613501	Citizens on Patrol Supplies	$1,000	$100	$1,100
001-024-613500	General Supplies & Maintenance	$4,723	$550	$5,273

EFFECTIVE DATE: Effective immediately upon passage.

PASSED AND ADOPTED by the City Council of the City of Ontario this _____ day of _____, 20____, by the following vote:

AYES:

NAYES:

ABSENT:

APPROVED by the Mayor this _____ day of _____, 20___.

_____
Ronald Verini, Mayor

ATTEST:

_____
Tori Barnett, MMC, City Recorder

AGENDA REPORT
NEW BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Betsy Roberts, City Engineer

THROUGH: Adam J. Brown, City Manager

SUBJECT: RESOLUTION #2018-110: ESTABLISHMENT OF SEPTAGE RECEIVING RATES

DATE: January 29, 2018

PROPOSED MOTION:

I MOVE THE CITY COUNCIL ADOPT RESOLUTION #2018-110, A RESOLUTION ESTABLISHING SEPTAGE RECEIVING RATES.

SUMMARY:

The City has been receiving septage at the Wastewater Treatment Plant (WWTP) as part of a pilot study for approximately two years and would like to make the program "official".

BACKGROUND:

Prior to CH2M contracting for Public Works support at the City of Ontario, the city had constructed modifications to the headworks system at the WWTP in order to accept raw sewage from sanitary sewer haulers. While construction was complete, the program had not yet been developed. The Public Works Committee was working with Public Works staff to develop an application form, establish rates, review community impact and benefits, and understand regulatory requirements.

Research on rates produced the following information:

Location	Rates ($/Gallon)	Notes
Emmett	0.04	Only accepts local waste
Nampa	0.135	Plus $13 license fee Full load only
Farmington, NM	0.0425	
Boise	0.074	Plus $10.00 for after hours
Lewiston, ID)	0.14	
Mountain Home, ID	0.049	Plus $20.00 for after hours
Payette County Landfill	0.126	Based upon $30/Ton rate

Based on the above rates, the group established a pilot rate of $0.10/gallon. The following volumes and revenue have been

received over the past two years:

Year	Volume (gallons)	Revenue
2016	169,762	$16,976.20
2017	210,150	$21,015.00

CURRENT SITUATION:

During the pilot study, no significant challenges were experienced. The WWTP and Public Works staff feel the system can be managed appropriately and final rates should be established. Putting this system into use and recognizing some revenue from it, will help to pay back the cost for construction of the system.

ANALYSIS:

A. **FINANCIAL** There is no outright financial cost, though there is a very small amount of labor involved for the Public Works staff working at the WWTP. As can be seen, revenue can be generated. The total amount depends on market conditions and the need.

B. **TIMING** The project has been underway as a pilot study for two years; Public Works staff believes that is more than adequate to establish final rates.

C. **POLICY/LEGAL** The passage of a fee is subject to ORS 294.160(1) which provides: "The governing body of a city, county or other unit of local government shall provide an opportunity for interested persons to comment on the enactment of any ordinance or resolution prescribing a new fee or a fee increase or an increase in the rate or other manner in which the amount of a fee is determined or calculated."

ALTERNATIVES:

The Council could choose:

- not to adopt the resolution and abandon the program;
- to adopt the resolution, but amend the rate; or
- adopt the resolution as presented

RECOMMENDATION:

Staff recommends that the City Council approve Resolution #2018-110.

ATTACHMENTS:

1. Resolution 2018-110

RESOLUTION 2018-110

A RESOLUTION ESTABLISHING SEPTAGE RECEIVING FEE

WHEREAS, The City constructed modifications to the headworks system at the wastewater treatment plant in order to accept raw sewage from sanitary sewer haulers; and

WHEREAS, The City has been receiving septage at the wastewater treatment plant as part of a pilot study; and

WHEREAS, The City desires to adopt a septage receiving fee to charge for the service provided; and

WHEREAS, The fee will be reviewed annually to ensure costs are recovered by the fee amount.

NOW THEREFORE, BE IT HEREBY RESOLVED by the Ontario City Council that beginning February 8, 2018, a $0.10 per gallon fee shall be charged for each gallon of septage received.

EFFECTIVE DATE: Effective immediately upon passage.

PASSED AND ADOPTED by the City Council of the City of Ontario this 8th day of February, 2018, by the following vote:

AYES:

NAYES:

EXCUSED:

ABSENT:

APPROVED by the Mayor this _____ day of _____, 2018.

ATTEST:

_____ _____

Ronald Verini, Mayor Tori Barnett, MMC, City Recorder

AGENDA REPORT
NEW BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Daniel Beaubien, Airport Manager

THROUGH: Adam J. Brown, City Manager

SUBJECT: HANGER LEASE TRANSFER: 109 INDIA (JAMES & JOSETTE BEAUMONT)

DATE: January 24, 2018

PROPOSED MOTION:

I MOVE THAT THE CITY OF ONTARIO GRANT THE LEASE OF HANGER 109 INDIA TO JAMES AND JOSETTE BEAUMONT AS SET FORTH IN THE ATTACHED LEASE AGREEMENT.

SUMMARY:

Hanger 109 India has been purchased by James and Josette Beaumont.

BACKGROUND:

The city has approved Hanger Leases in the past as required.

CURRENT SITUATION:

Jim and Josette Beaumont have purchased the hanger at 109 India and would like a current Lease with the city.

ANALYSIS:

A. **FINANCIAL** Keeping the Lease current maintains an uninterrupted cash flow to the city.

B. **TIMING** The purchase has been made and the Lease needs to be updated to the current owner.

C. **POLICY/LEGAL** Policy states that it is the responsibility of the city to approve Lease transfers.

ALTERNATIVES:

The City Council could deny approval of the Lease.

RECOMMENDATION:

Staff recommends the Lease be approved for new owners James and Josette Beaumont.

ATTACHMENTS:

1. Hangar Lease: 109 India
2. Map 109 India
3. Bill of Sale Beaumont

LEASE AGREEMENT
109 India

THIS AGREEMENT made and entered into this 8th **day of** February **, 2018**, by and between the **City of Ontario, Oregon, a municipal corporation**, hereinafter referred to as "Landlord" and **James F. Beaumont & Josette H. Beaumont** hereinafter referred to as "Tenant."

WITNESSETH:

WHEREAS, Landlord is the owner of certain real property known and operated as the Ontario Municipal Airport; and

WHEREAS, Tenant desires to lease certain real property for airplane storage and hangar use.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein it is agreed as follows:

1) Landlord lease to Tenant and Tenant leases from Landlord the real property described in Exhibit "A," attached hereto and by this reference incorporated herein, for a period of **TWENTY (20) years**, commencing on the **8 th day of February , 2018** . If the lease is not in default, unless either party shall give written notice prior to each anniversary date of this lease, and subject to Landlord's receipt from Tenant of the annual lease payment, the lease term will automatically renew for a successive ten-year term. A decision by Landlord to give Tenant written notice that Landlord does not intend to extend the ten year term of this lease shall be based upon Landlord's need to utilize the subject property for other airport or aircraft purposes.

2) Tenant shall pay to the Landlord as yearly rent the sum of **fifteen cent (15.0)** cents per square foot of the property described in Exhibit "A", subject to the rights of Landlord to escalate said rental amount as more specifically provided for hereinafter. The parties hereto covenant and agree that the total area of the property described in Exhibit "A" is (**1,360) square feet** for the purposes of determining the annual rent herein. The annual rental amount shall be paid on or before the **15th day of August each year and is payable each year in advance**.

3) It is mutually understood and agreed between the parties hereto that the rental amount may be adjusted upward or downward annually in the sole discretion of the Common Council of the City of Ontario. Such adjustment may be made in any year and shall be effective for the balance of the lease term or until further adjustment, if any. Any increase in rent shall not exceed the percentage increase in the Consumer Price Index for Oregon for the previous year. Adjustments to the rent shall not be made more frequently than one adjustment per year and each yearly adjustment shall not be an amount greater than 6% of the then existing rent.

4) The property shall be used to build an airplane hangar to be used primarily as storage of one or more airplanes. Any such construction shall be completed solely with Tenant's labor and at Tenant's expense.

5) Any new construction or improvements made on the property are to be approved in writing prior to commencement of either, and the same to be constructed and operated in conformity with all ordinances and regulations of the City.

6) The Tenant will keep and maintain all structures on the leased property in a constant state of good repair, and will refrain from storing any airplane parts, equipment, or debris outside buildings and will keep the premises in a clean, sightly condition. Any aircraft hangar located on the leased premises shall have operative doors. It is mutually understood and agreed between the parties hereto that the building inspector of the City of Ontario shall have the right to inspect the premises periodically. In the event the building inspector of the City of Ontario deems any structure upon the leased premises not to be in compliance with any applicable statute, ordinance, rules or regulation or this agreement the Tenant agrees to correct such non-complying item at the Tenant's sole expense.

7) The Landlord covenants and agrees to spray or otherwise control weeds located on and around the leased premises.

8) The color of paint used in all new construction and in the painting of any and all structures shall conform to the airport color scheme as adopted by the Airport Committee.

9) The Tenant shall not use leased land for any purposes other than those authorized herein without the written consent of the Landlord.

10) The Landlord reserves the right to further develop the airport or landing area of the airport as it sees fit.

11) The Landlord reserves the right, but not the obligation to maintain and keep in repair the landing area of the airport and all public facilities of the airport.

12) This lease shall be subordinate to the provisions of any existing or future agreement between the Landlord and the United States relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the airport.

13) During the time of war or national emergency, the Landlord shall have the right to lease the landing area or any part thereof to the United States government for military or naval use, and if such lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the lease to the government shall be suspended.

14) Except with respect to activities for which the Landlord is responsible, the Tenant shall pay as due all claims for work done on and for services rendered or material furnished to the leased premises and shall keep the premises free from any liens. If Tenant fails to pay such claims or to discharge any lien, Landlord may do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of 12% per annum from the date expended by Landlord and shall be payable on demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default.

Tenant may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, so long as Landlord's property interests are not jeopardized. If a lien is filed as a result of non-payment, Tenant shall, within ten days after knowledge of the filing, secure the discharge of the lien or deposit with Landlord cash or a sufficient corporate surety bond or other security satisfactory to Landlord in an amount sufficient to discharge the lien plus any costs, attorney fees and other charges that could accrue as a result of a foreclosure or sale under the lien.

15) The Tenant shall obtain Commercial General Liability Insurance in a responsible company, with limits of $1,000,000 each occurrence with a $2,000,000 General Aggregate. Such insurance shall cover all risks arising directly or indirectly out of Tenant's activities on or any condition of the leased premises whether or not related to an occurrence caused or contributed to by Landlord's negligence, shall protect Tenant against the claims of Landlord on account of the obligations assumed by Tenant under the provisions of the indemnification paragraph contained herein, and shall protect Landlord and Tenant against any and all claims of third persons. **Tenant is required to provide a copy of current insurance coverage to the city.**

For purposes of compliance with this section, the landlord may provide sufficient insurance, naming the tenant as an additional insured. Should the landlord be unable to obtain liability and property damage insurance which provides adequate coverage, the tenant shall be responsible for such coverage as specified above. In the event the landlord provides said insurance, landlord makes no representations, warranties or assurances that said coverage is adequate for the purposes of protecting tenant. The purpose of said insurance is solely for the protection of landlord and nothing in this paragraph is intended to waive the limits as established in the Oregon Tort Claims Act, ORS 30.260 et seq., as it applies to landlord.

Should the landlord be required to pay additional or increased rates, the City shall have a right to surcharge the tenants in an amount in excess of the annual rental rate as defined in Section 3 of this agreement sufficient to reimburse the City.

16) No part of the leased property may be assigned to any third person without the prior written consent of the Landlord. This provision shall apply to all transfers by operation of law and to transfers to and by trustees in bankruptcy, receivers, administrators, executors and legatees. No consent in one instance shall prevent the provision from applying to a subsequent instance. The Landlord shall consent to a transaction covered by this provision when withholding such consent would be unreasonable in the circumstances.

17) The following shall be events of default:

a) Failure of Tenant to pay any rent or other charge within thirty (30) days after it is due.

b) Failure of Tenant to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within fifteen (15) days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied with the fifteen (15) day period, this provision shall be complied with if Tenant begins correction of the default within the fifteen (15) day period and thereafter proceeds with reasonable diligence and in good-faith to effect the remedy as soon as practicable.

c) Insolvency of Tenant; an assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; and adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of an involuntary petition of bankruptcy and failure of the Tenant to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levy of execution on the leasehold interest and failure of the Tenant to secure discharge of the attachment or release of the levy of execution within thirty (30) days. If Tenant consists of two (2) or more individuals or business entities, the events of default specified in this paragraph shall apply to each individual unless within thirty (30) days after an event of default occurs the remaining individuals produce evidence satisfactory to Landlord that they have unconditionally acquired the interest of the one causing the default. If the lease has been assigned, the events of default so specified shall apply only with respect to the one then exercising the rights of Tenant under the lease.

18) In the event of a default, the lease may be terminated at the option of the Landlord by notice in writing to Tenant. The notice may be given before or within thirty (30) days after the running of the grace period for default and may be included in a notice of failure of compliance given under the provisions of paragraph 17(b) above set forth. If the property is abandoned by Tenant in connection with a default, termination shall be automatic and without notice.

19) If the lease is not terminated by election of Landlord or otherwise, Landlord shall be entitled to recover damages from Tenant for the default.

20) If the lease is terminated for any reason, Tenant's liability for damages shall survive such termination, and Tenant shall vacate the property immediately and shall remove all improvements and buildings constructed on the leased premises and shall perform any necessary clean-up or other work required to lease the property in its original condition. Any improvements not removed within ninety (90) days after the termination of this agreement shall become the property of the Landlord. Landlord may re-enter, take possession of the premises and remove any persons or property by legal action or by self-help with the use of reasonable force and without the liability for damages.

21) The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Landlord under applicable law.

22) Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

23) If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover in addition to the costs such sum as the court may adjudge reasonable as attorney fees, including attorney fees upon appeal.

24) Any notice required or permitted under this lease shall be given when actually delivered or when deposited in the United States mail as certified mail, addressed as follows:

To Landlord: City of Ontario
444 SW 4th Street
Ontario, Oregon 97914

To Tenant: James & Josette Beaumont
24666 Barbara Lane
Caldwell, Idaho 83607

or to such other address as may be specified from time to time by either of the parties in writing.

25) Subject to the above-stated limitation on transfer of Tenant's interest, this lease shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

26) If the Tenant fails to perform any obligation under this lease, the Landlord shall have the option to do so after fifteen (15) day's written notice to the Tenant. All of the Landlord's expenditures to correct the default shall be reimbursed by the Tenant on demand with interest at the rate of 12% per annum from the date of expenditure by the Landlord.

27) In construing this lease, it is understood that the Landlord or Tenant may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed as of the date and year first above written.

CITY OF ONTARIO, OREGON

_____
Ronald Verini, Mayor

ATTEST

_____
Tori Barnett, MMC, City Recorder

TENANT

_____
James F. Beaumont

TENANT

_____
Josette H. Beaumont

EXHIBIT "A"

Emergency Vehicle Access
N
W
E
S
SW 33RD ST
JULIET
INDIA
BEECHCRAFT
CITY LOT
CITY BLDG.
CESSNA
DECATHALON
PARKING
STATIC DISPLAY AREA
581 SW 33RD ST
(FBO OFFICE)
HOTEL
ERCOUPE
FAIRCHILD
GRUMAN
3165 AIRPORTWAY
3110 AIRPORTWAY
AIRPORT WAY
GOLF
FOXTROT
ECHO
DELTA
CHARLIE
BRAVO
ALPHA

FRAZIER AVIATION

581 SW 33rd St. * Ontario, OR 97914

Hangar Purchase BILL OF SALE Ontario Airport

Date: 1/16/2018

Item sold **Aircraft Hangar** with all standard amenities and upgrades if applicable located at 109 India, Ontario Airport, City of Ontario, Malheur County, State of Oregon. Hangar size is 1360 square feet.
Warranty:
Sold in *As Is Condition*
Purchase Price: $ 25,000.00 twenty five thousand & 00/100
Reference attached City of Ontario "Hangar Land Lease" which must be approved by the City of Ontario and then copies of each must be submitted to Malheur County Tax Office, Vale, Oregon all as part of this transaction.

To be conveyed free and clear of all liens and encumbrances.

Pd In full 1/16/2018
3612512460

Seller: Tommy L Frazier Date 1/16/2018

Buyer: [illegible] Date 1/16/2018

Frazier Aviation, LLC
Tommy L Frazier, Owner/Member
581 SW 33rd St.
Ontario, OR 97914

JAMES F. BEAUMONT
JOSETTE H. BEAUMONT
24666 BARBARA LN
CALDWELL, IDAHO 83607

The state of Oregon, County of Malheur.....On this 16 day of, January in the year of 2018,
before me, Gary Day personally appeared and, proved to me on the basis of satisfactory evidence to be the individuals whose name is subscribed to within this instrument, and acknowledged that they executed the same.

Witness Gary Day Date: 1/16/18 2018

AGENDA REPORT
NEW BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Daniel Beaubien, Airport Manager

THROUGH: Adam J. Brown, City Manager

SUBJECT: HANGER LEASE TRANSFER: 260 GOLF (GARY AND ELAINE TAYLOR)

DATE: January 24, 2018

PROPOSED MOTION:

I MOVE THAT THE CITY OF ONTARIO GRANT THE LEASE OF HANGER 260 GOLF TO GARY TAYLOR AND ELAINE TAYLOR AS SET FORTH IN THE ATTACHED LEASE AGREEMENT

SUMMARY:

Hanger 260 Golf has been transferred to Gary Taylor.

BACKGROUND:

The city has approved Hanger Leases in the past as required.

CURRENT SITUATION:

Gary Taylor has placed ownership of Hanger 260 Golf into his name and would like a current Lease with the city.

ANALYSIS:

A. **FINANCIAL** Keeping the Lease current maintains an uninterrupted cash flow to the city.

B. **TIMING** The transfer of ownership has taken place and the Lease needs to be updated to the current owner.

C. **POLICY/LEGAL** Policy states that it is the responsibility of the city to approve the Lease transfer.

ALTERNATIVES:

The city could deny approval of the Lease.

RECOMMENDATION:

Staff recommends the transfer be approved for Gary and Elaine Taylor.

ATTACHMENTS:

1. 260 Golf Lease
2. 260 Golf Map
3. 260 Golf Bill of Sale

LEASE AGREEMENT
260 Golf

THIS AGREEMENT made and entered into this 8th **day of** February **, 2018**, by and between the **City of Ontario, Oregon, a municipal corporation**, hereinafter referred to as "Landlord" and **Gary Taylor and Elaine Taylor** hereinafter referred to as "Tenant."

WITNESSETH:

WHEREAS, Landlord is the owner of certain real property known and operated as the Ontario Municipal Airport; and

WHEREAS, Tenant desires to lease certain real property for airplane storage and hangar use.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein it is agreed as follows:

1) Landlord lease to Tenant and Tenant leases from Landlord the real property described in Exhibit "A," attached hereto and by this reference incorporated herein, for a period of **TWENTY (20) years**, commencing on the **8th day of February , 2018** . If the lease is not in default, unless either party shall give written notice prior to each anniversary date of this lease, and subject to Landlord's receipt from Tenant of the annual lease payment, the lease term will automatically renew for a successive ten-year term. A decision by Landlord to give Tenant written notice that Landlord does not intend to extend the ten year term of this lease shall be based upon Landlord's need to utilize the subject property for other airport or aircraft purposes.

2) Tenant shall pay to the Landlord as yearly rent the sum of **fifteen cent (15.0)** cents per square foot of the property described in Exhibit "A", subject to the rights of Landlord to escalate said rental amount as more specifically provided for hereinafter. The parties hereto covenant and agree that the total area of the property described in Exhibit "A" is (**2,880) square feet** for the purposes of determining the annual rent herein. The annual rental amount shall be paid on or before the **15th day of August each year and is payable each year in advance**.

3) It is mutually understood and agreed between the parties hereto that the rental amount may be adjusted upward or downward annually in the sole discretion of the Common Council of the City of Ontario. Such adjustment may be made in any year and shall be effective for the balance of the lease term or until further adjustment, if any. Any increase in rent shall not exceed the percentage increase in the Consumer Price Index for Oregon for the previous year. Adjustments to the rent shall not be made more frequently than one adjustment per year and each yearly adjustment shall not be an amount greater than 6% of the then existing rent.

4) The property shall be used to build an airplane hangar to be used primarily as storage of one or more airplanes. Any such construction shall be completed solely with Tenant's labor and at Tenant's expense.

5) Any new construction or improvements made on the property are to be approved in writing prior to commencement of either, and the same to be constructed and operated in conformity with all ordinances and regulations of the City.

6) The Tenant will keep and maintain all structures on the leased property in a constant state of good repair, and will refrain from storing any airplane parts, equipment, or debris outside buildings and will keep the premises in a clean, sightly condition. Any aircraft hangar located on the leased premises shall have operative doors. It is mutually understood and agreed between the parties hereto that the building inspector of the City of Ontario shall have the right to inspect the premises periodically. In the event the building inspector of the City of Ontario deems any structure upon the leased premises not to be in compliance with any applicable statute, ordinance, rules or regulation or this agreement the Tenant agrees to correct such non-complying item at the Tenant's sole expense.

7) The Landlord covenants and agrees to spray or otherwise control weeds located on and around the leased premises.

8) The color of paint used in all new construction and in the painting of any and all structures shall conform to the airport color scheme as adopted by the Airport Committee.

9) The Tenant shall not use leased land for any purposes other than those authorized herein without the written consent of the Landlord.

10) The Landlord reserves the right to further develop the airport or landing area of the airport as it sees fit.

11) The Landlord reserves the right, but not the obligation to maintain and keep in repair the landing area of the airport and all public facilities of the airport.

12) This lease shall be subordinate to the provisions of any existing or future agreement between the Landlord and the United States relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the airport.

13) During the time of war or national emergency, the Landlord shall have the right to lease the landing area or any part thereof to the United States government for military or naval use, and if such lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the lease to the government shall be suspended.

14) Except with respect to activities for which the Landlord is responsible, the Tenant shall pay as due all claims for work done on and for services rendered or material furnished to the leased premises and shall keep the premises free from any liens. If Tenant fails to pay such claims or to discharge any lien, Landlord may do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of 12% per annum from the date expended by Landlord and shall be payable on demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default.

Tenant may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, so long as Landlord's property interests are not jeopardized. If a lien is filed as a result of non-payment, Tenant shall, within ten days after knowledge of the filing, secure the discharge of the lien or deposit with Landlord cash or a sufficient corporate surety bond or other security satisfactory to Landlord in an amount sufficient to discharge the lien plus any costs, attorney fees and other charges that could accrue as a result of a foreclosure or sale under the lien.

15) The Tenant shall obtain Commercial General Liability Insurance in a responsible company, with limits of $1,000,000 each occurrence with a $2,000,000 General Aggregate. Such insurance shall cover all risks arising directly or indirectly out of Tenant's activities on or any condition of the leased premises whether or not related to an occurrence caused or contributed to by Landlord's negligence, shall protect Tenant against the claims of Landlord on account of the obligations assumed by Tenant under the provisions of the indemnification paragraph contained herein, and shall protect Landlord and Tenant against any and all claims of third persons. **Tenant is required to provide a copy of current insurance coverage to the city.**

For purposes of compliance with this section, the landlord may provide sufficient insurance, naming the tenant as an additional insured. Should the landlord be unable to obtain liability and property damage insurance which provides adequate coverage, the tenant shall be responsible for such coverage as specified above. In the event the landlord provides said insurance, landlord makes no representations, warranties or assurances that said coverage is adequate for the purposes of protecting tenant. The purpose of said insurance is solely for the protection of landlord and nothing in this paragraph is intended to waive the limits as established in the Oregon Tort Claims Act, ORS 30.260 et seq., as it applies to landlord.

Should the landlord be required to pay additional or increased rates, the City shall have a right to surcharge the tenants in an amount in excess of the annual rental rate as defined in Section 3 of this agreement sufficient to reimburse the City.

16) No part of the leased property may be assigned to any third person without the prior written consent of the Landlord. This provision shall apply to all transfers by operation of law and to transfers to and by trustees in bankruptcy, receivers, administrators, executors and legatees. No consent in one instance shall prevent the provision from applying to a subsequent instance. The Landlord shall consent to a transaction covered by this provision when withholding such consent would be unreasonable in the circumstances.

17) The following shall be events of default:

a) Failure of Tenant to pay any rent or other charge within thirty (30) days after it is due.

b) Failure of Tenant to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within fifteen (15) days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied with the fifteen (15) day period, this provision shall be complied with if Tenant begins correction of the default within the fifteen (15) day period and thereafter proceeds with reasonable diligence and in good-faith to effect the remedy as soon as practicable.

c) Insolvency of Tenant; an assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; and adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of an involuntary petition of bankruptcy and failure of the Tenant to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levy of execution on the leasehold interest and failure of the Tenant to secure discharge of the attachment or release of the levy of execution within thirty (30) days. If Tenant consists of two (2) or more individuals or business entities, the events of default specified in this paragraph shall apply to each individual unless within thirty (30) days after an event of default occurs the remaining individuals produce evidence satisfactory to Landlord that they have unconditionally acquired the interest of the one causing the default. If the lease has been assigned, the events of default so specified shall apply only with respect to the one then exercising the rights of Tenant under the lease.

18) In the event of a default, the lease may be terminated at the option of the Landlord by notice in writing to Tenant. The notice may be given before or within thirty (30) days after the running of the grace period for default and may be included in a notice of failure of compliance given under the provisions of paragraph 17(b) above set forth. If the property is abandoned by Tenant in connection with a default, termination shall be automatic and without notice.

19) If the lease is not terminated by election of Landlord or otherwise, Landlord shall be entitled to recover damages from Tenant for the default.

20) If the lease is terminated for any reason, Tenant's liability for damages shall survive such termination, and Tenant shall vacate the property immediately and shall remove all improvements and buildings constructed on the leased premises and shall perform any necessary clean-up or other work required to lease the property in its original condition. Any improvements not removed within ninety (90) days after the termination of this agreement shall become the property of the Landlord. Landlord may re-enter, take possession of the premises and remove any persons or property by legal action or by self-help with the use of reasonable force and without the liability for damages.

21) The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Landlord under applicable law.

22) Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

23) If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover in addition to the costs such sum as the court may adjudge reasonable as attorney fees, including attorney fees upon appeal.

24) Any notice required or permitted under this lease shall be given when actually delivered or when deposited in the United States mail as certified mail, addressed as follows:

To Landlord: City of Ontario
444 SW 4th Street
Ontario, Oregon 97914

To Tenant: Gary & Elaine Taylor
3640 Arabian Drive
Ontario, Oregon 97914

or to such other address as may be specified from time to time by either of the parties in writing.

25) Subject to the above-stated limitation on transfer of Tenant's interest, this lease shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

26) If the Tenant fails to perform any obligation under this lease, the Landlord shall have the option to do so after fifteen (15) day's written notice to the Tenant. All of the Landlord's expenditures to correct the default shall be reimbursed by the Tenant on demand with interest at the rate of 12% per annum from the date of expenditure by the Landlord.

27) In construing this lease, it is understood that the Landlord or Tenant may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed as of the date and year first above written.

