



CITY COUNCIL MEETING PACKET

MARCH 12, 2019



125 SW "E" Street, Madras, OR 97741 Telephone (541) 475-2344 – Fax (541) 475-1038

City of Madras
Work Session
City Council Meeting
City Council Chambers

March 12, 2019
5:30 p.m.
7:00 p.m.

Pursuant to ORS 192.640, this agenda includes a list of the principal subjects anticipated to be considered at the above referenced meeting; however, the agenda does not limit the ability of the City Council to consider additional subjects. Meetings are subject to cancellation without notice.

This meeting is open to the public and interested citizens are invited to attend. This is an open meeting under Oregon Revised Statutes, not a community forum; audience participation is at the discretion of the Council. The meeting may be audio taped. Minutes of this and all public meetings are available for review at the Madras City Hall. The meeting place is handicapped accessible. Those needing assistance should contact the City Recorder two (2) days in advance of the meeting.

Executive Sessions are not open to the public; however, members of the press are invited to attend.

The City of Madras is an Equal Opportunity Provider.

AMENDED AGENDA

- I. **Call to Order**
- II. **Pledge of Allegiance and Prayer**
- III. **Changes to Meeting Agenda (Consideration of Items Submitted Just Prior to Meeting)**
- IV. **Consent Agenda**

All matters listed within the Consent Agenda have been distributed to each member of the Madras City Council for reading and study, are considered to be routine, and will be enacted by one motion of the Council with no separate discussions. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by request.

- A. **Approval of Minutes from February 12, 2019 City Council Work Session**

- B. Approval of Minutes from February 12, 2019 City Council Meeting
- C. Contract Change Order No. 1 – High Desert Aggregate & Paving – Airport Taxiway Reconstruction Project
- D. State Preparedness and Incident Response Grant Ratification
- E. Bank Signature Card Updates

V. Visitor Comments

VI. Community Grant Fund Request – Future Farmers of America (Verbal)

VII. Audit Presentation – Fiscal Year 2017-18

Brad Bingenheimer, Boldt, Carlisle & Smith, CPA

VIII. Commercial Air Service - Redmond Airport

Economic Development of Central Oregon CEO Roger Lee

Economic Development of Central Oregon Madras Director Janet Brown

IX. CBD/Hemp Development Code Text Amendment

Community Development Director Nicholas Snead

Public Works Director Jeff Hurd

X. Contract Review Board

Mayor Opens Public Contract Review Board Meeting

A. Construction Services Contract – DSL Construction for Spray Park Project

- 1) Staff Report
- 2) Comments From the Public
- 3) Council Deliberations (Questions, and/or Comments)
- 4) Council Takes Formal Action

Public Works Director Jeff Hurd

XI. Resolution No. 04-2019

A resolution of the City of Madras adopting consultant recommendations for updating wastewater System Development Charge methodology and implementing an SDC rate for wastewater.

Public Works Director Jeff Hurd

XII. Letter of Intent – High Desert Home Improvement, Strawberry Heights Phase 4

City Administrator Gus Burril

XIII. H.A. McCoy Engineering Civil Engineering Contract

Public Works Director Jeff Hurd

XIV. High Speed Internet Update

Public Works Director Jeff Hurd

XV. Additional Comments, Announcements, and Department Reports

XVI. Adjourn



OFFICIAL MINUTES
CITY COUNCIL WORK SESSION
February 12, 2019

I. CALL TO ORDER

Mayor Richard Ladeby called the City Council Work Session to order at 6:00 p.m. on Tuesday, February 12, 2019 in the City Council Chambers, located at 125 SW "E" Street in Madras, Oregon.

CITY COUNCIL MEMBERS IN ATTENDANCE:

Mayor Richard Ladeby, Councilors Rosalind Canga, Royce Embanks, Jr., Jennifer Holcomb, and Gary Walker.

COUNCIL MEMBERS ABSENT:

Councilors Bartt Brick and Denise Piza.

STAFF MEMBERS IN ATTENDANCE:

City Administrator Gus Burril; Police Chief Tanner Stanfill; Finance Director Kristal Hughes; Public Works Director Jeff Hurd; Community Development Director Nicholas Snead; Public Works Administrative Assistant Michele Quinn.

VISITORS IN ATTENDANCE:

Andy Parks, CPA

II. REVIEW AND DISCUSSION OF OREGON PERS

Finance Director Hughes introduced Andy Parks who provided a brief history of PERS. The goal of his presentation was to provide education to enable the Council to make informed decisions. Madras' allocated Unfunded Actuarial Liability (UAL) is around \$3.5 million. This is part of the city's long-term debt on the financial statements. Projected PERS rates from FY 2019 – 2037 assume that the return on investment will be 7.2% and that wages will increase 3 to 3.5% per year. Madras FTE numbers have gone down, which pushes the expected PERS expense increases for future retirees down, but doesn't decrease the expected outflow for currently retired employees. Mr. Parks discussed

alternative options available to the Council as they consider the best way to address the PERS unfunded liability. The alternatives he offered were as follows:

- 1) Continue to pay rate as required by PERS
- 2) Pay contributions earlier through existing funds or borrowing on reserve account
- 3) Develop criteria – acceptable current impacts to reduce future outflows
- 4) Advocate for legislation

Councilor Walker asked if we would save money by borrowing to invest in the side account.

Andy Parks explained that it is similar to a refinancing. The outstanding PERS debt is costing 7.2%. If the City can get financing at a lower rate, then the City would save money. This is contingent on PERS actually earning the 7.2% return that their projections are assuming.

Councilor Walker asked if the City is able to afford as the debt came up, are we are just switching from one “debt” to another? He asked if the best option would be to pay it.

Andy Parks replied that the best option would be to pay off the UAL.

Councilor Embanks asked about the timeline for all of this.

Finance Director Hughes replied that the City’s approach is to get budget amounts forecasted. The state’s rate reductions contingent on getting bond funding have a 60-day window. She needs to finalize the budget by mid-March. Budgets can be changed.

Councilor Holcomb asked if Director Hughes is assembling a staff recommendation.

City Administrator Burril responded that they are testing how the different options affect ending cash positions. Two or three scenarios will be analyzed, including setting up reserves, and staff intends to outline the pros and cons of each option. Council will make the final decision.

Andy Parks stated that Council does not need to feel rushed into a decision. It took the City of Prineville three meetings to come to a decision. Determining how to invest (dollar cost over time, etc.) takes time and consideration.

Finance Director Hughes discussed the costs associated with bond financing. The last bond refinancing cost \$80,000.

Andy Parks replied that pension obligation bonds can be combined with similar other City bond issues.

Councilor Canga asked about the UAL and PERS rates. She asked what factors affect these.

Andy Parks explained that the drivers are market performance, rate collars put into place by PERS (negative amortization), and law changes related to benefit calculations and guaranteed returns. Over time, PERS has earned 10+% return. The bigger factor is the payouts.

III. ADJOURN

The City Council Work Session was adjourned at 6:55 p.m.

No formal action was taken during the Work Session.

Minutes Prepared By:

Rose Vanderschaegen

Respectfully Submitted By:

Richard Ladeby, Mayor



THE CITY OF
MADRAS

The City of Madras is an Equal Opportunity Provider

OFFICIAL CITY COUNCIL MEETING MINUTES FEBRUARY 12, 2019

I. Call to Order

The City Council Meeting was called to order by Mayor Ladeby at 7:00 p.m. on Tuesday, February 12, 2019 in the Madras City Hall Council Chambers, 125 SW "E" Street, in Madras, Oregon.

Council Members In Attendance:

Mayor Richard Ladeby; Councilors Rosalind Canga, Royce Embanks, Jr.; Jennifer Holcomb; and Gary Walker.

Council Members Absent:

Councilors Bartt Brick and Denise Piza.

Staff Members In Attendance:

City Administrator Gus Burrell; Finance Director Kristal Hughes; Police Chief Tanner Stanfill; Public Works Director Jeff Hurd; Community Development Director Nicholas Snead; City Attorney Jeremy Green, Bryant, Lovlien and Jarvis; and Lysa Vattimo, City Recorder.

Visitors in Attendance:

Jefferson County Commissioner Mae Huston; Madras Pioneer News Editor Holly Gill; Future Farmers of America (FFA) students; Residents Karalee Ingram; Michele Quinn; and Robert Tally.

II. Pledge of Allegiance and Prayer

Mayor Ladeby led the Pledge of Allegiance to the flag of the United States of America, and Councilor Embanks led the prayer.

III. Changes to Meeting Agenda (Consideration of Items Submitted Just Prior to Meeting)

Finance Director Hughes requested that a presentation by the local FFA Chapter be added to the Regular Agenda.

MOTION WAS MADE BY COUNCILOR WALKER AND SECONDED BY COUNCILOR EMBANKS TO AMEND THE AGENDA AS STATED. MOTION PASSED UNANIMOUSLY, 4/0.

IV. Consent Agenda

All matters listed within the Consent Agenda have been distributed to each member of the Madras City Council for reading and study, are routine, and will be enacted by one motion of the Council with no separate discussions. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by request.

- A. Approval of Minutes from January 22, 2019 City Council Work Session
- B. Approval of Minutes from January 22, 2019 City Council Meeting
- C. Renewal of Contract with Bend Mailing Services (BMS) Technologies
- D. Citizen Appointments to City Budget Committee
- E. Authorization to Sign Agreement with ODOT for Safe Routes to Schools Grant "B" Street, 5th to 7th Streets
- F. Ratification of ODOT Amendment No. 1 to Agreement No. 30099 - City of Madras Transportation System Plan Update
- G. Authorization to Purchase Spray Park Equipment
- H. East Side Property Lease with Norton Cattle Company, LLC

A MOTION WAS MADE BY COUNCILOR WALKER AND SECONDED BY COUNCILOR CANGA TO ACCEPT THE CONSENT AGENDA. MOTION PASSED UNANIMOUSLY, 4/0.

V. January 2019 Vouchers

Councilor Walker recused himself as he may have sold goods or provided services for the City of Madras.

A MOTION WAS MADE BY COUNCILOR CANGA AND SECONDED BY COUNCILOR EMBANKS TO APPROVE THE JANUARY 2019 VOUCHERS. THE MOTION PASSED, 3/0, WITH COUNCILORS CANGA, EMBANKS, AND HOLCOMB VOTING IN FAVOR AND COUNCILOR WALKER ABSTAINING FROM VOTING.

VI. Visitor Comments

Robert Alexander Tally (47 SE Dee Lane, Madras, Oregon) presented a complaint he has regarding how the Madras Police Department handled some recent situations involving his teenage son. After presenting details on several issues his son has faced at

school and as a runaway, he stated he would be filing formal litigation against Madras Police Department. With guidance from the City attorney, no further discussion ensued.

VII. Request for Community Grant Funding

Jensen Comment, FFA Madras Chapter Vice-President, presented a request to Council for funding that would assist in sending approximately 15 FFA members to the 2019 Oregon FFA State Convention. They explained that attending the convention would allow them to join nearly 2,000 other FFA members statewide to catch up on agricultural advancements, attend a career fair, and package fruits and vegetables that will go to food banks across Oregon. To attend, every member needs to have an official uniform, which many are unable to afford. In addition, their group would like to stay overnight at the convention to get the most from the convention, but lodging adds to their overall costs.

Mayor Ladeby asked what their course of action would be if they the City was not able to fund their request.

Ms. Comment replied that their group would not stay overnight at the convention which would limit their overall experience.

City Administrator Burril asked if the school district provides them with any funding.

Ms. Comment replied that the School District provides a bus for transportation. The FFA alumni chapter, which consists of parents and community members, also helps them raise funds throughout the year. They hold multiple banquets, activities in the community, etc., but they still don't have enough yet to experience the convention like they would like to.

Mayor Ladeby replied that the amount the FFA is requesting equals the total amount left in the City's Community Grant fund for this year, so he asked Council if they wanted some time to consider the issue and bring it back to the next meeting.

Councilor Embanks asked Ms. Comment how soon the funding is needed.

Ms. Comment replied that the Convention is March 22-25th and funding is needed by March 1st to finalize arrangements.

Councilor Embanks asked if the FFA has a budget with money in it that might be able to be matched to the City's contribution.

Ms. Comment responded that they have about \$1,500 saved towards the convention and are still working on fundraising between now and March 1st.

Councilor Holcomb added that FFA does fundraisers all year long (her daughter is a member of FFA and she added that she will abstain from voting due to this fact). They are constantly working and fundraising in the community – it's an ongoing effort.

Councilor Walker asked for some time to review the request to make an educated decision about how much to give to their fundraising effort.

Councilor Embanks concurred.

Mayor Ladeby suggested that the FFA also approach the County Commissioners for support. He added that he would like to give the Council time to think about the request and put it back on the Agenda for the February 26th meeting.

MOTION WAS MADE BY COUNCILOR WALKER AND SECONDED BY COUNCILOR CANGA TO DISCUSS THIS AND COME BACK WITH A NUMBER AT THE NEXT MEETING. MOTION WAS PASSED UNANIMOUSLY, 4/0.

VIII. Public Hearing – Proposed Street Vacate – City of Madras, Petitioner

A. A portion of alley between Jefferson & Cleveland Streets between 6th and 7th Streets

1. Mayor Ladeby opened the Public Hearing at 7:29 pm.
2. Public Works Director Hurd provided an overview of the vacation. The vacation consists of about a 1,000 square feet of alley between Cleveland and Jefferson Streets between 6th and 7th Streets that was presented to Council previously.
3. Mayor Ladeby asked for Proponent Testimony
There was no proponent testimony.
4. Mayor Ladeby asked for Opponent Testimony
There was no opponent testimony.
5. Mayor Ladeby asked for Neutral Testimony
There was no neutral testimony.
6. Mayor Closed the Public Hearing at 7:30 pm.
7. City Council deliberations.
There were no deliberations.

IX. Ordinance No. 923

An ordinance declaring the vacation of a portion of the alley between NE Jefferson Street and NE Cleveland Street.

1. Mayor Ladeby provided those in attendance with an opportunity to present questions and/or comments on the proposed ordinance at this time.

There were no comments offered.

2. Motion by Council to read Ordinance No. 923 by title only.

A MOTION WAS MADE BY COUNCILOR WALKER AND SECONDED BY COUNCILOR EMBANKS FOR THE CITY ATTORNEY TO READ THE ORDINANCE NO. 923 BY TITLE ONLY.

3. City Attorney Green read Ordinance No. 923 by title only.
4. Motion by Council to approve and adopt Ordinance No. 923 (if Council so chooses).

A MOTION WAS MADE BY COUNCILOR CANGA AND SECONDED BY COUNCILOR HOLCOMB THAT WE APPROVE AND ADOPT ORDINANCE NO. 923.

5. City Recorder took a roll call vote.

Name	Aye	Nay	Absent
Councilor Brick			x
Councilor Canga	x		
Councilor Embanks	x		
Councilor Holcomb	x		
Councilor Piza			x
Councilor Walker	x		

THE MOTION PASSED UNANIMOUSLY, 4/0.

X. Resolution No. 03-2019

A resolution of the City of Madras excluding (prohibiting) through truck traffic on Jefferson Street and authorizing the installation of appropriate signs to give notice of such prohibition.

Public Works Director Hurd explained that he was bringing this Resolution back from the last meeting where it was pulled to add language for citation rights. The Resolution has now been updated to reflect that.

Police Chief Tanner concurred.

A MOTION WAS MADE BY COUNCILOR WALKER AND SECONDED BY COUNCILOR EMBANKS THAT COUNCIL APPROVE RESOLUTION NO. 03-2019 AUTHORIZING THE INSTALLATION OF THE NO THRU TRUCK SIGNS ON THE EAST AND WEST ENDS OF JEFFERSON STREET. THE MOTION PASSED UNANIMOUSLY, 4/0.

XI. Quarterly Financial Report

Finance Director Hughes explained that the City is now 50 percent of the way through the fiscal year and have obtained 93 percent of our taxes. Only a couple of funds are over which include the Tourism Economic Development Fund which is just a function of

the timing of when grant dollars are paid out and the next two funds that are over are the Sewer and the Transportation Operations funds. Both are capital projects that were completed this past year. The Bel-Air/Herzberg Sewer project and the Earl Conroy pulverization project.

As far as the Bel Air sewer hookups go, several residents have hooked up already. Through checking locates, Public Works staff discovered three residents who hooked up to the system without notifying the City, so it's good that Public Works is checking.

Overall financial health of the organization is holding steady. The audit for the PERS study has been extended and she is expecting a draft report soon.

There is one large outflow that will occur in the next few months which is the Airport Taxiway reconstruction project.

XII. Presentation of the 2019-20 Budget Calendar

Finance Director Hughes stated that Finance held the first Community Grant Open House of the season where about 15 to 20 people attended. She has received one application since then.

She reviewed the upcoming budget season calendar with the Council. She pointed out that it can be challenging to understand the process, so she added an orientation night for members to review the process. It will not be an orientation to the budget, but only to the process, which she believes will be helpful to people who have never been through the process before.

Mayor Ladeby stated that he thinks an orientation/refresher course on how the process works and the obligation of the budget committee members is an excellent idea.

XIII. Approval of Elaine Howard Consulting Scope of Work and Budget for Housing Urban Renewal District Feasibility Study

Community Development Director Snead explained that staff has prepared an agreement with Elaine Howard Consulting consistent with the Housing Action Plan which identifies the need to conduct a feasibility study of a Housing Urban Renewal District. The scope of services and budget call for the completion of a feasibility study and the development of a Housing Urban Renewal District plan. The goal is to have it completed by the end of June which he feels is realistic.

A MOTION WAS MADE BY COUNCILOR WALKER AND SECONDED BY COUNCILOR HOLCOMB THAT CITY COUNCIL APPROVE THE PROFESSIONAL SERVICES AGREEMENT WITH ELAINE HOWARD CONSULTING ALLOWING THE CITY ATTORNEY AND STAFF TO MAKE ANY NECESSARY CHANGES. THE MOTION PASSED UNANIMOUSLY, 4/0.

XIV. Letter of Intent – High Desert Home Improvement, Strawberry Heights Phase 4

City Administrator Burril explained that staff was approached by High Desert Home Improvement (HDHI), LLC regarding development of Phase 4 of the Strawberry Heights Subdivision. The infrastructure is in the 95-98 percentile of completion with a few remaining items to be completed and/or corrected including some sidewalks, storm drains and curbs. He shared the Letter of Intent (*which was erroneously omitted from the packet*) that the applicant is asking the Council to support.

The developer is proposing to build single-family dwellings versus shared-wall duplex units which cuts in half the number of units slated to be built in that Phase, but from their perspective, they believe the market would better support single-family dwellings versus duplexes. The developer shared their tentative plans to target the workforce housing price range, which is upwards of 120 percent of our area median income, but they were within that zone. That was a zone we saw very positively received where builders off Grizzly and “E” Street were selling homes before they were even finished. Therefore, we believe they’re targeting a good price zone.

HDHI would like to know if the City’s intent is to formalize the SDC fee reductions identified in the Housing Action Plan and whether the City would be willing to accept fee payment at the time of house closing or house occupancy permitting. (*This is also outlined in their Letter of Intent*). Staff has been investigating what other jurisdictions who have similar fee reductions structures have been doing, and at what point they are collecting the payments (i.e. at time of closing or occupancy).

HDHI also asked if they can build sidewalks when the home is completed versus putting them in first and then having to repair some of those sidewalks. Our Public Works Director suggested that if it’s tied to occupancy and they make sure they get it done before they sell the home, we’d just want a security or guarantee that the sidewalks do in fact get constructed.

Additionally, HDHI wanted clarification on the City’s development code or zoning ordinance on whether they will permit accessory dwelling units. Our Community Development Director clarified that the staff’s intention is to run that through the Planning Commission and get recommendation for the code to be updated to clarify how accessory dwelling units can be permitted within the City.

The developer has also asked if they have permission to utilize some of the prior smaller park space dedicated in the subdivision. Currently, City staff recommends that we utilize Hoffmann Park, which is about 6 acres adjacent to Strawberry Heights, allow the developer to make contribution to the City’s Park Fund, and develop the internal park space into a dwelling. The community will get a much larger park improvement that way. Staff suggests that we move it through the Planning Commission and the public hearing process to see if there’s any public concern with it, see how the repurpose intent would meet the conditions of our code, and then move ahead with a decision.

The Letter of Intent also requested clarification as to their level of commitment to the remaining portion of 10th Street. Staff wants to get their contribution of the road improvements. The original decision for Strawberry Heights had a local improvement district (LID) set up. The one that is currently in place is not effectively accomplishing what it was originally intending to do; however, there is still a remaining obligation to

complete, and we want the developer to assist in at least half of the road improvements on 10th. This developer is willing to pay into that as they build each home, so that would be contemplated within this letter of intent as a condition to pay. As each lot builds out, they would pay their proportion of the \$150,000 cost share to the City to construct the road improvements. The City would then match that with either other development dollars or potentially our Housing District funds to complete construction of 10th Street.

They have stated in their letter that they intend to ensure the fire access turnaround will be in place as well.

Public Works Director Hurd added that the developer also intends to dedicate land for a portion of the trail to connect to Hoffman Park.

City Administrator Burril added that staff evaluated what the change to the neighborhood would be, and that single-family homes would create less traffic and since there are some bankruptcies and stagnant properties in the middle of this development, staff is open to a developer wanting to try something new in order to finish the development and create connectivity to a centralized park. Staff recognizes that there are some changes to the original 2004 plan, but it's also a different market than it was in 2004.

Mayor Ladeby asked how many single-family homes would be built in the space.

City Administrator Burril responded that the developer has proposed approximately 36 homes.

Councilor Walker stated he sees it as a win-win for both the City and the developer.

Councilor Holcomb asked if the current CC&R's exclude Phase 4.

Community Director Snead responded that staff is having legal counsel review that.

City Attorney Green stated that this is simply a letter of intent to pursue, not a land use decision at this time.

Mayor Ladeby asked if there would still be only two entrances and exits to Strawberry Heights.

Community Development Director Snead responded that no other entrances or exits are proposed.

Councilor Holcomb asked if this could be deferred since the Letter of Intent was not included in their packets.

City Administrator Burril replied that there is a timeliness component to this but it could be tabled to the next meeting.

Council concurred that they would like it tabled to the February 26, 2019 meeting.

XV. Lease Amendment No. 1 – Madras Dragstrip Association

City Administrator Burril stated that we now have plans in place for improvements to separate shared use areas and have exclusive use areas for both the Madras Drag Racing Association and Daimler. So far, the Drag Strip Association is supportive of the proposed changes and Daimler is supportive of performing the proposed improvements. As the improvements get approved, Staff will move on to lease amendments with Daimler to vet it on their side as well. We have not proposed any rent changes to the reviewed area to the Drag Strip since this request of change was not initiated by them. We'll be meeting onsite with the Drag Strip Association again this month to review the alternate access road. Public Works is looking at initial phase of looking at scraping that road alignment out which pleased the Drag Strip because it expands their event staging area. We're asking Council to allow the City Attorney and myself to finish filling in some dates and clarification periods on the lease.

Councilor Canga stated that since there is no increase in the rent to Daimler, what about the City's cost in making the access road.

City Administrator Burril responded that the City has left room in the lease agreement to do that over time. We've included language that states that if at any point in time, if they increase their activity level in their lease zone (right now, we're on a permission to go through their lease area) but if at any time their activities or improvements impeded that, we would have an alternate access and not be restricted to the wastewater plant. The new plan is trying to separate all our accesses, so we never get in one another's way should we need to enter or exit the plant during an event. Its best practice to have our own designated route that isn't through their event area.

Public Works Director Hurd added that the city will rough it in at first, as funds become available, we'll slowly gravel it in (like how we built Demers Road).

A MOTION WAS MADE BY COUNCILOR HOLCOMB AND SECONDED BY COUNCILOR WALKER THAT THE COUNCIL APPROVE THE FIRST AMENDMENT TO THE MADRAS DRAG RACING ASSOCIATION AIRPORT GROUND LEASE SUBJECT TO ANY REVISIONS NECESSARY BY THE CITY ATTORNEY AND/OR THE CITY ADMINISTRATOR TO FINALIZE. THE MOTION PASSED UNANIMOUSLY, 4/0.

XVI. Annual Strategic Implementation Plan (Draft)

City Administrator Burril reviewed the draft annual Strategic Plan item by item with the Council. The report is annually comprised by staff to create objectives based on the goals that have been established by the Council. Within the draft plan are tasks that are overflowing from prior years as we've built upon our ability to move the Urban Growth Boundary around the Airport and finish the annexation. We have been selected by the Department of Land Conservation and Development to be the pilot program, so that will initiate a series of steps this year. Community Development Director Snead indicated that the airport can probably be annexed by this fall subject to any appeal.

There some other code development amendments that were in the Housing Action Plan that are identified in the Plan, in addition to food carts and other commercial things.

We're always looking for ways we can better facilitate permitting and providing service to major new development, whether its setting up a strategic first response team or whatever that looks like, we're taking feedback on how we can achieve that. And then determining how to facilitate the ones that are in motion (i.e., some have started, some not finished, some are ready to break ground). Some of the big developments we plan to facilitate this year include the Loves Travel Center, Dollar General, My Place Hotel and Daimler Loop Track. We also have some industrial buildings that are in motion this year, but these ones will spill over into this next year.

We currently have a Request for Proposal out for the business park lot off Cherry Lane and Andrews Drive that will close in April. That could potentially lead to us partnering in a development agreement and lease with a build-to-suit project.

For the housing strategy, Council adopted a very robust housing plan within it our big items include the establishment of the Housing District which will give us resources to help development buy down the cost of roads and utilities to their sites. In addition, within that, we'll look at our financial borrowing picture to ensure we're borrowing money at the best rate with the best terms. To clarify, when we talk about the Housing District, this is a new district. It's not new taxes, its redirected property taxes to be used for housing and infrastructure that support housing. But that creates its own separate board that keeps its own financial audited books.

Community Development Director Snead has some ideas for marketing the Housing Plan and will be working with a marketing firm to help us get the word out to developers. Our main message right now is anyone thinking of building, please get your tentative plat updated through the Planning Commission and ready and get your construction plans approved through Public Works. Because in about a year from now, we'll be issuing a Request for Proposals from developers for grants or grant loans from the Housing Urban Renewal District.

Regarding infrastructure, we're still working with Jefferson County on how development occurs in our Urban Growth Boundary, but not within our city limits – that zone that will come into our city limits over time. We're developing some urban holding zones and clarifying requirements to occur with development in there.

Regarding transportation funding, right now the Transportation Advisory Committee is very active, and staff is tasked with preparing research materials for a potential voter measure. There's not a lot of detail to share yet.

Also listed is a plan for reducing infrastructure backlog and obtaining funding for projects in transportation, water and wastewater. This includes the "J" Street Flood Mitigation Project with the County which is currently in the design process. We were awarded the Safe Routes to Schools funding for the "B" Street Project. We've proposed the conceptual design for Hoffmann Park adjacent to Strawberry Heights.

Regarding high speed internet in the community, last year we were told by Bend Broadband that they intended to increase our speeds in 2019. Right now, if Council believes the providers are providing reasonable access to high speed internet, we'll continue to work with those providers.

As far as increasing the level of community engagement, we are in the changing the codification process of our ordinances that will make them more user-friendly and easier to search on the web. We should have that in place this fiscal year. The Police Department has a plan for being more involved during the First Thursday events in Downtown. The Urban Renewal District has hired Michelle Reeves to be very active this year meeting with downtown business and property owners on how to work together to bolster what we saw this last summer.

He encouraged Council to provide him with any changes, ideas, etc. over the next few months.

Mayor Ladeby asked if tiny houses are going to be a part of the strategic plan.

City Administrator Burril that any tiny home plans would be a partnership with an agency that might be interested in implementing one of these types of communities.

Community Development Director Snead recommended that if Council wants to move forward in working with community partners on tiny homes to help reduce homeless issues, the primary objective would be to first facilitate a work group. He would be happy to facilitate that for them if that's something they would like to do.

Mayor Ladeby responded that he was just curious about it as an avenue for creating lower rent communities.

Community Development Director Snead responded that he does see the City having a role in facilitating that community discussion.

City Administrator Burril added that as staff is working on the budget, understand that they are working in concert with items listed in the Strategic Plan.

XVII. Additional Comments, Announcements, and Department Reports

- Community Development Director Snead reported that staff is working on executing development agreements with Loves Travel Center. They've communicated that they need to have their financing in place by the end of March and part of that includes execution of the grant agreement between the Madras Redevelopment Commission and the City. They're working with ODOT and Public Works to get their conceptual design of highway improvement plans approved. At that point, they will submit their building permit plans.

We're working a lot with downtown business groups, scheduling focus groups, and other meetings with property owners and businesses. We know a lot of good work will come from that.

- Public Works Director Hurd reminded Council that March 11th is the farewell dinner for the Tomi City students. He encouraged everyone to RSVP so they have enough food.

Public Works tried something new with plowing the streets this weekend – they used truck plows instead of the grader and it went well. He was proud of all they accomplished.

The Office of Emergency Management has a grant out for emergency equipment and Public Works is submitting a grant proposal for a second sand bagger equipment, a portable generator, and some light towers.

Spray Park bids will be coming in this week.

- Police Chief Stanfill updated council on the student safety assessment training that occurred last Saturday with the school district. This training went very well and will continue in the future. Through this process, they discovered that the school has several cameras in their buildings that can be utilized from offsite in real time. Being able to utilize staff in the office who can watch the cameras and radio officers with critical information in real time is very exciting.

He thanked Council for their support of the law enforcement banquet. Officer Josh Roth was chosen by his peers as Officer of the Year for 2018 and Dan Chambers received Reserve Officer of the Year.

- Finance Director Hughes informed Council of a Government Ethics training opportunity on March 7th at 8:30 am or 1:30 pm at City Hall. City Recorder Lysa Vattimo will send out the information after the meeting.

The Community Grant Fund increased by \$10,000 (in FY 18-19) from last year (FY 17-18). One of the new requirements is that everyone who received funding must provide an accounting on how they spent the money by March 1st to be considered for the next grant cycle. Staff sent notification of the requirement to everyone who received money last year along with a new application to help inform people. Another thing Staff has developed is a process for lower amount requests such as the Madras Sparklers or the Jefferson County Little League, so they can submit requests for multiple years instead of coming in every year for amounts such as \$200.

She made a request to add an automated recording on the main telephone line that would route callers (specifically to route calls to the police department). *“Thank you for calling the city of Madras. If you need Police, press 1, if you need City Hall, press 2.”* Right now callers end up leaving lengthy messages that are more appropriate for the police department because they don't realize that they are actually leaving a message at City Hall. When people research Madras Police Department's phone number online, City Hall's phone number comes up. This also occurs while customers at the front desk and makes it difficult to handle customers and the phone calls for the front desk, especially during utility pay times.

Chief Stanfill added that he felt this was important and needed.

Council offered support of this.

- City Administrator Burril thanked his team for the extra effort focused on the Downtown efforts and the housing initiatives, while at the same time not dropping the ball on all the other duties required such as the budget.

- Councilor Holcomb asked if the sports complex that has been talked about so much in the paper, etc., is going to affect the City and whether it's something staff needs to plan for budget wise, etc.

Community Development Director Snead responded that from a land use perspective, the City Administrator, Public Works Director and he had spoken about it, but currently, there isn't a proposal, so without a site location, there isn't much guidance Staff can provide. At this point, it would be premature to budget for it. With a project of this size, no one can anticipate whether it will move forward, so we will request direction from the Council as-needed or as soon as possible so we can be responsive when/if the time comes.

City Administrator Burril added that in conversations with Jim Weyerman, staff is, and will continue to be responsive to their needs, but until a site is settled upon, it's difficult to provide much assistance at this time.

- Councilor Embanks asked what to do if approached by the visitor who approached council tonight with a complaint about the police department.

Attorney Green advised Council to say "No comment," and/or refer them to the City Administrator or Counsel.

- Mayor Ladeby reminded Council about the EDCO luncheon on Thursday. He thanked City workers for keeping the streets clear of snow this weekend.

XVIII. Adjourn

The meeting was adjourned at 8:39 p.m.

Minutes prepared and submitted by:

Lysa Vattimo, City Recorder

Richard Ladeby, Mayor

CITY OF MADRAS

Request for Council Action

Date Submitted: February 14, 2019

Agenda Date Requested: March 12, 2019

To: Mayor and City Council Members

Through: Jeff Hurd, Public Works Director

From: Michele Quinn, Public Works Office Coordinator

Subject: [Contract Change Order #1 for High Desert Aggregate & Paving for the Madras Municipal Airport Taxiway Reconstruction Contract Services](#)

TYPE OF ACTION REQUESTED:

- | | |
|--|--|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Contract Review Board |
| <input type="checkbox"/> None - Report Only | |

Formal Action/Motion 1) that council approves the Contract Change Order #1 for High Desert Aggregate & Paving for the Madras Municipal Airport Taxiway Reconstruction Project in the amount of \$4,750. 2) Authorize the Public Works Director to execute change orders for the project.

DESCRIPTION:

Rerouting the proposed storm drain along Berg Drive to allow for future construction.

STAFF ANALYSIS:

Contract Change Order #1 will reroute the storm drain along Berg Drive adjacent to the current T Hangars. The City has received interest from a developer to construct an additional set of T Hangars.

SUMMARY:

A. **Fiscal Impact:**

Costs:

Runway Rehab

Construction Engineering (Century West)	=	\$ 250,134.57
Construction Services Contract		
(High Desert Aggregate and Paving)	=	\$ 2,930,975.00
Contract Change Order #1	=	\$ 4,750.00
Total	=	\$ 3,185,859.57

Revenue:

Oregon Department of Aviation	=	\$ 150,000.00
City of Madras	=	\$ 164,085.57
AIP	=	\$ 2,871,774.00
Total	=	\$ 3,185,859.57

B. **Funding Source:**

- Airport Operations – Capital Outlay – Taxiway Rehab- 509-509-540-1006
- This has been budgeted for FY 18-19. A budget resolution is not required.

C. **Recognition of Collateral Material and Technical Report:**

- Contract Change Order #1
- Drawing showing proposed change

RECOMMENDATION:

Formal Action/Motion 1) that council approves the Contract Change Order #1 for High Desert Aggregate & Paving for the Madras Municipal Airport Taxiway Reconstruction Project in the amount of \$4,750. 2) Authorize the Public Works Director to execute change orders for the project.

CONTRACT CHANGE ORDER NO. 1
or
SUPPLEMENTAL AGREEMENT NO. NA

AIRPORT Madras Municipal Airport (S33) DATE 1/18/19

LOCATION Madras, OR AIP PROJECT NO. 3-41-0035-011

CONTRACTOR High Desert Aggregate & Paving

You are requested to perform the following described work upon receipt of an approved copy of this document or as directed by the engineer:

Item No.	Description	Unit	Unit Price	Quantity	Amount
1	Revised CSPP	LS	\$0-	1	\$0-
2	12" C900 PVC Storm Piping	LF	\$50-	95	\$4,750.00
This Change Order Total			\$4,750.00		
Previous Change Order(s) Total			\$2,930,975.00		
Revised Contract Total			\$2,935,725.00		

The time provided for completion in the contract is (unchanged) (decreased) (increased) by 0 working days. This document shall become an amendment to the contract and all provisions of the contract will apply. Changes are shown on Drawing(s) No. G-03 and C-29 dated 1/3/19 and 1/14/19 respectively, three copies attached.

Recommended by:	<u>William H. Brackett</u>	<u>4/15/19 2/11/19</u>	
	Engineer	Date	
Approved by:			
	Owner	Date	
Accepted by:			
	Contractor	Date	
Concurred by:			
	State Aeronautics (if applicable)	Date	
Approved by:			
	Federal Aviation Administration	Date	

NOTE: Change Orders and Supplemental Agreements require FAA approval prior to construction, otherwise no Federal participation can be granted. State Aeronautics concurrence is required when state participation is anticipated.

AIP PROJECT NO. 3-41-0035-011 CHANGE ORDER NO. 1
(Supplemental Agreement)

AIRPORT Madras Municipal Airport (S33) LOCATION Madras, OR

JUSTIFICATION FOR CHANGE

1. Brief description of the proposed contract change(s) and location(s).

Revisions to the Construction Safety and Phasing Plan (CSPP) included the addition of notes to add clarity to the plan intent. Storm Drain revisions included rerouting a proposed storm drain.

2. Reason(s) for the change(s) (*Continue on reverse if necessary*)

The CSPP revisions were in response to comments received by FAA. The storm drain revision was made in response to an interested party who is interested in constructing a hangar at the Airport.

3. Justifications for unit prices or total cost.

CSPP revisions are no-cost changes. The cost for rerouting the storm drain is based on the unit price in the contractor's bid and the additional quantity of pipe needed to reroute the storm drain.

4. The sponsor's share of this cost is available from:

City appropriations.

5. If this is a supplemental agreement involving more than \$2,000, is the cost estimate based on the latest wage rate decision? Yes ☐ No ☐ Not Applicable ☒.

6. Has consent of surety been obtained? Yes ☐ Not Necessary ☒.

7. Will this change affect the insurance coverage? Yes ☐ No ☒.

8. If yes, will the policies be extended? Yes ☐ No ☒.

9. Has this (Change Order) (Supplemental Agreement) been discussed with FAA officials?

Yes ☒ No ☐ When 2/11/19 With Whom Ben Dahle

Comment See attached email

Submit 4 copies to the FAA

William Brackett

From: Benjamin.Dahle@faa.gov
Sent: Monday, February 11, 2019 11:11 AM
To: William Brackett
Subject: RE: AIP 3-41-0035-011

Bill,

I will sign after the draft water mark is removed and all parties have signed.

Ben Dahle, P.E.

FAA - Seattle Airports District Office
OR State Engineer
2200 S. 216th Street
Des Moines, WA 98198
206.231.4132
Benjamin.Dahle@faa.gov

ARP Core Values: Integrity - Collaboration - Innovation

From: William Brackett <wbrackett@CenturyWest.com>
Sent: Thursday, January 24, 2019 4:25 PM
To: Dahle, Benjamin (FAA) <Benjamin.Dahle@faa.gov>
Subject: AIP 3-41-0035-011

Ben, please find attached Change Order 1 for the above referenced AIP project. Included is the CSPP revised per your comments received early this year, and an additional quantity of 12" storm pipe for realignment of the storm drain shown on sheet C-29 of the plans.

With your concurrence, we will sign and make it part of the contract documents.



Bill Brackett, PE, CWRE | Project Manager
Bend Office | 1020 SW Emkay Drive #100 | Bend, OR 97702
541.322.8962 x 304 (office) | 541.410.7420 (cell) | wbrackett@centurywest.com
www.centurywest.com



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MADRAS MUNICIPAL AIRPORT TAXIWAY RECONSTRUCTION

**AIP #3-41-0035-010
COAR-2017-S33-00025**

CONSTRUCTION SAFETY AND PHASING PLAN

Prepared for:



Madras Municipal Airport
2028 NW Airport Way
Madras, OR 97741

Prepared by:



1020 SW Emkay Drive, Ste 100
Bend, OR 97702
Phone: 541.322.8962

November 2017
(rev. January 2019)



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Appendices

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I. PURPOSE AND OBJECTIVE

Aviation safety is the primary consideration at airports, especially during construction. The Construction Safety and Phasing Plan (CSPP) is a tool used to ensure safety compliance when coordinating construction activities with airport operations. This document identifies all aspects of the Madras Municipal Airport Taxiway Reconstruction project that pose a potential safety hazard to airport operations and outlines respective mitigation procedures for each hazard.

This plan has been prepared in accordance with the latest editions of FAA Advisory Circulars (AC) 150/5300-13, “*Airport Design*”, 150/5370-2, “*Operational Safety on Airports During Construction*”, and Northwest Mountain Region NM 5200.3, “*Safety Requirements on Airports During Construction and Maintenance Activities*.”

References to other FAA Advisory Circulars throughout this plan assume the latest edition of that advisory circular.

The following objectives must be met by the “team” (comprised of: the Madras Airport Manager; City of Madras Staff; Century West Engineering Staff; the FAA ADO Project Manager, the Prime Contractor; and various subconsultants, subcontractors, airport users, and airport tenants) in order to maximize safety and minimize time and economic loss. They include:

- Maintain the safety and integrity of operations on the airport.
- Keeping the Airport operational for all users to the greatest extent practical.
- Minimize delays for aircraft and construction operations.
- Maximize airport operation and construction activity opportunities.

The “Team” must keep these objectives in mind when formulating work schedules and work activities affecting operations on the airport.

II. RESPONSIBILITIES OF THE CONSTRUCTION CONTRACTOR

The Contractor is responsible for the following items:

A. Safety Plan Compliance Document (SPCD)

The Contractor is responsible for supplementing and following the CSPP by way of the Safety Plan Compliance Document (SPCD). The SPCD should include a general statement by the construction contractor that he has read and will abide by the CSPP. In addition, the SPCD must include all supplemental information that could



not be included in the CSPP prior to the contract award. The contractor statement should include the name of the contractor, the title of the project CSPP, the approval date of the CSPP, and a reference to any supplemental information (that is, “I, Name of Contractor, have read the *Taxiway Reconstruction CSPP*, approved on Date , and will abide by it as written and with the following additions as noted:”). The supplemental information in the SPCD should be written to match the format of the CSPP indicating each subject by corresponding CSPP subject number and title. If no supplemental information is necessary for any specific subject, the statement, “No supplemental information,” should be written after the corresponding subject title. The SPCD should not duplicate information in the CSPP. Guidance for supplementing the CSPP with the SPCD is provided below.

1) Coordination.

Discuss details of proposed safety meetings with the airport operator and with contractor employees and subcontractors.

- a. This includes attendance of key personnel and subcontractors at weekly coordination meetings with the Airport and Engineer.
- b. This includes weekly scheduling of an Airport escort, if needed, to work areas as allowed by the Airport.

