

AGENDA

REGULAR CITY COUNCIL MEETING

May 11, 2015

5:30 p.m.

CITY HALL COUNCIL CHAMBER

313 COURT STREET

THE DALLES, OREGON

1. CALL TO ORDER
2. ROLL CALL OF COUNCIL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. PRESENTATIONS/PROCLAMATIONS
 - A. Hometown Days Proclamation
6. AUDIENCE PARTICIPATION

During this portion of the meeting, anyone may speak on any subject which does not later appear on the agenda. Five minutes per person will be allowed. If a response by the City is requested, the speaker will be referred to the City Manager for further action. The issue may appear on a future meeting agenda for City Council consideration.

7. CITY MANAGER REPORT
8. CITY ATTORNEY REPORT
9. CITY COUNCIL REPORTS
10. CONSENT AGENDA

Items of a routine and non-controversial nature are placed on the Consent Agenda to allow the City Council to spend its time and energy on the important items and issues. Any Councilor may request an item be "pulled" from the Consent Agenda and be considered separately. Items pulled from the Consent Agenda will be placed on the Agenda at the end of the "Action Items" section.

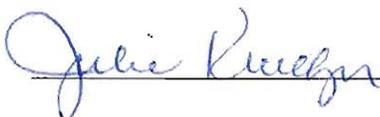
CITY OF THE DALLES

"By working together, we will provide services that enhance the vitality of The Dalles"

- A. Approval of April 27, 2015 Regular City Council Meeting Minutes
- 11. PUBLIC HEARINGS
 - A. Public Hearing to Receive Testimony Regarding Community Development Block Grant (CDBG) Home Repair Program [**Agenda Staff Report #15-033**]
- 12. CONTRACT REVIEW BOARD ACTIONS
 - A. Resolution No. 15-020 Exempting the Public Contract for Purchase of a Used Mid-Size Excavator from Competitive Bidding Requirements [**Agenda Staff Report #15-034**]
- 13. ACTION ITEMS
 - A. Authorization to Purchase D Hangar at Columbia Gorge Regional Airport [**Agenda Staff Report #15-032**]
 - B. Approval of Quality Life Agency Budget for 2015-16 Fiscal Year [**Agenda Staff Report #15-037**]
 - C. Consideration of Chamber of Commerce Tourism Work Plan and Budget [**Agenda Staff Report #15-038**]
 - D. Approval of Economic Development Staffing Plan [**Agenda Staff Report #15-036**]
 - E. Approval of Distribution of Enterprise Zone Fees from the First Long Term Agreement [**Agenda Staff Report #15-035**]
- 14. DISCUSSION ITEMS
 - A. Discussion Regarding Refunds of Pre-Paid Assessments for Public Improvements [**Agenda Staff Report #15-039**]
- 15. ADJOURNMENT

This meeting conducted in a handicap accessible room.

Prepared by/
Julie Krueger, MMC
City Clerk

 _____



AGENDA STAFF REPORT
CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
May 11, 2015	Consent Agenda 10, A	N/A

TO: Honorable Mayor and City Council

FROM: Julie Krueger, MMC, City Clerk

THRU: Nolan K. Young, City Manager

DATE: April 29, 2015

ISSUE: Approving items on the Consent Agenda and authorizing City staff to sign contract documents.

A. **ITEM:** Approval of April 27, 2015 City Council Meeting Minutes.

BUDGET IMPLICATIONS: None.

SYNOPSIS: The minutes of the April 27, 2015 City Council meeting have been prepared and are submitted for review and approval.

RECOMMENDATION: That City Council review and approve the minutes of the April 27, 2015 City Council meeting.

MINUTES

REGULAR COUNCIL MEETING
OF
APRIL 27, 2015
5:30 P.M.

THE DALLES CITY HALL
313 COURT STREET
THE DALLES, OREGON

PRESIDING: Mayor Steve Lawrence

COUNCIL PRESENT: Tim McGlothlin, Linda Miller, Russ Brown, Taner Elliott

COUNCIL ABSENT: Dan Spatz

STAFF PRESENT: City Manager Nolan Young, City Attorney Gene Parker, City Clerk Julie Krueger, Administrative Fellow Daniel Hunter, Public Works Director Dave Anderson, Finance Director Kate Mast, Planning Director Dick Gassman, Police Captain Steve Baska, Engineer Dale McCabe

CALL TO ORDER

Mayor Lawrence called the meeting to order at 5:30 p.m.

ROLL CALL

Roll call was conducted by City Clerk Krueger; Councilor Spatz absent.

PLEDGE OF ALLEGIANCE

Mayor Lawrence invited the audience to join in the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Miller and seconded by McGlothlin to approve the agenda as presented. The motion carried unanimously, Spatz absent.

MINUTES (Continued)
Regular Council Meeting
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PRESENTATIONS/PROCLAMATIONS

Sexual Assault Awareness Month Proclamation

Mayor Lawrence read a Proclamation, declaring the month of April, 2015 as Sexual Assault Awareness Month.

Parkinson's Awareness Month Proclamation

Mayor Lawrence read a Proclamation, declaring the month of April, 2015 as Parkinson's Awareness Month. The Mayor also read a letter from President Obama encouraging awareness of this disease.

Kevin Mansfield, representing the Parkinson's Action Network, was in attendance to receive the Proclamation. He thanked the Mayor for the Proclamation and highlighted some resources available to those who suffer from Parkinson's, and for their families and care givers. Mansfield said a local support group met monthly on the first Wednesday at Water's Edge.

AUDIENCE PARTICIPATION

Chamber of Commerce President Lisa Farquharson thanked everyone for their help in making the Cherry Festival successful.

Jerry Johnson, 3102 East 13th Street, The Dalles, asked that the City Council schedule an agenda item to discuss the City's sewer ordinance. Mayor Lawrence asked Mr. Johnson to meet with the City Manager to discuss specific issues and schedule for a future meeting agenda.

CITY MANAGER REPORT

City Manager Young said the Fort Dalles Fourth Committee had requested the Council consider funding their event at the full amount requested. Young said he invited Mr. Kirchhofer to attend the May 4 Budget meeting to make the request to the Budget Committee.

CITY ATTORNEY REPORT

City Attorney Parker said he was working with Airport staff to prepare documents for the purchase of the hangar building; noted higher activity with codes enforcement, and said he was working with Public Works staff regarding utility lines located on private property, with no easements.

Mayor Lawrence asked if there were any developments with the marijuana regulations. Parker said one person was working to find a location, but no formal application had been received. He said he would be working on the recreational marijuana proposed regulations for Council consideration in the near future.

Councilor Brown asked if any consideration had been given to a municipal marijuana store, such as the City of North Bonneville had done. He said it could be a good source of revenue for the City.

Councilor Elliott asked for an update on the overgrown tree on East 13th Place. Parker said staff had advised the owner that an arborist was needed to inspect the condition of the tree, but he had not heard back from the property owner. Parker said he would follow up on the matter.

Councilor Miller asked the status of the burned residence at the corner of 10th and Mt. Hood Streets. Parker said the Codes Enforcement Officer was working with the owner on a schedule to get it taken care of. He said he would follow up on this issue.

CITY COUNCIL REPORTS

Councilor Brown reported on his attendance at the Traffic Safety Commission meeting, noting there had been some requests for various signs, all of which had been approved by the City Manager.

Councilor McGlothlin reported on the Airport Board meeting, saying staff was working on weed control, the flex building, marketing, and budget. He said a new mechanic had been hired, and noted the café had closed. McGlothlin said he and the Mayor, along with other local officials, had met with two of the vandals that had been responsible for graffiti and had an opportunity to explain to them the damage they did and how important it was to have a nice looking community.

Councilor Elliott reported on his attendance at the QLife meeting, saying the primary subjects were the budget and a discussion regarding expansion of the network.

Councilor Miller said she had attended a DEQ workshop regarding oil spills and said it was very informative. She urged the various emergency response groups to conduct a meeting for the general public to alleviate fears in the community. Miller said she had also attended the April Urban Renewal Advisory Committee and Historic Landmarks Commission meetings.

MINUTES (Continued)
Regular Council Meeting
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Mayor Lawrence said he had attended a meeting with Business Recruiter Gary Rains and several local Realtors, regarding economic development opportunities, attended the final NORCOR Budget meeting, attended the Business After Hours at the Civic Auditorium, and participated in the Cherry Festival Parade.

CONSENT AGENDA

Resolution No. 15-019 concurring with the Mayor's appointments to the Urban Renewal Budget Committee, was added to the Consent Agenda.

It was moved by Elliott and seconded by Brown to approve the Consent Agenda as amended. The motion carried unanimously, Spatz absent.

Items approved by Consent Agenda were: 1) approval of April 13, 2015 regular City Council meeting minutes; 2) approval of April 6, 2015 special City Council meeting minutes; 3) approval to declare Police Department Vehicles as surplus property; and 4) Resolution No. 15-019 concurring with the Mayor's appointments to the Urban Renewal Budget Committee.

PUBLIC HEARINGS

Public Hearing to Receive Testimony Regarding Amendments to the Sign Ordinance

Mayor Lawrence reviewed the procedures to be followed for the public hearing.

Planning Director Gassman reviewed the staff report. He thanked the Committee for their work on the project and said their primary goal had been to make sure the Ordinance was flexible and provided balance. Gassman said there had been concern regarding digital signs in residential zones, so they recommended a conditional use permit be required for them. He also noted that internally lit signs would no longer be allowed in residential zones. In response to a question, he said existing internally lit signs would not be required to be removed. Gassman said another change was to allow commercial signage to be placed on the side or back of a building, where previously it was only allowed on the front of a building.

Gassman said the A frame signs on sidewalks were discussed and it was decided that the Main Street Program Director would work with downtown business owners to develop regulations for them. He said permits were required for these signs and there were regulations regarding the size and location of them.

Mayor Lawrence questioned why there was a proposal to remove only a portion of the language regarding indecent or obscene signs. Following discussion, it was the consensus of the Council to remove the entire subsection (13.030.030 A).

Testimony

Hearing no testimony, the public hearing was closed.

Council Deliberation

It was moved by McGlothlin and seconded by Miller to approve the amendments to the Sign Ordinance as recommended by the Planning Commission, and removal of Section 13.030.030 A and direct staff to prepare an ordinance with appropriate findings of fact and bring the ordinance to Council for approval at a later date. The motion carried unanimously, Spatz absent.

CONTRACT REVIEW BOARD ACTIONS

Authorization to Purchase Excavator

Public Works Director Anderson reviewed the staff report. Anderson said he had included information regarding the safety programs to assure the Council that measures had been taken to avoid accidents, as had happened previously.

Councilor Brown said if an excavator was only used an average of 100 hours per year, the City should consider purchasing a used one because an excavator could last for about 5,000 hours. He said he had done some research and found one available for \$44,500. He suggested staff consider the purchase of a used excavator instead of purchasing a new one, based on the number of hours used, and the price.

Public Works Director Anderson said they had been using the equipment a lot more in the past few years, so a 10 year average may not be an accurate reflection of how many hours the excavator is used. He said the Department was doing more in-house projects in recent years, replacing sanitary and storm lines.

There was discussion regarding the use of the equipment beyond its capacity. Concern was expressed regarding previous accidents. Mayor Lawrence said he appreciated seeing the safety information and that safety was being considered a priority.

It was the consensus of the City Council to direct staff to investigate the purchase of a used excavator.

ACTION ITEMS

Approval of Amendment to City's Budget Guidelines and Procedures for the Street Fund

City Manager Young reviewed the staff report.

It was moved by McGlothlin and seconded by Miller to amend the City's Budget Guidelines and Procedures for the Street Fund by adding c. additional funds transferred from the General Fund as identified through a thorough review of revenue opportunities and potential savings in General Fund activities. The motion carried unanimously, Spatz absent.

Consideration of Economic Development Staffing Plan

City Manager Young reviewed the staff report.

Councilor Elliott asked the status of contract employee Dan Durow. City Manager Young said some of his duties would shift to the new position, but Durow would continue to work on the Riverfront Trail issues. Young said the current, one year Fellow position would shift to a four month intern position, to reduce costs, helping pay for the proposed new position.

Mayor Lawrence asked if the contract for Mr. Durow expired in November. Young said that was correct but he proposed to extend the contract through the calendar year.

Following discussion, it was the consensus of the Council to take the proposal to the Budget Committee prior to making a decision on the new position.

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ADJOURNMENT

Being no further business, the meeting adjourned at 6:56 p.m.

Submitted by/
Julie Krueger, MMC
City Clerk

SIGNED:

Stephen E. Lawrence, Mayor

ATTEST:

Julie Krueger, MMC, City Clerk



AGENDA STAFF REPORT

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
May 11, 2015	Public Hearings 11, A	15-033

TO: Honorable Mayor and City Council

FROM: Richard Gasman, Community Development Director
Dave Peters, Mid-Columbia Housing Project

THRU: Nolan Young, City Manager *ny*

DATE: April 28, 2015

ISSUE: The City Council's final Public Hearing in the Community Development Block Grant (CDBG) application process for 2014/2015 funds.

The City of The Dalles Regional Home Repair program is almost complete. We have committed (signed Grant Agreements) for the entire amount available of \$315,000. Twenty homes have been completed and the final two homes have expected completion dates of April 28th and May 10th respectively. We have until June 30th to submit our final draw.

This Regional Home Repair program allowed us to assist twenty-two families who needed repairs made on their homes. This repairs included; new roofs, siding, exterior painting, HVAC systems, windows, insulation, ramps and much more.

Total number of homes that were rehabilitated: 22
Total number of residents assisted 43
Five of families living in the homes earned less than 30% of the Area Median Income (AMI). This is almost ¼ of the total.
Seven earned between 30% and 50% of the AMI which is almost 33%.
Ten earned between 50% and 80% AMI.