CITY OF ONTARIO, OREGON

_____
Ronald Verini, Mayor

ATTEST

_____
Tori Barnett, MMC, City Recorder

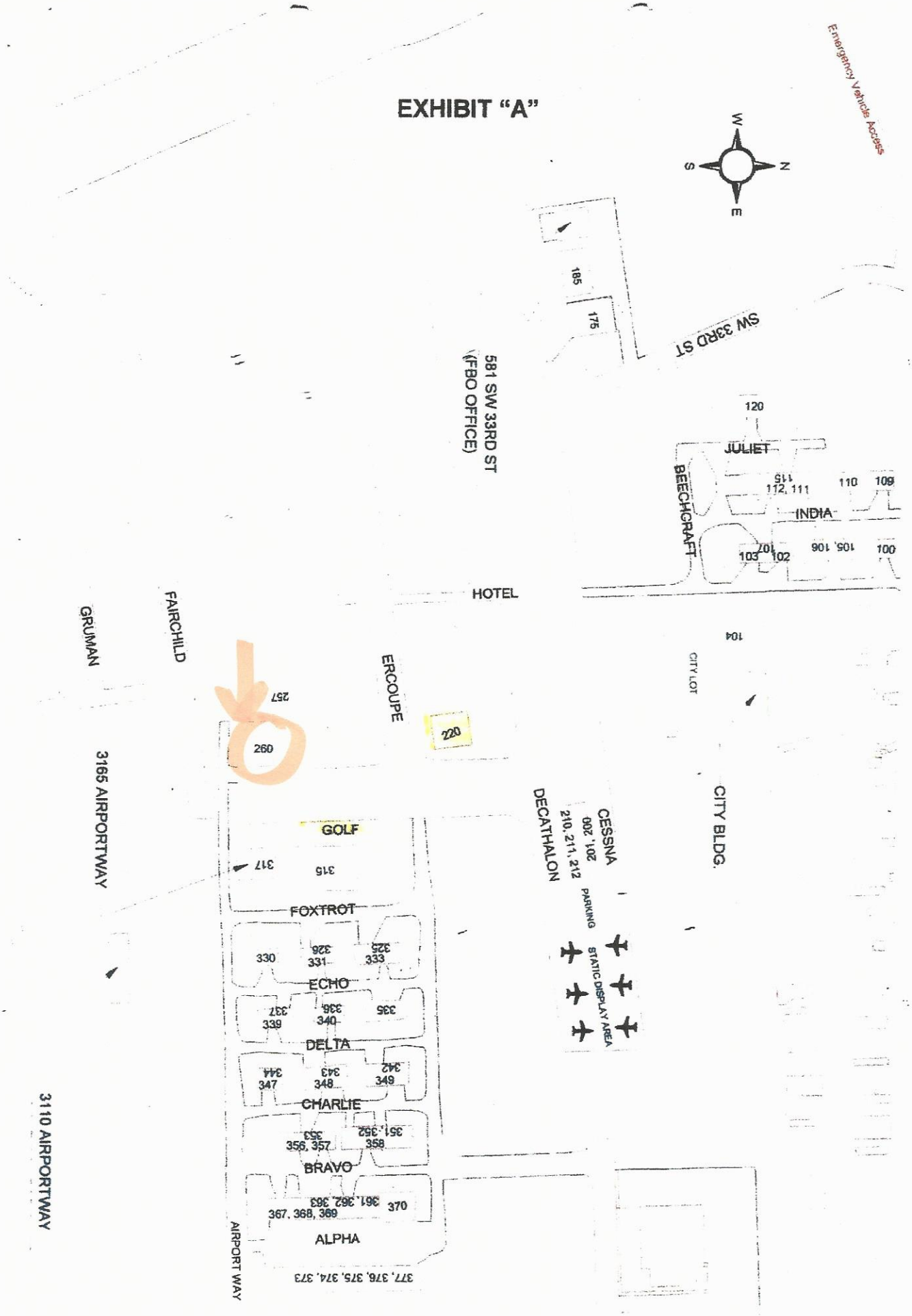
TENANT

_____
Gary Taylor

TENANT

_____
Elaine Taylor

EXHIBIT "A"


Emergency Vehicle Access
W
S
N
E
SW 33RD ST
185
175
581 SW 33RD ST
(FBO OFFICE)
120
JULIET
BEECHCRAFT
115
112, 111
110
109
INDIA
103
101
102
105, 106
100
HOTEL
104
CITY LOT
GRUMAN
FAIRCHILD
ERCOUPE
220
257
260
CITY BLDG.
CESSNA
201, 200
210, 211, 212
DECATHALON
PARKING
STATIC DISPLAY AREA
3165 AIRPORTWAY
GOLF
317
315
FOXTROT
330
331
326
333
325
ECHO
339
337
340
336
335
DELTA
347
344
348
343
349
342
CHARLIE
356, 357
353
358
351, 352
BRAVO
367, 368, 369
361, 362, 363
370
ALPHA
AIRPORT WAY
377, 376, 375, 374, 373
3110 AIRPORTWAY

General Bill of Sale

Seller 1: Margaret L. Taylor
Address: 2075 Laurel Drive
Ontario, Oregon 97914

Seller 2: _____
Address: _____

Buyer 1: Gary J. and Elaine Taylor
Address: 3640 Arabian Drive
Ontario, Oregon 97914

Buyer 2: _____
Address: _____

If there is more than one buyer or seller, the use of the singular incorporates the plural.

1. Seller sells the goods (Goods) described here to Buyer: Hanger address 581 S.W. 33rd St. No. 260 Fairway Golf, Ontario, Oregon.

2. The full purchase price for Goods is $ 1.00. In exchange for Goods, Buyer has paid Seller [choose one]:

☑ single payment of the full purchase price.

☐ $ _____ as a down payment, balance of purchase price due by _____.

☐ $ _____ as a down payment and has executed a promissory note for the balance of the purchase price.

3. Seller warrants that Seller is the legal owner of Goods and that Goods are free of all liens and encumbrances except _____.

Seller agrees to remove any lien or encumbrance specified in this clause with the proceeds of this sale and other funds as necessary within _____ days of the date of the bill of sale.

4. Seller believes Goods to be in good condition except for the following defects: _____

5. Goods will be delivered to Buyer in the following manner:

☑ Buyer will take immediate possession of Goods.

☐ Buyer assumes responsibility for picking up Goods from _____ within _____ days.

☐ In exchange for an additional delivery charge of $_____, receipt of which is hereby acknowledged, Seller will deliver Goods within _____ days to the following location:

_____.

6. Additional terms of sale for Goods are as follows: _____

_____.

Seller 1's signature: Margaret L. Fairfield Date: 12/26/2017

Seller 2's signature: _____ Date: _____

Buyer 1's signature: _____ Date: _____

Buyer 2's signature: _____ Date: _____

OFFICIAL STAMP
JEREMY MICHAEL SKOUSEN
NOTARY PUBLIC-OREGON
COMMISSION NO. 961266
MY COMMISSION EXPIRES APRIL 12, 2021

Jeremy Skousen

AGENDA REPORT
NEW BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Daniel Beaubien, Airport Manager

THROUGH: Adam J. Brown, City Manager

SUBJECT: HANGER LEASE TRANSFER: 336 ECHO/340 DELTA (JOHN AND SANDRA FREEBURG)

DATE: January 29, 2018

PROPOSED MOTION:

I MOVE THAT THE CITY OF ONTARIO GRANT THE LEASE OF HANGER 336 ECHO AND 340 DELTA FOR JOHN AND SANDRA FREEBURG AS SET FORTH IN THE ATTACHED LEASE AGREEMENT.

SUMMARY:

Hangers Echo 336 and Delta 340, one hanger with two doors, has been purchased by John and Sandra Freeburg.

BACKGROUND:

The city has approved Hanger Leases in the past as required.

CURRENT SITUATION:

John and Sandra Freeburg have purchased Hangers 336 Echo and 340 Delta and would like a current Lease with the city.

ANALYSIS:

A. **FINANCIAL** Keeping the Lease current maintains an uninterrupted cash flow to the city.

B. **TIMING** The purchase has been made and the Lease needs to be updated to the current owner.

C. **POLICY/LEGAL** Policy states that it is the responsibility of the city to approve Lease transfers.

ALTERNATIVES:

The City Council could deny approval of the Lease.

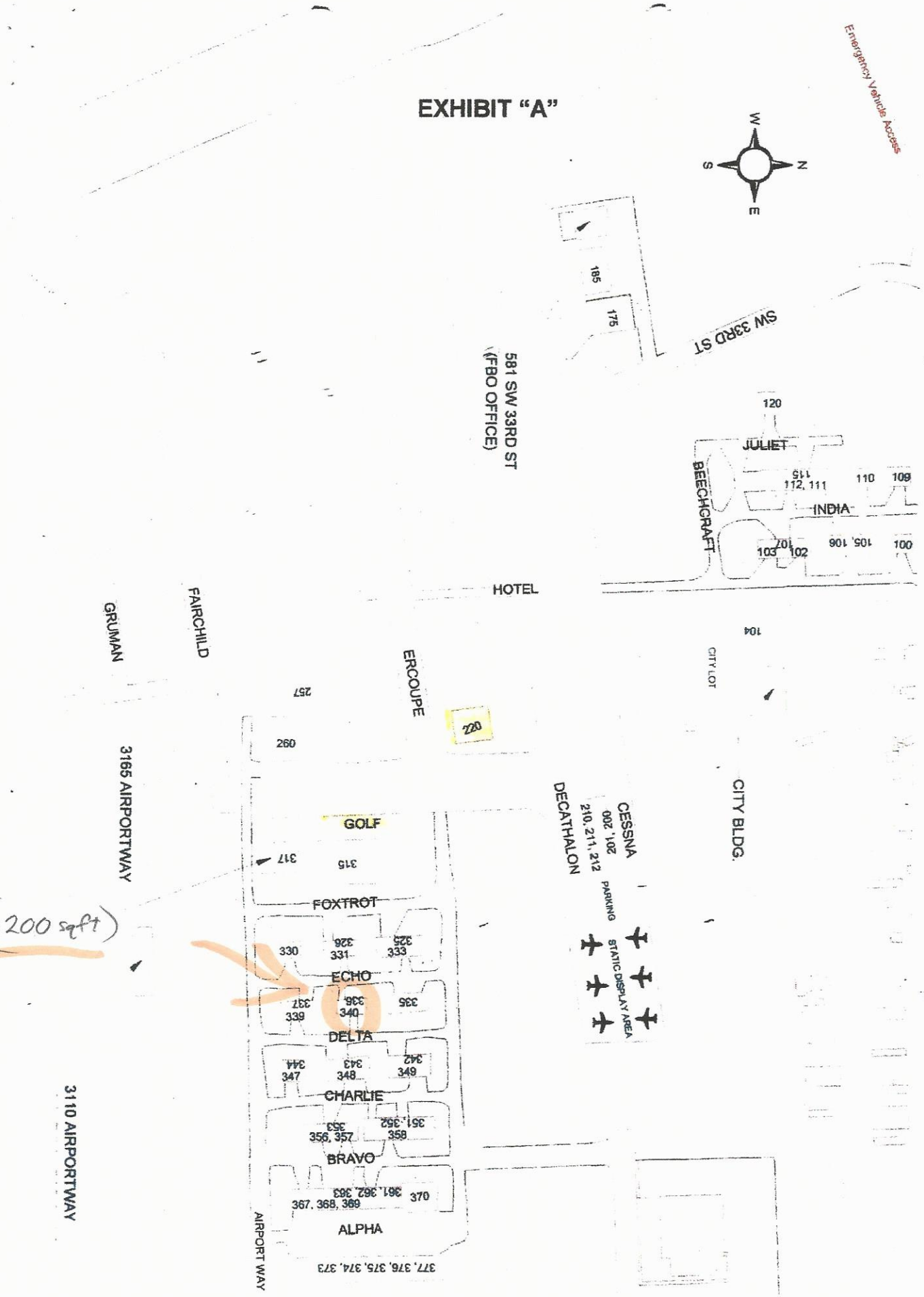
RECOMMENDATION:

Staff recommends the Lease be approved for new owners John and Sandra Freeburg.

ATTACHMENTS:

1. 336 Echo/340 Delta Map (Freeburg)
2. 336 Echo-340 Delta Bill of Sale
3. John Freeburg lease

EXHIBIT "A"



(1200 sqft)

Bill of Sale
and
Transfer of Ownership

For payment in full of $8000.00, I, Alvie Johnson, relinquish ownership of Hangar No. 340 / 336, Row D/E at Ontario Municipal Airport to John Freeburg this 27th of January 2018.

Seller:

Alvie Johnson
3590 NW 1st Ave
New Plymouth, ID
83655

Buyer:

John Freeburg
1128 NW 34th St
Ontario, OR
97914

LEASE AGREEMENT
Echo 336 & Delta 340

THIS AGREEMENT made and entered into this **8th** day of February**, 2018**, by and between the **City of Ontario, Oregon, a municipal corporation**, hereinafter referred to as "Landlord" and **John Freeburg or Sandra L. Freeburg** hereinafter referred to as "Tenant."

WITNESSETH:

WHEREAS, Landlord is the owner of certain real property known and operated as the Ontario Municipal Airport; and

WHEREAS, Tenant desires to lease certain real property for airplane storage and hangar use.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein it is agreed as follows:

1) Landlord lease to Tenant and Tenant leases from Landlord the real property described in Exhibit "A," attached hereto and by this reference incorporated herein, for a period of **TWENTY (20) years**, commencing on the **8th day of February, 2018** . If the lease is not in default, unless either party shall give written notice prior to each anniversary date of this lease, and subject to Landlord's receipt from Tenant of the annual lease payment, the lease term will automatically renew for a successive ten-year term. A decision by Landlord to give Tenant written notice that Landlord does not intend to extend the ten year term of this lease shall be based upon Landlord's need to utilize the subject property for other airport or aircraft purposes.

2) Tenant shall pay to the Landlord as yearly rent the sum of **fifteen cent (15.0)** cents per square foot of the property described in Exhibit "A", subject to the rights of Landlord to escalate said rental amount as more specifically provided for hereinafter. The parties hereto covenant and agree that the total area of the property described in Exhibit "A" is (**1,200) square feet** for the purposes of determining the annual rent herein. The annual rental amount shall be paid on or before the **15th day of August each year and is payable each year in advance**.

3) It is mutually understood and agreed between the parties hereto that the rental amount may be adjusted upward or downward annually in the sole discretion of the Common Council of the City of Ontario. Such adjustment may be made in any year and shall be effective for the balance of the lease term or until further adjustment, if any. Any increase in rent shall not exceed the percentage increase in the Consumer Price Index for Oregon for the previous year. Adjustments to the rent shall not be made more frequently than one adjustment per year and each yearly adjustment shall not be an amount greater than 6% of the then existing rent.

4) The property shall be used to build an airplane hangar to be used primarily as storage of one or more airplanes. Any such construction shall be completed solely with Tenant's labor and at Tenant's expense.

5) Any new construction or improvements made on the property are to be approved in writing prior to commencement of either, and the same to be constructed and operated in conformity with all ordinances and regulations of the City.

6) The Tenant will keep and maintain all structures on the leased property in a constant state of good repair, and will refrain from storing any airplane parts, equipment, or debris outside buildings and will keep the premises in a clean, sightly condition. Any aircraft hangar located on the leased premises shall have operative doors. It is mutually understood and agreed between the parties hereto that the building inspector of the City of Ontario shall have the right to inspect the premises periodically. In the event the building inspector of the City of Ontario deems any structure upon the leased premises not to be in compliance with any applicable statute, ordinance, rules or regulation or this agreement the Tenant agrees to correct such non-complying item at the Tenant's sole expense.

7) The Landlord covenants and agrees to spray or otherwise control weeds located on and around the leased premises.

8) The color of paint used in all new construction and in the painting of any and all structures shall conform to the airport color scheme as adopted by the Airport Committee.

9) The Tenant shall not use leased land for any purposes other than those authorized herein without the written consent of the Landlord.

10) The Landlord reserves the right to further develop the airport or landing area of the airport as it sees fit.

11) The Landlord reserves the right, but not the obligation to maintain and keep in repair the landing area of the airport and all public facilities of the airport.

12) This lease shall be subordinate to the provisions of any existing or future agreement between the Landlord and the United States relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the airport.

13) During the time of war or national emergency, the Landlord shall have the right to lease the landing area or any part thereof to the United States government for military or naval use, and if such lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the lease to the government shall be suspended.

14) Except with respect to activities for which the Landlord is responsible, the Tenant shall pay as due all claims for work done on and for services rendered or material furnished to the leased premises and shall keep the premises free from any liens. If Tenant fails to pay such claims or to discharge any lien, Landlord may do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of 12% per annum from the date expended by Landlord and shall be payable on demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default.

Tenant may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, so long as Landlord's property interests are not jeopardized. If a lien is filed as a result of non-payment, Tenant shall, within ten days after knowledge of the filing, secure the discharge of the lien or deposit with Landlord cash or a sufficient corporate surety bond or other security satisfactory to Landlord in an amount sufficient to discharge the lien plus any costs, attorney fees and other charges that could accrue as a result of a foreclosure or sale under the lien.

15) The Tenant shall obtain Commercial General Liability Insurance in a responsible company, with limits of $1,000,000 each occurrence with a $2,000,000 General Aggregate. Such insurance shall cover all risks arising directly or indirectly out of Tenant's activities on or any condition of the leased premises whether or not related to an occurrence caused or contributed to by Landlord's negligence, shall protect Tenant against the claims of Landlord on account of the obligations assumed by Tenant under the provisions of the indemnification paragraph contained herein, and shall protect Landlord and Tenant against any and all claims of third persons. **Tenant is required to provide a copy of current insurance coverage to the city.**

For purposes of compliance with this section, the landlord may provide sufficient insurance, naming the tenant as an additional insured. Should the landlord be unable to obtain liability and property damage insurance which provides adequate coverage, the tenant shall be responsible for such coverage as specified above. In the event the landlord provides said insurance, landlord makes no representations, warranties or assurances that said coverage is adequate for the purposes of protecting tenant. The purpose of said insurance is solely for the protection of landlord and nothing in this paragraph is intended to waive the limits as established in the Oregon Tort Claims Act, ORS 30.260 et seq., as it applies to landlord.

Should the landlord be required to pay additional or increased rates, the City shall have a right to surcharge the tenants in an amount in excess of the annual rental rate as defined in Section 3 of this agreement sufficient to reimburse the City.

16) No part of the leased property may be assigned to any third person without the prior written consent of the Landlord. This provision shall apply to all transfers by operation of law and to transfers to and by trustees in bankruptcy, receivers, administrators, executors and legatees. No consent in one instance shall prevent the provision from applying to a subsequent instance. The Landlord shall consent to a transaction covered by this provision when withholding such consent would be unreasonable in the circumstances.

17) The following shall be events of default:

a) Failure of Tenant to pay any rent or other charge within thirty (30) days after it is due.

b) Failure of Tenant to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within fifteen (15) days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied with the fifteen (15) day period, this provision shall be complied with if Tenant begins correction of the default within the fifteen (15) day period and thereafter proceeds with reasonable diligence and in good-faith to effect the remedy as soon as practicable.

c) Insolvency of Tenant; an assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; and adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of an involuntary petition of bankruptcy and failure of the Tenant to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levy of execution on the leasehold interest and failure of the Tenant to secure discharge of the attachment or release of the levy of execution within thirty (30) days. If Tenant consists of two (2) or more individuals or business entities, the events of default specified in this paragraph shall apply to each individual unless within thirty (30) days after an event of default occurs the remaining individuals produce evidence satisfactory to Landlord that they have unconditionally acquired the interest of the one causing the default. If the lease has been assigned, the events of default so specified shall apply only with respect to the one then exercising the rights of Tenant under the lease.

18) In the event of a default, the lease may be terminated at the option of the Landlord by notice in writing to Tenant. The notice may be given before or within thirty (30) days after the running of the grace period for default and may be included in a notice of failure of compliance given under the provisions of paragraph 17(b) above set forth. If the property is abandoned by Tenant in connection with a default, termination shall be automatic and without notice.

19) If the lease is not terminated by election of Landlord or otherwise, Landlord shall be entitled to recover damages from Tenant for the default.

20) If the lease is terminated for any reason, Tenant's liability for damages shall survive such termination, and Tenant shall vacate the property immediately and shall remove all improvements and buildings constructed on the leased premises and shall perform any necessary clean-up or other work required to lease the property in its original condition. Any improvements not removed within ninety (90) days after the termination of this agreement shall become the property of the Landlord. Landlord may re-enter, take possession of the premises and remove any persons or property by legal action or by self-help with the use of reasonable force and without the liability for damages.

21) The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Landlord under applicable law.

22) Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

23) If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover in addition to the costs such sum as the court may adjudge reasonable as attorney fees, including attorney fees upon appeal.

24) Any notice required or permitted under this lease shall be given when actually delivered or when deposited in the United States mail as certified mail, addressed as follows:

To Landlord: City of Ontario
444 SW 4th Street
Ontario, Oregon 97914

To Tenant: 1128 NW 24 street
Ontario, Oregon 97914

or to such other address as may be specified from time to time by either of the parties in writing.

25) Subject to the above-stated limitation on transfer of Tenant's interest, this lease shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

26) If the Tenant fails to perform any obligation under this lease, the Landlord shall have the option to do so after fifteen (15) day's written notice to the Tenant. All of the Landlord's expenditures to correct the default shall be reimbursed by the Tenant on demand with interest at the rate of 12% per annum from the date of expenditure by the Landlord.

27) In construing this lease, it is understood that the Landlord or Tenant may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed as of the date and year first above written.

CITY OF ONTARIO, OREGON

_____
Ronald Verini, Mayor

ATTEST

_____
Tori Barnett, MMC, City Recorder

TENANT

_____
John Freeburg

TENANT

_____
Sandra L. Freeburg

AGENDA REPORT
NEW BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Daniel Beaubien, Airport Manager

THROUGH: Adam J. Brown, City Manager

SUBJECT: LAND LEASE: FBO MODULAR (FRAZIER AVIATION, LLC)

DATE: January 24, 2018

PROPOSED MOTION:

I MOVE THAT THE CITY OF ONTARIO APPROVE THE LAND LEASE FOR THE MODULAR STRUCTURE TO FRAZIER AVIATION, LLC, AS SET FORTH IN THE ATTACHED LEASE AGREEMENT.

SUMMARY:

The Fixed Base Operator is seeking to expand available space to accommodate the additional traffic at the airport. The added space is needed for Airport Committee meetings, pilot debriefings, OSU extension meetings, as well as emergency and overflow meeting rooms.

BACKGROUND:

The modular was acquired and moved to the airport prior to securing a Land Lease. The Land Lease was a first of its kind on the non-operation side of the airport and was yet undeveloped. The Land Lease was developed with the assistance of city Planning and Zoning, the City Attorney, representation from the city's insurance provider, and the Airport Manager.

The Airport Committee approved the modular as an expansion of the FBO. The Lease was put before the City Council in December of 2017, and was tabled pending further investigation into financial reconciliation between the FBO and the city.

The eclipse revenue and Hangar Lease has been received by the city. Frazier Aviation has made a payment for the 3rd quarter of 2017 since we last addressed the issue.

CURRENT SITUATION:

A lease agreement between the City of Ontario and Frazier Aviation LLC (FBO) has been drafted and the occupancy of the modular awaits the approval of the Land Lease. Skirting, painting and other improvements to complete the set up are contingent upon acquiring the

Lease Agreement.

ANALYSIS:

A. **FINANCIAL** An additional Lease creates additional revenue for the city.

B. **TIMING** The modular has been in place for approximately nine months waiting for the city to create a Land Lease and to resolve past financial issues.

C. **POLICY/LEGAL** Policy requires that a lease be approved by the City Council of Ontario.

ALTERNATIVES:

A) The city could deny approval of the Lease.

B) The city could approve the Land Lease with contingencies.

RECOMMENDATION:

Staff recommends the Land Lease be approved for Frazier Aviation, LLC.

ATTACHMENTS:

1. FBO Modular Ground Lease
2. FBO Modular Ground Lease Map
3. Modular Insurance
4. Modular Purchase

LEASE AGREEMENT
Ground Lease FBO
Modular

THIS AGREEMENT made and entered into this **8th day of January, 2018**, by and between the **City of Ontario, Oregon, a municipal corporation**, hereinafter referred to as "Landlord" and **Frazier Aviation, LLC**, an Oregon limited liability company, hereinafter referred to as "Tenant."

WITNESSETH:

WHEREAS, Landlord is the owner of certain real property known and operated as the Ontario Municipal Airport; and

WHEREAS, Tenant desires to lease certain real property consisting of bare ground at the Ontario Municipal Airport.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein it is agreed as follows:

1) Landlord leases to Tenant and Tenant leases from Landlord the real property ("the Property") described in Exhibit "A," attached hereto and by this reference incorporated herein, plus the common areas of the Airport available to Tenant and others on a nonexclusive basis for a period of **TWO (2) years**, commencing on **January 8, 2017**. Any extension of the lease beyond that term must be set forth in a writing signed by both parties.

2) Tenant shall pay to the Landlord as yearly rent the sum of **NINE CENTS (9¢)** cents per square foot of the Property, subject to the rights of Landlord to escalate said rental amount as more specifically provided for hereinafter in paragraph 3. The parties hereto covenant and agree that the total area of the Property is **5,906 square feet** for the purposes of determining the annual rent herein. The annual rental amount of **$531.54** shall be paid on or before the **15th day of August each year and is payable each year in advance**.

3) It is mutually understood and agreed between the parties hereto that the rental amount may be adjusted upward or downward annually in the sole discretion of the Common Council of the City of Ontario. Any increase in rent shall not exceed the percentage increase in the Consumer Price Index for Oregon for the previous year.

4) The Property shall be used solely for the following purposes: for parking, for the installation of a modular building at Tenant's expense, and for storage

5) Any construction of a modular building or other improvements on the Property shall be completed solely with Tenant's labor and at Tenant's expense. Any construction or improvements made on the Property by Tenant must be approved in writing by Landlord prior to commencement of either, and must be constructed and operated in conformity with all ordinances and regulations of the City.

6) The Tenant will keep and maintain all structures on the leased property in a constant state of good repair, and will refrain from storing any airplane parts, equipment, or debris outside buildings and will keep the premises in a clean, sightly condition. It is mutually understood and agreed between the parties hereto that the designated Airport Authority of the City of Ontario shall have the right to inspect the premises periodically. In the event the Airport Authority of the City of Ontario deems any structure upon the leased premises not to be in compliance with any applicable statute, ordinance, rules or regulation or this agreement the Tenant agrees to correct such non-complying item at the Tenant's sole expense not later than 30 days after receiving notice from the City, unless the Landlord agrees to an extension beyond 30 days.

7) The Tenant shall not use the Property for any purposes other than those authorized herein without the written consent of the Landlord.

8) The Landlord reserves the right to further develop the airport or landing area of the airport as it sees fit.

9) The Landlord reserves the right, but not the obligation, to maintain and keep in repair the landing area of the airport and all public facilities of the airport.

10) This lease shall be subordinate to the provisions of any existing or future agreement between the Landlord and the United States relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the airport.

11) Except with respect to activities for which the Landlord is responsible, the Tenant shall pay as due all claims for work done on and for services rendered or material furnished to Property and shall keep the Property free from any liens. If Tenant fails to pay such claims or to discharge any lien, Landlord may do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of 12% per annum from the date expended by Landlord and shall be payable on demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default.

12) Tenant may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, so long as Landlord's property interests are not jeopardized. If a lien is filed as a result of non-payment, Tenant shall, within ten days after knowledge of the filing, secure the discharge of the lien or deposit with Landlord cash or a sufficient corporate surety bond or other security satisfactory to Landlord in an amount sufficient to discharge the lien plus any costs, attorney fees and other charges that could accrue as a result of a foreclosure or sale under the lien.

13) The Tenant shall obtain Commercial General Liability Insurance in a responsible company, with limits of $1,000,000 each occurrence with a $2,000,000 General Aggregate. The Tenant shall obtain Commercial General Liability Insurance in a responsible company, with limits of $1,000,000 each occurrence with a $2,000,000 General Aggregate. Such insurance shall cover all risks arising directly or indirectly out of Tenant's activities on or any condition of the leased premises whether or not related to an occurrence caused or contributed to by Landlord's negligence, shall protect Tenant

against the claims of Landlord on account of the obligations assumed by Tenant under the provisions of the indemnification paragraph contained herein, and shall protect Landlord and Tenant against any and all claims of third persons. **Tenant is required to provide a copy of current insurance coverage to the city.**

For purposes of compliance with this section, the Landlord may provide sufficient insurance, naming the tenant as an additional insured. Should the Landlord be unable to obtain liability and property damage insurance which provides adequate coverage, the Tenant shall be responsible for such coverage as specified above. In the event the Landlord provides said insurance, Landlord makes no representations, warranties or assurances that said coverage is adequate for the purposes of protecting Tenant. The purpose of said insurance is solely for the protection of Landlord and nothing in this paragraph is intended to waive the limits as established in the Oregon Tort Claims Act, ORS 30.260 et seq., as it applies to Landlord.

Should the Landlord be required to pay additional or increased rates, the Landlord shall have a right to surcharge the Tenant in an amount in excess of the annual rental rate as defined in Section 3 of this agreement sufficient to reimburse the Landlord.

14) No part of the Property may be assigned to any third person without the prior written consent of the Landlord. This provision shall apply to all transfers by operation of law and to transfers to and by trustees in bankruptcy, receivers, administrators, executors and legatees. No consent in one instance shall prevent the provision from applying to a subsequent instance. The Landlord shall consent to a transaction covered by this provision when withholding such consent would be unreasonable in the circumstances.

15) The following shall be events of default:

a) Failure of Tenant to pay any rent or other charge within thirty (30) days after it is due.

b) Failure of Tenant to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within fifteen (15) days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied with the fifteen (15) day period, this provision shall be complied with if Tenant begins correction of the default within the fifteen (15) day period and thereafter proceeds with reasonable diligence and in good-faith to effect the remedy as soon as practicable.

c) Insolvency of Tenant; an assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; and adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of an involuntary petition of bankruptcy and failure of the Tenant to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levy of execution on the leasehold interest and failure of the Tenant to secure discharge of the attachment or release of the levy of execution within thirty (30) days. If Tenant consists of two (2) or more individuals or business entities, the events of default specified in this paragraph shall apply to each individual unless within thirty (30) days after an event of default occurs the remaining individuals produce evidence satisfactory to Landlord that they have unconditionally acquired the interest of the one

causing the default. If the lease has been assigned, the events of default so specified shall apply only with respect to the one then exercising the rights of Tenant under the lease.

16) In the event of a default, the lease may be terminated at the option of the Landlord by notice in writing to Tenant. The notice may be given before or within thirty (30) days after the running of the grace period for default and may be included in a notice of failure of compliance given under the provisions of paragraph 15(b) above set forth. If the property is abandoned by Tenant in connection with a default, termination shall be automatic and without notice.

17) If the lease is not terminated by election of Landlord or otherwise, Landlord shall be entitled to recover damages from Tenant for the default.

18) If the lease is terminated for any reason, Tenant's liability for damages shall survive such termination, and Tenant shall vacate the property immediately and shall remove all improvements and buildings constructed on the leased premises and shall perform any necessary clean-up or other work required to lease the property in its original condition. Any improvements not removed within ninety (90) days after the termination of this agreement shall become the property of the Landlord. Landlord may re-enter, take possession of the premises and remove any persons or property by legal action or by self-help with the use of reasonable force and without the liability for damages.

19) The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Landlord under applicable law.

20) Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

21) If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover in addition to the costs such sum as the court may adjudge reasonable as attorney fees, including attorney fees upon appeal.

22) Any notice required or permitted under this lease shall be given when actually delivered or when deposited in the United States mail as certified mail, addressed as follows:

To Landlord: City of Ontario
444 SW 4th Street
Ontario, Oregon 97914

To Tenant: Frazier Aviation, LLC
581 SW 33RD Street
Ontario, OR 97914

or to such other address as may be specified from time to time by either of the parties in writing.