2) Phasing.

Discuss proposed construction schedule elements, including:

- a. Duration of each phase.
- b. Daily start and finish of construction, including nighttime construction.
- c. Duration of construction activities during:
 - i. Normal runway operations.
 - ii. Closed runway operations.
 - iii. Closed Airport operations.
 - iv. Modified runway “Aircraft Reference Code” usage.

3) Areas and Operations Affected by the Construction Activity.

These areas and operations should be identified in the CSPP and should not require an entry in the SPCD.

4) Protection of NAVAIDs.

Discuss specific methods proposed to protect operating NAVAIDs.

5) Contractor Access.

Provide the following:

- a. Details on how the contractor will maintain the integrity of the airport security fence (gate guards, daily log of construction personnel, and other).
- b. Listing of individuals requiring driver training (for certificated airports and as requested).
- c. Radio communications.
 - i. Types of radios and backup capabilities.
 - ii. Parties responsible for monitoring radios.
 - iii. Who to contact if the ATCT cannot reach the contractor's designated person by radio.
- d. Details on how the contractor will escort material delivery vehicles.

6) Wildlife Management.

Discuss the following:

- a. Methods and procedures to prevent wildlife attraction.
- b. Wildlife reporting procedures.

7) Foreign Object Debris (FOD) Management.

Discuss equipment and methods for control of FOD, including construction debris and dust.

8) Hazardous Material (HAZMAT) Management.

Discuss equipment and methods for responding to hazardous spills.

9) Notification of Construction Activities.

Provide the following:

- a. Contractor points of contact.
- b. Contractor emergency contact.
- c. Listing of tall or other requested equipment proposed for use on the airport and the timeframe for submitting 7460-1 forms not previously submitted by the airport operator.
- d. Batch plant details, including 7460-1 submittal.

10) Inspection Requirements.

Discuss daily (or more frequent) inspections and special inspection procedures.

11) Underground Utilities.

Discuss proposed methods of identifying and protecting underground utilities.

12) Penalties.

Penalties should be identified in the CSPP and should not require an entry in the SPCD.

13) Special Conditions.

Discuss proposed actions for each special condition identified in the CSPP.

14) Runway and Taxiway Visual Aids.

Discuss proposed visual aids including the following:

- a. Equipment and methods for covering signage and airfield lights.
- b. Equipment and methods for temporary closure markings (paint, fabric, other).
- c. Types of temporary Visual Guidance Slope Indicators (VGSI).

15) Marking and Signs for Access Routes.

Discuss proposed methods of demarcating access routes for vehicle drivers.

16) Hazard Marking and Lighting.

Discuss proposed equipment and methods for identifying excavation areas.

17) Protection

Discuss proposed methods of identifying, demarcating, and protecting airport surfaces including:

- a. Equipment and methods for maintaining Runway Safety Area standards.
- b. Equipment and methods for maintaining Taxiway Safety Area standards.
- c. Equipment and methods for separation of construction operations from aircraft operations, including details of barricades.

18) Other Limitations on Construction.

These should be identified in the CSPP and should not require an entry in the SPCD.

B. Document Availability

Have available at all times copies of the CSPP and SPCD for reference by the airport operator and its representatives, and by subcontractors and contractor employees.

C. Safety Procedures

Ensure that construction personnel are familiar with safety procedures and regulations on the airport. Provide a point of contact that will coordinate an immediate response to correct any construction-related activity that may adversely affect the operational safety of the airport. The Contractor shall anticipate 24-hour coverage.

D. Contractor's SPCD Representative

Identify in the SPCD the contractor's on-site employees responsible for monitoring compliance with the CSPP and SPCD during construction. At least one of these employees must be on-site whenever active construction is taking place.

E. Inspections

Conduct inspections sufficiently frequently to ensure construction personnel comply with the CSPP and SPCD and that there are no altered construction activities that could create potential safety hazards.

F. Vehicle Movement

Restrict movement of construction vehicles and personnel to permitted construction areas by flagging, barricading, erecting temporary fencing, or providing escorts, as appropriate and as specified in the CSPP and SPCD.

G. Air Operations Area Protection

Ensure that no contractor employees, employees of subcontractors or suppliers, or other persons enter any part of the air operations area (AOA) from the construction site unless authorized.

H. Form 7460-1 Submittal

Ensure prompt submittal through the airport operator of Form 7460-1 for the purpose of conducting an aeronautical study of contractor equipment such as tall equipment (cranes, concrete pumps, and other equipment), stock piles, and haul routes when different from cases previously filed by the airport operator. The FAA encourages online submittal of forms for expediency.

III. INTRODUCTION OF STAFF

Key staff associated with the safety and operational planning of the Madras Airport.

Ben Dahle	Project Manager – FAA Seattle ADO
Robert Berg	Airport Manager – Madras Municipal Airport
Jeff Hurd	Public Works Director – City of Madras
Gus Burril	City Manager – City of Madras
Bill Brackett	Project Manager – Century West Engineering
Tom Headley	Sr. Project Engineer – Century West Engineering

IV. SCHEDULE AND SCOPE OF WORK

A. Schedule

Construction is to begin in February 2019 and conclude by July 2019.



B. Scope

The overall work includes:

- 1) Reconstruct Parallel Taxiway
- 2) Reconstruct Midfield Taxiway
- 3) Construct Second Midfield Taxiway
- 4) Adjustments to Lighting
- 5) Drainage

V. SAFETY PLAN

A. General

The items listed below follow the guidance of Chapter 2, Section 2, “Plan Requirements” and Chapter 3, “Guidelines for Writing a CSPP” as provided in *AC 150/5370-2F-Operational Safety on Airports During Construction*.

1) Coordination.

The Madras Airport Taxiway Reconstruction project’s predesign, prebid, and preconstruction conferences will be used as opportunities to introduce the subject of airport operational safety during construction and to describe the elements of this CSPP and resulting SPCD.

- a. **Contractor Progress Meetings.** Operational safety will be a standing agenda item for discussion during weekly progress meetings through both phases of the project.
- b. **Scope or Schedule Changes.** Changes in the scope or duration of the project will be represented by revisions to the CSPP. The SPCD will also be updated to reflect these changes.
- c. **FAA-ATO Coordination.** The contractor will work with the project representative during construction to assure that FAA Air Traffic Organization (ATO) will be coordinated with to schedule airway facility (including NAVAIDs) shutdowns and restarts.

2) Phasing.



The work elements described above in Section IV.B will be constructed in three phases in order to keep the facility open to the greatest extent. Phase 1 will close down the north third of the taxiway and include all new paved surfaces north of and including the proposed North Midfield Taxiway (Work Area 1) except the portion within the runway safety area (Work Area 2). This will be constructed in Phase 2 which will require closure of Runway 16-34. All remaining work will be completed in Phase 3 which will require closure of the taxiway south of the North Midfield Taxiway (Work Area 3).

Prior to reopening each work area the following work must be completed:

- a. Clear all equipment and materials from the work area.
- b. Backfill all excavated areas.
- c. Paving and pavement marking shall be completed.
- d. Install barricades for work area, isolation if required.
- e. Leave no abrupt edges, lips, drop-offs or the like of more than 1.5 inches.
- f. Clean active pavement surfaces of all foreign debris.

A Phasing and Safety Plan for the overall project, which has been attached with this document, details the sequence of construction. This sequence has been incorporated into the project design and is reflected in the contract drawings and specifications.

3) Areas and Operations Affected by Construction Activity.

The attached Phasing and Safety Plan and Phasing Plan identifies areas and operations affected by the construction.

For each phase, major impacts include the following:

- a. Phase 1 – Closure of direct taxiway access to Runway 16.
- b. Phase 2 – Closure of Runway 16-34
- c. Phase 3 – Closure of direct taxiway access to Runway 34.

See project drawings for affected access routes, staging areas, underground utilities and approach/departure surfaces for each option presented.

4) Navigation Aid (NAVAID) Protection.

The proposed work will require periodic interruptions to the operation of the Runway 34 REIL. No interruption to the VASI at the south runway end is anticipated.

The contract requires the contractor to provide 15 days' notice of construction resulting in NAVAID shutdown with a confirmation 7 days prior to shutdown. It is the contractor's responsibility to protect all NAVAID facilities within the areas of construction. As discussed in Section 1, the contractor will coordinate NAVAID interruptions with the project representative during construction to assure that FAA ATO will be coordinated with to schedule NAVAID shutdowns and restarts. Interruptions to NAVAID facilities shall be made known in NOTAMs.

5) Contractor Access.

- a. **Location of Stockpiled Construction Materials.** Stockpiled materials and equipment storage will be restricted to the areas marked as 'Contractor Staging Area' on the Phasing and Safety Plan. Contractor stockpiled materials and equipment storage are not permitted within the Runway Safety Areas (RSA), Obstacle Free Zones (OFZ) or Object Free Areas (OFA) of operational runways. Stockpiled materials and equipment adjacent to these areas are to be prominently marked and lighted during hours of restricted visibility or darkness (see Section 16). Materials are stabilized and stored at an approved location so as not to be a hazard to aircraft operations and to prevent attraction of wildlife and foreign object damage. Refer to Sections 6 and 7.
- b. **Vehicle and Pedestrian Operations.** Vehicle and pedestrian access routes for airport construction projects must be controlled to prevent inadvertent or unauthorized entry of persons, vehicles, or animals onto the AOA. Construction and related vehicles shall be restricted to areas clearly indicated on the attached Site Phasing and Safety Plan sheets and as directed by the Airport. The use of escort vehicles is addressed below.
 - i. **Construction Site Parking.** Vehicle parking areas for contractor employees will be restricted to 'Contractor Staging Areas' as depicted in the attached Site Phasing and Safety Plan.

- ii. **Construction Equipment Parking.** Contractor employees must park and service all construction vehicles in 'Contractor Staging Areas'. Inactive equipment must not be parked on a closed taxiway or runway. Employees shall park construction vehicles in the designated areas when not in use by construction personnel (for example, overnight, on weekends, or during other periods when construction is not active).
- iii. **Access and Haul Roads.** Construction contractor's access to the construction sites and haul roads has been clearly marked on the Phasing and Safety Plan. The construction contractor is not permitted to use any access or haul roads other than those approved. Access routes used by contractor vehicles must be clearly marked by contractor to prevent inadvertent entry to areas open to airport operations.
- iv. **Marking and Lighting of Vehicles.** At a minimum, Contractor vehicles shall be marked with company identification (on both sides of the vehicle) and a flashing yellow beacon while operating within the airport boundary. Contractor vehicles will be required to have an Engineer approved orange and white checkered flag mounted on pickups, rollers, scrapers, dozers, trenchers, and all other Contractor vehicles and must be visible from 300 feet.

If working at night all construction vehicles working on the airport (beyond the staging area) shall be equipped with amber strobe lights or amber rotating beacons. This is required in order to provide adequate visibility of construction equipment from the air and from aircraft taxiing on the ground. Lights shall conform to *AC 150/5210-5D Painting, Marking and Lighting of Vehicles Used on an Airport*, latest edition. Lights may be used during the daylight operations in lieu of the orange checkered flag specified above.

- v. **Vehicle Operations.** Only vehicles used for construction purposes shall enter the air operations area. Contractor vehicle operations are allowed only in defined work areas, haul routes, and paved areas closed to aircraft traffic, unless otherwise approved by the Airport or Engineer in advance. The contractor is to familiarize all construction personnel with the safety provisions.
- vi. **Escorting.** The Contractor and employees are not required to be escorted while on site.

- vii. **Training Requirements for Vehicle Drivers.** Contractors will make sure to familiarize all drivers with the areas of restriction to prevent unauthorized entry to the AOA and improper movement of pedestrians or vehicles on the airport.
- viii. **Situational Awareness.** Vehicle drivers must confirm by personal observation that no aircraft is approaching their position (either in the air or on the ground) when given clearance to cross a runway, taxiway, or any other area open to airport operations.
- ix. **Two-way Radio Communication Procedures.** The Contractor shall monitor the Common Traffic Advisory Frequency (CTAF) 122.8 MHz for Madras air traffic at all times while working on the airport.
- x. **Maintenance of the Secured Area of the Airport.** Not applicable.

6) Wildlife Management.

Construction contractors must carefully control and continuously remove waste or loose materials that might attract wildlife. Contractor personnel must be aware of and avoid construction activities that can create wildlife hazards on airports, such as the following:

- a. **Trash.** Food scraps must be collected from construction personnel activity.
- b. **Standing Water.** Standing water is not permitted on Airport grounds.
- c. **Tall Grass and Seeds.** Grass seed is attractive to birds. Lower quality seed mixtures can contain seeds of plants (such as clover) that attract larger wildlife.
- d. **Poorly Maintained Fencing and Gates.** See Section 5 above.
- e. **Encounters with Wildlife.** If the contractor encounters large to medium sized mammals (such as deer) within Airport property fencing they are to notify the project representative during construction.

7) Foreign Object Debris (FOD) Management.

Waste and loose materials, commonly referred to as FOD, are capable of causing damage to aircraft landing gears, propellers, and jet engines. Construction contractors must not leave or place FOD on or near active aircraft



movement areas. Materials capable of creating FOD must be continuously removed during the construction project. The Contractor shall take care to manage FOD so as not to disturb operation of FAA owned facilities (including NAVAIDS) at the airport.

8) Hazardous Materials (HAZMAT) Management.

Encountering hazardous material (HAZMAT) during construction should be considered an emergency. Emergency procedures shall be followed in this instance. Contractor shall take care to prevent and contains leaks of hazardous material (fuel, hydraulic fluids, etc.). Contractors operating construction vehicles and equipment on the airport must be prepared to expeditiously contain and clean-up spills resulting from fuel or hydraulic fluid leaks.

9) Notification of Construction Activities.

a. List of Responsible Representatives:

In Case of Emergency	911
City of Madras Police Dept.	(541) 475-2424
Jefferson County Fire Dist. #1	(541) 475-7274
St. Charles Madras Hospital	(541) 475-3882
Poison Control Center.....	(800) 452-7165
Madras Airport (Robert Berg).....	(541) 475-6947
Century West Engineering (Bill Brackett).....	(541) 322-8962
FAA Seattle ADO Project Manager (Ben Dahle).....	(206) 231-4132

- b. **NOTAMs.** Only the airport manager may initiate or cancel a Notice to Airmen (NOTAM) on airport conditions and is the only entity that can close or open a runway. The airport operator must coordinate the issuance, maintenance, and cancellation of NOTAMs about airport conditions resulting from construction activities with tenants and the local air traffic facility (control tower, approach control, or air traffic control center), and must provide information on closed or hazardous conditions on airport movement areas to the FAA Flight Service Station (FSS) so it can issue a NOTAM.

Construction activity shall not commence prior to issuance of a NOTAM. The Contractor shall advise the Engineer three (3) days in advance of the planned commencement of construction activity so a NOTAM can be issued and shall not commence such activity until advised by the Engineer. Upon completion of work to the satisfaction of the Engineer, a NOTAM indicating completion will be issued. No further work in affected areas will be permitted.

- c. **Emergency Notification Procedures.** In the event of an emergency, Airport staff will be notified immediately. The proper authorities will also be notified. In the event of an emergency, personnel and equipment shall move immediately to the staging area through appropriate routes.

Prior to start of construction, the Contractor shall provide a list of contact information for personnel available 24 hours a day to be contacted in case of an emergency. As applicable, the list shall include phone numbers of the Engineer, Inspector, Airport manager, and local FAA NAVAIDS facilities manager.

The Contractor shall designate a qualified safety officer for the project as well as appoint a point of contact for any required operational safety concerns.

- d. **Coordination with ARFF.** Coordinate ARFF activities with the Airport manager.
- e. **Notification to the FAA.**
 - i. **Part 77.** Any proposed construction or alterations of objects that affect navigable airspace, as defined in Part 77, will be coordinated with FAA.
 - ii. **NAVAIDS.** For emergency (short-notice) notification about impacts to both Airport and FAA owned NAVAIDS, contact: 866-432-2622. FAA ATO/Technical Operations shall be provided a 45-day minimum notice for the scheduled interruption of NAVAIDS.

10) Inspection Requirements.

- a. **Daily Inspections.** Inspections shall be conducted at least daily, but more frequently if necessary to ensure conformance with the CSPP. For the Contractors own use, a sample checklist has been attached to this safety plan. The project representative during construction, serving as the project inspector, is responsible for monitoring work progress and will respond to construction and safety issues. The inspector will have communication capability with Airport staff. The Contractor is required to immediately remedy any deficiencies, whether caused by negligence, oversight, or project scope.

The Engineer is responsible for the supervision and enforcement of Safety Plan requirements, as well as addressing airfield issues with construction personnel, as appropriate.

- b. **Inspections Prior to Reopening.** Temporarily closed existing runway and taxiway are subject to safety inspections prior to reopening the facilities for service.

11) Underground Utilities.

The following individuals, firms or corporations have authority to excavate or otherwise disturb non-FAA owned utility services or facilities located within the limits of the work:

Utility or other Facility	Contact Person	Phone Number
1. Utility One-Call	One-Call Dispatcher	1-800-332-2344

The contractor shall call FAA prior to excavating or otherwise disturbing FAA owned utility services or facilities located within the limits of the work. Contractor shall hand dig at crossings to locate and protect all utilities. If accidental damage occurs, the Contractor shall notify the Airport, the utility company, FAA, and the Engineer.

12) Penalties.

Contractor will make construction personnel familiar with safety plan. All contractor and subcontractor personnel are required to comply with the safety plan. The Contractor will be held responsible for any accident that occurs as a result of construction personnel not following the provisions of this safety plan.

Strict adherence to the provisions of this plan by all personnel assigned to or visiting the construction site is mandatory. In the event contractor activities are not in conformance with the provisions of this plan, the contractor shall immediately cease those operations involved in the violation of the provisions of this plan and conduct a safety meeting. The owner may direct the contractor, in writing, to immediately cease those operations involved in the violation of the provisions of this plan. The contractor shall not resume construction operations until an appropriate action is taken as determined by the Owner.

13)Special Conditions.

There are no special conditions that affect the operation of the airport or will require the activation of any special procedures.

14)Runway and Taxiway Visual Aids.

Runway closure crosses will be placed over runway numerals during closures as shown on in the construction drawings. The Contractor shall supply two (2) yellow runway closure crosses during the closures. Airport markings, lighting, signs, and visual NAVAIDs must be clearly visible to pilots. All must be secured in place to prevent movement by prop wash, jet blast, wing vortices, or other wind currents and constructed of materials that would minimize damage to an aircraft in the event of inadvertent contact.

Contractor is required to provide flaggers when crossing active apron or taxiway pavements.

Contractor shall set up barricades that define work areas as defined in Section 01300 of the specifications and shown in the Work Area plans.

Markings must be in compliance with the standards of *AC 150/5340-1, Standards for Airport Markings*. Temporary runway closures will be depicted with yellow “X” signals placed on or near the runway designation numbers in accordance with Figure A-27 of AC 150/5340-1.

Lighting must be in conformance with *AC 150/5340-30, Design and Installation Details for Airport Visual Aids*, and *AC 150/5345-50, Specification for Portable Runway and Taxiway Lights*. Disconnect the associated isolation transformers when disconnecting runway and taxiway lighting fixtures. Alternately, cover the light fixture in such a way as to prevent light leakage. Avoid removing the lamp from energized fixtures because an excessive number of isolation transformers with open secondaries may damage the regulators and/or increase the current

above its normal value. Secure, identify, and place any above ground temporary wiring in conduit to prevent electrocution and fire ignition sources.

Signs must be in conformance with *AC 150/5345-44, Specification for Runway and Taxiway Signs* and *AC 150/5340-18, Standard for Airport Sign Systems*.

15) Marking and Signs for Access Routes.

Pavement markings and signs for construction personnel will conform to *AC 150/5340-18* and, to the extent practicable, with the Federal Highway Administration Manual on Uniform Traffic Control Devices (MUTCD) and/or State highway specifications. Signs adjacent to areas used by aircraft must comply with the frangibility requirements of *AC 150/5220-23, Frangible Connections*.

16) Hazard Marking, Lighting and Signing.

- a. Hazard marking and lighting prevents pilots from entering areas closed to aircraft, and prevents construction personnel from entering areas open to aircraft. Hazard marking and lighting must also be specified to identify open manholes, small areas under repair, stockpiled material, waste areas, and areas subject to jet blast.
- b. Equipment.
 - i. **Barricades** will be used to identify and define the limits of construction and hazardous areas on airports. Barricade type and placement can be found in the project Specifications (Section 01300) and Work Area Phasing Plans, both of which have been attached. The spacing of barricades is such that a breach is physically prevented barring a deliberate act.
 - ii. **Lights** must be red and must meet the luminance requirements of the State Highway Department. Lights must be mounted on barricades and spaced at no more than 10 ft. Lights must be operated between sunset and sunrise and during periods of low visibility whenever the airport is open for operations. Mounted barricade lights shall be battery-powered.
 - iii. No supplement barricades with signs are needed for the proposed project.

- iv. **Air Operations Area – General.** Barricades are not permitted in any active safety area. Within a runway or taxiway object free area, and on aprons, use orange traffic cones, flashing or steady burning red lights as noted above, collapsible barricades marked with diagonal, alternating orange and white stripes; and/or signs to separate all construction/maintenance areas from the movement area.
- v. **Air Operations Area – Runway/Taxiway Intersections.** Use highly reflective barricades with lights to close taxiways leading to closed runways.
- vi. **Air Operations Area – Other.** Not applicable to this project.
- vii. **Maintenance.** In accordance with specification Section 01300 the contractor is required to have a person on call 24 hours a day for emergency maintenance of airport hazard lighting and barricades. The contractor must file the contact person's information with the airport operator.

17)Protection of Runway and Taxiway Safety Areas.

- a. **Runway Safety Area (RSA).** A runway safety area is the defined surface surrounding the runway prepared or suitable for reducing the risk of damage to airplanes in the event of an undershoot, overshoot, or excursion from the runway (see AC 150/5300-13).

At Madras Airport, the RSAs have the following dimensions:

Runway 16-34 150' in width, 5,689' in length

Runway 4-22 120' in width, 3,181' in length

Construction activities within the existing RSA are subject to the following conditions:

- i. No construction may occur within the existing RSA while the runway is open for aircraft operations.
- ii. The airport operator must coordinate the adjustment of RSA dimensions as permitted above with the appropriate FAA Airports Regional or District Office and the local FAA air traffic manager and issue a NOTAM.

- iii. The proposed project has no blasting operations.
- iv. Excavation.
 - a) Open trenches or excavations shall be backfilled before the runway is open.
 - b) Construction contractors must prominently mark open trenches and excavations at the construction site with red or orange flags, as approved by the airport operator, and light them with red lights during hours of restricted visibility or darkness.
- v. **Erosion Control.** Soil erosion must be controlled to maintain RSA standards, that is, the RSA must be cleared and graded and have no potentially hazardous ruts, humps, depressions, or other surface variations, and capable, under dry conditions, of supporting snow removal equipment, aircraft rescue and firefighting equipment, and the occasional passage of aircraft without causing structural damage to the aircraft.
- b. **Runway Object Free Area (ROFA).** Construction, including excavations, may be permitted in the ROFA. However, equipment must be removed from the ROFA when not in use. The proposed project does not allow stockpiling within the ROFA.

At Madras Airport, the ROFAs have the following dimensions:

Runway 16-34	500' in width, 5,689' in length
Runway 4-22	250' in width, 3,181' in length

- c. **Taxiway Safety Area (TSA).** A taxiway safety area is a defined surface alongside the taxiway prepared or suitable for reducing the risk of damage to an airplane unintentionally departing the taxiway.

At the Madras Airport, all TSAs have the following dimension:

79' in width, along the entire taxiway length

Construction activities within the TSA are subject to the following conditions:

- i. No construction may occur within the TSA while the taxiway is open for aircraft operations.
- ii. The TSA width will not be adjusted for the proposed project.
- iii. The proposed project does not involve blasting operations.
- iv. Excavations.
 - a) Open trenches or excavations are not permitted within the TSA while the taxiway is open. Excavations are to be backfilled before the taxiway is reopened.
 - b) Construction contractors must prominently mark open trenches and excavations at the construction site with red or orange flags, as approved by the airport operator, and light them with red lights during hours of restricted visibility or darkness.
- v. Erosion Control. Soil erosion must be controlled to maintain TSA standards, that is, the TSA must be cleared and graded and have no potentially hazardous ruts, humps, depressions, or other surface variations, and capable, under dry conditions, of supporting snow removal equipment, aircraft rescue and firefighting equipment, and the occasional passage of aircraft without causing structural damage to the aircraft.
- d. **Taxiway Object Free Area (TOFA).** Unlike the Runway Object Free Area, aircraft wings regularly penetrate the taxiway object free area during normal operations. Thus the restrictions are more stringent. No construction may occur within the taxiway object free area while the taxiway is open for aircraft operations.

At the Madras Airport, all TOFAs has the following dimensions:

131' in width, along the entire taxiway length

- e. **Obstacle Free Zone (OFZ).** Personnel, material, and/or equipment may not penetrate the OFZ while the runway is open for aircraft operations.

At Madras Airport, the OFZs have the following dimensions:

Runway 16-34 400' in width, 5,489' in length

Runway 4-22 250' in width, 3,101' in length

- f. **Runway Approach/Departure Areas and Clearways.** All personnel, materials, and/or equipment must remain clear of the applicable threshold siting surfaces, as defined in Appendix 2, "Threshold Siting Requirements," of AC 150/5300-13.

18) Other Limitations on Construction.

- a. Prohibitions.
- i. No use of tall equipment (cranes, concrete pumps, and so on) unless a 7460-1 determination letter is issued for such equipment.
 - ii. No use of open flame, welding, or torches unless fire safety precautions are provided and the airport operator has approved their use.
 - iii. No use of electrical blasting caps on or within 1,000 ft. (300 m) of the airport property.
 - iv. No use of flare pots within the AOA.
- b. **Restrictions.** The attached Site Phasing and Safety Plan Notes and Details offers detail on restrictions on which areas cannot be worked in simultaneously, day/night work restrictions and other limitations.

Appendix A

Construction Project Daily Safety Checklist



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Appendix 3. Safety and Phasing Plan Checklist

This appendix is keyed to Section 2. Plan Requirements. In the electronic version of this AC, clicking on the paragraph designation in the Reference column will access the applicable paragraph. There may be instances where the CSPP requires provisions that are not covered by the list in this appendix.

This checklist is intended as an aid, not as a required submittal.

Coordination	Reference	Addressed			Remarks
General Considerations					
Requirements for predesign, prebid, and preconstruction conferences to introduce the subject of airport operational safety during construction are specified.	205	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	
Operational safety is a standing agenda item for construction progress meetings.	205	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	
Scheduling of the construction phases is properly addressed.	206	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	
Areas and Operations Affected by Construction Activity					
Drawings showing affected areas are included.	207.a	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	
Closed or partially closed runways, taxiways, and aprons are depicted on drawings.	207.a(1)	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	
Access routes used by ARFF vehicles affected by the project are addressed.	207.a(2)	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	
Access routes used by airport and airline support vehicles affected by the project are addressed.	207.a(3)	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	
Underground utilities, including water supplies for fire fighting and drainage.	207.a(4)	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	
Approach/departure surfaces affected by heights of temporary objects are addressed.	207.a(5)	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	
Construction areas, storage areas, and access routes near runways, taxiways, aprons, or helipads are properly depicted on drawings.	207.a	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	
Temporary changes to taxi operations are addressed.	207.b(1)	<div><input type="checkbox"/> Yes</div>	<div><input type="checkbox"/> No</div>	<div><input type="checkbox"/> NA</div>	

Coordination	Reference	Addressed			Remarks
Detours for ARFF and other airport vehicles are identified.	207.b(2)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Maintenance of essential utilities and underground infrastructure is addressed.	207.b(3)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Temporary changes to air traffic control procedures are addressed.	207.b(4)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
NAVAIDS					
Critical areas for NAVAIDS are depicted on drawings.	208	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Effects of construction activity on the performance of NAVAIDS, including unanticipated power outages, are addressed.	208	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Protection of NAVAID facilities is addressed.	208	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The required distance and direction from each NAVAID to any construction activity is depicted on drawings.	208	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Procedures for coordination with FAA ATO/Technical Operations, including identification of points of contact, are included.	208, 213.a, 213.e(3)(a), 218.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Contractor Access					
The CSPP addresses areas to which contractor will have access and how the areas will be accessed.	209	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The application of 49 CFR Part 1542 Airport Security, where appropriate, is addressed.	209	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The location of stockpiled construction materials is depicted on drawings.	209.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The requirement for stockpiles in the ROFA to be approved by FAA is included.	209.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Requirements for proper stockpiling of materials are included.	209.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	

Coordination	Reference	Addressed			Remarks
Construction site parking is addressed.	209.b(1)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Construction equipment parking is addressed.	209.b(2)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Access and haul roads are addressed.	209.b(3)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
A requirement for marking and lighting of vehicles to comply with AC 150/5210-5, Painting, Marking and Lighting of Vehicles Used on an Airport, is included.	209.b(4)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Proper vehicle operations, including requirements for escorts, are described.	209.b(5), 209.b(6)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Training requirements for vehicle drivers are addressed.	209.b(7)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Two-way radio communications procedures are described.	209.b(9)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Maintenance of the secured area of the airport is addressed.	209.b(10)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Wildlife Management					
The airport operator's wildlife management procedures are addressed.	210	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Foreign Object Debris Management					
The airport operator's FOD management procedures are addressed.	211	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Hazardous Materials Management					
The airport operator's hazardous materials management procedures are addressed.	212	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Notification of Construction Activities					
Procedures for the immediate notification of airport user and local FAA of any conditions adversely affecting the operational safety of the airport are detailed.	213	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	

Coordination	Reference	Addressed			Remarks
Maintenance of a list by the airport operator of the responsible representatives/points of contact for all involved parties and procedures for contacting them 24 hours a day, seven days a week is specified.	213.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
A list of local ATO/Technical Operations personnel is included.	213.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
A list of ATCT managers on duty is included.	213.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
A list of authorized representatives to the OCC is included.	213.b	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Procedures for coordinating, issuing, maintaining and cancelling by the airport operator of NOTAMS about airport conditions resulting from construction are included.	208, 213.b, 218.b(4)(i)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Provision of information on closed or hazardous conditions on airport movement areas by the airport operator to the OCC is specified.	213.b	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Emergency notification procedures for medical, fire fighting, and police response are addressed.	213.c	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Coordination with ARFF personnel for non-emergency issues is addressed.	213.d	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Notification to the FAA under 14 CFR parts 77 and 157 is addressed.	213.e	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Reimbursable agreements for flight checks and/or design and construction for FAA owned NAVAIDs are addressed.	213.e(3)(b)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Inspection Requirements					
Daily inspections by both the airport operator and contractor are specified.	214.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Final inspections at certificated airports are specified when required.	214.b	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Underground Utilities					
Procedures for protecting existing underground facilities in excavation areas are described.	215	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	

Coordination	Reference	Addressed			Remarks
Penalties					
Penalty provisions for noncompliance with airport rules and regulations and the safety plans are detailed.	216	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Special Conditions					
Any special conditions that affect the operation of the airport or require the activation of any special procedures are addressed.	217	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Runway and Taxiway Visual Aids - Marking, Lighting, Signs, and Visual NAVAIDS					
The proper securing of temporary airport markings, lighting, signs, and visual NAVAIDS is addressed.	218.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Frangibility of airport markings, lighting, signs, and visual NAVAIDS is specified.	218.a, 218.c, 219, 220.b(4)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The requirement for markings to be in compliance with AC 150/5340-1, Standards for Airport Markings is specified.	218.b	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The requirement for lighting to conform to AC 150/5340-30, Design and Installation Details for Airport Visual Aids, AC 150/5345-50, Specification for Portable Runway and Taxiway Lights , and AC 150/5345-53 Airport Lighting Certification Program, is specified.	218.b(1)(f)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The use of a lighted X is specified where appropriate.	218.b(1)(b), 218.b(3)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The requirement for signs to conform to AC 150/5345-44, Specification for Runway and Taxiway Signs, AC 50/5340-18, Standards for Airport Sign Systems, and AC 150/5345-53, Airport Lighting Certification Program, is specified.	218.c	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Marking and Signs For Access Routes					
The CSPP specifies that pavement markings and signs intended for construction personnel should conform to AC 150/5340-18 and, to the extent practicable, with the MUTCD and/or State highway specifications.	219	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Hazard Marking and Lighting					
Prominent, comprehensible warning indicators for any area affected by construction that is normally accessible to aircraft, personnel, or vehicles are specified.	220.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	

Coordination	Reference	Addressed			Remarks
Hazard marking and lighting are specified to identify open manholes, small areas under repair, stockpiled material, and waste areas.	220.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The CSPP considers less obvious construction-related hazards.	220.a	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Equipment that poses the least danger to aircraft but is sturdy enough to remain in place when subjected to typical winds, prop wash and jet blast is specified.	220.b(1)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The spacing of barricades is specified such that a breach is physically prevented barring a deliberate act.	220.b(1)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Red lights meeting the luminance requirements of the State Highway Department are specified.	220.b(2)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Barricades, temporary markers, and other objects placed and left in areas adjacent to any open runway, taxiway, taxi lane, or apron are specified to be as low as possible to the ground, and no more than 18 in high.	220.b(4)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Barricades marked with diagonal, alternating orange and white stripes are specified to indicate construction locations in which no part of an aircraft may enter.	220.b(4)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Highly reflective barriers with lights are specified to barricade taxiways leading to closed runways.	220.b(5)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Markings for temporary closures are specified.	220.b(5)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The provision of a contractor's representative on call 24 hours a day for emergency maintenance of airport hazard lighting and barricades is specified.	220.b(7)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Protection of Runway and Taxiway Safety Areas					
The CSPP clearly states that no construction may occur within a safety area while the associated runway or taxiway is open for aircraft operations.	221.a(1), 221.c(1)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The CSPP specifies that the airport operator coordinates the adjustment of RSA or TSA dimensions with the ATCT and the appropriate FAA Airports Regional or District Office and issues a local NOTAM.	221.a(2), 221.c(2)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	

Coordination	Reference	Addressed			Remarks
Procedures for ensuring adequate distance for protection from blasting operations, if required by operational considerations, are detailed.	221.c(3)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The CSPP specifies that open trenches or excavations are not permitted within a safety area while the associated runway or taxiway is open.	221.a(4)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Appropriate covering of excavations in the RSA or TSA that cannot be backfilled before the associated runway or taxiway is open is detailed.	221.a(4)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The CSPP includes provisions for prominent marking of open trenches and excavations at the construction site.	221.a(4)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Grading and soil erosion control to maintain RSA/TSA standards are addressed.	221.c(5)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The CSPP specifies that equipment is to be removed from the ROFA when not in use.	221.b	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The CSPP clearly states that no construction may occur within a taxiway safety area while the taxiway is open for aircraft operations.	221.c	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Appropriate details are specified for any construction work to be accomplished in a taxiway object free area.	221.d	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Measures to ensure that personnel, material, and/or equipment do not penetrate the OFZ or threshold siting surfaces while the runway is open for aircraft operations are included.	221.e	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Provisions for protection of runway approach/departure areas and clearways are included.	221.f	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
Other Limitations on Construction					
The CSPP prohibits the use of open flame welding or torches unless adequate fire safety precautions are provided and the airport operator has approved their use.	222.a(2)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The CSPP prohibits the use of flare pots within the AOA at any time.	222.a(4)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	
The CSPP prohibits the use of electrical blasting caps on or within 1,000 ft (300 m) of the airport property.	222.a(3)	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> NA	

Appendix 4. Construction Project Daily Safety Inspection Checklist

The situations identified below are potentially hazardous conditions that may occur during airport construction projects. Safety area encroachments, unauthorized and improper ground vehicle operations, and unmarked or uncovered holes and trenches near aircraft operating surfaces pose the most prevalent threats to airport operational safety during airport construction projects. The list below is one tool that the airport operator or contractor may use to aid in identifying and correcting potentially hazardous conditions. It should be customized as appropriate for each project.

Potentially Hazardous Conditions

Item	Action Required	or	None
Excavation adjacent to runways, taxiways, and aprons improperly backfilled.			<input type="checkbox"/>
Mounds of earth, construction materials, temporary structures, and other obstacles near any open runway, taxiway, or taxi lane; in the related Object Free area and aircraft approach or departure areas/zones; or obstructing any sign or marking.			<input type="checkbox"/>
Runway resurfacing projects resulting in lips exceeding 3 in (7.6 cm) from pavement edges and ends.			<input type="checkbox"/>
Heavy equipment (stationary or mobile) operating or idle near AOA, in runway approaches and departures areas, or in OFZ.			<input type="checkbox"/>
Equipment or material near NAVAIDs that may degrade or impair radiated signals and/or the monitoring of navigation and visual aids. Unauthorized or improper vehicle operations in localizer or glide slope critical areas, resulting in electronic interference and/or facility shutdown.			<input type="checkbox"/>
Tall and especially relatively low visibility units (that is, equipment with slim profiles) — cranes, drills, and similar objects — located in critical areas, such as OFZ and approach zones.			<input type="checkbox"/>
Improperly positioned or malfunctioning lights or unlighted airport hazards, such as holes or excavations, on any apron, open taxiway, or open taxi lane or in a related safety, approach, or departure area.			<input type="checkbox"/>
Obstacles, loose pavement, trash, and other debris on or near AOA. Construction debris (gravel, sand, mud, paving materials) on airport pavements may result in aircraft propeller, turbine engine, or tire damage. Also, loose materials may blow about, potentially causing personal injury or equipment damage.			<input type="checkbox"/>

Item	Action Required	or	None
Inappropriate or poorly maintained fencing during construction intended to deter human and animal intrusions into the AOA. Fencing and other markings that are inadequate to separate construction areas from open AOA create aviation hazards.			<input type="checkbox"/>
Improper or inadequate marking or lighting of runways (especially thresholds that have been displaced or runways that have been closed) and taxiways that could cause pilot confusion and provide a potential for a runway incursion. Inadequate or improper methods of marking, barricading, and lighting of temporarily closed portions of AOA create aviation hazards.			<input type="checkbox"/>
Wildlife attractants — such as trash (food scraps not collected from construction personnel activity), grass seeds, tall grass, or standing water — on or near airports.			<input type="checkbox"/>
Obliterated or faded temporary markings on active operational areas.			<input type="checkbox"/>
Misleading or malfunctioning obstruction lights. Unlighted or unmarked obstructions in the approach to any open runway pose aviation hazards.			<input type="checkbox"/>
Failure to issue, update, or cancel NOTAMs about airport or runway closures or other construction related airport conditions.			<input type="checkbox"/>
Failure to mark and identify utilities or power cables. Damage to utilities and power cables during construction activity can result in the loss of runway / taxiway lighting; loss of navigation, visual, or approach aids; disruption of weather reporting services; and/or loss of communications.			<input type="checkbox"/>
Restrictions on ARFF access from fire stations to the runway / taxiway system or airport buildings.			<input type="checkbox"/>
Lack of radio communications with construction vehicles in airport movement areas.			<input type="checkbox"/>
Objects, regardless of whether they are marked or flagged, or activities anywhere on or near an airport that could be distracting, confusing, or alarming to pilots during aircraft operations.			<input type="checkbox"/>
Water, snow, dirt, debris, or other contaminants that temporarily obscure or derogate the visibility of runway/taxiway marking, lighting, and pavement edges. Any condition or factor that obscures or diminishes the visibility of areas under construction.			<input type="checkbox"/>
Spillage from vehicles (gasoline, diesel fuel, oil) on active pavement areas, such as runways, taxiways, aprons, and airport roadways.			<input type="checkbox"/>

Item	Action Required	or	None
Failure to maintain drainage system integrity during construction (for example, no temporary drainage provided when working on a drainage system).			<input type="checkbox"/>
Failure to provide for proper electrical lockout and tagging procedures. At larger airports with multiple maintenance shifts/workers, construction contractors should make provisions for coordinating work on circuits.			<input type="checkbox"/>
Failure to control dust. Consider limiting the amount of area from which the contractor is allowed to strip turf.			<input type="checkbox"/>
Exposed wiring that creates an electrocution or fire ignition hazard. Identify and secure wiring, and place it in conduit or bury it.			<input type="checkbox"/>
Site burning, which can cause possible obscuration.			<input type="checkbox"/>
Construction work taking place outside of designated work areas and out of phase.			<input type="checkbox"/>

Appendix B

Specification Sections 01160 and 01300

(See Section IV of Contract Documents)



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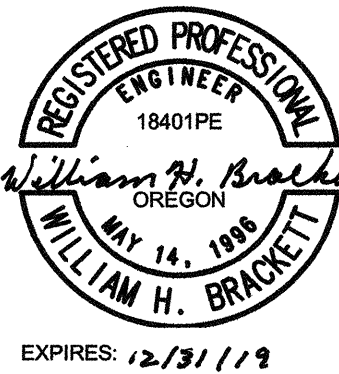
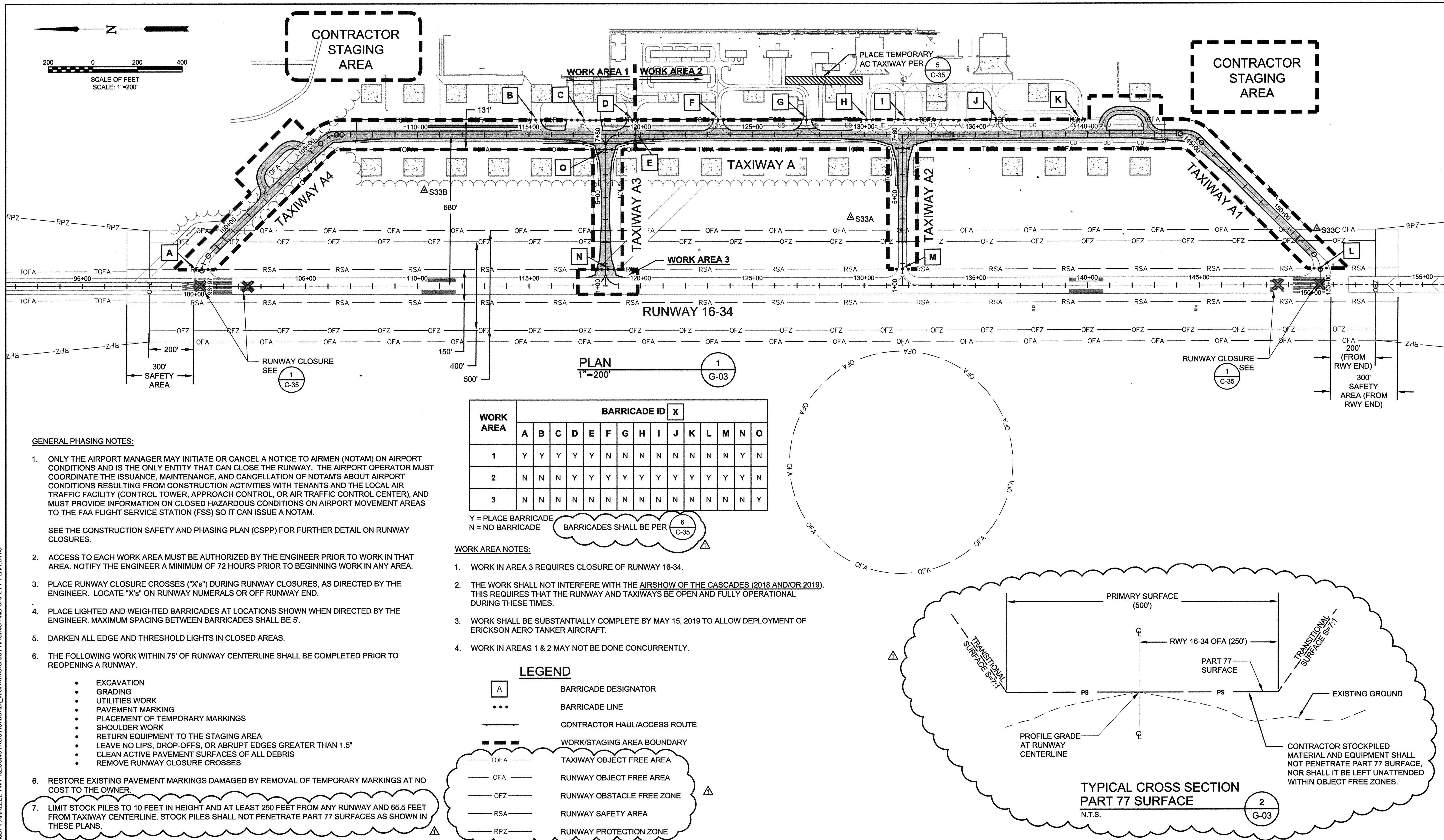
Appendix C

Phasing and Safety Plan (See Sheet G-03 of Drawings)



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X:\PROJECTS\MADRAS, CITY OF\031-PARALLEL TWY RECONSTRUCTION\CAD\WORKING\G-03 PHASING AND SAFETY PLAN.DWG



VERIFY SCALES
BAR IS ONE INCH ON ORIGINAL DRAWING.
0" IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY.

