



CITY COUNCIL MEETING MINUTES March 17, 2020

The scheduled meeting of the Ontario City Council was called to order by Mayor Riley Hill at 6:00 p.m. on Tuesday, March 17, 2020, in the Council Chambers of City Hall. Council members present were Riley Hill, Dan Capron, Norm Crume, Michael Braden, and Freddy Rodriguez. Marty Justus and Ramon Palomo participated by phone.

Members of staff present were Adam Brown, Tori Barnett, Steven Romero, Peter Hall, and Terry Leighton. Larry Sullivan, Kari Ott, Dan Cummings, Betsy Roberts, and Dan Beaubien participated by phone.

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

Mayor Hill led everyone in the Pledge of Allegiance.

AGENDA

This Agenda was posted on March 13, 2020. Copies of the Agenda are available from the City Hall Customer Service Counter and on the city's website www.ontariooregon.org.

CRUME moved, CAPRON seconded, **TO ADOPT THE AGENDA AS PRESENTED**. Roll call vote: Crume-yes; Rodriguez-yes; Palomo-yes; Justus-yes; Capron-yes; Braden-yes; Hill-yes. Motion carried 7/0/0.

CONSENT AGENDA

Action item 5B "Modular Lease Frazier Aviation, LLC" was moved in order to address the issue under a separate action.

CAPRON moved, RODRIGUEZ seconded, **TO ADOPT THE CONSENT AGENDA, ITEM A ONLY, WHICH INCLUDED THE MINUTES FOR THE JANUARY 9, 2020 WORK SESSION; FEBRUARY 6, 2020 WORK SESSION; FEBRUARY 18, 2020 COUNCIL MEETING; AND MARCH 5, 2020 WORK SESSION**. Roll call vote: Crume-yes; Rodriguez-yes; Palomo-yes; Justus-yes; Capron-yes; Braden-yes; Hill-yes. Motion carried 7/0/0.

Modular Lease for Frazier Aviation, LLC

Mayor Hill asked about an item in the proposed lease, paragraph 2. He assumed both parties agreed but wondered how the lease fit with the lease at the Golf Course. This was at 15.44¢ per square foot for the property for the airport, and 4,222 square feet, \$651.88 per month [sic]. Was that consistent with the lease at the Golf Course?

Adam Brown, City Manager, stated no, because the city was leasing out the building and grounds at the Golf Course, and the other lease was for a ground lease only, which was consistent with the other ground leases on the airport side with the hangars. They were all in the ballpark between 15¢ to 16¢ a square foot for that use.

Mayor Hill asked for further clarification. They were at 15.44¢ per square foot for a ground lease only?

Mr. Brown stated yes.

Mayor Hill verified that at the Golf Course, the city had a ground lease there; how much was the ground leased for?

Mr. Brown stated it was above the \$2,000 per month because it had been escalated. However, that lease was for the building and ground, not just ground.

Councilor Crume stated the Mayor said the lease for Frazier Aviation per month....it was actually per year. It was \$651.88 per year.

Councilor Justus stated the city maintained an office in the building. How much was the city paying back to Frazier Aviation in rent?

Councilor Braden stated it was \$420 a month.

Councilor Justus stated Frazier had given the city \$651.88 a year, and the city was giving him \$420 a month for an office.

Mayor Hill stated the city did not own that building.

Councilor Justus asked when the next agreement was done with Frazier?

Mr. Brown stated it was now.

Councilor Justus asked why the city wouldn't do a trade – rent for rent?

Mayor Hill stated his question was along the lines of the Frazier lease compared to the Golf Course lease. Frazier was getting a great deal.

Councilor Justus agreed. There were issues with the tenant, but the city was giving him a great deal on his rent to the city, and the city was paying rent to him. That needed to be addressed.

Mr. Brown stated it was a triple net lease. It included storage for some of the city's telecoms and racks. Also, once the fiber was installed, Frazier would have to pay the city for that fiber, which would be about \$80 per month.

Councilor Crume stated obviously the figures they were currently reviewing did not sound reasonable for obvious reasons. The situation with the Golf Course was a total unique situation where they were starting from scratch, and the City Manager worked with them to make a deal, to bring income into the city that was relative to the value due to the size of the building. The rent would escalate over time. The problem was that the \$15.44¢ per square foot was the going rate at various airports in the area for hangar leases, ground only. What seemed to be creating a problem was that there was a commercial situation taking place on top of the city's ground rather than an actual hangar. The hangar space was meant for aircraft only, who were hopefully purchasing fuel, and creating more income for the city. A commercial lease such as was in place for the double-wide for the school, for that land space anywhere else in Ontario would be considerably more money.

Mayor Hill stated he just wanted this all out in the open. He wanted the leases to be fair and comparable. He brought this up because it was hard to keep a good Fixed Base Operator, and this person had made a really nice office out there for pilots and made it look better. However, he did not want to be criticized that somebody was paying more, or somebody was paying less with different city leases.

Councilor Crume stated that was what they had. They were the same with the exception of the Club House. That lease included the building and land.

Councilor Justus so the building that Frazier put out there last year, he was now going to release that to the Aviation people at the college, correct?

