CITY COUNCIL MEETING PACKET

NOVEMBER 8, 2016

City of Madras
City Council Meeting
City Council Chambers

November 8, 2016
7:00 p.m.

AGENDA

I Call to Order

II Pledge of Allegiance and Prayer

III 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 Vouchers

B. Approval of Minutes From the October 25, 2016 City Council Meeting

C. Approval of Airport - Industrial Site Committee Appointments

- Gordon Nicholson Term: January 1, 2017 to December 31, 2020
- Bill Randolph Term: January 1, 2017 to December 31, 2020
- Chris Tatro Term: January 1, 2017 to December 31, 2020

D. Approval of Urban Forestry Commission Appointments

- Bill Donaghu Term: January 1, 2017 to December 31, 2019

E. Approval of Oregon Parks and Recreation Department Recreational Trails Program Grant Agreement No. RT16-036 Madras Bike and Skate Park to Youth Fishing Pond Trail Connection Project - Phases I and II, #2016-02 (aka Madras Trail Phase 5 Project)

F. Approval of Proposed Holiday Tree - Utility Giving Program

G. Authorization to Upgrade South Y Entrance Sign

H. Approval to Liquidate Airport Courtesy Car

I. Audit of Transient Lodging Tax Entities

J. Approval of Letter of Support for Central Oregon Intergovernmental Council Transit Legislative Proposal

IV Visitor Comments

V Public Hearing

A. City of Madras and Jefferson County Comprehensive Plan Amendments and City of Madras Zoning Ordinance Amendments (No. 864), City File No. PA-16-2

1) Open Public Hearing

2) Staff Report

3) Comments From the Public

4) Close Public Hearing

5) Council Deliberations

6) Council Takes Formal Action to Issue Order (if necessary)

Community Development Director, Nicholas Snead

VI Solar Eclipse Planning Update (VERBAL)

City Administrator, Gus Burril

VII Jefferson County Collection of the City's 9% Transient Occupancy Tax Discontinuance of Credit Card Discount - Continued From October 25, 2016 City Council Meeting

City Administrator, Gus Burril

VIII Discussion Regarding Closure of City Hall on November 25, 2016 the Day After Thanksgiving

Finance Director, Kristal Hughes

IX Unprogrammed Community Grant Request
Winter Banners / Decorations / Tree for City Hall

Finance Director, Kristal Hughes

X Quarterly Financial Report

Finance Director, Kristal Hughes

XI Review of Historical Photos for City Council Chambers

Mayor Royce Embanks
Councilor Tom Brown

XII Additional Comments, Announcements, and Department Reports

XIII Adjourn

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.

DISBURSEMENTS LIST - October 2016

For Council Review and Approval

101-106	General Fund - Police	16,760.73
204	Transportations Operations Fund	33,682.61
206	Parks Fund	3,857.89
207	Tourism/Economic Development	39,344.76
306	Debt Service Fund	0.00
401	SDC Street Improvement Fund	0.00
402	SDC Park Improvement Fund	0.00
403	SDC Wastewater Improvement Fund	0.00
404	Airport Construction Fund	0.00
405	SDC Water Fund	0.00
406	SDC Stormwater Construction Fund	0.00
407	SDC Wastewater Reimbursement Fund	0.00
408	SDC Street Reimbursement Fund	0.00
409	Improvement Fee Fund	0.00
502	Water Operations Fund	21,333.26
503	Wastewater Operations Fund	57,124.33
504	Industrial Site Fund	3,004.00
505	Community Development Fund	13,877.03
509	Airport Operations Fund	160,087.51
701/702	MRC	0.00
802	Internal Services Fund-Central Services	16,271.14
803	Internal Services Fund-Public Works Staff	45,453.91
804	Internal Services Fund-Buildings	12,437.67
805	Internal Services Fund-Fleet	21,840.58
999	Tresurer's Cash-Customer Refunds	568.48

GRAND TOTAL **445,643.90**

** Council Review and approval of payments made in the previous month**

Bank of America Purchase Cards

October 2016

Date	Payee	Description	Amount
9/30/2016	COVENANT TECHNOLOGY SOLUT	COVENANT TECHNOLOGY - PO 10571: SWWTP Surface Pro and Office Upgrades	$4,618.51
9/26/2016	CENTRAL OREGON HEATING	CENTRAL OR HEATING - PO 10927: Install New Air Conditioner & Coil @ SWWTP	$4,315.00
9/30/2016	COVENANT TECHNOLOGY SOLUT	COVENANT TECHNOLOGY - PO 10437: Ipads and Software for Planning Commission	$3,204.00
10/4/2016	CENTRAL ELECTRIC COO INC	CENTRAL ELECTRIC - Dogwood/Runway/Beige (Sept)	$3,060.81
10/7/2016	FLINT TRADING, INC.	FLINT TRADING - PO 10929: Thermal Plastic	$2,510.30
10/17/2016	CARLSON TESTING INC	CARLSON TESTING - ODOT CDT Soils and Asphalt Tech	$2,501.95
10/7/2016	FLINT TRADING, INC.	FLINT TRADING - Thermal Plastic	$2,410.19
10/17/2016	PACIFIC TRUCK CENTERS RED	PACIFIC TRUCK - Remove and Replace New Walking Beam Bushings	$2,149.09
10/5/2016	BRENNTAG IN HOUSE	BRENNTAG - 1541 G Sodium Hypochlorite	$2,103.32
10/18/2016	CENTRAL OREGON HEATING	CENTRAL OR HEATING - Replaced Air Filters and Annual Maint @ CH	$1,822.00
10/3/2016	WILBUR ELLIS MADRAS	WILBUR ELLIS - Golf Course Fungicide	$1,597.65
10/17/2016	COVENANT TECHNOLOGY SOLUT	COVENANT - Finance Dept Replacement Laptop	$1,557.88
9/26/2016	CASELLE	CASELLE - Monthly Support Services (October)	$1,500.00
10/17/2016	COVENANT TECHNOLOGY SOLUT	COVENANT - Monthly Support Services (Oct)	$1,477.41
10/14/2016	VZWRLSS IVR VB	VERIZON - 9 New Cell Phones and 1st Month's Usage	$1,455.93
10/17/2016	COVENANT TECHNOLOGY SOLUT	COVENANT - Monthly Support Services (Oct)	$1,354.49
10/18/2016	CONSOL SUPP-#100	CONSOL SUPPLY - Ratchet, Tubes, Clamps, Couplings and Meters	$1,265.92
10/4/2016	TS & S FORD	TS & S FORD - Repair Exhaust and Gear Range Selector #111	$1,166.60
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Time, Place and Manner Restrictions	$1,104.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Liquor License Apps, Prepare for Meetings and Lease Prep	$1,104.00
10/4/2016	MADRAS TIRE FACTORY	MADRAS TIRE FACTORY - NEW TIRES FOR # 149	$1,102.86
10/3/2016	QTPOD.COM	QTPOD.COM - Annual Service Agreement for QTPOD	$995.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Ballot Initiative Petition 28	$960.00
10/18/2016	DAS ORCPP MEMBERSHIP	STATE OF OREGON - ORCPP Membership FY 2016-17	$900.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Warm Springs Truck Stop	$874.67
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Warm Springs Truck Stop	$874.67
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Warm Springs Truck Stop	$874.66
10/11/2016	TRAFFIC SAFETY SUPPLY CO	TRAFFIC SAFETY SUPPLY - 30 Sign Post Bases	$865.50
10/17/2016	COVENANT TECHNOLOGY SOLUT	COVENANT - Monthly Support Services (Oct)	$861.62
10/6/2016	Trashbilling.com CC	Trashbilling.com - Monthly Park Litter Can Billing	$849.08
9/23/2016	SEARS ROEBUCK 7711	SEARS - Parts for Mower Rebuild	$810.56
9/26/2016	SEARS ROEBUCK 7711	SEARS - Parts for Mower Rebuild	$810.56
10/12/2016	SQ COVE ELECTRIC, INC.	COVE ELECTRIC - Golf Course Shop Lighting	$810.36
10/17/2016	SQ COVE ELECTRIC, INC.	COVE ELECTRIC - Lights for Golf Shop	$810.36
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Addendum to Solid Waste Collection	$784.00
10/4/2016	MADRAS TIRE FACTORY	MADRAS TIRE FACTORY - New Tires for # 65	$781.64
10/4/2016	MADRAS TIRE FACTORY	MADRAS TIRE FACTORY - #111 Tires	$781.64
10/17/2016	CARLSON TESTING INC	CARLSON TESTING - ODOT CDT Soils and Asphalt Tech	$774.95
10/17/2016	PACIFIC TRUCK CENTERS RED	PACIFIC TRUCK - Remove and Replace Rear Shocks	$764.34
10/17/2016	SQ COVE ELECTRIC, INC.	COVE ELECTRIC - Replace 3 Ballasts in Pavilion Lights	$716.52
10/4/2016	MADRAS TIRE FACTORY	MADRAS TIRE FACTORY - New tires for #71	$714.44
10/4/2016	MADRAS TIRE FACTORY	MADRAS TIRE FACTORY -NEW TIRES FOR # 69	$714.44
10/4/2016	MADRAS TIRE FACTORY	MADRAS TIRE FACTORY -NEW TIRES FOR # 67	$714.44
10/4/2016	MADRAS TIRE FACTORY	MADRAS TIRE FACTORY - New Tires for # 77	$698.76
10/7/2016	SONSRAY MACHINERY LLC	SONSRAY MACHINERY - Repair for Backhoe Loader	$668.70
10/17/2016	PACIFIC TRUCK CENTERS RED	PACIFIC TRUCK - Removal and Replace of Break Drums	$661.99
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Special Event Ordinance	$602.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Airshow Agreement	$592.00
10/7/2016	TURF STAR INC	TURF STAR - Mower Parts: Screw Set, Seal Foam, Detent Kit and Switch	$556.43
10/19/2016	CARSON - CREDIT	CARSON - 124 GAL Biodiesel and 105 GAL Non-Ethanol	$522.28
10/18/2016	VZWRLSS MY VZ VB P	VERIZON - Monthly PW Cell Phone Invoice (Sept)	$514.20
10/5/2016	IBS, INC.	IBS, INC. - Detailing Spray, Wasp Repellant, Fuse Tray and Fuses	$509.29
10/6/2016	CARSON - CREDIT	CARSON - 122 G Biodiesel and 97 G Regular Ethanol	$502.74
10/17/2016	PACIFIC TRUCK CENTERS RED	PACIFIC TRUCK - Check and Fix Oil Leak	$496.94
10/4/2016	MADRAS TIRE FACTORY	MADRAS TIRE FACTORY -BRAKE JOB FOR # 67	$493.00
10/17/2016	PACIFIC TRUCK CENTERS RED	PACIFIC TRUCK - Removal and Replace of Break Drums	$484.23
10/7/2016	TRAFFIC SAFETY SUPPLY CO	TRAFFIC SAFETY SUPPLY - Stop Sign Reflectors	$468.62
10/19/2016	PHILS ACE HARDWARE - MADR	ACE - Downtown Tree Lights	$430.56
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Encore Fellow Program Agreement	$424.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Encore Fellow Program Agreement	$424.00
10/21/2016	EDGE ANALYTICAL INC	EDGE ANALYTICAL INC - WW Lab Work	$420.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - IGA for Transient Room Tax	$416.00
10/12/2016	SMITH ROCK RANCH LLC	SMITH ROCK RANCH - Hay Bales and Pumpkins for Holiday	$407.00
9/27/2016	DOOLEY ENTERPRISES INC	DOOLEY ENTERPRISES - 40S & W180 gr. Jacketed	$399.00

Bank of America Purchase Cards

October 2016

Date	Payee	Description	Amount
10/14/2016	MILLER LUMBER 0003	MILLER LUMBER 0003 -ready mix for sign posts	$390.84
9/27/2016	STAPLES DIRECT	STAPLES - Toner, Posits, Tissues, Pens and File Folders	$386.94
10/17/2016	SQ COVE ELECTRIC, INC.	COVE ELECTRIC - Remove and Repair Broken Plug w/ Misc. Materials	$381.88
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Airport Annexation	$336.00
9/28/2016	GALLS HQ	GALLS - Uniform Patches, Uniform Pants and Shirts	$329.05
10/14/2016	EDGE ANALYTICAL INC	EDGE ANALYTICAL INC - WW Lab Work	$328.00
10/19/2016	USA BLUE BOOK	USA BLUE BOOK - Fire Hydrant Flow Tester	$324.09
10/7/2016	PLATT ELECTRIC 001	PLATT - Light Replacement at CH for Rock Damage	$323.80
9/30/2016	IN TREASURE VALLEY COFFE	TREASURE VALLEY - City Hall Coffee Supplies: Coffee, Creamer, Tea and Pot	$320.50
10/1/2016	COMFORT SUITES	COMFORT SUITES - R. Embanks LOC Lodging	$312.45
10/20/2016	OR STATE LANDS	OR STATE LANDS - Unclaimed Property Payment for FY 2015-16	$305.94
9/26/2016	REGIONALHELP 800-365-8630	REGIONALHELP - Accounting Analyst Recruitment	$299.00
10/4/2016	MADRAS TIRE FACTORY	MADRAS TIRE FACTORY - Front Break Pads for # 77	$297.40
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Professional Contract for Covenant Tech	$288.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Franchise Agreement: Light Speed	$288.00
10/12/2016	PAPE MACHINERY	PAPE MACHINERY - #590 Backhoe Repair	$280.84
10/5/2016	SQ COVE ELECTRIC, INC.	COVE ELECTRIC - Troubleshoot Rainbird Panel and Check Plugs	$275.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Renewal of FBO Service Agreement	$272.00
9/30/2016	BULLET RENTAL AND SALES I	BULLET RENTALS - Boom lift Rental for Water Tower Pictures	$270.00
10/17/2016	WILBUR ELLIS MADRAS	WILBUR ELLIS - Soil Analysis	$265.20
10/6/2016	Trashbilling.com CC	Trashbilling.com - Shops Monthly Can Services	$251.70
10/3/2016	PAYPAL OREGONAVIAT	PAYPAL - City Membership for ORAVI	$250.00
10/17/2016	COVENANT TECHNOLOGY SOLUT	COVENANT - Monthly Support Services (Oct)	$246.23
10/3/2016	BestBuyCom790466046244	BESTBUY - iPad Cases for PC	$242.22
10/4/2016	CENTRAL ELECTRIC COO INC	CENTRAL ELECTRIC - LIG (Sept)	$230.58
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - City Spray Park	$224.00
10/1/2016	PITNEY BOWES PI	PITNEY BOWES - Tape Strips, Ink and Water	$210.76
10/10/2016	MADRAS MARINE INC	MADRAS MARINE - Pontoon Boat Starter	$209.00
10/17/2016	SQ COVE ELECTRIC, INC.	COVE ELECTRIC - City Hall Power Source Plan for Projectors	$202.64
9/27/2016	FREDPRYOR CAREERTRACK	FREDPRYOR - Yearly Training Membership: R. Fulton	$199.00
10/19/2016	BENDBROADBAND BEND, OR	BEND BROADBAND - Antenna on S. Water Tower (Oct)	$195.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Assign. of Lease to Harris Corp	$192.00
9/27/2016	HD FOWLER REDMOND	HD FOWLER - Irrigation Clock and Module	$189.37
10/18/2016	IN TREASURE VALLEY COFFE	TREASURE VALLEY - Cocoa, Cups, Creamer and Sugar	$188.45
10/5/2016	COMMUNITY NEWSPAPERS INC	COMMUNITY NEWSPAPERS - Snow Removal Pub.	$186.00
9/30/2016	AG WEST SUPPLY MADRAS	AG WEST - Sweeper Parts	$185.46
9/27/2016	DETAIL PLUS	DETAIL PLUS - Detail for Ford Taurus	$175.00
10/19/2016	STANDARD GOLF COMPANY	STANDARD GOLF COMPANY - Cup Cutter	$175.00
9/28/2016	PLATT ELECTRIC 115	PLATT - Lights for Rock in Front of City Hall	$172.94
10/10/2016	MAIL COPIES & MORE LLC	MAIL COPIES & MORE - Door Hangers for Street Dept.	$169.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - MRC Files	$168.00
10/21/2016	USA BLUE BOOK	USA BLUE BOOK - Padlocks	$166.68
10/18/2016	JUNIPER PAPER&SUPPLY	JUNIPER PAPER - Towels, Toilet Paper and Soap	$164.50
10/18/2016	LAWSON PRODUCTS	LAWSON PRODUCTS tools for shop reamers and drill bitts	$164.01
10/18/2016	CONSOL SUPP-#100	CONSOL SUPPLY - Meter Resetter w/ Ball Valve	$163.91
9/30/2016	BENDBROADBAND BEND, OR	BEND BROADBAND - Monthly Internet Services (Sept-Oct)	$163.07
10/6/2016	OFFICE DEPOT #1078	OFFICE DEPOT - Printer Ink	$162.77
10/18/2016	THE BULLETIN-ADV	THE BULLETIN - Accounting Analyst Full Run	$162.34
9/28/2016	EDGE ANALYTICAL INC	EDGE ANALYTICAL INC - WW Lab	$162.00
10/6/2016	EDGE ANALYTICAL INC	EDGE ANALYTICAL INC - WW Lab	$162.00
10/5/2016	COVENANT TECHNOLOGY SOLUT	COVENANT TECH - New Printer Setup for PW Building	$150.00
10/17/2016	PACIFIC TRUCK CENTERS RED	PACIFIC TRUCK - Federal DOT Inspection and Wiper Blade Replacement	$148.10
9/30/2016	BULLET RENTAL AND SALES I	BULLET RENTALS - Scaffold, Frame, Walkboard, Casters and Pin Rental	$147.14
10/4/2016	CLIFFS REPAIR AND AUTO	CLIFFS REPAIR- Veh 602 Battery	$145.95
9/27/2016	TERMINIX	TERMINIX - City Hall/PD Treatment and Replaced Bait	$140.00
9/30/2016	BENDBROADBAND BEND, OR	BEND BROADBAND - Monthly Internet Services (Sept-Oct)	$137.99
9/24/2016	ADT SECURITY 028305621	ADT SECURITY - PW Building Security (October-Dec)	$130.65
10/5/2016	COMMUNITY NEWSPAPERS INC	COMMUNITY NEWSPAPERS - Accounting Analyst Job Posting	$127.88
10/18/2016	JUNIPER PAPER&SUPPLY	JUNIPER PAPER - Plates	$126.50
10/6/2016	OREGON ASSOCIATION CHIEF	OREGON ASSOCIATION CHIEF - Association Dues	$125.00
10/19/2016	SQ COVE ELECTRIC, INC.	COVE ELECTRIC - Emergency Call for Ran Over Light Pole	$120.90
10/18/2016	AMERICAN ENERGY	AMERICAN ENERGY - 50 GAL Unleaded	$117.46
10/5/2016	COMMUNITY NEWSPAPERS INC	COMMUNITY NEWSPAPERS - P.H. PA-16-2 Pub.	$116.25
10/17/2016	TS & S FORD	TS & S FORD - #150 Replaced Aux Power Point	$115.11

Bank of America Purchase Cards

October 2016

Date	Payee	Description	Amount
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Land Use	$112.00
10/12/2016	PUMPTECH INC	PUMPTECH - Influent Pump Gaskets for B St Lift Station	$111.26
10/8/2016	CENTURYLINK/SPEEDPAY	CENTURY LINK - Golf Course Monthly Internet Services (Oct)	$108.98
10/7/2016	NEWSPAPER-CIRCULATION	BEND BULLETIN - 6 Month City Hall Newspaper Sub.	$108.00
10/17/2016	TRAFFIC SAFETY SUPPLY CO	TRAFFIC SAFETY SUPPLY CO - No Truck Signs	$107.89
10/5/2016	TERMINIX	TERMINIX - PW Building Spot and Outdoor Treatment	$104.00
10/4/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - Ladder for tk 69	$103.97
10/11/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - Pot Hole Patch Tools	$102.90
10/20/2016	OR STATE LANDS	OR STATE LANDS - Unclaimed Property Payment for FY 2015-16	$102.77
10/3/2016	PHILS ACE HARDWARE - MADR	PHILS ACE - Tools for Trk 69: Locking Clamp, Key Set and Loopers	$101.96
10/7/2016	TRAFFIC SAFETY SUPPLY CO	TRAFFIC SAFETY SUPPLY CO - Street Signs	$101.67
10/5/2016	RICOH USA, INC	RICOH - Monthly Copier Usage (Sept-Oct)	$101.35
10/5/2016	IBS, INC.	IBS, INC. - Ear Plugs	$100.89
10/19/2016	CARSON - CREDIT	CARSON - 45 GAL Diesel	$100.00
10/17/2016	COVENANT TECHNOLOGY SOLUT	COVENANT - Monthly Support Services (Oct)	$100.00
10/4/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - Brooms for tk 69	$98.95
10/6/2016	Trashbilling.com CC	Trashbilling.com - PD/CH Monthly Can Services	$98.66
9/23/2016	COCC BOOKSTORE	COCC BOOKSTORE - Classroom Book EMP Ed Assis Prog	$97.25
10/5/2016	AMERICAN ENERGY	AMERICAN ENERGY - 40 Gal of Unleaded Gas	$97.19
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Prepare for Meetings, IGA, Nuisance Properties	$96.00
10/19/2016	CARSON - CREDIT	CARSON - 43 GAL Diesel	$95.50
10/19/2016	PHILS ACE HARDWARE - MADR	ACE - Thermal Tools: Torch Kit, Drill Bit and Lighters	$94.94
10/6/2016	BENDBROADBAND BEND, OR	BEND BROADBAND - Airport Monthly Internet Services (Oct)	$91.90
9/26/2016	MADRAS AUTO PARTS	MADRAS AUTO PARTS - New Battery for #111	$90.17
10/18/2016	IN TREASURE VALLEY COFFE	TREASURE VALLEY - Creamer, Sugar and Coffee	$90.00
9/27/2016	CENTRAL OREGON HEATING	CENTRAL OR HEATING - Install of Heater in Golf Shop Estimate	$89.95
10/18/2016	VZWRLSS MY VZ VB P	VERIZON - Monthly CS Cell Phone Invoice (Sept)	$89.52
9/30/2016	BENDBROADBAND BEND, OR	BEND BROADBAND - Monthly Internet Services (Sept-Oct)	$87.81
10/10/2016	SW OFFICE SUPPLY/CASCADE	CASCADE OFFICE - Toner and Dry Erase Markers	$85.88
9/30/2016	IN TREASURE VALLEY COFFE	TREASURE VALLEY - PD Coffee Supplies: Creamer, Sugar and Coffee	$83.00
10/18/2016	PHILS ACE HARDWARE - MADR	ACE - Fittings, Rake and Grain Scooper	$82.96
10/14/2016	MAIL COPIES & MORE LLC	MAIL COPIES & MORE LLC - Banners for holiday display at City Hall	$82.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - PW Vacation Process	$80.00
10/12/2016	SQ COVE ELECTRIC, INC.	COVE ELECTRIC - Golf Light Inspection	$80.00
10/17/2016	SQ COVE ELECTRIC, INC.	COVE ELECTRIC - Troubleshoot Lights in Golf Shop	$80.00
9/30/2016	PHILS ACE HARDWARE - MADR	ACE - Gloves, Saw Blades and Meter Parts for Ding Ho Meter	$78.42
10/5/2016	COMMUNITY NEWSPAPERS INC	COMMUNITY NEWSPAPERS - P.N. Ordinance 891	$75.56
9/26/2016	OMFOA	OMFOA - Accounting Analyst Recruitment	$75.00
9/30/2016	IN TREASURE VALLEY COFFE	TREASURE VALLEY - Airport Coffee Supplies: Creamer, Tea and Cups	$75.00
10/19/2016	PAYPAL JP2 USAFT	PAYPAL JP2 USAFT - Brave Response Holster	$75.00
10/11/2016	COMMUNITY NEWSPAPERS INC	COMMUNITY NEWSPAPERS - B. Schulke Business Cards	$74.58
10/10/2016	SUBWAY 00999912	SUBWAY 00999912 - Solar Eclipse Lunch	$73.00
9/22/2016	PHILS ACE HARDWARE - MADR	ACE - Cable for NWWTP Lagoon: Tape, Tie and Rope Clip	$71.95
10/13/2016	VENETIAN/PALAZZO FRT DESK	VENETIAN/PALAZZO - M.Hansen: Lodging: Annual Caselle Conf.	$71.68
10/6/2016	Trashbilling.com CC	Trashbilling.com - SWWTP Monthly Can Services	$71.15
10/7/2016	CENTURYLINK/SPEEDPAY	CENTURYLINK - SWWTP Monthly Internet Services	$68.92
10/5/2016	EARTH2O	EARTH2O - Water for Parks	$67.50
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Sewer Ordinance 505	$64.00
10/3/2016	BestBuyCom790466046305	BESTBUY - iPad Case for PC	$63.99
9/23/2016	MISSION LINEN	MISSION LINEN - City Hall Monthly Mat Services (Sept)	$62.65
9/23/2016	MISSION LINEN	MISSION LINEN - City Hall Monthly Mat Services (Aug)	$62.65
10/7/2016	MISSION LINEN	MISSION LINEN - City Hall Monthly Mat Services	$62.65
10/7/2016	PHILS ACE HARDWARE - MADR	ACE - Spray Bottle, Tape, Spotlight, Batteries and Supplies for Trk 111	$62.45
10/11/2016	GARDEN GATE FLOWERS	GARDEN GATE FLOWERS - Flowers for Dean Ditmore	$60.00
10/17/2016	WILBUR ELLIS MADRAS	WILBUR ELLIS - Soil Analysis	$60.00
10/4/2016	ADT-PROTECT YOUR HOME	ADT-PROTECT YOUR HOME - Golf Shop Security	$59.99
10/6/2016	CENTURYLINK/SPEEDPAY	CENTURY LINK - Airport Monthly Internet Services (Sept-Oct)	$59.44
10/7/2016	PHILS ACE HARDWARE - MADR	ACE - Oil, Starting Fluid, Batteries, Spray Bottle and Bags	$58.40
9/29/2016	MADRAS MARINE INC	MADRAS MARINE INC - Chain saw Parts	$58.19
10/3/2016	PAYPAL OREGONAVIAT	PAYPAL - R. Berg: Registration for ORAVI Conf.	$55.00
10/13/2016	IN TREASURE VALLEY COFFE	TREASURE VALLEY COFFE - City Hall Coffee Creamer	$48.30
9/30/2016	AG WEST SUPPLY MADRAS	AG WEST SUPPLY - Sweeper Fitting	$48.19
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Berg Drive ROW Dedication/Easement	$48.00
10/11/2016	MADRAS AUTO PARTS	MADRAS AUTO PARTS - Oil and Coolant	$48.00

Bank of America Purchase Cards

October 2016

Date	Payee	Description	Amount
9/29/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - Polymer and Trash Bags	$47.44
9/28/2016	BENTLEYS GRILL	BENTLEYS GRILL - S. Puddy: Meal: LOC Conference	$47.15
10/5/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - oil parks	$46.95
10/5/2016	HOMEDEPOT.COM	HOMEDEPOT.COM - Parks Blades	$43.96
10/6/2016	Trashbilling.com CC	Trashbilling.com - Fishing Pond Monthly Can Services	$42.09
10/17/2016	COVENANT TECHNOLOGY SOLUT	COVENANT - Monthly Email Encryption (Oct)	$40.00
10/18/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - Screw Bits	$37.94
10/4/2016	MADRAS AUTO PARTS	MADRAS AUTO - Hose Fittings for #110 Air Compressor	$37.36
10/5/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - BLEDES FOR GAS POWER EDGERS	$36.95
10/10/2016	PHILS ACE HARDWARE - MADR	ACE - Lighter, Parts for Meter Repair and Torch for Fittings	$36.45
10/3/2016	TARGET.COM	TARGET.COM - Calculators	$35.98
9/23/2016	MISSION LINEN	MISSION LINEN - PW Building Monthly Mat Services (Sept)	$35.89
10/17/2016	CELLULAR CONNECTION 4034	CELLULAR CONNECTION - Vehicle Charger	$34.99
10/21/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - MADR - Bolt Cutters	$34.99
10/7/2016	MISSION LINEN	MISSION LINEN - PW Monthly Mat Services	$34.89
10/6/2016	Trashbilling.com CC	Trashbilling.com - Golf Course Monthly Can Services	$34.76
10/6/2016	Trashbilling.com CC	Trashbilling.com - Airport Monthly Can Services	$34.76
10/20/2016	THOMPSON PUMP MADRAS	THOMPSON PUMP - Sweeper Fill Valve	$33.93
10/7/2016	JUNIPER PAPER&SUPPLY	JUNIPER PAPER - Garbage Can Liners	$33.85
10/17/2016	PHILS ACE HARDWARE - MADR	ACE - Parts for Changing Oil for Well and Pump	$33.29
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Bean Foundation MOU	$32.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Bean Foundation MOU	$32.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Wilbur Ellis Co Lease	$32.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Appeal of Sewer Charges	$32.00
10/17/2016	COVENANT TECHNOLOGY SOLUT	COVENANT - Monthly Email Encryption (Oct)	$32.00
9/26/2016	MADRAS AUTO PARTS	MADRAS AUTO - V-Belts for Exhaust Fans at City Hall	$31.12
10/20/2016	CONSOL SUPP-#100	CONSOL SUPPLY - Jumbo Meter Cover	$30.23
10/6/2016	GREAT EARTH CAFE & MARKET	GREAT EARTH - G.Burril Lunch Meeting for Truck Stop Agreement with WS	$30.00
10/14/2016	EARTH2O	EARTH2O - Drinking and Distilled Water	$29.20
10/11/2016	GREAT EARTH CAFE & MARKET	GREAT EARTH CAFE & MARKET - Work Session Prep Meeting	$28.65
9/23/2016	TEXACO 0305129	TEXACO - Fuel for City Hall Courtesy Vehicle	$28.11
10/4/2016	PHILS ACE HARDWARE - MADR	ACE HARDWARE - Lights for City Hall	$27.99
10/18/2016	BI-MART	BI-MART - Rain Gear	$27.99
9/27/2016	SW OFFICE SUPPLY/CASCADE	CASCADE OFFICE -Sheet Protectors and Sign Here Tabs	$26.99
9/22/2016	ERICKSONS TW MADRAS	ERICKSONS - Employee Appreciation Party Supplies	$26.56
9/23/2016	MADRAS MARINE INC	MADRAS MARINE - Pole Saw Chains for Tree Trimming	$26.19
10/6/2016	HOMEDEPOT.COM	HOMEDEPOT.COM - Ear Plugs	$25.95
10/3/2016	CHEVRON 0210224	CHEVRON - Propane for Thermoplastic	$25.19
9/30/2016	BENDBROADBAND BEND, OR	BEND BROADBAND - Monthly Internet Services (Sept-Oct)	$25.09
9/28/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - Culvert Bolts	$25.08
10/8/2016	ALASKA AIR 0272125000439	ALASKA AIR - M. Hansen: Baggage Fee: Caselle Annual Conf.	$25.00
10/12/2016	NOODLE ASIA	NOODLE ASIA - M.Hansen: Meal: Annual Caselle Conf.	$25.00
10/12/2016	PARIS LE VILLAGE BUFFET	PARIS LE VILLAGE BUFFET - M.Hansen: Meal: Annual Caselle Conf.	$25.00
10/13/2016	YAMA SUSHI	YAMA SUSHI - M.Hansen: Meal: Annual Caselle Conf.	$25.00
10/15/2016	ALASKA AIR 0272125485178	ALASKA AIR - M.Hansen: Baggage Fee: Caselle Annual Conf.	$25.00
10/4/2016	CENTRAL ELECTRIC COO INC	CENTRAL ELECTRIC - Yarrow Round-a-bout (Sept)	$23.00
10/4/2016	CENTRAL ELECTRIC COO INC	CENTRAL ELECTRIC - Yarrow Round-a-bout #2 (Sept)	$23.00
10/17/2016	NAPA AUTO 0023005	NAPA - Grease Gun and Grease for Pumps and Motors	$22.97
9/26/2016	PUMP HOUSE BAR AND GRILL	PUMP HOUSE - Recruitment Effort Mtg with City of Redmond	$22.89
9/23/2016	MISSION LINEN	MISSION LINEN - Airport Monthly Mat Services (August)	$22.72
9/30/2016	MISSION LINEN	MISSION LINEN - Airport Monthly Mat Services (Sept)	$22.72
10/17/2016	MISSION LINEN	MISSION LINEN - Airport Monthly Mat Services (Sept)	$22.72
10/8/2016	LUCKY CAB	LUCKY CAB - M.Hansen: Travel Cost: Caselle Annual Conf.	$22.13
10/18/2016	OFFICEMAX CT IN#250615	OFFICEMAX - Folder and Folder Sorter	$22.00
10/4/2016	SAFEWAY STORE00019604	SAFEWAY - Food Purchase for Auditors	$21.96
10/19/2016	PHILS ACE HARDWARE - MADR	ACE - Irrigation Marking Flags	$20.98
9/27/2016	SW OFFICE SUPPLY/CASCADE	CASCADE OFFICE - Steno and Legal Pads	$20.13
10/10/2016	SW OFFICE SUPPLY/CASCADE	CASCADE OFFICE - Steel Frames for File Cabinet	$19.98
10/21/2016	STAPLES DIRECT	STAPLES - Expanded File Pockets	$18.99
9/23/2016	MISSION LINEN	MISSION LINEN - SWWTP Monthly Mat Services (August)	$17.10
10/5/2016	MISSION LINEN	MISSION LINEN - SWWTP Monthly Mat Services (Sept)	$17.10
10/17/2016	MISSION LINEN	MISSION LINEN - Wastewater Monthly Mat Services (	$17.10
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Review of CET Agreement	$16.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Wilbur Ellis Lease	$16.00

Bank of America Purchase Cards

October 2016

Date	Payee	Description	Amount
9/27/2016	MAIL COPIES & MORE LLC	MAIL COPIES & MORE - Shipping Evidence to Lab Clackamas	$15.21
9/26/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - Nozzle Golf Course	$14.99
10/12/2016	SW OFFICE SUPPLY/CASCADE	CASCADE OFFICE - Binders	$14.97
10/11/2016	BI-MART	BI-MART - Pens	$13.57
10/17/2016	MADRAS AUTO PARTS	MADRAS AUTO - Truck 150 Supplies: Starting Fluid, Fuses and Cleaner	$12.99
10/13/2016	SHOW ME CABLES	SHOW ME CABLES - VGA Cable for Council Chambers	$12.68
9/30/2016	BENDBROADBAND BEND, OR	BEND BROADBAND - Monthly Internet Services (Sept-Oct)	$12.54
10/5/2016	MADRAS MARINE INC	MADRAS MARINE INC - Blades for Parks	$11.85
10/5/2016	SNOWS CLEANERS	SNOWS CLEANERS - Uniform Cleaning	$11.50
10/12/2016	SNOWS CLEANERS	SNOWS CLEANERS - Uniform Cleaning	$11.50
9/23/2016	TS & S FORD	TS & S FORD - Reflective Lens for Unit # 111	$11.24
9/28/2016	SW OFFICE SUPPLY/CASCADE	CASCADE OFFICE - Staples for Heavy Duty Stapler	$10.58
9/28/2016	CHEVRON 0210224	CHEVRON 0210224 - Veh #802 Car Wash	$10.00
9/28/2016	American Energy	American Energy - Veh #1301 Car Wash	$10.00
10/12/2016	CHEVRON 0210224	CHEVRON 0210224 - Veh #1402 Car Wash	$10.00
10/7/2016	AG WEST SUPPLY MADRAS	AG WEST - Hydrant Pressure Gauge	$9.75
9/29/2016	AG WEST SUPPLY MADRAS	AG WEST SUPPLY MADRAS - Quick Couple	$9.19
10/17/2016	COVENANT TECHNOLOGY SOLUT	COVENANT - Monthly Email Encryption (Oct)	$8.00
10/17/2016	COVENANT TECHNOLOGY SOLUT	COVENANT - Monthly Email Encryption (Oct)	$8.00
9/29/2016	ERICKSONS TW MADRAS	ERICKSONS -NWWTF Lab Supplies	$7.24
9/26/2016	MADRAS AUTO PARTS	MADRAS AUTO - Fuse Holder for #142 Airport Beacons	$7.05
10/12/2016	PHILS ACE HARDWARE - MADR	ACE - Strap Wrench to Remove Motor Coupler on SWWTP Plump	$6.99
10/4/2016	PHILS ACE HARDWARE - MADR	PHILS ACE HARDWARE - Gloves and Hardware WW	$6.54
10/4/2016	American Energy	American Energy - Veh 602 Car Wash	$6.00
10/6/2016	American Energy	American Energy -Veh #1301 Car Wash	$6.00
10/7/2016	MISSION LINEN	MISSION LINEN - Seat Cover Cleaning (October)	$5.00
10/21/2016	ESMARTPAYROLL PAYCHECKMA	ESMART PAYROLL - E-Filing for Q3 941 Report	$4.95
9/28/2016	AG WEST SUPPLY MADRAS	AG WEST SUPPLY - Mower Parts	$4.14
9/23/2016	MISSION LINEN	MISSION LINEN - Seat Cover Cleaning (Sept)	$4.00
10/6/2016	APL ITUNES.COM/BILL	APPLE ITUNES.COM - iCloud Acct for PC	$3.99
10/6/2016	CRESTVIEW CABLE COMMUN	CRESTVIEW CABLE - Monthly Box Rental	$3.73
10/6/2016	CRESTVIEW CABLE COMMUN	CRESTVIEW CABLE - Monthly Box Rental	$3.16
10/6/2016	CRESTVIEW CABLE COMMUN	CRESTVIEW CABLE - Monthly Box Rental	$2.01
10/6/2016	CRESTVIEW CABLE COMMUN	CRESTVIEW CABLE - Monthly Box Rental	$0.57
10/6/2016	CRESTVIEW CABLE COMMUN	CRESTVIEW CABLE - Monthly Box Rental	$0.28
10/12/2016	SQ COVE ELECTRIC, INC.	SQ COVE ELECTRIC, INC. - Credit	($80.00)
10/12/2016	SQ COVE ELECTRIC, INC.	SQ COVE ELECTRIC, INC. - Credit	($810.36)

Total $92,445.87

Bank of America Purchase Cards-MRC

October 2016

9/29/2016	WILD PEAR - RESTAURANT	WILD PEAR - Lunch at AORA Meeting	$17.80
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - Request for Proposals for DT Flowers	$112.00
10/5/2016	BRYANT, LOVLIEN & JARV	BRYANT, LOV & JARV - MRC Files	$168.00
9/26/2016	BULLET RENTAL AND SALES I	BULLET RENTALS - Scissor Lift Rental and Equipment Repair	$450.24

MRC Total $748.04

GRAND TOTAL $93,193.91

Report Criteria:
Report type: GL detail
Bank.Account description = "General Ckg - BOTC"

Check Issue Date	Payee	Description	Check Amount	
10/07/2016	Alex Hodge Construction Inc.	West Access Road (Daimler Road)	120,282.23	
10/07/2016	CHAMBER OF COMMERCE-MADRAS	2 Quart. EDJ/Chamber Funding (July-January)	32,000.00	
10/07/2016	DESCHUTES VALLEY WATER	Tie in-South	15,059.82	
10/07/2016	MID OREGON PERSONNEL SERVICES	PO 12260: Parks Temp Help: 08/25-9/24	13,755.02	
10/07/2016	PACIFIC POWER	PO: 10956: New Street Light for Daimler at Airport	12,859.00	
10/07/2016	PACIFIC POWER & LIGHT	800 SE Grizzly	12,036.16	M
10/25/2016	CENTURY WEST ENGINEERING CORPO	Madras Access Road Professional Services	10,958.60	
10/25/2016	CalChem	Aluminum Chlorohydrate Solution (44,080 GAL)	10,050.24	
10/07/2016	JEFFERSON COUNTY SHERIFF	Dispatch Fees- October 2016	9,686.37	
10/25/2016	CalChem	Aluminum Chlorohydrate Solution (38,040 GAL)	8,673.12	
10/25/2016	ECO NORTHWEST	Madras Large Lot and Public Facility Expansion	6,352.01	
10/25/2016	HARPER, HOUF, PETERSON,	Wastewater Master Plan Update	5,933.25	
10/25/2016	Tri County Paving	PO 10912: Paving of 7th Street	5,817.50	
10/07/2016	PACIFIC POWER & LIGHT	212 4th Street and 176 NE 7th Street	5,281.46	M
10/25/2016	JEFFERSON COUNTY FINANCE DEPT	IGA Between City/County for TRT Revenue Pmt	5,000.00	
10/25/2016	7 PEAKS PAVING LLC	PO 10933: Clean/Crack Seal/Seal Coat Parking Lot	4,600.00	
10/07/2016	BERG, ROB	Berg's Portion of Aviation Gas (Aug)	4,534.23	
10/25/2016	CENTURY WEST ENGINEERING CORPO	Madras Municipal Airport Environmental/Cultural Resources	4,412.46	
10/25/2016	CENTURY WEST ENGINEERING CORPO	Madras Airport Exhibit A Property Plan Update	4,352.00	
10/25/2016	BERG AIR	Airport Management Services (Nov 2016)	3,500.00	
10/25/2016	HARPER, HOUF, PETERSON,	Industrial Site Readiness Plan	3,004.00	
10/25/2016	MID OREGON PERSONNEL SERVICES	PO 10931: Streets Dept Temp Help: 8/25-9/24	2,768.33	
10/25/2016	SUMMIT POWER SYSTEMS INC	Replaced Temperture and Humidity Sensor @ Airport	2,726.25	
10/25/2016	PACIFIC POWER & LIGHT	410 SW 4th Street	2,595.22	
10/07/2016	DESCHUTES VALLEY WATER	Kinkade & A Street	2,536.54	
10/25/2016	TAURUS POWER AND CONTROLS INC.	Install Level Transmitter	2,350.67	
10/07/2016	MID OREGON PERSONNEL SERVICES	Streets Temp Help: 8/25-9/14	2,172.06	
10/25/2016	JEFFERSON COUNTY PUBLIC WORKS	Sept PW Fuel: 788 Gal Unleaded, 296 Gal Diesel	2,111.95	
10/07/2016	MID OREGON PERSONNEL SERVICES	Solar Eclipse Temp Help: 8/25-09/24	2,020.78	
10/07/2016	PACIFIC POWER & LIGHT	1st & B St Lift pump	1,954.93	M
10/07/2016	BAGGETT INC. DBA	Trucking Fee, Fill Dirt, Gravel and Rock	1,947.50	
10/25/2016	HARPER, HOUF, PETERSON,	Bean Foundation Exhibit	1,918.50	
10/07/2016	DESCHUTES VALLEY WATER	S. Adams and L Street	1,371.00	
10/07/2016	GREEN THUMB INDUSTRIES LLC	Swale Repair at Abby's Pizza	1,351.00	
10/07/2016	PACIFIC POWER & LIGHT	990 NW Birch Ln Pump	1,338.42	M
10/07/2016	HEFFERNAN, DANIEL 'DJ'	Large Lot Industrial Zone Professional Services	1,218.75	
10/07/2016	JEFFERSON COUNTY COMMUNITY JUSTICE	J/Commerce, Hull St, Madision, 1st, E St and B St. Cleanup	1,200.00	
10/25/2016	JEFFERSON COUNTY PUBLIC WORKS	Sept PD Fuel: 560 GAL Unleaded	1,131.41	
10/07/2016	KEITH'S SPORTING GOODS INC.	Glock and 3 Magazines	1,100.00	
10/07/2016	BMS Technologies	Prebill for October Utility Bills	951.60	
10/07/2016	State of Oregon	ORCPP FY 2016-17 Membership	900.00	
10/25/2016	FCS GROUP	Water and SDC Study	822.50	
10/25/2016	GREEN THUMB INDUSTRIES LLC	Landscape Maint (Sept): Crescent Park	800.00	
10/25/2016	CAT-AG AVIATION	Treatment Plant Weed Spraying	750.00	
10/07/2016	DESCHUTES VALLEY WATER	Cherry Lane and Hwy 26 (New Meter)	733.90	
10/25/2016	HARPER, HOUF, PETERSON,	Reclaimed Water Registration	668.75	
10/07/2016	DESCHUTES VALLEY WATER	Cherry Lane & Andrews Way*	648.80	
10/25/2016	ARROWHEAD PROFESSIONAL SERVICE	City Hall/PD Janitorial Services	590.00	
10/07/2016	DESCHUTES VALLEY WATER	Hess St & Hwy 26*	575.20	
10/07/2016	DESCHUTES VALLEY WATER	Cherry Lane & Hwy 26*	569.45	
10/07/2016	DESCHUTES VALLEY WATER	1200 NW Birch Lane	553.35	
10/25/2016	BERG AIR	Berg's Portion of Aviation Gas (Sept)	535.30	

M = Manual Check, V = Void Check

Check Issue Date	Payee	Description	Check Amount	
10/07/2016	DESCHUTES VALLEY WATER	NW Adler Street (Clubhouse)	533.80	
10/25/2016	PACIFIC POWER & LIGHT	1st and B at NW Corner	533.10	
10/07/2016	MONTGOMERY, BILL	Mileage Reimbursement for LOC, LOC Lodging and COIC Me	507.50	
10/07/2016	PACIFIC POWER & LIGHT	2028 NW Airport Way-Aviation Building	484.06	M
10/07/2016	Ladeby, Richard	LOC Conference Mileage and Lodging	478.77	
10/07/2016	BRICK, BARTT	LOC Mileage and Logding Reimbursement	477.69	
10/25/2016	HARPER, HOUF, PETERSON,	City Standards Update	464.80	
10/25/2016	RICOH USA INC	PD Copier Lease (Oct)	463.54	
10/25/2016	Net Assets Corp.	Sept 2016 Lien Searches: 44 Searches	442.00	
10/07/2016	JEFFERSON COUNTY COMMUNITY JUSTICE	Weedeating Treatment: Culver Hwy and Mctaggert	400.00	
10/07/2016	PACIFIC POWER & LIGHT	1990 NW Airport Way	389.54	M
10/25/2016	Wade C. Martin	Pest Control	387.50	
10/25/2016	HARPER, HOUF, PETERSON,	St. Charles Hospital	372.50	
10/25/2016	PACIFIC POWER & LIGHT	600 SW Marshall St-Skate Park	358.89	
10/07/2016	DESCHUTES VALLEY WATER	Crescent Park Yarrow Ph2*	349.80	
10/07/2016	MID OREGON PERSONNEL SERVICES	Finance Dept Temp Help: 08/25-09/24	330.98	
10/07/2016	OREGON EMBROIDERY	PW Hats and Jackets	323.40	
10/25/2016	RICOH USA INC	PW & City Hall Copier Lease (Oct)	309.02	
10/25/2016	RICOH USA INC	PW & City Hall Copier Lease (Oct)	309.02	
10/25/2016	RICOH USA INC	PW & City Hall Copier Lease (Oct)	309.02	
10/25/2016	HARPER, HOUF, PETERSON,	Kenwood Park Playground ADA	298.00	
10/07/2016	PACIFIC POWER & LIGHT	950 SE B St Trail	293.41	M
10/25/2016	RICOH USA INC	Plotter Lease: Oct 2016	288.36	
10/25/2016	OREGON EMBROIDERY	PW Shirts and Jackets with Embroidery	276.40	
10/07/2016	CHAMBER OF COMMERCE-MADRAS	2016 Banquet Reservation and Dinner Tickets	250.00	
10/25/2016	BUREAU OF LABOR & INDUSTRY	BOLI Fee: Hwy 26 and Hess St. Sewer Crossing	250.00	
10/25/2016	ARROWHEAD PROFESSIONAL SERVICE	Airport Janitorial Services	250.00	
10/07/2016	BURRIL, GUS W.	LOC Mileage Reimbursement To-from-In-between and LOC	246.32	
10/07/2016	PACIFIC POWER & LIGHT	230 NW B Street	243.32	M
10/07/2016	DESCHUTES VALLEY WATER	Ashwood Rd & Bean Drive	233.65	
10/07/2016	DESCHUTES VALLEY WATER	Grizzly & J St Roundabout Irrigation*	227.90	
10/25/2016	ARROWHEAD PROFESSIONAL SERVICE	PW Janitorial Services	225.00	
10/07/2016	DESCHUTES VALLEY WATER	NA SW Fairgrounds Rd	219.85	
10/07/2016	PACIFIC POWER & LIGHT	2080 NW Airport Way #2	212.93	M
10/07/2016	CORIANT LLC	Thank you Cards	208.50	
10/07/2016	BURRIL, GUS W.	Mileage Reimbursement: COCO, ODOT Committee, County	203.03	
10/25/2016	ARROWHEAD PROFESSIONAL SERVICE	SWWTP Janitorial Services	200.00	
10/25/2016	JEFFERSON COUNTY FAIRGROUNDS	Cowdeo Event Sponsorship	200.00	
10/07/2016	ArborSurveys	Tree and Signage Assessment on Hwy 26	180.00	
10/07/2016	DESCHUTES VALLEY WATER	1167 SW Hwy 97 Irrigation	173.85	
10/07/2016	DESCHUTES VALLEY WATER	City View Trail	171.55	
10/25/2016	SILVER STAR TELECOM	Ethernet Local Loop and Business Internet (Oct)	166.53	
10/07/2016	PUDDY, SARA	LOC Mileage Reimbursement	160.92	
10/25/2016	BERG AIR	Berg's Portion of Old Hanger Rent (Sept)	150.00	
10/25/2016	HARPER, HOUF, PETERSON,	Daimler Proving Grounds	149.00	
10/07/2016	PACIFIC POWER & LIGHT	Corner of I and 5th St.	147.77	M
10/07/2016	DESCHUTES VALLEY WATER	Bean Park*	147.40	
10/07/2016	DESCHUTES VALLEY WATER	Yarrow Roundabout	143.95	
10/25/2016	SILVER STAR TELECOM	Ethernet Local Loop and Business Internet (Oct)	140.91	
10/07/2016	REYNOSO, ISRAEL dba	Watering Service for Trees on 5th Street	125.00	
10/07/2016	DESCHUTES VALLEY WATER	Airport Way	122.10	
10/25/2016	BERG AIR	Berg's Portion of New Hanger Rent (Sept)	120.00	
10/07/2016	PACIFIC POWER & LIGHT	Street light (New)	119.96	M
10/25/2016	PACIFIC POWER & LIGHT	Street light (New)	119.96	
10/25/2016	Sharlene Hensley	Sewer Refund- S. Hensley	114.00	
10/07/2016	DESCHUTES VALLEY WATER	Floyd & Kenwood*	105.00	

M = Manual Check, V = Void Check

Check Issue Date	Payee	Description	Check Amount	
10/07/2016	DESCHUTES VALLEY WATER	1076 SW Hwy 97 Irrigation	103.65	
10/25/2016	William and Laura Duran	Overpayment: C. Stewart	103.00	
10/25/2016	CASCADE NATURAL GAS	125 SW E Street- Oct 16	102.54	
10/07/2016	PACIFIC POWER & LIGHT	227 NE Jefferson St #1	102.22	M
10/07/2016	CHAMBER OF COMMERCE-MADRAS	2016 Banquet Reservation and Dinner Tickets	100.00	
10/07/2016	CROOKED RIVER ADVANCED PLUMBING	Cleared City Hall/PD Urinal	95.00	
10/07/2016	DESCHUTES VALLEY WATER	Cherry Lane & Berg Drive**	94.20	
10/07/2016	Erin Sweeden	Overpayment: E. Sweeden	91.66	
10/07/2016	DESCHUTES VALLEY WATER	1210 SW Hwy 97 Irrigation	90.15	
10/25/2016	SILVER STAR TELECOM	Ethernet Local Loop and Business Internet (Oct)	89.85	
10/07/2016	PACIFIC POWER & LIGHT	S Crnr Cherry & Demers Dr	88.29	M
10/07/2016	PACIFIC POWER & LIGHT	216 NW B St	85.42	M
10/07/2016	PACIFIC POWER & LIGHT	1st & B Shop	76.40	M
10/07/2016	Robert and Marie Rundle	Overpayment: R/M. Rundle	75.19	
10/07/2016	MIDDLETON SEPTIC & PORTABLE TOILETS LLC	Monthly Toilet Rental for Golf Course (October)	75.00	
10/25/2016	HARPER, HOUF, PETERSON,	Bel Air Sustainability Plan Cert	74.50	
10/07/2016	DESCHUTES VALLEY WATER	NE of 725 SE Buff St	74.25	
10/07/2016	DESCHUTES VALLEY WATER	Sixteenth & Hillcrest (Marigold)*	73.00	
10/07/2016	HUGHES, KRISTAL	Debt Refunding Meeting w/ Redmond and Biennial Budget w/	71.20	
10/07/2016	PACIFIC POWER & LIGHT	813 SW Hwy 97	68.70	M
10/07/2016	PACIFIC POWER & LIGHT	Trail Lt near 682 NE Hwy 97	68.22	M
10/25/2016	HANSEN, MEGAN	Mileage Reimbursement: Training	67.93	
10/07/2016	PACIFIC POWER & LIGHT	C St btw 7th 8th	66.36	M
10/25/2016	Joseph Daniel White	Sewer Refund- J. White	62.75	
10/07/2016	Willow Canyon Properties	Overpayment: Willow Canyon	62.38	
10/07/2016	PACIFIC POWER & LIGHT	380 Canyon Rd	62.02	M
10/25/2016	Clifford Reynolds	Overpayment: C.Reynolds	60.15	
10/07/2016	Mitch Palmer	Overpayment: M. Palmer	58.70	
10/25/2016	Sherry Standley	Overpayment: S. Standley	58.70	
10/25/2016	Willow Canyon Properties	Overpayment: WCP: 853 SE Kierra Place	58.70	
10/25/2016	CORIANT LLC	Business Cards: J. Brabham	58.50	
10/25/2016	CASCADE NATURAL GAS	2028 NW Airport Way- Oct 16	57.69	
10/07/2016	PACIFIC POWER & LIGHT	1st & D Impound lot	57.67	M
10/25/2016	PACIFIC POWER & LIGHT	1st and D Impound Lot	57.67	
10/07/2016	PACIFIC POWER & LIGHT	ABT 675 SE Buff St	57.58	M
10/07/2016	Ben Williams	Sewer Refund- B.Williams and C.Gardner	55.30	
10/25/2016	Lysa Vattimo	Solar Eclipse Agency Meeting Meal	50.98	
10/07/2016	CHAMBER OF COMMERCE-MADRAS	2016 Banquet Reservation and Dinner Tickets	50.00	
10/07/2016	CHAMBER OF COMMERCE-MADRAS	2016 Banquet Reservation and Dinner Tickets	50.00	
10/25/2016	OVERHEAD DOOR CO./ CENTRAL OR	Service Call for 216 NW B Street Bay Door	50.00	
10/07/2016	SNEAD, NICK	DEQ Air Quality Forum Mileage Reimbursement	48.06	
10/07/2016	Leroy Archer Sr	Water Refund- L. Archer	47.72	
10/07/2016	PACIFIC POWER & LIGHT	ABT 28 NE Plum St Madras (trail lights)	45.28	M
10/25/2016	Patty Renner	Sewer Refund- P. Renner	45.07	
10/25/2016	CASCADE NATURAL GAS	226 NW B Street- Oct 16	44.87	
10/07/2016	DESCHUTES VALLEY WATER	2028 NW Airport Way	44.45	
10/07/2016	PACIFIC POWER & LIGHT	2260 NW Airport Way	43.75	M
10/25/2016	CIS TRUST	Panel Directory Signs	42.42	
10/07/2016	DESCHUTES VALLEY WATER	NA Berg Drive**	42.15	
10/07/2016	PACIFIC POWER & LIGHT	Corner of Tracie and Adams	40.31	M
10/07/2016	PACIFIC POWER & LIGHT	701 NW Cherry Ln	39.26	M
10/07/2016	PACIFIC POWER & LIGHT	216 NW B St	39.21	M
10/07/2016	OREGON DEPARTMENT OF REVENUE	Bail Funds Distribution- Sept 2015	35.00	
10/25/2016	MID OREGON PERSONNEL SERVICES	Pre-Employment Drug Screen	35.00	
10/07/2016	PACIFIC POWER & LIGHT	Birdie Ln-Sewer Lift	34.51	M
10/07/2016	PACIFIC POWER & LIGHT	2142 NW Berg Drive-NEW Account	32.40	M

Check Issue Date	Payee	Description	Check Amount	
10/25/2016	ONE CALL CONCEPTS INC.	Oregon Utility Notification Center Tickets	30.45	
10/25/2016	SWIFT STEEL	Additional Culverts and Bands	30.00	
10/25/2016	PACIFIC POWER & LIGHT	1838 NW Demers Drive Shop	29.08	
10/07/2016	DESCHUTES VALLEY WATER	SE Buff Street (by bus barn)	27.20	
10/25/2016	SILVER STAR TELECOM	Ethernet Local Loop and Business Internet (Oct)	25.62	
10/07/2016	DESCHUTES VALLEY WATER	898 SW Hwy 97	23.75	
10/07/2016	CASH	Petty Cash Reimbursment- Replenish Cash Drawer	22.50	
10/07/2016	DESCHUTES VALLEY WATER	760 NW Birch Lane	21.45	
10/07/2016	PACIFIC POWER & LIGHT	Crnr 4th & J St	18.48	M
10/07/2016	PACIFIC POWER & LIGHT	212 SW 5th 2nd mtr	18.48	M
10/07/2016	PACIFIC POWER & LIGHT	B St & Kinkade	18.48	M
10/25/2016	PACIFIC POWER & LIGHT	Crnr 4th & J St	18.48	
10/25/2016	CASCADE NATURAL GAS	216 NW B Street- Oct 16	18.44	
10/07/2016	DESCHUTES VALLEY WATER	800 SE Grizzly Road	18.00	
10/07/2016	DESCHUTES VALLEY WATER	NA COCC Bike Path	18.00	
10/07/2016	DESCHUTES VALLEY WATER	2020 NW Berg Drive**	18.00	
10/25/2016	SILVER STAR TELECOM	Ethernet Local Loop and Business Internet (Oct)	12.63	
10/25/2016	Mike Zamora	Sewer Refund- M. Zamora	6.02	
10/25/2016	CERTIFIED LANGUAGES INTERNATIONAL LLC	Transalation Services: Front Desk: Oct 2016	2.97	
10/18/2016	State of Oregon	ORCPP FY 2016-17 Membership	900.00-	V
10/07/2016	Alex Hodge Construction Inc.	West Access Road (Daimler Road)	6,014.11-	
Grand Totals:			353,198.03	

Report Criteria:
Report type: GL detail
Bank.Account description = "General Ckg - BOTC"

M = Manual Check, V = Void Check

OFFICIAL MINUTES

CITY COUNCIL, CITY OF MADRAS
OCTOBER 25, 2016

I CALL TO ORDER

The City Council meeting was called to order at 7:00 p.m. by Mayor Royce Embanks on Tuesday October 25, 2016 in the Madras City Hall Council Chambers located at 125 S. W. "E" Street.

CITY COUNCIL MEMBERS IN ATTENDANCE WERE:
Mayor Royce Embanks Jr., and Councilors Bartt Brick, Bill Montgomery, Richard Ladeby, Tom Brown, Gary Walker, and Chuck Schmidt

STAFF MEMBERS IN ATTENDANCE WERE:
City Administrator, Gus Burril; City Attorney, Jeremy Green, with the firm of Bryant, Lovlien and Jarvis PC; Finance Director, Kristal Hughes; Community Development Director, Nicholas Snead; Police Chief, Tanner Stanfill; Parks/Golf Course/Trails and Streetscape Manager, Jonathan Burchell; Street/Fleet/Building/Equipment Manager, Rodney Fulton; Customer Accounting Clerk, Kora Hollyman; Accounting Technician, Megan Hansen, and Public Works Administrative Assistant, Michele Quinn.

ABSENT WERE:
HR and Administrative Coordinator, Sara Puddy; City Recorder, Karen Coleman, and Public Works Director, Jeff Hurd.

VISITORS IN ATTENDANCE WERE:
Jefferson County Commissioner, Mae Houston; Dorothy Burgess; Barb Peacher; Diane Hawley; Lisa Hawley-Guerra; Attorney Andrew Fitch, and Dennis Likeeton

II PLEDGE OF ALLEGIANCE AND PRAYER

Mayor Embanks asked Councilor Ladeby to lead the pledge of allegiance to the flag of the United States of America and Councilor Walker to lead the prayer which they did.

III 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 wit not 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 the October 11, 2016 City Council Work Session

B. Approval of Minutes From the October 11, 2016 City Council Meeting

C. Approval of Street Sweeping Exchange Agreement Oregon Department of Transportation

D. Approval of Amendment No. 1 to Professional Services Contract Kittelson and Associates, As-Needed Transportation Planning and Design Related Services - Contract Time Extension to October 22, 2018

E. Approval of Amendment No. 3 to Professional Services Contract D.J. Heffernan As-Needed Planning and Related Services Contract Time Extension to October 22, 2018

City Administrator Burril asked that the following items be added to the agenda:

- Transient Room Tax
- Annual Employee Appreciation Dinner

A MOTION WAS MADY BY COUNCILOR TOM BROWN AND SECONDED BY COUNCILOR RICHARD LADEBY THAT COUNCIL APPROVE THE CONSENT AGENDA, [AND REGULAR MEETING AGENDA], **AS AMENDED. THE MOTION PASSED UNANIMOUSLY, 6/0**

IV VISTORS COMMENTS

Dorothy Burgess addressed the Council and said that she is still concerned about the derelict housing by her neighborhood as they have not cut the grass and it is after the October 15th deadline.

Community Development Director Snead answered that staff met on-site with some staff members from Housing Works in anticipation of the County selling the property. He mentioned that he believes that they now own the property. He indicated that he was

showing the property to Housing Works to see if they might have some interest in acquiring the property.

Staff had the County Parole and Probation Crew cut the grass this summer. He advised Council that there are some weeds that need to be cut there and offered to work with the County to schedule their removal.

V PUBLIC HEARING

DERELICT BUILDING – 171 S.W. "C" STREET IN MADRAS

Mayor Embanks told Council that they will not be having a public hearing tonight. He mentioned that he will have Community Development Director Snead describe to the Council the events. He then advised those in attendance that any of them that would like to speak about the Madras Hotel will be given three minutes each.

Community Development Director Snead reported to the Council that the public hearing is no longer needed. Staff is not recommending, as identified in the staff report, the need for a declaration of a derelict building.

All along staff, the Building Official, the Fire Chief, the Assistant Fire Marshall, and the Deputy State Fire Marshall have long wanted compliance and last Friday they obtained that. He said that he would like to briefly summarize what has gone on so that Council is kept abreast of this situation.

If you recall a little more than a year ago we had a business owner come into City Council and express concern about theft at his property, so we started enforcement actions at that time. In September of 2016, the Jefferson County Fire Department and Jefferson County Community Development Department received a complaint from one of the residents of the Madras Hotel that the property owner was working on the electrical system in the building without permits. Both agencies responded, investigated the site, and determined that electrical permits were not obtained by a licensed electrician, and that the fire alarm and smoke alarm systems were not operational to code.

At that point the City sent a notice of violations. In those notices of violation we required the property owner to have a licensed electrician obtain an electrical permit, and that they repair the fire and smoke alarms. The request was to gain compliance as we did not want the residents of this building living in unsafe conditions. Unfortunately the property owner did not comply with our notice of violations, and on October 14, 2016 the Building

Official, the Fire Chief, the Assistant Fire Marshall, and the Deputy State Fire Marshall and he agreed that the building was unsafe for occupancy. At that time they issued another notice of violation and issued notice of the Public Hearing for this evening. On Friday October 21, 2016, the Deputy State Fire Marshall, Kevin Sullivan, reported that he was on-site and met with the property owner. At that time he requested that the property owner have a licensed electrician obtain an electrical permit that day.

The property owner had a licensed electrician, Culver Electric, obtain a permit from the Jefferson County Community Development Department, and the fire alarm and smoke detectors were repaired to an operational state. This is great news. Community Development Director Snead mentioned that he also wants to report to the Council that the enforcement on these issues was allowed by the new provisions in the City's "Nuisance Ordinance". In his opinion, this is a success story. He assured the Council that the staff members here at the city and at the county are not here to make people's life difficult. We want people to live and work and occupy buildings in a safe manner. This is an instance where we used the right tool for the right situation. He told the Council that he appreciates their support on this.

He said that his final comment this evening is that there are some residents in attendance. He spoke with them today and at least one of them would like to speak to the Council. He encouraged the Council to solicit public comments at this time knowing no action by City Council is required.

Mayor Embanks thanked Community Development Director Snead for the way this was handled and for working with others to make it a safe residence.

Attorney Andrew Fitch introduced himself and told the Council that he is an attorney, that he represents some of the tenants living in the old Madras Hotel, and that he will be speaking on their behalf. He mentioned that he spoke with Community Development Director Snead yesterday and that he agrees that they did a great job in getting the electrical permits for the property, and repairs to the smoke alarms.

He indicated that he would like the Council and the Mayor to be aware of some other issues that are under that ordinance that are present at the property. For example, there is disrepair at the property, broken walls, garbage in common areas and things like that which the residents are concerned about. A bigger issue is the lack of heating facilities as many of the rooms don't have heat in them. In some rooms the heat goes on to the highest level so they have to turn it on and turn it off. Another issue that is common in most of the rooms is the hot water as some rooms never receive hot water or other rooms only receive scalding hot water. So they have to go to their neighbor to get cold

water to drink or to shower. Another issue is the plumbing, pipes have been freezing in the winter and residents can't use their bathrooms and have to go next door.

Other violations that don't relate to the ordinance are unlawful entrance by the landlord into the tenant's residences. He told the Council that he understands that this is no longer a public hearing and that there won't be a decision on this; however, he would urge the Council to have another Public Hearing to make a determination that there are still some violations under Ordinance No. 875. He suggested that the Council make this determination under Section 4.3 which relates to the negative neighborhood impact. That means that the place is still habitable and the tenants don't have to leave. That also leaves the tenants some protection under Oregon State laws so that the owner of the property cannot retaliate against them (e.g. evict them).

The final statement he would like to make is that many of the residents at the Madras Hotel are elderly or disabled individuals and have no means for advocating for themselves, or finding a new place to live. He then thanked the Council for their time.

Councilor Brick asked for a follow-up from Community Development Director Snead or City Administrator Burril for the problems that Attorney Fitch described. He would like to know if there are current ordinances in the City of Madras that are enforceable that would address the heating and plumbing issues.

Mayor Embanks added the question of whether there are State of Oregon regulations that require minimum standards for operating a rental facility.

Community Development Director Snead said that the heating and plumbing concerns are, as he understands it, issues that are regulated by the building code. He mentioned the need to have the Building Official look at that. He explained that if the City Attorney is amiable he would ask that the resident's legal counsel provide some information that they could look at. He mentioned that he is not here to generate paperwork, but that he does need some additional information to work from.

At this point they responded to a complaint from a resident on September 6, 2016, so that is what initiated this effort. They focused on those because they were fairly urgent in nature. If there are other issues that need to be addressed, he would ask that the information be provided to the City for consideration.

City Attorney Green told the Council that he would echo Community Development Director Snead's comments in its proposed direction at this point in time. These are to a large extent issues that have not been presented to staff for review and evaluation and it would not be prudent to render any type of opinion on these issues at the present time.

There are remedies available under the Oregon Landlord Tenant Act for many of the issues that have been identified by legal counsel. The City should not be involved in civil matters by getting between the tenant and landlord. He explained that we focus on our enforcement or code compliance by virtue of our ordinance not the Landlord Tenant Act.

Mayor Embanks thanked those in attendance for coming tonight. He told them that the Council appreciates hearing from citizens at any time and that they are always welcome at the Council meetings which are held at 7:00 p.m. on the second and fourth Tuesday of each month.

VI SOLAR ECLIPSE PLANNING UPDATE

City Administrator Burril informed the Council that he got an update today from Lysa Vattimo. She had told him that in October a lot of work was done on the logo and that it is 99% complete.

On October 5, 2016, she came to the Madras Redevelopment Commission (MRC) meeting and asked about the possibility of coordinating the flowers and flower order to coincide with some of the colors that are shown in the logo.

On October 18, 2016 she made a presentation to the Saturday Market Board and Membership at their annual meeting, and found a lot of enthusiasm from the group.

On November 1, 2016 she is inviting known event coordinators in for a preliminary traffic discussion. This is a meeting for gleaning information only. A second follow-up meeting with the traffic planners will be held on November 17, 2016 to take the information they heard and continue the traffic planning.

On November 8, 2016 a presentation will be made to the Jefferson County Realtors Group directed at sprucing up Madras and getting ready for guests.

The next stake holder meeting or interagency meeting is scheduled for November 9, 2016, the second Wednesday of each month. They have been having approximately forty representatives attending those meetings. The City County subcommittee will be meeting over the next few weeks to develop a cohesion plan, and a permit packet for vendors, and event coordinators.

Lysa Vattimo is working very closely with Joe Krenowicz, Executive Director, Madras-Jefferson County Chamber of Commerce, and with Chachka group on the website.

VII SPECIAL EVENT PERMIT AND INSURANCE REQUIREMENT RECOMMENDATIONS

City Administrator Burril told the Council that this is a follow-up from the work session that was held a couple of months ago where PayneWest, our insurance agent of record, presented their recommendations which were based on the feedback they received from City-County Insurance Services and on the research they did. They looked at Springfield and Eugene's best practices for public events.

Follow-up from the Community indicated that there are certain times that insurance shouldn't be required. What we have proposed here is to increase the number of participants to fifty and above. Questions that could be asked may be, are they charging a fee, do they have fifty or more participants, do they need water or electricity, are they bringing in canopies, booths, tents, or stages, will it be advertised as a public event, will food or alcohol be sold. The list goes on and essentially the goal was if they were going to do any of those things we want to move them into the permit, ask them to provide insurance, and require that they pay an applicable fee. For example, if you are having a family reunion of twenty people and putting on dinner then they don't need a permit.

In his opinion, this reflects what had been discussed, but staff wants to make sure that Council agrees. There was one other change that had been suggested by PayneWest and that was that they want the City to increase the liquor license liability insurance level.

Council had a continued discussion about the use of canopies, the use of BBQ's, and the amount of people. Some of the questions that were asked had been, do all of the departments listed on the permit have to sign off before the permit is approved? What amount of insurance will be required if a bouncy house is being used? What is the City's liability if we don't charge for someone to use the park for an event?

Attorney Green explained that they are currently in the process of reviewing and preparing a special events ordinance. This should identify when an event will require a permit and therefore insurance would be required. He mentioned that generally speaking he has done a lot of special event agreements, and special event ordinances. When a permit and insurance is required it is based upon a variety of different factors and is not solely driven by the number of participants. For example, you could have twenty five people that are consuming alcohol and that would trigger more exposure and risk than perhaps a child's birthday party that has no alcohol involved.

He advised Council that he, City Administrator Burril, and Finance Director Hughes have a conference call scheduled to start going through some of these details.

City Administrator Burril told the Council that City Attorney Green is referring to an ordinance that would synchronize with this permit. In the interim staff wants to update the permit, because feedback some individuals do not want to have to fill out a permit for a family gathering.

Council further discussed the insurance requirements for bouncy houses, and hooking up to the electricity for music. Will the ordinance define and clarify some of the questions about amplifiers and bouncy houses?

City Attorney Green explained that we are looking to this as a gap filler until the ordinance is adopted. He assured the Council that they will find that the ordinance will contain the details that they are asking about.

City Administrator Burril said that staff will update Council on canopies, clarify amplifiers, and provide a definition of propane (commercial versus minor level).

VIII ANNUAL STRATEGIC IMPLEMENTATION PLAN UPDATE

City Administrator Burril advised Council that we have thirty two current items that we are tracking. Staff wanted to give Council a snap shot of our progress. He wanted to know if the Council would like staff to give them an update on a specific item tonight.

Councilor Brown asked about the Airport Overlay and whether it is scheduled to be done by the end of the year.

Community Development Director Snead answered Councilor Brown's question by saying that he didn't think we will get there this calendar year with November and December coming up, limited time, and with the need for involvement of different advisory committees, the Council, and the Board of Commissioners. He estimated that this will be wrapped up in the spring of 2017. He explained that we will need to work with the County to amend their zoning ordinance so we have the same regulations. The City is also likely to move forward with annexation of the entire Airport. He told the Council that it seems like the circumstances change on the Urban Growth Boundary Expansion and annexation process on a bi-monthly basis. He assured them that staff is trying to move forward as quickly as possible on this.

Mayor Embanks asked about the contract with the Tribe. He wanted to know where we are at with getting that ready for signatures.

City Attorney Green told the Council that they are waiting on the Tribe. The City sent over a revised draft based upon Council's direction. We are waiting for the Tribe to approve the agreement so it can be finalized.

IX TRANSIENT OCCUPANCY TAX

City Administrator Burril told the Council that the County sent over a draft letter after the agenda and packet had been sent out. Staff placed the draft letter and documents in the drop box. The letter in the drop box is called draft letter changes to TRT entities October 2016. He explained that he has highlighted some verbiage in yellow that he didn't feel comfortable with having the Council weigh in on.

Jefferson County is collecting this tax on our behalf and they feel that it is appropriate to discontinue allowing a credit card discount in the receipts. They checked on what other jurisdictions do and don't do, and clarified what the ordinances say to do or not do, and there is no mention of that discount. The County believes that it is in the County's and the City's best interest to discontinue allowing the discount. They would propose to allow rent from authorized federal employee's to be deducted. They have a fee for booking agencies for any rent from transient lodging or intermediaries.

Staff wants to make sure, before this letter goes out, that Council understands why the change and to find out if Council is comfortable with what is being proposed, as well as to let the Council know that we might hear from the motels if they are not happy about the change. He asked for clarification that he has Council's authorization to tell the County to go ahead with the proposed language.

Council asked to have this on the next agenda for additional discussion.

X EMPLOYEE APPRECIATION DINNER

City Administrator Burril advised Council that there were a few things staff was hoping to do tonight. We would like to pin down a date and confirm Council's interest in venue. Councilor Ladeby would like to know if there is another Council member that would be interested in running with this.

Councilor Ladeby explained that he has done this for the last four years and has had fun doing it, but would like to know if there is anyone who would like to take over. He

mentioned that he doesn't mind helping plan the menu and doesn't mind helping get the caterers, but he needs some more help when it comes to setting up and tearing down. It is a lot of work basically for his wife because she does most of it. He expressed a willingness to take on making the menus and getting them out to the caterers. He reminded the Council that we have used Geno's twice, and the Black Bear twice, and Madison Coffee has bid and been high, and Great Earth has bid and been high. He told the Council that he would propose that the City continue to send out and ask for quotes. As far as doing the set up and tear down he would like to have some more commitment on that aspect of it. He said that once we get a date, if Council wants him to get the ball running, he will be more than happy to do that.

City Administrator Burril mentioned that he had checked with the Department Head Team to see availability on dates, and most everyone was available the first two Friday nights in December. He indicated that he wasn't proposing any later in December with whatever might be going on with families. He explained that most of the folks were available on Friday December 9, 2016, rather than on December 2, 2016.

Councilor Ladeby said last year we did it after Christmas and we seemed to have a fairly good turn out because it didn't conflict with family activities and holidays. If we are going to do this in December we need to lock down a date and a place because they are filling up quickly.

City Administrator Burril asked Council if the Air Museum would be a venue since the Chamber and others have used it. We have checked and they are available those two nights.

Council had a continued discussion on the date and menu for the appreciation dinner.

Council's consensus was to have the appreciation dinner at the Air Museum on Friday, December 9, 2016.

XI ADDITIONAL COMMENTS, ANNOUNCEMENTS AND DEPARTMENT REPORTS

Community Development Director Snead thanked City Attorney Green and his staff, City Administrator Burril, Police Chief Stanfill, and the others that provided important assistance on the enforcement on the Madras Hotel Motel.

Police Chief Stanfill advised Council that he is going to echo what Community Development Director Snead said on the derelict building.

In the next two weeks officers will be training with MILO, an interactive use of force firearms and taser simulation program. Officers will be given a firearm, pepper spray, and a taser. This is a scenario based program. A scenario is brought up on the screen and the officer interacts with that screen. The idea is to put the officers in those scenarios, see how they react, and see what appropriate or inappropriate terminology they use and correct it.

Finance Director Hughes said that she would like to thank her staff for helping her through the transition process. We are looking to hire a new Accounting Analyst. That recruitment is scheduled to finish up this week. We will review applications next week. That position is open until filled but we are still down one staff person. Accounting Technician, Megan Hansen, has done a great job doing payroll, and Customer Accounting Clerk, Kora Hollyman, is really great at filling in the gaps and answering questions.

Mayor Embanks thanked the Finance Department staff and Public Works Administrative Assistant, Michele Quinn, for stepping up to help fill some of the gaps when we have people on vacation. It is great to have a staff that can step up and handle things that need to be done.

City Administrator Burril added his thanks as well.

XII ADJOURN

The City Council Meeting was adjourned at 8:12 p.m.

Respectfully submitted by

_____
Michele Quinn, Public Works Administrative Assistant

_____
Karen J. Coleman, City Recorder

_____
Royce Embanks, Mayor

CITY OF MADRAS

Request for Council Action

Date Submitted:	November 1, 2016
Agenda Date Requested:	November 8, 2016
To:	Mayor and City Council Members
Through:	Jeff Hurd, Public Works Director
From:	Michele Quinn, Public Works Administrative Assistant
Subject:	Airport-Industrial Site Committee Re-appointments

TYPE OF ACTION REQUESTED:

[ ] Resolution

[ ] Ordinance

[X] Formal Action/Motion

[ ] Contract Review Board

[ ] None - Report Only

Formal action / motion: that Council re-appoint, Gordon Nicholson, Bill Randolph, and Chris Tatro to another four (4) year term on the City Airport-Industrial Site Committee.

DESCRIPTION:
It has been the City's policy to offer committee/commission members, with expiring terms, the opportunity for re-appointment prior to advertising for vacancies. The Airport-Industrial Site Committee recommends that the following members be re-appointed for terms as described below:

Gordon Nicholson	January 1, 2017 to December 31, 2020
Bill Randolph	January 1, 2017 to December 31, 2020
Chris Tatro	January 1, 2017 to December 31, 2020

Each individual has submitted a letter of interest expressing their desire to serve another four (4) year term.

STAFF ANALYSIS:
It is staff's recommendation that Chris Tatro, Bill Randolph, and Gordon Nicholson be re-appointed to the Airport-Industrial Site Committee. These appointments will strengthen the committee overall and allow for better widespread representation.

SUMMARY:

A. Fiscal Impact:
Not Applicable

B. Funding Source:
Not Applicable

C. Recognition of Collateral Material and Technical Report:
See attached written intents from Mike Folkestad, Tom Hansen, Mike Ahern, Rob Berg, Councilor Tom Brown and Mayor Elect Royce Embanks

RECOMMENDATION:
Formal action / motion: that Council re-appoint, Gordon Nicholson, Bill Randolph, and Chris Tatro to another four (4) year term on the City Airport-Industrial Site Committee.

Michele Quinn

From: Chris Tatro <catatro@yahoo.com>
Sent: Sunday, October 02, 2016 12:44 PM
To: Michele Quinn
Subject: Re: Airport Industrial Site Committee

My name is Chris Tatro and I'd like to be reinstated for another term on the Madras Airport Commission. Thank You

Sent from my iPhone

> On Sep 30, 2016, at 2:27 PM, Michele Quinn <mquinn@ci.madras.or.us> wrote:
>
> Chris, if you want you can send me an email stating you would like to stay on the airport commission and that will work.
>
> Michele Quinn
> Public Works Administrative Assistant
>
> City of Madras Public Works Dept.
> 125 SW "E" Street
> Madras, OR 97741
> Office: 541-325-0313
>
>
> CONFIDENTIALITY NOTICE: This email (including any attachments) is for the sole use of the intended recipient(s) and may contain confidential and/or privileged information. Any unauthorized review, use, disclosure, and/or distribution of this email is prohibited. If you are not the intended recipient, please contact the sender by reply email and destroy all copies of the email (including any attachments).
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> -----Original Message-----
> From: Chris Tatro [mailto:catatro@yahoo.com]
> Sent: Friday, September 30, 2016 1:35 PM
> To: Michele Quinn
> Subject: Re: Airport Industrial Site Committee
>
> Ok will do. And yes I'm still interested in being on the airport commission
>
> Sent from my iPhone
>
>> On Sep 29, 2016, at 3:58 PM, Michele Quinn <mquinn@ci.madras.or.us> wrote:
>>
>> Hello Chris, I am going through my Committee's and it appears your term on the Airport Industrial Site Committee will be expiring on 12/31/16. With the Holiday season coming up the Madras City Council will only meet once in November and once in December. With that being said I am asking anyone who's term will be expiring and would like to continue on the Committee to submit their letter of interest by October 20, 2016. This will give adequate time to get them approved by City Council. The City would like to thank you for your time you have spent on the Committee and looks forward to you continuing.

Michele Quinn

From: Bill Randolph <n7239x@yahoo.com>
Sent: Friday, October 21, 2016 8:27 AM
To: Michele Quinn
Subject: Airport commission

Please accept this as my official request to remain on the airport commission board for another term. Thank you. Bill Randolph

Sent from my iPhone

Michele Quinn

From: Gordon Nicholson <GordonN@double-press.com>
Sent: Tuesday, October 25, 2016 5:52 PM
To: Michele Quinn
Subject: RE: Airport Industrial Site Committee

Michele,
Yes I would like to serve another term. I will not be moving out of town when Double Press moves to Redmond. Mail can go to my home at 1242 NE Bean Way Madras OR 97741 and my e-mail should be changed to nicholyn@crestviewcable.com which is my home also. If you need more than this, let me know.
Thank you,
Gordon Nicholson

From: Michele Quinn [mailto:mquinn@ci.madras.or.us]
Sent: Tuesday, October 25, 2016 4:00 PM
To: Gordon Nicholson
Subject: Airport Industrial Site Committee

Hello Gordon, checking in to see if you will be submitting a letter of interest to continue on the Airport Industrial Site Committee your term will be expiring on December 31, 2016. I am working on putting together my staff report to go to City Council on the November 8th meeting for
re-appointments. Would you be able to send me you letter of interest by November 1, 2016?
Thanks hope you have a great day!

Michele Quinn
Public Works Administrative Assistant

City of Madras Public Works Dept.
125 SW "E" Street
Madras, OR 97741
Office: 541-325-0313

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CITY OF MADRAS

Request for Council Action

Date Submitted:	November 1, 2016
Agenda Date Requested:	November 8, 2016
To:	Mayor and City Council Members
Through:	Jeff Hurd, Public Works Director
From:	Michele Quinn, Public Works Administrative Assistant
Subject:	Urban Forestry Commission Appointment

TYPE OF ACTION REQUESTED:

[ ] Resolution [ ] Ordinance

[X] Formal Action/Motion [ ] Contract Review Board

[ ] None - Report Only

Formal action / motion: that Council re-appoint Bill Donaghu to another three (3) year term on the City Urban Forestry Commission.

DESCRIPTION:
It has been the City's policy to offer committee/commission members, with expiring terms, the opportunity for re-appointment prior to advertising for vacancies. The Urban Forestry Commission recommends that Bill Donaghu be re-appointed for terms as described below:

Bill Donaghu January 1, 2017 to December 31, 2019

Bill Donaghu has submitted a letter of interest expressing a desire to serve another three (3) year term.

STAFF ANALYSIS:
It is staff's recommendation that Bill Donaghu be re-appointed to the Urban Forestry Commission. Bill has been a long term member and is a valuable member of the Urban Forestry Commission.

SUMMARY:

A. Fiscal Impact:
Not Applicable

B. Funding Source:
Not Applicable

C. Recognition of Collateral Material and Technical Report:
See attached written intent from Bill Donaghu.

RECOMMENDATION:
Formal action / motion: that Council re-appoint Bill Donaghu to another three (3) year term on the City Urban Forestry Commission

To: Madras City Council

From: Bill Donaghu, Urban Forestry Commission

Subject: Request

This letter is my formal request for the Council to reaffirm my membership on the Madras Urban Forestry Commission for another term. I continue to feel that this commission performs a great service to both the council and to the livability of our city. Thank you for your consideration in this matter.