NO.	DATE	BY	APPR	REVISIONS
1	1/3/19	WHB	WHB	REVISED PER FAA COMMENTS ON CSPP



DATE: MAY 2018

BEND OFFICE
1020 SW EMKAY DRIVE, #100
BEND, OR 97702
541.322.8962
541.382.2423 FAX

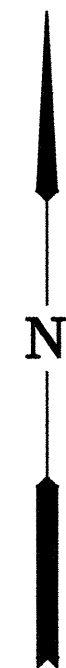
PROJECT NO: 10149.031.01

DESIGNED BY: WHB
DRAWN BY: BRH
CHECKED BY: RLW
SCALE: AS NOTED

CITY OF MADRAS-MADRAS MUNICIPAL AIRPORT
TAXIWAY RECONSTRUCTION

PHASING AND SAFETY PLAN

DRAWING NO.
G-03
SHEET NO.
3 OF 44



PARALLEL TAXIWAY STA 129+39.51, 230' RT=
SOUTH STORM DRAIN STA 4+50
CONSTRUCT OUTFALL PER

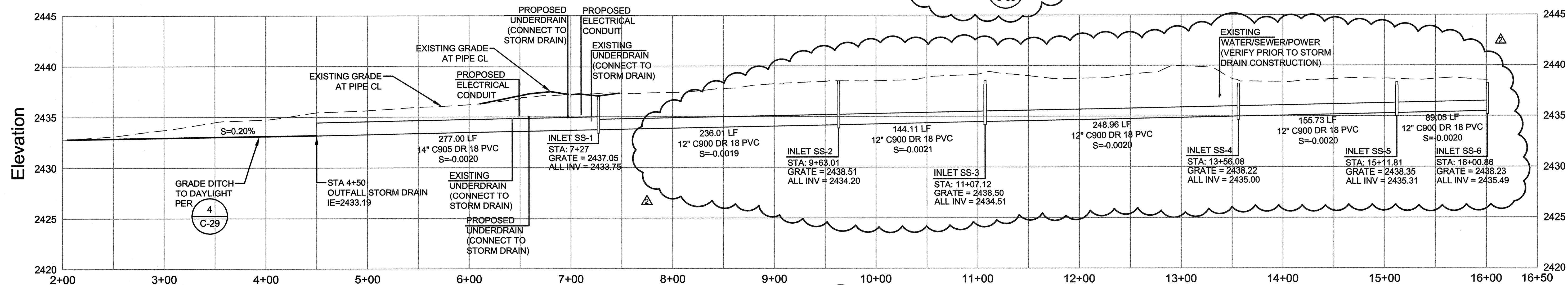
3
C-29



PLAN

SCALE: 1"=50'

1
C-29



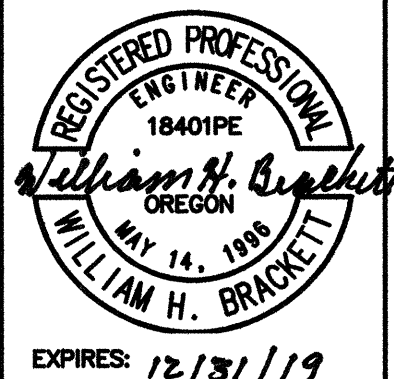
PROFILE


SCALE: 1"=50' HORIZ.
1"=5' VERT.



2
C-29

NOTES:

- NOTES:
1. VERIFY EXISTING STORM AND UNDERDRAIN INVERTS PRIOR TO STORM DRAIN CONSTRUCTION
 2. VERIFY EXISTING UTILITY LINE LOCATIONS PRIOR TO CONSTRUCTION



VERIFY SCALES
BAR IS ONE INCH ON
ORIGINAL DRAWING.
0"  1"
IF NOT ONE INCH ON
THIS SHEET, ADJUST
SCALES ACCORDINGLY.

NO.	DATE	BY	APPR	REVISIONS
	7/9/18	WHB	WHB	ADDENDUM #2-ADDED IE AND GRATE ELEVATIONS
	1/21/19	WHB	WHB	REROUTED FOR FUTURE HANGAR



BEND OFFICE
1020 SW EMKAY DRIVE, #100
BEND, OR 97702
541.322.8962
541.382.2423 FAX

DATE: MAY 2018

PROJECT NO:	10149.031.01
-------------	--------------

DESIGNED BY:	WHB
--------------	-----

DRAWN BY:

CHECKED BY:
RLW

SCALE:
AS SHOWN

CITY OF MADRAS-MADRAS MUNICIPAL AIRPORT
TAXIWAY RECONSTRUCTION

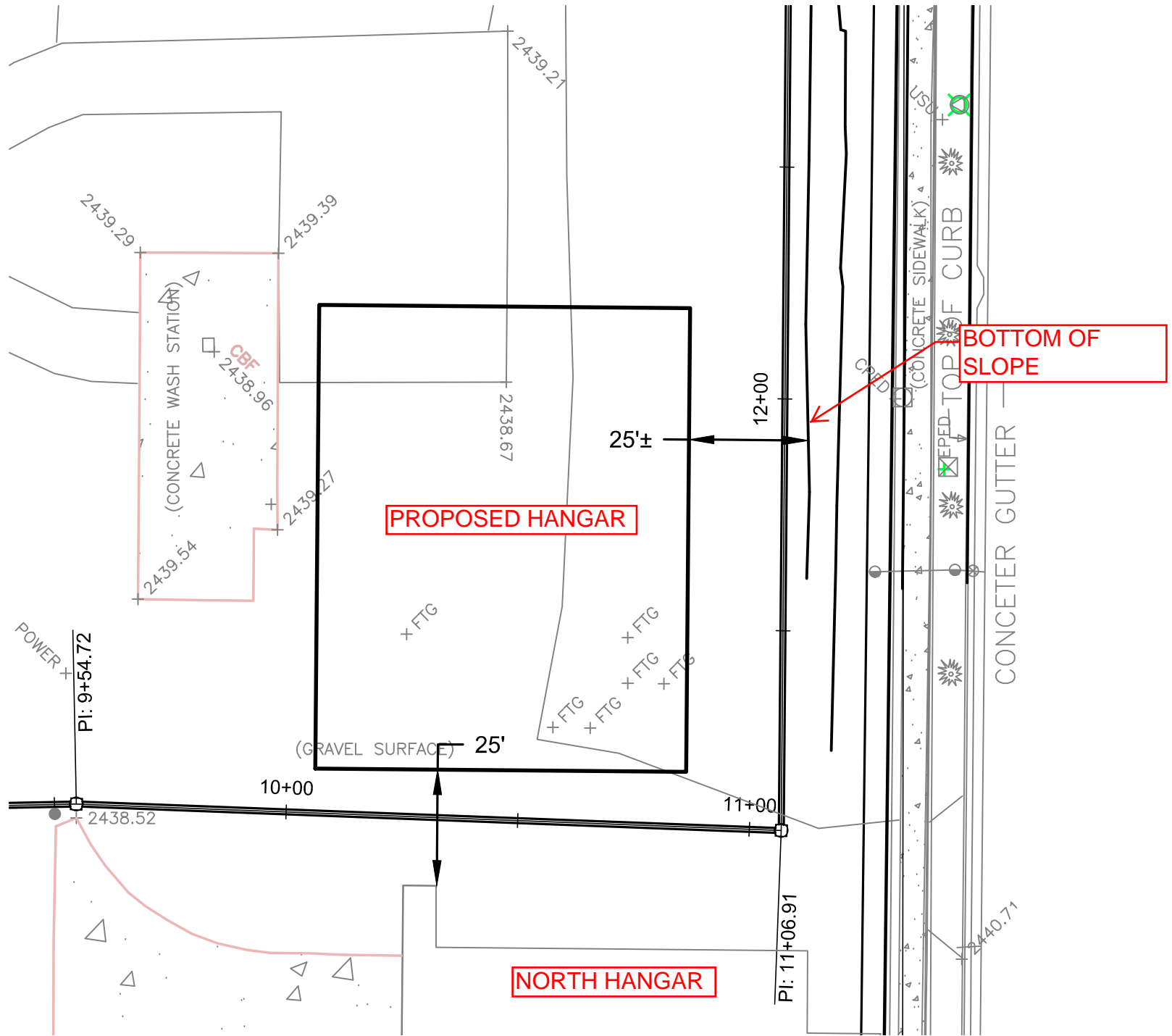
SOUTH STORM DRAIN

DRAWING NO.

C-29

SHEET NO.

32 OF 44



CITY OF MADRAS

Request for Council Action

Date Submitted: February 28, 2019

Agenda Date Requested: March 12, 2019

To: Mayor and City Council Members

Through: Jeff Hurd, Public Works Director

From: Michele Quinn, Public Works Office Coordinator

Subject: Ratification of Application for the State Preparedness and Incident Response Equipment Grant

TYPE OF ACTION REQUESTED:

- | | |
|--|--|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Contract Review Board |
| <input type="checkbox"/> None - Report Only | |

Formal action / motion that Council approves the ratification of the application for the State Preparedness and Incident Response Equipment Grant.

DESCRIPTION:

Staff originally had the grant application submitted for council's approval on February 26, 2019 as the grant was due on March 1, 2019. Due to the cancelation of the February 26th meeting staff moved forward with the grant and submitted the application. The City is eligible to apply to receive Incident Response Equipment. This equipment will be used for emergencies like flooding, utility emergencies, and fire if needed.

STAFF ANALYSIS:

Staff has applied for the following Equipment:

1- Sandbagger

3- Mobile 30 kW Generators, diesel, trailer mounted.

4- Portable LED Light Tower, trailer mounted. Features include four 296 watt fixtures, 43,000 lumens per fixture. Withstands winds up to 65 mph.

This additional equipment will be of great use when the City experiences an emergency. Having this additional equipment allows staff to set up multiple sandbagging stations in areas that are best suited for an emergency. Most of those areas may not be equipped with the proper electricity to provide power for proper lighting and warming locations.

Staff recommends Council approve the ratification of the application for the State Preparedness and Incident Response Equipment Grant.

SUMMARY:

A. **Fiscal Impact:**

- The grant requires no funds from the City however; we will be responsible to maintain the equipment. The equipment requested will be little impact to our maintenance budget in fleet fund. We expect less than \$1,000 a year.

B. **Funding Source:**

- No funding required acquiring the equipment but on-going maintenance will be provided for under the fleet fund in public works.

C. **Recognition of Collateral Material:**

- State Preparedness and Incident Response Equipment Grant Applications

RECOMMENDATION:

Formal action / motion that Council approves the ratification of the application for the State Preparedness and Incident Response Equipment Grant.

Fiscal Year 2019



STATE PREPAREDNESS AND INCIDENT RESPONSE EQUIPMENT (SPIRE) GRANT PROGRAM

PROJECT PLANNING WORKSHEET

JANUARY 2019



STATE PREPAREDNESS AND INCIDENT RESPONSE EQUIPMENT GRANT PROGRAM (SPIRE) WORKSHEET

Overview

This worksheet is for applicants applying for the FY2019 State Preparedness and Incident Response Equipment (SPIRE) Grant, in compliance with FY2019 Grant Guidance and Application Instructions. This worksheet must be completed in full to be considered responsive to the application requirements.

Applicant Information:

1. Applicant Organization and Address:
City of Madras, 125 SW "E" Street, Madras, Oregon 97741

2. Project Contact Name:
Jeff Hurd, Public Works Director

3. Project Fiscal Contact:
Kristal Hughes, Finance Director

4. Federal Tax ID Number:
93-6002202

5. Is this Regional, County, Community, or Individual Organization equipment?

Community

6. List Partners for this project (N/A for Individual Organization):

None

7. Identify State Priority:

Incident Stabilization

8. Project/Equipment Description:

Provide a detailed description of the requested equipment and the broader program(s) that it supports. Specify equipment details. See attached equipment list.

Equipment Selection:

The equipment request is for portable generators, more specifically Option A: 3 of the Portable Power Generator these generators will be used during emergency situations that Madras experiences such as flooding, emergency utility repairs at night, fire fighting support to Jefferson County Fire, law enforcement, etc. They will aid in running essential equipment where electricity is not available. We are applying for three of the mobile 30 kW Generators, diesel, trailer mounted. If 3 of these generators are not available we would take any that are available.

9. Sustainment:

Identify how you will sustain and maintain the equipment requested. This includes maintenance, storage, transportation, training and security for any equipment received under the grant. Demonstrate that you have considered and prepared for the equipment. Where will it be kept? Describe details of the storage location, its security features, etc.

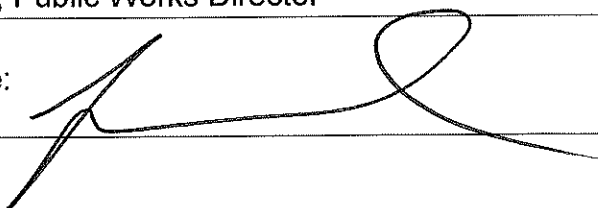
Sustainment:

The Mobile 56kW Generator will be maintained and added to the fleet list for regular maintenance. Public Works has adequate space for storing all three generators, and our current fleet are all equipped for pulling trailers. There will be training provided for the Public Works Crew on how to use and transport this equipment. The City of Madras Public Works has routine trainings that take place annually to ensure everyone using fleet equipment has been trained. All of the City's fleet is stored at the Public Works yard which has a locked fenced area. There is also storage buildings that house equipment that is locked. The Public Works yard also has a camera security system.

10. Name of Authorized Official:

Jeff Hurd, Public Works Director

Signature:

A handwritten signature in black ink, appearing to be 'J. Hurd', written over a horizontal line.



JEFFERSON COUNTY SHERIFF'S OFFICE

JIM ADKINS, SHERIFF

675 NW CHERRY LANE, MADRAS, OREGON 97741

PHONE: (541) 475-6520 • FAX: (541) 475-3847

www.co.jefferson.or.us/sheriff

2-11-19

Jim Adkins, Sheriff

RE: State Preparedness and Incident Response Equipment Grant Program

To Whom it May Concern,

Jefferson County Sheriff fully supports the City of Madras applying for the State Preparedness and Incident Response Equipment Grant Program. This equipment will be of great use when the City of Madras experiences an emergency. Having this additional equipment allows the City to set up multiple sandbagging stations in areas that are best suited for an emergency. Most of those areas may not be equipped with the proper electricity to provide power for proper lighting and warming locations.

The State Preparedness and Incident Response Equipment is needed resources for the Madras area, due to the threat of flooding and wild fires. This will allow the City of Madras to have dedicated equipment to respond efficiently to emergencies.

Please consider the City of Madras' grant application for State Preparedness and Incident Response Equipment grant, which will allow the City to enhance and, expand, there current emergency response plan to meet the needs of a growing population.

Sincerely,

A handwritten signature in blue ink, appearing to be "JA".

Jim Adkins, Sheriff



"Protection of Life and Property"

Jefferson County Fire District #1

765 S 5th Street – PO Box 30

Madras OR 97741

Phone: 541.475.7274

Fax: 541.475.7411

www.jcfd-1.org

February 12, 2019

RE: State Preparedness and Incident Response Equipment Grant Program

To: Whom it May Concern,

Jefferson County Fire District #1 fully supports the City of Madras' application for the State Preparedness and Incident Response Equipment Grant Program. The fire district, the City of Madras and other agencies within Jefferson County have a cooperative agreement in place. The Fire District has partnered with the City when planning and responding to emergency situations in the past and plan on working together in the future. This equipment allows the City of Madras and their cooperators, the ability to prepare for and respond to emergencies.

The State Preparedness and Incident Response Equipment is a needed resource for the City of Madras and cooperators, due to the threat of wild fires and flooding. This will allow the City of Madras to have a dedicated plan to respond efficiently to emergencies.

Providing the grant will allow the City to enhance and expand the current emergency response plan to meet the needs of a growing population. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Brian Huff

Fire Chief/Fire Marshal

Jefferson County Fire District #1

bhuff@jcfd-1.org

JEFFERSON COUNTY BOARD OF COMMISSIONERS

66 S.E. "D" St., Suite A, Madras, Oregon 97741
Phone: (541) 475-2449 Fax: (541) 475-4454



February 13, 2019

Oregon Office of Emergency Management
3225 State St, Room 115
Salem, OR 97301

RE: State Preparedness and Incident Response Equipment Grant Program

To Whom It May Concern:

Jefferson County fully supports the City of Madras applying for the State Preparedness and Incident Response Equipment Grant Program. This equipment will be of great use when the City of Madras has an emergency. Having this additional equipment allows the City to set up multiple sandbagging stations in areas that are best suited for an emergency and those areas may not be equipped with electricity.

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Sincerely,

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Mae Huston, Commission Chair

A handwritten signature in blue ink that reads "Wayne Fording".

Wayne Fording, Commissioner

A handwritten signature in blue ink that reads "Kelly Simmelink".

Kelly Simmelink, Commissioner

Fiscal Year 2019



STATE PREPAREDNESS AND INCIDENT RESPONSE EQUIPMENT (SPIRE) GRANT PROGRAM

PROJECT PLANNING WORKSHEET

JANUARY 2019



STATE PREPAREDNESS AND INCIDENT RESPONSE EQUIPMENT GRANT PROGRAM (SPIRE) WORKSHEET

Overview

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2. Project Contact Name:
Jeff Hurd, Public Works Director

3. Project Fiscal Contact:
Kristal Hughes, Finance Director

4. Federal Tax ID Number:
93-6002202

5. Is this Regional, County, Community, or Individual Organization equipment?

Community

6. List Partners for this project (N/A for Individual Organization):

None

7. Identify State Priority:

Incident Stabilization

8. Project/Equipment Description:

Provide a detailed description of the requested equipment and the broader program(s) that it supports. Specify equipment details. See attached equipment list.

Equipment Selection:

The equipment request is for portable light towers more specifically, Option B: 4 of the Portable Lighting these portable lighting towers will be used during emergency situations that Madras experiences such as flooding, emergency utility repairs at night, fire fighting support to Jefferson County Fire, law enforcement, etc. They will aid in lighting emergency situations where electricity is not available. We are applying for four of the Portable LED Light Tower, trailer mounted. Features include four 296 watt fixtures, 43,000 lumens per fixture. Withstands winds up to 65 mph. If 4 of the Portable lighting towers are not available we would take any that are available.

9. Sustainment:

Identify how you will sustain and maintain the equipment requested. This includes maintenance, storage, transportation, training and security for any equipment received under the grant. Demonstrate that you have considered and prepared for the equipment. Where will it be kept? Describe details of the storage location, its security features, etc.

Sustainment:

The Portable Lighting tower will be maintained and added to the fleet list for regular maintenance. Public Works has adequate space for storing all four portable lighting towers, and our current fleet are all equipped for pulling trailers. There will be training provided for the Public Works Crew on how to use and transport this equipment. The City of Madras Public Works has routine trainings that take place annually to ensure everyone using fleet equipment has been trained. All of the City's fleet is stored at the Public Works yard which has a locked fenced area. There is also storage buildings that house equipment that is locked. The Public Works yard also has a camera security system.

10. Name of Authorized Official:

Jeff Hurd, Public Works Director

Signature: 



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www.co.jefferson.or.us/sheriff

2-11-19

Jim Adkins, Sheriff

RE: State Preparedness and Incident Response Equipment Grant Program

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Brian Huff

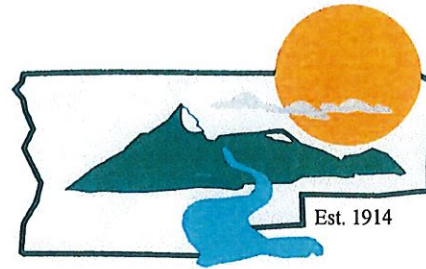
Fire Chief/Fire Marshal

Jefferson County Fire District #1

bhuff@jcfd-1.org

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February 13, 2019

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3225 State St, Room 115
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Mae Huston, Commission Chair

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Wayne Fording, Commissioner

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Kelly Simmelink, Commissioner

Fiscal Year 2019



STATE PREPAREDNESS AND INCIDENT RESPONSE EQUIPMENT (SPIRE) GRANT PROGRAM

PROJECT PLANNING WORKSHEET

JANUARY 2019



STATE PREPAREDNESS AND INCIDENT RESPONSE EQUIPMENT GRANT PROGRAM (SPIRE) WORKSHEET

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2. Project Contact Name:
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4. Federal Tax ID Number:
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5. Is this Regional, County, Community, or Individual Organization equipment?

Community

6. List Partners for this project (N/A for Individual Organization):

None

7. Identify State Priority:

Incident Stabilization

8. Project/Equipment Description:

Provide a detailed description of the requested equipment and the broader program(s) that it supports. Specify equipment details. See attached equipment list.

Equipment Selection:

The request is for a sandbagging machine. The City of Madras along with Jefferson County acquired one sandbagging machine several years ago to aid in a flood event but due to the topography of town we cannot supply sand bags to all of the community with the machine as we get cut in half by a flood event. With the additional sandbagger, we can strategically place each machine to serve all of the community during a flood event. We will have the ability to increase the amount of sandbags for the community by offering two sand bag stations. Trailer mounted, 1,600 bags per hour with a full crew of five (5) to operate at full capacity. Fills four (4) bags at a time

9. Sustainment:

Identify how you will sustain and maintain the equipment requested. This includes maintenance, storage, transportation, training and security for any equipment received under the grant. Demonstrate that you have considered and prepared for the equipment. Where will it be kept? Describe details of the storage location, its security features, etc.

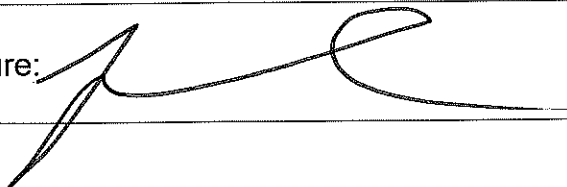
Sustainment:

The sandbagger will be included in our yearly maintenance schedule for repairs if needed and any routine maintenance. We have storage available for the sandbagger and equipment that can transport. We do yearly trainings for flood management and that will include training on the sandbagger. The sandbagger will be kept in our Public Works yard which city personell is only allowed to access during working hours. After hours the yard is locked and has security cameras.

10. Name of Authorized Official:

Jeff Hurd, Public Works Director

Signature:

A handwritten signature in black ink, appearing to be 'Jeff Hurd', written over a horizontal line.



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Jefferson County Sheriff fully supports the City of Madras applying for the State Preparedness and Incident Response Equipment Grant Program. This equipment will be of great use when the City of Madras experiences an emergency. Having this additional equipment allows the City to set up multiple sandbagging stations in areas that are best suited for an emergency. Most of those areas may not be equipped with the proper electricity to provide power for proper lighting and warming locations.

The State Preparedness and Incident Response Equipment is needed resources for the Madras area, due to the threat of flooding and wild fires. This will allow the City of Madras to have dedicated equipment to respond efficiently to emergencies.

Please consider the City of Madras' grant application for State Preparedness and Incident Response Equipment grant, which will allow the City to enhance and, expand, there current emergency response plan to meet the needs of a growing population.

Sincerely,

A handwritten signature in blue ink, appearing to be "JA" or "Jim Adkins".

Jim Adkins, Sheriff



"Protection of Life and Property"

Jefferson County Fire District #1

765 S 5th Street – PO Box 30

Madras OR 97741

Phone: 541.475.7274

Fax: 541.475.7411

www.jcfd-1.org

February 12, 2019

RE: State Preparedness and Incident Response Equipment Grant Program

To: Whom it May Concern,

Jefferson County Fire District #1 fully supports the City of Madras' application for the State Preparedness and Incident Response Equipment Grant Program. The fire district, the City of Madras and other agencies within Jefferson County have a cooperative agreement in place. The Fire District has partnered with the City when planning and responding to emergency situations in the past and plan on working together in the future. This equipment allows the City of Madras and their cooperators, the ability to prepare for and respond to emergencies.

The State Preparedness and Incident Response Equipment is a needed resource for the City of Madras and cooperators, due to the threat of wild fires and flooding. This will allow the City of Madras to have a dedicated plan to respond efficiently to emergencies.

Providing the grant will allow the City to enhance and expand the current emergency response plan to meet the needs of a growing population. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Brian Huff

Fire Chief/Fire Marshal

Jefferson County Fire District #1

bhuff@jcfd-1.org

JEFFERSON COUNTY BOARD OF COMMISSIONERS

66 S.E. "D" St., Suite A, Madras, Oregon 97741
Phone: (541) 475-2449 Fax: (541) 475-4454



February 13, 2019

Oregon Office of Emergency Management
3225 State St, Room 115
Salem, OR 97301

RE: State Preparedness and Incident Response Equipment Grant Program

To Whom It May Concern:

Jefferson County fully supports the City of Madras applying for the State Preparedness and Incident Response Equipment Grant Program. This equipment will be of great use when the City of Madras has an emergency. Having this additional equipment allows the City to set up multiple sandbagging stations in areas that are best suited for an emergency and those areas may not be equipped with electricity.

The State Preparedness and Incident Response Equipment is a needed resource for the Madras area; due to the threat of flooding and wild fires. This will allow the City of Madras to have a dedicated plan to respond efficiently to emergencies.

Please consider the City of Madras' grant application for State Preparedness and Incident Response Equipment grant, which will allow the City to enhance and expand their current emergency response plan to meet the needs of a growing population.

Sincerely,

Mae Huston, Commission Chair

Wayne Fording, Commissioner

Kelly Simmelink, Commissioner

CITY OF MADRAS
Request for Council Action

Date Submitted: March 6, 2019 **(Amended March 7, 2019)**

Agenda Date Requested: March 12, 2019

To: Mayor and City Council Members

Through: Gus Burril, City Administrator

From: Kristal Hughes, Finance Director

Subject: **AUTHORIZATION ALLOWING THE FIRST INTERSTATE BANK TO MAKE APPROVED CHANGES TO THE BANK SIGNATURE CARDS FOR THE CITY OF MADRAS GENERAL CHECKING, CITY OF MADRAS POLICE FUND, AND CITY OF MADRAS LGIP ACCOUNT HELD AT FIRST INTERSTATE BANK IN ADDITION TO UPDATING THE ACCESS TO CITY SAFETY DEPOSIT BOXES**

TYPE OF ACTION REQUESTED:

☒ **Formal Action/Motion**

☐ Ordinance

DESCRIPTION: Upon review of signature holders at First Interstate Bank for all City of Madras accounts, it became evident the signature holders need to be updated.

STAFF ANALYSIS:

The following individuals are currently authorized to be signers for the City of Madras checking accounts:

Gus Burril, City Administrator
Sara Puddy, HR and Administrative Director
Royce Embanks, Mayor
Richard Ladeby, Councilor

The Following changes need to be made to the signers for the City of Madras checking accounts:

Change Royce Embanks, Councilor
Change Richard Ladeby, Mayor
Change Sara Puddy to Sara Johnston
Add Kristal Hughes, Finance Director

The following individuals are currently authorized to access the Safety Deposit Boxes.

Gus Burril, City Administrator
Sara Puddy, HR and Administrative Director
Karen J. Coleman, City Recorder
Kristal Hughes, Finance Director

The Following changes need to be made to access the Safety Deposit Boxes:

Karen Coleman should be removed.

Lysa Vattimo should be added as the City Recorder

Change Sara Puddy to Sara Johnston

Add Kristal Hughes

SUMMARY: The above changes need to be made to ensure proper authorization is in place to authorize expenditures for the City of Madras.

RECOMMENDATION: Staff recommends Council make a motion to authorize First Interstate Bank to make approved changes as outlined above.



Madras, Oregon

**ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2018**

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CITY OF MADRAS
OFFICERS AND MEMBERS OF THE GOVERNING BODY
For the Year Ended June 30, 2018

MAYOR

Royce Embanks

CITY COUNCIL

Bartt Brick

Richard Ladeby

Denise Piza

Gary Walker

Rose Canga

Jennifer Holcomb

All council members receive mail at the address listed below

CITY ADMINISTRATOR

Gus Burrell

FINANCE DIRECTOR

Kristal Hughes

CITY ADDRESS

125 SW E Street
Madras, OR 97741

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CITY OF MADRAS
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of the City Council
City of Madras
Madras, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of CITY OF MADRAS, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Madras, as June 30, 2018, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Special Revenue, Madras Redevelopment Commission and Madras Redevelopment Commission Reinvestment Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1R to the financial statements, the City implemented GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages a through i, Schedule of the Proportionate Share of the Net Pension Liability on page 61 and the Schedule of Contributions on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

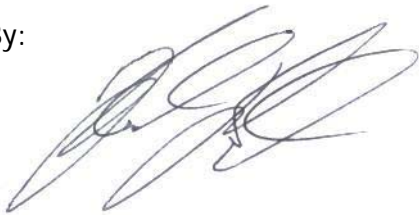
In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 28, 2019, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
February 28, 2019

By:

A handwritten signature in blue ink, appearing to read 'B. Bingenheimer', is written over a horizontal line.

Bradley G. Bingenheimer, Member

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Madras (City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2018. The report has been prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standard Board (GASB). This report should be read in conjunction with the basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position increased over the course of the fiscal year by \$1,086,142 for total net position of \$49.2 million. This is the net result of a \$480,235 (2.78%) decrease in the governmental net position, of which \$383,462 was a prior period adjustment and \$1,566,377 (5.1%) increase in the business-type net position.
- Net capital assets for business-type activities increased \$801,488 (3.4%). Increases are primarily due to increased funding for construction on various projects, including the reconstruction of the airport runway and the building of a road on airport property for a new business development. Governmental-type activities net capital assets increased \$352,339 (0.9%). Increases are the result of construction projects including grant-funded streets, sidewalks and trails.
- Property tax revenue increased compared to prior year. Property tax revenues primarily consist of \$1.32 million in the General Fund and \$0.39 million related to the Madras Redevelopment Commission (the Urban Renewal District to the City of Madras) for overall property tax revenues of \$1.7 million.
- As of the end of the fiscal year, total governmental funds had an ending fund balance of \$3.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances and are made up of the following two statements: the *statement of net position* and the *statement of activities*. Both of these statements are prepared using accounting methods similar to those used by private-sector businesses, which use the economic resources measurement focus and the accrual basis of accounting.

- The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused compensated absences).

Both of the government-wide financial statements differentiate functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, parks, community development, public safety and highways and streets. The business-type activities (*proprietary fund type*) of the City include the water, wastewater, and airport operations. The government-wide financial statements include not only the City but the legally separate *Madras Redevelopment Commission* (an Urban Renewal District) of the City of Madras for which the City is financially accountable.

Measurement focus and basis of accounting

Governmental financial reporting is characterized as having two distinct objectives for its financial reporting. These objectives are categorized as governmental activities which are supported by levying taxes and business-type activities which are supported by charges for services. The measurement focus for each of these activities is uniquely different, both the governmental-wide financial statements and the business-type activities focus on the changes in economic resources similar to private-sector businesses. The objective of the proprietary fund operating statement is to answer the question, "*What transactions and events have incurred that increase or decrease the fund's total economic resources during the period?*" Therefore, both the governmental-wide and the proprietary funds financial statements are based on full accrual accounting.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Accrual accounting measures the effects of transactions, events, and inter-fund activities when they occur, regardless of the timing of the related cash flows. The measurement focus for governmental funds however, is to view changes in current financial resources. The objective is to answer the question, “*What are the transactions or events of the current period that have increased or decreased the resources available for spending in the near future?*”

Governmental funds use modified accrual accounting in which revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when the liability is first incurred.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or functions. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City’s funds can be divided into two categories: governmental funds and proprietary funds. Fund financial statements focus on individual parts of the City’s government, reporting the City’s operations in more detail than the government-wide statements.

- **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. These statements tell how governmental services such as the General Fund (police department), Special Revenue Fund, Madras Redevelopment Commission Fund, and the Debt Service Fund, were financed in the short term as well as what remains for future spending. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements. However, this information does not encompass the additional long-term focus of the government-wide statements. Therefore, both the governmental fund financial statements are followed by a reconciliation that explains the relationship or differences between governmental funds and the governmental-wide financial statements.

The City maintains thirteen individual governmental funds. Of these individual funds, the City considers six funds to be *major governmental funds*. These six major governmental funds - represented individually in the balance sheet and the statement of revenues expenditures, and change in fund balances - include the General, Special Revenue, Madras Redevelopment Commission, Madras Redevelopment Commission Reinvestment, Debt Service and Capital Projects Funds.

As part of supplementary information, budgetary comparison statements are presented for the reader’s information. These statements compare the original adopted budget along with the final adjusted budget to the year-end actual activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- **Proprietary Funds** are similar to business-type activities which utilize full accrual accounting. The City maintains two different types of proprietary funds consisting of the *enterprise funds* and the *internal service funds*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for the City's Water, Wastewater and Airport operations. Internal Service Funds are an accounting device used to accumulate the costs allocated internally among the City's various functions (departments). The City uses an Internal Service Fund to allocate costs associated with administrative services, public works staff, buildings, and fleet services. These costs are considered to be indirect overhead costs that cannot be directly associated with an individual function. Therefore, these costs are allocated to other functions in a systematic method. Because these services predominantly benefit governmental activities rather than business-type functions, they are included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater and Airport operations. The Internal Service Fund is shown as a separate fund in the proprietary fund financial statement.

The financial statements also include notes that provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and the accompanying notes, additional pertinent information for the reader, referred to as *Required Supplementary Information* (RSI). The RSI can be found in this report following the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) for the City's governmental and business-type activities. The City's net position is made up of three components: invested in capital assets, restricted net position, and unrestricted net position. Restricted net position is subject to constraints that are either externally imposed by outside agencies, for example banks or grant agencies, or imposed by law through constitutional provisions or enabling legislation. The capital assets reflected within Table 1 are stated net of accumulated depreciation. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Madras, combined net position for fiscal year ended June 30, 2018 totaled \$49.2 million, an increase of \$1.1 million from June 30, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 1
STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 1,986,241	\$ 3,526,241	\$ 5,208,822	\$ 3,853,215	\$ 7,195,063	\$ 7,379,456
Capital assets	<u>24,507,250</u>	<u>23,491,592</u>	<u>39,901,983</u>	<u>39,548,371</u>	<u>64,409,233</u>	<u>63,039,963</u>
Total Assets	<u>26,493,491</u>	<u>27,017,833</u>	<u>45,110,805</u>	<u>43,401,586</u>	<u>71,604,296</u>	<u>70,419,419</u>
Deferred Outflows	<u>1,252,161</u>	<u>1,410,829</u>	<u>135,856</u>	<u>217,164</u>	<u>1,388,017</u>	<u>1,627,993</u>
Liabilities:						
Current liabilities	1,072,270	1,300,005	817,806	712,134	1,890,076	2,012,139
Non-current liabilities	<u>9,541,107</u>	<u>9,412,333</u>	<u>11,920,582</u>	<u>11,956,380</u>	<u>21,461,689</u>	<u>21,368,713</u>
Total Liabilities	<u>10,613,377</u>	<u>10,712,338</u>	<u>12,738,388</u>	<u>12,668,514</u>	<u>23,351,765</u>	<u>23,380,852</u>
Deferred Inflows	<u>365,226</u>	<u>469,040</u>	<u>47,832</u>	<u>56,172</u>	<u>413,058</u>	<u>525,212</u>
Net Position:						
Invested in capital assets, net of related debt	17,723,418	16,883,352	28,223,723	27,412,329	45,947,141	44,295,681
Restricted	3,518,130	3,583,753	402,362	583,761	3,920,492	4,167,514
Unrestricted	<u>(4,474,499)</u>	<u>(3,219,821)</u>	<u>3,834,356</u>	<u>2,897,974</u>	<u>(640,143)</u>	<u>(321,847)</u>
Total Net Position	<u>\$ 16,767,049</u>	<u>\$ 17,247,284</u>	<u>\$ 32,460,441</u>	<u>\$ 30,894,064</u>	<u>\$ 49,227,490</u>	<u>\$ 48,141,348</u>

The largest component of the City's \$49.2 million net position is net investments in capital assets (*e.g., land, buildings, improvements, equipment, infrastructure and construction in progress*). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position is calculated by reducing the carrying value of restricted assets by amounts repayable from those assets, excluding capital-related debt. The restricted net position represent resources subject to restrictions imposed either by external creditors or imposed by law through constitutional provisions or enabling legislation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Change in Net Position

Table 2
CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 276,138	\$ 245,028	\$ 5,283,720	\$ 4,627,209	\$ 5,559,858	\$ 4,872,237
Operating grants and contributions	892,362	887,728			892,362	887,728
Capital grants and contributions	1,282,568	1,227,172	412,011	1,498,809	1,694,579	2,725,981
General Revenues:					-	-
Property taxes	1,710,292	1,600,503	-	-	1,710,292	1,600,503
Franchise and public services tax	1,453,643	1,344,626	-	-	1,453,643	1,344,626
Investment earnings and other	197,579	71,527	36,549	57,963	234,128	129,490
Transfers	155,119	107,009	(155,119)	(107,009)	-	-
Total Revenues	<u>5,967,701</u>	<u>5,483,593</u>	<u>5,577,161</u>	<u>6,076,972</u>	<u>11,544,862</u>	<u>11,560,565</u>
Expenses:						
General government	751,265	224,702	-	-	751,265	224,702
Public safety	1,826,046	2,082,283	-	-	1,826,046	2,082,283
Highway and streets	2,053,486	1,260,088	-	-	2,053,486	1,260,088
Community development	931,347	679,360	-	-	931,347	679,360
Culture and recreation	308,153	332,535	-	-	308,153	332,535
Interest	207,824	324,769	-	-	207,824	324,769
Enterprise operations	-	-	3,997,137	4,902,522	3,997,137	4,902,522
Total Expenses	<u>6,078,121</u>	<u>4,903,737</u>	<u>3,997,137</u>	<u>4,902,522</u>	<u>10,075,258</u>	<u>9,806,259</u>
Change in Net Position	(110,420)	579,856	1,580,024	1,174,450	1,469,604	1,754,306
Net position - beginning of year	17,247,284	16,435,646	30,894,064	29,640,679	48,141,348	46,076,325
Prior period adjustment	(369,815)	231,782	(13,647)	78,935	(383,462)	310,717
Net position - end of year	<u>\$16,767,049</u>	<u>\$17,247,284</u>	<u>\$32,460,441</u>	<u>\$30,894,064</u>	<u>\$49,227,490</u>	<u>\$48,141,348</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Governmental Activities:

Governmental activities represent 34.1% of the City’s total net position. The governmental activities net position decreased by \$480,235. Total revenues from governmental activities for fiscal year 2018 were \$484,108 more than prior year.