23) Subject to the above-stated limitation on transfer of Tenant's interest, this lease shall be

binding upon and inure to the benefit of the parties, their respective successors and assigns.

24) If the Tenant fails to perform any obligation under this lease, the Landlord shall have the option to perform Tenant's obligation after fifteen (15) day's written notice to the Tenant. All of the Landlord's expenditures to correct the default shall be reimbursed by the Tenant on demand with interest at the rate of 12% per annum from the date of expenditure by the Landlord.

25) In construing this lease, it is understood that the Landlord or Tenant may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

26) IN WITNESS WHEREOF, the parties have caused this instrument to be executed as of the date and year first above written.

CITY OF ONTARIO, OREGON

_____
Ronald Verini, Mayor

ATTEST

_____
Tori Barnett, MMC, City Recorder

FRAZIER AVIATION, LLC

_____
Tommy Frazier, Member

EXHIBIT "A"

FBO Modular
W
S
N
E
Emergency Vehicle Access
SW 33RD ST
185
175
581 SW 33RD ST
(FBO OFFICE)
120
JULIET
BEECHCRAFT
115
112, 111
110
109
INDIA
103
107
102
106
105
100
HOTEL
104
CITY LOT
CITY BLDG.
ERCOUPE
220
257
260
GRUMAN
FAIRCHILD
3165 AIRPORTWAY
DECATHALON
210, 211, 212
CESSNA
201, 200
PARKING
STATIC DISPLAY AREA
GOLF
317
315
FOXTROT
330
331
326
333
325
ECHO
339
337
340
336
335
DELTA
347
344
348
343
349
342
CHARLIE
356, 357
353
358
351, 352
BRAVO
367, 368, 369
361, 362, 363
370
ALPHA
377, 376, 375, 374, 373
AIRPORT WAY
3110 AIRPORTWAY

November 2, 2017

Frazier Aviation LLC
581 SW 33rd St
Ontario, OR 97914

RE: Policy # 02-LX-086480854-5
Effective Date: 04/03/17
Insurance Company: Preferred Aviation Underwriters

Dear Tom,

This is to confirm we have added building #4 to your property policy. The Modular Office Building is insured for $76,000., with a $1,000 deductible.

Once we receive the endorsement and the invoice from the company we will send you the billing.

Let me know if you have any questions.

Sincerely,

Nancy M. Schreiber

Nancy Schreiber

Nyssa Public Schools

A Community Committed to Student Success

804 Adrian Blvd. School District #26
Nyssa, Oregon 97913-3689

Phone: 541-372-2275
FAX: 541-372-2204

JANA IVERSON, Superintendent
RYAN HAWKINS, Director of District Operations
HECTOR MARTINEZ, HS VP and Athletic Director

Principals: MALCOM MCRAE, High School
LUKE CLEAVER, Middle School
MATT MURRAY, Elementary School

November 28, 2017

To: City of Ontario
Re: Modular Classroom Unit

This letter is sent to notify you that Nyssa School District transferred ownership of a classroom modular to Frazier Aviation last summer. The District gave the modular to Frazier Aviation with the only requirement or compensation being that the company would remove the unit from school district property at no expense to Nyssa School District.

The modular unit was moved last summer. Please contact me if you have further questions.

Sincerely,

Jana Iverson

Jana Iverson, Ph.D.
Superintendent
Nyssa School District

AGENDA REPORT
NEW BUSINESS
February 8, 2018

TO: Mayor and City Council

FROM: Betsy Roberts, City Engineer

THROUGH: Adam J. Brown, City Manager

SUBJECT: EXPIRATION OF UNIFIED CERTIFICATION PROGRAM INTERGOVERNMENTAL AGREEMENT

DATE: January 29, 2018

PROPOSED MOTION:

I MOVE THE CITY COUNCIL PARTNER WITH THE STATE OF OREGON TO SUPPORT THE CERTIFICATION OFFICE FOR BUSINESS INCLUSION AND DIVERSITY BY SIGNING THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE STATE OF OREGON AND THE CITY OF ONTARIO.

SUMMARY:

The State of Oregon, Department of Transportation (DOT), is requesting the city sign the attached Agreement stating that the city recognizes certifications issued to firms by the Certification Office for Business Inclusion and Diversity (COBID).

BACKGROUND:

Historically, the city has participated in the Unified Certification Program (UCP) and signed this Agreement. The purpose of the COBID is to review applications from various firms that wish to become certified as Disadvantaged Business Enterprises (DBE's). This status can provide these firms with an advantage in being selected for local, state, and federally funded projects that have a DBE requirement. By signing the Agreement, the city agrees to all DBE decisions made by COBID.

CURRENT SITUATION:

There is no cost to the city to become a member of the UCP, nor are there any consequences with respect to the city's potential to win grants for ODOT projects. By signing the Agreement and becoming a partner, the city is acknowledging the importance of recognizing and supporting disadvantaged businesses within the community.

ANALYSIS:

A. **FINANCIAL** There is no outright financial cost, though there is a very small amount of labor involved for the City Engineer or Public Works Director to participate in a meeting or phone call several times a year.

B. **TIMING** ODOT is collecting signatures with a plan of gathering the partners together this spring for a meeting/call.

C. **POLICY/LEGAL** There is no policy, legal support, or change necessary.

ALTERNATIVES:

The Council could choose not to sign onto the partnership.

RECOMMENDATION:

Staff recommends that the City Council agree to become a partner in the Unified Certification Program by signing the Intergovernmental Agreement.

ATTACHMENTS:

None

AGENDA REPORT
PUBLIC HEARING
February 8, 2018

TO: Mayor and City Council

FROM: Dan Cummings, Community Development Director

THROUGH: Adam J. Brown, City Manager

SUBJECT: ORDINANCE #2734-2018: ACCEPTING CERTAIN TERRITORY AS CITY OF ONTARIO STREET RIGHT OF WAY. ON FIRST AND SECOND READING, DECLARING AN EMERGENCY

DATE: January 15, 2018

PROPOSED MOTION:

I MOVE THE CITY COUNCIL APPROVE ORDINANCE #2734-2018, AN ORDINANCE ACCEPTING THE RIGHT OF WAY FOR A PORTION OF SE 5TH AVENUE AND SE 13TH STREET AND AUTHORIZING THE MAYOR TO EXECUTE THE DEED OF DEDICATION FROM THE EO INVESTMENTS, LLC. DECLARING AN EMERGENCY ON FIRST AND SECOND READING.

SUMMARY:

The Council is being asked to accept a portion of the right-of-way for SE 5th Avenue and SE 13th Street required as part of the conditions of approval of the Annexation of the Property of the EO Investments, LLC, under Ordinance #3732-2017.

BACKGROUND:

On November 21, 2017, the Council passed Ordinance #2732-2017, an ordinance annexing territory owned by EO Investments, LLC on First Reading in which one of the condition of approval was additional right of way be dedicated for SE 5th Avenue and SE 13th Street.

CURRENT SITUATION:

On February 8, 2018, the City Council passed Ordinance #3732-2017, an ordinance annexing territory owned by EO Investments, LLC on Second and Final Reading, which requires the additional right of way be dedicated for SE 5th Avenue and SE 13th Street.

ANALYSIS:

A. **FINANCIAL** The city is accepting only the right of way only at this time as the street sections are not constructed to city standards. As part of the annexation of the property, the road maintenance is remaining under the Ontario Rural Road Assessment District No. 3 until such time as the streets are brought up to city standards and the owner requests removal from the District.

B. **TIMING** This action is part of the requirement of annexations under Ordinance #2732-2017 and needs to be done in a timely manner to fulfill the conditions of approval of that ordinance.

C. **POLICY/LEGAL** The City Council is required, pursuant to 10B-55-75, to accept or reject acceptance of right of way. The policy for this action is within the Public Works Maintenance duties and the Rural Road Assessment District No. 3. Legal aspects are the general liabilities that any road right of way issue brings.

ALTERNATIVES:

1. The Council could take no action on this matter and not accept the right of way; however, no action may result in the owners not meeting the condition of approval of annexation Ordinance #2732-2017.

RECOMMENDATION:

Staff recommends that the City Council approve Ordinance #2734-2018.

ATTACHMENTS:

1. Deed of Dedication
2. Ordinance No. 2734 2018

After Recording Return to:
City of Ontario
Community Development Center
444 SW 4th Street
Ontario, OR 97914

DEED OF DEDICATION

FOR VALUE RECEIVED, **EO INVESTMENTS, LLC**, whose current address is P.O. Box 1047, Ontario, Oregon 97914 ("Grantor"), in consideration of the sum of –Zero- dollars ($0.00) and other considerations, the receipt of which is hereby acknowledged, does hereby convey and dedicate to the **CITY OF ONTARIO,** ("Grantee"), whose address is 444 SW 4TH Street, Ontario, Oregon 97914, A PUBLIC RIGHT OF WAY and the right to erect, construct, install, and lay and thereafter use, operate, inspect, repair, maintain, replace, and remove a permanent roadway and public utilities, such as but limited to Sewer, Water, Gas, Electric and Communication services lines, Fixtures and Facilities over, across, and through the following described (and shown on Exhibit A) real property located in Malheur County, Oregon (the "Property"), to wit:

Being a portion of that certain property described in the Warranty Deed to **EO INVESTMENTS, LLC,** dated October 12, 2017 and recorded under Instrument No. 2017-3968, being the **WEST 10 FEET** of said Deed that is parallel with the centerline of SE 13th Street and the **NORTH 5 FEET**, of said Deed that is parallel with the centerline of SE 5th Avenue being within the NW1/4SW1/4NW1/4 of Section 11, Township 18 South, Range 47 East of the Willamette Meridian, City of Ontario, Malheur County, Oregon.

TOGETHER WITH a 5 feet wide perpetual easement for public utility purpose and slope easement, lying adjacent to and Westerly of the above described right of way, for use by Public Utility Companies and street construction slopes.

SUBJECT TO all existing easements of record.

Further, it is agreed, and made a condition herein, that the conveyed Property be dedicated for public use and in the event the Grantee fails to use or ceases to use the Property exclusively for said use, all right, title and interest in and to the Property shall revert to the Grantor through a legal Vacation process.

GRANTEE, by signing this Instrument, accepts the conveyance of the real property described herein for a public street and agrees to the terms of Grantor's Reversion and all other covenants, terms and conditions of this instrument.

IN WITNESS WHEREOF, the Grantor has executed this instrument on this 11th day of December 2017.

GRANTOR: **EO INVESTMENTS, LLC**

By: Charles Oakes, organizer
Charles Oakes, Organizer

By:_____

State of OREGON)
SS.
County of MALHEUR)

On this 11th day of December, 2017, before me, the undersigned Notary Public in and for said State, personally appeared **Charles Oakes**, known or identified to me to be the ORGANIZER AUTHORIZED TO SIGN for **EO INVESTMENTS, LLC**, and he/they executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

OFFICIAL STAMP
AMY LOUISE VEATER
NOTARY PUBLIC - OREGON
COMMISSION NO. 957829
MY COMMISSION EXPIRES JANUARY 08, 2021

Amy L. Veater
Notary Public for Oregon
My Commission expires: 01/8/2021

Accepted by the Common Council of the City of Ontario Pursuant to Ordinance No._____

GRANTEE:

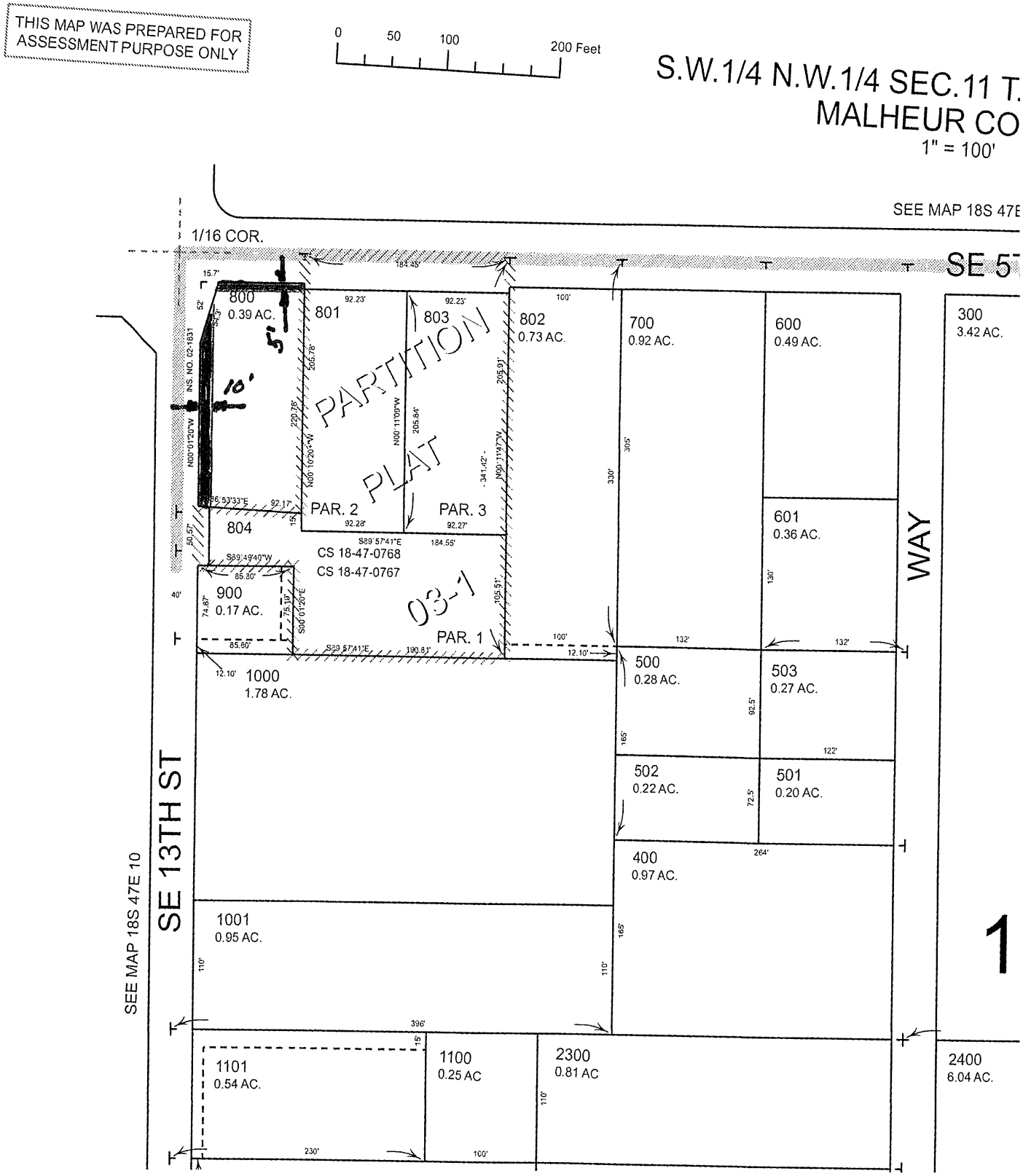
CITY OF ONTARIO

By:_____
Ronald Verini, Mayor

Attested:_____
City Recorder: Tori Barnett

Attachment "A"

Subject properties



After recording, return to:
City Recorder
City of Ontario
444 SW 4th Street
Ontario, OR 97914

ORDINANCE No. 2734-2018

AN ORDINANCE ACCEPTING CERTAIN TERRITORY AS CITY OF ONTARIO STREET RIGHT-OF-WAY AND AS A PUBLIC STREET, AND DECLARING AN EMERGENCY

WHEREAS, A request and a requirement of annexation was submitted to the City of Ontario for City acceptance of certain territory that is currently private property on the easterly portion of the "EO INVESTMENT, LLC" property designated as Assessor's Map 18S4711BC; Tax Lot 800, as City of Ontario Public Streets; and

WHEREAS, Public notice of a City Council hearing on this matter was provided in accordance with the Ontario Municipal Code; and

WHEREAS, As this action is part of the final reading of the annexation of the owners land, and the City tries to extend the effort to accommodate the needs of property owners within the community whenever possible; and

WHEREAS, A Public Hearing on this matter was held on February 8, 2018, before the City of Ontario City Council and the Council approved the request.

NOW THEREFORE, THE CITY OF ONTARIO ORDAINS AS FOLLOWS:

1. Subject Area: The following contiguous territory: That property within the City Limits of the City of Ontario, in Malheur County, Oregon, and currently known as the westernmost 10 feet and northernmost 5 feet of land as described in Warranty Deed filed under Instrument Number 2017-3968 and designated as Malheur County Assessor's Map #18S4711B; Tax Lots 900, and specifically described in the deed attached to this ordinance as Exhibit "1".

2. Accepting the above described area as City of Ontario Street Right-of-way and as a Public Street: The Common Council of the City of Ontario deems it in the best interest of the public of the City of Ontario and hereby declares that the real property described hereinabove is accepted as City of Ontario Street Right-of-Way and as Public Streets to be added to the Right-of-Ways of "SE 5th Avenue and SE 13th Street" as of the effective date of this ordinance.

3. Record. The City Clerk shall submit copies of this Ordinance to the Malheur County Clerk for recording, and shall keep in the file of this matter (1) a copy of this Ordinance, (2) a copy of the deed for the subject property, which includes the legal description, and a map depicting the boundaries of the subject area.

4. Emergency Passage. Because this action is part of the final reading of the annexation of the owners land,

and because the City of Ontario extends the utmost effort to accommodate the needs of property owners in the community and recognizes the economic value to the community, the Council declares an emergency to exist and this ordinance shall be effective immediately upon passage at the second reading.

PASSED AND ADOPTED by the Common Council of the City of Ontario this ____ day of _____, 2018 by the following vote:

AYES:

NAYS:

ABSENT:

APPROVED by the Mayor this ___ day of _____, 2018.

ATTEST:

_____ _____

Ronald Verini, Mayor Tori Barnett, City Recorder

AGENDA REPORT
PUBLIC HEARING
February 8, 2018

TO: Mayor and City Council

FROM: Dan Cummings, Community Development Director

THROUGH: Adam J. Brown, City Manager

SUBJECT: ORDINANCE #2735-2018: ACCEPTING RIGHT OF WAY FOR PARK BOULEVARD; ON FIRST AND SECOND READINGS, DECLARING AN EMERGENCY

DATE: January 15, 2018

PROPOSED MOTION:

I MOVE THE CITY COUNCIL APPROVE ORDINANCE 2735-2018, AN ORDINANCE ACCEPTING THE RIGHT OF WAY FOR PARK BOULEVARD AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE RELINQUISHMENT DEED FROM THE OREGON DEPARTMENT OF TRANSPORTATION. DECLARING AN EMERGENCY ON FIRST AND SECOND READING.

SUMMARY:

The Council is being asked to accept the remaining portion of the right of way for North Park Boulevard authorized under the Intergovernmental Agreement for Right of Way Services No. 31344, dated October 21, 2016. This piece is still under the control of the Oregon Department of Transportation as part of the NW Washington Avenue Re-Alignment Project.

BACKGROUND:

On July 6, 2010, the Council passed Resolution #2010-136 approving a Local Agency Agreement for fund distribution for the NW Washington Avenue Re-Alignment Project, as well as Resolution #2010-137, which acknowledged receipt and authorized expenditure of ODOT project funding for the Project in the amount of $4,500,000.00.

On July 19, 2011, the city entered into an Intergovernmental Agreement to cover right of way services and responsibilities for the Project. The Council also approved Amendment #01 to said IGA stipulating the state's agreement to transfer, and the city's agreement to accept, all right of ways required for the Project.

On September 16, 2013, the City approved Amendment #2 to said IGA, amending certain sections of the original Agreement.

On October 21, 2016, the Council approved IGA No. 31344, for Right of Way Services for North Park Boulevard as part of the NW Washington Project.

CURRENT SITUATION:

On December 28, 2017, staff received a Relinquishment Deed from Sean Erion, Jurisdictional Transfer Specialist, ODOT Right of Way Section HQ, Oregon Department of Transportation, with a request for acceptance by city officials. Upon adoption, the city will obtain the appropriate signatures and submit the executed document back to ODOT.

ANALYSIS:

A. **FINANCIAL** The city is accepting only the right of way at this time, as the street section is not constructed. Financial implications should be minimal, if any.

B. **TIMING** This is another step in completing and closing out the Project and needs to finalize the right of way for consolidation of the Project. Closing the Project clears the way for the other ODOT projects to proceed. The Deed still needs to be returned to ODOT for completion and filing with the County Recorder.

C. **POLICY/LEGAL** The City Council is required, pursuant to 10B-55-75, to accept or reject acceptance of right of way. The policy for this action is within the Public Works Maintenance duties. Legal aspects are the general liabilities that any road issue brings. Through the Agreements previously executed between ODOT and the city, the city agreed to take over the ownership of this section of road. The city may face litigation if it does not follow through with the Agreement.

ALTERNATIVES:

The Council could take no action on this matter and leave the jurisdiction of this section of North Park Boulevard under the state's jurisdiction; however, no action may result in litigation by ODOT compelling the city to complete the jurisdictional transfer.

RECOMMENDATION:

Staff recommends that the City Council approve Ordinance #2735-2018.

ATTACHMENTS:

1. Ordinance No. 2735-2018
2. Exhibit map: Right of ways for the North Park Boulevard
3. Relinquishment Deed
4. Letter dated December 13, 2017 from ODOT

After recording, return to:
City Recorder
City of Ontario
444 SW 4th Street
Ontario, OR 97914

ORDINANCE No. 2735-2018

AN ORDINANCE ACCEPTING THE RIGHT OF WAY FOR PARK BOULEVARD AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE RELINQUISHMENT DEED FROM THE OREGON DEPARTMENT OF TRANSPORTATION AS A PUBLIC STREET, AND DECLARING AN EMERGENCY

WHEREAS, The City of Ontario on July 6, 2010 approved Resolution No. 2010-136, a resolution approving a local agency Agreement for fund distribution for the NW Washington Avenue Re-Alignment Project; and

WHEREAS, The City of Ontario, on July 6, 2010, approved Resolution No. 2010-137, a resolution acknowledging receipt and authorizing expenditure of ODOT project funding for the NW Washington Avenue Re-Alignment Project; and

WHEREAS, The City of Ontario, on April 28, 2011, entered into an Intergovernmental Agreement to cover right of way services and responsibilities for the NW Washington Avenue Re-Alignment Project; and

WHEREAS, The City of Ontario, on July 19, 2011, approved Amendment #1 to said Intergovernmental Agreement, where the State agrees to transfer and city agrees to accept all right of ways required for the NW Washington Avenue Re-Alignment Project, and

WHEREAS, The City of Ontario, on September 16, 2013, approved Amendment #2 to said Intergovernmental Agreement, amending certain sections of the Original Agreement, and

WHEREAS, The City of Ontario, on October 21, 2016, approved the Intergovernmental Agreement No. 31344, for Right of Way Services for North Park Boulevard, and

NOW THEREFORE, THE CITY OF ONTARIO ORDAINS AS FOLLOWS:

1. Subject Area: The following contiguous territory: That property within the City Limits of the City of Ontario, in Malheur County, Oregon, and specifically described in the deed attached to this ordinance as Exhibit "1".

2. Accepting the above described area as City of Ontario Street Right-of-way and as a Public Street: The Common Council of the City of Ontario deems it in the best interest of the public of the City of Ontario and hereby declares that the real property described hereinabove is accepted as City of Ontario Street Right-of-Way and as Public Streets to be added to the Right-of-Ways of "North Park Boulevard" as of the effective date of this ordinance and the City Manager is hereby authorized to execute the Relinquishment Deed between the Oregon Department of Transportation and the City of Ontario.

3. Record. The City Clerk shall submit copies of this Ordinance to the Malheur County Clerk for recording, and shall keep in the file of this matter (1) a copy of this Ordinance, (2) a copy of the deed for the subject property, which includes the legal description, and a map depicting the boundaries of the subject area.

4. Emergency Passage. Because this action is part of the final reading of the annexation of the owners land, and because the City of Ontario extends the utmost effort to accommodate the needs of property owners in the community and recognizes the economic value to the community, the Council declares an emergency to exist and this ordinance shall be effective immediately upon passage at the second reading.

PASSED AND ADOPTED by the Common Council of the City of Ontario this ____ day of _____, 2018 by the following vote:

AYES:

NAYS:

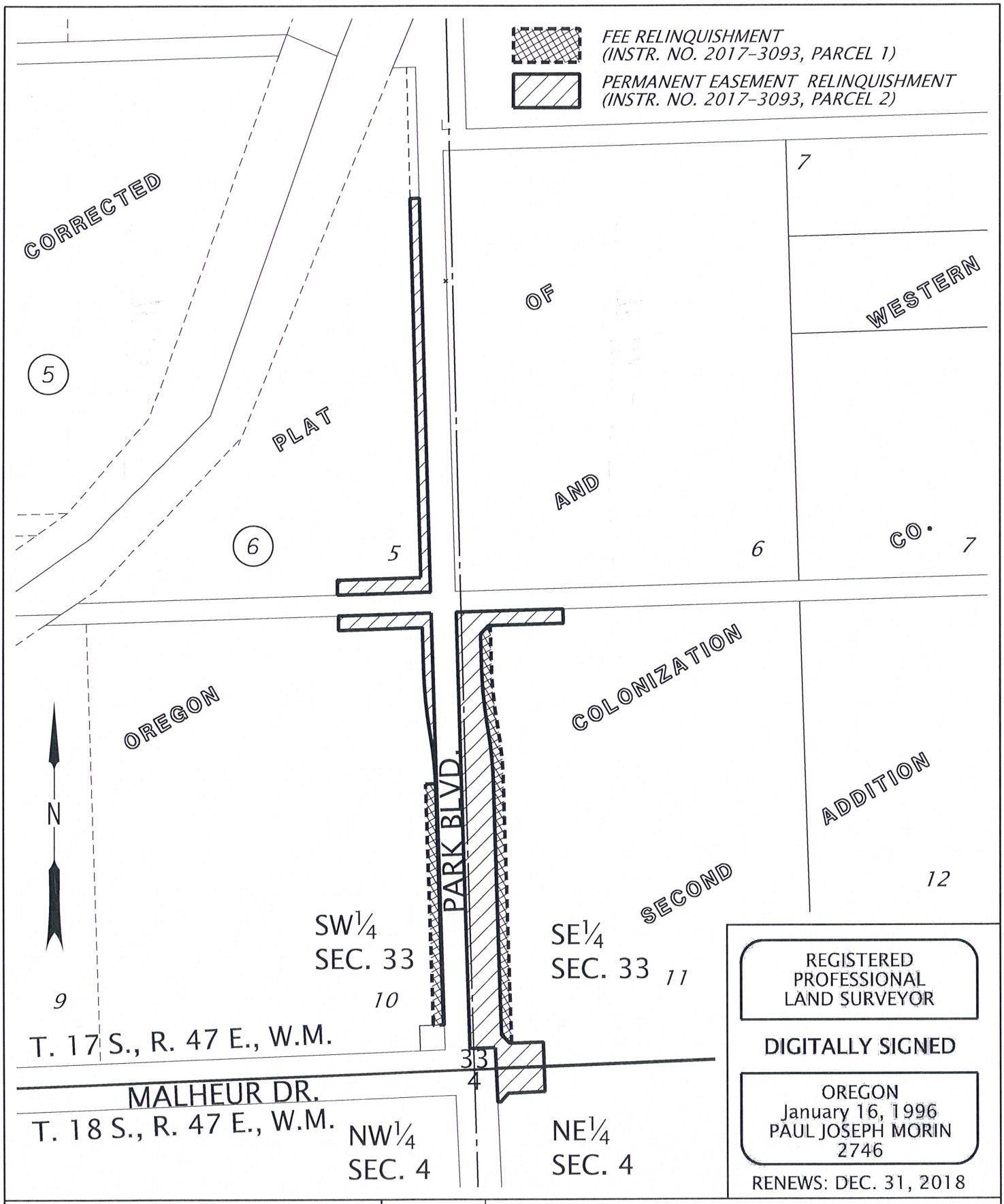
ABSENT:

APPROVED by the Mayor this ___ day of _____, 2018.

ATTEST:

_____ _____

Ronald Verini, Mayor Tori Barnett, City Recorder



REGISTERED
PROFESSIONAL
LAND SURVEYOR

DIGITALLY SIGNED

OREGON
January 16, 1996
PAUL JOSEPH MORIN
2746

RENEWS: DEC. 31, 2018

OREGON DEPARTMENT OF TRANSPORTATION *RIGHT OF WAY RELINQUISHMENT* *EXHIBIT B SHEET 1 OF 1*	SECTION	*PARK BLVD.*	
	HIGHWAY	*RELINQUISH TO CITY OF ONTARIO*	
	COUNTY	*MALHEUR*	SCALE *1" = 150'*
	R/W FILE	*7546-017*	DATE *OCTOBER, 2017*

Relinquishment No. 7546017A
Misc. C & A Agreement No. 26720
Park Blvd. Section
Malheur County

Relinquishment Deed

In order to complete terms of Misc. C & A Agreement No. 26720, dated August 17, 2010, and that Intergovernmental Agreement for Right of Way Services No. 31344, dated October 21, 2016, between the **STATE OF OREGON, by and through its Department of Transportation**, hereinafter called "State", and **CITY OF ONTARIO, a municipal corporation of the State of Oregon**, **by and through its Elected Officials**, hereinafter called "City", State does hereby relinquish unto City its right, title and interest in the connecting streets or portions thereof as provided for in said agreement. Any right-of-way being conveyed in which State has any title shall be vested in City ONLY SO LONG AS USED FOR PUBLIC ROAD PURPOSES. IF SAID RIGHT OF WAY IS NO LONGER USED FOR PUBLIC ROAD PURPOSES, IT SHALL AUTOMATICALLY REVERT TO STATE. The area being relinquished is described in the legal description and accompanying map, marked Exhibit "A" and Exhibit "B", attached hereto and by this reference made a part hereof.