Mr. Brown stated the city had been working on the lease for over two years. They finally were able to get Dan Cummings, Dan Beaubien, and Tom Frazier together and they worked out details that everyone felt was equitable.

Dan Cummings, Community Development Director, stated this lease was just for the little piece of area that the modular was on. There had been comments made about releasing property back, but that was in the FBO portion, which was a different lease. This lease was strictly for the modular and the six required parking stalls for the area. The square footage was based on what was on track with everyone else. Was that fair for commercial? That was

something the Council and Airport Committee should review, but currently, under the city's own policies, that was all that was being charged to anyone.

Mayor Hill reiterated he was not taking issue, he only wanted to understand it.

Councilor Justus stated he would feel more comfortable, if they wanted to move forward, that there be a caveat that the city had to review its commercial leasing policies. Not just because of this particular issue, but in promoting the Airport as a whole. They needed to formulate a policy for hangars versus commercial uses at the Airport. The Council had a fiduciary responsibility to the citizens. If the FBO was going to release this space to the college, other than free, he would profit off that, and the city would not profit off that profit, they were not living up to their responsibility.

Mr. Cummings stated this proposed lease was for only one year. Frazier had a temporary use permit on that area, which expired Friday. The city was not extending the permit unless he renewed his lease. Also, it could only be extended for one year. If it was not renewed, then this Friday, Frazier would have to remove the building.

Councilor Crume felt it was in the city's best interest to renew the lease for one year and save the ideas they'd been talking about for a future time.

Councilor Justus stated he was good with moving forward on the lease, but he wanted direction given to staff that they needed to study on commercial spaces as airports so that when this came back for renewal next year, or when any other issue came up...the city was currently extending water and sewer out to the Airport and working towards expanding the use of the Airport, so they needed to develop a policy. He'd like to ask staff to create that policy so the Council could endorse it.

Mayor Hill stated it was his understanding that the Airport Manager was already doing that with the hangars, trying to develop a plan.

CRUME moved, BRADEN seconded **THAT THE CITY COUNCIL APPROVE THE LEASE AS WRITTEN FOR THE MODULAR UNIT AT THE ONTARIO MUNICIPAL AIRPORT.** Roll call vote: Crume-yes; Rodriguez-yes; Palomo-yes; Justus-yes; Capron-yes; Braden-yes; Hill-yes. Motion carried 7/0/0.

PRESENTATION

Reload Center Update

Greg Smith: *Thank you Mayor and members of the Council. Just for the record, my name is Greg Smith, Malheur County Economic Development Director and on the phone with us is also Grant Kitamura, Malheur County citizen, entrepreneur, and Chair of the Malheur County Development Corporation. Grant, if it's okay, why don't I start off and give an overview of the progress to date, and then, like we did earlier today, you can jump in and share where the shippers are.*

Grant Kitamura: *Sounds good, Greg; please go forward.*

Mr. Smith: *Mayor, what I want to do is just give an update to the City Council and to the public talking about the scope of work and the tasks that are being completed. In the interest of time, I'll try to be brief in my comments, but provide substantive overview, and then if there are any questions, I'm more than willing to address anything that folks would want to ask. So right now, the tasks that are underway include civil engineering, rail engineering, design planning for the building, primarily we're in the process, starting next week, of figuring out who is our general contractor going to be, and what is the plan to ensure that we provide maximum opportunity for local business owners within the county. In addition to that, we're still having outstanding issues as it relates to real estate, primarily how much real estate do we want to acquire, how are we going to pay for that real estate, and what amount will be set aside for the primary purpose, and that is reloading commodity from Malheur County to destinations throughout the world. In addition to that, we're having conversations with a potential operator. We're excited about this conversation and I won't take the thunder away from Grant, but this is an ongoing dialogue. In addition, we're continuing to oversee the financial management of the project. This includes making sure that invoices get paid and maintaining and acquiring proper insurances. Not just for general liability, but also for hazards and board liability*

policies. One of the things we'll be doing on a regular basis, and this came from a citizen this morning in a meeting, is making sure that project budgets are maintained on a quarterly basis. In addition, we're trying to maintain community relations, and, in all fairness, this has been a real struggle trying to make sure the community stays up to date with where we are in the project. In addition, we're having to manage and respond to public records requests. On average, we're receiving anywhere between two to three to ten public records requests each week. They are primarily coming from a single media source and approximately ten days ago we received over 17 inquiries. This is taking, on average, 30-40% of our weekly work time. In addition, we're following up and getting ready to pursue a build grant. This is a federal transportation grant this is available to Malheur County, to the City of Ontario, and to the Development Corporation. What we're hoping to do is take the \$26M from ConnectOregon and use it and leverage it into additional resources.

Now, specifically, as it relates to the civil engineering, right now we are working through the water and wastewater components of the project. In addition, we're having to do some additional cultural resource work and wetland delineation. Right off, the 290 acres that was acquired are railed right of way that are going to be utilized to allow for the full trackage development. As a result, we're having to do cultural work in those rights of way and wetland delineation work. We're not anticipating anything significant, but none the less, that work has to be completed. We're also, next week we'll be meeting with Idaho Power and Cascade Natural Gas. The plan there is to make sure that those industrial utilities fit in line with the rail design and the civil engineering that has been done to date.