Bill Donaghu

CITY OF MADRAS

Request for Council Action

Date Submitted:	November 1, 2016
Agenda Date Requested:	November 8, 2016
To:	Mayor and City Council Members
Through:	Jeff Hurd, Public Works Director
From:	Michele Quinn, Public Works Administrative Assistant
Subject:	Authorization to enter into a Recreational Trails Program Grant Agreement for the Skate Park to Fishing Pond Trail Project

TYPE OF ACTION REQUESTED:

[ ] Resolution [ ] Ordinance

[X] Formal Action/Motion [ ] Contract Review Board

[ ] None - Report Only

Formal action / motion that Council authorizes the mayor to sign, on behalf of the City, the Recreational Trails Grant Program Agreement for the Skate Park to Fishing Pond Trail Project in the amount of $125,000.

DESCRIPTION:

The City of Madras has obtained funding from the Oregon Parks and Recreation Department through a Recreational Trails Grant Program. The project includes approximately 3,050 lineal feet of paved trail, 10 feet in width; and, non-motorized, multi-use trail with drainage, trail lighting, and landscaping.

The estimated project cost of $660,000 (RTP $125,000, LGGP $394,972, In Kind $31,875, Cash $108,153).

STAFF ANALYSIS:

Phase 1 of the project which is to be funded entirely by City funding and Oregon Parks and Recreation Department RTP funds will include 900 linear feet of 10' wide paved non-motorized multiuse path constructed to City Standards from the Skate Park to J Street. Major project components include:

- New trail construction from the Skate Park to J Street (900 linear feet)
- Excavation and Embankment
- 2" of Hot Mix Asphalt laid on 6" of Aggregate Base
- Storm Drainage (culvert crossings)
- Retaining wall of 150 linear feet with hand railing

Estimated cost of phase 1 of the Skate Park to Fishing Pond project is $157,690, to be funded with $125,000 of RTP funds and $32,690 of City cash and in-kind administrative services. The project will be contracted out for design and construction.

Phase 2 of the project which is to be funded by City funding and Oregon Parks and Recreation Department LGGP funds will include the remaining 2,100 linear feet of 10' wide paved non-motorized multiuse path constructed to City Standards from J Street to the Youth Fishing Pond. Major project components include:

- Acquisition of property for proposed trail.
- New trail construction from J Street to the Youth Fishing Pond (2,100 linear feet)
- Excavation and Embankment
- 2" of Hot Mix Asphalt laid on 6" of Aggregate Base
- Storm Drainage (culvert crossings)
- Landscaping (J Street to Youth Fishing Pond)
- Trail lighting along Phase 1 and Phase 2.
- Road crossing on J Street
- Fencing

The project will also include site lighting, shade trees, irrigation, fencing and a retaining wall with handrail. The trail has been designed to incorporate existing features (such as the drainage basin and natural vegetation) and coincide with future development that would be beneficial to the community and property owner. Design and Construction is estimated to begin in the spring of 2017.

SUMMARY:

A. **Fiscal Impact:**
- City of Madras Skate Park to Fishing Pond Trail Project: $660,000
- Revenue
  - RTP = $125,000
  - LGGP = $394,972
  - Force Account = $ 31,875
  - City Cash = $108,153

B. **Funding Source:**
- TOF Capital Outlay
- Budget resolution will be needed to recognize additional revenue and expenditures.

C. **Recognition of Collateral Material and Technical Report:**
- Recreational Trails Grant Program Agreement
- Project estimate

RECOMMENDATION:
Formal action / motion that Council authorizes the mayor to sign, on behalf of the City, the Recreational Trails Grant Program Agreement for the Skate Park to Fishing Pond Trail Project in the amount of $125,000.

OREGON PARKS and RECREATION DEPARTMENT
Recreational Trails Program Grant Agreement

Grant Number: RT16-036

Project Title: Madras Trails - Phase 5

This Agreement is made and entered into by and between the **State of Oregon,** acting by and through its Oregon Parks and Recreation Department (OPRD), hereinafter referred to as "State," and **City of Madras,** hereinafter referred to as the "Grantee," and collectively referred to as the "Parties."

RECITALS

1. The federal *Fixing America's Surface Transportation (FAST) Act* is a federal aid assistance program intended to help States provide and maintain recreational trails for both motorized and non-motorized recreational uses. The *Act* reauthorized the Recreational Trails Program (RTP) for Federal fiscal years 2016 through 2020.

2. The Governor of the State of Oregon has designated OPRD to administer the Recreational Trails Program for the State and to do so in accordance with applicable federal, state and local law, including without limitation 23 USC §206, and federal, state, and local program guidelines.

3. Pursuant to ORS 390.140 to 390.150, OPRD may accept, expend, use or dispose of moneys and property from any public or private source, including the federal government, made available as grants, gifts, bequests, or endowments for the purpose of carrying out the functions of the OPRD director under, or implementing any of the provisions and purposes of, ORS 390.140 to 390.150.

PROVISIONS OF GRANT AGREEMENT

1. Effective Date & Term of Agreement. The Effective Date of this Agreement shall be the date the parties fully approve and execute it as required by applicable law. The Term of this Agreement shall run for generally two years from the Effective Date, at which time the availability of Grant Funds disbursed under this Agreement shall end. Grantee shall complete the Project descried in Exhibit A no later than **October 31, 2018** (the "Project Completion Date"). No Grant Funds shall be available for any expenditures after the Project Completion Date. This Agreement shall expire on the earlier of (1) the project end date stated in this Agreement, or (2) the date on which OPRD makes the final reimbursement payment to Grantee.

2. Agreement Documents. This Agreement consists of this document and the following documents, all of which are attached hereto and incorporated herein by reference:

Exhibit A:	**Project Application, Including Description and Budget ("Application")**
Exhibit B:	**Form FHWA-1273**

Exhibit C: **Federal Requirements**

In the event of a conflict between two or more of the documents comprising this Agreement, the language in the document with the highest precedence shall control. The precedence of each of the documents comprising this Agreement is as follows, listed from highest precedence to lowest precedence: this Agreement without Exhibits; Exhibit B; Exhibit A; Exhibit C.

3. Project Cost; Grant Funds; Match. The total project cost is estimated to be **$157,690.** Subject to and in accordance with the terms and conditions of this Agreement, OPRD shall provide Grant Funds to Grantee for the project in an amount not to exceed **$125,000** or **79.27%** of the total eligible Project Costs, whichever is less, of Grant Funds for eligible costs described in Section 6 hereof. Grantee shall accept the Grant Funds and provide Match Funds for the Project in an amount not less than **20.73%** of the total eligible Project Costs.

4. Project; Notice to Proceed; Changes. The Grant Funds shall be used solely for the Project described in Exhibit A and shall not be used for any other purpose. Grantee may begin work upon receipt of a Notice to Proceed from OPRD. Grantee must commence substantial work on the Project and submit a sufficient request for reimbursement to OPRD no later than **six months** from the date of the Notice to Proceed. If Grantee fails to comply with this requirement, OPRD may in its sole discretion cancel the Project and terminate this Agreement. In the event of such cancellation and termination, OPRD will not reimburse Grantee for any expenses that Grantee may have incurred and all such expenses shall be deemed ineligible for reimbursement. OPRD will disburse no Grant Funds for any changes to the Project unless OPRD approves such changes pursuant to Section 10.d of this Agreement.

5. Project Reporting.

Progress Reports: After OPRD issues the Notice to Proceed, Grantee shall report to OPRD regarding the status of the Project and on Grantee's progress made on the Project on a quarterly basis, as follows:

For the period beginning January 1, ending March 31:	report is due April 30.
For the period beginning April 1, ending June 30:	report is due July 31.
For the period beginning July 1, ending September 30:	report is due October 31.
For the period beginning October 1, ending December 31:	report is due January 31.

In addition, Grantee shall submit a Progress Report with each reimbursement request. Grantee shall submit progress reports to OPRD in a format provided by OPRD.

Final Report:

No later than **45 days** after work on the Project is completed, (the "Project Completion Date") Grantee shall submit a Final Report on the Project to OPRD (the "Final Report"). Grantee shall submit the Final Report using the format provided by OPRD. Grantee shall submit its final reimbursement request with the Final Report. The Final Report shall include a full accounting of all expenditures, a complete description of the work accomplished and digital photography or videos of completed Project. OPRD may, at its sole discretion, conduct appropriate inspections the Project within a reasonable time following submission of the Final Report. Grantee shall

assist OPRD and cooperate fully to the satisfaction of OPRD with all inspections that OPRD conducts.

6. Disbursement and Recovery of Grant Funds.

a. Disbursement. OPRD shall disburse Grant Funds to Grantee in response to Grantee's properly submitted Requests for Reimbursement of Grantee's eligible costs and expenses incurred in carrying out the Project, up to the Grant Fund amount provided in Section 3. The source of the Grant funds is the United States Department of Transportation, Federal Highway Administration, as specified in the Recreational Trails Program Federal Aid Project Agreement. OPRD shall make reimbursements within 30 days of the approval by OPRD of Grantee's request for reimbursement, provided that such request (1) is made using a form designated and provided by OPRD; and (2) is supported by copies of project invoices and appropriate documentation confirming that project invoices have been paid. OPRD shall disburse up to **75 percent** of the Grant Funds to Grantee on a cost reimbursement basis upon approval of invoices submitted to State. OPRD will disburse the final 25 percent of the Grant Funds upon approval by OPRD of the Final Report and the completed Project. Grantee must submit its final request for reimbursement following completion of the Project and no later than 45 days after the Project Completion Date. If Grantee fails to submit the final request for reimbursement within 45 days after the Project Completion Date, OPRD may elect not to disburse the final 25 percent of Grant Funds. Final payment will be made upon satisfactory completion, as determined by State, of the Project. Eligible costs are the reasonable and necessary costs incurred by Grantee in performance of the Project and that are not excluded from reimbursement by State, either by this Agreement or by exclusion as a result of financial review or audit.

b. Conditions Precedent to Disbursement. The obligation of OPRD to disburse Grant Funds to Grantee is subject to satisfaction, with respect to each disbursement, of each of the following conditions precedent:

i. State has received funding, appropriations, limitations, allotments or other expenditure authority sufficient to allow State, in the exercise of its reasonable administrative discretion, to make the disbursement.

ii. Grantee is not in material breach of its obligations under this Agreement and is in compliance with the terms of this Agreement including, without limitation, Exhibit B and the requirements incorporated by reference in Exhibit B.

iii. Grantee's representations and warranties set forth in Section 7 hereof are true and correct on the date of disbursement with the same effect as though made on the date of disbursement.

iv. Grantee has provided to State a request for reimbursement as described in Section 6.a

c. Recovery of Grant Funds. Any funds disbursed to Grantee under this Agreement that are expended in violation or contravention of one or more of the provisions of this Agreement ("Misexpended Funds") or that remain unexpended on the earlier of termination or expiration of this Agreement must be returned to State. Grantee shall return all Misexpended Funds to OPRD promptly after OPRD's written demand and no later than 15 days after State's written demand. Grantee shall return all Unexpended Funds to OPRD within 14 days after the earlier of expiration or termination of this Agreement.

7. Representations and Warranties of Grantee. Grantee represents and warrants to State as follows:

a. Organization and Authority. Grantee is duly organized and validly existing under the laws of the State of Oregon and is eligible to receive the Grant Funds. Grantee has full power, authority, and legal right to make this Agreement and to incur and perform its obligations hereunder, and the making and performance by Grantee of this Agreement (1) have been duly authorized by all necessary action of Grantee and (2) do not and will not violate any provision of any applicable law, rule, regulation, or order of any court, regulatory commission, board, or other administrative agency or any provision of Grantee's Articles of Incorporation or Bylaws, if applicable, (3) do not and will not result in the breach of, or constitute a default or require any consent under any other agreement or instrument to which Grantee is a party or by which Grantee or any of its properties may be bound or affected. No authorization, consent, license, approval of, filing or registration with or notification to any governmental body or regulatory or supervisory authority is required for the execution, delivery or performance by Grantee of this Agreement.

b. Binding Obligation. This Agreement has been duly executed and delivered by Grantee and constitutes a legal, valid and binding obligation of Grantee, enforceable in accordance with its terms subject to the laws of bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights generally.

c. No Solicitation. Grantee's officers, employees, and agents shall neither solicit nor accept gratuities, favors, or any item of monetary value from contractors, potential contractors, or parties to subagreements. No member or delegate to the Congress of the United States or State of Oregon employee shall be admitted to any share or part of this Agreement or any benefit arising therefrom.

d. No Debarment. Neither Grantee nor its principals is presently debarred, suspended, or voluntarily excluded from this federally-assisted transaction, or proposed for debarment, declared ineligible or voluntarily excluded from participating in this Agreement by any state or federal agency. Grantee agrees to notify OPRD immediately if it is debarred, suspended or otherwise excluded from this federally-assisted transaction for any reason or if circumstances change that may affect this status, including without limitation upon any relevant indictments or convictions of crimes.

e. Use of Project Property: Grantee warrants that the land within the project boundary described in the Application (Exhibit A) shall be dedicated and used for the

purpose describe in the Application for a period of no less than 25 years from the completion of the Project. Grantee agrees to not change the use of, sell, or otherwise dispose of the land within the Project boundary, except upon written approval by OPRD. Leases for projects placed on federally owned property must be at least 25 years

f. Public Access: The Grantee shall allow open and unencumbered public access to the completed Project to all persons without regard to race, color, religious or political beliefs sex, national origin or place of primary residence.

The representations and warranties set in this section are in addition to, and not in lieu of, any other warranties set forth in this Agreement or implied by law.

8. Records Maintenance and Access; Audit.

a. Records, Access to Records and Facilities. Grantee shall make and retain proper and complete books of record and account and maintain all fiscal records related to this Agreement and the Project in accordance with all applicable generally accepted accounting principles, generally accepted governmental auditing standards and state minimum standards for audits of municipal corporations. Grantee shall ensure that each of its subgrantees and subcontractors complies with these requirements. OPRD, the Secretary of State of the State of Oregon (Secretary), the United States Department of Transportation, the Federal Highway Administration, and any of their duly authorized representatives shall have access to the books, documents, papers and records of Grantee that are directly related to this Agreement, the funds provided hereunder, or the Project for the purpose of making audits and examinations. In addition, State, the Secretary, the United States Department Transportation, the Federal Highway Administration and their duly authorized representatives may make and retain excerpts, copies, and transcriptions of the foregoing books, documents, papers, and records. Grantee shall permit authorized representatives of State, the Secretary, or their designees to perform site reviews of the Project, and to inspect all vehicles, real property, facilities and equipment purchased by Grantee as part of the Project, and any transportation services rendered by Grantee.

b. Retention of Records. Grantee shall retain and keep accessible all books, documents, papers, and records that are directly related to this Agreement, the Grant Funds or the Project for a minimum of six (6) years, or such longer period as may be required by other provisions of this Agreement or applicable law, following expiration or termination of this Agreement. If there are unresolved audit questions at the end of the six-year period, Grantee shall retain the records until the questions are resolved.

c. Expenditure Records. Grantee shall document the expenditure of all funds disbursed by State under this Agreement. Grantee shall create and maintain all expenditure records in accordance with generally accepted accounting principles and in sufficient detail to permit OPRD to verify how the moneys were expended.

d. Audit Requirements.

i. Grantees receiving federal funds in excess of $750,000 in a fiscal year are subject to audit conducted in accordance with 2 CFR Part 200, Subpart F. If subject to this requirement, Grantee shall, at Grantee's own expense, submit to OPRD, a copy of, or electronic link to, its annual audit subject to this requirement covering the funds expended under this Agreement.

ii. Grantee shall save, protect and hold harmless OPRD and the State of Oregon from the cost of any audits or special investigations performed by the Secretary with respect to the funds expended under this Agreement. Grantee acknowledges and agrees that any audit costs incurred by Grantee as a result of allegations of fraud, waste or abuse are ineligible for reimbursement under this or any other agreement between Grantee and either OPRD or the State of Oregon.

9. Purchase and Use of Equipment.

Equipment purchased with Grant Funds provided under this Agreement must be used as described in the Project Agreement and Application throughout the equipment's useful life. The useful life is defined as 5 (five) years from the Project Completion Date. Any vehicle identification number, or a serial number, if available, together with a photograph of the equipment shall be submitted to OPRD within 90 days of purchase. Grantee is responsible for maintaining the equipment. The Grantee will notify OPRD prior to the disposal of equipment and will coordinate with OPRD on the disposal to maximize the equipment's ongoing use for the benefit of the Recreational Trails Program. In addition, if Grantee used Grant funds to purchase any equipment with a purchase price in excess of $5,000, Grantee must complete and submit to OPRD an RTP Equipment Record Form found on the OPRD website. After the initial purchase, Grantee must update and resubmit to OPRD the Equipment Record Form every other year, until the later of the year in which the estimated equipment value falls below $5,000 or the fifth anniversary of the date of equipment purchase. This section shall survive termination or expiration of this Agreement.

10. Termination. This Grant Agreement may be terminated by mutual consent of both parties. OPRD may terminate this Agreement upon a 30-day notice in writing, delivered by certified mail or in person to the other party's contact identified in the Agreement. Subject to the requirements for commencement of work provided in Section 4, on termination of this Agreement, all accounts and payments will be processed according to the financial arrangements set forth herein for approved services rendered to date of termination. Full credit shall be allowed for reimbursable expenses and the non-cancelable obligations properly incurred up to the effective date of the termination, provided that the requirements for commencement of work provided in Section 4 have been met.

11. GENERAL PROVISIONS

a. Contribution; Subcontractor Indemnity and Insurance. If any third party makes any claim or brings any action, suit or proceeding alleging a tort as now or hereafter defined in ORS 30.260 ("Third Party Claim") against OPRD or the State of Oregon or Grantee with respect to which the other Party may have liability, the notified Party must promptly notify the other Party in writing of the Third Party Claim and deliver to the other Party a copy of the claim, process, and all legal pleadings with respect to the

Third Party Claim. Each Party is entitled to participate in the defense of a Third Party Claim, and to defend a Third Party Claim with counsel of its own choosing. Receipt by a Party of the notice and copies required in this paragraph and meaningful opportunity for the Party to participate in the investigation, defense and settlement of the Third Party Claim with counsel of its own choosing are conditions precedent to that Party's liability with respect to the Third Party Claim.

With respect to a Third Party Claim for which OPRD or the State is jointly liable with Grantee (or would be if joined in the Third Party Claim), OPRD or the State shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Grantee in such proportion as is appropriate to reflect the relative fault of the OPRD and the State on the one hand and of the Grantee on the other hand in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of OPRD on the one hand and of Grantee on the other hand shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. State's contribution amount in any instance is capped to the same extent it would have been capped under Oregon law, including the Oregon Tort Claims Act, ORS 30.260 to 30.300, if State had sole liability in the proceeding.

With respect to a Third Party Claim for which Grantee is jointly liable with OPRD (or would be if joined in the Third Party Claim), Grantee shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by State in such proportion as is appropriate to reflect the relative fault of Grantee on the one hand and of State on the other hand in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of Grantee on the one hand and of State on the other hand shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. Grantee's contribution amount in any instance is capped to the same extent it would have been capped under Oregon law, including the Oregon Tort Claims Act, ORS 30.260 to 30.300, if it had sole liability in the proceeding.

Grantee shall take all reasonable steps to cause its contractor(s) that are not units of local government as defined in ORS 190.003, if any, to indemnify, defend, save and hold harmless the State of Oregon and its officers, employees and agents ("Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including attorneys' fees) arising from a tort (as now or hereafter defined in ORS 30.260) caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Grantee's contractor or any of the officers, agents, employees or subcontractors of the contractor ("Claims"). It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent

or willful acts or omissions of the Indemnitee, be indemnified by the contractor from and against any and all Claims.

b. Dispute Resolution. The Parties shall attempt in good faith to resolve any dispute arising out of this Agreement. In addition, the Parties may agree to utilize a jointly selected mediator or arbitrator (for non-binding arbitration) to resolve the dispute short of litigation.

c. Responsibility for Grant Funds. Any Grantee of Grant Funds, pursuant to this Agreement, shall assume sole liability for that Grantee's breach of the conditions of this Agreement, and shall, upon Grantee's breach of conditions that requires OPRD or the State to return funds to the federal government, hold harmless and indemnify OPRD or the State for an amount equal to the funds received under this Agreement; or if legal limitations apply to the indemnification ability of the Grantee of Grant Funds, the indemnification amount shall be the maximum amount of funds available for expenditure, including any available contingency funds or other available non-appropriated funds, up to the amount received under this Agreement.

d. Amendments; Process for Project Change Requests This Agreement may be amended or extended only by a written instrument signed by both Parties and approved as required by applicable law.

Notwithstanding any other provision to the contrary, if Grantee seeks any changes in either the Project Scope or the Project Budget (a "Project Change") Grantee must obtain prior approval of OPRD as specified below. The Grantee shall be fully responsible for all costs that occur outside the established Project Scope, schedule or budget and prior to OPRD's approval of a Project Change. OPRD may in its sole discretion, approve or disapprove of any proposed Project Change in Project Scope or Project Budget. In the event OPRD approves Project Change, such the Change must be reduced to writing and implemented as an amendment to this Agreement.. The following Project Changes must be approved by OPRD to be eligible for funding under this Agreement:

Any significant change or reduction in the Scope of Work described in the Project Description of Attachment B (Project Application, including the Project description and project budget).

Any deviation from the original Project Budget set forth in Attachment B. Any budget change request must explain in detail what change is requested, the reason for the requested change, and any efforts that Grantor has made or will make to mitigate the effect of the proposed budget change.

e. Duplicate Payment. Grantee is not entitled to compensation or any other form of duplicate, overlapping or multiple payments for the same work performed under this Agreement from any agency of the State of Oregon or the United States of America or any other party, organization or individual.

f. No Third Party Beneficiaries. State and Grantee are the only Parties to this Agreement and are the only Parties entitled to enforce its terms. Nothing in this

Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly or indirectly, to a third person unless such a third person is individually identified by name herein and expressly described as an intended beneficiary of the terms of this Agreement.

Grantee acknowledges and agrees that the Federal Government, absent express written consent by the Federal Government, is not a party to this Agreement and shall not be subject to any obligations or liabilities to the Grantee, contractor or any other party (whether or not a party to the Agreement) pertaining to any matter resulting from this Agreement.

g. Notices. Except as otherwise expressly provided in this Agreement, any communications between the Parties hereto or notices to be given hereunder shall be given in writing by personal delivery, facsimile, email, or mailing the same, postage prepaid, to Grantee Contact or State Contact at the address or number set forth on the signature page of this Agreement, or to such other addresses or numbers as either Party may hereafter indicate pursuant to this Section 10.g. Any communication or notice personally delivered shall be deemed to be given when actually delivered. Any communication or notice delivered by facsimile shall be deemed to be given when receipt of the transmission is generated by the transmitting machine, and to be effective against State, such facsimile transmission must be confirmed by telephone notice to State Contact. Any communication by email shall be deemed to be given when the Grantee of the email acknowledges receipt of the email. Any communication or notice mailed shall be deemed to be given when received.

h. Governing Law, Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between State (or any other agency or department of the State of Oregon) and Grantee that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Marion County in the State of Oregon. In no event shall this section be construed as a waiver by the State of Oregon of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the eleventh amendment to the Constitution of the United States or otherwise, from any Claim or from the jurisdiction of any court. Each party hereby consents to the exclusive jurisdiction of such court, waives any objection to venue, and waives any claim that such forum is an inconvenient forum.

i. Compliance with Law; Remedies. Grantee shall comply with all federal, state and local laws, regulations, executive orders and ordinances applicable to the Agreement or to the Project, including without limitation laws prohibiting discrimination on the basis of race, religion, sex, color, national origin, family status, marital status, sexual orientation, age, and source of income or mental or physical disability in the performance of this Agreement. Without limiting the generality of the forgoing, Grantee shall comply with Form FHWA-1273 attached hereto as Exhibit B. Grantee further agrees, therefore, that the appropriate remedy for State in the event of a breach by the Grantee of this Agreement shall be the specific performance of the Agreement.

j. Insurance; Workers' Compensation. All employers, including Grantee, that employ subject workers who provide services in the State of Oregon shall comply with ORS 656.017 and provide the required Workers' Compensation coverage, unless such employers are exempt under ORS 656.126. Employer's liability insurance with coverage limits of not less than $500,000 must be included. Grantee shall ensure that it and each of its subgrantee(s), contractor(s), and subcontractor(s) complies with the requirements provided on Attachment 1.

k. Independent Contractor. Grantee shall perform the Project as an independent contractor and not as an agent or employee of OPRD. Grantee has no right or authority to incur or create any obligation for or legally bind State in any way. OPRD cannot and will not control the means or manner by which Grantee performs the Project, except as specifically set forth in this Agreement. Grantee is responsible for determining the appropriate means and manner of performing the Project. Grantee acknowledges and agrees that Grantee is not an "officer", "employee", or "agent" of OPRD, as those terms are used in ORS 30.265, and shall not make representations to third parties to the contrary.

l. Severability. If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if this Agreement did not contain the particular term or provision held to be invalid.

m. Counterparts. This Agreement may be executed in two or more counterparts (by facsimile or otherwise), each of which is an original and all of which together are deemed one agreement binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart.

n. Integration and Waiver. This Agreement, including all Exhibits, constitutes the entire agreement between the Parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. The delay or failure of either Party to enforce any provision of this Agreement shall not constitute a waiver by that Party of that or any other provision. Grantee, by the signature below of its authorized representative, hereby acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and conditions.

o. Publicity. Grantee shall make every effort to acknowledge and publicize OPRD's participation and assistance with the Project. Grantee agrees to place signs at the Project location acknowledging program support. Grantee also agrees to maintain the signs throughout the useful life of the Project. OPRD may withhold final reimbursement until signage has been placed.

p. Contractor or Sub-Recipient Determination

In accordance with the State Controller's Oregon Accounting Manual, policy 30.40.00.102, OPRD's determination is that:

[X] Recipient is a sub-recipient; OR [ ] Recipient is a contractor.

Catalog of Federal Domestic Assistance (CFDA) #(s) of federal funds to be paid through this Agreement: : **20.219**

q. Information required by 2 CFR § 200.331(a)(1)

Federal Award Identification:

(xxiii) Subrecipient name (which must match registered name in DUNS): **City of Madras**

(ii) Subrecipient's DUNS number: **25919739**

(iii) Federal Award Identification Number (FAIN):

(iv) Federal Award Date: _____

(v) Sub-award Period of Performance Start and End Date: **October 2016 to October 31, 2018, unless specifically amended**

(vi) Total Amount of Federal Funds Obligated by this Agreement: **$125,000**

(vii) Total Amount of Federal Funds Obligated to the Subrecipient by the pass-through entity including this Agreement: **$125,000**

(viii) Total Amount of Federal Award committed to the Subrecipient by the pass-through entity: **$125,000**

(ix) Federal award project description: **The project will construct a 900 linear foot non-motorized 10' wide paved multi-use path to City of Madras Standards from the Madras Bike and Skate Park to J Street.**

(x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity:

(a) Name of Federal awarding agency: **Federal Highway Administration**

(b) Name of pass-through entity: **Oregon Parks and Recreation Department**

(c) Contact information for awarding official of the pass-through entity: **Lisa Sumption, Director (503) 986-0660**

(xi) CFDA Number and Name: **20.219 - Recreational Trails Program**

(xii) Is Award R&D? **No**

(xiii) Indirect cost rate for the Federal award: **0%**

THE PARTIES, by execution of this Agreement, hereby acknowledge that each Party has read this Agreement, understands it, and agrees to be bound by its terms and conditions.

GRANTEE

By _____
(Legally designated representative)

Name ROYCE EMBANKS
(printed) MAYOR

Date NOVEMBER 8, 2016

APPROVED AS TO LEGAL SUFFICIENCY
(If required in local process)

By _____
Grantee's Legal Counsel
JEREMY M. GREEN, ATTORNEY
BRYANT, LOVLIEN & JARVIS PC
Date NOVEMBER 8, 2016

Grantee Contact:
Jeff Hurd
City of Madras
125 SW E St
Madras, OR 97741
541-475-2344
jhurd@ci.madras.or.us

Grantee Billing Contact:
Kristal Hughes
City of Madras
125 SW E St
Madras, OR 97741
541-475-2344
khughes@ci.madras.or.us

STATE OF OREGON, by and through the Oregon Parks and Recreation Department

By _____
Tracy Louden, Business and Technology Solutions Administrator

Date _____

APPROVAL RECOMMENDED

By _____
Jan Hunt, Grants Section Manager

Date _____

By _____
RTP Grant Program Coordinator

Date _____

APPROVED AS TO LEGAL SUFFICIENCY
(For funding over $150,000)

By: _____

Name _____

Date _____

State Contact:
Jodi Bellefeuille
Grant Program Coordinator
725 Summer Street NE, Suite C
Salem, OR 97301
(503) 986-0716
RTP.GrantProgram@oregon.gov

EXHIBIT A

Project Description and Budget

1. Project. The project will construct a 900 linear foot non-motorized 10' wide paved multi-use path to City of Madras Standards from the Madras Bike and Skate Park to J Street, and other work as described in **Grantee's Project Application** attached hereto and incorporated into this Exhibit A.

2. Public Access to the Project: The Project Sponsor shall allow open and unencumbered public access to the Project to all persons without regard to race, color, religious or political beliefs, sex, national origin or place of primary residence.

EXHIBIT A

Grant Application for

Madras Trails - Phase 5

Contact

Sponsor Name:
City of Madras

First Name:
Jeff

Last Name:
Hurd

Address 1:
125 SW E Street

Address 2:
N/A

City:
Madras

State:
Oregon

Zip Code:
97741

Contact Phone:
541-325-0309

Contact Fax:
541-475-1038

Contact Email:
jhurd@ci.madras.or.us

Federal Tax ID:
93-6002202

DUNS Number:
025919739

Project

Project Name:
Madras Trails - Phase 5

Funds Requested:
$125,000.00

Matching Funds:
$32,690.00

Total Cost:
$157,690.00

Percent of Grant:
0.790000000000000

Percent of Match:
0.210000000000000

Brief Project Description should be limited to two sentences or less (40 words) and provide a concise overview of the project scope.:

Brief Project Description:
This project will construct a 900' linear foot non-motorized 10' wide paved multi-use path to City of Madras Standards from the Madras Bike and Skate Park to J Street.

Eligibility Category::
Construction of new recreational trails

Trail Users::

Non-motorized (select all that apply)::
ADA|Hiker|Bicycle|Mountain Bike

Motorized (select all that apply)::
None

Funding Category::
Non-motorized Diverse use (multiple user groups)

Enter estimated project start and end date below.:

Start Date:

July 1, 2016

End Date:
December 31, 2017

Site Name:
Madras Bike and Skate Park

Site Acreage:
0.62

Enter Town or City. If not within a Town or City, identify the nearest Town or City.:

Site Town - City:
Madras

Site County:
Jefferson

Site Description should be limited to the landscape character (urban, rural, natural, primitive) and the landscape features (vegetation type/density, land use type, topography, proximity to water bodies, etc.) of where the project is located.:

Site Description:
The project area is situated in the shrub-steppe vegetation zone (Franklin and Dyrness 1988) of the Deschutes-Umatilla Plateau (Baldwin 1981). While the project is located within the City proper, the project area vegetation is comprised of Juniper, Sage, Native and Non-Native Grasses and Forbs. Native soils consist of sandy gravely loam of unknown depths. In addition to the native soils extensive grading has occurred and fill has been placed adjacent to the intermittent creek bed.

Land Control:
Fee Simple

Latitude:
44.626667879448739

Longitude:
-121.138241887092590

Environmental:

Is this project located on Federal Land?:
No

If the project is on Federal Land, answer these questions::

Forest Management Plan or BLM Resource Area Management Plan (Title and Date).:

Has a decision been issued as part of the NEPA review process?:
No

If Yes, list the date and type of document (Decision Memo, Finding of no significant impact, determined exempt) and ensure documentation is attached.:

If No, when do you expect the decision?:

If the project is NOT on Federal Land, answer these questions::

Have you completed and attached the RTP Environmental Screening Form?:
Yes

Which agencies have you received consultation forms from?:
ODFW (Department of Fish and Wildlife)|DLCD (Department of Land Conservation and Development|DSL (Department of State Lands)|DEQ (Department of Environmental Quality)

If you have not received an agency consultation form from an agency(s), please list the date of your submitting to them.:

Finance

Is a minimum of 5% of your project funding from non-federal funding?:
Yes

Is your design, engineering and/or permitting costs more than 15% of your budget?:
No

Supplemental

RECENT AWARDS (Criterion #2 - 5 points):

Have you received an RTP grant in the past 10 years?:
Yes

If yes, please provide the RTP grant number(s) or other identifying information.:
The City has received the following RTP Grants.

1. RTP Grant # 07-01 for the "C" Street and Willow Creek Pedestrian Bridge Project
2. RTP Grant #08-10 for the Buff Street and Willow Creek Pedestrian Bridge and Trail Connection Project.
3. RTP Grant #09-03 for the North Y Trail Connection Project.
4. RTP Grant #10-009 for the Willow Creek Canyon Connector Project.

ECONOMIC DEVELOPMENT OPPORTUNITIES (Criterion #3 - 5 points):

How will the project facilitate economic development?:
With the installation of the M Hill Trail segment (Willow Creek to Madras Bike and Skate Park) the City has witnessed a surge of fitness driven non-profit organizations and athletic activity on the City's trail system. One major event that is held every year is called the Canyon Rumble Frozen Half which draws in tourism not only from Central Oregon and the Valley but from other states such as Washington, Idaho, Hawaii and Utah. Construction of the next trail segment (Madras Bike and Skate Park to the Youth Fishing Pond) will connect the City's pedestrian looped system and provide more of a draw for athletic events to Madras filling Hotels/Motels, eateries and downtown shops.

PROJECT SCOPE AND PLAN (Criterion #4 - 10 points):

Scope Overview:

What are you proposing to do?:
The City of Madras is applying for funding from the Recreational Trails Program to fund and construct Phase 1 of a 2 Phase Trail project from the Madras Bike and Skate Park to the Youth Fishing Pond at the Jefferson County Fairgrounds.

Phase 1 of the project which is to be funded entirely by City funding and OPRD RTP funds will include 900 linear feet of 10' wide paved non-motorized multiuse path constructed to City Standards from the Skate Park to J Street. Major project components include:

- New trail construction from the Skate Park to J Street (900 linear feet)
- Excavation and Embankment
- 2" of Hot Mix Asphalt laid on 6" of Aggregate Base
- Storm Drainage (culvert crossings)
- Retaining wall of 150 linear feet with hand railing

Estimated cost of phase 1 of the project is $157,690, to be funded with $125,000 of RTP funds and $32,690 of City cash and in-kind administrative services. The project will be contracted out for design and construction.

Phase 2 of the project which is to be funded by City funding and OPRD LGGP funds (City is in the process of applying for) will include the remaining 2,150 linear feet of 10' wide paved non-motorized multiuse path constructed to City Standards from J Street to the Youth Fishing Pond. Major project components include:

- Acquisition of property for proposed trail.
- New trail construction from J Street to the Youth Fishing Pond (2,150 linear feet)
- Excavation and Embankment
- 2" of Hot Mix Asphalt laid on 6" of Aggregate Base
- Storm Drainage (culvert crossings)
- Landscaping (J Street to Youth Fishing Pond)
- Trail lighting along Phase 1 and Phase 2.
- Road crossing on J Street
- Fencing

Estimated cost of phase 2 of the project is $502,310, to be funded with $394,972 of LGGP funds and $108,153 of City cash and in-kind land donations. The project will be contracted out for design and construction.

What trail standards or guidelines is the project utilizing?:
The City of Madras intends to follow its multi-use, non-motorized paved trail standard which has been adopted in the City's Transportation System Master Plan in November of 2012, as well as the City of Madras Public Improvement Design and Construction Standards which was adopted in December of 2012. The City's standard requires the following:

- 10 feet of paved width surface (2 inch of level III, ½ inch dense HMAC with PG 64-28 oil) over 6" of ¾"-0 inch crushed rock.
- Landscaping to include trees, irrigation, plants and mulch.
- Trail lighting to be spaced at 150' apart.
- Trail to be ADA compliant.

How are you proposing to complete the work?:
The City intends to contract the design work to a consulting firm which has already performed 30% of the design. Upon completion of the design, the City intends to advertise for construction bids and contract with the lowest responsive bidder for performing the

work. The City has been successful in contracting out its public improvement improvement work within proposed budget.

Have you attached a project timeline?:
Yes

Why is the project being completed?:
The City is completing this project to complete a looped pedestrian system (which will connect to the Willow Creek Trail System) to provide an alternative safe and healthy mode of transportation for the Public. According to the City's Parks and Open Space Master Plan, it states "As the City begins to grow, the City should consider creating a trail that encircles the entire City and links Madras to public lands to the east and west, as well as linking all the neighborhoods of Madras to local schools and Juniper Hills County Park". The trail and necessary improvements are listed in the 509-J School District's "Safe Routes to School Action Plan" as well as the City's Transportation System Master Plan. The TSP identifies this project as one of the top priorities for the City of Madras Planned Shared-Use Paths.

Project Planning & Readiness to proceed:

What is the current level of design for the project?:
30% Design

Construction and Restoration Project:

What permits or land use actions will need to be completed for the project?:
Land Use - Compatability Form|Land Use - Type I Review|DEQ 1200c

Have any permits been applied for or received?:
Based on further information provided to DSL, a fill/removal permit is not required.
The City has inquired on the need for a 1200C permit and it has been determined they will need to apply before construction can begin. This will be completed by the contractor performing the work.

Acquisition Project:

Is your right-of-way file in compliance with the Uniform Act?:
No

Was the seller provided with documentation outlining their rights that are consistent with the Uniform Act?:
No

Do you have proof of a willing seller or donor?:
No

Do you have a completed Yellow Book compliant appraisal? :
False

Do you have a completed preliminary title report?:
No

Has a Level 1 or higher environmental assessment been completed?:
No

Has an offer been made yet?:
No

Design, Safety or Education Project:

Has a scope of work and deliverables been completed?:
No

Have you developed a request for proposal or similar bid document for this project?:
No

Has a firm been hired or is on retainer?:
No

Have you completed any artwork, copy or curriculum? :
No

Do you have a proof of the product?:
No

Do you have production ready design, artwork, etc.?:
No

American With Disabilities (ADA):

Does the project meet ADA accessible guidelines?:
Yes

Have you completed the Trail Accessibility Assessment Memorandum?:
Yes

ISSUES AND NEEDS (Criterion #5 - 30 points):

Statewide Trail Management Issues:
Issue #1. Need for more trails connection towns/public places.

This project provides non-motorized trail connectivity by linking the Madras Bike and Skate Park on H Street to the Youth Fishing Pond located on the Jefferson County Fairgrounds. This project also provides the last link in the system to provide a looped pedestrian system encircling Madras and linking pedestrians to public lands (Willow Creek Canyon Trail to Lake Simtustus ~9 miles), surrounding parks (Madras Bike and Skate Park, Sahalee Park, 9th Street Park, Juniper Hills County Park), neighborhoods, schools, and the downtown commercial corridor.

Issue #2. Need for improved trail maintenance and/or trail rehabilitation.

This project does not rehabilitate/restore an existing trail but constructs a new non-motorized multi-use path to connect two trail segments together. Upon completion of the work the trail will require minimal maintenance and upkeep (i.e. annual noxious weed spraying, routine pavement management).

Issue #3. Need for more trail signs.

Phase II of this project which is anticipated to be funded by Local Government Grant Program will include an informational way finding sign located at the Youth Fishing Pond Trailhead for the City's looped trail system.

Regional Trail Management Issues:
The City of Madras lies within Region 8 (Jefferson County). The top 3 trail management issues for Jefferson County Non-Motorized Trails are:

1. More trails connecting towns/public places

This project aligns with the state and regional management issue by providing non-motorized trail connectivity by linking the Madras Bike and Skate Park on H Street to the Youth Fishing Pond located on the Jefferson County Fairgrounds. This project also provides the last link in the system to provide a looped pedestrian system encircling Madras and linking pedestrians to public lands (Willow Creek Canyon Trail to Lake Simtustus ~9 miles), surrounding parks (Madras Bike and Skate Park, Sahalee Park, 9th Street Park, Juniper Hills County Park), neighborhoods, schools, and the downtown commercial corridor.

2. Improved trail maintenance

This project does not rehabilitate/restore an existing trail but constructs a new non-motorized multi-use path to connect two trail segments together. Upon completion of the work the trail will require minimal maintenance and upkeep (i.e. annual noxious weed spraying, routine pavement management).

3. Ability to experience the natural environment

Incorporation of the drainage basin into the design was intended to blend the natural surroundings with the proposed multi-use path and allow the user to experience and be part of the natural habitat around the City.

Statewide Trail Need:
This project addresses the Statewide Trail Need for Non-motorized Trail Projects by connecting the Cities trail system into a larger trail system. The City's non-motorized multi-use trail system consists of 5.3 miles around Madras which currently connects into the Willow Creek Canyon State designated trail to Lake Simtustus. Addition of this ~0.6 mile segment of trail from the Skate Park to the Youth Fishing Pond will provide a final connective link to the City's pedestrian system.

Local Funding Need:
The City of Madras Transportation System Master Plan was updated and re-adopted by City Council in November of 2012. Included in the update was the addition of the Willow Creek Trail System along with the proposed segment from the Madras Bike and Skate Park to the Youth Fishing Pond (project s-11 on page 137). This project was ranked as second to top priority for needs in the local community. The Cities 2004 Parks and Open Space Master Plan was updated and re-adopted in 2009 to include the Willow Creek Trail system to loop the City and bring the trail system up to current standards. Additionally, the Jefferson County School District's, Safe Routes to School Action Plan, lists multi-use path connections as a high priority – "Increasing pre-teens ability to safely walk/bike to school".

DEMONSTRATION OF PUBLIC SUPPORT (Criterion #6 - 5 points):

Have you attached any letters of support for your project?:
Yes

SUSTAINABLE TRAIL DESIGN (Criterion #7 - 5 points):

Please describe how the trail project results in a well-designed, managed and sustainable trail system.:
The City has contracted with H.A. McCoy Engineering to provide 30% designed plans and intends to contract with an engineering consultant to provide the final approved construction drawings meeting Oregon Bicycle & Pedestrian Plan and City of Madras Standards. The selection of asphalt pavement as the trail surface will provide a long term, low maintenance, sustainable facility. In addition, the City through their Adopt-A-Trail program and commitment to future trial maintenance budget allocations will be able to sustain the system long into the future.

Specific measures include:

• The trail will follow the natural topography for the majority of length (need large fill to cross up and over J Street and one other property).
• A 1.5-2% cross slope is designed into the trail to shed water and increase user safety due to water pooling or ice buildup.
• Grade design includes gentle vertical curves and ADA longitudinal and traverse compliant slopes to promote usability and safety of the trail.
• The trail is designed to accommodate various outdoor physical activities (i.e. bicycling, jogging, roller-blading, skateboarding).
• Disturbed soils are replanted and re-shaped to the existing contours to protect from erosion. Temporary erosion control measures will be implemented during construction for soil conservation.
• Landscaping/vegetation will be planted along the edge of the trail to provide beautification and shade during the summer months. This also provides a natural delineation of the trial to keep users off of the existing natural vegetation.

TRAIL MAINTENANCE AND MANAGEMENT (Criterion #8 - 10 points):

Do you have dedicated funding for ongoing trail operation and maintenance? :
Yes

If yes, what is the approval cycle?:
Annual

Do you have permanent staff for ongoing trail operation and maintenance?:
Yes

If yes, please identify the number of permanent and seasonal staff:

Permanent Staff:
2.00

Seasonal Staff:
8.00

Do you have a resolution of support for long-term maintenance (or similar guarantee of financial support)?:
Yes

Do you have organizations that adopts / assists with trail maintenance?:
Yes

If Yes, please identify those organizations.:
Through the City's Adopt-A-Trail Program, all of the sections have been adopted. Below are the organizations who currently maintain the trail.

1. Veterans for Foreign Wars Post 12141.
2. City of Madras Urban Forestry Commission.
3. Jefferson County Community Justice.
4. Madras High School Honor Society.
5. XI Delta Upsilon.
6. Children's Learning Center.
7. Bonita Nails & Spa.
8. Hellwig Family.
9. Gregory Family.
10. Columbia Bank.

Do you have an adopted trail management plan?:
Yes

If yes, please identify the title of the document and when it was adopted by a governing body.:
City of Madras Resolution No. 09-2012. A resolution authorizing the City of Madras to adopt and implement the City of Madras Adopt-A-Trail Program.

PROJECT URGENCY (Criterion #9 - 5 points):

Please describe how your project has an urgent need.:
The City of Madras is in desperate need of opportunities to increase its livability and battle unhealthy lifestyles within the community. According to 2015 County Health Rankings performed by the University of Wisconsin Population Health Institute and the Robert Wood Johnson Foundation, Jefferson County was ranked as a very unhealthy County in Oregon. In fact, it was ranked 34th out of 36th with 1st being the healthiest and 36th being the unhealthiest. The City has made great strides with the addition of the M Hill Trail segment in 2012 which has increased physical activity within the community (i.e. walking, biking, running). With the addition of Skate Park to Youth Fishing Pond segment and connection of the loop system, it will further influence physical activity opportunities leading to a more active and healthy lifestyle for citizens of Madras and Jefferson County.

YOUTH CONSERVATION (Criterion #10 - 5 points):

Does your project utilize Youth Conservation Corps, Youth Community Conservation Corps, Certified Youth Conservation Corps or other youth service organization to complete your project?:
No

Description	Qty	Unit	$/Unit	Cost	Match	Request	Source of Funding
Clear and Grub	1	LS	$5,950.00	$5,950.00	$1,400.00	$4,550.00	City Cash
Excavation and Embankment	1	LS	$52,730.00	$52,730.00	$12,730.00	$40,000.00	City Cash
Aggregate Base 6	1400	SY	$8.00	$11,200.00	$1,120.00	$10,080.00	City Cash
Asphalt Trail Paving (10' Width)	1000	SY	$11.00	$11,000.00	$350.00	$10,650.00	City Cash
Concrete Ramps including Base	1	EA	$7,500.00	$7,500.00	$1,000.00	$6,500.00	City Cash
18	40	LF	$70.00	$2,800.00	$400.00	$2,400.00	City Cash
36	72	LF	$80.00	$5,760.00	$720.00	$5,040.00	City Cash
Retaining Wall	150	LF	$200.00	$30,000.00	$7,500.00	$22,500.00	City Cash
Hand Railing	150	LF	$85.00	$12,750.00	$3,000.00	$9,750.00	City Cash
Engineering	1	LS	$18,000.00	$18,000.00	$4,470.00	$13,530.00	City Cash $1,470, In Kind $3,000
Totals				$157,690.00	$32,690.00	$125,000.00	

Total Project Cost: $157,690.00

Total Match for Sponsor: $32,690.00

Grant Funds Requested: $125,000.00

As an authorized representative of City of Madras, I certify that the applicant agrees that as a condition of receiving Recreational Trails Grant Program assistance, it will comply with all applicable local, state and federal laws and regulations.

This application has been prepared with full knowledge of, and in compliance with, the Oregon Parks and Recreation Department's (OPRD) Grants Manual for the Recreational Trails Grant program.

I also certify that to my best knowledge, information contained in this Application is true and correct.

I will cooperate with Oregon Parks and Recreation Department by furnishing any additional information that may be requested in order to execute a State/Local Agreement, should the project receive funding assistance.

EXHIBIT B

Federal Form FHWA-1273

FHWA-1273 -- Revised May 1, 2012

REQUIRED CONTRACT PROVISIONS
FEDERAL-AID CONSTRUCTION CONTRACTS

I. General
II. Nondiscrimination
III. Nonsegregated Facilities
IV. Davis-Bacon and Related Act Provisions
V. Contract Work Hours and Safety Standards Act Provisions
VI. Subletting or Assigning the Contract
VII. Safety: Accident Prevention
VIII. False Statements Concerning Highway Projects
IX. Implementation of Clean Air Act and Federal Water Pollution Control Act
X. Compliance with Governmentwide Suspension and Debarment Requirements
XI. Certification Regarding Use of Contract Funds for Lobbying

ATTACHMENTS

A. Employment and Materials Preference for Appalachian Development Highway System or Appalachian Local Access Road Contracts (included in Appalachian contracts only)

I. GENERAL

1. Form FHWA-1273 must be physically incorporated in each construction contract funded under Title 23 (excluding emergency contracts solely intended for debris removal). The contractor (or subcontractor) must insert this form in each subcontract and further require its inclusion in all lower tier subcontracts (excluding purchase orders, rental agreements and other agreements for supplies or services).

The applicable requirements of Form FHWA-1273 are incorporated by reference for work done under any purchase order, rental agreement or agreement for other services. The prime contractor shall be responsible for compliance by any subcontractor, lower-tier subcontractor or service provider.

Form FHWA-1273 must be included in all Federal-aid design-build contracts, in all subcontracts and in lower tier subcontracts (excluding subcontracts for design services, purchase orders, rental agreements and other agreements for supplies or services). The design-builder shall be responsible for compliance by any subcontractor, lower-tier subcontractor or service provider.

Contracting agencies may reference Form FHWA-1273 in bid proposal or request for proposal documents, however, the Form FHWA-1273 must be physically incorporated (not referenced) in all contracts, subcontracts and lower-tier subcontracts (excluding purchase orders, rental agreements and other agreements for supplies or services related to a construction contract).

2. Subject to the applicability criteria noted in the following sections, these contract provisions shall apply to all work performed on the contract by the contractor's own organization and with the assistance of workers under the contractor's immediate superintendence and to all work performed on the contract by piecework, station work, or by subcontract.

3. A breach of any of the stipulations contained in these Required Contract Provisions may be sufficient grounds for withholding of progress payments, withholding of final payment, termination of the contract, suspension / debarment or any other action determined to be appropriate by the contracting agency and FHWA.

4. Selection of Labor: During the performance of this contract, the contractor shall not use convict labor for any purpose within the limits of a construction project on a Federal-aid highway unless it is labor performed by convicts who are on parole, supervised release, or probation. The term Federal-aid highway does not include roadways functionally classified as local roads or rural minor collectors.

II. NONDISCRIMINATION

The provisions of this section related to 23 CFR Part 230 are applicable to all Federal-aid construction contracts and to all related construction subcontracts of $10,000 or more. The provisions of 23 CFR Part 230 are not applicable to material supply, engineering, or architectural service contracts.

In addition, the contractor and all subcontractors must comply with the following policies: Executive Order 11246, 41 CFR 60, 29 CFR 1625-1627, Title 23 USC Section 140, the Rehabilitation Act of 1973, as amended (29 USC 794), Title VI of the Civil Rights Act of 1964, as amended, and related regulations including 49 CFR Parts 21, 26 and 27; and 23 CFR Parts 200, 230, and 633.

The contractor and all subcontractors must comply with: the requirements of the Equal Opportunity Clause in 41 CFR 60-1.4(b) and, for all construction contracts exceeding $10,000, the Standard Federal Equal Employment Opportunity Construction Contract Specifications in 41 CFR 60-4.3.

Note: The U.S. Department of Labor has exclusive authority to determine compliance with Executive Order 11246 and the policies of the Secretary of Labor including 41 CFR 60, and 29 CFR 1625-1627. The contracting agency and the FHWA have the authority and the responsibility to ensure compliance with Title 23 USC Section 140, the Rehabilitation Act of 1973, as amended (29 USC 794), and Title VI of the Civil Rights Act of 1964, as amended, and related regulations including 49 CFR Parts 21, 26 and 27; and 23 CFR Parts 200, 230, and 633.

The following provision is adopted from 23 CFR 230, Appendix A, with appropriate revisions to conform to the U.S. Department of Labor (US DOL) and FHWA requirements.

1. Equal Employment Opportunity: Equal employment opportunity (EEO) requirements not to discriminate and to take affirmative action to assure equal opportunity as set forth under laws, executive orders, rules, regulations (28 CFR 35, 29 CFR 1630, 29 CFR 1625-1627, 41 CFR 60 and 49 CFR 27) and orders of the Secretary of Labor as modified by the provisions prescribed herein, and imposed pursuant to 23 U.S.C. 140 shall constitute the EEO and specific affirmative action standards for the contractor's project activities under

this contract. The provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) set forth under 28 CFR 35 and 29 CFR 1630 are incorporated by reference in this contract. In the execution of this contract, the contractor agrees to comply with the following minimum specific requirement activities of EEO:

a. The contractor will work with the contracting agency and the Federal Government to ensure that it has made every good faith effort to provide equal opportunity with respect to all of its terms and conditions of employment and in their review of activities under the contract.

b. The contractor will accept as its operating policy the following statement:

"It is the policy of this Company to assure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, sex, color, national origin, age or disability. Such action shall include: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship, pre-apprenticeship, and/or on-the-job training."

2. EEO Officer: The contractor will designate and make known to the contracting officers an EEO Officer who will have the responsibility for and must be capable of effectively administering and promoting an active EEO program and who must be assigned adequate authority and responsibility to do so.

3. Dissemination of Policy: All members of the contractor's staff who are authorized to hire, supervise, promote, and discharge employees, or who recommend such action, or who are substantially involved in such action, will be made fully cognizant of, and will implement, the contractor's EEO policy and contractual responsibilities to provide EEO in each grade and classification of employment. To ensure that the above agreement will be met, the following actions will be taken as a minimum:

a. Periodic meetings of supervisory and personnel office employees will be conducted before the start of work and then not less often than once every six months, at which time the contractor's EEO policy and its implementation will be reviewed and explained. The meetings will be conducted by the EEO Officer.

b. All new supervisory or personnel office employees will be given a thorough indoctrination by the EEO Officer, covering all major aspects of the contractor's EEO obligations within thirty days following their reporting for duty with the contractor.

c. All personnel who are engaged in direct recruitment for the project will be instructed by the EEO Officer in the contractor's procedures for locating and hiring minorities and women.

d. Notices and posters setting forth the contractor's EEO policy will be placed in areas readily accessible to employees, applicants for employment and potential employees.

e. The contractor's EEO policy and the procedures to implement such policy will be brought to the attention of employees by means of meetings, employee handbooks, or other appropriate means.

4. Recruitment: When advertising for employees, the contractor will include in all advertisements for employees the notation: "An Equal Opportunity Employer." All such advertisements will be placed in publications having a large circulation among minorities and women in the area from which the project work force would normally be derived.

a. The contractor will, unless precluded by a valid bargaining agreement, conduct systematic and direct recruitment through public and private employee referral sources likely to yield qualified minorities and women. To meet this requirement, the contractor will identify sources of potential minority group employees, and establish with such identified sources procedures whereby minority and women applicants may be referred to the contractor for employment consideration.

b. In the event the contractor has a valid bargaining agreement providing for exclusive hiring hall referrals, the contractor is expected to observe the provisions of that agreement to the extent that the system meets the contractor's compliance with EEO contract provisions. Where implementation of such an agreement has the effect of discriminating against minorities or women, or obligates the contractor to do the same, such implementation violates Federal nondiscrimination provisions.

c. The contractor will encourage its present employees to refer minorities and women as applicants for employment. Information and procedures with regard to referring such applicants will be discussed with employees.

5. Personnel Actions: Wages, working conditions, and employee benefits shall be established and administered, and personnel actions of every type, including hiring, upgrading, promotion, transfer, demotion, layoff, and termination, shall be taken without regard to race, color, religion, sex, national origin, age or disability. The following procedures shall be followed:

a. The contractor will conduct periodic inspections of project sites to insure that working conditions and employee facilities do not indicate discriminatory treatment of project site personnel.

b. The contractor will periodically evaluate the spread of wages paid within each classification to determine any evidence of discriminatory wage practices.

c. The contractor will periodically review selected personnel actions in depth to determine whether there is evidence of discrimination. Where evidence is found, the contractor will promptly take corrective action. If the review indicates that the discrimination may extend beyond the actions reviewed, such corrective action shall include all affected persons.

d. The contractor will promptly investigate all complaints of alleged discrimination made to the contractor in connection with its obligations under this contract, will attempt to resolve such complaints, and will take appropriate corrective action within a reasonable time. If the investigation indicates that the discrimination may affect persons other than the complainant, such corrective action shall include such other persons. Upon completion of each investigation, the contractor will inform every complainant of all of their avenues of appeal.

6. Training and Promotion:

a. The contractor will assist in locating, qualifying, and increasing the skills of minorities and women who are

applicants for employment or current employees. Such efforts should be aimed at developing full journey level status employees in the type of trade or job classification involved.

b. Consistent with the contractor's work force requirements and as permissible under Federal and State regulations, the contractor shall make full use of training programs, i.e., apprenticeship, and on-the-job training programs for the geographical area of contract performance. In the event a special provision for training is provided under this contract, this subparagraph will be superseded as indicated in the special provision. The contracting agency may reserve training positions for persons who receive welfare assistance in accordance with 23 U.S.C. 140(a).

c. The contractor will advise employees and applicants for employment of available training programs and entrance requirements for each.

d. The contractor will periodically review the training and promotion potential of employees who are minorities and women and will encourage eligible employees to apply for such training and promotion.

7. Unions: If the contractor relies in whole or in part upon unions as a source of employees, the contractor will use good faith efforts to obtain the cooperation of such unions to increase opportunities for minorities and women. Actions by the contractor, either directly or through a contractor's association acting as agent, will include the procedures set forth below:

a. The contractor will use good faith efforts to develop, in cooperation with the unions, joint training programs aimed toward qualifying more minorities and women for membership in the unions and increasing the skills of minorities and women so that they may qualify for higher paying employment.

b. The contractor will use good faith efforts to incorporate an EEO clause into each union agreement to the end that such union will be contractually bound to refer applicants without regard to their race, color, religion, sex, national origin, age or disability.

c. The contractor is to obtain information as to the referral practices and policies of the labor union except that to the extent such information is within the exclusive possession of the labor union and such labor union refuses to furnish such information to the contractor, the contractor shall so certify to the contracting agency and shall set forth what efforts have been made to obtain such information.

d. In the event the union is unable to provide the contractor with a reasonable flow of referrals within the time limit set forth in the collective bargaining agreement, the contractor will, through independent recruitment efforts, fill the employment vacancies without regard to race, color, religion, sex, national origin, age or disability; making full efforts to obtain qualified and/or qualifiable minorities and women. The failure of a union to provide sufficient referrals (even though it is obligated to provide exclusive referrals under the terms of a collective bargaining agreement) does not relieve the contractor from the requirements of this paragraph. In the event the union referral practice prevents the contractor from meeting the obligations pursuant to Executive Order 11246, as amended, and these special provisions, such contractor shall immediately notify the contracting agency.

8. Reasonable Accommodation for Applicants / Employees with Disabilities: The contractor must be familiar with the requirements for and comply with the Americans with Disabilities Act and all rules and regulations established there under. Employers must provide reasonable accommodation in all employment activities unless to do so would cause an undue hardship.

9. Selection of Subcontractors, Procurement of Materials and Leasing of Equipment: The contractor shall not discriminate on the grounds of race, color, religion, sex, national origin, age or disability in the selection and retention of subcontractors, including procurement of materials and leases of equipment. The contractor shall take all necessary and reasonable steps to ensure nondiscrimination in the administration of this contract.

a. The contractor shall notify all potential subcontractors and suppliers and lessors of their EEO obligations under this contract.

b. The contractor will use good faith efforts to ensure subcontractor compliance with their EEO obligations.

10. Assurance Required by 49 CFR 26.13(b):

a. The requirements of 49 CFR Part 26 and the State DOT's U.S. DOT-approved DBE program are incorporated by reference.

b. The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the contracting agency deems appropriate.

11. Records and Reports: The contractor shall keep such records as necessary to document compliance with the EEO requirements. Such records shall be retained for a period of three years following the date of the final payment to the contractor for all contract work and shall be available at reasonable times and places for inspection by authorized representatives of the contracting agency and the FHWA.

a. The records kept by the contractor shall document the following:

(1) The number and work hours of minority and non-minority group members and women employed in each work classification on the project;

(2) The progress and efforts being made in cooperation with unions, when applicable, to increase employment opportunities for minorities and women; and

(3) The progress and efforts being made in locating, hiring, training, qualifying, and upgrading minorities and women;

b. The contractors and subcontractors will submit an annual report to the contracting agency each July for the duration of the project, indicating the number of minority, women, and non-minority group employees currently engaged in each work classification required by the contract work. This information is to be reported on Form FHWA-1391. The staffing data should represent the project work force on board in all or any part of the last payroll period preceding the end of July. If on-the-job training is being required by special provision, the contractor

will be required to collect and report training data. The employment data should reflect the work force on board during all or any part of the last payroll period preceding the end of July.

III. NONSEGREGATED FACILITIES

This provision is applicable to all Federal-aid construction contracts and to all related construction subcontracts of $10,000 or more.

The contractor must ensure that facilities provided for employees are provided in such a manner that segregation on the basis of race, color, religion, sex, or national origin cannot result. The contractor may neither require such segregated use by written or oral policies nor tolerate such use by employee custom. The contractor's obligation extends further to ensure that its employees are not assigned to perform their services at any location, under the contractor's control, where the facilities are segregated. The term "facilities" includes waiting rooms, work areas, restaurants and other eating areas, time clocks, restrooms, washrooms, locker rooms, and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing provided for employees. The contractor shall provide separate or single-user restrooms and necessary dressing or sleeping areas to assure privacy between sexes.

IV. DAVIS-BACON AND RELATED ACT PROVISIONS

This section is applicable to all Federal-aid construction projects exceeding $2,000 and to all related subcontracts and lower-tier subcontracts (regardless of subcontract size). The requirements apply to all projects located within the right-of-way of a roadway that is functionally classified as Federal-aid highway. This excludes roadways functionally classified as local roads or rural minor collectors, which are exempt. Contracting agencies may elect to apply these requirements to other projects.

The following provisions are from the U.S. Department of Labor regulations in 29 CFR 5.5 "Contract provisions and related matters" with minor revisions to conform to the FHWA-1273 format and FHWA program requirements.

1. Minimum wages

a. All laborers and mechanics employed or working upon the site of the work, will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics.

Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph 1.d. of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided, That the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under paragraph 1.b. of this section) and the Davis-Bacon poster (WH–1321) shall be posted at all times by the contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

b.(1) The contracting officer shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The contracting officer shall approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

(i) The work to be performed by the classification requested is not performed by a classification in the wage determination; and

(ii) The classification is utilized in the area by the construction industry; and

(iii) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(2) If the contractor and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the contracting officer agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by the contracting officer to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

(3) In the event the contractor, the laborers or mechanics to be employed in the classification or their representatives, and the contracting officer do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), the contracting officer shall refer the questions, including the views of all interested parties and the recommendation of the contracting officer, to the Wage and Hour Administrator for determination. The Wage and Hour Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the contracting officer or

will notify the contracting officer within the 30-day period that additional time is necessary.

(4) The wage rate (including fringe benefits where appropriate) determined pursuant to paragraphs 1.b.(2) or 1.b.(3) of this section, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

c. Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

d. If the contractor does not make payments to a trustee or other third person, the contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, That the Secretary of Labor has found, upon the written request of the contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the contractor to set aside in a separate account assets for the meeting of obligations under the plan or program.

2. Withholding

The contracting agency shall upon its own action or upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld from the contractor under this contract, or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the contracting agency may, after written notice to the contractor, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

3. Payrolls and basic records

a. Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the contractor shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

b.(1) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the contracting agency. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g. , the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH–347 is available for this purpose from the Wage and Hour Division Web site at http://www.dol.gov/esa/whd/forms/wh347instr.htm or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. Contractors and subcontractors shall maintain the full social security number and current address of each covered worker, and shall provide them upon request to the contracting agency for transmission to the State DOT, the FHWA or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the contracting agency..

(2) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

(i) That the payroll for the payroll period contains the information required to be provided under §5.5 (a)(3)(ii) of Regulations, 29 CFR part 5, the appropriate information is being maintained under §5.5 (a)(3)(i) of Regulations, 29 CFR part 5, and that such information is correct and complete;

(ii) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations, 29 CFR part 3;

(iii) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(3) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH–347 shall satisfy the requirement for submission of the "Statement of Compliance" required by paragraph 3.b.(2) of this section.

(4) The falsification of any of the above certifications may subject the contractor or subcontractor to civil or criminal prosecution under section 1001 of title 18 and section 231 of title 31 of the United States Code.

c. The contractor or subcontractor shall make the records required under paragraph 3.a. of this section available for inspection, copying, or transcription by authorized representatives of the contracting agency, the State DOT, the FHWA, or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the FHWA may, after written notice to the contractor, the contracting agency or the State DOT, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

4. Apprentices and trainees

a. Apprentices (programs of the USDOL).

Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Office, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Office of Apprenticeship Training, Employer and Labor Services or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice.

The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the contractor's or subcontractor's registered program shall be observed.

Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination.

In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Office, withdraws approval of an apprenticeship program, the contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

b. Trainees (programs of the USDOL).

Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration.

The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration.

Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed.

In the event the Employment and Training Administration withdraws approval of a training program, the contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

c. Equal employment opportunity. The utilization of apprentices, trainees and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR part 30.

d. Apprentices and Trainees (programs of the U.S. DOT).

Apprentices and trainees working under apprenticeship and skill training programs which have been certified by the Secretary of Transportation as promoting EEO in connection with Federal-aid highway construction programs are not subject to the requirements of paragraph 4 of this Section IV. The straight time hourly wage rates for apprentices and trainees under such programs will be established by the particular programs. The ratio of apprentices and trainees to journeymen shall not be greater than permitted by the terms of the particular program.

5. Compliance with Copeland Act requirements. The contractor shall comply with the requirements of 29 CFR part 3, which are incorporated by reference in this contract.

6. Subcontracts. The contractor or subcontractor shall insert Form FHWA-1273 in any subcontracts and also require the subcontractors to include Form FHWA-1273 in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR 5.5.

7. Contract termination: debarment. A breach of the contract clauses in 29 CFR 5.5 may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR 5.12.

8. Compliance with Davis-Bacon and Related Act requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR parts 1, 3, and 5 are herein incorporated by reference in this contract.

9. Disputes concerning labor standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

10. Certification of eligibility.

a. By entering into this contract, the contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

b. No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

c. The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

V. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT

The following clauses apply to any Federal-aid construction contract in an amount in excess of $100,000 and subject to the overtime provisions of the Contract Work Hours and Safety Standards Act. These clauses shall be inserted in addition to the clauses required by 29 CFR 5.5(a) or 29 CFR 4.6. As used in this paragraph, the terms laborers and mechanics include watchmen and guards.

1. Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

2. Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (1.) of this section, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1.) of this section, in the sum of $10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1.) of this section.

3. Withholding for unpaid wages and liquidated damages. The FHWA or the contacting agency shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2.) of this section.

4. Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1.) through (4.) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (1.) through (4.) of this section.

VI. SUBLETTING OR ASSIGNING THE CONTRACT

This provision is applicable to all Federal-aid construction contracts on the National Highway System.

1. The contractor shall perform with its own organization contract work amounting to not less than 30 percent (or a greater percentage if specified elsewhere in the contract) of the total original contract price, excluding any specialty items designated by the contracting agency. Specialty items may be performed by subcontract and the amount of any such specialty items performed may be deducted from the total original contract price before computing the amount of work required to be performed by the contractor's own organization (23 CFR 635.116).

a. The term "perform work with its own organization" refers to workers employed or leased by the prime contractor, and equipment owned or rented by the prime contractor, with or without operators. Such term does not include employees or equipment of a subcontractor or lower tier subcontractor, agents of the prime contractor, or any other assignees. The term may include payments for the costs of hiring leased employees from an employee leasing firm meeting all relevant Federal and State regulatory requirements. Leased employees may only be included in this term if the prime contractor meets all of the following conditions:

(1) the prime contractor maintains control over the supervision of the day-to-day activities of the leased employees;
(2) the prime contractor remains responsible for the quality of the work of the leased employees;
(3) the prime contractor retains all power to accept or exclude individual employees from work on the project; and
(4) the prime contractor remains ultimately responsible for the payment of predetermined minimum wages, the submission of payrolls, statements of compliance and all other Federal regulatory requirements.

b. "Specialty Items" shall be construed to be limited to work that requires highly specialized knowledge, abilities, or equipment not ordinarily available in the type of contracting organizations qualified and expected to bid or propose on the contract as a whole and in general are to be limited to minor components of the overall contract.

2. The contract amount upon which the requirements set forth in paragraph (1) of Section VI is computed includes the cost of material and manufactured products which are to be purchased or produced by the contractor under the contract provisions.

3. The contractor shall furnish (a) a competent superintendent or supervisor who is employed by the firm, has full authority to direct performance of the work in accordance with the contract requirements, and is in charge of all construction operations (regardless of who performs the work) and (b) such other of its own organizational resources (supervision, management, and engineering services) as the contracting officer determines is necessary to assure the performance of the contract.

4. No portion of the contract shall be sublet, assigned or otherwise disposed of except with the written consent of the contracting officer, or authorized representative, and such consent when given shall not be construed to relieve the contractor of any responsibility for the fulfillment of the contract. Written consent will be given only after the contracting agency has assured that each subcontract is evidenced in writing and that it contains all pertinent provisions and requirements of the prime contract.

5. The 30% self-performance requirement of paragraph (1) is not applicable to design-build contracts; however, contracting agencies may establish their own self-performance requirements.

VII. SAFETY: ACCIDENT PREVENTION

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts.

1. In the performance of this contract the contractor shall comply with all applicable Federal, State, and local laws governing safety, health, and sanitation (23 CFR 635). The contractor shall provide all safeguards, safety devices and protective equipment and take any other needed actions as it determines, or as the contracting officer may determine, to be reasonably necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of the work covered by the contract.

2. It is a condition of this contract, and shall be made a condition of each subcontract, which the contractor enters into pursuant to this contract, that the contractor and any subcontractor shall not permit any employee, in performance of the contract, to work in surroundings or under conditions which are unsanitary, hazardous or dangerous to his/her health or safety, as determined under construction safety and health standards (29 CFR 1926) promulgated by the Secretary of Labor, in accordance with Section 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3704).

3. Pursuant to 29 CFR 1926.3, it is a condition of this contract that the Secretary of Labor or authorized representative thereof, shall have right of entry to any site of contract performance to inspect or investigate the matter of compliance with the construction safety and health standards and to carry out the duties of the Secretary under Section 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C.3704).

VIII. FALSE STATEMENTS CONCERNING HIGHWAY PROJECTS

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts.

In order to assure high quality and durable construction in conformity with approved plans and specifications and a high degree of reliability on statements and representations made by engineers, contractors, suppliers, and workers on Federal-aid highway projects, it is essential that all persons concerned with the project perform their functions as carefully, thoroughly, and honestly as possible. Willful falsification, distortion, or misrepresentation with respect to any facts related to the project is a violation of Federal law. To prevent any misunderstanding regarding the seriousness of these and similar acts, Form FHWA-1022 shall be posted on each Federal-aid highway project (23 CFR 635) in one or more places where it is readily available to all persons concerned with the project:

18 U.S.C. 1020 reads as follows:

"Whoever, being an officer, agent, or employee of the United States, or of any State or Territory, or whoever, whether a person, association, firm, or corporation, knowingly makes any false statement, false representation, or false report as to the character, quality, quantity, or cost of the material used or to be used, or the quantity or quality of the work performed or to be performed, or the cost thereof in connection with the submission of plans, maps, specifications, contracts, or costs of construction on any highway or related project submitted for approval to the Secretary of Transportation; or

Whoever knowingly makes any false statement, false representation, false report or false claim with respect to the character, quality, quantity, or cost of any work performed or to be performed, or materials furnished or to be furnished, in connection with the construction of any highway or related project approved by the Secretary of Transportation; or

Whoever knowingly makes any false statement or false representation as to material fact in any statement, certificate, or report submitted pursuant to provisions of the Federal-aid Roads Act approved July 1, 1916, (39 Stat. 355), as amended and supplemented;

Shall be fined under this title or imprisoned not more than 5 years or both."

IX. IMPLEMENTATION OF CLEAN AIR ACT AND FEDERAL WATER POLLUTION CONTROL ACT

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts.

By submission of this bid/proposal or the execution of this contract, or subcontract, as appropriate, the bidder, proposer, Federal-aid construction contractor, or subcontractor, as appropriate, will be deemed to have stipulated as follows:

1. That any person who is or will be utilized in the performance of this contract is not prohibited from receiving an award due to a violation of Section 508 of the Clean Water Act or Section 306 of the Clean Air Act.
2. That the contractor agrees to include or cause to be included the requirements of paragraph (1) of this Section X in every subcontract, and further agrees to take such action as the contracting agency may direct as a means of enforcing such requirements.

X. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION

This provision is applicable to all Federal-aid construction contracts, design-build contracts, subcontracts, lower-tier subcontracts, purchase orders, lease agreements, consultant contracts or any other covered transaction requiring FHWA approval or that is estimated to cost $25,000 or more -- as defined in 2 CFR Parts 180 and 1200.

1. Instructions for Certification – First Tier Participants:

a. By signing and submitting this proposal, the prospective first tier participant is providing the certification set out below.

b. The inability of a person to provide the certification set out below will not necessarily result in denial of participation in this covered transaction. The prospective first tier participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective first tier participant to furnish a certification or an explanation shall disqualify such a person from participation in this transaction.

c. The certification in this clause is a material representation of fact upon which reliance was placed when the contracting agency determined to enter into this transaction. If it is later determined that the prospective participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the contracting agency may terminate this transaction for cause of default.

d. The prospective first tier participant shall provide immediate written notice to the contracting agency to whom this proposal is submitted if any time the prospective first tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

e. The terms "covered transaction," "debarred," "suspended," "ineligible," "participant," "person," "principal," and "voluntarily excluded," as used in this clause, are defined in 2 CFR Parts 180 and 1200. "First Tier Covered Transactions" refers to any covered transaction between a grantee or subgrantee of Federal funds and a participant (such as the prime or general contract). "Lower Tier Covered Transactions" refers to any covered transaction under a First Tier Covered Transaction (such as subcontracts). "First Tier Participant" refers to the participant who has entered into a covered transaction with a grantee or subgrantee of Federal funds (such as the prime or general contractor). "Lower Tier Participant" refers any participant who has entered into a covered transaction with a First Tier Participant or other Lower Tier Participants (such as subcontractors and suppliers).

f. The prospective first tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

g. The prospective first tier participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions," provided by the department or contracting agency, entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions exceeding the $25,000 threshold.

h. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any lower tier prospective participants, each participant may, but is not required to, check the Excluded Parties List System website (https://www.epls.gov/), which is compiled by the General Services Administration.

i. Nothing contained in the foregoing shall be construed to require the establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of the prospective participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

j. Except for transactions authorized under paragraph (f) of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

* * * * *

2. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – First Tier Participants:

a. The prospective first tier participant certifies to the best of its knowledge and belief, that it and its principals:

(1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency;

(2) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (a)(2) of this certification; and

(4) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

b. Where the prospective participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

2. **Instructions for Certification - Lower Tier Participants:**

(Applicable to all subcontracts, purchase orders and other lower tier transactions requiring prior FHWA approval or estimated to cost $25,000 or more - 2 CFR Parts 180 and 1200)

a. By signing and submitting this proposal, the prospective lower tier is providing the certification set out below.

b. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department, or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

c. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous by reason of changed circumstances.

d. The terms "covered transaction," "debarred," "suspended," "ineligible," "participant," "person," "principal," and "voluntarily excluded," as used in this clause, are defined in 2 CFR Parts 180 and 1200. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations. "First Tier Covered Transactions" refers to any covered transaction between a grantee or subgrantee of Federal funds and a participant (such as the prime or general contract). "Lower Tier Covered Transactions" refers to any covered transaction under a First Tier Covered Transaction (such as subcontracts). "First Tier Participant" refers to the participant who has entered into a covered transaction with a grantee or subgrantee of Federal funds (such as the prime or general contractor). "Lower Tier Participant" refers any participant who has entered into a covered transaction with a First Tier Participant or other Lower Tier Participants (such as subcontractors and suppliers).

e. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

f. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions exceeding the $25,000 threshold.

g. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant is responsible for ensuring that its principals are not suspended, debarred, or otherwise ineligible to participate in covered transactions. To verify the eligibility of its principals, as well as the eligibility of any lower tier prospective participants, each participant may, but is not required to, check the Excluded Parties List System website (https://www.epls.gov/), which is compiled by the General Services Administration.

h. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

i. Except for transactions authorized under paragraph e of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the

department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

* * * * *

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Participants:

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participating in covered transactions by any Federal department or agency.

2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

* * * * *

XI. CERTIFICATION REGARDING USE OF CONTRACT FUNDS FOR LOBBYING

This provision is applicable to all Federal-aid construction contracts and to all related subcontracts which exceed $100,000 (49 CFR 20).

1. The prospective participant certifies, by signing and submitting this bid or proposal, to the best of his or her knowledge and belief, that:

a. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

2. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

3. The prospective participant also agrees by submitting its bid or proposal that the participant shall require that the language of this certification be included in all lower tier subcontracts, which exceed $100,000 and that all such recipients shall certify and disclose accordingly.

ATTACHMENT A - EMPLOYMENT AND MATERIALS PREFERENCE FOR APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM OR APPALACHIAN LOCAL ACCESS ROAD CONTRACTS

This provision is applicable to all Federal-aid projects funded under the Appalachian Regional Development Act of 1965.

1. During the performance of this contract, the contractor undertaking to do work which is, or reasonably may be, done as on-site work, shall give preference to qualified persons who regularly reside in the labor area as designated by the DOL wherein the contract work is situated, or the subregion, or the Appalachian counties of the State wherein the contract work is situated, except:

a. To the extent that qualified persons regularly residing in the area are not available.

b. For the reasonable needs of the contractor to employ supervisory or specially experienced personnel necessary to assure an efficient execution of the contract work.

c. For the obligation of the contractor to offer employment to present or former employees as the result of a lawful collective bargaining contract, provided that the number of nonresident persons employed under this subparagraph (1c) shall not exceed 20 percent of the total number of employees employed by the contractor on the contract work, except as provided in subparagraph (4) below.

2. The contractor shall place a job order with the State Employment Service indicating (a) the classifications of the laborers, mechanics and other employees required to perform the contract work, (b) the number of employees required in each classification, (c) the date on which the participant estimates such employees will be required, and (d) any other pertinent information required by the State Employment Service to complete the job order form. The job order may be placed with the State Employment Service in writing or by telephone. If during the course of the contract work, the information submitted by the contractor in the original job order is substantially modified, the participant shall promptly notify the State Employment Service.

3. The contractor shall give full consideration to all qualified job applicants referred to him by the State Employment Service. The contractor is not required to grant employment to any job applicants who, in his opinion, are not qualified to perform the classification of work required.

4. If, within one week following the placing of a job order by the contractor with the State Employment Service, the State Employment Service is unable to refer any qualified job applicants to the contractor, or less than the number requested, the State Employment Service will forward a certificate to the contractor indicating the unavailability of applicants. Such certificate shall be made a part of the contractor's permanent project records. Upon receipt of this certificate, the contractor may employ persons who do not normally reside in the labor area to fill positions covered by the certificate, notwithstanding the provisions of subparagraph (1c) above.

5. The provisions of 23 CFR 633.207(e) allow the contracting agency to provide a contractual preference for the use of mineral resource materials native to the Appalachian region.

6. The contractor shall include the provisions of Sections 1 through 4 of this Attachment A in every subcontract for work which is, or reasonably may be, done as on-site work.

EXHIBIT C

Federal Requirements

67. **Compliance with Law:** Grantee shall comply with all federal, state and local laws, regulations, executive orders and ordinances applicable to the Agreement or to implementation of the Project, including without limitation 23 USC 206 and ORS 390.980 which makes funds available for the purposes of the Oregon Recreation Trails System Act. Without limiting the generality of the preceding sentence, Grantee shall, in its performance of its obligations under this Agreement and implementation of the Project, comply with the following laws:
    - 23 U.S.C. 206 Recreational Trails Program
    - 23 U.S.C. 104 (h), Recreational Trails Program Apportionments
    - 23 U.S.C. 106, Project Approval and Oversight
    - 23 U.S.C. 114, Convict Labor
    - 40 U.S.C 3141-3148, The Davis-Bacon & Related Acts
    - Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970
    - 2 CFR Part 200
    - 23 CFR 1.36, Compliance with other Federal Laws and Regulations
    - 23 CFR 771, Environmental Requirements
    - 23 CFR 635.410 Buy America, as further described below
    - 49 CFR 29, Suspension and Debarment
    - 49 CFR 18, Record Retention
    - 49 CFR 18, Procurement of Professional Services
    - Audits – OMB Circular A-133 and OMB Uniform Guidance

68. **Required Contract Provisions for Federal-Aid Construction Contracts:** Form FHWA-1273 must be physically incorporated in each construction contract funded with Grant Funds provided under this Agreement. The contractor (or subcontractor) must insert Form FHWA-1273 in each subcontract and further require its inclusion in all lower tier subcontracts. See Attachment C: Form FHWA-1273.

69. **Buy America**: 23 CFR 635.410 is applicable to steel, iron and manufactured goods used in a "federal-aid highway construction project" including the Project funded under this Agreement. Based on the definitions of "construction" in 23 U.S.C. 101 and "project", the Buy America provisions apply to any equipment over $5,000 and any construction, alteration, maintenance or repair of a public building or public work project. A certificate of origination and manufacture location of the steel or iron is needed.

ATTACHMENT 1

Insurance Requirements

GENERAL.

Grantee shall require in its first tier contracts (for the performance of work on the Project) with entities that are not units of local government as defined in ORS 190.003, if any, to: i) obtain insurance specified under TYPES AND AMOUNTS and meeting the requirements under ADDITIONAL INSURED, "TAIL" COVERAGE, NOTICE OF CANCELLATION OR CHANGE, and CERTIFICATES OF INSURANCE before performance under the contract commences, and ii) maintain the insurance in full force throughout the duration of the contract. The insurance must be provided by insurance companies or entities that are authorized to transact the business of insurance and issue coverage in the State of Oregon and that are acceptable to OPRD. Grantee shall not authorize work to begin under contracts until the insurance is in full force. Thereafter, Grantee shall monitor continued compliance with the insurance requirements on an annual or more frequent basis. Grantee shall incorporate appropriate provisions in the contracts permitting it to enforce compliance with the insurance requirements and shall take all reasonable steps to enforce such compliance. In no event shall Grantee permit work under a contract when Grantee is aware that the contractor is not in compliance with the insurance requirements. As used in this section, "first tier" means a contract in which the Grantee is a party.

TYPES AND AMOUNTS.

i. **WORKERS COMPENSATION**. Insurance in compliance with ORS 656.017, which requires all employers that employ subject workers, as defined in ORS 656.027, to provide workers' compensation coverage for those workers, unless they meet the requirement for an exemption under ORS 656.126(2). Employers liability insurance with coverage limits of not less than $500,000 must be included.

ii. **COMMERCIAL GENERAL LIABILITY.**
Commercial General Liability Insurance covering bodily injury, death, and property damage in a form and with coverages that are satisfactory to OPRD. This insurance shall include personal injury liability, products and completed operations. Coverage shall be written on an occurrence form basis, with not less than the following amounts:
Bodily Injury, Death and Property Damage:
$1,000,000 per occurrence (for all claimants for claims arising out of a single accident or occurrence).

iii. **AUTOMOBILE Liability Insurance:** Automobile Liability.
Automobile Liability Insurance covering all owned, non-owned and hired vehicles. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits for "Commercial General Liability" and "Automobile Liability"). Automobile Liability Insurance must be in not less than the following amounts:
Bodily Injury, Death and Property Damage:

$1,000,000 per occurrence (for all claimants for claims arising out of a single accident or occurrence).