AS SHOWN ON THE ATTACHED EXHIBIT MAP, HEREIN AND MADE A PART OF THIS DOCUMENT AS SET FORTH ABOVE, THAT IN THE EVENT OF A CONFLICT OR DISCREPANCY BETWEEN THE EXHIBIT MAP AS SHOWN AND THE WRITTEN LEGAL DESCRIPTION EXHIBIT "A", THE WRITTEN LEGAL DESCRIPTION EXHIBIT "A" SHALL PREVAIL.

The property above described is transferred subject to the rights of any utilities located within said property and further subject to the rights of the owners of said existing facilities if any there be, to operate, reconstruct, and maintain their utility facilities presently located within said property.

AFTER RECORDING RETURN TO &
TAX STATEMENTS TO:
OREGON DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY SECTION
4040 FAIRVIEW INDUSTRIAL DRIVE SE MS#2
SALEM OR 97302-1142

Relinquishment No. 7546017A
Misc. C & A Agreement No. 26720
Park Blvd. Section
Malheur County

The Oregon Transportation Commission, by a duly adopted Delegation Order OTC – 01; Delegation Order No. DIR-03, Paragraph No. A-21; Delegation Order No. HWY 04, Paragraph No. A-8; and Delegation Order No. TSB 04, Paragraph No. A-6, all dated December 1, 2010, authorize the State Right of Way Manager to sign this Relinquishment Deed for and on behalf of the Commission.

Dated this 8 day of December, 2017.

STATE OF OREGON, by and through its DEPARTMENT OF TRANSPORTATION

By Scott C. Claus
Scott C. Claus, State Right of Way Manager

STATE OF OREGON, County of Marion

Dated December 8, 2017. Personally appeared Scott C. Claus, stated that he is the State Right of Way Manager for the State of Oregon, Department of Transportation, and that this document was voluntarily signed on behalf of the State of Oregon by authority delegated to him. Before me:

OFFICIAL STAMP
DALE REX SHAFER
NOTARY PUBLIC-OREGON
COMMISSION NO. 943628
MY COMMISSION EXPIRES OCTOBER 12, 2019

Dale Shafer
Notary Public for Oregon
My Commission expires 10/12/19

Title as hereinabove relinquished and as shown on accompanying legal description and map, Exhibit "A" and Exhibit "B", is hereby accepted by City of Ontario

Accepted on behalf of the City of Ontario

By _____
Title, City Administrator

Date_____

File 7546017A
Drawing N/A – Off State Hwy
12/4/2017

Relinquish to City of Ontario

A parcel of land lying in Lot 5, 10, & 11, Block 6, of the CORRECTED PLAT OF OREGON AND WESTERN COLONIZATION CO. SUBDIVISION SECOND ADDITION, in Section 33 of Township 17 South, Range 47 East, and NW¼NW¼NE¼ of Section 4 of Township 18 South, Range 47 East, W.M., Malheur County, Oregon and being that property designated as Parcel 1 and that Permanent Easement For Slopes, Water, Gas, Electric and Communication Service Lines, Fixtures and Facilities designated as Parcel 2 and described in that Warranty Deed to the State of Oregon, by and through its Department of Transportation, recorded August 7, 2017 in Instrument No. 2017-3093, Malheur County Deed Records.

REGISTERED
PROFESSIONAL
LAND SURVEYOR

DIGITALLY SIGNED

OREGON
January 16, 1996
PAUL JOSEPH MORIN
2746

RENEWS: DEC. 31, 2018

Oregon
Kate Brown, Governor

Department of Transportation
Technical Leadership Center
Right of Way Section – MS 2
4040 Fairview Industrial Dr SE
Salem, OR 97302-1142
Phone: (503) 986-3600
Fax: (503) 986-3625
www.oregon.gov/odot/hwy/row

December 13, 2017

City of Ontario
Attn: Chuck Mickelson, Public Works Director
444 SW 4th Street
Ontario, OR 97914

Re: Relinquishment No. 7546017A
Cooperative Improvement (Misc. C & A) Agreement No. 26720
Park Blvd. Section
City of Ontario

Enclosed is a Relinquishment Deed in which the State relinquishes some right of way to the City of Ontario. This Relinquishment Deed pertains to specific pieces of right of way acquired in the Northwest Washington Avenue realignment project, in the City of Ontario. This relinquishment is in accordance with Cooperative Improvement Agreement No. 26720, signed by the City of Ontario on July 6, 2010, and by the Oregon Department of Transportation on August 17, 2010.

Before this Relinquishment Deed is recorded, it must be accepted on behalf of the City of Ontario. Please have the document signed by the appropriate party with authority to accept the document on behalf of the City of Ontario.

Please do not make any additions, deletions, corrections or changes without the State's prior written approval.

When the Relinquishment Deed has been accepted, please return the original to this office. We will then proceed with recording the document. Or, if you prefer, you may proceed with recording the document and then return the original to this office.

Thank you for your attention to this matter.

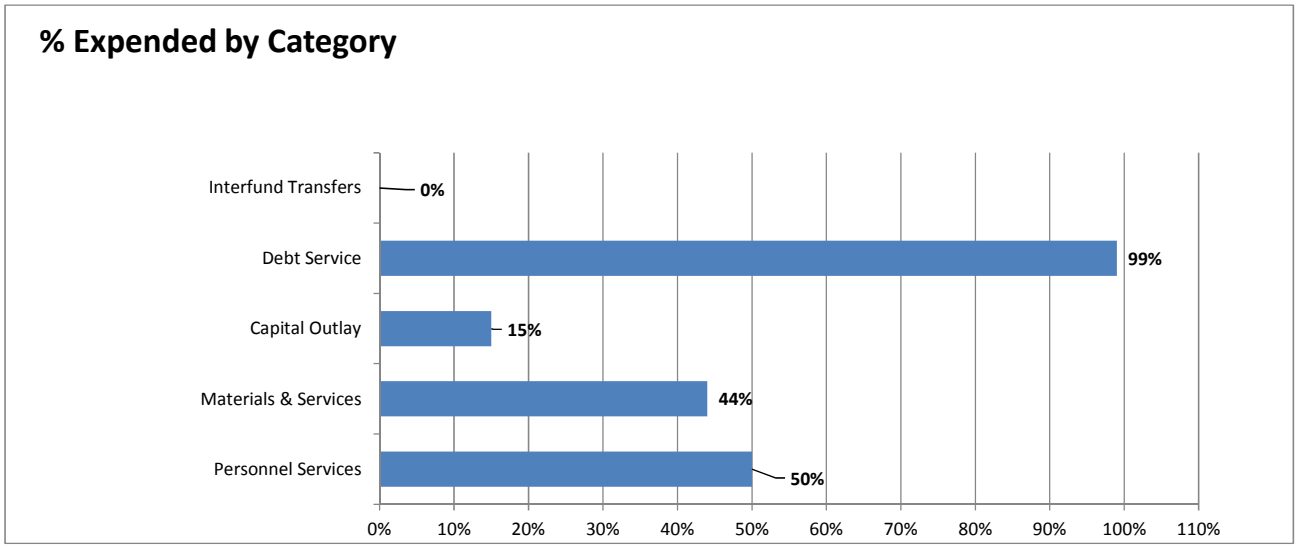
Sean Erion

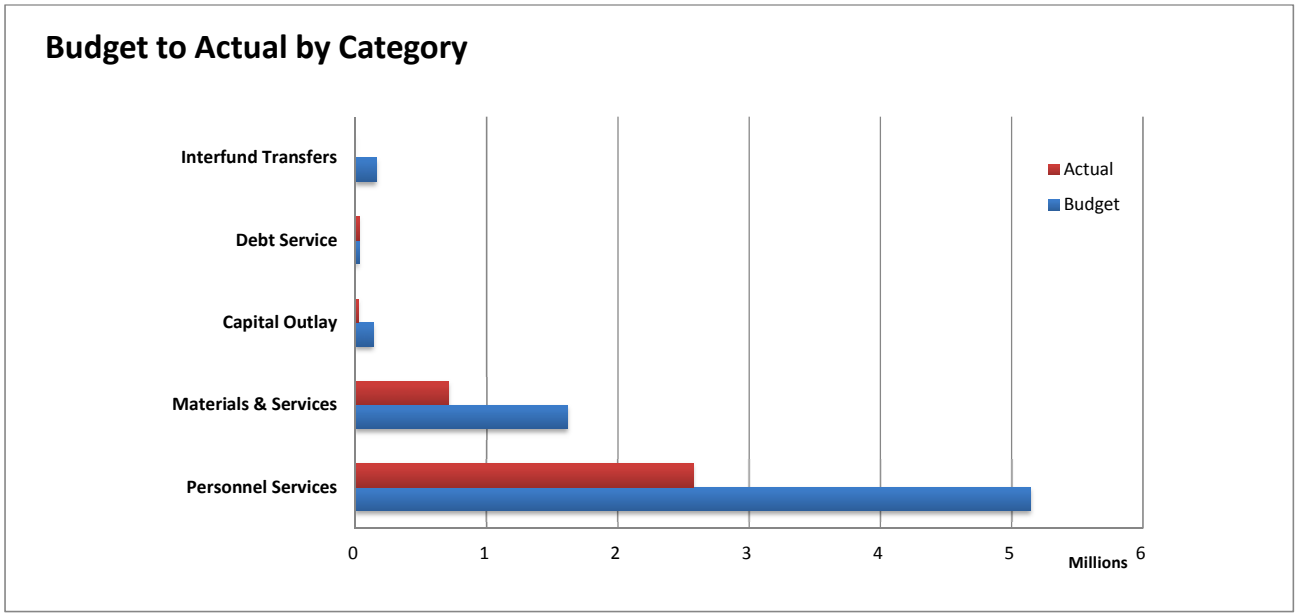
Sean Erion
Jurisdictional Transfer Specialist
ODOT Right of Way Section HQ
(503) 986-3648
Sean.C.Erion@odot.state.or.us

CITY OF ONTARIO
GENERAL FUND - DEPARTMENT EXPENSE
FOR THE PERIOD ENDED
DECEMBER 31, 2017

DEPARTMENT	BUDGET	ACTUAL	% EXPENDED	COMMENTS
Parks	279,252	113,240	40.6%	
Recreation	211,129	101,722	48.2%	
Parks & Recreation	490,381	214,962	43.8%	
Fire	1,512,788	682,716	45.1%	
Code Enforcement	142,829	64,917	45.5%	
Police	3,305,640	1,663,122	50.3%	
Police reserves	2,000	1,805	90.3%	will need resolution
Public Safety Total	4,963,257	2,412,560	48.6%	
Administration	365,910	159,280	43.5%	
City Council	25,791	10,657	41.3%	
Human Resources	106,708	37,836	35.5%	
Business Registration	1,100	8	0.8%	
Cemetery	146,808	75,051	51.1%	
Finance	228,956	100,599	43.9%	
Technology	110,774	49,767	44.9%	
General Government Total	986,047	433,199	43.9%	
Community development	171,751	74,626	43.5%	
Community Development	171,751	74,626	43.5%	
Administrative Overhead	331,175	189,650	57.3%	Liability insurance premium
Other Total	331,175	189,650	57.3%	
Operating Transfers Out	127,910	-	0.0%	Interfund transfers not recorded yet.
GENERAL FUND TOTALS	$ 7,070,521	$ 3,324,997	47.0%	
YTD BUDGET BENCHMARK			***50.0000%***	**3.0%**

CITY OF ONTARIO
GENERAL FUND - DEPARTMENT EXPENSE
FOR THE PERIOD ENDED
DECEMBER 31, 2017

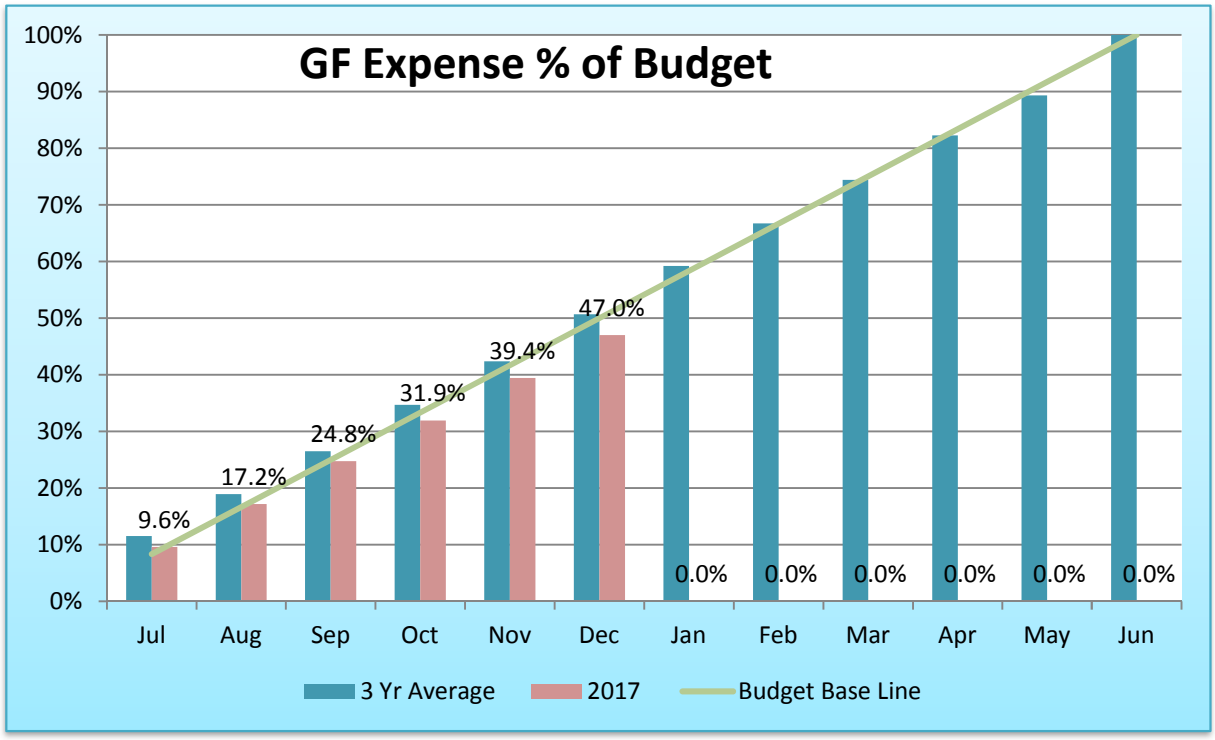


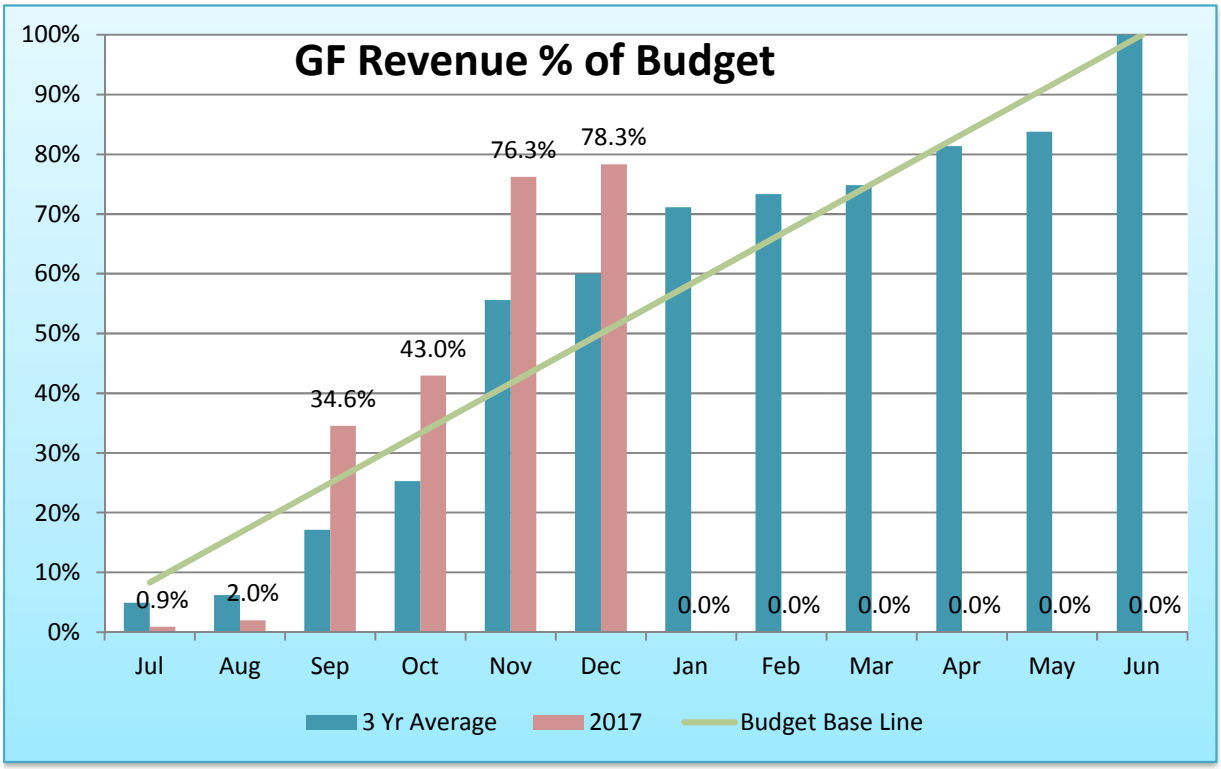


CITY OF ONTARIO
GENERAL FUND - DEPARTMENT REVENUE
FOR THE PERIOD ENDED
DECEMBER 31, 2017

DEPARTMENT	BUDGET	ACTUAL	% REALIZED	COMMENTS
GENERAL FUND BEGINNING FUND BALANCE	*2,350,000*	*2,788,700*	*118.7%*	*(not calculated in totals)*
Parks	101,900	2,800	2.7%	
Recreation	74,900	17,976	24.0%	
Parks & Recreation	176,800	20,776	11.8%	
Fire	133,622	30,175	22.6%	
Code Enforcement	10,998	7,568	68.8%	
Police	202,975	79,703	39.3%	
Public Safety Total	347,595	117,447	33.8%	
Interest	20,000	18,236	91.2%	*Interest rates keep raising*
State Revenue Sharing	128,500	32,176	25.0%	*Quarterly payments*
Administrative Services	497,149	248,574	50.0%	
Other General Revenues	12,055	3,072	25.5%	*Less Misc. revenue*
Property Taxes	3,395,459	3,153,403	92.9%	*P. taxes are due in November*
Alcohol Bvg License & Fee	173,500	60,195	34.7%	*Quarterly payments*
Cigarette tax	14,530	5,155	35.5%	*State slow on payments*
Marijuana tax	32,679	34,103	104.4%	*Full amount is received*
Franchise Fees	1,634,300	410,315	25.1%	*Quarterly payments*
Business Registration	1,700	330	19.4%	
Cemetery	45,500	15,475	34.0%	
General Government Total	5,955,372	3,981,033	66.8%	
P&Z Hearings	1,500	7,557	503.8%	
Community development	1,500	7,557	503.8%	
GENERAL FUND REVENUE TOTALS	$ 6,481,267	$ 4,126,812	63.7%	
YTD BUDGET BENCHMARK			***50.0%***	**13.7%**

CITY OF ONTARIO
GENERAL FUND
FOR THE PERIOD ENDED
DECEMBER 31, 2017





CITY OF ONTARIO
OTHER FUNDS - DEPARTMENT EXPENSES AND REVENUE
FOR THE PERIOD ENDED
DECEMBER 31, 2017

DEPARTMENT/FUND	EXPENDITURES BUDGET	EXPENDITURES ACTUAL	EXPENDITURES % EXPENDED	REVENUES BUDGET	REVENUES ACTUAL	REVENUES % REALIZED
005 Golf Course Fund	803	803	100.0%	803	6,802	847.1%
010 Grant Fund	964,109	235,935	24.5%	973,219	101,257	10.4%
027 Building Fund	188,420	141,061	74.9%	188,600	293,059	155.4%
030 Capital Projects Fund	719,893	54,301	7.5%	3,343,956	3,452,858	103.3%
031 SDC Fund	202,001	-	0.0%	202,001	283,932	140.6%
035 Debt Service Fund	61,433	30,989	50.4%	142,330	134,136	94.2%
045 Street Fund	2,160,861	1,106,321	51.2%	2,160,861	1,057,286	48.9%
050 Trust Funds	586,072	224,834	38.4%	741,012	604,341	81.6%
055 Reserve Funds	383,810	9,488	2.5%	1,959,484	1,992,833	101.7%
060 Revolving Loan Fund	516,977	20,423	4.0%	516,977	543,336	105.1%
065 Aquatic Donation Fund	25,814	-	0.0%	25,814	25,814	100.0%
105 Water Fund	3,274,297	1,597,221	48.8%	4,054,788	2,806,143	69.2%
110 Sewer Fund	3,554,390	1,773,959	49.9%	4,313,783	3,367,151	78.1%
115 Storm Sewer Fund	211,795	53,590	25.3%	599,123	541,872	90.4%
120 Airport Fund	95,892	39,797	41.5%	95,892	61,395	64.0%
125 Aquatic Fund	623,297	1,205	0.2%	623,297	206,758	33.2%

YTD BUDGET BENCHMARK ***50.0%***

Quarterly Report

October ~ November ~ December
2017

Public Works Department

Field Services

- East Idaho tree project.

Field Services

- Nearing completio of East Idaho tree project

Field Services

- Installing cross-walk bars on North Oregon St.

Field Services

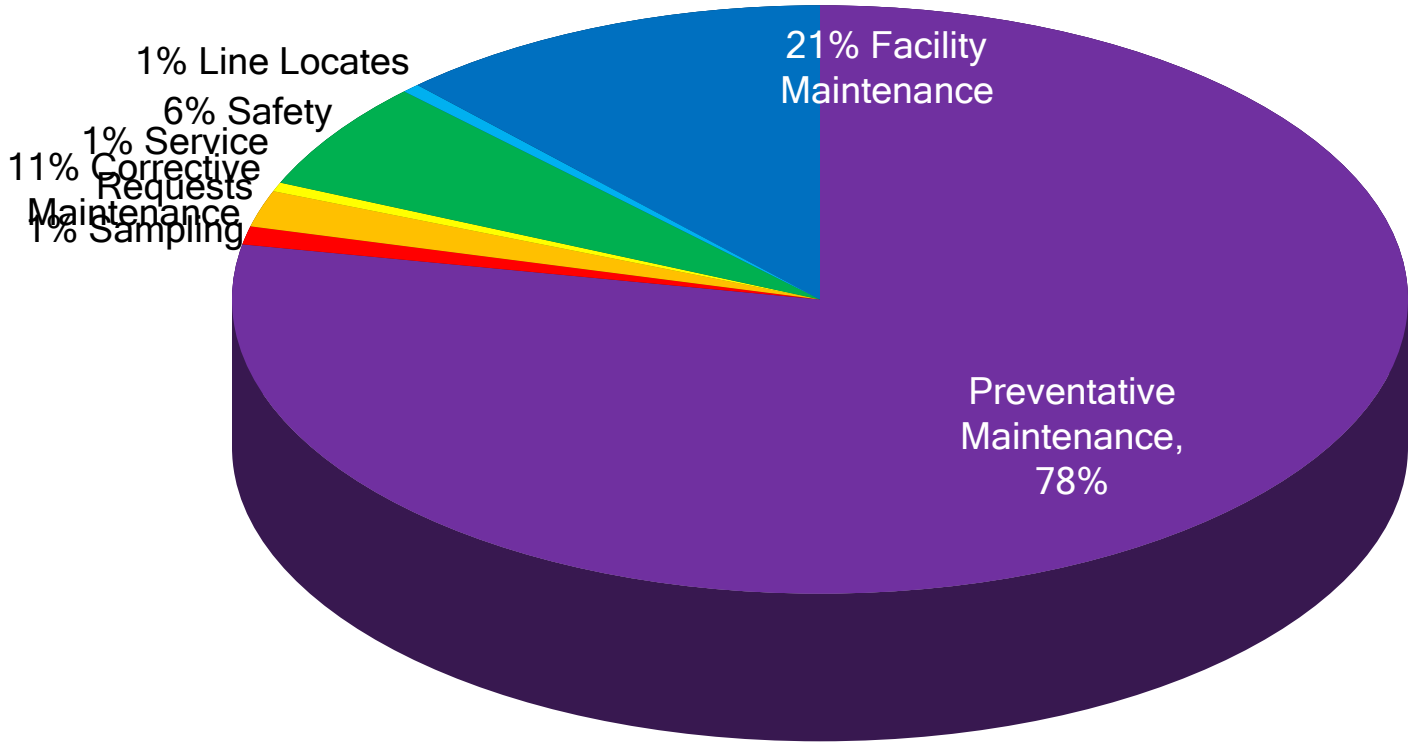
- Crews picking up leaves during annual leaf pick up event. 60 10 yard dump truck loads were collected.

Field Services

- Building demolition at rear of Annex building.

October ~ November ~ December 2017

Work Orders by Work Order Type



Water Treatment Plant

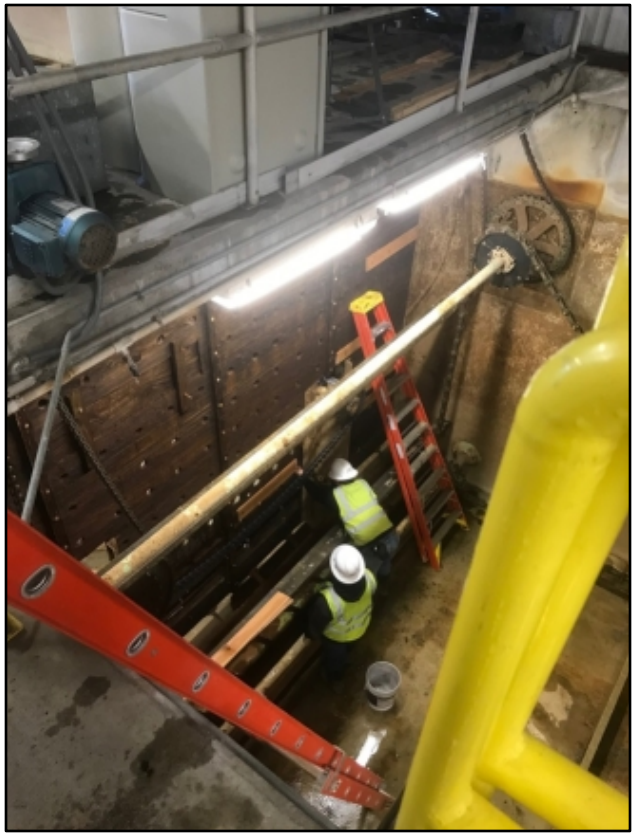
- WTP Staff cleaning settling ponds.

Water Treatment Plant

- Plant staff completing routine maintenance.

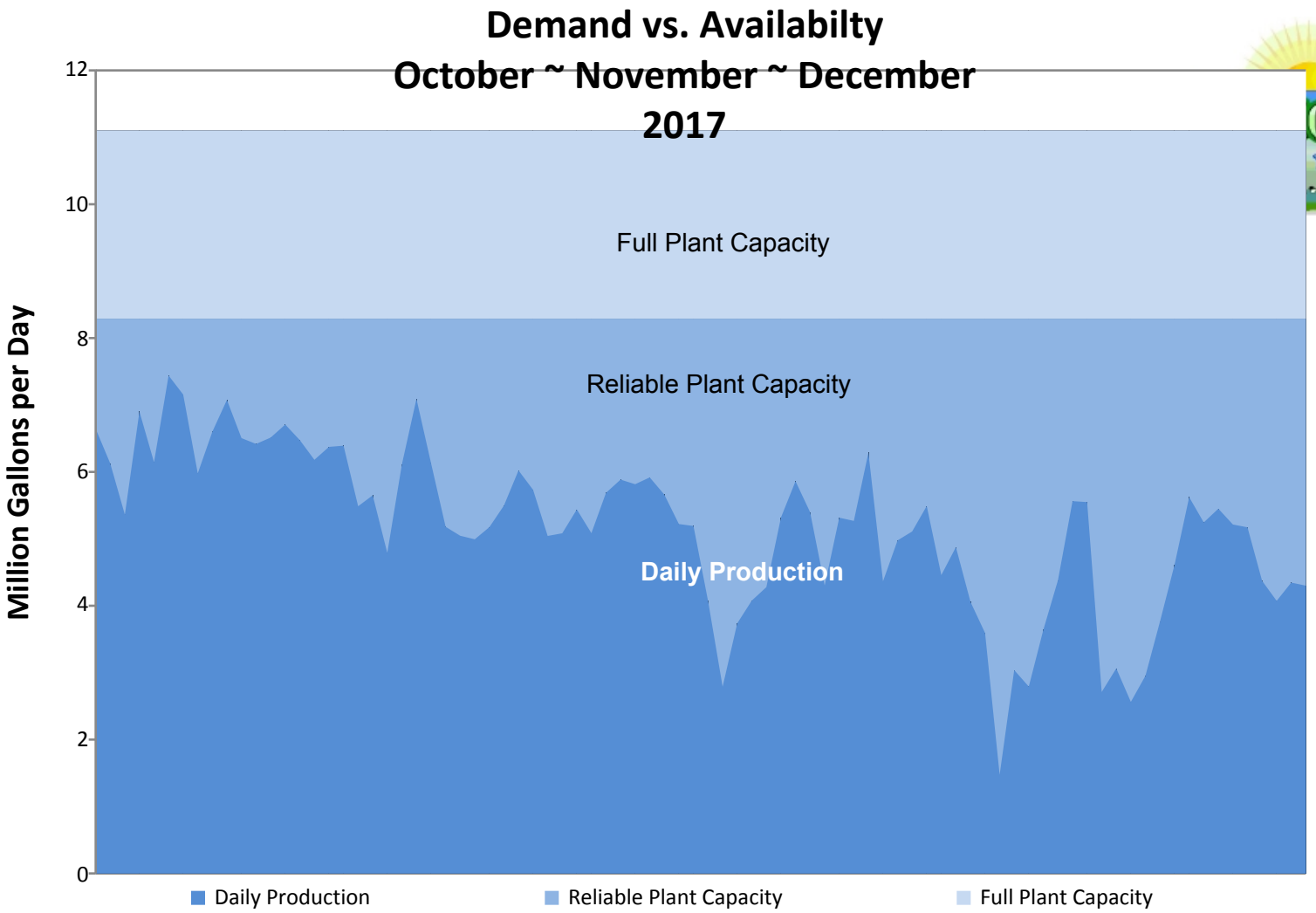
Water Treatment Plant

- Redwood baffle wall repairs.



