CITY COUNCIL WORK SESSION MINUTES
July 12, 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, July 12, 2018, in the Council Chambers of City Hall. Council members present were Ronald Verini, Norm Crume, Tessa Winebarger, Dan Capron, Betty Carter, and Marty Justus. Ramon Palomo was excused.

Members of staff present were Adam Brown, Tori Barnett, Larry Sullivan, Kari Ott, Debbie Jeffries, Terry Leighton, Dan Cummings, Cal Kunz, Betsy Roberts, Cliff Leeper, and Dan Beaubien.

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

Tessa Winebarger led everyone in the Pledge of Allegiance.

AGENDA

This Agenda was posted on July 10, 2018. Copies of the Agenda are available from the City Hall Customer Service Counter and on the city's website www.ontariooregon.org.

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

OLD BUSINESS

Ordinance #2739-2018: Repealing Title 10C-50 Historical Landmarks and Replacing it with Title 10C-60 Historical Preservation Landmarks FINAL READING

Dan Cummings, Community Development Director, presented.

A request was made for the City of Ontario to replace the city zoning and development code, Title 10C-50 Substantive Regulations for Land Development - Historical Landmarks to follow the Oregon State Historic Preservation Office (SHPO) guidelines to become a Certified Local Government (CLG). If approved, this action would show the city's demonstrated interest in historic preservation and it would be recognized as a CLG by the National Park Service. Becoming a CLG opened the city up for funding through SHPO, technical assistance, and trainings.

On June 19, 2018, the City Council heard the action and approved it on First Reading by Title Only.

Chapter 10B-15-05 would allow the initiation of zoning and development code amendments by the City Council or Planning Commission. The proposed amendments had been initiated. As proposed, the amendment would replace Chapter 10C-50 entirely with a new Historical Landmarks Ordinance named Historic Preservation Ordinance. Doing so would allow the National Park Service and the State Historic Preservation Office (SHPO) to recognize the City of Ontario as a Certified Local Government, opening up opportunities for grants, technical assistance, historic inventories, and historic preservation trainings. The code would be non-compulsory. Property owners would have to register their property as historic, if it met the standards, in order to be eligible for grant money and be held to the restrictions laid out in this chapter. There were 81 other cities in Oregon that were recognized as Certified Local Governments and were therefore eligible to receive grants of varying amounts from the State of Oregon.

The request was to replace the current code with a code that adhered to SHPO standards. The changes were as follows:

REPEALING TITLE 10C-50 HISTORICAL LANDMARKS AND REPLACING IT WITH TITLE 10C-60 HISTORICAL PRESERVATION LANDMARKS.
At a Public Hearing by the Ontario Planning Commission on June 11, 2018, the Commission made a motion recommending the City Council approve planning action 2018-04-09ZCA, Ordinance #2739-2018. On June 19, 2018, the City Council heard the action and approved it on First Reading by Title Only. There had been no changes to the Ordinance since the first reading, and no additional comments had been submitted.

Other than staff time and recording fees (fees were budgeted), there should be no financial cost to the city. The application fees should cover staff time to process any applications and the city should benefit from increased tax values with any remodeling of the historical buildings.

Staff was attempting get this project approved and completed by the end of July.

The city had the authority to amend the zoning regulations in response to emerging technologies, business concepts, or changes in state law. The proposed amendments to Title 10C of the Ontario Planning Code were both substantive and "housekeeping " measures in response to Council direction and identification of changing business concepts and state regulations.

JUSTUS moved, CRUME seconded, **THAT THE CITY COUNCIL APPROVE ORDINANCE #2739-2018, AN ORDINANCE REPEALING TITLE 10C-50 HISTORICAL LANDMARKS AND REPLACING IT WITH TITLE 10C-60 HISTORICAL PRESERVATION LANDMARKS ON SECOND AND FINAL READING BY TITLE ONLY.** Roll call vote: Crume-yes; Carter-yes; Palomo-out; Justus-yes; Capron-yes; Winebarger-yes; Verini-yes. Motion carried 6/0/1.

Ordinance #2741-2018: Creating Title 6, Chapter 10, of the Ontario Municipal Code to Adopt a Public Safety Fee for the City of Ontario FINAL READING
Kari Ott, Finance Director, presented.

The city was in need of a funding mechanism to preserve the current Ontario Police Department staffing levels. The City Manager proposed a public safety fee of $5 to be listed as a separate line item on the water and sewer bills. The revenue estimated would preserve two police officer positions.

The Budget Committee met in April, 2018, and, based upon that recommendation, approved the implementation of a $5 public safety fee, effective with the 2018-2019 budget.