59% of the homes had female heads of households.
64% had at least one elderly person in the household and 50% had a disabled person.
We worked on fifteen homes located in The Dalles, the remainder of the homes were located throughout Hood River, Cascade Locks, Maupin and Tygh Valley.

This program was different from previous programs in two distinct ways. Firstly this was a grant and the monies used to make the repairs do not have to be paid back. Secondly by using grants instead of loans we were able to help with repairs to mobile homes in mobile home parks and adequate equity was not required because there was no loan. In the past, this had limited many people.

BUDGET IMPLICATIONS: None.

RECOMMENDATION: No action is required beyond conducting the public hearing.

PUBLIC HEARING NOTICE

The City of The Dalles is completing a Home Repair Program project funded with Community Development Block Grant funds from the Oregon Business Development Department. The location of the project is: City Hall, 313 Court St. The Dalles, OR 97058. It is estimated that the project has benefited at least 43 persons of whom 100% are low or moderate income.

A public hearing will be held by the City of The Dalles City Council at 5:30 p.m. on Monday, May 11, 2015 at The Dalles City Hall at 313 Court Street, The Dalles, OR 97058.

The purpose of the hearing is for the City of The Dalles City Council to obtain citizens views about the project and to take comments about the local government's performance in regards to the project. Written comments are welcome to be submitted up to and including the hearing date/time, please send written comments to: City of The Dalles, 313 Court St. The Dalles, OR 97058. The location of the hearing is accessible to the disabled, please contact Administrative Secretary at 541.296.5481 extension 1119, to let them know if you need special accommodations to attend or participate in the hearing.

More information about the Oregon Community Development Block Grant program and the project is available for public review at 313 Court Street, The Dalles, OR 97058 on) during regular office hours. Advance notice is requested. If special accommodations are needed, please notify Administrative Secretary at 541.296.5481 extension 1119 so that appropriate assistance can be provided.

David Peters
Columbia Cascade Housing Corp.



CITY of THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481 ext. 1122
FAX: (541) 296-6906

AGENDA STAFF REPORT

CITY OF THE DALLES

MEETING DATE:	AGENDA LOCATION:	AGENDA REPORT #
May 11, 2015	Contract Review Board 12, A	15-034

TO: Honorable Mayor and City Council

FROM: Gene E. Parker, City Attorney

THRU: Nolan K. Young, City Manager

DATE: April 29, 2015

ISSUE: Resolution No. 15-020, exempting the Public Contract for the purchase of a used mid-size excavator from competitive bidding requirements.

RELATED CITY COUNCIL GOAL: None.

PREVIOUS AGENDA REPORT NUMBERS: #15-029.

BACKGROUND: On April 27, 2015, the City Council considered a request submitted by the Public Works Department for authorization to purchase a new mid-size excavator. The Department presented information to the Council concerning the price of certain used excavators which had fairly low hours of usage, and the price of purchasing a new piece of equipment through a public procurement program. The Council directed the staff to do some further research as to the potential of finding a used excavator which had a higher level of actual hours of usage, which could possibly be purchased at a cost significantly less than the quoted costs presented in the April 27, 2015 agenda staff report.

City staff is currently investigating the market for used excavators, and if a piece of equipment is located which appears to be in good condition and capable of providing the type of service needed by the Department, and which has a purchase price which is consistent with the Council's goal of saving public financial resources, City staff will present additional information at the

Council meeting concerning the piece of used equipment which will be proposed for purchase. If staff is not able to locate a used excavator which appears to be capable of meeting the Department's needs and also achieving the goal of saving financial resources for the City, staff will advise the Council of the results of its search efforts at the Council meeting, and seek direction from the Council as to how to proceed.

BUDGET IMPLICATIONS: As noted in Agenda Staff Report #15-029, Fund 9, the Public Works Reserve Fund, has sufficient funds for the purchase of the used equipment, which included the sum of \$35,000 from the insurance settlement which was previously deposited into the fund.

ALTERNATIVES:

- A. **Staff Recommendation.** *Move to adopt Resolution No. 15-020, exempting the public contract for the purchase of a used mid-size excavator from competitive bidding requirements.*

- B. If a used excavator has not been located as of the date of the Council meeting, the Council would appear to have the following options:
 - 1. Move to authorize the purchase of a new Caterpillar Model 308E2 excavator with two buckets, a thumb and a one year warranty through the National Joint Powers Alliance in an amount not to exceed \$117,666.00

 - 2. Provide other direction to the staff, as to how to proceed with replacement of a mid-size excavator.

RESOLUTION NO. 15-020

A RESOLUTION EXEMPTING THE PUBLIC CONTRACT FOR
THE PURCHASE OF A USED MID-SIZE EXCAVATOR FROM
COMPETITIVE BIDDING REQUIREMENTS

WHEREAS, the City Public Works Department had a 2004 Komatsu mid-size (16,000 pound) excavator which was damaged in an accident in 2014, and the equipment was declared to be a total loss by the City's insurance company as a result of the accident, and the City received a payment of \$35,000 for the value of the machine at the time of the loss; and

WHEREAS, on April 27, 2015, the City Council considered a request by the Public Works Department for authorization to purchase a new mid-size excavator; and

WHEREAS, following the presentation from City staff, the City Council directed staff to do some further research as to the potential availability of the purchase of a used excavator; and

WHEREAS, Rule 02-0280(3)(d) of the City's Local Contract Review Board Rules, provides the City Council, acting as the Local Contract Review Board,, may exempt a contract for the purchase of used personal property from competitive bidding requirements if the Council has made findings that the purchase will (1) be unlikely to encourage favoritism or diminish competition, and (2) result in substantial cost savings or promote the public interest; and

WHEREAS, pursuant to Rule 02-0280(2) of the City's Local Contract Review Board Rules, the City provided public notice 7 days in advance of the Council's intent to approve the request to exempt the contract for the purchase of a used excavator from competitive bidding requirements, and provided an opportunity during the May 11, 2015 Council meeting for the public to provide comment upon the proposed exemption from competitive bidding;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS FOLLOWS:

Section 1. The public contract for the purchase of a used _____ excavator, shall be exempt from competitive bidding requirements, pursuant to Rule 02-0280 of the City's Local Contract Review Board Rules, based upon the following findings:

Operational Issues

- A. The mid-size excavator is heavily used by the Wastewater Collection Division as many of their sanitary sewer and storm system mainline projects involve excavations to deeper depths and often involve digging in harder ground. To a lesser extent, both the Water Distribution and Street Divisions also use the machine. Without an excavator of the size which is proposed to be purchased, much of the digging that needs to be performed is beyond the capacity of the Department's mini-excavators. Many of the City's underground utilities are located in alleys where space is too limited for use of a large (30,000 pound) machine; hence, the need for a mid-size machine. The Department does not currently own a large excavator and to date, has rented the larger machines when needed.

- B. The Department has reviewed its records related to the hours of usage for the 2004 Komatsu excavator, and the estimate of the number of hours of service which they would expect from the used excavator which is proposed to be purchased. The equipment which is proposed to be purchased has _____ hours of documented usage. The equipment has been inspected by employees of the Public Works Department and has been determined to be in good condition and adequate to meet the Department's needs.

- C. The City Council finds that the proposed purchase of the used excavator, which is in good condition will significantly enhance the operational functions and capabilities of the Public Works Department, which promotes the public interest.

Market Conditions

- D. The Public Works Department has obtained the following cost information for used and new excavators:

	<u>Used</u>	
2013 Cat 308 ECR ST	1153 hours	\$102,500
2014 Cat 308 E2 (no thumb)	230 hours	\$124,500
2013 Cat 308 E2 CR SB	913 hours	\$132,060
2013 Cat 308 E2 CR SB	400 hours	\$120,000

	<u>New</u>	
Cat 308E2		\$117,666
John Deere 85G		\$119,776

- E. The number of quotes for a purchase of either a new or used excavator indicates there is a competitive market for the purchase of excavators. The Council finds

that the proposed purchase of the used excavator will be unlikely to encourage either favoritism or diminish competition among potential sellers of the equipment. Comparison of the proposed purchase price for the used excavator, to the quotes obtained by City staff for other used and new excavators indicates that purchase of the used excavator will result in substantial cost savings for the City.

Section 2. The City Manager or his authorized designee is authorized to purchase a used _____ excavator, in an amount not to exceed the sum of \$ _____.

Section 3. Effective Date. This resolution shall be considered effective as of May 11, 2015.

PASSED AND ADOPTED THIS 11TH DAY OF MAY, 2015

Voting Yes, Councilors: _____

Voting No, Councilors: _____

Absent, Councilors: _____

Abstaining, Councilors: _____

AND APPROVED BY THE MAYOR THIS 11TH DAY OF MAY, 2015

Stephen E. Lawrence, Mayor

Attest:

Julie Krueger, MMC, City Clerk



CITY OF THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481 ext. 1122
FAX (541) 296-6906

AGENDA STAFF REPORT

CITY OF THE DALLES

MEETING DATE:	AGENDA LOCATION:	AGENDA REPORT #
May 11, 2015	Action Items 13, A	15-032

TO: Honorable Mayor and City Council

FROM: Gene E. Parker, City Attorney

THRU: Nolan K. Young, City Manager *nyj*

DATE: April 23, 2015

ISSUE: Authorization for execution of documents associated with the purchase of Hangar D at the Columbia Gorge Regional Airport.

RELATED CITY COUNCIL GOAL: (C) 13 – Proceed with Airport improvement, including the possible golf course development.

PREVIOUS AGENDA REPORT NUMBERS: #15-004.

BACKGROUND: On January 12, 2015, the City Council adopted Resolution Nos. 15-005 and 15-006, which approved a financing agreement for certain improvements at the Columbia Gorge Regional Airport, and also approved the execution of an intergovernmental agreement with Klickitat County for the improvement project. The improvement project included the design and construction of a new 11 unit T-Hangar complex and a 12,000 to 15,000 square foot flex-space building, and the purchase of a hangar identified as Hangar “D”.

Hangar “D” is a steel hangar which was constructed by GRAI LLC pursuant to a Ground Lease entered into between GRAI LLC and the City and Klickitat County. A copy of the Ground Lease is included with this staff report. As the City and Klickitat County own the real property upon which Hangar “D” is located, once the City and Klickitat County acquires ownership of the hangar, it is necessary to terminate the existing Ground Lease with GRAI LLC. Included with

this staff report is a copy of a proposed Termination of the Ground Lease with GRAI LLC, which includes Exhibit A which describes the location of the hangar, Exhibit B which is a Bill of Sale for the hangar, and Exhibit C which is an assignment by GRAI LLC of its existing sub-lease agreements for space in the hangar, to the City and Klickitat County. Copies of these documents have been sent to the Prosecuting Attorney for Klickitat County, and to representatives of GRAI LLC for their review.

BUDGET IMPLICATIONS: The proposed purchase price for the acquisition of Hangar “D” is \$714,000.

ALTERNATIVES:

- A. **Staff Recommendation.** *Move to authorize the execution of the Termination of Ground Lease with GRAI LLC, Bill of Sale for Hangar “D”, and assignment of Sub-leases by GRAI LLC, subject to approval of the documents by Klickitat County and GRAI LLC.*
- B. Identify any amendments to the proposed Termination of Ground Lease with GRAI LLC, Bill of Sale for Hangar “D”, and assignment of Sub-leases with GRAI LLC, and move the authorize the execution of the documents as amended, subject to the approval of the amended documents by Klickitat County and GRAI LLC.
- C. Provide direction for staff as to additional provisions in the documents which require further negotiation.

TERMINATION OF GROUND LEASE

WHEREAS, the City of The Dalles, a municipal corporation of the State of Oregon, and Klickitat County, a municipal corporation of the State of Washington, hereinafter referred to as Landlord, are the joint owners and operators of the Columbia Gorge Regional Airport located in Dallesport, Washington; and

WHEREAS, on December 16, 2008, Landlord entered into a Ground Lease with GRAI, LLC, hereinafter referred to as Tenant, wherein Tenant agreed to lease a portion of property located at the Columbia Gorge Regional Airport, and to construct a steel aircraft hangar upon the leased premises; and

WHEREAS, Landlord recently entered into a joint financing agreement for a project involving certain improvements at the Columbia Gorge Regional Airport, including the acquisition of the steel aircraft hangar constructed by Tenant; and

WHEREAS, Tenant and Landlord have mutually agreed upon the purchase price for the acquisition of the steel aircraft hangar constructed by Tenant, and have mutually agreed to enter into an agreement which will terminate the Ground Lease entered into on December 16, 2008;

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, it is mutually agreed as follows:

1. Ground Lease Terminated. Landlord and Tenant mutually agree that as of June 1, 2015, the Ground Lease entered into between the parties on December 16, 2008, for the lease of the parcel or property described in Exhibit "A", which measures approximately 15,240 square feet, shall be terminated, and that both parties shall be released from their respective obligations set forth in the Ground Lease as of June 1, 2015.
2. Purchase of Hangar. For and in consideration of the sum of seven hundred fourteen thousand dollars (\$714,000.00), Landlord shall purchase the steel aircraft hangar, commonly referred to as "Hangar D", which hangar is further described as a 60 foot by 254 foot T Hangar with an Executive Hangar measuring 60 feet by 81 feet at the west end, including the asphalt paving and utilities (water, sewer, and electricity) installed on the leased premises by Tenant pursuant to the provisions of the Ground Lease. The parties shall execute a bill of sale for the purchase of the hangar and site improvements which is attached hereto as Exhibit "B".
3. Assignment of subleases. Contemporaneously with the execution of this Termination of Ground Lease, Landlord and Tenant shall execute an Assignment of all of the existing sublease agreements which Tenant currently

has for subtenants leasing space in Hangar D, which Assignment of Subleases is attached hereto as Exhibit "C".