Water Treatment Plant

- Pulling Well #16


Demand vs. Availabilty
October ~ November ~ December
2017
Million Gallons per Day
12
10
8
6
4
2
0
Full Plant Capacity
Reliable Plant Capacity
Daily Production
Daily Production
Reliable Plant Capacity
Full Plant Capacity

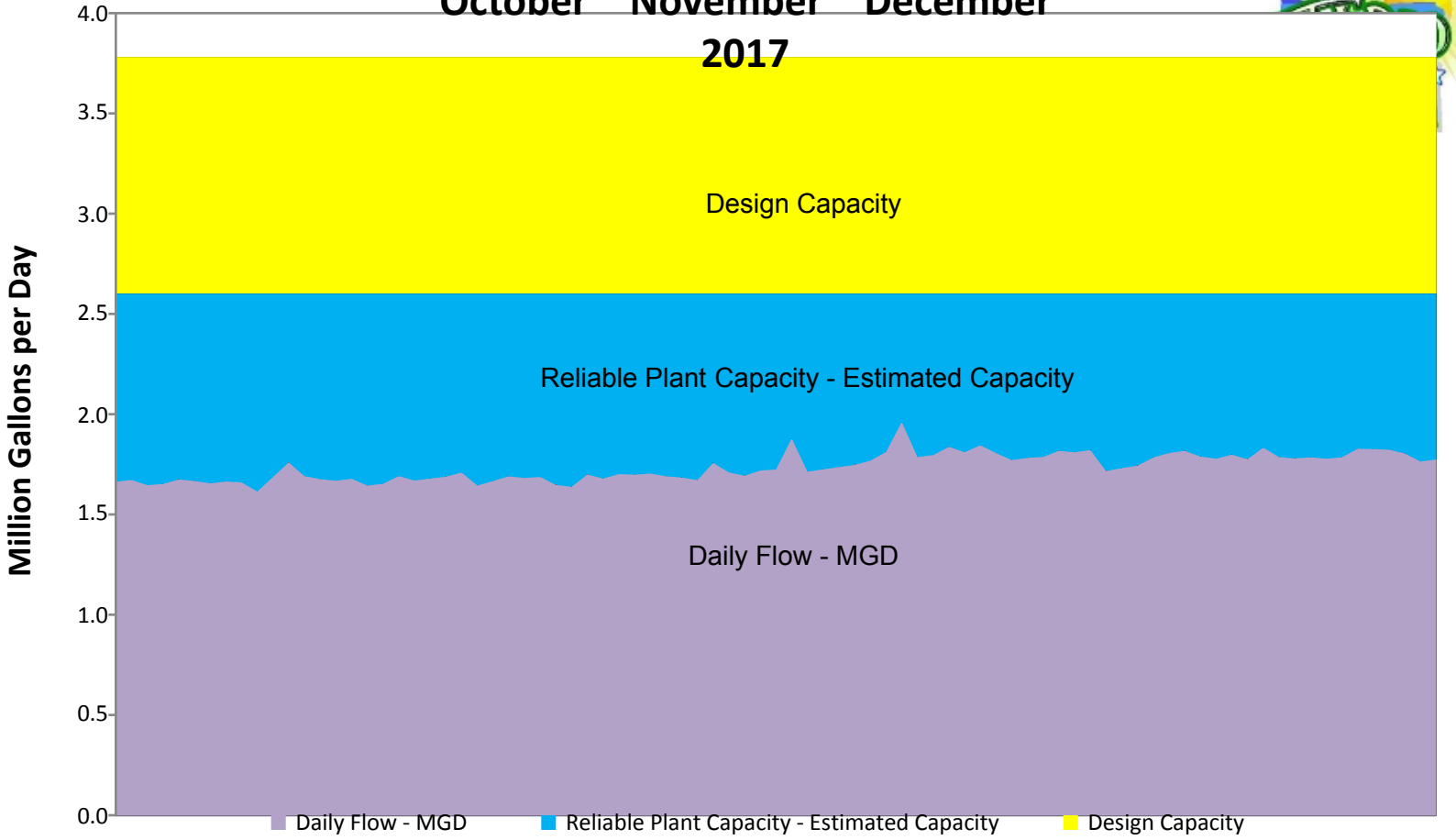
Wastewater Treatment Plant

- Aerator repair on Lagoon #1.

Wastewater Treatment Plant

- WWTP Effluent

Wastewater Treatment Flows
October ~ November ~ December
2017



Parks and Cemetery

- Staff mowing and leaf pick up.

Parks and Cemetery

Volunteers at Beck Kiwanis Park, moving brush out of pond.

Volunteers painting dug out at Beck Kiwanis baseball field.

CH2M employees decorate Christmas tree at Lion's Park.

Engineering Division

- Public Works Department and City of Ontario received the Sustainability Practices Award.

Streets Division

- CH2M Purchased new Skid Steer.

Street Division

- Snow Blower
- Asphalt Grinder
- Bucket

Engineering/Safety

- Engineering staff utilitzing new respirator.

Anybody hungry?

City of Ontario Community Development Quarterly Report 4th Quarter

Presentation by

Dan K. Cummings

Feb 8, 2018

Planning & Zoning Department Stats
4th Quarter 2017

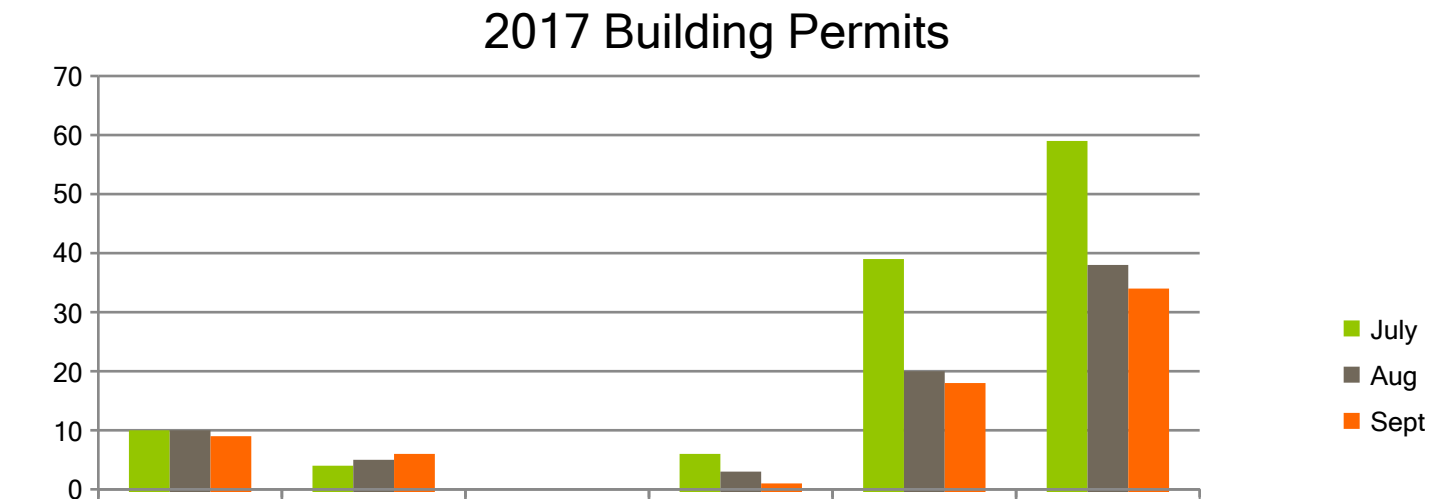
7 Land Use Actions

- 1 Temporary Use Permit
- 1 Site Development Permit
- 1 Annexation
- 1 Zone Code Amendment
- 1 Right of Way Vacation
- 1 Economic Development Project
- 1 Partition

$1077 Total Fees

Building Department Stats

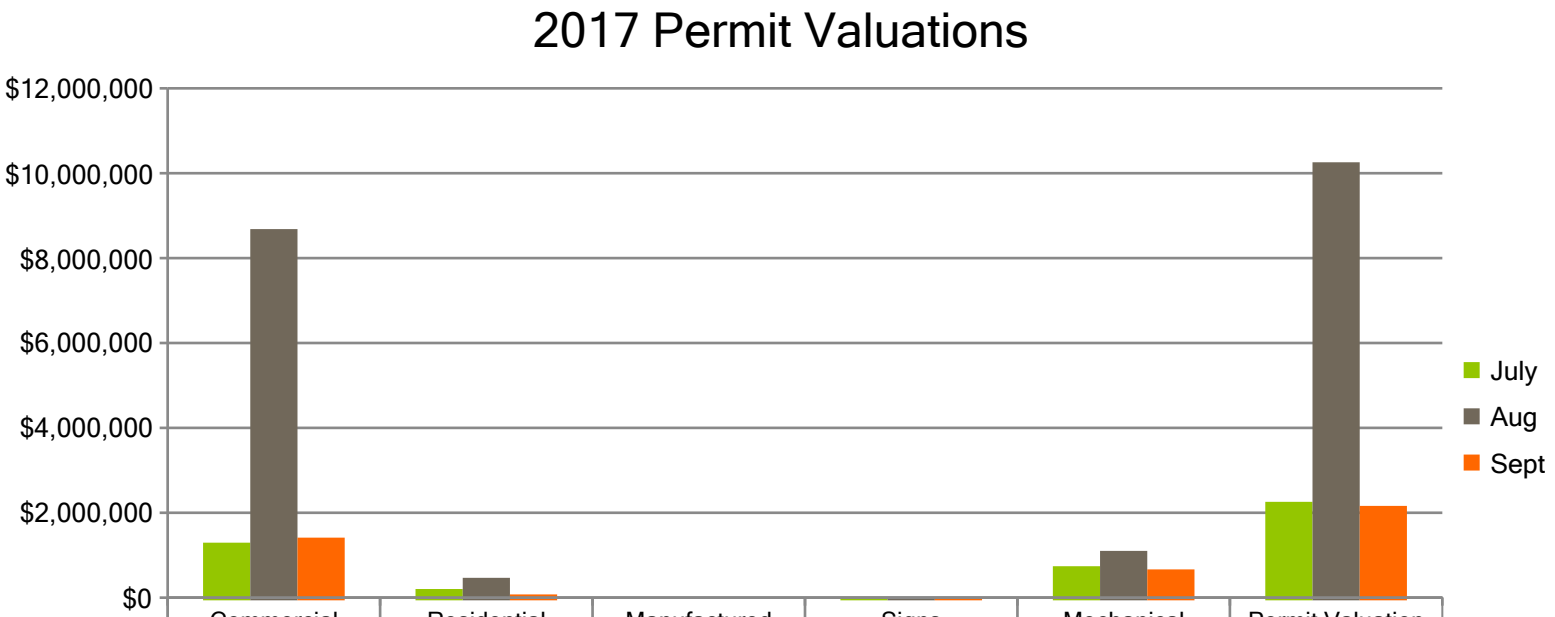
4th Quarter 2017 Permits



	Commercial	Residential	Manufactured Home	Signs	Mechanical	Structural Permits Issued
July	10	4	0	6	39	59
Aug	10	5	0	3	20	38
Sept	9	6	0	1	18	34

Building Department Stats

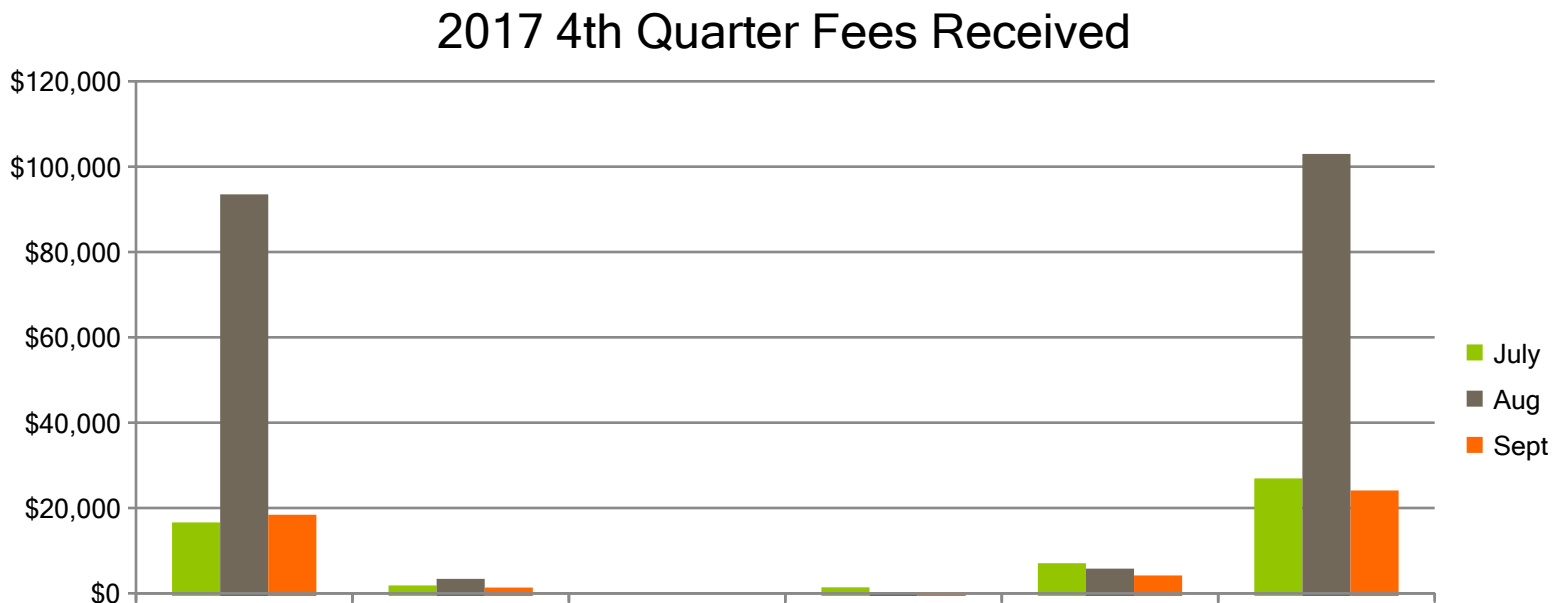
4th Quarter 2017 Building Values



	Commercial	Residential	Manufactured Home	Signs	Mechanical	Permit Valuation
July	$1,295,501	$203,740	$0	$17,903	$740,718	$2,257,862
Aug	$8,683,632	$467,386	$0	$4,632	$1,102,042	$10,257,692
Sept	$1,414,047	$76,298	$0	$5,808	$665,861	$2,162,014

Building Department Stats

4th Quarter 2017 Permit Fees



	Commercial	Residential	Manufactured Home	Signs	Mechanical	Permit Fees
July	$16,621	$1,849	$0	$1,408	$7,060	$26,938
Aug	$93,510	$3,390	$0	$297	$5,788	$102,985
Sept	$18,421	$1,351	$0	$145	$4,190	$24,107

Revenue Breakdown of Building Permits
4th Quarter 2017

Fruitland Fees	$72,330
State Fees	$9,369
Misc Fees	$0
Building Department Revenue	$72,330
Total Permit Fees	$154,030

Com Dev 4th Quarter Report

Economic Development Department Activity

4th Quarter 2017

Economic Activity

- Project Cadet
- Project Indigo II
- Project SST
- Options for the use of the vacant Airport property
- Project One-1
- West Park Plaza
- Working on 2017 EPA Brownfield Grant
- Malheur County Reload Facility and Industrial Park
- Airport Commercial & Private Hanger Facilities

Economic Development Department Activity

4th Quarter 2017

There is great economic activity going on in Ontario!

City of Ontario Community Development Quarterly Report 4th Quarter

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4th Quarter 2017

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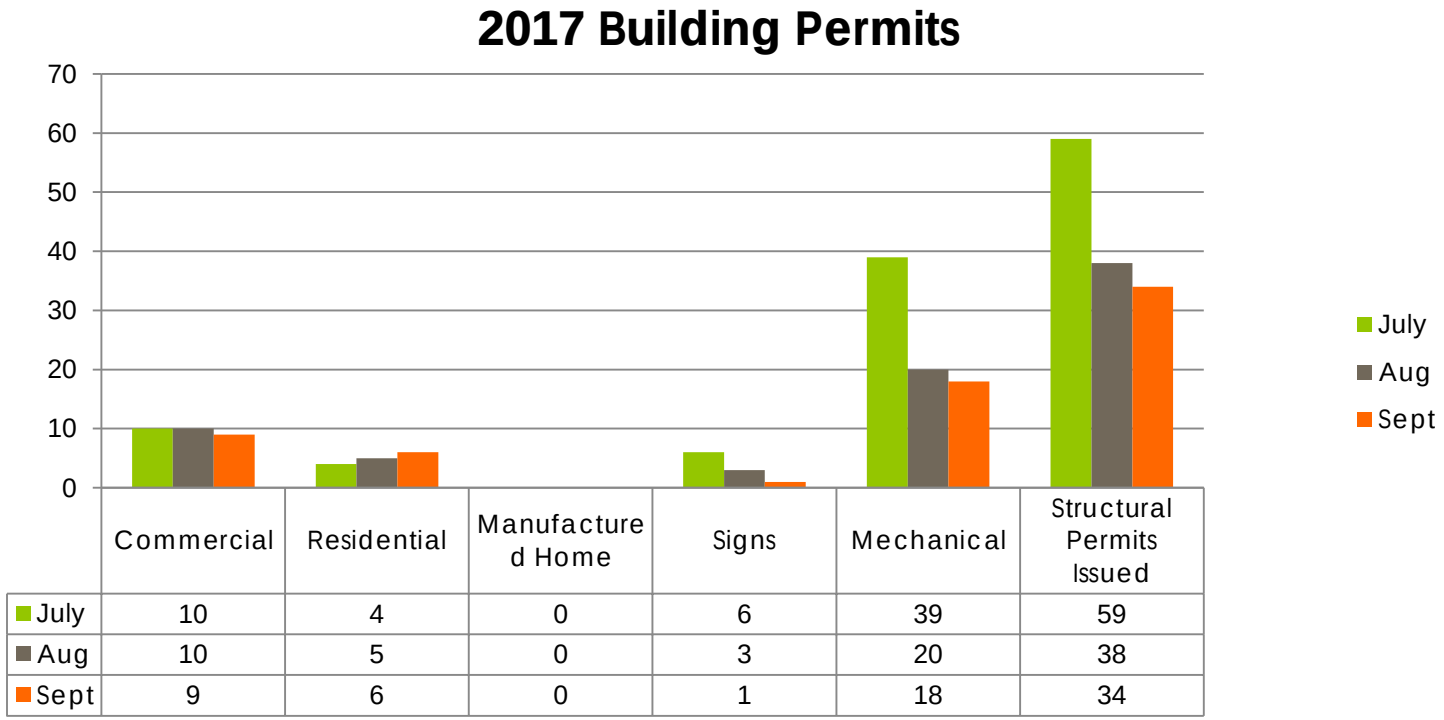
Building Department Stats

4th Quarter 2017 Permits



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Building Department Stats

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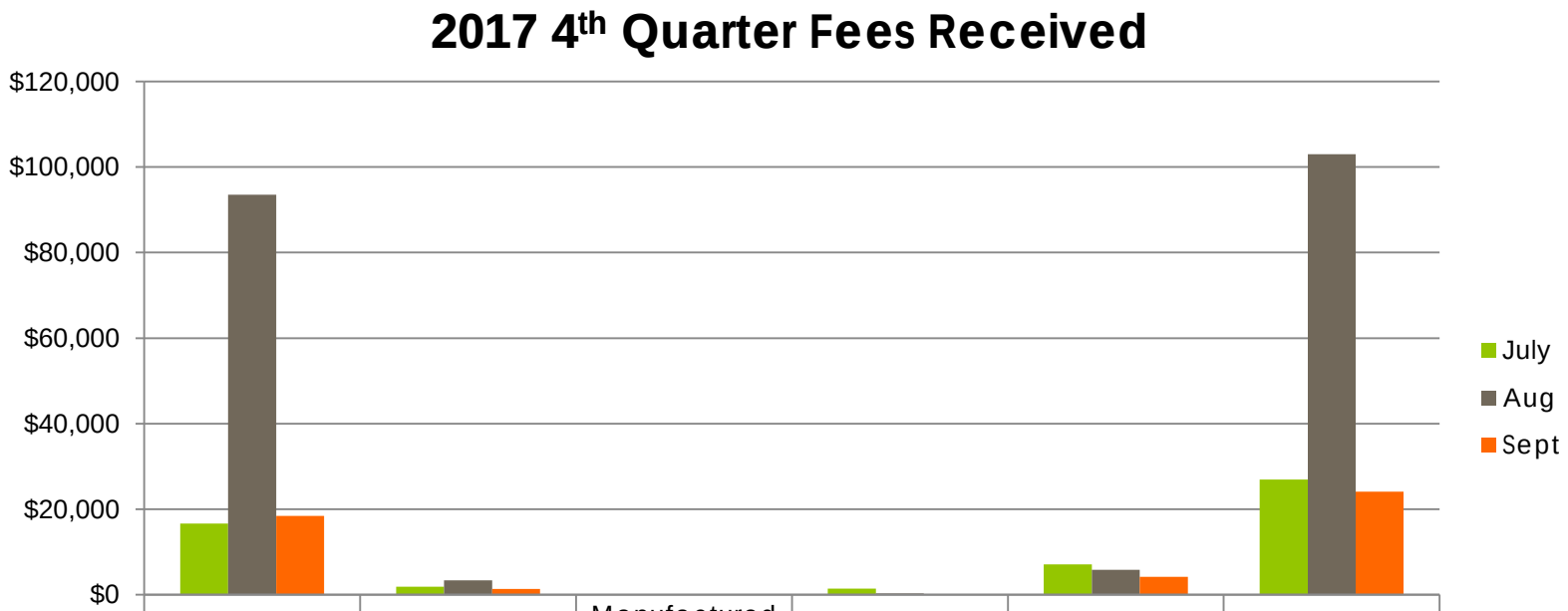
Building Department Stats
4th Quarter 2017 Permit Fees



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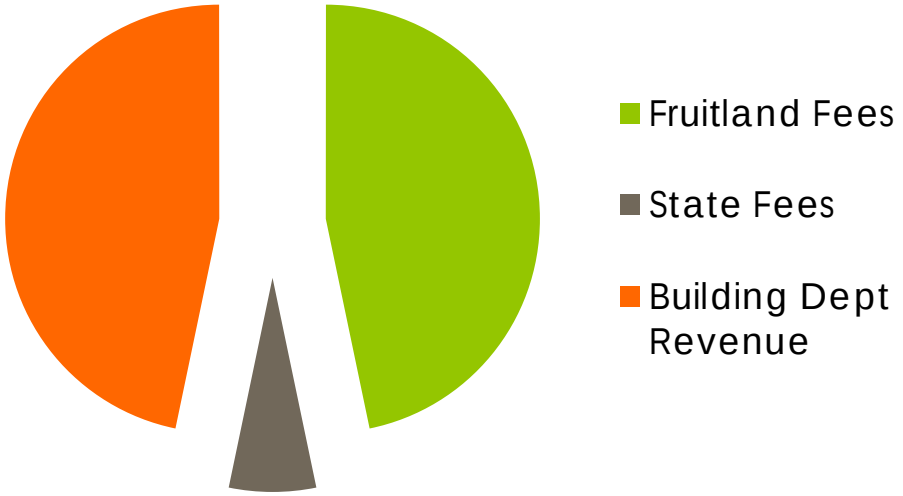
4th Quarter 2017



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Economic Development Department Activity

4th Quarter 2017

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- Airport Commercial & Private Hanger Facilities

Economic Development Department Activity

4th Quarter 2017

There is great economic activity going on in Ontario!

What will the proposed 1% sales tax be used for?

	Cost if Sales Tax Passes	Without Sales Tax Income
Safe Community		
Maintain Police Force		
To Maintain Current Number of Officers	$407,590	Cut 4 police officers or add a public safety fee.
Additional Police (Recommended by an independent public safety study)		
Captain	$130,975	Reduced coverage without command staff to cover office work. Sergeants are in the office doing paperwork rather than on the street.
2 Detectives	$219,182	More unsolved crimes.
3 Police Officers (proactive law enforcement)	$328,773	Reduced protection and increased response time.
Equipment for New Police Positions (Outfitting a policy officer, 1 vehicle for every two officers, and future technology needs)	$138,000	Not needed without new officers.
Fire & Rescue		
To Maintain Current Number of Firefighters	$186,557	Cut 1 Firefighter plus more expenses or add a public safety fee.
Additional Fire & Rescue (Recommended by an independent public safety study)		
1 Assistant Chief	$130,975	Continue to be understaffed and rely on volunteer staff.
Replacement Ladder Truck (Financing of used but newer ladder truck)	$120,000	Cannot get parts for existing ladder truck. Truck will go out of service when parts can't be replaced. Risk of higher Insurance Services Office (ISO) rating which may result in higher private insurance.
Quality Roads		
122 Lane Miles of Street Maintenance (e.g. chip seal, crack fill, street sweeping, sign maintenance) **	$600,000	Deterioration of existing road infrastructure. Increased long-term costs because of road failures without maintenance.
Curb and Gutter Replacement (Annual)	$80,000	Deterioration of curb and gutter infrastructure. Safety hazards and liability risk.
Sidewalk (Matching Program for new sidewalk on existing roads)	$30,000	Deterioration of existing sidewalk infrastructure. Safety hazards and liability risk.
System Development Charge Elimination	$100,000	Retain System Development Charges and barriers to development.
Life With Quality (Become a Community People Choose to Live In)		
Retain Recreation Programs	$134,000	Add a recreation fee, reduce, or eliminate recreation programming.

What will the proposed 1% sales tax be used for?

Open Pool(Aquatic Center Ongoing Operation)	$300,000	Pool will remain closed.
Pool Restoration (Financing a project to re-open the pool)	$110,000	Pool will remain closed.
Functioning Bathrooms at Parks (Renovation and security)	$20,000	Nonfunctioning bathrooms. Continue to use portable toilets.
Investment in Park Improvements (Playground equipment and park modernization)	$40,000	Old equipment will remain in use until it is unsafe or worn out. No walking paths or amenities to draw outsiders.
Removal of Blight on City Entrance (improved	$200,000	Sight will remain as is.
Code Enforcement (1 additional code enforcement officer)	$85,467	No increase in code enforcement. Officers will primarily be responsive to calls at the current staffing level.
Airport Management and Equipment	$80,000	Will not have a full time airport manager. Will not be able to purchase for snow removal equipment.
Payment to PERS side account for Debt Reduction. Paying down the city's $10.9 million unfunded liability creating more capacity to fund city services.	$431,936	Continue to pay increasing contribution rates and inflationary costs on the unfunded liability.
Total	**$3,873,455**	

*Cost for tax collection is estimated at $100,000

** This is the street fund deficit to maintain current infrastructure.

Additional Needs		
Savings for future building update costs (create a sinking fund for future facility needs) Money allocated to blight removal could be dedicated to the sinking fund afterwards.	$200,000	Must find existing funds to pay for building updates.

All of the proposed reductions, fees, and other actions to reduce costs or increase revenue will be reviewed and analyzed by the budget committee and will then go to the City Council for final approval.

ONTARIO FIRE RESCUE DEPARTMENT

January 2018 ACTIVITY REPORT

Emergency Medical:

(Types of medical calls responded to: Falls with injury, fall lift assists, medical emergencies, medical alarms, assaults, etc.)

CITY	**206**
RURAL	**12**

7 of these emergency calls required back-up crews to be called in to respond to 2nd call.

Hazmat Team Calls: 2

Fire Related Emergency Calls:

(Types of fire related calls responded to: Rescue calls, building fires, vehicle fires, smoke detector/fire alarm activation, unauthorized burning, etc.)

	TOTAL	General	Mutual Aid
CITY	**17**	**5**	**0**
RURAL	**5**	**1**	**1**

TOTAL CALLS FOR MONTH

CITY	**223**
RURAL	**17**

FIREFIGHTER TRAINING:

12/28/17 Building Construction Awareness tour at Americold
1/2/18 Cold Water rescue techniques
1/9/18 Radio Operations
1/11/18 Search and Rescue drills with the Thermal Image camera
1/11/18 County emergency training on underground gas lines in the area.
1/18/18 Suicide awareness The Ripple effect.
1/16, 23/18 NFPA Driver operator course
1/20, 21/18 Haz-Mat awareness and operations

PERMITS ISSUED:

City Open Burns 4
City Burn Barrels 1

Rural Open Burns 20
Rural Burn Barrels 2

INSPECTIONS:

1/2 Ashley Furniture Final Alarms and Sprinklers
1/9 Oregon Child Development Center new classrooms
1/16 St Al's Health Plaza final fire alarms
1/18 Red Lion Hotel final fire alarms
1/22, 23 All 8C schools, state fire inspections

COMMUNITY INVOLVEMENT:

1/13 Elks Lodge public safety recognition banquet
1/15 Cancer support haircuts for Fruitland firefighter $1,300 donation made.