On rail engineering, Union Pacific has accepted our 30% design engineer plan. For Union Pacific, their process is kind of quirky. There's a 10-step process you have to follow and right now we're on approximately step #5. After our 30% design engineering, we will issue them a check for \$125K, effectively to retain UPs engineers to work with us on rail crossing and to ensure that all rail engineers have designed it in accordance with UP rail engineers. While \$125K is a shocking number for some, it's actually exciting that UP has requested that we submit that payment because it means that we are moving to 100% design engineering. With that design engineering will come a final track plan. It'll deal with grading issues, drainage issues, crossing issues, etc. In terms of Union Pacific rail engineering, we're really right on schedule.

As I shared with you, we're moving into the building design. This is open to the public – next Tuesday, we will be sitting down with a group of folks and all are welcome, but it'll be primarily driven by our engineer, starting to lay out that plan and map and schedule for the building design. Again, Mayor and members of the Council, our number one goal, the goal that's been given to us by the County Commission, is to make sure as many local contractors have an opportunity to participate in that process.

That's kind of where we are to date. I don't want to take away from Grant's message, so maybe Grant you can jump in and then I can address any questions that the Council or anyone else may have for me.

Grant Kitamura: Thank you, Greg. This is Grant Kitamura. I'm a principal in Baker-Murakami Produce Onion Packing here in Ontario. I also serve as the Chairman of the Malheur County Development Corporation, which is responsible for putting this together for the onion transload facility that's planned, and also a citizen of Ontario. So, thank you Mr. Mayor and Councilmembers for this time.

I'll just say that Greg covered basically everything. I'll just say that in our negotiations, in our beginning negotiations with our potential operator and Union Pacific, we were asked to form another entity of onion shippers to do negotiation. They wanted to negotiate with one voice, not with 20 shippers. So, 15 shippers got together and formed an entity, an LLC called Treasure Valley Onion Shippers, and we had our first meeting with the Union Pacific and the potential operator on February 14th. Everything was very positive. The Union Pacific, and I don't know if you've followed this in the past, but they were always saying they didn't have enough equipment and seemed kind of disinterested in this project, but at this first meeting we had, I guess things have changed. They have equipment available, the services facility, they were pretty much positive on working together and formulating a plan, as well as our operating company, so this is a turn of events. We were planning on leasing equipment -when we say equipment, we are talking about reefer cars – to utilize at this facility. Union Pacific says they currently have enough equipment available, so we are very pleased by that. And also, we are still keeping the federal grants going for equipment because things can change quickly with the Union Pacific, whether it's six months from now or a year from now. But again, everything is going very well. I'm from the private sector, and I'm not used to this pace. We've been working on this for well over, formally for two and a half years, but for many years before that. For me, the time

factor is a little disheartening, but we are making progress. Everything is moving along. Greg Smith has done a wonderful job. He's connected to all the agencies in Oregon that we need to move forward. I appreciate your patience on this people from the City of Ontario, and we appreciate your support. If you have any questions for me or Greg, at this time I'll turn it back over to you. Thank you, Mayor Hill.

Mayor Hill thanked Mr. Kitamura for his work on this. He was aware of the time it took, and how well the pay was. It was appreciated. How much wetland did they need to worry about and mitigate?

Mr. Smith: *For those of you who know the property, there is a pond on the back side of the 290 acres. Without having exact acreage in front of me, Mayor, there's about, I'm going to say, four to six acres of property that is going need to be mitigated to allow a portion of one of the rails spurs storage line to be accommodated there. In terms of the overall wetlands issue, it was pretty nominal. We've done extensive studies, we've done soil compaction studies, and it's pretty nominal. What our hope is, Mayor, is to allow for that pond on the back side of the property to remain intact and in the future to actually provide additional access to the public, so folks can go in and fish in the summertime. In working with ODFW, even provide perhaps some hunting opportunities in the fall.*

Mayor Hill stated his question was because he'd had to deal with it in the past and knew what type of headache it could be. In reference to the grant application, how much would they be applying for, and what could it be used for?

Mr. Smith: *Excellent questions. This has been an issue in the public over the last year and a half. What we're intending to do is take the \$26M and, based upon a formula that our federal partners have, go for the maximum dollar amount. I'm guessing, Mayor, and it's purely a guess, that in order to get the maximum points on the application, we would apply for anywhere between \$15-16M. The primary purpose of those dollars as Grant was sharing, would be to purchase equipment to assist both reloading opportunities, rail car acquisition, and to be able to provide transloading opportunities for folks who just want to go from container to rail, not necessarily reload. What we want to do is maximize the points on the build grant and from what we can tell, based upon the current application, it would be about \$15M.*

Mayor Hill asked if the water and sewer was going to come from Nyssa or would it be dealt with on-site?

