CITY COUNCIL WORK SESSION MINUTES
February 8, 2018

The scheduled Work Session of the Ontario City Council was called to order by Mayor Ronald Verini at 12:00 p.m. on Thursday, February 8, 2018, in the Council Chambers of City Hall. Council members present were Ronald Verini, Norm Crume, Dan Capron, Betty Carter, Ramon Palomo, and Marty Justus. Tessa Winebarger was excused.

Members of staff present were Adam Brown, Corinna Hysell, Larry Sullivan, Kari Ott, Debbie Jeffries, Terry Leighton, Jason Cooper, Dan Cummings, Betsy Roberts, Dallas Brocket, and Dan Beaubien.

The meeting was recorded and copies are available at City Hall.

Norm Crume led everyone in the Pledge of Allegiance.

AGENDA

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 www.ontariooregon.org.

CRUME moved, CARTER seconded, **to ADOPT THE AGENDA AS PRESENTED.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

PUBLIC COMMENT

Dr. Ben Peterson, Ontario, stated: *Thank you for letting me come here and talk to you all today. I appreciate it. I grew up here in Ontario, moved back here about 14 years ago. I own a dental practice here in Ontario. I have three children and I live here. I, since moving back to Ontario, originally I lived in Fruitland for the first three years that I moved back to this area and started my dental practice. I moved to Ontario specifically to become more involved in the community. I felt like I couldn't be as involved as I wanted to when I lived in Idaho, and when I got back, done, primarily school committees, I chaired two bond committees, and helped pass the school bond that built our middle school and high school science wings. In that process, I was able to observe participation amongst employees that live in the city and don't. I was able to observe my participation as a city when I lived in Ontario versus when I did not live in Ontario, and I'll tell you, there's a significant difference between the two, and I think we have a real problem here in Ontario because the numbers have gotten so disproportionate that we don't have the horsepower here to move this city forward. I just think it's time to address, it's an uncomfortable topic for people because a lot of people, friends of mine, work here, they don't live here, but my biggest concern for the message to those people is it affects you if you live here or not because you may not have a job here, and you only need look as far as the college. A lot of their employees don't live here. Ontario becomes a bit of a third-world community because of a lack of educated, middle-class people here. Students refer to Ontario as the "Dirty-O" and who wants to send their kids to the Dirty O? People have to look at themselves and say, this wasn't my intention, but we've created a bit of a problem here. So, anyway, that's just an introduction. I'm just going to go through some written statements that I have, taken for what you want. Small towns like Ontario, public employees are the economic and social drivers of the community. For example, imagine what a town like Weiser, Idaho, or Vale, Oregon, would look like if 50% of their school and city work forces moved out. It would be devastating. That's what the citizens of Ontario are forced to deal with today. Assume that Ontario had available housing, a swimming pool, new school buildings, competitive taxes, but ⅔ of our police force, both state and local, half of our public school administration and teachers, including our Superintendent, half of our city works, half of our community college personnel, ⅔ of our state prison employees, lived outside of the community, most of them in a different state. Let's also assume that these people live in an adjacent community, and in that community nearly every teacher, principle, city employee, police officer, fire fighter, employed there resided there as well. Which community would you want to live in? However, I believe there is a solution to this problem and our local public leaders should adopt some basic policies.*

It was very important this not get inflated or misinterpreted. This is a going forward policy. Anybody who's been hired previously, we're not talking to you. We're talking to future hires, future administrators, because what's done, is done in the past. We're working on getting more of these people to come back. Now, if somebody lives in Idaho, if we can do something to encourage them to move back here, that'd be wonderful. What we're saying to you is, we want you to be our neighbor. We want you to come back. We want you to experience what I experienced when I moved back to Ontario and really connected with the community.

- *Number one: all future public employees and administrator-level hires must be required to live in the district or city boundaries. Basically, anybody who can be required to live here, will be required to live here as a condition of their employment.*
- *Number two: development of robust incentive packages for other staff, the rank and file employees, to encourage them to live where they work. This can include such things as student loan repayment, low interest loans for housing, stipends, signing bonuses, let them use as down payments on homes in the district.*
- *Number three: tracking and goal setting progress. For example, 80% of our local police force residing in Ontario by 2025. That's just an example. Tracking and goal setting is really important. So we went to the school district three years ago to ask them to adopt some similar policies. Now at the school district level, 10 of 16 administrators don't live in Oregon. So, the message back from the school board administration was that we were going to inspire people to live in Ontario. Inspiring doesn't work, and the people who pushed that agenda had not bothered to do any kind of tracking or goal setting, and I'll tell you, six administrators have been hired in the time between our presentation or our request for them to adopt this policy, and today. Five of those administrators lived in Idaho at the time; one was here. Currently, all six new hires live in Idaho. So, take that.*

This proposed policy change will not be easy, and may make some uncomfortable. It will require a backbone, clear communication, and creativity, but it's fair. We want nothing more for our community than any of our neighboring communities want or expect for their own. We want good neighbors who will join us in making our community better. We won't those who depend on this community for their livelihood to participate in that effort. The city's biggest expense is personnel, wages, and benefits. It's worth investigating how much of that spent stays in our community. The city makes a tremendous investment in its employees, and it's fair to ask them to invest in our community. This is quite similar to the city's recently passed housing bonus. I'm confident that crunching the numbers of similar creative incentives for the city employees would be a net positive. That does not take into account the non-monetary benefits of having those people live in our community, which far exceed, in my opinion, the monetary benefits. City employees are generally a large part of the educated, well-paid, middle-class. They are the backbone of small communities. The mere presence of such families make Ontario more livable and safer. Arguments that such policies are illegal or unconstitutional are based on fiction. I implore the City Council do their homework and adopt these very reasonable, lawful ways to implement such programs.