Landlord: City of The Dalles
313 Court Street
The Dalles, OR 97058

Klickitat County
127 West Court Street, MS-CH-26
Goldendale, WA 98620

Tenant: GRAI, LLC
235 El Camino Road
White Salmon, WA 98672

LANDLORD

CITY OF THE DALLES, a municipal Corporation of the State of Oregon

KLICKITAT COUNTY BOARD OF COMMISSIONERS

By _____
Nolan K. Young, City Manager

Chairman

ATTEST:

Commissioner

Julie Krueger, MMC, City Clerk

Commissioner

Approved as to form:

ATTEST:

Gene Parker, City Attorney

Clerk of the Board

Approved as to form:

Prosecuting Attorney

TENANT

GRAI, LLC

By _____

Print name and Title

MATCH TO SHEET 3

"BINDING SITE PLAN NO. BSP2013-0"

AN ALTERATION OF BINDING SITE PLAN No. BSP2007-01 IN SECTIONS 26, 27, 28, 33, 34 AND 35, TOWNSHIP 2 NORTH, RANGE 13 EAST, W.M. DALLESPORT, KLICKITAT COUNTY, WASHINGTON

REMAINDER
830.76 AC.

NOTE:

- 1) THE AREA DENOTED AS LOTS 1-17 AND UNCONSTRUCTED ROADWAYS DO NOT HAVE ANY IMPROVEMENTS OR UTILITIES ACROSS THEM EXCEPT AS SHOWN.
- 2) LOTS 18-46 OF BSP2007-01 ARE DESIGNATED AS FUTURE PHASES BY THIS BINDING SITE PLAN. THE AREA OF THESE LOTS AND ROADWAYS ARE SHOWN UNDER FUTURE BUSINESS PARK PHASES.
- 3) UNCONSTRUCTED ROADWAYS AND TURNAROUND ARE CREATED FOR PUBLIC ACCESS AND UTILITY EASEMENTS OWNED AND MAINTAINED BY THE COLUMBIA GORGE REGIONAL AIRPORT.



0' 100' 200' 400'
SCALE IN FEET

LEGEND:

- 5/8" REBAR WITH YELLOW PLASTIC CAP, "B" BESEDA PLS 35092" SET IN REF.#2;
- SET 5/8" X 30" REBAR WITH YELLOW PLASTIC CAP, "B" BESEDA PLS 35092" WITHIN 90 DAYS OF COMPLETION AND ACCEPTANCE OF LOTS 1-17, ROAD AND INFRASTRUCTURE IMPROVEMENTS
- FOUND MONUMENTS, AS NOTED.
- CALCULATED CORNERS, NOT SET.
- SET BRASS SCREW AND WASHER, "PLS #35092"
- EXISTING FENCE LINE.
- * FOUND MONUMENT NOTES ARE PER BSP2007-01. EXTERIOR BOUNDARY, SECTIONAL AND OTHER CONTROLLING MONUMENTS WERE NOT REVISITED FOR 2013 BSP ALTERATION. BOUNDARY RESOLUTION AND NOTES SHOWN HEREON ARE IDENTICAL TO BSP2007-01.

MATCH TO SHEET 7

SEE SHEET 12 FOR
CURVE AND LINE TABLE

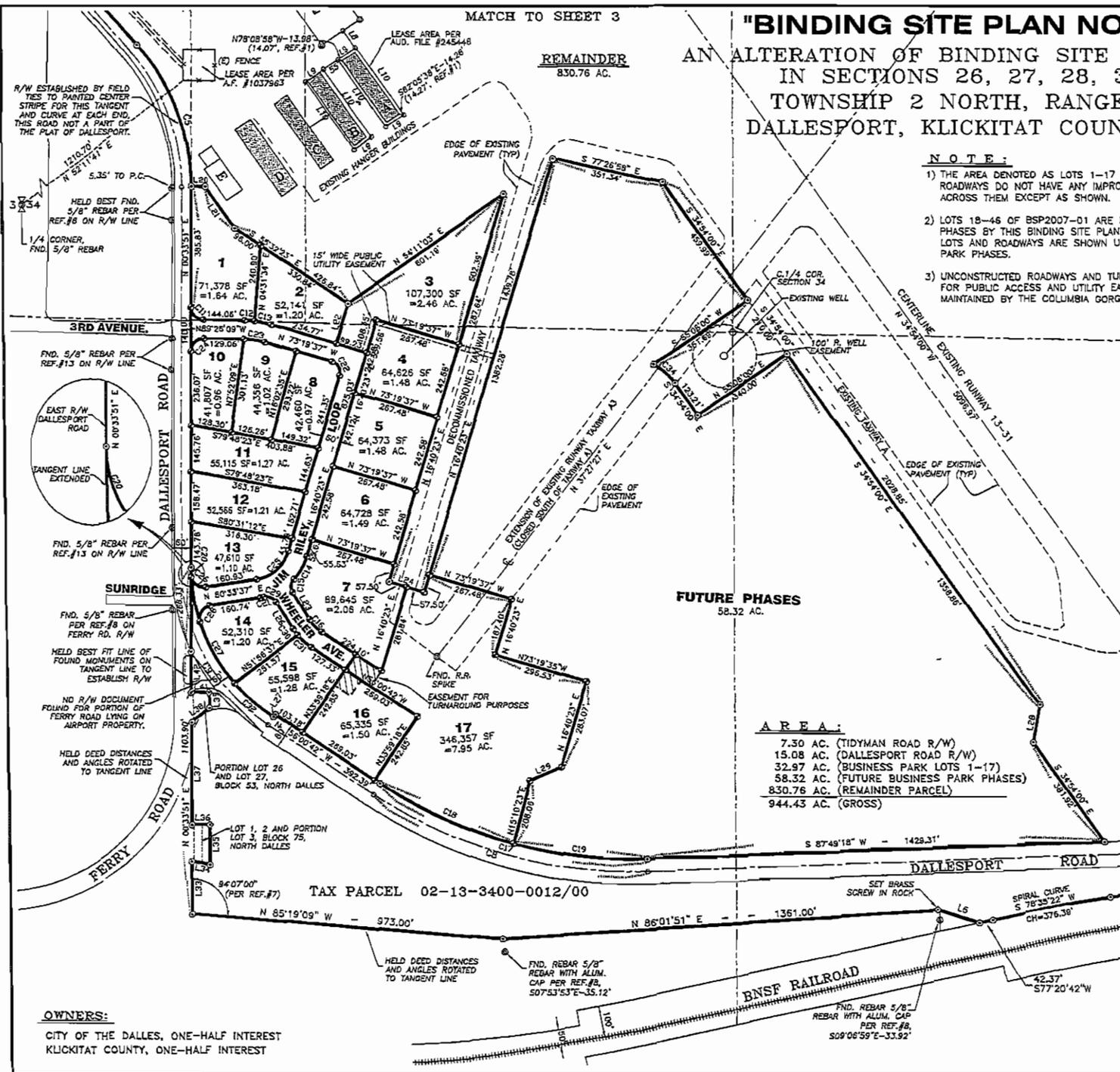
FOR REVIEW ONLY



OFFICE COPY

AREA:

- 7.50 AC. (TIDYMAN ROAD R/W)
- 15.08 AC. (DALLESPORT ROAD R/W)
- 32.97 AC. (BUSINESS PARK LOTS 1-17)
- 58.32 AC. (FUTURE BUSINESS PARK PHASES)
- 830.76 AC. (REMAINDER PARCEL)
- 944.43 AC. (GROSS)



OWNERS:
CITY OF THE DALLES, ONE-HALF INTEREST
KLICKITAT COUNTY, ONE-HALF INTEREST

TAX PARCEL 02-13-3400-0012/00

TENNESON ENGINEERING CORP.
CONSULTING ENGINEERS
3313 W. 2ND. STREET, Suite 100
THE DALLES, OREGON 97058
PH. 541-296-9177 FAX 541-296-8657

Survey	Calculation	Design	Date	Scale
B.R.H.	B.B.B.		3/13/2013	1"=200'
Drawn	Drawing Number	Work Order No.	Sheet	
S.D.H.	KVACAD\13800\13883\13883RSP.dwg	13883	9 of 12	

DATED THIS _____ DAY OF _____, 2013.
BINDING SITE PLAN FILED FOR RECORD AT THE REQUEST OF BENJAMIN B. BESEDA
THIS _____ DAY OF _____, 2013, AT _____ AND RECORDED
IN VOLUME _____ OF BINDING SITE PLANS, PAGE _____ RECORDS OF KLICKITAT COUNTY.
KLICKITAT COUNTY AUDITOR _____ AUDITOR NO. _____

Exhibit "A"

BILL OF SALE

(Hangar D)

GRAI, LLC, hereinafter called **seller**, in consideration of the sum of seven hundred fourteen thousand dollars (\$714,000.00) to seller paid by **CITY OF THE DALLES, OREGON**, and **KLICKITAT COUNTY, WASHINGTON**, hereinafter jointly referred to as **buyer**, receipt of which sum is hereby acknowledged by seller, sells to buyer, and its successors and assigns, the following described property:

A steel aircraft hangar, commonly referred to as Hangar D, which is further described as a 60 foot by 254 foot T hangar with an Executive Hangar measuring 60 feet by 81 feet at the west end, including the asphalt paving and utilities (water, sewer, and electricity) installed on the leased premises by Tenant pursuant to the provisions of the Ground Lease.

Seller for itself and its successors and assigns covenants with buyer and its successors and assigns, to warrant and defend the sale of the above-described property to buyer and its successors and assigns, against every person lawfully claiming the same.

In witness whereof, seller has executing this document on the ____ day of _____, 2015.

GRAI, LLC

By _____

Name and Title

Exhibit B

ASSIGNMENT OF SUBLEASES

WHEREAS, the City of The Dalles, a municipal corporation of the State of Oregon, and Klickitat County, hereinafter referred to as Landlord, and GRAI, LLC, hereinafter referred to as Tenant, entered into a Ground Lease on December 16, 2008 for a portion of the real property located upon the Columbia Gorge Regional Airport in Dallesport, Washington; and

WHEREAS, pursuant to the Ground Lease, the Tenant constructed a steel aircraft hangar commonly known as Hangar D; and

WHEREAS, Landlord and Tenant have mutually entered into an agreement which contemplates the purchase of Hangar D by Landlord from Tenant, and the termination of the December 16, 2008 Ground Lease; and

WHEREAS, as part of the termination of the December 16, 2008 Ground Lease, Tenant agreed to assign all of its right, title and interest in the existing sub-lease agreements which Tenant has currently in effect, for the sub-lease of space in Hangar D;

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, it is mutually agreed as follows:

1. For value received, Tenant hereby assigns to Landlord all right, title and interest in each of the following listed sub-leases, effective as of 12:01 AM, June 1, 2015:

<u>Name of Sub-tenant</u>	<u>Space Lease</u>	<u>Commencement Date</u>
---------------------------	--------------------	--------------------------

2. Landlord, as assignee, agrees to assume the responsibilities set forth in said sub-leases.

Executed this ___ day of _____, 2015.

Landlord: City of The Dalles
313 Court Street
The Dalles, OR 97058

Klickitat County
127 West Court Street, MS-CH-26
Goldendale, WA 98620

Tenant: GRAI, LLC
235 El Camino Road
White Salmon, WA 98672

LANDLORD

CITY OF THE DALLES, a municipal Corporation of the State of Oregon

By _____
Nolan K. Young, City Manager

ATTEST:

Julie Krueger, MMC, City Clerk

Approved as to form:

Gene Parker, City Attorney

TENANT

GRAI, LLC

By _____

Print name and Title

KLICKITAT COUNTY BOARD OF COMMISSIONERS

Chairman

Commissioner

Commissioner

ATTEST:

Clerk of the Board

Approved as to form:

Prosecuting Attorney

FILE COPY

C27708

GROUND LEASE

between
CITY OF THE DALLES & KLICKITAT COUNTY
and
GRAI, LLC

WHEREAS, the City of The Dalles, a municipal corporation of the State of Oregon, and Klickitat County, a municipal corporation of the State of Washington, hereinafter jointly referred to as Landlord, are the joint owners and operators of the Columbia Gorge Regional Airport located in Dallesport, Washington; and

WHEREAS, GRAI, LLC, hereinafter referred to as Tenant, desires to enter into an agreement with Landlord for the lease of property located at the Columbia Gorge Regional Airport, upon which Tenant proposes to construct an aircraft hangar at the Tenant's sole cost and expense; and

WHEREAS, under the proposed Ground Lease, during construction of the hangar and upon completion of construction, ownership of the hangar shall belong to the Tenant; and

WHEREAS, Landlord shall not be a party to any sublease of the hangar entered into between the Tenant and Tenant's subtenants;

NOW, THEREFORE, in consideration of the provisions set forth herein, it is mutually agreed as follows:

SECTION 1. LEASED PREMISES. For and in consideration of the rent and faithful performance by Tenant of the terms and conditions and the mutual covenants hereof, Landlord does hereby lease to Tenant, and Tenant hereby leases from Landlord, subject to all easements and encumbrances of record, that parcel of real property described in Exhibit "A" of approximately 15,240 square feet leased space. Tenant has inspected the property described in Exhibit "A" and

3/9/09 cc Finance
AMI
orig July 1st 2009

3-19-09 cc to AMI

accepts the property as-is, finding it suitable for Tenant's intended use - constructing and maintaining an aircraft hangar.