Mr. Smith: *Here's the issue before us. We have the capacity to do on-site water and wastewater preservation, but in the interest of the county, long term, that doesn't make sense. So, what we're doing right now, we're having the conversation of how do we extend water and wastewater from the City of Nyssa out to the entire industrial park with the intention of serving other reload facilities. That's still up in the air on how we're going to do that, who is going to be the applicant. But in reality, if we're going to serve 290 acres of industrial ground, we don't want to have on-site service within individual services with each occupant. We want to be able to have a complete utility system. That's really the direction we're moving right now.*

Mayor Hill agreed with that answer.

Councilor Crume asked Mr. Smith, that to the best of his knowledge currently, what did he believe the cost would be to the county residents to have the door open, and what date did he think that door would open to ship the first load?

Mr. Smith: *Fair questions. What I would share with you, and what Grant was alluding to, this has been a very slow process. We almost were two years behind schedule simply because the Oregon Department of Transportation didn't have the \$26M available to even begin funding. That's really important for folks to understand. They ConnectOregon program is funded through lottery-backed bonds, and those bonds were not even sold until two years after the Governor came out and signed the legislation. That just gives a little bit of perspective. Now with that said, there are benchmarks we're having to meet and we're going through that process. I would anticipate there are several costs that the county and the City of Nyssa are going to have to consider. One, is do they want to acquire additional real estate beyond that which is necessary to operate a reload facility. That's a question the County Commissioners are going to have to ask and they're going to have to give me direction. There're two arguments. One is let's just acquire enough real estate to operate a reload facility. The other argument is if we're going to do this, let's acquire enough industrial land to accommodate growth 20, 30 years from now, and let's acquire it now at the lowest possible price. That's one of the conversations, and really, that conversation is playing out with what's called the Nyssa Industries*

property, that is adjacent to the property that we've already acquired. What that total dollar amount is, I can't answer that yet, but that is an outstanding expense that the citizens of the county could be asked to incur.

The second expense as I see it right now is what level of water and sewer capacity do you want to invest in out in these industrial lands. Not all water and wastewater investments are the same. We could make the choice to have a smaller water and wastewater system connected to the city that could accommodate smaller industrial development, or we may want to provide additional capacity that could accommodate food processing and data centers, etc. Again, that will be a question that the Commissioners are going to have to grapple with and give me direction. As it stands right now, the county has borrowed money to acquire additional industrial lands as it relates to the Farmer property, and those dollars will have to be paid back. They are also now considering an additional special public works grant for the water and wastewater. Now, let me give a little more detail to that questions, because it's not as simple as yes or no. One of the areas of confusion has been around is the county going to borrow up to \$14M? Let me share with you why there's that confusion. The State of Oregon has created a program that's called the Regionally Significant Industrial Site Program. It's called the RSIS Program. Regionally Significant Industrial Site Program. Effectively what the RSIS Program is, is a coupon. And let me tell you what I mean by a coupon. If the county chooses to make future investments to accommodate industry coming out to that location, they can clip the coupon and turn it back into the state for repayment. And here's how the program works. If a qualifying company chooses to come out and locate on the industrial grounds, and they create, at a minimum, 25 family-wage jobs, then all of the income taxes that that company pays or the employee pays to the State of Oregon, will be reimbursed back to the county to pay for the investments they've made in the industrial ground. So let's say, and I'm making this up completely fictitiously, let's say Amazon was to show up into Malheur County and say they want to locate a data center and they need an investment of certain types of water and wastewater and they need fire protection. The county says, well, we've made those investments and we're willing to make additional investments. The jobs they create, the income taxes those jobs generate, would be reimbursed back to the county to pay off those loans incurred, including all interest, loan application fees, and any other fees associated with the loan. Effectively, what the state is doing, is saying if you make these investments on the front end and employers show up and employ the right type of people, we'll reimburse you 100% of the money back. So, Councilor, the question gets a little complicated. As it stands right now, the county has borrowed money for industrial land, is looking to borrow money for expanded water and sewer, that has the ability to borrow additional dollars knowing they can get reimbursed 100% back from the state. Long answer to your question.

Councilor Rodriguez stated in reference to the comment about Amazon, there had been conversations in the community and the county of potential competitors for distribution coming in. It was his understanding that Amazon was going to be coming to the Treasure Valley. He assumed that a potential distributor of that magnitude and capability would play into some kind of feasibility report or study that would be done. Could he describe to the Council in a summarized version the financial feasibility to the project.

Mr. Smith: Thank you for your questions, and again, a very fair one. It's really important for the citizens of Malheur County to understand. The Oregon legislature has granted a \$26M allocation to build a reload facility, so Malheur County effectively has two choices, either accept the \$26M and build the reload facility, or they could choose not to. What we're trying to do is put the county in the best possible position to accommodate future economic development opportunities by laying out an industrial park that will have industrial roads with industrial water and sewer to accommodate companies such as Amazon or food processors or even smaller manufacturers who are looking for a location to build. The best way for the citizens of Malheur County to look at it, is in order for us to be competitive, we need to be able to put our best foot forward. So, how I would explain it to folks is, we're creating very similar, we're creating a, let me push pause and start over. When folks look to build a home or to buy a home, they go into a subdivision and they pick out a lot and they look at that lot and they just assume that there's going to be water and sewer and telephone and power to that lot. Based on the price of that lot, they determine what type of home they want to build on that lot. Well, we're doing nothing different than that. We're doing the same thing by trying to create an industrial park where business and industry can come, they can look at the real estate, and they can know with certainty that there's industrial power and water and wastewater of which \$26M of it is being paid for by the State of Oregon. So, we may end up having to acquire or bring in additional dollars to complete that industrial park, but in the end \$26M of it would be debt free for the citizens of the county. We know there's lots of questions, we know there's lots of speculation, but in the end what we're trying to do is create an environment that's welcoming to business and industry, it puts our best foot forward, and it says it we have ready to build sites available for you. Come on, come out, our doors are open.