Again, I remind you of what we are seeking: A going forward policy required administrators and supervisors to live in the city, and to develop a range of incentives for staff, to encourage and motivate them to live here, too. This is one thing that is very important – you cannot push this type of policy when administration doesn't live here first. It's impossible for an administration to look at an employee, a potential hire, and say, look, we think it's important that you live in this community, here's why, and set that expectation. A lot of it is just expectation setting. When the communities around us where city leaders live in the community, they look across the table at a potential hire and that hiree knows exactly the message that's getting communicated.

Arguments that this limits the pool of qualified candidates are similarly nonsensical. If we have such a terrible community that people cannot be found who are willing to live here and work here, if our problems are so severe, we should probably just consider turning the lights off and closing the doors. Reasonable requirements to locate within a given time, with a financial incentive and new work, should not be discarded based on flippant excuses. It's actually an insult to your constituency to imply that decent people won't live among us. Thank you very much for your time.

Councilor Crume asked Dr. Peterson if he had any idea why the middle-class professional people don't' choose to live in Ontario?

Dr. Peterson: *I have countless friends, classmates, who live in Idaho, and partners at work live in Idaho, and across the board, the common denominator, is the public education system. That's why, when I moved back, the first thing I did was zero in on ways I could get involved with our schools. That's one big thing. Another thing is just the quality of life. I don't think it comes down to swimming pools. Look at Fruitland – they don't have a golf course, there's no swimming pool. What they're looking for is our neighbors. I look back on my childhood and I think about the public employees, thinking specifically about teachers. My next door neighbor was Bob and Lydell Paterson growing up. I don't think my parents could have raised six kids with Bob and Lydell living next door. Bob was a principal for decades at Mae Roberts and Lindburgh. They took care of us when we were sick, they babysat when my dad had to go to the hospital in the middle of the night. They went to our college graduations. I think about, for example, I say Jerry Grey walking his granddaughter down the street the other day, Jerry Grey I had for one math class in high school, but when I was a kid, Jerry Grey coached Little League and ran the Little League program for decades. When I was in high school, he coached JV and Varsity baseball. They won a state championship with Jerry Grey coaching us. Now he is involved with Upward Basketball, which my daughter takes part in. Thing is, employees who don't live here, do not coach. Two things, you look at somebody's rental property vs. their primary residence. They don't get the same attention. Anyway, I think there's a huge hole in the overall community of those types of people, and people can see that and feel it, and they choose not to live here. Those are the two big things, in my opinion. The school is not alone.*

Mayor Verini asked the Council for their opinions on the residency issue.

Councilor Capron stated before he was on City Council, there was the issue of the town "leaving". Late 90s, early 2000, a lot of people left. Living in Ontario, seeing what was happening, he had a retired teacher tutoring his daughter, he had a retired policeman across the street, with another one up the road. Seeing the ones in town, seeing the ones that left, talking to people, it wasn't just one thing. People were leaving, and the Council needed to get people to want to live here. It came down to having places for people to live. How could they get the people to come back? He wanted to know what was legal, what wasn't, what they could or could not do, what the City Manager was willing to do, how the Council felt about this, so they could take it to the community.

Mayor Verini asked if there were any issues with moving forward on this with staff.

Larry Sullivan, City Attorney, stated Dr. Peterson was correct. There were no legal restrictions a municipality in Oregon imposing a residency requirement on an employee. There might be an issue for represented employees through the Collective Bargaining process, and he could not address that.

Adam Brown, City Manager, stated he had consulted a labor relations attorney, who opined that candidates were not covered by the collective bargaining contract until they were hired, so they could likely require that. The unit could ask that that be a subject of collective bargaining and some case law supported that they would likely win if they were to challenge that requirement, but no one in Oregon had actually been through that yet.

Councilor Justus asked Mr. Brown if they imposed this, made it that all future employees had to reside in the city, was he for or against it.

Mr. Brown stated he had experienced it differently, where it was too expensive to live. But, that wasn't the case here. There were affordable ways, many more than were available across the river. With the employees he had currently, to require them to live in the city going forward, he had no problem with that. The biggest challenge would be for law enforcement.

Councilor Justus asked if CH2 or Oster would be required to adhere to that policy, too?

Mr. Brown stated no, unless it was in their contract. He reminded the Council that when they contracted, it was not contacting for a person, it was for services. If it was the consensus of the Council, he could have something back before the Council at their next meeting, most likely an ordinance.

Councilor Carter asked Dr. Peterson if, in regards to the school system, he meant all the employees, or just upper management?

Dr. Peterson: *That's something, you guys have kind of taken this to another level, and that's fine, you guys can do what you want to do. I was talking about administrative level employees. The ones earning big salaries, who are making policies, including imposing taxes on the citizenry, like the Superintend for the school district, and then incentivizing rank and file, encouraging, setting a tone, from the top down. That's what we are talking about. Now, police officers, I consider them people we'd try to incentivize to come over here and live here. On that note, if you'll give me just a little flexibility here, I have a friend who just retired as a police officer here in Ontario. He's planning on moving over here. I asked him, would you have moved over here if they said you couldn't have the job if you don't move over here, he said, the pay difference is so extreme that absolutely he'd move over here. He has a kid in high school, he wants to see this child through to graduation. I feel like we can be reasonable and work with people. But, it has to be a priority, front and center. You have to have a goal and try to improve it, because what happens is, if we don't have a police officer living in the community, we get a renter living in a house across the street from you, or you get somebody who is less educated and earns less money, and then we have to pay more money to police the situation. It's just absolutely backwards. Instead of having a police car pulled into that slot, we have problems. That's in my neighborhood. So I think it's a no-brainer. I don't know if anyone has ever reached out to them.*

Councilor Carter stated her question was because at the state level, within the agency there, at DOC, it was required that all upper management live within the city limits of Ontario, but it didn't require all other employees.