SECTION 2. TERM. This lease shall be for a term of twenty (20) years, and shall commence December 1, 2008, and shall end at midnight on December 30, 2028, unless sooner terminated as provided in this Lease, or unless the term is renewed as provided in this Lease. This Lease may be renewed by the Tenant for two (2) additional terms of ten (10) years each, provided Tenant gives notice of its desire to renew in writing to Landlord by the later of the following dates: by no later than three hundred sixty-five days (365) days prior to the expiration of the initial twenty (20) year term, or by no later than one hundred twenty (120) days after the Landlord has given written notice to Tenant that the Lease will expire unless it has been renewed for an additional ten (10) year term; and by no later than three hundred sixty-five (365) days prior to the expiration of the first additional ten (10) year term, or by no later than one hundred twenty (120) days after the Landlord has given written notice to Tenant that the Lease will expire unless it has been renewed for a second additional ten (10) year term; and provided further that Tenant is not in default at the time any notice is given under this Section. All of the provisions in the Lease for the initial twenty (20) year term shall apply to the additional ten (10) year renewal terms, including the provision for rental increases as set forth in Section 3.2. December 1, 2008, shall hereinafter be referred to as the "Commencement Date" of this Lease.

SECTION 3. RENT. Tenant shall pay Landlord rent for use of the Leased Premises during the term of this Lease in accordance with the following provisions.

3.1 Base Rent. For the first five (5) years of the Lease, for the period from the 1st day of December, 2008, until the 1st day of December, 2013, the Tenant shall pay rent at the rate of \$0.21 per square foot of real property. The property is composed of 15,240 square feet. Therefore, the base rent shall be \$3,200 per year. The rent shall be paid

in monthly installments of \$266.67 with the first payment due on December 1, 2008, with a like payment on the first day of each month thereafter.

- 3.2 Future Rental Periods. On every five (5) year anniversary of the Commencement Date of this Lease, the amount of rent to be paid for the following successive five (5) year period shall be increased in the amount of increase of the Consumer Price Index for the Portland Vancouver metropolitan area for each year of the previous five (5) year rental period, with the provision that the annual base rental paid during any five (5) year period shall not be increased more than fifteen percent (15%) of the annual base rental paid during the preceding five (5) year period. For example, the annual base rental for the period from the 1st day of December, 2013, until the 1st day of December, 2018, shall not exceed the sum of \$3,680. Landlord shall provide advance notice of not less than ninety (90) days to Tenant of any intended increase in the rental amount; provided, that failure by Landlord to provide such notice shall not constitute a waiver of the right to increase the rental amount for any particular five (5) year period during which the rental amount is subject to an increase.

SECTION 4. USE OF THE PREMISES.

- 4.1 Permitted Use. Tenant may use the Leased Premises for the purpose of constructing and maintaining an aircraft hangar, which will allow for storage of aircraft and related parts and equipment, and office space (which space dedicated to office use shall not exceed 500 square feet) related to storage of aircraft and related parts and equipment.
- 4.2 Restrictions on Use. The lease of space in the hangar to be constructed on the Leased Premises ("Subleases") shall comply with the provisions of the Landlord's Uniform Hangar Lease for the Airport, a copy of which is attached hereto as Exhibit "B", and as those provisions are amended in the future, including rental rates that are

consistent with Landlord's Uniform Rate Structure. A copy of this Lease shall be attached to each of the Subleases. Every Sublease shall include a provision that allows Tenant or Landlord to terminate the Sublease, in the event this Lease has been terminated by Landlord, upon providing thirty (30) days written notice.

SECTION 5. REPAIRS, MAINTENANCE, INSPECTION AND IMPROVEMENTS.

- 5.1 Repairs. Tenant shall have the total responsibility for all repairs and maintenance required to keep the Leased Premises, including, but not limited to, the hangar and paving to be constructed thereon, in good repair.
- 5.2 Inspection of Premises. Landlord shall have the right to inspect the Leased Premises at any reasonable time or times to determine the necessity of repair.
- 5.3 Improvements. Tenant shall construct at Tenant's sole expense a steel aircraft hangar and asphalt paving, as generally shown on Exhibit "C" (the "Hangar"). Prior to construction of the Hangar, Tenant shall submit the plans and specifications to the Columbia Gorge Regional Airport Board (the "Board"), seeking the Board's approval. The Board shall review the plans and specifications submitted by Tenant for the purposes of overseeing Tenant's compliance with the terms of this Lease and the airport rules adopted by the Board, including installation at Tenant's expense of paving for taxiways and the like on the Leased Premises. Tenant shall comply with and obtain all approvals required under Klickitat County's land use regulations prior to submitting the plans and specifications to the Board. Within seven (7) days of submittal, the Board shall notify Tenant of its approval or disapproval. If disapproved, the Board shall also provide Tenant with the reason for such disapproval. Once approved by the Board, the plans and specifications shall either be attached to this Lease as Exhibit "D" or identified in such exhibit by date and name of

the architect or engineer who prepared them. Construction shall be completed within twelve (12) months from the Commencement Date.

SECTION 6. ALTERATIONS AND ADDITIONS. Tenant shall not make any material external alterations to, or erect any additional structures or make any material improvements on the Leased Premises without prior written consent of the Landlord, which consent shall not be unreasonably withheld. Any external alteration or addition approved by Landlord shall be constructed at the sole expense of Tenant. Upon approval by Landlord of any such alteration or addition, Landlord shall notify Tenant whether such alterations made shall remain on the Leased Premises and be acquired by Landlord or be removed from the Leased Premises by Tenant at its sole cost and expense upon expiration or earlier termination of this Lease. If Landlord elects to require Tenant to remove any alterations, Tenant at its sole cost, shall remove such alterations and restore the Leased Premises to the conditions existing immediately prior to the addition of such alteration (reasonable wear and tear excepted) on or before the last day of the term of this Lease. If acquired by Landlord, such alterations, additions and/or improvements shall be taken into account in determining the fair market value of the Hangar and paid by Landlord on or before the last day of the term of this Lease, pursuant to Sections 12 and 13 of this Lease.

SECTION 7. INSURANCE.

7.1 Tenant shall keep the Leased Premises and all improvements thereon insured at Tenant's expense against fire and other risks covered by a standard fire insurance policy with an endorsement for extended coverage. Insurance shall be on a replacement cost basis to the full insurable value of the improvement. Neither party shall be liable to the other for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended endorsement if such insurance was obtainable at the time of such loss or damage.

7.2 Liability Insurance. Before going into possession of the Leased Premises, Tenant shall procure and shall continue during the term of this Lease, to carry public liability and property damage insurance which shall cover all risks arising directly or indirectly out of its activities on or any condition of the Leased Premises whether or not related to an occurrence caused or contributed to by Landlord's negligence. The policy limits shall not be less than \$1,000,000 on a combined single limit basis. Landlord and the Columbia Gorge Regional Airport Board shall be named as additional insureds on said policy. Certificates evidencing such insurance and bearing endorsements requiring thirty (30) days written notice to Landlord prior to any change or cancellation shall be furnished to Landlord prior to Tenant's occupancy of the property. Failure of Tenant to maintain an approved insurance policy shall constitute a default under this Lease.

7.3 Every five (5) years on the anniversary date of the Commencement Date, during which the term of the Lease remains in effect, including the two (2) additional terms of ten (10) years each if the Lease is renewed, Landlord and Tenant shall review the amount of coverage for public liability and property damage insurance to be maintained by Tenant, to ensure the amount of coverage is equivalent in value to \$1,000,000 measured in 2008 dollars. At any time during any of these five (5) year review periods, if Tenant fails to provide proof of increased coverage in an amount which Landlord and Tenant have mutually agreed is necessary, Landlord may terminate this Lease under the provisions of Section 12.

7.4 Any subleases of the Leased Premises entered into by Tenant with a subtenant shall provide that liability insurance policies obtained by the subtenants shall name the Landlord and the Columbia Gorge Regional Airport Board as additional insureds under the policies.

SECTION 8. TAXES; UTILITIES.

- 8.1 Taxes. Tenant shall pay as due all taxes, personal and property, assessments, license fees, and other charges which are levied and assessed upon Tenant's interests in the Leased Premises, by any legally authorized governmental authority. Tenant is responsible for real property taxes imposed by Klickitat County upon the Leased Premises which reflect the property's pro-rata share of the real property taxes imposed by Klickitat County upon the Airport property.
- 8.2 Utility Charges. Tenant shall pay when due all charges for services and utilities incurred in connection with the use, occupancy, operation and maintenance of the Leased Premises, including, but not limited to, water, gas, electricity, sewage disposal and power.
- 8.3 Installation of Utilities. Tenant acknowledges that the Leased Premises are currently vacant and unimproved, and that Tenant shall be responsible for the costs of connecting all necessary utilities from the location to which the utilities are currently stubbed, to provide services to the Hangar which Tenant shall construct. Tenant shall also be responsible for the costs of any required relocation of the utilities during the term of this Lease.

SECTION 9. INDEMNIFICATION. Tenant shall indemnify, defend, save, protect, and hold harmless the Landlord, its officers, agents and employees from any claim, loss or liability, including reasonable attorneys' fees, arising out of or related to any activity of Tenant on the Leased Premises or any condition of the Leased Premises in the possession or under the control of Tenant. Landlord shall have no liability to Tenant for any injury to Tenant for any injury, loss, or damage caused by third parties or by any condition of the Leased Premises, except to the extent caused by Landlord's negligence or breach of duty under this Lease.

SECTION 10. ASSIGNMENT. Tenant shall not assign, sell or transfer its interest in this Lease without having first obtained the express written consent of the Landlord, which consent shall not be unreasonably withheld by Landlord; provided, however, that as conditions to any consent to any assignment, sale or transfer (collectively "transfer"), Landlord may require the following: (i) financial statements, credit reports, or other such information about an assignee as Landlord may deem reasonably necessary to ascertain transferee's ability to satisfy its financial and other obligations under this Lease; (ii) that Tenant and transferee enter into Landlord's then current form of ground lease or an amendment of this Lease; (iii) an environmental assessment of the Leased Premises, at Tenant's expense; and/or (iv) that any agreement between Tenant and the transferee does not include any payment or compensation to Tenant other than transferee's agreement to pay the then current rental rate due and perform all obligations of Tenant required under this Lease. Landlord's consent to an assignment of this Lease shall not be construed to release or discharge Tenant of its obligations and liabilities under this Lease. In the event Tenant shall attempt to assign, sell or transfer its interest in this Lease or any part hereof, without having first obtained the express written consent of Landlord, this Lease shall be null and void and Landlord shall have an immediate right of entry.

SECTION 11. DEFAULT. The following shall be events of default:

11.1 Default in Rent. Failure of Tenant to pay any rent or other charge within ten (10) days after it is due.

11.2 Default in Other Covenants. Failure of Tenant to comply with any term or condition or fulfill any obligation of the Lease (other than the payment of rent or other charges) within twenty (20) days after written notice by Landlord.

11.3 Insolvency of Tenant; assignment by Tenant for the benefit of creditors; filing by Tenant of a voluntary petition in bankruptcy; adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; failure of Tenant to secure

dismissal of an involuntary petition of bankruptcy within thirty (30) days after filing; and attachment of or levying of execution on the leasehold interest of Tenant.

SECTION 12. REMEDIES ON DEFAULT.

12.1 **Termination.** In the event of a default the Lease may be terminated by Landlord upon written notice to Tenant. Whether or not the Lease is terminated by the election of Landlord or otherwise, Landlord shall be entitled to recover damages from Tenant for the default. Landlord may reenter, take possession of the Leased Premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender.

12.2 **Disposition of Hangar.** At the time of termination of the Lease under this Section, Landlord may elect and shall notify Tenant of Landlord's election to either acquire the Hangar or require Tenant to remove the Hangar. If the Landlord determines that it desires to acquire ownership of the Hangar, Landlord shall pay the fair market value for the Hangar, including any alterations, additions and/or improvements made by Tenant during the term of this Lease, less any damages due Landlord pursuant to Section 12.

In the event the Landlord determines that the Hangar must be removed, Tenant shall terminate the Subleases and remove the Hangar within the time period specified in the notice for removal provided by the Landlord to Tenant.

12.3 **Reletting.** Following reentry or abandonment, Landlord may relet the Leased Premises and in that connection may make any suitable alterations or refurbish the Leased Premises, or both. Landlord may relet the Leased Premises for a term longer or shorter than the term of this Lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concessions.

12.4 Damages. In the event of termination or retaking of possession following default, Landlord shall be entitled to recover immediately, without waiting until the due date, of any future rent or until the date fixed for expiration of the Lease term, the following damages:

12.4.1 The loss of rental from the date of default until a new tenant is, or with the exercise of reasonable efforts could have been, secured and paying out.

12.4.2 The reasonable costs of reentry and reletting including without limitation, the cost of any cleanup, refurbishing, removal of Tenant's property and fixtures, remodeling or repairs costs, attorney's fees, court costs, recording costs, broker commission and advertising costs.

12.5 Late Fee. In the event Landlord fails to receive rent, or any other payment required by this Lease, within ten (10) days after the due date, Tenant shall pay to Landlord a late charge of five percent (5%) of the payment amount. Tenant shall pay the late charge upon demand by Landlord. Landlord may levy and collect a late charge in addition to all other remedies available for Tenant's default, and collection of a late charge shall not waive the breach caused by the late payment.

12.5 Remedies Cumulative. The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Landlord under applicable law.

SECTION 13: SURRENDER AT EXPIRATION. At the time of expiration, cancellation, or earlier termination of this Lease, Landlord may elect and shall notify Tenant of Landlord's election to either acquire the Hangar or require Tenant to remove the Hangar. If the Landlord determines that it desires to acquire the Hangar, Landlord shall pay the fair market value for the Hangar, including any alterations, additions and/or improvements made by Tenant during the term of this Lease, less any costs and expenses incurred by Landlord as result of Tenant's breach of this Section. In the event Landlord determines that the Hangar must be removed, Tenant shall terminate the Subleases and

remove the Hangar within the time period specified in the notice for removal provided by the Landlord to Tenant.