Business-Type Activities:

Business-type activities represent 65.9% of the City’s total net position. These business-type activities consist of the Water, Wastewater and Airport operations and capital projects. In fiscal year end 2018, net position increased by \$1.56 million.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balance spending recourses. Such information is useful in assessing the City’s financing requirements. In particular, the unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

During the year ended June 30, 2018, all six City governmental funds were classified as major governmental funds. As of June 30, 2018, the City’s governmental funds reported a combined ending fund balance of \$3,527 million. This is a decrease of \$(31,787) from current year activity and \$30,607 from prior period adjustments.

GENERAL FUND BUDGET HIGHLIGHTS

The City adopted the operating budget for the fiscal year 2017-18 budget on June 13, 2017 in the amount of \$16,054,503, excluding reserve and unappropriated ending fund balance. The General Fund budgetary comparison can be found on page 9. Other major governmental funds budgetary comparisons can be found on pages 10 through 12.

CAPITAL ASSETS

The capital assets of the City are those assets that are used in the performance of the City’s functions including infrastructure assets. Capital assets include buildings, equipment, land, park facilities, roads, and construction in progress. Both land owned by the City for its own use and acquired land designated for resale are considered non-depreciable assets based on generally accepted accounting principles.

Governmental activities capital assets increased \$801,488 (3%). Business-type activities capital assets increased by \$352,339 (1%).

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 4
CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$ 3,038,867	\$ 3,038,867	\$ 1,727,177	\$ 1,727,177	\$ 4,766,044	\$ 4,766,044
Construction in progress	5,399	436,759	794,798	1,723,622	800,197	2,160,381
Total non-depreciable assets	<u>3,044,266</u>	<u>3,475,626</u>	<u>2,521,975</u>	<u>3,450,799</u>	<u>5,566,241</u>	<u>6,926,425</u>
Capital assets being depreciated:						
Land improvements	2,171,232	2,321,630	124,682	120,872	2,295,914	2,442,502
Building and improvements	6,472,662	6,672,138	4,353,127	4,315,068	10,825,789	10,987,206
Equipment	522,243	533,358	413,811	347,909	936,054	881,267
Infrastructure	12,082,677	10,488,840	32,487,115	31,313,723	44,569,792	41,802,563
Total depreciable assets, net	<u>21,248,814</u>	<u>20,015,966</u>	<u>37,378,735</u>	<u>36,097,572</u>	<u>58,627,549</u>	<u>56,113,538</u>
Total capital assets	<u>\$24,293,080</u>	<u>\$23,491,592</u>	<u>\$39,900,710</u>	<u>\$39,548,371</u>	<u>\$64,193,790</u>	<u>\$63,039,963</u>

DEBT ADMINISTRATION

For more information regarding the City's outstanding debt please refer to the Note 8 to the basic financial statements located on pages 30 through 35 of this report.

The City drew an additional \$30,000 on the existing line of credit for the Madras Redevelopment Commission during the fiscal year to fund façade improvement projects. Total outstanding debt for business-type activities decreased approximately \$187,346 from the prior year. Total outstanding debt for governmental activities decreased \$133,489. For more information on the explanation and calculation of the other post-employment benefits (OPEB) liability please see pages 48 through 56 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic factors considered for the next fiscal year (2018-19) include:

- Using guidance from the assessor's office, property taxes are forecasted to increase approximately 1.5% in property taxes from the prior tax year.
- City staff is observing continued increase in residential permit activity from prior years (estimating 20 new residential building permits for 2018 vs. 2 in 2014, 4 in 2015, 9 in 2016, and 22 in 2017).

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

- The City implemented an 11.0% increase in water user rates and a 3.5% increase in sewer user rates effective July 1, 2018. These increases are consistent with the strategic plan and with financial reports completed to meet the debt obligations and to make steps towards capital improvements so as to provide sustainable water and wastewater systems.
- On October 19, 2017 the 2017 Bond Refinancing of the 2011B Series and 2012B Series bonds was completed. A total of \$3,145,000 was refinanced resulting in \$252,698.03 in net present value savings.
- Personnel costs include a 1.9% cost of living adjustment. PERS liability and rate increases are a continuing concern going forward as rates increase. The City continues to set aside a pension liability reserve that is 20% of the annual personnel cost for PERS.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Madras’ finances for all those with an interest in the government’s finances. Madras Redevelopment Commission has issued a separate report, which is available to those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be address to the City of Madras, Attention: Finance Director, 125 S.W. “E” Street, Madras, Oregon 97741, (541) 475-2344, or visit the City’s website at www.ci.madras.or.us.

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BASIC FINANCIAL STATEMENTS

CITY OF MADRAS
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activities	Totals
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 4,075,185	\$ 1,741,233	\$ 5,816,418
Receivables			
Property taxes	81,348	-	81,348
Accounts, net	368,461	520,941	889,402
Notes receivable	116,295	-	116,295
Internal balances	(2,832,203)	2,832,203	-
Inventory	176,995	114,445	291,440
Prepaid expenses	160	-	160
Total current assets	<u>1,986,241</u>	<u>5,208,822</u>	<u>7,195,063</u>
Noncurrent assets			
Net other postemployment benefit asset	6,170	1,273	7,443
Investment in land held for sale	208,000	-	208,000
Nondepreciable assets	3,044,266	2,521,975	5,566,241
Depreciable assets, net	<u>21,248,814</u>	<u>37,378,735</u>	<u>58,627,549</u>
Total noncurrent assets	<u>24,507,250</u>	<u>39,901,983</u>	<u>64,409,233</u>
TOTAL ASSETS	<u>26,493,491</u>	<u>45,110,805</u>	<u>71,604,296</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Refunded debt charges	235,636	-	235,636
Other postemployment benefit related items	32,048	6,609	38,657
Pension related items	<u>984,477</u>	<u>129,247</u>	<u>1,113,724</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,252,161</u>	<u>135,856</u>	<u>1,388,017</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	188,494	320,474	508,968
Payroll liabilities	57,734	-	57,734
Accrued interest payable	29,803	197,121	226,924
Customer deposits payable	29,200	57,539	86,739
Short-term debt obligations	334,892	-	334,892
Unearned revenue	25,609	-	25,609
Long-term liabilities:			
Due within one year	406,538	242,672	649,210
Due in more than one year	<u>9,541,107</u>	<u>11,920,582</u>	<u>21,461,689</u>
TOTAL LIABILITIES	<u>10,613,377</u>	<u>12,738,388</u>	<u>23,351,765</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other postemployment benefit related items	54,150	11,167	65,317
Pension related items	<u>311,076</u>	<u>36,665</u>	<u>347,741</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>365,226</u>	<u>47,832</u>	<u>413,058</u>
<u>NET POSITION</u>			
Net investment in capital assets	17,723,418	28,223,723	45,947,141
Restricted for:			
Highways and streets	596,120	-	596,120
Capital projects	559,989	402,362	962,351
Debt service	2,362,021	-	2,362,021
Unrestricted	<u>(4,474,499)</u>	<u>3,834,356</u>	<u>(640,143)</u>
TOTAL NET POSITION	<u>\$ 16,767,049</u>	<u>\$ 32,460,441</u>	<u>\$ 49,227,490</u>

See accompanying notes

CITY OF MADRAS

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018**

	Program revenues				Net (Expenses) revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Functions/Programs							
Governmental activities:							
General government	\$ 751,265	\$ 95,330	\$ 81,612	\$ -	\$ (574,323)		\$ (574,323)
Public safety	1,826,046	-	180,108	-	(1,645,938)		(1,645,938)
Highways and streets	2,053,486	13,181	614,909	1,179,836	(245,560)		(245,560)
Community development	931,347	128,527	-	57,679	(745,141)		(745,141)
Culture and recreation	308,153	39,100	15,733	45,053	(208,267)		(208,267)
Interest	207,824	-	-	-	(207,824)		(207,824)
TOTAL GOVERNMENTAL ACTIVITIES	6,078,121	276,138	892,362	1,282,568	(3,627,053)		(3,627,053)
Business-type activities:							
Water	569,799	641,126	-	2,818		\$ 74,145	74,145
Wastewater	2,242,517	3,319,417	-	97,380		1,174,280	1,174,280
Airport	1,184,821	1,323,177	-	311,813		450,169	450,169
TOTAL BUSINESS-TYPE ACTIVITIES	3,997,137	5,283,720	-	412,011		1,698,594	1,698,594
Totals	\$ 10,075,258	\$ 5,559,858	\$ 892,362	\$ 1,694,579	(3,627,053)	1,698,594	(1,928,459)
General revenues							
Taxes, levied for							
General purposes					1,317,754	-	1,317,754
Madras Redevelopment Commission					392,538	-	392,538
Miscellaneous taxes					1,453,643	-	1,453,643
Investment income					107,868	31,535	139,403
Miscellaneous					89,711	5,014	94,725
Transfers					155,119	(155,119)	-
TOTAL GENERAL REVENUES AND TRANSFERS					3,516,633	(118,570)	3,398,063
CHANGE IN NET POSITION					(110,420)	1,580,024	1,469,604
NET POSITION - BEGINNING					17,247,284	30,894,064	48,141,348
PRIOR PERIOD ADJUSTMENT					(369,815)	(13,647)	(383,462)
NET POSITION - ENDING					\$ 16,767,049	\$ 32,460,441	\$ 49,227,490

See accompanying notes

CITY OF MADRAS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Special Revenue	Madras Redevelopment Commission	Madras Redevelopment Commission Reinvestment
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,237,441	\$ 458,787	\$ 162,894	\$ 197,875
Receivables				
Property taxes	62,891	-	18,457	-
Accounts, net	196,421	145,813	-	-
Notes	-	-	-	116,295
Due from other funds	-	-	-	-
Inventory	10,629	147,042	-	-
Investment in land held for sale	-	-	208,000	-
	<u>-</u>	<u>-</u>	<u>208,000</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,507,382</u>	<u>\$ 751,642</u>	<u>\$ 389,351</u>	<u>\$ 314,170</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 33,552	\$ 15,906	\$ 5,599	\$ 1,989
Payroll liabilities	53,147	4,587	-	-
Deposits	-	29,000	-	-
Due to other funds	-	-	1,995,000	-
	<u>-</u>	<u>-</u>	<u>1,995,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>86,699</u>	<u>49,493</u>	<u>2,000,599</u>	<u>1,989</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	<u>67,251</u>	<u>5,500</u>	<u>16,914</u>	<u>114,611</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>67,251</u>	<u>5,500</u>	<u>16,914</u>	<u>114,611</u>
<u>FUND BALANCE</u>				
Nonspendable	10,629	147,042	-	-
Restricted for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Highways and streets	-	443,578	-	-
Economic development	-	-	-	197,570
Committed for tourism	153,563	-	-	-
Assigned:				
Parks	216,481	-	-	-
Community development	80,902	106,029	-	-
Unassigned	<u>891,857</u>	<u>-</u>	<u>(1,628,162)</u>	<u>-</u>
TOTAL FUND BALANCES	<u>1,353,432</u>	<u>696,649</u>	<u>(1,628,162)</u>	<u>197,570</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,507,382</u>	<u>\$ 751,642</u>	<u>\$ 389,351</u>	<u>\$ 314,170</u>

See accompanying notes

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
\$ 367,021	\$ 548,467	\$ 2,972,485
-	-	81,348
-	16,465	358,699
-	-	116,295
1,995,000	-	1,995,000
-	-	157,671
-	-	208,000
<u>\$ 2,362,021</u>	<u>\$ 564,932</u>	<u>\$ 5,889,498</u>
\$ -	\$ 11,181	\$ 68,227
-	-	57,734
-	-	29,000
-	-	1,995,000
<u>-</u>	<u>11,181</u>	<u>2,149,961</u>
-	8,337	212,613
-	8,337	212,613
-	-	157,671
-	545,414	545,414
2,362,021	-	2,362,021
-	-	443,578
-	-	197,570
-	-	153,563
-	-	216,481
-	-	186,931
-	-	(736,305)
<u>2,362,021</u>	<u>545,414</u>	<u>3,526,924</u>
<u>\$ 2,362,021</u>	<u>\$ 564,932</u>	<u>\$ 5,889,498</u>

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CITY OF MADRAS

**RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
For the Year Ended June 30, 2018**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 3,526,924
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		24,293,080
The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds		6,170
Refunded debt charges are reported in the statement of net position but are not reported in the funds		235,636
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		187,004
The internal service fund is used by management to charge costs to individual funds. A portion of the assets and liabilities of the internal service funds is included in the governmental activities in the statement of net position		(1,820,724)
Deferred outflows related to the pension plan and other postemployment benefit plans are not current financial resources and therefore are not reported in the funds		1,016,525
Long-term liabilities, including bonds payable, bond premiums, accrued interest, compensated absences, net pension liability, and other postemployment benefit liability are not due and payable in the current period and, therefore, are not reported in the funds:		
Short-term debt obligations	(334,892)	
Accrued interest	(29,803)	
Long-term debt obligations	(6,272,240)	
Bond premium	(245,793)	
Compensated absences	(29,880)	
Net pension liability	(2,531,105)	
Other postemployment benefit liability	<u>(868,627)</u>	(10,312,340)
Deferred inflows related to the pension plan and other postemployment benefit plans are reported in the statement of net position but are not reported in the funds		<u>(365,226)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 16,767,049</u></u>

See accompanying notes

CITY OF MADRAS

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018**

	General	Special Revenue	Madras Redevelopment Commission	Madras Redevelopment Commission Reinvestment
REVENUES				
Property taxes	\$ 1,315,459	\$ -	\$ 392,076	\$ -
Franchise fees	451,526	451,526	-	-
Miscellaneous taxes	540,950	-	-	-
Fines and forfeitures	53,937	-	-	-
Licenses, permits and fees	6,446	89,357	-	-
Charges for services	44,367	45,000	-	-
Intergovernmental	277,453	1,403,822	-	-
Assessments	-	-	-	11,689
System development charges	-	-	-	-
Investment income (loss)	24,900	11,364	6,615	7,152
Miscellaneous	8,843	243	-	-
TOTAL REVENUES	<u>2,723,881</u>	<u>2,001,312</u>	<u>398,691</u>	<u>18,841</u>
EXPENDITURES				
Current				
General government	81,612	-	-	-
Public safety	2,133,694	-	-	-
Highways and streets	14,266	886,292	-	-
Community development	270,507	418,464	182,642	40,383
Culture and recreation	229,591	-	-	-
Capital outlay	-	1,423,803	-	-
Debt service	-	-	59,122	-
TOTAL EXPENDITURES	<u>2,729,670</u>	<u>2,728,559</u>	<u>241,764</u>	<u>40,383</u>
Excess (deficiency) of revenues over expenditures	<u>(5,789)</u>	<u>(727,247)</u>	<u>156,927</u>	<u>(21,542)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from line of credit	-	-	30,000	-
Premium on refunding bonds	-	-	-	-
Issuance of long-term obligations	-	-	-	-
Payment to bond refunding agent	-	-	-	-
Transfers in	92,946	402,020	-	-
Transfers out	-	-	(75,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>92,946</u>	<u>402,020</u>	<u>(45,000)</u>	<u>-</u>
Net change in fund balance	87,157	(325,227)	111,927	(21,542)
Fund balance at beginning of year	1,266,275	991,269	(1,740,089)	219,112
Prior period adjustment	-	30,607	-	-
Fund balance at end of year	<u>\$ 1,353,432</u>	<u>\$ 696,649</u>	<u>\$ (1,628,162)</u>	<u>\$ 197,570</u>

See accompanying notes

Debt Service	Capital Projects	Total Governmental Funds
\$ -	\$ -	\$ 1,707,535
-	-	903,052
-	-	540,950
-	-	53,937
-	-	95,803
-	-	89,367
-	8,130	1,689,405
-	-	11,689
-	425,747	425,747
47,810	10,027	107,868
-	1,871	10,957
<u>47,810</u>	<u>445,775</u>	<u>5,636,310</u>
-	-	81,612
-	-	2,133,694
-	-	900,558
37,616	-	949,612
-	-	229,591
-	53,549	1,477,352
<u>157,810</u>	<u>170,019</u>	<u>386,951</u>
<u>195,426</u>	<u>223,568</u>	<u>6,159,370</u>
<u>(147,616)</u>	<u>222,207</u>	<u>(523,060)</u>
-	-	30,000
122,765	-	122,765
1,770,000	-	1,770,000
(1,850,824)	-	(1,850,824)
53,876	-	548,842
-	(54,510)	(129,510)
<u>95,817</u>	<u>(54,510)</u>	<u>491,273</u>
(51,799)	167,697	(31,787)
2,413,820	377,717	3,528,104
-	-	30,607
<u>\$ 2,362,021</u>	<u>\$ 545,414</u>	<u>\$ 3,526,924</u>

CITY OF MADRAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (31,787)

Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capitalized expenditures	\$ 1,493,712	
Depreciation	<u>(753,421)</u>	740,291

The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position (49,378)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds as follows:

Property taxes		2,757
Loans		45,990
Other		17,240

In the statement of activities, the changes in net pension liability, deferred inflows of resources and deferred outflows of resources related to the City's participation in PERS are reported as additional expenses for increases and a reduction of expenses for decreases (96,958)

In the statement of activities, the changes in net other postemployment benefit asset, other postemployment benefit liability, and deferred inflows and deferred outflows of resources related to the entity's participation in PERS and its own City plan are reported as additional expenses for increases and a reduction of expenses for decreases (25,027)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds

Compensated absences (1,516)

The issuance of long-term debt provides current financial resources, while the repayment of the principal of long-term obligations consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position

Issuance of long-term debt	(1,800,000)	
Principal payments	2,099,726	
Premium on refunding bond	(122,765)	
Amortization of bond premium and refunded debt charges	9,335	
Accrued interest	<u>964</u>	187,260

Net income of internal service fund allocated to governmental activities	(1,081,441)	
Plus: internal service fund depreciation included above	<u>182,149</u>	<u>(899,292)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (110,420)

See accompanying notes

CITY OF MADRAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2018

	<u>Budget</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 1,263,000	\$ 1,264,772	\$ 1,315,459	\$ 50,687
Franchise fees	407,340	407,340	451,526	44,186
Miscellaneous taxes	385,905	419,820	540,950	121,130
Fines and forfeitures	40,000	40,000	53,937	13,937
Licenses, permits and fees	3,225	3,225	6,446	3,221
Charges for services	54,440	54,440	44,367	(10,073)
Intergovernmental	389,457	389,457	277,453	(112,004)
Rental income	7,137	7,137	7,351	214
Interest	3,300	3,300	24,900	21,600
Miscellaneous	<u>7,000</u>	<u>7,000</u>	<u>1,492</u>	<u>(5,508)</u>
TOTAL REVENUES	<u>2,560,804</u>	<u>2,596,491</u>	<u>2,723,881</u>	<u>127,390</u>
EXPENDITURES				
Police Administration	2,195,188	2,195,188	2,133,694	61,494
Administration	85,010	85,010	81,612	3,398
Parks and recreation	391,024	399,024	229,591	169,433
Tourism/economic development	226,420	285,520	270,507	15,013
Industrial	20,139	20,139	14,266	5,873
Contingency	<u>120,000</u>	<u>109,000</u>	<u>-</u>	<u>109,000</u>
TOTAL EXPENDITURES	<u>3,037,781</u>	<u>3,093,881</u>	<u>2,729,670</u>	<u>364,211</u>
Excess (deficiency) of revenues over expenditures	<u>(476,977)</u>	<u>(497,390)</u>	<u>(5,789)</u>	<u>491,601</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	337,690	429,477	426,370	(3,107)
Transfers out	<u>(299,900)</u>	<u>(335,587)</u>	<u>(333,424)</u>	<u>2,163</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>37,790</u>	<u>93,890</u>	<u>92,946</u>	<u>(944)</u>
Net change in fund balance	(439,187)	(403,500)	87,157	490,657
Fund balance at beginning of year	<u>968,381</u>	<u>1,035,375</u>	<u>1,266,275</u>	<u>230,900</u>
Fund balance at end of year	<u><u>\$ 529,194</u></u>	<u><u>\$ 631,875</u></u>	<u><u>\$ 1,353,432</u></u>	<u><u>\$ 721,557</u></u>

See accompanying notes

CITY OF MADRAS
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Franchise fees	\$ 406,540	\$ 406,540	\$ 451,526	\$ 44,986
Licenses, permits and fees	37,375	37,375	89,357	51,982
Charges for services	45,000	45,000	45,000	-
Intergovernmental	605,450	1,391,060	1,403,822	12,762
System development charges	250	250	-	(250)
Interest	1,600	1,600	11,364	9,764
Miscellaneous	100	15,100	243	(14,857)
TOTAL REVENUES	<u>1,096,315</u>	<u>1,896,925</u>	<u>2,001,312</u>	<u>104,387</u>
EXPENDITURES				
Community development	370,601	460,601	418,464	42,137
Transportation operations	1,133,185	2,482,189	2,310,095	172,094
Contingency	328,480	278,480	-	278,480
TOTAL EXPENDITURES	<u>1,832,266</u>	<u>3,221,270</u>	<u>2,728,559</u>	<u>492,711</u>
Excess (deficiency) of revenues over expenditures	<u>(735,951)</u>	<u>(1,324,345)</u>	<u>(727,247)</u>	<u>597,098</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,030	402,030	402,020	(10)
Transfers out	(20)	(20)	-	20
TOTAL OTHER FINANCING SOURCES (USES)	<u>300,010</u>	<u>402,010</u>	<u>402,020</u>	<u>10</u>
Net change in fund balance	(435,941)	(922,335)	(325,227)	597,108
Fund balance at beginning of year	495,562	981,956	991,269	9,313
Prior period adjustment	-	-	30,607	30,607
Fund balance at end of year	<u>\$ 59,621</u>	<u>\$ 59,621</u>	<u>\$ 696,649</u>	<u>\$ 637,028</u>

See accompanying notes

CITY OF MADRAS
MADRAS REDEVELOPMENT COMMISSION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Property taxes	\$ 361,000	\$ 361,000	\$ 392,076	\$ 31,076
Investment income (loss)	10	10	6,615	6,605
TOTAL REVENUES	<u>361,010</u>	<u>361,010</u>	<u>398,691</u>	<u>37,681</u>
EXPENDITURES				
Materials and services	86,950	112,950	135,698	(22,748)
Capital outlay	10	10	-	10
Debt service	197,450	197,450	169,122	28,328
Special payments - grants	200,000	200,000	121,944	78,056
Contingency	12,500	5,000	-	5,000
TOTAL EXPENDITURES	<u>496,910</u>	<u>515,410</u>	<u>426,764</u>	<u>88,646</u>
Excess (deficiency) of revenues over expenditures	<u>(135,900)</u>	<u>(154,400)</u>	<u>(28,073)</u>	<u>126,327</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from interfund loan	-	-	25,000	25,000
Proceeds from line of credit	140,000	155,000	30,000	(125,000)
Transfers in	10	10	-	(10)
TOTAL OTHER FINANCING SOURCES (USES)	<u>140,010</u>	<u>155,010</u>	<u>55,000</u>	<u>(100,010)</u>
Net change in fund balance	4,110	610	26,927	26,317
Fund balance at beginning of year	<u>417,882</u>	<u>421,382</u>	<u>339,911</u>	<u>(81,471)</u>
Fund balance at end of year	<u>\$ 421,992</u>	<u>\$ 421,992</u>	366,838	<u>\$ (55,154)</u>
Reconciliation to generally accepted accounting principles and governmental fund balance				
Interfund loan			<u>(1,995,000)</u>	
Fund balance at end of year			<u>\$ (1,628,162)</u>	

See accompanying notes

CITY OF MADRAS

**MADRAS REDEVELOPMENT COMMISSION REINVESTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018**

	Budget			
	Original	Final	Actual	Variance
REVENUES				
Assessments	\$ 10,500	\$ 10,500	\$ 11,689	\$ 1,189
Interest	<u>2,000</u>	<u>2,000</u>	<u>7,152</u>	<u>5,152</u>
TOTAL REVENUES	<u>12,500</u>	<u>12,500</u>	<u>18,841</u>	<u>6,341</u>
EXPENDITURES				
Materials and services	12,300	15,540	17,245	(1,705)
Special payments-loan	45,010	86,010	23,138	62,872
Contingency	<u>50,000</u>	<u>30,760</u>	<u>-</u>	<u>30,760</u>
TOTAL EXPENDITURES	<u>107,310</u>	<u>132,310</u>	<u>40,383</u>	<u>91,927</u>
Excess (deficiency) of revenues over expenditures	<u>(94,810)</u>	<u>(119,810)</u>	<u>(21,542)</u>	<u>98,268</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(10)</u>	<u>(10)</u>	<u>-</u>	<u>10</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10)</u>	<u>(10)</u>	<u>-</u>	<u>10</u>
Net change in fund balance	(94,820)	(119,820)	(21,542)	98,278
Fund balance at beginning of year	<u>193,220</u>	<u>218,220</u>	<u>219,112</u>	<u>892</u>
Fund balance at end of year	<u>\$ 98,400</u>	<u>\$ 98,400</u>	<u>\$ 197,570</u>	<u>\$ 99,170</u>

See accompanying notes

CITY OF MADRAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Wastewater	Airport	Total	Internal Service Fund
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents	\$ 218,744	\$ 1,231,413	\$ 291,076	\$ 1,741,233	\$ 1,102,700
Accounts receivable, net	62,653	321,677	136,611	520,941	9,762
Inventory	24,608	40,999	48,838	114,445	19,324
Prepaid items	-	-	-	-	160
Total current assets	306,005	1,594,089	476,525	2,376,619	1,131,946
Net other postemployment benefit asset	235	1,038	-	1,273	2,532
Capital assets					
Nondepreciable assets	6,048	2,111,179	404,748	2,521,975	2,270,000
Depreciable assets, net	676,178	24,204,419	12,498,138	37,378,735	5,164,298
Total capital assets	682,226	26,315,598	12,902,886	39,900,710	7,434,298
TOTAL ASSETS	988,466	27,910,725	13,379,411	42,278,602	8,568,776
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Refunded debt charges	-	-	-	-	133,119
Pension related items	27,348	101,899	-	129,247	452,525
Other postemployment benefit related items	1,220	5,389	-	6,609	13,154
TOTAL DEFERRED OUTFLOWS OF RESOURCES	28,568	107,288	-	135,856	598,798
<u>LIABILITIES</u>					
Accounts payable	984	268,602	50,888	320,474	82,533
Payroll liabilities	-	-	-	-	37,734
Accrued interest payable	295	193,364	3,462	197,121	21,532
Customer deposits payable	25,588	31,951	-	57,539	200
Unearned revenue	-	-	-	-	25,609
Long-term liabilities:					
Due within one year	6,023	179,990	56,659	242,672	108,621
Due in more than one year	229,621	10,715,798	975,163	11,920,582	5,131,464
TOTAL LIABILITIES	262,511	11,389,705	1,086,172	12,738,388	5,407,693
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Pension related items	23,425	13,240	-	36,665	167,059
Other postemployment benefit related items	2,061	9,106	-	11,167	22,225
TOTAL DEFERRED INFLOWS OF RESOURCES	25,486	22,346	-	47,832	189,284
<u>NET POSITION</u>					
Net investment in capital assets	570,122	15,782,537	11,871,064	28,223,723	3,862,961
Restricted for:					
Capital projects	61,721	340,641	-	402,362	-
Unrestricted	97,194	482,784	422,175	1,002,153	(292,364)
TOTAL NET POSITION	\$ 729,037	\$ 16,605,962	\$ 12,293,239	29,628,238	\$ 3,570,597
Adjustment to reflect the combination of internal service fund activities related to enterprise funds				2,832,203	
Net position of business-type activities				<u>\$ 32,460,441</u>	

See accompanying notes

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CITY OF MADRAS

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Airport	Total	Internal Service Fund
OPERATING REVENUES					
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -	\$ 43,969
Charges for services	643,944	3,358,870	855,149	4,857,963	2,951,167
Rental income	-	1,724	468,028	469,752	1,005
Miscellaneous	547	52,671	2,542	55,760	54,334
TOTAL OPERATING REVENUES	<u>644,491</u>	<u>3,413,265</u>	<u>1,325,719</u>	<u>5,383,475</u>	<u>3,050,475</u>
OPERATING EXPENSES					
Personnel services	116,857	516,434	-	633,291	1,293,601
Materials and services	453,276	1,832,980	902,850	3,189,106	1,215,525
Depreciation	21,501	451,230	356,916	829,647	182,149
TOTAL OPERATING EXPENSES	<u>591,634</u>	<u>2,800,644</u>	<u>1,259,766</u>	<u>4,652,044</u>	<u>2,691,275</u>
OPERATING INCOME (LOSS)	<u>52,857</u>	<u>612,621</u>	<u>65,953</u>	<u>731,431</u>	<u>359,200</u>
NONOPERATING REVENUES (EXPENSES)					
Interest earned on investments	5,036	19,788	6,711	31,535	-
Grants	-	175	311,813	311,988	-
Bond issuance costs	-	-	-	-	(22,205)
Interest expense	(2,944)	(423,057)	(30,407)	(456,408)	(42,908)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,092</u>	<u>(403,094)</u>	<u>288,117</u>	<u>(112,885)</u>	<u>(65,113)</u>
Income (loss) before capital contributions and transfers	54,949	209,527	354,070	618,546	294,087
Capital contributions	-	5,282	-	5,282	-
Transfers in	-	30,000	-	30,000	75,000
Transfers out	(55,010)	(19,163)	(80,946)	(155,119)	(369,213)
Change in net position	(61)	225,646	273,124	498,709	(126)
Net position at beginning of year	739,700	16,383,361	12,020,115	29,143,176	3,685,492
Prior period adjustment	(10,602)	(3,045)	-	(13,647)	(114,769)
Net position at end of year	<u>\$ 729,037</u>	<u>\$ 16,605,962</u>	<u>\$ 12,293,239</u>	<u>\$ 29,628,238</u>	<u>\$ 3,570,597</u>
Change in net position				\$ 498,709	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				1,081,315	
Change in net position of the business-type activities				<u>\$ 1,580,024</u>	

See accompanying notes

CITY OF MADRAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018**

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities</u>
	<u>Water</u>	<u>Wastewater</u>	<u>Airport</u>	<u>Total</u>	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 627,830	\$ 3,326,304	\$ 1,090,812	\$ 5,044,946	\$ 2,949,615
Payments to suppliers	(455,001)	(1,646,620)	(1,046,747)	(3,148,368)	(1,224,524)
Payments to employees	(108,984)	(481,642)	-	(590,626)	(1,184,518)
Other receipts	<u>547</u>	<u>54,395</u>	<u>470,570</u>	<u>525,512</u>	<u>99,308</u>
Net cash provided by (used in) operating activities	<u>64,392</u>	<u>1,252,437</u>	<u>514,635</u>	<u>1,831,464</u>	<u>639,881</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payment on advances from other funds	-	-	(32,831)	(32,831)	-
Transfers in	-	30,000	-	30,000	75,000
Transfers out	<u>(55,010)</u>	<u>(19,163)</u>	<u>(80,946)</u>	<u>(155,119)</u>	<u>(369,213)</u>
Net cash provided by (used in) noncapital financing activities	<u>(55,010)</u>	<u>10,837</u>	<u>(113,777)</u>	<u>(157,950)</u>	<u>(294,213)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	-	5,282	-	5,282	-
Grants	-	175	311,813	311,988	-
Purchases of capital assets	-	(840,245)	(341,741)	(1,181,986)	(110,571)
Principal paid on debt	(5,700)	(120,239)	(53,723)	(179,662)	(1,572,000)
Interest paid on debt	(3,566)	(428,411)	(32,842)	(464,819)	(96,163)
Issuance of long-term obligations	-	-	-	-	1,375,000
Bond issuance costs	-	-	-	-	(22,205)
Premium on bond refunding	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,368</u>
Net cash provided by (used in) capital and related financing activities	<u>(9,266)</u>	<u>(1,383,438)</u>	<u>(116,493)</u>	<u>(1,509,197)</u>	<u>(330,571)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earned on investments	<u>5,036</u>	<u>19,788</u>	<u>6,711</u>	<u>31,535</u>	<u>-</u>
Net cash provided by investing activities	<u>5,036</u>	<u>19,788</u>	<u>6,711</u>	<u>31,535</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	5,152	(100,376)	291,076	195,852	15,097
Cash and cash equivalents at beginning of year	<u>213,592</u>	<u>1,331,789</u>	<u>-</u>	<u>1,545,381</u>	<u>1,087,603</u>
Cash and cash equivalents at the end of year	<u>\$ 218,744</u>	<u>\$ 1,231,413</u>	<u>\$ 291,076</u>	<u>\$ 1,741,233</u>	<u>\$ 1,102,700</u>

Continued on next page

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Wastewater	Airport	Total	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 52,857	\$ 612,621	\$ 65,953	\$ 731,431	\$ 359,200
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	21,501	451,230	356,916	829,647	182,149
Decrease (increase) in assets and deferred outflows					
Accounts receivable	(7,746)	(34,735)	235,663	193,182	(1,710)
Inventory	(2,709)	(13,158)	(48,838)	(64,705)	1,050
Prepaid items	-	-	1,600	1,600	286
Net other postemployment benefit asset	(235)	(1,038)	-	(1,273)	(2,532)
Pension related items	16,222	71,695	-	87,917	174,978
Other postemployment benefit related items	(29)	(127)	-	(156)	(309)
Increase (decrease) in liabilities and deferred inflows					
Accounts payable	984	199,518	(96,659)	103,843	(10,335)
Payroll liabilities	-	-	-	-	30,988
Customer deposits payable	(8,368)	2,169	-	(6,199)	(400)
Compensated absences	-	-	-	-	(6,819)
Other postemployment benefit liability	(181)	(803)	-	(984)	(1,962)
Net pension liability	(6,366)	(28,133)	-	(34,499)	(68,661)
Unearned revenue	-	-	-	-	558
Pension related deferred inflows of resources	(3,599)	(15,908)	-	(19,507)	(38,825)
Other postemployment benefit related items	2,061	9,106	-	11,167	22,225
Net cash provided by (used in) operating activities	<u>\$ 64,392</u>	<u>\$ 1,252,437</u>	<u>\$ 514,635</u>	<u>\$ 1,831,464</u>	<u>\$ 639,881</u>

See accompanying notes

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

1. Summary of significant accounting policies

A. Organization (reporting entity)

The City was incorporated in 1911. The City provides basic services to the citizens within the city limits.

The city council, comprised of the mayor and six council members, forms the legislative branch of the government. Individual departments are under the direction and authority of the city administrator, who is appointed by the city council.

The accompanying financial statements present all activities and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The city council appoints the governing body of the Madras Redevelopment Commission (MRC). Therefore, the accounts of the MRC are included in the financial statements of the City.

Complete financial statements for the MRC may be obtained from the City's finance department.

B. Government-wide financial statements and financial statement presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

General - accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for public safety, parks and the industrial site.

Special Revenue - accounts for the improvements to street and utility systems and certain community development activities. The principal revenue source is state gasoline taxes apportioned by the State of Oregon, franchise fees and community development fees.

Madras Redevelopment Commission – accounts for projects identified in the City's urban renewal plan. The principal revenue source is property taxes.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Madras Redevelopment Commission Reinvestment – accounts for the receipts from the repayment of redevelopment loans and resources available for future projects.

Debt Service – accounts for the payment of principal and interest on long-term obligations. The principal revenue source is property taxes.

Capital Projects – accounts for major construction projects or equipment acquisition. The principal revenue resources are system development charges and proceeds from long-term obligations.

The City reports the following major proprietary funds:

Water - accounts for the operations of the City's water distribution system which is financed primarily through fees.

Wastewater - accounts for the operations of the City's wastewater collection and treatment system which is financed primarily through user charges to the general public.

Airport - accounts for the operations and capital improvements of the City's municipal airport.

The City also includes the following fund as a proprietary fund:

Internal Service – accounts for the cost of providing services to other funds of the City which are charged a fee on a cost reimbursement basis for those services.

D. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

The City begins its budgeting process by appointing budget committee members in January or February each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Disbursement appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which disbursements cannot legally exceed appropriations. The City established the levels of budgetary control at the department level along with debt service, transfers and contingencies.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The city council must authorize all appropriation transfers and supplementary budgetary appropriations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

E. Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any highly-liquid debt instruments purchased with a maturity of three months or less.

F. Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

Uncollected property taxes are reported in the governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes which are collected within 60 days of the end of the current period are considered available and recognized as revenue.

G. User charges and fines

User charges are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are not expected to be collected.

The City has uncollected municipal court fines and fees, however due to the uncertainty of collection these amounts are not reported in the financial statements. The City maintains a listing of receivables they believe are collectible as of June 30, 2018.

H. Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption.

I. Capital assets

Fund financial statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Government-wide statements

Capital assets are recorded at amounts estimated by the City and adjusted by estimated amounts for accumulated depreciation in the statement of net position and depreciation expense in the statement of activities.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land improvements	20 – 50
Buildings and improvements	25 – 75
Equipment	5 – 15
Infrastructure	30 – 50

J. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over that life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs and the excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt.

K. Compensated absences

Vacation leave

The City has a policy which permits employees to earn vacation leave. Any leave not used or forfeited will be paid upon the employee's termination of employment.

Sick leave

The City has a policy which permits employees to earn sick leave. The City does not compensate the employees for unused sick leave upon termination of employment.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

L. Deferred outflows / inflows of resources

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. These include refunded debt charges and pension related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents amount that apply to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. Pension related items which are amortized over specified periods are reported as deferred inflows of resources.

The balance sheet of governmental funds will report as deferred inflows unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Retirement plans

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

N. Equity classification

Government-wide and proprietary fund financial statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the government-wide and proprietary fund financial statements when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

Governmental fund type fund balance reporting

Governmental type fund balance amounts are to be reported within one of the fund balance categories list below:

Non-spendable — Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the city council. The city council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the city council.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Administrator has authority to assign fund balance amounts.

Unassigned — The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements when an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless provided otherwise in commitment or assignment actions.

O. Fair value measurements

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

P. New accounting standards implemented

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. This statement also identifies the actuarial methods and assumptions that are required to be used and enhances note disclosures and required supplementary information. The specific accounts impacting the City are detailed below.

Total OPEB liability – Previous standards defined OPEB liabilities in terms of the Annually Required Contribution. Statement No. 75 defines the Total OPEB liability as the portion of projected benefit payments that is attributed to past periods of employee service provided through a defined benefit OPEB plan that is not administered through a trust.

Deferred inflows of resources and deferred outflows of resources – Statement No. 75 includes recognition of deferred inflows and outflows of resources associated with changes of assumptions. This difference is to be recognized in OPEB expense using a closed period equal to the average expected remaining service lives of all covered active and inactive participants.

Statement No. 75 is effective for financial statement periods beginning after June 15, 2017 with the effects of the accounting change to be applied retroactively by restating the financial statements. The City adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the financial statements as of June 30, 2017. See note 19 for additional information.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash and cash equivalents

The City's cash and cash equivalents at June 30, 2018 are as follows:

State of Oregon Local Government Investment Pool	\$ 5,090,920
Deposits with financial institutions	388,119
Cash with fiscal agent	324,643
Cash with county treasurer	11,336
Cash on hand	<u>1,400</u>
Total cash and cash equivalents	<u>\$ 5,816,418</u>

The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

A. Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2018, \$293,143 of the City's bank balances were exposed to custodial credit risk.

B. State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash and cash equivalents (continued)

Credit Risk. Oregon statutes authorize the City to invest in obligations of the U. S. Treasury and U. S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Concentration of Credit Risk: The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the City's investments are in the State of Oregon State and Local Investment Pool.

Interest Rate Risk: The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Portfolio Credit Rating: The City does not have a formal policy that establishes a minimum average credit rating for its investment portfolio.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy which limits the amount of investments that can be held by counterparties.

3. Investment in land held for sale

The MRC holds land for sale which is reported at its estimated fair value measured using level 3 inputs.