Councilor Rodriguez stated with this project it wasn't necessarily a done deal. They weren't building for something they knew has a great need and would go directly into high production right away. It sounds like he was saying was that they were trying to create something to come to. It also sounded like it might be able to expand on something like Amazon's capabilities.

Mr. Smith: *Yes, that's fair. What we're trying to do, are primary goal is to build a reload facility that can accommodate the movement of freight in and out of the county. That's the number one goal. Number two is to leverage those dollars. While we build the reload facility to leverage them to get the biggest bang for the buck so other businesses can come and locate adjacent to the reload facility and take advantage of the rail infrastructure and water and the sewer and the power that's being installed to accommodate the reload facility.*

Councilor Rodriguez stated it sounds like a lot of the decisions regarding the feasibility of if this will even work is based on a "build it and they will come" basis. Was the correct?

Mr. Smith: *The feasibility of the reload facility must be documented so one of the things that the Development Corporation has been doing is working with our local shippers to determine what the demand is, where their final destinations for shipping onions would be, and the seasonality with it. With the said, we then want to have industrial land that would be readily available for other companies who do want to come and so Councilor your final assessment is accurate on a portion of the property. A portion of the project we have to demonstrate the financial feasibility that it will work. On the other industrial land, it's putting our best foot forward to be able to attract industry into the county.*

Councilor Rodriguez stated the coupon system was based on being able to hire the "right people". What was meant by that statement?

Mr. Smith: *It was all about making sure that their future employer paid a family wage. For those companies that will employ more than 25 people and pay a family wage, which was defined by the Employment Department, they would be eligible. Let me make really clear to folks: we don't have to borrow that money. We don't have to. But should we choose to, we then are eligible to get 100% of it, including interest, including fees, back. That's why we made that application and we included as many possible items in that application knowing that in the future when I'm gone and maybe others are gone, that we have the opportunity to get reimbursed for those investments. But it's always optional. We don't have to do it. It's just a way for us to get paid back, should we do it.*

Councilor Capron stated Mr. Smith spoke of possibly purchasing additional property at the cost to the county or the City of Nyssa. Was that more property than what they were looking at now?

Mr. Smith: *No, it's all be part of the original conversation. Adjacent to the Farmer property that was owned by Jim Farmer, now owned by the county, is real estate that's owned by Nyssa Industries. One of the things the county has been concerned with, that a private entity or a private individual may come and snap up the Nyssa Industries property and price it out of the market. Part of the conversation that the County Commissioners are having is is it in the best interest of the county, the citizens of the county, and private industry for that matter, to acquire the property now, knowing that water and sewer are going to be running adjacent to that property and be able to turn around and put it on the market at a fair market price, rather than one that perhaps is not fair market and prices people out of the ability to purchase it. It's the Nyssa Industries property adjacent to the 290 acres that Jim Farmer sold to the county.*

Councilor Capron stated if that was purchased, how much more would that be, and would it have to go to vote of the county citizens or could the County Commissioners push it through.

Mr. Smith: *Right now, I think the Commissioners have the ability to make that decision. John, correct me if I'm wrong, but I think the purchase price for that property is \$5K an acre. Is that the price?*

John [?]: *Yes, Greg, that's correct. That's my understanding. That's the current offer.*

Mr. Smith: *So, Council members what we're worried about is we have an option to purchase the Nyssa Industries property for \$5K an acre. What we're worried about is as soon as industrial water and sewer move through that*

property, if we don't purchase it, someone else is, or will, and we're worried that price may go up to \$20-30-40K an acre, and then the economic development opportunities diminish. The county's thinking is if we can acquire that land now at \$5K an acre, knowing industrial utilities are coming through it, and then turn around and sell it again with the purpose of developing the county's economy, everyone might benefit. Really, that's the question before the Commissioners right now that they're wrestling with.

Councilor Justus asked if this project was located within the Ontario City Limits, the Ontario City Council would be approached with options like deferred taxes for the expansion of what they were discussing. Had the City of Nyssa been approached about deferring their taxes? Ontario's ordinances require that an entity be annexed into the city before giving services. Nyssa must have the same requirements.