13.1 Tenant's Personal Property. Title to personal property belonging to Tenant shall at all times during the term of this Lease, or any extension thereof, remain in Tenant, and Tenant shall have the right at any time to remove any or all personal property of every kind and nature whatsoever which Tenant may have placed, affixed, or installed upon the Leased Premises, provided that upon Tenant's removal of such personal property, Tenant restores the Leased Premises to its original condition. Tenant shall have the right to remove same provided that upon any such removal, Tenant shall repair, at its own expense, any damages resulting therefrom and leave the Leased Premises in a clean and neat condition, with all other improvements in place.

13.2 Holdover. In the event Tenant shall remain in possession of the Leased Premises herein leased after the expiration, cancellation or earlier termination of this Lease, such holding over shall not be deemed to operate as renewal or extension of this Lease, but shall only create a tenancy from month to month which may be terminated at any time by Landlord on thirty (30) days written notice. The amount of monthly rent paid during any holdover tenancy shall be increased by ten percent (10%) over the monthly amount Tenant was paying prior to creation of the holdover tenancy.

SECTION 14. MISCELLANEOUS.

14.1 Nonwaiver. Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

14.2 Attorney Fees. If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to

costs such sum as the court may adjudge reasonable as attorney fees at trial, on petition for review, and on appeal.

- 14.3 Notices. All notices or other communications required or permitted under this Lease shall be in writing and shall be (a) personally delivered (including by means of professional messenger service), which notices and communications shall be deemed received on receipt at the office of the addressee; (b) sent by registered or certified mail, postage prepaid, return receipt requested, which notices and communications shall be deemed received three (3) days after deposit in the United States mail; or, (c) sent by fax, which notices and communications shall be deemed received on the delivering party's receipt of a transmission confirmation.
- 14.4 Interest on Rent and Other Charges. Any rent or other payments required of Tenant by this Lease shall, if not paid within ten (10) days after it is due, bear interest at the rate of twelve percent (12%) per annum (but not in any event at a rate greater than the maximum rate of interest permitted by law) from the due date until paid. This is in addition to the five percent (5%) "late fee."
- 14.5 Time of Essence. Time is of the essence of the performance of each of Tenant's obligations under this Lease.
- 14.6 Damage or Destruction by Fire or Other Casualty. If the Hangar is damaged or destroyed and Tenant elects to repair the Hangar, then Tenant shall promptly do whatever is necessary to repair, rebuild or restore the Hangar to the condition allowed under this Lease. Any insurance proceeds must be used to restore the Leased Premises, including any improvements, at Landlord's election. If the Leased Premises are not repaired then Tenant shall promptly remove whatever is left of the Hangar and other improvements and all debris and shall restore the Leased Premises to Landlord's satisfaction.

14.7 Aircraft Use and Development. Landlord reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires of Tenant and without interference. Landlord reserves the right, but shall not be obligated to Tenant to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Tenant in this regard. This Lease shall be subordinate to the provisions and requirements of any existing or future Lease between the Landlord and the United States, relative to the development, operation, and maintenance of the Airport. There is hereby reserved to the Landlord, and its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through said airspace or landing at, taking off from, or operation on the Airport. Any physical taking of the Leased Premises for use by the Landlord, other than as provided herein, shall be considered a taking pursuant to the governmental power of eminent domain.

Tenant agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulation in the event future construction of a building is planned for the Leased Premises, or in the event of any planned modification or alteration of any present or future building or structure located upon the Leased Premises. Tenant agrees that it will not erect or permit the erection of any structure or object, nor permit the growth of any tree on the Leased Premises to exceed the established height contours. In the event of a breach of the foregoing covenants, Landlord reserves the right to enter upon the Leased Premises and remove the offending structure or object and cut the offending tree, all of which shall be at

the expense of Tenant. Tenant agrees it will not make use of the Leased Premises in any manner which might interfere with the landing and taking off of aircraft from the Airport, or otherwise constitute a hazard. In the event of a breach of the foregoing covenant, Landlord reserves the right to enter on the Leased Premises and cause the abatement of such interference at the Tenant's expense. It is understood and agreed that nothing contained herein shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1349a). This Lease and all provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation, and taking over of the Airport by the United States during the time of war or national emergency.

14.8 Mechanic's and Materialman's Liens. Neither Landlord or Tenant shall permit any mechanic's, materialman's, or other lien against the Leased Premises or the property of which the Leased Premises forms a part in connection with any labor, materials, or services furnished or claimed to have been furnished. If any such lien shall be filed against the Leased Premises or property of which the Leased Premises forms a part, the party charged with causing the lien will cause the same to be discharged; provided, however, that either party may contest any such lien, so long as the enforcement thereof is stayed.

14.9 Savings Clause. In the event that any part of this Lease or application thereof shall be determined to be invalid by a court of competent jurisdiction, such findings shall have no effect on the remaining portions of this Lease.

14.10 Written Lease. Neither party has relied upon any promise or representation not contained in this Lease. All previous conversations, negotiations, and understandings

are of no further force or effect. This Lease may be modified only in writing signed by both parties.

14.11 Parties Bound. The covenants herein contained shall, subject to the provisions as to assignment and transfer, apply to and bind the heirs, successors, executors, administrators, and assigns of all of the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

14.12 Section Captions. The captions appearing under the section number designations of this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

SECTION 15. NON-DISCRIMINATION. The Tenant for itself, its heirs, successors and assigns, as part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the Leased Premises for a purpose for which a United States Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, the Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Sub-title A, Office of the Secretary, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

The Tenant, for itself, its heirs, successors and assigns, as part of the consideration hereof, does covenant and agree that: 1) no person on the grounds of race, color, sex, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to, discrimination in the use of said facilities, 2) that in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services thereon, no person on the grounds of race, color, sex or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and 3) that the Tenant shall use the Leased Premises in compliance with

all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Sub-Title A, Office of the Secretary, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

In the event of a breach of any of the above non-discrimination covenants, Landlord shall have the right to terminate this Lease and re-enter and repossess said Leased Premises and the facilities thereon, and hold the same as if said Lease had never been made. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.

SECTION 16. GOVERNING LAW. This Lease shall be construed in accordance with the laws of the State of Washington, and any litigation arising from the Lease shall be filed in Klickitat County Superior Court; provided that laws applicable to governmental entities under Oregon law, including but not limited to the Oregon Tort Claims Act and Article IX, Sections 5, 7, and 10 of the Oregon Constitution, shall apply to the City. Further, Tenant shall comply with all federal, state, and local laws applicable to the Columbia Gorge Regional Airport, and to the Tenant's use and occupancy of the Leased Premises, including rules adopted by the Columbia Gorge Regional Airport Board and Klickitat County's land use regulations.

SECTION 17. PAYMENTS. Please make payment checks to the City of The Dalles and mail Lease payments to the below:

City of The Dalles
Finance Department
313 Court Street
The Dalles, Oregon 97058

SECTION 18. NOTICES AND COMMUNICATIONS. All notices and communications may be served by enclosing the notice in a sealed envelope and deposited in the United States Post Office as certified mail and received by the authorized party below:

Landlord: City of The Dalles
City Manager
313 Court Street
The Dalles, Oregon 97058

Klickitat County
127 West Court Street, MS-CH-26
Goldendale, Washington 98620

Tenant: GRAI, LLC
235 El Camino Road
White Salmon, WA 98672

EXECUTED this 16th day of December 2008.

LANDLORD

CITY OF THE DALLES, a municipal
corporation of the State of Oregon

By Nolan K. Young
Nolan K. Young, City Manager

ATTEST

By Julie Krueger
Julie Krueger, City Clerk, CMC/AAE

APPROVED AS TO FORM

By Gene E. Parker
Gene Parker, City Attorney

KLICKITAT COUNTY
BOARD OF COMMISSIONERS

Alvin Carter
Chairman

Ray Grayson
Commissioner

Ken D. Johnston
Commissioner

ATTEST

[Signature]
Clerk of the Board

APPROVED AS TO FORM

[Signature]
Tim O'Neill, Prosecuting Attorney

TENANT

GRAI, LLC

By Nancy E. Jensen
President, Morning Wings
Print Name and Title

HANGAR LEASE

LANDLORD: The real property and hangar facilities are jointly owned by the City of The Dalles, a municipal corporation of the State of Oregon, and Klickitat County, a municipal corporation of the State of Washington, located at the Columbia Gorge Regional Airport, 45 Airport Way, Dallesport, Washington 98617, said City and County hereinafter referred to as the "Landlord."

TENANT:

Landlord leases to Tenant and Tenant leases from Landlord Hangar Complex _____, Unit _____ No. _____ (the "Premises") on the terms and conditions stated below.

Section 1. Term. This Lease shall commence _____, 20____, and continue through _____, 20____, unless sooner terminated as provided in this Lease.

Section 2. Rent.

- 2.1 During the term, Tenant shall pay to Landlord as rent the sum of _____ Dollars (\$_____.00) per month. Rent shall be payable on the first (1st) day of each month in advance at such place as may be designated by Landlord, except that rent for the first and last months shall be paid upon the execution of this Lease.
- 2.2 The Hangar Lease between Landlord and Tenant contains a "Uniform Rate Structure", a copy of which is attached hereto and incorporated herein by this reference. In conformance of this structure the rent shall be reestablished on July 1st of every calendar year to conform with the Airport's Uniform Rate Structure, as established by the Regional Airport Board. The Uniform Rate Structure shall be established after consideration of the Airport's costs and needs for operation, inflation, taxes, the fair market value of the leased premises and the demand for hangar space at the Airport. The term "fair market rental value" means the most probable lease rate in terms of money which the Premises, including those improvements thereon owned or extended by Landlord, would bring if exposed for lease on the open market, with a reasonable time allowed to find a tenant, leased with full knowledge of the highest and best use of which the Premises could be put consistent with the then most

current Airport Master Plan, County and City Comprehensive Plans, and Federal Aviation Administration ("FAA") regulations.

Section 3. Use of the Premises.

- 3.1 **Permitted Use.** The Premises shall be used for an aircraft hangar and for no other purpose unless specifically approved by the Landlord. If such approval is granted for a use other than for aircraft storage, Tenant shall relinquish its Lease and vacate within thirty (30) days when notified in writing by Landlord that an aircraft storage requirement has been established, and Tenant's Hangar space is needed to accommodate that requirement.
- 3.2 **Restrictions on Use.** In connection with the use of the Premises, Tenant shall:
 - 3.2.1 Conform to all applicable laws and regulations of any public authority affecting the Premises and the use.
 - 3.2.2 Refrain from any use that would be reasonably offensive to other tenants or owners or users of neighboring premises, or that would tend to create a nuisance.
 - 3.2.3 Refrain from making any marks on or attaching any sign, insignia, antenna, aerial or other device to the exterior or the interior walls or roof of the Premises without the written consent of Landlord.
 - 3.2.4 Tenant shall not cause or permit any Hazardous Substance to be spilled, leaked, disposed of, or otherwise released on or under the Premises or into the stormwater system at the Airport. Tenant may use or otherwise handle on the Premises only the Hazardous Substances typically used or sold in the prudent and safe operation for the hangared aircraft specified in this Lease. Tenant may store such Hazardous Substances on the Premises only in quantities necessary to satisfy Tenant's reasonably anticipated needs. Tenant shall comply with all Environmental Laws and exercise the highest degree of care in the use, handling, and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Premises. Upon the expiration or termination of this Lease, Tenant shall remove all Hazardous Substances from the Premises. The term Environmental Law shall mean any federal, state or local statute, regulation, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety or the environment. The term Hazardous Substance shall mean any hazardous, toxic, infectious or radioactive substance, waste and material as defined or listed by any Environmental Law

and shall include, without limitation, petroleum oil and its fractions. Tenant shall maintain for the duration of the lease term "Material Safety Data Sheets" for all hazardous substances used or stored on the premises in a place known and accessible to the Landlord and the Airport Managers.

- 3.2.5 Use by Tenant of heaters, air conditioners, freezers or air compressors for power tools are prohibited. FAA certified engine heaters that are installed on the aircraft engine/engines, or approved for external use on the aircraft engine/engines, in compliance with FAA regulations are approved for use.
- 3.2.6 Only designated aircraft may be stored in the Hangar.
- 3.2.7 No maintenance is allowed unless approved by the Landlord (see Columbia Gorge Regional Airport Rules and Regulations).
- 3.2.8 Aircraft washing must be accomplished only in designated area established by the Airport Manager.
- 3.2.9 All fueling must be provided by the authorized/designated "Aviation Fuel Provider" established by the Airport Manager.
- 3.3.0 Tenant agrees to observe and obey all policies, rules, and regulations promulgated and enforced by Landlord and any other appropriate authority having jurisdiction over the Airport and the premises described in this lease, during the term of this lease. Tenant, its employees and agents, shall faithfully observe and apply the rules and regulations. Rules and regulations are defined, but not limited to, the "Columbia Gorge Regional Airport Rules and Regulations and Minimum Standards for Commercial Aeronautical Activities", approved as of April 1, 2007, a copy of which is on file at the Airport Manager's Office.

Section 4. Repairs, Maintenance and Inspection.