ADDITIONAL INSURED. The Commercial General Liability Insurance and Automobile Liability insurance must include the State of Oregon, OPRD, its officers, employees and agents as Additional Insureds but only with respect to the activities to be performed under the contract. Coverage must be primary and non-contributory with any other insurance and self-insurance.

"TAIL" COVERAGE. If any of the required insurance policies is on a "claims made" basis, such as professional liability insurance, either "tail" coverage or continuous "claims made" liability coverage must be maintained, provided the effective date of the continuous "claims made" coverage is on or before the effective date of the contract, for a minimum of 24 months following the later of : (i) the contractor's completion and Grantee's acceptance of all services required under the subagreement or, (ii) the expiration of all warranty periods provided under the contract. Notwithstanding the foregoing 24-month requirement, if the contractor elects to maintain "tail" coverage and if the maximum time period "tail" coverage reasonably available in the marketplace is less than the 24-month period described above, then the contractor may request and OPRD may grant approval of the maximum "tail " coverage period reasonably available in the marketplace. If OPRD approval is granted, the contractor shall maintain "tail" coverage for the maximum time period that "tail" coverage is reasonably available in the marketplace.

NOTICE OF CANCELLATION OR CHANGE. The contractor or its insurer must provide 30 days' written notice to Grantee before cancellation of, material change to, potential exhaustion of aggregate limits of, or non-renewal of the required insurance coverage(s).

CERTIFICATE(S) OF INSURANCE. Grantee shall obtain from the contractor a certificate(s) of insurance for all required insurance before the contractor performs under the contract. The certificate(s) or an attached endorsement must specify: i) all entities and individuals who are endorsed on the policy as Additional Insured and ii) for insurance on a "claims made" basis, the extended reporting period applicable to "tail" or continuous "claims made" coverage.

CITY OF MADRAS
Request for Council Action

Date Submitted: October 27, 2015

Agenda Date Requested: November 8, 2015

To: Mayor and City Council Members

Through: Gus Burril, City Administrator

From: Kristal Hughes, Finance Director

Subject: **Holiday Tree – Utility Giving Program**

TYPE OF ACTION REQUESTED:
[X] Council Action [ ] Ordinance

DESCRIPTION: Last year a tree was decorated in the lobby of City Hall. The tree contained ornaments that allowed community members the opportunity to participate in the Holiday Utility Giving Program for paying utility costs.

STAFF ANALYSIS: The Winter of 2015 was the first year the City coordinated the Holiday Utility Giving Program for utility customers. The response of our community was encouraging. Community members who supported this effort were interested in a possible on-going program whereby fellow citizens could receive help with their utility bills. In order to best serve our community, the Finance staff recognized that the notification to customers and corresponding initiative needs to be started in November, rather than waiting until December. This will help with payment dates and collection efforts during the holidays, when money becomes tight for many families.

SUMMARY: Staff will have forms available at the front counter for customers to fill out and place on the tree at their own discretion. If an individual comes in and is willing to pay a utility account, they will select an ornament and the Finance Department will apply the payment to the property address/account number listed. One ornament per household will be permitted per year.

If approved by City Council, an advertisement in the newspaper will be posted for publication in November to help promote the initiative.

RECOMMENDATION: Staff recommends Council approve by motion the authority to participate in this program during the holiday season, mid-November through December each year.

CITY OF MADRAS

Request for Council Action

Date Submitted:	November 2, 2016
Agenda Date Requested:	November 8, 2016
To:	Mayor and City Council Members
From:	Jonathan Burchell, Parks and Open Space Manager
Subject:	Upgrade of South Y Entrance Sign

TYPE OF ACTION REQUESTED:

[ ] Resolution

[ ] Ordinance

[X] Formal Action/Motion

[ ] Contract Review Board

[ ] None - Report Only

Formal action/motion that Council approves $4,708.00 for the installation of the upgraded South Y entrance sign from Rip Q Signs and Graphics, LLC.

DESCRIPTION:

A request has been made by the Public Works and Parks Committee to update the South Y entrance sign. Council is the authority on signs in the City and in order for staff to move forward with updating the sign Council will need to approve the new sign.

STAFF ANALYSIS:

The Parks and Public Works Committee asked staff to look into upgrading the sign at South Y entrance to town. Staff provided multiple sign options to the Parks and Public Works Committee and they selected the one presented tonight. The Parks and Public Works Committee approved the new upgraded sign design at the February 3, 2016 meeting.

Staff procured two quotes for the type of sign upgrade recommended by the Parks and Public Works Committee. One quote was from Carlson Signs for a total of $7,154.00. The second and lowest quote was $4,708.00 by Rip Q Signs and Graphics, LLC. Staff recommends we split the cost of installation between The Madras Redevelopment Commission and the Transportation Operation Funds. The MRC feels that this is an appropriate use of funds and approved the cost share at the November 2, 2016 meeting. There are sufficient funds in TOF to cover the other half of the sign upgrade so a budget resolution is not required.

SUMMARY:

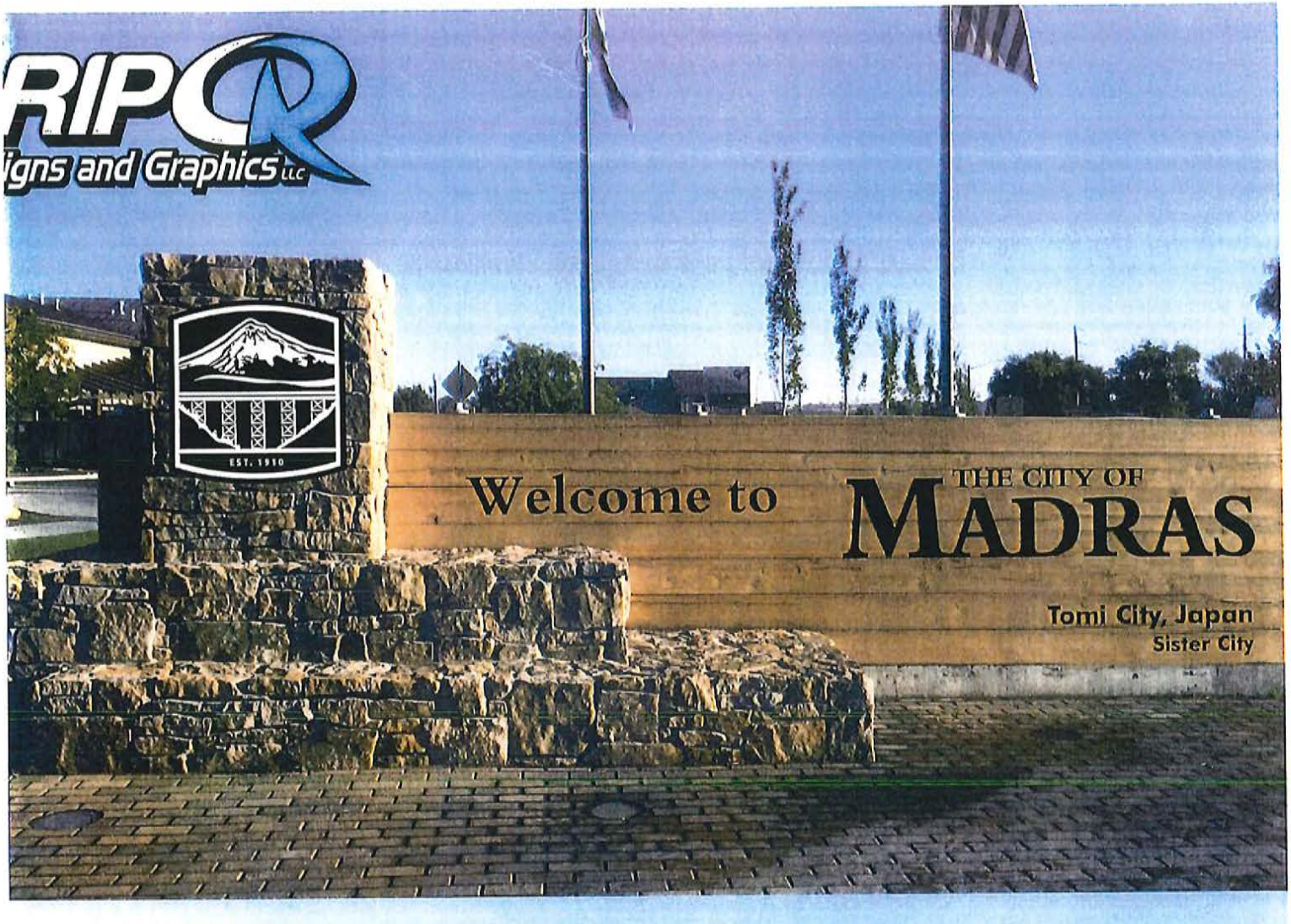
A. **Fiscal Impact**
- Upgraded South Y sign installation = $4,708.00

B. **Funding Source**
- Madras Redevelopment Commission Fund, Materials and Services, Repairs and Maintenance, 702-702-520-1221 = $2,354.00
- Transportation Operations Fund, Materials and Services, Street Greenway Maintenance, 204-040-520-2808 = $2,354.00

C. **Recognition of collateral material**
- Proposed upgrade to South Y Sign Exhibit
- Quotes for the South Y Sign upgrade
- Excerpt of meeting minutes from Public Works & Parks Committee

RECOMMENDATION:

Formal action/motion that Council approves $4,708.00 for the installation of the upgraded South Y entrance sign from Rip Q Signs and Graphics, LLC.


RIPCR
igns and Graphics LLC
EST. 1910
Welcome to
THE CITY OF
MADRAS
Tomi City, Japan
Sister City

Come back soon...
EST. 1910
35

Rip-Q Signs and Graphics, LLC

43 NW Cherry Ln. Ste. 101
Madras, OR 97741

Estimate

Date	Estimate #
9/15/2006	32

Name / Address
City of Madras

Project

Description	Qty	Rate	Total
Sign Letters and logo plate 1/4 thick aluminum Satin black letters w/ stud welds and studs. Painted Satin Black	1	4,258.00	4,258.00
Removal of old letters and filling of old stud holes Estimated time $75 per hr	2	75.00	150.00
Installation of new letters and logo sign Estimated time $75 per hr	4	75.00	300.00

Thank you for your business

Total $4,708.00

South side quote: Shared travel, install at same time as R&R for north side.
Remove existing lettering & seal stud penetrations to match wood finish.
Fab/install shield on column as stud mount powdercoat black 1/4" plate
aluminum @ 1/4" standoff from clearcoated satin aluminum field.
Text as black powdercoat 1/4" plate aluminum,
all sized & placed as shown, @ 1/4" standoff
from cedar beams. @ $4,540 installed.
All approvals (e.g. municipal/other)
are by client.

CARLSON SIGN

1606 NE Forbes Road, Bend, Oregon 97701
Tel (541) 382-2182 Fax (541) 382-2196

File: MadrasCityof\South Entry Mon 2015
Scale: 3/8" = 1'
Client: City of Madras, att: Jonathan Burchell
jburchell@ci.madras.or.us, Parks & Open Space Supervisor, Golf Course Superintendent, Public Works Dept. 216 N.W. B St. Madras Or. 97741
541-475-2822
Dwg By: Kevin Wells, kdwells@carlsonsign.com
Date: Feb. 03, 2016

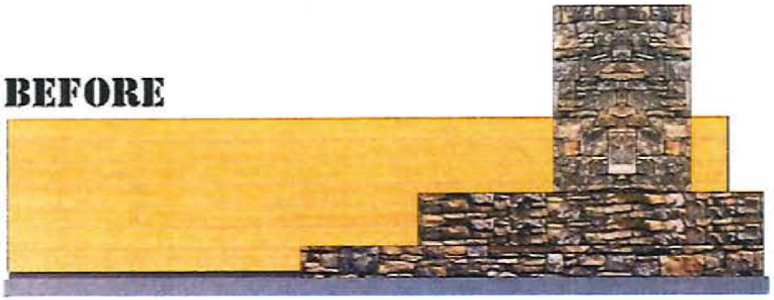
Approves color, design, size, & spelling Date

ALL LANDLORD APPROVALS ARE BY CLIENT

This design is the exclusive property of Carlson Sign Co. Others using this design will be subject to prosecution.

North side quote: Shared travel, install at same time as R&R for south side.
Fab/install shield on column as stud mount powdercoat black 1/4" plate aluminum @ 1/4" standoff from clearcoated satin aluminum field.
Text as black powdercoat 1/4" plate aluminum, all sized & placed as shown, @ 1/4" standoff from cedar beams. @ $2,614 installed.
All approvals (e.g. municipal/other) are by client.

BEFORE



CARLSON SIGN

1605 NE Forbes Road, Bend, Oregon 97701
Tel (541) 382-2182 Fax (541) 382-2186

File: MadrasCityof\South Entry Mon 2016
Scale: 3/8" = 1'
Client: City of Madras, att: Jonathan Burchell
jburchell@ci.madras.or.us, Parks & Open Space Supervisor, Golf Course Superintendent, Public Works Dept. 216 N.W. B St. Madras Or. 97741
541-475-2622
Dwg By: Kevin Wells, kdwells@carlsonsign.com
Date: Feb. 03, 2016

Approves color, design, size, & spelling / Date

ALL LANDLORD APPROVALS ARE BY CLIENT

This design is the exclusive property of Carlson Sign Co. Others using this design will be subject to prosecution.

III. VISTOR COMMENTS

Bill Hoff presented to the Committee when the J Street project was complete the traffic continued to route through Turner Street and Tracie Street. Mr. Hoff is requesting additional stop signs on Turner Street and Tracie Street to assist with slowing down traffic.

The Committee discussed the addition of the stop sign and whether or not a traffic study will need to be done. There was further discussion on having the Police Department patrol and do some enforcement in this area. Rod Fulton Street Supervisor is going to look into the request and get back to Mr. Hoff.

IV. NEW BUSINESS

V. PROJECT/EVENT UPDATES

A. *US 97:J Street Project*

Jon Burchell told the Committee that he talked with Carlson Sign in regards of the new monument sign on the south end of town. Jon presented to the Committee two new versions for the sign.

The Committee reviewed the two different sign proposals with the city logo added to the new sign and with larger lettering. The back side of the sign could include the logo and some wording as you are leaving.

A Motion was made by Walt Chamberlain; seconded by Louise Muir to approve and recommend to Council to change the South Y Sign to include the City logo on the front and back of the sign and the wording "The City of Madras" in larger lettering and add "Tomi City, Japan Sister City" on the front, with the wording "Come Back Soon" on the back. Motion carried unanimously

_3_ Ayes
_1_ Naye
_1_ Absent

B. *Highway 97 Sidewalk Improvement at L Street*

Jeff Hurd told the Committee that this project was bid out and R-2 Contractors was the low bid. We will be holding a pre-construction meeting with R-2 this Friday and they will get started in the next few weeks.

C. *Speed Radar Sign*

Jeff Hurd told the Committee that we are working on budget and we have programed to have one sign installed the cost for one sign is $7,500.00.

D. *Kenwood Park*

No Update

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

CITY OF MADRAS

Request for Council Action

Date Submitted: November 1, 2016

Agenda Date Requested: November 8, 2016

To: Mayor and City Council

Through: Jeff Hurd, Public Works Director

From: Rod Fulton, Building Fleet Streets Manager

Subject: Liquidation of Airport Courtesy Car

TYPE OF ACTION REQUESTED:

[ ] Resolution

[ ] Ordinance

[X] Formal Action/Motion

[ ] Other

[ ] No Action - Report Only

Formal action/motion that Council approve liquidating one 2003 Ford Crown Vic using the Public Surplus online service and in lieu of the 2004 Ford Taurus.

DESCRIPTION:

After council approved the liquidation of the 2004 Ford Taurus staff determined the car would be better suited as the new Airport Courtesy car. The current Airport Courtesy car is much older and starting to require costly repairs, staff is recommending this vehicle to be replaced. This will help reduce repair costs to the fleet budget, and will improve the perception of the Madras Airport and City of Madras.

Staff will be following the City of Madras Ordinance 886 Public Contracting Rules & Procedures Section 14 (Disposal of Surplus Property), subsection (A), allows the city to auction off surplus equipment by publicly advertised auction to the highest bidder.

STAFF ANALYSIS:
Staff recommends liquidating the current airport courtesy car and in lieu of the 2004 Ford Taurus that Staff recently requested to be liquidated.

Staff has identified a 2003 Crown Vic to liquidate, from Airport. Per City of Madras Ordinance No. 886: Public Contracting Rules and Procedures, staff intends to auction off the equipment. If approved, the City will advertise the auction items through the Public Surplus Group. The purchaser has one week to collect their purchased equipment.

A minimum bid applies for each of the items. The minimum bid amount was established by comparing surplus equipment sales in the same condition. All sales are in **"As Is"** condition. Additional review and decision required of bids that do not meet the minimum set bid amounts. If minimum bid is not received, the city is not obligated to sell.

Staff recommends the liquidation of the 2003 Ford Crown Vic.

SUMMARY:

A. Fiscal Impact

- Minimum bid amount for each item:
  - 1- 2003 Ford Crown Vic $200.00
  - Potential Revenue from Surplus (Kelly Blue Book = $1,100.00

B. Funding Source

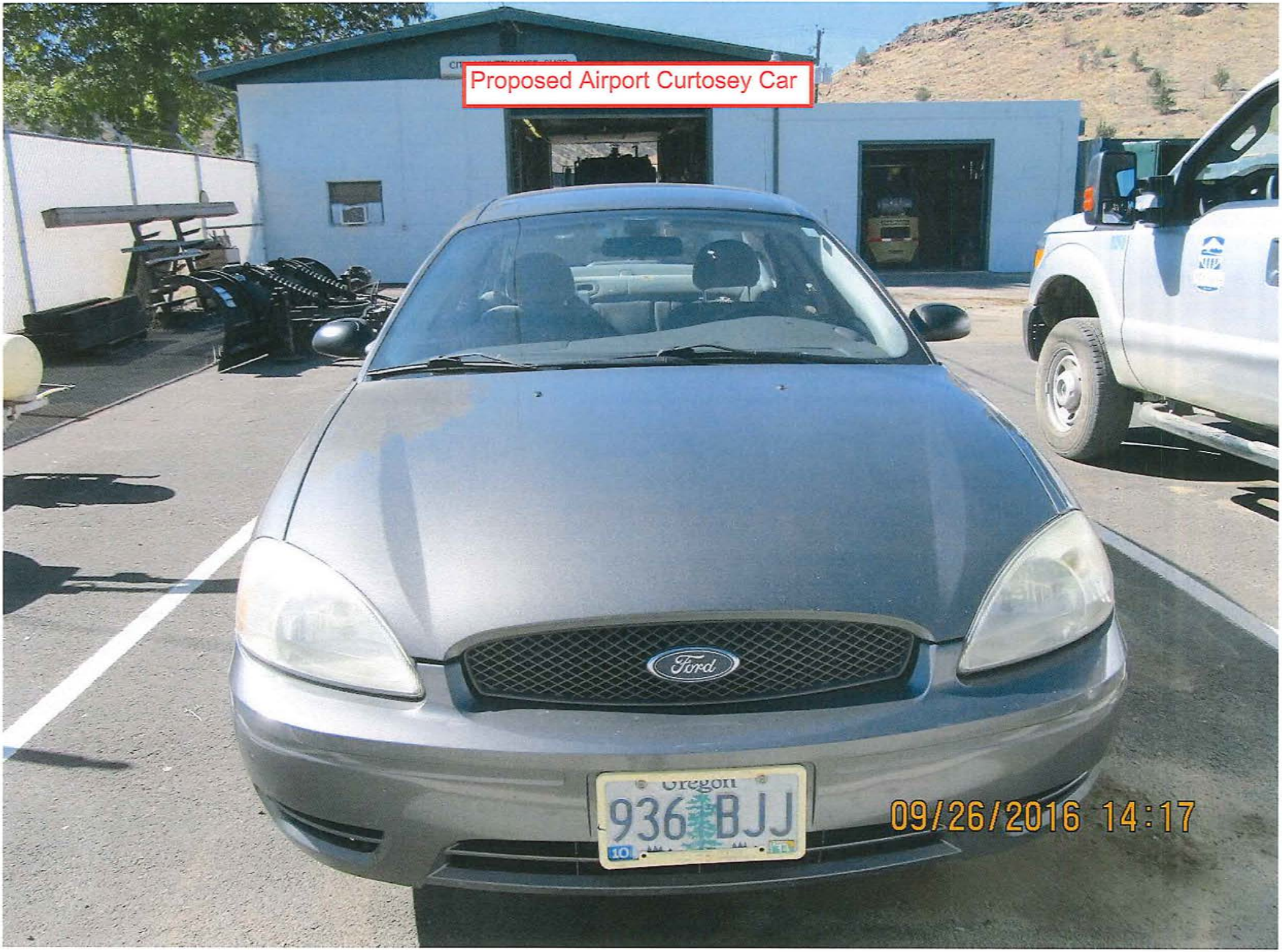
Revenue earned from the sale of surplus items (owned by the Police and Public Works Department) will be placed in the Internal Services Fleet - Miscellaneous Revenue - 805-101-350-4501

C. Recognition of Collateral Material and Technical Report:

- See attached Resolution Exhibit B, pictures of surplus equipment

RECOMMENDATION:
Formal action/motion that Council approve liquidating one 2003 Ford Crown Vic using the Public Surplus online service and in lieu of the 2004 Ford Taurus.

Current Airport Curtosey Vehicle


Proposed Airport Curtosey Car
Ford
Oregon
936 BJJ
09/26/2016 14:17

Current Airport Courtesy Vehicle 2003 Ford Crown Victoria

Proposed Airport Courtesy Car 2004 Ford Taurus

(D) The timeline for cleanup does not permit use of intermediate procurement procedures.

[Prev. adopt. in Res. No. 12-2006]

12. Insurance—Employee Benefit and Other.

City may purchase employee benefit insurance and other insurance without competitive bidding, regardless of dollar amount, subject to the terms of any collective bargaining agreement between City and represented employee groups.

[Prev. adopt. in Res. No. 12-2006]

13. Disposal of Abandoned, Seized or Non-owned Property.

Contracts or arrangements for the sale or other disposal of abandoned, seized or other personal property not owned by City at the time City obtains possession are not subject to competitive procurement procedures. The city administrator may select any method of disposal including, without limitation, donation to a charitable organization.

[Prev. adopt. in Res. No. 12-2006]

14. Disposal of Surplus Property.

(A) Methods. Surplus property may be disposed of by any commercially reasonable method upon a determination by the city administrator that the method of disposal is in the best interests of City. Factors that may be considered by the city administrator include costs of sale, administrative costs, and public benefits to City. The city administrator will maintain a record of the reason for the disposal method selected, and the manner of disposal, including the name of the person to whom the surplus property was transferred. For the purpose of this rule, "commercially reasonable method" includes, without limitation, transfer or sale to another City department or agency, auction, bid, liquidation sale, fixed-price sale, trade-in, donation, and any other method determined reasonable under the circumstances by the city administrator.

(B) Disposal of Property with Minimal Value. Surplus property which has a value of less than $500, or for which the costs of sale are likely to exceed sale proceeds, may be disposed of by any means determined to be cost-effective, including by disposal as waste. Prior to disposing property pursuant to this subsection (B), the City official proposing to dispose the property will obtain a written confirmation from another City official determining that the value of the property is less than $500. City official making the disposal will make a record of the value of the item and the manner of disposal.

CITY OF MADRAS

Request for Council Action

DATE SUBMITTED: November 2, 2016

COUNCIL MTG. DATE: November 8, 2016

TO: Mayor and City Council Members

FROM: Gus Burril, City Administrator

SUBJECT: Audit of Transient Lodging Tax Entities

TYPE OF ACTION REQUESTED:

[ ] Resolution

[ ] Ordinance

[X] Formal Action/Motion

[ ] Contract Review Board

[ ] None - Report Only

Formal Action/Motion that the City Council approve a financial audit cost share, in an amount not to exceed $9,000, for Jefferson County to hire a financial consultant to audit transient lodging tax entities within the City of Madras.

DESCRIPTION & STAFF ANALYSIS:

Staff is unaware of the City ever auditing entities that pay transient lodging taxes. The County is interested in auditing those entities within the County and has asked the City if it is interested in also checking on those businesses within the Madras city limits.

The cost proposal includes the County notifying all entities that they may be audited and then selecting six lodging facilities within Madras. Since an audit has not occurred before, staff is recommending the Council approve this cost share with the County who collects the City's transient room taxes.

SUMMARY:

A. **Fiscal Impact:**

- Fee is anticipated to be in the range of $8,000. City's cost share is estimated not to exceed $9,000 from correspondence from the consultant, Price Fronk & Co. that states the estimated cost is $1,200 to $1,500 in fee per establishment being audited (6 firms x $1500 = $9,000).

B. **Budget Fund:**

- Central Services – Professional Services
- A budget resolution is not needed to approve up to $9,000 in cost share.

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

- Letter proposal from Price Fronk & Co. dated 10/26/16

RECOMMENDATION:

Formal Action/Motion that the City Council approve a financial audit cost share, in an amount not to exceed $9,000, for Jefferson County to hire a financial consultant to audit transient lodging tax entities within the City of Madras.

PRICE & Co / FRONK

Wesley B. Price III, CPA
Candace S. Fronk, CPA
Kara L. Pardue, CPA
Karen C. Anderson, CPA

October 26, 2016

Brandie McNamee
Jefferson County
66 SE D Street
Madras, OR 97741

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for Jefferson County (the County).

We will apply the agreed-upon procedures, which you have specified, listed in the attached schedule, to determine the correctness of the reported rent revenues reported by the operators of ten certain hotels selected by you for the period July 1, 2015, through June 30, 2016. This engagement is solely to assist you in assessing transient room tax collection and reporting. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely your responsibility. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion on the correctness of the reported rent revenues reported by the management of certain hotels. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will submit a report listing the procedures performed and our findings. This report is intended solely for your use, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that he we performed additional procedures, and other matters might have come to our attention that would have been reported to you.

Hotel operators are responsible for the presentation of rent revenues reported to the County in accordance with County transient room tax ordinance. You are responsible for selecting the criteria and determining that such criteria are appropriate for your purposes. You are also responsible for making all management decisions and performing all management functions, for designating an individual with suitable skill, knowledge and/or experience to oversee the services we provide, and for evaluating the adequacy and results of those services and accepting responsibility for them.

P. 541.382.4791
F. 541.388.1124

email@bendcpa.com
www.bendcpa.com

2796 NW Clearwater Drive
Bend, Oregon 97703

Candace S. Fronk is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We plan to begin our procedures on approximately December 12, 2016, and unless unforeseeable problems are encountered, the engagement should be completed by January 31, 2017. At the conclusion of our engagement, we will require a representation letter from the operators of certain hotels that, among other things, will confirm the operator's responsibility for the presentation of rent revenues reported to the County in accordance with County transient room tax ordinance.

As a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants, our firm participates in the Institute's quality assurance program. In implementing this program and monitoring our firm's compliance with professional auditing and accounting standards, members of evaluation teams approved by the Institute will periodically review our practice records including the audit workpapers of selected clients of our firm. Unless you indicate otherwise, we shall assume that you consent to members of the evaluation team reviewing the workpapers resulting from this engagement with Jefferson County.

Our fees for these services are based upon standard hourly rates for technical staff required for the engagement and reimbursement of out-of-pocket costs (such as report production, typing, postage, travel, copies, telephone, etc.). The total fee for these services will not exceed $12,500. The fee estimate is based on anticipated cooperation from your personnel and hotel operators and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with

the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional services arises, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified users of the report are added, we will require that they acknowledge in writing their responsibility for the sufficiency of procedures.

Very truly yours,

Price Fronk & Co.

Price Fronk & Co.

RESPONSE:

This letter correctly sets forth our understanding and the understanding of Jefferson County. The procedures listed in the attached schedule are sufficient for purposes of this engagement.

_____ _____

Signature Date

BPM:jls

JEFFERSON COUNTY
TRANSIENT ROOM TAX PROCEDURES

The procedures are as follows:

A. The reporting period covered by the procedures will be July 1, 2015, through June 30, 2016. Jefferson County's staff will select ten hotels within the County limits for testing. We will review supporting documentation for all months reported and detail test a selection of months from the reporting period for the scope of our engagement.

B. We will inquire of hotel management about the procedures used and records maintained in preparing the monthly transient room tax reports submitted to Jefferson County. We will review supporting documentation with the specific purpose of determining whether gross revenues, revenue exemptions and adjustments are accurately reported for the reporting period within the scope of our engagement.

C. We will inquire of hotel management about the use of third party reservation providers. We will also inquire about the payment arrangement between the third party provider, hotel guest and hotel management.

D. Compliance with the ordinance will be reviewed in terms of adequacy of records and agreement of supporting documentation with reports submitted. If records appear inadequate for determining compliance based upon the above procedures, we will discuss with you the option of performing additional procedures for additional fees.

E. We will inquire of hotel management about reporting recreation fees on the monthly transient room tax records submitted to Jefferson County. We will also inquire of the timing of informing Jefferson County regarding recreation fees claimed as exemptions.

F. We will request that a letter of representation be signed by an appropriate responsible official for each hotel examined within the scope of our engagement.

CITY OF MADRAS
Request for Council Action

Date Submitted: November 2, 2016

Agenda Date Requested: November 8, 2016

To: Mayor and City Council

Through: City Administrator, Gus Burril

From: City Recorder, Karen J. Coleman

Subject: **LETTER OF SUPPORT FOR CENTRAL OREGON INTERGOVERNMENTAL COUNCIL - TRANSIT LEGISLATIVE PROPOSAL**

TYPE OF ACTION REQUESTED: (Check One)

[ ]	**Resolution**	[ ]	**Ordinance**
[X]	**Formal Action/Motion As Part of the Consent Agenda**	[ ]	**Other**
[ ]	**No Action - Report Only**	[X]	**Consent Agenda**

DESCRIPTION AND STAFF ANALYSIS:

Karen Friend, Interim Executive Director and Transportation System Manager for the Central Oregon Intergovernmental Council, presented the COIC's proposal to ask the Legislature, during the short Legislative Session, to make some adaptations to ORS 190 that would transition the ability in ORS 190 to levy property tax for a transportation facility to include transit operations.

On August 23, 2016 she told the Council that what they are trying to accomplish under ORS 190 is to have a structure that adapts to each community and their desire for service levels. As they went through the Legislative Session last year, it was felt that what they had proposed was not enough to bring that level of control back to the cities so they have added a piece where any sort of levy of property tax would come to a City Council and the City Council would actually have to endorse a property tax in their community for transit service prior to the COIC being able to move forward with it.

She had mentioned the need to make sure that COIC has the Council's support of this as they move forward, as it is really critical that our region supports this proposal as it is narrowed down to a Central Oregon fix and unless the local area supports it, and the local legislators support it, it is probably not going to be successful.

She advised Council at that time, that she basically needed the consensus of the Council that they are supportive of the proposal.

The Council asked that she come back at a future City Council meeting to discuss schedules and answer any questions they may have on the transit system. She returned on October 11, 2016 with Jackson Lester, COIC Transit Planner, and Judy Watts, COIC Outreach and Marketing representative. They presented a PowerPoint presentation at that time, which appeared to address any questions the Council had. The consensus of the Council appeared to be supportive of the COIC proposal.

A letter of support has been prepared and attached for Council's review and consideration which outlines the COIC's proposal. If approved by the Council, the letter of support will be signed by the Mayor and mailed to Karen Friend for use by the COIC when presenting their proposal to the Legislature.

SUMMARY:

A. Fiscal Impact

Not Applicable.

B. Supporting Documentation

A copy of the proposed letter of support and minutes from the August 23, 2016 City Council Work Session and October 11, 2016 City Council meeting have been attached.

STAFF'S RECOMMENDATION IS:

Staff is recommending that the City Council approve the letter of support and authorize the Mayor to sign the letter on behalf of the City of Madras.

THE CITY OF MADRAS

EST. 1910

November 8, 2016

Karen Friend, Interim Executive Director
Central Oregon Intergovernmental Council
334 NE Hawthorne Ave.
Bend, Oregon 97701

Dear Karen Friend,

Thank you for attending the August 23, 2016 City Council Work Session and October 11, 2016 City Council meeting to share the importance of the requested changes to ORS 190.083 regarding public transportation funding in Central Oregon. The City of Madras is supportive of a structure so that communities will have the opportunity to independently develop transit funding while retaining the regional Cascades East Transit (CET) system under COIC governance. The City of Madras supports the specific components of this concept that include:

- Allow eligible ORS 190 organizations authorization to propose property tax funded operating levies for transit operations within areas served by the organization, when authorized by the city council and/or county commission within the proposed taxing boundary.
    - Limited to ORS 190 organizations that are direct recipients of federal transit funding.
- This legislation would grant eligible ORS 190 organizations the authorities and powers of transportation districts, as defined within ORS 267.
- COIC's board of directors would be authorized to serve as the governance body of the property tax funded system.
- Only upon action by both the COIC board of directors and the city council(s)/board of commissioners within a proposed taxing boundary, would COIC proceed in proposing a voter approved operating levy. The election process would mirror and align with the existing processes for establishing an operating levy within a district.

125 SW E Street, Madras, Oregon 97741-1346, Telephone (541) 475-2344 Fax (541) 475-7061

- Levy must be expended within the geographic area approved through the vote, and can only be used for the purposes specified in the measure.

- Allows authority to propose different rates in different communities, allowing for the tailoring of service levels and local investment to align with community needs and priorities.

Furthermore, the City recognizes and welcomes the benefits associated with this concept, including:

- Protects current coordinated system from fragmenting into multiple transit districts which could be an outcome if one City needed property tax before other Cities were ready.

- Retains one government entity with one management staff and one board, creating economies of scale, and allowing for local representation from each community.

- Promotes regional cooperation of equitable use of dollars for transit instead of a competitive environment and turf issues.

- Assures development of each city's transit aligns with each city's plan for development.

- Allows each city to choose funding tool for transit including, but not limited to property tax.

The City Council of Madras will also send a letter to the Oregon legislature in support of changes to ORS 190.083 within the 2017 legislative session. This change will benefit Central Oregon regionally while maintaining control at the local level to expand transit funding at the appropriate time when each community sees fit.

Sincerely,

Royce Embanks
Mayor

OFFICIAL MINUTES

CITY COUNCIL, CITY OF MADRAS
WORK SESSION
AUGUST 23, 2016

I CALL TO ORDER

The City Council Work Session was called to order at 5:37 p.m. by Mayor Royce Embanks on Tuesday, August 23, 2016 in the Madras City Hall Council Chambers located at 125 S.W. "E" Street.

CITY COUNCIL MEMBERS IN ATTENDANCE WERE:
Mayor Royce Embanks Jr., and Councilors Gary Walker, Tom Brown, Bartt Brick, and Bill Montgomery.

ABSENT WERE:
Councilors Richard Ladeby and Chuck Schmidt.

STAFF MEMBERS IN ATTENDANCE WERE:
City Administrator, Gus Burril; HR and Administrative Coordinator, Sara Puddy; Finance Director, Kristal Hughes; Customer Accounting Clerk, Kora Hollyman; Accounting Technician, Megan Hansen; Public Works Director, Jeff Hurd, and City Recorder, Karen J. Coleman.

ABSENT WERE:
Community Development Director, Nicholas Snead, and Police Chief, Tanner Stanfill, were not required to be in attendance.

VISITORS IN ATTENDANCE WERE:
Interim Executive Director, Karen Friend, Central Oregon Intergovernmental Council, and Mike McGowan, PayneWest Insurance Company.

II CENTRAL OREGON INTERGOVERNMENTAL COUNCIL - TRANSIT LEGISLATIVE PROPOSAL

Karen Friend, COIC, 334 NE Hawthorne, Bend, came forward, introduced herself, confirmed that Council had received the information sheet describing COIC's proposal, and explained that there was some work done during the short Legislative session around making some adaptations to ORS 190 that would transition the ability in ORS 190 to levy property tax for a transportation facility to include transit operations.

The Central Oregon Intergovernmental Council was formed through intergovernmental cooperation to serve cities and counties here in Central Oregon. The idea had been that

COIC would do things on behalf of the cities and counties that the cities and counties thought were better done regionally, and transportation happened to be one of those. COIC was asked to create a transit system and they have developed that transit system as part of the COIC organization. Because this is a regional system for Central Oregon, it has the benefits of a single management, a single board, and has the ability to do regional priorities and design service regionally, so there has been that benefit of having a single organization overseeing a transit service. We live in one community and work in another, so transportation becomes very important, especially for those individuals without a car.

She told the Council that as they form this and as this service has evolved, the communities in Central Oregon are in different stages of readiness. She said that she is speaking in relation to funding. They obviously have different service levels. Some are very small, some have no dial-a-ride service in town, some have bigger dial-a-ride service, and some have fixed routes. There are different levels of readiness and different levels of willingness to pay.

The fact that they have created this system as a regional transit system, and really see the benefits of that for Central Oregon, their priority is to keep this transit system together so it can be regionally run, and regionally prioritized, to make sure that this service is developed to best serve Central Oregon as a whole. As they looked at different systems, they found that something that a district doesn't allow is that it is kind of a one size fits all. If you have different sizes of communities in a district, you are going to levy a property tax, for example, that is a one size fits all, and It is going to be whatever serves the community that speaks the loudest.

What they are trying to accomplish under ORS 190 is to have a structure that adapts to each community, and adapts to each communities willingness to pay, and their desire for service levels, so it does not get out in front of what the community desires for the community and what the Council desires for their community in relation to the size of the service.

As they went through the Legislative session last year, it was felt that what they had proposed was not enough to bring that level of control back to the cities so they have added a piece where any sort of levy of property tax would come to a City Council. A City Council would actually have to endorse a property tax in their community for transit service prior to the COIC being authorized to move forward with that.

COIC brings grants into the area, but they need local match for those. If another community is ready for a property tax, they can decide to go forward with a property tax

to provide their local match. She mentioned that local match obviously comes in a bunch of different forms and a community, for example Bend, gets to a size where they are really dipping deep into their General Fund and would like to free up their General Fund for other services, they are going to have a readiness to look for some other mechanism and property tax and payroll tax has been the identified mechanisms. With this, the Bend City Council could tell the COIC to go forward and levy a property tax for Bend. While Madras and every other community could stay exactly the way they were. Each community would make that decision individually.

For example, the City of Madras could decide to have service exactly the way it is. Prineville could decide that they want to do a utility fee. Bend could decide that they want to do a property tax. This allows all of that flexibility, which in a transit district formation they wouldn't have that flexibility to adopt it community by community. They would have the ability to shape a service area (e.g. Madras might want a service area for transit that is bigger than just their city limits). This is pertinent to La Pine. Half of the area that they like to serve as part of their community is within their city limits and half isn't. There is varying degrees of that across our Tri-County area. Warm Springs is also part of the system. They are not going for a property tax. They are always going to be funded in a different way. The nice thing about this is that it just allows all of that flexibility for each community to stay in control of the size of their system, and the mechanism that is used to fund their system. It allows that system to stay together regionally coordinated under one management system, and to have no disruption of that service.

She advised Council that she wants to make sure that they see this as a mechanism that COIC is doing for them and not to them. COIC works for the Council, on behalf of the Council, to try to provide a service in the community at a level that they need it. This change to ORS 190 is meant to try to help the system stay together as one coordinated system, but meet the needs of the different sizes and desires of the community.

Ideally she would like to have the Council in support of this as they move forward. It is going to be really critical that our region supports this as this is narrowed down to a Central Oregon fix so unless their local area supports it and their local legislators support it, it is probably not going to be successful.

She mentioned that City Administrator Burril is the City's representative at the Central Oregon Cities Organization, and the ideal would be that COCO would also support this and be placing this as one of their Legislative priorities.

Mayor Embanks explained that a couple of years ago when they talked about this there was a concern about taxation and that Madras citizens would feel that they were being taxed unfairly without having any control over it. This is really the solution to that question. He indicated that he does not see any downsides to this.

City Administrator Burril pointed out that the general discussion has been how to make it flexible to each community's needs and demands. The City of Madras currently gives approximately $9,500 a year to match a Federal Grant for services that we are currently receiving. If the community wanted to see those enhanced, he believes that COIC is trying to provide an option where the community could vote on that or Council could add in additional fees to provide more service or not. He said that the thinks that this has been the approach that the COIC has been taking because some communities are more ready to enhance service, while Madras and possibly Prineville are not. We are a little further out. Redmond has a vicinity to Bend that might make sense and they are a larger community. All of these communities have different needs that they are evaluating.

He then asked Karen Friend if COIC needs the State Legislatures support to get to this ability to vote or opt in and out of greater service.

Karen Friend mentioned that the first step is to make sure that the City Councils and County Commissions are all onboard and in support of this solution. The next step will be working on obtaining Legislative support of the local Legislators. She explained that she wants the Council to support this and if a Legislator comes to talk to them about this, they will be able to tell them about the benefits of having this in their community. That would be the ideal outcome of this. If it isn't, then they probably have not adapted it enough.

She reiterated that they are trying to make a flexible tool that meets the community's needs, allows Madras to grow, transit services to the extent that is desired, and to fund it how the City wants to fund it.

Councilor Brown wanted to know if the Council should do a motion in support of this concept. He pointed out that the Council cannot do that now as this is a work session.

Karen Friend told Councilor Brown that this would be ideal for her. What was recommended to her was that she basically needed the consensus of the Council that they are supportive and that she would continue to work with them so the Council would feel comfortable speaking to Legislators about their support of it and how it benefitted their community.

Mayor Embanks suggested the need to discuss schedules and how some individuals spend all day getting to Bend and back when they were only there for a 20 minute or hour doctor's appointment. How can we speed this up? He would like to know what the ridership figures are in Madras alone. He said that he knows that we need this but we want to make sure that if we are going to expend money, that we are expending the amount of money for what we get out of it as far as the use goes.

Karen Friend explained that they provide dial-a-ride service from 7:00 a.m. to 5:30 p.m. in Madras, as well as the community connector which is two runs in the morning and two runs in the afternoon. They try to take those highest priorities for the community and address those. There are about 700 rides per month on each of them. She suggested that she come back and actually bring the service design with her and tell the Council how they are spending the money and what the rides are. They have made some changes to the Warm Springs / Madras service so she said that she should probably come at a time where she can tell them what is going on with service and maybe how they could better prioritize the money for service in Madras.

Mayor Embanks advised Ms. Friend that basically the Council needs to have an explanation to give any of the citizens that ask what are we getting out of this and is it worthwhile. He said that he believes that this is worthwhile as there are a number of people in this town that do not have transportation. It seems like the older people get the more doctor appointments they have. A presentation outlining some of these things would be nice. Council can ask some direct questions that they can think of between now and then.

Karen Friend noted that they have to find a sponsor by September 2016. She told Mayor Embanks that she can always work with the Council on service lines separately from this because the goal of this is the flexibility and the control of doing that.

City Administrator Burril mentioned that our focus is to be supportive of COIC to ask for Legislative approval to allow communities to vote in or make decisions for additional service. This will give some additional authority to how they can add revenue into the system in addition to what the City does now. He said that he thinks that this is the main focus of the work session in September 2016. Would you, as a Council, support COIC and Cascades East Transit to get additional state mandated authority to allow the region to vote in whether they do an additional property tax or whatever they want to do to have additional service? He indicated that this is not mandated, it is trying to be flexible.

Karen Friend commented that this is basically giving COIC a tool of which the Council has the authority to say that they do not want COIC to use it, or yes they do. Once they

do, COIC still has to go out to the voters and ask for their approval. One of the communities in the region is ready to actually move forward with that. She reiterated that they are trying to create the ability to keep all of the cities and counties in Central Oregon together while pursuing it for one and pursuing it later for Madras when they are ready.

Councilor Brown wanted to know if this would be voted on by county, by community, or some combination.

Karen Friend explained that the service area that they serve was decided on a long time ago and was vetted through City Council. Under this design, if they were looking to expand service, that would all be part of the process that would come to the Council. For example, what is the service area? They would get Council's approval on the service area, the service level, etc. before it went to the COIC Board. Council could decide at that point whether they would rather do a property tax or move General Fund dollars around. Council would have that ability to make that decision for the Madras community.

They are proposing to do a flex route in Madras to serve people from Warm Springs, but they would like to partner with Madras about that and expand it to serve Madras better. She told the Council that she will be happy to come back and tell them what they are doing service wise, how many rides they are providing, how the priorities have occurred, and where the service area is.

Discussion continued. The possibility of providing a letter of support was mentioned.

Mayor Embanks suggested that he and City Administrator Burril get together and set this up so they can get the information to Ms. Friend so she can take it to the Legislature so the City does not miss that window.

III SPECIAL EVENT INSURANCE PERMIT - WHEN TO REQUIRE A PERMIT AND CORRESPONDING INSURANCE LEVELS

City Administrator Burril advised Council that what the City currently has is a Special Events Permit that we worked with City-County Insurance Services to put together and it has gotten more comprehensive since January 2015. The insurance limits were recommended to go higher. Staff started implementing that groups of thirty (30) or more would be required to fill it out and pay for insurance if they were reserving space in the park. The issue to look at tonight is when should we be requiring it for what type of activities and what size group? Is there intermediate insurance levels?

OFFICIAL MINUTES

CITY COUNCIL, CITY OF MADRAS
OCTOBER 11, 2016

I CALL TO ORDER

The City Council meeting was called to order by Mayor Royce Embanks at 7:00 p.m. on Tuesday, October 11, 2016 in the Madras City Hall Council Chambers located at 125 S.W. "E" Street.

CITY COUNCIL MEMBERS IN ATTENDANCE WERE:
Mayor Royce Embanks Jr., and Councilors Bartt Brick, Richard Ladeby, Bill Montgomery, Tom Brown, and Gary Walker.

ABSENT WERE:
Councilor Chuck Schmidt.

CITY STAFF MEMBERS IN ATTENDANCE WERE:
City Administrator, Gus Burril; City Attorney, Jeremy Green, with the firm of Bryant, Lovlien and Jarvis, PC; HR and Administrative Coordinator, Sara Puddy; Finance Director, Kristal Hughes; Police Chief, Tanner Stanfill; Public Works Director, Jeff Hurd; Community Development Director, Nicholas Snead, and City Recorder, Karen J. Coleman.

VISITORS IN ATTENDANCE WERE:
Rick Allen, Jeffrey Cartensen, Warm Springs Indian Head Casino; Karen Friend, Interim Executive Director and Transportation Manager, Central Oregon Intergovernmental Council (COIC) Cascade East Transit; Jackson Lester, COIC Transit Planner; Judy Watts, COIC Outreach and Marketing; Don and Elaine Henderson; Travis Wells; Jefferson County Commissioner, Mae Huston; Jocelyn Anderson, Plantae; Jefferson County EDCO Manager, Janet Brown; EDCO Executive Director, Roger Lee, and Holly Gill, News Editor with the Madras Pioneer.

II PLEDGE OF ALLEGIANCE AND PRAYER

Mayor Embanks asked Councilor Montgomery to lead the pledge of allegiance to the flag of the United States of America, which he did. The Mayor then offered the prayer.

III 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.

In the economic downturn a few years ago, Madras and Jefferson County saw a zero loss of industrial companies. We were the only one in Central Oregon. Some companies downsized, but no one went out of business during those years. We have strong, solid airport-industrial companies

She encouraged everyone to talk with their friends in construction and let them know that there is a healthy market here for homes. She asked that they help spread the word that, despite the media negativity, we have great schools. What we need to do is remind people that all the other communities of size (e.g. Bend, Redmond, Prineville) all have alternative schools and charter schools and their students who need a different type of instruction are counted separately.

In other communities, the high school numbers are up and their alternative schools reflect lower stats. Madras has not counted their alternative schools separately, so the numbers reflect all high school students as one. If you separate our high school and alternative school numbers, our numbers match or beat other high schools. Or, conversely, if you combine the other high schools and their alternative schools as one number, their stats are vastly decreased. This is about to change. Our business community and schools have had some good discussion.

This fall Jefferson County School District 509J will open "Bridges Career & Technical High School" and will also expand CTE (career technical education) classes. CTE classes focus on the trades like welding, electrical, plumbing, mechanics, and others.

She indicated that she had also let people know that Culver has a great little school district that is growing, passing bonds, and renovating their schools. She also mentioned the need for a "community kitchen" where individuals wanting to start a business can have an opportunity to show their products.

Roger Lee, EDCO Executive Director, gave a PowerPoint presentation pertaining to economic indicators and milestones, unemployment, job creation, etc.

VII CASCADE EAST TRANSIT - PRESENTATION

Karen Friend, Interim Executive Director and Transportation Manager with Central Oregon Intergovernmental Council, came forward and introduced herself, Jackson Lester, COIC Transit Planner, and Judy Watts, COIC Outreach and Marketing, to the Council. She then presented a PowerPoint presentation showing the following:

- Cascade East Transit's existing services.

- The City's investment in Cascade East Transit Services (e.g. $10,000 match annually which leveraged 90/10 in grant funding).

- Proposed changes which include retiming of the community connector system, more convenient connections between Central Oregon's cities, moving to consistent 90-minute cycles throughout the region, short layovers to connect to and from Bend, Madras, and Prineville through Redmond, convenient connections to Bend's fixed route transit system, and consideration of major rider groups such as COCC (Central Oregon Community College), Heart of Oregon, OFCO (Opportunity Foundation of Central Oregon), RPA (Redmond Proficiency Academy), etc. in route revisions.

  They are proposing the addition of a deviated flex route in Madras and Warm Springs, the addition of Metolius and Culver stops on the Madras-Redmond runs, and the addition of a community Connector route between Bend and Sisters.

  Jackson Lester mentioned that he is excited about being a part of transient planning in Central Oregon and briefly described the following in more detail:

  - Route 20 Warm Springs and Madras Service

  - Madras-Metolius-Culver Service Expansion

  - Route 22 - Madras-Redmond Service Proposed Change

  - Existing Round Trips / Proposed Round Trips

  Judy Watts presented a testimonial of an individual that knows the schedule and no longer has to rely on his mother to take him places.

VIII PUBLIC HEARING

Proposed Ordinance No. 892
An ordinance of the city of Madras establishing time, place, and manner regulations concerning Recreational Marijuana producers, processors, wholesalers, laboratories, and retailers.

Proposed Ordinance No. 893
An ordinance amending Ordinance No. 864, which ordinance established land use zones regulating the location of building structures and the use of land within the City of

CITY OF MADRAS
Request for Council Action

Date Submitted:	September 6, 2016
Agenda Date Requested:	September 13, 2016
To:	Madras City Council
Through:	Gus Burril, City Administrator
From:	Nicholas Snead, Community Development Director
File:	City File No. PA-16-2, County File No. 16-PA-02
Public Hearing Type:	Legislative
Subject:	**City of Madras and Jefferson County Comprehensive Plan Amendments and City of Madras Zoning Ordinance Amendments (No. 864),**

TYPE OF ACTION REQUESTED: (Check One)

[ ]	**Resolution**	[ ]	**Ordinance**
[X]	**Formal Action/Motion**	[ ]	**Other**
[ ]	**No Action - Report Only**		

PROPOSAL OVERVIEW:

The City of Madras is proposing to expand the Madras Urban Growth Boundary (UGB) by 609 acres. Specifically, 414 acres are proposed to be added to the Madras UGB for Open Space/Public Facility land need and 195 acres for a Regional Large Lot Industrial land need. Both the Open Space/Public Facility and Regional Large Lot Industrial land needs are proposed to be met by adding land to the Madras UGB near the Madras Airport. The City is also proposing to amend the City of Madras Zoning Ordinance (No. 864) by adding a Large Lot Industrial Zone to the ordinance which will identify the allowed uses and development regulations within the zone. Finally, and unrelated to the Open Space/Public Facility and Regional Large Lot Industrial land needs, the City is proposing to change the zoning of 3.12 acres of land currently zone Open Space/Public Facility to Single Family (R-1) to resolve a zoning problem that resulted from public right-of-way being dedicated. Attachment A identifies the land that is proposed to be included

into the Madras UGB for the to the Open Space/Public Facility (OS/PF) and Regional Large Lot Industrial land needs.

COMPLIANCE WITH STATE & LOCAL CRITERIA:

The City has hired EcoNorthwest and the Daniel Heffernan Company to conduct the necessary analyses and prepare the required findings of compliance with State, Jefferson County, and City of Madras policies, plans, and regulations. The analyses and findings for the Open Space/Public Facility land need (i.e. Airport land need) are located in Attachment B. The analyses and findings for the Regional Large Lot Industrial land need are located in Attachment C. Finally, the findings justifying the zone change from Open Space/Public Facility to Single Family Residential are located in Attachment D.

NOTICES:

The City has provided the required notice to the Oregon Department of Land Conservation and Development (DLCD). It is should be noted that on October 17, 2016 DLCD sent the Community Development Director a letter stating that DLCD does not have an areas of concern with regard to the proposed City of Madras Comprehensive Plan and Zoning Ordinance amendments (Attachment E).

Furthermore, the Community Development Department has published a notice of the November 8, 2016 City Council public hearing in the October 19, 2016 and November 2, 2016 editions of the Madras Pioneer Newspaper. On October 14, 2016 the Community Development Department sent notice of the November 8, 2016 City Council public hearing to all property owners within 250 feet of the subject properties.

PUBLIC COMMENTS:

As of November 2, 2016 the Community Development Department has not received any phone calls or emails regarding the proposed amendments. However, at the October 19, 2016 joint City and County Planning Commission meeting, Joe Kirkwood (property owner) asked the Planning Commission's why his property was not being considered to be included into the Madras UGB. The Community Development Director and Bob Parker from EcoNorthwest reported to the property owner that due to the current zoning of his property (EFU A-1), that state statute stipulates that irrigated agricultural land be the last land that is brought into an UGB. The property owner wanted to know what he could do with his land beyond the permitted agriculture uses. In response staff encouraged the property owner to contact the Jefferson County Community Development Department staff to discuss his options. No other public comments have been submitted to the Community Development Department. Staff is also not aware of any other outstanding issues that remain and need to be resolved.

PLANNING COMMISSION ACTION:

On October 19, 2016 the Jefferson County and City of Madras Planning Commissions held a joint public hearing on the proposed amendments. Both Planning Commissions took separate formal action to approve the proposal and forward it, respectively, to the Madras City Council on November 8, 2016 and the Jefferson County Board of Commissioners on November 23, 2016 for consideration.

NEEDED CHANGES TO PROPOSAL:

Assuming the City Council approves the proposed City of Madras Comprehensive Plan and Zoning Ordinance amendments staff will need to make changes to the findings documents (Attachments B, C, and D) to include the appropriate dates, actions, and ordinance references. Additionally, staff will have the proposed Large Lot Industrial Zone regulations reviewed by the City Attorney which may require

changes to the draft presented to the City Council on November 8, 2016. When staff presents the adopting ordinance to the City Council at a future meeting, staff will report to the Council any changes that have been made to Attachments B, C, and D.

SUMMARY:

A. **Fiscal Impact:**
Council action to approve the proposed City of Madras Comprehensive Plan and Zoning Ordinance amendments will not cause additional expenses to be incurred by the City that are not already included in the approved City's FY 2016-17 budget.

B. **Funding Source:**
N/A

C. **Explanation of Impact:**
City Council action to approve the proposed City of Madras Comprehensive Plan and Zoning Ordinance amendments will cause City

D. **Relationship to City Council Annual Strategic Implementation Plan:**

☑ **Yes** ☐ **No**

Discussion: Approval of the proposed City of Madras Comprehensive Plan and Zoning Ordinance amendments is a resulting action of Objective 1.5 in the City's FY 2015-16 Annual Strategic Implementation Plan, which required the need to *"Identify means to annex the Madras Airport and consider funding such project within the City's resources."*

E. **Supporting Documentation:**

Attachment A: Madras Airport Map
Attachment B: Airport Findings
Attachment C: Regional Large Lot Industrial Findings
Attachment D: R-1 Zone Change Findings
Attachment E: October 17, 2016 DLCD Letter

OPTIONS FOR COUNCIL ACTION:

1. Take formal action to approve the proposed City of Madras Comprehensive Plan and Zoning Ordinance amendments and direct staff to prepare an adopting ordinance for Council Consideration at future meeting.
2. Take no action and continue the public hearing to a date and time specified by the City Council so that any issues may be resolved.

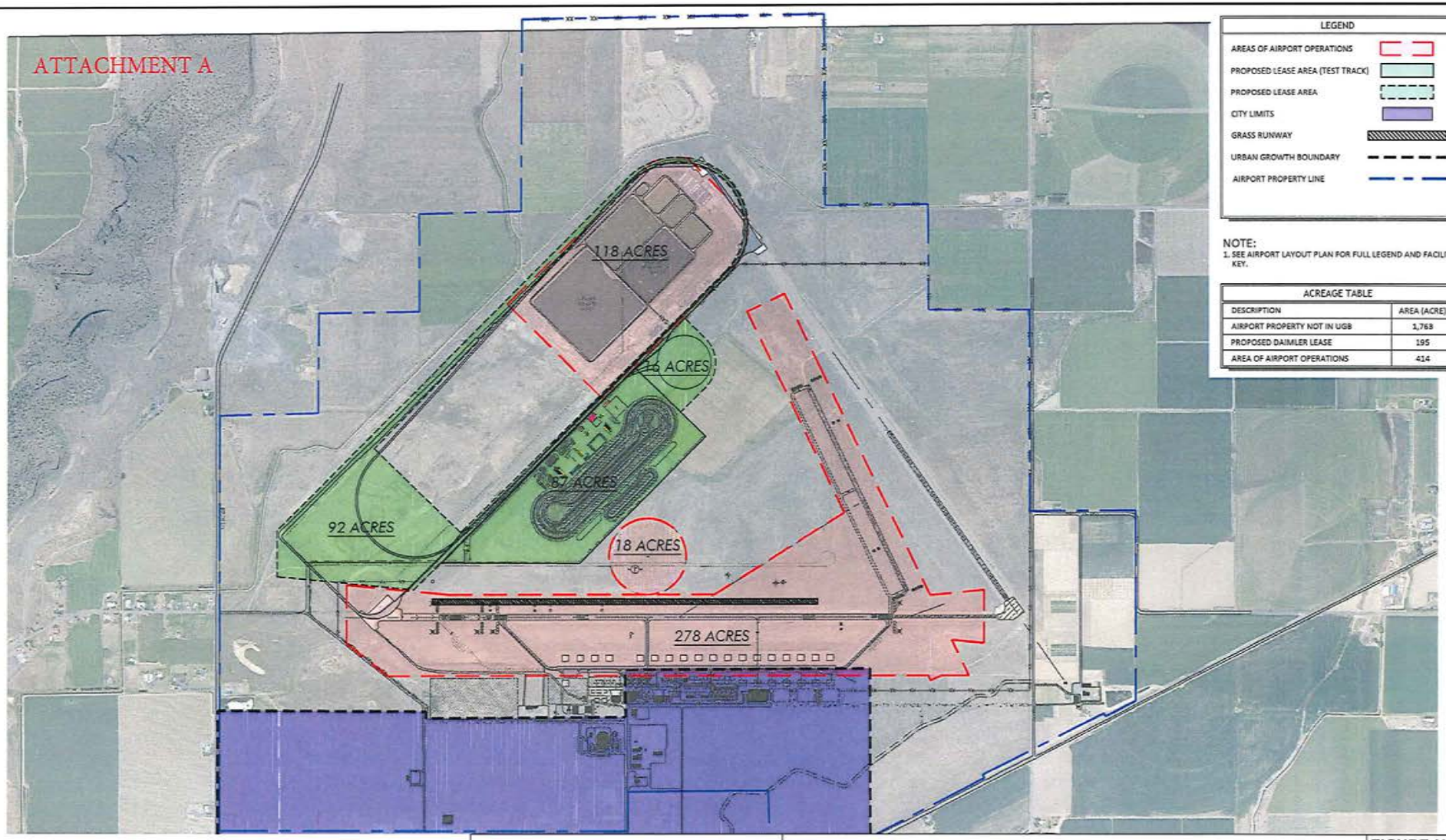
STAFF RECOMMENDATION:

That the City Council take formal action to approve the proposed City of Madras Comprehensive Plan and Zoning Ordinance amendments and direct staff to prepare an adopting ordinance for Council Consideration at future meeting.

MOTION FOR COUNCIL ACTION:

I move that the City Council take formal action to approve the proposed City of Madras Comprehensive Plan and Zoning Ordinance amendments and direct staff to prepare an adopting ordinance for Council Consideration at future meeting.

ATTACHMENT A



LEGEND

- AREAS OF AIRPORT OPERATIONS
- PROPOSED LEASE AREA (TEST TRACK)
- PROPOSED LEASE AREA
- CITY LIMITS
- GRASS RUNWAY
- URBAN GROWTH BOUNDARY
- AIRPORT PROPERTY LINE

NOTE:
1. SEE AIRPORT LAYOUT PLAN FOR FULL LEGEND AND FACILITY KEY.

ACREAGE TABLE

DESCRIPTION	AREA (ACRE)
AIRPORT PROPERTY NOT IN UGB	1,768
PROPOSED DAIMLER LEASE	195
AREA OF AIRPORT OPERATIONS	414

N

0 600 1200
SCALE: 1"=600'

CENTURY WEST
ENGINEERING CORPORATION

MADRAS MUNICIPAL AIRPORT
AREAS OF AIRPORT OPERATIONS

FIGURE NO.
2-3

ATTACHMENT B

Findings for a Boundary Amendment for the Madras Airport

November 2016

Prepared for:

City of Madras and Jefferson County

***DRAFT* REPORT**

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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ECONorthwest prepared this report for the City of Madras. ECONorthwest and the City of Madras developed the Findings for a Airport Boundary Amendment in Madras.

City of Madras

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Consulting Staff

Beth Goodman, Project manager, ECONorthwest
Bob Parker, Project Director, ECONorthwest

For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com. For more information about this report, please contact:

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Table of Contents

1. INTRODUCTION 1

1.1 NATURE OF THE PROPOSAL 1
1.2 RATIONALE FOR THE PROPOSAL 3
1.3 SUMMARY OF PROPOSED ACTION 3

2. AUTHORITY AND CRITERIA 6

2.1 STATE CRITERIA 6
2.2 LOCAL CRITERIA 15

3. SUMMARY OF EVIDENCE 18

4. PROCEDURE 19

5. FINDINGS 20

5.1 GOAL 1: CITIZEN INVOLVEMENT 20
5.2 GOAL 2: LAND USE 21
5.3 GOAL 14: URBANIZATION 21

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1. Introduction

The City of Madras is proposing an Urban Growth Boundary (UGB) amendment and subsequent annexation for a large-lot industrial site and to bring public facilities at the Airport for the purposes of developing a vehicle test facility operated by Daimler Corporation. The City proposes the UGB amendment for two reasons:

(1) to provide a large-lot industrial site for employment development, consistent with the findings of the *Central Oregon Large Lot Industrial Land Needs Analysis* (November 20, 2012) and OAR 660-024-0045; and

(2) to bring Airport and public wastewater treatment facilities into the UGB to give the City more direct control of management of the City's airport facilities.

This findings document only addresses the Airport and public wastewater treatment facility portion of the proposal.

Under the Oregon land use system, the justification for a UGB amendment is a two-step process: (1) demonstrate land need; and (2) analyze potential boundary locations. Local governments must address both parts in the UGB application and associated findings. Moreover, the City must address applicable City and County criteria. The findings in this report address all of these requirements.

The proposal includes an amendment to the *Madras Comprehensive Plan* Map and the Jefferson County *Comprehensive Plan* Map, which amends the Madras UGB, expanding it by approximately 414 acres. The proposed boundary expansion includes lands that currently is used as the Madras Airport and the City of Madras wastewater treatment lagoons.

This amendment was initiated by the Madras Planning Commission. This findings document justifies the City's action through applicable Goal 14 need/boundary location analysis standards.

The findings in this Report address the relevant legal standards in State statutes, goals and administrative rules that are applicable to Madras' UGB proposal to include portions of the Madras Airport in the Madras UGB (UGB proposal). The format of the findings uses *italics* to present the pertinent text of the statutes, goals and rules followed by findings in normal text. Many of the provisions in the statutes, goals and rules are very similar, so the findings may cross-reference other findings to minimize duplication.

1.1 Nature of the Proposal

The City of Madras owns and operates the Madras Airport located in the Northwest portion of the city. The major air transportation facility in Jefferson County is the Madras City-County Airport, located in the Madras Industrial area about three miles northwest of the city center. This field was first used by the U. S. Army during World War II as a training center for the B-17. The airport has four surfaced runways: two 8,000 foot runways, one 10,000-foot runway, and a

3,800-foot lighted runway. In addition, there are hangar and tie-down facilities for storage of light planes and a shop hangar for major aircraft repairs.

At the present time, Oregon Air Service (a commercial carrier) provides scheduled passenger service daily at the Madras City/County Airport. The airline provides direct connections with Eugene. A fixed base operator at the field offers charter flight service for air express, freight, and passenger transportation. Air service for light private planes, flight instruction, crop dusting, fertilizing, fire-fighting and aircraft maintenance are also provided at this facility. According to the 2010 Madras Airport Master Plan:

1. Madras Municipal Airport is owned and operated by the City of Madras.
2. The Airport is located approximately 3 miles northwest of Madras, West of U.S. Highway 26. Surface access to the Airport is provided by NW Cherry Lane, which connects to Highway 26.
3. The Airport consists of approximately 2,091 acres. The Airport is located partially within the Madras city limits and urban growth boundary (UGB).
4. The Airport is included in the National Plan of Integrated Airport System (NPIAS), making it eligible for federal funding through the Federal Aviation Administration (FAA).
5. The Airport has a "Local General Aviation" service level designation in the current Oregon State Aviation System Plan.
6. The Airport has two paved runways, with the primary runway (16/34) oriented in a north-south direction and the secondary runway (4/22) oriented in a northeast-southwest direction. Runway 16/34 (5,089 feet x 75 feet) is paved and lighted, and has basic (visual) markings. Runway 16/34 is served by a full-length parallel taxiway located on its east side. Runway 4/22 (2,701 feet x 50 feet) is paved with basic (visual) markings. Runway 4/22 is not lighted.

The airport site also includes about 118 acres that are currently in use as the City's wastewater treatment lagoons. The City proposes to include portions of the Madras Airport in the UGB to (1) reflect current activities on the site, (2) facilitate future improvements, including the Daimler vehicle testing facility, and (3) add critical public facilities (the wastewater treatment lagoons). Additional details regarding the application include:

A. The entire airport site is zoned Airport Management (A-M) in the Jefferson County Comprehensive Plan. The A-M zone is a non-resource zone.

B. The City will apply the Airport Development (AD) zone or overlay zone to protect and maintain the site for airport purposes.

C. The City has determined that it is feasible to extend sewer and water to the proposed site (Exhibit F).

1.2 Rationale for the Proposal

The City's rationale for this application is as follows:

1. The existing airport facilities, as well as supporting infrastructure such as roads, constitute a public facility under Goal 12 and OAR 660-012. The City initiated development of the Madras Airport in 1938. The lands used for the Madras Airport, including the runways and supporting structures, have been committed to urban public facility uses since their development. As urban facilities, these lands should be included within the Madras UGB.

2. As described in the transportation element of the Madras Comprehensive Plan and the Madras Transportation System Plan, the airport facilities are critical facilities for both current and future residents and businesses of Madras.

3. The City of Madras has established policy that encourages future expansion of the Madras Airport. Policy F of the Economic Element of the Madras Comprehensive Plan states "The City shall seek opportunities to expand airport facilities."

4. The City of Madras wastewater treatment lagoons are a critical public facility as defined by Goal 11 and OAR 660-011-0005(5) and (7)(b). As a critical public facility that requires ongoing operations and maintenance, the City would benefit from the inclusion of the facility in the Madras UGB.

5. The proposal intends to increase certainty of development of the airport facilities and for the City. Including the land in the UGB and city limits assures the City control over the process and increases certainty.

1.3 Summary of Proposed Action

This application includes an amendment to the City of Madras Urban Growth Boundary and city limits to include approximately 414 acres to include existing runways, land with future development potential at the airport, and the City's wastewater treatment lagoons. The land needs are summarized in Table 1.

Table 1. Summary of Land Needs

Site Characteristic	Description
Site Acreage	Total Airport site: 2,091 acres Proposed Airport Operations Expansion Area: 296 acres Proposed Wastewater Treatment Lagoons: 118 acres Total Proposed Expansion Area: 414 acres
Site Dimensions, Slope, Unique Features	The airport is approximately 10,000 feet from North to South, and 8,000 feet from East to West The longest runway is approximately 1 mile in length The proposed expansion is in several parts and is approximately 414 acres The site has gentle slopes (<0% to 3%) Unique site features: • Adjacent to City of Madras North Wastewater Treatment Plant • Wastewater treatment lagoons • Drainage ditches • Delineated wetlands*
Current Development Status	Developed as Madras Airport - runway and other improvements; portions developed as Madras North Wastewater Treatment Plan water treatment lagoons
Current Ownership	Property entirely owned by the City of Madras
Location of site in relation to existing UGB	• The entire Airport site is approximately 8,000 by 10,000 ft. • The property located between the existing UGB and is used for aircraft operations as specified by the City's Airport Master Plan (2010). • The entire Madras Airport site is currently zoned Airport Management (AM) on the Jefferson Co. Zoning Map.

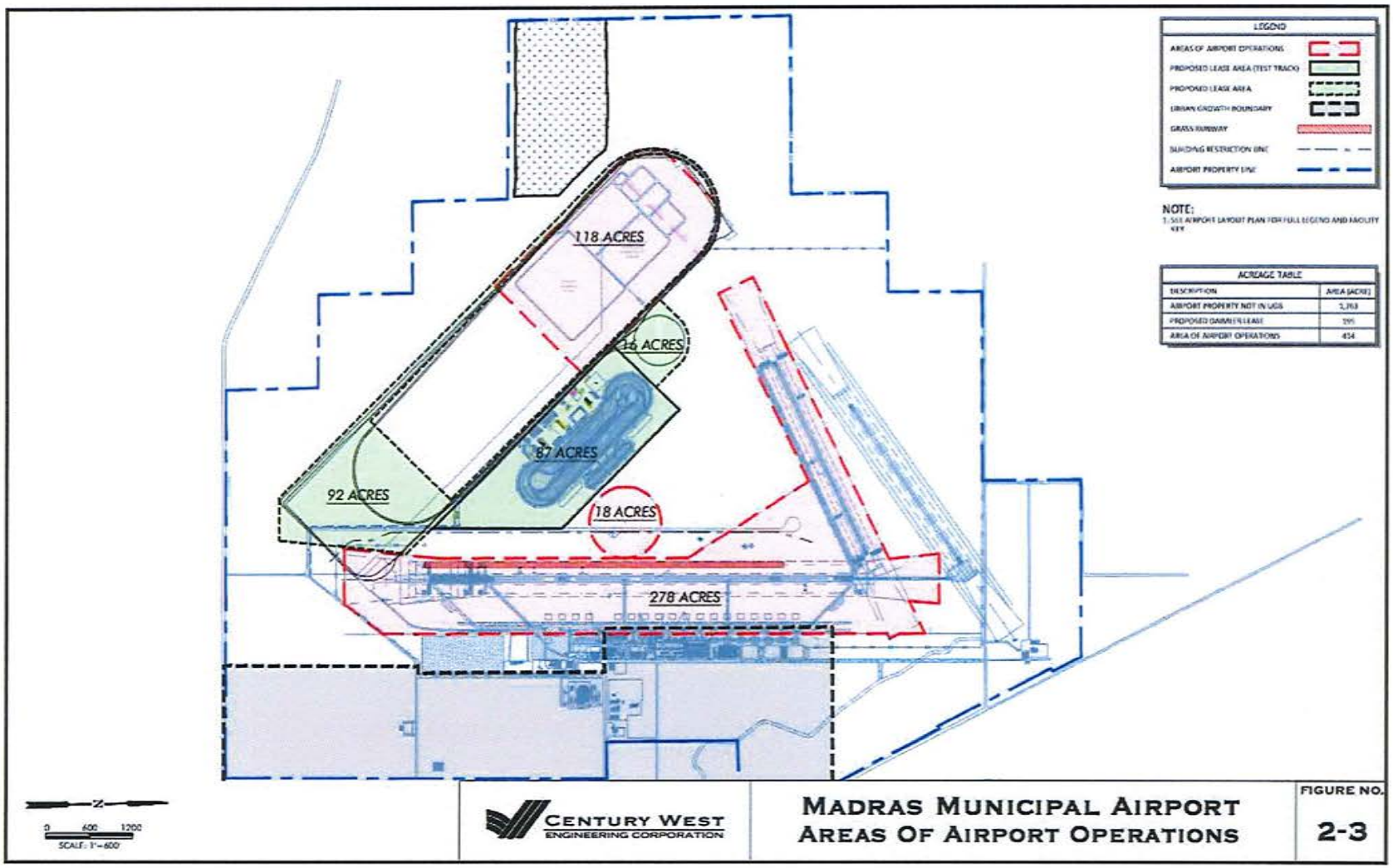
* No improvements are proposed on delineated wetland areas

The subject site is zoned Airport Management (AM) under Section 313 of the Jefferson County Development Code. According to Section 313.1 of the Jefferson County Development Code "The purpose of the Airport Management (AM) zone is to encourage and support continued operation and vitality of airports in the county by allowing uses that are compatible with aviation activities. The AM zone implements ORS 836.600 through 836.630, OAR 660-013 and Statewide Planning Goal 12."

The AM zone has been granted an exception to Goals 3 and 4 – it is not a resource zone. Thus, the proposal does not require a goal exception. Moreover, OAR 660-024-0020(1)(a) states "the exceptions process in Goal 2 and OAR chapter 660, division 4, is not applicable unless a local government chooses to take an exception to a particular goal requirement."

Map 1 shows the proposed areas to be included as part of the Airport Expansion as well as the Regional Large Lot Industrial site (the RLLI site is addressed as a separate action).

Map 1. Proposed areas for Airport UGB expansion, Madras Airport



2. Authority and Criteria

The authority, review procedures, and locally adopted criteria for the amendments are provided in the *Comprehensive Plan* as specified below. Criteria for the amendments are also provided in applicable state law. Those criteria are addressed together with the local criteria, which are similar to applicable state law, in Section 5 of this application.

2.1 State Criteria

State law that governs the locational analysis and needs for the UGB amendment include the following:

- Statewide Planning Goal 14 (OAR 660-015-0000(14)
- Goal 14 Administrative Rule (OAR 660 Division 24)

Statewide planning Goal 14 (Urbanization) requires that urban growth boundary amendments be a cooperative process:

> *"Establishment and change of urban growth boundaries shall be a cooperative process among cities, counties and, where applicable, regional governments. An urban growth boundary and amendments to the boundary shall be adopted by all cities within the boundary and by the county or counties within which the boundary is located, consistent with intergovernmental agreements…"*

Goal 14 breaks the UGB amendment process into two parts: (1) Land Need; and (2) Boundary Location. Local governments must address both parts in the UGB application and associated findings.

Goal 14: Urbanization

Land Need

> *Establishment and change of urban growth boundaries shall be based on the following:*
>
> *(1) Demonstrated need to accommodate long range urban population, consistent with a 20-year population forecast coordinated with affected local governments; and*
>
> *(2) Demonstrated need for housing, employment opportunities, livability or uses such as public facilities, streets and roads, schools, parks or open space, or any combination of the need categories in this subsection*
>
> *In determining need, local government may specify characteristics, such as parcel size, topography or proximity, necessary for land to be suitable for an identified need. Prior to expanding an urban growth boundary, local governments shall demonstrate that needs cannot reasonably be accommodated on land already inside the urban growth boundary.*

The City must also conduct an alternatives analysis. OAR 660-024-0065 requires the City establish a study area to evaluate land for inclusion in the UGB and OAR 660-024-0067 to evaluate the priority of land in the study area for inclusion in the UGB. The requirements for each are presented below.

Establishment of Study Area to Evaluate Land for Inclusion in the UGB - 660-024-0065

(1) When considering a UGB amendment to accommodate a need deficit identified in OAR 660-024-0050(4), a city outside of Metro must determine which land to add to the UGB by evaluating alternative locations within a "study area" established pursuant to this rule. To establish the study area, the city must first identify a "preliminary study area" which shall not include land within a different UGB or the corporate limits of a city within a different UGB. The preliminary study area shall include:

(a) All lands in the city's acknowledged urban reserve, if any;

(b) All lands that are within the following distance from the acknowledged UGB:

(A) For cities with a UGB population less than 10,000: one-half mile;

(B) For cities with a UGB population equal to or greater than 10,000: one mile;

(c) All exception areas contiguous to an exception area that includes land within the distance specified in subsection (b) and that are within the following distance from the acknowledged UGB:

(A) For cities with a UGB population less than 10,000: one mile;

(B) For cities with a UGB population equal to or greater than 10,000: one and one-half miles;

(d) At the discretion of the city, the preliminary study area may include land that is beyond the distance specified in subsections (b) and (c).

(2) A city that initiated the evaluation or amendment of its UGB prior to January 1, 2016, may choose to identify a preliminary study area applying the standard in this section rather than section (1). For such cities, the preliminary study area shall consist of:

(a) All land adjacent to the acknowledged UGB, including all land in the vicinity of the UGB that has a reasonable potential to satisfy the identified need deficiency, and

(b) All land in the city's acknowledged urban reserve established under OAR chapter 660, division 21, if applicable.

(3) When the primary purpose for expansion of the UGB is to accommodate a particular industrial use that requires specific site characteristics, or to accommodate a public

facility that requires specific site characteristics, and the site characteristics may be found in only a small number of locations, the preliminary study area may be limited to those locations within the distance described in section (1) or (2), whichever is appropriate, that have or could be improved to provide the required site characteristics. For purposes of this section:

(a) The definition of "site characteristics" in OAR 660-009-0005(11) applies for purposes of identifying a particular industrial use.

(b) A "public facility" may include a facility necessary for public sewer, water, storm water, transportation, parks, schools, or fire protection. Site characteristics may include but are not limited to size, topography and proximity.

(4) The city may exclude land from the preliminary study area if it determines that:

(a) Based on the standards in section (7) of this rule, it is impracticable to provide necessary public facilities or services to the land;

(b) The land is subject to significant development hazards, due to a risk of:

(A) Landslides: The land consists of a landslide deposit or scarp flank that is described and mapped on the Statewide Landslide Information Database for Oregon (SLIDO) Release 3.2 Geodatabase published by the Oregon Department of Geology and Mineral Industries (DOGAMI) December 2014, provided that the deposit or scarp flank in the data source is mapped at a scale of 1:40,000 or finer. If the owner of a lot or parcel provides the city with a site-specific analysis by a certified engineering geologist demonstrating that development of the property would not be subject to significant landslide risk, the city may not exclude the lot or parcel under this paragraph;

(B) Flooding, including inundation during storm surges: the land is within the Special Flood Hazard Area (SFHA) identified on the applicable Flood Insurance Rate Map (FIRM);

(C) Tsunamis: the land is within a tsunami inundation zone established pursuant to ORS 455.446;

(c) The land consists of a significant scenic, natural, cultural or recreational resource described in this subsection:

(A) Land that is designated in an acknowledged comprehensive plan prior to initiation of the UGB amendment, or that is mapped on a published state or federal inventory at a scale sufficient to determine its location for purposes of this rule, as:

(i) Critical or essential habitat for a species listed by a state or federal agency as threatened or endangered;

(ii) Core habitat for Greater Sage Grouse; or

(iii) Big game migration corridors or winter range, except where located on lands designated as urban reserves or exception areas;

(B) Federal Wild and Scenic Rivers and State Scenic Waterways, including Related Adjacent Lands described by ORS 390.805, as mapped by the applicable state or federal agency responsible for the scenic program;

(C) Designated Natural Areas on the Oregon State Register of Natural Heritage Resources;

(D) Wellhead protection areas described under OAR 660-023-0140 and delineated on a local comprehensive plan;

(E) Aquatic areas subject to Statewide Planning Goal 16 that are in a Natural or Conservation management unit designated in an acknowledged comprehensive plan;

(F) Lands subject to acknowledged comprehensive plan or land use regulations that implement Statewide Planning Goal 17, Coastal Shoreland, Use Requirement 1;

(G) Lands subject to acknowledged comprehensive plan or land use regulations that implement Statewide Planning Goal 18, Implementation Requirement 2;

(d) The land is owned by the federal government and managed primarily for rural uses.

(5) After excluding land from the preliminary study area under section (4), the city must adjust the area, if necessary, so that it includes an amount of land that is at least twice the amount of land needed for the deficiency determined under OAR 660-024-0050(4) or, if applicable, twice the particular land need described in section (3). Such adjustment shall be made by expanding the distance specified under the applicable section (1) or (2) and applying section (4) to the expanded area.

(6) For purposes of evaluating the priority of land under OAR 660-024-0067, the "study area" shall consist of all land that remains in the preliminary study area described in section (1), (2) or (3) of this rule after adjustments to the area based on sections (4) and (5), provided that when a purpose of the UGB expansion is to accommodate a public park need, the city must also consider whether land excluded under subsection (4)(a) through (c) of this rule can reasonably accommodate the park use.

(7) For purposes of subsection (4)(a), the city may consider it impracticable to provide necessary public facilities or services to the following lands:

(a) Contiguous areas of at least five acres where 75 percent or more of the land has a slope of 25 percent or greater, provided that contiguous areas 20 acres or more that are less than 25 percent slope may not be excluded under this subsection. Slope shall be measured as the increase in elevation divided by the horizontal distance at maximum ten-foot contour intervals;

(b) Land that is isolated from existing service networks by physical, topographic, or other impediments to service provision such that it is impracticable to provide necessary facilities or services to the land within the planning period. The city's determination shall be based on an evaluation of:

(A) The likely amount of development that could occur on the land within the planning period;

(B) The likely cost of facilities and services; and,

(C) Any substantial evidence collected by or presented to the city regarding how similarly situated land in the region has, or has not, developed over time.

(c) As used in this section, "impediments to service provision" may include but are not limited to:

(A) Major rivers or other water bodies that would require new bridge crossings to serve planned urban development;

(B) Topographic features such as canyons or ridges with slopes exceeding 40 percent and vertical relief of greater than 80 feet;

(C) Freeways, rail lines, or other restricted access corridors that would require new grade separated crossings to serve planned urban development;

(D) Significant scenic, natural, cultural or recreational resources on an acknowledged plan inventory and subject to protection measures under the plan or implementing regulations, or on a published state or federal inventory, that would prohibit or substantially impede the placement or construction of necessary public facilities and services.

(8) Land may not be excluded from the preliminary study area based on a finding of impracticability that is primarily a result of existing development patterns. However, a city may forecast development capacity for such land as provided in OAR 660-024-0067(1)(d).

(9) Notwithstanding OAR 660-024-0050(4) and section (1) of this rule, except during periodic review or other legislative review of the UGB, the city may approve an application under ORS 197.610 to 197.625 for a UGB amendment to add an amount of land less than necessary to satisfy the land need deficiency determined under OAR 660-024-0050(4), provided the amendment complies with all other applicable requirements.

Evaluation of Land in the Study Area for Inclusion in the UGB; Priorities - 660-024-0067

(1) A city considering a UGB amendment must decide which land to add to the UGB by evaluating all land in the study area determined under OAR 660-024-0065, as follows

(a) Beginning with the highest priority category of land described in section (2), the city must apply section (5) to determine which land in that priority category is suitable to satisfy the need deficiency determined under OAR 660-024-0050 and select for inclusion in the UGB as much of the land as necessary to satisfy the need.

(b) If the amount of suitable land in the first priority category is not sufficient to satisfy all the identified need deficiency, the city must apply section (5) to determine which land in the next priority is suitable and select for inclusion in the UGB as much of the suitable land in that priority as necessary to satisfy the need. The city must proceed in this manner until all the land need is satisfied, except as provided in OAR 660-024-0065(9).

(c) If the amount of suitable land in a particular priority category in section (2) exceeds the amount necessary to satisfy the need deficiency, the city must choose which land in that priority to include in the UGB by applying the criteria in section (7) of this rule.