4. Notes receivable

The MRC has made grants and loans to improve and refurbish buildings for the benefit of businesses in the City. Notes receivable have been recorded to reflect the amount the property owners will repay under the program. Loans are repayable over a maximum of 120 months. The loans are secured by the improved property and are considered fully collectible.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Capital assets

A. Activity for governmental activities for the year ended June 30, 2018 was as follows:

	Balances July 1, 2017	Additions	Deletions	Balances June 30, 2018
Capital assets not being depreciated				
Land	\$ 3,038,867	\$ -	\$ -	\$ 3,038,867
Construction in progress	<u>436,759</u>	<u>1,442,636</u>	<u>1,873,996</u>	<u>5,399</u>
Total capital assets not being depreciated	<u>3,475,626</u>	<u>1,442,636</u>	<u>1,873,996</u>	<u>3,044,266</u>
Capital assets being depreciated				
Land improvements	3,363,513	-	-	3,363,513
Buildings and improvements	8,100,585	45,390	47,091	8,098,884
Equipment	2,306,901	114,153	72,820	2,348,234
Infrastructure	<u>12,668,690</u>	<u>1,876,104</u>	<u>2,287</u>	<u>14,542,507</u>
Total capital assets being depreciated	<u>26,439,689</u>	<u>2,035,647</u>	<u>122,198</u>	<u>28,353,138</u>
Less accumulated depreciation for:				
Land improvements	1,041,883	150,398	-	1,192,281
Buildings and improvements	1,428,447	197,775	-	1,626,222
Equipment	1,773,543	125,268	72,820	1,825,991
Infrastructure	<u>2,179,850</u>	<u>279,980</u>	<u>-</u>	<u>2,459,830</u>
Total accumulated depreciation	<u>6,423,723</u>	<u>753,421</u>	<u>72,820</u>	<u>7,104,324</u>
Total capital assets being depreciated	<u>20,015,966</u>	<u>1,282,226</u>	<u>49,378</u>	<u>21,248,814</u>
Capital assets, net	<u>\$ 23,491,592</u>	<u>\$ 2,724,862</u>	<u>\$ 1,923,374</u>	<u>\$ 24,293,080</u>

B. Depreciation was charged to expense for the year ended June 30, 2018 as follows:

General government	\$ 102,849
Public safety	58,297
Highways and streets	478,796
Culture and recreation	<u>113,479</u>
	<u>\$ 753,421</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Capital assets (continued)

C. Activity for business-type activities for the year ended June 30, 2018 was as follows:

	Balances July 1, 2017	Additions	Deletions	Balances June 30, 2018
Capital assets not being depreciated				
Land	\$ 1,727,177	\$ -	\$ -	\$ 1,727,177
Construction in progress	<u>1,723,622</u>	<u>796,137</u>	<u>1,724,961</u>	<u>794,798</u>
Total capital assets not being depreciated	<u>3,450,799</u>	<u>796,137</u>	<u>1,724,961</u>	<u>2,521,975</u>
Capital assets being depreciated				
Land improvements	156,790	10,003	-	166,793
Buildings and improvements	5,325,350	138,871	-	5,464,221
Equipment	1,369,146	83,598	-	1,452,744
Infrastructure	<u>41,040,454</u>	<u>1,878,338</u>	<u>-</u>	<u>42,918,792</u>
Total capital assets being depreciated	<u>47,891,740</u>	<u>2,110,810</u>	<u>-</u>	<u>50,002,550</u>
Less accumulated depreciation for:				
Land improvements	35,918	6,193	-	42,111
Buildings and improvements	1,010,282	100,812	-	1,111,094
Equipment	1,021,237	17,696	-	1,038,933
Infrastructure	<u>9,726,731</u>	<u>704,946</u>	<u>-</u>	<u>10,431,677</u>
Total accumulated depreciation	<u>11,794,168</u>	<u>829,647</u>	<u>-</u>	<u>12,623,815</u>
Total capital assets being depreciated	<u>36,097,572</u>	<u>1,281,163</u>	<u>-</u>	<u>37,378,735</u>
Capital assets, net	<u>\$ 39,548,371</u>	<u>\$ 2,077,300</u>	<u>\$ 1,724,961</u>	<u>\$ 39,900,710</u>

D. Depreciation was charged to expense for the year ended June 30, 2018 as follows:

Water	\$ 21,501
Sewer	451,230
Airport	<u>356,916</u>
	<u>\$ 829,647</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Unavailable revenue

Resources in the governmental funds, which are measurable but unavailable, consist of the following:

	Governmental Funds					Total
	General	Special Revenue	MRC General	MRC Reinvestment	Capital Project	
Property taxes	\$ 57,610	\$ -	\$ 16,914	\$ -	\$ -	\$ 74,524
Notes	-	-	-	114,611	-	114,611
Other	9,641	5,500	-	-	8,337	23,478
	<u>\$ 67,251</u>	<u>\$ 5,500</u>	<u>\$ 16,914</u>	<u>\$ 114,611</u>	<u>\$ 8,337</u>	<u>\$ 212,613</u>

7. Short-term debt obligations

A. Transactions for the governmental activities for the year ended June 30, 2018 were as follows:

	Outstanding July 1, 2017	Additions	Reductions	Outstanding June 30, 2018
	<u>\$ 304,892</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 334,892</u>
Line of credit, First Interstate Bank				

B. Governmental activities short-term debt obligations

Line of credit, First Interstate Bank – The maximum principal available is \$1,000,000, with 2.74 percent interest only payments due monthly. The City drew down an additional \$30,000 on the line of credit during the year for a total balance of \$334,892.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Long-term obligations

A. Changes in governmental activities long-term obligations for the year ended June 30, 2018 were as follows:

	Outstanding July 1, 2017	Additions	Reductions	Outstanding June 30, 2018	Balances Due Within One Year
Long-term debt					
Bonded debt					
Series 2004	\$ 207,818	\$ -	\$ 101,947	\$ 105,871	\$ 105,871
Series 2011B	1,510,000	-	1,455,000	55,000	55,000
Series 2012B	2,080,000	-	1,855,000	225,000	110,000
Series 2015	729,375	-	36,955	692,420	36,955
Series 2017	-	3,145,000	-	3,145,000	20,000
Bond premium	43,282	218,133	15,622	245,793	15,731
Loans					
USDA Rural Development	<u>2,081,047</u>	<u>-</u>	<u>32,098</u>	<u>2,048,949</u>	<u>33,101</u>
Total long-term debt obligations	6,651,522	3,363,133	3,496,622	6,518,033	376,658
Other long-term obligations					
Compensated absences	35,183	29,880	35,183	29,880	29,880
Net pension liability	2,698,405	-	167,300	2,531,105	-
Other postemployment benefit liability	<u>873,405</u>	<u>-</u>	<u>4,778</u>	<u>868,627</u>	<u>-</u>
Total long-term obligations	<u>\$ 10,258,515</u>	<u>\$ 3,393,013</u>	<u>\$ 3,703,883</u>	<u>\$ 9,947,645</u>	<u>\$ 406,538</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Long-term obligations (continued)

B. Changes in business-type activities long-term obligations for the year ended June 30, 2018 were as follows:

	Outstanding July 1, 2017	Additions	Reductions	Outstanding June 30, 2018	Balances Due Within One Year
Long-term debt					
Bonded debt					
Series 2013	\$ 10,380,000	\$ -	\$ 110,000	\$ 10,270,000	\$ 165,000
Series 2015	1,145,625	-	58,045	1,087,580	58,045
Bond premium	124,690	-	7,684	117,006	7,684
Loans					
DEQ's Clean Water	159,821	-	7,798	152,023	8,010
Jefferson County	54,197	-	3,819	50,378	3,933
Total long-term debt obligations	11,864,333	-	187,346	11,676,987	242,672
Other long-term obligations					
Net pension liability	341,644	-	34,499	307,145	-
Other postemployment benefit liability	180,106	-	984	179,122	-
Total long-term obligations	<u>\$ 12,386,083</u>	<u>\$ -</u>	<u>\$ 222,829</u>	<u>\$ 12,163,254</u>	<u>\$ 242,672</u>

C. Governmental activities long-term debt

Series 2004, Full Faith and Credit Obligation – The City entered into an agreement with Jefferson County to finance the costs of the J Street improvements. Jefferson County issued a full faith and credit bond in the amount of \$2,265,000 and the City is responsible for 54.92 percent of the bond. Annual principal and interest payments to Jefferson County are due in May each year in the amount of \$109,947. Interest is at 3.85 percent.

Series 2011B, Local Oregon Capital Asset Program – The City borrowed \$2,585,000 to refinance Madras Redevelopment Commission line of credit. Annual principal and interest payments are due in December. The payments range from \$215,000 to \$535,000 and include interest at rates of 3 to 5.2 percent. Annual interest only payments are due June and range from \$1,560 to \$36,292.

Series 2012B, Local Oregon Capital Asset Program – The City borrowed \$1,775,000 to finance the design and construction of a new City Hall and Police Station. Annual principal and interest payments are due in December. The payments range from \$180,900 to \$183,500 and include interest at rates of 1.1 to 3.5 percent. Annual interest only payments are in June and range from \$3,063 to \$37,950.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Long-term obligations (continued)

Series 2015, Full Faith and Credit Obligation – The City borrowed \$805,230 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in December. The payments range from \$22,757 to \$61,890 and include interest at rates of 1 to 4 percent. Annual interest only payments are due in June and range from \$467 to \$21,823.

Series 2017, Full Faith and Credit Obligation – the City borrowed \$3,145,000 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in December. The payments range from \$73,050 to \$296,300 and include interest at rates of 3 to 4 percent. Annual interest only payments are due in June and range from \$225 to \$53,050.

USDA Rural Development Revenue Installment – The City borrowed \$2,200,000 to finance the construction of the police station. Annual principal and interest payments are due in December. The payments range from \$95,534 to \$179,130 and include interest at 3.125 percent.

D. Business-type activities long-term debt

Series 2013, Full Faith and Credit Obligation – The City borrowed \$10,495,000 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in February. The payments range from \$464,944 to \$908,538 and include interest at rates of 2 to 4.125 percent. Annual interest only payments are due in August and range from \$35,236 to \$424,944.

Series 2015, Full Faith and Credit Obligation – The City borrowed \$1,264,770 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in December. The payments range from \$35,743 to \$97,210 and include interest at rates of 1 to 4 percent. Annual interest only payments are due in June and range from \$733 to \$36,889.

DEQ's Clean Water Revolving Fund Loan Program – The City borrowed \$174,778 through DEQ's clean water revolving fund loan program. Annual principal and interest payments are due in December in the amount of \$12,076 and include interest at 2.71 percent. Annual interest only payments are due in June and range from \$60 to \$4,687.

Jefferson County – The City received a loan from Jefferson County to fund the Berg Drive Extension to Cherry Lane. Annual principal and interest payments are due in February in the amount of \$5,445 and include interest at 3 percent. Annual interest only payments are due in August and range from \$159 to \$1,845.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Long-term obligations (continued)

E. The future maturities for governmental activities long-term debt obligations as of June 30, 2018 are as follows:

Fiscal Year	Full Faith and Credit Obligations, Series 2004		Local Oregon Capital Asset Program, Series 2011B		Local Oregon Capital Asset Program, Series 2012B		Full Faith and Credit Obligations Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 105,871	\$ 4,076	\$ 55,000	\$ 67,195	\$ 110,000	\$ 68,950	\$ 36,955	\$ 22,562
2020	-	-	-	-	115,000	65,100	36,955	21,823
2021	-	-	-	-	-	-	40,845	21,045
2022	-	-	-	-	-	-	40,845	20,228
2023	-	-	-	-	-	-	40,845	19,411
2024-28	-	-	-	-	-	-	219,785	76,837
2029-33	-	-	-	-	-	-	210,060	32,288
2034-38	-	-	-	-	-	-	66,130	4,046
2039-43	-	-	-	-	-	-	-	-
2044-48	-	-	-	-	-	-	-	-
2049-53	-	-	-	-	-	-	-	-
	<u>\$ 105,871</u>	<u>\$ 4,076</u>	<u>\$ 55,000</u>	<u>\$ 67,195</u>	<u>\$ 225,000</u>	<u>\$ 134,050</u>	<u>\$ 692,420</u>	<u>\$ 218,240</u>

Fiscal Year	Full Faith and Credit Obligations Series 2017		USDA Rural Development Revenue Installment		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 20,000	\$ 105,800	\$ 33,101	\$ 64,030	\$ 360,927	\$ 226,813
2020	75,000	104,375	34,135	62,995	261,090	149,918
2021	200,000	100,250	35,202	61,928	276,047	82,973
2022	205,000	94,175	36,302	60,828	282,147	81,056
2023	215,000	86,800	37,437	59,694	293,282	79,105
2023-27	1,180,000	308,000	205,479	280,172	1,605,264	357,009
2028-32	1,235,000	86,175	239,656	245,997	1,684,716	278,285
2033-37	15,000	225	279,517	206,136	360,647	210,182
2038-42	-	-	326,008	159,646	326,008	159,646
2039-47	-	-	380,231	105,421	380,231	105,421
2048-52	-	-	441,881	42,177	441,881	42,177
	<u>\$ 3,145,000</u>	<u>\$ 885,800</u>	<u>\$ 2,048,949</u>	<u>\$ 1,349,024</u>	<u>\$ 6,272,240</u>	<u>\$ 1,772,585</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Long-term obligations (continued)

F. The future maturities for business-type activities long-term debt obligations as of June 30, 2018 are as follows:

Fiscal Year	Full Faith and Credit Obligations, Series 2013		Full Faith and Credit Obligations Series 2015		DEQ's Clean Water Revolving Fund Loan Program	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 165,000	\$ 420,131	\$ 58,045	\$ 35,438	\$ 8,010	\$ 4,066
2020	195,000	413,531	58,045	34,277	8,229	3,847
2021	235,000	405,731	64,155	33,055	8,453	3,623
2022	265,000	396,331	64,155	31,772	8,684	3,392
2023	300,000	385,731	64,155	30,489	8,922	3,154
2024-28	2,050,000	1,707,382	345,215	120,688	48,393	11,987
2029-33	3,040,000	1,211,325	329,940	50,712	55,365	5,015
2034-38	4,020,000	510,230	103,870	6,354	5,967	60
	<u>\$ 10,270,000</u>	<u>\$ 5,450,392</u>	<u>\$ 1,087,580</u>	<u>\$ 342,785</u>	<u>\$ 152,023</u>	<u>\$ 35,144</u>

Fiscal Year	Jefferson County			
	Berg Drive		Totals	
	Principal	Interest	Principal	Interest
2019	\$ 3,933	\$ 1,512	\$ 234,988	\$ 461,147
2020	4,051	1,394	265,325	453,049
2021	4,173	1,272	311,781	443,681
2022	4,298	1,147	342,137	432,642
2023	4,427	1,018	377,504	420,392
2024-28	24,210	3,015	2,467,818	1,843,072
2029-33	5,286	159	3,430,591	1,267,211
2034-38	-	-	4,129,837	516,644
	<u>\$ 50,378</u>	<u>\$ 9,517</u>	<u>\$ 11,559,981</u>	<u>\$ 5,837,838</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Long-term obligations (continued)

G. Advance refunding

On September 22, 2017, the City issued \$3,145,000 of full faith and credit bonds to advance refund \$1,745,000 of the Local Oregon Asset Program Certificates of Participation, Series 2011B and \$1,400,000 of the Local Oregon Asset Program Certificates of Participation, Series 2012B. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$218,133. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2032 using the straight-line method. The government completed the advance refunding to reduce its total debt service payments over the next 15 years by \$398,005 and to obtain an economic gain of \$252,698.

9. Defined benefit pension plan

A. Plan description

Employees of the City are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf

B. Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier One/Tier Two retirement benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Pension benefits

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

Death benefits

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

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

Disability benefits

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

Benefit changes after retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

Pension benefits

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death benefits

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

Disability benefits

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

Benefit changes after retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation.

Tier 1/tier 2 employer contribution rates are 22.29 percent and the OPSRP employer contribution rates are 12.33 percent for general service employees and 17.10 percent for police and fire employees. Employer contributions for the year ended June 30, 2018 were \$331,183.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

D. Actuarial valuations – Tier One/Tier Two

The December 31, 2015 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

Actuarial cost method

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

Unfunded actuarial accrued liability amortization

The Tier 1/Tier 2 UAL amortization period is reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

Retiree healthcare unfunded actuarial accrued liability amortization

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

Asset valuation method

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS. Real estate and private equity investments are reported on a three-month lag basis.

Unfunded actuarial accrued liability amortization

The Tier 1/Tier 2 UAL amortization period is reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Retiree healthcare unfunded actuarial accrued liability amortization

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

Asset valuation method

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS. Real estate and private equity investments are reported on a three-month lag basis.

Contribution rate stabilization method

Contribution rates are confined to a collar based on the prior contribution rates. The new contribution rates will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60% or increases above 140%, the size of the collar doubles. If the funded percentage excluding side accounts is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale.

Allocation of liability for service segments

For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 25% based on account balance with each employer and 75% based on service with each employer. The entire normal cost is allocated to the current employer.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Allocation of benefits-in-force reserve

The reserve is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

Economic assumptions

Investment return	7.50% compounded annually
Interest crediting	7.50% compounded annually on regular and variable account balances
Inflation	2.50% compounded annually
Payroll growth	3.50% compounded annually
Healthcare cost trends	Ranges from 6.3% in 2016 to 4.4% in 2094

Demographic assumptions

Mortality tables

Healthy retirees	RP 2000, Generational (Scale BB) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Generational (Scale BB), Combined Disabled, No Collar, Sex Distinct. Male 70% and Female 95% of disabled table
Non-annuitants	Ranges from 55% to 75% of healthy retired mortality tables depending upon sex and employment type

Retirement assumptions

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5% of the time and a total lump sum elected 3% for 2015 and declining by 0.5% per year until reaching zero.

Salary increase assumptions

Salary increase assumptions, in addition to general payroll growth, include merit increase, unused sick leave and vacation pay adjustments.

E. Actuarial valuations – OPSRP

The December 31, 2015 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows:

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

OPSRP unfunded actuarial accrued liability amortization

The UAL as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

Economic assumptions

An additional amount for administrative expenses is added to the normal cost.

Retirement assumptions

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70. Dormant members are assumed to retire at Normal Retirement Age or at the first unreduced retirement age. Members retiring may elect to receive a full or partial lump sum at retirement with a partial lump sum estimated to be elected 4.5% of the time and a total lump sum elected 3% for 2015 and declining by 0.5% per year until reaching zero.

F. Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability

At June 30, 2018, the City reported a liability of \$2,838,250 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Employers' long-term contribution efforts are based on projected rates that have two major components:

Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier One/Tier Two payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.

The UAL has Tier One/Tier Two and OPSRP pieces. The Tier One/Tier Two piece is based on the employer's Tier One/Tier Two pooling arrangement. If an employer participates in one of the two large Tier One/Tier Two rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier One/Tier Two UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier One/Tier Two pooling arrangement, who are referred to as "Independent Employers", have their Tier One/Tier Two UAL tracked separately in the actuarial valuation.

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2017, the City's proportion was 0.02105521 percent, which was an increase of 0.00080485 percent from its proportion measured as of June 30, 2016.

Pension expense

For the year ended June 30, 2018, the City recognized pension expense of \$529,544.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers will report the following deferred inflows of resources and/or deferred outflows of resources:

Difference between expected and actual experience
Changes in assumptions
Changes in employer proportion since the prior measurement date
Differences between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 137,259	\$ --
Changes of assumptions	517,362	--
Net difference between projected and actual earnings on pension plan investments	29,241	--
Changes in proportionate share	59,079	288,296
Difference between contributions and proportionate share of system contributions	39,600	59,445
Contributions subsequent to the measurement date	<u>331,183</u>	<u>--</u>
Total	<u>\$ 1,113,724</u>	<u>\$ 347,741</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$331,183 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2019	\$ 45,945
2020	278,549
2021	175,244
2022	(74,230)
2023	<u>9,293</u>
Total	<u>\$ 434,800</u>

G. Actuarial methods and assumptions used in developing total pension liability

The total pension liability measured as of June 30, 2017 was based on an actuarial valuation as of December 31, 2015 using the following methods and assumptions:

Experience study report	2014, published September 2015
Inflation rate	2.5 percent
Long-term expected rate of return	7.5 percent
Discount rate	7.5 percent
Projected salary increases	3.5 percent
	Cost of living adjustments (COLA) blend of 2.00 percent COLA and graded COLA (1.25 percent/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <i>Disabled retirees:</i> Mortality rates are a percentage (70 percent for males, 95 percent for females) of the RP-2000 Sex-distinct generational per Scale BB, disabled mortality table.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. On July 28, 2017, the PERS Board adopted a discount rate of 7.2 percent. The new rate will be effective January 1, 2018.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

Asset Class	Target Allocation	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Commodities/Other	9.37%	7.01%
Assumed Inflation - Mean		2.50%

Depletion date projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

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

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

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

H. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$ 4,836,897	\$ 2,838,250	\$ 1,167,012

10. Defined contribution plan

A. Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

B. Pension benefits

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined contribution plan – PERS (contribution)

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

C. Death benefits

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

D. Contributions

The City makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2018 were \$122,627.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

11. Other postemployment benefit plans

City of Madras Other Postemployment Benefit Plan

A. Plan description and benefits provided

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

The City also provides explicit healthcare benefits to certain retirees meeting eligibility requirements of the plan. This includes retirees hired prior to March 11, 2014 who retire from active service with at least 20 years, and who are eligible to receive a pension from Oregon PERS. These retirees may continue coverage through the City's benefit plan through age 65, with the City paying the employee only premium at the same rate as active employees. The City also makes contributions to retirees' Health Savings Accounts in the same amount as those made for active employees.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefit plans (continued)

B. Plan membership

As of the July 1, 2016 valuation, there were 30 active employees, 2 eligible retirees, and no spouses of eligible retirees for a total of 32 plan members.

C. Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirements for the City are as follows:

For retirees	\$	562
For spouses of retirees		--

D. Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2018, the City reported a total OPEB liability of \$1,047,748. The total OPEB liability was measured as of June 30, 2017 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	Total OPEB Liability
Balances at June 30, 2017	\$ 1,048,677
Changes for the year:	
Service cost	59,790
Interest	31,266
Changes in assumptions or other inputs	(68,982)
Benefit payments	(23,002)
Balances at June 30, 2018	<u>\$ 1,047,749</u>

For the year ended June 30, 2018, the City recognized OPEB expense of \$90,124. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ --	\$ 61,870
City's contributions subsequent to the measurement date	<u>29,183</u>	<u>--</u>
	<u>\$ 29,183</u>	<u>\$ 61,870</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefit plans (continued)

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$29,183 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2019	\$ (7,112)
2020	(7,112)
2021	(7,112)
2022	(7,112)
2023	(7,112)
Thereafter	<u>(26,310)</u>
	<u>\$ (61,870)</u>

E. Actuarial valuation

The City's contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee's service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

F. Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2016
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Projected Salary Increases	3.5 percent
Mortality	Healthy retirees and beneficiaries: RP-2000 white collar male and female set back one year for male, generational per Scale BB for males and females

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefit plans (continued)

Discount rate

The discount rate used to measure the total OPEB liability was 3.58 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 2.85 percent.

Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

<u>Year</u>	<u>Pre-65 Trend</u>
2016	7.00%
2017	7.50%
2018	6.00%
2019	5.50%
2020-2025	5.25%
2026	5.00%
2027-2029	5.25%
2030	5.75%
2031-2035	6.25%
2036-2040	6.00%
2041-2043	5.75%
2044-2052	5.50%
2053-2063	5.25%
2064+	5.00%

Dental costs are assumed to increase 4.5 percent in all future years.

Sensitivity of the City's total OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the City's total OPEB liability calculated using the discount rate of 3.58 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ 1,146,359	\$ 1,047,748	\$ 957,262

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefit plans (continued)

	1 Percentage Point Lower	Current Trend Rate	1 Percentage Point Higher
City's total OPEB liability	\$ 921,702	\$ 1,047,748	\$ 1,198,094

Oregon Public Employees Retirement System Retirement Health Insurance Account

A. Plan description

The City contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at:
www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf

B. Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

The RHIA is closed to new members hired on or after August 29, 2003.

Other Postemployment Healthcare benefits

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

To be eligible, the member must:

- 1) Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
- 2) Receive both Medicare Parts A and B coverage
- 3) Enroll in a PERS-sponsored health plan

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefit plans (continued)

Surviving spouse or dependent benefits

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The City contributed 0.07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits and 0.43 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability. For the year ended June 30, 2018, the City made contributions in the amount of \$9,467 to the RHIA.

D. Actuarial valuations

Except as outlined below, the December 31, 2015 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan as discussed in note 9.

Economic assumptions

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment for health insurance.

Retiree healthcare participation assumptions

Eligible retiring members are assumed to elect RHIA coverage 38% of the time for health retirees and 20% of the time for disabled retirees.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefit plans (continued)

- E. Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

Net OPEB liability (asset)

At June 30, 2018, the City reported an (asset) of \$(7,443) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year

At June 30, 2017, the City's proportion was 0.01783509 percent, which was an increase of 0.00003585 percent from its proportion measured as of June 30, 2016.

OPEB expense

For the year ended June 30, 2018, the City recognized OPEB expense (revenue) of \$(263).

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

Difference between expected and actual experience
Changes in assumptions
Changes in employer proportion since the prior measurement date
Differences between projected and actual earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ --	\$ 3,447
Changes in proportionate share	7	
Contributions subsequent to the measurement date	<u>9,467</u>	<u>--</u>

Total	\$ 9,474	\$ 3,447
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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefit plans (continued)

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$9,467 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2019	\$ (859)
2020	(859)
2021	(861)
2022	(861)
2023	<u>--</u>
Total	<u>\$ (3,440)</u>

F. Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in note 8 .

Healthcare cost trend rate

A healthcare cost trend rate is not utilized in the actuarial valuation as statue stipulates a \$60 monthly payment to retirees for health insurance.

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Other postemployment benefit plans (continued)

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (OPERS):

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

H. Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net OPEB liability/(asset)	\$ 1,038	\$ (7,443)	\$ (14,657)

12. Contingency - sick leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2018, employees of the City had accumulated 1,025 days of sick leave.

13. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. Interfund transfers and advances

Fund	Transfers	
	In	Out
General	\$ 92,946	\$ -
Special Revenue	402,020	-
MRC	-	75,000
Debt Service	53,876	-
Capital Projects	-	54,510
Water	-	55,010
Sewer	30,000	19,163
Airport	-	80,946
Internal Service	75,000	369,213
	<u>\$ 653,842</u>	<u>\$ 653,842</u>

As part of the budget process, the City plans to make interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

Non-cash transfers occur when a fund 1) acquires capital assets which will be used in the operation of a different fund's activities, 2) issues long-term obligations which will be repaid out of a different fund's resources or 3) pays principal on long-term obligations reported in a different fund.

An advance (loan) from the Debt Service Fund to the MRC Fund is being repaid in annual installments, including interest of 2.5 to 4 percent through June 2032. At June 30, 2018, the balance is \$1,995,000.

The City also budgets transfers between departments within the General Fund. For the year ended June 30, 2018 transfers between departments were \$333,424 in the General Fund.

15. Net position restricted through enabling legislation

Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use of those funds to capital improvements which expand the capacity of the system for which the charges were made. Net position related to SDC's as of June 30, 2018 was \$962,351.

16. Deficit fund balance

As of June 30, 2018 a deficit fund balance existed in the MRC Fund in the amount of \$1,628,162. Management has a plan in place to correct the deficit fund balance with prudent fiscal management to ensure revenues exceed expenditures in the coming years.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

17. Tax abatement

Jefferson County has established an Enterprise Zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City received for the year ended June 30, 2018 have been reduced by \$24,635.

18. Commitments

A. Operating leases

Total lease payments for the fiscal year ended June 30, 2018 were \$14,156. Future minimum lease payments are scheduled as follows:

<u>Fiscal Year</u>	
2018-19	14,156
2019-20	14,156
2020-21	14,156
2021-22	9,437
2022-23	-
	<u>\$ 51,905</u>

B. Option agreement

The City entered into an option agreement with a local land developer for the sale of 67 acres within the City limits and 542 acres outside the City limits. \$50,000 was paid as part of the agreement for the first five year term of additional eight years by paying \$10,000 annually beginning December 1, 2014. The option may be exercised through phases consisting of not less than ten acre contiguous parcels. The price for each phase shall be at fair market value, but in no event will the purchase price be less than \$9,000 per acre.

C. Bean Foundation

The City is committed to providing the Bean Foundation either 120 acres of land or cash in the value of 120 acres. The City holds the option to either deed assets (land) or to pay cash. The option choices are dependent upon land development sales in the Yarrow development.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

18. Commitments (continued)

D. Construction commitments

The City has active construction projects as of June 30, 2018 as follows:

Capital Project	Spent to Date	Remaining Commitment
Splash Park at Sahalee Park	\$ -	\$ 12,116
Bel Air Sewer	635,780	925,589
Taxiway Improvement Project	416,997	3,027,999
	<u>\$ 1,052,777</u>	<u>\$ 3,965,704</u>

19. Prior period adjustment

The beginning fund balances of the governmental activities and business-type activities have been adjusted to correct for errors as follows:

	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
<u>Governmental activities</u>			
Accounts receivable	\$ 459,669	\$ 490,276	\$ 30,607
Deferred outflows of resources	-	31,296	31,296
Net other postemployment benefit obligation	441,687	-	441,687
Net other postemployment benefit liability	-	4,008	(4,008)
Other postemployment benefit liability	-	869,397	(869,397)
Net position	17,247,284	16,877,469	369,815
<u>Business-type activities</u>			
Cash and cash equivalents	\$ 5,608,220	\$ 5,783,906	\$ 175,686
Deferred outflows of resources	-	6,453	6,453
Accrued interest payable	127,413	197,848	(70,435)
Net other postemployment benefit obligation	54,755	-	54,755
Net other postemployment benefit liability	-	826	(826)
Other postemployment benefit liability	-	179,280	(179,280)
Net position	30,894,064	30,880,417	13,647

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

19. Prior period adjustment (continued)

As discussed in note 1, the City implemented GASB 75 for fiscal year June 30, 2018 causing a restatement of June 30, 2017 balances for deferred outflows of resources, net other postemployment benefit obligation, net other postemployment benefit liability and other postemployment benefit liability as shown above.

The Special Revenue Fund beginning fund balance was restated \$30,607 due to additional accounts receivable the City erroneously did not record at June 30, 2017.

The Sewer Fund beginning fund balance was restated \$175,686 due to cash with fiscal agent funds previously not recorded. Additionally, the sewer fund beginning fund balance was restated \$(70,435) due to a miscalculation in accrued interest payable at June 30, 2017.

20. Subsequent events

On April 11, 2017, the City of Madras obtained a \$1,115,000 Clean Water State Revolving Fund Loan from the State of Oregon Department of Environmental Quality (DEQ) to fund upgrades to the Herzberg Heights and Bel Air Estates Waste Water Systems. The loan terms are interest at 1.41% per annum, with payments for thirty years following completion of the project. The City drew its first disbursement from the loan in September 2018. On December 5, 2018, upon completion of the project, the DEQ forgave \$500,000 of the loan, amending the agreement for the loan to reflect a balance due of \$615,000. The City will begin repayment in April, 2019 and continue through October, 2048.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MADRAS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last 10 Years Ended June 30, *

	2018	2017	2016	2015	2014
Proportion of the collective net pension liability (asset)	0.02105521%	0.20250360%	0.27228430%	0.26740910%	0.27000000%
Proportionate share of the collective net pension liability (asset)	\$ 2,838,250	\$ 3,040,049	\$ 1,563,310	\$ (606,140)	\$ 1,364,628
Covered payroll	\$ 2,043,787	\$ 1,872,016	\$ 1,758,503	\$ 1,571,466	\$ 1,533,879
Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll	138.872%	162.394%	88.90%	-38.57%	88.97%
Pension plan's fiduciary net position as a percentage of the total pension liability	83.12%	80.53%	91.88%	103.59%	92.00%

* Information will be accumulated annually until 10 years is presented

CITY OF MADRAS

SCHEDULE OF CONTRIBUTIONS

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last 10 Years Ended June 30, *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 331,183	\$ 244,594	\$ 237,410	\$ 197,022	\$ 203,857
Contractually required contributions recognized by the pension plan	331,183	244,594	237,410	197,022	203,857
Difference	-	-	-	-	-
Covered payroll	2,043,787	1,872,016	1,758,503	1,571,466	1,533,879
Contractually required contributions as a percentage of covered payroll	16.20438%	13.06581%	13.50069%	12.53747%	13.29029%

* Information will be accumulated until 10 years are presented.

CITY OF MADRAS

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Last 10 Years Ended June 30, *

	2018	2017
Proportion of the collective net OPEB liability (asset)	0.01783509%	0.01779924%
Proportionate share of the collective net OPEB liability (asset) \$	(7,433) \$	4,834
Covered payroll	\$ 2,043,787 \$	1,872,016
Proportionate share of the collective net OPEB liability (asset) as a percentage of the covered payroll	-0.364%	0.258%
OPEB plan's fiduciary net position as a percentage of the total OPEB liability (asset)	108.879%	94.148%

* Information will be accumulated annually until 10 years is presented

CITY OF MADRAS

SCHEDULE OF CONTRIBUTIONS

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last 10 Years Ended June 30, *

	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 9,467	\$ 8,567
Contractually required contributions recognized by the OPEB plan	9,467	8,567
Difference	-	-
Covered payroll	2,043,787	1,872,016
Contractually required contributions as a percentage of covered payroll	0.46321%	0.45763%

* Information will be accumulated until 10 years are presented.

CITY OF MADRAS
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
Last 10 Plan Fiscal Years

	<u>June 30, 2018</u>
Service cost	\$ 59,790
Interest on total OPEB liability	31,266
Effect of assumptions changes or inputs	(68,982)
Benefit payments	<u>(23,002)</u>
Net change in total OPEB liability	(928)
Total OPEB liability - beginning of year	<u>1,048,677</u>
Total OPEB liability - end of year	<u><u>\$ 1,047,749</u></u>
Covered payroll	\$ 2,043,787
Total OPEB liability as a percentage of covered payroll	51.3%

Notes to schedule

Information will be accumulated until 10 years are presented.

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INDIVIDUAL FUND SCHEDULES

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CITY OF MADRAS
DEBT SERVICE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 182,450	\$ 157,810	\$ (24,640)
TOTAL REVENUES	<u>182,450</u>	<u>157,810</u>	<u>(24,640)</u>
EXPENDITURES			
Materials and services	450	37,616	(37,166)
Debt service	<u>182,000</u>	<u>157,810</u>	<u>24,190</u>
TOTAL EXPENDITURES	<u>182,450</u>	<u>195,426</u>	<u>(12,976)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(37,616)</u>	<u>(37,616)</u>
OTHER FINANCING SOURCES (USES)			
Interfund loan	-	(25,000)	(25,000)
Premium on refunding bonds	-	122,765	122,765
Issuance of long-term obligations	-	1,770,000	1,770,000
Payment to bond refunding agent	-	(1,850,824)	(1,850,824)
Transfers in	<u>28,876</u>	<u>53,876</u>	<u>25,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>28,876</u>	<u>70,817</u>	<u>41,941</u>
Net change in fund balance	28,876	33,201	4,325
Fund balance at beginning of year	<u>(22,790)</u>	<u>333,820</u>	<u>356,610</u>
Fund balance at end of year	<u>\$ 6,086</u>	367,021	<u>\$ 360,935</u>
Reconciliation to generally accepted accounting principles and governmental fund balance			
Interfund loan		<u>1,995,000</u>	
Fund balance at end of year		<u>\$ 2,362,021</u>	

CITY OF MADRAS
CAPITAL PROJECTS FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ -	\$ 8,130	\$ 8,130
System development charges	319,243	425,747	106,504
Interest	500	10,027	9,527
Miscellaneous	-	1,871	1,871
TOTAL REVENUES	<u>319,743</u>	<u>445,775</u>	<u>126,032</u>
EXPENDITURES			
SDC park improvement	28,000	13,550	14,450
SDC street improvement	40,010	39,999	11
SDC storm water improvement	10	-	10
SDC street reimbursement	10	-	10
Debt service	172,500	170,019	2,481
Contingency	70,500	-	70,500
TOTAL EXPENDITURES	<u>311,030</u>	<u>223,568</u>	<u>87,462</u>
Excess (deficiency) of revenues over expenditures	<u>8,713</u>	<u>222,207</u>	<u>213,494</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	20	-	(20)
Transfers out	(54,520)	(54,510)	10
TOTAL OTHER FINANCING SOURCES (USES)	<u>(54,500)</u>	<u>(54,510)</u>	<u>(10)</u>
Net change in fund balance	(45,787)	167,697	213,484
Fund balance at beginning of year	<u>280,392</u>	<u>377,717</u>	<u>97,325</u>
Fund balance at end of year	<u>\$ 234,605</u>	<u>\$ 545,414</u>	<u>\$ 310,809</u>

CITY OF MADRAS
WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 575,071	\$ 641,126	\$ 66,055
System development charges	10	2,818	2,808
Interest	250	5,036	4,786
Miscellaneous	<u>-</u>	<u>547</u>	<u>547</u>
TOTAL REVENUES	<u>575,331</u>	<u>649,527</u>	<u>74,196</u>
EXPENDITURES			
Water operations	631,988	562,260	69,728
SDC water improvement	20	-	20
Debt service	10,000	9,266	734
Contingency	<u>78,232</u>	<u>-</u>	<u>78,232</u>
TOTAL EXPENDITURES	<u>720,240</u>	<u>571,526</u>	<u>148,714</u>
Excess (deficiency) of revenues over expenditures	<u>(144,909)</u>	<u>78,001</u>	<u>222,910</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(55,010)</u>	<u>(55,010)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(55,010)</u>	<u>(55,010)</u>	<u>-</u>
Net change in fund balance	(199,919)	22,991	222,910
Fund balance at beginning of year	<u>241,558</u>	<u>256,442</u>	<u>14,884</u>
Fund balance at end of year	<u><u>\$ 41,639</u></u>	<u>279,433</u>	<u><u>\$ 237,794</u></u>
<i>Reconciliation to generally accepted accounting principles</i>			
Net other postemployment benefit asset		235	
Capital assets, net		682,226	
Deferred outflows of resources		28,568	
Accrued interest payable		(295)	
Bond premium		(5,304)	
Other postemployment benefit liability		(33,053)	
Net pension liability		(90,487)	
Long-term obligations		(106,800)	
Deferred inflows of resources		<u>(25,486)</u>	
Net position - ending		<u><u>\$ 729,037</u></u>	

CITY OF MADRAS
WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	Budget	Actual	Variance
REVENUES			
Charges for services	\$ 3,125,219	\$ 3,317,827	\$ 192,608
Intergovernmental	1,000,000	175	(999,825)
System development charges	41,095	91,923	50,828
Assessments	1,100	(347)	(1,447)
Interest	1,932	20,383	18,451
Miscellaneous	2,370	1,925	(445)
TOTAL REVENUES	<u>4,171,716</u>	<u>3,431,886</u>	<u>(739,830)</u>
EXPENDITURES			
Wastewater operations	2,744,788	2,661,864	82,924
SDC improvement	1,005,860	493,003	512,857
SDC reimbursement	10	-	10
Debt service	551,150	548,650	2,500
Contingency	28,469	-	28,469
TOTAL EXPENDITURES	<u>4,330,277</u>	<u>3,703,517</u>	<u>626,760</u>
Excess (deficiency) of revenues over expenditures	<u>(158,561)</u>	<u>(271,631)</u>	<u>(113,070)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	50,000	50,000	-
Transfers out	(39,163)	(39,163)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,837</u>	<u>10,837</u>	<u>-</u>
Net change in fund balance	(147,724)	(260,794)	(113,070)
Fund balance at beginning of year	1,323,294	1,371,456	48,162
Prior period adjustment	-	175,686	175,686
Fund balance at end of year	<u>\$ 1,175,570</u>	1,286,348	<u>\$ 110,778</u>
<i>Reconciliation to generally accepted accounting principles</i>			
Net other postemployment benefit asset		1,038	
Capital assets, net		26,315,598	
Deferred outflows of resources		107,288	
Unavailable revenue		7,188	
Accrued interest payable		(193,364)	
Bond premium		(65,292)	
Other postemployment benefit liability		(146,069)	
Net pension liability		(216,658)	
Long-term obligations		(10,467,769)	
Deferred inflows of resources		<u>(22,346)</u>	
Net position - ending		<u>\$ 16,605,962</u>	

CITY OF MADRAS
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 625,500	\$ 799,389	\$ 173,889
Intergovernmental	240,500	311,813	71,313
Rental income	424,577	463,858	39,281
Interest	-	6,711	6,711
Miscellaneous	<u>100</u>	<u>59,825</u>	<u>59,725</u>
TOTAL REVENUES	<u>1,290,677</u>	<u>1,641,596</u>	<u>350,919</u>
EXPENDITURES			
Airport operations	1,346,556	1,244,591	101,965
Airport construction	10	-	10
Debt service	88,250	86,565	1,685
Contingency	<u>65,400</u>	<u>-</u>	<u>65,400</u>
TOTAL EXPENDITURES	<u>1,500,216</u>	<u>1,331,156</u>	<u>169,060</u>
Excess (deficiency) of revenues over expenditures	<u>(209,539)</u>	<u>310,440</u>	<u>519,979</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	113,500	3,500	(110,000)
Transfers out	<u>(195,390)</u>	<u>(84,446)</u>	<u>110,944</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(81,890)</u>	<u>(80,946)</u>	<u>944</u>
Net change in fund balance	(291,429)	229,494	520,923
Fund balance at beginning of year	<u>333,174</u>	<u>193,496</u>	<u>(139,678)</u>
Fund balance at end of year	<u><u>\$ 41,745</u></u>	422,990	<u><u>\$ 381,245</u></u>

Reconciliation to generally accepted accounting principles

Capital assets, net	12,902,886
Unavailable revenue	2,647
Accrued interest payable	(3,462)
Bond premium	(46,410)
Long-term obligations	<u>(985,412)</u>
Net position - ending	<u><u>\$ 12,293,239</u></u>

CITY OF MADRAS
INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, permits and fees	\$ 39,600	\$ 46,871	\$ 7,271
Charges for services	3,585,694	3,541,793	(43,901)
Rental income	-	1,230	1,230
Interest	18,250	-	(18,250)
Miscellaneous	<u>17,250</u>	<u>54,334</u>	<u>37,084</u>
TOTAL REVENUES	<u>3,660,794</u>	<u>3,644,228</u>	<u>(16,566)</u>
EXPENDITURES			
Central services	1,148,429	1,099,574	48,855
Public works	1,596,778	1,461,492	135,286
Building	205,523	193,907	11,616
Fleet	423,630	399,460	24,170
Debt service	225,000	183,261	41,739
Contingency	<u>116,900</u>	<u>-</u>	<u>116,900</u>
TOTAL EXPENDITURES	<u>3,716,260</u>	<u>3,337,694</u>	<u>378,566</u>
Excess (deficiency) of revenues over expenditures	<u>(55,466)</u>	<u>306,534</u>	<u>362,000</u>
OTHER FINANCING SOURCES (USES)			
Premium on refunding bonds	-	95,368	95,368
Issuance of long-term obligations	-	1,375,000	1,375,000
Payment to bond refunding agent	-	(1,484,902)	(1,484,902)
Transfers in	105,000	105,000	-
Transfers out	<u>(374,213)</u>	<u>(399,213)</u>	<u>(25,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(269,213)</u>	<u>(308,747)</u>	<u>(39,534)</u>
Net change in fund balance	(324,679)	(2,213)	322,466
Fund balance at beginning of year	<u>908,507</u>	<u>984,587</u>	<u>76,080</u>
Fund balance at end of year	<u>\$ 583,828</u>	<u>982,374</u>	<u>\$ 398,546</u>
<i>Reconciliation to generally accepted accounting principles</i>			
Net other postemployment benefit asset		2,532	
Capital assets, net		7,434,298	
Deferred outflows of resources		465,679	
Refunded debt charges		133,119	
Unavailable revenue		3,496	
Accrued interest payable		(21,532)	
Compensated absences		(14,559)	
Other postemployment benefit liability		(356,490)	
Net pension liability		(1,297,699)	
Long-term obligations		(3,571,337)	
Deferred inflows of resources		<u>(189,284)</u>	
Net position - ending		<u>\$ 3,570,597</u>	

OTHER INFORMATION

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Post Compliance Reporting Fiscal Year Ending June 30, 2018

Local Oregon Capital Assets Program, Certificates of Participation, Series 2011B (“2011B COPs”)
Local Oregon Capital Assets Program, Certificates of Participation, Series 2011B (“2012B COPs”)
City of Madras, Full Faith and Credit Refunding Obligations, Series 2013 (“2013 Obligations”)
City of Madras, Full Faith and Credit Refunding Obligations, Series 2015 (“2015 Obligations”)
City of Madras, Full Faith and Credit Refunding Obligations, Series 2017 (“2017 Obligations”)

Securities and Exchange Commission Rule 15c2-12, as amended (the “Rule”) requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Obligations, if material. Pursuant to the Rule, the City has agreed to provide to the Municipal Securities Rulemaking Board (“MSRB”), audited financial information of the City and certain financial information or operating data. In addition, the City has agreed to provide to the MSRB, notice of certain events, pursuant to the requirements of Section (b)(5)(i) of the Rule.