Mr. Smith: *Excellent questions. Last week, we sat down and held a meeting between the county and the City of Nyssa to look through how governance would work and will work, and we're planning again next Tuesday to follow up with that. How that conversation plays through I don't want to project. I'm not the elected official there, but we are trying to frame that conversation as you just shared. Perhaps if you folks will invite me back in a month or two, I'll be able to give you a more concrete answer on that, but your assessment is accurate.*

Councilor Justus asked if they would want something from the City of Ontario saying that we would honor something like that?

Mr. Smith: *That would be awesome, that really would. Part of the challenge we're dealing with is making sure that good, factual information gets shared and that's been a little bit of a challenge. Part of that blame lies on me because this is such a moving target. This is the first time in a long time Malheur County has had to deal with this type of industrial development project. Any type of assistance, Councilor Justus, would be awesome. There's not doubt about it, this has been challenging*

Mayor Hill thanked Mr. Smith and Mr. Kitamura for their time. It was greatly appreciated.

Mr. Kitamura: *I would just like to clarify a couple of points. The Malheur County Economic Development Corporation, which I chair, is solely responsible for the reload facility. Much of this conversation today has been around additional economic development by the county. I just want to avoid confusion. The reload facility has \$26M. which will bring in a lot of infrastructure to that region and I certainly don't blame the county for trying to take advantage to build an industrial park around it, but there's been confusion. There's one newspaper that reported it was a \$40M project now because they took the \$14M into consideration on this other property. We have plenty of onions to load. Our region here – Idaho and Oregon – ships 25K semi loads of onions annually. The area that we can service out of this facility is about 60-65% of that. There is no way the railroad can haul that many onions, 15-16 loads. So, it is feasible from a volume standpoint, but I just to make it clear that the reload facility is a separate issue from the general economic development of the county. That's been confused in the past, but if anyone ever has a question about that, feel free to call me.*

Mr. Smith: *Grant, this is Greg. This is a wonderful reminder. Thank you for doing that.*

Mr. Kitamura: *Thank you again Mr. Mayor and Council members. Again, feel free to call me at any given time. You know where I am - Baker-Murakami Produce.*

Mr. Smith: *Thank you Mayor.*

Mayor Hill thanked both for their time.

OLD BUSINESS**Proposed Action on SE 2nd Street Project Amendment between City and Oregon Department of Transportation**

Betsy Roberts, City Engineer, presented.

CRUME moved, BRADEN seconded, **THAT THE CITY COUNCIL AUTHORIZE SIGNATURE OF AMENDMENT NUMBER ONE TO THE MULTIMODAL TRANSPORTATION ENHANCEMENT PROGRAM LOCAL AGENCY AGREEMENT #30860 BETWEEN THE CITY OF ONTARIO AND THE STATE OF OREGON FOR THE SE 2ND STREET PROJECT.** Roll call vote: Crume-yes; Rodriguez-yes; Palomo-yes; Justus-yes; Capron-yes; Braden-yes; Hill-yes. Motion carried 7/0/0.

Resolution #2020-108: Agreement with Life Safety Inspection Vault (LIV)

Terry Leighton, Fire Chief, presented.

Consensus to bring item back to next Council meeting.

NEW BUSINESS**Letter of Support for Trinity Project**

Mayor Hill recused himself and stepped down from the dais as there was a direct conflict of interest on this action. Council President Capron conducted this action item. Mayor Hill was available from the floor for questions, if asked.

Adam Brown, City Manager, presented. This was a letter in support of the housing project and added the Council President's signature block due to Mayor Hill's involvement. The project was to bring 45 new single-family homes to the area with a co-located childcare facility located on site. The site was located off Verde Drive, North of NW 4th Avenue. The grant would buy down the cost of construction or acquisition so mortgages could be undertaken by individuals who would not otherwise be able to afford it.

Councilor Crume stated there would be an upscale subdivision to the East and questioned the impact the proposed housing might have to that property and those homes.

Councilor Justus stated it was right next to an already established affordable housing neighborhood, so adding this would not be detrimental.

Mr. Brown stated it was working-class housing because it would still be a reach for some lower income workers.

Councilor Justus stated the city needed housing, working-class housing, and this was 45 units. If the Council didn't support it, they were just wrong!

Councilor Crume asked for the average price of a home.

Mr. Brown stated the average retail home would be \$180K, which did not include the buydown. The homes would be concrete foundation, between 12-1400 square feet. The subdivision would be done by one builder. It would be similar to the homes located in Hayden Subdivision.

Councilor Justus confirmed the homes would be ineligible for the \$10K incentive offered by the city.

Mr. Brown stated that was correct.

Councilor Crume asked how much the taxpayers of Oregon would be paying for this buydown.

Mayor Hill stated it was a federal tax credit. It was an undetermined amount. It was for as much as you could get.

Councilor Crume stated if a citizen built a house to the recommendation square footage, etc., of \$180K retail price, what would that customer actually pay for that home?