(d) In evaluating the sufficiency of land to satisfy a need under this section, the city may use the factors identified in sections (5) and (6) of this rule to reduce the forecast development capacity of the land to meet the need.

(e) Land that is determined to not be suitable under section (5) of this rule to satisfy the need deficiency determined under OAR 660-024-0050 is not required to be selected for inclusion in the UGB unless its inclusion is necessary to serve other higher priority lands.

(2) Priority of Land for inclusion in a UGB:

(a) First Priority is urban reserve, exception land, and nonresource land. Lands in the study area that meet the description in paragraphs (A) through (C) of this subsection are of equal (first) priority:

(A) Land designated as an urban reserve under OAR chapter 660, division 21, in an acknowledged comprehensive plan;

(B) Land that is subject to an acknowledged exception under ORS 197.732; and

(C) Land that is nonresource land.

(b) Second Priority is marginal land: land within the study area that is designated as marginal land under ORS 197.247 (1991 Edition) in the acknowledged comprehensive plan.

(c) Third Priority is forest or farm land that is not predominantly high-value farm land: land within the study area that is designated for forest or agriculture uses in the acknowledged comprehensive plan and that is not predominantly high-value farmland as defined in ORS 195.300, or that does not consist predominantly of prime or unique soils, as determined by the United States Department of Agriculture Natural Resources Conservation Service (USDA NRCS). In selecting which lands to include to satisfy the need, the city must use the agricultural land capability classification system or the cubic foot site class system, as appropriate for the acknowledged comprehensive plan designation, to select lower capability or cubic foot site class lands first.

(d) Fourth Priority is agricultural land that is predominantly high-value farmland: land within the study area that is designated as agricultural land in an acknowledged comprehensive plan and is predominantly high-value farmland as defined in ORS 195.300. A city may not select land that is predominantly made up of prime or unique farm soils, as defined by the USDA NRCS, unless there is an insufficient amount of other land to satisfy its land need. In selecting which lands to include to satisfy the need, the city must use the agricultural land capability classification system to select lower capability lands first.

(3) Notwithstanding section (2)(c) or (d) of this rule, land that would otherwise be excluded from a UGB may be included if:

(a) The land contains a small amount of third or fourth priority land that is not important to the commercial agricultural enterprise in the area and the land must be included in the UGB to connect a nearby and significantly larger area of land of higher priority for inclusion within the UGB; or

(b) The land contains a small amount of third or fourth priority land that is not predominantly high-value farmland or predominantly made up of prime or unique farm soils and the land is completely surrounded by land of higher priority for inclusion into the UGB.

(4) For purposes of categorizing and evaluating land pursuant to subsections (2)(c) and (d) and section (3) of this rule,

(a) Areas of land not larger than 100 acres may be grouped together and studied as a single unit of land;

(b) Areas of land larger than 100 acres that are similarly situated and have similar soils may be grouped together provided soils of lower agricultural or forest capability may not be grouped with soils of higher capability in a manner inconsistent with the intent of section (2) of this rule, which requires that higher capability resource lands shall be the last priority for inclusion in a UGB;

(c) Notwithstanding subsection (4)(a), if a city initiated the evaluation or amendment of its UGB prior to January 1, 2016, and if the analysis involves more than one lot or parcel or area within a particular priority category for which circumstances are reasonably similar, these lots, parcels and areas may be considered and evaluated as a single group;

(d) When determining whether the land is predominantly high-value farmland, or predominantly prime or unique, "predominantly" means more than 50 percent.

(5) With respect to section (1), a city must assume that vacant or partially vacant land in a particular priority category is "suitable" to satisfy a need deficiency identified in OAR 660-024-0050(4) unless it demonstrates that the land cannot satisfy the specified need based on one or more of the conditions described in subsections (a) through (g) of this section: Existing parcelization, lot sizes or development patterns of rural residential land make that land unsuitable for an identified employment need; as follows:

(A) Parcelization: the land consists primarily of parcels 2-acres or less in size, or

(B) Existing development patterns: the land cannot be reasonably redeveloped or infilled within the planning period due to the location of existing structures and infrastructure."

(b) The land would qualify for exclusion from the preliminary study area under the factors in OAR 660-024-0065(4) but the city declined to exclude it pending more detailed analysis.

(c) The land is, or will be upon inclusion in the UGB, subject to natural resources protections under Statewide Planning Goal 5 such that that no development capacity should be forecast on that land to meet the land need deficiency.

(d) With respect to needed industrial uses only, the land is over 10 percent slope, or is an existing lot or parcel that is smaller than 5 acres in size, or both. Slope shall be measured as the increase in elevation divided by the horizontal distance at maximum ten-foot contour intervals.

(e) With respect to a particular industrial use or particular public facility use described in OAR 660-024-0065(3), the land does not have, and cannot be improved to provide, one or more of the required specific site characteristics.

(f) The land is subject to a conservation easement described in ORS 271.715 that prohibits urban development.

(g) The land is committed to a use described in this subsection and the use is unlikely to be discontinued during the planning period:

(A) Public park, church, school, or cemetery, or

(B) Land within the boundary of an airport designated for airport uses, but not including land designated or zoned for residential, commercial or industrial uses in an acknowledged comprehensive plan.

(6) For vacant or partially vacant lands added to the UGB to provide for residential uses:

(a) Existing lots or parcels one acre or less may be assumed to have a development capacity of one dwelling unit per lot or parcel. Existing lots or parcels greater than one acre but less than two acres shall be assumed to have an aggregate development capacity of two dwelling units per acre.

(b) In any subsequent review of a UGB pursuant to this division, the city may use a development assumption for land described in subsection (a) of this section for a period of up to 14 years from the date the lands were added to the UGB.

(7) Pursuant to subsection (1)(c), if the amount of suitable land in a particular priority category under section (2) exceeds the amount necessary to satisfy the need deficiency, the city must choose which land in that priority to include in the UGB by first applying the boundary location factors of Goal 14 and then applying applicable criteria in the acknowledged comprehensive plan and land use regulations acknowledged prior to initiation of the UGB evaluation or amendment. The city may not apply local comprehensive plan criteria that contradict the requirements of the boundary location factors of Goal 14. The boundary location factors are not independent criteria; when the factors are applied to compare alternative boundary locations and to determine the UGB location the city must show that it considered and balanced all the factors. The criteria in this section may not be used to select lands designated for agriculture or forest use that have higher land capability or cubic foot site class, as applicable, ahead of lands that have lower capability or cubic foot site class.

(8) The city must apply the boundary location factors of Goal 14 in coordination with service providers and state agencies, including the Oregon Department of Transportation (ODOT) with respect to Factor 2 regarding impacts on the state transportation system, and the Oregon Department of Fish and Wildlife (ODFW) and the Department of State Lands (DSL) with respect to Factor 3 regarding environmental consequences. "Coordination" includes timely notice to agencies and service providers and consideration of any recommended evaluation methodologies.

(9) In applying Goal 14 Boundary Location Factor 2 to evaluate alternative locations under section (7), the city must compare relative costs, advantages and disadvantages of alternative UGB expansion areas with respect to the provision of public facilities and services needed to urbanize alternative boundary locations. For purposes of this section, the term "public facilities and services" means water, sanitary sewer, storm water management, and transportation facilities. The evaluation and comparison under Boundary Location Factor 2 must consider:

(a) The impacts to existing water, sanitary sewer, storm water and transportation facilities that serve nearby areas already inside the UGB;

(b) The capacity of existing public facilities and services to serve areas already inside the UGB as well as areas proposed for addition to the UGB; and

(c) The need for new transportation facilities, such as highways and other roadways, interchanges, arterials and collectors, additional travel lanes, other major improvements on existing roadways and, for urban areas of 25,000 or more, the provision of public transit service.

(10) The adopted findings for UGB amendment must describe or map all of the alternative areas evaluated in the boundary location alternatives analysis.

2.2 Local Criteria

UGB amendments must comply with applicable local criteria as outlined in the City of *Madras Comprehensive Plan* and *Development Code*, as well as the Jefferson County *Comprehensive Plan* and *Development Code*.

City of Madras Criteria

The City process for expanding the UGB may be initiated by the City of Madras or Jefferson County, or other governmental agencies or private individuals. A UGB expansion must mutually agreed upon and adopted by both the City of Madras and Jefferson County. The Madras City Planning Commission must conduct a public hearing about the proposed boundary amendment.

Madras requires that notice of the public hearing must be provided at least 21 days before the hearing and that the notice must be published in a local newspaper of general circulation. Individual notices must be mailed to property owners within 250 feet of the area subject to the proposed change, least 21 days before the hearing.

The criteria for an Urban Growth Boundary revision from Madras' Comprehensive Plan is as follows:

A. *The proposed amendment to the Urban Growth Boundary may be initiated by the City of Madras or Jefferson County, or other governmental agencies or private individuals. Cost for notification and advertising shall be borne by the applicant.*

B. *The Madras City Planning Commission shall conduct a public hearing concerning the proposed boundary amendment. Notice of public hearing requirements shall be the same as those outlined in the quasi-judicial process of the Comprehensive Plan.*

C. *Citizen and Agency Involvement Programs shall be utilized to stimulate public interest and participation in the amendment process.*

D. *In order to make a favorable recommendation on the boundary revision, the Planning Commission shall make its recommendation based upon the consideration of the following factors:*

1. *Demonstrated need to accommodate long-range urban population growth requirements consistent with Statewide Planning Goals.*
2. *Need for housing, employment opportunities, and livability.*
3. *Orderly and economic provision for the public facilities and services.*
4. *Maximum efficiency of land uses within and on the fringe of the existing urban area.*
5. *Environmental, energy, economic, and social consequences.*
6. *Retention of agricultural land as defined, with Class I being the highest priority for retention and Class VI the lowest priority.*
7. *Compatibility of the proposed urban uses with nearby agricultural activities.*

Jefferson County Criteria

The County process for expanding the UGB for one property may be initiated by the owner of the property. The Jefferson County Planning Commission must conduct a public hearing about the proposed boundary amendment. In the case of a proposed change in an urban growth boundary, the Planning Commission may hold one or more joint hearings with the City Planning Commission. The Planning Commission will make a written recommendation to the Board of Commissioners to approve or deny the amendment. The Board of Commissioners will hold a de novo public hearing to review the Planning Commission recommendation.

Jefferson County requires that notice of the public hearing must be provided in accordance with statutory requirements. For a legislative amendment, Jefferson County's Zoning Ordinance requires that notice of land use change be mailed to each owner whose property would have to be rezoned in order to comply with the amended plan at least 20 days prior to the hearing or ten days before the first hearing if there will be two or more hearings.

In the Jefferson County Comprehensive Plan, a legislative amendment requires:

1. Comply with applicable Statewide Planning Goals, Oregon Revised Statutes and Administrative Rules, or comply with requirements for an exception to the goal(s);
2. Comply with all applicable Comprehensive Plan goals and policies; and

The Jefferson County Zoning ordinance requires:

A. The zoning designation will conform to the Comprehensive Plan Map designation;

B. The amendment is consistent with other Zoning Ordinance requirements including, but not limited to, wildlife habitat, bird habitat and riparian protection standards;

C. The amendment will cause no significant adverse impact to other properties in the vicinity due to factors such as water quality, drainage, air quality or noise;

D. The amendment will not force a significant change in or significantly increase the cost of farming or forest practices on surrounding resource land;

E. Adequate public safety, fire protection, sanitation, water and utility facilities and services are available or will be provided to serve uses allowed in the proposed zone;

F. The uses allowed in the proposed zone will not significantly affect a transportation facility identified in an adopted Transportation System Plan by:

   1. Changing the functional classification of an existing or planned transportation facility;

   2. Allowing types or levels of land uses which would result in levels of travel or access which are inconsistent with the functional classification of a transportation facility; or

   3. Reducing the performance standards of the facility below the minimum acceptable level identified in the Transportation System Plan (LOS C).

   4. A Traffic Impact Study in accordance with Section 421 may be required to show compliance with this standard.

3. Summary of Evidence

The City provides the following evidence in support of the application.

- The City of Madras public hearings are documented by Will be added to the final Findings. (Exhibit A)
- The Jefferson County notice of the public hearings are documented by Will be added to the final Findings. (Exhibit B)
- Transportation Planning Rule Analysis related to Partial Mitigation Options (Exhibit C)
- City of Madras' documentation of the capacity of existing water and sewer systems and their ability to serve a potential large lot industrial parcel from the City's Public Works Director and City Engineer. (Exhibit F)

4. Procedure

The City of Madras took the following steps in reviewing the proposed UGB amendment for the Airport expansion.

A. **Adopt Airport Master Plan.** The Madras Municipal Airport Master Plan Update was completed in December 2010 by Century West Engineering. The City adopted the plan DATE, Ordinance

B. **Division 24 and ORS 197A.320 findings.** ECONorthwest and the City of Madras developed Findings (this document). The City of Madras Planning Commission and Jefferson County Planning Commission held a joint hearing on October 19, 2016 and approved the proposal and forwarded the proposal to City of Madras City Council and Jefferson County Board of Commissioners for review and approval. The City of Madras City Council held a hearing on November 8, 2016 and made RECOMMENDATION.

C. **County coordination.** The Urban Growth Area Management Agreement (UGAMA) between the City of Madras and Jefferson County requires the City and County coordinate on a UGB Expansion. The UGAMA requires that the City and County Planning Commissions each conduct a public hearing regarding the application and allows that hearing to take place in a joint hearing. The UGAMA requires that the Jefferson County Board of County Commissioners conduct a public hearing and make a final decision about the proposed amendment to the UGB.

   The City of Madras Planning Commission and Jefferson County Planning Commission held a joint hearing on October 19, 2016. The Jefferson Board of County Commissioners held a hearing on November 23, 3016 and made RECOMMENDATION.

5. Findings

This section presents findings addressing key elements of state land use policy pertaining to UGB expansions. Applicable state goals, statutes and administrative rules for the Urban Growth Boundary (UGB) amendment include:

- Goal 1: Citizen Involvement
- Goal 2: Land Use Planning
- Goal 14: Urbanization
    - ORS 197.298: Priority of land to be included within urban growth boundary
    - OAR 660-024: Urban Growth Boundaries

5.1 Goal 1: Citizen Involvement

The intent of Goal 1 is to ensure that citizens have meaningful opportunities to participate in land use planning decisions. As stated in the Goal, the purpose is:

> *To develop a citizen involvement program that insures the opportunity for citizens to be involved in all phases of the planning process.*

Goal 1 has five stated objectives that are relevant to the UGB boundary amendment:

> *Citizen Involvement -- To provide for widespread citizen involvement.*
>
> *Communication -- To assure effective two-way communication with citizens.*
>
> *Citizen Influence -- To provide the opportunity for citizens to be involved in all phases of the planning process.*
>
> *Technical Information -- To assure that technical information is available in an understandable form.*
>
> *Feedback Mechanisms – To assure that citizens will receive a response from policy-makers.*

Finding: Satisfied. The City of Madras Planning Commission and Jefferson County Planning Commission held a joint hearing on October 19, 2016 to discuss the proposed action, where public testimony was allowed. The City provided property owner notification prior to the first evidentiary hearing consistent with requirements of the Madras Comprehensive Plan (Section IV) for Urban Growth Boundary Revisions. The City of Madras held a hearing with the City Council on November 8, 2016 to discuss the proposed action, where public testimony was allowed. Jefferson County held a hearing with the County Board of Commissioners on November 23, 2016 to discuss the proposed action, where public testimony was allowed.

5.2 Goal 2: Land Use

Goal 2 requires all incorporated cities to establish and maintain comprehensive land use plans and implementing ordinances. It also requires cities to coordinate with other affected government entities in legislative land use processes. The purpose of Goal 2 is:

> *To establish a land use planning process and policy framework as a basis for all decision and actions related to use of land and to assure an adequate factual base for such decisions and actions.*

Finding: Satisfied. Madras has an established land use process and policy framework. That process, as outlined in the Madras Comprehensive Plan and Development Code was followed throughout this action.

With respect to coordination, Jefferson County is the only other affected government entity. Since UGB boundary amendments require both city and county approve, the City consulted with County staff throughout this process. Madras' Comprehensive Plan requires that the Jefferson County Planning Commission review the UGB expansion proposal and make recommendations to the Madras City Council. The City's Comprehensive Plan requires the City Council to forward its findings about the proposed UGB expansion to the Jefferson County Board of Commissioners, who must conduct a public hearing about the proposed amendment. The Madras City Council and Jefferson County Board of Commissioners must approve the UGB amendment.

5.3 Goal 14: Urbanization

The Goal 14 findings are broken out by specific criteria. Goal 14 provides two 'Need Factors' and four 'Location Factors.' Goal 14 and the related statutes and rules establish a specific method and hierarchy for boundary review.

Goal 14 Need Criteria

Goal 14 notes that establishment and change of urban growth boundaries shall be based on the following:

> *Goal 14 Need Factor 1: Demonstrated need to accommodate long range urban population growth, consistent with a 20-year population forecast coordinated with affected local governments.*
>
> *Goal 14 Need Factor 2: Demonstrated need for housing, employment opportunities, livability or uses such as public facilities, streets and roads, schools, parks or open space.*

Finding: Satisfied. The next two sections describe how the proposal complies with Goal 14 need factors 1 and 2.

Goal 14 Need Factor 1

In 2015, the Population Research Center at Portland State University issues the official coordinated population forecasts for Region 1, which includes Jefferson County.[1] Based on the PSU forecasts, Madras will grow from 7,598 persons in 2016, to 9,921 persons in 2036—an increase of 2,437. This provides a 20-year forecast to support the UGB proposal consistent with the requirements of OAR 660-024-0040(2).[2]

Table 2. Population forecast, Madras, 2015 to 2036

Year	Population
2015	7,484
2016	7,598
2020	8,070
2025	8,700
2030	9,268
2035	9,815
2036	9,921
Change, 2016-2036	
Number	2,437
Percent	32%
AAGR	1.34%

Source: Population Research Center at Portland State University; Official Coordinated Population Forecasts for Jefferson County. 2016 and 2036 interpolations done using the PSU interpolation calculator.

The City makes the following findings about the population forecast:

1. The population forecast is a coordinated forecast. The Oregon Population Forecast Program described in OAR 577- 050- 0050 establishes Portland State University as the official entity developing coordinated population forecasts for Oregon municipalities. Madras is relying on the official PSU forecast for this action.

2. The City intends to complete work on the UGB proposal in 2016. As such, the required planning period is 2016-2036.

3. The City constructed the airport to serve Madras residents and to facilitate commerce in the region. The development of airport facilities is based on

[1] http://www.pdx.edu/prc/region-1-documents

[2] OAR 660-024-0040(2) states: "If the UGB analysis or amendment is conducted as part of a periodic review work program, the 20-year planning period must commence on the date initially scheduled for completion of the appropriate work task." Because the proposed expansion is in excess of 50 acres, the City must follow the process "in the manner of periodic review" as required by OAR 660-024-0080.

existing population and expected population growth consistent with Goal 14 requirements.

Goal 14 Need Factor 2

Goal 14 Need Factor 2 addresses specific types of land need. For this proposal, the City intends to meet the demonstrated need for **public facilities, parks and open space**. The proposal to meet specific types of land need is allowable under OAR 660-024-0040(3):

> *"A local government may review and amend the UGB in consideration of one category of land need (for example, housing need) without a simultaneous review and amendment in consideration of other categories of land need (for example, employment need)."*

Need for Improvements to Airport Facilities

The public facility need derive from the following factors:

A. The existing airport, as well as supporting structures and infrastructure such as roads, constitute a transportation facility under Goal 12 and OAR 660-012. The City initiated development of the Madras Airport in 1938. The lands used for the Madras Airport, including the roads have been committed to urban transportation facility uses since their development. As urban facilities, these lands should be included within the Madras UGB.

B. Statewide Planning Goal 12 and OAR 660-012 require municipalities to: (1) address transportation facilities in local comprehensive land use plans, and (2) adopt functional plans for transportation facilities. The Transportation Element of the *Madras Comprehensive Plan* addresses transportation facilities. Section 9 of the 1998 Madras TSP addresses the Airport:

> ***GOAL 4:*** *Enhance the role of the Madras Airport as an important part of the health, safety and welfare of the area.*
>
> ***Objectives:***
>
> *A. Improve emergency medical air access by providing instrument approach.*
>
> *B. Continue runway improvements.*
>
> *C. Improve access to the airport.*
>
> *D. Continue to seek matching funds for state and federal funds.*

C. The Madras Airport is key to the local and regional economy. This is reflected in the 1998 TSP:

> *Because the airport is governed by its own Master Plan, recommendations for its improvement do not fall into the scope of this TSP. However, the airport is an essential*

part of the economy of the area. It is necessary to include the airport when considering future development proposals for the surrounding land.

Moreover, the City of Madras has established policy that encourages future expansion of the Madras Airport. Policy F of the Economic Element of the Madras Comprehensive Plan states "The City shall seek opportunities to expand airport facilities."

D. Given the level of public investment involved in improvements to the airport, the City desires control over the permitting and construction process for future facilities and improvements.

Need for Water Storage and Treatment Facilities

The public facility need (e.g., wastewater treatment lagoons) derive from the following factors:

A. The existing wastewater treatment facilities, as well as supporting infrastructure, constitute a public facility under Goal 11 and OAR 660-011-0005(7)(a). The lands used for the Madras North Wastewater Plant and treatment lagoons have been committed to urban public facility uses since their development. As urban facilities, these lands should be included within the Madras UGB.

B. Statewide Planning Goal 11 and OAR 660-006-0020 through 0030 require municipalities to: (1) address public facilities in local comprehensive land use plans, and (2) adopt functional plans for public facilities. The *Madras Comprehensive Plan* addresses public facilities. Moreover, the Public Facilities Element includes policies to address them:

1. The City shall assure urban services (water, sewer and storm drainage services and transportation infrastructure) to residential, commercial and industrial lands within the City's Urban Growth Area as these lands are urbanized.
2. To minimize the cost of providing public services and infrastructure, the City shall discourage inefficient development without adequate public services and promote efficient use of urban and urbanizable land within the City's urban growth boundary, including requiring all urban development to be served by full urban services.
3. The City shall support development that is compatible with the City's ability to provide adequate public facilities and services.
4. The City shall prioritize development of land serviced by utilities and require the extension of water, sewer and storm drainage facilities for all urban level development within the UGB.
5. The City shall coordinate provision of public services with annexation of land outside the City limits, as part of a future action.

Establishment of Study Area to Evaluate Land for Inclusion in the UGB – OAR 660-024-0065

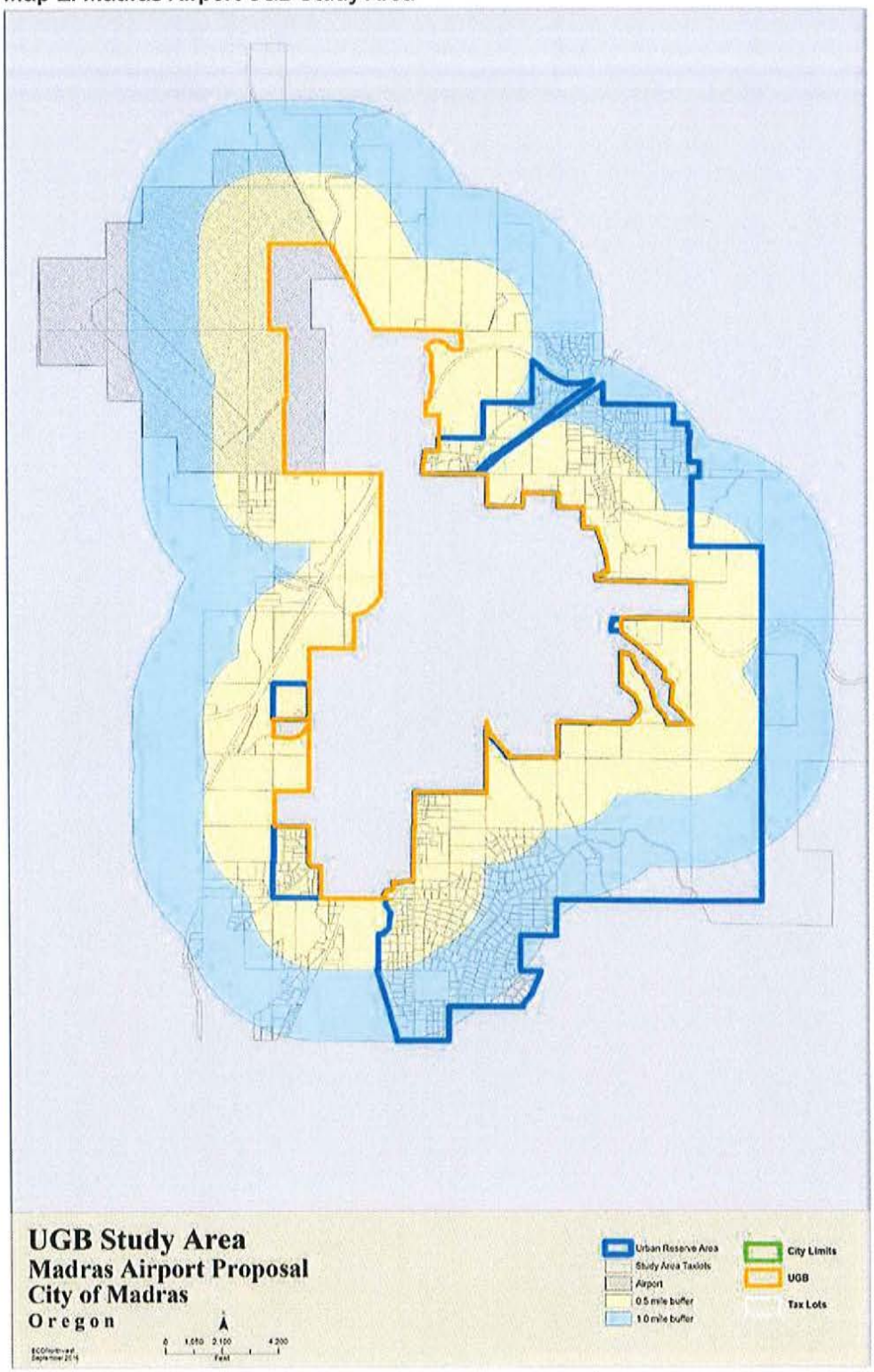
The boundary alternatives analysis is required by Goal 14; the process is defined in OAR 660-024-0065. Madras has a population less than 10,000 so the provision of OAR 660-0024-0065(1)(b)(A)(c) apply.

> *(1) When considering a UGB amendment to accommodate a need deficit identified in OAR 660-024-0050(4), a city outside of Metro must determine which land to add to the UGB by evaluating alternative locations within a "study area" established pursuant to this rule. To establish the study area, the city must first identify a "preliminary study area" which shall not include land within a different UGB or the corporate limits of a city within a different UGB. The preliminary study area shall include:*
>
> *(a) All lands in the city's acknowledged urban reserve, if any;*
>
> *(b) All lands that are within the following distance from the acknowledged UGB:*
>
> *(A) For cities with a UGB population less than 10,000: one-half mile;*
>
> *(c) All exception areas contiguous to an exception area that includes land within the distance specified in subsection (b) and that are within the following distance from the acknowledged UGB:*
>
> *(A) For cities with a UGB population less than 10,000: one mile;*

In short, the City is required to establish a study area that includes:

- All lands in the established urban reserve; all lands with urban reserves (OAR 660-024-0065(1)(a)
- All lands within one-half mile of the existing UGB (OAR 660-024-0065(1)(b)(A)
- All exception lands contiguous to an exception area within one mile of the UGB.
- Map 1 shows lands included within the Madras Airport UGB study area. The remainder of OAR 660-024-0065 describes provides for excluding additional lands from the study area. Madras did not exclude any additional lands from the study. Instead, the City chose to evaluate all of the lands shown in Map 1.

Map 1. Madras Airport UGB Study Area



Finding: Satisfied. The study area in Map 1 meets the requirements of OAR 660-024-0065 for determining the Study Area to Evaluate Land for Inclusion in the UGB for airport and wastewater facilities.

Evaluation of Land in the Study Area for Inclusion in the UGB; Priorities – OAR 660-024-0067

The next step is to look at lands by priority. OAR 660-024-0067 outlines the procedures for evaluating land in the study for inclusion in the UGB and establishes a priority scheme. OAR 660-024-0067(2) establishes the first priority:

(2) Priority of Land for inclusion in a UGB:

(a) First Priority is urban reserve, exception land, and nonresource land. Lands in the study area that meet the description in paragraphs (A) through (C) of this subsection are of equal (first) priority:

(A) Land designated as an urban reserve under OAR chapter 660, division 21, in an acknowledged comprehensive plan;

(B) Land that is subject to an acknowledged exception under ORS 197.732; and

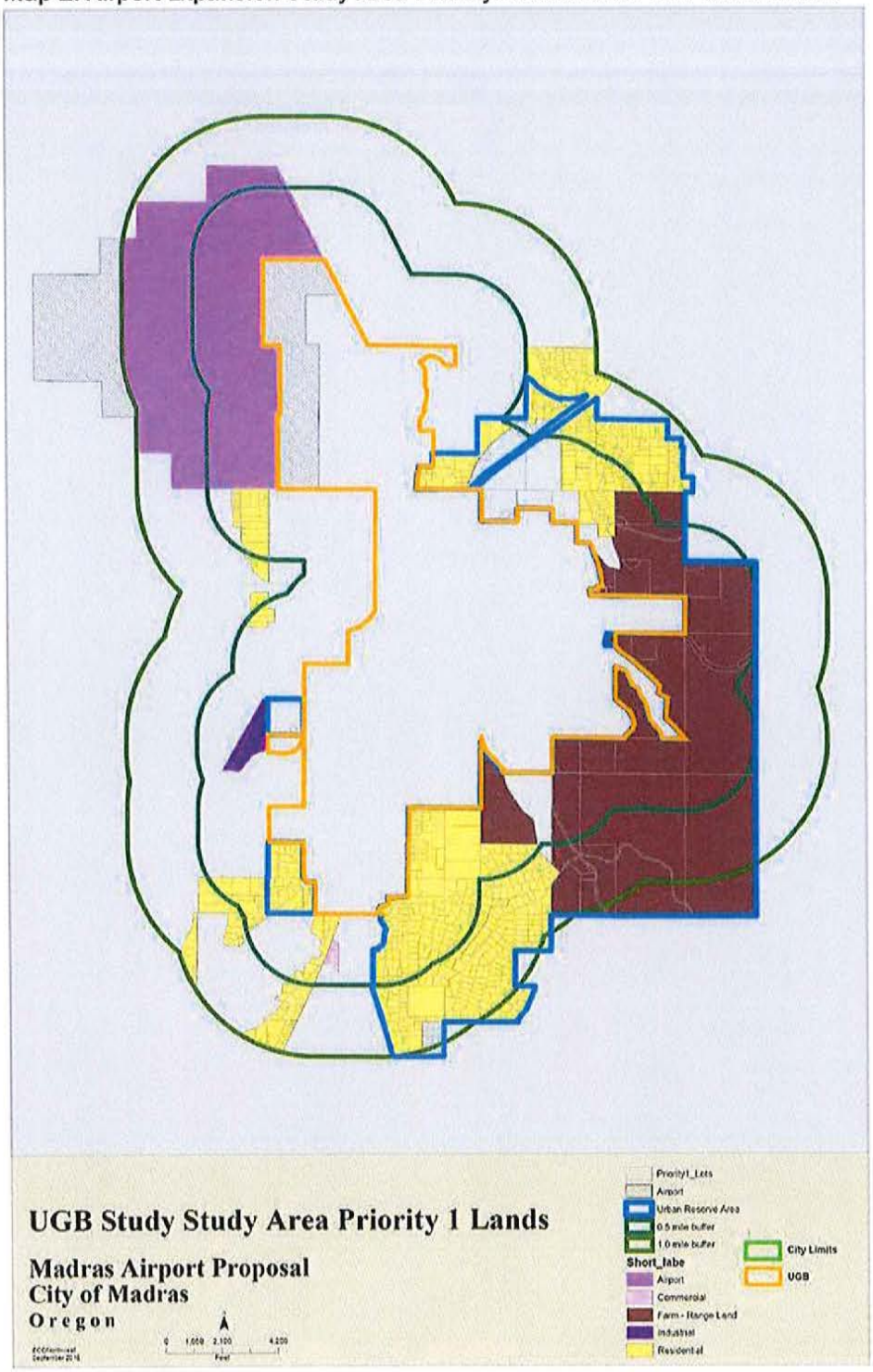
(C) Land that is nonresource land.

Map 2 and Map 3 show priority 1 lands over 100 acres in size. The maps show that Madras has:

- A total of 5,613 acres of land in 907 tax lots of priority 1 lands.
- In parcels of priority 1 land larger than 100 acres, Madras has 2,381 acres in 10 parcels:
    - **Exceptions areas zoned for airport uses.** There are four tax lots larger than 100 acres, for a total of 1,129 acres. Two of these parcels are less than 199 acres, with a 161-acre parcel and a 173-acre parcel. These areas are all exceptions lands.
    - **Exceptions areas zoned for residential uses.** There are no exceptions areas zoned for residential uses with tax lots larger than 100 acres.
    - **Urban reserves zoned for residential uses.** There is one parcel larger than 100 acres, at 128 acres (in the urban reserve). These areas are either exceptions lands or in the urban reserve.
    - **Urban reserves zoned for rangeland uses.** There are five parcel larger than 100 acres, at 894 acres. Two of these parcels are less than 199 acres, with a 111-acre parcel and a 121-acre parcel. These areas are all in urban reserves.

Finding: The City finds that the amount of suitable priority 1 land exceeds the amount necessary to satisfy Madras' need for a 414-acre airport and public facility expansion site. Madras has 10 tax lots larger than 100 acres within the required study area. Of those, six parcels are smaller than 199 acres. Two of the ten parcels in airport zoning meet the size criteria.

Map 2. Airport Expansion Study Area Priority 1 Lands over 100 acres in size



Consistent with OAR 660-024-00667(1)(c) the City makes a determination that the amount of priority 1 land exceeds the land need.

(c) If the amount of suitable land in a particular priority category in section (2) exceeds the amount necessary to satisfy the need deficiency, the city must choose which land in that priority to include in the UGB by applying the criteria in section (7) of this rule.

The next step is to evaluate lands consistent with OAR 660-024-0067(7):

(7) Pursuant to subsection (1)(c), if the amount of suitable land in a particular priority category under section (2) exceeds the amount necessary to satisfy the need deficiency, the city must choose which land in that priority to include in the UGB by first applying the boundary location factors of Goal 14 and then applying applicable criteria in the acknowledged comprehensive plan and land use regulations acknowledged prior to initiation of the UGB evaluation or amendment. The city may not apply local comprehensive plan criteria that contradict the requirements of the boundary location factors of Goal 14. The boundary location factors are not independent criteria; when the factors are applied to compare alternative boundary locations and to determine the UGB location the city must show that it considered and balanced all the factors. The criteria in this section may not be used to select lands designated for agriculture or forest use that have higher land capability or cubic foot site class, as applicable, ahead of lands that have lower capability or cubic foot site class.

Table 1 describes the siting criteria for the airport site, based on the site characteristics requirements for an airport facility. Table 1 provides information about priority 1 lands in tax lots 500 acres and larger.

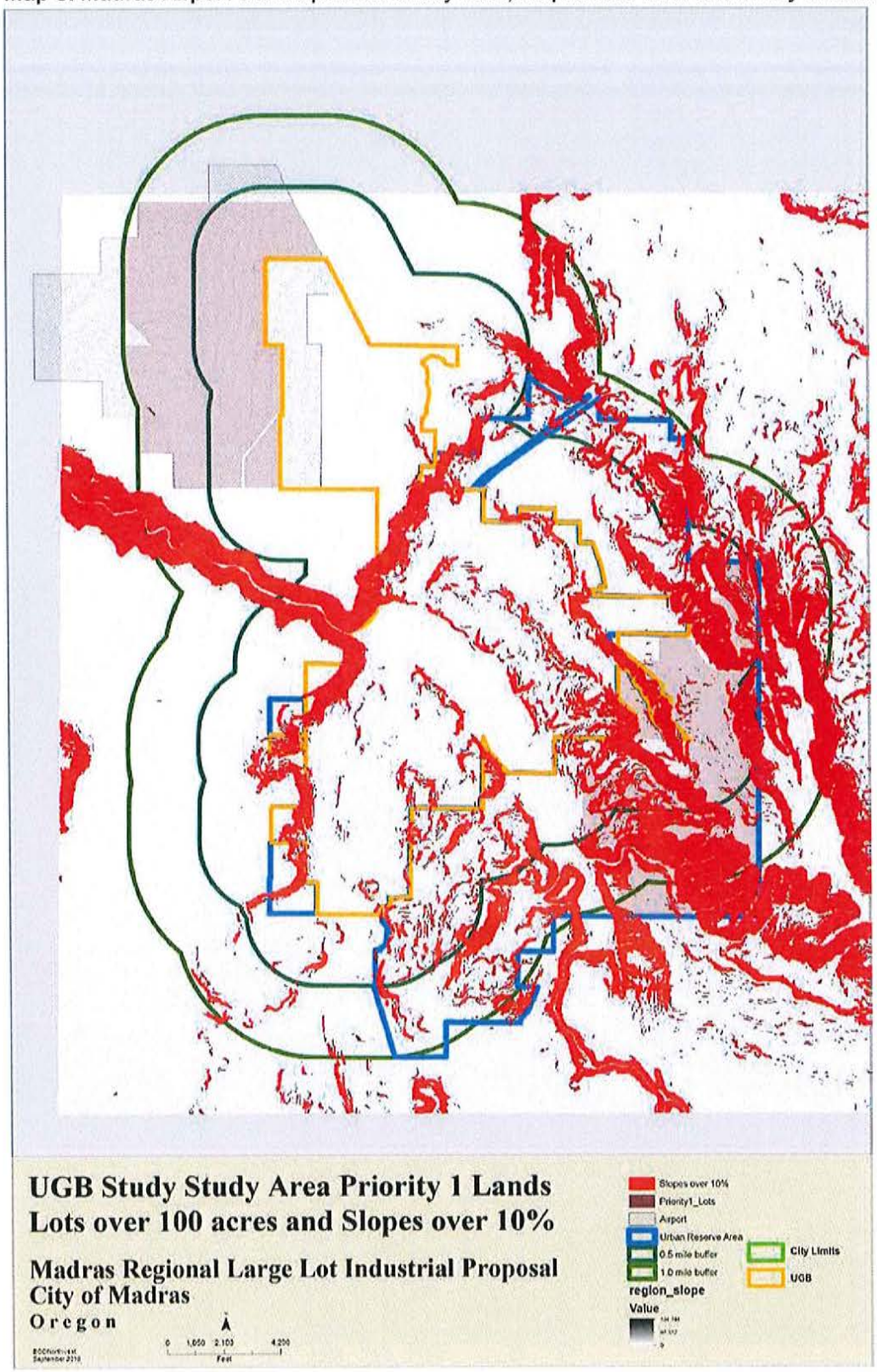
Table 1. Siting criteria and evaluation of Priority 1 Lands for an airport site

Siting Criteria	Areas in tax lots 200 acres and larger
1. **Size.** An airport will require runways between 5,000 and 10,000 feet in length. This translates to a total site size between 640 and 2,000 or more acres.	**Exceptions areas zoned for airport uses:** The total airport site is nearly 2,100 acres. The largest parcel on the site is 515 acres. **Urban reserves zoned as rangeland:** There are three tax lots in rangeland zoning over 500 acres. They include a 278-acre tax lot, a 313-acre tax lot, and a 1,009-acre tax lot.
2. **Ownership.** The airport site must be in public ownership.	**Exceptions areas zoned for airport uses:** All of the land at the Madras Airport is owned by the City of Madras. **Urban reserves zoned as rangeland:** The 302 acre tax lot is owned by the City of Madras. The 278-acre tax lot and 313-acre tax lot are owned by Morrow properties. The Morrow properties are adjacent to each other.

Siting Criteria	Areas in tax lots 200 acres and larger
3. **Topography.** The site must be relatively flat, with a slope across the site of not more than 5%. The site cannot have significant bumps or valleys, especially those that cannot be removed through grading.	**Exceptions areas zoned for airport uses:** The airport lands are relatively flat, with slopes of 0%-3%. **Urban reserves zoned as rangeland:** Considerable areas of the urban reserves are in slopes over 10%. The largest relatively flat area is on the City-owned land and is approximately 5,000 feet in length and 240 acres in area. The area has some areas with slopes over 10% that would need to be filled to meet the identified land needs.
4. **Transportation access.** The site must have unimpeded truck freight access to a state highway or other principal arterial that is designated as a freight route. The site should be located within two miles of a state highway.	**Exceptions areas zoned for airport uses:** The airport lands are within 3,000 feet from Highway 26. Access is through industrial lands. **Urban reserves zoned as rangeland:** The airport lands are within 7,500 foot distance from Highway 26. Access is through residential areas of Madras. No road network exists internal to the urban reserve lands which are significantly higher in elevation that Highway 26 through downtown Madras.
5. **Water and wastewater access.** City services should be directly accessible to the site, including sanitary sewer, and municipal water.	**Exceptions areas zoned for airport uses:** The City can provide water and wastewater services capable of serving the airport sites, as documented in Exhibit F. **Urban reserves zoned as rangeland:** The current 1996 Wastewater Master Plan does not include provisions for wastewater service west of the north-south runway at the Madras Airport. The properties proposed to be included in the UGB are not located in the City's water service district. They are served by Deschutes Valley Water Irrigation District. According to the City of Madras "Urban Reserve Area Report" (January 2008), proving water and sewer facilities to the urban reserve areas over 100 acres would cost about $3 million to $3.7 million, depending on portion of the urban reserve under consideration.

Map 4 shows slopes over 10% on priority 1 lands. The map shows that the airport does not have any significant areas with slopes exceeding 10%. In fact, according to the 2010 Madras Airport Master Plan, slopes on the 2,100-acre airport site average 0% to 3%. The slope data also show that the rangeland lots over 100 acre acres within the Madras Urban Reserve have considerable areas of slope over 10%.

Map 3. Madras Airport UGB Expansion Study Area, Slopes over 10% on Priority 1 lands



Evaluation of Urban Reserves (Rangelands)

Map 2 and Map 3 show that Madras' urban reserves zoned for rangeland uses are located to the east of the city. Map 4 shows slopes over 10% on the same areas shown on Map 3. There are three parcels in urban reserves zoned for rangelands that are larger than 500 acres, two of which are in the same ownership. The City finds that urban reserves zoned for rangeland are unsuitable to meet airport and wastewater facilities land need for the following reasons:

- The topography in the urban reserve area is very hilly. Map 4 shows that significant areas are in slopes over 10%. The largest area with slope less than 10% is about 240 acres.
- These parcels are located about 1.5 miles from a state highway. The roads connecting the sites to the state highway are local streets that run through residential areas. The local road network that gets to the sites is not suitable for freight transport or heavy truck traffic.
- No road system exists in the urban reserve areas.
- These parcels are not serviced with City water or wastewater services. Proving water and sewer facilities to the urban reserve areas over 100 acres would cost about $3 million to $3.7 million, depending on portion of the urban reserve under consideration.

Finding: The City finds that urban reserves in rangeland zoning are unsuitable to meet the airport and public facility land need.

Evaluation of Urban Reserves (Residential lands)

Map 2 shows Madras' urban reserves zoned for residential lands uses (lands in yellow). The City finds that urban reserves zoned for residential are unsuitable to meet the airport land need for the following reasons:

- The urban reserves zoned for residential uses include no parcels 100 acres or larger. There are no contiguous parcels with 100 acres or more of land in the same ownership. There are no urban reserves zoned for residential lands in parcels with a binding agreement for aggregation of the parcels for airport and wastewater facilities uses.
- The topography in the urban reserve area is hilly and is not suitable for airport operations.

Finding: The City finds that urban reserves residential zoning are unsuitable to meet the airport and public facility land need.

Evaluation of Nonresource Lands (Residential lands)

Map 2 and Map 3 show that Madras' nonresource lands are generally located to the west and to the north of the city. The City finds that nonresource lands are unsuitable to meet the airport and wastewater facilities land need for the following reasons:

- The nonresource lands within one-half mile of Madras' UGB include no parcels 500 acres or larger. There are no contiguous parcels with 100 acres or more of land in the

same ownership. There are no nonresource lands in parcels with a binding agreement for aggregation of the parcels for airport and wastewater facilities uses.

- The majority of nonresource lands are predominantly residential and already developed. They offer no opportunities for airport and wastewater facilities development

Finding: The City finds that nonresource lands are unsuitable to meet the airport and public facility land need.

Evaluation of Exceptions Lands (Airport)

Map 3 shows that Madras' has the following exceptions lands by zoning designation within one mile of the City's UGB:

- **Airport.** The Madras Airport is an exceptions area of about 2,100 acres (about 1,292 acres are in the study area) owned by the City of Madras, with 414 acres in use for public facilities of the Airport or the City of Madras Wastewater Treatment Plant. The Airport site has four tax lots larger than 100 acres within the study area, for a total of 1,129 acres. The Airport site is owned by the City of Madras and is currently developed and in airport operational use.
- **Industrial.** There is one industrial parcel in exceptions areas within one mile of the UGB. It is 40 acres in size and owned by the City of Madras.
- **Commercial.** There are six commercial parcels in exceptions areas within one mile of the UGB. They are a total of 5.6 acres in size and in private ownership.

The City finds that industrial and commercial lands are unsuitable to meet the airport land need because these lands are not 200 acres or larger. There is not enough of either type of land to aggregate a 414-acre site.

The City finds that the Airport site provides an opportunity to meet the airport site needs for the following reasons:

- The Airport is currently developed as an airport and is in use as an airport.
- The Airport has one owner, the City of Madras, who is actively planning to improve airport facilities.
- The total airport site is about 2,100 acres, with 1,292 acres inside the UGB study area, including all of the areas proposed to be included in the UGB.
- The Airport's lands are relatively flat, where slopes generally do not exceed 3%.
- The Airport is located within about 0.7 miles of Highway 26, with unimpeded truck freight access to Highway 26.
- The Airport has water and wastewater services at the Airport terminal. Those services can be extended to the large lot industrial site. (Exhibit F)

Finding: The City finds that exceptions land at the Madras Airport meets the airport land need.

Goal 14 Boundary Location Factors (factors 1-4)

Goal 14 establishes four boundary location factors that must be considered when reviewing alternative boundaries:

> *The location of the urban growth boundary and changes to the boundary shall be determined by evaluating alternative boundary locations consistent with ORS 197.298 and with consideration of the following factors:*
>
> > *(1) Efficient accommodation of identified land needs;*
> >
> > *(2) Orderly and economic provision of public facilities and services;*
> >
> > *(3) Comparative environmental, energy, economic and social consequences; and*
> >
> > *(4) Compatibility of the proposed urban uses with nearby agricultural and forest activities occurring on farm and forest land outside the UGB.*

The following sections provide a preliminary evaluation of the Priority 1 lands.

Based on the preceding analysis, Madras Airport site is the only suitable site to accommodate the propose Airport and public facility UGB expansion of approximately 414 acres. The following sections evaluate the proposed UGB expansion area against the four Goal 14 locational factors.

Goal 14 Location Factor 1: Efficient accommodation of identified land need

The proposed expansion provides the most efficient accommodation of the identified land need due to the existing uses at the Madras Airport. The Madras Airport was established in 1938 and Madras has spent considerable resources developing and improving facilities since then. The 2010 Madras Airport Master Plan identifies further improvements to the facility. Moreover, the Madras North Wastewater Treatment Plan lagoons are located on the Airport site. Moving the facilities would simply move the impact of the facilities from the existing location to a new location.

Goal 14 Location Factor 2: Orderly and economic provision of public facilities and services

The proposed expansion provides the most orderly and economic provision of public facilities and services. The City has made considerable investment in airport, water and wastewater services at the Madras Airport. The existing roads that provide access from the Airport to Highway 26 provide sufficient transportation access for the Airport facilities. Locating the Airport at another site would be costly to the City.

Goal 14 Location Factor 3: Comparative environmental, energy, economic and social consequences

Locating the airport facilities another Priority 1 site would have larger negative impacts than the proposed development at the Madras Airport. Moreover, no other Priority 1 sites are large enough or have the appropriate site characteristics to for an airport site. Slope on the other priority 1 sites is a particular problem.

Goal 14 Location Factor 4: Compatibility of the proposed urban uses with nearby agricultural and forest activities occurring on farm and forest land outside the UGB.

Including portions of the airport facilities in the UGB does not create any inherent compatibility issues with airport activities. The airport has co-existed with nearby farm uses since 1938 with no apparent conflicts.

City of Madras

The factors that the Madras Planning Commission makes its recommendations on are listed below, with the findings about each factor.

The following sections provide an evaluation of the Priority 1 lands.

Based on the preceding analysis of City of Madras criteria, Madras Airport site is the only suitable site to accommodate the propose Airport and public facility UGB expansion of approximately 414 acres.

Demonstrated need to accommodate long-range urban population growth requirements consistent with Statewide Planning Goals.

In 2015, the Population Research Center at Portland State University issues the official coordinated population forecasts for Region 1, which includes Jefferson County.[3] Based on the PSU forecasts in Table 2, Madras will grow from 7,598 persons in 2016, to 9,921 persons in 2036—an increase of 2,437. This provides a 20-year forecast to support the UGB proposal consistent with the requirements of OAR 660-024-0040(2).[4]

The City makes the following findings about the population forecast:

1. The population forecast is a coordinated forecast. The Oregon Population Forecast Program described in OAR 577-050-0050 establishes Portland State University as the

[3] http://www.pdx.edu/prc/region-1-documents

[4] OAR 660-024-0040(2) states: "If the UGB analysis or amendment is conducted as part of a periodic review work program, the 20-year planning period must commence on the date initially scheduled for completion of the appropriate work task." Because the proposed expansion is in excess of 50 acres, the City must follow the process "in the manner of periodic review" as required by OAR 660-024-0080.

official entity developing coordinated population forecasts for Oregon municipalities. Madras is relying on the official PSU forecast for this action.

2. The City intends to complete work on the UGB proposal in 2016. As such, the required planning period is 2016-2036.
3. The City constructed the airport to serve Madras residents and to facilitate commerce in the region. The development of airport facilities is based on existing population and expected population growth consistent with Goal 14 requirements.

Need for housing, employment opportunities, and livability.

The Madras Airport and Wastewater facility contribute to supporting employment opportunities and livability in Madras.

Orderly and economic provision for the public facilities and services.

Locating the airport facilities and wastewater facilities on another Priority 1 site would have larger negative impacts than the proposed development at the Madras Airport. Moreover, no other Priority 1 sites are large enough or have the appropriate site characteristics to for an airport site. Slope on the other priority 1 sites is a particular problem.

Maximum efficiency of land uses within and on the fringe of the existing urban area.

The airport and wastewater facilities are located on the Madras Airport site. The Airport site is already uses for airport operations.

Environmental, energy, economic, and social consequences.

Locating the airport and wastewater facilities on another Priority 1 site would have larger negative impacts than the proposed development at the Madras Airport. The other Priority 1 sites that are large enough to for the airport and wastewater facilities are to the east of the City and would require development of roads capable of accommodating truck freight to provide connections to a State highway. Development of these roads would have greater negative environmental, economic, and energy consequences than the Madras Airport site.

Retention of agricultural land as defined, with Class I being the highest priority for retention and Class VI the lowest priority.

The airport and wastewater facilities are located on the Madras Airport site, which is an exceptions area. The airport and wastewater facilities will not be developed on agricultural lands, which will protect other Priority 1 agricultural lands, such as the rangelands to the east of Madras.

Compatibility of the proposed urban uses with nearby agricultural activities.

Including portions of the airport facilities and the wastewater facilities in the UGB does not create any inherent compatibility issues with airport activities. The airport has co-existed with nearby farm uses since 1938 with no apparent conflicts.

Jefferson County Comprehensive Plan

This section reviews the proposed UGB expansion against Jefferson County criteria for legislative amendments from the Jefferson County Comprehensive Plan.

Comply with applicable Statewide Planning Goals, Oregon Revised Statutes and Administrative Rules, or comply with requirements for an exception to the goal(s)

Finding: Satisfied. The analysis complies with Goal 1, Goal 2, Goal 14, and OAR 660-024, as demonstrated in the prior sections of this analysis.

Comply with all applicable Comprehensive Plan goals and policies

Finding: Satisfied. The analysis complies Jefferson County's requirements to Comprehensive Plan Amendments.

Jefferson County Zoning Ordinance (803.2 Map Amendments)

This section reviews the proposed UGB expansion against Jefferson County criteria for changes to the zoning map.

A. The zoning designation will conform to the Comprehensive Plan Map designation;

Finding: Satisfied. The action involves the 414 acres of land at the Madras Airport, shown in red shading in Map 1. The Jefferson County Comprehensive Plan Map designation for the Madras Airport is Urban and Urbanizable Land. On completion of the UGB expansion process, the airport and public facilities will be annexed into the City of Madras and remain in the Airport Operations zone, as part of a future action.

B. The amendment is consistent with other Zoning Ordinance requirements including, but not limited to, wildlife habitat, bird habitat and riparian protection standards;

Finding: Satisfied. The airport and public facilities are part of the Madras Airport site, which has existing airport-related uses. The property does not have any significant wetlands, waterways, wildlife habitat areas, or other areas of biological significance. On completion of the UGB expansion process, the airport and public facilities will be annexed into the City of Madras (as part of a future action) and remain in the Airport Operations zone. The property will meet City of Madras zoning and Comprehensive Plan requirements.

C. The amendment will cause no significant adverse impact to other properties in the vicinity due to factors such as water quality, drainage, air quality or noise;

Finding: Satisfied. The airport and public facilities are part of the Madras Airport site. The amendment will cause no significant adverse impacts to properties in the vicinity, which area also part of the Madras Airport. The Madras Airport is connected with City water and wastewater services. Exhibit F documents the City's capacity to serve the large lot industrial parcel with water and wastewater service. The level of noise from Airport operations will not change as result of this proposal.

D. The amendment will not force a significant change in or significantly increase the cost of farming or forest practices on surrounding resource land;

Finding: Satisfied. The airport and public facilities are part of the Madras Airport site. The amendment and inclusion of the property into the City's UGB will no increase the cost of farming practices on surrounding lands. Inclusion of the parcel into the UGB will need the need for a regional large lot industrial site. The surrounding farm practices will not be significantly impacted.

E. Adequate public safety, fire protection, sanitation, water and utility facilities and services are available or will be provided to serve uses allowed in the proposed zone;

Finding: Satisfied. Exhibit F documents the City's capacity to serve the airport and public facilities are part with water and wastewater service. The City of Madras will provide public safety and fire protection services to the Madras Airport.

F. The uses allowed in the proposed zone will not significantly affect a transportation facility identified in an adopted Transportation System Plan by:

1. Changing the functional classification of an existing or planned transportation facility;

2. Allowing types or levels of land uses which would result in levels of travel or access which are inconsistent with the functional classification of a transportation facility; or

3. Reducing the performance standards of the facility below the minimum acceptable level identified in the Transportation System Plan (LOS C).

   A Traffic Impact Study in accordance with Section 421 may be required to show compliance with this standard.

Finding: Satisfied. The existing roads that provide access from the Airport to Highway 26 provide sufficient transportation access for the Airport. Bringing the airport and public facilities into the UGB will not impact transportation facilities because the activities at the airport and public facilities will not change as a result of proposed action.

ATTACHMENT B

Exhibit C

KITTELSON & ASSOCIATES, INC.
TRANSPORTATION ENGINEERING / PLANNING
354 SW Upper Terrace Drive, Suite 101, Bend, Oregon 97702 P 541.312.8300 F 541.312.4585

MEMORANDUM

Date: September 12, 2016 Project #: 19331

To: Nicholas Snead, City of Madras
Cc: Beth Goodman, ECONorthwest
From: Matt Kittelson, PE
Project: Madras Urban Growth Boundary Expansion
Subject: Transportation Planning Rule Analysis

The City of Madras is proposing to expand its Urban Growth Boundary (UGB) by 195 acres to accommodate land that would be designated as a Regional Large Lot Industrial Site and future expansion areas. An additional 414 acres that is currently developed as either Madras public facilities or the nearby airport is also part of the proposed UGB expansion. This memorandum documents the potential transportation impacts of these actions is relation to OAR 660-012-0060 Section 11.

BACKGROUND

The proposed UGB expansion would occur near the existing Airport Industrial site west of US 26 in the vicinity of Cherry Lane. The expansion would include 87 acres for the planned development of the Daimler Trucks North America test site and 108 acres that would consist of a 92 acre parcel and 16 acre parcel that would allow for possible future expansion of that facility. This 108 is not expected to be part of a development application in the short-term and would be reserved for future tracks (not operation centers) as needed. In total, 195 acres of potential large lot industrial land is part of this application.

This proposed expansion would build towards the identified large lot industrial needs identified in the Central Oregon Large Lot Industrial Land Needs Analysis. Specifically, this proposal would accommodate the need for one of the two 100-200 acres sites recommendation within Central Oregon as part of that study.

An additional 414 acres is also part of the proposed UGB expansion. This land is currently developed by either Madras public facilities or the Madras Airport. No additional development is proposed as part of this application. The purpose of brining this land into the UGB is to maintain City of Madras facilities within city limits and to provide continuous land connections to the proposed UGB expansion areas.

A site layout showing the location of the 87 acre parcel, 16 acre parcel, and 92 acre parcel is included in Appendix A. These lands are shown in green highlights. The 414 acres are also shown and highlighted in red.

SITE DISCUSSION

The purpose of large lot industrial sites is to provide an adequate sized parcel to accommodate the needs of a corresponding use. In this instance, Daimler requires a large parcel to construct a truck test track where Daimler will be able to drive their vehicles. This test track is expected to comprise the majority of the 87 acres that are part of the initial development application and all of the future 108 acre expansion. Remaining space on the site will be used for vehicle storage and site operations. Because of this layout and use, the site is not expected to generate a large number of trips. Rather, the overall trip generation for the site is expected to be quite low relative to the overall parcel size.

The low trip generation expected is confirmed by 30 full time equivalent employees expected to be employed on site. In addition, the City of Madras assumes the site will generate 32 p.m. peak hour trips based on transportation system development charge calculations.

As noted, the 414 acres designated for public facilities are currently developed and are not expected to generate additional trips as a result of this application.

INDUSTRIAL READINESS PLAN

The site is located within the Madras Airport and near a key industrial area of Madras that is located generally west of US 26 and north of Depot Road. This area is the subject of an ongoing planning effort that is identifying the necessary infrastructure improvements (including transportation, waters, wastewater, stormwater, and other utility services) necessary to support continued industrial development.

The Daimler site will utilize the transportation infrastructure being planned as part of the Industrial Readiness Plan, including highway access points. Because of the low level of trip generation expected from the Daimler site, no additional transportation planning beyond the Industrial Readiness Plan is expected to be necessary.

TRANSPORTATION PLANNING RULE

The transportation evaluation required to support this analysis is defined the OAR 660-012-0060 Section 11. This OAR is known as the Transportation Planning Rule (TPR). Section 11 was incorporated into the TPR to allow for economic development without mitigating the full effect on traffic if specific criteria are met. The Daimler application meets these requirements. Specifically:

- The application is within a city with a population less than 10,000 (Madras has a population of about 6,500) and outside a Metropolitan Planning Organization.
- The application would result in land for "Prime Industrial Land" as refined in OAR 660-009-005.
- The application is outside the Willamette Valley as defined by ORS 215.010

Because these criteria are met, a local government may accept partial mitigation of the effects on traffic of an application if it is determined that the benefits outweigh the potential impacts on the transportation system. This is generally referred to as the "on balance" test.

In this instance, the effects on the transportation system are expected to be very low due to the low number of trips expected from the site. In addition, transportation improvements are being planned as part of the ongoing Industrial Readiness Plan that will benefit the site.

The economic benefits of the site are expected to be high given that the application would partially meet the identified need for regional large lot industrial sites in Central Oregon.

The text of Section 11 of the TPR is included in Appendix B for reference.

SUMMARY OF FINDINGS

Below is a summary of key findings from our evaluation:

- The Daimler Truck site would consist of 87 acres and construct a truck test track within the Madras Airport area. 105 additional acres would be reserved for expansion of the test track facility.
- The 195 total acres partially meet the identified needs for regional large lot industrial sites as documented by the 2012 Central Oregon Large Lot Industrial Need Analysis.
- Since most of the site would be dedicated to truck testing operations, the overall trip generation of the site is expected to be low relative to the overall site size. This number of trips was assessed at 32 p.m. peak hour trips based on City of Madras transportation system development charge calculations.
- The site would be served by the transportation improvements being planned as part of the ongoing Industrial Readiness Plan.

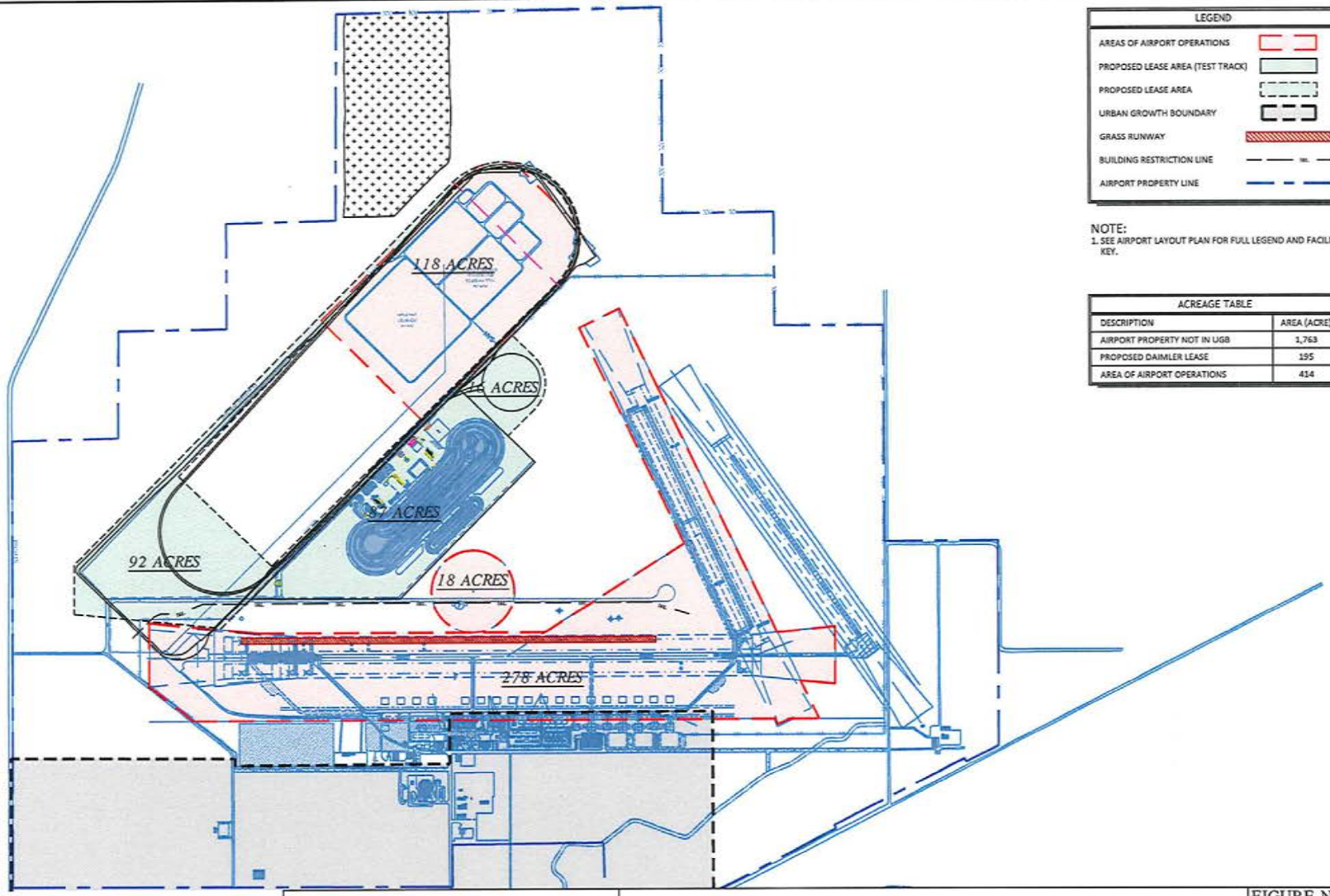
- Criteria for the application of Section 11 of the TPR are met by the site.
- The "on balance" test is met by this site in that the economic benefits of the site are high and the potential transportation impacts are low.
- 414 acres that is currently developed by Madras public facilities or the Madras airport would also be brought into the UGB as part of this application. No current or future development is proposed or expected.

Please let us know if you questions or comments on the content of this memorandum. We can be reached at 541-312-8300.

ATTACHMENT B

Appendix A
Site Layout

ATTACHMENT B



LEGEND	
AREAS OF AIRPORT OPERATIONS	
PROPOSED LEASE AREA (TEST TRACK)	
PROPOSED LEASE AREA	
URBAN GROWTH BOUNDARY	
GRASS RUNWAY	
BUILDING RESTRICTION LINE	
AIRPORT PROPERTY LINE	

NOTE:
1. SEE AIRPORT LAYOUT PLAN FOR FULL LEGEND AND FACILITY KEY.

ACREAGE TABLE	
DESCRIPTION	AREA (ACRE)
AIRPORT PROPERTY NOT IN UGB	1,763
PROPOSED DAIMLER LEASE	195
AREA OF AIRPORT OPERATIONS	414

N

0 600 1200
SCALE: 1"= 600'

CENTURY WEST
ENGINEERING CORPORATION

Madras Municipal Airport
Areas Of Airport Operations

FIGURE NO.
2-3

ATTACHMENT B

Appendix B
TPR Section 11

(11) A local government may approve an amendment with partial mitigation as provided in section (2) of this rule if the amendment complies with subsection (a) of this section, the amendment meets the balancing test in subsection (b) of this section, and the local government coordinates as provided in subsection (c) of this section.

(a) The amendment must meet paragraphs (A) and (B) of this subsection or meet paragraph (D) of this subsection.

(A) Create direct benefits in terms of industrial or traded-sector jobs created or retained by limiting uses to industrial or traded-sector industries.

(B) Not allow retail uses, except limited retail incidental to industrial or traded sector development, not to exceed five percent of the net developable area.

(C) For the purpose of this section:

(i) "Industrial" means employment activities generating income from the production, handling or distribution of goods including, but not limited to, manufacturing, assembly, fabrication, processing, storage, logistics, warehousing, importation, distribution and transshipment and research and development.

(ii) "Traded-sector" means industries in which member firms sell their goods or services into markets for which national or international competition exists.

(D) Notwithstanding paragraphs (A) and (B) of this subsection, an amendment complies with subsection (a) if all of the following conditions are met:

(i) The amendment is within a city with a population less than 10,000 and outside of a Metropolitan Planning Organization.

(ii) The amendment would provide land for "Other Employment Use" or "Prime Industrial Land" as those terms are defined in OAR 660-009-0005.

(iii) The amendment is located outside of the Willamette Valley as defined in ORS 215.010.

(E) The provisions of paragraph (D) of this subsection are repealed on January 1, 2017.

(b) A local government may accept partial mitigation only if the local government determines that the benefits outweigh the negative effects on local transportation facilities and the local government receives from the provider of any transportation facility that would be significantly affected written concurrence that the benefits outweigh the negative effects on their transportation facilities. If the amendment significantly affects a state highway, then ODOT must coordinate with the Oregon Business Development Department regarding the economic and job creation benefits of the proposed amendment as defined in subsection (a) of this section. The requirement to obtain concurrence from

a provider is satisfied if the local government provides notice as required by subsection (c) of this section and the provider does not respond in writing (either concurring or non-concurring) within forty-five days.

(c) A local government that proposes to use this section must coordinate with Oregon Business Development Department, Department of Land Conservation and Development, area commission on transportation, metropolitan planning organization, and transportation providers and local governments directly impacted by the proposal to allow opportunities for comments on whether the proposed amendment meets the definition of economic development, how it would affect transportation facilities and the adequacy of proposed mitigation. Informal consultation is encouraged throughout the process starting with pre-application meetings. Coordination has the meaning given in ORS 197.015 and Goal 2 and must include notice at least 45 days before the first evidentiary hearing. Notice must include the following:

(A) Proposed amendment.

(B) Proposed mitigating actions from section (2) of this rule.

(C) Analysis and projections of the extent to which the proposed amendment in combination with proposed mitigating actions would fall short of being consistent with the function, capacity, and performance standards of transportation facilities.

(D) Findings showing how the proposed amendment meets the requirements of subsection (a) of this section.

(E) Findings showing that the benefits of the proposed amendment outweigh the negative effects on transportation facilities

ATTACHMENT B EXHIBIT F

THE CITY OF MADRAS

EST. 1910

MEMO

TO: Nick Snead, Community Development Director
CC: Jeff Hurd, Director of Public Works
FROM: Wen Jou, City Engineer
DATE: September 3, 2015
SUBJECT: Large Lot Industrial
Water and Sewer Availability Preliminary Analysis

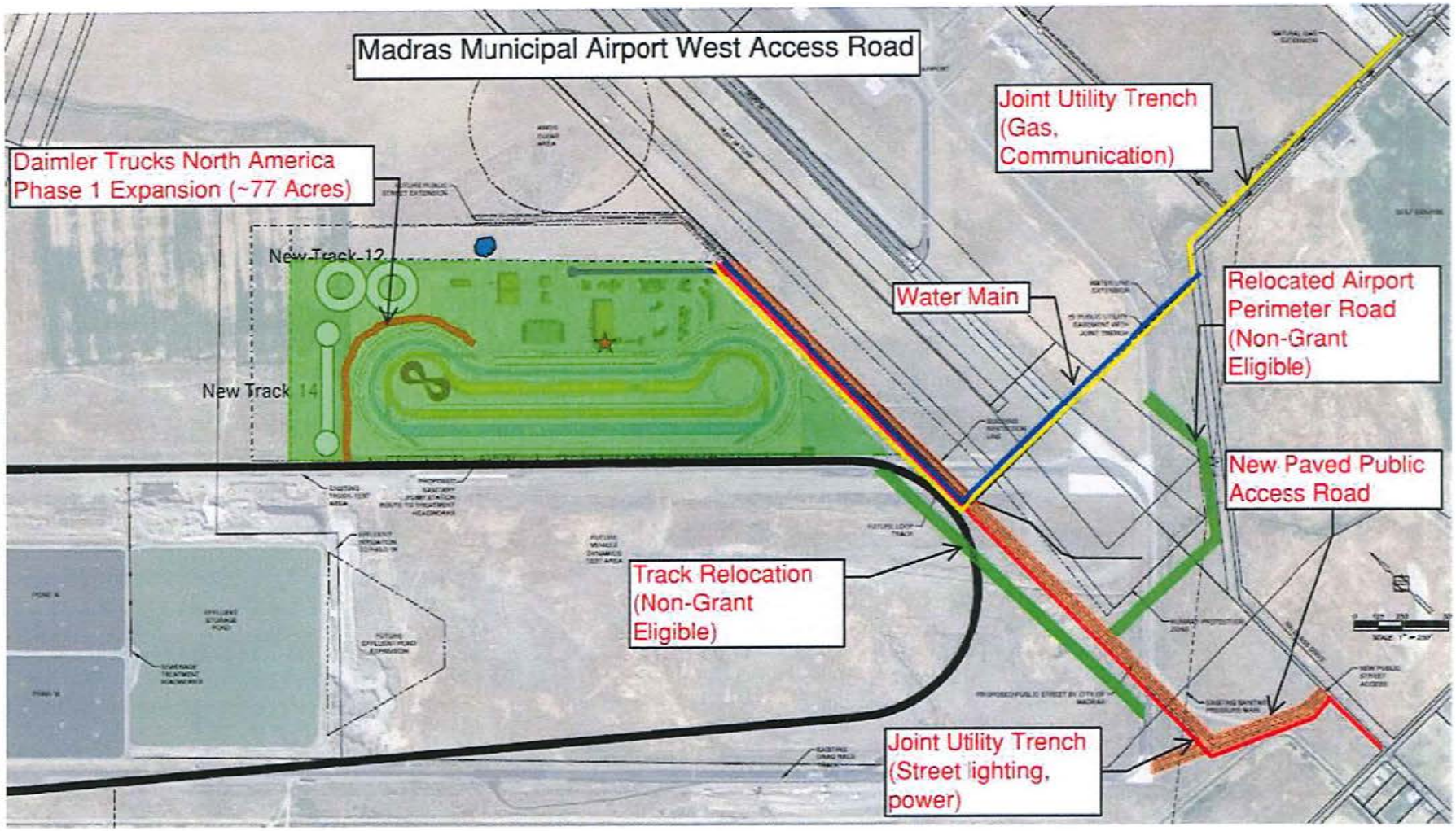
In response to your request to review the capacity of the existing water and sewer systems and their ability to serve a potential large lot industrial parcel, I have prepared the following preliminary analysis.

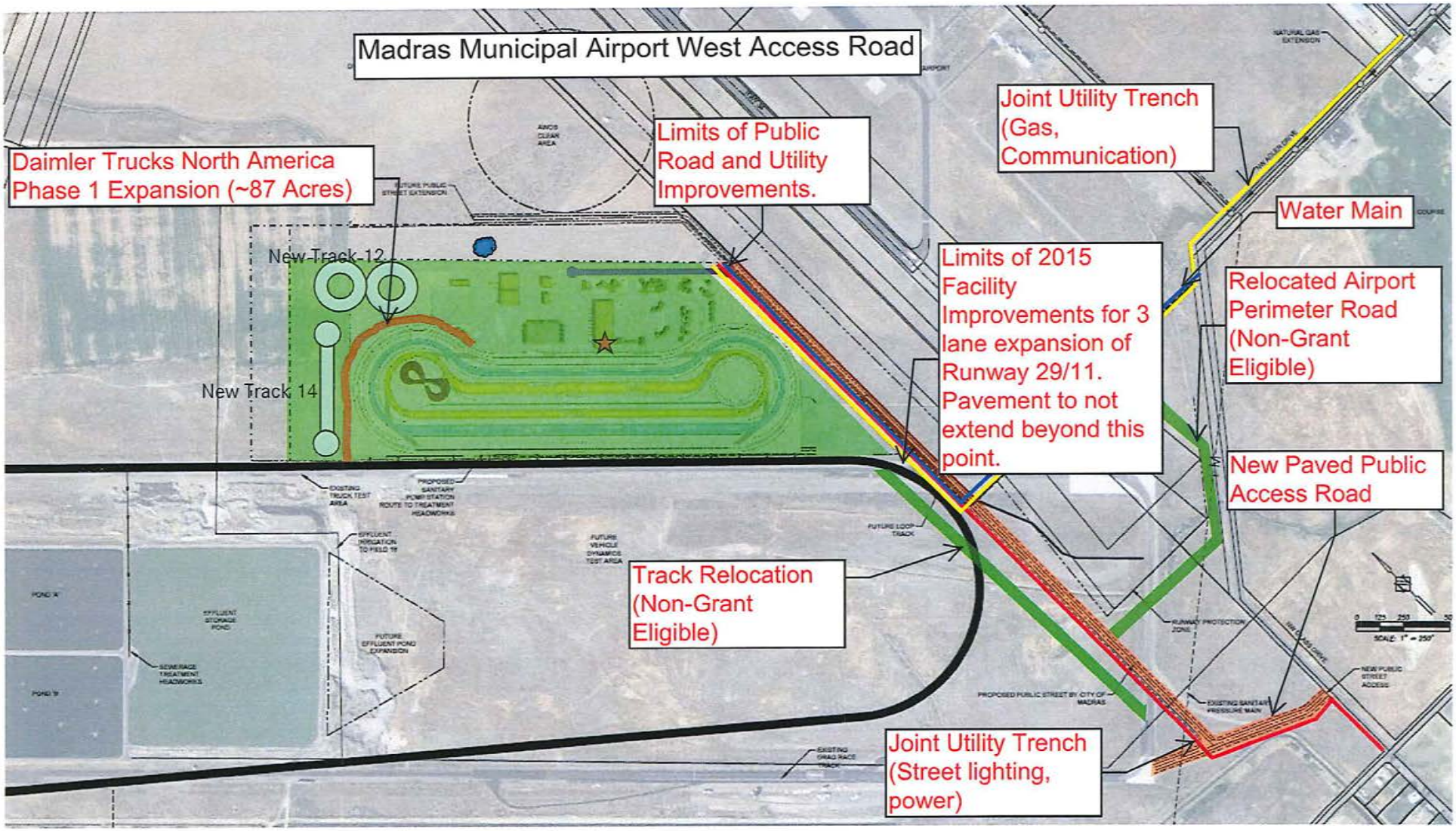
Water: Deschutes Valley Water District (DVWD) provides water to the Madras Airport industrial area. The existing 8-inch diameter waterline along Glass Drive is closest to the proposed development. This line, approximately 1,850 feet east of the south corner of the parcel, is part of the 8-inch and 14-inch looped water distribution mains serving the airport industrial area. A recent hydrant flow test conducted by DVWD in November 2014 on the hydrant at the intersection of Glass Drive and Birch Lane indicates a potential system capacity of 1,442 gpm at 85 psi residual pressure with a static pressure being 130 psi. Preliminary analysis concludes that the existing water system with a property sized water main extension as shown on the attached sketch should be capable of serving the parcel.

Sewer: This parcel is intended to be served by the existing North Wastewater Treatment Plant which is located on City property outside of the Urban Growth Boundary. The property can be served by an on-site wastewater pump station with a pressure service line discharging into the existing treatment plant headworks which is approximately 1,250 feet from the northwest corner of the parcel. The estimated wastewater flow from the proposed development would be approximately 525 gallons per day. The North Wastewater Treatment Plant has a capacity of 0.5 million gallons per day and is operating at 50% capacity. Preliminary analysis concludes the plant has sufficient capacity to serve the proposed development.

ATTACHMENT B

EXHIBIT F




Madras Municipal Airport West Access Road
Daimler Trucks North America Phase 1 Expansion (~87 Acres)
Limits of Public Road and Utility Improvements.
Joint Utility Trench (Gas, Communication)
Water Main
New Track 12
New Track 14
Limits of 2015 Facility Improvements for 3 lane expansion of Runway 29/11. Pavement to not extend beyond this point.
Relocated Airport Perimeter Road (Non-Grant Eligible)
New Paved Public Access Road
Track Relocation (Non-Grant Eligible)
Joint Utility Trench (Street lighting, power)

ATTACHMENT C

Findings for a Regional Large Lot Industrial Boundary Amendment in Madras

November 2016

Prepared for:

City of Madras and Jefferson County

***DRAFT* REPORT**

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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ECONorthwest prepared this report for the City of Madras. ECONorthwest and the City of Madras developed the Findings for a Regional Large Lot Industrial Boundary Amendment in Madras.

City of Madras

Nicholas Snead, Community Development Director

Consulting Staff

Beth Goodman, Project manager, ECONorthwest
Bob Parker, Project Director, ECONorthwest

For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com. For more information about this report, please contact:

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Table of Contents

1.	INTRODUCTION	1
1.1	NATURE OF THE PROPOSAL	3
1.2	RATIONALE FOR THE PROPOSAL	4
1.3	SUMMARY OF PROPOSED ACTION	5
2.	AUTHORITY AND CRITERIA	8
2.1	STATE CRITERIA	8
2.2	LOCAL CRITERIA	19
3.	SUMMARY OF EVIDENCE	22
4.	PROCEDURE	24
5.	FINDINGS	26
5.1	GOAL 1: CITIZEN INVOLVEMENT	26
5.2	GOAL 2: LAND USE	27
5.3	GOAL 14: URBANIZATION	27
EXHIBITS		45

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1. Introduction

The City of Madras is proposing an Urban Growth Boundary (UGB) amendment and subsequent annexation for a large-lot industrial site and to bring public facilities at the Airport for the purposes of developing a vehicle test facility operated by Daimler Corporation. The City proposes the UGB amendment for two reasons:

(1) to provide a large-lot industrial site for employment development, consistent with the findings of the *Central Oregon Large Lot Industrial Land Needs Analysis* (November 20, 2012) and OAR 660-024-0045; and

(2) to bring Airport and public wastewater facilities into the UGB to give the City more direct control of management of the City's airport and public wastewater facilities.

This findings document only addresses the Regional Large Lot Industrial portion of the proposal. The airport expansion is being reviewed as a separate land use action and will have set of findings specific to that action.

Under the Oregon land use system, the justification for a UGB amendment is a two-step process: (1) demonstrate land need; and (2) analyze alternative boundary locations. Local governments must address both parts in the UGB application and associated findings. Moreover, the City must address applicable City and County criteria. The findings in this report address all of these requirements.

The proposal includes an amendment to the *Madras Comprehensive Plan* Map and the Jefferson County *Comprehensive Plan* Map, which amends the Madras UGB, expanding it by approximately 195 acres. The proposed boundary expansion includes lands that will host a truck testing facility for Daimler Trucks North America (Daimler). The facility will be a vehicle proving grounds for testing commercial trucks ranging from delivery trucks to dump trucks to tractor trailers (e.g., 18-wheelers). Once the facility is built, truck testing will occur in two shifts per day, six days per week. The vehicle proving grounds will include the following facilities:

- **Campus** that includes office space, shop space, a truck wash, ballasting building with truck scales (to load the trucks with weight for testing), outdoor truck testing event area, storage yard for truck parts, and other facilities needed to support testing of the trucks. The campus must include enough room to maneuver the trucks through the shop and other facilities in the campus area.
- **Durability test track** that is one mile long with features such as bumps and cobbles to test the durability of the trucks.
- **Vehicle dynamics area** to test the handling, steering, acceleration, stopping, active and passive safety systems, and truck systems. The vehicle dynamics area will include a circle for driving the trucks and acceleration lanes. The circle will have a radius of 150 feet, with room for future expansion to a 350 feet radius circle.
- **Three-mile-long high-speed test track** to test drive the trucks.

This amendment was initiated by the Madras Planning Commission. The large lot is justified under the Regional Large Lot Industrial (RLLI) rule (OAR 660-024-0045) which involves a multi-step process that requires review by Central Oregon Intergovernmental Council (COIC), both city and county hearings and approval, as well as acknowledgement by the state.

This findings document justifies the City's action in two ways: (1) applicable Goal 14 need/boundary location analysis standards; and (2) compliance with the Regional Large Lot Industrial program as outlined in OAR 600-024-0045.

The findings in this Report address the relevant legal standards in State statutes, goals and administrative rules that are applicable to Madras' UGB proposal for a Regional Large Lot Industrial expansion (UGB proposal). The format of the findings uses *italics* to present the pertinent text of the statutes, goals and rules followed by findings in normal text. Many of the provisions in the statutes, goals and rules are very similar, so the findings may cross-reference other findings to minimize duplication.

1.1 Nature of the Proposal

The City of Madras seeks to designate the Daimler Heavy Truck Testing Facility as a Region Large Lot Industrial Site. Daimler Trucks North America (Daimler) has tested trucks at the Madras Airport since the 1970s. Over the years the amount of testing conducted at the Madras Airport has grown. Daimler has closed their truck testing facility in Indiana and will construct a new facility in Madras. The Heavy Truck Testing Facility will support Daimler's management and engineering efforts in Portland on Swan Island.

Daimler needs a large lot industrial site for the Heavy Truck Testing Facility. Daimler needs a 195-acre site to accommodate the facility and development will occur in phases. The proposed UGB expansion would occur near the existing Airport Industrial site west of US 26 in the vicinity of Cherry Lane. The expansion would include 87 acres for the planned development of the Daimler Trucks North America test site and 108 acres that would consist of a 92-acre parcel and 16-acre parcel that would allow for possible future expansion of that facility. The City of Madras has recently executed a lease with Daimler to lease 87 acres of City property at the Madras Airport to for the first phase of development of the Heavy Truck Testing Facility (Exhibit A).

The City of Madras proposes to designate 195 acres of land at the Madras Airport as a Regional Large Lot Industrial site for use as the Daimler truck testing facility. This is consistent with Figure 29 (pg. 60) of the *Central Oregon Large Lot Industrial Needs Analysis* which identifies that in the short-term, two (2) 100-200 acre sites may be designated within the participating cities.