The following information meets the other operating data required to be reported with the audited financial information of the City under the Securities and Exchange Commission Rule 15c2-12.

Property Values – City of Madras

Taxable Property Values

The City					
	Permanent Levy and Bond Levy				
Fiscal Year	Measure 5 Real Market Value	Total Taxable Assessed Value	Urban Renewal Excess Value	Assessed Value to compute the Taxes	Taxes to Be Received General Fund
2018	\$455,110,414	\$352,041,191	\$26,675,246	\$325,365,945	\$1,342,544
2017	407,686,611	344,015,154	24,278,096	309,737,058	1,279,434
2016	369,700,511	318,255,793	23,978,363	294,277,430	1,214,558
2015	375,072,095	305,835,643	22,317,792	283,517,851	1,177,669
2014	362,214,121	283,117,698	21,112,484	262,005,214	1,150,281
2013	358,443,373	274,904,016	20,541,405	254,362,611	1,114,497
2012	369,575,050	279,339,617	21,942,895	257,396,722	1,130,073
2011 ³	407,423,469	296,192,033	20,677,896	275,141,137	1,207,632

¹ Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

² Assessed value of property in the City on which the permanent rate is applied to derive *ad valorem* property taxes, excluding any other offsets.

³ In Fiscal Year 2011 the values for the permanent levy and the bond levy differed as the valuations for City’s permanent levy was subject a “Phase-in Levy” for industrial property annexed by the City. The Phase-in Levy was in place for seven years and sunset in Fiscal Year 2010/11. For Fiscal Year 2010/11 the City’s Measure 5 Real Market Value, Total Taxable Assessed Value, and Assessed Value to Compute the Taxes were equal to \$346,839,908, \$243,447,167 and \$222,769,271, respectively. The differences between the valuations shown in the table above represent the Phase-In Levy Valuations.

Source: Jefferson County Department of Assessment and Taxation and the Oregon Department of Revenue.

Tax Rate History and Percent Collected

Tax Collection Record¹

Fiscal Year	Percent collected as of			
	Permanent Tax Rate	Bond Tax Rate	Local Option Rate	Levy Year ² 6/30/2018 ³
2018	\$4.1262	0.000	0.00	95.6% 98.0%
2017	4.1262	0.000	0.00	95.2 98.0
2016	4.1262	0.000	0.00	97.4 97.4
2015	4.1262	0.000	0.00	96.7 98.3
2014	4.1262	0.2996	0.00	96.4 99.1
2013	4.1262	0.3602	0.00	95.7 99.6
2012	4.1262	0.3728	0.00	95.3 99.9

¹ Percentage of total tax levy collection in the County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.

² The percentage of taxes collected in the “year of the levy” represents taxes collected in a single levy year, beginning July 1 and ending June 30.

³ The percentage of taxes collected represents taxes collected for that levy year through June 30, 2018.

Source: Jefferson County Department of Assessment and Taxation.

Major Taxpayers – City of Madras

(Fiscal Year 2017-2018)

The following table shows the top taxpayers in the City.

Taxpayer	Business/Service	Tax ¹	Assessed Value ²	Percent of Value
Bright Wood Corporation	Manufacturer (Wood Components)	\$293,283.13	\$16,056,810	27.61%
Keith Investments, LLC	Manufacturer (Material Handling Systems)	158,287.63	8,645,540	14.87
PacifiCorp	Power Utility	152,586.40	8,356,000	14.37
Safeway, Inc.	Grocer	116,459.75	5,849,310	10.06
East Cascade Retirement	Retirement Community	84,600.37	4,607,320	7.92
Bright Wood Corporation	Manufacturer (Wood Components)	75,804.91	4,151,260	7.14
Aero Air. LLC DBA				
Erickson Aero Tankers	Aeronautics	61,531.25	3,369,600	5.79
Cross Keys LLC	Lodging	47,958.80	2,408,780	4.14
Albina Fuel Co. Inc.	Petroleum Products	47,017.52	2,296,660	3.95
RGV Palisades LLC	Commercial Property	46,311.35	2,406,280	4.14
Subtotal - Ten largest		<u>\$1,083,841.11</u>	58,147,560	17.87%
All other City taxpayers			267,218,385	82.13
Total City			\$325,365,945	100.0%

¹ Tax amount is the total tax paid by the taxpayer. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

² Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Jefferson County Department of Assessment and Taxation.

Major Taxpayers – Jefferson County

(Fiscal Year 2017-2018)

The following table shows the top taxpayers in the County.

Taxpayer	Business/Service	Tax ¹	Assessed Value ²	Percent of Value
Portland General Electric	Electric Utility	3,423,743.65	243,160,200	61.21%
Gas Transmission Northwest Corporation	Gas Utility	554,194.65	41,555,600	10.46
PacifiCorp	Power Utility	514,097.29	32,936,000	8.29
Bright Wood Corporation	Manufacturer (Wood Components)	379,043.20	20,838,790	5.25
Warm Springs Power Enterprises	Hydroelectric Utilities	225,293.92	16,000,000	4.03
BNSF Railway Company	Railroad	182,735.88	9,992,080	2.52
Keith Manufacturing Inc./Keith Investments	Manufacturer (Material Handling Systems)	184,629.51	12,042,800	3.03
Safeway, Inc.	Grocer	113,930.86	6,806,070	1.71
Union Pacific Railroad	Railroad	128,072.01	8,110,000	2.04
Century Link	Telecommunications	95,098.94	5,848,000	1.47
Subtotal - Ten largest taxpayers		<u>\$5,820,839.91</u>	397,286,540	23.49%
All other City taxpayers			1,293,906,079	74.74
Total City			\$1,691,192,619	100.0%

¹ Tax amount is the total tax paid by the taxpayer within the boundaries of the County. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

² Assessed value does not exclude offsets such as urban renewal and farm tax credits.

³ Portland General Electric ("PGE") operates the Pelton Round Butte hydroelectric project. It is the only project in the U.S. jointly owned by a Native American tribe and a utility. Currently, the project is two-thirds owned by PGE, and one-third owned by the Confederated Tribes of the Warm Springs Reservation of Oregon, through its Warm Springs Power Enterprises. The project is located on the Deschutes River in Jefferson County approximately six miles west of Madras, and approximately 90 miles southeast of downtown Portland. About one third of the central hydro project (dams, reservoirs and shore land) is located on the Warm Springs Reservation. Source: portlandgeneral.com.

Source: Jefferson County Department of Assessment and Taxation

Summary of Overlapping Debt

Fiscal Year 2017/18				
Overlapping Issuer Name	Overlapping Real Market Valuation	Percent Overlapping	Overlapping Debt	
			Gross Property Tax-Backed Debt ¹	Net Property Tax-Backed Debt ²
Central Oregon Community College	\$43,284,349,901	1.19%	\$729,602	\$634,182
Jefferson County	2,864,991,925	18.00	1,375,185	1,375,185
Jefferson Cnty RFPD 1 (Madras)	1,318,925,729	39.10	62,559	62,559
Jefferson Co./Madras School District No. 509J	1,673,949,658	30.81	12,287,030	12,287,030
Madras Aquatic Center	1,638,714,206	31.47	1,469,385	1,469,385
			<u>\$15,923,761</u>	<u>\$15,828,341</u>

¹ Gross Property Tax-Backed Debt includes all limited and unlimited tax supported debt.

² Net Property Tax-backed Debt is Gross Property Tax-Backed debt less self-supporting unlimited tax general obligation debt and less self-supporting full faith and credit debt.

Source: Debt Management Division, the Office of the State Treasurer.

Debt Ratios

The following table presents information regarding the City's tax supported direct debt, including the Obligations, and the estimated portion of the debt of overlapping taxing districts allocated to the City's property owners. Property tax-backed debt shown in the following table does not include appropriation credits, conduit revenue bonds, dedicated niche obligations, revenue bonds, obligations issued for less than 13-month, lease purchase agreements, loans, lines of credit or other non-publicly offered financial obligations.

Debt Ratios		
Real Market Value	\$515,693,975	
Estimated Population	6,300	
Per Capita Real Market Value	\$81,856	
Debt Information	Gross Property Tax-Backed Debt ^{1, 2}	Net Property Tax-Backed Debt ^{1, 3}
Direct Debt	\$17,545,000	\$7,275,000
Overlapping Direct Debt	113,592,220	15,828,341
Total Direct Debt	<u>\$131,137,220</u>	<u>\$23,103,341</u>
Bonded Debt Ratios ¹		
Direct Debt to Real Market Value	3.40%	1.41%
Total Direct Debt to Real Market Value	25.43%	4.48%
Per Capita Direct Debt	\$2,785	\$1,155
Per Capita Total Direct Debt	\$20,815	\$3,667

¹ Preliminary; subject to change.

² Gross Property Tax-Backed Debt includes all limited and unlimited tax supported debt, including the Obligations.

³ Net Property Tax-backed Debt is Gross Property Tax-Backed debt less self-supporting unlimited tax general obligation debt and less self-supporting full faith and credit debt. The Obligations are *NOT* classified as self-supporting for the purposes of this table.

Source: Jefferson County, Oregon State Treasury, City's Audited Financial Statements and the Obligations.

City Pension Plan Actuarial Valuations

	Actuarial Valuation as of			
	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Allocated Pooled SLGRP T1/T2 UAL	\$2,587,569	\$3,397,232	\$3,804,334	\$3,732,485
Allocated Pre SLGRP pooled liability/(surplus)	\$0	\$0	0	0
Transition liability/(surplus)	\$(586,450)	\$(575,750)	\$(562,238)	\$(533,329)
Allocated pooled OPSRP UAL	\$183,201	\$252,176	\$303,804	\$294,837
Side Account	\$0	\$0	\$0	\$0
Net unfunded pension actuarial accrued liability	\$2,184,320	\$3,073,658	\$3,545,900	\$3,493,993
Combined Valuation Payroll	\$1,602,507	\$1,773,836	\$1,764,637	\$1,956,566
Net Pension UAL as a % of Payroll	136%	173%	201%	179%
Pre-SLGRP Pooled Rate	0.00%	0.00%	0.00%	0.00%
Transition Rate	(3.62)%	(3.42)%	(3.54)%	(3.28)%
Side Account Rate Relief	0.00%	0.00%	0.00%	0.00%
Allocated Pooled RHIA UAL	\$12,738	\$8,613	\$(240)	\$(22,419)
Allocated Pooled RHIPA UAL	\$0	\$0	\$0	\$0

Source: Oregon Public Employees Retirement System (OPERS) website, 2019 Actuarial Valuations

Possible Contribution Rate Collar

12/31/2017 Valuation:

The rate collar limits changes in contribution rates for the rate pool, but does not limit changes in rates for individual employers related to pre-SLGRP liabilities or side accounts. In addition, changes in an individual employer's workforce between Tier 1 and Tier 2 or between general service and police and fire can impact that employer's normal cost rate in a way that is not limited by the collar. The table below shows the possible minimum and maximum rates for the SLGRP first effective as of July 1, 2019, which will depend on the funded status as of December 31, 2017. If the Pool's funded status excluding side accounts is less than 60 percent or greater than 140 percent, the rate collar doubles in size. If the Pool's funded status excluding side accounts is between 60 and 70 percent or between 130 and 140 percent, the size of the rate collar is increased on a graded scale. The rates shown are before any adjustment for side account rate offsets or pre-SLGRP liabilities.

Funded Status as of December 31, 2019	Under 60% or Over 140%	
	70% to 130%	140%
2019-2021 Normal Cost & Tier 1/Tier 2 UAL Rate	26.26%	26.26%
Minimum 2021-203 Rate	21.01%	15.76%
Maximum 2021-2023 Rate	31.51%	36.76%

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Members
of the City Council
CITY OF MADRAS
Madras, Oregon

We have audited in accordance with auditing standards generally accepted in the United States of America the basic financial statements of the CITY OF MADRAS as of and for the year ended June 30, 2018, and have issued our report thereon dated February 28, 2019.

Compliance and Other Matters

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

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

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

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS (Continued)**

Compliance and Other Matters (continued)

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

OAR 162-10-0230 Internal Control

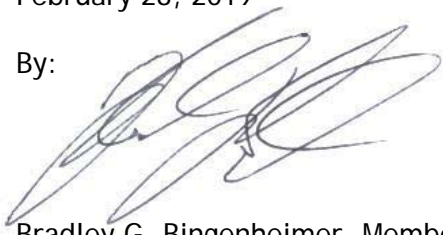
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose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

Restriction of Use

This report is intended solely for the information and use of the council members and management of CITY OF MADRAS and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
February 28, 2019

By:

A handwritten signature in blue ink, appearing to read 'B. Bingenheimer', is written over a faint, circular blue ink stamp.

Bradley G. Bingenheimer, Member



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council
City of Madras, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon February 28, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings as items 2018-001 through 2018-003, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as item 2018-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as items 2018-002 and 2018-003 to be significant deficiencies.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings as items 2018-001 through 2018-003.

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boldt Carlisle & Smith

Boldt Carlisle + Smith
Certified Public Accountants
Salem, Oregon
February 28, 2019

CITY OF MADRAS
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2018

2018-001

Criteria: Internal controls include a component for information and communication. Information from systems should be reliable for use in reporting revenues from utility billings.

Condition: The City's utility billing system does not produce reliable information and as a result City personnel must manipulate the data using excel. This process can result in material errors that could be undetected.

Cause: The meter reading system is not reliable.

Effect: Material errors could result from manipulation of the data.

Response: The City agrees with this finding. The City recognized a lack of segregation of duties during a period of high turn-over and increased business activities. The City incorporated a compensating control for supervisory review and approval of a utility billing adjustment report. This is now part of the month-end close process.

2018-002

Criteria: Internal controls over financial reporting should include both supervisory review and approval of journal entries prior to the entry being posted, as well as review that only approved entries were posted. Once posted to the system, journal entries should not be changed.

Condition: As part of the monthly closing process, journal entries are prepared and posted to the general ledger, entries that are presented for approval are approved. However, there is no review of a posted journal entry report to ensure only approved entries have been made. Additionally, approved journal entries can be changed once posted.

Cause: The review of approved journal entries against posted journal entries has not been performed. One employee has rights to post journal entries and can also change an entry once it has been approved and posted.

Effect: Journal entries could be posted without approval, or changed after the approval, which could result in a misstatement that is not detected and corrected in a timely manner.

Response: The City agrees with this finding. Internal Controls were implemented during the year to include supervisory review and only approved journal entries are posted. Only one person has user rights to post journal entries and can also change an entry once it has been approved and posted. The Accounting Software, Caselle, is expected to make some user rights permission adjustments to allow for separate user modifications and segregation of duties. Once that is released, staff will make adjustments to the Journal Entry process to include additional approval.

Criteria: Internal controls over the payroll and disbursement cycle should include adequate segregation of duties.

Condition: As part of the City's control structure, it has limited access to the software program through user rights. An employee has user rights to all areas within the payroll and disbursement cycles and performs the bank reconciliation. The employee could initiate, approve and execute a payroll without review and approval. The employee could also initiate and execute a disbursement with no involvement other than the signing of the check.

Cause: The City's software program and user rights allow full access for one employee to perform all functions if given rights, and there is no approval process required within the software program to prevent one individual from performing all functions.

Effect: Fraud or errors associated with payroll and associated costs, and other disbursements could result in a misstatement that is not detected and corrected in a timely manner.

Response: The City agrees with this finding. The Finance Director and Accounting Analyst work together to ensure the payroll cycle includes segregation of duties. Internal Controls have been implemented to limit user rights that will not allow access to the entire payroll cycle.

REDMOND MUNICIPAL AIRPORT



Madras City Council
MARCH 12, 2019

COAST/COLLABORATIVE AIR SERVICE RECRUITMENT

- COAST – Central Oregon Air Service Taskforce
- 30+ year, voluntary effort between airport, business, visitor industries
- Hard costs covered by participating organizations, Redmond Airport
- Assisted with professional help from commercial air service consultant (Mead & Hunt), hired by RDM
- Provides trend information about regional economy, business development and tourism
- Organizes local, regional financial incentive package
- National model for cooperation and results

RDM has the fastest year-over-year growth in seat capacity (28%) and passengers (23%) of any airport in the Pacific NW.

EDCO MOVE
START
GROW



Mead
& Hunt



COAST/COLLABORATIVE AIR SERVICE RECRUITMENT

- Scheduled meetings with airline decision-makers at least once annually and as many as three times per year
- Headquarter meetings with schedule, planning management teams (airlines meet with, on average, 300 communities annually – 10% get new service)
- Mead & Hunt national air service conference
- Airports Council International Jump Start conference



DELTA

American Airlines



Alaska
AIRLINES



SkyWest
AIRLINES

Southwest

Traditionally, airlines do not push new service to non-hub airports, we must pull in new, non-stop destinations, increased flight frequency and aircraft upgrades



COAST/COLLABORATIVE AIR SERVICE RECRUITMENT

- As with any startup, losses in the first year are standard
- Average total risk for airlines for new service for one year: \$12 million (one round-trip)
- Outside incentives are a hedge against these losses
- Incentive packages typically start at \$1 million for service to a new destination (usually includes federal grant funding)
- What can be included: temporary landing fee waivers, marketing support, airline travel bank (prepaid travel), revenue guarantees



U.S. Department
of Transportation



Traditionally, airlines do not push new service to non-hub airports, we must pull in new, non-stop destinations, increased flight frequency and aircraft upgrades



RDM-PHX RECRUITMENT/REVENUE GUARANTEE

- Small Community Air Service Development Program (SCASDP) grant from the U.S. Dept. of Transportation (roughly 10-12 awarded annually)
- \$500,000 grant requires local/regional cash match (RDM excluded, 20% is considered “competitive”)
- \$100,000 local cash match proposed in grant application becomes a condition of award, dollars had to be collected up front and are dispersed to the airline along with the SCASDP grant as airline incurs losses (DOT audited financial reports)
- \$75,000 marketing & advertising spend (Central Oregon and Phoenix market) to drive traffic to the new service
- \$95,000 landing fee waivers from RDM



U.S. Department
of Transportation



Marketing by the airlines for non-hub airport service is almost unheard of



RDM-PHX RECRUITMENT/REVENUE GUARANTEE

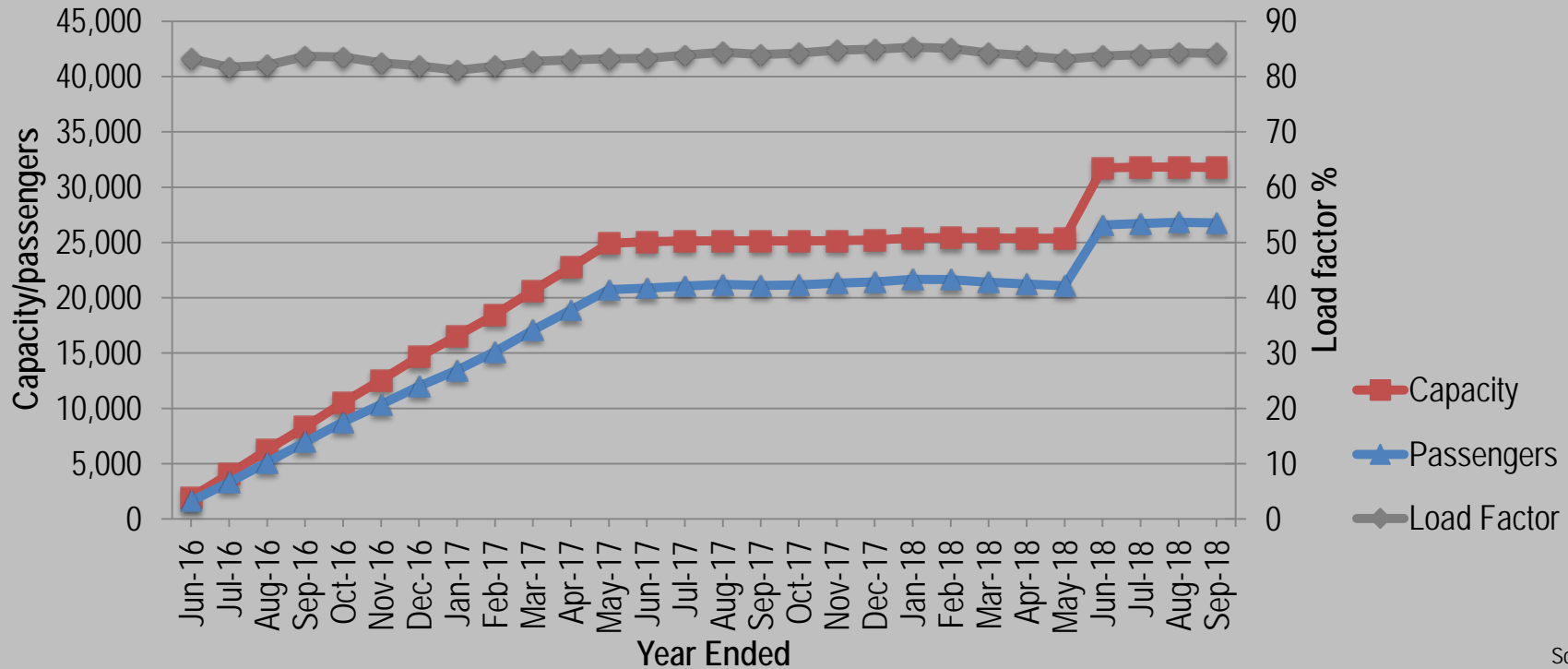
Local Cash Match for SCASDP Grant for Revenue Guarantee – LAX & PHX Recruitment		
	2013 Contribution (LAX)	2016 Contribution (PHX)
Crook County	\$10,000	\$7,896
Deschutes County	\$25,000	\$21,833
Jefferson County	\$0	\$6,000
City of Bend	\$15,000	\$30,000
City of Madras	\$5,000	\$2,379
City of Prineville	\$4,000	\$3,566
City of Redmond (not RDM)	\$20,000	\$10,173
City of Sisters	\$3,000	\$832
Bend Chamber	\$10,000	\$887
COVA	\$0	\$20,000
TOTALS	\$100,000	\$100,000

Source: Diio Mi

Disbursement of revenue guarantees are set by agreement between airline, airport and DOT prior to service launch (monthly, quarterly, annual true-ups)



RDM-PHX TRAFFIC/CAPACITY TRENDS



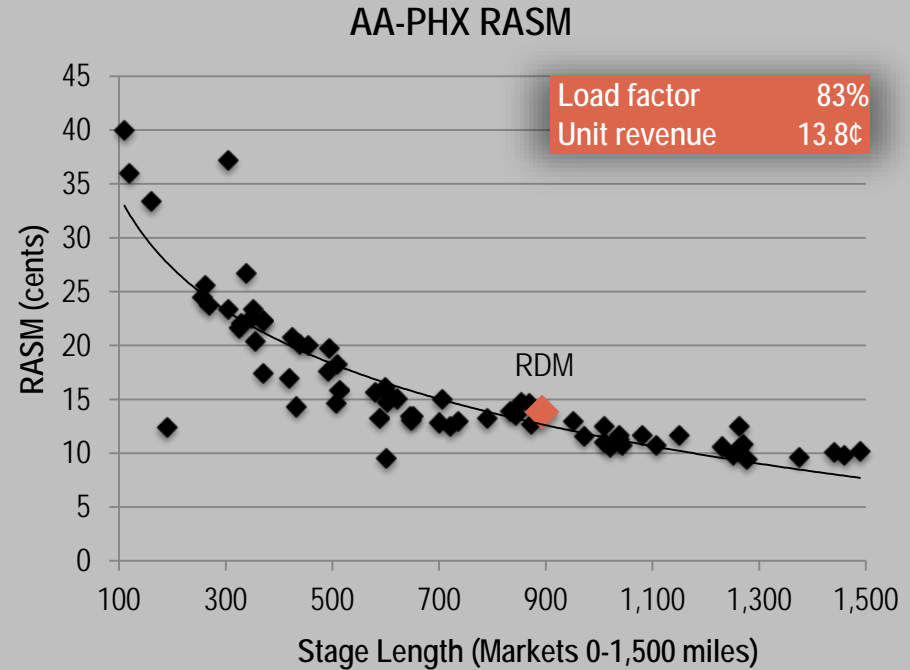
Source: Diio Mi

Load factors have been very steady/strong with capacity increasing through larger aircraft – remains at 1 daily roundtrip.



RDM-PHX RASM PERFORMANCE

- Revenue per available seat mile (RASM) – our best data to estimate profitability
- Most recent year ended period – 2Q 2018
- PHX RASM was at AA's average (indicating profitable market and strong performance) while load factors were slightly below the market average of 85% (no concern)
- AA has indicated they want to add a 2nd roundtrip when aircraft is available



Source: Diio Mi; YE Q2 2018



RDM-PHX RECRUITMENT/REVENUE GUARANTEE

- Due to strong market demand and effective marketing, PHX service has been very successful
- Payments from revenue guarantee funds were minimized
- \$368,352 returned to DOT for future SCASDP grants nationwide
- \$70,378 remaining of local funds
- COAST plan of action to use residual funding for future air service recruitment
- Behind the scenes work to find sustainable funding for revenue guarantees, eliminate need to come back to cities and counties for future requests

COAST discussed plan for use of residual funding from the RDM-PHX Revenue Guarantee for the past 12 months



REDMOND MUNICIPAL AIRPORT



QUESTIONS?



Roger Lee, Economic Development for Central Oregon
roger@edcoinfo.com
Phone: (541) 388-3236



CITY OF MADRAS
Request for Council Action

Date Submitted: February 26, 2019

Agenda Date Requested: March 12, 2019

To: Madras City Council

Through: Gus Burrell, City Administrator

From: Nicholas Snead, Community Development Director

Subject: **CBD/Hemp Text Amendments Discussion.**

TYPE OF ACTION REQUESTED: (Check One)

<input type="checkbox"/> Resolution	<input checked="" type="checkbox"/> Ordinance
<input type="checkbox"/> Formal Action/Motion	<input type="checkbox"/> Other
<input checked="" type="checkbox"/> No Action - Report Only	

DISCUSSION:

At the February 26, 2019 City Council meeting, the Community Development Director would like to discuss the need to amend the City's Development Code to include regulations for Cannabidiol (CBD)/Hemp related land uses. Currently, the City's definition of "Marijuana" includes CBD and Hemp due to the City adopting the State's definition of Marijuana at the time it adopted Marijuana Zoning and Time, Place, and Manner regulations. Therefore, CBD is treated like a Marijuana under current City regulations. The State has now differentiated Marijuana and CBD/Hemp. Staff anticipates interest in CBD processing businesses but not CBD retail sales in the City. Staff seeks guidance from the City Council on how to proceed, or not, with amending the Development Code to regulate CBD/Hemp related land uses.

Informal Feedback Needed from the City Council:

1. Is there interest in amending the Development Code to regulate CBD related land uses?
2. If so, is an Advisory Committee comprised of local stakeholders and representation from the CBD industry necessary to identify needed Development Code amendments for CBD land uses?
3. What Zoning Districts would you expect CBD land uses to be allowed:
 - a. Industrial Zone (I)
 - b. Mixed Use Employment (MUE)
 - c. Corridor Commercial (C-1)
 - d. Downtown Commercial (C-2)
 - e. Community Commercial (C-3)
4. Do you think CBD processors should be required to control odors from coming from the processing building?

SUMMARY:**A. General Coordination:**

Department Review	Reviewed By	Date	Not Required
City Administrator	Gus Burril		
City Attorney	Jeremy Green		
City Recorder	Lysa Vattimo		
Finance	Kristal Hughes		
Police	Tanner Stanfill		
Public Works	Jeff Hurd		

B. Fiscal Impact:

N/A

C. Funding Source:

N/A

D. Explanation of Impact:

City Council discussion will guide the Community Development Department's general approach in how it identify Development Code amendments for CBD/Hemp related land uses.

E. Relationship to City Council Annual Strategic Implementation Plan:

☒ Yes ☐ No

Discussion: The discussion about whether to regulate CBD land uses is related to Goal 1: Adopt and Implement a Comprehensive Economic Development Strategy in the FY 2018-19 Annual Strategic Plan. The objective for this Goal specifies that the City is to, "Adopt an Economic Development Strategy to focus and guide leadership on the use of resources in improving the overall economic health of Madras." Therefore, the discussion of if and how to regulate CBD land uses will allow the Community Development Department to focus and guide its resources to ensure the overall economic health of Madras is maintained, if not improved.

F. Supporting Documentation:

None.

STAFF RECOMMENDATION:

No action is requested of the City Council.

MOTION FOR COUNCIL ACTION:

No action is requested of the City Council.

CITY OF MADRAS

Request for Council Action

Date Submitted: March 5, 2019

Agenda Date Requested: March 12, 2019

To: Mayor and City Council Members

Through: Jeff Hurd, Public Works Director

From: Michele Quinn, Public Works Office Coordinator

Subject: Construction Services Contract for DSL Construction for the Madras Spray Park Project

TYPE OF ACTION REQUESTED:

- ☐ Resolution ☐ Ordinance
- ☒ Formal Action/Motion ☒ Contract Review Board
- ☐ None - Report Only

Formal Action/Motion that 1) council approves the construction services contract for DSL Construction for the Madras Spray Park Project in the amount of \$322,195.00. 2) Authorize the Public Works Director to execute change orders not to exceed the total project amount of \$ 550,000.00

DESCRIPTION:

Staff publicly advertised for construction bids for the Madras Spray Park Project Project. Four bids were received from the following contractors:

DSL Builders	\$ 322,195.00
R & H Construction	\$ 514,095.10
Pacific Construction	\$ 383,442.31
Rocky Ridge Excavation	\$ 323,260.00

DSL Builders is the lowest, responsive bidder.

STAFF ANALYSIS:

City staff reviewed the bids and recommends that the City award the contract to DSL Builders to construct the Madras Spray Park.

Original estimates for construction including the bathroom remodel was estimated at \$500,000. Due to bids coming in higher than anticipated, Staff is planning to reduce the size of the bathroom remodel for now and transfer \$60k from TOF to pay for the sidewalk work on C and 7th Street as it is eligible for road funding dollars. To adjust this, Staff shows in next year's budget a transfer of \$60k from TOF to Parks to cover the difference in work on 7th and C Street.

SUMMARY:

A.

Fiscal Impact:

▪ Expenses

• Spray Park Mechanical Equipment	= \$ 99,684.50
• Skyharvester Equipment	= \$ 35,608.47
• Cistern and Storm Manhole	= \$ 43,192.01
• Design	= \$ 13,500.00
• BOLI	= \$ 322.19
• DSL Builders	= \$322,195.00
• Bathroom Remodel (TBD)	= \$ 20,000.00
• Donor Plaques (TBD)	= \$ 2,000.00
• Contingency	= \$ 13,497.83
Total	= \$ 550,000.00

▪ Revenue

• LWCF	= \$250,000.00
• Donations	= \$204,232.50
• City Cash	
(\$60,000 TOF, \$32,500.00 Parks SDC,\$3,267.50 Parks Fund)	
	= \$ 95,767.50
Total	= \$550,000.00

B. **Funding Source:**

- Parks Fund, Capital Outlay, Fund Number 206-206-540-1302
- A Budget Resolution is not needed as the project was budgeted for in the FY 18-19 budget

C. **Recognition of Collateral Material and Technical Report:**

- Construction Services Contract between DSL Builders and The City of Madras.
- Bid Tabulation

RECOMMENDATION:

Formal Action/Motion that 1) council approves the construction services contract for DSL Construction for the Madras Spray Park Project in the amount of \$322,195.00. 2) Authorize the Public Works Director to execute change orders not to exceed the total project amount of \$ 550,000.00

Item	Description	Qty	Unit	DSL Builders		R&H Construction		Pacific Construction		Rocky Ridge Excavation	
				Unit price	Total price	Unit price	Total price	Unit price	Total price	Unit price	Total price
1	Mobilization	1	LS	\$ 20,000.00	\$ 20,000.00	\$ 187,914.00	\$ 187,914.00	\$ 8,050.00	\$ 8,050.00	\$ 2,000.00	\$ 2,000.00
2	Construction Survey	1	LS	\$ 6,500.00	\$ 6,500.00	\$ 3,400.00	\$ 3,400.00	\$ 5,750.00	\$ 5,750.00	\$ 3,000.00	\$ 3,000.00
3	Temp Work Zone Traffic Control	1	LS	\$ 1,600.00	\$ 1,600.00	\$ 6,960.00	\$ 6,960.00	\$ 14,260.00	\$ 14,260.00	\$ 1,500.00	\$ 1,500.00
4	Removal of Structures & Obstructions (Concrete, HMAC, Irrigation	1	LS	\$ 7,280.00	\$ 7,280.00	\$ 20,155.00	\$ 20,155.00	\$ 16,975.49	\$ 16,975.49	\$ 12,000.00	\$ 12,000.00
5	Removal and Reinstallation of Existing Sign	1	EA	\$ 850.00	\$ 850.00	\$ 4,343.00	\$ 4,343.00	\$ 189.75	\$ 189.75	\$ 2,000.00	\$ 2,000.00
6	Clearing and Grubbing	1	LS	\$ 5,960.00	\$ 5,960.00	\$ 560.00	\$ 560.00	\$ 2,300.00	\$ 2,300.00	\$ 10,000.00	\$ 10,000.00
7	Embankment in Place	280	CY	\$ 42.25	\$ 11,830.00	\$ 18.00	\$ 5,040.00	\$ -	\$ -	\$ 60.00	\$ 16,800.00
8	Entrance Sign Complete	1	LS	\$ 6,000.00	\$ 6,000.00	\$ 1,725.00	\$ 1,725.00	\$ 13,639.00	\$ 13,639.00	\$ 6,000.00	\$ 6,000.00
9	Miscellaneous Asphalt Concrete Structures	120	SF	\$ 39.15	\$ 4,698.00	\$ 57.08	\$ 6,849.60	\$ 12.30	\$ 1,476.00		\$ 6,500.00
10	14 inch Standard Curb Including Agg Base (7 inch reveal)	110	LF	\$ 44.90	\$ 4,939.00	\$ 40.50	\$ 4,455.00	\$ 27.60	\$ 3,036.00		\$ 5,450.00
11	Concrete Walk Constructed over existing agg base 4 " thick	4130	SF	\$ 10.90	\$ 45,017.00	\$ 8.30	\$ 34,279.00	\$ 7.76	\$ 32,048.80		\$ 40,887.00
12	Concrete walk including agg base 4" thick	2390	SF	\$ 12.90	\$ 30,831.00	\$ 11.20	\$ 26,768.00	\$ 12.36	\$ 29,540.40		\$ 28,919.00
13	Concrete splash pad including agg base and wire mesh 4" thick	2900	SF	\$ 13.25	\$ 38,425.00	\$ 16.20	\$ 46,980.00	\$ 19.51	\$ 56,579.00		\$ 47,850.00
14	ADA ramps	5	EA	\$ 600.00	\$ 3,000.00	\$ 842.50	\$ 4,212.50	\$ 1,340.90	\$ 6,704.50		\$ 3,850.00
15	Splash Pad system installation	1	LS	\$ 22,305.00	\$ 22,305.00	\$ 9,967.00	\$ 9,967.00	\$ 12,604.00	\$ 12,604.00		\$ 9,100.00
16	Manifold Vault	1	LS	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ 12,535.00	\$ 12,535.00		\$ 4,749.00
17	4 inch storm sewer pipe	35	LF	\$ 57.00	\$ 1,995.00	\$ 46.00	\$ 1,610.00	\$ 48.30	\$ 1,690.50		\$ 1,820.00
18	6 inch storm sewer pipe	60	LF	\$ 50.00	\$ 3,000.00	\$ 50.00	\$ 3,000.00	\$ 55.20	\$ 3,312.00		\$ 1,960.00
19	8 inch storm sewer pipe	5	LF	\$ 100.00	\$ 500.00	\$ 55.00	\$ 275.00	\$ 63.25	\$ 316.25		\$ 1,860.00
20	8 inch clean out	2	EA	\$ 375.00	\$ 750.00	\$ 500.00	\$ 1,000.00	\$ 316.25	\$ 632.50		\$ 1,860.00
21	Contech CDS2015-4-C Storm manhole installation	1	EA	\$ 2,000.00	\$ 2,000.00	\$ 9,750.00	\$ 9,750.00	\$ 5,290.00	\$ 5,290.00		\$ 2,320.00
22	Urbangreen 22,500 gallon cistern installation	1	EA	\$ 34,550.00	\$ 34,550.00	\$ 25,675.00	\$ 25,675.00	\$ 52,842.50	\$ 52,842.50		\$ 27,640.00

23	Skyharvester pumping system installation	1	LS	\$ 4,000.00	\$ 4,000.00	\$ 9,967.00	\$ 9,967.00	\$ 5,290.00	\$ 5,290.00		\$ 5,000.00
24	Rain bird 200-PGA Solenoid Valve	1	EA	\$ 500.00	\$ 500.00	\$ 600.00	\$ 600.00	\$ 626.75	\$ 626.75		\$ 600.00
25	2 inch irrigation	80	LF	\$ 38.00	\$ 3,040.00	\$ 38.00	\$ 3,040.00	\$ 45.06	\$ 3,604.80		\$ 800.00
26	2 inch ball valves with valve can	1	EA	\$ 220.00	\$ 220.00	\$ 150.00	\$ 150.00	\$ 506.00	\$ 506.00		\$ 500.00
27	4 inch irrigation	395	LF	\$ 19.00	\$ 7,505.00	\$ 50.00	\$ 19,750.00	\$ 26.49	\$ 10,463.55		\$ 19,120.00
28	4 inch ball valve with valve can	4	EA	\$ 300.00	\$ 1,200.00	\$ 1,000.00	\$ 4,000.00	\$ 158.13	\$ 632.52		\$ -
29	Lighting poles	3	EA	\$ 3,000.00	\$ 9,000.00	\$ 2,030.00	\$ 6,090.00	\$ 1,201.75	\$ 3,605.25		\$ 1,800.00
30	Pole foundations	3	EA	\$ 1,500.00	\$ 4,500.00	\$ 1,389.00	\$ 4,167.00	\$ 1,063.75	\$ 3,191.25		\$ 2,000.00
31	Switching, Conduit & wiring	1	LS	\$18,000.00	\$ 18,000.00	\$ 12,048.00	\$ 12,048.00	\$38,686.00	\$ 38,686.00		\$ 5,000.00
32	Park benches with concrete pad	6	EA	\$ 1,350.00	\$ 8,100.00	\$ 665.00	\$ 3,990.00	\$ 1,725.00	\$ 10,350.00		\$ 5,000.00
33	Box Elder bushes	5	EA	\$ 120.00	\$ 600.00	\$ 75.00	\$ 375.00	\$ 103.50	\$ 517.50		\$ 375.00
34	Landscape & Irrigation repair complete	1	LS	\$12,000.00	\$ 12,000.00	\$ 45,000.00	\$ 45,000.00	\$26,197.00	\$ 26,197.00		\$ 45,000.00
		Total Bid			\$ 322,195.00		\$ 514,095.10		\$ 383,442.31		\$ 323,260.00

CONTRACT

THIS AGREEMENT made as of the 5th day of March, 2019 between

“CITY”:

City of Madras
125 SW “E” Street
Madras, OR 97741
Phone: 541/475-7672
Fax: 541/475-7061

and

“CONTRACTOR”:

DSL Builders, LLC
195 Pine Street NE
Salem, Oregon 97301
Phone: (503)363-0202
Fax: (503) 371-5337

for **“PROJECT”:** City of Madras Spray Park

City and Contractor agree as set forth below:

The Contract Documents.

The following documents (the “Contract Documents”) form the Contract and all are as fully a part of the Contract as if attached to this Agreement or repeated herein:

1. This Agreement.
2. Invitation to Bid
3. Information for Bidders
4. Proposal
5. Conditions of the Contract (General, Supplementary and other Conditions).
6. Drawings.
7. Specifications.
8. Payment and Performance Bonds.
9. Approved Submittals.
10. Addenda issued prior to, and all Modifications and Change Orders issued after execution of this Agreement.
11. Special Provisions

The Work.