Summary of Calls of Interest:

City Incidents:

286 SW 10th Ave. R1 responded for a smoking electrical outlet, on scene R1 found a burnt electrical outlet that had over heated due to having a space heater plugged into it. R1 found no fire extension into the wall or any other damage other than the outlet.

401 NW 8th Ave. R1 was dispatched stating a COP team had found a shopping cart on the ice in the middle of Beck Kiwanis Pond. The decision was made to call for 125 for extra manpower. The decision was made to remove the cart so no one would be tempted to go onto the ice to remove it. The rescue alive was used with 143 in an ice rescue suit. Two shore and line monitors were used wearing PFDs. The cart was retrieved and retuned to Walmart.

98 NW 10th St. R1 was called out to a carbon monoxide detector going off. R1 arrived on scene to an apartment with her front door wide open and no alarms going off. Checked levels with our co monitor and got level readings of 33. The crew opened all windows to vent the home and had a reading of 6 shortly after opening windows. Resident stated she had problems with the alarms going off 2 weeks ago with the same situation. Crew asked if anyone had any headaches or felt nausea. And she had explained that she hasn't had any sickness issues. Explained to the renter to contact her landlord to have a gas company to come and test the home and to explain that the fire dept. has been there twice with the same situation with higher than normal level readings. Replaced all batteries in both working carbon monoxide detectors and cleared the scene.

873 SE. 5th St. R-1 was dispatched a possible fire inside a mobile home. R-1 responded code 3 from a previous incident at SW 3rd ave and 2nd St. Upon arrival R-1 was unable to locate visual clues of active fire. R-1 was able to make contact with home owner who stated their furnace started to smoke. Lt. Montgomery was able to diagnose a bad furnace motor. Firefighter Rico was able to use the thermal imaging camera to search for fire spread along the adjacent walls of the furnace compartment. The master bedroom was directly adjacent to the furnace; the heat signature ran the length of the heat duct. There were no signs of active fire within the walls. Upon further inspection of the furnace compartment, it was determined that the heat and smoke was isolated to this area. Lt. Montgomery pulled the main fuse from the furnace to prevent it from operating without inspection from a technician. The homeowner also shut of the breaker that energized the furnace as a precaution. Homeowner stated that they had been having problems with the furnace staying on for extended periods of time and not being able to regulate the temperature with the thermostat.

986 Nw. 4th St. 156 called for response for dryer that started sparking. Upon arrival 156 crew found occupant had extinguished the small fire with ABC extinguisher. The dryer was pulled away from the wall. It was obvious that the fire was in the dryer vent. The fire although small had also melted a small amount of the dryer pig tail. The breaker was not tripped. A small amount of charred lint was pulled from the dryer hose. The maintenance man arrived and he was advised of the situation. He turned off the breaker to the dryer, and was going to replace the pig tail and the dryer vent.

1802 Sw. 4th Ave. R-1 was dispatched to Auto Ranch Subaru. Upon arrival R-1 confirmed active flames on the north side of the building, and R-1 requested a general alarm. Fire fighter Rico deployed the booster line, and attacked the fire located on the exterior Subaru sign. It appeared the 3'x3' "s" in Subaru sign was still on fire and the plastic had melted and was on fire on the ground.

Rural Incidents:

3786 Vista Dr. Brush rig 156 responded to a pick up on fire in the middle of a field; and pumper tender 155 responded shortly after. Upon arrival Lt, Montgomery sized up the burning pickup fully involved with hay bales in the rear of the flatbed truck also burning. The ground was soft and muddy and 156 had to engage four wheel drive to attempt to reach the fire. 156 was able to make contact with Russel Gibbons, he is the ranch hand in charge of the property. He stated the truck was a complete loss and did not suggest 156 attempts to get any closer because the field is extremely soft and would risk getting brush rig 156 stuck. Mr. Gibbons stated he was feeding the cattle, with hay in the back of the truck and a trailer full of hay also. He stated his daughter was driving the truck when she noticed the truck catch fire. He instructed his daughter to get out of the pickup truck and he proceeded to disengage the trailer from the pickup. It was agreed the truck was a total loss and 155 and 100 were cancelled upon arrival.
1579 Main St. Jamison OR. 159 was called to provide water to Vale Rural for a barn and trailer fire. 159 provided one tank of water and was then released.

City of Ontario
POLICE DEPARTMENT
Office of the Chief
444 SW 4th Street
Ontario, OR 97914

To: Ontario City Council
Re: Department Statistics for December 2017

Activity	Month of December	Previous Month	Year to Date	Prior Year to Date
Calls for Service	810	893	11009	10193
Traffic Stops	137	144	1553	1175
Cited Traffic/Parking	77	77	1076	857
Motor Vehicle Crashes	27	38	483	410
Arrests	64	75	838	907
Arrests w/ Use of Force	1	0	9	13
Citizen Complaints	0	0	2	0
Task Force Cases	0	0	25	48
SRO Cases	51	39	656	357
Gang Related Cases	9	34	158	31
Gang Designations	0	0	1	0
Graffiti	9	31	169	58
Death Investigations	3	1	18	20
Burglary	11	6	121	144
Robbery	0	2	12	9
Larceny	33	38	560	687
Assault	10	8	171	80
Homicide	0	0	2	0
Sex Crimes	4	0	18	20
Alarms	29	28	325	250
Ordinance Cases Total	129	145	1530	1376

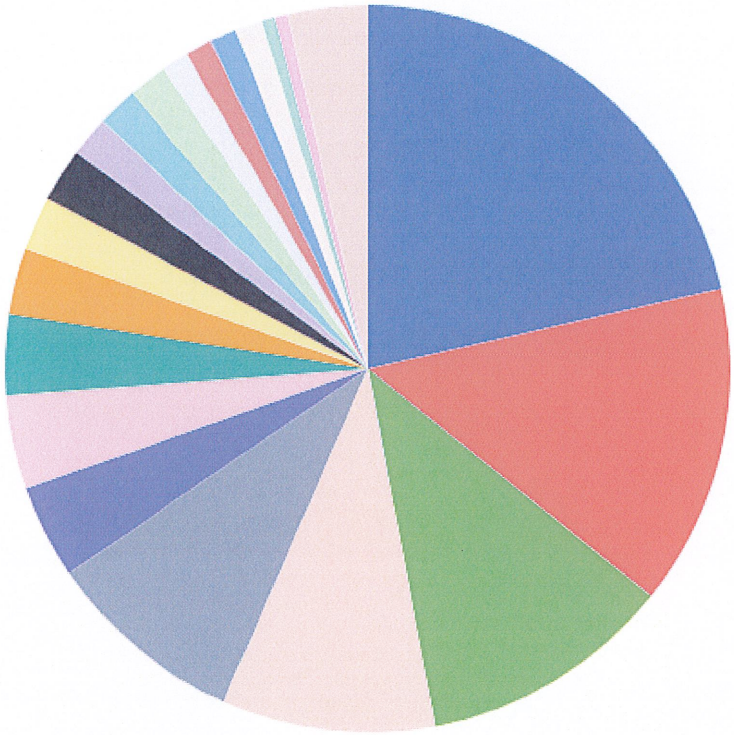
ONTARIO
STATE OF
OREGON
POLICE

ONTARIO POLICE DEPARTMENT

444 SW 4TH STREET, ONTARIO, OR 97914
OFFICE: (541) 889-7684 DISPATCH: (541) 473-5125 FAX: (541) 889-3026

Code Enforcement Stats
December 2017

Open Date From: 12/01/2017
Open Date To: 12/31/2017



Violations by Violation Type		
Parking over 72 hours ? Abandoned Vehicle	36	21.4%
Dog running at large	24	14.3%
Prohibited parking and stopping	19	11.3%
Parking Complaint	16	9.5%
Graffiti prohibited	15	8.9%
Weeds	7	4.2%
Storage of Junk	7	4.2%
Storage of Motor Vehicles or Parts	6	3.6%
Public nuisance	5	3.0%
Accumulation of Garbage	4	2.4%
Debris	4	2.4%
Dog license required; No dog license	3	1.8%
Location outside camps	3	1.8%
Animal Neglect II	3	1.8%
Animal Complaint	2	1.2%
Littering	2	1.2%
Patrol Assist	2	1.2%
Prohibited Parking Front Lawn	2	1.2%
Theft of services	1	0.6%
Tree maintenance required	1	0.6%
All Others	6	3.6%

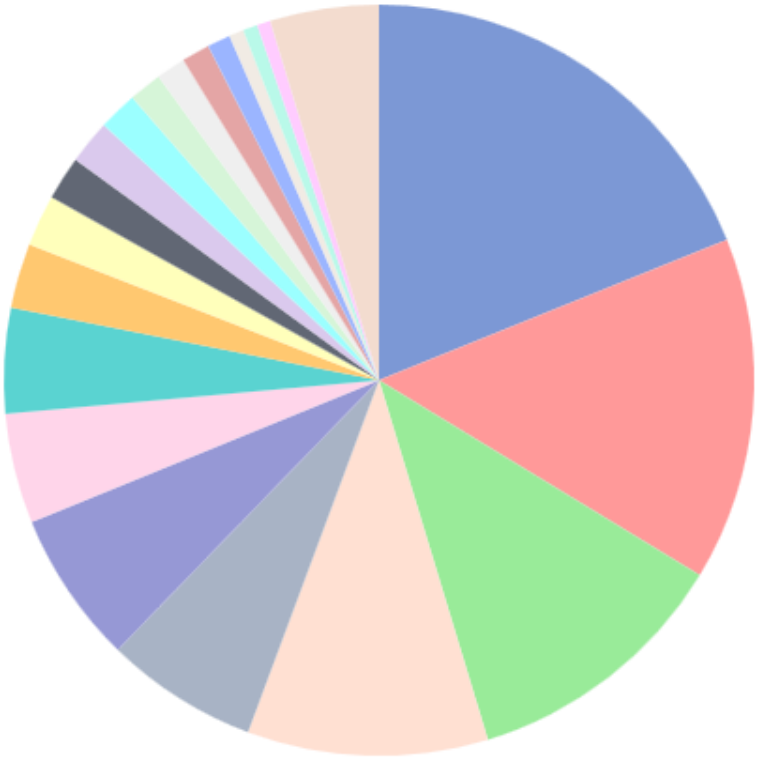
Total Violations	168
Total Cases	129
Garbage	4
Dogs running at large	24
Dogs taken to Ani-Care	2
Junk	7

ONTARIO POLICE DEPARTMENT

444 SW 4TH STREET, ONTARIO, OR 97914
OFFICE: (541) 889-7684 DISPATCH: (541) 473-5125 FAX: (541) 889-3026

Code Enforcement Stats
YEAR OF 2017

Open Date From: 01/01/2017
Open Date To: 12/31/2017



Violations by Violation Type		
Dog running at large	359	18.9%
Weeds	281	14.8%
Parking over 72 hours ? Abandoned Vehicle	221	11.6%
Prohibited parking and stopping	197	10.4%
Graffiti prohibited	125	6.6%
Public nuisance	125	6.6%
Dog license required; No dog license	90	4.7%
Parking Complaint	86	4.5%
AniCare Transport	53	2.8%
Animal Neglect II	42	2.2%
Accumulation of Garbage	36	1.9%
Storage of Junk	36	1.9%
Animal Complaint	32	1.7%
Patrol Assist	27	1.4%
Storage of Motor Vehicles or Parts	24	1.3%
Debris	23	1.2%
Cruelty to animals	19	1.0%
Graffiti removal required	12	0.6%
Location outside camps	12	0.6%
Animals at large	11	0.6%
All Others	89	4.7%

Total Violations	1902
Total Cases	1530
Garbage	36
Dogs running at large	359
Dogs taken to Ani-Care	53
Junk	36

CH2M
Dec 16 – Jan 25
2018 Report

January
2018

Prepared by CH2M for
CITY OF ONTARIO/PUBLIC WORKS DEPARTMENT

Monthly Business Review

PUBLIC WORKS DEPARTMENT

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FIELD SERVICES: STREETS & COLLECTION/DISTRIBUTION SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:

- There was a snow event beginning Christmas Eve, crews were dispatched in the early morning and followed the snow plan. Primary and secondary streets were plowed, chemical was added, and sanded as needed.
- Airport runways and taxiways were plowed in addition to snow removal efforts throughout the City.
- The new skid steer was used to address and help with snow removal efforts down town, the snow blower attachment worked well. It was used to blow and windrow snow into a following dump truck.
- Delivered 75 bottles and instructions for the second round of Lead and Copper sampling, required by the state. Crews picked up 63 samples and shipped them to the lab for testing.
- Removed the damaged Verde Irrigation Pump and delivered it to Riverside Electric in Parma to undergo repairs.
- Placed TVCC banner back on the underpass.
- Performed weekly vehicle, equipment, lift station, and building inspections.
- Pushed up brush piles for the Fire Department to burn.
- Cleared catch basins during the rain storms.
- Repaired and built new construction barricades on dead end roads around town.

Top: Crew applying salt to road during snow storm on December 24th.

Below: Distribution crew delivering lead and copper bottles for samples.

- Completed individual health and safety training for staff to assure they met current state and federal standards.
- Inspected winter equipment for readiness.
- Pre-treated Primary and Secondary Routes, for black ice, on December 28th and January 5th.
- Maintained and installed street signs throughout the city.
- Repaired pot holes throughout the city.

FIELD SERVICES: STREETS & COLLECTION/DISTRIBUTION SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:

New signs at Train Depot.

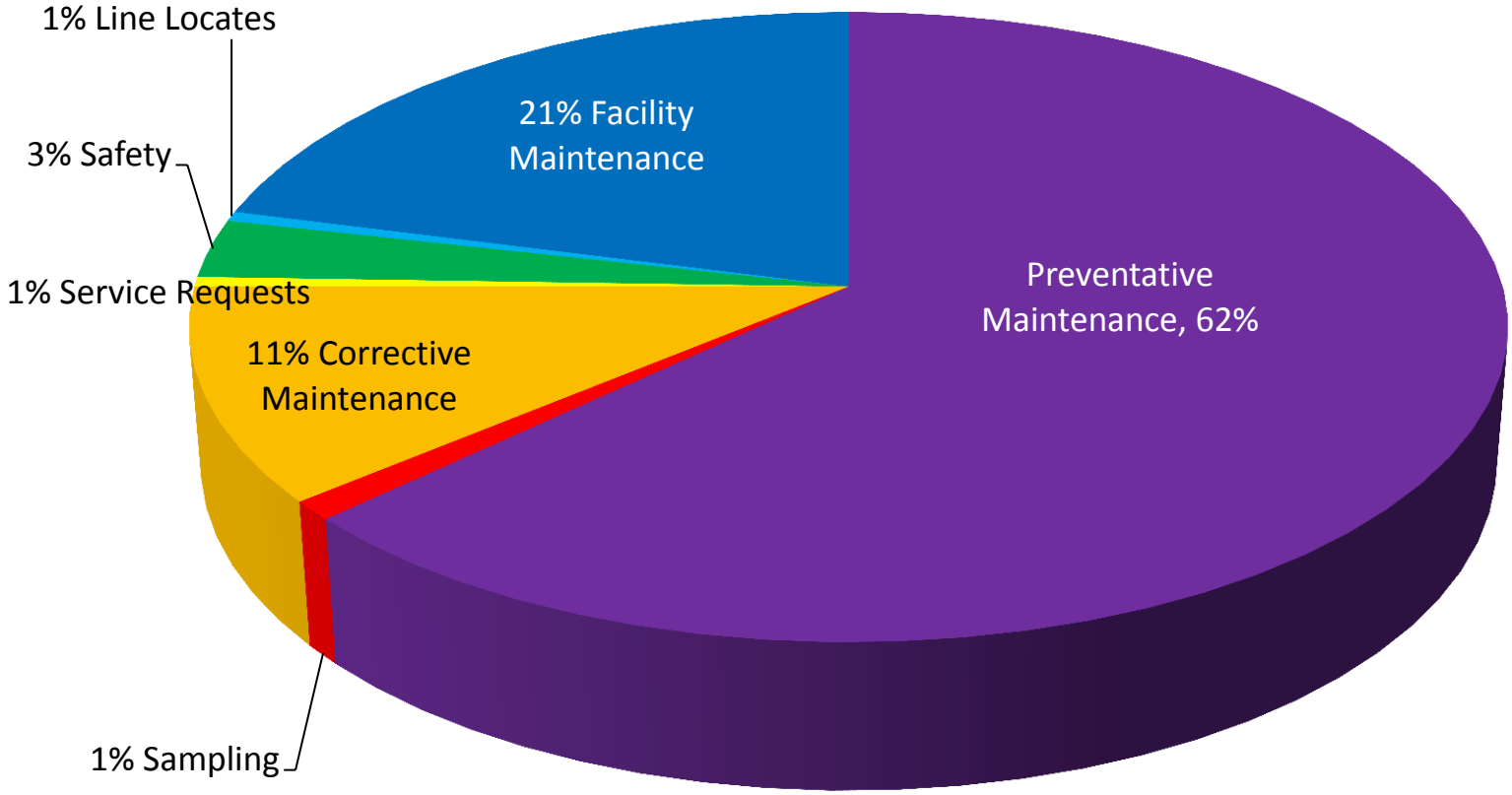
- Cleaned sewers in area 8 and began working on area 9 of the city.
- Installed new signs at Train Depot. One "Depot Parking Only" and three "Do Not Climb on Rail."
- Hydro-excavated 8 of the remaining 16 water services on SE 10th Ave./Claude Rd.
- Sign was erected at Lion's Park sharing funding information for the Splash Pad.
- 33 water services were turned on per customer request.
- 18 water services were shut off per customer request.
- 99 water services were shut off for non-payment.
- 25 water services were read-only on/off per customer request.
- 20 water services were checked for consumption issues.
- 80 water services were turned on for payment received.
- 10 water services were checked to verify leaks had been repaired by customer.
- 9 water services were shut off due to leaks, per customer requests.
- 11 water services were checked for leaks per customer request.
- 29 water meters were changed out for not functioning.
- 23 services were checked to verify locked off for non-payment.
- 26 utility locates were completed.

Right: Collections staff performing sewer line cleaning.

FIELD SERVICES: STREETS & COLLECTION/DISTRIBUTION SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:

Work Orders
December 16 – January 25
Actual Hours by Work Order Type

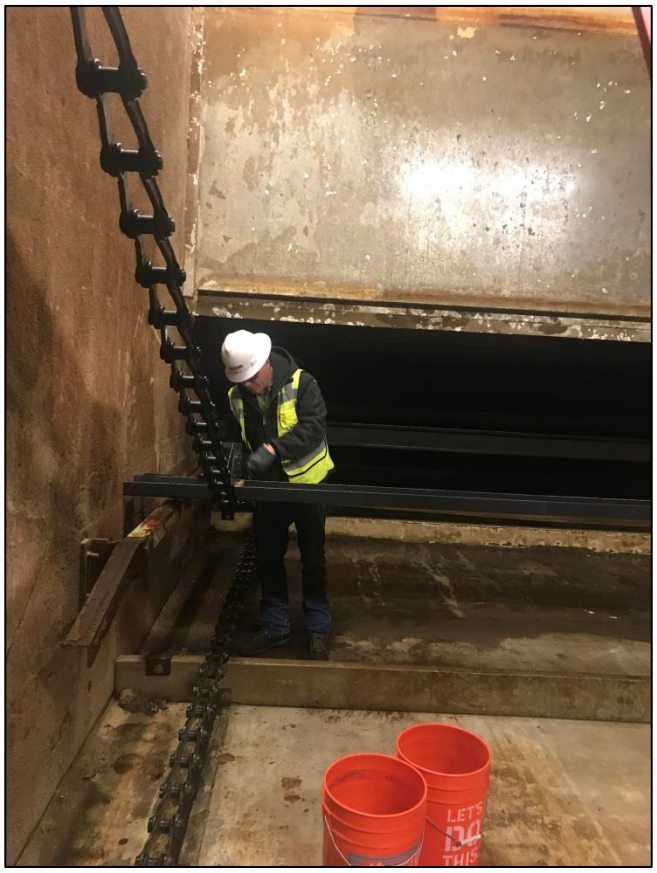


WATER TREATMENT PLANT SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:

- Water inventories are stable and in good shape.
- Heinz was off line for Christmas holiday and maintenance activities, which meant system demand significantly decreased.
- Clarifier #1 was taken off line for a few days to complete routine maintenance.
- New paddles were installed on mixing chamber flights (Clarifier #1).
- An internal lab audit was performed for both water and wastewater lab by an independent company staff member.
- Bidding was completed on new sand filter wash arms. Procurement will follow after a review of bids.
- New computer monitors were installed and integrated.
- Total Organic Carbon (TOC), disinfection byproduct (DPB) quarterly samples collected.

CH2M employees removing sand from Clarifier #1 at Water Treatment Plant.



Employee replacing a flight in Clarifier #1 at Water Treatment Plant.

WATER TREATMENT PLANT SUMMARY

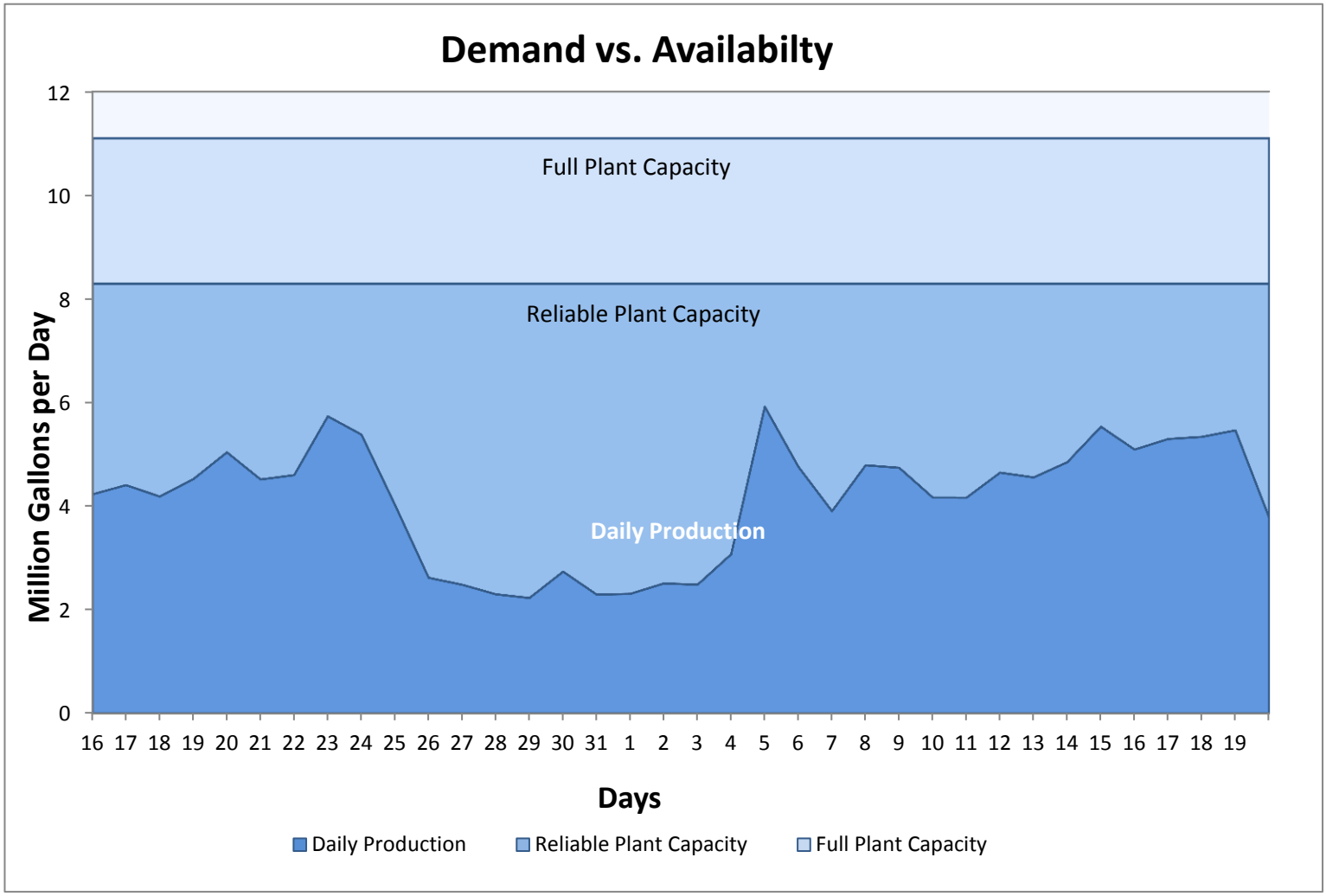
ACTIVITIES DEC. 16 – JAN. 25:

Left: WTP staff taking bacteria samples.

Employees replacing a defective sample pump at Water Treatment Plant.

WATER TREATMENT PLANT SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:



WASTEWATER TREATMENT PLANT SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:

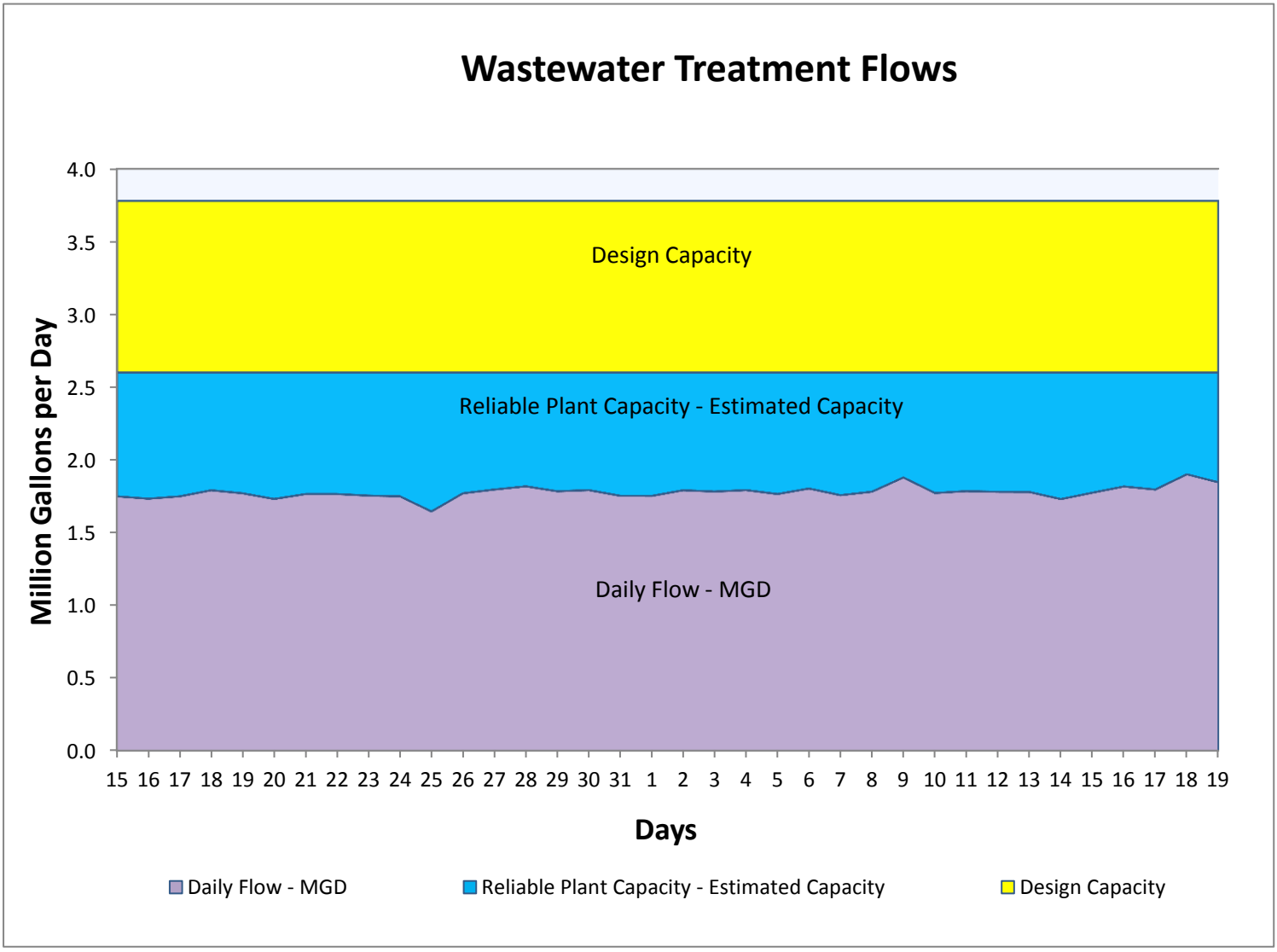
- Normal operations, plant is operating well.
- Work on updating maintenance throughout the system continues.
- Normal discharge amounts are roughly 1.5 to 1.8 million gallons per day.
- A leak was discovered in our effluent line going out to the Snake River, in the WWTP parking lot. The pavement was cut and then hydro-excavated to determine the cause of leak. The cause appears to be a gasket failure on pipe transitions. Repairs were made and the system is fully functional.

Left : Bill DuChene and Bobby Green installing new aerator on Waste Water Treatment Plant Lagoon #1.

Right: Field Service Crew making a repair to the Effluent line at the Waste Water Treatment Plant.