Mr. Brown stated one fairly easy incentive, and not costly, would be a water and sewer credit. Not a zero water and sewer cost, but a set amount that every employee would get.

Mayor Verini asked for Council consensus for either upper management or all employees to live within the city.

Councilor Capron wanted to see both, but not necessarily at the next meeting.

Councilor Crume stated they needed to look at the contracts for this. If the city asked CH2 or Oster to follow this rule, they city would need to impose it on any contracted labor the city used. He didn't believe it would be fair to require CH2 or Oster to fall under this proposal. Secondly, he wished people wanted to live here. The idea of telling anyone that they "had" to live here in order to get work, didn't sit with him. However, the argument by Dr. Peterson was correct. When people were invested in the community where they lived and worked, they were more likely to be a working component of the community. It had been a struggle for him to figure out how to make that happen when people didn't want to live here. He wanted to make this a community that people wanted to live in.

Capron-yes; Crume-yes; Justus-yes; Carter-yes; Palomo-yes; Verini-yes. Consensus to move forward.

Mr. Brown confirmed the action would be just for employees moving forward.

Mayor Verini stated that was correct.

PRESENTATION

2016-2017 Audit
Chelsey Herron, Owner/Member, Lewis, Poe, Moeller, Gunderson & Roberts, LLC, presented. **See attached document.**

OLD BUSINESS

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) FINAL READING
Dan Cummings, Community Development Director, presented.

On November 21, 2017, during a Public Hearing, the City Council adopted Ordinance #2732-2017 on First Reading.

CRUME moved, CAPRON seconded, **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.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

Ordinance #2736-2018: Registration and Fees for Derelict Structures FIRST READING
Larry Sullivan, City Attorney, presented.

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 #2836-2018 was to make the revisions discussed at the work session. This should be the last revision needed to complete and enforce the civil penalties ordinance.

With the enactment of Ordinance #2733-2017, the city now had 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 provisions were made for an appeal.

Section 7-2A-8 enacted by Ordinance #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 those fees. Ordinance #2736-2018 allowed 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 #2733-2017 did not grant the City Manager that authority.

Enacting Ordinance #2736-2018 would allow the Council to impose a fee for derelict building registrations and late fees, to be set by Council resolution.

The city Ordinance Officer was preparing to implement the nuisance abatement provisions passed by Ordinance #2733-2017, but could not move forward on a fee schedule for derelict building registrations until Ordinance #2736-2018 and a companion fee resolution were passed by the Council.

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

CRUME moved, JUSTUS seconded, **THAT THE CITY COUNCIL APPROVE ORDINANCE #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, ON FIRST READING BY TITLE ONLY.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

CHANGE TO AGENDA

Mayor Verini asked to move Appointments to Committees to the next item; then they'd return back to Old Business to tackle Resolution #2018-111. Council concurred.

NEW BUSINESS

Appointments to Committees
Adam Brown, City Manager, presented.

The city was 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.

The Council had 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.

There was currently one open position on the Marijuana Ad Hoc Committee; two applications were submitted for appointment. There were currently four open positions on the Diversity Advisory Committee; two applications were submitted for appointment.

The city would like to fill the open positions as soon as possible. City policy states appointment to all Boards, Committees, and the Planning Commissions are to be made by the Mayor, with consensus of the Council.

Mr. Brown informed the Council that applicant Allison Thayer had pulled her application for appointment to the Marijuana Ad Hoc Committee.

PALOMO moved, CARTER seconded, **THAT THE CITY COUNCIL APPOINT PAUL CHENEY AND MARIA ROMERO TO THE DIVERSITY ADVISORY COMMITTEE, WITH TERM OF OFFICE COINCIDING WITH THE ESTABLISHING ORDINANCE.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

CAPRON moved, PALOMO seconded, **THAT THE CITY COUNCIL APPOINT STEVEN MILAND TO THE MARIJUANA AD HOC COMMITTEE, TERM OF OFFICE COINCIDING WITH ESTABLISHING RESOLUTION.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

BACK TO OLD BUSINESS

Resolution #2018-111: Housing Incentive Program
Adam Brown, City Manager, presented.

Resolution #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.

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

Resolution #00-128 revised the City of Ontario Business Loan Fund and loan allocation procedures established by resolution #87-103. Resolution #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 #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 #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 4, 2018, as requested by several Council members that the funds not be awarded to projects already receiving or who would be receiving other governmental funding.

A revision to the recently passed Housing Incentive Program had been requested by several Council members and in conversation with local builders. Reducing the size of the home would allow more affordable options to come into the community. Also, Council members did not want to restrict the possibility of other local funds being made available.

The program would have a positive impact on the General Fund. Initially, as additional revenue came in from new construction built under these agreements, the taxes would be transferred to replenish the Business Loan Fund. After the incentive program money had been replenished, the city would be able to use the additional property tax revenue from the new construction. Additional housing in Ontario would provide secondary economic impacts to the local economy by increasing the work force, providing closer access to places of employment, and additional retail business.