Additional details regarding the application include:

A. Land that is included in a Regional Large Lot Industrial boundary amendment will be annexed as part of a future action.

B. The City will develop a regional large-lot industrial zone or overlay zone to protect and maintain the site for regional large lot purposes, consistent with the requirements in OAR 660-024-0045(9).

C. The City has determined that it is feasible to extend sewer and water to the proposed site (Exhibit F).

D. The City has satisfied the Transportation Planning Rule Analysis related to Partial Mitigation Options (Exhibit I)

1.2 Rationale for the Proposal

The City's rationale for this application is as follows:

1. Expansion of the UGB to include the site with the Daimler Heavy Truck Testing Facility into the UGB will support Madras' vision for economic development of promoting family wage job growth and supporting expansion of existing businesses. Madras' economic development goals include seeking opportunity for economic expansion in the transportation testing industry, as documented in the Madras Economic Opportunities Analysis (EOA). The City's goals for economic development include diversifying Madras' economic base and supporting economic development through pursing designation of a regional large lot industrial site. The City adopted the EOA on DATE through Ordinance #.

2. Expansion of the UGB to include the site will support Daimler's development of the Heavy Truck Testing Facility. Daimler's development of the site will result in investment of over $18 million to develop the new truck durability testing facility. Development of the Facility will result in creation of about 30 new full-time equivalent jobs in operations of the Heavy Truck Testing Facility and increase the City's tax base through Daimler's investment.

3. Expansion of the UGB to include the site will simplify provision of services and development permitting for development of the Heavy Truck Testing Facility. Currently, the site is owned by the City but within Jefferson County. The City would like to extend water and wastewater services to support development of the Heavy Truck Testing Facility. These improvements are not possible if the lands are not within the UGB, without an exception to Goal 11. The County provides development permitting for the site. Bringing the site into the UGB will simplify the development process and allow for extension of water and wastewater infrastructure, which is important as Daimler continues development of the Heavy Truck Testing Facility.

1.3 Summary of Proposed Action

This application includes an amendment to the City of Madras Urban Growth Boundary and city limits. As shown in Table 1 and Map 1, the City of Madras is proposing to designate a 195 acre Regional Large Lot Industrial Site at the Madras Airport. Table 1 below describes the proposed site in greater detail. The City proposes to designate 195 acres of land that it owns as a Regional Large Lot Industrial site. Daimler's Phase I development encompasses 87 acres. An additional 108 acres is needed to accommodate Daimler's additional development interests.

Table 1. Site Description

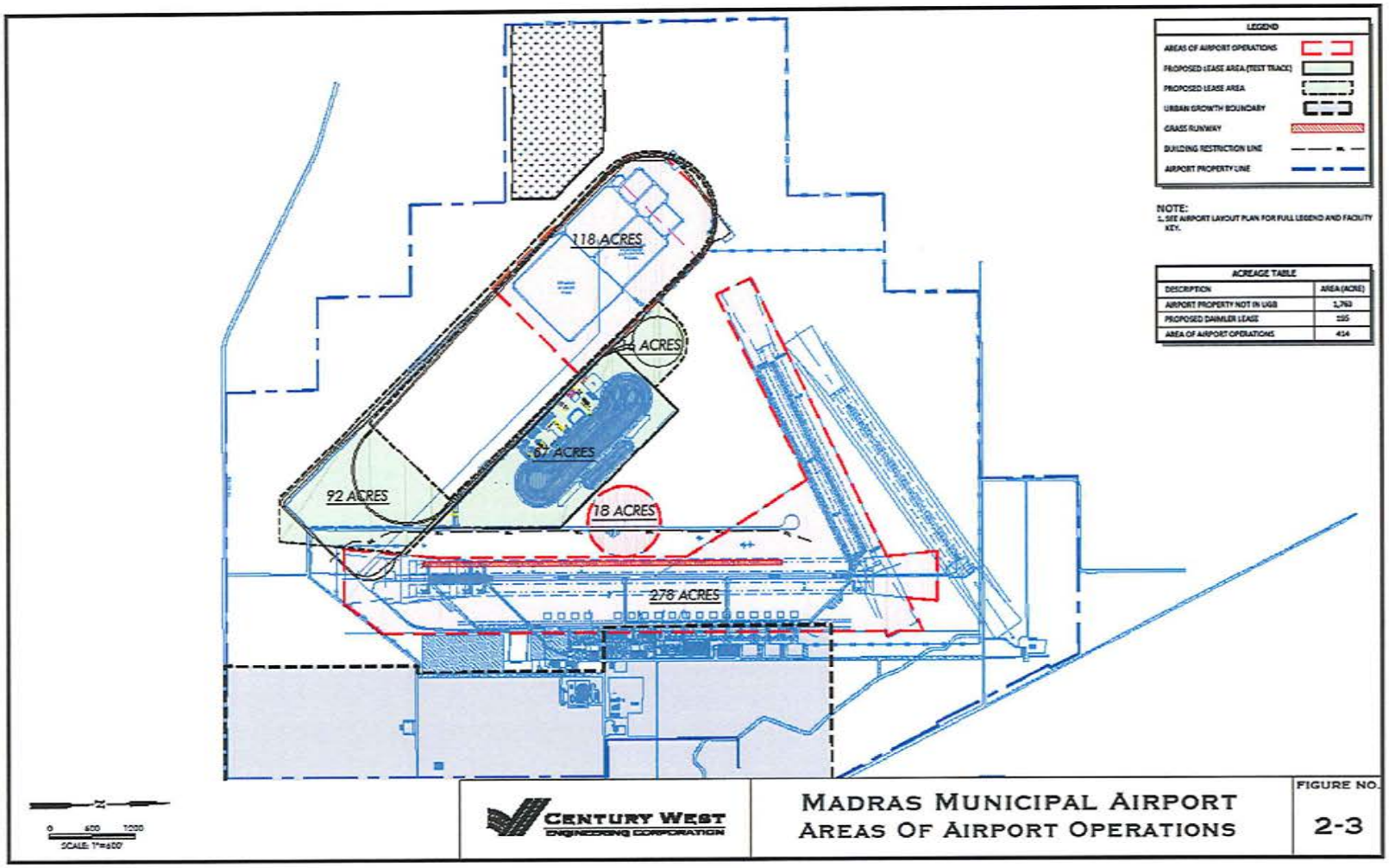
Site Characteristic	Description
Site Acreage	~199 acres
Site Dimensions, Slope, Unique Features	• The Heavy Truck Durability Testing Facility is approx. 3,732 feet by 1,344 feet (87 acres). • The Vehicle Dynamics Area (VDA) is approx. 1,620 feet by 4,062 (112 acres). • Total site area = 199 • The site has gentle slopes (>5%). • Unique Site Features: o Adjacent to City of Madras North Wastewater Treatment Plan o Adjacent to Turf Runway and Runway 16-34 o Drainage ditches o Delineated wetlands*
Current Development Status	Undeveloped with native grass and plants
Current Zoning	Airport Development (Jefferson Co. Zoning Map)
Current Ownership	Property entirely owned by the City of Madras
Location of Site in Relation to Existing UGB	• The site is approximately 1,620 feet. • The property located between the existing UGB and the eastern side of the proposed Regional Large Lot Industrial site has development restrictions and is used for aircraft operations as specified by the City's Airport Master Plan (2010). • The Madras Airport is currently zoned Airport Management (AM) on the Jefferson Co. Zoning Map. • While formally designating the Regional Large Lot Industrial site, the City will also rezone the property located between the existing UGB and the eastern side of the Regional Large Lot Industrial site as Open Space/Public Facility on the City's Zoning Map based on the provisions of the City's 2010 Airport Master Plan.

*Phase I development has received approval from the Oregon Department of State Lands.

Note: Further analysis of slope on the site shows that slopes on the site are less than 5%.

Map 1 shows the proposed area for the large lot UGB expansion at the Madras Airport.

Map 1. Proposed areas for Large Lot UGB expansion, Madras Airport



Source: City of Madras

The subject site is zoned Airport Management (AM) under Section 313 of the Jefferson County Development Code. According to Section 313.1 of the Jefferson County Development Code "The purpose of the Airport Management (AM) zone is to encourage and support continued operation and vitality of airports in the county by allowing uses that are compatible with aviation activities. The AM zone implements ORS 836.600 through 836.630, OAR 660-013 and Statewide Planning Goal 12."

The AM zone has been granted an exception to Goals 3 and 4 – it is not a resource zone. Thus, the proposal does not require a goal exception. Moreover, OAR 660-024-0020(1)(a) states "the exceptions process in Goal 2 and OAR chapter 660, division 4, is not applicable unless a local government chooses to take an exception to a particular goal requirement."

2. Authority and Criteria

The authority, review procedures, and locally adopted criteria for the amendments are provided in the *Madras Comprehensive Plan* and *Jefferson County Comprehensive Plan* as specified below. Criteria for the amendments are also provided in applicable state law. Those criteria are addressed together with the local criteria, which are similar to applicable state law, in Section 5 of this application.

2.1 State Criteria

State law that governs the locational analysis and needs for the UGB amendment include the following:

- Statewide Planning Goal 14 (OAR 660-015-0000(14)
- Goal 14 Administrative Rule (OAR 660 Division 24)

Statewide planning Goal 14 (Urbanization) requires that urban growth boundary amendments be a cooperative process:

> *"Establishment and change of urban growth boundaries shall be a cooperative process among cities, counties and, where applicable, regional governments. An urban growth boundary and amendments to the boundary shall be adopted by all cities within the boundary and by the county or counties within which the boundary is located, consistent with intergovernmental agreements…"*

Goal 14: Urbanization

Goal 14 is implemented through the Goal 14 Administrative Rule in OAR 660 Division 24. OAR 660-024 includes provisions for cities in Central Oregon, which includes Jefferson County, to designate land to meet a Regional Large Lot Industrial land need, in OAR 660-024-0045. Based on the provisions of OAR 660-024-0045, the unmet need for large lot industrial sites was identified in the *Central Oregon Large Lot Industrial Land Need Analysis* (November 20, 2012).

OAR 660-024-0045 gives participating cities in Central Oregon an alternative means of establishing the need for Regional Large Lot Industrial sites. Madras is a participating city in the Regional Large Lot Industrial land need based on the provisions of OAR 660-024-0045, as demonstrated in Section V and in the Intergovernmental Agreement for the Large Long Industrial Lands Program in Central Oregon (Exhibit C). The specific requirements of OAR 660-024-0045 are presented below.

While the Regional EOA established need, the City must still conduct an alternatives analysis. OAR 660-024-0065 requires the City establish a study area to evaluate land for inclusion in the UGB and OAR 660-024-0067 to evaluate the priority of land in the study area for inclusion in the UGB. The requirements for each are presented below.

Regional Large Lot Industrial Land – OAR 660-024-0045

(1) Local governments in Crook, Deschutes or Jefferson Counties may determine a need for large lot industrial land in the region and provide sites to meet that need in accordance with this rule.

(2) In addition to the definitions in OAR 660-024-0010, the following definitions apply to this rule:

(a) "Analysis" means the document that determines the Regional Large Lot Industrial land need within Crook, Deschutes, or Jefferson County that is not met by the participating local governments' comprehensive plans at the time the analysis is adopted. The analysis shall also identify necessary site characteristics of needed land.

(b) "COIC" means the Central Oregon Intergovernmental Council.

(c) "Intergovernmental Agreement (IGA)" means the document adopted by the three counties and any participating city to implement the provisions of the analysis.

(d) "Participating city" means a city within Crook, Deschutes, or Jefferson County that has adopted the analysis and entered into the intergovernmental agreement to implement the provisions of the analysis.

(e) "Participating local government" means Crook, Deschutes, and Jefferson Counties, and participating cities.

(f) "Regional large lot industrial land need" means the need for a specific type of 20-year employment land need, as described in OAR 660-024-0040(1) and (5), that is determined based upon the analysis.

(g) "Site" means land in the region that:

(A) Provides the site characteristics necessary for traded sector uses as set forth in the analysis;

(B) Is 50 acres or larger as provided in section (3) of this rule; and

(C) Is determined to be "available," as that term is defined in OAR 660-009-0025(7), for regional large-lot industrial users and for purposes identified by the analysis.

(h) "Site characteristics" has the meaning given that term in OAR 660-009-0005(1).

(i) "Traded Sector use" has the meaning given that term in ORS 285B.280.

(3) For purposes of subsection (2)(g) of this rule, a large lot is at least 50 acres if it is:

(a) A single lot, parcel that is at least 50 acres,

(b) An aggregation of existing lots or parcels under the same ownership that comprises at least 50 acres, or

(c) An aggregation of existing lots or parcels not in the same ownership created and maintained as a unit of land comprising at least 50 acres through a binding agreement among the owners.

(4) Participating local governments may adopt the analysis and implement its provisions. The analysis may demonstrate a need for six vacant, suitable and available sites in the region, and up to three additional sites that may be designated in order to replace one of the original six sites that is developed or committed to development as provided in section (12) of this rule. The original six sites must include two sites of at least 100 acres and not more than 200 acres, and one site more than 200 acres.

(5) If a participating city adopts the analysis, it is deemed to provide an adequate factual basis for the determination of Regional Large Lot Industrial land need for that city provided:

(a) The city and other participating local governments have entered into an intergovernmental agreement with the COIC, and

(b) The analysis is adopted by Crook, Deschutes and Jefferson Counties.

(6) Participating cities may adopt the analysis and enter into the intergovernmental agreement without amending the Economic Opportunities Analysis adopted by the city prior to the adoption of the analysis.

(7) The intergovernmental agreement shall describe the process by which the COIC shall coordinate with participating local governments in:

(a) The determination of a qualifying site that a participating city may designate in order to satisfy the Regional Large Lot Industrial land need; and

(b) The allocation of the qualifying sites among the participating cities in accordance with section (4) of this rule.

(8) A participating city may amend its comprehensive plan and land use regulations, including urban growth boundaries (UGB), in order to designate a site in accordance with the requirements of this rule, other applicable laws and the intergovernmental agreement, as follows:

(a) A participating city must show whether a suitable and available site is located within its existing UGB. If a participating city determines that a suitable site already exists within the city's urban growth boundary, that site must be designated to meet the regional industrial land need. Cities shall not be required to evaluate lands within their UGB designated to meet local industrial land needs.

(b) If a site is not designated per subsection(a), then a participating city may evaluate land outside the UGB to determine if any suitable sites exist. If candidate sites are found, the city may amend its UGB in accordance with Goal 14, other applicable laws and the intergovernmental agreement.

(9) A participating city that designates a site shall apply a regional large-lot industrial zone or overlay zone to the site in order to protect and maintain the site for regional large lot purposes. The zone or overlay zone must:

(a) Include development agreements and other provisions that prevent redesignation of the site for other uses for at least 10 years from the time the site is added to the city's comprehensive plan to meet Regional Large Lot Industrial land needs;

(b) Prohibit division or separation of lots or parcels within the site to new lots or parcels less than the minimum size of the site need until the site is developed with a primary traded sector use requiring a large lot; and

(c) Limit allowed uses on the site to the traded sector uses, except as provided in section (10) of this rule.

(10) The zone or overlay zone established under section (9) may allow:

(a) Subordinate industrial uses that rely upon and support the primary traded sector use when a site is occupied by a primary traded sector use; and

(b) Non-industrial uses serving primarily the needs of employees of industrial uses developed on the site provided the zone includes measures that limit the type, size and location of new buildings so as to ensure such non-industrial uses are intended primarily for the needs of such employees;

(11) If a participating city adds a site to its plan pursuant to this rule, it must consider the site in any subsequent urban growth boundary evaluation conducted to determine local industrial land needs and the adequacy of land available to meet local industrial land needs.

(12) A site may be considered developed or committed to industrial development if a large-lot traded sector user demonstrates a commitment to develop the site by obtaining land use approvals such as site plan review or conditional use permits, and

(a) Obtaining building permits; or

(b) Providing other evidence that demonstrates at least an equivalent commitment to industrial development of the site as is demonstrated by a building permit.

(13) The participating local governments shall review the analysis after the regional supply of six sites has either been replenished by three additional sites or after ten years, whichever comes first.

Establishment of Study Area to Evaluate Land for Inclusion in the UGB - 660-024-0065

(1) When considering a UGB amendment to accommodate a need deficit identified in OAR 660-024-0050(4), a city outside of Metro must determine which land to add to the UGB by evaluating alternative locations within a "study area" established pursuant to this rule. To establish the study area, the city must first identify a "preliminary study area" which shall not include land within a different UGB or the corporate limits of a city within a different UGB. The preliminary study area shall include:

(a) All lands in the city's acknowledged urban reserve, if any;

(b) All lands that are within the following distance from the acknowledged UGB:

(A) For cities with a UGB population less than 10,000: one-half mile;

(B) For cities with a UGB population equal to or greater than 10,000: one mile;

(c) All exception areas contiguous to an exception area that includes land within the distance specified in subsection (b) and that are within the following distance from the acknowledged UGB:

(A) For cities with a UGB population less than 10,000: one mile;

(B) For cities with a UGB population equal to or greater than 10,000: one and one-half miles;

(d) At the discretion of the city, the preliminary study area may include land that is beyond the distance specified in subsections (b) and (c).

(2) A city that initiated the evaluation or amendment of its UGB prior to January 1, 2016, may choose to identify a preliminary study area applying the standard in this section rather than section (1). For such cities, the preliminary study area shall consist of:

(a) All land adjacent to the acknowledged UGB, including all land in the vicinity of the UGB that has a reasonable potential to satisfy the identified need deficiency, and

(b) All land in the city's acknowledged urban reserve established under OAR chapter 660, division 21, if applicable.

(3) When the primary purpose for expansion of the UGB is to accommodate a particular industrial use that requires specific site characteristics, or to accommodate a public facility that requires specific site characteristics, and the site characteristics may be found in only a small number of locations, the preliminary study area may be limited to those locations within the distance described in section (1) or (2), whichever is appropriate, that have or could be improved to provide the required site characteristics. For purposes of this section:

(a) The definition of "site characteristics" in OAR 660-009-0005(11) applies for purposes of identifying a particular industrial use.

(b) A "public facility" may include a facility necessary for public sewer, water, storm water, transportation, parks, schools, or fire protection. Site characteristics may include but are not limited to size, topography and proximity.

(4) The city may exclude land from the preliminary study area if it determines that:

(a) Based on the standards in section (7) of this rule, it is impracticable to provide necessary public facilities or services to the land;

(b) The land is subject to significant development hazards, due to a risk of:

(A) Landslides: The land consists of a landslide deposit or scarp flank that is described and mapped on the Statewide Landslide Information Database for

Oregon (SLIDO) Release 3.2 Geodatabase published by the Oregon Department of Geology and Mineral Industries (DOGAMI) December 2014, provided that the deposit or scarp flank in the data source is mapped at a scale of 1:40,000 or finer. If the owner of a lot or parcel provides the city with a site-specific analysis by a certified engineering geologist demonstrating that development of the property would not be subject to significant landslide risk, the city may not exclude the lot or parcel under this paragraph;

(B) Flooding, including inundation during storm surges: the land is within the Special Flood Hazard Area (SFHA) identified on the applicable Flood Insurance Rate Map (FIRM);

(C) Tsunamis: the land is within a tsunami inundation zone established pursuant to ORS 455.446;

(c) The land consists of a significant scenic, natural, cultural or recreational resource described in this subsection:

(A) Land that is designated in an acknowledged comprehensive plan prior to initiation of the UGB amendment, or that is mapped on a published state or federal inventory at a scale sufficient to determine its location for purposes of this rule, as:

(i) Critical or essential habitat for a species listed by a state or federal agency as threatened or endangered;

(ii) Core habitat for Greater Sage Grouse; or

(iii) Big game migration corridors or winter range, except where located on lands designated as urban reserves or exception areas;

(B) Federal Wild and Scenic Rivers and State Scenic Waterways, including Related Adjacent Lands described by ORS 390.805, as mapped by the applicable state or federal agency responsible for the scenic program;

(C) Designated Natural Areas on the Oregon State Register of Natural Heritage Resources;

(D) Wellhead protection areas described under OAR 660-023-0140 and delineated on a local comprehensive plan;

(E) Aquatic areas subject to Statewide Planning Goal 16 that are in a Natural or Conservation management unit designated in an acknowledged comprehensive plan;

(F) Lands subject to acknowledged comprehensive plan or land use regulations that implement Statewide Planning Goal 17, Coastal Shoreland, Use Requirement 1;

(G) Lands subject to acknowledged comprehensive plan or land use regulations that implement Statewide Planning Goal 18, Implementation Requirement 2;

(d) The land is owned by the federal government and managed primarily for rural uses.

(5) After excluding land from the preliminary study area under section (4), the city must adjust the area, if necessary, so that it includes an amount of land that is at least twice the amount of land needed for the deficiency determined under OAR 660-024-0050(4) or, if applicable, twice the particular land need described in section (3). Such adjustment shall be made by expanding the distance specified under the applicable section (1) or (2) and applying section (4) to the expanded area.

(6) For purposes of evaluating the priority of land under OAR 660-024-0067, the "study area" shall consist of all land that remains in the preliminary study area described in section (1), (2) or (3) of this rule after adjustments to the area based on sections (4) and (5), provided that when a purpose of the UGB expansion is to accommodate a public park need, the city must also consider whether land excluded under subsection (4)(a) through (c) of this rule can reasonably accommodate the park use.

(7) For purposes of subsection (4)(a), the city may consider it impracticable to provide necessary public facilities or services to the following lands:

(a) Contiguous areas of at least five acres where 75 percent or more of the land has a slope of 25 percent or greater, provided that contiguous areas 20 acres or more that are less than 25 percent slope may not be excluded under this subsection. Slope shall be measured as the increase in elevation divided by the horizontal distance at maximum ten-foot contour intervals;

(b) Land that is isolated from existing service networks by physical, topographic, or other impediments to service provision such that it is impracticable to provide necessary facilities or services to the land within the planning period. The city's determination shall be based on an evaluation of:

(A) The likely amount of development that could occur on the land within the planning period;

(B) The likely cost of facilities and services; and,

(C) Any substantial evidence collected by or presented to the city regarding how similarly situated land in the region has, or has not, developed over time.

(c) As used in this section, "impediments to service provision" may include but are not limited to:

(A) Major rivers or other water bodies that would require new bridge crossings to serve planned urban development;

(B) Topographic features such as canyons or ridges with slopes exceeding 40 percent and vertical relief of greater than 80 feet;

(C) Freeways, rail lines, or other restricted access corridors that would require new grade separated crossings to serve planned urban development;

(D) Significant scenic, natural, cultural or recreational resources on an acknowledged plan inventory and subject to protection measures under the plan or implementing regulations, or on a published state or federal inventory, that would prohibit or substantially impede the placement or construction of necessary public facilities and services.

(8) Land may not be excluded from the preliminary study area based on a finding of impracticability that is primarily a result of existing development patterns. However, a city may forecast development capacity for such land as provided in OAR 660-024-0067(1)(d).

(9) Notwithstanding OAR 660-024-0050(4) and section (1) of this rule, except during periodic review or other legislative review of the UGB, the city may approve an application under ORS 197.610 to 197.625 for a UGB amendment to add an amount of land less than necessary to satisfy the land need deficiency determined under OAR 660-024-0050(4), provided the amendment complies with all other applicable requirements.

Evaluation of Land in the Study Area for Inclusion in the UGB; Priorities - 660-024-0067

(1) A city considering a UGB amendment must decide which land to add to the UGB by evaluating all land in the study area determined under OAR 660-024-0065, as follows

(a) Beginning with the highest priority category of land described in section (2), the city must apply section (5) to determine which land in that priority category is suitable to satisfy the need deficiency determined under OAR 660-024-0050 and select for inclusion in the UGB as much of the land as necessary to satisfy the need.

(b) If the amount of suitable land in the first priority category is not sufficient to satisfy all the identified need deficiency, the city must apply section (5) to determine which land in the next priority is suitable and select for inclusion in the UGB as much of the suitable land in that priority as necessary to satisfy the need. The city must proceed in this manner until all the land need is satisfied, except as provided in OAR 660-024-0065(9).

(c) If the amount of suitable land in a particular priority category in section (2) exceeds the amount necessary to satisfy the need deficiency, the city must choose which land in that priority to include in the UGB by applying the criteria in section (7) of this rule.

(d) In evaluating the sufficiency of land to satisfy a need under this section, the city may use the factors identified in sections (5) and (6) of this rule to reduce the forecast development capacity of the land to meet the need.

(e) Land that is determined to not be suitable under section (5) of this rule to satisfy the need deficiency determined under OAR 660-024-0050 is not required to be selected for inclusion in the UGB unless its inclusion is necessary to serve other higher priority lands.

(2) Priority of Land for inclusion in a UGB:

(a) First Priority is urban reserve, exception land, and nonresource land. Lands in the study area that meet the description in paragraphs (A) through (C) of this subsection are of equal (first) priority:

(A) Land designated as an urban reserve under OAR chapter 660, division 21, in an acknowledged comprehensive plan;

(B) Land that is subject to an acknowledged exception under ORS 197.732; and

(C) Land that is nonresource land.

(b) Second Priority is marginal land: land within the study area that is designated as marginal land under ORS 197.247 (1991 Edition) in the acknowledged comprehensive plan.

(c) Third Priority is forest or farm land that is not predominantly high-value farm land: land within the study area that is designated for forest or agriculture uses in the acknowledged comprehensive plan and that is not predominantly high-value farmland as defined in ORS 195.300, or that does not consist predominantly of prime or unique soils, as determined by the United States Department of Agriculture Natural Resources Conservation Service (USDA NRCS). In selecting which lands to include to satisfy the need, the city must use the agricultural land capability classification system or the cubic foot site class system, as appropriate for the acknowledged comprehensive plan designation, to select lower capability or cubic foot site class lands first.

(d) Fourth Priority is agricultural land that is predominantly high-value farmland: land within the study area that is designated as agricultural land in an acknowledged comprehensive plan and is predominantly high-value farmland as defined in ORS 195.300. A city may not select land that is predominantly made up of prime or unique farm soils, as defined by the USDA NRCS, unless there is an insufficient amount of other land to satisfy its land need. In selecting which lands to include to satisfy the need, the city must use the agricultural land capability classification system to select lower capability lands first.

(3) Notwithstanding section (2)(c) or (d) of this rule, land that would otherwise be excluded from a UGB may be included if:

(a) The land contains a small amount of third or fourth priority land that is not important to the commercial agricultural enterprise in the area and the land must be included in the UGB to connect a nearby and significantly larger area of land of higher priority for inclusion within the UGB; or

(b) The land contains a small amount of third or fourth priority land that is not predominantly high-value farmland or predominantly made up of prime or unique farm soils and the land is completely surrounded by land of higher priority for inclusion into the UGB.

(4) For purposes of categorizing and evaluating land pursuant to subsections (2)(c) and (d) and section (3) of this rule,

(a) Areas of land not larger than 100 acres may be grouped together and studied as a single unit of land;

(b) Areas of land larger than 100 acres that are similarly situated and have similar soils may be grouped together provided soils of lower agricultural or forest capability may not be grouped with soils of higher capability in a manner inconsistent with the intent of section (2) of this rule, which requires that higher capability resource lands shall be the last priority for inclusion in a UGB;

(c) Notwithstanding subsection (4)(a), if a city initiated the evaluation or amendment of its UGB prior to January 1, 2016, and if the analysis involves more than one lot or parcel or area within a particular priority category for which circumstances are reasonably similar, these lots, parcels and areas may be considered and evaluated as a single group;

(d) When determining whether the land is predominantly high-value farmland, or predominantly prime or unique, "predominantly" means more than 50 percent.

(5) With respect to section (1), a city must assume that vacant or partially vacant land in a particular priority category is "suitable" to satisfy a need deficiency identified in OAR 660-024-0050(4) unless it demonstrates that the land cannot satisfy the specified need based on one or more of the conditions described in subsections (a) through (g) of this section: Existing parcelization, lot sizes or development patterns of rural residential land make that land unsuitable for an identified employment need; as follows:

(A) Parcelization: the land consists primarily of parcels 2-acres or less in size, or

(B) Existing development patterns: the land cannot be reasonably redeveloped or infilled within the planning period due to the location of existing structures and infrastructure."

(b) The land would qualify for exclusion from the preliminary study area under the factors in OAR 660-024-0065(4) but the city declined to exclude it pending more detailed analysis.

(c) The land is, or will be upon inclusion in the UGB, subject to natural resources protections under Statewide Planning Goal 5 such that that no development capacity should be forecast on that land to meet the land need deficiency.

(d) With respect to needed industrial uses only, the land is over 10 percent slope, or is an existing lot or parcel that is smaller than 5 acres in size, or both. Slope shall be measured as the increase in elevation divided by the horizontal distance at maximum ten-foot contour intervals.

(e) With respect to a particular industrial use or particular public facility use described in OAR 660-024-0065(3), the land does not have, and cannot be improved to provide, one or more of the required specific site characteristics.

(f) The land is subject to a conservation easement described in ORS 271.715 that prohibits urban development.

(g) The land is committed to a use described in this subsection and the use is unlikely to be discontinued during the planning period:

(A) Public park, church, school, or cemetery, or

(B) Land within the boundary of an airport designated for airport uses, but not including land designated or zoned for residential, commercial or industrial uses in an acknowledged comprehensive plan.

(6) For vacant or partially vacant lands added to the UGB to provide for residential uses:

(a) Existing lots or parcels one acre or less may be assumed to have a development capacity of one dwelling unit per lot or parcel. Existing lots or parcels greater than one acre but less than two acres shall be assumed to have an aggregate development capacity of two dwelling units per acre.

(b) In any subsequent review of a UGB pursuant to this division, the city may use a development assumption for land described in subsection (a) of this section for a period of up to 14 years from the date the lands were added to the UGB.

(7) Pursuant to subsection (1)(c), if the amount of suitable land in a particular priority category under section (2) exceeds the amount necessary to satisfy the need deficiency, the city must choose which land in that priority to include in the UGB by first applying the boundary location factors of Goal 14 and then applying applicable criteria in the acknowledged comprehensive plan and land use regulations acknowledged prior to initiation of the UGB evaluation or amendment. The city may not apply local comprehensive plan criteria that contradict the requirements of the boundary location factors of Goal 14. The boundary location factors are not independent criteria; when the factors are applied to compare alternative boundary locations and to determine the UGB location the city must show that it considered and balanced all the factors. The criteria in this section may not be used to select lands designated for agriculture or forest use that have higher land capability or cubic foot site class, as applicable, ahead of lands that have lower capability or cubic foot site class.

(8) The city must apply the boundary location factors of Goal 14 in coordination with service providers and state agencies, including the Oregon Department of Transportation (ODOT) with respect to Factor 2 regarding impacts on the state transportation system, and the Oregon Department of Fish and Wildlife (ODFW) and the Department of State Lands (DSL) with respect to Factor 3 regarding environmental consequences. "Coordination" includes timely notice to agencies and service providers and consideration of any recommended evaluation methodologies.

(9) In applying Goal 14 Boundary Location Factor 2 to evaluate alternative locations under section (7), the city must compare relative costs, advantages and disadvantages of alternative UGB expansion areas with respect to the provision of public facilities and services needed to urbanize alternative boundary locations. For purposes of this section, the term "public facilities and services" means water, sanitary sewer, storm water

management, and transportation facilities. The evaluation and comparison under Boundary Location Factor 2 must consider:

(a) The impacts to existing water, sanitary sewer, storm water and transportation facilities that serve nearby areas already inside the UGB;

(b) The capacity of existing public facilities and services to serve areas already inside the UGB as well as areas proposed for addition to the UGB; and

(c) The need for new transportation facilities, such as highways and other roadways, interchanges, arterials and collectors, additional travel lanes, other major improvements on existing roadways and, for urban areas of 25,000 or more, the provision of public transit service.

(10) The adopted findings for UGB amendment must describe or map all of the alternative areas evaluated in the boundary location alternatives analysis.

2.2 Local Criteria

UGB amendments must comply with applicable local criteria as outlined in the City of *Madras Comprehensive Plan* and *Development Code,* as well as the Jefferson County *Comprehensive Plan* and *Development Code.*

City of Madras Criteria

The City process for expanding the UGB may be initiated by the City of Madras or Jefferson County, or other governmental agencies or private individuals. A UGB expansion must mutually agreed upon and adopted by both the City of Madras and Jefferson County. The Madras City Planning Commission must conduct a public hearing about the proposed boundary amendment.

Madras requires that notice of the public hearing must be provided at least 21 days before the hearing and that the notice must be published in a local newspaper of general circulation. Individual notices must be mailed to property owners within 250 feet of the area subject to the proposed change, least 21 days before the hearing.

Madras signed the *Intergovernmental Agreement Between the Central Oregon Cities and Counties, and Central Oregon Intergovernmental Council for the Large Lot Industrial Lands Program in Central Oregon* on April 9, 2013 (Exhibit C). The Intergovernmental Agreement includes a process for cities to implement the RLLI program. Madras' actions to implement the RLLI program are documented in Section 5.

The criteria for an Urban Growth Boundary revision from Madras' Comprehensive Plan (Section VI, Establishment of Urban Growth Boundary) is as follows:

A. *The proposed amendment to the Urban Growth Boundary may be initiated by the City of Madras or Jefferson County, or other governmental agencies or private individuals. Cost for notification and advertising shall be borne by the applicant.*

B. *The Madras City Planning Commission shall conduct a public hearing concerning the proposed boundary amendment. Notice of public hearing requirements shall be the same as those outlined in the quasi-judicial process of the Comprehensive Plan.*

C. *Citizen and Agency Involvement Programs shall be utilized to stimulate public interest and participation in the amendment process.*

D. *In order to make a favorable recommendation on the boundary revision, the Planning Commission shall make its recommendation based upon the consideration of the following factors:*

1. *Demonstrated need to accommodate long-range urban population growth requirements consistent with Statewide Planning Goals.*
2. *Need for housing, employment opportunities, and livability.*
3. *Orderly and economic provision for the public facilities and services.*
4. *Maximum efficiency of land uses within and on the fringe of the existing urban area.*
5. *Environmental, energy, economic, and social consequences.*
6. *Retention of agricultural land as defined, with Class I being the highest priority for retention and Class VI the lowest priority.*
7. *Compatibility of the proposed urban uses with nearby agricultural activities.*

Jefferson County Criteria

The County process for expanding the UGB for one property may be initiated by the owner of the property. The Jefferson County Planning Commission must conduct a public hearing about the proposed boundary amendment. In the case of a proposed change in an urban growth boundary, the Planning Commission may hold one or more joint hearings with the City Planning Commission. The Planning Commission will make a written recommendation to the Board of Commissioners to approve or deny the amendment. The Board of Commissioners will hold a de novo public hearing to review the Planning Commission recommendation.

Jefferson County requires that notice of the public hearing must be provided in accordance with statutory requirements. For a legislative amendment, Jefferson County's Zoning Ordinance requires that notice of land use change be mailed to each owner whose property would have to be rezoned in order to comply with the amended plan at least 20 days prior to the hearing or ten days before the first hearing if there will be two or more hearings.

Jefferson County signed the *Intergovernmental Agreement Between the Central Oregon Cities and Counties, and Central Oregon Intergovernmental Council for the Large Lot Industrial Lands Program in Central Oregon* on April 10, 2013 (Exhibit C). The Intergovernmental Agreement includes a process for cities to implement the RLLI program. Jefferson County's actions to implement the RLLI program are documented in Section V.

In the Jefferson County Comprehensive Plan, a legislative amendment requires:

1. *Comply with applicable Statewide Planning Goals, Oregon Revised Statutes and Administrative Rules, or comply with requirements for an exception to the goal(s);*
2. *Comply with all applicable Comprehensive Plan goals and policies; and*

The Jefferson County Zoning ordinance (section 803.2) requires:

A. *The zoning designation will conform to the Comprehensive Plan Map designation;*

B. *The amendment is consistent with other Zoning Ordinance requirements including, but not limited to, wildlife habitat, bird habitat and riparian protection standards;*

C. *The amendment will cause no significant adverse impact to other properties in the vicinity due to factors such as water quality, drainage, air quality or noise;*

D. *The amendment will not force a significant change in or significantly increase the cost of farming or forest practices on surrounding resource land;*

E. *Adequate public safety, fire protection, sanitation, water and utility facilities and services are available or will be provided to serve uses allowed in the proposed zone;*

F. *The uses allowed in the proposed zone will not significantly affect a transportation facility identified in an adopted Transportation System Plan by:*

   1. *Changing the functional classification of an existing or planned transportation facility;*
   2. *Allowing types or levels of land uses which would result in levels of travel or access which are inconsistent with the functional classification of a transportation facility; or*
   3. *Reducing the performance standards of the facility below the minimum acceptable level identified in the Transportation System Plan (LOS C).*
   4. *A Traffic Impact Study in accordance with Section 421 may be required to show compliance with this standard.*

3. Summary of Evidence

The City provides the following evidence in support of the application.

- On March 22, 2016 the City of Madras and Daimler entered into an Airport Ground Lease for Non-Aeronautical Use Improvements which demonstrate that the City's ability to comply with Section 3(H) of Exhibit C. (Exhibit A)

- The City of Madras requested authorization from the Central Oregon Intergovernmental Council to designate one of the Central Oregon Regional Large Lot industrial sites at the Madras Airport for Daimler Trucks of North America. (Exhibit B)

- The City of Madras entered into the IGA between the Central Oregon Cities and Counties and Central Oregon Intergovernmental County for the Large Lot Industrial Lands Program in Central Oregon on April 9, 2013 (Exhibit C) and in doing so understands the requirements of a Regional Large Lot Industrial site with respect to the limitations on the use, minimum lot size, selling price, etc.

- Jefferson County entered into the IGA between the Central Oregon Cities and Counties and Central Oregon Intergovernmental County for the Large Lot Industrial Lands Program in Central Oregon on April 10, 2013 (Exhibit C)

- The City has as issued a Letter of Intent to Daimler (Exhibit D) that identifies the general terms and conditions under which the City would lease land to Daimler for the construction and operation of a durability truck testing facility at the Madras Airport.

- Memorandum from ECONorthwest "Madras Large Lot Industrial Analysis." This memorandum (1) identifies the site requirements for a vehicle testing facility, and (2) analyzes the capacity of existing lands in the Madras UGB to accommodate the use. (Exhibit E)

- City of Madras' documentation of the capacity of existing water and sewer systems and their ability to serve a potential large lot industrial parcel from the City's Public Works Director and City Engineer. (Exhibit F)

- Roger Lee, Executive Director of EDCO and Clark Jackson of Business Oregon letter of support (Exhibit H) for the City's proposed Regional Large Lot Industrial Site for Daimler's Heavy Durability Truck Testing Facility.

- Bill Adams, former Jefferson County Planning Director has provided a letter demonstrating that the City and the County have thus far, and will continue, to coordinate the designation of the Regional Large Lot Industrial site. (Exhibit H)

- Transportation Planning Rule Analysis related to Partial Mitigation Options (Exhibit I)
- COIC resolution approving the Madras Airport Daimler Heavy Truck Testing Facility as a 100-200 Acre Site for the RLLI Program. (Exhibit J)
- The City of Madras public hearings are documented by Will be added to the final Findings. (Exhibit K)
- The City of Madras notice of the public hearings are documented by Will be added to the final Findings. (Exhibit L)

4. Procedure

The City of Madras took the following steps in reviewing the proposed UGB amendment for a large lot industrial site:

1. **Adopt regional EOA (LLA).** Jefferson adopted the *Central Oregon Large Lot Industrial Land Need Analysis* on May 22, 2013 in Ordinance O-060-13.
2. **Develop and adopt IGA outlining RLLI framework.** COIC developed the *Intergovernmental Agreement Between the Central Oregon Cities and Counties, and Central Oregon Intergovernmental Council for the Large Lot Industrial Lands Program in Central Oregon.* COIC signed the agreement on April 4, 2013. Jefferson County signed the agreement on April 10, 2013.
3. **Local adoption of IGA.** Madras signed the *Intergovernmental Agreement Between the Central Oregon Cities and Counties, and Central Oregon Intergovernmental Council for the Large Lot Industrial Lands Program in Central Oregon* on April 9, 2013.
4. **Adopt relevant portions of LLA pertaining to short-term supply.** Madras adopted the *Central Oregon Large Lot Industrial Land Need Analysis* on November 8, 2016 in Ordinance #.
5. **Submit 660-024-0045(2)(a) "Analysis".** The City of Madras submitted the Analysis to COIC on April 16, 2016.
6. **COIC review and adoption of Analysis.** The COIC reviewed the Analysis on May 5, 0216 and the COIC Board made a recommendation to approve the proposed Madras Regional Large Lot Industrial Site on May 5, 2016.
7. **Division 24 and ORS 197A.320 findings.** ECONorthwest and the City of Madras developed Findings (this document). The City of Madras Planning Commission and Jefferson County Planning Commission held a joint hearing on October 19, 2016 and approved the proposal and forwarded the proposal to City of Madras City Council and Jefferson County Board of Commissioners for review and approval. The City of Madras City Council held a hearing on November 8, 2016 and made RECOMMENDATION.
8. **County coordination.** The Urban Growth Area Management Agreement (UGAMA) between the City of Madras and Jefferson County requires the City and County coordinate on a UGB Expansion. The UGAMA requires that the City and County Planning Commissions each conduct a public hearing regarding the application and allows that hearing to take place in a joint hearing. The UGAMA requires that the Jefferson County Board of County Commissioners conduct a public hearing and make a final decision about the proposed amendment to the UGB.

   The City of Madras Planning Commission and Jefferson County Planning Commission held a joint hearing on October 19, 2016. The Jefferson Board of County Commissioners held a hearing on November 23, 2016 and made RECOMMENDATION.

9. **Develop and apply industrial holding zone to site.** The City is developing the Large Lot Industrial Zone to regulate uses on this site and will not apply a holding zone for this site.
10. **Develop zoning regulations for site after annexation.** The City of Madras is developing the Large Lot Industrial Zone to regulate uses on the site. The City of Madras is planning to adopt this zone with adoption of the UGB expansion.
11. **Sign development agreement with property owner.** The City of Madras is the owner of the property. The City of Madras entered into a lease with Daimler Trucks North America LLC for the property on March 21, 2016.

5. Findings

This section presents findings addressing key elements of state land use policy pertaining to UGB expansions. Applicable state goals, statutes and administrative rules for the Urban Growth Boundary (UGB) amendment include:

- Goal 1: Citizen Involvement
- Goal 2: Land Use Planning
- Goal 14: Urbanization
    - OAR 660-024: Urban Growth Boundaries

The findings are organized broadly around the Goal 14 Regional Large Lot Industrial program requirements as described in OAR 660-024-0045, and the relevant Goal 14 requirements pertaining to the alternatives analysis (OAR 660-024-0065 and OAR 660-024-0067). Other relevant state policy is referenced within this framework ass applicable. The remainder of this section presents findings for each goal and related statute or administrative rule as well as applicable local criteria.

5.1 Goal 1: Citizen Involvement

The intent of Goal 1 is to ensure that citizens have meaningful opportunities to participate in land use planning decisions. As stated in the Goal, the purpose is:

> *To develop a citizen involvement program that insures the opportunity for citizens to be involved in all phases of the planning process.*

Goal 1 has five stated objectives that are relevant to the UGB boundary amendment:

> *Citizen Involvement -- To provide for widespread citizen involvement.*
>
> *Communication -- To assure effective two-way communication with citizens.*
>
> *Citizen Influence -- To provide the opportunity for citizens to be involved in all phases of the planning process.*
>
> *Technical Information -- To assure that technical information is available in an understandable form.*
>
> *Feedback Mechanisms – To assure that citizens will receive a response from policy-makers.*

Finding: Satisfied. The City of Madras Planning Commission and Jefferson County Planning Commission held a joint hearing on October 19, 2016 to discuss the proposed action, where public testimony was allowed. The City provided property owner notification prior to the first

evidentiary hearing consistent with requirements of the Madras Comprehensive Plan (Section IV) for Urban Growth Boundary Revisions. The City of Madras held a hearing with the City Council on November 8, 2016 to discuss the proposed action, where public testimony was allowed. Jefferson County held a hearing with the County Board of Commissioners on November 23, 2016 to discuss the proposed action, where public testimony was allowed.

5.2 Goal 2: Land Use

Goal 2 requires all incorporated cities to establish and maintain comprehensive land use plans and implementing ordinances. It also requires cities to coordinate with other affected government entities in legislative land use processes. The purpose of Goal 2 is:

> *To establish a land use planning process and policy framework as a basis for all decision and actions related to use of land and to assure an adequate factual base for such decisions and actions.*

Finding: Satisfied. Madras has an established land use process and policy framework. That process, as outlined in the Madras Comprehensive Plan and Development Code was followed throughout this action.

With respect to coordination, Jefferson County is the only other affected government entity. Since UGB boundary amendments require both city and county approve, the City consulted with County staff throughout this process. Madras' Comprehensive Plan requires that the Jefferson County Planning Commission review the UGB expansion proposal and make recommendations to the Madras City Council. The City's Comprehensive Plan requires the City Council to forward its findings about the proposed UGB expansion to the Jefferson County Board of Commissioners, who must conduct a public hearing about the proposed amendment. The Madras City Council and Jefferson County Board of Commissioners must approve the UGB amendment.

5.3 Goal 14: Urbanization

The Goal 14 findings are broken out by specific criteria. Goal 14 provides two 'Need Factors' and four 'Location Factors.' Goal 14 and the related statutes and rules establish a specific method and hierarchy for boundary review. The need part of the process is superseded by the Regional Large Lot Industrial program as described in OAR 660-024-0045.

The applicable process is described in OAR 660-024-0045 and the Intergovernmental Agreement (IGA). If the City completes the "analysis" required by OAR 660-024-0045(2) and submits it consistent with the process descried in the IGA, then it has meet the justification of land need as stated in OAR 660-024-0035(5).

Finding: Satisfied. Madras The City submitted a proposal to COIC for the Daimler Heavy Truck Testing Facility to be considered a Regional Large Lot Industrial site through the Regional Large Lot Industrial Program on April 16, 2016. This proposal met the requirements of

a proposal for a Large Lot industrial site shown in Section 1. On May 5, 2016, the COIC approved Resolution No. 276.

A comprehensive list of steps for UGB expansion for Large Lot Industrial site is included in Section 4. The steps that follow pertain to requirements related to the needs analysis:

OAR 660-024-0045(2)(a)

Submit the "analysis" described in OAR 660-024-0045(2)(a) and IGA Item 3(f) to the Central Oregon Intergovernmental Council (COIC) for the proposed to be considered a Regional Large Lot Industrial site through the Regional Large Lot Industrial Program. Consistent with the OAR 660-024-0045(2)(a) and the IGA section 3, cities must include documentation that the site complies with the LLA and related requirements, and the needed site characteristics. IGA section 3(N) outlines the requirements for the analysis:

Participating cities shall submit to COIC documentation that the proposed large lot site complies with the LLA and OAR 660-024-0045. The site submission materials must include the information in Table 2:

Table 2. Location of COIC submittal requirements within this application

Material	Location of Documentation
Vicinity map and site map	Map 1. Proposed areas for Large Lot UGB expansion, Madras Airport
Site acreage	Appendix A, Page 2of Madras' submission to COIC, shown in Table 1. Site Description
Description of the site's current development status and zoning	Appendix A, Page 2of Madras' submission to COIC, shown in Table 1. Site Description
Description of the site dimensions including slope and description of any unique geographic features	Appendix A, Page 2of Madras' submission to COIC, shown in Table 1. Site Description
A statement on the site's infrastructure and utility serviceability	Appendix A, Page 3 of Madras' submission to COIC
Description of the site in relation to the UGB	Appendix A, Page 2of Madras' submission to COIC, shown in Table 1. Site Description
If outside the UGB, the proposal must include an analysis documenting that other lands located within the UGB are not available and/or suitable for the Large Lot Industrial Program	Exhibit E, Suitability Inventory maps
Evidence that the property owner is a willing Large Lot Industrial program participant and will accept site restrictions	Appendix A, Page 3 of Madras' submission to COIC
Letters of support from Economic Development for Central Oregon and Business Oregon	Exhibit H
Evidence of coordination with County	Exhibit H

Finding: Satisfied. The City of Madras' submission to the COIC on April 16, 2016, in Appendix A, provides the documentation showing that the site meets all of these requirements.

OAR 660-009-0005(1)

OAR 660-024-0045(2)(a) requires that the analysis must also identify needed site characteristics as defined in OAR 660-009-0005(1). RLLI IGA (Exhibit C) requires the COIC to review Madras submission for the site to verify that it meets the following criteria defined in OAR 660-024-0045:

Table 3. Requirements for Regional Large Lot Industrial Sites

Requirement	Location of Documentation
The proposed site is located in Crook, Deschutes or Jefferson Counties	The site is located Jefferson County Appendix A, Page 1 of Madras' submission to COIC
The proposed site is 50 acres or larger in size. The site will be determined to be 50 acres or larger if it is: a. A single lot or parcel that is at least 50 acres b. An aggregation of existing lots or parcels under the same ownership that comprises at least 50 acres, or c. An aggregation of existing lots or parcels not in the same ownership created and maintained as a unit of land comprising at least 50 acres through a binding agreement among the owners.	The site is 195 acres Appendix A, Page 2 of Madras' submission to COIC, shown in Table 1. Site Description
The proposed site is determined to be "available," as the term is defined in OAR 660-009-0025(7)	The City owns the site. Appendix A, Page 3 of Madras' submission to COIC The City has issued a Letter of Intent to Daimler (Exhibit D)
The proposed site provides the site characteristics necessary for traded sector uses as set forth in the LLA.	The site is intended for development of a Daimler Heavy Truck Testing Facility. Daimler meets the definition of a traded-sector industry in ORS 285B.280 by selling "their goods or services into markets for which national or international competition exists." The City has issued a Letter of Intent to Daimler (Exhibit D)
The city demonstrates that the site was identified through conducting an analysis consistent with requirements contained in OAR 660-024-0045(8) (a) and (b).	Exhibit E shows that the City does not have a suitable site within the Madras UGB, meeting the requirement of OAR 660-024-0045(8) (a). The remainder of this analysis meets the requirements of OAR 660-024-0045(8) (b) to evaluate land outside of the UGB to determine if a suitable site exists.

Finding: Satisfied. The City of Madras' submission to the COIC on April 16, 2016, in Appendix A, provides the documentation showing that the site meets all of these requirements.

Establishment of Study Area to Evaluate Land for Inclusion in the UGB – OAR 660-024-0065

The boundary alternatives analysis is required by Goal 14; the process is defined in OAR 660-024-0065. Madras has a population less than 10,000 so the following provisions of OAR 660-0024-0065(1)(b)(A)(c) apply.

> *(1) When considering a UGB amendment to accommodate a need deficit identified in OAR 660-024-0050(4), a city outside of Metro must determine which land to add to the UGB by evaluating alternative locations within a "study area" established pursuant to this rule. To establish the study area, the city must first identify a "preliminary study area" which shall not include land within a different UGB or the corporate limits of a city within a different UGB. The preliminary study area shall include:*
>
> *(a) All lands in the city's acknowledged urban reserve, if any;*
>
> *(b) All lands that are within the following distance from the acknowledged UGB:*
>
> *(A) For cities with a UGB population less than 10,000: one-half mile;*
>
> *(c) All exception areas contiguous to an exception area that includes land within the distance specified in subsection (b) and that are within the following distance from the acknowledged UGB:*
>
> *(A) For cities with a UGB population less than 10,000: one mile;*

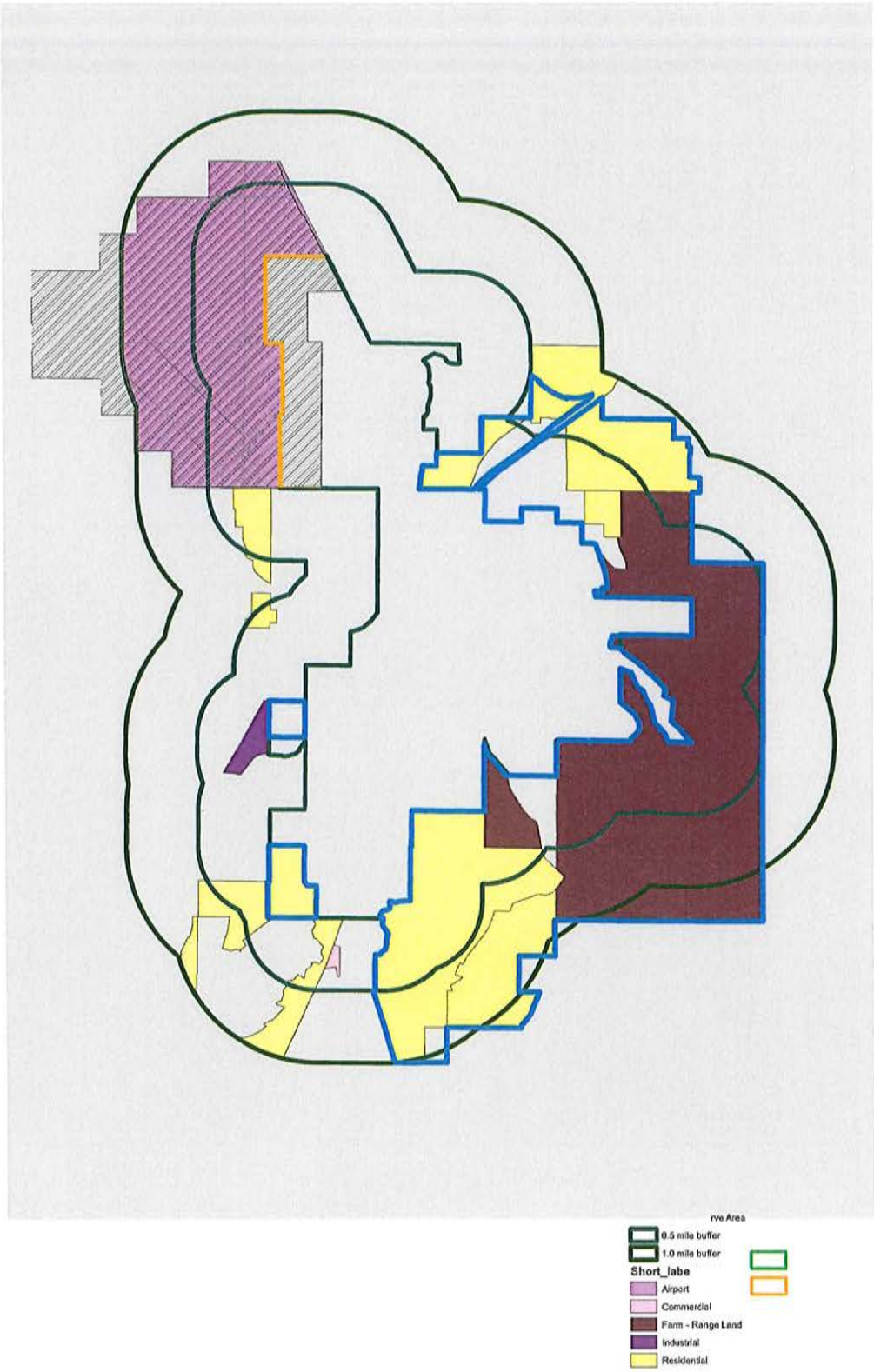
In short, the City is required to establish a study area that includes:[1]

- All lands in the established urban reserve; all lands with urban reserves (OAR 660-024-0065(1)(a)
- All lands within one-half mile of the existing UGB (OAR 660-024-0065(1)(b)(A)
- All exception lands contiguous to an exception area within one mile of the UGB.

Map 2 shows lands included within the Madras RLLI UGB study area. The remainder of OAR 660-024-0065 describes provides for excluding additional lands from the study area. Madras did not exclude any additional lands from the study. Instead, the City chose to evaluate all of the lands shown in Map 2.

[1] As part of its application for a regional large-lot industrial site to COIC, the City examined land within the UGB to determine whether there is land within the UGB to accommodate the need for a 100 to 200 acre regional large-lot industrial site. Exhibit E demonstrates that there is not a site with Madras' UGB that needs the requirements for this regional large-lot industrial site.

Map 2. UGB Study Area



Finding: Satisfied. The study area in Map 2 meets the requirements of OAR 660-024-0065 for determining the Study Area to Evaluate Land for Inclusion in the UGB to meet the City of Madras' Large Lot Industrial land need.

Evaluation of Land in the Study Area for Inclusion in the UGB; Priorities – OAR 660-024-0067

The next step is to look at lands by priority. OAR 660-024-0067 outlines the procedures for evaluating land in the study for inclusion in the UGB and establishes a priority scheme. OAR 660-024-0067(2) establishes the first priority:

(2) Priority of Land for inclusion in a UGB:

(a) First Priority is urban reserve, exception land, and nonresource land. Lands in the study area that meet the description in paragraphs (A) through (C) of this subsection are of equal (first) priority:

(A) Land designated as an urban reserve under OAR chapter 660, division 21, in an acknowledged comprehensive plan;

(B) Land that is subject to an acknowledged exception under ORS 197.732; and

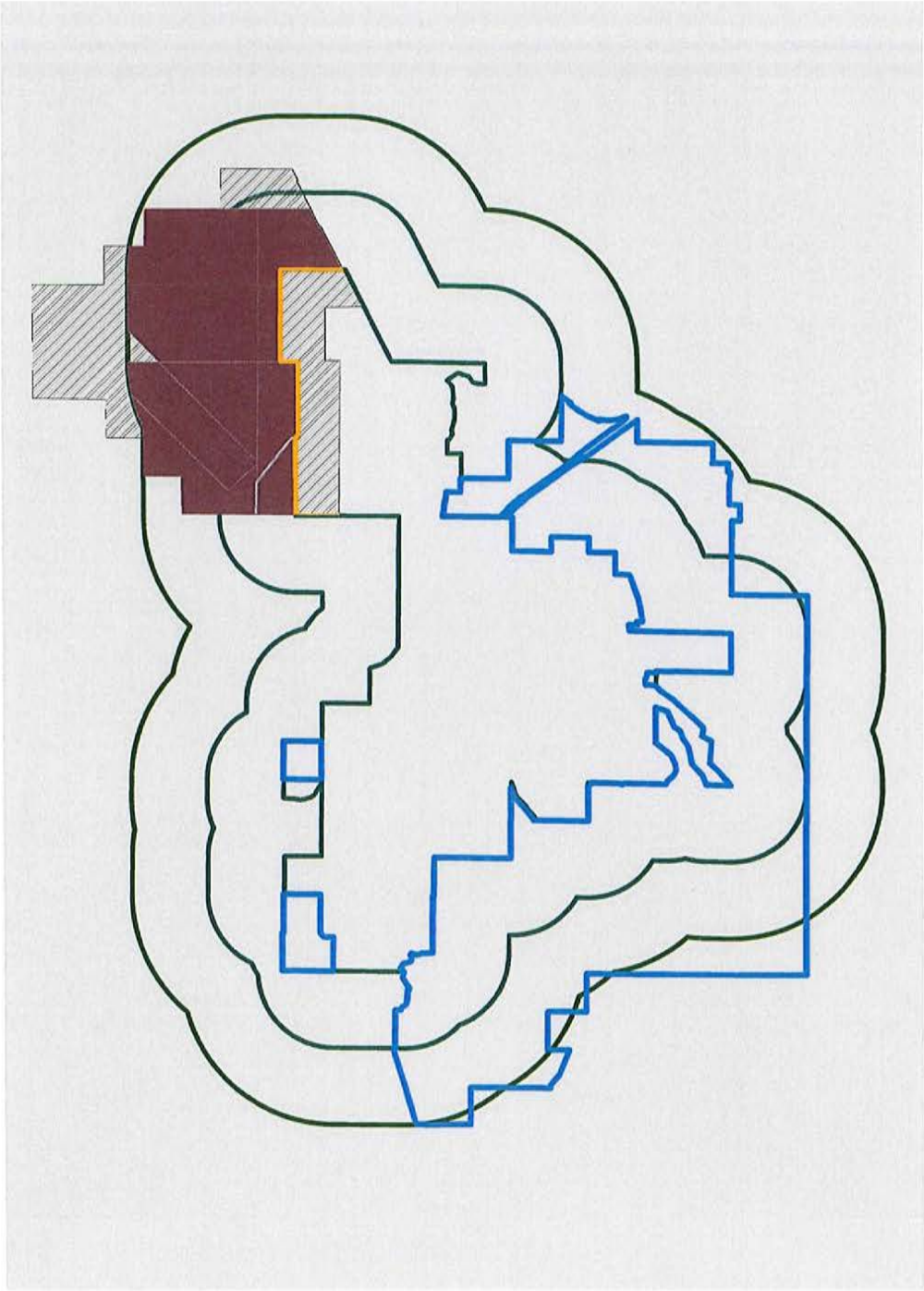
(C) Land that is nonresource land.

Map 2 shows priority 1 lands in Madras and Map 3 shows priority 1 lands over 100 acres in size and Map 4 shows slopes on these lands. The maps show that Madras has:

- A total of 5,613 acres of land in 907 tax lots of priority 1 lands.
- In parcels of priority 1 land larger than 100 acres, Madras has 2,381 acres in 10 parcels:
    - **Exceptions areas zoned for airport uses.** There are four tax lots larger than 100 acres, for a total of 1,129 acres. Two of these parcels are less than 195 acres, with a 161-acre parcel and a 173-acre parcel. These areas are all exceptions lands.
    - **Exceptions areas zoned for residential uses.** There are no exceptions areas zoned for residential uses with tax lots larger than 100 acres.
    - **Urban reserves zoned for residential uses.** There are no urban reserves zoned for residential uses with a parcel of 100 acres or larger.
    - **Urban reserves zoned for rangeland uses.** There are five parcel larger than 100 acres, at 894 acres. Two of these parcels are less than 195 acres, with a 111-acre parcel and a 121-acre parcel. These areas are all in urban reserves.

Finding: The City finds that the amount of suitable priority 1 land exceeds the amount necessary to satisfy Madras' need for a 195-acre large lot industrial site. Madras has 10 tax lots larger than 100 acres. Of those, six parcels are smaller than 195 acres. Four of the ten parcels, two in airport zoning and two in rangeland zoning meet the need for a 195-acre parcel.

Map 3. Priority 1 Lands over 100 acres in size



Map 4. Slopes on Priority 1 Lands over 100 acres in size

Consistent with OAR 660-024-00667(1)(c) the City makes a determination that the amount of priority 1 land exceeds the land need.

> *(c) If the amount of suitable land in a particular priority category in section (2) exceeds the amount necessary to satisfy the need deficiency, the city must choose which land in that priority to include in the UGB by applying the criteria in section (7) of this rule.*

The next step is to evaluate lands consistent with OAR 660-024-0067(7):

> *(7) Pursuant to subsection (1)(c), if the amount of suitable land in a particular priority category under section (2) exceeds the amount necessary to satisfy the need deficiency, the city must choose which land in that priority to include in the UGB by first applying the boundary location factors of Goal 14 and then applying applicable criteria in the acknowledged comprehensive plan and land use regulations acknowledged prior to initiation of the UGB evaluation or amendment. The city may not apply local comprehensive plan criteria that contradict the requirements of the boundary location factors of Goal 14. The boundary location factors are not independent criteria; when the factors are applied to compare alternative boundary locations and to determine the UGB location the city must show that it considered and balanced all the factors. The criteria in this section may not be used to select lands designated for agriculture or forest use that have higher land capability or cubic foot site class, as applicable, ahead of lands that have lower capability or cubic foot site class.*

Table 4 describes the siting criteria for the large lot industrial site, based on the requirements of OAR 660-0045 for regional large lot industrial sites and the site characteristics requirements from Madras' submission to COIC (Exhibit E). Table 4 provides information about priority 1 lands in tax lots 195 acres and larger.

Table 4. Siting criteria and evaluation of Priority 1 Lands for a large lot industrial site

Siting Criteria	Areas in tax lots 195 acres and larger
1. **Size.** The large lot industrial site should be 195 acres.	**Exceptions areas zoned for airport uses:** There are two tax lots in airport zoning over 195 acres. They include a 281-acre tax lot and a 515-acre tax lot. **Urban reserves zoned as rangeland:** There are three tax lots in rangeland zoning over 195 acres. They include a 278-acre tax lot, a 313-acre tax lot, and a 302-acre tax lot.
2. **Ownership.** According to OAR 660-0045(3), the land may be in: (1) a single-tax lot, (2) an aggregation of existing tax lots under the same ownership, or (3) an aggregation of existing tax lots with multiple owners if the owners have a binding agreement for aggregation of the tax lots.	**Exceptions areas zoned for airport uses:** Both tax lots in airport zoning over 100 acres are owned by the City of Madras. In addition, the City also owns the two tax lots that are between 100 and 195 acres in size. **Urban reserves zoned as rangeland:** The 302 acre tax lot is owned by the City of Madras. The 278-acre tax lot and 313-acre tax lot are owned by Morrow properties.

Siting Criteria	Areas in tax lots 195 acres and larger
3. **Topography.** The site must be relatively flat, with a slope across the site of not more than 5%. The site cannot have significant bumps or valleys, especially those that cannot be removed through grading.	**Exceptions areas zoned for airport uses:** The airport lands are relatively flat, with of 0% to 3%. The proposed site for the Daimler large lot industrial site has slopes of 0% to 3%. **Urban reserves zoned as rangeland:** The slopes of 10% or more in the urban reserve areas between 100 and 195 acres or larger account for from 31% to 67% of the sites. A small portion, less than 200 acres, of the site owned by City of Madras, is relatively flat (has a slope of less than 10%) but there are areas within this flat area with slopes in excess of 10%.
4. **Transportation access.** The site must have unimpeded truck freight access to a state highway or other principal arterial that is designated as a freight route. The site should be located within two miles of a state highway.	**Exceptions areas zoned for airport uses:** The airport lands is 0.7 miles from Highway 26. **Urban reserves zoned as rangeland:** The airport lands are within two miles from Highway 26 and Highway 97.
5. **Water and wastewater access.** City services should be directly accessible to the site, including sanitary sewer, and municipal water.	**Exceptions areas zoned for airport uses:** The City can provide water and wastewater services capable of serving the airport sites, as documented in Exhibit F. **Urban reserves zoned as rangeland:** The current 1996 Wastewater Master Plan does not include provisions for wastewater service west of the north-south runway at the Madras Airport. The properties proposed to be included in the UGB are not located in the City's water service district. They are served by Deschutes Valley Water Irrigation District. According to the City of Madras "Urban Reserve Area Report" (January 2008), proving water and sewer facilities to the urban reserve areas over 100 acres would cost about $3 million to $3.7 million, depending on portion of the urban reserve under consideration.

Evaluation of Urban Reserves (Rangelands)

Map 2 and Map 3 show that Madras' urban reserves zoned for rangeland uses are located to the east of the city. Map 4 shows slopes over 10% on priority 1 lands. There are three parcels in urban reserves zoned for rangelands that are larger than 195 acres, two of which are in the same ownership. The City finds that urban reserves zoned for rangeland are unsuitable to meet the regional large lot industrial land need for the following reasons:

- The topography in the urban reserve area ranges from flat to parcels with slopes of 10% or greater covering 31% to 67% of the parcels. The parcels that are 195 acres or larger have 10% or steeper slopes covering 30% to 67% of the parcels. The portion of the City of Madras parcel that is relatively flat is smaller than 195 acres and has some areas with slopes in excess of 10%.
- These parcels are located more than two miles from a state highway. The roads connecting the sites to the state highway are largely rural in nature.
- These parcels are not serviced with City water or wastewater services. Proving water and sewer facilities to the urban reserve areas over 100 acres would cost about $3 million to $3.7 million, depending on portion of the urban reserve under consideration.

Finding: The City finds that urban reserves in rangeland zoning are unsuitable to meet the regional large lot industrial land need.

Evaluation of Urban Reserves (Residential lands)

Map 2 shows Madras' urban reserves zoned for residential lands uses. The City finds that urban reserves zoned for residential are unsuitable to meet the regional large lot industrial land need for the following reasons:

- The urban reserves zoned for residential uses include no parcels 195 acres or larger. There are no contiguous parcels with 100 acres or more of land in the same ownership. There are no urban reserves zoned for residential lands in parcels with a binding agreement for aggregation of the parcels for large lot industrial uses.

Finding: The City finds that urban reserves residential zoning are unsuitable to meet the regional large lot industrial land need.

Evaluation of Exceptions (Residential lands)

Map 2 and Map 3 show that Madras' residential exceptions lands are generally located to the west and to the north of the city. The City finds that residential exceptions lands are unsuitable to meet the regional large lot industrial land need for the following reasons:

- The residential exceptions lands within one-half mile of Madras' UGB include no parcels 195 acres or larger. There are no contiguous parcels with 100 acres or more of land in the same ownership. There are no residential exceptions lands in parcels with a binding agreement for aggregation of the parcels for large lot industrial uses.

- The majority of residential exceptions lands are predominantly residential and already developed. They offer no opportunities for regional large lot industrial development

Finding: The City finds that residential exceptions lands are unsuitable to meet the regional large lot industrial land need.

Evaluation of Exceptions Lands (Airport)

Map 3 shows that Madras' has the following exceptions lands by zoning designation within one mile of the City's UGB:

- **Airport.** The Madras Airport is an exceptions area of 1,292 acres owned by the City of Madras, with 414 acres in use for public facilities of the Airport or the City of Madras Wastewater Treatment Plant. The Airport site has four tax lots larger than 100 acres, for a total of 1,129 acres. Two of these parcels are less than 195 acres, with a 161-acre parcel and a 173-acre parcel. The Airport site is owned by the City of Madras.
- **Industrial.** There is one industrial parcel in exceptions areas within one mile of the UGB. It is 40 acres in size and owned by the City of Madras.
- **Commercial.** There are six commercial parcels in exceptions areas within one mile of the UGB. They are a total of 5.6 acres in size and in private ownership.

The City finds that industrial and commercial lands are unsuitable to meet the regional large lot industrial land need because these lands are not 195 acres or larger. There is not enough of either type of land to aggregate a 195-acre site.

The City finds that the Airport site provides an opportunity to meet the large lot industrial site for the following reasons:

- The Airport is 1,292 acres, with four tax lots larger than 100 acres, two of which are larger than 195 acres.
- The Airport has one owner, the City of Madras, who is willing to develop a large lot industrial site at the Airport.
- The Airport is already committed to a developed use and is an exception area.
- The Airport's lands are relatively flat, where slopes generally do not exceed 5%.
- The Airport is located within about 0.7 miles of Highway 26, with unimpeded truck freight access to Highway 26.
- The Airport has water and wastewater services at the Airport terminal. Those services can be extended to the large lot industrial site. (Exhibit F)

Finding: The City finds that exceptions land at the Madras Airport meets the regional large lot industrial land need.

Goal 14 Boundary Location Factors (factors 1-4)

Goal 14 establishes four boundary location factors that must be considered when reviewing alternative boundaries:

> *The location of the urban growth boundary and changes to the boundary shall be determined by evaluating alternative boundary locations consistent with ORS 197.298 and with consideration of the following factors:*
>
> > *(1) Efficient accommodation of identified land needs;*
> >
> > *(2) Orderly and economic provision of public facilities and services;*
> >
> > *(3) Comparative environmental, energy, economic and social consequences; and*
> >
> > *(4) Compatibility of the proposed urban uses with nearby agricultural and forest activities occurring on farm and forest land outside the UGB.*

The following sections provide a preliminary evaluation of the Priority 1 lands.

Based on the preceding analysis, Madras Airport site is the only suitable site for a large lot industrial site of 195 acres. The following sections evaluate the proposed UGB expansion area against the four Goal 14 locational factors.

Goal 14 Location Factor 1: Efficient accommodation of identified land need

The proposed expansion provides the most efficient accommodation of the identified land need due to the existing uses at the Madras Airport. Daimler has an existing (smaller) facility at the Madras Airport. Moving the facilities would simply move the impact of the facilities from the existing location to a new location.

Goal 14 Location Factor 2: Orderly and economic provision of public facilities and services

The proposed expansion provides the most orderly and economic provision of public facilities and services. The City has made considerable investment in water and wastewater services at the Madras Airport. The existing roads that provide access from the Airport to Highway 26 provide sufficient transportation access for the Daimler facility. Locating the Daimler facility at another site would be costly to the City and would not provide Daimler with the access they need to a State highway.

Goal 14 Location Factor 3: Comparative environmental, energy, economic and social consequences

Locating the large lot industrial site another Priority 1 site would have larger negative impacts than the proposed development at the Madras Airport. The other Priority 1 sites that are large enough to for the large lot industrial site are to the east of the City and would require development of roads capable of accommodating truck freight to provide connections to a State highway. Development of these roads would have greater negative environmental, economic, and energy consequences than the Madras Airport site.

Goal 14 Location Factor 4: Compatibility of the proposed urban uses with nearby agricultural and forest activities occurring on farm and forest land outside the UGB.

The Daimler facility does not create any inherent compatibility issues with airport activities.

City of Madras

The factors that the Madras Planning Commission makes its recommendations on are listed below, with the findings about each factor.

The following sections provide an evaluation of the Priority 1 lands.

Based on the preceding analysis of City of Madras criteria, Madras Airport site is the only suitable site for a large lot industrial site of 195 acres.

Demonstrated need to accommodate long-range urban population growth requirements consistent with Statewide Planning Goals.

In 2015, the Population Research Center at Portland State University issues the official coordinated population forecasts for Region 1, which includes Jefferson County.[2] Based on the PSU forecasts, Madras will grow from 7,598 persons in 2016, to 9,921 persons in 2036—an increase of 2,437. This provides a 20-year forecast to support the UGB proposal consistent with the requirements of OAR 660-024-0040(2).[3]

Table 5. Population forecast, Madras, 2015 to 2036

Year	Population
2015	7,484
2016	7,598
2020	8,070
2025	8,700
2030	9,268
2035	9,815
2036	9,921
Change, 2016-2036	
Number	2,437
Percent	32%
AAGR	1.34%

Source: Population Research Center at Portland State University; Official Coordinated Population Forecasts for Jefferson County. 2016 and 2036 interpolations done using the PSU interpolation calculator.

[2] http://www.pdx.edu/prc/region-1-documents

[3] OAR 660-024-0040(2) states: "If the UGB analysis or amendment is conducted as part of a periodic review work program, the 20-year planning period must commence on the date initially scheduled for completion of the appropriate work task." Because the proposed expansion is in excess of 50 acres, the City must follow the process "in the manner of periodic review" as required by OAR 660-024-0080.

The City makes the following findings about the population forecast:

1. The population forecast is a coordinated forecast. The Oregon Population Forecast Program described in OAR 577-050-0050 establishes Portland State University as the official entity developing coordinated population forecasts for Oregon municipalities. Madras is relying on the official PSU forecast for this action.
2. The City intends to complete work on the UGB proposal in 2016. As such, the required planning period is 2016-2036.
3. The Daimler Truck Testing Facility will employ approximately 30 people, some of whom will live in Madras, which supports the forecast of population growth.

Need for housing, employment opportunities, and livability.

The Daimler Truck Testing Facility will employ 30 people, providing employment opportunities for people who live in Madras.

Orderly and economic provision for the public facilities and services.

The Daimler Truck Testing Facility will be located on the Madras Airport site. This site has access to local roads that provide truck freight service and is 0.7 miles from Highway 26. The City can provide water and wastewater services capable of serving the airport sites, as documented in Exhibit F.

Maximum efficiency of land uses within and on the fringe of the existing urban area.

The Daimler Truck Testing Facility will be located on the Madras Airport site. The Airport site is already uses for airport operations. The Daimler Truck Testing Facility will use an underutilized area of the Airport, maximizing efficiency of land already used for public facilities.

Environmental, energy, economic, and social consequences.

Locating the large lot industrial site another Priority 1 site would have larger negative impacts than the proposed development at the Madras Airport. The other Priority 1 sites that are large enough to for the large lot industrial site are to the east of the City and would require development of roads capable of accommodating truck freight to provide connections to a State highway. Development of these roads would have greater negative environmental, economic, and energy consequences than the Madras Airport site.

Retention of agricultural land as defined, with Class I being the highest priority for retention and Class VI the lowest priority.

The Daimler Truck Testing Facility will be located on the Madras Airport site, which is an exceptions area. The Daimler Truck Testing Facility will not be developed on land zoned for agricultural uses, which will protect other Priority 1 agricultural lands, such as the rangelands to the east of Madras.

Compatibility of the proposed urban uses with nearby agricultural activities.

The Daimler Truck Testing Facility will be located on the Madras Airport site, which is an exceptions area. The Daimler Truck Testing Facility is compatible with existing uses at the Madras Airport. It is compatible with nearby agricultural activities, consistent with on-going Airport operations.

Jefferson County Comprehensive Plan

This section reviews the proposed UGB expansion against Jefferson County criteria for legislative amendments from the Jefferson County Comprehensive Plan.

1. Comply with applicable Statewide Planning Goals, Oregon Revised Statutes and Administrative Rules, or comply with requirements for an exception to the goal(s)

Finding: Satisfied. The analysis complies with Goal 1, Goal 2, Goal 14, and OAR 660-024, as demonstrated in the prior sections of this analysis.

2. Comply with all applicable Comprehensive Plan goals and policies

Finding: Satisfied. The analysis complies Jefferson County's requirements to Comprehensive Plan Amendments.

Jefferson County signed the *Intergovernmental Agreement Between the Central Oregon Cities and Counties, and Central Oregon Intergovernmental Council for the Large Lot Industrial Lands Program in Central Oregon* on April 10, 2013. This analysis demonstrates compliance with the requirements of the IGA.

Jefferson County Zoning Ordinance (803.2 Map Amendments)

This section reviews the proposed UGB expansion against Jefferson County criteria for changes to the zoning map.

A. The zoning designation will conform to the Comprehensive Plan Map designation;

Finding: Satisfied. The action involves the 195 acres of land at the Madras Airport, shown in green shading in Map 1. The Jefferson County Comprehensive Plan Map designation for the Madras Airport is Urban and Urbanizable Land. On completion of the UGB expansion process, the large lot industrial property will be annexed into the City of Madras (as part of a future action) and rezoned to the Large Lot Industrial Zone.

B. The amendment is consistent with other Zoning Ordinance requirements including, but not limited to, wildlife habitat, bird habitat and riparian protection standards;

Finding: Satisfied. The large lot industrial site is on the Madras Airport site, which has existing airport-related uses. The property does not have any significant wetlands, waterways, wildlife habitat areas, or other areas of biological significance. On completion of the UGB expansion process, the large lot industrial property will be annexed into the City of Madras (as part of a future action) and rezoned to the Large Lot Industrial Zone. The property will meet City of Madras zoning and Comprehensive Plan requirements.

C. The amendment will cause no significant adverse impact to other properties in the vicinity due to factors such as water quality, drainage, air quality or noise;

Finding: Satisfied. The large lot industrial site is on the Madras Airport site, which has existing airport-related uses and has been in airport use since 1938. Because these uses have co-existed for decades, the amendment will cause no significant adverse impacts to properties in the vicinity, which area also part of the Madras Airport. The Madras

Airport is connected with City water and wastewater services. Exhibit F documents the City's capacity to serve the large lot industrial parcel with water and wastewater service. The Daimler Truck Testing Facility will not cause more noise than Airport operations.

D. The amendment will not force a significant change in or significantly increase the cost of farming or forest practices on surrounding resource land;

Finding: Satisfied. The large lot industrial site is on the Madras Airport site, which has existing airport-related uses. The amendment and inclusion of the property into the City's UGB will no increase the cost of farming practices on surrounding lands. Inclusion of the parcel into the UGB will need the need for a regional large lot industrial site. The surrounding farm practices will not be significantly impacted.

E. Adequate public safety, fire protection, sanitation, water and utility facilities and services are available or will be provided to serve uses allowed in the proposed zone;

Finding: Satisfied. Exhibit F documents the City's capacity to serve the large lot industrial parcel with water and wastewater service. The City of Madras will provide public safety and fire protection services to the large lot industrial site.

F. The uses allowed in the proposed zone will not significantly affect a transportation facility identified in an adopted Transportation System Plan by:

1. Changing the functional classification of an existing or planned transportation facility;

2. Allowing types or levels of land uses which would result in levels of travel or access which are inconsistent with the functional classification of a transportation facility; or

3. Reducing the performance standards of the facility below the minimum acceptable level identified in the Transportation System Plan (LOS C).

   A Traffic Impact Study in accordance with Section 421 may be required to show compliance with this standard.

Finding: Satisfied. The existing roads that provide access from the Airport to Highway 26 provide sufficient transportation access for the Daimler facility. Exhibit I documents the City's transportation impacts of the regional large lot industrial site. This analysis concludes that the overall trip generation is expected to be low relative to the overall site size. It also concludes that the economic benefits of the site are high and potential transpiration impacts are low.

Exhibits

The following sections include the Exhibits to this report:

- **Exhibit 0:** City of Madras Regional Large Lot Industrial Site Application to the Central Oregon Intergovernmental Council Board.
- **Exhibit A:** Airport Ground Lease for Non-Aeronautical Use Improvements between Daimler and the City of Madras.
- **Exhibit B:** The City of Madras requested authorization from the Central Oregon Intergovernmental Council to designate one of the Central Oregon Regional Large Lot industrial sites at the Madras Airport for Daimler Trucks of North America
- **Exhibit C:** Intergovernmental Agreement between the Central Oregon Cities and Counties and Central Oregon Intergovernmental County for the Large Lot Industrial Lands Program in Central Oregon
- **Exhibit D:** Letter of Intent to Daimler from the City of Madras about intention of developing a truck testing facility.
- **Exhibit E:** Madras Large Lot Industrial Analysis by ECONorthwest in support of the City's application for a Regional Large Lot Industrial Site to the Central Oregon Intergovernmental Council Board.
- **Exhibit F:** City of Madras' documentation of the capacity of existing water and sewer systems and their ability to serve a potential large lot industrial parcel from the City's Public Works Director and City Engineer
- **Exhibit H:** Letters in support of the City's proposed Regional Large Lot Industrial Site for Daimler's Heavy Durability Truck Testing Facility.
- **Exhibit I:** Documentation about Transportation Planning Rule Analysis related to Partial Mitigation Options.
- **Exhibit J:** COIC resolution approving the Madras Airport Daimler Heavy Truck Testing Facility as a 100-200 Acre Site for the Regional Large Lot Industrial Program.
- **Exhibit K:** Documentation of City of Madras public hearings FORTHCOMING.
- **Exhibit L:** Documentation of City of Madras notice of public hearings FORTHCOMING.

ATTACHMENT C

125 SW "E" Street
Madras, OR 97741
541-475-2344
www.ci.madras.or.us

DATE: April 15, 2016

TO: Central Oregon Intergovernmental Council Board

CC: Andrew Spreadburough, Executive Director
Gus Burril, City Administrator

FROM: Nicholas Snead, Community Development Director

SUBJECT: City of Madras Regional Large Lot Industrial Site Application

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OVERVIEW

The City of Madras seeks to designate the Daimler Heavy Truck Testing Facility as a Region Large Lot Industrial Site. Please allow this document and the associated attachments to serve as the City of Madras' requisite COIC Regional Large Lot Industrial Site application.

Daimler Trucks North America (Daimler) has tested trucks at the Madras Airport since the 1970s. Over the years the amount of testing conducted at the Madras Airport has grown. Daimler has closed their truck testing facility in Indiana and will construct a new facility in Madras. The Heavy Truck Testing Facility will support Daimler's management and engineering efforts in Portland on Swan Island. The City of Madras has recently executed a lease with Daimler to lease 87 acres of City property at the Madras Airport to develop a Heavy Truck Testing Facility (Exhibit A). The development that will occur on the aforementioned 87 acres is considered to be Phase I of Daimler's development intentions. Currently Daimler is in the process evaluating several test facility options. As such, Daimler is in need of more than 87 acres at the Madras Airport to accommodate their business interests.