- 4.1 Except for repairs necessitated by the negligence of Tenant, its agents, employees, and/or invitees, Landlord shall maintain the Premises in a condition which is equivalent or better than the condition which existed at the time of execution of this agreement. Tenant agrees to keep the premises in a neat, clean and proper condition at all times. Any repair to the premises, including repairs to major structural parts, which is required as a result of an act of the Tenant, its agents, employees or contractors, or any business visitor or invitee, shall be the responsibility of the Tenant.
- 4.2 Landlord, its agents, or local government authorities shall have the right to inspect the Premises for any reasonable purpose at any time. If the

inspection reveals a condition or conditions which Tenant has the responsibility to repair, Tenant agrees to take immediate action to make such repairs upon written notice being given by Landlord. If the inspection determines that the Landlord is responsible for the repairs, the Landlord shall take immediate action to correct them. For repairs not discovered during an inspection by Landlord; if the Landlord is notified by Tenant in writing of the necessity of maintenance or repairs, the duty of Landlord to make such repairs shall not mature until a reasonable time after Landlord has been in receipt such notice.

Section 5. Alterations. Tenant shall make no improvements or alterations on the Premises of any kind without written permission from the Landlord.

Section 6. Insurance.

- 6.1 Insurance Required. Landlord shall keep the Premises insured at Landlord's expense against fire and other risks covered by a standard comprehensive fire and liability insurance policy. Tenant shall carry similar insurance insuring the property of Tenant on the Premises against such risks.
- 6.2 Liability Insurance. Tenant shall carry the following insurance at Tenant's cost: comprehensive liability insurance with a responsible company with limits of not less than One Million Dollars (\$ 1,000,000.00) on a combined single limit basis and fire insurance with an extended coverage endorsement covering Tenant Improvements, Tenant's personal property and the leased premises. Liability insurance shall cover all risks arising directly or indirectly out of Tenant's activities on any condition of the Premises whether or not related to an occurrence caused or contributed to by Landlord's negligence. Such insurance shall protect Tenant against the claims of Landlord on account of the obligations assumed by Tenant under the paragraph entitled "Indemnification," and shall name Landlord as an additional insured. Certificates evidencing such insurance and bearing endorsements requiring ten (10) days written notice to Landlord prior to any change or cancellation shall be furnished to Landlord prior to Tenant's occupancy of the property. The insurance shall be on a form and from a company reasonably acceptable to Landlord. Failure of Tenant to maintain an approved insurance policy shall constitute a default under this lease agreement.
- 6.3 Waiver of Subrogation. Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or other casualty and risks enumerated in the insurance policy with an extended coverage endorsement, and in the event of insured loss, neither party's insurance company shall have a subrogated claim against the other. This waiver shall be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company

agrees in writing that such a waiver will not affect coverage under the policies. Each party agrees to use best efforts to obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

Section 7. Taxes; Utilities.

- 7.1 Taxes. Tenant shall pay as due all taxes, personal and property, assessments, license fees, and other charges which are levied and assessed upon Tenant's interests in the premises, by any legally authorized governmental authority. Tenant is responsible for real property taxes imposed by Klickitat County upon the premises which will be collected monthly/annually as computed by the Uniform Rate Structure Identified in Section 2, paragraph 2.2.
- 7.2 Utility Charges. Landlord shall pay when due all charges for services and utilities incurred in connection with the use, occupancy, operation and maintenance of the Premises, including, but not limited to, water, gas, electricity, sewage disposal and power.

Section 8. Indemnification. Tenant shall indemnify, defend, save, protect, and hold harmless the Landlord, its officers, agents and employees from any claim, loss or liability, including reasonable attorneys' fees, arising out of or related to any activity of Tenant on the Premises or any condition of the Premises in the possession or under the control of Tenant. Landlord shall have no liability to Tenant for any injury to Tenant for any injury, loss, or damage caused by third parties or by any condition of the Premises, except to the extent caused by Landlord's negligence or breach of duty under this Lease.

Section 9. Assignment and Subletting. Tenant shall not assign, sell or transfer its interest in this agreement or sublet any part of the premises without having first obtained the express written consent of the Landlord, which consent shall not be unreasonably withheld by Landlord; provided that with the Airport Manager's approval, Tenant may sub-lease the premises for aircraft storage use. In the event Tenant shall attempt to assign, sell or transfer its interest in this lease agreement or any part hereof, without having first obtained the express written consent of Landlord, this agreement shall be null and void and Landlord shall have an immediate right of entry.

Section 10. Default. The following shall be events of default:

- 10.1 Default in Rent. Failure of Tenant to pay any rent or other charge within ten (10) days after it is due.
- 10.2 Default in Other Covenants. Failure of Tenant to comply with any term or condition or fulfill any obligation of the Lease (other than the payment of rent or other charges) within twenty (20) days after written notice by Landlord.

Section 11. Remedies on Default.

- 11.1 Termination. In the event of a default the Lease may be terminated at the option of Landlord by written notice to Tenant. Whether or not the Lease is terminated by the election of Landlord or otherwise, Landlord shall be entitled to recover damages from Tenant for the default. Landlord may reenter, take possession of the Premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender.
- 11.2 Reletting. Following reentry or abandonment, Landlord may relet the Premises and in that connection may make any suitable alterations or refurbish the Premises, or both. Landlord may relet the Premises for a term longer or shorter than the term of this Lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concessions.
- 11.3 Damages. In the event of termination or retaking of possession following default, Landlord shall be entitled to recover immediately, without waiting until the due date, of any future rent or until the date fixed for expiration of the Lease term, the following damages:
- 11.3.1 The loss of rental from the date of default until a new tenant is, or with the exercise of reasonable efforts could have been, secured and paying out.
- 11.3.2 The reasonable costs of reentry and reletting including without limitation, the cost of any cleanup, refurbishing, removal of Tenant's property and fixtures, remodeling or repairs costs, attorney's fees, court costs, recording costs, broker commission and advertising costs.
- 11.4 Late Fee. In the event Landlord fails to receive rent, or any other payment required by this Lease, within five (5) days after the due date, Tenant shall pay to Landlord a late charge of five percent (5%) of the payment amount. Tenant shall pay the late charge upon demand by Landlord. Landlord may levy and collect a late charge in addition to all other remedies available for Tenant's default, and collection of a late charge shall not waive the breach caused by the late payment.
- 11.5 Remedies Cumulative. The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Landlord under applicable law.

Section 12. Surrender. Upon termination of this Lease, Tenant shall deliver all keys to Landlord and surrender the Premises in first-class condition, and broom clean, subject only to reasonable wear and tear from ordinary use.

Section 13. Renewal Option. If the Lease is not in default at the time each option is exercised or at the time the renewal term is to commence, Tenant shall have the option to renew this Lease as follows:

- 13.1 The renewal term shall commence on the day following expiration of the preceding term.
- 13.2 The option may be exercised by written notice to Landlord given not less than ninety (90) days prior to the last day of the expiring term. The giving of such notice shall be sufficient to make the Lease binding for the renewal term without further act of the parties.
- 13.3 The terms and conditions of the Lease for each renewal term shall be identical with the original term except for rent. Rent for a renewal term shall be most recent rental rate in effect at the time of the renewal.

Section 14. Miscellaneous.

- 14.1 **Nonwaiver.** Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.
- 14.2 **Attorney Fees.** If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees at trial, on petition for review, and on appeal.
- 14.3 **Notices.** All notices or other communications required or permitted under this Agreement shall be in writing and shall be (a) personally delivered (including by means of professional messenger service), which notices and communications shall be deemed received on receipt at the office of the addressee; (b) sent by registered or certified mail, postage prepaid, return receipt requested, which notices and communications shall be deemed received three (3) days after deposit in the United States mail; or, (c) sent by fax, which notices and communications shall be deemed received on the delivering party's receipt of a transmission confirmation.
- 14.4 **Interest on Rent and Other Charges.** Any rent or other payments required of Tenant by this Lease shall, if not paid within ten (10) days after it is due, bear interest at the rate of twelve percent (12%) per annum (but not in any event at a rate greater than the maximum rate of interest permitted

by law) from the due date until paid. This is in addition to the 5% "late fee."

- 14.5 Time of Essence. Time is of the essence of the performance of each of Tenant's obligations under this lease.
- 14.6 Damage or Destruction by fire or other casualty. In the event the building of Landlord in which Tenant occupies space under this lease shall be partially or wholly damaged by fire or other casualty, Landlord shall have the option to either rebuild the structure, or terminate this lease agreement. In the event Landlord elects to proceed with rebuilding the structure, and it is necessary for Tenant to temporarily vacate the lease premises while the repair work is being completed, the monthly rental payment due from Tenant shall be abated during the period of time which Tenant is unable to occupy the premises while the repairs are being completed. In the event the Landlord elects to terminate the lease agreement, Landlord shall provide notice of the termination to Tenant within fourteen (14) days of the date the casualty occurred.
- 14.7 Aircraft Use and Development. Landlord reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires of Tenant and without interference. Landlord reserves the right, but shall not be obligated to Tenant to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Tenant in this regard. This lease shall be subordinate to the provisions and requirements of any existing or future agreement between the Landlord and the United States, relative to the development, operation, and maintenance of the Airport. There is hereby reserved to the Landlord, and its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased premises. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through said airspace or landing at, taking off from, or operation on the Airport. Any physical taking of the leased premises for use by the Landlord, other than as provided herein, shall be considered a taking pursuant to the governmental power of eminent domain.

Tenant agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulation in the event future construction of a building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure located upon the leased premises. Tenant agrees that it will not erect or permit the erection of any structure or object, nor permit the growth of any tree on the lease premises to exceed the established height contours. In the event of a breach of the foregoing

covenants, Landlord reserves the right to enter upon the lease premises and remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Tenant. Tenant agrees it will not make use of the leased premises in any manner which might interfere with the landing and taking off of aircraft from the Airport, or otherwise constitute a hazard. In the event of a breach of the foregoing covenant, Landlord reserves the right to enter on the leased premises and cause the abatement of such interference at the Tenant's expense. It is understood and agreed that nothing contained herein shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1349a). This lease and all provisions hereof shall be subject to whatever right of the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation, and taking over of the Airport by the United States during the time of war or national emergency.

- 14.8 Removal of fixtures, furniture, and equipment. Upon termination of this agreement or during the term of this agreement, Tenant shall have the right to remove all equipment, furniture and fixtures owned by the Tenant, which have not become attached to the leased premises. In the event Tenant removes any said equipment, furniture or fixtures which Tenant is empowered and entitled to remove and by such removal causes damage or injury to the leased premises, Tenant agrees to repair any damages or injury immediately, at Tenant's expense, and to restore the premises to as good as state or condition as the premises were at the beginning of the date of this agreement.
- 14.9 Mechanic's and Materialman's Liens. Neither Landlord or Tenant shall permit any mechanic's, materialman's, or other lien against the premises or the property of which the premises forms a part in connection with any labor, materials, or services furnished or claimed to have been furnished. If any such lien shall be filed against the premises or property of which the premises forms a part, the party charged with causing the lien will cause the same to be discharged; provided, however, that either party may contest any such lien, so long as the enforcement thereof is stayed.
- 14.10 Savings Clause. In the event that any part of this agreement or application thereof shall be determined to be invalid by a court of competent jurisdiction, such findings shall have no effect on the remaining portions of this lease.
- 14.11 Written Agreement. Neither party has relied upon any promise or representation not contained in this lease. All previous conversations, negotiations, and understandings are of no further force or effect. This lease agreement may be modified only in writing signed by both parties. The headings of the paragraphs are for convenience only and are not part

of this lease, nor shall they be considered in construing the intent of this lease agreement.

Section 15. Non-Discrimination. The Tenant for itself, its heirs, successors and assigns, as part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the leased premises for a purpose for which a United States Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, the Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Sub-title A, Office of the Secretary, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

The Tenant, for itself, its heirs, successors and assigns, as part of the consideration hereof, does covenant and agree that : 1) no person on the grounds of race, color, sex, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to, discrimination in the use of said facilities, 2) that in the construction of any improvements on, over, or under the leased premises and the furnishing of services thereon, no person on the grounds of race, color, sex or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and 3) that the Tenant shall use the lease premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Sub-Title A, Office of the Secretary, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

In the event of a breach of any of the above non-discrimination covenants, Landlord shall have the right to terminate this lease agreement and re-enter and repossess said premises and the facilities thereon, and hold the same as if said lease agreement had never been made. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.

Section 16. Aircraft Description. The following is a brief description of the Tenants' aircraft to be stored in the Hangar:

Manufacturer, Make and Model _____
Aircraft Registration Number _____
Dimensions - Height _____, Length _____, Wing Span _____
Aircraft weight _____

Section 17. Applicable Law. This Lease Agreement shall be governed by the laws of the States of Oregon and Washington

Section 18. Payments. Please make payment checks to the City of The Dalles and mail lease payments to the below:

Finance Department
City of The Dalles
313 Court Street
The Dalles, Oregon 97058

Section 19. Notices and Communications. All notices and communications may be served by enclosing the notice in a sealed envelope and deposited in the United States Post Office as certified mail and received by the authorized party below:

Landlord: Aeronautical Management, Inc.
Airport Terminal Building
Upstairs Office
45 Airport Way
Dallesport, WA 98617

Tenant: _____

EXECUTED this _____ day of _____ 20_____.

LANDLORD:

TENANT:

CITY OF THE DALLES, a municipal corporation of the State of Oregon

KLICKITAT COUNTY, a municipal corporation of the State of Washington

By: _____

By: _____
Airport Board Chairman

By: _____
Rolf Anderson, Airport Manager

Juniper Investments, Inc.
Ray Hayes Construction
1733 NE Pinewood Drive
Bend, OR 97701
(541) 420-4751 Fax (541) 385-3113

July 24, 2008

Re: Dallesport Airport Hangars Proposal

We hereby propose to furnish the materials and perform the labor necessary for the completion of a 60' x 254' T Hangar with an Executive Hangar 60' x 81' on the West end.

To Include:

All Excavation, Back Fill, and Paving to match existing T Hangars
40' Ramp area on the opposite side of existing Hangars.