Mayor Hill stated the way he was proposing it to the state was that it was a federal tax credit that was administered through the Oregon Housing and Community Services. There was usually a 30-year life on the loan. What he was proposing was a 10-year tax credit to be complied with for 15 years. At the end of the 15 years, he was asking the state to release the debt to be available for the person who owns it. They would have a debt because the tax credit would not be paid with the house. There would be a debt on the house. The system worked like this: a person applied to the state for a tax credit. In the industry they called it selling the tax credits, but in fact what you were doing was getting an equity investor in the project. They've put the money up to build the project so at the end of the 15-year period, they were asking the state to allow them to sell that house to the person who lived there. At the end of the 15-year period, the investor wanted out. He'd used up his tax credits and he wanted out, to sell and recoup his money. That was what he was asking for, only he wanted the individual homeowners to end up with the house. A home built a lot more stability in a community.

Councilor Crume confirmed there would be no difference to the city or county for taxes? Did he have a rough estimate of reduced taxes?

Mayor Hill stated it would be like an apartment complex. Section 42 of the code, there was a reduced tax, by state law, but it was not a free ride. He was going to guess on the dollar amount based on the apartment complexes he had under that, which reduced it roughly 50%.

Councilor Capron verified the person would "rent" the houses until they were released by the state, at which time it could be sold to whoever was residing there.

Mayor Hill stated yes, that was his proposal.

Councilor Capron stated there were homes being constructed on the intersection of Sunset Drive and West Idaho Avenue, which were around 13-1400 square feet. What was the difference in the quality of those homes and the homes he was proposing? The price was different. The estimate was \$180K for his homes, and those other homes were running around \$220K.

Mayor Hill stated his homes would be more than that. They'd probably be in the \$225K range.

Councilor Justus asked why Mayor Hill wouldn't allow other builders in? There were several other local builders.

Mayor Hill stated he was not going to put together a subdivision and hope that someone came. The city couldn't impose on the other builders to pay Mayor Hill \$40-50K for that lot, and he couldn't impose that on them, the money had to put the money upfront. He wasn't going to risk \$15M and not know he'd have an end result.

Councilor Justus stated then Mayor Hill was saying he wanted his cake and to eat it too. Which was okay, but he wanted him to say it.

Mayor Hill stated unfortunately he didn't have them listed with Councilor Justus so he could have his cake, too. He was asking the city to endorse the project just like they have every other project that had come to Ontario. He wasn't asking for any special favors, and he wasn't asking for the \$10K incentive that the other builders had received, and he wasn't asking for anything. He was simply trying to put single family houses in Ontario instead of an apartment complexes because it built stability. And yes, he planned to make a profit.

Councilor Capron verified if there was no buy-down from the feds, there would be no project.

Mayor Hill stated that was correct.

BRADEN moved, PALOMO seconded, **THAT THE CITY COUNCIL APPROVE A LETTER OF SUPPORT FOR THE PERMANENT SUPPORTIVE HOUSING ASSISTANCE GRANT PROPOSAL KNOWN AS THE TRINITY PROJECT.** Roll call vote: Crume-yes; Rodriguez-yes; Palomo-yes; Justus-yes; Capron-yes; Braden-yes; Hill-recused. Motion carried 6/0/0/1.

Mayor Hill took his seat back at the Council dais.

Resolution #2020-109: Legislative Position on Executive Order #20-04

Adam Brown, City Manager, presented.

CAPRON moved, CRUME seconded, **THAT THE CITY COUNCIL APPROVE RESOLUTION #2020-109, A RESOLUTION OF NOTICE TO GOVERNOR KATE BROWN OF THE IMMEDIATE AND LASTING DAMAGE TO THE ONTARIO COMMUNITY AS A RESULT OF EXECUTIVE ORDER NO. 20-04 AND OF THE CITY'S DISAGREEMENT WITH THE EXERCISE OF EXECUTIVE POWERS TO CREATE LEGISLATION.** Roll call vote: Crume-yes; Rodriguez-yes; Palomo-yes; Justus-yes; Capron-yes; Braden-yes; Hill-yes. Motion carried 7/0/0.

DISCUSSION ITEM

Rich Harriman: Mr. Mayor and Council members, thank you for having me tonight. I sit on the 9-1-1- Users Board with City Manager Adam Brown, and your Chiefs, and I shared with them at one of our last meetings that I had applied for a State Homeland Security Grant several times over, but one of the applications was for a comprehensive communications assessment for our...let me back up a second. My name is Rich Harriman. I'm a Division Commander for the Sheriff's Office 9-1-1- Center, and also the Emergency Manager. Now that you know who I am, now you know why I applied for this communications assessment. I'll give you a little bit of history, some of which you are probably aware of. Malheur County and our local mobile radio coverage area is about 10K square miles. Our county is larger than nine of the US states that we currently have. Malheur County is larger than three of the smallest states. Combined that'd be Rhode Island, Delaware, and Connecticut. We have twelve remote repeaters at nine different sites, covering most of Malheur County. We have eleven fulltime dispatchers, including two supervisors, in our PSAP, which also stands for Public Safety Answering Point. We three complete stations with a fourth station out in our emergency operation center with limited capabilities, the fourth station has limited capabilities. We communicate with twenty different agencies and organizations and dispatch for most of them. About every five years we get updates to our equipment and technology through Oregon Emergency Management and that's paid for out of the state 9-1-1 tax. Our last upgrade was in 2018. Currently we are not what's considered next generation 9-1-1 or text to 9-1-1 capable, but we are in, after the 2018 upgrade we are in line for that. Intermountain Communications out of Mountain Home is our contract serve provider, and they provide all the necessary maintenance, repair, and replacement of our network and equipment.