Multiple contractors and individuals had approached the city with interest in the program since it was presented conceptually to the City Council. Staff anticipated it would be received well by the community.

JUSTUS moved, CAPRON seconded, **THAT 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.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

BACK TO NEW BUSINESS

Liquor License: Bargaritas
Jason Cooper, Police Sergeant, presented.

Water Hole Saloon Inc. completed the "Change of Ownership" application for Full On-Premises Commercial Sales liquor license privileges through the Oregon Liquor Control Commission for Bargaritas located at 1269 SW 4th Avenue, Ontario, Oregon. All necessary paperwork was approved through the Oregon Liquor Control Commission office and was awaiting approval through the Ontario City Council.

The criminal record process was completed on corporate officers Fred T. Currey and Katherine E. Currey of Water Hole Saloon, Inc. All records returned met state and local requirements. The application forms had been filled out appropriately and required fees paid. All permit and license requirements had been met through the Oregon Liquor Control Commission as well as through the City of Ontario Planning Department.

The Oregon Liquor Control Commission required an application process for Change of Ownership whether it be a limited partnership, corporation, limited liability company, or individuals. In this case, Arceo Restaurant Company Incorporated sold Bargaritas to Water Hole Saloon Incorporated. At this time the restaurant trade name would remain Bargaritas.

Acknowledgment was required in order for OLCC to complete the new owner name change process allowing sales of beverages.

All legal steps had been followed to completion, with no negative feedback.

If the Council objected or denied the license, the Oregon Liquor Control Commission might take the city's objections to the action into consideration, but were not obligated to do so. The OLCC was the ultimate authority on the issuance of the license.

CARTER moved, PALOMO seconded, **THAT THE CITY COUNCIL APPROVE THE CHANGE OF OWNERSHIP, FULL ON PREMISES/COMMERCIAL SALES LIQUOR LICENSE APPLICATION FOR WATER HOLE SALOON INC. – BARGARITAS.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-no; Capron-yes; Winebarger-out; Verini-yes. Motion carried 5/1/1.

Utility Billing Write-Offs
Kari Ott, Finance Director, presented.

As required by the Allowance for Bad Debts and Write Offs Policy, the Council needed to approve accounts to write-off before they were written off and\or sent to collections. The list of accounts proposed to write-off was attached. There was $14,218.07 of utility billing accounts to write off, with $14,079.28 to be sent to collections. All accounts were over 120 days past due.

The $14,218.07 from utility bills was deemed uncollectible by the City Finance Department. Hopefully, a portion would be collected by the collections agency. The Finance Department would like to get the utility accounts to collections as soon as possible. These write-offs needed to be approved by the Council per the allowance for doubtful accounts policy.

Councilor Crume asked that the names associated with the accounts be provided to the Council.

Ms. Ott stated she'd have that available to the Council at the next meeting.

CAPRON moved, CARTER seconded, **TO APPROVE THE LIST OF UTILITY BILLING WRITE OFFS AS PRESENTED AND AUTHORIZE SENDING THE APPLICABLE ACCOUNTS TO COLLECTIONS.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

Resolution #2018-108: City of Ontario Water Rights – Malheur Farms
Dan Cummings, Community Development Director, presented.

The City of Ontario owned land called the Malheur River Farm. The city had 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.

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

Staff was been working with the Warmsprings Irrigation District to determine what water rights the city had 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 had approximately 429.0 acres of surface water rights under several permits. Based on the mapping by Warmsprings Irrigation District, 364.30 acres of these lands were under irrigation, which left approximately 64.70 acres not designated as land available for irrigation. Warmsprings Irrigation 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 was not using on these lands.

Staff estimated that it would cost the city approximately $30,000-$50,000 to have the mapping and water right transfers required to proof up on the lands being irrigated. Timing was important as the Warmsprings Irrigation District was working under a state mandated time to complete this project. The city was at risk of losing some of these water rights for non-use.

CRUME moved, CAPRON seconded, **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.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

Resolution #2018-109: Supplemental Budget to Recognize Police Donations and Authorizing Expenditures of those Funds
Kari Ott, Finance Director, presented.

The Police Department had recently received the below donations for police projects, and a supplemental budget change was required for the Police Department to expend these
funds. The Department received:

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

The Police Department came into contact with numerous children in the course of their duties. The Department would like to use $550 of the donated funds to purchase items such as plastic police badges and stickers to be given to children. This could help to develop a rapport with children to help in lessening their fear of police. The plastic badges could also be handed out to school children that toured the Police Department. $100 of the donated fund was to be given to the Citizens on Patrol program, as requested by the donor, the Ontario American Legion Auxiliary. A formal resolution approving the supplemental budget by the City Council was required to expend the funds per ORS 294.

CARTER moved, JUSTUS seconded, **THE CITY COUNCIL APPROVE RESOLUTION 2018-108, A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET TO RECOGNIZE POLICE DONATIONS AND AUTHORIZING EXPENDITURES OF THOSE FUNDS.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

Resolution #2018-110: Establishment off Septage Receiving Rates
Betsy Roberts, City Engineer, presented.

The City was 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".

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

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

There was no outright financial cost, though there was a very small amount of labor involved for the Public Works staff working at the WWTP. As could be seen, revenue could be generated. The total amount depended on market conditions and the need. The project had been underway as a pilot study for two years.

The passage of a fee was subject to ORS 294.160(1) which provided: *"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."*

CRUME moved, PALOMO seconded, **MOVE THE CITY COUNCIL ADOPT RESOLUTION #2018-110, A RESOLUTION ESTABLISHING SEPTAGE RECEIVING RATES.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

Hangar Lease Transfer: 109 India (James and Josette Beaumont)
Dan Beaubien, Airport Manager, presented.