The City of Madras has strong recognition of the adopted Central Oregon Large Lot Industrial Needs Analysis (2012). The City proposes to designate 199 acres of land at the Madras Airport as a Regional Large Lot Industrial site. This is consistent with Figure 29 (pg. 60) of the Central Oregon Large Lot Industrial Needs Analysis which identifies that in the short-term, two (2) 100-200 acre sites may be designated within the participating cities.

SUBMISSION LETTER

The City of Madras is required to have a letter signed by the Mayor, City Council and/or City Administrator authorizing submission of candidate site to COIC for inclusion in the regional Large Lot Industrial program. Exhibit B provides a letter from the Mayor Royce Embanks authorizing the City of Madras to submit an application for a candidate site to COIC for inclusion in the Regional Large Lot Industrial program. Jefferson County has adopted the Central Oregon Regional Large Lot Industrial Needs Analysis into the Jefferson County Comprehensive Plan on May 22, 2013 (Ord. No. O-060-13).

ATTACHMENT C

SITE DESCRIPTION

As shown in Exhibit A, the City of Madras is proposing to designate a 199 acre Regional Large Lot Industrial Site at the Madras Airport. Table 1 below describes the proposed site in greater detail. The City proposes to designate up to 199 acres of land that it owns as a Regional Large Lot Industrial site. Daimler's Phase I development encompasses 87 acres. An additional 112 acres is needed to: 1) accommodate Daimler's additional development interests; and 2) allow flexibility in the location of Daimler's future development interest to minimize impacts to wetlands[1].

Table 1. Site Description

Site Characteristic	Description
Site Acreage	~199 acres

Site Dimensions, Slope, Unique Features	• The Heavy Truck Durability Testing Facility is approx. 3,732 feet by 1,344 feet (87 acres).
	• The Vehicle Dynamics Area (VDA) is approx. 1,620 feet by 4,062 (112 acres).
	• Total site area = 199
	• The site has gentle slopes (>5%).
	• Unique Site Features:
	  o Adjacent to City of Madras North Wastewater Treatment Plan
	  o Adjacent to Turf Runway and Runway 16-34
	  o Drainage ditches
	  o Delineated wetlands*

Current Development Status	Undeveloped with native grass and plants
Current Zoning	Airport Development (Jefferson Co. Zoning Map)
Current Ownership	Property entirely owned by the City of Madras
Location of Site in Relation to Existing UGB	• The site is approximately 1,620 feet. • The property located between the existing UGB and the eastern side of the proposed Regional Large Lot Industrial site has development restrictions and is used for aircraft operations as specified by the City's Airport Master Plan (2010). • The Madras Airport is currently zoned Airport Management (AM) on the Jefferson Co. Zoning Map. • While formally designating the Regional Large Lot Industrial site, the City will also rezone the property located between the existing UGB and the eastern side of the Regional Large Lot Industrial site as Open Space/Public Facility on the City's Zoning Map based on the provisions of the City's 2010 Airport Master Plan.

*Phase I development has received approval from the Oregon Department of State Lands.

[1] The City of Madras and Daimler have delineated wetlands on the proposed site in August of 2015 and March of 2016 in cooperation with the Oregon Dept. of State Lands.

ATTACHMENT C

PROPERTY OWNER STATEMENT

The City of Madras entered into the IGA between the Central Oregon Cities and Counties and Central Oregon Intergovernmental County for the Large Lot Industrial Lands Program in Central Oregon on April 9, 2013 (Exhibit C) and in doing so understands the requirements of a Regional Large Lot Industrial site with respect to the limitations on the use, minimum lot size, selling price, etc. The City has as issued a Letter of Intent to Daimler (Exhibit D) that identifies the general terms and conditions under which the City would lease land to Daimler for the construction and operation of a durability truck testing facility at the Madras Airport. Finally, on March 22, 2016 the City of Madras and Daimler entered into an Airport Ground Lease for Non-Aeronautical Use Improvements which demonstrate that the City's ability to comply with Section 3(H) of Exhibit C.

SUITABLE LANDS INVENTORY

EcoNorthwest has completed an analysis of suitable lands (Exhibit E) that identifies the site characteristics for the proposed used on the large lot industrial site and two maps that show existing large sites within the Madras UGB. Exhibit E satisfies the requirements Section 3(H) of Exhibit C.

RECONNAISSANCE-LEVEL ANALYSIS & SERVICING PROPOSAL

The City of Madras Public Works Director has determined that it is feasible to extend sewer and water to the proposed site (Exhibit F). Furthermore the City of Madras has received grant fund from the Oregon Department of Transportation through the Immediate Opportunity Fund and the Business Oregon through the Infrastructure Finance Authority to construct $2,506,902.00 of public improvements as generally shown in Exhibit G. Accordingly, the necessary public improvements will be constructed concurrent with Daimler's Phase I development.

LETTERS OF SUPPORT

Roger Lee, Executive Director of EDCO and Clark Jackson of Business Oregon have written a letter of support (Exhibits H & I) for the City's proposed Regional Large Lot Industrial Site for Daimler's Heavy Durability Truck Testing Facility.

COUNTY COORDINATION

Bill Adams, Jefferson County Planning Director has provided a letter (Exhibit J) demonstrating that the City and the County thus far, and will continue, to coordinate the designation of the Regional Large Lot Industrial site.

ATTACHMENT C

AIRPORT GROUND LEASE
FOR NON-AERONAUTICAL USE IMPROVEMENTS

This Airport Ground Lease for Non-Aeronautical Use Improvements (this "Lease") is dated January 15, 2016, but made effective for all purposes as of the Effective Date (as defined in Section 16.6 below), between the City of Madras, an Oregon municipal corporation ("Lessor"), whose address is 125 SW E Street, Madras, Oregon 97741, and Daimler Trucks North America LLC, a Delaware limited liability company ("Lessee"), whose address is 4747 Channel Avenue, Portland, Oregon 97217, Attention: Properties and Building Management.

RECITALS:

A. Lessor is the owner of certain unimproved real property located at the Madras Municipal Airport (the "Airport") consisting of approximately 87.13 acres (the "Land"), which Land is depicted and more particularly described on the attached Exhibit A. The Land is designated for non-aeronautical purposes under Lessor's Airport Layout Plan, which Airport Layout Plan has been approved by the Federal Aviation Administration ("FAA").

B. Lessee desires to lease the Land for the non-aeronautical purpose of developing, constructing, and operating certain vehicle research and testing facilities. Subject to the terms and conditions contained in this Lease, Lessee will lease the Land from the Lessor, and Lessor will lease the Land to Lessee.

AGREEMENT:

NOW, THEREFORE, in consideration of the parties' mutual obligations under this Lease, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. OCCUPANCY

1.1 Lease. Subject to the terms and conditions contained in this Lease, Lessor leases the Land to Lessee and Lessee leases the Land from Lessor. Subject to the terms and conditions contained in this Lease, Lessor and Lessee are each bound to this Lease in accordance with its terms from and after the Effective Date. Except as otherwise expressly provided in this Lease, there are no preconditions to the effectiveness of this Lease or the performance of its terms.

1.2 No Representations or Warranties. Lessee has entered into this Lease on the basis of its own examination and personal knowledge of the Airport, Land, and Legal Requirements (as defined below) and has not relied on any representations or warranties made by Lessor other than those expressly provided in this Lease. Except for the representations and warranties expressly provided in this Lease, Lessee accepts the Land in its AS IS condition as of the Effective Date. Lessor makes no representations or warranties, whether express or implied, with respect to the Land, except as expressly provided in this Lease. Lessor has made no promise or agreement to repair, alter, construct, and/or improve the Land, or any part thereof, except as expressly provided in this Lease.

ATTACHMENT C

1.3 Economic Development Incentives; Off Site Improvements; Relocation Work.

1.3.1 Lessee is seeking a property tax exemption for the Project under the Oregon Enterprise Zone program. Lessor will reasonably cooperate with Lessee's efforts to obtain the aforementioned tax exemption provided Lessor is not required to incur any costs or expenses in connection with such cooperation obligation unless Lessee specifically agrees in writing to reimburse Lessor for such costs and expenses immediately upon Lessor's demand.

1.3.2 Lessor has been awarded financial assistance from the State of Oregon to fund the construction of the Off Site Improvements (as defined below). This financial assistance consists of two separate grants, namely the Immediate Opportunity Fund ("IOF") and Infrastructure Finance Authority Special Public Works Fund ("IFA"), each in the amounts shown on the Madras Municipal Airport West Access Road Depiction and Utilities and Master Estimate dated September 25, 2015, all of which are attached hereto as Exhibit B (collectively, the "Master Estimate"). For purpose of this Lease, the term "Off Site Improvements" consist of the (a) extension of certain Utilities (as defined below) located on Glass Drive/Adler Street as of the Effective Date to the Land's eastern boundary entrance, and (b) construction of certain public road improvements from Glass Drive/Adler Street to the Land's eastern boundary, all of which are described and depicted in the Master Estimate; the term "Utilities" means the (y) water main, and (z) joint utility trench – conduit, trenching, and vault (vault for power only) for power, gas, and telecommunications.

1.3.3 Lessee will pay Lessee's Share (as defined below) in accordance with the cost allocation for the Off Site Improvements described in the Master Estimate and as provided in this Lease. Lessor will keep a record of all Costs (as defined below) related to the Off Site Improvements and refund any balance not spent to deliver the Off Site Improvements in accordance with the IOF and IFA grant applications/agreements. Lessee will pay Lessee's Share in accordance with the progress payment method described under Section 1.5.

1.3.4 In addition to the Off Site Improvements, Lessee desires to relocate a portion of the Land's existing (as of the Effective Date) test track and Airport perimeter road described and depicted on the attached Exhibit C from the runway protection zone for safety and compliance reasons (the "Relocation Work"). Lessee will pay Lessee's Share in accordance with the cost allocation for Relocation Work as described in the Master Estimate and as provided in this Lease. Lessor will keep a record of all Costs related to the Relocation Work. Lessee will pay Lessee's Share in accordance with the progress payment method described under Section 1.5.

1.3.5 Subject to Lessee's obligation to pay Lessee's Share as provided in this Lease, Lessor will be responsible to provide or cause to be provided and performed all testing, labor, equipment, services, materials, management, and work to design, permit, construct, and complete the Off Site Improvements and Relocation Work, all in a good and workmanlike manner, in conformance with all applicable Legal Requirements (including, without limitation, all requirements of the IOF and IFA grants), and in accordance with the Master Estimate and this Lease. Lessor agrees that the Off Site Improvements and Relocation Work will be performed in an expeditious manner in accordance with plans and specifications, Costs budget, and construction schedule each to be approved in writing in advance by Lessee (which approval will not be unreasonably withheld, conditioned, or delayed); provided that such approval will not operate to waive any obligation of Lessor hereunder with respect to the performance of the Off Site Improvements and Relocation Work or constitute Lessee's agreement

that the plans and specifications satisfy legal requirements or applicable design standards (which legal compliance and standards are Lessor's responsibility). Once approved, Lessor will not modify the plans and specifications, construction schedule or budget, or enter into any change orders with respect to such work that will in the aggregate exceed the contingency set forth in the approved budget, without Lessee's prior written approval in each instance. Lessee will have the right from time to time upon request, at Lessee's expense, to review and audit all contracts, agreements, pay applications, invoices, expense and cost records, inspection results, and all other documents and records in any way relating to the Off Site Improvements and Relocation Work.

1.3.6 During the Lease Term, Lessee will have a non-exclusive license to use the Off Site Improvements and Relocation Work improvements for their respective intended purposes. To the extent the Land does not have direct access to a public right-of-way, Lessor grants to Lessee a non-exclusive license to use during the Lease Term other Airport property as designated by Lessor for ingress, egress, access, and utility service for the Project for such areas intended purposes, subject to the terms of this Lease and any Legal Requirements. Lessor may change the location of such license areas if such changes do not materially and adversely interfere with Lessee's access to or use of the Land and Project.

1.4 Lessee Due Diligence and other Contingencies; Termination.

1.4.1 Within ten (10) days after the Effective Date, Lessor will deliver to Lessee copies of the following documents to the extent existing and in the possession or control of Lessor and relating to or affecting all or any part of the Land (and to the extent not previously delivered to Lessee) (collectively, the "Land Documents"): (a) surveys (including ALTA, boundary, and topographic); (b) environmental reports and assessments, including any Phase I and Phase II environmental site assessments; (c) engineering, soils, wetlands, hydrological, archaeological, and other property reports; (d) site plans, utility plans, architectural plans, and construction drawings for any proposed improvements or development; (e) any other tests, studies, plans, and/or documents with respect to the Land or the potential use or development of the Land; (f) copies of any documents from city, county, state, federal, or other applicable authorities received by Lessor relating to or affecting the use, occupancy, or development of the Land; and (g) such other documentation Lessee may reasonably request with respect to the Land. Land Documents provided by Lessor to Lessee, if any, are provided without any representation or warranty whatsoever regarding the accuracy, completeness, and/or reliability, whether such Land Documents are provided before, on, and/or after the Effective Date.

1.4.2 Lessee will have one hundred twenty (120) days following the Effective Date (the "Inspection Period") to satisfy itself concerning the suitability of the Land for Lessee's intended purposes, including the legal, environmental, and physical condition thereof, the zoning and other Legal Requirements applicable to the Land, available access to public streets, utilities, and infrastructure, and the estimated total cost to Lessee of all proposed improvements (including Off Site Improvements). Subject to the terms and conditions contained in this Lease, Lessee may perform such inspections, tests, studies, and assessments on the Land as Lessee reasonably deems necessary or desirable (individually and collectively, "Testing"). Notwithstanding anything contained in this Lease to the contrary, Lessee must obtain Lessor's prior written consent prior to conducting any invasive Testing on the Land, which consent will not be unreasonably withheld, conditioned, and/or delayed. Lessee will provide Lessor, at no cost and expense to Lessor, true and complete copies of all final studies, reports, and analyses relating to the Testing and/or the Land's physical condition provided that such documents will be

delivered without any representation or warranty whatsoever by Lessee regarding the accuracy, completeness, and/or reliability thereof. All Testing will be at Lessee's sole cost and expense.

1.4.3 Lessee will conduct the Testing in a safe, neat, and orderly fashion and in a manner that will minimize dust and noise. Lessee will ensure that the Testing does not interfere and/or disrupt Airport operations and/or Airport tenants, invitees, and/or contractors. In connection with the Testing, Lessee will keep and maintain the Land, at Lessee's cost and expense, in a good, safe, and attractive condition. Lessee will remove any and all garbage, debris, tools, and/or equipment placed on the Land by Lessee or its agents in connection with such Testing prior to the termination of this Lease pursuant to Section 1.4.4. Lessee will be liable for any and all damage, destruction, injury, and/or death caused to person or property as a result of the Testing. If Lessee and/or Lessee's Agents (as defined below) disturb and/or damage all or any part of the Land in connection with the Testing and Lessee terminates the Lease pursuant to Section 1.4.4, Lessee will promptly restore and/or repair the Land to its condition existing as of the Effective Date. Lessee will perform all Testing, and will cause all Lessee's Agents to perform all Testing, subject to and in compliance with this Lease and the Legal Requirements.

1.4.4 If Lessee, in Lessee's sole and absolute discretion, determines that the Land is not satisfactory to Lessee for its intended purposes (as contemplated by this Lease) for any reason or no reason, Lessee may, at any time prior to expiration of the Inspection Period, terminate this Lease by giving written notice thereof to Lessor. If Lessee terminates this Lease under this Section 1.4.4, neither party will have any further rights or obligations under this Lease except for (a) Lessee's obligation under this Lease to pay Lessee's Share to the extent incurred or committed and unpaid as of the date of termination, (b) Lessee's obligation to deliver copies of reports, studies, etc. under Section 1.4.2, (c) Lessee's removal, cleanup, and restoration obligations under Section 1.4.3, and (d) the Surviving Provisions (as defined in Section 1.4.6 below).

1.4.5 Subject to Lessee's sole and absolute discretion with respect to the Entitlements (as defined below) and improvements required by Lessee (including the right from time to time to alter, supplement, or modify such improvements subject to and in accordance with this Lease), Lessee will make application for all necessary construction and building permits (and any other necessary permits) with reasonable promptness and will prosecute the application of such permits diligently, expeditiously, and in good faith, including making prompt payment of any and all application, permit, and processing fees. If necessary, Lessor will join in the application of any necessary permits or other Entitlements, provided that Lessor is not required to incur any costs or expenses in connection with such joinder unless Lessee specifically agrees in writing to immediately reimburse Lessor therefor.

1.4.6 Notwithstanding anything contained in this Lease to the contrary, and in addition to the termination right provided under Section 1.4.4, if Lessee does not obtain all Entitlements on or before the expiration of the Inspection Period (the "Outside Entitlement Date"), Lessee may terminate this Lease by providing Lessor written notice thereof on or before the Outside Entitlement Date. If Lessee terminates this Lease under this Section 1.4.6, neither party will have any further rights or obligations under this Lease except for (a) Lessee's obligation under this Lease to pay Lessee's Share to the extent incurred or committed and unpaid as of the date of termination, (b) Lessee's obligation to deliver copies of reports, studies, etc. under Section 1.4.2, (c) Lessee's removal, cleanup, and restoration obligations under Section 1.4.3, and (d) the Surviving Provisions. For purposes of this Lease, the term "Entitlements" means all governmental and third party permits, approvals, authorizations, agreements, and consents (including the absence of any conditions, limitations, and/or restrictions thereto) that

Lessee in its sole and absolute discretion deems necessary or desirable for its intended improvements, operation, and/or use of the Land and Project, including any necessary approvals from the FAA and Jefferson County; the term "Surviving Provisions" means Sections 11.6, 11.7, 15.2, 16.1, 16.2, 16.3, and 16.6.

1.5 Payment of Contract Sum and Lessee's Share; Progress Payments.

1.5.1 Lessee will pay Lessor Lessee's Share in accordance with the terms and conditions provided under this Lease. For purposes of this Lease, the term "Contract Sum" means all the Costs of the Relocation Work and Off-Site Improvements; the term "Costs" mean all actual hard and soft costs and expenses incurred to design, permit, perform, and complete the Relocation Work and Off-Site Improvements, including without limitation, costs and expenses for labor, professional fees, design fees, materials, temporary facilities, transportation, delivery, insurance, bond premiums, taxes, tools, supplies, equipment rentals, subcontractors, materialmen, and permits; the term "Lessee's Share" means the portion of the Costs of the Off Site Improvements and Relocation Work allocated to Developer (or Daimler) as shown on the Master Estimate, but excluding all Excluded Costs (as defined below). For purposes of this Lease, the term "Excluded Costs" means any Costs to the extent (a) in excess of $1,200,000.00, (b) attributable to errors, omissions, defects (whether in design, construction, or otherwise), mismanagement, delays, and cost overruns, in each case caused by or within the reasonable control of Lessor, (c) Costs or change orders not approved by Lessee as provided herein (except for change orders that, in the aggregate, do not exceed the contingency provided in the budget approved by Lessee), or (d) uninsured loss, unused contingency, and Lessor's default under any agreements relating to the Off Site Improvements or Relocation Work (including the IOF or IFA grant agreements); in each of the aforementioned situations except to the extent caused by Lessee. Lessor will be responsible to pay all Excluded Costs.

1.5.2 Lessee will pay Lessor Lessee's Share in single, monthly progress payments ("Progress Payments") based on the work performed during the preceding month corresponding to a Schedule of Values and consistent with the allocation set forth in the Master Estimate, less (a) any work or funds to be provided by Lessor or pursuant to the IOF and IFA grants (as set forth on the Master Estimate), and (b) retainage in the amount of the greater of the retainage provided in the general construction contract or required by the IOF or IFA grant agreement (the "Retainage"). Lessor will prepare and deliver to Lessee each month a written invoice for each Progress Payment (each an "Invoice"). Notwithstanding the foregoing, on or about the Effective Date, Lessor may present an Invoice for the initial progress payment covering all work performed prior to the Effective Date. Each Invoice will be accompanied by a summary of all Costs applicable to the Invoice, a copy of the Schedule of Values, an itemization of each activity for which payment is requested (including approved budget, prior disbursements, current request, and balance), general description of work accomplished and materials incorporated in that work, and identification of all other funding applied to the work. Lessee's payment of each Invoice in full to Lessor is due and payable not later than fifteen (15) days after Lessor's delivery of the applicable Invoice and supporting information identified in this Section 1.5.2.

1.5.3 Lessee will pay the final Invoice to Lessor not more than fifteen (15) days after the later of receipt of such Invoice and the date the Relocation Work and/or Off Site Improvements is/are Substantially Completed (as defined below). For purposes of this Lease, the term "Substantially Completed" means the point or date upon which performance and completion of the Relocation Work (or designated portion thereof) and/or Off Site Improvements is sufficiently complete for its/their

intended use and purposes and such use is lawfully permitted. The existence of minor construction work and/or adjustments that do not affect the intended use of such improvements will not delay a determination that the Relocation Work and/or Off Site Improvements is/are Substantially Completed. Upon final completion of all such work (including any minor work, adjustments, or so-called "punch list" items), Lessor will deliver to Lessee an Invoice for Lessee's Share of the Retainage, which will be due and payable within fifteen (15) days after receipt of such Invoice.

1.6 FAA Approval – Airport Layout Plan. Lessor has requested that FAA approve (the "FAA Approval") a certain amendment to Lessor's airport layout plan to accommodate, in part, Lessee's use of the Land for the Permitted Use. Notwithstanding anything contained in this Lease to the contrary, if Lessor does not obtain the FAA Approval on or before the Outside Entitlement Date, Lessee or Lessor may terminate this Lease by providing the other party written notice thereof on or before the Outside Entitlement Date. If either party terminates this Lease under this Section 1.6, neither party will have any further rights or obligations under this Lease except for (a) Lessee's obligation to deliver copies of reports, studies, etc. under Section 1.4.2, (b) Lessee's removal, cleanup, and restoration obligations under Section 1.4.3, and (c) the Surviving Provisions. The FAA Approval condition provided under this Section 1.6 is for the benefit of Lessor and Lessee and may be waived, in whole or in part, by either party.

2. TERM; RENEWAL

2.1 Lease Term. Subject to the terms and conditions contained in this Lease, the term of this Lease will commence on the Effective Date and will continue for a period equal to the Project Construction Period (as defined below) plus twenty (20) years immediately thereafter (the "Initial Lease Term"), unless sooner terminated or extended as provided in this Lease. For purposes of this Lease, the term "Lease Term" means the Initial Lease Term and any extensions or renewals thereof; the term "Project Construction Period" means the period from the Effective Date until the date Lessee receives a certificate of occupancy from the applicable governmental authority permitting use and occupancy of the Project. Lessor and Lessee will sign a written acknowledgement identifying the Project Construction Period within thirty (30) days after the end of the Project Construction Period.

2.2 Lease Term Renewal. If Lessee is not then in default under this Lease, Lessee will have the option (each an "Extension Option") to renew and extend the Initial Lease Term for three (3) consecutive additional terms of ten (10) years each (each an "Extended Term"), subject to the following terms and conditions:

2.2.1 Lessee will exercise an Extension Option by providing Lessor written notice (the "Notice of Extension") not less than one hundred fifty (150) days prior to the last day of the then expiring Initial Lease Term or Extended Term (as the case may be). Subject to the terms and conditions contained in this Lease, giving of the Notice of Extension will be sufficient to make this Lease binding for the applicable Extended Term without further act of the parties. Each Extended Term will commence on the day immediately following the expiration of the Initial Lease Term or Extended Term (as the case may be). The terms and conditions for each Extended Term will be identical with the Initial Lease Term except for Base Rent (as defined below), L/A Fee (as defined below), and Lessee will no longer have any Extension Option that has been exercised.

2.2.2 Base Rent for the first twelve-month period of each Extended Term (and increased annually thereafter pursuant to the terms of this Lease) will be equal to the then-fair market rental rate of the Land, which amount Lessor and Lessee will reasonably seek to determine by mutual agreement. If Lessor and Lessee are unable to agree on the then-fair market rental rate of the Land within sixty (60) days after Lessor's receipt of the Notice of Extension (the "Rent Negotiation Period"), the fair market rental rate of the Land will be determined as follows:

(a) Not later than thirty (30) days after the end of the Rent Negotiation Period or five (5) days after the appraiser is appointed if appointed after such 30-day period, each party will submit in confidence to the appraiser selected below its written evaluation of the fair market rental rate of the Land. At the same time, the parties will attempt in good faith to appoint a mutually acceptable, independent, qualified appraiser. Not later than thirty (30) days after the appraiser is appointed, the appraiser will choose one of the two proposals as the fair market rental rate of the Land, which determination will be final and binding. Each party's written evaluation will be accompanied by a discussion of the facts, considerations, and opinions on which the evaluation is based.

(b) If the parties cannot agree on an appraiser, then each party will appoint a qualified, independent appraiser not later than forty-five (45) days after the end of the Rent Negotiation Period. The appraisers appointed by each party will agree upon and select a qualified, independent appraiser (the "Third Party Appraiser") within fifteen (15) days thereafter. The Third Party Appraiser will choose one of the two proposals as the fair market rental rate for the Land within thirty (30) days of his or her appointment, which determination will be final and binding. If a party fails to timely appoint a qualified appraiser, then the one appraiser timely appointed will determine the fair market rental rate of the Land by choosing one of the two proposals, which determination will be final and binding. If a party fails to timely submit its evaluation of the fair market rental rate, then the timely submitted evaluation will be the final and binding fair market rental rate of the Land.

(c) Each party will bear one-half (50%) of the expense of the mutually appointed appraiser and the entire expense of any appraiser appointed by the party individually. Each appraiser retained or selected under this Section 2.2 must have at least five years' commercial real estate appraisal experience in Central Oregon. For all purposes under this Section 2.2, the fair market rental rate for the Land will be based on the assumption that the Land is vacant, unimproved, not leased (i.e., without regard to any value attributable to the Lease or any improvements on the Land) and subject to all applicable Legal Requirements.

2.2.3 During each year of each Extended Term upon the anniversary of the commencement of the Extended Term, Base Rent will increase by one and one-half percent (1.5%) over Base Rent for the immediately preceding twelve-month period.

3. POSSESSION; MADRAS AIR SHOW

3.1 Possession. Lessee's right to exclusive possession of the Land, subject to the terms and conditions of this Lease, will commence on the Effective Date.

3.2 Airshow of the Cascades. Lessee's construction and/or operation of the Project may not interfere with the operation and/or activities of The Airshow of the Cascades (the "Airshow") during the Airshow Days (as defined below). To this end, Lessee will cease all use and operations on the Land

and/or Project (including any construction activities) for the Airshow Days to accommodate Airshow activities and/or operations. Lessor will not be in default (and Lessee will not receive any Rent abatements and/or other concessions) under this Lease if Lessee's construction and/or operation of the Project and/or use of the Land is disrupted by Airshow operations and/or activities during the Airshow Days provided Lessor (a) provides Lessee not less than ninety (90) days' advance written notice of the three (3) consecutive days in August that the Airshow will be held (the "Airshow Days") during the applicable year, and (b) consults with Lessee concerning any potential commercially reasonable measures that may be taken to minimize the disruption the Airshow may have on Lessee's construction and/or operation of the Project. Lessor will use reasonable efforts to obtain the following agreements from the Central Oregon Airshow, Inc. ("Corporation"), the Oregon nonprofit corporation responsible for operation of the Airshow: (x) that Corporation permit Lessee to place an advertisement display each year during the Airshow at an acceptable location on the Airport property, at no cost and expense to Lessee, subject to the Airshow Regulations (as defined below); (y) that Corporation name Lessee as an additional insured/loss payee (as applicable) on all liability and property insurance policies maintained by Corporation with respect to the Airshow, and (z) that Corporation include Lessee, its officers, members, employees, and agents as indemnified and protected parties under any indemnification and defense provisions in any agreement(s) by or between Corporation and Lessor with respect to the Airshow. Lessor will promptly provide Lessee with a copy of all such agreements and policies relating to clauses (y) and (z) above if and to the extent obtained. Lessor will have no liability whatsoever to Lessee under this Section 3.2 if and to the extent Corporation does not agree to any or all of clauses (x), (y), and/or (z) under this Section 3.2.

3.3 Airshow Regulations. Lessee will comply with all reasonable rules and regulations concerning the Airport and/or Land that Lessor may adopt from time to time concerning the Airshow (the "Airshow Regulations"). Lessee will not perform (or caused to be performed) any acts or carry on any practice prohibited by the Airshow Regulations. Lessor is permitted to amend the Airshow Regulations (or adopt new Airshow Regulations) from time to time as Lessor reasonably determines necessary or appropriate. Any permitted adoption or amendment to the Airshow Regulations will be effective thirty (30) days after Lessor provides Lessee notice of such adoption or amendments.

4. BASE RENT; ADDITIONAL RENT

4.1 Base Rent. Subject to the terms and conditions contained in this Lease, commencing on the Rent Start Date (as defined below), Lessee will pay Lessor minimum rent ("Base Rent"), without offset, in the amount of $12,633.85 per month (which is calculated based on 87.13 acres (per survey attached hereto as Exhibit A) multiplied by $145.00 per acre, per month). Lessee's first payment of Base Rent will be on the Rent Start Date. Lessee will pay all other payments of Base Rent monthly in advance on the first day of each month. Lessee may, in Lessee's discretion, make annual Base Rent payments in advance of each twelve-month rental period. For purposes of this Lease, the term "Rent Start Date" means the earliest to occur of the following: (a) completion of the Project (as evidenced by issuance of a valid occupancy permit issued by the applicable governmental authority permitting Lessee's use and occupancy of the Project); (b) the first year anniversary of the Effective Date; or (c) January 1, 2017.

4.2 Additional Rent. All taxes, insurance costs, utility charges (e.g., electricity, telephone, water, etc.), the L/A Fee (as defined below), and any other sums Lessee is required to pay Lessor or any third-party under this Lease (other than Base Rent) is deemed "Additional Rent." Additional Rent will be due and payable to the applicable payee commencing on the Effective Date; provided, however, the L/A

Fee will not be payable until the Rent Start Date. For purposes of this Lease, "Rent" means both Base Rent and Additional Rent.

4.3 Rent Payments; Escalation. Base Rent and the L/A Fee will be payable without deduction or offset to the order of Lessor at the address first shown above or at such other address as may be designated from time to time by Lessor. All costs, expenses, and obligations imposed on Lessee under this Lease during the Lease Term relating to the Land and/or Project will be paid by Lessee, except as otherwise provided herein. Commencing on the first year anniversary of the Rent Start Date, and continuing each year thereafter during the Lease Term (including each Extended Term), except for Base Rent for the first year of each Extended Term which will be determined in accordance with Section 2.2, Base Rent and the L/A Fee will escalate (increase) by one and one-half percent (1.5%) over the amount applicable for the immediately preceding twelve-month period. Subject to the terms and conditions contained in this Agreement, Rent will be prorated on a daily basis with respect to any partial month in which the Lease Term commences and ends.

4.4 Lighting and Access Fee. Commencing on the Rent Start Date, in addition to any other fees, charges, and/or expenses provided under this Lease, Lessee will pay Lessor a lighting and access fee of $275.91 per month (the "L/A Fee"). The L/A Fee will be increased (escalated) annually in accordance with Section 4.3, above.

5. USE OF LAND

5.1 Permitted Use.

5.1.1 Except as may be permitted with Lessor's prior written consent as provided herein, Lessee may use the Land only for the following purposes (collectively, the "Permitted Use"): (a) the Construction (as defined below) of the Project (as provided in Section 7); and (b) the operation and administration of a vehicle research and testing facility, including vehicle inspection and re-inspection, disassembly, and reassembly (including of various trim, aerodynamic panels, hood and cab, and axle components), test track operations over various surfaces and testing events (for ten (10) or more vehicles at a time at all hours and days), test activities (including brake testing, noise testing, vehicle lighting testing, powertrain performance and integration testing, ride and handling tests, and active and passive safety system tests), customer and/or employee demonstrations (sometimes with large groups and many vehicles), vehicle reliability and/or durability testing, data collection for vehicle development purposes, other tests that are not appropriate for public roads, wireless coverage (802.11g) for most of the paved areas, licensed business band radios for vehicle-to-vehicle and vehicle-to-base communications on the site, general vehicle maintenance and servicing, associated administrative offices and shop, and other uses incidental to the foregoing. Lessor acknowledges that the Permitted Use includes a test track, drag strip, durability track, and other activities involving the use, testing, and operations of medium- and heavy-duty trucks, including continuous and simultaneous operation of multiple trucks twenty-four (24) hours per day, seven (7) days per week, operated at various speeds and conditions and on varying surfaces. Lessor further acknowledges that these activities may produce noise (including engine, braking and roadway noise), odors, fumes (including exhaust fumes), dust, smoke, vapor, vibrations, lighting, and other potential disturbances or objectionable conditions inherent in such activities. Lessee will not use the Land for any purpose other than the Permitted Use without first obtaining Lessor's prior written consent, which consent will not be unreasonably withheld, conditioned, and/or delayed. Lessee will conduct the Permitted Use subject to and in accordance with

this Lease and all applicable Legal Requirements; provided that in making the foregoing and similar covenants herein Tenant is expressly relying upon Lessor's representation and warranty set forth in Section 5.1.2.

5.1.2 Provided that Lessor and Lessee receive the FAA Approval, Lessor represents and warrants to Lessee that, to Lessor's actual knowledge as of the Effective Date, the Permitted Use is consistent and compatible with aeronautical activities at the Airport and is an acceptable and permitted use of the Land under applicable Airport Requirements (defined herein) in effect on the Effective Date. As used herein, "Airport Requirements" means airport-related federal statutes and rules, Lessor's federal obligations (including Grant Assurances), and FAA policy.

5.2 Lessor's Right of Entry. Lessor reserves the right to enter the Land and all improvements located thereon for the purpose of investigating compliance with the terms of this Lease, general safety inspections, and for any other reasonable purpose that Lessor finds necessary for the operation of the Airport. Except in the case of an emergency, Lessor will provide not less than forty-eight (48) hours' prior written notice to Lessee prior to entering the Land for any such purposes. Any Lessor entry on the Land will be conducted in a manner so as to minimize interference with the Permitted Use and may be subject to such security and safety conditions or protocols as may be reasonably required by Lessee, provided such security and safety conditions or protocols do not unreasonably interfere with Lessor's right of entry.

5.3 Reservation for Aeronautical Use. Notwithstanding anything contained in this Lease to the contrary, Lessee will conduct all activities on the Land in a manner that will not adversely affect or interfere with Airport-related flight operations or contribute to flight hazards, including the following: (a) emitting electronic interference with aircraft radio communications or electronic navigational aids; (b) inhibiting pilot visibility through, among other things, emission of smoke or vapor, the use of glaring lights, the use of lights that resemble a layout or color of a landing area, or the use of search lights or flash-type advertising signs; (c) creation of hazards which are dangerous to the safety of aircraft or flying in the vicinity of the Airport; and/or (d) creating attractants of birds or wildlife that are hazardous to aircraft, all as determined by Lessor in its reasonable discretion. Any exterior construction activities on or at the Land must be approved (i.e., must receive a "no objection" determination) by the FAA through the notice of proposed construction review process, submittal of FAA Form 7460-1, and will be subject to all applicable Legal Requirements. Lessee acknowledges that the requirements of the preceding sentence may result in construction delays to the Project. Lessor will make commercially reasonable efforts and work in good faith with Lessee to facilitate the submission and processing of the aforementioned FAA Form 7460-1.

5.4 Use Restrictions. The particular manner in which Lessee conducts the Permitted Use on the Land will at all times conform and comply with this Lease and all Legal Requirements. For purposes of this Lease, the term "Legal Requirement(s)" means any and all applicable rules, regulations, leases, covenants, conditions, restrictions, easements, declarations, laws, statutes, liens, ordinances, orders, codes, rules, and regulations directly or indirectly affecting the Land, the Project (including, without limitation, Construction of the Project and/or any other improvements), the Airport, and/or the Permitted Use, including, without limitation, the Americans with Disabilities Act of 1990 (and the rules and regulations promulgated thereunder), any applicable environmental laws, any applicable rules or regulations promulgated by the FAA or any other federal airport authority (including, without limitation, Lessor's Grant Assurances and requirements under 14 C.F.R. Part 77), and any applicable Airport rules

and regulations (including, without limitation, the Airshow Regulations), all as now in force and/or which may hereafter be amended, modified, enacted, or promulgated; provided, however, all rules and regulations adopted or approved by Lessor will be reasonable, materially consistent with this Lease, and promulgated and enforced by Lessor on a non-discriminatory basis. If, during the Lease Term, Lessee is materially prohibited from using the Land for the Permitted Use due to any Legal Requirements, Lessee will have the right to terminate this Lease by providing Lessor not less than thirty (30) days' prior written notice of such termination, subject to the following terms and conditions: (a) Lessee and Lessor must have first attempted to discuss and, if appropriate, resolve the issue in accordance with Section 5.8; and (b) Lessee's termination of the Lease under this Section 5.4 will not relieve Lessee of any Lessee express obligations under this Lease that have accrued and remain unperformed prior to the termination, including (i) Lessee's obligation under this Lease to pay Lessee's Share to the extent incurred or committed and unpaid as of the date of termination, (ii) Lessee's obligation to deliver copies of reports, studies, etc. under Section 1.4.2, (iii) Lessee's removal, cleanup, and restoration obligations under Section 1.4.3, and (iv) the Surviving Provisions; provided, however, that upon such termination by Lessee pursuant to this Section 5.4, Lessor shall have no obligation whatsoever to purchase the improvements owned by Lessee (but such improvements will be subject to purchase or lease pursuant to Section 9.1).

5.5 Reversion for Aeronautical Purposes. Lessee agrees that Lessor may terminate this Lease at any time that Lessor determines that the Land will be required for aeronautical purposes or the Permitted Use will interfere with aeronautical activities at the Airport or conflict with applicable Airport Requirements. In such event, Lessee agrees to release Lessor from any claims or liabilities resulting from such Lease termination, other than a claim for equitable just compensation. Upon such Lease termination, the Land and Improvements and all rights therein will revert to Lessor and Lessor will pay to Lessee equitable just compensation. As used in this Section 5.5, "equitable just compensation" will be calculated in the same manner as provided for the determination of just compensation under Section 16.12 herein and Oregon law in the case of a taking by condemnation. Lessor will pay such equitable just compensation on or prior to the effective date of such Lease termination. Lessor's right to terminate the Lease (and purchase the Improvements) under this Section 5.5 in no way limits and/or impairs Lessor's right to demand Lessee's compliance with the terms of this Lease and/or Lessor's rights and remedies provided under this Lease.

5.6 Aviation Easement. Lessor reserves for itself, and for the public, a right of flight for the passage of aircraft in the airspace above the Land together with the right to cause noise, vibration, dust, fumes, smoke, vapor, and other effects inherent in the navigation or flight of aircraft and/or operation of the Airport. Lessee will not construct any building or facility at a height in feet above the ground or take any other action that will, in Lessor's reasonable opinion, interfere with navigational aids or flight operations at the Airport; provided that the improvements approved by Lessor are deemed not to so interfere.

5.7 Non-Discrimination; Unfair Practices. To the extent applicable to the Construction or Lessee's use of the Land, Lessee, as a part of the consideration hereof, covenants and agrees to the following: (a) if any facilities are constructed, maintained, and/or otherwise operated on the Land for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee will maintain and operate such facilities and services in compliance with all requirements imposed under 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as amended; (b) no person on the grounds of race, color, or

national origin will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of any facilities located on the Land; and (c) in the construction of any improvements on, over, or under the Land and the furnishing of services thereon, no person on the grounds of race, color, or national origin will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination.

5.8 Communication and Coordination. During the Lease Term, Lessor and Lessee will maintain adequate levels of communication to ensure reasonable cooperation and coordination of the parties' respective activities at the Airport. If any claim, dispute, and/or controversy arises out of a potential conflict between such activities (a "Dispute"), including Lessor's assertion that particular Lessee activities on the Land do not comply with any terms of this Lease (including Section 5.3 or Section 5.4), Lessor and Lessee will exert commercially reasonable efforts to seek a fair and prompt negotiated resolution of the Dispute and will meet at least once in person to discuss and seek a resolution of the Dispute, if necessary, within thirty (30) days of written notice from Lessor to Lessee of such Dispute (which notice will identify the Dispute with specificity and request such discussions pursuant to this Section 5.8). The resolution process described in this Section 5.8 does not limit or impair either party's rights or remedies under this Lease or at law, and each party may approve or disapprove of any proposed resolution in its sole and absolute discretion.

6. TAXES; ASSESSMENTS; UTILITIES; ANNEXATION

6.1 Payment of Taxes and Assessments. Lessee will pay before delinquency all real and personal property taxes, general and special assessments, and any other charges of every description levied on and/or assessed against the Land, any improvements located on the Land (including, without limitation, the Project), and/or personal property and/or fixtures located on the Land. Lessee will make all such payments directly to the taxing authority. If any such tax assessment or charge may be paid in installments, Lessee may elect to do so as long as each installment together with interest is paid before it becomes delinquent. Lessee will furnish to Lessor receipts or other proof of payment of taxes and assessments within thirty (30) days after Lessor's written request. Lessee reserves the right, at Lessee's expense and at no cost or expense to Lessor (and provided Lessor's interest in and to the Land is not compromised), to contest any taxes and assessments hereunder in accordance with the applicable legal process.

6.2 Pro-rations. Taxes, assessments, and charges concerning the Land for the tax years in which the Effective Date falls or the Lease Term expires will be prorated between the parties on a daily basis as of the Effective Date or the Lease Term expiration, as applicable. If any tax, assessment, and/or charge (excluding personal property taxes, assessments, or charges) is payable in installments and an election to so pay has been made with respect to the Land, Lessee will only be responsible to pay those installments which fall due during the period from the Effective Date through the expiration of the Lease Term, regardless of whether some installments fall due before the Effective Date or after the expiration of the Lease Term.

6.3 Utilities. During the Lease Term, Lessee will pay when due all charges for services and utilities incurred in connection with the use, occupancy, and/or maintenance of the Land (including any improvements located thereon), including, without limitation, charges for electricity, fuel, janitorial services, power, natural gas, water, sewage, telephone, internet, refuse collection, and all other services and utilities.

6.4 Annexation. Lessee consents to any Lessor annexation of the Land. Upon Lessor's request, and at Lessor's expense, Lessee will execute any consent to annexation applications, documents, and/or instruments Lessor reasonably deems necessary or appropriate.

7. INITIAL CONSTRUCTION

7.1 Lessee's Obligation to Construct. Subject to the Lessee's right to alter, supplement, or modify the project plans and specifications as it deems necessary in its sole discretion, Lessee intends to develop and construct on and at the Land, at Lessee's cost and expense, certain vehicle research and testing facilities including (a) one or more vehicle test tracks constructed of asphalt, concrete, and/or gravel, and (b) certain structures or improvements for office, vehicle maintenance, and support, including an approximately 26,000 square foot maintenance building (approximately 4,500 square feet of which will be used for office space) and a vehicle washing station (collectively, the "Project"). The Project will be a complete facility and erected wholly within the boundary lines of the Land. Lessee will timely obtain, at Lessee's cost and expense, land use approval and all necessary building and other permits concerning the Project required by Legal Requirements.

7.2 Construction. Lessee will commence construction of the Project no later than one hundred eighty (180) days after Lessee's receipt of all Entitlements, including any approval required by the FAA. Lessee will complete construction of the Project, including taking all actions within its control to obtain a valid occupancy permit, not later than five hundred (500) days after commencement of construction of the Project, subject to automatic extension for delays due to force majeure or other causes beyond the reasonable control of Lessee. Lessee will comply with all conditions of construction specified in this Lease, including Section 7.3, below. The construction of the Project is referred to in this Lease as "Construction."

7.3 Construction Conditions. Prior to commencing Construction of the Project and before any building materials have been delivered to the Land, Lessee will comply with each of the following conditions:

7.3.1 If and to the extent required under the Legal Requirements, (a) Lessee will submit a site plan application and pay the applicable fee to Lessor for Lessor's land use approval process, and (b) Lessee will follow the conditions of approval from the site plan decision. As part of a design review process, Lessee will submit to Lessor three sets of preliminary construction plans and specifications prepared by an architect or engineer licensed in the State of Oregon. Lessor's approval or disapproval will be communicated to Lessee in the manner provided for notices within twenty (20) days after receipt of complete plans and specifications from Lessor. Any disapproval will be accompanied by a statement of the reasons for such disapproval. Lessor may not unreasonably withhold, condition, or delay approval. Lessee will revise plans and specifications to address Lessor's review comments. Final working drawings and the Construction work will conform in all material respects with the final site plan decision, plan review comments, and all other applicable Legal Requirements. To save time and reduce cost, Lessee is urged to submit a preliminary elevation for approval by the Site Plan Committee. The design review process does not relieve Lessee of the responsibility to submit necessary plans to the Building Official and secure required permits. If Lessor disapproves of Lessee's plans and specifications and Lessee and Lessor cannot reach agreement on modifications to such plans and specifications, Lessee may terminate this Lease pursuant to Section 1.4.6.

7.3.2 Lessee will deliver to Lessor (a) such proofs and copies as Lessor may reasonably request regarding insurance relating to the Project, including, without limitation, certificates of insurance evidencing the insurance required herein to be maintained by Lessee or its contractors, including workers' compensation insurance for all persons employed in connection with the Construction, (b) proof of issuance of all building and other permits required for the Construction, and (c) copies of Lessee's contract with the general contractor concerning the Construction.

7.3.3 Comply with Section 11.3 entitled Builder's Risk Insurance. Nothing contained in this Lease exempts Lessee from complying with underlying zoning, Airport operations, building, and/or other Legal Requirements applicable to the Project or Lessee's use and occupancy of the Land.

7.4 Completion of Construction. Once Construction has begun, Lessee will prosecute it to completion with diligence. Construction will be performed in a good and workmanlike manner and will comply with all applicable governmental permits, laws, ordinances and regulations, including, without limitation, any applicable Legal Requirements. Lessee will pay or cause to be paid the total cost of the Construction, subject to the terms of this Lease. Lessee acknowledges and agrees that a substantial part of the consideration to Lessor for entering into this Lease with Lessee is construction of the Project, that Lessor would not have entered into this Lease without the agreement by Lessee to construct the Project, and that any failure by Lessee to construct the Project will result in damage to Lessor in an amount which would be very difficult to ascertain. If Lessee fails to timely commence and complete Construction of the Project as provided in this Lease, Lessor will have the right to terminate this Lease by giving Lessee not less than ninety (90) days' prior written notice of such termination; provided, however, that such termination will be null and void if Lessee commences (and thereafter proceeds with reasonable diligence to complete Construction) or completes Construction (as the case may be) on or prior to the expiration of such 90-day period.

7.5 Lessee Contractors and General Duties. Lessee will use only licensed and bonded contractors familiar with the Legal Requirements and of good reputation to complete the Construction. Subject to Section 5.2, Lessor will have the right to inspect the Construction at reasonable intervals to ensure Lessee is complying with its obligations under this Lease.

7.6 Joinder In Instruments. Upon reasonable request from time to time, and subject to Lessor's review and reasonable approval, Lessor will join, at no cost and expense to Lessor, with Lessee in any conveyance, dedication, grant of easement, and/or license or other instrument as is reasonably necessary or convenient to provide public utility service or access to the Land or in order to allow development or use of the Land by Lessee as contemplated herein.

8. MAINTENANCE; ALTERATIONS; RECONSTRUCTION

8.1 Maintenance. Lessee will maintain, at Lessee's cost and expense, the Land and all improvements located thereon in first class condition and repair throughout the Lease Term, ordinary wear and tear, permitted Alterations (as defined below) and changes caused by condemnation or casualty excepted (but subject to the provisions in this Lease relating to condemnation and casualty), and in accordance with all applicable Legal Requirements. Lessor has no repair and/or maintenance obligations.

8.2 Alterations. Subject to Lessor's prior written consent (except as provided in Section 8.2.3, below), after construction of the Project is completed, Lessee may from time to time construct, improve, demolish, remove, replace, alter, reconstruct, remodel, and/or add to any existing improvements in whole or in part (collectively, "Alterations") as Lessee deems necessary or desirable, subject to the following conditions:

8.2.1 All such work will be done at Lessee's cost and expense, in a good and workmanlike manner, and in compliance with all applicable building and zoning laws and all other laws, ordinances, orders and requirements of all authorities having or claiming jurisdiction, including, without limitation, any applicable Legal Requirements.

8.2.2 Except with respect to activities for which Lessor is responsible, Lessee will pay as and when due all claims for work done on and for services rendered or material furnished to the Land and will keep the Land free from any and all liens. If Lessee fails to pay any such claims or to discharge any lien, Lessor may do so and collect the costs as Additional Rent. Any amount so added will bear interest at the rate of twelve percent (12%) per annum from the date expended by Lessor until paid and will be payable immediately on demand. Lessor's payment of Lessee's claims or discharge of any Lessee lien will not constitute a waiver of any other right or remedy which Lessor may have on account of Lessee's default. If a lien is filed as a result of nonpayment, Lessee will, within ten (10) days after knowledge of the filing, secure the discharge of the lien or deposit with Lessor cash or sufficient corporate surety bond or other security satisfactory to Lessor in an amount sufficient to discharge the lien plus any costs, attorney fees, and other charges that could accrue as a result of a foreclosure or sale under the lien. Lessee will indemnify, defend, and hold Lessor harmless for, from, and against any claim, loss, and/or liability arising out of Lessee's failure to comply with this Section 8.2.2.

8.2.3 Lessee may make minor additions and/or changes to the Land and improvements thereon without Lessor's prior consent (if such consent is not required under the Legal Requirements) provided such minor additions and/or changes in the Land and/or improvements are otherwise made subject to the terms and conditions of this Lease and applicable Legal Requirements. A "minor" addition and/or change is one that (a) does not require a building permit, (b) does not materially affect the exterior appearance, and (c) costs less than $350,000.00.

8.3 Reconstruction.

8.3.1 If any building on the Land is damaged or destroyed by fire or any other cause at any time during the Lease Term, whether or not covered by insurance, and the Lease is not terminated pursuant to Section 8.3.2 below, Lessee will promptly repair the damage and restore the building. The completed repair, restoration, and/or replacement will be equal in quality and use immediately before the damage.

8.3.2 If a building on the Land is damaged (a) during the last two years of the Lease Term, or (b) to the extent that the estimated reasonable cost of restoring the building equals or exceeds twenty-five percent (25%) of the fair market value of the building immediately prior to the damage, Lessee will elect by written notice to Lessor given within sixty (60) days after the date of the damage to either (y) repair, restore, and replace the building as provided in Section 8.3.1 above, or (z) raze the building, remove all demolition debris, and terminate this Lease effective not more than one hundred eighty (180) days after the date of such written notice (which termination date will be identified in such

written notice). Lessee will pay all costs of razing and debris removal which will be completed on or before the termination date. Lessee will pay all rents, taxes, and utilities, and will perform all other obligations of Lessee under this Lease to the date of termination. In the absence of such an election, Lessee will promptly repair the damage and restore the building and will do so whether or not the proceeds of any insurance policies covering the loss are sufficient to pay the cost of such repair, replacement, and/or restoration.

8.3.3 Lessee will not be entitled to any abatement of Rent on account of any damage to or destruction of the building or other improvements on the Land, nor will any other obligations of Lessee under this Lease be altered or terminated except as specifically provided in this Lease.

8.4 Work Deemed Construction. Any maintenance, alterations, reconstruction, razing, and/or other work undertaken as a single project, and that requires acquisition of a building permit, will be deemed to be construction and will be subject to the conditions of Construction specified above.

9. OWNERSHIP OF IMPROVEMENTS

9.1 Lessee Ownership. All improvements constructed on the Land by Lessee will be owned by Lessee. All improvements located on the Land at the expiration or sooner termination of this Lease that have not been removed by Lessee as provided herein will be disposed of in one of the following manners: (a) Lessor may purchase such improvements that remain (but not less than all such improvements) for the fair market value of the improvements as of the expiration or termination of this Lease, provided that Lessor must notify Lessee, within sixty (60) days after learning of the proposed expiration or termination by written notice from Lessee of Lessee's intent to sell the improvements (which Lessee notice will be given not less than one hundred eighty (180) days prior to the proposed termination or expiration), whether Lessor intends to purchase such improvements; or (b) if Lessor does not purchase such improvements, then Lessee covenants that Lessee will negotiate in good faith the terms of a sale or lease of such improvements to Lessee's successor at a purchase price or base rent that represents the fair market value of the improvements without the Land, and Lessor covenants that Lessor will negotiate in good faith the terms of a new ground lease with Lessee's successor at a base rent that represents the fair market rental value of the Land without the improvements. Notwithstanding anything contained in this Lease to the contrary, at the expiration or earlier termination of this Lease, Lessee will not be required to remove any asphalt, concrete, gravel, or paved areas on the Land (including building slab, parking or test track areas), or to restore any such areas to their prior condition, and all such areas will be surrendered to Lessor in the condition existing on the date of such expiration or termination. Notwithstanding any other provision contained in this Lease to the contrary, as used in this Lease the term "Improvements" or "improvements" does not include any furniture, trade fixtures, equipment, and/or other personal property of Lessee (all of which will at all times be and remain the property of Lessee). Notwithstanding any other provision contained in this Lease to the contrary, in the event that Lessor does not purchase the Lessee's improvements pursuant to Section 9.1(a) above and Lessee does not sell or lease the improvements pursuant to Section 9.1(b) above within five (5) years after the date of expiration or termination of this Lease, then all Lessee improvements shall automatically be forfeited to and owned by Lessor as of the fifth (5th) anniversary of such termination date, and Lessee disclaims any rights, title or interest in and to such improvements in the event of such forfeiture.

9.2 Lessor Purchase. If Lessor elects to purchase the Improvements, then the fair market value of the Improvements will be determined by the parties through good faith negotiation, which the parties will commence at least one hundred twenty (120) days before the end of the Lease Term (unless the end of the Lease Term is not known) and pursue with diligence. If the parties cannot reach agreement within thirty (30) days, then the fair market value will be determined by the following process:

9.2.1 Not later than ninety (90) days before the end of the Lease Term, each party will submit in confidence its written evaluation of the fair market value of the Improvements. At the same time, the parties will attempt in good faith to appoint a mutually acceptable, independent, qualified appraiser. Not later than thirty (30) days after the appraiser is appointed, the appraiser will choose one of the two proposals as the fair market value of the Improvements, which determination will be final and binding.

9.2.2 If the parties cannot agree on an appraiser, then each party will appoint a qualified, independent appraiser not later than seventy-five (75) days before the end of the Lease Term. The appraisers appointed by each party will select a qualified, independent appraiser, who will choose one of the two proposals as the fair market value of the Improvements, which determination will be final and binding. If a party fails to timely appoint a qualified appraiser, then the one appraiser timely appointed will determine the fair market value by choosing one of the two proposals as the fair market value of the Improvements, which determination will be final and binding. If a party fails to timely submit its evaluation of the fair market value, then the timely submitted evaluation will be the final and binding fair market value of the Improvements.

9.2.3 Each party will bear one-half of the expense of the mutually appointed appraiser and the entire expense of any appraiser appointed by the party individually. Lessor will pay Lessee the agreed or determined fair market value, as the case may be, not later than thirty (30) days after it is determined. Lessee will defend, indemnify, and hold Lessor harmless for, from, and against all liability and loss arising from Lessee's failure to deliver the Improvements free and clear of all claims, liens, and/or encumbrances caused by Lessee.

10. LEASEHOLD FINANCING; ASSIGNMENT

10.1 Leasehold Financing.

10.1.1 Lessee may from time to time, without Lessor's consent, grant mortgages, deed of trust liens, and/or security interests in Lessee's improvements, Lessee's interest in this Lease, and/or Lessee's interest in any permitted sublease(s) under one or more leasehold mortgages or deeds of trust (purchase money or otherwise), and to assign all or any portion of, or any of Lessee's interest in, such collateral as security for such leasehold mortgagees or deeds of trust. The granting of any such security interest may be accomplished by means of a security agreement, a mortgage, a deed of trust, or any other document. Lessee may encumber its interests to more than one lender at the same time or at different times. Lessee's leasehold estate in this Lease, or any of the improvements herein, will not be subject to any loan, the term of which extends beyond the scheduled expiration date of this Lease. All mortgages, deed of trust liens, and security interests will be subject to all the terms and conditions of this Lease and Lessor's rights and interests. Lessor is not subordinating its interests in the Land to any mortgages, deed of trust liens, and/or any other security interests created or identified under Section

10.1. Lessor will be entitled to all of its interests in the improvements at the termination of this Lease, as provided herein. If Lessee decides to encumber its leasehold estate, Lessee will promptly give Lessor written notice of such encumbrance and a copy of the recorded documents creating the encumbrance, including a copy of any mortgage, trust deeds, and lien instruments and documents. If Lessor is required to review or sign any documents related to such financing, then Lessee will pay Lessor's reasonable review fees, including attorney fees and costs, for reviewing such documents. If a breach or default by Lessee under this Lease or under the Permitted Leasehold Mortgage (as defined below) or other related documents occurs, the Permitted Leasehold Mortgagee may exercise such rights as it may have against Lessee thereunder, subject to the terms and conditions of this Lease and Lessor's interests in the Land and any improvements constructed thereon. Any permitted mortgage or deed of trust arrangement described in this Section 10.1 is referred to as a "Permitted Leasehold Mortgage," and the holder of, or secured party under, a Permitted Leasehold Mortgage is referred to as a "Permitted Leasehold Mortgagee." The Permitted Leasehold Mortgage that is prior in lien or interest among those in effect is referred to as the "First Leasehold Mortgage," and the holder of, or secured party under, the First Leasehold Mortgage is referred to as the "First Leasehold Mortgagee." If a First Leasehold Mortgage and a Permitted Leasehold Mortgage that is second in priority in lien or interest among those in effect are both held by the same Permitted Leasehold Mortgagee, the said two Permitted Leasehold Mortgages are collectively referred to as the "First Leasehold Mortgage." A Permitted Leasehold Mortgage will include whatever security instruments are used in the financing transaction which the lender may reasonably require, provided that the documents comply with the limitations contained in this Section 10.1.

10.1.2 If a Permitted Leasehold Mortgagee or Lessee sends Lessor notice of a Permitted Leasehold Mortgage, together with the name and address of the Permitted Leasehold Mortgagee, then as long as such Permitted Leasehold Mortgage will remain unsatisfied of record, or until written notice of satisfaction is given by the holder thereof to Lessor, and as long as the Permitted Leasehold Mortgagee has an office which is located in the United States designated to accept service of any notice or other service of process, the following provisions will apply:

(a) Except as caused by operation of law or as arises from the occurrence of an Event of Default, subject to the rights of Permitted Leasehold Mortgagee under this Section 10.1, there will otherwise be no voluntary cancellation, termination, surrender, or acceptance of surrender of this Lease without, in each case, the prior consent, in writing, of the Permitted Leasehold Mortgagee;

(b) Lessor will, upon serving Lessee with any notice of (i) a violation of this Lease or an Event of Default under this Lease, or (ii) the termination of this Lease, in accordance with the notice provisions herein, simultaneously serve a copy of such notice upon each Permitted Leasehold Mortgagee;

(c) Upon the occurrence of any violation of this Lease for which Lessor wishes to declare an Event of Default, if notice of such Event of Default is required to be given, each Permitted Leasehold Mortgagee will have the same period as Lessee after service of notice upon it to remedy, or cause to be remedied, the violation or Event of Default, plus an additional thirty (30) days for any non-payment related Event of Default, and Lessor will accept such performance by such Permitted Leasehold Mortgagee as if the same had been done by Lessee. Each notice of an Event of Default given by Lessor will specify the nature of the Lease violation and, if such violation relates to the payment of money, will state the amounts claimed to be past due. Nothing herein will require any Permitted

Leasehold Mortgagee to cure any Event of Default. No such cure will constitute an assumption of any liability by such Permitted Leasehold Mortgagee, nor prejudice the right of such Permitted Leasehold Mortgagee and/or Lessee to later contest or continue to contest the validity of the claim of the Event of Default.

(d) Lessor agrees that the name of the Permitted Leasehold Mortgagee may be added to the "Loss Payable Endorsement" and/or to the list of additional insureds on any and all insurance policies required to be carried by Lessee hereunder.

(e) Subject to the requirements for a new lease contained in this Section 10.1.2(e), Lessor agrees that in the event of termination of this Lease by reason of any Event of Default, Lessor will convey to the Permitted Leasehold Mortgagee any present right, title, and interest in and to Lessee's improvements held by Lessor, subject to Lessor's reversionary interest therein as provided herein. Lessor and the Permitted Leasehold Mortgagee will then enter into a new lease of the Land for the remainder of the term of this Lease (with the same renewal rights, if any), effective as of the date of such termination, on the same terms as are set forth in this Lease, and subject to the same conditions of title as this Lease is subject to on the date of the execution hereof and to those conditions created by Lessee, and to the rights, if any, of any parties then in possession of any part of the Land, provided:

(i) The Permitted Leasehold Mortgagee will make written request upon Lessor for such new lease within thirty (30) days after the date of termination indicated in the notice of termination given by Lessor to the Permitted Leasehold Mortgagee, and such written request will be accompanied by payment to Lessor of Rent, or any other amounts then due to Lessor under this Lease as specified in the termination notice;

(ii) The Permitted Leasehold Mortgagee will pay Lessor at the time of the execution and delivery of said new lease, any and all Rent and other amounts which would be due at the time of the execution and delivery thereof, pursuant to this Lease, for such termination and, in addition thereto, any out-of-pocket expenses, including reasonable attorney fees, which Lessor will have incurred by reason of such default; and

(iii) Such new lease will be expressly made subject to the rights, if any, of Lessee or any permitted subtenant under the terminated Lease, including those relating to nondisturbance and the right to quiet enjoyment, which rights will be the responsibility of the Permitted Leasehold Mortgagee.

(f) No Lessor consent will be required to the transfer of Lessee's interest in this Lease to a Permitted Leasehold Mortgagee resulting from the foreclosure of a Permitted Leasehold Mortgage or a negotiated transfer to the Permitted Leasehold Mortgagee in lieu of foreclosure. Any transfer by a Permitted Leasehold Mortgagee will be subject to the provisions of Section 10.2.

(g) Nothing herein contained will require the Permitted Leasehold Mortgagee, as a condition to execution and delivery of the new lease, to cure an Event of Default which occurred solely by virtue of Lessee filing for bankruptcy or for any other Event of Default (other than any payment obligations) that the Permitted Leasehold Mortgagee cannot reasonably cure.

(h) Lessor agrees to execute amendments to this Lease or separate agreements from time to time to the extent reasonably requested by a Permitted Leasehold Mortgagee proposing to make Lessee a loan secured by a Permitted Leasehold Mortgage, provided that such proposed amendments or other agreements do not materially and adversely affect the rights of Lessor or its interest in the Land. All reasonable expenses incurred by Lessor in connection with any such amendments will be paid by Lessee or the Permitted Leasehold Mortgagee immediately upon Lessor's demand. No change in the rent or other economic terms of this Lease will be required of either party as a condition to such agreement.

(i) No fire or casualty loss claims of Lessee will be settled, and no agreement will be made in respect of any award or payment in condemnation or eminent domain without, in each case, the prior written consent of the First Leasehold Mortgagee if, and as specified, in its loan documents. Nothing contained herein, however, will be construed to alter Lessor's right under this Lease to immediately claim and receive its share of any award or payment, to delay Lessor's settlement rights in any fire or casualty loss, condemnation, or eminent domain action, or to limit Lessee's responsibility to use insurance proceeds to replace the damaged Land improvements as provided herein.

(j) No liability for the payment of Rent or the performance of any of Lessee's covenants and agreements hereunder will attach to, or be imposed upon, any Permitted Leasehold Mortgagee which does not assume this Lease.

(k) Lessor, within twenty (20) days after request in writing by Lessee or any Permitted Leasehold Mortgagee, will furnish a written statement, duly acknowledged, stating that this Lease is in full force and effect and unamended, or if there are any amendments, specifying the same; that there are no violations or Events of Default of this Lease thereunder by Lessee that are known to Lessor, or if there are any known violations or Events of Default, specifying the same; and such other matters as may be reasonably requested.

(l) No payment made to Lessor by any Permitted Leasehold Mortgagee will constitute an agreement that such payment was, in fact, due under the terms of this Lease. If the Permitted Leasehold Mortgagee makes any payment to the Lessor pursuant to Lessor's wrongful, improper, or mistaken notice or demand, it will be entitled to the return of any such payment, or portion thereof, provided it will have made demand therefor not later than ninety (90) days after the date of its payment.

10.2 Assignment. Except as otherwise expressly permitted in Sections 10.1 and 10.3, Lessee will not sell, assign, mortgage, sublet, lien, convey, encumber, and/or otherwise transfer (whether directly, indirectly, voluntarily, involuntarily, or by operation of law) all or any part of Lessee's interest in this Lease, the Land, and/or Project (collectively, "Transfer") without Lessor's prior written consent, which consent will not be unreasonably withheld, conditioned, or delayed. For purposes of this Lease, a "Transfer" will be deemed to include the sale, assignment, encumbrance, and/or transfer - or series of related sales, assignments, encumbrances, and/or transfers - of fifty-one percent (51%) or more of the shares or other ownership interest of Lessee, regardless of whether the sale, assignment, encumbrance, and/or transfer occurs voluntarily or involuntarily, by operation of law, or because of any act or occurrence. Any Transfer which does not comply with this Lease will be void and will constitute a breach of this Lease.

10.3 Permitted Transfer. Notwithstanding any other provision in this Lease, but subject to Section 10.5, Lessee may enter into and complete from time to time any one or more of the following Transfers without Lessor's consent: (a) any transfer of equity interests in Lessee among Lessee's existing shareholders and/or their family members, heirs, and/or devisees, or to estate planning trusts; (b) any transfer or assignment of this Lease to any corporation, company, or partnership that is controlled by, controlling of, or under common control with, Lessee (an "Affiliate Transfer"); (c) the offering, sale, or transfer of any of Lessee's shares through or on any public securities market or exchange; and/or (d) any assignment or transfer of this Lease in connection with a sale of all or substantially all of the assets of Lessee or Lessee's business, or by operation of law or otherwise in connection with a merger, consolidation, acquisition of a controlling interest in Lessee's stock, or other significant corporate transaction (a "Transaction Transfer"). Lessee will promptly notify Lessor of any Affiliate Transfer or Transaction Transfer within thirty (30) days of the date of such transfer.

10.4 Conditions to Lessor's Consent. Except for any Transfer under Section 10.3, Lessor's consent to any proposed Transfer by Lessee is conditioned on (in addition to any other condition that Lessor may reasonably impose) the following: (a) Lessee demonstrating (to Lessor's satisfaction) that the transferee's condition (financial and otherwise), style of operation, business reputation, and use of the Land and/or Project is consistent with the terms of this Lease (including all Permitted Uses) and that Lessor's interest in the Land will not be adversely affected in any material respect; (b) if Lessor reasonably determines necessary (after taking into account the financial capabilities of all parties liable under this Lease), Lessor obtaining personal guarantees satisfactory to Lessor from owners of an entity that is the transferee; (c) Lessee reimbursing Lessor for the costs and expenses incurred by Lessor in connection with its review of any Transfer documents (or otherwise related to its determination as to whether to consent to the proposed Transfer); and (d) the transferee agreeing in writing to comply with and be bound by all of the terms, covenants, conditions, provisions, and agreements of this Lease (Lessee will deliver to Lessor, promptly after execution, an executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Lessor). Lessee agrees and acknowledges that Lessor's conditioning of its consent to any Transfer on Lessee's satisfaction of the conditions contained in this Section 10.4 is reasonable under this Lease. Where Lessor's consent is required for a Transfer by Lessee, Lessor will give (or reasonably deny) its consent in writing within forty-five (45) days after receipt of written request. No changes in rent or economic terms of the Lease will be required of Lessee as a condition of Lessor's consent.

10.5 Transfer Conditions. If Lessor consents to a Transfer and/or a Transfer occurs in accordance with Sections 10.1 or 10.3, the following will apply: (a) the terms and conditions of this Lease will in no way be deemed to have been waived or modified; (b) consent will not be deemed consent to any further Transfer by Lessee or any transferee; (c) the acceptance of Rent by Lessor from any other person will not be deemed to be a waiver by Lessor of any provision of this Lease; and (d) no Transfer relating to this Lease, whether with or without Lessor's consent, will modify, relieve, or eliminate any liability or obligations Lessee or any guarantor of this Lease may have under this Lease. Lessor may consent to subsequent assignments, subletting, or amendments or modifications to this Lease with assignees of Lessee without notifying Lessee, or any successor of Lessee, and without obtaining its or their consent thereto and such action will not relieve Lessee of any liability under this Lease.

11. INSURANCE; INDEMNIFICATION

ATTACHMENT C

11.1 Fire and Hazard Insurance. Lessee will throughout the Lease Term keep the Project and all improvements on the Land insured against loss by fire and other hazards covered by a standard form of fire insurance policy with extended coverage endorsement including vandalism and malicious mischief. The amount of the insurance will be not less than one hundred percent (100%) of the replacement cost of the insured improvements and will also be sufficient to prevent Lessee from becoming a coinsurer under the provisions of the policies.

11.2 Proceeds from Fire and Hazard Insurance.

11.2.1 The proceeds of the policies described above will be used to repair, restore, and replace any damaged or destroyed improvements as provided in this Lease. Lessor will cooperate fully with Lessee to obtain the largest possible recovery but Lessor will have no expense or cost in that connection.

11.2.2 All policies of insurance required under Section 11.1 will provide that the proceeds will be paid to Lessee and the proceeds will be deemed to be held in trust by Lessee for the uses and purposes required by this Lease. Except as otherwise expressly provided in Section 8.3.2, insurance proceeds will be used to repair, restore, and/or replace any damaged or destroyed improvements as provided above. All policies described under Section 11.1 will be used to repair, restore, and/or replace any damaged or destroyed Improvements as provided above, so long as permitted by any lender having a lien on such Improvements. If there is no leasehold mortgagee, proceeds will be payable for such purposes to the Lessee.

11.3 Builder's Risk Insurance. Before commencement of any Construction activities, Lessee will procure and maintain in force, or cause to be procured and maintained in force, until completion and acceptance of the improvements an all risk builder's risk insurance policy including vandalism and malicious mischief in form reasonably acceptable to Lessor. Such insurance will cover the improvements in place and all materials and equipment at the job site with limits of not less than $50,000.00 per loss.

11.4 General Liability Insurance. Lessee will procure and continuously maintain during the Lease Term general liability and property damage insurance with initial limits of not less than $4,000,000.00 for injury to one person, $4,000,000.00 for any one accident or occurrence, and $4,000,000.00 for property damage. At any time during the Lease Term, Lessor may, by written notice to Lessee, demand that the limits of Lessee's general liability insurance be raised to amounts specified in the written notice and Lessee will at the next succeeding policy renewal date, but not later than six months after the date of the notice, raise the limits to those specified in the notice. All limits demanded by Lessor will be commercially reasonable as of the date of the notice for the use Lessee is then making of the Land and improvements. The insurance will be in a form sufficient to protect Lessor and Lessee against claims of third persons for personal injury, death or property damage arising from the use, occupancy or condition of the Land or improvements on the Land.

11.5 General Insurance Provisions. Lessee may not materially modify any insurance policy Lessee is required to obtain and maintain under this Lease without first providing Lessor thirty (30) days' prior written notice. Notwithstanding anything contained in this Lease to the contrary, commencing on the ten-year anniversary of the Effective Date, Lessor may increase the minimum levels of insurance Lessee is required to carry under this Lease to commercially reasonable limits by providing Lessee ninety (90) days' prior written notice. All policies of insurance which Lessee is required by this Lease to carry

will (a) provide that the insurer waives the right of subrogation against Lessor and that any loss will be payable notwithstanding any negligence or affirmative act of Lessor, (b) be issued by a responsible insurance company which is licensed to practice in the State of Oregon, (c) be primary policies, and (d) all liability insurance policies will name Lessor and Lessor's officers and employees as additional insureds. Notwithstanding any other provision herein, Lessee may provide any of the insurance coverages required of it under this Lease through a blanket or umbrella policy or policies, or pursuant to a commercially reasonable self-insurance program.

11.6 Lessee Indemnification. Subject to the terms and conditions contained in this Lease, Lessee will indemnify, defend, and hold Lessor and Lessor's present and future officers, employees, contractors, and agents (collectively, "Lessor's Agents") harmless for, from, and against any and all claims, losses, damages, and/or liabilities, including, without limitation, attorney fees and costs, arising out of or related to, whether directly or indirectly, the following: (a) any activity of Lessee and/or Lessee's members, managers, officers, employees, agents, and/or contractors (collectively, "Lessee's Agents") on or at the Land and/or Airport, including, without limitation, any Testing activities; (b) any condition of the Land (including, without limitation, any improvements constructed thereon) that is caused by Lessee and/or Lessee's Agents arising on or after the Effective Date; and/or (c) Lessee's breach and/or failure to perform any Lessee obligation, covenant, representation, and/or warranty under this Lease. Lessee's indemnification obligations under this Section 11.6 will survive the expiration or earlier termination of this Lease.

11.7 Lessor Indemnification. Subject to the terms and conditions contained in this Lease, Lessor will indemnify, defend, and hold Lessee and Lessee's Agents harmless for, from, and against any and all claims, losses, damages, and/or liabilities arising out of or related to, whether directly or indirectly, the following: (a) any activity of Lessor and/or Lessor's Agents on or at the Land and/or Airport on or after the Effective Date; (b) any condition of the Land that is caused by Lessor and/or Lessor's Agents that arises on or after the Effective Date; and/or (c) Lessor's breach and/or failure to perform any Lessor obligation, covenant, representation, and/or warranty under this Lease. Lessor's indemnification obligations under this Section 11.7 will survive the expiration or earlier termination of this Lease.

12. DEFAULT

The occurrence of any one or more of the following events constitute a default by Lessee under this Lease (each an "Event of Default"):

12.1 Failure to Pay Rent. Failure of Lessee to pay any Rent or any other charge, cost, and/or expense payable by Lessee under this Lease within ten (10) days after notice from Lessor that payment is due; provided, however, Lessor will not be obligated to give Lessee such notice more than twice in any one calendar year (and any such failure by Lessee to pay Rent or any other charge, cost, and/or expense when due after the second notice within the same calendar year will automatically constitute an Event of Default).

12.2 Other Performance Failures. Failure of Lessee to perform any other term, condition, and/or covenant of this Lease (other than the payment of Rent or other charge, cost, and/or expense) within thirty (30) days after written notice from Lessor specifying the nature of the failure with reasonable particularity. If the failure is of such a nature that it cannot be completely remedied within

the 30-day cure period, the failure will not be a default if Lessee begins correction of the failure within the 30-day cure period and thereafter proceeds with reasonable diligence and in good faith to correct the failure as soon as practicable.

12.3 Attachment. Attachment, execution, levy, and/or other seizure by legal process of any right or interest of Lessee under this Lease if not released within thirty (30) days, provided that the foreclosure of any mortgage permitted by this Lease relating to construction of improvements on the Land will not be construed to be a default within the meaning of this Section 12.3.

12.4 Insolvency. Lessee becomes insolvent within the meaning of the United States Bankruptcy Code, as amended from time to time; a general assignment by Lessee for the benefit of creditors; the filing by Lessee of a voluntary petition in bankruptcy; an adjudication that Lessee is bankrupt or the appointment of a receiver of the properties of Lessee; the filing of any involuntary petition of bankruptcy and failure of Lessee to secure a dismissal of the petition within sixty (60) days after filing; attachment of or the levying of execution on the leasehold interest and failure of Lessee to secure discharge of the attachment or release of the levy of execution within thirty (30) days.

13. REMEDIES ON DEFAULT

Upon an Event of Default, Lessor will have the following rights and remedies:

13.1 Termination. Lessor may by notice to Lessee terminate this Lease; provided however that Lessor's notice will provide Lessee with an additional thirty (30) days opportunity to fully cure the Event of Default, and such notice will expressly provide as follows, "**IN ADDITION TO ANY OTHER RIGHTS AND REMEDIES IN FAVOR OF LESSOR, LESSEE'S FAILURE TO CURE THE EVENT OF DEFAULT DESCRIBED IN THIS NOTICE WITHIN THIRTY (30) DAYS AFTER THE DATE HEREOF MAY RESULT IN THE TERMINATION OF THE LEASE AND FORFEITURE OF ALL OF LESSEE'S RIGHTS AND INTERESTS IN ITS IMPROVEMENTS ON THE LAND.**" If Lessee fully cures the Event of Default within such 30-day period, Lessor's termination will be null and void and the Lease will be reinstated and continue in full force and effect as if such Event of Default had not occurred. If Lessee fails to fully cure the Event of Default on or before the expiration of the 30-day period, the Lease will automatically terminate without any further notice. Upon such termination, all of Lessee's rights in the Land and in all improvements on the Land, including, without limitation, the Project will terminate as of the date of termination. Promptly after such notice, Lessee will surrender and vacate the Land and all improvements in broom clean and in good condition. Lessor may reenter and take possession of the Land and of all improvements and eject some or all parties in possession except any sublessee qualifying under any nondisturbance agreement by Lessor. Termination under this Section 13.1 will not relieve Lessee from the payment of any sum then due to Lessor or from any claim for damages previously accrued or then accruing against Lessee. Notwithstanding any other provision of this Lease or provided by applicable law, Lessor will have no right to terminate this Lease upon an Event of Default except as expressly provided by this Section 13.1.

13.2 Reletting. Lessor may elect to reenter the Land without terminating this Lease and from time to time relet the Land including any improvements or parts of improvements on the Land for the account and in the name of Lessee or otherwise. Lessor may elect to eject some or all persons then in possession except any sublessee qualifying under a nondisturbance agreement by Lessor. Any reletting may be for the remainder of the term or shorter period and Lessor may execute any leases made under this provision either in Lessor's name or in Lessee's name. Lessor will apply all rents from the reletting

first to the costs of reentry and reletting including attorney fees and then to rents and other amounts payable by Lessee under this Lease, including, without limitation, any amounts which became payable prior to the reletting. Lessee will nevertheless pay to Lessor on the due dates specified in this Lease all sums payable by Lessee under this Lease, plus Lessor's expenses of retaking and reletting including any attorney fees, less amounts received by Lessor from the reletting, if any. No act by or on behalf of Lessor under this Section 13.2 will constitute a termination of this Lease unless Lessor gives Lessee notice of termination.

13.3 Damages. In the event of termination upon the happening of an Event of Default, Lessor will be entitled to recover immediately, without waiting until the due date of any future Rent or until the date fixed for expiration of this Lease, and in addition to any other damages recoverable by Lessor, the following amounts as damages:

13.3.1 The loss of reasonable rental value from the date of default until a new tenant has been, or with the exercise of reasonable efforts could have been, secured.

13.3.2 The reasonable costs of reentry and reletting including, without limitation, the cost of any clean-up, refurbishing, removal of Lessee's property and fixtures, or any other expense occasioned by Lessee's failure to quit the Land upon termination and to leave the Land in the required condition, including, without limitation, any remodeling costs, attorney fees, court costs, broker commissions, and advertising costs.

13.3.3 Any excess of the value of the Rent, and all of Lessee's other obligations under this Lease, over the reasonable expected return from the Land and any improvements for the period commencing on the earlier of the date of trial or the date the Land are relet and continuing through the end of the Lease Term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of major Oregon banks in effect on the date of trial.

13.4 Right to Sue More Than Once; Cumulative Remedies. Lessor may sue periodically to recover damages during the period corresponding to the remainder of the Lease Term, and no action for damages will bar a later action for damages subsequently accruing. The foregoing remedies will be in addition to and will not exclude any other remedy available to Lessor under applicable law.

13.5 Lessor's Right to Cure Defaults. If Lessee fails to perform any obligation under this Lease which results in an Event of Default, in addition to any other rights and remedies provided under this Lease, Lessor will have the option to perform such obligation. Lessor's performance of any Lessee obligation under this Lease will not waive any other remedy available to Lessor. All of Lessor's expenditures to correct the default will be reimbursed by Lessee on demand with interest at the rate of twelve percent (12%) per annum from the date of expenditure by Lessor until paid in full. In the event of termination of this Lease due to Event of Default, Lessor may store all or any of Lessee's personal property and trade fixtures for the account of and at the cost of Lessee.

13.6 Late Charge. In addition to the payment of interest as provided in Section 16.8, if Rent (or any other payment due from Lessee) is not received by Lessor within ten (10) days after it is due, Lessee will pay a late fee equal to five percent (5%) of the payment or Five Hundred Dollars ($500.00), whichever is greater (the "Late Fee"). Lessor may levy and collect the Late Fee in addition to all other remedies available for Lessee's failure to timely pay Rent (or other payment due from Lessee).

13.7 Mitigation. In the event of a default of this Lease by either party, the non-defaulting party will use reasonable efforts to mitigate the defaulting party's liability hereunder to the extent required under applicable law.

14. SURRENDER ON TERMINATION

14.1 Surrender. Subject to Section 9, upon expiration or earlier termination of this Lease, Lessee will surrender possession of the Land to Lessor, including all improvements then located on the Land, free of occupants and broom clean, all in good condition except for reasonable wear and tear since the last necessary restoration, repair or reconstruction made by Lessee pursuant to this Lease. All property that Lessee is required to surrender will become Lessor's property at the date of expiration of this Lease. All property that Lessee is not required to surrender, but that Lessee does abandon will, at Lessor's election, become Lessor's property on the date of expiration or termination of this Lease.

14.2 Holdover. If Lessee does not vacate the Land at the time required, Lessor will have the option to treat Lessee as a tenant from month-to-month, subject to all of the provisions of this Lease (except the provisions for term and renewal), except that Base Rent will be equal to one hundred fifty percent (150%) of the Base Rent last paid by Lessee. Failure of Lessee to remove fixtures, furniture, furnishings, or trade fixtures which Lessee is required to remove under this Lease will constitute a failure to vacate to which this Section 14.2 will apply if the property not removed interferes with the occupancy of the Land by another tenant or with the occupancy by Lessor for any purpose including preparation for a new lessee. If a month-to-month tenancy results from a holdover by Lessee under this Section 14.2, the tenancy will be terminable at the end of any monthly rental period on written notice from Lessor given not less than ten (10) days prior to the termination date which will be specified in the notice. Lessee waives any notice which would otherwise be provided by law with respect to a month-to-month tenancy.

15. HAZARDOUS SUBSTANCES

15.1 Lessor – Hazardous Substances. Lessor represents and warrants to Lessee that, to Lessor's actual knowledge, (a) Lessor has at all times complied with all Legal Requirements applicable to the Land and any activities conducted thereon, (b) there is no pending or threatened, private or governmental claim, order or litigation, nor is there any pending or threatened judicial or administrative action or order, pertaining to or affecting the Land, and (c) Lessor has not caused or permitted and will not cause or permit any Hazardous Substances (as defined below) or other dangerous, toxic substances or any Solid Waste (as defined below) to be, and has no actual knowledge that any such substances or waste have been, generated, manufactured, refined, transported, treated, stored, disposed, handled, processed, produced, or Released (as defined below) on the Land, except in compliance with all applicable Legal Requirements. Subject to the terms and conditions contained in this Lease relating to termination, Lessee may terminate this Lease, subject to the notice and Lessor cure rights provided under this Lease, if Lessor's representations contained in this Section 15.1 are found to be untrue or inaccurate in any material respect. For purposes of this Lease, the term "Hazardous Substance" will have the meaning set forth in 40 C.F.R. Section 302.4 and will also include petroleum, petroleum products and used oil; the term "Solid Waste" will have the meaning set forth in 40 C.F.R. Section 261.2; the term "Release" will have the meaning set forth in 42 U.S.C. Section 9601; the term "Environmental Condition" means any condition that may exist or have existed with respect to soil, surface or ground

waters, stream sediments and every other environmental media, which conditions could require response as defined in 42 U.S.C. Section 9601 (but not limited to response actions required under said statute) or which could result in claims, demands, orders or liabilities by or to third parties, including without limitation, governmental entities; the term "actual knowledge" means the actual, not constructive, knowledge of the individual representative of the party who has primary responsibility for the subject matter of the applicable representation or warranty as of the Effective Date, following a review of its files and records concerning the subject matter of the representations or warranty. In the case of Lessor, the responsible individual for such qualified representations and warranties is Gus Burril, City Administrator. Lessor's representations, warranties, and covenants made under this Section 15.1 will survive the termination of this Lease, notwithstanding any provision of this Lease to the contrary.