WASTEWATER TREATMENT PLANT SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:



PARKS AND CEMETERY SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:

- Five burials at Evergreen Cemetery and none at Sunset Cemetery.
- Completed tree trimming at Evergreen Cemetery and Sunset Cemetery.
- Tree trimming has begun at all parks.

Parks Department crew trimming trees.

FACILITY MAINTENANCE SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:

- New pump and motor were installed on the heating system at the Aquatic Center.
- New furnace was installed at the Waste Water Treatment Plant.
- New faucet was installed in the upstairs break room at City Hall.
- New thermostat was installed at Fire Station 2.
- Spot-treated carpet in City Recorder's Office at City Hall.
- Replaced broken window on main door at Aquatic Center. It was broken due to vandalism.

Left: Shattered glass on main door at Aquatic Center due to vandalism.

Right: Aquatic Center main door after glass was replaced.

FACILITY MAINTENANCE SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:

Replacing furnace at WWTP.

ENGINEERING SUMMARY

ACTIVITIES DEC. 16 – JAN. 25:

- Right-of-way permits issued: 3
- Collaborated with Malheur County Environmental on sewer problem.
- Attended development meeting for proposed expansion of existing business.
- Attended development meeting to find out potential development requirements on an existing lot.
- Continuing to work with property owner wanting to connect to city water.
- Working on an ADA evaluation on street intersection.
- Conducting a stop sign warrant evaluation for street signage, including on-site traffic, pedestrian, and bicycle counts as well as gathering crash data. Data and counts will be analyzed to determine whether intersection warrants a 4-way stop.
- SRCI - Continuing to await input back from DOC regarding next steps. Letter from DOC has been received at City Hall.
- North Park Sidewalk – Coordinated with City regarding reimbursement for this completed project. .
- National Pollutant Discharge Elimination System (NPDES) – Continued coordination with the Oregon Department of Environmental Quality (DEQ) regarding progress of draft NPDES permit. Worked on review schedule.
- Skyline Farms Reuse Report – Working on Annual Reuse Report regarding ed with contract farmer on crop status and data required for year-end Reuse Report.
- Supervisory Control and Data Acquisition (SCADA) – Continue to coordinate with ACS regarding WWTP, collections, and WTP SCADA upgrades.
- Water Treatment Plant Solids Removal – Proposal has been moved forward regarding combination of Water Plant Solids with soils from Kraft-Heinz Plant to reduce arsenic and allow them to be spread on a location like the golf course. Continuing to work with DEQ on this item.
- WTP Chem Feed Project – Presented final costs to Council and requested reallocation of funds to account for overage in cost.

APPENDIX

FIELD SERVICES

Collection and Distribution staff is responsible for Sewer Collection and Water Distribution throughout the City. Water distribution duties include maintenance and repair of approximately 97 miles of water lines and 3,625 services that include service installations, mainline installation, meter reading, maintenance of more than 600 fire hydrants, and valve exercising of more than 1,700 water valves.

Sewer collection duties include maintenance and repair of approximately 78 miles of sanitary sewer lines within the city. Responsibilities include constructing new pipelines, cleaning all gravity sanitary sewer lines, repairing or replacing sanitary sewer lines as needed, providing line locations for all water and sewer lines, and maintaining eight lift stations plus a barscreen and one lift station from SRCI. The city has approximately 56 miles of storm drain collection lines and 1,450 catch basins throughout city limits. Duties include storm drain maintenance and repair, cleaning of approximately 11 miles of storm drain lines, and cleaning the catch basins.

Collection and Distribution Staff maintains
78 miles of sanitary sewer lines
56 miles of storm drain collection lines,
and 1,450 catch basins throughout
City Limits

The Street Maintenance Division maintains more than 122 lane miles of improved streets and more than 9 miles of alleys. The Street Division is responsible for resurfacing, repairing and maintaining the streets, installing and maintaining street signs and markings, tree trimming, and repairing all established pavement markings. The division also completes excavation and repair of deteriorating streets, gravel road grading, street sweeping, crack sealing, chipsealing, snow removal and sanding during the winter months, and weed control along the alleys. Street Maintenance staff assists the Chamber of Commerce by putting decorations on street lights during the Christmas season and replacing them with regular decorations when the season is over.

Street Maintenance Division maintains more than
122 Lane Miles of Improved Streets
9 Miles of Alleys
Chipseals last a minimum of 8 years,
and Public Works chipseals 7 miles per year

As part of the Street Division's maintenance program, crews chipseal street surfaces in the summer months to protect them from water and weather damage and to keep them in good condition. A chipseal maintains the existing pavement, delaying further aging resulting from water and sun, provides a moisture barrier, and corrects existing pavement problems by sealing cracks. A chipseal application provides substantial savings to taxpayers and should last a minimum of 8 years with minimal maintenance required. The city chipseals approximately 7 miles of streets per year.

APPENDIX CONTINUED

Water treatment plant staff is responsible for treatment of the city's drinking water supply. They must reliably produce high-quality water in adequate volume to meet city needs. Besides the daily laboratory checks, there are monthly, quarterly and yearly reports.

There are two sources of water for Ontario's estimated 11,090 residents: 80 percent comes from the Snake River and 20 percent comes from wells. Two plants treat the City's water. One is a conventional filtration plant and the other is an upflow clarifier. The steps for treatment are flocculation, sedimentation, filtration and disinfection, which meet the compliance of the Oregon Health Authority.

The Oregon Health Authority requires an operator be on duty 365 days a year. Ontario customers account for 3,845 water services, not including SRCI.

The water treatment plant has a reliable capacity (capacity with the largest pump out of service) of 8.3 mgd and a maximum capacity of 11 mgd. The water treatment plant average production is 6 mgd and the City's largest industrial user, Heinz Frozen Foods, uses an average of 2.2 million gallons (MG) of that water.

THE WATER TREATMENT PLANT HAS A RELIABLE CAPACITY OF 8.3 MGD AND A MAXIMUM CAPACITY OF 11 MGD.

APPROXIMATELY 80 PERCENT OF WATER COMES FROM THE SNAKE RIVER, THE OTHER 20 PERCENT FROM WELLS.

The City retains surface and groundwater rights permits for a combined total of 38.23 cubic feet per second (cfs), 24.71 mgd for municipal use.

All of the City's potable water is treated and disinfected at the water treatment plant. The plant has an original 8-mgd design capacity based on the optimum filter loading rates. The City expanded its treatment capacity in 2006, through the addition of two adsorption clarification and filtration tanks.

WASTEWATER TREATMENT PLANT

The wastewater treatment plant collects wastewater from the entire city and SRCI. The prison accounts for approximately 16 percent of the flow to the plant.

Wastewater treatment plant operators use a conventional treatment system of aerated lagoons and secondary chlorination treatment. Effluent from the treatment process is used to irrigate forage crops during the growing season. Nine lift stations transport sanitary sewer waste to the Wastewater Treatment Plant. Wastewater is screened and the flow measured at the headworks. Five cells (lagoons) with 25 mechanical aerators assist with biological treatment. Onsite generation of chlorine is used for disinfection.

Average discharge volume is approximately 1.5 mgd. Winter discharge is to the Snake River from November through March. Summer discharge is land applied to approximately 353 acres of cropland at the Skyline Farm.

APPENDIX CONTINUED

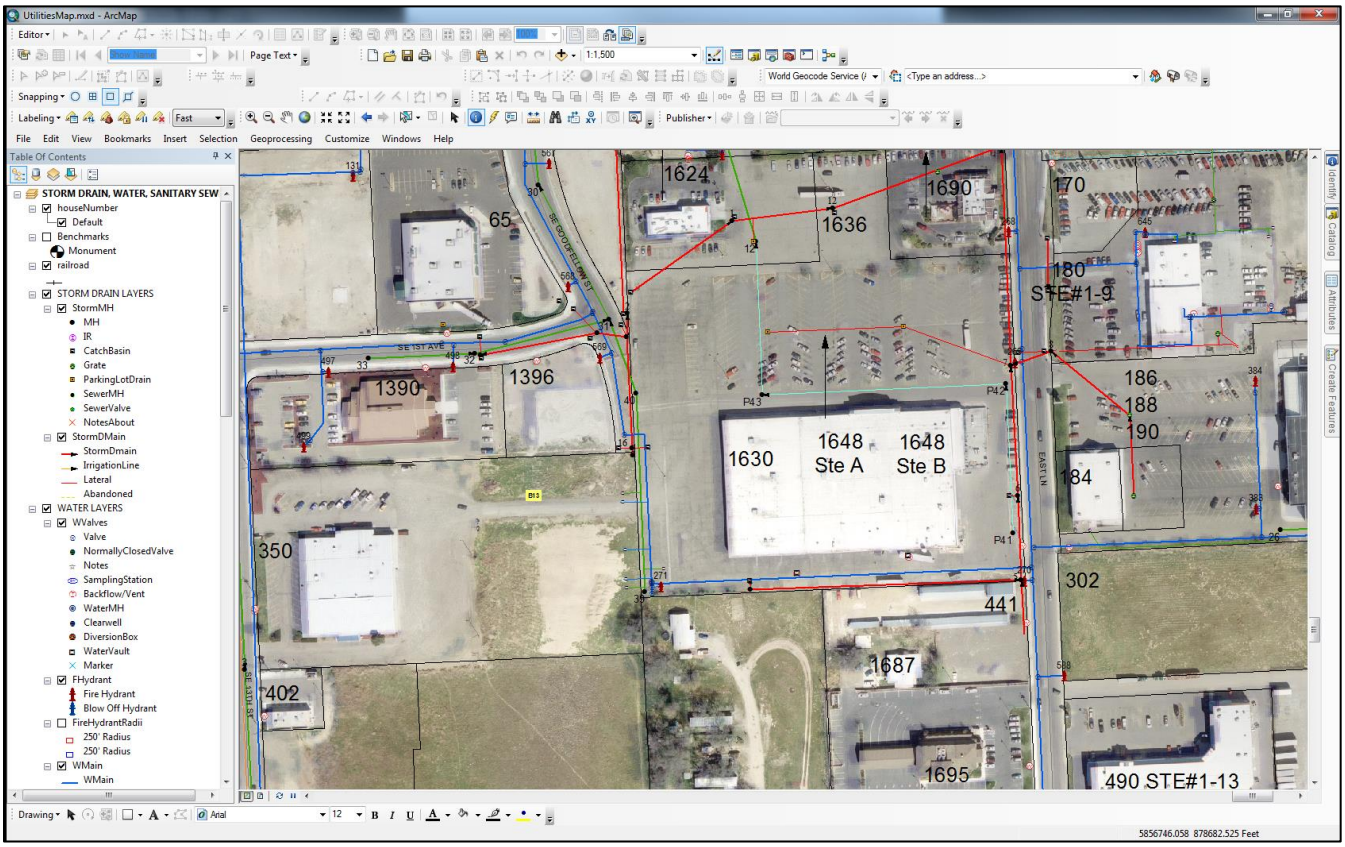
PARKS DEPARTMENT

The Ontario park system consists of both active and passive recreational areas. There are four neighborhood parks, one community park, one large urban park, and numerous special use sites in the park system. In total, the City owns 13 park and recreational areas representing more than 1,012 acres of land. The city also owns the Wayne King Skateboard Park.

ENGINEERING DIVISION

The Engineering Division reviews plans for construction of public improvements, maintains the city's mapping system, and manages the engineering projects within both the Capital Improvements and Maintenance Programs. The department provides technical support to residents, developers, builders, other city departments, consulting engineers, and surveyors. The staff reviews and approves construction plans for subdivisions, partitions, streets, sanitary sewer, water lines, and storm drainage construction projects. They also design projects, prepare bid documents for public works maintenance projects, and provide project management for public improvements.

The Geographic Information System (GIS) database is maintained by Engineering Department staff. The department also provides support to the city by creating, analyzing, and maintaining the city's geographical digital data. They provide updates to the record maps for all city utilities, right-of-way, easements, land division plots, and city base maps.



MALHEUR COUNTY COURT MINUTES

January 10, 2018

County Court met with Judge Dan Joyce presiding with Commissioner Don Hodge and Commissioner Larry Wilson present. Staff present was Administrative Officer Lorinda DuBois.

Also present was John Braese of the Malheur Enterprise.

MCOA&CS - ODOT GRANT APPLICATION

Malheur Council on Aging and Community Services (MCOA&CS) Executive Director Loni Debban and Agency Coordinator April Mackenzie met with the Court. Ms. Debban reviewed an Oregon Department of Transportation (ODOT) 5310 Enhanced Mobility of Seniors and Individuals with Disabilities - Discretionary Program grant application. The grant application is for funding in the amount of $55,000 to expand the Snake River Transit Malheur Express general public fixed route and demand response service to every Saturday between 9:00 a.m. and 3:00 p.m. Commissioner Hodge moved to approve the grant application. Commissioner Wilson seconded and the motion passed unanimously. The County will submit the grant application to ODOT.

ROAD DEPARTMENT

Road Supervisor Richard Moulton met with the Court. Commissioner Hodge moved to approve Crossing Permit #01-18 to Romans Precision Irrigation to trench across 4th Avenue East #826 to install power wire for an irrigation pump; and Crossing Permit #02-18 to Idaho Power Company to replace a pole and install a bank of transformers for a pump on Klamath Avenue #540. Commissioner Wilson seconded and the motion passed unanimously. Original permits will be kept on file at the Road Department.

Mr. Moulton also updated the Court on matters in the Jordan Valley area. A new staff member has been hired for the Jordan Valley area. Jordan Valley has two pickups; one has 290,000 miles and the other has 265,000 miles. The pickup with the higher miles will be replaced; the other pickup will have a service box installed on it and will include tools, compressor, welder and generator. An updated inventory list will be completed annually. Additionally, the County-owned property will be surveyed and a security fence installed so equipment can be stored on the site.

COURT MINUTES

Commissioner Hodge moved to approve Court Minutes of January 3, 2018 as written; and Special Meeting Minutes of January 4, 2018. Commissioner Wilson seconded and the motion passed unanimously.

County Counsel Stephanie Williams joined the meeting.

CONSTRUCTION CONTRACT - FAIRGROUNDS - GLENN BROTHERS

Commissioner Hodge moved to approve Construction Contract with Glenn Brothers Construction, Inc. for beam repair and upgrade of seven (7) Glulam Beams of the Commercial Building at the Malheur County Fairgrounds. Commissioner Wilson seconded and the motion passed unanimously. See instrument # ***

AWARD BID - FAIRGROUNDS REPAIRS - GLENN BROTHERS

Two bids were received for the repairs of the hog barn, horse barn, and food court at the Fairgrounds. Commissioner Wilson moved to award the bid for the Malheur County Fairgrounds Building Repairs 2018 - Hog Barn, Horse Barn, and Food Court to Glenn Brothers Construction, low bid of $506,368.

The Girvin Hall and Small Animal Barn replacement project is currently out for bid.

BUDGET OFFICER

Commissioner Hodge moved to appoint Administrative Officer Lorinda DuBois as Budget Officer for 2018. Commissioner Wilson seconded and the motion passed unanimously.

CHECK REGISTER

The Court signed the Accounts Payable register for November and December 2017.

573 W MAIN STREET, VALE

Treasurer/Tax Collector joined the meeting and discussed the foreclosed property at 573 W Main Street, Vale. The County is an involuntary owner as it foreclosed on the property for nonpayment of taxes. The property is abandoned and dilapidated; the home and unattached garage are in disrepair and contain a large amount of debris. A bid was received to cleanup the property of $6500. An alternative bid to demolish the property was received of $8,000. The City of Vale is encouraging the property be demolished. The Court members discussed the matter. A contract with Clark Irrigation and Construction for demolition of the property will be drafted.

COURT ADJOURNMENT

The meeting was adjourned.

MALHEUR COUNTY COURT MINUTES

January 17, 2018

County Court met with Judge Dan Joyce presiding with Commissioner Don Hodge and Commissioner Larry Wilson present. Staff present was Administrative Officer Lorinda DuBois.

Also present were members of the Ontario Chamber Leadership Group; and John Braese of the Malheur Enterprise.

LANDFILL UPDATE

Environmental Health Director Craig Geddes and Environmental Health Specialist Eric Evans met with the Court and provided an update on the Lytle Boulevard Landfill. The final tonnage numbers for the Landfill at the end of 2017 did not exceed the allowed limit; the final daily tonnage rate was 19.4753 per day (20 tons per day is the maximum allowed). An agreement was reached with Fox Sanitation and an annual disposal limit was set for 2018; this agreement allows for Fox Sanitation to manage their disposal loads at their discretion. The landfill is once again open to the public on Saturdays. The winter storm damaged special-permitted demolition waste trench closes February 1, 2018.

COURT MINUTES

Commissioner Hodge moved to approve Court Minutes of January 10, 2018 as written. Commissioner Wilson seconded and the motion passed unanimously.

DEMOLITION CONTRACT - CLARK IRRIGATION

Commissioner Hodge moved to approve Demolition Contract with Clark Irrigation & Construction, Inc. for the property located at 573 W Main Street S, Vale. Commissioner Wilson seconded and the motion passed unanimously. See instrument #2018-0183

CROSSING PERMITS

Commissioner Hodge moved to approve Crossing Permit No. 03-18 to WM. T. (Tom) and Sharon J. Dikeman to repair an irrigation pipeline on Redtop Road #960; and Permit No. 04-18 to Cascade Natural Gas to bore across Airport Road #888. Commissioner Wilson seconded and the motion passed unanimously. Original permits will be kept on file at the Road Department.

ONTARIO CHAMBER LEADERSHIP GROUP

The Ontario Chamber Leadership Group participants introduced themselves to the Court members. The Court members briefly gave an overview of their positions and answered questions from the Group participants.

COURT ADJOURNMENT

The meeting was adjourned.

MALHEUR COUNTY COURT MINUTES

January 24, 2018

County Court met with Judge Dan Joyce presiding with Commissioner Don Hodge and Commissioner Larry Wilson present. Staff present was Administrative Officer Lorinda DuBois.

Also present was John Braese of the Malheur Enterprise.

LIFEWAYS

Annette Serrano from Lifeways met with the Court and introduced their new CEO - Tim Hoekstra; also present were Crystal Copenhager and Laurie Smith from Lifeways. The Court visited with Mr. Hoekstra and welcomed him to the county.

COURT MINUTES

Commissioner Wilson moved to approve Court Minutes of January 17, 2018 as written. Commissioner Hodge seconded and the motion passed unanimously.

ODOT TRANSIT AGREEMENT; SUBAGREEMENT WITH MCOA&CS

Commissioner Hodge moved to approve Rail and Public Transit Division, Oregon Department of Transportation, Agreement No. 32531, Capital 5309, Capital 5339. Commissioner Wilson seconded and the motion passed unanimously. The agreement is for funding not to exceed $49,999 for the purchase of one transit vehicle. A copy of the agreement will be returned for recording.

Commissioner Hodge moved to approve Sub-Agreement with Malheur Council on Aging and Community Services (MCOA&CS) to Provide Funding to Support the Transportation Needs of the General Public by Purchasing One Vehicle Pursuant to State Agreement Number 32531. Commissioner Wilson seconded and the motion passed unanimously. The agreement will be returned for recording.

SUPPLEMENTAL BUDGET

Commissioner Hodge moved to approve Resolution No. R18-2: In the Matter of Fiscal Year 2017/2018 Supplemental Budget by Resolution Under Local Budget Law ORS 294.471. Commissioner Wilson seconded and the motion passed unanimously. The supplemental budget allocates additional funds from the Oregon Health Authority for the Personal Responsibility Education Project, in the Health Department's budget, that were received but not anticipated when the adopted budget was prepared; and allocates additional funds from Oregon Department of Transportation for 5339 vehicle replacement, in the Special Transportation Fund budget, that were received but not anticipated when the adopted budget was prepared. See instrument # ***

CROSSING PERMITS

Commissioner Wilson moved to approve Crossing Permit #05-18 to Y-1 Farms Inc. to place a culvert across South Road J/11th Ave W #1112; Crossing Permit #06-18 to Idaho Power Co. to install an overhead transformer on Gem Avenue #865; and Crossing Permit #07-18 to Idaho Power Co. to install a cross arm and transformer bank on Mendiola Road #962. Commissioner Hodge seconded and the motion passed unanimously. Original permits will be kept on file at the Road Department.

COURT ADJOURNMENT

The meeting was adjourned.

JOINT SPECIAL MEETING OF THE COUNTIES OF

BAKER, GRANT, HARNEY, LAKE AND MALHEUR

JANUARY 25, 2018

A Joint Special Meeting was held at Treasure Valley Community College in Ontario, Oregon on January 25, 2018, at 1:30 p.m. Mountain Time, for the specific purpose of filling the vacancy in the Legislative Assembly in State Representative District 60. Present for the joint meeting of the county governing bodies were: Baker County - Commissioner Bill Harvey, Commissioner Bruce Nichols, and Commissioner Mark Bennett; Grant County - Judge Scott Myers, Commissioner Jim Hamsher, and Commissioner Boyd Britton by phone; Harney County - Judge Pete Runnels, Commissioner Patty Dorroh, and Commissioner Mark Owens by phone; Lake County - Commissioner Bradley Winters by phone and Commissioner Dan Shoun by phone (Commissioner Ken Kestner was absent); and Malheur County - Judge Dan Joyce, Commissioner Larry Wilson, and Commissioner Don Hodge.

Nominees present were: Lynn Findley, Dennis Hall, and Thomas Van Diepen.

Also present were various members of the public and media.

Malheur County Judge Dan Joyce was selected by the Secretary of State to chair the joint meeting. Judge Joyce called the meeting to order and led the group in the Pledge of Allegiance.

An oral roll call of the participating counties was conducted. Judge Joyce stated that an audio recording of the meeting was being made for record keeping purposes and that the purpose of the meeting was to appoint a person to fill the vacancy in the Oregon House of Representative District 60 due to the resignation of State Representative Cliff Bentz; the appointment was to be made from the list of nominees from the Republican Party Precinct Committee Persons as furnished by the Secretary of State; the nominees being: Lynn V. Findley, Dennis H. Hall, and Thomas J. Van Diepen.

Judge Joyce proposed that the manner of vote be an oral vote by each participant, which would then be followed by a written vote of each person to be submitted to Secretary of State as required by ORS. There were no objections noted. Judge Joyce briefly reviewed the proposed meeting procedure.

Each nominee was then offered the opportunity to introduce themselves and to speak for three (3) minutes.

Lynn Findley: My name is Lynn Findley; I'm a Malheur county lifelong resident, except for during my professional career. I grew up on a farm in Malheur county raising registered beef cattle and working my dads bar and grill. After graduating high school I went to Treasure Valley Community College; started fighting fire because the beef cattle business wasn't that great in the 1970's; made a career out of fighting fire with the BLM, spent 10 years in Vale, I moved to Lakeview for 7 years, I moved to Boise for 7 years, I moved back to Vale and then I transferred back to Boise, retiring from the BLM after 32 years. I retired from the BLM as a Senior Program Manager as the Aviation Manager for the Bureau. I have extensive budgeting programing and management experience in large scales. I have provided a lot of testimony, expert testimony at Congress. I went through some administration changes. The only thing I didn't seem to do well was retire, because after three or four years after I retired I went back to work, did construction management for an engineering firm on public improvement projects for five years, retired, went back to work again as the City Manager for the City of Vale where I've been for the last six years, because I seen a need that needed to be dealt with. When my daughter graduated from high school in Vale, she was voted most likely to leave town, because there were no career opportunities for her. And she did, it kind of bummed me out. So, I looked in Vale when the city manager retired and we had zero industrial land available, so we had zero opportunities for new growth. So I took the job, we went through a comprehensive land use plan change, we added industrial land making opportunities for development much better. We collaboratively did that with the cities of Nyssa, Ontario and the County, because it was a huge effort. And we worked together until we added ground in all the areas. I'm happy to say that that was a fruitful project because one of those parcels have sold, there's currently a business in the process of seeking financing to come to one of those parcels and add 220 jobs, which is really a great thing for the county. So, after that I thought well then I've met my goal and then I decided well there is one thing in Vale - we have to mail out letters every four months to the residents, say your water's not safe to drink, because we have 4-parts per billionth too much arsenic. We went through the planning process and the funding process and we're 80% through the construction process of a water system improvement project that will fix the source, that will treat the quality and the amount of water that the citizens have, improving the life of all. (The time limit was called.) Have a nice day.

Dennis Hall: Hello, my name's Dennis Hall. And if you want to see something that will make you nervous - stand up there next to the flag knowing everybody's looking at the flag and saying the Pledge of Allegiance and tell me not a one of you looked at me, the old guy standing next to the flag. That makes me nervous. I live in Malheur county out on the other side, about five or six miles on the other side of Vale. My wife and I have lived there for 20 years, lived in Malheur county for 25, we came over from Idaho; I came over from Idaho. We have three children and two grandchildren and of course our kids left the area a long time ago after they moved out to go to college somewhere else and then stayed gone. My entire working life has been at, when I was a kid I joined the Air Force, I spent a couple of years there, went to Vietnam, came home and tried to get a job and couldn't, so I went to school. I have, finally ended up getting a Masters from the University of Idaho, Go Vandals, always have to say that and they never go but I always say go, anyway, then I retired from the Idaho Power Company 16 years ago; I'm a private consultant and I train electricians and engineers mainly in safety and compliance issues, the National Electrical Code and those things that every electrician has to have every so often to maintain a professional license. And, that's who I am. Thank you.

Thomas Van Diepen: Good morning, my name is Tom Van Diepen. I'm not a life long resident of Malheur county, I live in Baker county, I'm a Farmers Insurance Agent. I didn't come up here to give a presentation, I came here to just be one of the candidates to make sure that somebody from the West side doesn't appoint a representative from the East side. And so if the commissioners could please take that heed; I'm not looking for votes, I'm just here to be a stand in. Thank you.

The question and session was then started. Written questions from the participants were submitted to the Chair. Each nominee was allotted two minutes to answer each question.

Question 1. If you are the successful candidate, what will be your top two priorities as District 60 Representative?

Mr. Findley: You know, I thought a lot about that, probably my first thing I'd try to figure out is what the hell is the whole story with Cap and Trade. As I read lately, that's a major issue coming for the short session that starts in two weeks. I believe that's an issue that will affect us all significantly, and I believe that's an issue that I have yet to fully embrace. I mean, I've read it and sometimes to me it looks like a tax and spend process that I'm not fired up about, but I think it's coming at us very fast and it's an issue that we need to look at. Second is revenue. We have a 26 billion dollar contractual obligation as a state that we've kicked down the road for several years and it's the PERS responsibility; we need to deal with that, we need to look at our revenue and figure out how we can start addressing our contractual obligations and be ready for the future. I guess those would be the first two things that I would look at coming up in 10 days.

Mr. Hall: I would think that the first priority that I would be concerned about and interested in is - what do the 65 thousand people in District 60, what do they think about what's going on in government, in their government, and to find out what their needs are. If I'm going to represent District 60 I need to know what the issues are with District 60; and of course I have some of my own concerns and one of those very quick concerns is the budget that our state finds itself with or without or what's going on with this thing. How are we gaining, getting all of these debt, all this debt, how are we doing that, and where is the revenue coming from without taxing us more and more. And that would, I think would be my two big issues.

Mr. Van Diepen: I'm not sure that my input is going to be very valuable to you guys. My biggest problems with government in general is regulations that reduce our ability to produce product and service. And so that would be a big one; and utilization of resources. My two biggest concerns is PERS and that proposed Cap and Trade thing. PERS is an existing problem because we haven't dealt with it quickly and at some point we have to change our PERS system from a payout defined benefit plan to a defined contribution plan, and the sooner we do that the better off we are. And I'm really concerned about Cap and Trade because that's just a way of, I don't know what you call it, taking money from one outfit and giving it to another, and it's our money that they want but it's not us that's going to get it. Thank you.

Question 2. Would you support an increase in the current 911 tax of $0.75 on phones to assist local jurisdictions in providing Emergency Services. This tax was set at $0.75 per line in 1995 and has not been increased.

Mr. Findley: My general philosophy is that we should not tax ourselves out of a problem. If we have a funding and a revenue and a resource problem we need to figure out a better way to fix it, than tax it and increase taxation. So, without a lot more data, I realize that 911 fee has been stable for a long time, however, two years ago they influxed that with the burner phone money so that was a big boost to it. I at this time do not support an increase in 911 or any other taxes until there's more vetting and the balance of the budget.

Mr. Van Diepen: I don't agree with any tax increases that can be fixed in a different way and I think using technology is probably a lot smarter system to do that, systems and technology.

Mr. Hall: Well and I certainly agree with both the gentlemen here; I do not agree with raising taxes until we see what are they doing with the taxes we've got now. And I don't think that they're being spent as wisely as they could be should be. And so, I don't propose, and I don't support any increase in taxes until the budget is looked at.

Question 3. What level of support do you bring to this issue on mining and timber production? Do you support the Oregon Forestry Department doing US Forest projects to increase the level of timber sales?

Mr. Hall: Yes. I'm not very well versed on that so yes would have to be my answer.

Mr. Van Diepen: Yes is my answer too and I think that anything that they can do to increase timber production, mineral production, ag production, needs to be addressed.

Mr. Findley: I have testified every time there's a Calico Grassy Mountain Mine public hearing in Malheur county in support of that effort, and I firmly believe that anything we can do to increase our natural resources is the right way to go about it. When you drive down into Prairie City off Dixie and you look across the hill and the valley and you see where the Strawberry's, where they burned a couple of years ago, it was a terrible tragedy, a worse tragedy is the fact that we didn't salvage any of that timber. I mean that should have been dealt with. So I believe that anything we can do to bring more productive resources of our use of our natural resources we need to do.

Question 4. I believe most of the counties in our district have problems with little or no growth in residential areas as well as industry growth that creates jobs. Would you describe yourself as pro-growth and be willing to work with our district changing land use rules that would allow us to have more flexibility and say in the zoning regulations in our district?