Hanger 109 India has been purchased by James and Josette Beaumont, who now needed a current Lease. Keeping the Lease current maintains an uninterrupted cash flow to the city. Policy stated it was the responsibility of the city to approve Lease transfers.

CRUME moved, CARTER seconded, **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.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

Hangar Lease Transfer: 260 Golf (Gary and Elaine Taylor)
Dan Beaubien, Airport Manager, presented.

Gary Taylor placed ownership of Hanger 260 Golf into his name and would like a current Lease with the city. Policy stated it was the responsibility of the city to approve the Lease transfer.

CRUME moved, CARTER seconded, **MOVE THAT THE CITY OF ONTARIO GRANT THE LEASE OF HANGER 260 GOLF TO GARY TAYLOR AS SET FORTH IN THE ATTACHED LEASE AGREEMENT.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

Hangar Lease Transfer: 336 Echo/340 Delta (John and Sandra Freeburg)
Dan Beaubien, Airport Manager, presented.

Hangers Echo 336 and Delta 340, one hanger with two doors, has been purchased by John and Sandra Freeburg, who now needed a current Lease. Keeping the Lease current maintained an uninterrupted cash flow to the city. Policy stated it was the responsibility of the city to approve Lease transfers.

CRUME moved, CARTER seconded, **MOVE THAT THE CITY OF ONTARIO GRANT THE LEASE OF HANGER ECHO 336 AND DELTA 340 AS SET FORTH IN THE ATTACHED LEASE AGREEMENT.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

~~Land Lease: FBO Modular (Frazier Aviation, LLC)~~ TABLED AT END OF DISCUSSION
Dan Cummings, Community Development Director, presented.

The Fixed Base Operator was seeking to expand available space to accommodate the additional traffic at the airport. The added space was needed for Airport Committee meetings, pilot debriefings, OSU extension meetings, as well as emergency and overflow meeting rooms.

The modular facility 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, 2017, and was tabled pending further investigation into financial reconciliation between the FBO and the city. The eclipse revenue and hangar lease had been received by the city. Frazier Aviation currently owed the City of Ontario fuel tax from July 1, 2017, to December 31, 2017. The last payment received was in August, 2017, which was for the 2nd Quarter of 2017.

A Lease Agreement between the City of Ontario and Frazier Aviation LLC (FBO) was drafted and the occupancy of the modular awaits the approval of the Land Lease. Skirting, painting and other improvements to complete the set up were contingent upon acquiring the Lease Agreement. An additional Lease created additional revenue for the city.

The modular had been in place for approximately nine months waiting for the city to create a Land Lease and to resolve past financial issues. It was the policy of the city to approve all Leases at the airport.

Councilor Justus asked what was being done, or put into place, to ensure that Mr. Frazier kept current on his payments to the city. Historically, this person had caused the city to have to find him to get paid. They were now contemplating entering into another contract with this person. If they wanted to do a lease, fine, make it a standard rate, and also be charged a fine for every day that the modular had been there. He had not asked permission to put it there, just placed it there, and was now begging for forgiveness. So forgive him, but charge him. No more of the "oh well" responses. Also, it was set down on a spot proposed for a hangar, so should he be required to pay for a new airport plan report? Yes. If this was a private airport, that would have never happened!

Mayor Verini stated those were valid points, but the city had already negotiated this contract with Mr. Frazier, and the only stipulation was that his debt with the city needed to be paid in full. It would be in poor taste, as a city, to try and go back and start from ground zero again.

Mr. Brown stated he was not opposed to a rate of 15¢, and saw no reason to not go back to Mr. Frazier letting him know the rate was set at 15¢ per square foot. That was probably $300 a year. Mr. Frazier would still be required to obtain a special use permit, and the city could include any conditions in that permit. Some of these things could be addressed, or reinforced, via the permit. He did not believe staff would grant permission to put the building on a permanent foundation. He would have to move it off the current site to do that. This lease was just for a modular. If and when he wanted to do anything with it, that lease would be terminated or renegotiated.

Mr. Sullivan stated he did not recall in the discussion of this lease, the issue of the ground encroaching on some hangar space. He did not recall any language that would allow the city to force him to give up any portion of the property because of the encroachment.

Mr. Beaubien referenced the proposed lease, section 10, for that language. He believed that section would cover the issue.

Mr. Sullivan stated the city's current plan set aside a portion of that space for hangars already.

Mr. Beaubien stated the plan could be altered and changed based on hangars laid out in a plan. Some might have to be moved around to meet issues, such as the irrigation problem they just encountered.

Mr. Sullivan stated it was his opinion that that section was ambiguous as to whether this document would actually allow the city to restrict Mr. Frazier from using that entire 5,906 square feet that he was leasing. The city was telling him that he could have that ground, and he was paying to use that ground for a two year period. He was not sure if the language in that section would override the language in which it was being leased to him. If the city was leasing bare ground to somebody, and then using some language that didn't even deal with depriving him of the ability to use it based on an agreement with the FAA, he would like to see something more explicit.

Councilor Justus stated he didn't find where Mr. Frazier would be responsible for the property taxes on the structures.

Mr. Brown suggested tabling this issue, allow staff the time to address the questions and comments, and then bring it back before Council at a later meeting.

Councilor Crume stated he'd like to see the agreement go retroactive to the day Mr. Frazier placed the structure at the airport. He also agreed with the increase of ground space from 9¢ up to 15¢ per square foot.