The Council approved the first reading of the ordinance on June 19, 2018, and there had been changes subsequent to that reading. This proposed final reading was necessary to approve the ordinance, which was the first step in the process outlined below. In order to impose a public safety fee, the city was required to create an ordinance, approve two different resolutions, allow for public comment, and publish notice in the newspaper. Those documents would accomplish the following:

- The ordinance would create Title 6, Chapter 10, of the Ontario Municipal Code which would allow the city to adopt the public safety fee and set up the parameters.
- The first resolution would set the public safety fee as a monthly $5 fee to each dwelling unit and non-residential unit. The resolution also certified that an opportunity for public comment was provided.
- The second resolution classified the public safety fee not subject to Measure 5 limitations. It also certified that a publication would be published in the newspaper to give notice of the adoption of this resolution. The resolutions would be brought to the Council after the ordinance became effective.

Staff anticipates this public safety fee, at a monthly charge of $5, would bring in $217,500 annually. This action should be approved as soon as possible to start bringing revenue into the city to fund public safety. The legal process outlined above was mandatory. The Council was required to follow those steps to implement this public safety fee.

Taking no action on this matter would result in two police officers being eliminated from the 2018-2019 budget.

WINEBARGER moved, CARTER seconded, **THAT THE CITY COUNCIL APPROVE ORDINANCE #2741-2018, AN ORDINANCE ADDING CHAPTER 10 TO TITLE 6 OF THE ONTARIO CITY CODE TO ADOPT A PUBLIC SAFETY FEE, ON SECOND AND FINAL READING BY TITLE ONLY.** Roll call vote: Crume-yes; Carter-yes; Palomo-out; Justus-yes; Capron-yes; Winebarger-yes; Verini-yes. Motion carried 6/0/1.

NEW BUSINESS

Hangar Lease #367 Alpha: Sam Ralston

Dan Beaubien, Airport Manager, presented.

Sam Ralston purchased Hanger 367 Alpha from Verla Holton and would like to continue the lease agreement with the city of Ontario. As per policy, all lease transfer were to be brought before the City Council for approval.

New leases were set to begin at 15¢ per square foot of hanger space. This would be an increase over the previous rate paid to the city. The hanger had already been purchased, which required a name change on the lease agreement to reflect that change. It is the responsibility of the city to grant land leases at the Ontario Municipal Airport for hangers.

CRUME moved, CARTER seconded, **THAT THE CITY COUNCIL GRANT THE LEASE AS PRESENTED FOR HANGER 367 ALPHA AT THE ONTARIO MUNICIPAL AIRPORT TO SAMUAL RALSTON.** Roll call vote: Crume-yes; Carter-yes; Palomo-out; Justus-yes; Capron-yes; Winebarger-yes; Verini-yes. Motion carried 6/0/1.

Resolution #2018-131: Grass Runway Dedication – Cash Troyer Memorial

Dan Beaubien, Airport Manager, presented.

Cash Preston Lee Troyer's dream was to become a pilot. Sadly, his life was cut short at the age of 9½ years old. He helped begin the new grass strip which would be used for back country fliers, as well as gliders. It seemed very fitting that the grass strip be named after him. Cash was a fixture at the airport. He knew many pilots and had knowledge beyond his years of all types of airplane and classes. He was the one who was spoken of in the elite group of pilots who visited the Ontario Airport. His hospitality in greeting and helping pilots soon spread in the aviation community to the point that pilots would land and look for his smiling face as their first greeting at the airport. Cash was never hard to find. Cash's mother and grandfather still greeted pilots as they came to the airport; however, it was now quite different without that youthful smile. The Ontario City Council and the Airport Committee unanimously agreed to name the new grass strip after Cash. His family was deeply moved that the City of Ontario would dedicate the grass strip in his honor.

The healing within the family and his many friends had begun. This would aid in the healing process and was timely. A resolution to proclaim the grass landing strip in Cash's name was required to make it official.

CAPRON moved, CARTER seconded, **THAT THE CITY COUNCIL ADOPT RESOLUTION #2018-131, A RESOLUTION DEDICATING THE GRASS LANDING STRIP AT THE ONTARIO AIRPORT IN HONOR OF CASH PRESTON LEE TROYER.** Roll call vote: Crume-yes; Carter-yes; Palomo-out; Justus-yes; Capron-yes; Winebarger-yes; Verini-yes. Motion carried 6/0/1.

Phase 4 – City of Ontario National Pollutant Discharge Elimination System Permit – Variance Application

Cliff Leeper, Public Works Director, and Betsy Roberts, City Engineer, presented.