15.2 Lessee – Hazardous Substances. Lessee represents, warrants, and covenants to Lessor that Lessee will not cause or permit any Hazardous Substances or other dangerous, toxic substances or any Solid Waste to be generated, manufactured, refined, transported, treated, stored, disposed, handled, processed, produced, or Released on or about the Land (and/or Airport), except in compliance with all applicable Legal Requirements. Lessor acknowledges and agrees that the prudent and safe operation of the Permitted Use requires the use of certain Hazardous Substances, which use is approved. Lessee will defend, indemnify, and hold Lessor and Lessor's Agents harmless for, from, and against any and all damages, claims, losses, liabilities and expenses of any kind, including, without limitation, legal and consulting expenses, incurred by Lessor or which are asserted against or imposed upon Lessor, its successors or assigns, by any other party (including, without limitation, any governmental entity) arising out of or connected with Lessee's breach and/or failure to comply with this Section 15.2. Notwithstanding any other provision contained in this Lease to the contrary, Lessee will have no liability, obligation, and/or responsibility whatsoever for Hazardous Substances or other dangerous, toxic substances or any Solid Waste (or any related inspection, reporting, remediation or other work or related cost) except for those that have been generated, manufactured, refined, transported, treated, stored, disposed, handled, processed, produced, and/or Released on the Land by Lessee or Lessee's Agents. Lessee acknowledges that its actual knowledge of the environmental condition of the Land as of the Effective Date is limited to those matters disclosed in that Phase 1 Environmental Site Assessment dated October 6, 2015 prepared by AECOM. Lessee's representations, warranties, and covenants made under this Section 15.2 will survive the termination of this Lease, notwithstanding any provision of this Lease to the contrary.

16. MISCELLANEOUS

16.1 Attorney Fees. With respect to any dispute relating to this Lease, or if a suit, action, arbitration, or other proceeding of any nature whatsoever is instituted to interpret or enforce the provisions of this Lease, including, without limitation, any proceeding under the U.S. Bankruptcy Code and involving issues peculiar to federal bankruptcy law or any action, suit, arbitration, or proceeding seeking a declaration of rights or rescission, the prevailing party will be entitled to recover from the losing party its reasonable attorney fees, paralegal fees, expert fees, and all other fees, costs, and expenses incurred in connection therewith, as determined by the judge or arbitrator at trial, arbitration, or other proceeding, or on any appeal or review, in addition to all other amounts provided by law.

16.2 Assignment; Binding Effect; Notices. Except as provided under Section 10, Lessee will not assign or delegate any of Lessee's rights or obligations under this Lease to any person without Lessor's prior written consent; provided, however, if Lessee assigns or delegates its rights or obligations

under this Lease, Lessee will remain liable for all obligations under this Lease. Subject to the immediately preceding sentences, this Lease will be binding on and will inure to the benefit of Lessee, Lessor, and their respective heirs, legal representatives, successors, and assigns. Any notice required or permitted in, or related to, this Lease will be in writing and signed by the party to be bound. Any notice will be deemed given when personally delivered or delivered by facsimile transmission (with electronic confirmation of delivery), or will be deemed given three business days following delivery of the notice by U.S. mail, certified, return receipt requested and postage prepaid, by the applicable party to the address of the other party first shown above (or any other address that a party may designate by notice to the other party), unless that day is a Saturday, Sunday, or legal holiday, in which event it will be deemed delivered on the next following business day.

16.3 Entire Agreement; Applicable Law. This Lease sets forth the entire understanding of the parties with respect to the transaction contemplated by this Lease. This Lease supersedes any and all prior negotiations, discussions, agreements, and understandings between the parties, including, without limitation, that certain Letter of Intent – Truck Test Track Facility – Madras Airport Property dated June 19, 2015 between Lessee and Lessor. This Lease may not be modified or amended except by written agreement executed by the parties to this Lease. This Lease will be construed, applied, and enforced in accordance with the laws of the State of Oregon. Any action or proceeding arising out of this Lease 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.

16.4 Execution; Counterparts; Discretion; Broker. The parties may execute this Lease 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. When a party is exercising any consent, approval, determination, or similar discretionary action under this Lease, the standard will be the party's commercially reasonable discretion and such discretion will not be unreasonably withheld, conditioned, or delayed. Any denial of consent or request will include in reasonable detail the reason for denial or aspect of the request that was not acceptable. Neither party has used a real estate broker in connection with this transaction. Each party will indemnify, defend, and hold harmless the other party from any claim, loss, or liability made or imposed by any third party claiming a real estate commission or fee in connection with this transaction and arising out of its own conduct.

16.5 Attachments; Further Assurances; Waiver; Survival. Any exhibits, schedules, and other attachments referenced in this Lease are part of this Lease. The parties will sign other documents and take all other actions reasonably necessary to further effect and evidence this Lease. No waiver will be binding on a party unless it is in writing and signed by the party making the waiver. A party's waiver of a breach of a provision contained in this Lease will not be a waiver of any other provision or a waiver of a subsequent breach of the same provision. All provisions of this Lease that would reasonably be expected to survive the termination of this Lease will do so, including, without limitation, the indemnification provisions provided under Section 11.

16.6 Severability; Interpretation; Expenses. If a provision contained in this Lease is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Lease will not be impaired. For purposes of this Lease, 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 term "herein" will refer to this Lease in its entirety. Section headings contained in this Lease are included only for the convenience of the parties and will not have the effect of enlarging, diminishing, and/or affecting the interpretation of its terms. Except as otherwise provided in this Lease, each party will bear the party's own fees, costs, and expenses incurred in connection with this Lease, including those related to the party's performance of its obligations under this Lease. This Lease will be binding and effective for all purposes as of the date of the parties' mutual execution of this Lease (as indicated by the last date below the parties' signatures below) (the "Effective Date").

16.7 Lessor Default. No Lessor act or omission will be considered a default under this Lease until Lessor has received thirty (30) days' prior written notice from Lessee specifying the nature of the default with reasonable particularity. Commencing from Lessor's receipt of such default notice, Lessor will have thirty (30) days within which to cure or remedy the default before Lessor will be deemed in default of this Lease; provided, however, that if the default is of such a nature that it cannot be remedied or cured within the thirty-day cure period, there will not be a default by Lessor under this Lease if Lessor begins correction of the default within the thirty-day cure period and thereafter proceeds with reasonable diligence to effect the remedy as soon as practical. Upon a default by Lessor, Lessee will have all rights and remedies available to it at law or in equity.

16.8 Lessor Inspection; Interest. Lessor will have the right to enter upon the Land to determine Lessee's compliance with this Lease as provided by Section 5.2. In addition, Lessor will have the right, at any time during the last six months of the Lease Term, to place and maintain upon the Land notices for leasing or selling the Land. Except as otherwise provided in this Lease, any Rent or other payment required to be paid by Lessee under this Lease will, if not paid within ten (10) days after it is due, bear interest at the rate of twelve percent (12%) per annum from the due date until paid in full.

16.9 Quiet Enjoyment; Authority. Lessor warrants that, subject to the terms and conditions contained in this Lease, so long as Lessee complies with all terms of this Lease, Lessee will be entitled to peaceable and undisturbed possession of the Land and enjoyment of all rights granted in this Lease free from any eviction or disturbance by Lessor or any third party claiming by, through, under, or superior to Lessor. Lessor represents and warrants to Lessee that it is the owner of the Land with full power and authority to enter into this Lease and perform its obligations hereunder for the Lease Term.

16.10 Force Majeure. The performance of a party's obligations under this Lease will be excused by delays that arise out of causes beyond the control, and without the fault or negligence of, such party, including, without limitation, the following: (a) strikes; (b) lockouts; (c) labor disputes; (d) inability to procure labor or materials or reasonable substitutes for them; (e) failure of power; (f) governmental requirements, restrictions, and/or laws; (g) fire, flood, and/or other natural disasters; (h) unusually severe weather conditions; and/or (i) war, terrorism, and/or civil disorder; provided, however, in no event will this Section 16.10 excuse (y) any payment obligation of either party, including Lessee's full and timely payment of Rent under this Lease, and/or (z) the performance of a party's obligations under this Lease for delays resulting from (i) changes in economic or market conditions, (ii) financial or

internal problems of the party delayed, and/or (iii) a party's inability to pay its financial obligations. As a condition to the right to claim a delay, the delayed party will provide the other party within ten (10) days after the delay occurs a description of the delay and the expected effect the delay will have on the delayed party's performance of its obligations under this Lease; provided that no such notice is required if the other party has knowledge of the delay. Thereafter, the delayed party will, upon request of the other party, inform the other party of the nature and status of the delay and its efforts to end the delay.

16.11 Notice of Land Availability. During the Lease Term, Lessor will provide Lessee written notice of any negotiations Lessor may commence concerning the lease or sale of any land owned by Lessor immediately adjoining the Land.

16.12 Condemnation. In the case of condemnation (or purchase in lieu or under threat thereof) by any governmental or quasi-governmental authority of all or any of the Land or any related facilities, easements, or appurtenances, or any access thereto or utilities serving the same, such that the remainder is not reasonably suitable for the continued efficient and economic use of the Land as intended by Lessee (as determined by Lessee in its sole discretion), Lessee will have the option to terminate the Lease upon written notice to Lessor effective upon the date possession is taken by the condemning authority. Any Base Rent and/or L/A Fees paid in advance of such date attributable to any period following such date will be refunded to Lessee. If Lessee does not terminate this Lease, Lessee will continue in possession of the portion of the Land not taken under the power of eminent domain, under the same terms and conditions as herein provided, except that the Base Rent will be reduced in direct proportion to the amount of the Land so taken and, also, during any period of interference with Lessee's use and enjoyment of such areas or rights during any repair, reconstruction, or refurbishment related to such taking. Lessee will be entitled to any and all condemnation award to the extent attributable to the value of the leasehold estate granted to Lessee hereunder, the Improvements, any of Lessee's fixtures and equipment, any consequential or other damages (such as the costs of repairs, alterations, and/or modifications required for Lessee's continued occupancy if this Lease is not terminated), and any business interruption or moving expenses (as applicable). For the purposes of this Section 16.12, a "taking" will include a transfer in lieu of or in contemplation of such taking.

16.13 Estoppel Certificates. Within ten (10) days after written request by a party hereto, the receiving party will execute and deliver to the requesting party a certificate prepared by the requesting party stating whether or not this Lease has been modified and is in full force and effect, specifying any modifications, alleged breaches, the amount of monthly rent, the dates to which rent has been paid in advance, the amount of any prepaid rent, and such other matters relating to the Lease as may be reasonably requested by the requesting party.

[end of lease agreement – signature page immediately follows]

ATTACHMENT C

IN WITNESS WHEREOF, the undersigned have caused this Lease to be executed and effective as of the Effective Date.

LESSOR:
City of Madras,
an Oregon municipal corporation

By: Royce Embanks, Mayor
Date: 3/21/2016, 2015

3/21/16

LESSEE:
Daimler Trucks North America LLC,
a Delaware limited liability company

By: Roger M. Nielsen
Its: Roger M. Nielsen, COO
Date: March 15, 2016

By: Matt Markstad
Its: Manager, Property & Buildings
Date: March 16, 2016

ATTACHMENT C

Exhibit A
Land – Legal Description and Depiction

(attached)

ATTACHMENT C

DeJarnatt Land Surveys Inc.
20735 DOUBLE PEAKS DRIVE ▲ Bend, OR 97701 ▲ (541) 382-4192

Century West Engineering
January 28, 2016
Job# 15066L

LEASE SITE DESCRIPTION

A tract of land located in the South Half of Section 27 and the North Half of Section 34, Township 10 South, Range 13 East of the Willamette Meridian, City of Madras, Jefferson County, Oregon, described as follows:

Commencing at a 2 inch diameter brass cap monumenting the One-Quarter corner common to Sections 28 and 33, Township 10 South, Range 13 East of the Willamette Meridian, per Oregon Corner Restoration Record MF# 930232, thence South 89°41'54" East along the section line between said Sections 28 and 33 distance of 2518.14 feet to a 2 1/2 inch diameter brass cap monument witnessing the corner of Sections 27, 28, 33, and 34, Township 10 South, Range 13 East of the Willamette Meridian, per Oregon Corner Restoration Record MF# 2016-0066; thence continuing along said section line South 89°41'54" East a distance of 103.00 feet to the corner of said Sections 27, 28, 33, and 34; from which a 2 1/2 inch diameter brass cap monumenting the One-Quarter corner common to said Sections 27 and 28, per Oregon Corner Restoration Record MF# 2014-0038, bears North 00°02'19" West a distance of 2667.59 feet; thence North 89°54'20" East along the South line of said Section 27 a distance of 2236.36 feet to the **Point of Beginning**; thence North 44°30'48" West a distance of 299.90 feet to a 5/8 inch diameter rebar with a yellow plastic cap marked "DEJARNATT LS 2208"; thence North 45°29'12" East a distance of 1273.63 feet to a 5/8 inch diameter rebar with a yellow plastic cap marked "DEJARNATT LS 2208"; thence South 44°30'48" East a distance of 1547.96 feet to the South line of said Section 27; thence continuing South 44°30'48" East a distance of 795.28 feet to a 5/8 inch diameter rebar with a yellow plastic cap marked "DEJARNATT LS 2208"; thence South 00°29'28" West a distance of 1801.05 feet to a 5/8 inch diameter rebar with a yellow plastic cap marked "DEJARNATT LS 2208"; thence North 44°30'48" West a distance of 3316.78 feet to the Point of Beginning.

Subject to any easements, restrictions, and right-of-ways of record.
Containing 87.13 acres more or less.
Bearings are Oregon State Plane 1983, North Zone (3601).
All distances shown hereon are ground distances.

End of Description

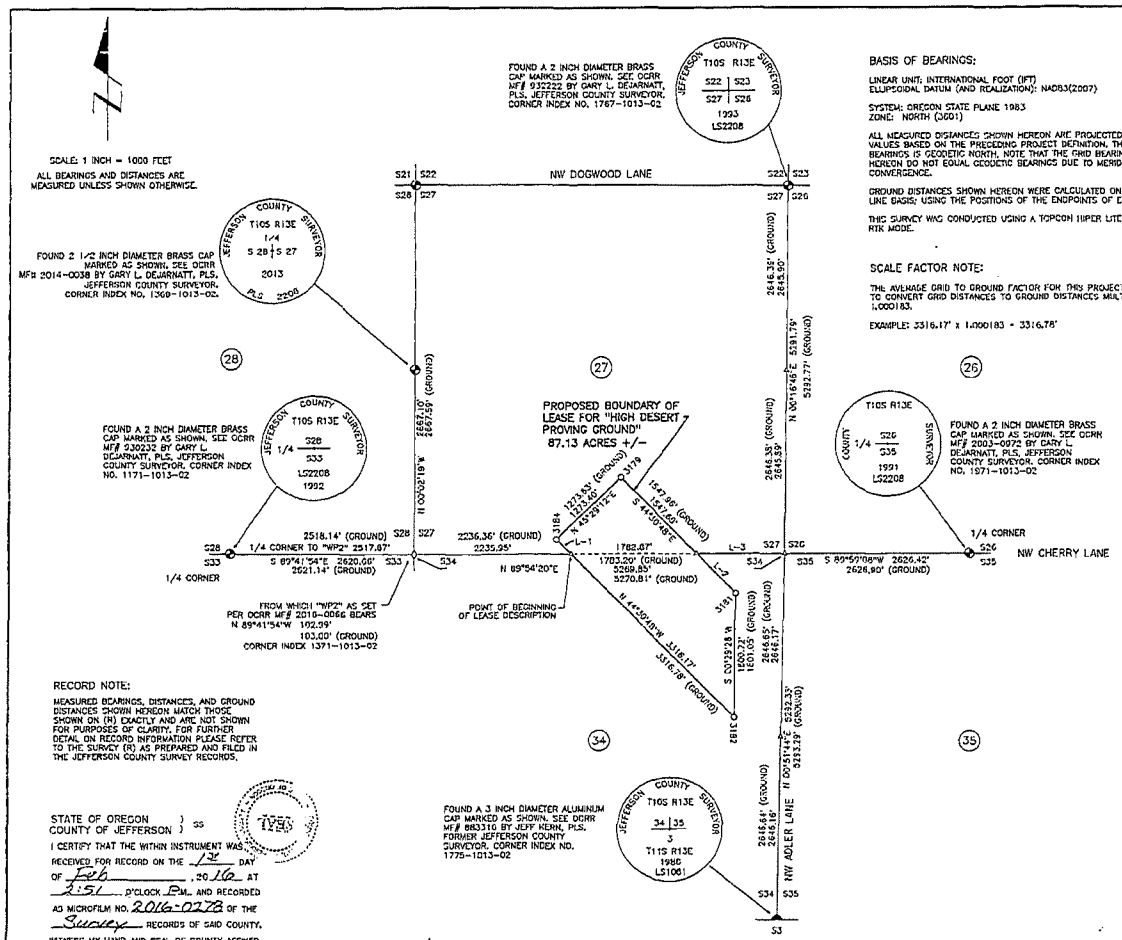
REGISTERED
PROFESSIONAL
LAND SURVEYOR

Gary L. DeJarnatt

OREGON
JULY 17, 1986
GARY L. DEJARNATT
2208

Renews: 12/31/2017

ATTACHMENT C



RECORD OF SURVEY FOR A LEASE SITE

LOCATED IN SECS. 27 AND 34 OF T. 10 S., R. 13 E., W.M., CITY OF MADRAS, JEFFERSON COUNTY, OREGON.

FOR: CENTURY WEST ENGINEERING (DAIMLER PROJECT) AT THE REQUEST OF WILLIAM BRACKETT, PE

BASIS OF BEARINGS:

LINEAR UNIT: INTERNATIONAL FOOT (IFT)
ELLIPSOIDAL DATUM (AND REALIZATION): NAD83(2007)

SYSTEM: OREGON STATE PLANE 1983
ZONE: NORTH (3601)

ALL MEASURED DISTANCES SHOWN HEREON ARE PROJECTED (GRID) VALUES BASED ON THE PRECEDING PROJECT DEFINITION. THE BASIS OF BEARINGS IS GEODETIC NORTH. NOTE THAT THE GRID BEARINGS SHOWN HEREON DO NOT EQUAL GEODETIC BEARINGS DUE TO MERIDIAN CONVERGENCE.

GROUND DISTANCES SHOWN HEREON WERE CALCULATED ON A LINE BY LINE BASIS; USING THE POSITIONS OF THE ENDPOINTS OF EACH LINE.

THIS SURVEY WAS CONDUCTED USING A TOPCON HIPER LITE GPS UNIT IN RTK MODE.

SCALE FACTOR NOTE:

THE AVERAGE GRID TO GROUND FACTOR FOR THIS PROJECT IS 1.000183. TO CONVERT GRID DISTANCES TO GROUND DISTANCES MULTIPLY BY 1.000183.

EXAMPLE: 3316.17' x 1.000183 = 3316.78'

LEGEND:

(R)	RECORD OF SURVEY FOR THE JEFFERSON COUNTY SURVEYOR'S OFFICE, BY GARY L. DEJARNATT, PLS. JEFFERSON COUNTY SURVEYOR, DATED DECEMBER 29, 2015, FILED AS CS# 16-001 AND RECORDED AS MF# 2016-0007.
	FOUND REMONUMENTED PUBLIC LAND CORNER AS SHOWN HEREON.
	CALCULATED SECTION CORNER POSITION, TRUE CORNER POSITION FALLS IN SEWAGE POND. FROM WHICH "WP2" BEARS: N 89°41'54"W 103.00'.
3179	SET 5/8 INCH DIAMETER BY 24 INCH LONG REBAR WITH A YELLOW PLASTIC CAP MARKED "DEJARNATT LS 2208". WITH POINT NUMBER, SEE COORDINATE TABLE.
	CALCULATED POSITION ONLY, NOTHING FOUND OR SET.
CS#	COUNTY SURVEY NUMBER FILED IN THE JEFFERSON COUNTY SURVEYOR'S OFFICE.
MF#	MICROFILM NUMBER RECORDED IN THE JEFFERSON COUNTY CLERK'S OFFICE.
OCRR	OREGON CORNER RESTORATION RECORD.
(GROUND)	GROUND DISTANCE. SEE SCALE FACTOR NOTE.

COORDINATE TABLE:
(OREGON STATE PLANE NORTH ZONE GRID COORDINATES)

POINT	NORTHING	EASTING	DESCRIPTION
3179	365585.87	8029738.04	REBAR, LEASE CORNER
3181	363915.23	8031350.53	REBAR, LEASE CORNER
3182	362114.58	8031305.10	REBAR, LEASE CORNER
3184	364693.12	8028830.00	REBAR, LEASE CORNER

LINE TABLE:

COURSE	BEARING	GRID DISTANCE	GROUND DISTANCE
L-1	N 44°30'48"W	299.89'	299.90'
L-2	S 44°30'48"E	722.14'	722.20'
L-3	N 89°54'20"E	1251.02'	1251.25'

RECORD NOTE:

MEASURED BEARINGS, DISTANCES, AND GROUND DISTANCES SHOWN HEREON MATCH THOSE SHOWN ON (R) EXACTLY AND ARE NOT SHOWN FOR PURPOSES OF CLARITY. FOR FURTHER DETAIL ON RECORD INFORMATION PLEASE REFER TO THE SURVEY (R) AS PREPARED AND FILED IN THE JEFFERSON COUNTY SURVEY RECORDS.

STATE OF OREGON)
COUNTY OF JEFFERSON) SS

I CERTIFY THAT THE WITHIN INSTRUMENT WAS RECEIVED FOR RECORD ON THE 13 DAY OF Feb, 2016 AT 2:51 O'CLOCK PM. AND RECORDED AS MICROFILM NO. 2016-0278 OF THE Survey RECORDS OF SAID COUNTY.

WITNESS MY HAND AND SEAL OF COUNTY AFFIXED.

KATHLEEN B. MARSTON, COUNTY CLERK

BY Kathleen B. Marston DEPUTY.

CS# 16-003 PLUS LEASE DESCRIPTION

Date Reviewed 2-1-2016

Gary L. DeJarnatt
JEFFERSON COUNTY SURVEYOR

SURVEY NARRATIVE:

THE PURPOSE OF THIS SURVEY IS TO SURVEY AND MONUMENT THE BOUNDARY OF THE PROPOSED LEASE OF THE "HIGH DESERT PROVING GROUND" FOR THE DAIMLER CORPORATION; AS DIRECTED BY WILLIAM BRACKETT, PE WITH CENTURY WEST ENGINEERING.

THE PROPOSED LEASE IS LOCATED IN SECTION 27 AND SECTION 34 AS SHOWN HEREON.

PERSONNEL: GARY L. DEJARNATT, PLS
KEVIN R. SAMUEL, PLS

INSTRUMENTATION: TOPCON HIPER LITE GPS UNIT IN RTK MODE

REGISTERED PROFESSIONAL LAND SURVEYOR
Gary L. DeJarnatt
OREGON JULY 17, 1986 GARY L. DEJARNATT 2208
RENEWS: 12/31/2017

PREPARED BY:
DEJARNATT LAND SURVEYS, INC.
20735 DOUBLE PEAKS DRIVE
BEND, OREGON 97701
PHONE: 541-302-4192
DATE: JANUARY 28, 2016
SHEET 1 OF 1
JOB # 15066W
COORDS: 15066W SCREEN: 15066WL LAYER: 1

ATTACHMENT C

Exhibit B
Master Estimate

[attached]

ATTACHMENT C

Madras Municipal Airport West Access Road & Utilities - Master Estimate - Exhibit B
9/25/2015

Improvement Item A. Public Access Road from Adler up to Daimler - ~4,675'

Item	Description	Qty	UM	Unit Cost	Total	In Kind	Cash
1	Mobilization	1.00	LS	$ 55,000.00	$ 55,000.00		$ 55,000.00
2	Land (ROW)	280500.00	SF	$ 0.55	$ 154,149.06	$ 154,149.06	
3	Traffic Control	1.00	LS	$ 3,000.00	$ 3,000.00		$ 3,000.00
4	Erosion Control	1.00	LS	$ 3,000.00	$ 3,000.00		$ 3,000.00
5	Construction Surveying	1.00	LS	$ 9,500.00	$ 9,500.00		$ 9,500.00
6	Clear and Grub	5.00	AC	$ 3,650.00	$ 18,250.00	$ 14,650.00	$ 3,600.00
7	Excavation and Embankment	10615.00	CY	$ 20.00	$ 212,300.00	$ 116,765.00	$ 95,535.00
8	Street Lighting Trenching	5175.00	LF	$ 42.00	$ 217,350.00		$ 217,350.00
9	2" Conduit	5175.00	LF	$ 2.90	$ 15,007.50		$ 15,007.50
10	Street Light Junction Boxes	17.00	EA	$ 500.00	$ 8,500.00		$ 8,500.00
11	Street Light Bases	17.00	EA	$ 950.00	$ 16,150.00		$ 16,150.00
12	Street Lights	17.00	EA	$ 5,000.00	$ 85,000.00		$ 85,000.00
13	Agg Base 10"	20161.00	SY	$ 10.50	$ 211,690.50		$ 211,690.50
14	3" HMAC	16977.00	SY	$ 14.50	$ 246,166.50		$ 246,166.50
15	12" Culverts	3.00	EA	$ 2,500.00	$ 7,500.00		$ 7,500.00
16	Drainage Ditch	3538.00	CY	$ 20.00	$ 70,760.00		$ 70,760.00
17	Seeding	2.60	AC	$ 5,000.00	$ 13,000.00		$ 13,000.00
18	Fence	9550.00	LF	$ 8.00	$ 76,400.00		$ 76,400.00
19	Gates	3.00	EA	$ 3,000.00	$ 9,000.00		$ 9,000.00
				Subtotal	$ 1,431,723.56	$ 285,564.06	$ 1,146,159.50
				Design	$ 100,219.85		$ 100,219.85
				Contingency	$ 150,331.00		$ 150,331.00
				Total	$ 1,682,274.41	$ 285,564.06	$ 1,396,710.35

Funding Sources (Improvement Item A. - Road Access)		
Immediate Opportunity Fund Grant	$ 841,137.21	0.00
Infrastructure Finance Authority Grant	$ 75,000.00	
City (land & labor/equipment grading)	$ 285,564.06	
Developer (Daimler) Cost Share	$ 480,573.15	
Total	$ 1,682,274.42	$ 0.00

Improvement Item B. Utilities

Item	Description	Qty	UM	Unit Cost	Total	In Kind	Cash
1	Water Main	3575.00	LF	$ 40.00	$ 143,000.00		$ 143,000.00
2	Common Utility Trench (Dig and Backfill)	5325.00	LF	$ 42.00	$ 223,650.00		$ 223,650.00
3	2" Conduit	15975.00	LF	$ 2.90	$ 46,327.50		$ 46,327.50
4	4" Conduit	10650.00	LF	$ 5.85	$ 62,302.50		$ 62,302.50
4	PPL Vaults	11.00	EA	$ 4,600.00	$ 50,600.00		$ 50,600.00
				Subtotal	$ 525,880.00		$ 525,880.00
				Design	$ 26,294.00		$ 26,294.00

ATTACHMENT C

Contingency	$ 52,588.00		$ 52,588.00
Total	$ 604,762.00		$ 604,762.00

Funding Sources (Improvement Item B. - Utilities)		
Infrastructure Finance Authority Grant	$ 75,000.00	
Developer (Daimler)	$ 529,762.00	
Total	$ 604,762.00	$ -

Total Revenue Sources for Grant Eligible Work (Improvement Items A. Road & B. Utilities)

Infrastructure Finance Authority Grant	$ 150,000.00
Immediate Opportunity Fund Grant	$ 841,137.21
City (land & labor/equipment grading)	$ 285,564.06
Developer (Daimler) Cost Share	$ 1,010,335.15
Total	$ 2,287,036.42

Improvement Item C. Relocate Existing Track and Off-road Access Out of Runway Protection Zone ~ 3500 LF

Item	Description	Qty	UM	Unit Cost	Total	In Kind	Cash
1	Construction Surveying	1.00	LS	$ 3,500.00	$ 3,500.00		$ 3,500.00
2	Clear and Grub	1.00	AC	$ 3,650.00	$ 3,650.00	$ 3,650.00	$ -
3	Excavation and Embankment	1500.00	CY	$ 20.00	$ 30,000.00	$ 14,000.00	$ 16,000.00
4	Culvert for Access Road (36")	1.00	EA	$ 3,500.00	$ 3,500.00	$ 1,000.00	$ 2,500.00
5	Agg Base Rock 6" (3500' x 14' wide)	5445.00	SY	$ 5.50	$ 29,947.50	$ 13,947.50	$ 16,000.00
6	2" HMAC - (2000 LF x 12' wide)	2667.00	SY	$ 9.70	$ 25,869.90		$ 25,869.90
7	Seeding	0.50	AC	$ 5,000.00	$ 2,500.00		$ 2,500.00
				Subtotal	$ 98,967.40	$ 32,597.50	$ 66,369.90
				Contingency	$ 9,897.60		$ 9,897.60
				Total	$ 108,865.00	$ 32,597.50	$ 76,267.50

Funding Sources (Improvement Item C. Relocation Work)		
City (labor & equipment grading)	$ 32,597.50	
Developer (Daimler)	$ 76,267.50	
Total	$ 108,865.00	$ -

Total Offsite Improvement Costs for items A, B & C (Grant & Non-Grant Eligible Work)*

Infrastructure Finance Authority Grant	$ 150,000.00	6.3%
Immediate Opportunity Fund Grant	$ 841,137.21	35.1%
City (land & labor/equipment grading)	$ 318,161.56	13.3%
Developer (Daimler) Cost Share	$ 1,086,602.65	45.4%
Grand Total	$ 2,395,901.42	

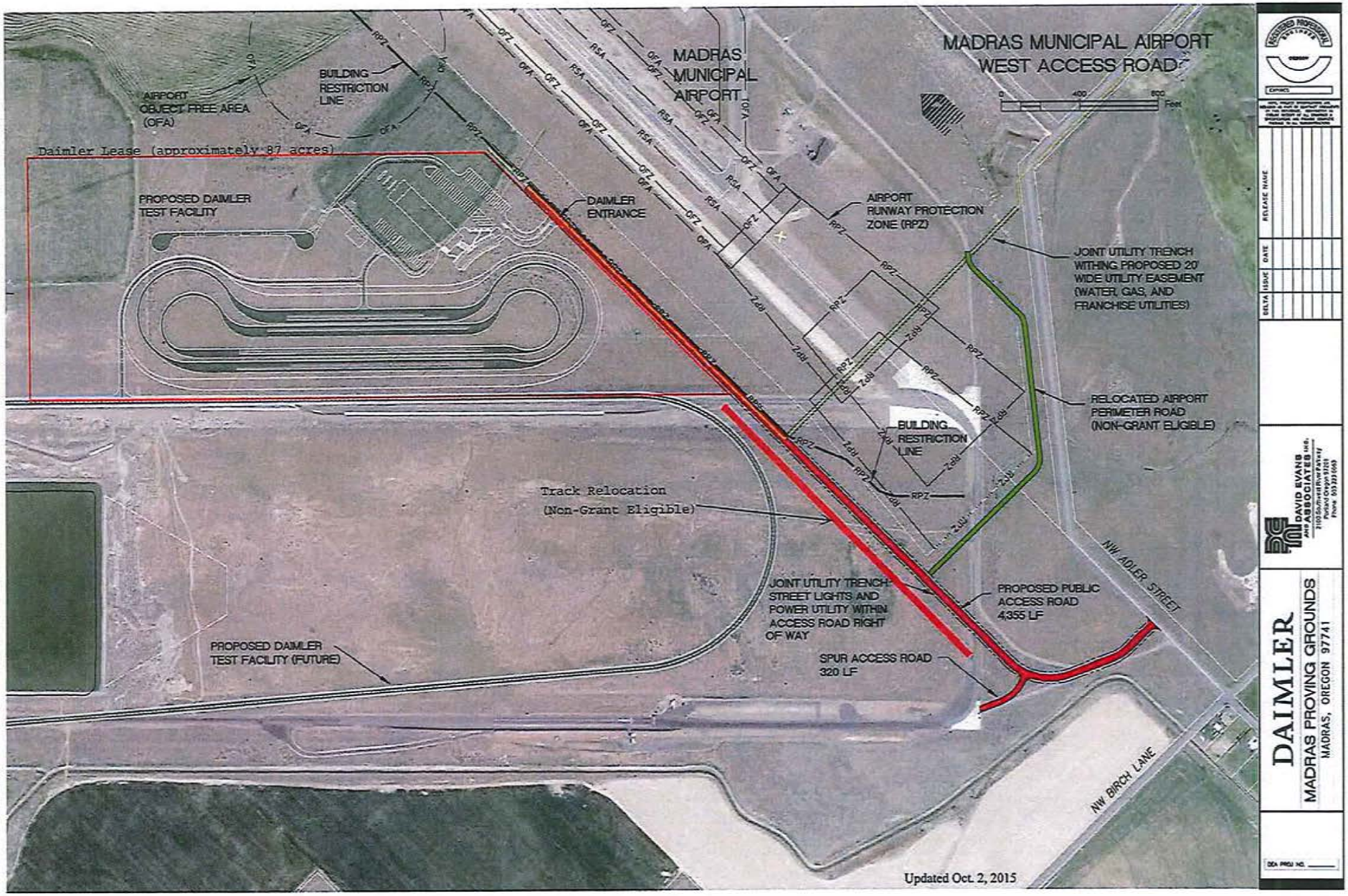
* Total does not include natural gas infrastructure, lines being pulled for power & communications, and customer connection/service costs from utility providers (i.e. water, sewer, power, natural gas and communications).

ATTACHMENT C

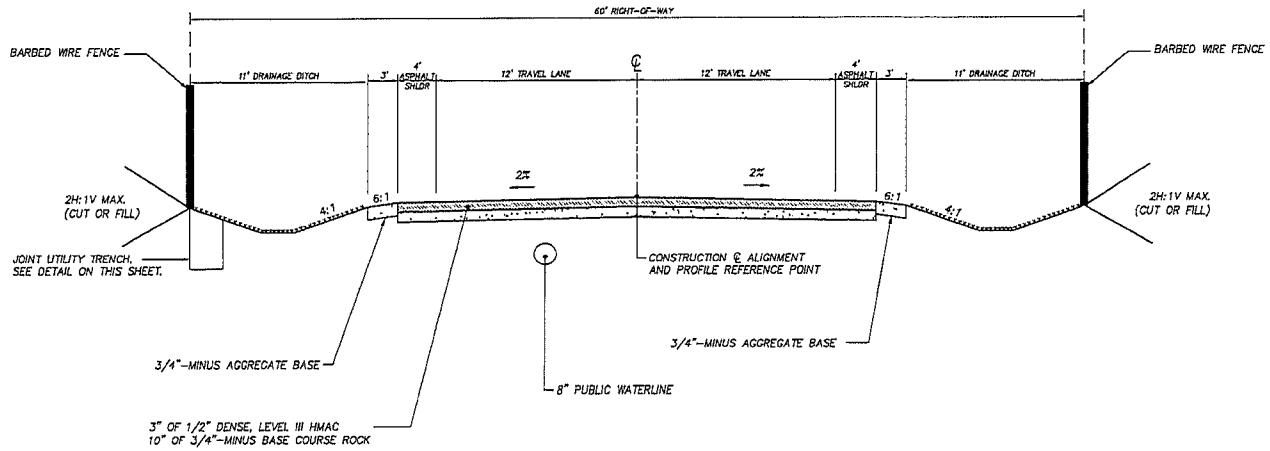
Exhibit C
Relocation Work

[attached]

ATTACHMENT C



ATTACHMENT C

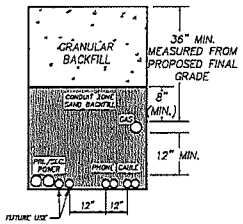


MADRAS MUNICIPAL AIRPORT WEST ACCESS ROAD TYPICAL SECTION

N.T.S.

NOTES:

1. ALL CONDUITS MUST MAINTAIN THE REQUIRED SEPARATION FROM GAS LINES.
2. PHONE AND CABLE WILL HAVE MULTIPLE CONDUITS WHICH MAY AFFECT TRENCH WIDTH.



JOINT UTILITY TRENCH

1. THIS DETAIL IS SCHEMATIC AND FOR INFORMATIONAL PURPOSES.
2. THIS DETAIL IS TYPICAL FOR ALL JOINT UTILITY TRENCHES EXCEPT THE JOINT UTILITY TRENCH FOR PROPOSED TRACT A.
3. CONDUIT SIZE TO BE COORDINATED WITH UTILITY.

ROADWAY AND JOINT TRENCH SECTION

ACCESS AND UTILITY IMPROVEMENTS

MADRAS, OREGON

Harper Houf Peterson Righellis Inc.

ENGINEERS • PLANNERS • SURVEYORS
LANDSCAPE ARCHITECTS • SURVEYORS
2828 SW Corbett Avenue, Suite 200, Portland, OR 97201
phone 503.221.1131 www.hhpr.com fax 503.221.1171

REGISTERED PROFESSIONAL ENGINEER — OREGON — KENNETH K. WILSON

DESIGNED RXV
DRAWN HHPR TEAM
CHECKED RXV
DATE 6/10/2015

DATE	NO.	DESCRIPTION

REVISIONS

SHEET NO. 2 OF 2

JOB NO. MBZ-03

P:\MBZ\Dakota Trucks\Non Aeronautical\2013\Access Road Design\MBZ03-ROWS\SSSHEET\PUBLIC ROAD SECTION.dwg

ATTACHMENT C

COPY

THE CITY OF MADRAS

125 SW "E" Street
Madras, OR 97741
541-475-2344
www.ci.madras.or.us

January 20, 2016

Chair Jason Carr
Central Oregon Intergovernmental Council
334 NE Hawthorne Avenue
Bend, OR 97701

Subject: Letter of Support for Designation of Central Oregon Regional Large Lot Industrial Site at Madras Airport

Chair Carr,

The City of Madras is requesting authorization from Central Oregon Intergovernmental Council to designate one of the Central Oregon Regional Large Lot Industrial site at the Madras Airport for Daimler Trucks North America (Daimler). Daimler Trucks North America has conducted limited tests of heavy-duty trucks at the Madras Airport since the 1980s. Daimler is the largest heavy-duty truck manufacturer in North America, with 40% of the market share.

Daimler will invest over $18 million starting in 2016 to develop a new truck durability testing facility and in doing so will create approximately 30 new full-time equivalent jobs in the operations in Madras due to the closing of its Indiana track. Daimler will conduct their durability testing of various sized trucks and other vehicles will occur at the Madras Airport, which is not currently in the City of Madras' Urban Growth Boundary (UGB). The City of Madras owns and operates the Madras Airport and would like to bring the Daimler site into the UGB to ensure adequate services are provided, development permitting authority, and add their large private investment to the City's tax base.

The City has reviewed the Central Oregon Regional Large Lot Industrial Site Needs Analysis and would like to utilize this unique Needs Analysis to expand the City's UGB to include the Daimler truck durability test facility. Specifically, the City of Madras would like to designate one of the two 100-200 acre Regional Large Lot Industrial site allocated to the region in the short-term[1]. At this time the City would like to designate a 200 acres site at the Madras Airport as Regional Large Lot Industrial site (see Exhibits A & B). The size of the site will not exceed 200 acres however the results of a March 2016 wetlands survey may reduce the size of the site.

[1] Central Oregon Large Lot Industrial Needs Analysis, page 60.

ATTACHMENT C

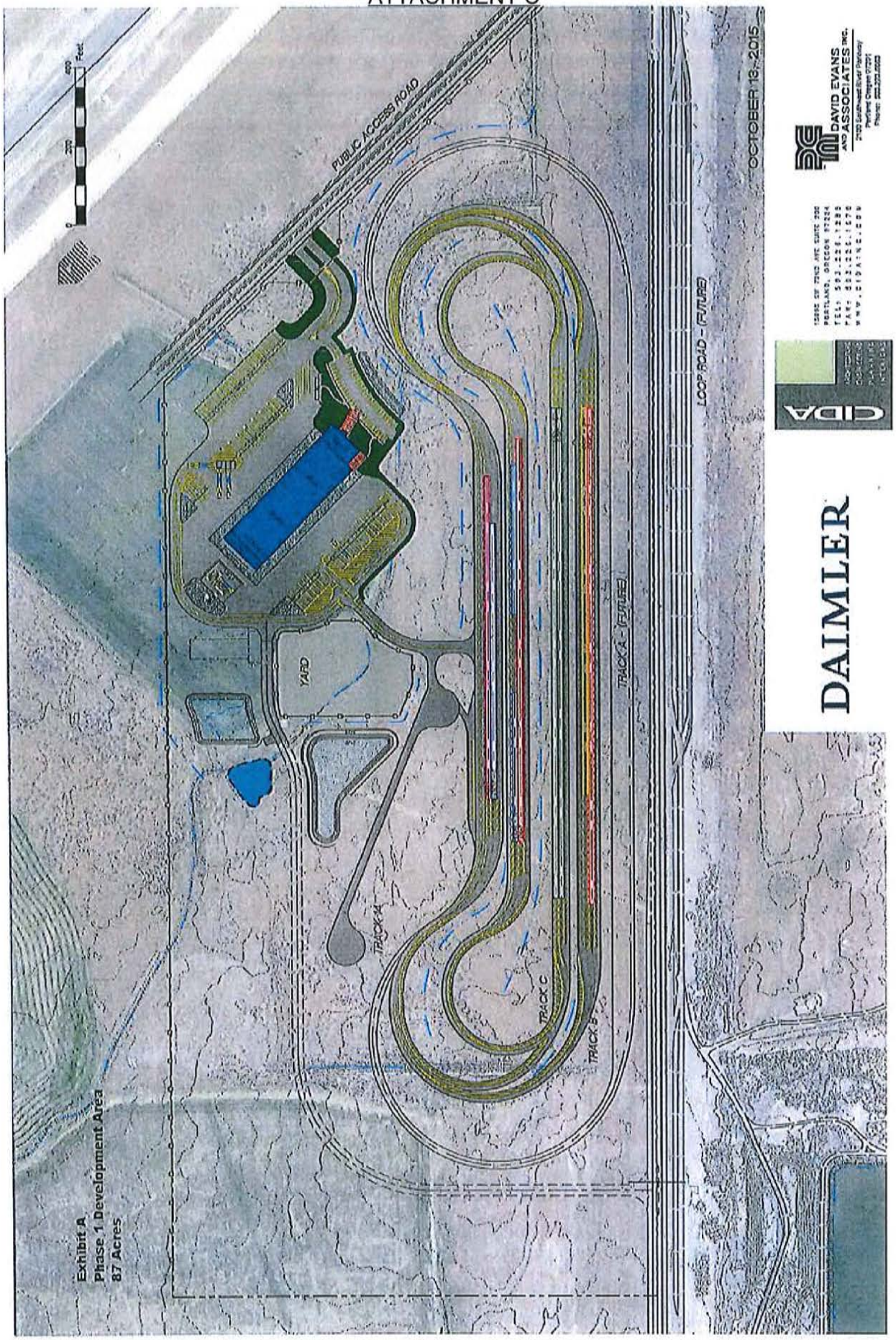
This is a significant economic development project for both Daimler and the City of Madras. Through this letter the City of Madras would like to express our support of the City's application to the Central Oregon Intergovernmental Council Board.

Thank you for your consideration!

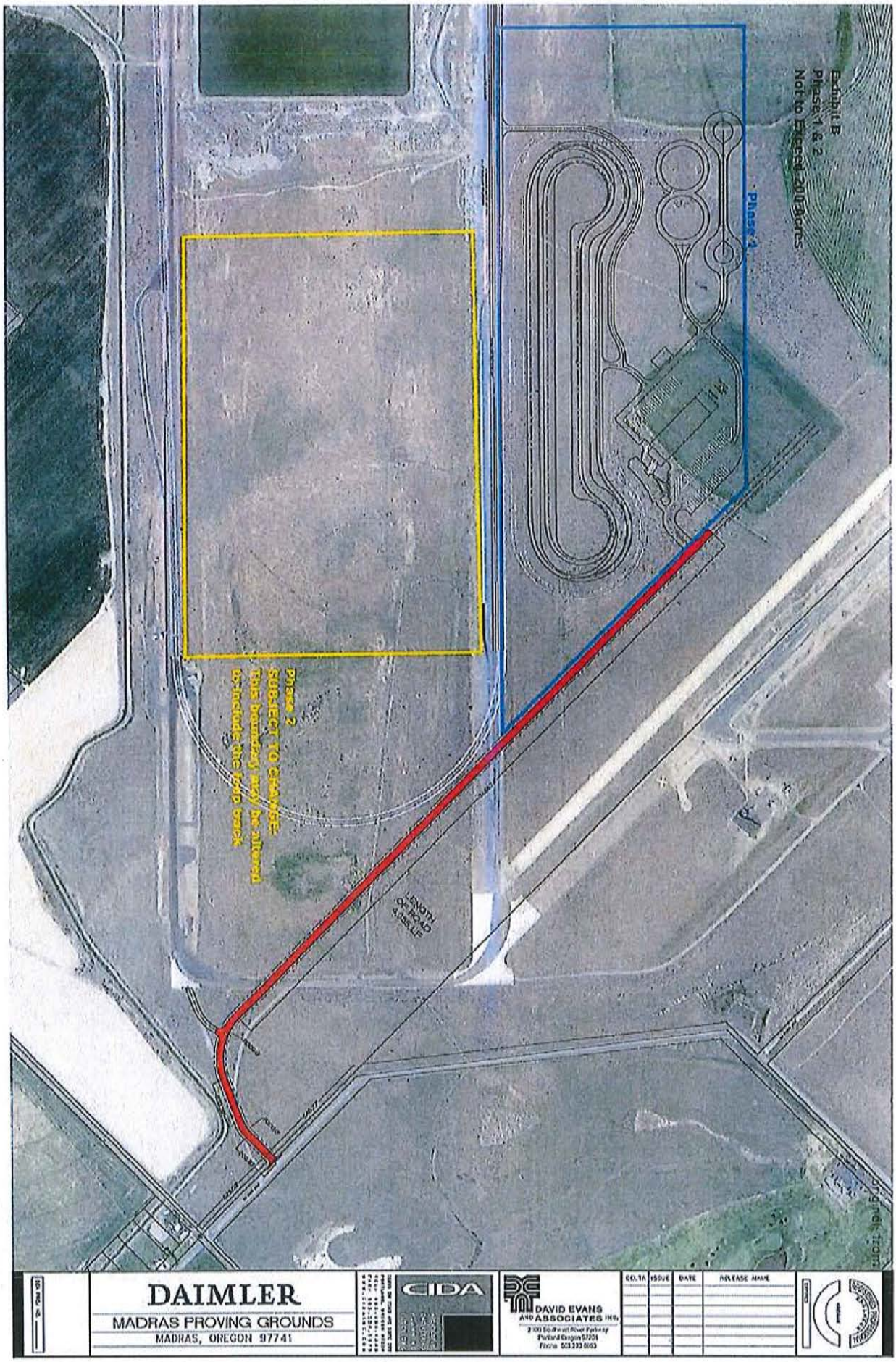
Sincerely,

Royce Embanks
Mayor

ATTACHMENT C



ATTACHMENT C



ATTACHMENT C

INTERGOVERNMENTAL AGREEMENT BETWEEN THE CENTRAL OREGON CITIES AND COUNTIES, AND CENTRAL OREGON INTERGOVERNMENTAL COUNCIL FOR THE LARGE LOT INDUSTRIAL LANDS PROGRAM IN CENTRAL OREGON

WHEREAS, under ORS 190.010 to 190.020, *et seq.* Central Oregon Intergovernmental Council (COIC) is authorized to enter into a written agreement with any other unit or units of local government and specify the functions or activities to be performed and by what means; and

WHEREAS, under ORS 190.003 to 190.030, and 197.175, *et seq.,* cities and counties are authorized to enter into intergovernmental agreements and are required to prepare and adopt comprehensive plans consistent with Statewide Planning Goals; and

WHEREAS, a Central Oregon Large Lot Industrial Land Need Analysis dated November 20, 2012 documents an unmet short-term need for large-lot industrial sites, 50-acres or larger, in the Central Oregon area (Deschutes, Crook and Jefferson counties); and

WHEREAS, Deschutes, Crook, and Jefferson counties, through their governing bodies, are exercising their statutory coordinating authority (ORS 195.025) to address an unmet short-term regional need for large-lot industrial sites; and

WHEREAS, under OAR 660-024-0040 and 660-024-045, the local governments of Crook, Deschutes and Jefferson Counties may implement provisions of a regional large-lot industrial land need analysis adopted by all counties pursuant to ORS 195.025; and

WHEREAS, ORS 190.003, *et seq.* requires that an intergovernmental agreement relating to the performance of functions or activities by one unit of local government on behalf of another unit of local government specify the responsibilities between the parties; and

WHEREAS, the parties seek to develop a coordinated program that will identify suitable and available large-lot industrial sites for economic development purposes in the best interests of the Central Oregon region pursuant to the governing state and local legal requirements.

CENTRAL OREGON CITIES, COUNTIES, and CENTRAL OREGON INTERGOVERNMENTAL COUNCIL AGREE AS FOLLOWS:

1. Definitions.

BOCC: Deschutes County and/or Jefferson County Board of County Commissioners

Central Oregon City or Cities. Cities located in Crook, Deschutes, and Jefferson counties.

Central Oregon County or Counties: Crook, Deschutes, and Jefferson counties.

COIC. Central Oregon Intergovernmental Council.

COIC Board. Central Oregon Intergovernmental Council Board of Directors.

Council. Central Oregon City Councils.

County Court. Crook County Court.

IGA. This Intergovernmental Agreement.

Jurisdictions. City and county governments located within Deschutes, Crook and Jefferson counties.

LLA. Central Oregon Large Lot Industrial Land Need Analysis dated November 20, 2012, and associated Comprehensive plan provisions adopted pursuant to ORS 195.025 and OAR 660-024-0045(2a).

Participating City. A city within Crook, Deschutes or Jefferson County that has adopted the LLA and entered into this IGA.

Regional Large Lot Industrial Program. The program to develop a Central Oregon regional supply of large lot industrial sites as defined within OAR 660-024-0045.

Urban Unincorporated Area (UUA). Territory within the Urban Growth Boundary but outside the boundaries of City.

Urban Growth Boundary (UGB). The boundary line shown in a City and County Comprehensive Plan that separates urban and urbanizable lands in and adjacent to the City from rural territory within the County

2. Intent and Purpose of IGA.

The intent and purpose of this IGA is for Central Oregon Cities, Counties, and COIC to:

A. Establish procedures to identify suitable and available large lot industrial sites to be processed for inclusion within a UUA under governing land use regulations.

B. Establish review procedures for COIC as the regional coordinating authority to receive candidate site selections submitted by participating cities and to provide a recommendation of suitable sites for inclusion within the Regional Large Lot Industrial Program.

C. Continue and improve coordination and communication between the Central Oregon Cities and Counties for specific plan amendments and zone changes addressing the short-term need for additional large-lot industrial sites.

D. It is not the intent or purpose of this IGA for COIC to make or render land use decisions. The parties agree that COIC's roles and responsibilities under this IGA do not constitute land use decisions, and may not be regarded as such. Following a recommendation by COIC, the governing local jurisdictions (both City and County) shall follow all applicable land use regulations and requirements in connection with any plan amendment or zone change associated with the designation of large-lot industrial sites.

3. Process for Exercising Responsibilities in the Large Lot Analysis (LLA).

Central Oregon Counties

A. Central Oregon Counties shall implement a program to create a regional short-term large-lot industrial land supply that enables Central Oregon to compete for industrial recruitment. Counties, through their governing bodies, shall exercise their statutory coordinating authority (ORS 195.025) to address an unmet regional need for large-lot industrial sites by adopting the LLA and regional large-lot industrial land policies into their comprehensive plans.

B. Central Oregon Counties shall adopt and implement policies that conform to the LLA and specify, among other things, the number and site characteristics of vacant industrial sites to be included inside the UGB of the individual Cities located within their respective County.

C. Central Oregon Counties, by exercising their statutory coordination authority and adopting and implementing policies that conform to the LLA, shall enable the Central Oregon Cities within their respective jurisdiction to implement measures to insure the availability of a short-term supply of large-lot industrial sites.

D. Central Oregon Counties shall collaborate with Central Oregon Cities to identify and formalize candidate large-lot industrial sites for inclusion within the Regional Large-Lot Industrial Program.

Central Oregon Intergovernmental Council

E. The parties agree that the COIC Board, by adopting COIC Resolution 243, is the regional coordinating authority for the LLA.

F. The individual Central Oregon Cities shall submit candidate large-lot industrial sites and associated "Replenishment Sites" to COIC for potential inclusion within the Regional Large Lot Industrial Program consistent with the requirements of the LLA and governing regulations. The six individual sites included in this program shall be located in at least three different Jurisdictions. COIC shall provide the Central Oregon Cities and Counties with its recommendation as to the individual sites that should be included within the Regional Large-Lot Industrial Program. The governing City shall be responsible to complete and implement the land use process required for inclusion of such site within its UGB under the requirements of OAR 660 Division 24. COIC shall not make and does not have the authority to make land use decisions under this IGA.

G. COIC will accept site submissions from participating cities on a quarterly basis until the full allotment of 6 short-term sites has been filled.

Site Submission Quarterly Due Date	COIC Board Review Date
March 31	First Thursday in May
June 30	First Thursday in August
September 30	First Thursday in November
December 31	First Thursday in February

H. The COIC Board will review a participating city's site submission materials, as defined within Section 3 (N) of this IGA, to verify that the proposed site is qualified for the Regional Large Lot Industrial program based upon criteria defined within OAR 660-024-0045:

1. The proposed site is located in Crook, Deschutes or Jefferson counties.
2. The proposed site is 50 acres or larger in size. The site will be determined to be 50 acres or larger if it is:
    a. A single lot or parcel that is at least 50 acres
    b. An aggregation of existing lots or parcels under the same ownership that comprises at least 50 acres, or
    c. An aggregation of existing lots or parcels not in the same ownership created and maintained as a unit of land comprising at least 50 acres through a binding agreement among the owners.
3. The proposed site is determined to be "available," as that term is defined in OAR 660-009-0025(7).
4. The proposed site provides the site characteristics necessary for traded sector uses as set forth in the LLA.
5. The city demonstrates that the site was identified through conducting an analysis consistent with requirements contained within OAR 660-024-0045 (8) (a) and (b).

Additionally, the COIC Board will review proposed sites to verify that collectively the six regional sites:

1. Are located within at least three separate jurisdictions
2. Include two sites of at least 100 acres and not more than 200 acres, and one site more than 200 acres.

In the event that applicable administrative rules are amended so that they conflict with the requirements of this IGA, the administrative rules as amended will control.

I. In the event that multiple qualified sites are proposed for a single available opening, the COIC Board shall consider recommendations provided by Business Oregon and Economic Development for Central Oregon, and recommend the site that best achieves the LLA criteria and site characteristics.

J. The COIC Board recommendation is a prerequisite for the Central Oregon Cities and Counties to initiate a plan amendment/zone change under the Regional Large-Lot Industrial Program. COIC's recommendations shall be based on the information and documents submitted by the Central Oregon Cities and Counties. COIC need not take or consider information provided by any other person or entity in its recommendation process. The parties agree that the recommendations provided by COIC under this program are final and binding, and are not subject to any appeal, challenge or protest and each of the parties hereto hereby waive and relinquish any and all such rights.

Central Oregon Cities

K. Provided that the LLA has been adopted by Crook, Deschutes and Jefferson Counties, participating cities shall adopt the LLA to implement the Regional Large Lot Industrial program.

L. Upon the adoption of the LLA, each participating city may choose to implement the short-term land supply for large-lot industrial sites, subject to conformance with state law and the LLA, including the mutually agreed upon proportionate allocation that governs the location of individual sites designated under the Regional Large-Lot Industrial Program.

M. Participating cities shall collaborate with their respective County jurisdiction to identify and formalize candidate large lot industrial sites for land use entitlements.

N. Participating cities shall submit to COIC documentation that the proposed large lot site complies with the LLA and OAR 660-024-0045. The site submission materials must include at a minimum:

1. Vicinity map and site map;
2. Site acreage;
3. Description of the site's current development status and zoning;
4. Description of site dimensions including slope and description of any unique geographic features;
5. A statement on the site's infrastructure and utility serviceability.
6. Description of site location in relation to the UGB;
7. If outside of the UGB, the proposal must include an analysis documenting that other lands located within the UGB are not available and/or suitable for the Large Lot Industrial program;
8. Evidence that the property owner is a willing Large Lot Industrial program participant and will accept site restrictions;
9. Letters of support from Economic Development for Central Oregon and Business Oregon; and
10. Evidence of coordination with County.

O. Participating cities, upon receiving a preliminary recommendation from the COIC Board, shall prepare findings consistent with OAR 660 Division 24 and ORS 197.298.

P. Participating cities initiating a plan amendment/zone change for a large-lot industrial site under the Regional Large-Lot Industrial Program shall collaborate with their respective County.

Q. Participating cities shall adopt the relevant portions of the LLA concerning short term industrial land needs, and their respective County's regional industrial lands policies, into their comprehensive plan.

R. Participating cities shall apply an urban industrial holding zone designation to large-lot industrial properties included within a UUA under the Regional Large Lot

Industrial Program pending annexation of the property into the applicable City limits. The industrial holding zone designation applied by the City shall establish and maintain the large lot status of the property consistent with the LLA, OAR 660-024-0045(9) and (10), and the associated regional industrial lands policies.

S. In connection with any plan amendment or zone change for a large-lot industrial property designated under the Regional Large-Lot Industrial Program, the participating cities shall designate the specific industrial zoning code regulations that will govern the site upon annexation into the governing City limits. The zoning regulations to be applied by the City shall be consistent with the LLA, OAR 660-024-0045(9), and associated regional lands policy.

T. Participating cities shall, based on OAR 660-024-0045(9a), establish a developer agreement with a willing property owner that specifies, at a minimum, that a large-lot industrial site shall stay in the regional large-lot industrial supply for ten years. After ten years, if agreed upon by both a Central Oregon City and a property owner, the site can be:

1. Removed from the regional supply by the Central Oregon City by exercising OAR 660-024-0070; or,

2. Re-designated and rezoned to another urbanized use pursuant to findings that comply with OAR 660 Division 24.

4. Indemnification.

A. Participating Cities and Counties agree to jointly and severally defend, indemnify and hold COIC, and each of its officials, directors, officers, employees and agents, completely harmless from and against any and all claims, damages, losses, and expenses (including but not limited to attorney fees, at trial and on appeal) alleged or asserted concerning or relating to: (a) COIC's refusal to consider or denial of any non-participating person or entity's application or assertion of rights under this Agreement; and/or (b) COIC's proper exercise of its responsibilities and recommendations made under this Agreement. COIC shall have no obligation to defend or otherwise incur any fees or expenses to defend any recommendation, performance or failure to perform under this Agreement.

B. To the maximum extent permitted by law, participating Cities and Counties hereby agree to jointly and severally defend, indemnify and hold each other, and each of its officials, directors, officers, employees and agents, completely harmless from and against any and all claims, damages, losses, and expenses (including but not limited to attorney fees, at trial and on appeal) relating to actions, recommendations, performance or failure to perform by the indemnifying party under this IGA.

C. This indemnity provision survives the termination of this IGA. Nothing in this provision shall extend or increase any party's liability beyond the limitations of the Oregon Tort Claims Act or Article XI, section 10 of the Oregon Constitution.

5. Review, Amendment and Termination.

A. No Third-Party Beneficiaries. The parties do not intend to confer and do not confer any right or remedy on any third party.

B. This IGA may be reviewed and amended at any time by mutual consent of all the parties, confirmed in writing.

C. Any modifications to this IGA will be consistent with Central Oregon City and County comprehensive plans and state law.

D. This IGA will automatically be reviewed every two (2) years upon the biennial anniversary of the original effective date. COIC reserves the right in the future to request compensation for program costs.

E. A Central Oregon City may elect to withdraw from this IGA, with ninety (90) days advance written notice to all of the parties. Upon withdrawal, all recommendations, rights and obligations of the withdrawing Central Oregon City under the IGA and the Regional Large-Lot Industrial Program automatically terminate.

F. This IGA may be terminated by mutual agreement of the parties, confirmed in writing.

G. Alternatively, this IGA may be terminated by COIC and/or a Central Oregon County by the following procedure:

1. A public hearing will be held by the party considering termination. The party must give the other parties notice of the hearing at least 45 days prior to the scheduled hearing date. All parties shall seek to resolve any differences during the 45-day period.

2. Termination of the agreement will be effective 90 days after the public hearing to provide time for resolution of differences.

6. IGA Effective Date.

A. This IGA shall be effective when signed by COIC, all three counties, and at least one city.

B. This IGA may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

ATTACHMENT C

Dated this 22nd th of, 2013

THE CITY OF BEND

By: _____
Jim Clinton, Mayor

By: _____
Eric King, City Manager

APPROVED AS TO FORM:

Mary Winters, City Attorney

Dated this _____th of, 2013

THE CITY OF CULVER

By: _____
x, Mayor

By: _____
x, City Manager

APPROVED AS TO FORM:

_____
x, City Attorney

Dated this _____th of, 2013

THE CITY OF LA PINE

By: _____
x, Mayor

By: _____
x, City Manager

APPROVED AS TO FORM:

_____
x, City Attorney

ATTACHMENT C

Dated this 9th day of April, 2013

THE CITY OF MADRAS

By: Melanie Widom
x, Mayor

By: Jus W Burrill
x, City Manager

APPROVED AS TO FORM:

x, City Attorney

ATTEST:

Karen J. Coleman 4-9-2013
Karen J. Coleman, City Recorder

Dated this _____th of, 2013

THE CITY OF METOLIUS

By: _____
x, Mayor

By: _____
x, City Manager

APPROVED AS TO FORM:

_____
x, City Attorney

Dated this _____th of, 2013

THE CITY OF PRINEVILLE

By: _____
x, Mayor

By: _____
x, City Manager

APPROVED AS TO FORM:

_____
x, City Attorney

Dated this _____th of, 2013

ATTACHMENT C

Dated this _____th of, 2013

THE CITY OF MADRAS

By: _____
x, Mayor

By: _____
x, City Manager

APPROVED AS TO FORM:

_____
x, City Attorney

Dated this _____th of, 2013

THE CITY OF METOLIUS

By: _____
x, Mayor

By: _____
x, City Manager

APPROVED AS TO FORM:

_____
x, City Attorney

Dated this _____th of, 2013

THE CITY OF PRINEVILLE

By: _____
x, Mayor

By: _____
x, City Manager

APPROVED AS TO FORM:

_____
x, City Attorney

Dated this _____th of, 2013

ATTACHMENT C

Dated this 9 day of April, 2013

THE CITY OF REDMOND

By: _____
George Endicott, Mayor

By: _____
Sharon Harris, Interim City Manager

APPROVED AS TO FORM:

_____
Steve Bryant, City Attorney

Dated this _____th of, 2013

THE CITY OF SISTERS

By: _____
x, Mayor

By: _____
x, City Manager

APPROVED AS TO FORM:

_____
x, City Attorney

COUNTY SIGNATURES ON THE FOLLOWING PAGE

ATTACHMENT C

THE CITY OF REDMOND

By: _____
x, Mayor

By: _____
x, City Manager

APPROVED AS TO FORM:

_____
x, City Attorney

Dated this May 9th of, 2013

THE CITY OF SISTERS

By: _____
x, Mayor

By: _____
x, City Manager

APPROVED AS TO FORM:

_____
x, City Attorney

COUNTY SIGNATURES ON THE FOLLOWING PAGE

ATTACHMENT C

CROOK COUNTY

Dated this 15th of MAY, 2013

CROOK COUNTY COURT

Judge Mike McCabe

Commissioner KEN FAHLGREEN

Commissioner SETH CRAWFORD

ATTEST:

Recording Secretary Colleen H. Ferguson

DESCHUTES COUNTY

Dated this _____ of _____, 2013

BOARD OF COUNTY COMMISSIONERS

Commissioner

Commissioner

Commissioner

ATTEST:

Recording Secretary

ATTACHMENT C

CROOK COUNTY

Dated this _____ of _____, 2013

CROOK COUNTY COURT

_____
Judge

_____
Commissioner

ATTEST:

_____
Recording Secretary

_____
Commissioner

DESCHUTES COUNTY

Dated this 15 of April, 2013

BOARD OF COUNTY COMMISSIONERS

Alan Unger
ALAN UNGER, CHAIR

TAMMY BANEY, VICE-CHAIR

ATTEST:

Connie Thomas
Recording Secretary

ANTHONY DEBONE, COMMISSIONER

ATTACHMENT C

JEFFERSON COUNTY

Dated this 10th of April, 2013

BOARD OF COUNTY COMMISSIONERS

Wayne Fielding
, CHAIR

, COMMISSIONER

ATTEST:

Barbara Andresen
Recording Secretary

John Hatfield
, COMMISSIONER

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL SIGNATURES ON THE FOLLOWING PAGE

ATTACHMENT C

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

Dated this 4th of April, 2013

Signed:

John Hatfield, Chairman
Central Oregon Intergovernmental Council

ATTEST:

Andrew Spreadborough, Interim Executive Director
Central Oregon Intergovernmental Council

ATTACHMENT C

June 19, 2015

Daimler Trucks North America LLC
Attn: Matt Markstaller
4747 Channel Avenue
Portland, Oregon 97217

Re: Letter of Intent – Truck Test Track Facility – Madras Airport Property

Dear Matt:

This letter is written to summarize the general terms and conditions under which the City of Madras, an Oregon municipal corporation ("City"), is interested in leasing the Land (as defined below) to Daimler Trucks North America LLC, a Delaware limited liability company ("Daimler"), for Daimler's development, construction, and operation of a durability truck testing facility (the "Project"). The Project is expected to consist of (a) one or more vehicle test tracks constructed of asphalt, concrete, and/or gravel, and (b) several structures or improvements for office, vehicle maintenance, and support, including, without limitation, an approximately 26,000 square foot maintenance building (approximately 4,500 square feet of which will be used for office space) and a vehicle washing station. The terms and conditions contained in this letter are based upon the parties' current intentions and information known to the parties as of the date of this letter; the parties acknowledge that Project planning is ongoing with many details (including scope and costs) yet to be determined. Except for the provisions contained in Part Two of this letter, this letter is nonbinding and does not grant or impose any legal rights and/or obligations on City or Daimler.

Part One – Nonbinding Provisions

Based upon information known to the parties as of the date of this letter, City proposes that the Lease (as defined below) be prepared, subject to the parties' mutual review and approval, with the nonbinding provisions set forth in this Part One (collectively, the "Non-Binding Provisions"):

1. Airport Ground Lease. City is willing to pursue the negotiation of a mutually acceptable Ground Lease Agreement (the "Lease") with Daimler pursuant to which Daimler will develop, construct, and operate the Project on that certain real property consisting of approximately 87 acres of City land (the "Land") located adjacent to the Madras Municipal Airport (the "Airport"), which Land is more particularly described and depicted on the attached Exhibit A. The Lease will be based upon City's standard form airport ground lease and will contain such representations, warranties, covenants, indemnification provisions, and other terms and conditions as the parties may mutually agree are reasonable and appropriate. Daimler will obtain, at Daimler's cost and expense, all necessary permits, licenses, reviews, and approvals required under the Laws (as defined below) for construction and use of the Project on the Land. Daimler's development, construction, and operation of the Project will comply with all applicable Laws. For purposes of this letter, the term "Law(s)" means all applicable federal, state, and local laws, regulations, and ordinances, including, without limitation, any rules and/or regulations promulgated by the Federal Aviation Administration ("FAA") and/or any other federal airport

authority, whether now existing or hereafter amended, adopted, and/or established. The Lease will generally identify those Laws applicable to the Land and/or Project due to the Land's and/or Project's close proximity to the Airport.

2. General Lease Terms. Subject to review and approval by each party, the Lease will be prepared with the following general terms and conditions:

(a) Daimler will commence construction of the Project within 180 days after all applicable Project permits and approvals are obtained, including, without limitation, any approval required by the FAA. Daimler will complete construction of the Project within 500 days after commencement of construction, subject to automatic extension for delays due to force majeure.

(b) Daimler will lease the Land from City for a period equal to the sum of the Project construction period plus 20 years (the "Initial Lease Term"), subject to the earlier termination of the Lease pursuant to its terms. Provided Daimler is not then in default under the Lease, Daimler will have the option (each an "Extension Option") to extend the Initial Lease Term for three consecutive additional terms of 10 years each (each an "Extended Term"). The terms and conditions for each Extended Term will generally be identical with the Initial Lease Term except for Base Rent (as defined below) and Additional Rent (as defined below) and Daimler will no longer have any Extension Option that has been exercised.

(c) Commencing on the Rent Start Date (as defined below), Daimler will pay City minimum annual base rent (in equal monthly installments), without offset, in an amount equal to $1,740.00 per acre, per year ("Base Rent"), pro-rated as necessary, plus additional rent charges of $38.00 per acre, per year for lighting and access fee charges ("Additional Rent"); provided, however, commencing on the date of the parties' mutual execution of the Lease (the "Effective Date"), Daimler will be required to pay all taxes (if any), insurance costs, utility charges (e.g., electricity, telephone, water, etc.) incurred on or for the Land and/or Project. Commencing on the first year anniversary of the Rent Start Date, and continuing annually thereafter until the tenth year anniversary of the Rent Start Date, Base Rent and Additional Rent will increase by one and one-half percent (1.5%) over Base Rent and Additional Rent, as applicable, for the immediately preceding twelve-month period. For purposes of this letter, the term "Rent Start Date" means the earliest to occur of the following: (a) twelve (12) months after the Effective Date, or (b) substantial completion of the Project.

(d) On the tenth year anniversary of the Rent Start Date, and continuing thereafter every ten years during the Lease Term (as defined below), Base Rent and Additional Rent will be equal to the then-current fair market rental rate for the Land, which amount will be determined as follows: (i) the parties will seek for a period of not more than sixty (60) days to reach mutual agreement on such fair market rental rate, and (ii) if Daimler and City are unable within such period to agree on the then-current fair market rental rate of the Land, the fair market rental rate will be determined by neutral and independent real estate appraiser(s) in accordance with the Lease. In either case, fair market rent for the Land shall be based on the assumption that the Land is vacant, unimproved and not leased (i.e., without regard to any value attributable to the Lease or any improvements on the Land). During each year of the Lease Term upon the anniversary of the Rent Start Date, Base Rent and Additional Rent will increase by one and one-half percent (1.5%) over the Base Rent and Additional Rent, as applicable, for the immediately preceding twelve-month period. For purposes of this letter, the term "Lease Term" means the Initial Lease Term and each Extended Term, if applicable.

(e) Daimler will consent to City's annexation of the Land if requested by City. Daimler's use of the Land must comply with all Laws. Daimler's use of the Land will be subject to certain easements and access requirements as determined by City, subject to Daimler's review and approval of such easements and requirements. Daimler may use the Land for any lawful and permitted purpose, provided that any material change in the use of the Land will be subject to the City's prior consent, which consent will not be unreasonably withheld.

(f) A portion of the Land may be subject to an existing farm lease with Deschutes Basin Farms LLC (the "Existing Lease"). City anticipates that the Existing Lease will be terminated or modified to accommodate the Project and Daimler's lease of the Land. Daimler will be responsible for the costs and expenses incurred to terminate and/or modify the Existing Lease, whether such costs and expenses are incurred by City, the tenant under the Existing Lease, and/or otherwise, up to a maximum of $2,000.00. City will be responsible for all such costs and expenses in excess of $2,000.00.

(g) Daimler's use of the Land will be reasonably restricted to accommodate the annual Madras Air Show, which restrictions will be identified in the Lease and subject to Daimler's review and approval (which approval will not be unreasonably withheld). The Madras Airshow generally occurs in August for a period of three days. Daimler will receive advance notice of the event.

(h) Daimler and City will discuss whether the Lease will contain rights of first refusal, expansion, and other options for land located in or adjacent to the Airport, including expansion areas for a potential high speed track and/or future vehicle dynamics facility.

(i) Daimler will pay all costs, expenses, and fees attributable to the development, construction, and operation of the Project, including, without limitation, all applicable system development charges and connection fees. City and Daimler will individually and jointly pursue any economic development grants and other funding sources to offset the costs of off-site improvements, including Special Public Works Funds and Immediate Opportunity Funds, that may be necessary or desirable in connection with the Project.

(j) Daimler may assign, sublet, and/or otherwise transfer any or all of its rights under the Lease to any affiliate, subsidiary, or related company of Daimler without City's consent, provided that (A) Daimler gives notice to City of each such transfer, and (B) Daimler is not released from its obligations under the Lease as a result of such transfer. All other transfers shall be subject to City's prior consent, which consent shall not be unreasonably withheld.

(k) Daimler will have the right to mortgage, pledge, hypothecate, and/or otherwise encumber Daimler's leasehold estate in the Land under the Lease and any improvements constructed thereon for the sole purpose of financing (the "Leasehold Financing"), provided that such Leasehold Financing will be and at all times remain subject to the Lease and City's rights and remedies therein. City will not be obligated to subordinate its interest in the Land to any Leasehold Financing. Subject to City's review and approval, the Lease will contain such provisions as may be necessary for the Lease to be a financeable ground lease.

(l) Daimler's obligations under the Lease will be conditioned on (a) Daimler's review and approval of its due diligence investigation of the Land, including, without limitation, site planning, environmental assessments, title review, etc., (b) receipt of all permits and approvals that Daimler deems necessary or desirable with respect to the Project, and (c) approval of the final budget

for the Project. The Lease will specify timelines for satisfaction or waiver of each of these conditions. Daimler will have the right to enter the Land to conduct such due diligence investigations provided Daimler defends, indemnifies, and holds City harmless for any damages or claims caused thereby.

(m) All terms and conditions of the Lease will at all times prior to its execution remain subject to the parties' mutual approval in all respects. The target date for lease execution is on or before October 1, 2015.

3. Economic Development Incentives. City acknowledges that Daimler is pursuing various economic development incentives in connection with the Project, including, without limitation, tax exemption for the Project under the Oregon Enterprise Zone program. City will reasonably cooperate with Daimler's efforts to secure such incentives.

Part Two – Binding Provisions

The binding provisions set forth in this Part Two (collectively, the "Binding Provisions") are legally binding and enforceable against City and Daimler.

4. Exclusivity Period. For a period of 90 days after the date this letter is mutually executed by the parties (the "Exclusivity Period"), City will not enter into any agreements or accept any proposals from any person or entity (other than Daimler) relating to the development and/or use of the Land. If City and Daimler are unable to negotiate and execute the Lease within the Exclusivity Period, City may begin negotiating with any other person or entity concerning the Land, including, without limitation, providing any information or making any proposal or request to any person or entity concerning the lease of the Land.

5. Land Use Applications; Costs and Expenses; Construction. The Land is located outside City's Urban Growth Boundary and is regulated by the FAA. To this end, the construction and development of the Project requires certain approvals, including, without limitation, FAA approval and Jefferson County land use approval. In an effort to expedite the Project's land use approval process, City will assist and cooperate with Daimler's filing of any necessary land use applications (including a Site Plan Review and Conditional Use application with the Jefferson County Community Development Department) subject to the following conditions: (a) Daimler will prepare, file, and pay all fees and costs related to all land use applications and related filings or submissions, including, without limitation, permitting and design, subject to Daimler's prior approval of such fees and costs in each instance; and (b) if this letter is terminated under Section 6 (unless terminated because of the parties' execution of the Lease), Daimler will terminate any pending applications and/or approvals concerning the Land and will complete and file any documentation City deems necessary or appropriate to terminate such pending applications and/or approvals at Daimler's cost and expense. Daimler will be required to go through all standard land use processes and approvals concerning the Project. This letter is not a promise or commitment that any land use applications or approvals will be received by Daimler. Daimler will not conduct any grading, development, site improvements, and/or any construction activities of any kind or nature whatsoever on the Land unless and until the Lease is executed by City and Daimler.

6. Term; Termination. This letter will terminate upon the earliest to occur of the following: (a) upon the written agreement of City and Daimler; (b) upon the expiration of the Exclusivity Period; (c) upon the parties' execution of the Lease; and/or (d) upon notice by a party to the other party that the

party desires to terminate the negotiation of the Lease. Upon termination of this letter, the parties will have no further rights or obligations hereunder except that Daimler will have those payment and filing obligations provided under Section 5.

7. Miscellaneous.

7.1 Provisions; Third-Party Beneficiaries. The Nonbinding Provisions are not legally binding or enforceable against City or Daimler. No binding obligation will exist with respect to the subject matter of the Nonbinding Provisions unless and until the parties sign the Lease, and then only to the extent such obligations are set forth in the Lease. The Binding Provisions will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit. The parties do not intend to confer any right or remedy on any third party.

7.2 Severability; Assignment; Binding Effect. Each provision contained in this letter 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. Daimler will not assign this letter to any person without City's prior written consent. Subject to the immediately preceding sentence, this letter will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit. This letter may be amended only by a written agreement signed by each party.

7.3 Attorney Fees. With respect to any dispute relating to this letter, or if a suit, action, arbitration, or other proceeding of any nature whatsoever is instituted to interpret or enforce the provisions of this letter, including, without limitation, any proceeding under the U.S. Bankruptcy Code and involving issues peculiar to federal bankruptcy law or any action, suit, arbitration, or proceeding seeking a declaration of rights or rescission, the prevailing party will be entitled to recover from the losing party its reasonable attorney fees, paralegal fees, expert fees, and all other fees, costs, and expenses incurred in connection therewith, as determined by the judge or arbitrator at trial, arbitration, or other proceeding, or on any appeal or review, in addition to all other amounts provided by law.

7.4 Governing Law; Venue. This letter 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 letter. Any action or proceeding arising out of this letter 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.

7.5 Attachments; Notices. Any exhibits, schedules, instruments, documents, and other attachments referenced in this letter are part of this letter; provided, however, if any exhibits, schedules, instruments, documents, and/or other attachments conflict with the terms of this letter, the terms of this letter will control. All notices or other communications required or permitted by this letter must be in writing, must be delivered to the parties at the addresses first 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 by a nationally recognized overnight delivery service, or at the end of the second business day after the date of deposit if deposited in the United States mail, postage pre-paid, certified, return receipt requested.

7.6 Waiver; Entire Agreement. No provision of this letter may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing by City and Daimler. No waiver of either party at any time of the breach of, or lack of compliance with, any conditions or provisions of this letter will be deemed a waiver of other provisions or conditions hereof. This letter contains the entire agreement and understanding between the parties with respect to the subject matter of this letter and contains all of the terms and conditions of the parties' agreement and supersedes any other oral or written negotiations, discussions, representations, or agreements.

7.7 Execution; Counterparts; Survival. The parties may execute this letter 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 letter 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 letter.

With the exception of the Binding Provisions (Part Two), this letter does not constitute a binding agreement between the parties. This letter is an expression of the mutual intent and desires of the parties as to certain aspects of the Lease. However, the parties agree that there are material terms as to which agreement has not been reached and this letter is not to be construed as a definitive contract. This letter is subject to the parties' execution of the Lease, which Lease must be satisfactory to each party and their respective legal counsel, including, in the case of City, the Madras City Council. It is expressly understood and agreed that (a) no liability or binding obligation is intended to be created between or among any of the parties to this letter, except with respect to the Binding Provisions, and (b) other than with respect to the Binding Provisions, any legal rights and obligations between or among any of the parties to this letter will come into existence only upon the parties' execution and delivery of the Lease, and then only in accordance with the terms and conditions of the Lease. Notwithstanding any other provision herein, (y) City acknowledges that Daimler is considering several alternative sites for the Project and that, while the Land is currently the preferred option, the final site selection decision has not yet been made by Daimler and is subject to a final cost-benefit analysis to be performed by Daimler with respect to each site, and (z) Daimler reserves the right in its sole discretion to terminate at any time further discussions with respect to the Lease and Project, subject to the payment and filing obligations under Section 5, above.

Please sign both copies of this letter where indicated below if the above general terms and conditions are acceptable. Retain one copy for your files and return the second signed copy to me not later than 5:00 p.m. on June 23, 2015. I look forward to a successful relationship with you and await your prompt response.

Sincerely,

Gus W. Burril

Gus Burril, City Administrator

cc: Jeremy M. Green, Bryant, Lovlien & Jarvis, P.C.
Madras City Council

ATTACHMENT C

Daimler Acknowledgement and Agreement

On behalf of Daimler, the undersigned (a) has read and understands the terms of this letter, and (b) is authorized to execute this letter on behalf of Daimler.

Daimler Trucks North America LLC,
a Delaware limited liability company

By: _____
Name: Matthew Markstaller
Title: Manager, Property and Buildings
Dated: 6/19/15

ATTACHMENT C

DATE: March 25, 2016
TO: Nick Snead
FROM: Beth Goodman and Bob Parker
SUBJECT: MADRAS LARGE LOT INDUSTRIAL ANALYSIS

The City of Madras is embarking on an urban growth boundary (UGB) expansion for a large-lot industrial site based on the *Central Oregon Large Lot Industrial Land Need Analysis* (November 2012) and OAR 660-024-0045. The City contracted with ECONorthwest to provide information for the submission of the analysis of candidate large-lot industrial sites to the Central Oregon Intergovernmental Council (COIC). This memorandum presents: (1) site characteristics for the proposed used on the large lot industrial site and (2) maps that show existing large sites within the Madras UGB.

Madras is proposing to bring one site of 100 to 200 acres into the UGB to meet the needs for development of a truck testing facility for Daimler Trucks North America (Daimler). The facility will be a vehicle proving grounds for testing commercial trucks ranging from delivery trucks to dump trucks to tractor trailers (e.g., 18-wheelers). Once the facility is built, truck testing will occur in two shifts per day, six days per week. The vehicle proving grounds will include:

- **Campus** that includes office space, shop space, a truck wash, ballasting building with truck scales (to load the trucks with weight for testing), outdoor truck testing event area, storage yard for truck parts, and other facilities needed to support testing of the trucks. The campus must include enough room to maneuver the trucks through the shop and other facilities in the campus area.
- **Durability test track** that is one mile long with features such as bumps and cobbles to test the durability of the trucks.
- **Vehicle dynamics area** to test the handling, steering, acceleration, stopping, active and passive safety systems, and truck systems. The vehicle dynamics area will include a circle for driving the trucks and acceleration lanes. The circle will have a radius of 150 feet, with room for future expansion to a 350 feet radius circle.
- **Three mile long high-speed test track** to test drive the trucks.

Daimler plans to develop the campus and durability test track in 2016, with plans for future expansion to include the vehicle dynamics area and three-mile long test track.

ATTACHMENT C

Site Characteristics

The Regional Large Lot Industrial Land section of OAR 660-024-045 requires Madras to identify necessary site characteristics of needed land, using the definition of site characteristics found in OAR 660-009. Site characteristics are defined as follows in OAR 660-009-0005(11):

> *"Site Characteristics" means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.*

Madras has identified the need for a large-lot industrial site for a vehicle proving ground for a truck testing facility for Daimler. The following section describes the characteristics of the site needed by Daimler for the vehicle proving ground facility.

1. **Site size.** The vehicle proving ground will be built in two phases. The first phase will be development of the campus and durability test track. These facilities will require about 87 acres of unconstrained land, to provide sufficient space for the campus buildings, test track, storage yards, and space for truck maneuvering. The second phase of development will include the vehicle dynamics area and a portion of the three mile long test track and will require about 100 to 110 acres of unconstrained land. The configuration of the site must be allow for development of these types of facilities.