Councilor Capron stated Mr. Frazier was now current with all past debt, and he should be encouraged to stay caught up. But, that structure was an eyesore at the airport. He didn't like it out there for any reason.

Mr. Sullivan asked if the Council was in favor of the lease, was it the consensus of the Council to have this lease retroactive to the date the building was placed at the airport.

Consensus yes.

CRUME moved, JUSTUS seconded, to **TABLE THIS ISSUE.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

Mayor Verini stated they would need clarification on the legalities, the land lease, and the encroachment.

Mr. Brown asked if the Council was still interested in pursuing this, or would they like it to go away? The building did fit one need for the aviation program.

Mayor Verini wanted to see if move forward. Council?

Capron-gone; Crume-move forward; Justus-gone; Carter-move forward; Palomo-move forward; Verini-move forward. Council consensus to move forward with the contract.

Expiration of Unified Certification Program Intergovernmental Agreement
Betsy Roberts, City Engineer, presented.

The Oregon Department of Transportation (ODOT) was requesting the city sign an Agreement stating the city recognized certifications issued to firms by the Certification Office for Business Inclusion and Diversity (COBID).

Historically, the city participated in the Unified Certification Program (UCP) and signed this Agreement. The purpose of the COBID was to review applications from various firms that wished to become certified as Disadvantaged Business Enterprises (DBE's). This status could provide these firms with an advantage in being selected for local, state, and federally funded projects that had a DBE requirement. By signing the Agreement, the city agreed to all DBE decisions made by COBID.

There was no cost to the city to become a member of the UCP, nor were 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 was acknowledging the importance of recognizing and supporting disadvantaged businesses within the community.

There was no outright financial cost, though there was 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. ODOT was collecting signatures with a plan of gathering the partners together this spring for a meeting/call.

JUSTUS moved, PALOMO seconded, **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.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

PUBLIC HEARING

Ordinance #2734-2018: Accepting Certain Territory as City of Ontario Street Right of Way, on First and Second Reading, Declaring an Emergency
It being the date advertised for public hearing on the matter of the Ordinance #2734-2018, the Hearing was declared open. There were no objections to the city's jurisdiction to hear the action, no abstentions, ex-parte contact, and no declarations of conflict of interest.

Dan Cummings, Community Development Director, presented.

The Council was 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.

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. On February 8, 2018, the City Council passed Ordinance #3732-2017 on Second and Final Reading.

The city was accepting only the right of way at this time as the street sections were not constructed to city standards. As part of the annexation of the property, the road maintenance was remaining under the Ontario Rural Road Assessment District No. 3 until such time as the streets were brought up to city standards and the owner requested removal from the District.

This action was part of the requirement of annexations under Ordinance #2732-2017, and needed to be done in a timely manner to fulfill the conditions of approval of that ordinance.

The City Council was required, pursuant to 10B-55-75, to accept or reject acceptance of right of way. The policy for this action was within the Public Works Maintenance duties and the Rural Road Assessment District No. 3. Legal aspects were the general liabilities that any road right of way issue brought.

The Hearing was opened for public testimony.

Proponents:
None.

Opponents:
None.

There being no Proponent and no Opponent testimony, the Hearing was closed.

CRUME moved, PALOMO seconded, **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.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

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

It being the date advertised for public hearing on the matter of the Ordinance #2735-2018, the Hearing was declared open. There were no objections to the city's jurisdiction to hear the action, no abstentions, ex-parte contact, and no declarations of conflict of interest.

Dan Cummings, Community Development Director, presented.

The Council was 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 was still under the control of the Oregon Department of Transportation as part of the NW Washington Avenue Re-Alignment Project.

- 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.
- July 19, 2011: the city entered into an Intergovernmental Agreement to cover right of way 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.
- September 16, 2013: the Council approved Amendment #2 to said IGA, amending certain sections of the original Agreement.
- 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.
- 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 would obtain the appropriate signatures and submit the executed document back to ODOT.

The city was accepting only the right of way at this time, as the street section is not constructed. Financial implications should be minimal, if any. This was another step in completing and closing out the Project, and needed to finalize the right of way for consolidation of the Project. Closing the Project cleared the way for the other ODOT projects to proceed. The Deed still needed to be returned to ODOT for completion and filing with the County Recorder.

The City Council was required, pursuant to 10B-55-75, to accept or reject acceptance of right of way. The policy for this action was within the Public Works Maintenance duties. Legal aspects were the general liabilities that any road issue brought. 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 could face litigation if it did not follow through with the Agreement.

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 might result in litigation by ODOT compelling the city to complete the jurisdictional transfer.

The Hearing was opened for public testimony.

Proponents:
None.

Opponents:
None.

There being no Proponent and no Opponent testimony, the Hearing was closed.

JUSTUS moved, CARTER seconded, **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.** Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

DEPARTMENT HEAD UPDATES

Financial Report: December, 2017
Kari Ott, Finance Director, presented. (Report attached)

Public Works Report: Quarterly
Cliff Leeper, Public Works Director, and Betsy Roberts, City Engineer, presented. (Report attached)

Community Development Report: Quarterly
Dan Cummings, Community Development Director, presented. (Report attached)

HAND-OUTS/DISCUSSION ITEMS

Sales Tax
Mayor Verini asked for Council consensus for Adam Brown to put together a presentation for the community, as well as placement on the city's website.

Councilor Capron reminded everyone, especially those who kept saying Oregon had no sales tax, that as of last year, it was ½% on vehicles, bicycles over $200, .01% on payroll, plus an increase of 4¢ on gasoline. That needed to be told to those who believed Oregon had no taxes.