Some of our challenges we currently have areas in Malheur County, keep in mind these challenges don't include the City of Ontario. I'm not aware of any transmission type problems or anything within the city; I haven't been shared that. This is more for like our Deputies out in the county. We have areas in the county where we have limited, spotty, or no coverage from our land mobile radio system. Some areas experience communications where one party can't hear the other because of static. Other areas have no coverage at all. Deputies have to compensate in these areas by either moving locations, if possible, communicate using mobile phones, or not communicate at all. Our EMTs in Vale have to resort to using a non-repeated line which goes directly to the Sheriff's Office when they are working in the town of Vale because for whatever reasons, the City of Vale doesn't have radio coverage through one of our repeated systems.

Now this assessment that I've asked for, before I was preparing for this, I didn't think to get the name of the company that I reached out to, but I had solicited information from other PSAP managers across the state, and I got the name of this company and I got a quote from them. I told them exactly what I wanted, and I got a quote from them. This is a \$250K assessment. In this assessment we expect an examination of our area, coverage of our VHF system, determine dead spots, shadow areas, and poor communication locations. We will expect recommendations on technology upgrades based on the area that we have to cover, the topography of the county, and the number of agencies we have to dispatch for. Based on my limited knowledge of our system, I expect them, they're probably going to say VHF is the best for us; however, I'm also expecting maybe they're going to say maybe we need another tower site or something. In this assessment I expect them to examine the growth and call volume increases to determine the proper number of stations we should plan for and the number of dispatchers we can anticipate needing in the next ten years. And then also recommendations on interoperability of our broadband push to talk devices which the Sheriff's Office has already experiencing. I've got one on my hip now. This company is going to look at everything from staffing to our SOPs to our PSAP size and design, the equipment that we have, they're going to look at everything as a whole scope.

This will be the first comprehensive communications assessment that Malheur County's ever had, and it's phase one of a multi-tiered project to ensure that our LMR network is up to standards and provides the best service we are able to enjoy in our county. This will be a blueprint with an eye to the future by a certified contract service provider specializing in systems like ours. Any work or upgrades or advances will be covered under future grants like this one for the entire LMR network, and no work will be done that puts any of our contract agencies, Ontario, or Nyssa, without PSAP services. I wouldn't say great, we're going to go digital, and we go digital and leave Ontario hanging. This will be an, it will encompass us and our contact agencies as well. And that's what I have for you today.

Some of the things that we have to show for this grant, I am actually on the grant review committee for all the state homeland security grant applications for the state. Obviously, I don't review my own, but there's about 95 other grants that we have to review. I did that so that this was the first state homeland security grant that I applied for, and now I know what they're looking for and what some of the benchmarks that we have to make and I know how other people are writing their reports. Based on what I've read so far, I have a pretty good feeling about the reports, or requests, that I had entered, that they do meet those benchmarks and I'm hopeful that they will grant this.

HAND-OUTS

Minutes: (Attached)

County Court 02-26-2020

Check Register: (Attached)

February 1 → March 13, 2020

CORRESPONDENCE, COMMENTS, AND EX-OFFICIO REPORTS

- Larry Sullivan wanted to let the Council know that Nichols Accounting lawsuit was officially dismissed yesterday.

Councilor Crume asked about the status of Scott, Inc.

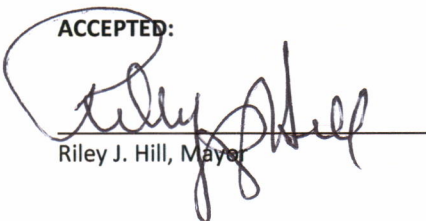
Mr. Sullivan stated Scott, Inc., had a deadline to file an amended petition, and they met that deadline. They filed it near the end of the day on the deadline date. They have made the changes in their petition that were required by the Circuit Court and the city has until April 8th to file a response to that amended petition. He was currently working on that.

- Mr. Brown informed the Council that staff had opened up the Incident Command Structure for COVID-19. The Mayor joined the group as the Chief Elected Official for the city, and the intent was to meet each Tuesday to review operations. Currently, the front reception area was open, but some measures had been taken to enclose the window to limit exposure, and offered the employee personal protective equipment, along with customer masks.
- Mayor Hill informed everyone that Senator Bentz's father had passed away and asked that some type of condolences be sent.

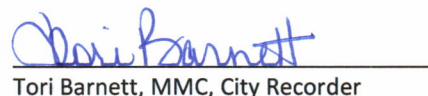
ADJOURN

CAPRON moved, CRUME seconded, **THAT THE MEETING BE ADJOURNED**. Roll call vote: Crume-yes; Rodriguez-yes; Palomo-yes; Justus-yes; Capron-yes; Braden-yes; Hill-yes. Motion carried 7/0/0.

ACCEPTED:


Riley J. Hill, Mayor

ATTEST


Tori Barnett, MMC, City Recorder