The Contractor shall furnish all labor, tools, equipment, and services necessary to perform the following Work: **City of Madras Spray Park** described in the Contract Documents.

Contractor shall perform all of the Work in strict accordance with and as required by the Contract Documents and in accordance with any instructions as issued by the City.

The Contract Sum.

City shall pay Contractor for the performance of the Work, subject to additions and deductions by Written Change Order as provided in the Contract Documents, the sum of **Three Hundred Twenty Two Thousand One Hundred Ninety Five DOLLARS** (\$322,195.00) (the "Contract Sum"). Monthly progress payments and final payment shall be made in accordance with the General Conditions.

Time of Commencement and Completion.

The Work shall be commenced on the date stipulated in a written notice issued to Contractor by City (the "Notice to Proceed"), and subject to authorized adjustments, Substantial Completion shall be achieved according to the schedule set forth in the specifications.

Should Contractor fail to complete performance of the Work within the time prescribed herein, the harm that will be caused by such delay will be impossible or very difficult to accurately determine. Contractor agrees to pay City \$500 per day as agreed liquidated damages for the delay, not as a penalty, but as a reasonable forecast of just compensation for loss and expenses for each and every calendar day or fraction thereof elapsing between the specified substantial completion date and the date the work is actually substantially completed by Contractor. This project has two completion dates. The splash pad shall be completed and operational before July 1, 2019 to include the sidewalk connection from the splash pad to the existing walk as well as landscape and irrigation repair around the splash pad area. The entrance archway shall be completed by July 1, 2019 as well. All other work shall be substantially completed by October 1, 2019 (the "Contract Time").

Suspension and Debarment.

Contractor shall fully comply with Subpart C of 2 C.F.R. 180 and Subpart C of 2 C.F.R. 1532 regarding debarment and suspension, and agrees to include or cause to be included in any subcontract at any tier the requirement that the subcontractor comply with Subpart C of 2 C.F.R. 180 and Subpart C of 2 C.F.R. 1532 if the contract is expected to equal or exceed \$25,000. Contractor, by signing this Agreement, certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal

funds. If Contractor is unable to certify to the statements contained in this certification, they must provide an explanation as to why they cannot. Contractor shall provide immediate written notice to the Department if at any time Contractor learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances. The terms “covered transaction,” “debarred,” “suspended,” “ineligible,” “lower tier covered transaction,” “participant,” “person,” “primary covered transaction,” “principal,” “proposal,” and “voluntarily excluded,” as used in this section, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. Contractor agrees it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under the applicable Code of Federal Regulations, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction. Contractor further agrees by signing this Agreement, that it will include this section titled “**Suspension and Debarment**” without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions. Pursuant to 2CFR180.330, Contractor is responsible for ensuring that any lower tier covered transaction complies with certification of suspension and debarment requirements. Contractor acknowledges that failing to disclose the information required in the Code of Federal Regulations may result in the delay or negation of this funding agreement, or pursuance of legal remedies, including suspension and debarment. Contractor agrees to keep proof in its agreement file, that it, and all lower tier recipients or contractors, are not suspended or debarred, and will make this proof available to the Department upon request. Contractor must run a search in www.epls.gov and print a copy of completed searches to document proof of compliance.

Severability.

If any provisions of this Contract are found to be unenforceable by a court of competent jurisdiction, all other provisions of this Contract shall remain in full force and effect and the Contract shall be read and interpreted without the invalid provision.

Entire Agreement.

This Contract signed by both parties, constitutes a final written expression of all of the terms of this agreement and is the complete and exclusive statement of those terms. Any and all representations, promises, warranties, or statements by Contractor or Contractor’s agents that differ in any way from the terms of this written agreement shall be given no force and effect.

City of Madras

By: _____

Title: Mayor_____

Contractor

By: _____

Title: _____

CITY OF MADRAS

Request for Council Action

Date Submitted: February 19, 2019

Agenda Date Requested: March 12, 2019

To: Mayor and City Council Members

Through: Jeff Hurd, Public Works Director

From: Michele Quinn, Public Works Office Coordinator

Subject: [Resolution # 04-2019 for Wastewater System Development Charge Update](#)

TYPE OF ACTION REQUESTED:

☒ Resolution ☐ Ordinance

☒ Formal Action/Motion ☐ Contract Review Board

☐ None - Report Only

Formal action / motion that Council approve and adopt Resolution No. 04-2019.

DESCRIPTION:

FCS Group has completed a financial analysis of the City's System Development Charge based on the updated Wastewater Master Plan and has developed a new base fee of \$5,163 per meter equivalent.

STAFF ANALYSIS:

Staff presented the final report to Council and asked for approval which included the preparation of the appropriate documents to implement the recommended methodology and SDC fee update. The 90-day notice was posted on November 26, 2018 and noted that the City would be adopting the SDC modification. The current Wastewater SDC fee is \$5,289.00 per meter equivalent. The proposed Wastewater SDC is \$5,163.00 which is \$126.00 reduction.

Staff recommends Council approve Resolution #04-2019

SUMMARY:

- A. Fiscal Impact:
 - Changes SDC Fee from \$5,289 to \$5,163 and changes methodology.
- B. Funding Source:
 - NA
- C. Recognition of Collateral Material and Technical Report:
 - Final Report for Wastewater Rate and System Development Charge Update
 - 90 – Public Notice
 - Resolution #04-2019

RECOMMENDATION:

Formal Action/Motion that Council Approves Resolution #04-2019

City of Madras

Wastewater System Development Charge Update

December 2018

7525 166th Avenue NE, Ste. D215
Redmond, WA 98052
425.867.1802

Oregon
4000 Kruse Way Pl., Bldg. 1, Ste 220
Lake Oswego, OR 97035
503.841.6543

www.fcsgroup.com

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FCS GROUP
Solutions-Oriented Consulting

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I.A. INTRODUCTION

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish system development charges (SDCs). These are one-time fees on new development paid at the time of development. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth. In general, SDCs are calculated by adding together a reimbursement fee component and an improvement fee component, as defined by ORS 223.299.

Reimbursement Fee: A reimbursement fee is designed to recover “costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists.” ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed) and on the costs of compliance with Oregon’s SDC law.

Improvement Fee: An improvement fee is designed to recover “costs associated with capital improvements to be constructed.” ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed) and on the costs of compliance with Oregon’s SDC law.

Compliance Cost Recovery: ORS 223.307(5) also authorizes the expenditure of SDCs for “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” To avoid spending monies for compliance that might otherwise have been spent on growth-related projects, this report includes an estimate of compliance costs in the SDC calculation.

Figure 1. SDC Equation

Reimbursement Fee		Improvement Fee		Pro-rata share of costs of complying with Oregon SDC law		SDC per MCE
Eligible costs of available capacity in existing facilities	+	Eligible costs of capacity-increasing capital improvements	+		=	
Units of growth (MCEs)		Units of growth (MCEs)				

I.B. CUSTOMER BASE

In order to calculate an SDC component, a numerator and a denominator must be developed. This section focuses on the denominator (i.e. the customer base). The denominator represents growth that can be served once the capital improvement plan has been executed. In other words, future customers. For the City of Madras wastewater service, the denominator will be developed in two steps:

- Determine future treatment plant capacity in million gallons per day (mgd). [Both the North and South treatment plants are included to determine total system capacity.]
- Calculate growth in mgd, from current, to treatment plant capacity.
- Convert million gallons per day into meter capacity equivalents. The City administers the SDC based on a customer's meter size, which corresponds to meter capacity equivalents (MCEs) depending on the size of the meter.

I.B.1. Capacity in Million Gallons per Day

After the execution of the capital plan identified in the utility's comprehensive plan, the wastewater utility is expected to have 1.65 mgd in treatment capacity. After removing the estimated existing City customer flows as well as the contractual amount allotted to the corrections facility, 0.927 mgd of capacity remains for future customers that have not yet connected to the system. Neither the North Plant's Phase 2 and 3 capacities (nor costs) are incorporated into this SDC.

Figure 2. Future Capacity in mgd

Future Capacity in Million Gallons per Day (mgd)	
Future Capacity (mgd)	
South Plant	1.150
North Plant	0.500
Total Future Capacity	1.650
Total Capacity with New CIP (mgd)	
Less Existing Flows	(0.493)
Less Amount Reserved for Department of Corrections	(0.230)
Net Total Capacity for Future Growth	0.927

I.B.2. Capacity in Meter Capacity Equivalents (MCEs)

Now that the flow-related capacity has been determined, it must be converted into MCEs so that the charge calculation can align with how it is administered. To do this, the existing flows of 0.493 mgd will be compared to existing meter capacity equivalents within the utility. That will provide an estimate of mgd per MCE.

The City currently has 2,023 meters in the wastewater utility, comprised of customers served by two water systems—the City's water system and the Deschutes Valley Water District (DVWD). The six-

inch meter serves the Department of Correction's Deer Ridge facility and is therefore excluded since the facilities entire contracted amount of 0.23 mgd has already been deducted from future capacity in **Figure 2** above.

Based on meter capacity equivalent ratios drawn from the American Water Works Association (AWWA) M1 Manual, each meter size has a corresponding number of meter capacity equivalents. Each number is based on the maximum safe flow capacity in gallons per minute, relative to a base 5/8 x 3/4-inch meter. By multiplying the MCE ratio and the number of meters in each size, 2,023 meters equates to 3,074 meter capacity equivalents.

Figure 3. Meters & Meter Capacity Equivalents

Meter Size	Meters in City Water System	Meters in DVWD Water System	Less: Department of Corrections	Total Meter Count	Meter Capacity Equivalent (MCE)	Number of MCEs
5/8"	883	935	-	1,818	1.00	1,818
1"	40	39	-	79	2.50	198
1.5"	16	1	-	17	5.00	85
2"	44	57	-	101	8.00	808
3"	3	3	-	6	17.50	105
4"	-	2	-	2	30.00	60
5"	-	-	-	-	62.50	-
6"	-	1	(1)	-	90.00	-
Total	986	1,038	(1)	2,023		3,074

By comparing existing flows with existing meter capacity equivalents, **Figure 4** shows that one MCE is equal to 0.000160 million gallons per day (0.493 mgd ÷ 3,074 MCEs). Additionally, it is estimated that 0.927 mgd of capacity will be available for new customers once the capital plan has been executed (as shown in **Figure 2**). By dividing 0.927 mgd by 0.000160, an additional 5,779 MCEs can be served by the new capacity.

Figure 4. Future MCEs Able to be Served

Meter Capacity Equivalents Served by Plant Expansion		
Existing Flows (mgd)	A	0.493
Existing MCEs	B	3,074
MGD per MCE	C = A ÷ B	0.000160
Capacity for Growth (mgd)	D	0.927
MGD per MCE	C	0.000160
Capacity for Growth MCEs	E = D ÷ C	5,779

I.C. REIMBURSEMENT FEE

The reimbursement fee's numerator is based on the original cost of the existing system's "unused capacity available to future system users." As shown in **Figure 5**, there is approximately 30% remaining capacity for future customers. The remaining 70% is assumed to be utilized by existing customers plus the capacity contractually reserved for the Deer Ridge facility.

Figure 5. Remaining Capacity in Existing Facilities

Treatment Plant Analysis		Existing Flows / Capacity
Peak Month Flows (mgd)		
Prison (contract capacity)		0.230
All Others (2016-17 Actuals)		0.493
Total Existing Flows + Contract Capacity		0.723
Existing Capacity (mgd)		
South Plant		0.540
North Plant		0.500
Total Capacity		1.040
% Remaining Capacity		30%

The total original cost of existing assets in the wastewater utility totals \$32.4 million, with \$10.7 million of that estimated to have been funded with grants. The remaining \$21.7 million is assumed to be funded with utility resources. **Figure 6** shows that 30% of the utility-funded assets results in \$6,624,457, which is eligible to be included in the reimbursement fee.

Figure 6. Net Reimbursement Cost Basis

Reimbursement Cost Basis					
Asset Category	Original Cost	Grants	Original Cost less Grants	% Available Capacity	Reimbursement Cost Fee Basis
Treatment	\$ 27,909,455	\$ 9,195,436	\$ 18,714,020	30%	\$ 5,704,177
Collection	\$ 2,163,660	\$ 915,107	\$ 1,248,553	30%	\$ 380,569
General	\$ 2,360,881	\$ 590,220	\$ 1,770,661	30%	\$ 539,711
Total	\$ 32,433,996	\$ 10,700,762	\$ 21,733,233		\$ 6,624,457

The calculated reimbursement fee is shown in **Figure 7**, which totals \$586 after deducting unused reimbursement SDC fund balance and a pro-rata share of outstanding debt principal. Outstanding debt principal is deducted from the reimbursement fee cost basis because debt principal is paid for with ratepayer revenue. By deducting a pro-rata share of outstanding debt principal, the fee avoids double-charging for an asset included in the cost basis that may have been funded with debt.

Figure 7. Reimbursement Fee

Reimbursement Fee	
Cost of Net Unused Capacity	\$ 6,624,457
Less: Unused Reimbursement SDC Fund Balance	\$ (35,686)
Less: Pro-Rata Share of Debt Principal (growth related)	\$ (3,202,197)
Reimbursement Cost Basis	\$ 3,386,575
Estimated Capacity (MCEs)	5,779
Reimbursement Fee:	\$586

I.D. Improvement Fee

This section summarizes the improvement fee cost basis and resulting fee. Planned project cost data was provided by City staff and the City's consulting engineering firm. The wastewater utility's 20-year capital improvement plan was evaluated to determine which projects (or portions thereof) provided additional capacity for future customers. The 20-year capital improvement plan identified \$111,630,000 in projects (in 2017 dollars). To determine the net eligible costs, two types of costs were excluded:

- Projects not expected to be funded by the utility: \$65,470,000
 - The bulk of the cost in this category consists of Phases 2 and 3 of the North Wastewater Treatment Plant and related collection system projects (e.g. North Area Parallel Sewer). These capacity expanding phases would only be constructed if a new, significant customer needed capacity. Per City direction, the cost share would be negotiated at that time. To be conservative, all of those costs are assumed to be ineligible at this time.
- Projects funded by the City utility that do not increase capacity: \$21,083,447
 - These projects are funded by the City's wastewater utility, but do not provide additional capacity for future customers. An example of this type of project would be an 8" collection pipe replacing an existing 8" collection pipe. No additional capacity would be created.

Once these adjustments have been made, **\$25,076,553** can be incorporated into the improvement fee calculation. A detailed, project-by-project list can be seen in the appendix.

Figure 8. Eligible Future Capital Costs

Summary of Capital Plan (in December 2017 dollars)		
Total Capital	\$	111,630,000
Less: Projects not funded by utility		(65,470,000)
Cost potentially Eligible for SDC	\$	46,160,000
Less: Non-Capacity Expanding Share	\$	(21,083,447)
Capacity Expanding Costs Funded by City Utility	\$	25,076,553

The total of capacity expanding costs is further adjusted by the improvement SDC fund balance, resulting in a total eligible cost of \$24,839,089. With a denominator of 5,779 MCEs, the resulting improvement fee equals \$4,298.

Figure 9. Improvement Fee Calculation

Improvement Fee		
Capacity Expanding Projects	\$	25,076,553
Less: Unused Improvement SDC Fund Balance	\$	(237,464)
Improvement Fee Cost Basis	\$	24,839,089
Estimated Capacity (MCEs)		5,779
Improvement Fee:		\$4,298

I.E. ADJUSTMENTS

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” This SDC methodology assumes a compliance cost of 5.7 percent.

Figure 10. Administrative Adjustment for Compliance

Administrative Cost Recovery			
Net Annual Administrative Cost related to Wastewater SDC	\$	2,000	
Amortization of SDC Study Cost over 5 years (1):		2,310	
Net Annual SDC Administrative Cost:	\$	4,310	
Projected Annual Number of New Connections		15.44	
Annual Administrative Cost per Connection	\$	279	
Estimated Annual Proposed SDC Revenues before Admin. Cost	\$	75,431	
Admin. Cost / Total Annual SDC Revenues:			5.7%
NOTES:			
(1)	Cost of:	\$ 10,000	(Cost of FCS GROUP study)
	at:	5.0%	
	over:	5	years

The administrative adjustment is incorporated into the SDC by adding the \$279 shown in Figure 10 to the reimbursement and improvement fees. The combined SDC totals \$5,163, which is a decrease of \$126 from the existing SDC of \$5,289 (Figure 11).

Figure 11. Total System Development Charge

Total System Development Charge			
Reimbursement Fee		\$586	
Improvement Fee		\$4,298	
SDC Subtotal		\$4,884	
plus: Administrative Cost Recovery	5.7%	\$279	
TOTAL WASTEWATER SDC		\$5,163	
Existing SDC per MCE		\$5,289	
Change (%) - Calculated from Existing SDC		-2%	
Change (\$) - Calculated from Existing SDC		(\$126)	

I.F. SUMMARY

SDCs are one-time fees imposed on new and increased development to recover the cost of system facilities needed to serve that growth. As discussed previously, an SDC can include three components: a reimbursement fee, an improvement fee, and a component for compliance cost recovery. The total calculated SDC is shown in **Figure 12**. For a basic 5/8 x 3/4 meter, the calculated SDC would be \$5,163 instead of the existing SDC of \$5,289.

Figure 12. SDC Schedule by Meter Size

Wastewater SDC Fee Schedule			
Meter Size	MCEs per Size	Existing	Calculated
5/8"	1.00	\$5,289	\$5,163
1"	2.50	\$13,223	\$12,908
1.5"	5.00	\$26,445	\$25,815
2"	8.00	\$42,312	\$41,305
3"	17.50	\$92,558	\$90,354
4"	30.00	\$158,670	\$154,892
5"	62.50	\$330,563	\$322,692
6"	90.00	\$476,010	\$464,677

The City's existing methodology assigns 0.71 MCEs per Multiple Family Residence unit and 0.74 MCEs per Lodging Facility unit (e.g., hotels/motels). However, based on a recent analysis performed by City staff, hotels/motels should be assigned 0.52 MCEs per unit rather than 0.74 MCEs. The following fee schedule would apply to lodging facilities.

Figure 13. SDC Fee Schedules for Lodging Facilities

Wastewater SDC Fee Schedule			
	Assumed MCE per Unit	SDC per 1.0 MCE	Total SDC per Unit
Lodging Facility per Unit (i.e. Hotel, Motel)	0.52	\$5,163	\$2,685

Additionally, City staff would like to begin administering SDCs for Multiple Family Residences based on the meter size schedule as shown in **Figure 12**, rather than per dwelling unit.

I.G. INDEXING

Oregon law (ORS 223.304) also allows for the periodic indexing of system development charges for inflation, as long as the index used is:

- “(A) A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property or a combination of the three;
- (B) Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and
- (C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order.”

We recommend that the City index its charges to the Engineering News Record 20-City Average Construction Cost Index, and adjust the charges annually as per that index. There is no comparable Oregon-specific index.

I.H. APPENDIX

Existing Assets Used for Reimbursement Fee

Existing Fixed Asset List			
Asset Number	Description	Classification	Cost
1013	System	Treatment	\$ 2,777,059
1014	Buildings	Treatment	\$ 180,370
1043	Sewer Improvements	Collection	\$ 42,952
1046	Sewer Improvements	Treatment	\$ 535,603
1053	Sewer lagoon	Treatment	\$ 36,709
1078	Sewer plant expansion	Treatment	\$ 107,333
1079	Sewer Treatment	Treatment	\$ 3,453,308
1080	Sewer plant expansion	Treatment	\$ 622,811
1102	Sewer Treatment	Treatment	\$ 361,864
1117	Sewer Treatment	Treatment	\$ 109,885
1121	Treatment & collection	Treatment	\$ 1,207,127
1133	Phase B treatment	Treatment	\$ 46,612
1134	Buff line	Collection	\$ 20,031
1142	WWTP	Treatment	\$ 436,251
1143	Effluent disposal	Treatment	\$ 160,853
1151	System improvement	Treatment	\$ 104,171
1152	Sewer Treatment	Treatment	\$ 7,061,454
1161	Zemke	General	\$ 1,278,551
1167	South WWTP	Treatment	\$ 461,003
1170	System expansion	Collection	\$ 104,288
1175	Aqua Tec 80,000 lbs	General	\$ 200,000
1178	RV Disposal	Collection	\$ 11,117
1179	South WWTP	Treatment	\$ 1,156,420
1185	Chestnut St. Phase I & 2	Collection	\$ 61,117
1186	North Y relocate	Collection	\$ 137,829
1210	NE 10th and Chesnut	Collection	\$ 239,393
1211	Lee Street Extension	Collection	\$ 44,438
1221	J Street up size- done 08	Collection	\$ 37,270
1222	J street sewer - DOC - done 08	Collection	\$ 218,945
1254	HB Development Sewer Line	Collection	\$ 22,275
1255	Plum Street	Collection	\$ 12,810
1277	Lift Station generator Rep.	Collection	\$ 20,494
1278	Effluent storage/disposal (In svc FY09)	Treatment	\$ 454,783
1279	Chestnut St. Sewer	Collection	\$ 27,686
1284	Effluent storage/disposal (In svc FY09)	Treatment	\$ 11,670
1285	Effluent storage/disposal (In svc FY09)	Treatment	\$ 8,051,926
1296	Bioxide Facility	Treatment	\$ 62,865
1302	Sludge Truck-Freightliner	General	\$ 200,668
1303	Spreader Truck-Freightliner	General	\$ 188,738
1308	Effluent storage/disposal (In svc FY09)	Treatment	\$ 240,478
1313	Service Truck-International 7400	General	\$ 170,291
1314	Sewer Lines at Butler Hangar	Collection	\$ 101,912
1321	North Y Sewer Collector	Collection	\$ 32,764
1327	SWWTP Equipment Storage Building	Treatment	\$ 174,403
1329	Jefferson Street Sewer 2009-03	Collection	\$ 170,049
1337	Effluent Storage & Disposal Land	General	\$ 322,633
1339	NWWTP Emergency Efficiency Program	Treatment	\$ 79,240
1345	Bean Drive Sewer Extension	Collection	\$ 21,211
1350	North Madras Sewer Collector	Collection	\$ 701,044
1351	Pumps for B Street Lift Station	Collection	\$ 65,441
1358	North Plant Thickener Controls	Treatment	\$ 15,257
1380	Cornell Dry Pit Pump	Collection	\$ 35,943
1395	N. Plant Lift Station Pump	Collection	\$ 34,651
Total			\$ 32,433,996

Capital Project Costs, Funding Source, and Before/After Capacity

Improvement Fee Cost Basis								
Project Name	Total Cost	Estimated Timing of Project (Years)	Funding Source	Current Capacity	Future Capacity	Eligible Portion	Eligible Cost	
Gravity Sewers								
Mountain View / Sky Ridge Sewer Extensions	\$ 1,175,000	0-5	City Utility Fund	0.00	8.00	100%	\$ 1,175,000	
Jefferson Street / North Unit	\$ 555,000	0-5	City Utility Fund	0.00	8.00	100%	\$ 555,000	
Bel Air / Herzberg Heights -- Grant Funded	\$ 500,000	0-5	CIAC	0.00	8.00	100%	\$ -	
Bel Air / Herzberg Heights	\$ 655,000	0-5	City Utility Fund	0.00	8.00	100%	\$ 655,000	
Hess Street Sewer	\$ 350,000	6-10	City Utility Fund	0.00	8.00	100%	\$ 350,000	
Mill Street Sewer	\$ 300,000	6-10	City Utility Fund	0.00	8.00	100%	\$ 300,000	
North Y Sewer Replacement	\$ 880,000	11-15	City Utility Fund	8.00	12.00	56%	\$ 488,889	
Culver Hwy, Parallel Sewer	\$ 760,000	11-15	City Utility Fund	0.00	10.00	100%	\$ 760,000	
Juniper Heights Sewer Extension	\$ 1,400,000	16-20	City Utility Fund	0.00	8.00	100%	\$ 1,400,000	
Willow Creek North Sewer Extension	\$ 565,000	16-20	City Utility Fund	0.00	8.00	100%	\$ 565,000	
Eldorado Estates/The Ridge Sewer Extension Project	\$ 100,000	0-5	City Utility Fund	0.00	8.00	100%	\$ 100,000	
Potential Sewers for Major Industrial Park Users								
North Area Parallel Sewer -- Airport Way	\$ 940,000	Developer Dependent						
Pump Stations								
Influent Screen at "B" Street North PS -- No expansion	\$ 465,000	0-5	City Utility Fund	1.11	1.11	0%	\$ -	
Golf Course PS Replacement -- Expanded Capacity	\$ 490,000	6-10	City Utility Fund	17.00	213.00	92%	\$ 450,892	
"B" Street North PS Renovation -- No expansion	\$ 610,000	11-15	City Utility Fund	1.11	1.11	0%	\$ -	
"B" Street North & South Generator Set Replacement	\$ 245,000	11-15	City Utility Fund	0.00	0.00	0%	\$ -	
South U.S. 97 PS Renovation -- No Expansion	\$ 60,000	11-15	City Utility Fund	0.06	0.06	0%	\$ -	
"B" Street South PS Expansion & Renovation	\$ 730,000	16-20	City Utility Fund	1.33	2.66	50%	\$ 365,000	
Demers PS Replacement -- Expanded Capacity	\$ 1,790,000	Developer Dependent						
Demers Force Main Replacement -- 8" Pipe	\$ 1,585,000	Developer Dependent						
Airport Area PS and Force Main	\$ 2,340,000	Developer Dependent						
WWTPs & Effluent Recycling								
NWWTP Phase 1A Improvements	\$ -	0-5	City Utility Fund	0.50	0.50	0%	\$ -	
Alternate NWWTP Phase 1A Improvements	\$ 1,355,000	0-5	City Utility Fund	0.50	0.50	0%	\$ -	
SWWTP Biosolids Thickening System	\$ 1,255,000	0-5	City Utility Fund	0.54	0.65	17%	\$ 212,385	
SWWTP Phase 1 Expansion/Renovation	\$ 1,245,000	6-10	City Utility Fund	0.54	0.65	17%	\$ 210,692	
SWWTP Irrigation System Expansion	\$ 515,000	6-10	City Utility Fund	0.00	0.65	100%	\$ 515,000	
NWWTP Phase 1B Improvements	\$ 8,210,000	11-15	City Utility Fund	0.50	0.50	0%	\$ -	
NWWTP Phase 1 Land Acquisition & Irrigation System	\$ 1,600,000	11-15	City Utility Fund	0.50	0.50	0%	\$ -	
SWWTP Phase 2 Expansion and Renovation	\$ 10,025,000	16-20	City Utility Fund	0.65	1.15	43%	\$ 4,358,696	
SWWTP Phase 2 Effluent Storage Expansion	\$ 9,200,000	16-20	City Utility Fund	0.00	0.50	100%	\$ 9,200,000	
SWWTP Phase 2 Farmland Acquisition & Irrigation System	\$ 3,415,000	16-20	City Utility Fund	0.00	0.50	100%	\$ 3,415,000	
NWWTP Phase 2 Treatment Module w/aerated lagoons	\$ 10,685,000	Developer Dependent						
NWWTP Phase 2 Effluent Storage Pond	\$ 12,535,000	Developer Dependent						
NWWTP Phase 2 Farmland Acquisition & Irrigation System	\$ 4,695,000	Developer Dependent						
NWWTP Phase 3 Treatment Module w/aerated lagoons	\$ 12,490,000	Developer Dependent						
NWWTP Phase 3 Effluent Storage Pond	\$ 12,535,000	Developer Dependent						
NWWTP Phase 3 Farmland Acquisition & Irrigation System	\$ 5,375,000	Developer Dependent						
Total	\$ 111,630,000						\$ 25,076,553	

CIAC means contributions in aid of construction—essentially NOT funded with Utility resources—be it grants or developer funded.

Current and Future capacity notes:

- Gravity sewer: size of pipe in inches
- Pump Stations: million gallons per day (mgd)
 - Golf Course PS Replacement project: Dwelling Units served before and after (17, 213 respectively)
- WWTP and Effluent Recycling: million gallons per day (mgd)

Existing System Flows (0.493 mgd)

Data from Harper Houf Peterson Righellis Inc. in May 2018.

Summary of Flow Data - North & South Combined (MGD)

2017	Flow Unit	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Mar-Oct w/o Aug
Total Avg Flow	(MGD)	0.616	0.589	0.569	0.569	0.558	0.573	0.586	0.627	0.587	0.582	0.570	0.588	0.575
Avg Prison Flow	(MGD)	0.081	0.083	0.079	0.082	0.072	0.072	0.072	0.076	0.071	0.070	0.074	0.086	0.074
Net Flow w/o Prison	(MGD)	0.536	0.506	0.489	0.487	0.486	0.501	0.514	0.552	0.515	0.512	0.496	0.502	0.501
2016	Flow Unit	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Mar-Oct w/o Sept
Total Avg Flow	(MGD)	0.526	0.523	0.518	0.526	0.557	0.555	0.560	0.549	0.503	0.555	0.538	0.576	0.546
Avg Prison Flow	(MGD)	0.047	0.059	0.058	0.059	0.062	0.062	0.063	0.062	0.061	0.061	ND ⁽⁴⁾	ND ⁽⁴⁾	0.061
Net Flow w/o Prison	(MGD)	0.478	0.464	0.460	0.467	0.495	0.493	0.497	0.487	0.442	0.494	---	---	0.485
2016-17 Net Flow	(MGD)	0.507	0.485	0.475	0.477	0.490	0.497	0.505	0.519	0.479	0.503			0.493
Net Flow Per MCE (MGD)														0.000160
														(gpd) 160

- Notes:
1. Exclude Winter months due to inflow from snowmelt (particularly high during winter of 2016-17)
 2. Exclude August 2017 due to unusually high flows from visitors for eclipse.
 3. Exclude September 2016 due to flow instrument failure.
 4. No prison flow data available for November-December 2016.
 5. Total MCE = 3,074

ODOC Contract Capacity (0.23 mgd)

Data from Harper Houf Peterson Righellis INC. in 2017.

WASTEWATER MASTER PLAN UPDATE

CITY OF MADRAS

The plant headworks consist of influent screening and grit removal processes. The screenings and grit removed by these processes are disposed of at a landfill. The SBR process is an activated-sludge system that provides biological treatment. The filters remove suspended solids to reduce chlorine demand and prevent fouling of irrigation components. Because the City does not need to produce Class A effluent, chemicals are not added upstream of the filters to increase solids removal.

The SWWTP was designed to ultimately have three 0.5-MGD SBR modules and two of those modules have been built. But when the second module was added, the plant design was modified to treat more-highly concentrated WW from the prison. The design WW strength for the prison is three times the design strength for the City. As a result, the expansion increased the capacity to treat a higher organic loading, but did not significantly increase the flow capacity. Now the two SBR modules have a 0.54-MGD average design flow capacity rather than a 1.0-MGD capacity.

The agreement between the City and the ODOC stipulates that an average flow capacity of 0.23 MGD at the SWWTP is dedicated to serving the prison. Although the prison is not fully occupied, this study assumes it will be contributing the maximum allowed flow within five years to avoid reliance on capacity that is dedicated to the prison. This currently leaves the City with an available capacity of 0.31 MGD at the SWWTP.

North Plant Existing Design Capacity (0.50 mgd)

Data from Harper Houf Peterson Righellis INC. in 2017.

Table 2-3 Existing NWWTP Design Parameters and Components	
1. Plant Influent Design Parameters	
Average Daily Flow:	0.50 MGD
Peak Hourly Flow:	1.35 MGD
Design Average BOD ₅ Concentration:	200 mg/L
Design Average TSS Concentration:	215 mg/L
2. Biological (Oxidation) Process	
Process:	Partially-Aerated/Facultative Lagoon System
Total System Surface Area & Volume:	28 acres & 50 MG
Average Organic Surface Loading Rate:	30 lbs. BOD ₅ /acre/day
Primary Lagoon Aerators (each cell):	10 units @ 5.0 hp each (50 hp/cell)
3. Clarification/Filtration Process	
Process Capacity:	1.0 MGD Avg. Recycling Flow
Clarification Process:	Krofta Supracell (SPC) Dissolved Air Flotation (DAF) Clarifier
Filtration Process (Not Used):	Krofta Sandfloat (SASF 20) Filter
4. Disinfection Process	
Disinfectant:	Sodium Hypochlorite Solution
Maximum Feed Rate:	170 gpd
5. Effluent Storage Pond	
Total Storage Volume:	79 MG
Design Storage Capacity:	Five Months @ 0.5 MGD Avg. Flow
6. Intermediate Lift & Effluent Irrigation Pumps	
No. of Pumps:	Two (one intermediate & one effluent)
Design Pump Capacity:	700 gpm each
7. Sludge Drying Beds	
No. of Beds:	24
Bed Dimensions:	24 ft. x 100 ft. x 12 in. Deep (each)

MAD-05

2 - 6

UPDATED DRAFT-12/12/16

South Plant Existing Design Capacity (0.54 mgd)

Data from Harper Houf Peterson Righellis INC. in 2017.

Table 2-4 Existing SWWTP Design Parameters and Components	
1. Plant Influent Design Parameters	
Average Daily Flow:	0.54 MGD
Peak Hourly Flow:	1.33 MGD
Design Average BOD ₅ Concentration:	465 mg/L
Design Average TSS Concentration:	465 mg/L
2. Headworks	
Influent Screening:	One Mechanically-Cleaned Fine Screen
Design Screen Capacity:	4.0 MGD
Grit Removal Process	One Low-Energy Vortex Circular Chamber
Design Grit Removal Capacity:	2.5 MGD
3. Biological (Oxidation) Process	
Process:	SBR, Activated-Sludge System
No. of SBR Basins:	Two
Design Effluent BOD ₅ Concentration:	10 mg/L
Design Organic Loading Rate:	0.5 lbs. BOD ₅ /lb. MLSS @ 4,500 mg/L MLSS
Design Oxygen Requirements:	1.5 lbs. O ₂ /lb. BOD ₅ and 4.6 lbs. O ₂ /lb. TKN
4. Filter Process	
Process:	Cloth-Media Disk Filter
Peak Process Capacity:	2.4 MGD
No. of Filter Disks:	Four
Design Effluent TSS Concentration:	5.0 mg/L
5. Disinfection Process	
Disinfectant:	Sodium Hypochlorite Solution
Maximum Feed Rate:	170 gpd
6. Biosolids Handling	
Stabilization Process:	Aerobic Digesters
No. of Digester Basins:	Three
Design Avg. Retention Time:	60 Days
Drying Process:	AC-Lined Sludge Drying Beds @ NWWTP
Biosolids Disposal:	Land Application of Class B Biosolids
7. Storage Ponds	
Lower Pond Volume:	25 MG (Onsite SBR Effluent Storage)
Upper Pond Volume:	88 MG (Remote Site)
Design Storage Capacity:	Five Months @ 0.54 MGD Avg. Flow
8. Effluent Pumps	
No. of Pumps:	Two
Design Pump Capacity:	1,050 gpm each

Future South (1.15 mgd) and North Plant (0.50 mgd) Capacities

It is assumed that the South Plant will have a future capacity of 1.15 mgd once the plan is completed.

The evaluation assumes the SWWTP will be expanded in two phases as described in Chapter 5 to provide a design capacity of **1.15MGD**. These SWWTP expansions would provide flexibility both in freeing up capacity at the NWWTP for industrial developments and accommodating gravity service to east-side developments in the Main Collection System. Plus, this would take advantage of the existing SWWTP design to accommodate such expansions resulting in capital savings relative to an entire new 0.5-MGD treatment facility at the NWWTP.

MAD-05

6 - 17

UPDATED DRAFT-01/15/17

It is assumed that the North Plant will have a future capacity of 0.50 when the plan is completed—the same as the existing capacity. This does not include the Phase 2 or Phase 3, which are entirely excluded from the SDC calculation.

B. North WWTP Upgrades				
1. Phase 1 Retrofit to Maintain 0.5 MGD Capacity	10-12	0.50	0.50	\$10,180,000
2. Phase 2 Retrofit for 0.5 MGD Expansion (to 1.0 MGD)	(2)	0.50	1.00	\$10,740,000
3. Construct Effluent Storage for 0.5 MGD Expansion	(2)	0.50	1.00	\$12,137,000
4. Phase 3 — Construct 0.5-MGD Module (Expand to 1.5 MGD)	(2)	--	1.5	\$12,333,000
5. Effluent Storage Ponds for Expansion to 1.5 MGD	(2)	--	1.5	\$12,137,000



PUBLIC NOTICE

City of Madras

90-day Notice of System Development Charge Modification

The City of Madras hereby issues public notice, pursuant to ORS 223.304, of its intent to modify its Waste Water System Development Charge.

The portion of the report addressing the methodology and calculation of the proposed charges is attached. For a copy of the full document, please visit our website at <http://ci.madras.or.us>

A public hearing to accept comments regarding the proposed modifications to the Waste Water System Development Charge will be held on February 26, 2019 at 7:00 p.m. in the Madras City Hall Council Chambers. If you wish to comment, but cannot attend the public hearing, please address written comments to the following address:

City of Madras
City Hall
125 SW E Street
Madras, OR 97741

Those wishing to offer written comments are asked to submit their comments on or before 4:00 p.m. on Monday, February 18, 2019 so that they can be included in the City Council packet for the meeting on February 26, 2019. Any comments received after that date will be reviewed and added the night of the public hearing.

Publish Date: December 5, 2018 (Madras Pioneer)

Posted at: Jefferson County Clerk's Office
U.S. Post Office
Madras City Hall

November 26, 2018

RESOLUTION NO. 04-2019

A RESOLUTION OF THE CITY OF MADRAS ADOPTING CONSULTANT RECOMMENDATIONS FOR UPDATING WASTEWATER SYSTEM DEVELOPMENT CHARGE METHODOLOGY AND IMPLEMENTING AN SDC RATE FOR WASTEWATER.

WHEREAS, the City of Madras is responsible for providing a variety of public systems including wastewater, water, parks ,transportation and storm water management, and ensuring the capacity of these systems to meet the impact of new development; and

WHEREAS, the City has adopted capital improvement plans, lists, capital facilities plans, or similar master plans for each of these public facilities pursuant to ORS 223.309; and

WHEREAS, the City hired Financial Consulting Solutions Group (FCS Group), an outside consulting firm which specializes in wastewater SDC analysis, to review the City's current SDC methodology and recommend updates where appropriate; and

WHEREAS, the consultant recommends adopting a the updated SDC Wastewater Fee based per meter equivalent; and

WHEREAS, the consultant recommends the City index its charges to the Engineering News Record 20-City Average Construction Cost Index, and adjust the charges annually as per that index; and

WHEREAS, the City of Madras provided written notice to the Cities list of interested parties 90 days prior to the first hearing to modify the system development charge pursuant to ORS 223.304; and

WHEREAS, the City Council conducted a public hearing regarding the Consultant's findings and recommendations and provided the public an opportunity comment on February 26, 2019; and

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Madras as follows:

- 1) the City Council hereby adopts the recommendations set forth in the "Wastewater System Development Charge Update" dated December 2018, as prepared by FCS Group and attached hereto as Exhibit "A", and

- 2) That unless otherwise specified in this resolution, the resolution shall become effective immediately upon passage by the Council and approval of the Mayor.

ADOPTED by the City Council of the City of Madras this 12th day of March 2019.

Ayes: _____
Nays: _____
Abstentions: _____
Absent: _____
Vacancies: _____

Richard Ladeby, Mayor

ATTEST:

Lysa Vattimo, City Recorder

CITY OF MADRAS

Request for Council Action

DATE SUBMITTED: February 20, 2019

COUNCIL MTG. DATE: March 12, 2019

TO: Mayor and City Councilors

FROM: Gus Burrell, City Administrator

SUBJECT: Letter of Intent – Strawberry Heights Phase 4 development by High Desert Home Improvement, LLC

TYPE OF ACTION REQUESTED:

- | | |
|--|--|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Contract Review Board |
| <input type="checkbox"/> None - Report Only | |

Formal Action/Motion that the City Council approve the Letter of Intent for Strawberry Heights Phase 4 development by High Desert Home Improvement, LLC, subject to any revisions necessary by the City Attorney and or City Administrator to finalize.

DESCRIPTION:

High Desert Home Improvement, LLC has requested a letter from the City of Madras clarifying Madras' intentions with the following: A) system development charge reductions for housing fees, B) willingness to support changes to the prior/expired land use decision, C) general support of the proposed subdivision plan for new housing development. The letter of intent is to provide some written guidance of the City's intention, which informs the developer on the anticipated City policy changes on housing fees, and clarifies current conditions supported by the City for the new land use decision.

STAFF ANALYSIS:

From staff's conversations with High Desert Home Improvement, High Desert intends to develop housing in the final phase of Strawberry Heights if the land sale price is agreeable. This letter of intent is consistent with the Madras' Housing Action Plan. This property has set vacant over the last decade due to the great recession and its impacts to our community. Development of new housing is a need and benefit to our community. The letter of intent identifies some of

the key conditions to incorporate into a new land use decision for the final phase of the subdivision since the prior decision has expired. Staff recommends Council's approval of the letter of intent.

SUMMARY:

A. **Fiscal Impact:**

- To be determined. SDC fee reductions will reduce fee revenue by a certain amount depending on the sale price of the home. Note: New housing is more revenue than no housing; additional housing people working in our city, property taxes and franchise fee revenues are factors for incentivizing new housing.
- Proposal in the housing development is to build approximately 36 new single family dwellings
- Developer is required to pay a cost share to the remaining 10th Street work to complete of \$150,000

B. **Budget Fund(s):**

- System Development Charge Funds – Transportation, Wastewater, and Parks

C. **Recognition of Collateral Material and Technical Report:**

- Letter of Intent with map exhibit of subject property

RECOMMENDATION:

Formal Action/Motion that the City Council approve the Letter of Intent for Strawberry Heights Phase 4 development by High Desert Home Improvement, LLC, subject to any revisions necessary by the City Attorney and or City Administrator to finalize.