Over the past two years, the city had been negotiating with the Oregon Department of Environmental Quality (DEQ) over the development of a draft National Pollutant Discharge Elimination System (NPDES) permit. The DEQ was currently finalizing the NPDES Permit for public comment. Once the permit had been reviewed by the public, the DEQ would finalize it and it would become enforceable at the City of Ontario.

The Ontario NPDES team met with the Director of the DEQ early this spring. The outcome of that meeting was an agreed upon direction forward, which included development of an application for variance by the City of Ontario. This Task Order included the effort needed to develop that application for variance. A minor part of the Task Order would cover the continued arsenic monitoring effort being conducted around the city.

Woods Consulting and Jacobs Engineering had been working with the City Manager on the city's behalf with the Oregon DEQ and the EPA over the past two years regarding the city's future NPDES permit. The City of Ontario's NPDES Permit had been extended administratively since 2009 by the DEQ. The team had been working to develop a draft NPDES Permit that provided a long timeframe for compliance and protected the city from unreasonable financial burden. The City of Ontario was unique; implementation of the 2.1 ug/l arsenic limit was new to the state and was lower than surrounding natural conditions; the city was just downstream of flows coming out of Idaho where the current limit was much higher; and the community was financially depressed.

The DEQ was moving forward with preparing the draft permit for public review and would continue to move toward finalizing the permit. However, the DEQ was working with the city to find alternative ways to support the city through the permitting process. The current recommendation was to move forward with an application for variance based on finances. A variance could be granted if the community could prove that the permit requirements would cause a financial burden, which equated to a sewer rate greater than 2% of the Median Household Income.

The estimated effort for development of the NPDES permit application for variance was $49,890 to cover both Woods Consulting ($27,600) and Jacobs's staff ($22,290). $50,000 was budgeted in 2018-2019 in the Sewer Fund line item 110-165- 628900. Previously, the city had paid a total of $62,530.53 for Jacobs/CH2M staff and Wood Consulting work on the permit.

As part of the meeting with DEQ, it was determined that the variance application could be submitted immediately after the permit became final. This was anticipated to be sometime this fall. Staff recommended being prepared to submit the variance application as quickly as possible.

The Council had two options for this action:

Approve the Task Order for Phase 4. By approving this Task Order, the city retained the best opportunity to maintain some control over the impact of the NPDES permit on the community.

Do Nothing. By not acting, the city might lose momentum gained with the DEQ and current staff.

CARTER moved, WINEBARGER seconded, **THAT THE CITY COUNCIL APPROVE PHASE 4 OF THE NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES) PERMIT PROCESS REGARDING DEVELOPMENT OF AN APPLICATION FOR VARIANCE FOR JACOBS AND WOODS CONSULTING FOR $47,845.** Roll call vote: Crume-yes; Carter-yes; Palomo-out; Justus-yes; Capron-yes; Winebarger-yes; Verini-yes. Motion carried 6/0/1.

DEPARTMENT HEAD UPDATES

Financial Report: May, 2018

Kari Ott, Finance Director, presented. (Report attached)

City Recorder: Semi-Annual Report (Jan-Jun, 2018)

Tori Barnett, City Recorder, presented. (Report attached)

Police Department: Quarterly Report (2nd Quarter)

Cal Kunz, Police Chief, presented. (Report attached)

Airport: Quarterly Report (Jan-Jul, 2018)

Dan Beaubien, Airport Manager, presented. (Report attached)

HAND-OUTS/DISCUSSION ITEMS

Business Loan Fund

Councilor Justus asked to speak about how many loans the city had made, how many loans had failed, and the future of the Business Loan Fund overall. How many loans had failed over the past three years?

Mr. Brown stated he believed it was just two. He would also find out how many loans had been given.

Councilor Justus wanted to know the success of the fund. If it was successful, then continue on, but if the city was losing money, consistently, it was time to reevaluate it. They had a fiduciary responsibility to the city. The comment had been made that the city was giving money to businesses that couldn't get money from anywhere else. If that was the case, why would the city give them money? If they weren't operating their business effectively or efficiently to get the line of credit they needed, that concerned him. He was aware that another application had been received, but he didn't want to take half of the fund away because the Council had just allocated funds to housing. It was important that they start promoting that $10K grant to get more people to build houses in Ontario. He didn't want to take half of those funds for a business that might fail.