Mayor Verini agreed, and asked for consensus.

Capron-yes; Crume-yes; Justus-yes; Carter-yes; Palomo-yes; Verini-yes. Consensus to have the City Manager create a presentation on the proposed sales tax.

Councilors asked to receive it digitally.

Sales Tax Proceed Opportunities

Adam Brown, City Manager, stated if the Council was comfortable with the numbers presented, he'd like to put it on the city's website.

Mayor Verini asked for consensus for Mr. Brown to get approval of the language from the state, and then having it ready to present to the citizens.

Capron-yes; Crume-yes; Justus-yes; Carter-yes; Palomo-yes; Verini-yes.

Mr. Brown stated for the public's knowledge, it was referred to as the Safe Harbor Review.

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

Councilor Justus stated he had gone and done a review of the books at the Chamber of Commerce. Several others were in attendance as well, including Debbie Blackaby, Bob Quinn, and Les Alexander. They had a good, in-depth discussion. The Council might or might not be aware that in 2016-2017, the Chamber charged against the revenue received $8,875 a month for their 12x12 Visitors & Conventions Center. That was for the space, for employees that worked the space. He had a 10x10 space in his office that would rent for $550, and that would include all utilities and internet. Next, the Chamber had accumulated over $170K in TOT that they had in their savings account that they hadn't spent. They honestly believed that their mandate was to spend the $30K that was above and beyond what they receive for the V&C grant. They tried to give out the $30K, but they hadn't been able to do that every year. They were collecting the TOT and putting it into a savings account. Yes, they were spending $10K of that for the 12x12 room, but now they've accumulated all these other funds. The city's contract with the Chamber read that they could be audited with a 30-day notice, but they had never been audited, and no one had ever checked on it. He did not understand how the Chamber of Commerce could accumulate $170K of tax payer money, and the city not know it.

Mayor Verini stated there was more to it than just that. He believed the Chamber had submitted a breakdown of what was received by Councilor Justus.

Mr. Brown stated yes. The Chamber had given him the hand-outs, along with some other items Councilor Justus had asked for, so he could share that with the Council. It was their ledger and various other documents. He believed Councilor Justus's statement was accurate regarding the $170K, but since that time, they had talked about the Chamber being will grant that money to the V&C Board for grants back to the city.

Councilor Justus stated it was a positive meeting. But, they had accumulated these funds and the city wasn't aware of it. And the city was short on cash. There had been a need for a Welcome to Ontario sign for years. That would be a Chamber function if they had those funds. There were trees that were running down all of East Oregon. The Chamber had not approached CH2 and asked how they could help finish the project so it wouldn't have to be done in stages. They had the cash! For him, it was a function of the Council to audit the organizations that received city money. He felt that the Cultural Center, the Chamber, the airport, anyone the city transacted business with, they should be requiring an audit every year, at their expense. If an audit was required, and it came out of their disbursement, if they were holding onto $170K, they certainly could pay for an audit, and then the city would know what was going on. That was standard procedure. Revitalize Ontario didn't even have $15K for income and expense, but if an organization received funds from the city, there should be a requirement to report and acknowledge where the money had gone.

Councilor Capron asked what the protocol was in other cities for Chambers and entities that received funds from their cities.

Mr. Brown stated he would need to research that. He was not positive that the $170K stated was the right number. The Chamber's ending fund balance in 2017 was $50K.

Mayor Verini stated in his opinion, this had been brought up recently, but in looking at it, it was the city's responsibility and it should have been the city's responsibility every year of having the Chamber, along with the Cultural Center, and anyone else that should have been coming to the city and making a presentation. It wasn't one-sided where they were trying to hide money from the city. The city hadn't followed through. Councilor Justus was making it sound like the Chamber was the bad guys, and they were not.

Councilor Justus stated the city was the bad guy in this. If the city gave him $300K, and didn't ask what he did with it, who was the dummy.

Mayor Verini stated moving forward it was important to have the presentation, be it annually, quarterly, whatever, but they needed to hold everyone to the same standards. Councilor Justus was digging into one organization, for whatever reason, but the bottom line was that if there was an indication of a problem with the finances, then they needed to let Mr. Brown do his job by investigating. He had seen too much good in the community, through the Chamber of Commerce, Four Rivers Cultural Center, and Revitalize Ontario, and he didn't feel uncomfortable with what they had done with the funds.

Councilor Justus verified that the Mayor was okay with the Chamber having $170 of tax payer money that was unaccounted for.

Mayor Verini stated it was accounted for.

Councilor Justus stated it was not accounted for because they didn't know where it was at. The money was supposed to be spent on tourism.

Mr. Brown stated he had attended their year-end report as a member of their board, and their board report was that they ended with a $50K balance, and at that time they said that they wanted to maintain something for emergencies, such as the building, or other events that could arise.

Councilor Justus stated the operated under a calendar year, but the city was a fiscal year. The Chamber was on track to get $180K this year.

Mr. Brown stated he didn't think they'd see what they got last year. The eclipse was a big boom in their revenue, and before that, the winter filled up the hotel rooms with the number of times the highways closed down. 2017 was a boom year for the TOT. They wouldn't see that large a profit moving forward. But, there was profit there. There were multiple positive things that came out of their meeting. John wanted to set a scheduled reporting slot to the Council, at a timeframe of their choosing. Also, the financials were not being sent to the ex-officio members, and John was unaware that wasn't being done, but it would be addressed and corrected. It would be discussed, but it was never in the monthly packet.