5' of Concrete Slab

Steel Building with Schweiss Doors with Straps

3 Doors 42' x14'

1 Door 60' x20'

1 Door 45' x14'

3 Doors 48' x14'

Overhead Doors

1 Door 12' x12'

1 Door 16' x14'

Man Doors in T Hangars

3 Other Man Doors

Rough Plumbing for Executive Bathroom

Utilities stubbed out cost for hook up approved at later date

Insulation of Executive Hangar R -19

T Hangar Vapor Barrier on Ceiling

Lighting to Include

400 amp service

2 Meters 200 amp each with 1 8' 4 tube

Plug and 1 30 amp Door Circuit for each T Hangar

2 8' Four tube in Executive Hangar

3 One 110 Plugs

Wiring for Bathroom

2 Outside Flood lights

Plans, Permits, and Engineering for Building and Foundation.

Owner to colors for walls and trim roof to be screw down Galvalume.

All material is guaranteed to be as specified, and the above work to be performed in accordance with the drawings and specifications submitted for above work and completed in a substantial workmanlike manner for the sum of \$592,315.00 plus 7% State Tax \$41,462.00 Dollars (\$633,777.00)

with payments to be made as follows \$100,000.00 Down upon signing of contract.

Balance of payment to be progress payments by the 5th each month until completion.

Respectfully submitted _____

Per _____

Any alteration or deviation from above specifications involving extra costs will be executed only upon written order, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents, or delays beyond our control.

ACCEPTANCE OF PROPOSAL

The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payments will be made as outlined above.

Signature _____

Date _____

Signature _____

Signed 4/5/08

ADDENDUM TO ORIGINAL PROPOSAL

From: Ray Hayes Construction

Dated: July 24, 2008

1. Minim 20" from Hangar door to wing wall
2. 1 Circuit in each Hangar for lights and 1 circuit in each for Hangar door
3. Wind Load 100 MPH Roof 25 PSF Live Load
4. Asphalt 90' between Hangar and 50' on open side 4" gravel 2" asphalt
5. Roof Pitch 1-12 or 2-12 to match existing Hangars
6. 26 gauge metal exterior 29 gauge interior
7. Gutters and down spouts to asphalt
8. Insulation R-11 T Hangar ceiling only - executive Hangar R-19 walls and roof
9. 4" Concrete slab in T Hangars, 5" in executive Hangar
10. At least 2% grade away from building for water protection
11. Connect sewer to existing 4" line with water line in same trench if approved by County
12. Color to match other hangars as close as possible
13. Interior Floors to be level with at least a 2% grade away from building for water protection

S/Ray Hayes Const.
Ray Hayes Construction

8/1/08
Dated

Owner

Dated

Exhibit "D"

Plans and Specifications

Prepared by:

Eclipse Engineering, Inc.
155 NE Revere Avenue, Suite A
Bend, OR 97701

Dated:

December 8, 2008

Respectfully submitted _____

Per _____

Any alteration or deviation from above specifications involving extra costs will be executed only upon written order, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents, or delays beyond our control.

ACCEPTANCE OF PROPOSAL

The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payments will be made as outlined above.

Signature _____

Date _____

Signature _____

Signed 11/5/08

ADDENDUM TO ORIGINAL PROPOSAL

From: Ray Hayes Construction

Dated: July 24, 2008

1. Minim 20" from Hangar door to wing wall
2. 1 Circuit in each Hangar for lights and 1 circuit in each for Hangar door
3. Wind Load 100 MPH Roof 25 PSF Live Load
4. Asphalt 90' between Hangar and 50' on open side 4" gravel 2" asphalt
5. Roof Pitch 1-12 or 2-12 to match existing Hangars
6. 26 gauge metal exterior 29 gauge interior
7. Gutters and down spouts to asphalt
8. Insulation R-11 T Hangar ceiling only - executive Hangar R-19 walls and roof
9. 4" Concrete slab in T Hangars, 5" in executive Hangar
10. At least 2% grade away from building for water protection
11. Connect sewer to existing 4" line with water line in same trench if approved by County
12. Color to match other hangars as close as possible
13. Interior Floors to be level with at least a 2% grade away from building for water protection

S/Ray Hayes Const.
Ray Hayes Construction

8/1/08
Dated

Owner

Dated



CITY of THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481
FAX (541) 296-6906

AGENDA STAFF REPORT CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
May 11, 2015	Action Item 13, B	15-037

TO: Mayor and City Council

FROM: Nolan K. Young, City Manager *nyj*

DATE: April 29, 2014

ISSUE: Approval of the Fiscal Year 2015-16 QualityLife Intergovernmental Agency Budget

BACKGROUND: Section 2.3.2 of the QualityLife Intergovernmental Agency (QLife) amended Intergovernmental Agreement addresses financial matters of the Agency (copy of section attached). It states that “*Approval of the Annual Budget...require the affirmative authorization of each party to be bound, such authorization to be expressed by Resolution, Ordinance or other binding commitment of the party’s governing body*” Attached is the Budget approved by the QLife Budget Committee on April 23, 2015. Final Board adoption of the Budget is scheduled for the May 28, 2015 QLife Board Meeting.

The approved Budget has two funds.

1. The Operating Fund is budgeted at \$919,782 includes operations, maintenance and transfers to the capital fund (\$504,140).
2. The Capital Fund is budgeted at \$934,730 includes capital projects to expand the service area (\$180,000); to upgrade equipment including a generator (\$110,000); and a substantial contribution to capital reserves (\$471,717).

Approval of this Budget by the City Council and County Commission includes authorization for the QLife Board to proceed with the Scope of Work. In prior years the QLife Board has approved a list of financial priorities that has served as a scope of work for the agency during the year. Below is the scope of work the budget was built on.

Scope of Work:

Meet Normal Operating Costs

- ✓ Maintenance and Operating Costs
- ✓ New Customer Assistance
- ✓ Spice Case Documentation
- ✓ Administrative Services

Implement Capital Improvement Plan

- ✓ Update Telecom Equipment
- ✓ New Electrical Generator
- ✓ Downtown Metro Loop
- ✓ Balance to Capital Reserve

BUDGET IMPACT: The QLife Budget does not require any specific financial expenditure by the City of The Dalles. The City is proposed to receive up to \$20,000 for financial, clerical and administrative services and receives \$7,752 for rent of the QLife rooms in City Hall, and storage space at the City's Public Works shops, and \$19,442 from the right of way fees.

COUNCIL ALTERNATIVES:

1. ***Staff Recommendation: Approve the Fiscal Year 2015-16 QLife Budget and Work Scope.***
2. Amend and then approve the QLife Budget.
3. Postpone action on the QLife Budget until June to allow for additional research.

to discuss at the IGA meeting. The President shall perform the duties and responsibilities of the IGA in accordance with the obligations and limitations set forth in this Agreement. The President shall not otherwise hold herself or himself out to have the authority to bind the members of the IGA to any financial or other obligations.

2.2.2 Duties of Vice President. The Vice President shall perform the duties of the President in the absence or the incapacity of the President. In the case of the resignation or the death of the President, the Vice President shall perform the duties of the President until such time as the Board shall elect a new President.

2.2.3 Secretary/Treasurer. The Secretary/Treasurer shall keep the minutes and the official records of the IGA and perform such other duties required of a Secretary/Treasurer. The Secretary/Treasurer shall be responsible for the fiscal administration of all funds of the IGA. The Secretary/Treasurer and either the President or the Vice President shall act as co-signers of checks drawn upon the accounts of the IGA. The Secretary/Treasurer may delegate the administrative functions of her or his office to another person or persons who need not be on the Board.

2.2.4 Additional Duties. The Officers of the IGA shall perform such other duties and functions as may from time to time be required by the IGA bylaws, or other rules and regulations.

2.3 Voting Rights. Except as otherwise expressly provided in this Agreement, the Board shall exercise its voting rights in the following manner:

2.3.1 Manner of Acting. A majority vote of the Board shall be necessary to decide any issue except that a unanimous vote of the Board shall be required to decide financial matters described in Section 2.3.2, for the addition of new members pursuant to Section 2.3.3, for the acceptance of or amendment to the scope of work pursuant to Sections 2.5.1 and 2.5.2, and for the dissolution of the IGA pursuant to Section 3.1;

2.3.2 Financial Matters. Any decision of IGA involving the approval of the annual budget, the procurement of goods or services outside the adopted budget, or the incurrence of any financial obligation, including the issuance or sale of bonds, securities or other forms of indebtedness, exclusive of expenditures within the budget, shall require the affirmative authorization of each individual Party to be bound, such authorization to be expressed by resolution, ordinance or other binding commitment of the Party's governing body. Parties not affirmatively authorizing such actions shall in no instances be liable. The procurement of goods and services outside the budget shall be performed by resolution or separate agreement which specifies (1) the apportionment of fees, costs, or revenue derived from the functions and activities; and (2) the manner in which such revenue shall be accounted for. Such resolution or

separate agreement may or may not involve the participation of the IGA; however, such participation of the IGA shall not create liability for a Party that has not affirmatively authorized such action;

2.3.3. New Members. The Board may authorize a new Party to join the IGA only if approved by a unanimous vote of the Board;

2.4 Insurance. The IGA shall provide for adequate insurance to cover the directors, officers, employees, staff, agents and activities undertaken by the IGA.

2.5 Scope of Work. A scope of work shall be presented for each specific task or project, not previously approved and adopted in the budget, to be undertaken by the IGA. The scope of the work shall contain a reasonably detailed description of the activities to be undertaken by IGA, a description of any necessary contractual arrangements, an itemization of the costs to be incurred in pursuing these activities, an allocation of costs, in-kind services and ownership interest in the Project among the participating Parties, a plan for project governance, an estimate of the expected revenues from such activities and an allocation of such revenues among the participating Parties.

2.5.1 Acceptance. Each scope of work shall be negotiated on a case-by-case basis and if approved by each Party shall be attached as an addendum to this Agreement.

2.5.2 Amendments. No change in a scope of work shall occur without each Party's written consent.

ARTICLE III TERM AND TERMINATION

3.1 Term. The term of this Agreement shall be perpetual unless, by a unanimous vote, the Parties act to dissolve the IGA.

3.1.1. Dissolution. Upon dissolution, each Party to the IGA on the date of dissolution shall remain liable solely for its individual share of any IGA expenditure that has been specifically incurred by the Party in accordance with the terms of this Agreement or by other resolutions or separate agreements of the Party. Upon dissolution, the assets of the IGA shall be distributed to the members on the basis of the rights and obligations of each party to the assets held as of the date of the dissolution.

3.2 Voluntary Withdrawal by a Party. Any Party may elect to terminate their participation in this Agreement and withdraw from the IGA by giving written notice to the President and each member of the IGA. Withdrawal shall be effective forty-five (45) days from

QLife Network

QualityLife Intergovernmental Agency

Fiscal Year 2015-16

APPROVED BUDGET

of the

QUALITYLIFE INTERGOVERNMENTAL AGENCY



A Partnership of
Wasco County, Oregon
City of The Dalles, Oregon

QUALITYLIFE INTERGOVERNMENTAL AGENCY

Fiscal Year 2015-16

APPROVED BUDGET

Presented to the QLife Budget Committee
by
Nolan Young, QLife Budget Officer

QLife Agency, Budget Committee Members

Agency Board: President, Erick Larson
 Vice President, Daniel Spatz
 Sec/Treasurer, Brian Ahier
 Board Member, Taner Elliott
 Board Member, Scott Hege

Budget Committee
Members: Ken Farner
 David Karlson
 Kenneth Leibham
 Jim Broehl
 Doug Quisenberry

Staff Support

Legal Counsel: Keith Mobley
Administrative: City of The Dalles City Manager, Nolan Young
Finance Director: City of The Dalles, Kate Mast
Secretarial: City of The Dalles, Izetta Grossman

Agency Partners

Wasco County
City of The Dalles

QUALITYLIFE INTERGOVERNMENTAL AGENCY

Approved Budget FY 2015-16

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QUALITYLIFE INTERGOVERNMENTAL AGENCY

BUDGET MESSAGE FY 2015-16

QLife is an intergovernmental agency, consisting of the City of The Dalles and Wasco County, governed by a Board of Directors. QLife provides broadband, ethernet, wide area networks, internet access, and virtual private networks through local internet service providers. The QLife System has been operational since December 2003.

The following narrative explains the approved budget for the Quality Life Intergovernmental Agency for fiscal year 2015-16. The budget amounts shown here represent two funds: Operating Fund and Capital Fund.

Prior budgets were built around a financial priority policy adopted by the Qlife Board each year. This was not done this year the Board is involved in a strategic review of what the Agency will be now that we are debt free. This budget was prepared to meet normal operating costs and the capital improvement plan (see page 15). Any funds remaining were added to the established \$140,000 reserve. That reserve is budgeted at \$471,717 this year.

I. Operating Fund - Maintenance and Operation - \$919,782: The approved Maintenance and Operation budget is based on past operations.

A. Resources: This fund's revenue primarily comes from customer-generated sources.

1. Beginning Fund Balance (\$218,563) This is our estimated net revenues over expenditures for FY14/15, the current fiscal year. This is an increase of \$37,597 over our projected FY14/15 beginning balance
2. User Fees (\$648,069) These are the charges to customers to transport data on our fiber to other locations on our system or to the NoaNet Big Eddy Point of Presence (POP), collocation in our equipment room, and for dark fiber leases. The chart on page 10 shows customer type by use. We are estimating a 2.4% increase in user fees based on current orders.
3. Connect Charges (\$2,250) These are the fees that new customers pay to connect to our broadband system.
4. E-Rate Payment (\$50,000) This is the assistance that our education customers receive from a support program. We budget an expenditure of an equal amount: as when we receive this money, we send it to the education agencies.