Mayor Verini stated the fund had grown from $84K to about $500K. There had been two loans that appeared to be in default. But, the city had just received payment from one of those loans. On the Business Loan Fund Committee, now, two bankers, Sandy Hemenway and Jackie Hansen, both with a tremendous amount of experience in business loans, one member from the community, Janet Komoto, with great insight, as well as he and Councilor Betty Carter. Staff (no-members) included Adam Brown, Kari Ott, and Dan Cummings, who attended the meetings and provided background and insight. While he couldn't speak for the businesses that went under, but regarding the application before the Committee currently, and following the rules established for granting loans, one section read *"No loans shall be approved unless there is sufficient collateral or adequate security given to allow repayment of the loan in the event of default. Unless personal guarantees are executed by all principals of the business in taking collateral as security for a loan, the following shall apply: whenever feasible, the city shall require that it be in first lien position on the collateral, and the city may agree to subordinate its security interest in collateral to another lender on the project if the borrower has sufficient equity in the collateral taken by the city to provide adequate security for the loan amount. The city shall not rely on inventory as collateral in approving the loan, although it may take a security interest in the inventory."* Reading through the criteria, if the Committee followed the rules, the city should be adequately covered under any situation where there was a default in the loan. With the quality of the individuals that were serving on the Committee, he saw no problem. He didn't know if they would be approving the current application. It would go through the process. If it passed through the Committee, it would come before the City Council for final approval or denial. The Fund was not in dire straits, but there had been some recent bumps.

Councilor Justus stated he understood that, but those rules had been there for a while. If the rules were there, and the city had personal guarantees, and there was a default, the response was, well, there's nothing to go after, so let's not go after the judgement. If there was a personal guarantee made, then get the judgement. His concern was that yes, they had a loan fund, but suddenly it wasn't being repaid. A judgement would follow until paid. If the city wasn't going to follow-through on the two that were in default, he didn't want to approve any more applications. They needed to follow their fiduciary responsibilities.

Mayor Verini stated there were a few issues. One, there was a default in one of the loans...

Larry Sullivan, City Attorney, stated although those two loans were in default, it appeared that the city would be moving forward on enforcing the city's remedies. They were in position to do that with one loan; the other, had a few more days to bring payments current. If that did not occur, they could move forward against that loan, too. It was premature to say those loans had failed. While the borrowers had ceased making payments, but it may be that the city will eventually be able to collect part or all of the money owed on those two loans.

Councilor Justus stated in his last conversation, he was told that there was not a lot of interest in pursuing them. He was in support of pursuing the city's interest. Not everyone who received a loan paid it back.

Mr. Sullivan stated since he had been City Attorney, there hadn't been any loan that went into default that the city hadn't had him move forward to take legal action against them. That didn't mean recovery was made; some were very modest recovery, but overall, the only thing that had stopped the city from collecting money was due to the debtor declaring bankruptcy. He had always taken all the necessary steps to protect the city's collateral.

Councilor Capron he would review any recommendation provided from the Loan Committee, but if he was looking for a loan for the city, he'd rather put it into housing for someone that lived there over a business owner that did not live here. The housing will benefit the city more.

Councilor Crume stated they started out with a modest amount of money, given by the state, which was the justification for creating the Revolving Loan Fund. It had proven that it had grown, even with the failures. With each failure, every Council held the exact discussion that they were having now, every time. The last issue was when the wine shop downtown failed, and then the sports store. Both were sizable loans, and the Council reeled back and established new rules and criteria because of those two defaults. The Council had to rely on the expertise of the Committee. Councilor Justus wasn't wrong – the Council had to be careful.

Agendas: (Attached)
SREDA 07-11-2018
Public Works Committee 07-10-2018

Minutes: (Attached)
Malheur County Court: 05-30-2018; 06-06-2018; 06-13-2018
SREDA 06-06-2018
Public Works Committee 05-08-2018

Packet: (Attached)
V&C Board 07-12-2018 w/05-03-2018 Minutes

Department Stats: (Attached)
Public Works 05-26-2018 thru 06-19-2018
Ontario Fire & Rescue 06/2018
Ontario Police 05/2018; 06/2018
Code Enforcement 05/2018; 06/2018

CORRESPONDENCE, COMMENTS, AND EX-OFFICIO REPORTS

Councilor Capron stated due to the marijuana initiatives going around, the Council needed to be proactive and get the ordinances going, and obtain feedback from the Marijuana Ad-Hoc Committee.

Mr. Brown stated that Councilor Justus had brought that issue to them at the agenda prep meeting, and staff felt two days was not enough time for staff to prepare a discussion on the issue. He had spoken with Mr. Sullivan and Mr. Cummings, and they planned to discuss the legal aspects, zoning aspects, the petition, etc., at the Tuesday Council meeting.

Mr. Brown stated the Diversity Advisory Committee held their second meeting last Tuesday, and it was going well.

ADJOURN

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

ACCEPTED:	**ATTEST**
Ronald Verini, Mayor	Tori Barnett, MMC, City Recorder