Mr. Van Diepen: Yes, I do. It's the LCDC, the land use people in the state has had way to much input on what we're allowed to do. I'm on the planning commission and see that on at least a monthly basis and I would like to be able to have most of the decisions brought back to the county level.

Mr. Hall: I'm not sure what can be done but I think something needs to be done, needs to be looked at, what can we do in Eastern Oregon to help keep some of our young people here and maybe to reinvent Eastern Oregon. And one of the things too that I think is important that we're all one Oregon, or we should be, and so the other side, instead of that, and this side, at least in my circle that's all _____ talking about; always the other side is doing this and that and deciding for us what we should do; but I think that we need to do, we need to do a lot of looking, what do we have here that we can utilize to better increase our, everything from industry to ag to whatever it is. Thank you.

Mr. Findley: I think the DLCD is a great organization in the urban metropolitan areas; I do not believe they have a very good definition of what it's like to be in rural or Eastern Oregon. We're not a one size fits all state and we should not be a one size fits all state. The land use planning process is cumbersome, obtrusive and not very much pro anything. You can work the system and make your inventories available but it's almost counterproductive and it's such an expensive long drawn out process that people just get tired and throw up their hands and quit. There's a model going on currently in Malheur county from House Bill 2012 from last year who will have an opportunity to look at some of that and perhaps relax some of those or make some regional input. There's been some suggestions in the past from a Senate bill that would allow polygons in Eastern Oregon of land use planning to

put more decisions down; I support that effort. I support the ability to have some local input and control. We did our comprehensive plan update in Vale a couple of years ago; I spent three hours on the phone with 1000 Friends of Oregon trying to figure out why we needed to do what we did. They had no idea that we have vast amounts of land in Eastern Oregon that this is, if you take out a few hundred acres into a subdivision or for development its not a big impact because all we have is land. I believe that one size fits all is not the best model.

Question 5. Is there a third issue in this District that you think should be addressed?

Mr. Findley: Management of natural resources. I mean, Malheur county has seven million acres of public land; Harney county has six million acres of public land; Grant county has both public land and national forest land. We need to have more input in how that land is managed. We as a county, as counties and cities and state, need to be at the decision and collaboration with those pre-decisional operations so we can direct how that land better serves us. There's a huge loss to us and we don't have anything to say and we just keep getting locked out of it and that's not right. That's a federal issue in some regards but it's our backdoor and we need to figure out how to become more engaged.

Mr. Hall: One of the things that I think we should look at here, especially in Malheur county, is our youth. Do we have a lot of things here for our youth, including an education system that enables them to get where they need to go and where the county needs them to go. In Malheur county we have one swimming pool for the whole county, in Vale. And we don't, how about parks and things like that. So anyway, I think we need to look at our youth and what are we doing for them other than just helping them make up their minds to leave when they get the opportunity.

Mr. Van Diepen: I think the utilization of natural resources is really important for rural counties, especially the ones in Eastern Oregon. We have so much minerals and timber that we could be turning into wealth that we're not doing. And Lynn mentioned collaboration, I'm not sure that's ever done any good, I think if would force the Federal government to do the requirements, which is coordinating, not just collaborating, and I actually go a step further and think that we probably should take over the management of Federal lands, both BLM and Forest Service, and determine our own rules and our own regulations; this isn't their land, this is our land. I think we probably know how to do that a lot better than they do. Thank you.

Consensus of the meeting participants and the nominees was to waive closing statements by the nominees.

Judge Joyce asked for an oral vote:

Judge Joyce - Lynn Findley

Commissioner Hodge - Lynn Findley

Commissioner Wilson - Lynn Findley

Judge Runnels - Lynn Findley

Commissioner Dorroh - Lynn Findley

Judge Myers - Lynn Findley

Commissioner Hamsher - Lynn Findley

Commissioner Bennett - Lynn Findley

Commissioner Nichols - Lynn Findley (Commissioner Nichols also thanked Mr. Van Diepen for his participation and support.)

Commissioner Harvey - Lynn Findley

Commissioner Shoun - Lynn Findley

Commissioner Winters - Lynn Findley

Commissioner Owens - Lynn Findley

Commissioner Britton - Lynn Findley

Commissioner Bennett thanked all the candidates, noted that some of the Malheur PCP members had indicated that any of the candidates would be great position holders, thanked Mr. Van Diepen for his involvement and effort in the process, and wished the new representative well.

Commissioner Dorroh thanked the candidates and expressed her willingness to partner for the good with Mr. Findley in the future.

Commissioner Wilson thanked the candidates.

Commissioner Hodge also extended his thanks to the candidates.

Judge Joyce congratulated Mr. Findley and thanked the candidates. Judge Joyce also thanked the college for providing the venue for the meeting, thanked the staff, and thanked the media.

The Statement of appointment and Vote Tabulation was signed by the members of the governing bodies and later forwarded to the Secretary of State.

The meeting was adjourned.

SREDA Board Meeting
January 3, 2018
Friends of Our Community Event Center (Ron Amarel) Barn, Middleton, ID

Board Members & Executive Board – Ken Bishop, Dan Greig, Jeff Williams, John Breidenbach, Dan Cummings, Randy Griffin, Patrick Nauman, Cathy Yasuda, and Ronald Verini.
Members and Guests Present – Melody Goodman, Bob Komoto, Laura Gross, Craig Jensen, Jim Birdsall, Debbi Roeper, Ed Susman, Jenny Hemly, Charlotte Fugate, Kayla Kirksey, Nate Marvin, Georgia Hanigan, Jane Padgett, Ryan Kerby, Jennifer Huff, Laurel Adams, Dennis Baughman, Matt McGraw, Gerritt Mills, Torie Ramirez, Kalyn Hochstrat, and Ron Amarel.

Staff: Kit Kamo, Executive Director for SREDA.

1. Call the Meeting to Order: Chairman Patrick Nauman called the meeting to order at 7:05 a.m. Patrick then introduced our host Ron Amarel who made a presentation about the Friends of Our Community Center Barn and our American flag. Everyone then had breakfast prepared by Ron.
2. Introductions of Attendees: Chairman Nauman thanked everyone for coming to today's meeting. Multiple communities were once again represented with a very good turnout. Everyone found their way today to Middleton and the Friends of Our Community Barn. Patrick mentioned that this will be a great 2018 for SREDA. We then went around the room and everyone present introduced themselves and the business or entity they were representing.
3. Approval of December 6, 2017 Board Minutes: Chairman Nauman asked if everyone had a chance to read and review the December 6, 2017 board minutes that were sent out which did contain one revision. Chairman Nauman then asked if anyone had any questions or corrections to the minutes. Hearing none, Chairman Nauman asked for a motion to approve the minutes. Dan Greig made a motion to approve the minutes as presented, seconded by Ken Bishop. The motion passed unanimously.
4. Financial Update: Treasurer Sandy Hemenway was unable to attend the meeting today so Executive Director Kit Kamo presented the financial information. Kit went over in detail the financial handouts for the month of December discussing balances at the end of the month in both the checking and money market accounts, and then totals for month end. Kit explained to the group SREDA had $1,122.75 in our ICB checking account, $40,580.82 in our Money Market account for a total checking and savings balance of $41,703.57. She then reviewed expenses for the month commenting on certain ones as she reviewed the financial information with the group. After Kit's review and explanations, Chairman Nauman asked if anyone had any questions on the financial report. Hearing none, Ron Verini made a motion to approve the treasurer's report as printed and presented, seconded by Ken Bishop. The motion passed unanimously.
5. 2018 Annual Work Plan Approval: Before Executive Director Kit Kamo presented the 2018 Annual Work Plan to the group Chairman Nauman first wanted to discuss with the group the importance of bringing in new members to SREDA through various local contacts. This is extremely important for the wellbeing of SREDA. Remember that all businesses in the western Treasure Valley can be contacted and asked to join SREDA.

As Patrick stated, growth in our end of the valley is definitely increasing and we all need to capitalize on this opportunity. As SREDA grows Kit will need more help to run SREDA and these extra funds will need to come from private donations as the public donation side of the equation has been tapped out. This is critical in order for SREDA to continue to grow and prosper into the future.

Next, Kit then went over the annual work plan which was e-mailed out to everyone discussing various aspects of the proposed plan with everyone. After Kit's review and explanations, she then ask if anyone had any questions or corrections to the plan. Again, hearing none, Chairman Nauman then asked for a motion to approve the 2018 Annual Work Plan. John Breidenbach made a motion to approve the proposed 2018 Annual Work Plan as presented, seconded by Ron Verini. The motion passed unanimously.

6. 2018 Budget Approval: Kit next reviewed the 2018 yearly proposed budget with the group. It was noted that the proposed budget has been reduced $30,000 from the prior year from $150,000 to $120,000. The reduction is spread throughout the various categories but mainly in the special projects expense. After Kit's review and explanation, Mayor Jeff Williams asked why the private grants category was reduced from $30,000 to $10,000. Kit explained to the group that this line item was included so if a private grant opportunity comes up, we have a budgeted category to include it. However, nothing is specific yet. No other questions came up from the group so Chairman Nauman asked for a motion to approve the 2018 Budget as presented. Ken Bishop made a motion to approve the 2018 budget, seconded by Jeff Williams. The motion passed unanimously.

7. Friends of Our Community Update – Ron Amarel: Ron Amarel presented what Friends of Our Community does and is about. Basically, the group exists to support various community functions and groups. Ron also explained the facility which looks wonderful and how it came about. Other than the framing, Ron completed the rest of the work himself. Ron explained that the Friends of Our Community motto is twofold: 1) To help those that help others and 2) Is to help those that work to earn their keep. The group has helped a lot of local schools and various community fire departments. The group also helped the FFA in Weiser during the eclipse event this summer who raised around $5,000 and also the Ontario Aquatic Center fundraising event. The group is able to feed a lot of people at any one time. Ron then discussed his trips around the world and especially India. The group helps a school there and has purchased around 80 to 100 sewing machines for their use. With these donated sewing machines students can make clothes and make it on their own. Ron then discussed the group's website and its purpose and asked all present to please review it when you can. He then showed us what he called the Rope of Hope, which is red, white, and blue, how they work and what the proceeds are used for. These ropes are sold at various Rodeo's and they have been very successful. Everyone then thanked Ron for his presentation and hospitality.

8. City Highlights:

Fruitland: SREDA representative Ken Bishop stated that in December the Fruitland City Council completed a city ordinance for the gas and oil work going on. This was a big deal with lots of community input. In the end, the Council wanted an ordinance that the community could be proud of. Ken then explained that south of town, where Project 78 looked, the city is working on some zoning changes and other legal issues to get this property up and available. Currently, the City is reviewing how to extend water and sewer services south of town so that further expansion can take place in the future. Ken said Fruitland is still seeing lots of good commercial development and new housing development too. Lots of building permits are being issued.

Payette: Payette Mayor Jeff Williams informed the group that Craig Jensen was again appointed as a city representative to the SREDA board. Craig has served the previous four years and will make a great SREDA representative. Craig then stated that he is really excited about the new city council and the future potential for Payette. Mayor Williams said the city council has worked very hard to keep the local levy rate down which as of now is at an all-time low. Also the city is working hard on future economic development opportunities.

Ontario: Mayor Ron Verini told the group that the newly renovated Ashley's Furniture Store will be opening this Saturday at the old mall site which is a win for everyone. Also the City of Ontario is offering a $10,000 incentive grant for new housing development in the city. As you all know this grow has been stagnant in Ontario over the last few years. This grant is authorized from the city's Revolving Loan Fund. The Mayor then informed the group about the new twenty six million dollar transload facility which is going to be built north of Nyssa. As the mayor explained, this will be a wonderful facility which will benefit the entire local region.

Nyssa: Tori Ramirez reported for the city of Nyssa and told the group the city has a new home built in a new subdivision. Tori stated with the new transload facility being built the City hopes for several more homes to be built. Lastly she discussed the new middle school building stating it is coming along well and that if you wish, tours can be scheduled so you can review this project first hand.

Weiser: Patrick Nauman provided the update for Weiser and said the economic task force group is meeting with many businesses in the community about challenges they are having with the supply chain of employees. After meeting the numerous local businesses the number one response was the need for more workforce labor. Not just labor, but a trained workforce. Patrick explained the group will begin to assist in this aspect by helping to facilitate a local job fair. This will be a major focus over the first quarter of the New Year. As Patrick explained, we need job growth in the local area and a well trained workforce – these are key for our region. Lastly, the Ridley's grocery chain will begin building in March on their new store in their new location on highway 95 near BiMart and hopes to have the new facility open this fall.

New Plymouth: No one was present from the City of New Plymouth so no report was given.

Vale: No one was present from the City of Vale however John Breidenbach reported the current city manager Lynn Findley will be retiring and the city has hired Alan Daniels to replace Lynn. SREDA will hold their April meeting in Vale with Alan at Vale City Hall.

Emmett: Debbie Roeper, Economic Development Director reported that the Shop Emmett campaign over the holidays was a huge success producing a great holiday season for local businesses. Emmett is also working on more infrastructure expansion for future growth and development. New businesses have opened up recently and a few other projects are coming

along also. Lastly, Woodgrain will be fully operational in the spring which is a huge boost for the local Emmett economy.

Midvale: Kalyn Hochstrat reported that Midvale had a new business opening and also that if someone is looking to purchase a business in Midvale the Country Coffee Cabin business is available for purchase.

9. Community Highlights:

Fruitland: Ken Bishop said the Fruitland chamber has been growing quite well and everyone is pleased thus far with its development. Ken asked everyone to support the new chamber and to get behind it as it is very important to the local community.

Payette: Mayor Jeff Williams stated the newly formed Payette Chamber of Commerce is doing well and has a new Executive Director, Chelsea Costner.

Ontario: John Breidenbach told the group that the Ontario Chamber of Commerce is always available to help and assist all local chambers and to contact him with any questions. John is always willing to help. Also, if anyone has any local events please get them to John so they can be posted on the regional website listing. The Ontario Annual dinner, which recognizes local citizen's accomplishments, will be held on January 12th and the annual ONTCCY fundraiser will be held on March 16th. Charlotte Fugate with Revitalize Ontario then gave the group an update on the Malheur County Cultural Trust who has grants available up to $14,000. Please contact Charlotte for details.

Weiser: Weiser's new Chamber of Commerce Executive Director Jennifer Huff discussed aspects of the new chamber for the group. She discussed items they are working on getting things up to speed. Also the Weiser annual Crab Feed is coming up in April and the local Elks Lodge will be celebrating their 150th year celebration on January 16th at 4:00 p.m.

10. County Highlights:
    a. Payette County: Georgia Hanigan discussed a newly drafted and adopted property tax ordinance incentive for companies that invest $500,000 or more on their building and property. The ordinance basically follows state statute.
    b. Washington County: Washington County Commissioner Nate Marvin discussed Project Neighbor and explained how this project is moving forward. They are hoping for production to begin in March or April of this year. Also, Project Adam and Eve is in process working on planning and zoning issues at this time. Washington County has also worked on their incentive ordinance as set forth by the state. Nate informed the group about a new Music Festival called the Weiser River Music Festival which will take place in June one week before the annual Fiddle Festival. It will be held along the river near Home Town Motors. Patrick then reported that Project RV is moving along too with land being cleared and other preliminary work being done at this time.
    c. Malheur County: No report was given for Malheur County.

11. Executive Director Report: Executive Director Kit Kamo began her report by telling the group that next month's February SREDA Board Meeting will be held at Ontario City Hall in the Council Chambers on Wednesday the 7th. Then the March meeting will be

held in Fruitland at Farmers Mutual Telephone on **Tuesday March 6th** and the April meeting will be held at the Vale City Hall on April 4th.

Kit then discussed various trade opportunities and SREDA Wins which follows. Also, Kit will have an updated SREDA Report card out next month.

SREDA WINS - Many Western Treasure Valley projects have been successful over the few years that SREDA has been assisting. That assistance can be something as simple as connecting the company to someone with a building to lease, or as complicated as working through the state permitting and incentive processes. The assistance is provided for new businesses, existing businesses and those companies looking to move or expand into Oregon or Idaho. Our partners include each of the local communities, utilities companies, businesses, state government and federal government. With their partnership, we have had great success! Here are a few of the stories behind the scenes.

Project Stanton – Fry Foods, an Ohio based company that specializes in appetizers, had outgrown their Idaho location in Weiser and needed to expand their operations to keep up with the restaurant demand. SREDA had established a working relationship with the company and was able to assist them in looking at different sites and with the possibility of restoring the abandoned food processing site north of Ontario. With the help of many, Fry was able to obtain the building and part of the land and began the enormous process of reconstruction and retrofitting the facility. They were successful and opened the facility. They continue operating in both the Weiser and Ontario plants. We provided assistance throughout the process helping connect the dots. In our last BRE visit, lack of workforce was still a problem.

Project Adam & Eve – This project came to SREDA from a local person working for the Weiser Chamber (Laurel Adams). We met several years ago with 2 different California companies looking at the Weiser area to relocate to. Over the years, Project Eve moved their family and specialty cabinet business to Weiser. The other half, Project Adam, worked closely with the local Economic Development Task Force, Washington County Commissioners and SREDA to find industrial land to move their manufacturing plant out of California to our area. The company has purchased land in the Washington County industrial park and will begin building in 2018. The owners have also purchased a large portion of Mountain Man Lodge and property.

Project Sears – Ontario Chamber CEO, John Breidenbach had told SREDA about one of their members who was getting evicted out of his current location. It seemed that this company had a very short time to get moved. SREDA helped connect the dots for this owner and the owners of an empty building. The project quickly took shape and the Sears store was relocated.

Project Bear – Project Bear was a start up from a local family. Wayne Irvin wanted to set up a business for his boys. The company started making ATV/UTV accessories for trucks. They expanded from New Plymouth to a new shop out off of US Hwy 95. Then they got a contract to produce the frame for flying ATV's – this is a popular hobby in the UK. We worked with the company a couple of times and introduced them to Commerce and the Idaho Labor folks. The company has since been sold and the Irvin's are back in the gravel business.

Project Colliers/Green – In 2011, SREDA was contacted for demographic information by the broker of an empty building in the Washington County industrial complex. We were

able to quickly provide the information that was requested. Time moved on and we continued to be a resource for the broker. The Arizona based company, which was later disclosed as Green Star, finally bought the building and began operations. They built temporary homes for workers in Canada and North Dakota. Their operations in Idaho were solid and far exceeded their expectations. Green Star expressed their appreciation of our quality workforce here in the Treasure Valley. In a surprising twist, all their facilities shut down as it was discovered that an employee at their corporate base in Arizona had embezzled money and they went out of business.

Project Bob – SREDA got an opportunity to work with Calico Light Weapon Systems out of Cornelius, Oregon. The company was interested in moving out of the Willamette Valley. They were friends with Bob & Karen Skinner, Jordan Valley and this is where the lead came from. We worked with them for almost a year in one form or another, including cost comparisons with power rates. They eventually located in Wallowa County rather than Malheur.

Project Sun – We received a request from a local Vale landowner. They had been contacted by a solar company, HelioSage, headquartered in Charlottesville, VA, about leasing some land for a solar farm. We worked with the company representative introducing him to the Vale Mayor, Vale City Manager, and later assisting him and the county P & Z. The project also included a number of other locations around Eastern Oregon. The solar farm was put in next to the Vale Airport on scrub land. We continue to work with the landowner as new developments arise with the project. This project helped put Vale in a unique position having more than 1 renewable energy system along the Oregon Trail – they are near the largest private geothermal facility in Oregon and now have solar array farms as well. An update to this project: We have been contacted by Oregon Public Broadcasting (OPB) Talk Out Loud show producer about this project and others like it.

Project Neighbor – In December of 2014, Washington County Commissioner Tom Anderson requested that SREDA reach out to Sot Chimonas and invite his potential "sunspuds" company to look at locating in Washington County. Tom had been reading about the unfriendly reception that this project was getting from Rural Canyon County's P & Z meetings. We connected with the company and were told that they thought things were going to go better after the first of the year. In early 2015, while at a trade show, I received a call from Sot asking if our commissioner was serious about Washington County. I responded, "Absolutely!" This lead to the SREDA's first international site visit (at the time, the company had partial ownership from the UK). Weiser and the county

2015 International Site Visit with Commissioner Tom Anderson

2016 Site visit with funding partners

2017 Kit in the Sun Spud Field

stepped up big time and a site was considered. Washington County had an industrial park that was already zoned properly for this company's operations and the county was very interested in a value-added Ag company! During the acquisition of the land, things fell apart and a new site was looked at. Nearly 4 years later, the operations are almost complete and the first product will be processed soon. This project is an example of the local folks really coming together and working as a team! The number of people that made things happen behind the scenes is really amazing. SREDA assisted in shepherding the project through the various incentive steps and other processes.

Project Kim – SREDA member and Red Apple Market place co-owner, Kimmie Serrano, is another example of our local heroes making things happen in our communities. In May of 2015, she reached out to SREDA to do a project for a recycling center in Ontario. We put together a proposal showing several sites. This project, after a long time coming and assistance from our state legislators, successfully landed in an empty facility that we had been trying to fill for years.

Project Friends – In June of 2014, SREDA was involved in a large site visit in Idaho with Sandy Christenson, Union Pacific Railroad Business Development. Following the visit, Sandy met with SREDA about a couple of great projects in the western Treasure Valley, one of which included the Campo Poole Oil facility project in Ontario. The Campo Poole project was very high on UP's priority list. This project also had ties to the oil and gas projects in Idaho. We assisted behind the scenes to help UP and the facility. The owners have done a great job cleaning up the property and showcasing what can be done in rural towns with rail access.

Project Lincoln Logs – Early in 2014, a local banker had reached out to SREDA regarding a project just north of Payette at the Homestead Log company facility. The project seemed to slow down a few times, but by the end of 2016, it had become a reality. The new owners had purchased the facility and were making plans. Unfortunately, the 2017 Snowmageddon of the Western Treasure Valley took out the facility. The insurance did not seem to cover this event.

Project Roger – May of 2012, we were contacted by Roger Yasuda, a local business owner, who had been to a national Onion meeting and learned of a company that was looking to expand their operations out west. We submitted an extensive listing of potential available buildings in the areas where the customer expressed interest, including Payette, Fruitland, Nyssa and Ontario. We did not hear from the company for a time. Then on July 2nd, the owners of the project contacted us and wanted to do a site visit during the 4th of July weekend. We scrambled quickly with our partners and were able to have 7-8 sites ready for them to visit. We learned that the company was South Georgia Equipment (SGE). They were located in Georgia and put together fruit and vegetable equipment for different commodities, but were well known by our onion growers. They were also heavy into the peach

industry – they serviced customers throughout the USA and Canada. Their equipment came from all over the world and they specialized in the installation and maintenance of the equipment. Our area was in steep competition with the Tri-Cities in Washington and the Boardman/Hermiston, Oregon area. The communities involved really stepped up. The company ended up landing in Ontario, much to the chagrin of the other 2 onion growing regions in the Pacific NW. The Idaho-Eastern Oregon Onion Growers also played a big role in bringing the company to the Western Treasure Valley.

Project Mountain – Teton Machine knew that their contract for their current building had a 2017 expiration date. Andy Oyervides and crew worked hard to determine if they would buy an existing building, the current one, a different one, or build new. We have had the pleasure of working with Andy since 2012 on this project. They did their due diligence. They met with many folks, looked at options, met with state personnel, etc. and chose to build new next door to their Payette location. We are proud of this outstanding, employee owned company to continue to stay in the Western Treasure Valley! Their new facility will allow them to continue to grow and expand.

Project Bentley – This project was one of the fastest moving projects. Kelly Dame, Woodgrain Millwork, contacted our office in December of 2015 asking to meet with our partners from the state. Woodgrain was looking at moving their pelletizing operations from Prineville Oregon to Fruitland. We were able to pull in the state, but by the time we had the meeting, the project had expanded into also purchasing the closed Emmett mill. We assisted where we could expanding our partnerships to include the City of Emmett and Gem County Economic Development personnel as well as assisting with a multi-county incentive package. The pelletizing facility in Fruitland ran into a snag as there wasn't enough power to run the regular facility and the new addition. This was a critical need because of the timing when the pellets were needed by consumers. We worked with the City of Fruitland and Idaho Commerce and were awarded a GEM grant to help upgrade the power to that part of the city. The project is another example of local companies that continue to invest and grow in our region.

Project IT – Valley Family Health Care had just opened a new dental office in Payette and we were contacted about a potential project that required finding a location for the organization's IT and support activities. Valley Family Health has numerous health care facilities throughout our region and we were thrilled to assist them. The latter part of May, 2017, they met us for a site visit and they looked at great potential locations in both Oregon and Idaho.

Project K – back in 2013, we had a 2nd opportunity to help put together a proposal for WinCo. We had been contacted by a local business man who wanted to get them interested in coming to Ontario. We had previously sent a letter of inquiry to WinCo, spurred by the doctors' wives from Saint Alphonsus in Fruitland, to see if they would consider locating near Fruitland - We had received a nice letter back saying that the town was not big enough. So another shot at them was a great opportunity and we jumped on it. This of course didn't produce fruit again. But when the Kmart closed, there was a new

opportunity. The building owner and Dan Cummings, City of Ontario Community Development Director, worked tirelessly to get them into a part of the building. The project is an example of why you do not quit, but continue to be heard from – each time they were contacted by someone from our area, it helped build the foundation for their eventual expansion to Ontario.
These are examples of some of the successful projects that we have worked on – We are successful only because of the partnerships and collaboration efforts of many people within our communities as well as those who support us from the state, federal and other entities. THANK YOU for being part of the SREDA TEAM!

12. Round Table Discussion: Jenny Hemly from the State of Idaho discussed economic development opportunities for the region and how she may be able to assist.

    Cathy Yasuda from Treasure Valley Community College said the CTE open house is coming up on January 30th this month. It is a huge opportunity for our local high school students to learn about CTE and the various job opportunities these programs present. The event is open to all local high schools and anyone in the local employment market. Cathy the discussed the Colleges recent EDA Grant in the amount of 3 million dollars to help complete building a new renovated CTE facility on campus. Cathy also said the college received a grant from the Meyer Memorial Trust to fund a new liaison position which will work to bridge the workforce and the college needs together. Winter quarter classes start on Monday and the Student Services Center has been renovated to be more user friendly to students. The old long counter is now gone which has really changed the looks of the center.

    Jane Padgett with the Department of Human Services discussed that the Four Rivers Healthy Community, aka Four Rivers Community Foundation, is raising the initial $25,000 to establish an Endowed Partner Fund with Oregon Community Foundation (OCF). Donations to 4RHC are welcome! Jane then discussed other accomplishments and events the group has completed.

    Dan Cummings let the group know about a new service at Walmart. It will be a drive up window on the east side of the building to pick up groceries. As Dan stated, Walmart will move into the 21st century as you can now order groceries online and pick them up at the new drive up window.

    Matt McGraw with Family Valley Health in Payette provided some updates on this organization. Matt specifically discussed two new items, a mobile Health access unit to serve Gem, Payette and Malheur counties and that the old Treasure Valley Pediatric Clinic in Ontario will now be operated by Family Valley Health. Also, their clinics are not just free clinics but is always open to the entire public as well.

Executive Director Kamo then thanked Representative Ryan Kerby for his public service. Ryan discussed the possible freeway upgrade project between Franklin Blvd. and Nampa. Representative Kerby stated originally there was $100 million allocated for this project but various other projects are still being negotiated at this time. Everyone thanked him for helping the region.

13. Adjournment: Chairman Patrick Nauman then adjourned the meeting at 8:39 a.m.

    Patrick then stated our next meeting will be held on February 7, 2018 at Ontario City Hall Chambers at 7:00 a.m.

Calendar of Events

January 3, 2108	SREDA Monthly Board Meeting – The Amarel Barn – Middleton, ID
January 7-9, 2018	Pacific NW Food & Beverage Show – Portland, OR – with OR Team
January 22-26, 2018	Shot Show – Las Vegas, NV – with Idaho Commerce
February 7, 2018	SREDA Monthly Board Meeting – 7 am - Ontario City Hall
February 6-11, 2018	Pacific NW Sportsman Show – Portland, OR – Partner with Idaho
March 6, 2018	SREDA Monthly Board Meeting – 7 am TUESDAY - Farmers Mutual Telephone, Fruitland Main Street.
March 7-11, 2018	Natural Products Show – Anaheim, CA – Partner with Team Oregon
April 4, 2018	SREDA Monthly Board Meeting – 7 am – Vale City Hall

** All SREDA Monthly Meetings are open to the public**

Minutes prepared by Randy Griffin, SREDA Secretary

BOARD OF DIRECTORS
Meeting Agenda
February 7, 2018 – 7 am
Ontario City Hall, Council Chambers upstairs, Ontario, Oregon

1. Call meeting to order Chair Patrick Nauman
2. Introduction of attendees
3. Approval of December minutes
4. Financial update - Sandy Hemenway, Treasurer
5. City and Community Highlights
   Fruitland, Payette, Ontario, Nyssa, Weiser, New Plymouth, Vale
6. County Highlights
   Payette County, Washington County, & Malheur County
7. Executive Director Report
   Written hand out
8. Round Table Discussion
9. Adjourn

Calendar of EVENTS

2018	
February 7	**SREDA Monthly meeting – Ontario City Hall, Council Chambers**
February 6-11	**Pacific NW Sportsman Show – Portland Partner with Idaho**
March 6**	**SREDA Monthly meeting – Fruitland TBD - (**TUESDAY)**
March 7-11	**Natural Products Show – Anaheim with Team Oregon**
April 4	**SREDA Monthly meeting – Vale City Hall, Council Chambers**

*****All SREDA monthly meetings are open to the public*****