February 19, 2019

High Desert Home Improvement, LLC
Attn: Shane and Kandace Pielstick
PO Box 2215
Terrebonne, Oregon 97217

Re: City of Madras ("City") Response – Strawberry Heights Phase 4 Subdivision

Dear Shane and Kandace:

This letter provides City's response to inquiries made by High Desert Home Improvement, LLC ("High Desert") with respect to High Desert's plan to plat the remaining phase of the Strawberry Heights subdivision to create approximately 36 to 40 residential lots for single-family dwellings (the "Project"). Be advised that City's response set forth in this letter are based upon City's understanding of the Project as of the date of this letter (February 19, 2019).

1. Application. High Desert will file with City a land use application for subdivision approval of the Project (the "Application") on or before May 15, 2019. The Application will be consistent with all applicable land use regulations and will address the provisions contained in Section 3 of this letter. Notwithstanding anything contained in this letter to the contrary, the Application will be subject to all applicable reviews, approvals, and the Laws (as defined below), including, without limitation, approval from City's planning commission. For purposes of this letter, the term "Law(s)" means all applicable federal, state, and local laws, regulations, and ordinances, including, without limitation, the Americans with Disabilities Act of 1990 (and the rules and regulations promulgated thereunder), environmental laws, City Ordinance No. 713 (the "Subdivision Ordinance"), and all policies, rules, regulations, leases, covenants, conditions, restrictions, easements, declarations, laws, statutes, liens, ordinances, orders, codes, and regulations directly or indirectly affecting the Property (as defined below) and/or Project; the term "Property" means that certain real property consisting of approximately 12.06 acres identified as Tax Lot No.: 111312CD00300, which parcel is depicted in the attached Exhibit A.

2. SDC Deferral Request. City anticipates that City's city council will consider an ordinance within 60 to 90 days from the date of this letter to provide certain reductions to system development charges ("SDC(s)") for, among other things, single-family dwellings (the "Proposed Ordinance"). City anticipates that the Proposed Ordinance, which must be adopted by the city council and is subject to amendments, will provide (a) a 25% reduction to SDCs applicable to each single-family dwelling sold at a sale price in excess of \$240,000.00, and (b) a 50% reduction to SDCs applicable to each single-family dwelling sold at a price of \$240,000.00 or less. High Desert requests that City defer payment of SDCs for each single-family dwelling associated with the Project to on or before the closing of each single-family dwelling. As of the date of this letter, City is reviewing High Desert's request and anticipates a response to High Desert within 60 days after the date of this letter. If City approves High Desert's deferral request, the applicant for each building permit will be required to enter into City's template SDC deferral agreement and satisfy such other requirements as City deems necessary and appropriate. The deferral agreement will otherwise be in form and content acceptable to City and will contain terms and conditions addressing, among other things, the applicant's payment obligations (which will be secured by a security interest on each lot subject to a deferral agreement).

3. Approval. City will review and process the Application in the same manner as other land use applications for lands within City. If requested in the Application, and to the extent applicable and permitted under the Laws, City anticipates that City's land use decision on the Application (the "Decision") will be consistent with the following:

3.1 A "Transportation Impact Study" will not be a condition of the Decision because (a) the subdivision of up to 40 lots will generate less than 50 peak hour trips, and (b) there are no failed intersections near the Property. City notes that the Property's previous subdivision approval (SD-08-02) approved a 72-lot

subdivision (duplexes) on the Property. The Transportation Impact Analysis performed in connection with SD-08-02 noted that there were no failed intersections as a result of the subdivision.

3.2 As a condition of Project approval, High Desert will fix (repair) all street drainage issues on the Property's existing street network to meet City's then-applicable standards. High Desert's obligation contained in this Section 3.2 will be incorporated into the Decision as a condition of approval.

3.3 High Desert will repair and replace the ADA ramps at each street intersection consistent with the Laws, including applicable City standards. High Desert will construct 6' sidewalks with a 5' planter strip to include one tree per lot to be built concurrent with each lot. High Desert has requested permission to complete construction of the sidewalks after home construction is completed. If City approves High Desert's request, High Desert will provide a performance guarantee in form and content acceptable to City, in City's sole discretion, to secure completion of the sidewalks. City may, in City's sole discretion, require that each sidewalk adjacent to a single-family residence be completed prior to issuance of the residence's certificate of occupancy. High Desert's obligations contained in this Section 3.3 will be incorporated into the Decision as conditions of approval.

3.4 As of the date of this letter, City's land use regulations do not allow Accessory Dwelling Units ("ADU(s)") in the Property's zone. City has initiated the process to adopt regulations into City's development code to allow ADUs in the Property's zone, which ADUs may be attached to a primary residence. City anticipates that such regulations will be effective on or before May 14, 2019; provided, however, approval of the regulations will be subject to the Laws, including, without limitation, approval from City's planning commission and council. To the extent High Desert requests approval of attached ADUs in the Application, the Decision will be consistent with the Laws, including, without limitation, City's applicable land use regulations.

3.5 In accordance with Section 5.11 of the Subdivision Ordinance, 8% of a subdivision's gross area of property must be dedicated to City for use as public parks and open space, which may include, without limitation, trails, parks, and/or other recreational purposes available to the public. City's Public Works Director, in his or her sole discretion, may permit a developer to pay a fee in lieu of dedicating property for public parks and open space purposes. The fee must be equal to 8% of the real market value of the property (prior to subdivision) established from the most recent tax assessment for the property by the Jefferson County Tax Assessor (the "Fee"). City recently acquired 6.08 acres of land directly south of the Property for purposes of developing a public park (the "Park"). To satisfy the Project's park requirement condition, High Desert will be required to dedicate a minimum 30' wide trail connecting the Project to the Park. The total dedicated area of the developed trail will count towards the Project's 8% park area requirement under Section 5.11 of the Subdivision Ordinance; the value of the total dedicated area of the developed trail (as calculated in accordance with this Section 3.5) will be subtracted from the Fee. High Desert will pay the remaining balance of the Fee, which as of the date of this letter is approximately \$22,205.00. The Fee will be allocated equally to each lot created and collected (i.e., due and payable for a particular lot) prior to issuance of a building permit. High Desert's dedication requirement and payment obligations contained in this Section 3.5 will be incorporated into the Decision as conditions of approval.

3.6 City will construct the remaining portion of 10th Street commencing at Tracy Street and continuing south 666.67'. City estimates that construction of the street will cost \$300,000.00. High Desert will reimburse City in the amount of \$150,000.00, which amount represents fifty percent (50%) of the estimated cost to construct the remaining portion of 10th Street (the "High Desert Share"). The High Desert Share will be divided equally among each lot created as part of the Project. Each lot's share will be due and payable prior to issuance of a building permit. For illustration purposes only, if High Desert develops 36 lots as part of the Project, each lot's share of the High Desert Share will equal \$4,167.00. High Desert's payment obligation contained in this Section 3.6 will be incorporated into the Decision as a condition of approval.

3.7 To satisfy Jefferson County Fire District's requirement that each dead-end street longer than 150' have turnaround access, High Desert will, as a condition of approval contained in the Decision, grant

easements to City, in form and content acceptable to City, across two lots (to be identified by the parties) for purposes of fire department turnaround access at the end of Leisek Way.

3.8 Subject to the Laws, including, without limitation, any applicable land use and/or building permit requirements, High Desert may commence construction of a single-family dwelling prior to City's issuance of the Decision; provided, however, construction of the first single-family dwelling must be consistent with the Application, the Laws, and all applicable infrastructure plans.

4. Miscellaneous. Notwithstanding anything contained in this letter to the contrary, this letter (a) does not constitute a statutory development agreement, land use decision, and/or any form of agreement between the parties, (b) is nonbinding, (c) does not grant or impose any legal rights and/or obligations on City or High Desert, and (d) does not set forth a final decision of City. No binding obligation will exist with respect to the subject matter of this letter unless and until City's issuance of the Decision, and then only to the extent such obligations are set forth in the Decision. High Desert will pay all fees, costs, and expenses incurred in connection with High Desert's development, construction, ownership, and operation of the Project, including, without limitation, all costs and expenses arising out any applicable land use approval process.

City trusts this letter fully responds to your inquiries concerning the Project. If there are additional concerns please feel free to contact me.

Respectfully,

Gus Burrell
City Administrator

cc: Jeremy M. Green, Bryant, Lovlien & Jarvis, P.C.

Exhibit A
Property – Depiction

[attached]

STRAWBERRY HEIGHTS SUBDIVISION, PHASE 4

PORTION OF PARCEL 3 OF PARTITION PLAT 2004-09
IN THE SW.1/4 OF SECTION 12, TWP.11 S., RANGE 13 E. W.M.
CITY OF MADRAS, JEFFERSON COUNTY, OREGON
CITY OF MADRAS COMMUNITY DEVELOPMENT CASE FILE #SD-04-1

JUNE 26, 2007

RECORDING INFORMATION:

FILE NUMBER _____
INSTRUMENT RECEIVED ON THE _____ DAY OF _____
2007 AT _____ M.
COUNTY CLERK _____
DEPUTY _____

NOTES:

- 1) BEARINGS BASED ON THE CENTRAL OREGON COORD. SYSTEM, PER C.S. #95-016 BY W.C. KAUFFMAN PLS #1031
- 2) P.P.&L. TRANSMISSION LINE EASEMENT. BOOK 3, PAGE, 606. DOCUMENT DOES NOT SPECIFY WIDTH BUT DOES LOCATE ON SECTION LINE. 60' EASEMENT CENTERED ON SECTION LINE BASED ON FIELD TIES. PARTITION PLAT 1992-04 SHOWS 32' NORTH AND 28' SOUTH. EASEMENT CONTAINED IN BUREAU OF RECLAMATION RELOCATION AGREEMENT AND CONFIRMATION DEED M.F.#20011170 INDICATES 30' NORTH AND SOUTH.

LEGEND:

- SET 5/8" X 30" REBAR WITH YELLOW PLASTIC CAP, INSCRIBED "HUFFMAN PLS 2786"
- FND. 5/8" REBAR WITH Y.P.C. INSCRIBED "HUFFMAN LS 2786" OR "HUFFMAN PLS 2786" UNLESS OTHERWISE NOTED
- △ CALCULATED CORNERS, NOT SET.
- ◆ SET BRASS SCREW AND WASHER IN CONCRETE, CORNER POSITION FALLS IN ELECTRICAL TRANSFORMER OR TELEPHONE JUNCTION BOX.

REF.# SURVEY REFERENCE NUMBER
FND. FOUND
CALC. CALCULATED
() RECORD SURVEY OR DEED DIMENSION AS NOTED
M.F.# JEFFERSON COUNTY MICROFILM RECORDING NUMBER.
C.S.# COUNTY SURVEY NUMBER
O.C.R.R. OREGON CORNER RESTORATION RECORD
P.U.E. PUBLIC UTILITY EASEMENT
PLAS. PLASTIC
Y.P.C. YELLOW PLASTIC CAP
--- BOUNDARY PUBLIC UTILITY EASEMENT

LINE	ANGLE	DISTANCE
L2	S 89°50'18" E	9.36'
L3	S 89°50'18" E	4.21'
L4	S 89°50'18" E	5.39'
L5	S 89°50'18" E	2.02'
L6	N 31°05'58" E	27.37'

ENGINEER / SURVEYOR:

TENNESON ENGINEERING CORP.
409 Lincoln Street,
The Dalles, Oregon. 97058
Ph. 541-296-9177
FAX 541-296-6657

REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
JAN. 21, 1997
BRADLEY R. HUFFMAN
#2786

EXPIRES: JUNE 30, 2009

I HEREBY CERTIFY THAT THIS PLAT IS A TRUE
AND EXACT COPY OF THE ORIGINAL PLAT.

BRADLEY R. HUFFMAN DATE _____

INITIAL POINT
1/4 CORNER, SECTIONS 12/13
FOUND 3" ALUMINUM CAP MONUMENT
IN BOX AT NORTHWEST CORNER OF
ROCK CRIB PER O.C.R.R. M.F.#860214.

CITY OF MADRAS

Request for Council Action

Date Submitted: March 5, 2019

Agenda Date Requested: March 12, 2019

To: Mayor and City Council Members

Through: Jeff Hurd, Public Works Director

From: Michele Quinn, Public Works Office Coordinator

Subject: Civil Engineer Professional Services Contract Awarded to H.A McCoy Engineering.

TYPE OF ACTION REQUESTED:

- | | |
|--|---|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input checked="" type="checkbox"/> Formal Action/Motion | <input checked="" type="checkbox"/> Contract Review Board |
| <input type="checkbox"/> None - Report Only | |

Formal action / motion that Council approves the Civil Engineer Professional Services Contract for H.A. McCoy Engineering.

DESCRIPTION:

The attached professional services contract enables H.A. McCoy Engineering to act, on behalf of the City, as Civil Engineer for various projects that arise throughout the term of the contract. The top two most qualified, responsive consultants were considered for this contract. It was determined by the selection that H.A. McCoy Engineering would best serve the City in this capacity.

STAFF ANALYSIS:

Staff received two responsive Statement of Qualifications for the Civil Engineer Services contract: 1) HWA Civil Engineering 2) H.A. McCoy Engineering. Staff assembled a selection committee comprised of the Public Works Director, Public Works Office Coordinator, Public Works Operations Manager, and the Utilities Supervisor to review the statements of qualifications submitted. The two firms were evaluated based on their proximity to Madras, experience & familiarity with the City, references, experience serving as City Engineer for other communities and their understanding, approach and quality of their Statement of Qualifications.

The contract will commence March 2019 and terminate June 28, 2024 with the option to renew.

The City will direct the Consultant to provide engineering assistance in two ways:

Miscellaneous Services – City may require Contractor to perform engineering services for day-to-day issues. This may include, without limitation, the following:

- Attend city council meetings.
- Coordinate and work with City staff.
- Review plans and specifications for development in the City.
- Troubleshoot City facilities and make recommendations for improvements.
- Provide planning for City facilities.
- Review City rate structures and make recommendations.
- Respond to all manner of general civil engineering requests.
- Preparation of standards and guidelines.
- Act as a liaison to the Department of Environmental Quality and other agencies as required.
- Provide back up to the Public Works Director when needed.

For Miscellaneous Services, Contractor will provide basic services to City on a time and materials approach unless other arrangements or agreements are made under this Agreement or the applicable Request for Services.

Request for Services. Upon City's identification of any necessary Services, City and Contractor will discuss the Services, including, without limitation, the anticipated fees and schedule for completing the Services (the "Consultation"). After Consultation, Contractor will provide City a written proposal for the applicable Services consistent with the Consultation (each a "Request for Services"), which Request for Services will contain a description of the applicable Services, Contractor's proposed fees for performing the Services, and a schedule for Contractor's completion of the Services. Within ten (10) days after City's receipt of the applicable Request for Services, City will (a) accept and approve the Request for Services and authorize Contractor to complete the Services described in the Request for Services, (b) negotiate with Contractor to modify the Request for Services, or (c) reject the Request for Services; provided, however, City's rejection of a Request for Services will not constitute a breach by Contractor and/or City under this Agreement.

SUMMARY:

A. **Fiscal Impact:**

- TBD; on an as-needed basis, and depends on specific work tasks that are issued to the consultant

B. **Funding Source:**

- Professional Services

C. Recognition of Collateral Material and Technical Report:

- See attached professional services contract for H.A. McCoy Engineering
- RFQ Scoring

RECOMMENDATION:

Formal action / motion that Council approves the Wastewater Engineer Professional Services Contract between the City of Madras and H.A. McCoy Engineering

SOQ for City of Madras Civil Engineer of Record

Evaluation and Scoring Sheet

EVALUATOR

Jeff Hurd

Firms

H.A. McCoy

Scoring Criteria	HWA	H.A. McCoy
1. Professional Qulifications of Project Team	9	10
2. Experience	15	20
3.Method of Approach	13	20
4. Availability, Familiarity with City's System	15	25
5. Understanding of Requested Services	10	15
6. References	8	10
TOTAL SCORE	70	100

EVALUATOR

Gale Poland

Firms

H.A. McCoy

Scoring Criteria	HWA	H.A. McCoy
1. Professional Qulifications of Project Team	10	10
2. Experience	15	20
3.Method of Approach	15	20
4. Availability, Familiarity with City's System	20	25
5. Understanding of Requested Services	15	15
6. References	10	10
TOTAL SCORE	85	100

EVALUATOR

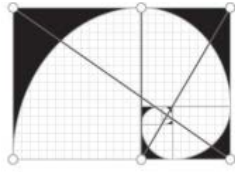
Michele Quinn

Firms

H.A. McCoy

Scoring Criteria	HWA	H.A. McCoy
1. Professional Qulifications of Project Team	8	9
2. Experience	15	18
3.Method of Approach	15	18
4. Availability, Familiarity with City's System	20	22
5. Understanding of Requested Services	12	13
6. References	9	9
TOTAL SCORE	79	89

COMBINED SCORES	234	289
------------------------	------------	------------



H.A. McCOY
ENGINEERING & SURVEYING, LLC

1180 SW Lake Road, Redmond, OR

541-923-7554

www.ham-engr.com

EXHIBIT B - JANUARY 1, 2019

RATE SCHEDULE

PROFESSIONAL ENGINEER II	\$185/HR
PROFESSIONAL ENGINEER/SURVEYOR I	\$120/HR
ENGINEERING TECHNICIAN	\$ 80/HR
ADMINISTRATIVE	\$ 40/HR
2-MAN SURVEY CREW	\$140/HR
1-MAN SURVEY CREW	\$100/HR
MILEAGE	\$0.56/MILE
LODGING, POSTAGE, OTHER INCIDENTAL EXPENSES	AT COST

**PROFESSIONAL SERVICES AGREEMENT –
CITY CIVIL ENGINEERING SERVICES**

This Professional Services Agreement – City Engineering Services (this “Agreement”) is made and entered into effective on March 12, 2019 (the “Effective Date”) between City of Madras (“City”), an Oregon municipal corporation, whose address is 125 SE E Street, Madras, Oregon 97741, and **H.A. McCoy Engineering & Surveying, LLC**. (“Contractor”), an Oregon corporation, whose address is P.O. Box 533, Redmond, Oregon 97756

RECITAL:

Contractor will perform the Services (as defined below) for and on behalf of City in accordance with, and subject to, the terms and conditions contained in this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the parties’ mutual obligations contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Engineer Services.

1.1 Services; Standards. Subject to the terms and conditions contained in this Agreement, Contractor will perform the following engineering services for and on behalf of City (collectively, the “Services”): (a) those engineering services described in the attached Schedule 1.1; (b) any other necessary or appropriate services customarily provided by Contractor in connection with its performance of those services described in the attached Schedule 1.1; and (c) such other engineering and related services requested by City from time to time. Contractor will (x) consult with and advise City on all matters concerning the Services reasonably requested by City, (y) communicate all matters and information concerning the Services to City’s public works director (“PWD”) (or his or her designee) and perform the Services under the general direction of the PWD (or his or her designee) and/or council, and (z) devote such time and attention to the performance of the Services as necessary to perform the Services in accordance with this Agreement. Contractor acknowledges and agrees that City may cause or direct other persons or contractors to provide services for and on behalf of City that are the same or similar to the Services provided by Contractor under this Agreement.

1.2 Request for Services. Subject to the terms and conditions contained in this Agreement, Contractor will perform those Services requested by City from time to time. Upon City’s identification of any necessary Services, City and Contractor will discuss the Services, including, without limitation, the anticipated fees and schedule for completing the Services (the “Consultation”). After Consultation, Contractor will provide City a written proposal for the applicable Services consistent with the Consultation (each a “Request for Services”), which Request for Services will contain a description of the applicable Services, Contractor’s proposed fees for performing the Services, and a schedule for Contractor’s completion of the Services. Within ten (10) days after City’s receipt of the applicable Request for Services, City will (a) accept and approve the Request for Services and authorize Contractor to complete the Services described in the Request for Services, (b) negotiate with Contractor to modify the Request for Services, or (c) reject the Request for Services; provided, however, City’s rejection of a Request for Services will not constitute a breach by Contractor and/or City under this Agreement. Contractor will perform the Services

described in each Request for Services which has been accepted and approved by City and Contractor in accordance with and subject to this Agreement and the Request for Services. No Request for Services will be binding and enforceable unless and until the Request for Services is accepted and approved by City and Contractor. If accepted and approved by City and Contractor, the Request for Services will not invalidate this Agreement but will be attached to, and become part of, this Agreement.

1.3 Condition Precedent. Notwithstanding anything contained in this Agreement to the contrary, City's performance of its obligations under this Agreement is conditioned on Contractor's performance of its obligations under this Agreement, including, without limitation, those Contractor obligations described under Section 4.4.

2. Compensation.

2.1 Compensation. Subject to the terms and conditions contained in this Agreement, in consideration of Contractor's timely performance of the Services in accordance with this Agreement, City will pay Contractor for the Services at the hourly rates identified in the fee schedule attached hereto as Schedule 2.1, which hourly rates may be modified no more than once annually upon the parties' prior and mutual written agreement. Contractor will submit monthly invoices to City concerning the Services performed by Contractor during the immediately preceding month (each an "Invoice"). Each Invoice will contain the following information: (a) a summary of the Services performed by Contractor (and by whom); (b) the number of hours (or fraction thereof) each person spent to perform the Services; (c) the applicable fee(s) for performing the Services; and (d) any other information reasonably requested by City. City will pay the amount due under each Invoice within thirty (30) days after City has reviewed and approved the Invoice. No compensation will be paid by City for any portion of the Services not performed. City's payment will be accepted by Contractor as full compensation for performing the subject Services. Notwithstanding anything contained in this Agreement to the contrary, total compensation payable by City under this Agreement for the performance of the Services will not exceed the amount(s) City and Contractor agree upon in the applicable Request for Services or otherwise.

2.2 No Benefits; No Reimbursement. City will not provide any benefits to Contractor, and Contractor will be solely responsible for obtaining Contractor's own benefits, including, without limitation, insurance, medical reimbursement, and retirement plans. Contractor will provide, at Contractor's cost and expense, all materials, equipment, and supplies necessary or appropriate to perform the Services. City will not reimburse Contractor for any expenses Contractor incurs to perform the Services unless City and Contractor mutually agree upon reimbursement pursuant to the terms of the applicable Request for Services.

3. Relationship.

3.1 Independent Contractor. Contractor is an independent contractor of City. Contractor is not an employee of City. Contractor will be free from direction and control over the means and manner of performing the Services, subject only to the right of City to specify the desired results. This Agreement does not create an agency relationship between City and Contractor and does not establish a joint venture or partnership between City and Contractor. Contractor does not have the authority to bind City or represent to any person that Contractor is an agent of City. Contractor has the authority to hire other persons to assist Contractor in performing the Services (and has the authority to fire such persons).

3.2 Taxes; Licenses. City will not withhold any taxes from any payments made to Contractor, and Contractor will be solely responsible for paying all taxes arising out of or resulting from Contractor's performance of the Services, including, without limitation, income, social security, workers' compensation, and employment insurance taxes. Contractor will be solely responsible for obtaining all licenses, approvals, and certificates necessary or appropriate to perform the Services.

4. Representations; Warranties; Covenants.

In addition to any other Contractor representation, warranty, and/or covenant made in this Agreement, Contractor represents, warrants, and covenants to City as follows:

4.1 Authority; Binding Obligation; Conflicts. Contractor is duly organized, validly existing, and in good standing under applicable Oregon laws. Contractor has full power and authority to sign and deliver this Agreement and to perform all Contractor's obligations under this Agreement. This Agreement is the legal, valid, and binding obligation of Contractor, enforceable against Contractor in accordance with its terms. The signing and delivery of this Agreement by Contractor and the performance by Contractor of all Contractor's obligations under this Agreement will not (a) breach any agreement to which Contractor is a party, or give any person the right to accelerate any obligation of Contractor, (b) violate any law, judgment, or order to which Contractor is subject, or (c) require the consent, authorization, or approval of any person, including, without limitation, any governmental body.

4.2 Quality of Services. Contractor will perform the Services diligently, in good faith, in a professional manner, with the care and skill ordinarily used by engineers practicing under similar circumstances within Central Oregon, and consistent with the terms and conditions contained in this Agreement. The Services will be performed in accordance with the Laws. Contractor will be solely responsible for the Services. Contractor will make all decisions called for promptly and without unreasonable delay. All materials and documents prepared by Contractor will be materially accurate, complete, unambiguous, prepared properly, and in compliance with the Laws. Contractor acknowledges and agrees that City is not responsible for discovering deficiencies in the technical accuracy of the Services. Contractor will promptly correct deficiencies in technical accuracy without additional compensation, unless such corrective action is directly attributable to deficiencies in City-furnished information and documentation (and Contractor was acting reasonably in relying upon such deficient information and documentation).

4.3 Insurance. During the term of this Agreement, Contractor will obtain and maintain, in addition to any other insurance required under this Agreement, the following minimum levels of insurance: (a) general liability insurance for all losses or claims arising out of or related to Contractor's performance of its obligations under this Agreement (including, without limitation, damages as a result of death or injury to any person or destruction or damage to any property) with limits of not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate; (b) comprehensive automobile liability insurance for all owned, non-owned, and hired vehicles that are or may be used by Contractor in connection with Contractor's performance of the Services with limits of not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate; (c) errors and omissions insurance with limits of not less than \$1,000,000 per occurrence, \$2,000,000 in the aggregate; and (d) workers' compensation insurance in form and amount sufficient to satisfy the requirements of applicable Oregon law. Each liability insurance policy required under this Agreement will be in form and content satisfactory to City, will list City and each City Representative (as defined below) as an additional insured, and will contain a severability of interest clause; the workers' compensation insurance will contain a waiver of subrogation

in favor of City. The insurance Contractor is required to obtain under this Agreement may not be cancelled without ten (10) days' prior written notice to City. Contractor's insurance will be primary and any insurance carried by City will be excess and noncontributing. Contractor will furnish City with appropriate documentation evidencing the insurance coverage (and provisions) and endorsements Contractor is required to obtain under this Agreement upon Contractor's execution of this Agreement and at any other time requested by City. If Contractor fails to maintain insurance as required under this Agreement, City will have the option, but not the obligation, to obtain such coverage with costs to be reimbursed by Contractor immediately upon City's demand.

4.4 Compliance With Laws. Contractor will comply and perform the Services in accordance with the Laws. Without otherwise limiting the generality of the immediately preceding sentence, Contractor will comply with each obligation applicable to Contractor and/or this Agreement under ORS 279B.220, 279B.225, 279B.230, and 279B.235, which statutes are incorporated herein by reference. Prior to the Effective Date, Contractor obtained all licenses, approvals, and/or certificates necessary or appropriate to perform the Services. For purposes of this Agreement, the term "Law(s)" means all applicable federal, state, and local laws, regulations, restrictions, orders, codes, rules, and/or ordinances related to or concerning Contractor, this Agreement, and/or the Services, including, without limitation, all applicable City ordinances, resolutions, policies, regulations, orders, restrictions, and guidelines, all as now in force and/or which may hereafter be amended, modified, enacted, and/or promulgated.

4.5 Indemnification. Contractor will defend, indemnify, and hold City and each present and future City employee, officer, agent, and representative (individually and collectively, "City Representative(s)"), harmless for, from, and against all claims, actions, proceedings, damages, liabilities, injuries, losses, and expenses of every kind, whether known or unknown, including, without limitation, attorney fees and costs, to the extent caused and resulting from or arising out of the following: (a) damage, injury, and/or death to person or property to the extent caused by Contractor's acts and/or omissions (and/or the acts and/or omissions of Contractor's members, managers, directors, officers, shareholders, employees, agents, representatives, consultants, and/or contractors (individually and collectively, "Contractor Representative(s)"); (b) Contractor's failure to pay any tax arising out of or resulting from the performance of the Services; and/or (c) Contractor's breach and/or failure to perform any Contractor representation, warranty, covenant, and/or obligation contained in this Agreement. Contractor's indemnification obligations provided in this Section 4.5 will survive the termination of this Agreement.

4.6 Assignment of Studies and Reports. Contractor will assign all studies, reports, data, documents, and/or materials of any kind produced under this Agreement to City upon the earlier of City's request or the termination of this Agreement. All copies of the materials provided to City will become the property of City who may use them without Contractor's permission for any proper purpose relating to the Services, including, without limitation, additions to or completion of the Services. Contractor will defend all suits or claims for infringement of patent, trademark, and/or copyright for which Contractor is responsible (including, without limitation, any claims which may be brought against City), and Contractor will be liable to City for all losses arising therefrom, including costs, expenses, and attorney fees.

4.7 Records. Contractor will maintain complete and accurate records concerning all Services performed, the number of hours each person spent to perform the Services, and all documents produced under this Agreement for a period of five years after the expiration or earlier termination of this Agreement. Contractor's records will be maintained in accordance with sound accounting practices.

Contractor's records concerning the Services, including, without limitation, Contractor's time and billing records, will be made available to City for inspection, copying, and/or audit within ten (10) days after City's request.

4.8 Confidential Information. During the term of this Agreement, and at all times thereafter, Contractor will maintain all Confidential Information (as defined below) in the strictest confidence and will not directly or indirectly use, communicate, or disclose any Confidential Information to any person, or remove or make reproductions of any Confidential Information, except that Contractor may (a) use Confidential Information to perform the Services to the extent necessary, and (b) communicate or disclose Confidential Information in accordance with a judicial or other governmental order or as required by applicable law, but only if Contractor promptly notifies the city recorder of the order and complies with any applicable protective or similar order. Contractor will promptly notify the city recorder of any unauthorized use, communication, or disclosure of any Confidential Information and will assist City in every way to retrieve any Confidential Information that was used, communicated, or disclosed by Contractor and will exert Contractor's best efforts to mitigate the harm caused by the unauthorized use, communication, or disclosure of any Confidential Information. Upon the earlier of City's request or termination of this Agreement, Contractor will immediately return to City all documents, instruments, or materials containing any Confidential Information accessed or received by Contractor, together with all copies and summaries of such Confidential Information. If requested by City, Contractor will execute a written certification satisfactory to City pursuant to which Contractor will represent and warrant that Contractor has returned all Confidential Information to City in accordance with the terms of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the terms of this Agreement do not operate to transfer any ownership or other rights in or to the Confidential Information to Contractor or any other person. For purposes of this Agreement, the term "Confidential Information" means all documentation, information, and/or materials identified by City as confidential and/or any documentation, information, and/or materials relating to or concerning City's future plans, business affairs, employment, legal, and litigation matters that need to be protected from improper disclosure, in whatever form (e.g., hard and electronic copies, etc.), that is received or assessed by Contractor; provided, however, the term "Confidential Information" does not include City's public records which are non-exempt public records under applicable federal, state, and/or local laws.

5. Term; Termination.

5.1 Term of Agreement. Subject to the terms and conditions contained in this Agreement, the term of this Agreement commenced on the Effective Date and will remain in full force and effect until **June 28, 2024**, unless sooner terminated as provided in this Agreement. This Agreement may be extended by the parties' mutual written agreement.

5.2 Termination by Mutual Agreement or Prior Notice. Notwithstanding anything contained in this Agreement to the contrary, this Agreement may be terminated (a) at any time by the mutual written agreement of City and Contractor, and/or (b) by either party for convenience and without cause by providing the other party thirty (30) days' prior written notice of such termination.

5.3 Termination For Cause. Notwithstanding anything contained in this Agreement to the contrary, City may terminate this Agreement immediately upon notice to Contractor upon the happening of any of the following events: (a) Contractor engages in any form of dishonesty or conduct that reflects adversely on the reputation or operations of City; (b) Contractor fails to comply with any applicable law related to Contractor's independent contractor relationship with City; (c) problems occur

in connection with the performance of the Services; and/or (d) Contractor breaches and/or otherwise fails to perform any Contractor representation, warranty, covenant, and/or obligation contained in this Agreement.

5.4 Consequences of Termination. Upon termination of this Agreement, City will not be obligated to reimburse or pay Contractor for any continuing contractual commitments to others or for penalties or damages arising from the cancellation of such contractual commitments. Within a reasonable period of time after termination of this Agreement (but in no event later than five days after termination), Contractor will deliver to City all materials and documentation, including raw or tabulated data and work in progress, related to or concerning the Services. Termination of this Agreement by City will not constitute a waiver or termination of any rights, claims, and/or causes of action City may have against Contractor.

5.5 Remedies. If a party breaches or otherwise fails to perform any of its representations, warranties, covenants, and/or obligations under this Agreement, the non-defaulting party may, in addition to any other remedy provided to the non-defaulting party under this Agreement, pursue all remedies available to the non-defaulting party at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.

6. Miscellaneous.

6.1 Severability; Assignment; Binding Effect. Each provision contained in this Agreement will be treated as a separate and independent provision. The unenforceability of any one provision will in no way impair the enforceability of any other provision contained herein. Any reading of a provision causing unenforceability will yield to a construction permitting enforcement to the maximum extent permitted by applicable law. Contractor will not assign this Agreement to any person without City's prior written consent. Subject to the immediately preceding sentence, this Agreement will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit. This Agreement may be amended only by a written agreement signed by each party.

6.2 Attorney Fees; Dispute Resolution. If any arbitration or litigation is instituted to interpret, enforce, and/or rescind this Agreement, including, without limitation, any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney fees and other fees, costs, and expenses of every kind, including, without limitation, costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court. If any claim, dispute, or controversy arising out of or related to this Agreement occurs (a "Dispute"), City and Contractor will exert their best efforts to seek a fair and prompt negotiated resolution of the Dispute and will meet at least once to discuss and seek a resolution of the Dispute. If the Dispute is not resolved by negotiated resolution, either party may initiate a suit, action, arbitration, or other proceeding to interpret, enforce, and/or rescind this Agreement.

6.3 Governing Law; Venue. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action or proceeding arising out of this Agreement will be

litigated in courts located in Jefferson County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Jefferson County, Oregon.

6.4 Attachments; Further Assurances; Notices. Any exhibits, schedules, instruments, documents, and other attachments referenced in this Agreement are part of this Agreement. The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Agreement. Time is of the essence with respect to Contractor's performance of its obligations under this Agreement. All notices or other communications required or permitted by this Agreement must be in writing, must be delivered to the parties at the addresses set forth above, or any other address that a party may designate by notice to the other party, and are considered delivered upon actual receipt if delivered personally, by fax or email transmission (with electronic confirmation of delivery), or by a nationally recognized overnight delivery service, or at the end of the third business day after the date of deposit if deposited in the United States mail, postage pre-paid, certified, return receipt requested.

6.5 Waiver; Entire Agreement. No provision of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing by City and Contractor. No waiver of either party at any time of the breach of, or lack of compliance with, any conditions or provisions of this Agreement will be deemed a waiver of other provisions or conditions hereof. This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter of this Agreement and contains all the terms and conditions of the parties' agreement and supersedes any other oral or written negotiations, discussions, representations, or agreements. Contractor has not relied on any promises, statements, representations, or warranties except as set forth expressly in this Agreement.

6.6 Person; Interpretation; Execution. For purposes of this Agreement, the term "person" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, unincorporated organization, government or governmental agency or political subdivision, or any other entity. All pronouns contained herein and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The titles, captions, or headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. The parties may execute this Agreement in separate counterparts, each of which when executed and delivered will be an original, but all of which together will constitute one and the same instrument. Facsimile or email transmission of any signed original document will be the same as delivery of an original. At the request of either party, the parties will confirm facsimile or email transmitted signatures by signing and delivering an original document.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed and effective for all purposes as of the Effective Date.

CITY:

City of Madras,
an Oregon municipal corporation

CONTRACTOR:

H. A. McCoy Engineering & Surveying, LLC,
an Oregon corporation

By: _____

Its: _____

By: _____

Its: _____

Federal Tax Id. No.: _____

Federal Tax Id. No.: _____

Schedule 1.1
Scope of Services

Contractor will perform Services as-needed subject to and in accordance with the terms and conditions contained in this Agreement. Contractor will be available as necessary for consultation. City does not guaranty any minimum hours of service or schedule.

Subject to the terms and conditions contained in this Agreement, Contractor will perform the following engineering and related services for and on behalf of City in two ways:

1. Miscellaneous Services
2. Request for Services per section 1.2

Miscellaneous Services – City may require Contractor to perform engineering services for day-to-day issues. This may include, without limitation, the following:

- Attend city council meetings.
- Coordinate and work with City staff.
- Review plans and specifications for development in the City.
- Troubleshoot City facilities and make recommendations for improvements.
- Provide planning for City facilities.
- Review City rate structures and make recommendations.
- Respond to all manner of general civil engineering requests.
- Preparation of standards and guidelines.
- Act as a liaison to the Department of Environmental Quality and other agencies as required.
- Provide back up to the Public Works Director when needed.

For Miscellaneous Services, Contractor will provide basic services to City on a time and materials approach unless other arrangements or agreements are made under this Agreement or the applicable Request for Services.

Schedule 2.1
Fee Schedule

Subject to the terms and conditions contained in this Agreement, Contractor will perform the Services at the following hourly rates, which rates are subject to adjustment in accordance with the terms and conditions contained in this Agreement:



EXHIBIT B - JANUARY 1, 2019

RATE SCHEDULE

PROFESSIONAL ENGINEER II	\$185/HR
PROFESSIONAL ENGINEER/SURVEYOR I	\$120/HR
ENGINEERING TECHNICIAN	\$ 80/HR
ADMINISTRATIVE	\$ 40/HR
2-MAN SURVEY CREW	\$140/HR
1-MAN SURVEY CREW	\$100/HR
MILEAGE	\$0.56/MILE
LODGING, POSTAGE, OTHER INCIDENTAL EXPENSES	AT COST

CITY OF MADRAS

Request for Council Action

Date Submitted: March 1, 2019

Agenda Date Requested: March 12, 2019

To: Mayor and City Council Members

Through: Jeff Hurd, Public Works Director

From: Michele Quinn, Public Works Office Coordinator

Subject: The Future of High Speed Internet in Madras

TYPE OF ACTION REQUESTED:

- | | |
|--|--|
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance |
| <input type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Contract Review Board |
| <input checked="" type="checkbox"/> None - Report Only | |

DESCRIPTION:

Attached is correspondence from Bend Broadband and Century Link on planned upgrades to internet within the City of Madras for 2019.

STAFF ANALYSIS:

A few years ago, the City looked at the potential to develop its own high-speed internet service to all homes within Madras similar to the City of Sandy's model. At the time, there was a concern that the local providers were not going to upgrade infrastructure to provide the wanted one GB internet service. At that time there was CenturyLink, Crestview Cable and Bend Broadband. Bend Broadband only offered service to businesses and government entities but not residential.

Sometime in 2017, Bend Broadband acquired Crestview Cable, and when that happened we put the brakes on the effort to determine whether to start a high-speed internet service or not. We wanted to see what the plan was first before making any decisions.

Staff again contacted both Century Link and Bend Broadband and they have provided us with an update on their plans. Attached are their reports for 2019.

SUMMARY:

- A. Fiscal Impact:
 - No direct impact.
- B. Funding Source:
 - N/A
- C. Recognition of Collateral Material and Technical Report:
 - Letter from Courtney Underhill at Bend Broadband
 - Email from Samantha Ridderbusch at Century Link.

RECOMMENDATION:

No action necessary. This was for informational purposes only.



2/20/19

BendBroadband Planned Internet Upgrades in Madras

In 2018 we:

- Completed all of our node splits and new node builds to fix initial capacity issues.
- Started the transition to BendBroadband business and operations support systems (video platform and billing systems completed).
- Did away with throttling users after they hit their monthly usage allotment.

Our primary focus in 2019 is to build upon our now faster, less congested and more reliable network. This includes:

- Completing the Madras Headend building replacement (the headend includes the computer system and network needed to provide Internet service). This will include:
 - Deployment of the latest DOCSIS 3.1 technology supporting speeds up to 1Gbps
 - Rebuilding the video delivery infrastructure, modernizing equipment and improving video reliability.
- Completing the transition to BendBroadband business and operations support system (for voice and data). This will change and enhance customer's interaction with our website and call center staff.
- Consolidating the voice-over-ip (VoIP) platform onto a more reliable TDS (BendBroadband) owned and controlled voice platform.
- Continue placing Fiber anywhere there is new development.

In 2019 we will focus on introducing new products. The updates above will allow us to:

- Increase internet speeds in Madras to 600Mbps in mid-2019 and then further increase speeds to 1Gbps. The highest speed currently available through the legacy Crestview DOCSIS platforms is 100Mbps.
- Expand the TV channel line-up to a more competitive offering including more HD programming.
- Offer new video features including whole-home or "Cloud-based" DVR, updated programming guide and updated user-interface (UI) on premium products.

Please contact our Field Marketing Manager Courtney Underhill with any further questions.

Courtney Underhill – Field Market Manager
541-388-5824
Courtney.Underhill@tdstelecom.com



Via Email

March 1, 2019

Dear Mr. Hurd,

Thank you for reaching out to CenturyLink and allowing the opportunity to provide an annual update to the City of Madras.

Last year we had the opportunity to meet and review CenturyLink services and availability as well as our plans for 2018/19 in the City of Madras. As a follow up, I'd like to share that we completed one of the two CAF II jobs we spoke about last year and remain optimistic that we will be able to complete the second planned CAF II job in 2019.

The remaining investment is a bit larger and costlier than the one completed last year. Upon completion of both CAF II projects, CenturyLink will have made a substantial financial investment in Madras with the anticipated outcome of increased speeds and availability for both residents and businesses in the community.

CAF II or The Connect America Fund is the FCC's long-term program to support sustainable and scalable broadband capable networks in high-cost areas. CenturyLink was a recipient of the CAF II program and remains committed to the six-year program set forth by the FCC.

Best,

Samantha

Samantha Ridderbusch
State and Local Government Affairs Director