   The size of the site has a meaningful connection with the operations of the vehicle proving grounds and is typical of this type of use because the site must be large enough to accommodate the proposed facilities. The testing track and facilities require sufficient space for maneuvering the trucks within the site, space to bring trucks to testing speeds, truck parking and storage, internal automotive circulation on the site, and parking for employees and facility visitors.

2. **Topography.** The vehicle proving ground site must be relatively flat, with a slope across the site of not more than 5% and preferably flatter. The site cannot have significant bumps or valleys on the site, especially those that cannot be removed through grading.

   The topography of the site has a meaningful connection with the operations of the vehicle proving grounds and is typical of this type of use because testing trucks requires flat land. The requirements of a slope of 5% or less is consistent with the characteristics that Business Oregon identifies as necessary for competitive sites for general manufacturing.[1]

3. **Soil types.** The test tracks must have soil that is flat and stable and can withstand the constant movement of trucks over it many hours per day. The test track cannot be

[1] Oregon Business Development Department, Industrial Development Competitiveness Matrix.

located on soft top soils. The type of soils typically suitable for this type of use are caliche soils.

The soil types on the site has a meaningful connection with the operations of the vehicle proving grounds and is typical of this type of use because the test tracks will have heavy trucks driving over them constantly. A test track built on soft soil would not have the durability necessary for the vehicle proving ground uses.

4. **Transportation Access.** The vehicle proving ground site must have unimpeded truck freight access to a state highway or other or principal arterial road that is designated as a freight route. The site should be located within two miles of a state highway, with unimpeded access to the state highway through local arterial or major collector streets.

   Transportation access via state highways and local arterial or major collector streets to the site has a meaningful connection with the operations of the vehicle proving grounds and is typical of this type of use because traffic to the site will be a combination of trucks being tested at the facility and automobiles of visitors and employees. Many of the trucks will arrive under their own power but some may be towed to the site.

   Designated state and local freight routes have design features that ensure freight vehicle movement and weight. This attribute is meaningful to industry operations because it directly affects the industry's travel time, labor and fuel costs to use lower classification, slower speed streets that are designed for local traffic. Local streets are not designed and built to accommodate heavy freight vehicles. Avoiding use of the local street network minimizes traffic conflicts with adjacent residential land uses along streets not designed for freight vehicles and higher traffic volumes.

5. **Access to services.** City services should be directly accessible to the site, including sanitary sewer, and municipal water. The vehicle proving grounds will also need access to services not provided by the City of Madras, including electricity, high speed internet, and compressed natural gas. The level-of-service necessary for the vehicle proving grounds for water, wastewater, and high-speed internet will be similar to that used in urban office or other commercial uses. The level-of-service necessary for the facility for electricity will be similar to that needed for most light industrial businesses. The proving grounds will need access to a large volume of compressed natural gas from a local source in Madras.

   Access to urban services has a meaningful connection with the operations of the vehicle proving grounds and is typical of this type of use because business operations at the facility will require these services. Business Oregon finds that competitive sites must have access to urban services, including water, wastewater, natural gas, electricity, and major telecommunications facilities. [2]

6. **Surrounding land uses.** The vehicle proving ground will be operated two shifts per day, six days per week. The operations of the facility will be noisy, with trucks going over

[2] Oregon Business Development Department, Industrial Development Competitiveness Matrix.

cobble stones and obstacles and using their braking systems.[3] In addition, the nature of testing vehicles requires a relatively remote location, where privacy and confidentiality can be ensured. A vehicle proving ground is directly compatible with other industrial uses, agricultural uses, and uses similar to the vehicle proving ground. The facility would not be compatible with residential or commercial, especially retail, uses because of the high level of noise and need for privacy.

Ensuring compatible surrounding use has a meaningful connection with the operations of the vehicle proving grounds and is typical of this type of use because the operation of the facility will occur many hours per day, most days. It will be important both not to disturb neighboring uses and to ensure privacy for the testing of products not yet released to the market.

7. **Land availability.** The proposed large lot industrial site should be available for development by Daimler. OAR 660-009-0025(7) defines availability as land that is "vacant or developed land likely to be on the market for sale or lease at prices consistent with the local real estate market".[4]

   Land availability has a meaningful connection with the operations of the vehicle proving grounds and is typical of this type of use because Daimler needs a site that is available for development within the time-frame that they have established for building the vehicle proving grounds. Daimler plans to start construction of the vehicle proving grounds in early 2016.

8. **Land assembly.** Sites may include one or more tax lots. Sites with two or fewer owners are necessary (a single owner is most desirable) to reduce the cost and uncertainty of land assembly. Daimler is open to leasing or owning the property.

   Land ownership has a meaningful connection with the operations of the vehicle proving grounds and is typical of this type of use because the cost of land assembly, in financial terms and in terms of extra time needed for site assembly, can make developing an industrial site with multiple land owners infeasible, resulting in the business choosing not to build in Madras.

[3] Daimler Trucks North America Phase I Expansion at Madras Municipal Airport—Noise Assessment found that the vehicle proving ground truck testing facility will would not exceed 65 dBA Leq(h) and would not be 10 dBA above the existing noise levels at the Madras Airport.

[4] 660-009-0025(7) provides the following methods for determining that land is not available:

(a) Bona fide offers for purchase or purchase options in excess of real market value have been rejected in the last 24 months;

(b) A site is listed for sale at more than 150 percent of real market values;

(c) An owner has not made timely response to inquiries from local or state economic development officials; or

(d) Sites in an industrial or other employment land category lack diversity of ownership within a planning area when a single owner or entity controls more than 51 percent of those sites.

ATTACHMENT C

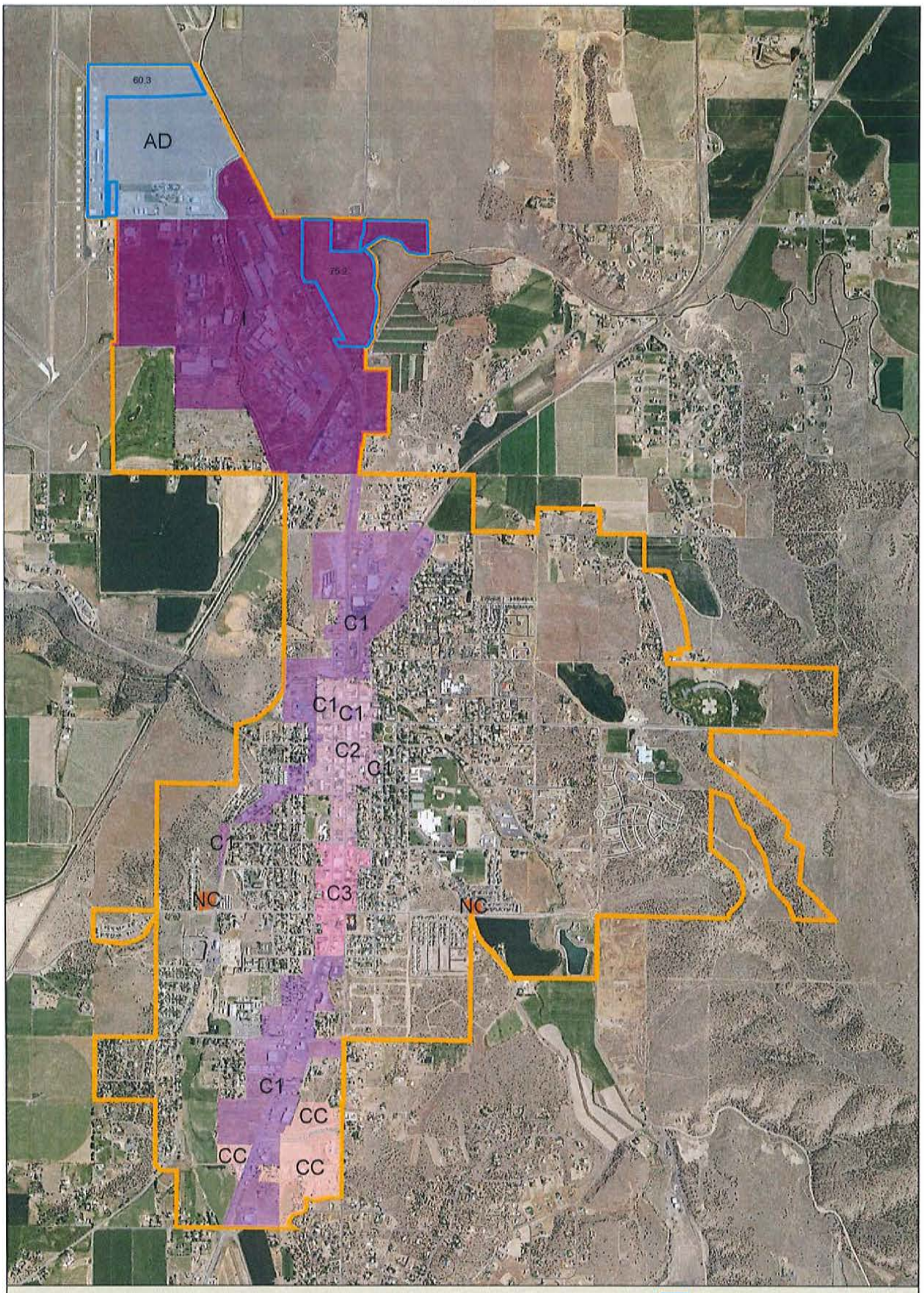
Suitability Inventory

ECONorthwest updated the inventory of commercial and industrial buildable land in Madras in mid-2015, as part of an update of the City's Economic Opportunity Analysis. Based on that update, ECONorthwest developed Map 1, which shows commercial and industrial land within Madras' UGB and identifies sites larger than 50 acres. Madras has six tax lots of 50 acres or more within its UGB. Four of them are publicly owned and not in plan designations that allow commercial or industrial uses. Madras has two sites over 50 acres within the UGB designated for industrial uses:

- Site 1: 60-acre site zoned Airport Development. This site is partially vacant and part of the Airport, used for airport operations, such as hangar space. This site does not meet the needs for the vehicle proving ground because: (1) it is significantly below the 190 acres needed for the facility, (2) the configuration of the site would not lend itself to development of the proposed facility, and (3) it is actively being used by the Madras Airport.
- Site 2: 75-acre site zoned Industrial. This site is vacant and owned by a land-owner that has indicated she is not willing to sell the site. This site does not meet the needs for the vehicle proving ground because: (1) it is significantly below the 190 acres needed for the facility and (2) the site is not available for sale.[5]

[5] The assessment that the site is not available for sale is based on the definition in OAR 660-009-0025(7).

ATTACHMENT C



Taxlots 50 acres or over

City of Madras
Oregon

ECONorthwest
August 2015

0 650 1,300 2,600
Feet

Lots over 50 acres

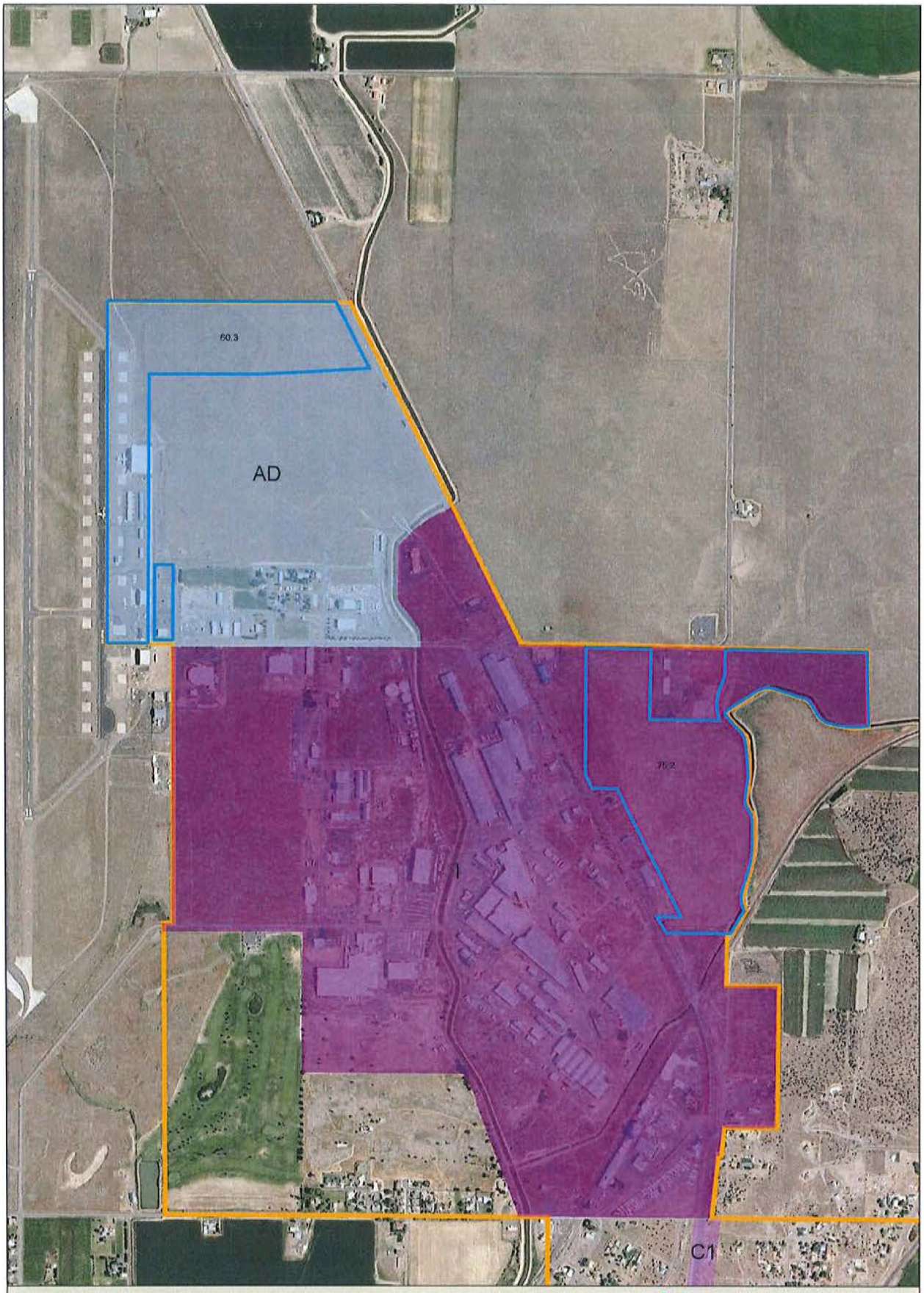
Plan Designation
- AD
- C1
- C2
- C3
- CC
- I
- NC

City Limits

UGB

Tax Lots

ATTACHMENT C



Taxlots 50 acres or over

City of Madras
Oregon

ECONorthwest
August 2015

0 290 580 1,160
Feet

Lots over 50 acres

Plan Designation
- AD
- C1
- C2
- C3
- CC
- I
- NC

City Limits

UGB

Tax Lots

ATTACHMENT C

THE CITY OF MADRAS

EST. 1910

MEMO

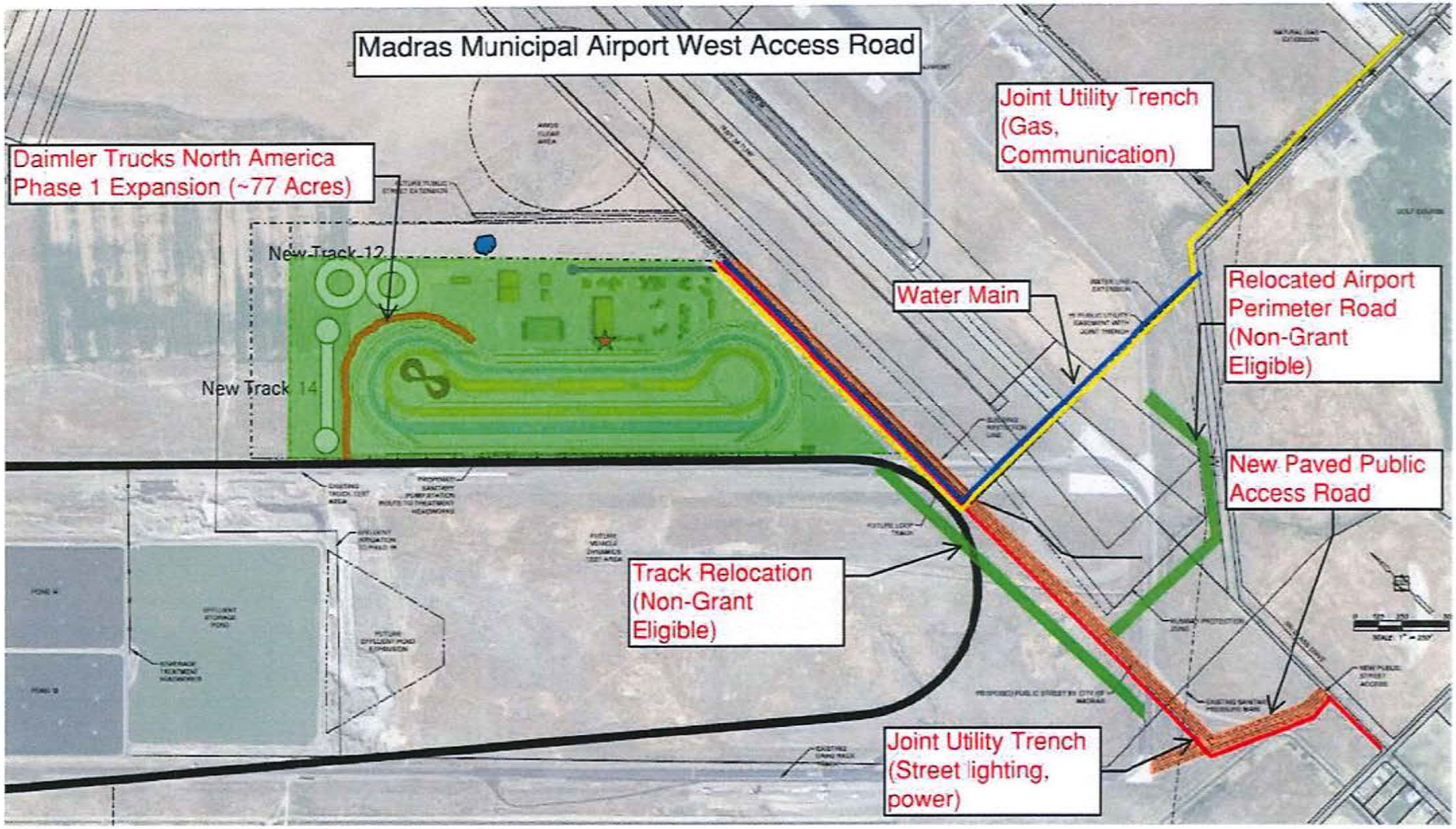
TO:	Nick Snead, Community Development Director
CC:	Jeff Hurd, Director of Public Works
FROM:	Wen Jou, City Engineer
DATE:	September 3, 2015
SUBJECT:	Large Lot Industrial Water and Sewer Availability Preliminary Analysis

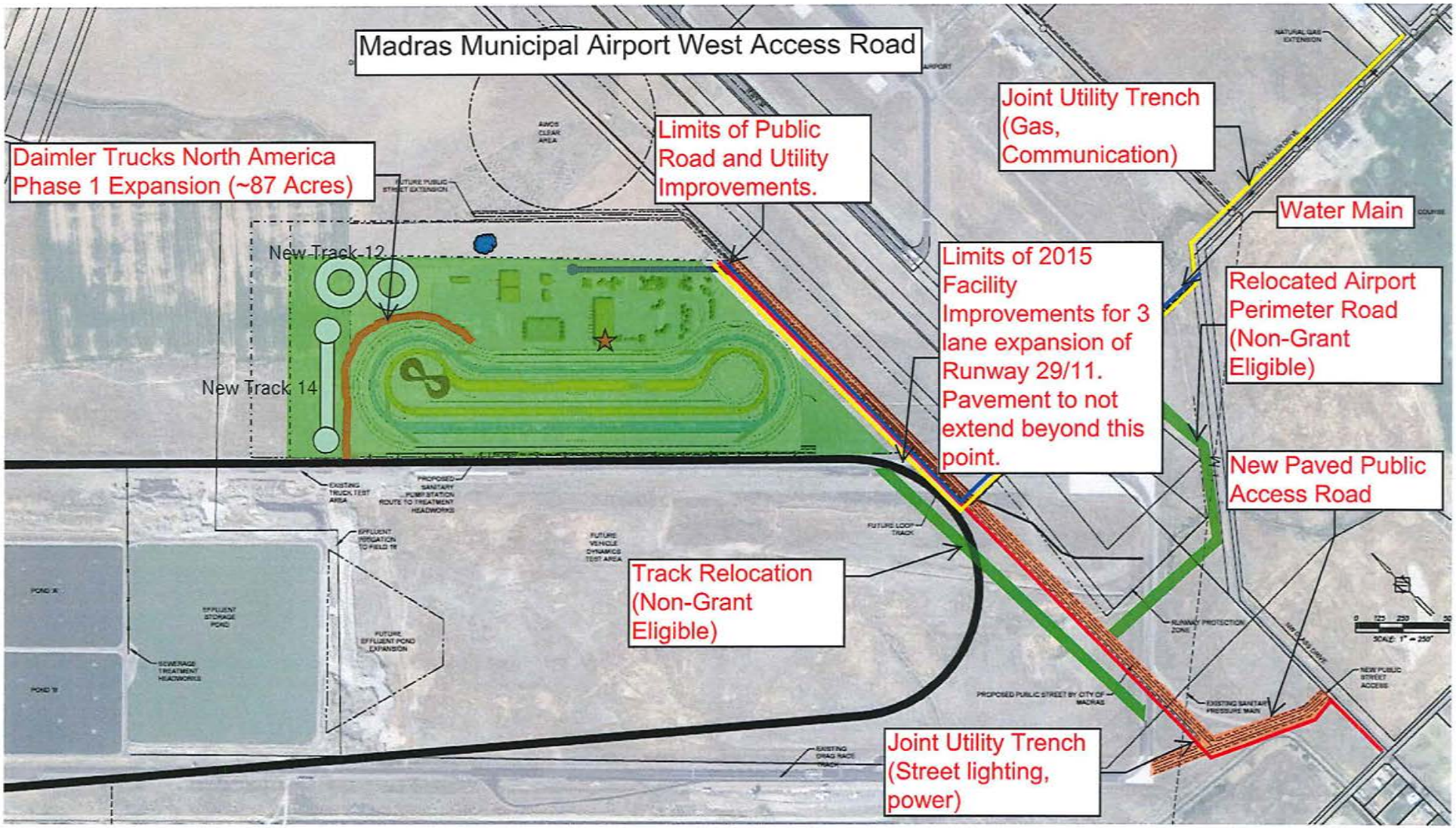
In response to your request to review the capacity of the existing water and sewer systems and their ability to serve a potential large lot industrial parcel, I have prepared the following preliminary analysis.

Water: Deschutes Valley Water District (DVWD) provides water to the Madras Airport industrial area. The existing 8-inch diameter waterline along Glass Drive is closest to the proposed development. This line, approximately 1,850 feet east of the south corner of the parcel, is part of the 8-inch and 14-inch looped water distribution mains serving the airport industrial area. A recent hydrant flow test conducted by DVWD in November 2014 on the hydrant at the intersection of Glass Drive and Birch Lane indicates a potential system capacity of 1,442 gpm at 85 psi residual pressure with a static pressure being 130 psi. Preliminary analysis concludes that the existing water system with a property sized water main extension as shown on the attached sketch should be capable of serving the parcel.

Sewer: This parcel is intended to be served by the existing North Wastewater Treatment Plant which is located on City property outside of the Urban Growth Boundary. The property can be served by an on-site wastewater pump station with a pressure service line discharging into the existing treatment plant headworks which is approximately 1,250 feet from the northwest corner of the parcel. The estimated wastewater flow from the proposed development would be approximately 525 gallons per day. The North Wastewater Treatment Plant has a capacity of 0.5 million gallons per day and is operating at 50% capacity. Preliminary analysis concludes the plant has sufficient capacity to serve the proposed development.

ATTACHMENT C




Madras Municipal Airport West Access Road
Daimler Trucks North America Phase 1 Expansion (~87 Acres)
Limits of Public Road and Utility Improvements.
Joint Utility Trench (Gas, Communication)
Water Main
New Track 12
New Track 14
Limits of 2015 Facility Improvements for 3 lane expansion of Runway 29/11. Pavement to not extend beyond this point.
Relocated Airport Perimeter Road (Non-Grant Eligible)
New Paved Public Access Road
Track Relocation (Non-Grant Eligible)
Joint Utility Trench (Street lighting, power)

ATTACHMENT C

August 6, 2015

Scott Aycock,
Community & Economic Development Manager
Central Oregon Intergovernmental Council
334 NE Hawthorne Ave.
Bend, OR 97701

Dear Scott,

Economic Development for Central Oregon (EDCO) is pleased to submit this letter in support of the City of Madras' Regional Large Lot Industrial Site proposal. The purpose of this letter is to confirm the consistency and compatibility with the Central Oregon Large Lot Industrial (LLI) program for the proposed UGB expansion and designation of approximately 199 acres of land at the Madras Municipal Airport (Airport) located northwest of the City of Madras' current UGB. Under this program, a letter of support from EDCO is required.

EDCO's approval is based on the ability of specific parcels to have the following elements:

- Plausibility for future development including proximity to necessary infrastructure (water, sewer, transportation, power, natural gas, etc.);
- Marketability of the site for large-scale traded sector development;
- Property owner(s) with available resources to extend necessary infrastructure and other property development requirements;
- Motivated property owner(s) that are willing to offer large acreage land at competitive market prices; and
- Regionally significant properties that have the potential to accommodate larger projects that will have multi-jurisdictional economic impacts in terms of jobs, capital investment and industry development.

The City of Madras owns and operates the Airport. EDCO believes that the property that the City of Madras is proposing to be designated as a Regional Large Lot Industrial (RLLI) site meets all of the requirements above. The proposed site is located at one of the fastest growing airports in Central Oregon. Because the property is located on the Airport, the Federal Aviation Administration (FAA) requires the City to lease land at a fair market rate. In doing so, the City is required to complete a lease market appraisal every five years to ensure land is leased at a fair market rate. With these requirements, the City of Madras will own and lease the land for uses consistent with the Central Oregon Regional Large Lot Industrial program requirements.

The City's recent completion of several significant economic development projects at the Madras Airport illustrates that the City is motivated and is capable of ensuring the Madras RLLI will be developed in a manner consistent with all of the provisions of the Central Oregon Regional Large Lot program requirements. In fact, EDCO and the City are currently working cooperatively to recruit a developer to the

proposed Madras RLLI site. Additionally, the City has invested in and advanced a tremendous amount of infrastructure feasibility and cost analyses and has determined that all necessary infrastructure is available for development.

Should you have any questions about EDCO's support of the Madras RLLI proposal, please do not hesitate to contact me.

Sincerely,

Roger J. Lee
Executive Director

Cc: Nicholas Snead, Community Development Director, City of Madras
Bill Adams, Planning Director, Jefferson County
Janet Brown, EDCO Manager – Jefferson County

ATTACHMENT C

business oregon

April 1, 2016

Scott Aycock
Community & Economic Development Manager
Central Oregon Intergovernmental Council
334 NE Hawthorne Ave.
Bend, Oregon 97701

RE: Letter of Support for the Development of the City of Madras Regional Large Lot Industrial site at the Madras Airport.

Scott:

The Oregon Business Development Department (OBDD) in conjunction with our local stakeholders, the City of Madras, Jefferson County and Economic Development for Central Oregon (EDCO), supports the development of the 199 acre Regional Large Lot Industrial site at the Madras Airport owned by the City of Madras. The majority of the site will be developed by the city for the expansion of the Daimler Truck NA Heavy Truck Durability Test facility and other potential traded sector industrial projects, and is well suited for that type of development. Additionally, the first phase of the Daimler project, totaling 87 acres required assistance from several additional regional partners including: Oregon Dept. of Transportation (ODOT), Dept. of Environmental Quality (DEQ), Dept. Land Conservation and Development (DLCD) and Division of State Lands Dept. (DSLD). Daimler Truck NA is a traded sector company in the important transportation sector. Daimler has had deep roots in Oregon and Madras for several decades, and recently broke ground on the first phase of their $18 million test track facility expansion.

The Oregon Business Development Department in cooperation with our regional stakeholders have certified over 100 industrial sites throughout the state for business development. We believe this site is well-positioned geographically, both from an actual physical location and the proximity to the infrastructure necessary to make this an important industrial site, and important economic development tool for the recruitment of new businesses, retention of existing businesses and expansion of businesses for the City of Madras and the Central Oregon Region.

Clark Jackson
Business Development Officer
Oregon Business Development Dept.

775 Summer St, NE, Suite 200 • Salem, OR 97301-1280
503-986-0123 • fax 503-581-5115 • TTY 800-735-2900 • www.oregon4biz.com

ATTACHMENT C

August 12, 2015

Central Oregon Intergovernmental Council
334 N.E. Hawthorne Ave.
Bend, OR. 97701

Letter of Support for the City of Madras Large Lot Industrial Site Application

Council Members,

Business Oregon supports the request by the City of Madras in their application for consideration in adding the approximately 199 acre industrial property as a "Regional Large Lot" property to be brought into the Madras City Limits.

This request is supported by the recent Central Oregon Regional Economic Opportunity Analysis, which showed a need in the region for large lots, including in the inventory some of over 200 acres. Business Oregon participated and provided data and support for that study. Furthermore, the State's recent business activity confirms there has been an increase in demand in Oregon and nationally for large lots and that development readiness is increasingly important in the site selection process.

The 199 acre industrial property will be used by Daimler Trucks North American to provide testing for their class 4-8 vehicles that are manufactured under the brand names including Freightliner, Western Star, and Thomas Built Buses.

If we can provide additional information to assist your decision, please do not hesitate to contact me.

Sincerely,

Clark Jackson
Business Development Officer

ATTACHMENT C

JEFFERSON COUNTY

COMMUNITY DEVELOPMENT DEPARTMENT

85 S.E. "D" St., Suite A • Madras, Oregon 97741 • Ph: (541) 475-4462 • FAX: (541) 325-5004

April 15, 2016

Scott Aycock
Community and Economic Development Manager
Central Oregon Intergovernmental Council
334 NE Hawthorne Avenue
Bend, OR 97701

Re: City of Madras Regional Large Lot Industrial Site Designation Proposal

Dear Mr. Aycock,

The City of Madras has identified a site owned by the City of Madras as a plausible location for Regional Large-Lot Industrial (RLLI) development. Jefferson County understands that the City has prepared an application to the Central Oregon Intergovernmental Governmental Council (COIC) for review and recommendation. COIC is recognized as the regional governance authority, responsible for administering the RLLI Program, including a site submission and review process. One item in the COIC site proposal checklist is:

- *County Coordination: Statement from County describing coordination between Participating City and County to identify and formalize candidate large lot industrial site, and describing the intent of the City or other applicant to initiate the plan amendment and zone change.*

Jefferson County supports the City of Madras' desire to implement this program RLLI Program and designate a site. Jefferson County has amended its Comprehensive Plan to include the Central Oregon Large Lot Industrial Land Need Analysis (Ordinance No. O-060-13, May 23, 2013). The County will require the City of Madras to initiate a Jefferson County Comprehensive Plan and Zoning Map amendments. In doing so, the County will coordinate the designation of the proposed RLLI site and ensure the proposal is consistent with the applicable State Statutes and Rules, Jefferson County Comprehensive Plan, and the Central Oregon Large Lot Industrial Needs Analysis. This letter fulfills the requirement noted above.

Sincerely,

Bill Adams
Planning Director
Jefferson County

ATTACHMENT C

Exhibit I

KITTELSON & ASSOCIATES, INC.
TRANSPORTATION ENGINEERING / PLANNING
354 SW Upper Terrace Drive, Suite 101, Bend, Oregon 97702 P 541.312.8300 F 541.312.4585

MEMORANDUM

Date: September 12, 2016 Project #: 19331

To: Nicholas Snead, City of Madras
Cc: Beth Goodman, ECONorthwest
From: Matt Kittelson, PE
Project: Madras Urban Growth Boundary Expansion
Subject: Transportation Planning Rule Analysis

The City of Madras is proposing to expand its Urban Growth Boundary (UGB) by 195 acres to accommodate land that would be designated as a Regional Large Lot Industrial Site and future expansion areas. An additional 414 acres that is currently developed as either Madras public facilities or the nearby airport is also part of the proposed UGB expansion. This memorandum documents the potential transportation impacts of these actions is relation to OAR 660-012-0060 Section 11.

BACKGROUND

The proposed UGB expansion would occur near the existing Airport Industrial site west of US 26 in the vicinity of Cherry Lane. The expansion would include 87 acres for the planned development of the Daimler Trucks North America test site and 108 acres that would consist of a 92 acre parcel and 16 acre parcel that would allow for possible future expansion of that facility. This 108 is not expected to be part of a development application in the short-term and would be reserved for future tracks (not operation centers) as needed. In total, 195 acres of potential large lot industrial land is part of this application.

This proposed expansion would build towards the identified large lot industrial needs identified in the Central Oregon Large Lot Industrial Land Needs Analysis. Specifically, this proposal would accommodate the need for one of the two 100-200 acres sites recommendation within Central Oregon as part of that study.

An additional 414 acres is also part of the proposed UGB expansion. This land is currently developed by either Madras public facilities or the Madras Airport. No additional development is proposed as part of this application. The purpose of brining this land into the UGB is to maintain City of Madras facilities within city limits and to provide continuous land connections to the proposed UGB expansion areas.

A site layout showing the location of the 87 acre parcel, 16 acre parcel, and 92 acre parcel is included in Appendix A. These lands are shown in green highlights. The 414 acres are also shown and highlighted in red.

SITE DISCUSSION

The purpose of large lot industrial sites is to provide an adequate sized parcel to accommodate the needs of a corresponding use. In this instance, Daimler requires a large parcel to construct a truck test track where Daimler will be able to drive their vehicles. This test track is expected to comprise the majority of the 87 acres that are part of the initial development application and all of the future 108 acre expansion. Remaining space on the site will be used for vehicle storage and site operations. Because of this layout and use, the site is not expected to generate a large number of trips. Rather, the overall trip generation for the site is expected to be quite low relative to the overall parcel size.

The low trip generation expected is confirmed by 30 full time equivalent employees expected to be employed on site. In addition, the City of Madras assumes the site will generate 32 p.m. peak hour trips based on transportation system development charge calculations.

As noted, the 414 acres designated for public facilities are currently developed and are not expected to generate additional trips as a result of this application.

INDUSTRIAL READINESS PLAN

The site is located within the Madras Airport and near a key industrial area of Madras that is located generally west of US 26 and north of Depot Road. This area is the subject of an ongoing planning effort that is identifying the necessary infrastructure improvements (including transportation, waters, wastewater, stormwater, and other utility services) necessary to support continued industrial development.

The Daimler site will utilize the transportation infrastructure being planned as part of the Industrial Readiness Plan, including highway access points. Because of the low level of trip generation expected from the Daimler site, no additional transportation planning beyond the Industrial Readiness Plan is expected to be necessary.

TRANSPORTATION PLANNING RULE

The transportation evaluation required to support this analysis is defined the OAR 660-012-0060 Section 11. This OAR is known as the Transportation Planning Rule (TPR). Section 11 was incorporated into the TPR to allow for economic development without mitigating the full effect on traffic if specific criteria are met. The Daimler application meets these requirements. Specifically:

- The application is within a city with a population less than 10,000 (Madras has a population of about 6,500) and outside a Metropolitan Planning Organization.
- The application would result in land for "Prime Industrial Land" as refined in OAR 660-009-005.
- The application is outside the Willamette Valley as defined by ORS 215.010

Because these criteria are met, a local government may accept partial mitigation of the effects on traffic of an application if it is determined that the benefits outweigh the potential impacts on the transportation system. This is generally referred to as the "on balance" test.

In this instance, the effects on the transportation system are expected to be very low due to the low number of trips expected from the site. In addition, transportation improvements are being planned as part of the ongoing Industrial Readiness Plan that will benefit the site.

The economic benefits of the site are expected to be high given that the application would partially meet the identified need for regional large lot industrial sites in Central Oregon.

The text of Section 11 of the TPR is included in Appendix B for reference.

SUMMARY OF FINDINGS

Below is a summary of key findings from our evaluation:

- The Daimler Truck site would consist of 87 acres and construct a truck test track within the Madras Airport area. 105 additional acres would be reserved for expansion of the test track facility.
- The 195 total acres partially meet the identified needs for regional large lot industrial sites as documented by the 2012 Central Oregon Large Lot Industrial Need Analysis.
- Since most of the site would be dedicated to truck testing operations, the overall trip generation of the site is expected to be low relative to the overall site size. This number of trips was assessed at 32 p.m. peak hour trips based on City of Madras transportation system development charge calculations.
- The site would be served by the transportation improvements being planned as part of the ongoing Industrial Readiness Plan.

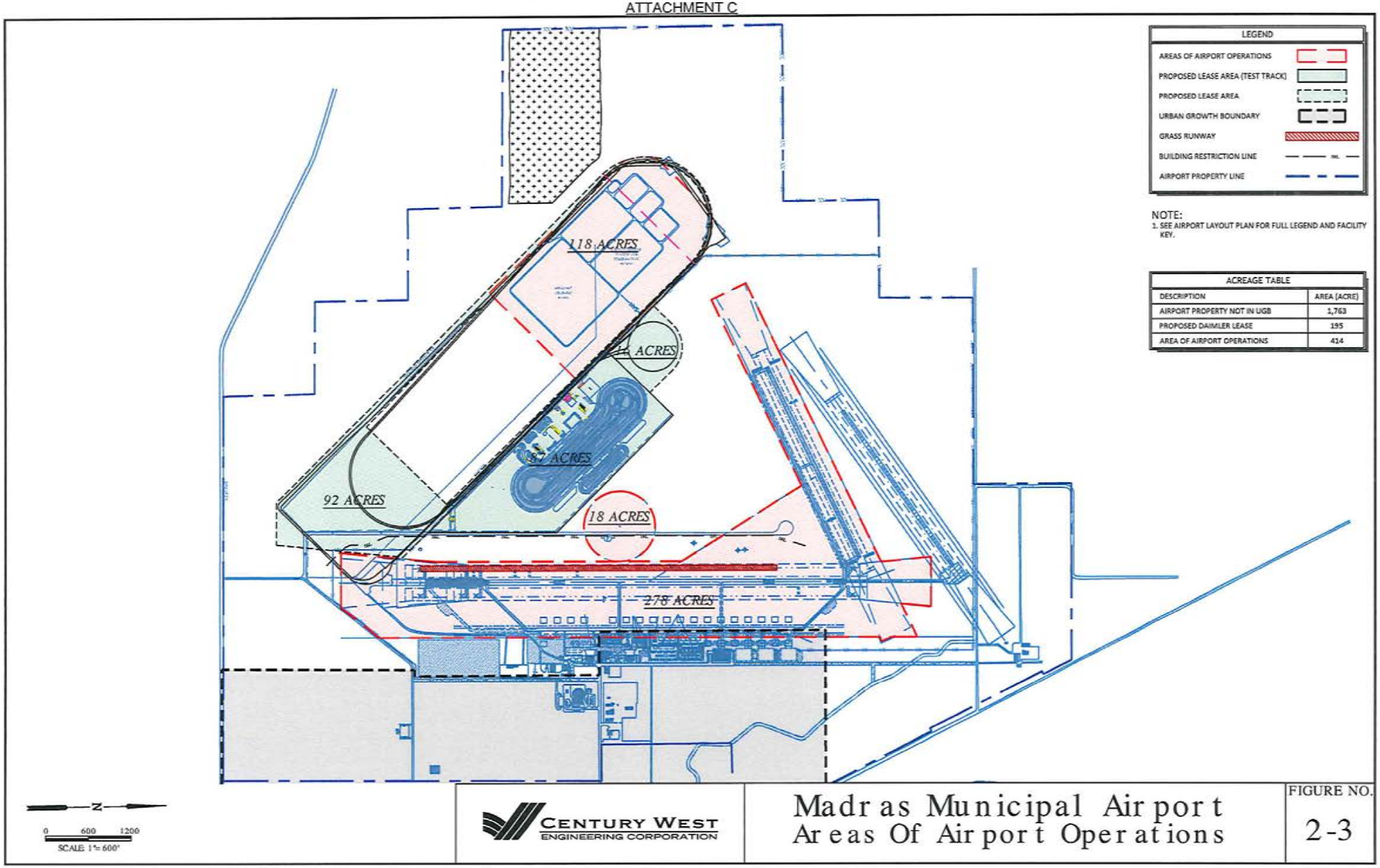
- Criteria for the application of Section 11 of the TPR are met by the site.
- The "on balance" test is met by this site in that the economic benefits of the site are high and the potential transportation impacts are low.
- 414 acres that is currently developed by Madras public facilities or the Madras airport would also be brought into the UGB as part of this application. No current or future development is proposed or expected.

Please let us know if you questions or comments on the content of this memorandum. We can be reached at 541-312-8300.

ATTACHMENT C

Appendix A
Site Layout

ATTACHMENT C



NOTE:
1. SEE AIRPORT LAYOUT PLAN FOR FULL LEGEND AND FACILITY KEY.

ACREAGE TABLE	
DESCRIPTION	AREA (ACRE)
AIRPORT PROPERTY NOT IN UGB	1,763
PROPOSED DAIMLER LEASE	195
AREA OF AIRPORT OPERATIONS	414

CENTURY WEST ENGINEERING CORPORATION

Madras Municipal Airport
Areas Of Airport Operations

FIGURE NO.
2-3

ATTACHMENT C

Appendix B
TPR Section 11

(11) A local government may approve an amendment with partial mitigation as provided in section (2) of this rule if the amendment complies with subsection (a) of this section, the amendment meets the balancing test in subsection (b) of this section, and the local government coordinates as provided in subsection (c) of this section.

(a) The amendment must meet paragraphs (A) and (B) of this subsection or meet paragraph (D) of this subsection.

(A) Create direct benefits in terms of industrial or traded-sector jobs created or retained by limiting uses to industrial or traded-sector industries.

(B) Not allow retail uses, except limited retail incidental to industrial or traded sector development, not to exceed five percent of the net developable area.

(C) For the purpose of this section:

(i) "Industrial" means employment activities generating income from the production, handling or distribution of goods including, but not limited to, manufacturing, assembly, fabrication, processing, storage, logistics, warehousing, importation, distribution and transshipment and research and development.

(ii) "Traded-sector" means industries in which member firms sell their goods or services into markets for which national or international competition exists.

(D) Notwithstanding paragraphs (A) and (B) of this subsection, an amendment complies with subsection (a) if all of the following conditions are met:

(i) The amendment is within a city with a population less than 10,000 and outside of a Metropolitan Planning Organization.

(ii) The amendment would provide land for "Other Employment Use" or "Prime Industrial Land" as those terms are defined in OAR 660-009-0005.

(iii) The amendment is located outside of the Willamette Valley as defined in ORS 215.010.

(E) The provisions of paragraph (D) of this subsection are repealed on January 1, 2017.

(b) A local government may accept partial mitigation only if the local government determines that the benefits outweigh the negative effects on local transportation facilities and the local government receives from the provider of any transportation facility that would be significantly affected written concurrence that the benefits outweigh the negative effects on their transportation facilities. If the amendment significantly affects a state highway, then ODOT must coordinate with the Oregon Business Development Department regarding the economic and job creation benefits of the proposed amendment as defined in subsection (a) of this section. The requirement to obtain concurrence from

a provider is satisfied if the local government provides notice as required by subsection (c) of this section and the provider does not respond in writing (either concurring or non-concurring) within forty-five days.

(c) A local government that proposes to use this section must coordinate with Oregon Business Development Department, Department of Land Conservation and Development, area commission on transportation, metropolitan planning organization, and transportation providers and local governments directly impacted by the proposal to allow opportunities for comments on whether the proposed amendment meets the definition of economic development, how it would affect transportation facilities and the adequacy of proposed mitigation. Informal consultation is encouraged throughout the process starting with pre-application meetings. Coordination has the meaning given in ORS 197.015 and Goal 2 and must include notice at least 45 days before the first evidentiary hearing. Notice must include the following:

(A) Proposed amendment.

(B) Proposed mitigating actions from section (2) of this rule.

(C) Analysis and projections of the extent to which the proposed amendment in combination with proposed mitigating actions would fall short of being consistent with the function, capacity, and performance standards of transportation facilities.

(D) Findings showing how the proposed amendment meets the requirements of subsection (a) of this section.

(E) Findings showing that the benefits of the proposed amendment outweigh the negative effects on transportation facilities

ATTACHMENT C

Exhibit J

CENTRAL OREGON INTERGOVERNMENTAL COUNCIL

Everywhere Central Oregon Works

RESOLUTION #276

Regional Large Lot Industrial Program: Madras Airport – Daimler Heavy Truck Testing Facility

A Resolution Approving the Madras Airport - Daimler Heavy Truck Testing Facility as a 100-200 Acre Site for the Regional LLI Program

Effective Date: May 5, 2016

WHEREAS, the Board of Central Oregon Intergovernmental Council (COIC) signed the Large Lot Industrial Lands Program Intergovernmental Agreement (IGA) on April 4, 2013, which outlines COIC's role as the "regional coordinating authority to receive candidate site selections submitted by participating cities and to provide a recommendation of suitable sites for inclusion within the Regional Large Lot Industrial Program;"

WHEREAS, the City of Madras has submitted a site proposal for the Madras Airport – Daimler Heavy Truck Testing Facility and the COIC Board finds that the site proposal meets all requirements and standards for the Large Lot Industrial Program, but that the City has not yet achieved Participating City Status;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Central Oregon Intergovernmental Council that the Madras Airport – Daimler Heavy Truck Testing Facility be recommended for inclusion as a 100-200 acre parcel for the Central Oregon Regional Large Lot Industrial Program, contingent upon the City of Madras adopting the Central Oregon Large Lot Industrial Land Needs Analysis as part of its subsequent Urban Growth Boundary expansion and zoning adoption process, in order to achieve Participating City status.

APPROVED AND ADOPTED by the Central Oregon Intergovernmental Council, on this 5th day of May, 2016.

Jason Carr
Chair

334 NE Hawthorne Avenue, Bend, OR 97701
(541) 548-8163 — Fax: (541) 923-3416
Office Locations: Bend, Klamath Falls, Lakeview, La Pine, Madras, Prineville, Redmond

ATTACHMENT D

MEMORANDUM

DHC Planning
2525 NE Halsey Street
Portland. OR 97232

DATE: October 11, 2016

TO: City of Madras and Jefferson County Planning Commissions

THROUGH: Nicholas Snead, Director
Madras Community Development

FROM: Daniel "DJ" Heffernan

SUBJECT: Draft Staff Report for Property Rezone by Legislative Action

The City of Madras is proposing to rezone a portion of Jefferson County Tax Lot 11-13-01-0001610. The property is located northeast of the intersection of NE "B" Street and SE City View Street. The property is inside the city limits and is owned by the Bean Foundation. Exhibit 1 is a vicinity map that shows the proposed area to be rezoned.

The tax lot is bisected into two parcels that lie north and south of a North Unit Irrigation Canal. The entire property currently is zone Public Facility Open Space (PFOS). Staff proposes that the 3.12 acre portion of the property south of the NUIC be rezoned to R1 – Residential. The remaining 13.48 acres north of the canal would retain its PFOS zoning.

The purpose for this action is to correct what in essence is a mapping irregularity that occurred when all Bean Foundation holdings were zoned PFOS in keeping with the Foundation's mission to develop its land holdings for the benefit of the community. The parcel in question poses development constraints because the small irregularly shaped parcel located south of the canal is cut off from the parent parcel by the canal, is too small and oddly shaped to effectively be developed for a PFOS use, and if left zone PFOS creates planning and development challenges for the adjoining R1 zoned properties. The rezone would allow development planning south of the canal to make full use of all the property for housing and local circulation.

Given the small amount of land involved, staff has not discovered any significant land use or regulatory hurdles associated with this action. The matter was raised with DLCD's Field Representative. The Department did not see that the change posed any land use hurdles from a state perspective. The adjoining property owners have been notified about the change and have not raised any concerns. The acreage involved is so small that development for residential use would have no measurable impact on planned transportation or utility system improvements.

Finally, given the nearby presence of Juniper Hills Community Park, Cowden Neighborhood Park, the Aquatics Center, Jefferson County Middle School and the Madras Education Center, there is little need for more recreation or educational investment in this area. The remaining PFOS land in the area could be called into question but addressing

that question is a much bigger issue. Addressing this very limited mapping irregularity is one thing that can be done now to resolve a geographic anomaly and produce a land use map that makes more efficient use of available urban land resources.

The rezone would be accomplished using a legislative plan amendment initiated by the City on behalf of the Foundation at the same time that City Council takes up legislative amendments related to establishing a large lot industrial zone district near the airport. These amendments to the Comprehensive Plan would be accomplished in a single action. Notice of this proposed action included with the notices for the plan amendments related to the large lot industrial amendments.

Attached to this report are three exhibits. Exhibit 1 is a vicinity map showing the property in question and the area that would be rezoned. Exhibit 2 is the County Assessor's Summary Report for the property. Exhibit 3 is draft compliance findings in support of the rezone.

ATTACHMENT D

EXHIBIT

CITY OF MADRAS
Compliance Findings related to Residential Zone Change -

Section A – Findings related to Statewide Land Use Planning Requirements related to a legislative plan amendment that rezones 3.5 acres of land from Public Facility/Open Space (PFOS) to Residential (R1).

Statewide Land Use Planning Goals

Goal 1 – Citizen Involvement
Response: The Madras Comprehensive Land Use Plan (Plan) includes acknowledged procedures for involving citizens in land use planning decisions. Madras and Jefferson followed those procedures in developing the proposed amendments to zoning map. Detailed findings regarding local requirements and the process followed are provided in Section B below.
Goal 2 – Land Use Planning
Response: The Madras Comprehensive Land Use Plan (Plan) includes acknowledged procedures for amending the Plan. Madras followed those procedures in developing the proposed zoning map amendment, which complies with requirements for a Post Acknowledgement Plan Amendment (PAPA) per OAR 660-018-0000. See below.
Goals 3, 4, 5, 6, 7, 8, and 9
Response: The proposed amendments are unrelated to Agriculture, Forest Land, Open Space and Natural Areas, Air and Water Resources, Natural Hazards, Recreation, the Economy of the State. These goals are addressed in other acknowledged elements of the Plan and are unaffected by the proposed amendment.
Goal 10 - Housing
Response: The proposed amendment increases the inventory of land planned and zoned for housing by 3.12 acres. Given the small amount of acreage involved, the change has no material effect on the City's ability to meet housing needs. The purpose for the change is to establish a consistent rational urban zoning plan for land south of the North Unit Irrigation Canal (NUIC).
Goal 11 – Public Facilities
Response: The proposed amendments have no effect on the City's acknowledged public facility plan or its ability to serve land inside the Urban Growth Boundary (UGB). Public facility plans for residential zoned land south of the NUIC zone have been prepared. The addition of this small acreage will have no effect on those plans

because at the margin the additional demand is within the margin of error for system capacity to serve the area and has no effect on municipal service demand in this part of the UGB.
Goal 12 - Transportation
Response: The proposed change in zoning will have no significant effect on the City's Transportation System. The City is in the process of updating its Transportation System Plan (TSP) and the proposed zone change is reflected in the land use assumptions for the updated plan. Assuming the land develops to the maximum density allowed for the R1 zone, the 3.12 acres could be expected to allow for ~12 homes, which would generate a total of 120 daily trips. At the margin this level of traffic increase is insignificant.
Goal 13 - Energy
Response: The proposed amendments have no significant effect on the acknowledged Plan's Energy element.
Goal 14 - Urbanization
Response: The proposed amendments have no effect on the acknowledged Plan's UGB or urban development pattern. The proposed zoning is consistent with the zoning for other land south of the NUIC. The inventory and distribution of residential inside the UGB is not significantly altered by the proposed change. No expansion of the UGB is proposed and the change is does not affect the City's ability to meet forecast housing needs not to meet the need for public facility and open space.

OAR 660-12-000 Transportation Planning Rule (TPR)

Compliance findings related to the TPR are not necessary in this instance because the City is in the process of updating its TSP. This fact and the small acreage involved render the need for detailed TPR finding unnecessary. The proposed change does not alter the serviceability of classification of existing transportation facilities. Its effect on future system needs is being addressed through the TSP update.

OAR 660-018-000 Post Acknowledgement Plan Amendments

660-0018-0020 Notice of a Proposed Plan or Land Use Regulation (1) Before a local government adopts a change to an acknowledged comprehensive plan or a land use regulation, unless circumstances described in OAR 660-018-0022 apply, the local government shall submit the proposed change to the department, including the information described in section (2) of this rule. The local government must submit the proposed change to the director at the

department's Salem office at least 35 days before holding the first evidentiary hearing on adoption of the proposed change.
Response: City staff reviewed the proposed change with DLCD staff on numerous occasions. Notice of the proposed change was included with the PAPA notice sent to the Department on September 15, 2016.
(2) The submittal must include applicable forms provided by the department, be in a format acceptable to the department, and include all of the following materials: (a) The text of the proposed change to the comprehensive plan or land use regulation implementing the plan, as provided in section (3) of this rule; (b) If a comprehensive plan map or zoning map is created or altered by the proposed change, a copy of the relevant portion of the map that is created or altered; (c) A brief narrative summary of the proposed change and any supplemental information that the local government believes may be useful to inform the director and members of the public of the effect of the proposed change; (d) The date set for the first evidentiary hearing; (e) The notice or a draft of the notice required under ORS 197.763 regarding a quasi-judicial land use hearing, if applicable; and (f) Any staff report on the proposed change or information that describes when the staff report will be available and how a copy may be obtained.
Response: The change does not alter any zoning regulations. It alters the zoneing on a 3.12 acre parcel of land to be consistent with the urban zoning south of the NUIC . Madras continues to provide information to the DLCD Field Representative on the status of the proceedings.
(3) The proposed text submitted to comply with subsection (2)(a) of this rule must include all of the proposed wording to be added to or deleted from the acknowledged plan or land use regulations. A general description of the proposal or its purpose, by itself, is not sufficient. For map changes, the material submitted to comply with Subsection (2)(b) must include a graphic depiction of the change; a legal description, tax account number, address or similar general description, by itself, is not sufficient. If a goal exception is proposed, the submittal must include the proposed wording of the exception.
Response: This rule is not applicable to the map amendment that is proposed.
(4) If a local government proposes a change to an acknowledged comprehensive plan or a land use regulation solely for the purpose of conforming the plan and regulations to new requirements in a land use statute, statewide land use planning goal, or a rule implementing the statutes or goals, the local government

may adopt such a change without holding a public hearing, notwithstanding contrary provisions of state and local law, provided: (a) The local government provides notice to the department of the proposed change identifying it as a change described under this section, and includes the materials described in section (2) of this rule, 35 days before the proposed change is adopted by the local government, and (b) The department confirms in writing prior to the adoption of the change that the only effect of the proposed change is to conform the comprehensive plan or the land use regulations to the new requirements.
Response: This rule is not applicable to the map amendment that is proposed.
(5) For purposes of computation of time for the 35day notice under this rule and OAR 6600180035(1)(c), the proposed change is considered to have been "submitted" on the day that paper copies or an electronic file of the applicable notice forms and other documents required by section (2) this rule are received or, if mailed, on the date of mailing. The materials must be mailed to or received by the department at its Salem office.
Response: The materials were submitted electronically and hard copies delivered to the Salem office prior to the 35-day limitation.
660-18-0021 Joint Submittal of Notices and Changes (1) Where two or more local governments are required by plan provisions, coordination agreements, statutes or goals to agree on and mutually adopt a change to a comprehensive plan agreements, statutes or goals to agree on and mutually adopt a change to a comprehensive plan or land use regulation, the local governments shall jointly submit the notice required in OAR 660-018-0020 and, if the change is adopted, the decision and materials required by OAR 660-018-0040. Notice of such proposed changes must be jointly submitted at least 35 days prior to the first evidentiary hearing. For purposes of notice and appeal, the date of the decision is the date of the last local government's adoption of the change.
Response: This rule is not applicable to the map amendment that is proposed.
(2) For purposes of this rule, a change to a comprehensive plan or land use regulation that requires two or more local governments to agree on and mutually adopt the change includes, but is not limited to, the establishment or amendment of an urban growth boundary or urban reserve by a city and county in the manner specified in Goal 14.
Response: This rule is not applicable to the map amendment that is proposed.

Section B - Compliance with Local Land Use Planning Requirements

City of Madras Land Use Planning Requirements

Goal 1 – Citizen Involvement - To develop a Citizen Involvement program that insures the opportunity for all citizens to be involved in all phases of the planning process. Policy: The City shall insure an adequate citizen involvement in all phases of the planning process. To that end, the citizen involvement program is spelled out on Page 5 of this plan.
Response: See findings below that respond to the subject requirements.
The City shall publicize the opportunities for citizen involvement by the following methods: A. The City shall post notices of Planning Commission meetings, outlining the date, time, place and topics to be discussed, on public bulletin boards within the City. This would include the City Hall, the County Courthouse, and local markets.
Response: The City took the following actions in responses to these requirements: ???
B. There are two newspapers serving the area--the Madras Pioneer (a weekly), and The Bulletin (a Bend daily). Both papers have indicated a willingness to publish articles announcing meetings and general discussions of Planning Commission topics including any decisions that are rendered.
Response: Notice of the joint City and County Planning Commission public hearing was published in the September 28, 2016 Madras Pioneer Newspaper
C. Madras has a local television weather channel that allows placement of local notices. This is anticipated to provide an excellent method of notification go the general public.
Response: No notice of the public hearing was broadcasted on any of the local television stations.
D. Local service organizations and clubs shall be informed on Planning Commission progress and discussion topics. These organizations include the Lions, Kiwanis, Chamber of Commerce, Epsilon Sigma Alpha Sorority, and the Jaycees.

Response: Staff has not discussed the proposed zone change with any of the local service clubs to ensure all issues and concerns were identified and resolved in the public hearings.
E. Technical assistance shall be provided to the Planning Commission and the general public by a planning consultant retained by the City. In addition, technical assistance is available from the City Manager's office. As Madras is the County Seat of Jefferson County, both the County Planner and the County Extension Agent have indicated a willingness to assist in the planning process and to provide assistance to interested citizens.
Response: The City retained expert land use planning expertise in the development of compliance findings for this map amendment. DHC Planning provided technical assistance through an on-call service agreement with the City related to land use planning needs.
GOAL 2 - To establish a land use planning process and policy framework as a basis for all decisions and actions related to the use of the land and to insure an adequate factual base for such decisions and actions. POLICIES: A. The City shall insure that the Comprehensive Plan serves as a basis for future land use decision.
Response: The change in zoning does not materially alter the factual basis in the Comprehensive Plan. The basis for making this change is to recognize the physical limit imposed by the NUIC on PFOS zoned land to the north of the canal and to enable a more rational development pattern south of the canal. In this context, the physical geography of the area being planned provides the factual and contextual basis for the change.
B. The City shall be responsive to the changes in needs and conditions over time and amend the plan accordingly. The amendment process is discussed in the Land Use element.
Response: See proposed change results for recognition that the zoning for the subject property, which had been applied to the entire tax lot, was implacable south of the NUIC. The zoning on the tax lot area south of the canal will enable planning for the use of this property that is consistent with the zoning for adjacent properties.
Goal 2 – Land Use Planning A major revision to this Plan is defined as a policy making change in the text or plan map that will have widespread and significant impact through the planning area. The proposed change will be considered as a legislative action and will require the following procedure:
Response:

The proposed amendment is not significant but it does involve a change to the Comprehensive Plan map. The City proposes to take this legislative action to address a technical flaw in the current plan map.
A. The City Council or Planning Commission may initiate the proposed change.
Response: The Madras City Council initiated this change.
B. The adopted citizen and agency involvement programs shall be utilized to stimulate the public interest and participation in the amendment process.
Response: Madras Planning Commission is the designated Citizen Involvement Committee for land use action in the City. The Planning Commission was involved in reviewing the proposed amendment.
C. A public hearing shall be conducted by the Planning Commission.
Response: The Planning Commission considered the proposed zone change at an advisory hearing on October 19, 2016.
D. At least 21 days notice to the public of the hearing shall be published in a local newspaper of general circulation.
Response: The general public was notified about the hearing in the Madras Pioneer on September 28, 2016 an d_____. In addition, individual property owners directly affected by the proposed land use changes were notified directly per requirements for a Measure 54 notice.
E. In order to submit a favorable recommendation for the proposed change to the City Council, the Planning Commission shall establish the compelling reasons and make a finding of fact for the proposed change. These include: 1. The proposed change will be in conformance with statewide planning goals. 2. There is a demonstrated need for the proposed change.
Response: Responses to statewide planning requirements above demonstrate compliance with the goals.
F. The City Council, upon receipt of the Planning Commission recommendation, may adopt, reject, or modify the recommendations or may conduct a second public hearing on the proposed change.

Response: Awaiting action.
G. In all proposed amendment actions, the City Council must make the final decision to adopt or deny the proposed change.
Response: Awaiting action.
Goal 3 – Agriculture
Response: No city policies related to this goal are applicable to the proposed action.
Goal 4 - Forestry
Response: No city policies related to this goal are applicable to the proposed action.
Goal 5 – Open Space, Natural and Cultural Resources
Response: This zone change would reduce the City's Open Space/Public Facility land inventory by 3.12 acres. The property that this parcel is part of, which is owned by the Bean Foundation, encompasses 17.7 acres. After the change, the other 14.58 acres that lies north of the NUIC will retain its OS/PF zoning. This change is insignificant for several reasons. First and foremost, the 3.12 acres that lies south of the canal is too small and irregularly shaped to provide a functional park or OS facility. It is cut off and isolated from the remainder of the property that lies north of the canal. Second, the Bean Foundation has largely fulfilled the mission it set out to perform by providing to the city a recently constructed major OP/PF facilities including a middle school, a community education center, a community aquatics and recreation center, Juniper Hill Community Park. These facilities are all within 1 mile of the subject site. Crowden Neighborhood Park lies less than ¼ mile to the west. In effect, this part of the urban area has more open space land than the city has need for. The land is not listed in the County inventory of significant Goal 5 resource sites. .
Goal 6 – Air, Noise and Water Quality
Response: No city policies or plans related to this goal are effected by the proposed action.
Goal 7 – Natural Hazards
Response: No city policies related to this goal are applicable to the proposed action.
Goal 8 – Recreation
Response: This zone change would reduce the City's Open Space/Public Facility land inventory by 3.12 acres. The northeast part of Madras, where the land is located, has an abundance

of park and recreation facilities. The City's Park System Master Plan does not identify this site as a future park nor is another neighborhood or community park needed in this area. In effect, the donations of land and improvement by the Bean Foundation have enriched this part of the City. The zone change will have no effect on the City's ability to meet recreation needs in this area of the UGB. Rezoning it to R1 is an insignificant change.

Goal 9 - Economic Development

Response:
No city policies or plans related to this goal are effected by the proposed action.

Goal 10 - Housing

Response:
The proposed 3.12 acre rezone from OS/PF to R1 will have no significant effect on the City's inventory of residential. The rezone does not affect the City's ability to provide a sufficient inventory of land to meet needed housing types. The parcel is simply too small an area and too irregularly shaped to impact residential land inventories in any meaningful way. The one beneficial effect of the change is that development planning south of the NUIC will be able to include all the land to the canal easement, which may make the layout for streets and development lots more rational and efficient. In effect, however, the change is not significant. Given the R1 district's 7500 sq. ft. minimum lot size and assuming that development achieves an 80% net buildable conversion ratio, it will result in an additional 12 building lots over the City's current inventory. This is considered a trivial increase compared with a 20 year need for more than 2930 additional dwellings that the 2007 Housing Needs analysis forecast the City would need to build through 2027 (Source: Madras Urbanization Report, Table 4.5).

Goal 11 - Public Facilities

Response:
No city policies or plans for public facilities are affected by the proposed action. The proposed uses in the rezone add miniscule demand to the area's water, sewer, and transportation systems. The overall increase is well below the margin of error for the demand forecasts used to establish capital facility needs for these systems. No significant change is expected in service demand for other public and private utility services related to this action.

Goal 12 - Transportation

Response:
City transportation plans and policies are not affected by the proposed action. At most, the zone change could result in ~12 new dwellings and 120 new daily trips when the land is built out. The City is in the process of updating its Transportation System Plan and this zone change is reflected in the land use assumptions related to that planning effort. The effect is insignificant.

Goal 13 - Energy

Response: No city policies related to this goal are impacted by the proposed action.
Goal 14 – Urbanization
Response: No city policies related to this goal are impacted by the proposed action. The rezone does not alter the UGB or affect the City's ability to meet urban land development needs in the 20-year planning horizon.

JEFFERSON County Assessor's Summary Report

Real Property Assessment Report

FOR ASSESSMENT YEAR 2016

October 11, 2016 8:23:26 pm

Account #	874	Tax Status	ASSESSABLE
Map #	111301-00-01610	Acct Status	ACTIVE
Code - Tax #	0020-874	Subtype	NORMAL
Legal Descr	Metes & Bounds - See legal report for full description.		
Mailing Name	BEAN FOUNDATION INC	Deed Reference #	See Record
Agent		Sales Date/Price	See Record
In Care Of	GLENN, REEDER, GASSNER & CARL, LLP	Appraiser	JEAN MCCLOSKEY
Mailing Address	205 5TH ST MADRAS, OR 97741		

Prop Class	100	MA	SA	NH	Unit
RMV Class	100	01	05	001	1680-1

Situs Address(s)	Situs City

Value Summary

Code Area		AV	RMV	MAV		RMV Exception	CPR %
0020	Land		30,910		Land	0	
	Impr.		0		Impr.	0	
Code Area Total		4,670	30,910	4,670		0	
Grand Total		4,670	30,910	4,670		0	

Land Breakdown

Code Area	ID#	RFD	Ex	Plan Zone	Value Source	TD%	LS	Size	Land Class	Irr Class	Irr Size
0020	1	R		OS	Market	123	A	13.66			
						Grand Total		13.66			0.00

Improvement Breakdown

Code Area	ID#	Yr Built	Stat Class	Description	TD%	Total Sq. Ft.	Ex%	MS Acct #	Trended RMV
					Grand Total	0			0

ATTACHMENT E

Oregon
Kate Brown, Governor

Department of Land Conservation and Development
635 Capitol Street NE, Suite 150
Salem, OR 97301-2540
(503) 373-0050
Fax (503) 378-5518
www.lcd.state.or.us

October 17, 2016

Nick Snead
Community Development Director
City of Madras
125 SW E Street
Madras, OR

Dear Mr. Snead,

Thank you for the opportunity to comment on the proposal by the City of Madras to expand its urban growth boundary through the Central Oregon Regional Large Lot Program. The Department of Land Conservation and Development (DLCD) helped fund the Central Oregon Large Lot Industrial Need Analysis and was an active partner, along with the City of Madras, in the creation of the large lot program. We are pleased to see that Redmond and Madras have initiated the first steps toward implementing this program.

As the final point of review for a UGB expansion of over 50 acres, we cannot expressly state agreement with the proposal at this point; however, we have reviewed the notice package submitted by the city and Jefferson County and have not identified any areas of concern. The submittal package is complete and, per our review, the city and county have addressed all of the required criteria. To a large extent, as long as state laws and planning rules are met, we see this as a local and regional decision. The city has gone through the appropriate steps per the memorandum of understanding signed by Central Oregon jurisdictions and the proposed site has received approval from the region to become part of its large lot inventory.

At this point we have no objections to the proposed UGB expansion. Please let me know if there is any way DLCD can further assist in support of this process.

Sincerely,

D. Scott Edelman

David Scott Edelman
Central Region Representative

CITY OF MADRAS

Request for Council Action

DATE SUBMITTED: October 20, 2016

COUNCIL MTG. DATE: November 8, 2016

TO: Mayor and City Council Members

FROM: Gus Burril, City Administrator

SUBJECT: Jefferson County Collection of the City's 9% Transient Occupancy Tax – Discontinuance of credit card discount

TYPE OF ACTION REQUESTED:

[ ] Resolution

[ ] Ordinance

[X] Formal Action/Motion

[ ] Contract Review Board

[ ] None - Report Only

Formal Action/Motion that the City Council approve Jefferson County to stop discounting the credit card fees in the collection of the transient room tax.

DESCRIPTION:

The City of Madras established a 6% transient occupancy fee in 1982 approved by the voters. In August 21, 2001 the City Council adopted Ordinance #694 that initiated an additional 3% of transient occupancy room tax to be collected for a total 9% assessment. Over the history of this tax, the City has entered into agreements with Jefferson County to collect it. The just renewed its agreement with Jefferson County on October 11, 2016.

In the attached proposed letters to motels, hotels, and transient stay facility providers, Jefferson County is recommending the following for the City Council to approve:

> *The inclusion of the credit card discount appeared on the remittance form more than a decade ago, yet it is not a legally authorized deduction in either the Jefferson County or*

City of Madras ordinances. The governing bodies have determined that it should be omitted.

STAFF ANALYSIS:

At the September 28, 2016 City – County Meeting the County discussed the idea of stopping the credit card discount to TRT payers. There was not a quorum of Council present so staff needs to confirm with the City Council that it is okay with this proposal from Jefferson County. As staff understand it, this is not a typical practice to allow the credit card deduction in other jurisdictions. It is also not expressly stated within the City's ordinance. It appears appropriate to stop the practice and issue notice to the transient facility providers accordingly as Jefferson County is proposing.

SUMMARY:

A. **Fiscal Impact:**

- The City does not have data on what the average credit card fee is for each facility so as to more closely estimate the savings. If the City collects $280,000 in TRT revenue, then it could be estimated for illustration purposes that if a 2% credit was occurring that this could result in the City receiving an additional ~$5,600 (minus a 1% Jefferson County administrative collection fee).

B. **Budget Fund:**

- General Fund transfers transient room tax to the Tourism and Economic Development Fund

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

- Draft Letter from Jefferson County on changes to the TRT Collection Form; TRT Collection Form

RECOMMENDATION:

Formal Action/Motion that the City Council approve Jefferson County to stop discounting the credit card fees in the collection of the transient room tax.

JEFFERSON COUNTY

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

Est. 1914

October 12, 2016

«Business_Name»
«Mailing_Address»
«City1», «State1» «Zip1»

To Whom It May Concern:

In an effort to make our collection of transient lodging taxes more uniform with the State of Oregon and the other jurisdictions in Central Oregon, effective January 1, 2017, Jefferson County, and the City of Madras, will be changing our monthly remittance forms.

The changes will affect your allowable deductions. We are adding *Rent from Authorized Federal Employees* and *Rent from Transient Lodging Intermediaries*; however, the Credit Card discount will be going away.

The inclusion of the credit card discount appeared on the remittance form more than a decade ago, yet it is not a legally authorized deduction in either the Jefferson County or City of Madras ordinances. The governing bodies have determined that it should be omitted. The Rent from Authorized Federal Employees and Rent from Transient Lodging Intermediaries are included on the State's form as well as the other Central Oregon jurisdictions.

In addition, the remittance forms will have a second page for reporting your gross receipts from transient lodging intermediaries. Both pages will need to be submitted monthly with your check for taxes owed. Examples of both forms are enclosed.

I have also included a registration form so that I can update my records. Please fill it out and either mail it back to me or scan it and email it to me.

If I can answer any questions, feel free to give me a call at (541) 475-2449 or send me an email to barbara.andresen@co.jefferson.or.us.

Respectfully,

Barbara Andresen
TRT Administrator

JEFFERSON COUNTY

Transient Room Tax Administrator
66 SE 'D' Street, Suite A
Madras, OR 97741
(541) 475-2449

Transient Room Tax Remittance Form

NAME _____ **ACCT. NO.** _____

ADDRESS _____ **PERIOD ENDING** _____

_____ **DUE DATE** _____

PHONE _____ **EMAIL** _____ **NO. OF ROOMS** _____

Change of Address must be filed and reported immediately to the Jefferson County Tax Administrator.

If Business is Disposed of or Suspended, you must file a final "Transient Room Tax Remittance Form" and remit payment for the tax due with the Jefferson County Tax Administrator. Please note on the form that this is the final report. No change of ownership can be recorded until this is done.

Checks and Money Orders in the exact amount of tax due are accepted by the Jefferson County Tax Administrator and do not constitute payment until cleared. The Jefferson County Tax Administrator assumes no responsibility for loss in transit.

Remittance: Avoid penalty - be sure proper remittance is enclosed.

MAKE CHECKS PAYABLE TO JEFFERSON COUNTY

FOR OFFICE USE ONLY

Date Received: _____
Check No: _____
Distribution Code: _____
Initials: _____

CALCULATION SECTION

1. Gross Rent ..... $ _____
2. Less Allowable Deductions:
   - 2a. Rent (by month) ..... $ _____
   - 2b. Rent less than $5.00 per day ..... $ _____
   - 2c. Rent from authorized Federal employees ..... $ _____
   - 2d. Rent from transient lodging intermediaries ... $ _____
3. Total allowable deductions (*lines 2a thru 2d*) ..... $ 0.00
4. Taxable Rents (line 1 minus line 3) ..... $ 0.00
5. Tax 9% of line 4 ..... $ 0.00
6. Administrative fee 5% of line 5 ..... $ 0.00
7. Total tax due (*line 5 minus line 6*) ..... $ 0.00
8. Penalty (*10% of line 7 plus 15% if over 30 days late*) ..... $ _____
9. Interest (*1.5% of line 7 per month*) ..... $ _____
10. Total Tax Due (*sum of lines 7 thru 9*) ..... $ 0.00

I declare, under penalty of making a false statement, that to the best of my knowledge and belief, the statements herein are correct and true.

_____ _____

Signature Date

CITY OF MADRAS
Request for Council Action

Date Submitted: October 31, 2016

Agenda Date Requested: November 8, 2016

To: Mayor and City Council Members

Through: Gus Burril, City Administrator

From: Kristal Hughes, Finance Director

Subject: **Request to Close City Hall the Day after Thanksgiving, November 25, 2016**

TYPE OF ACTION REQUESTED:
[X] Council Action [ ] Ordinance

DESCRIPTION: Over the past couple of years, City Hall has been closed the Day after Thanksgiving. Would City Council approve the closure of City Hall on Friday, November 25, 2016?

STAFF ANALYSIS: Closing City Hall the Day after Thanksgiving has allowed staff members time off to enjoy friends and family. That day is historically slow at the Customer service window, as our customers are also spending time with their own families.

The day after Thanksgiving is not one of the City's recognized holidays. Anyone choosing to have the day off and still be paid would be required to use their floating holiday or a vacation day.

SUMMARY: Staff would like to spend time with their friends and family over the Thanksgiving weekend and asks City Council to consider the request to close City Hall November 25, 2016.

RECOMMENDATION: Staff recommends City Council approve by motion that City Hall may be closed on Friday, November 25, 2016.

CITY OF MADRAS
Request for Council Action

Date Submitted: October 31, 2016

Agenda Date Requested: November 8, 2016

To: Mayor and City Council Members

Through: Gus Burril, City Administrator

From: Kristal Hughes, Finance Director

Subject: **Unprogrammed Community Grant Request**

TYPE OF ACTION REQUESTED:
[X] Council Action [ ] Ordinance

DESCRIPTION: To prepare for seasonal decorations for the winter and spring seasons. Staff requests to seek approval from City Council to utilize funds from the Unprogrammed Community Grants Fund line item.

STAFF ANALYSIS:
The City has made an investment in decorating the downtown corridor and City Hall throughout the year. In October staff used approximately $500 towards fall decorations that were displayed on the lawn at City Hall. In light of the positive response from the public, Staff would like to purchase items for the winter season: December-March.

The City was able to partner with Kids Club, who orchestrated the young artists into a fun fall theme. Staff has contacted Kids Club again and asked them to help decorate City Hall for the Holidays. Doing so will increase community involvement, and encourage children to have pride in their community.

In the past, the Chamber and the County have also partnered with the City during these community events. This year, the Solar Eclipse is pulling from the budgets of all agencies and resources are more limited. At the time of this staff report, the Chamber and County are checking their budgets to determine to what extent they can participate in the winter decorations.

Staff is asking for not more than $2000 which will cover items below. The total cost will be offset by County and Chamber contributions for the same:

Estimated costs from the City:

Live Christmas tree for City Hall:	$ 75.00
17 Winter Banners for downtown corridor	$1,025.00
Supplies, decorations – Kids Club	$ 500.00
Lights and ribbon for South Madras	$ 400.00
Total:	$2,000.00

FISCAL: Current Balance in the Unprogrammed Community Grant Funds is $6,000.00

- Debit: 207-207-520-1218

SUMMARY: Staff is requesting funding for the Winter decorations not to exceed $2,000.00 from the Unprogrammed Community Grant Funds line item. Decorations will be a partnership between City Staff and Kids Club as outlined above. Total fiscal impact to the City will be offset by County and Chamber contributions.

RECOMMENDATION: Staff recommends Council approve by motion the balance of $2000.00 from the Unprogrammed Community Grant funds to decorate for the Winter Season.

CITY OF MADRAS
No Action- Report Only

Date Submitted: November 2, 2016

Agenda Date Requested: November 8, 2016

To: Mayor and City Council

Through: City Administrator, Gus Burril

From: Finance Director, Kristal Hughes

Subject: **Summary of First Quarter Financial Report- as of September 30, 2016**

TYPE OF ACTION REQUESTED: (Check One)

[X] No Action - Report Only **[ ] Consent Agenda**

DESCRIPTION: Attached is a Snapshot of the Financial Operations illustrating the current year to date financial results as of September 30, 2016. Overall fund levels expended are less than appropriation and budgeted revenue has come in as expected. At the end of the first quarter, twenty-five percent (25%) is the general rule to measure progress against and the attached illustrates that in a red or green format.

STAFF ANALYSIS: Refer to the attached snapshot for a detail of fund analysis.

SUMMARY:

A. **Fiscal Impact:** None

B. **Supporting Documentation:** Attached snapshot and budget resolution compared to actuals.

RECOMMENDATION:
None- this is informational only. Feedback would be appreciated if there are additional materials Council would like to have reported on a quarterly basis.

THE CITY OF MADRAS

Operating Financial Overview

Period:	1st Quarter
As of:	9/30/2016
Fiscal Year:	2016-2017

Key Financial Highlights:

- 25% is the percent measurement for 1st quarter to track progress. All funds are under total budgeted appropriations for FY 2016-2017 and revenues are on track for the year.
- All funds have positive fund balance.
- The only major capital project in process is the "West Access Road- Daimler" project budgeted in the Airport Operations Fund and is anticipated to be finished by November 2016.

Major Revenue Comparison:

	YTD Actuals	YE Budget	% Collected
Property Tax Collections- General	$ 11,201	$ 1,203,422	1%
Franchise Fees	$ 116,263	$ 780,450	15%
Sewer Utility Fees	$ 754,332	$ 2,991,350	25%
Water Utility Fees	$ 179,264	$ 507,571	35%

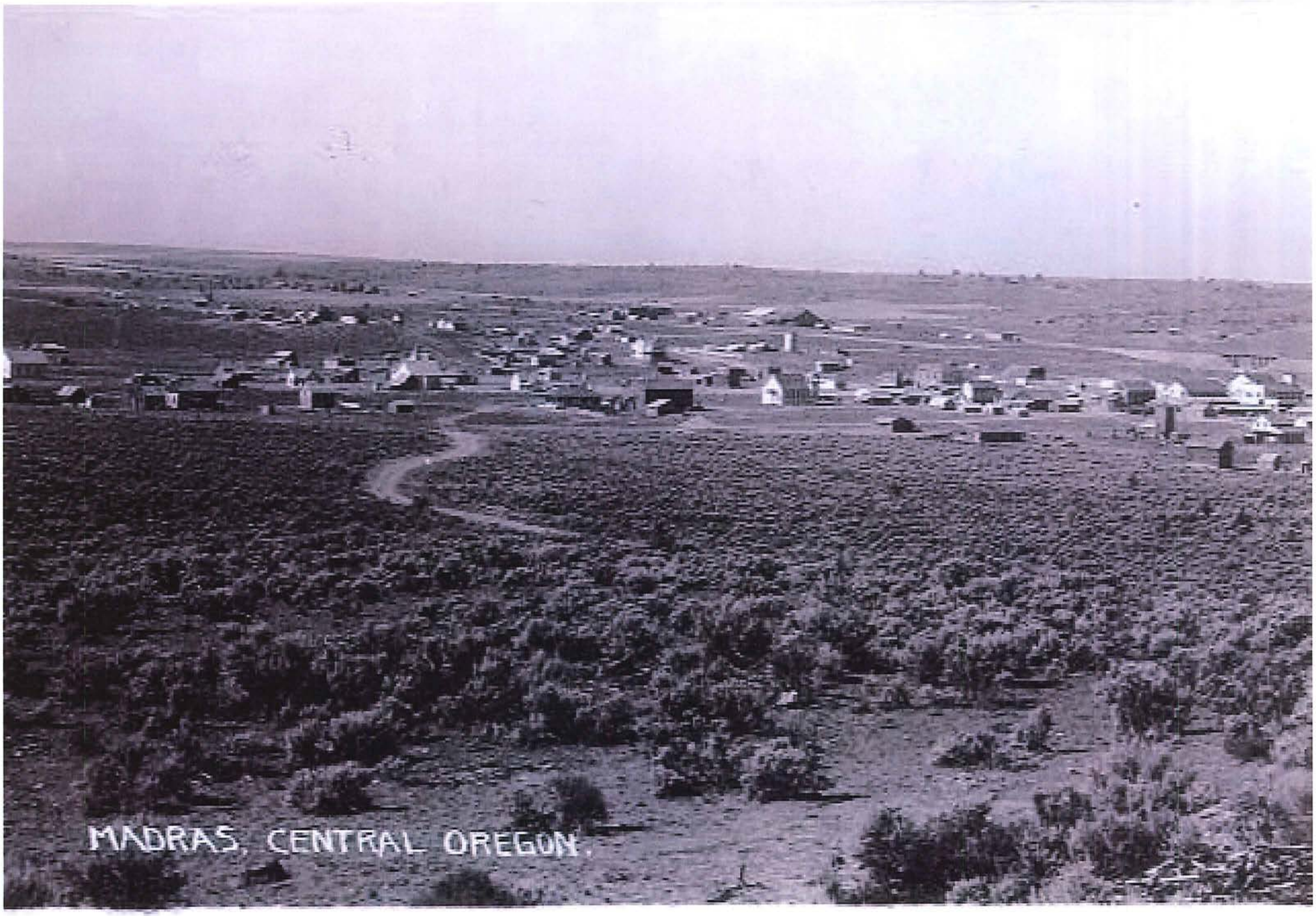
Operating Budget to Actual Comparison by Program ($ in thousands) ^

	YTD Actuals	YE Budget	% Spent*
General Fund			
Police Administration	$ 380	$ 2,089	18%
Administration	$ -	$ 85	0%
Parks	$ 19	$ 276	7%
Industrial	$ 14	$ 42	33%
Tourism/Economic Development	$ 48	$ 169	28%
Water Funds			
Water Operations	$ 49	$ 555	9%
SDC Water Improvement	$ -	$ 25	0%
Sewer Funds			
Waste Water Operations	$ 151	$ 2,533	6%
WW SDC Improvement	$ 1	$ 6	14%
WW SDC Reimbursement	$ -	$ 0	0%
Airport Funds			
Airport Operations	$ 784	$ 2,080	38%
Airport Construction	$ 10	$ 30	32%
Internal Service Funds			
Central Services	$ 245	$ 1,043	24%
Public Works	$ 367	$ 1,556	24%
Building	$ 49	$ 196	25%
Fleet	$ 101	$ 466	22%
Special Revenue Funds			
Community Development	$ 76	$ 360	21%
Transportation Operations	$ 61	$ 1,174	5%

^ does not include debt service, transfers, or contingency

** Percents are reflected as YTD Actuals divided by YE Budget*

over 25%	RED
under 25%	GREEN


MADRAS, CENTRAL OREGON.

forming in central ore