Councilor Justus stated the contract specifically read that the funds were to be kept in two separate accounts. They had not been able to verify that with him. All those things were red flags. They should have been able to provide documents that stated where the accounts were and how much money was there. He wasn't saying they were co-mingling funds, he was just saying that they might be. The Council's responsibility was to be fiscally responsible to the citizens. It was not a responsibility to the Chamber, the Chamber had the responsibility to the Council. They should follow the contract whether the Council asked or not. The Chamber was obligated to fulfill the obligations of the contract. He only wanted to make sure they were doing that. He felt that way about the Cultural Center, or Revitalize Ontario, or with anyone doing business with the city. They were talking about a half a million dollars, $600K, not just $20K, this was big bucks. If they were going to promote tourism in a real way, that would bring actual dollars to Ontario, the Council was obligated to pursue that. Having a 12x12 air-conditioned room that three people a month entered, was not an efficient use of that money. The Council could make up all the excused they wanted to, but there was a fiduciary responsibly to the citizens. He was there, waving that flag, saying let's look at the books.

Mayor Verini stated they were moving the direction. Mr. Brown was on the Board, the books had been reviewed, and Mr. Brown would follow through.

Councilor Justus wanted the books audited, and he wanted the Cultural Center audited, and if they wanted to audit Revitalize Ontario, they could do that too.

Mayor Verini polled the Council to see if they wanted to issue a blanket audit on all the accounts the city currently provided funds to.

Councilor Justus said if the Finance Director for the City of Ontario had not audited the books for these organizations for the past four years, then the Council was not fulfilling their contractual obligation.

Councilor Palomo asked what the cost would be to conduct an audit on every entity.

Mayor Verini stated he did not know, but they had Mr. Brown on board as the City Manager, managing the city. Putting this in Mr. Brown's hands, and having Mr. Brown bring a recommendation back to the Council, he would feel comfortable with that.

Councilor Palomo agreed. Every three months, the entities needed to bring in their financials to the City Manager for a review. The city was working on transparency, so those places needed to be transparent, too. That wouldn't take an auditor. If there was a problem, raise the flag.

Councilor Carter stated Four Rivers had an audit done every year by an outside auditor.

Mr. Sullivan stated if the Council asked all those non-profits to provide the city with a paper trail showing the receipt of the funds, followed by what that money was used for, that was not an audit. An audit would determine if the documents correctly stated what they purported to say. The question was if the Council wanted to have someone independently verify the accuracy of the records being presented to the city. They'd also have to determine who was going to pay for that.

Mayor Verini stated the Council needed to either go along with the proposal by Councilor Justus or did they want to put it in the hands of the City Manager.

Councilor Justus was fine with handing it off to the City Manager.

Council consensus to give this issue to the City Manager for investigation and to bring back the results to the Council.

<u>Department Stats</u>
Ontario Fire & Rescue: Jan, 2018 (Attached)
Ontario Police: Dec, 2017 (Attached)
Code Enforcement: Dec, 2017 (Attached)
Code Enforcement: End of Year, 2017 (Attached)
Public Works: Dec 16, 2017 – Jan 25, 2018 (Attached)

<u>Minutes</u>
County Court: Jan 10, Jan 17, Jan 24, Jan 25, 2018 (Attached)
SREDA: Jan 3, 2018 (Attached)

<u>Agenda</u>
SREDA: Feb 7, 2018 (Attached)

CORRESPONDENCE, COMMENTS, AND EX-OFFICIO REPORTS

Councilor Capron stated he'd like to see if the Council was willing to talk about the rules of the Council, to see if they needed to change anything, especially attendance. If they were operating within the rules, fine, but it might be time to look at some things.

Mayor Verini stated so far, the absences had been excused and the rules followed.

Councilor Capron stated he just had some concerns. Maybe it was time to change some things.

Councilor Crume agreed. Take a look and bring suggestions forward.

Councilor Justus wanted attendance records for all the Councilors. Who had missed, how many times, etc. The rules might be being followed, but it was about the ratio. If a Councilor missed 50% of the meetings, the Council might like to see that in writing.

Councilor Carter said they wanted to be careful with micromanaging.

Councilor Palomo stated the Council orientation shouldn't be just for new Councilors, it should be for all of them. Those rules should be reviewed annually.

Councilor Crume stated he would be out on the 20th, and that would only be his second missed night meeting in nine years.

Councilor Capron stated they had meant to speak about paperless billing. Was anything ever done on that?

Kari Ott, Finance Director, stated she believed there was a module they'd need to purchase from the Springbrook system. It was allowed, but she didn't know the cost.

Mr. Sullivan stated if they moved to paperless billing, they would have a way people that didn't have internet access the ability to pay.

Councilor Capron stated it was more an opt in or opt out thing. Check the box if you wanted to go paperless.

Mr. Brown stated they would review the benefit vs cost. He and Ms. Ott would look forward into the issue.

Mr. Brown stated there would be a groundbreaking ceremony on February 19th, at 3:00 p.m., for the Splash Pad.

Mr. Brown stated on February 27th, from 4-6 p.m. would be a Parks & Recreation charrette, at Four Rivers.

ADJOURN

CARTER moved, JUSTUS seconded, **THAT THE MEETING BE ADJOURNED**. Roll call vote: Crume-yes; Carter-yes; Palomo-yes; Justus-yes; Capron-yes; Winebarger-out; Verini-yes. Motion carried 6/0/1.

ACCEPTED:

Ronald Verini, Mayor

ATTEST

Tori Barnett, MMC, City Recorder