B. Expenditures:

1. Qlife is a contract operation with seven primary operating contracts.
 - a. Administrative Services (\$20,000) The City provides financial, management, and clerical services at actual cost of salary and benefits.
 - b. Contractual Service County (\$5,000) – GIS System support
 - c. Outside Plant Maintenance (\$43,000) - This is for overhead maintenance work that is needed including line repair and pole work mandated by those whose poles we are connected to.
 - d. Legal Services - (\$8,400)
 - e. Network System Management (\$68,000) – QLife has a contract with a consulting firm to provide the following:
 - ✓ Technical maintenance of the system and its electronics;
 - ✓ Customer Service issues;
 - ✓ Sign up and connection of new customers;
 - ✓ Coordinate backbone and spur line repairs and manage the line maintenance contract;
 - ✓ Coordinate with LightSpeed Networks on Technical issues;
 - ✓ Report monthly to the QLife Board.
 - f. Engineering Services (\$22,400) – We contract with Erik Orton who has been with us from the beginning of the system for routine engineering and assistance with new customers.
 - g. Audit Services (\$6,700) – Merina & Company is our contracted accounting firm for audit services. This item has experienced a 3% annual increase over the last two years.
4. Office Space Rental (\$7,752) – For renting space at City Hall to house QLife facilities and equipment, and at Public Works for fiber spools and other outside plant inventory items.
5. Pole Contracts (\$10,500) – for pole contact fees with Northern Wasco County PUD and CenturyLink. This is increased \$500 to reflect increased numbers of pole connections.
6. Network Equipment (\$5,000) – Covers the maintenance and repair of QLife network equipment.
7. Other Services (\$23,000) – QLife periodically contracts for clearing lines from trees and other hazards. It includes \$20,000 for OSP/Insight splice case documentation. This is the remaining 50% of the project started in FY14/15.
8. Electronics Reserve (\$20,000) – This is for upgrading and replacement of the electronics of the system as needed.

9. ROW Fee (\$19,442) – Payment of a right of way equal to 3% of customer fees.
10. Scholarship (\$2,000) – This item was added in FY10/11 for scholarships in the technology fields at Columbia Gorge Community College.
11. Robotics Grant (\$2,000) – This item was added in FY12/13 to support local teams and competitions.
12. Insurance (\$6,017) – Includes general liability insurance and property insurance for equipment at City Hall.
13. Other Expenses (\$9,345) – Includes office supplies, utility locates, electricity, telephone service, advertising, legal notices, training, travel, and membership fees.
14. Transfers Out (\$504,140) – Only a portion of revenues for this fund are expended (35.72%) or held as contingency or unappropriated ending balance (9.47%). The remaining (54.81%) is transferred to the Capital Projects Fund system improvements (\$504,140).
15. Contingency (\$27,680) – 10% of Materials and Services and Capital Outlay
16. Unappropriated Funds (\$59,406) – To fund a cash reserve equaling approximately one month of user fees, plus 10%.

II. Capital Fund - Capital Projects (\$934,730): The Capital Projects Fund is for projects for new customers, system enhancement and reserves. An increase of 164% over FY14/15 is budgeted for FY15/16.

A. Revenue:

1. Beginning Fund Balance (\$400,590) – An increase of \$217,271 from FY 14/15 beginning balance. This is the result of reductions in over-all material and service charges and debt.
2. Transfer from Operating Fund (\$504,140) – Resources used for current debt retirement (\$0) and system improvements (\$504,140).
4. Connect Charges (\$30,000) – These are charges for adding service to new customers. Based on the addition of 5 new customers.

B. Expenditures:

1. Telecom Equipment (\$110,000) – This includes \$100,000 for new generator and \$10,000 in equipment upgrades. This meets priority #3 and #12.
2. Outside Plant Primary (\$180,000) – This is for the Downtown Metro Loop \$170,000; with another \$10,000 for project contingency. This project may not proceed. It depends on Downtown Street Scape/Washington Street Undercrossing and Granada Block redevelopment and parking structure projects happen this year.

3. Outside Plant – Secondary (\$50,000)
 - a. \$30,000 paid by customers for service extensions
 - b. Up to \$20,000 to assist new customers with build out of connection
4. Materials and Services (\$11,000) – This includes engineering services and materials to extend lines to new customers.
5. Pole Make Ready Costs (\$5,000) – This is for work to utility poles to support QLife lines and equipment.
6. General Debt Payments (\$0) – No debt for 15/16
7. Reserve for System Improvements (\$471,717) – In FY 14/15 we created a reserve of \$140,000 for future expansion, modernization or replacement of system. During the year the Board will determine which projects it may pursue as it completes its strategic review.
8. Contingency (\$95,013) – For unanticipated needs

Future Budgets

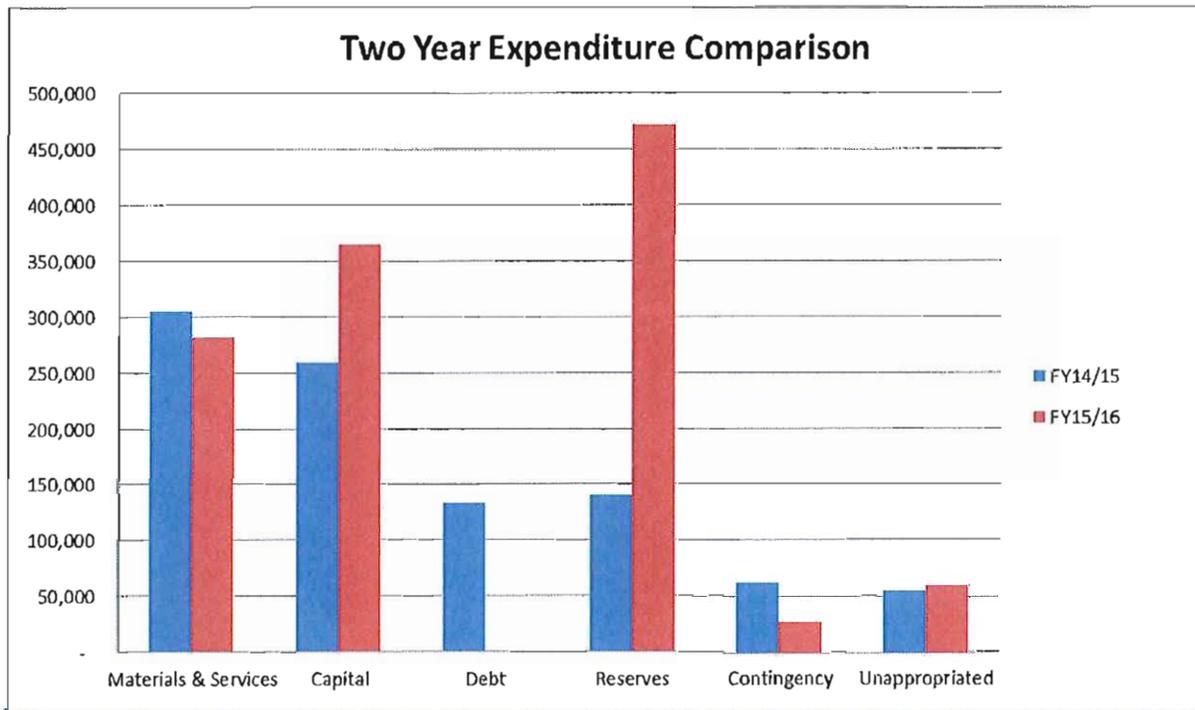
Attached following the Debt Summaries is a ten (10) year projection based on current trends. It shows a bright future for QLife.

QUALITYLIFE INTERGOVERNMENTAL AGENCY

PRIOR YEAR COMPARISON SUMMARY (combined funds)

	FY12/13 Actual	FY13/14 Actual	FY14/15 Budget	FY015/16 Approved
Beginning Balance	279,489	234,278	321,939	619,153
Customer Fees	536,950	598,745	659,919	680,319
Other Sources	415,681	359,570	433,605	555,040
Total Resources	1,232,120	1,192,593	1,415,463	1,854,512
QLIFE - General Fund	538,762	529,154	734,362	832,696
QLIFE - Capital Fund	210,296	70,349	262,113	368,000
Debt Service	248,784	228,803	132,788	-
Reserves	-	-	140,000	471,717
Contingency	-	-	91,400	122,693
Unappropriated End Balance	-	-	54,800	59,406
Total Expenditures	997,842	828,306	1,415,463	1,854,512
Ending Balance	234,278	364,287	-	-

* Includes Interfund Transfers of \$504,140



QUALITYLIFE INTERGOVERNMENTAL AGENCY

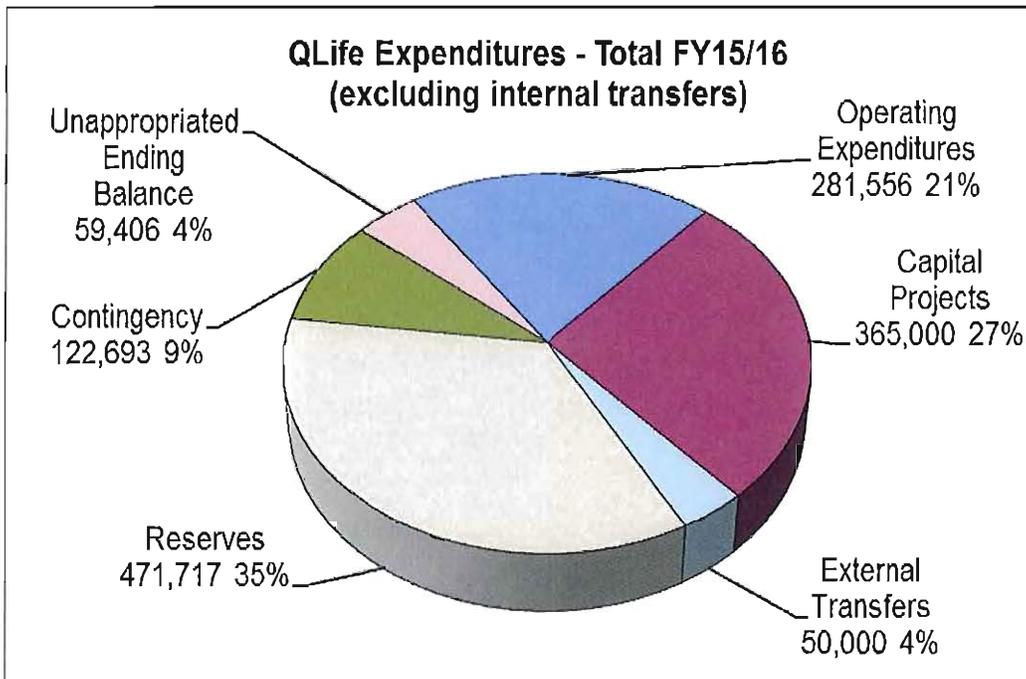
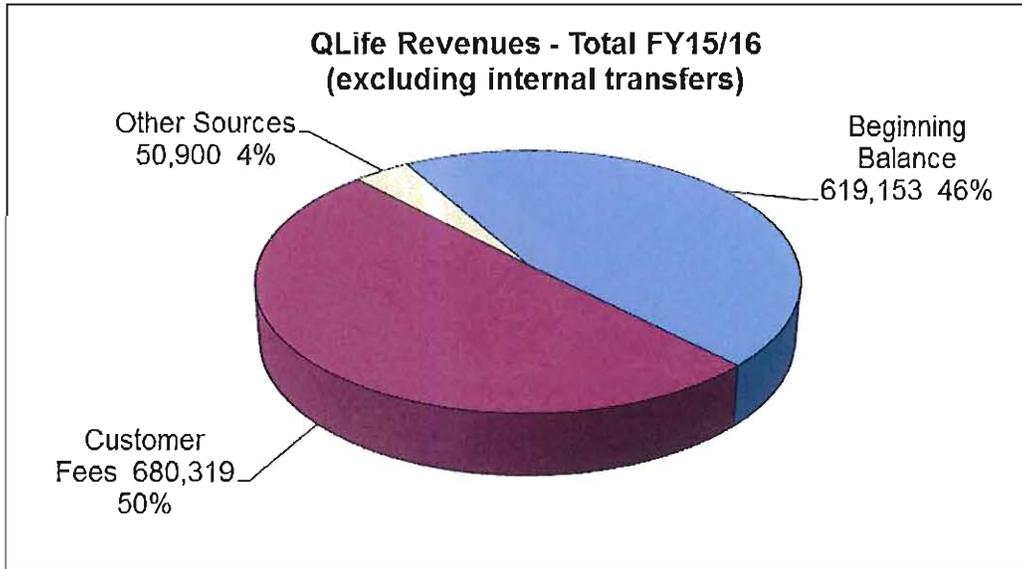
**OVERVIEW SUMMARY
Approved Budget FY 2015-16**

	Agency General Fund	Capital Fund	Total Approved FY15/16
Beginning Balance	218,563	400,590	619,153
Customer Fees	650,319	30,000	680,319
Other Sources	101,800	-	101,800
Grants / Loans	-	-	-
Transfers In	-	504,140	504,140
Total Resources	970,682	934,730	1,905,412
Operating Expenditures	258,556	23,000	281,556
Capital Projects	20,000	345,000	365,000
Debt Service	-	-	-
External Transfers	50,000	-	50,000
Internal Transfers Out	504,140	-	504,140
Reserves	-	471,717	471,717
Contingency	27,680	95,013	122,693
Unappropriated Ending Balance	59,406	-	59,406
Total Expenditures	919,782	934,730	1,854,512

QUALITYLIFE INTERGOVERNMENTAL AGENCY

REVENUES AND EXPENDITUES BY SOURCE

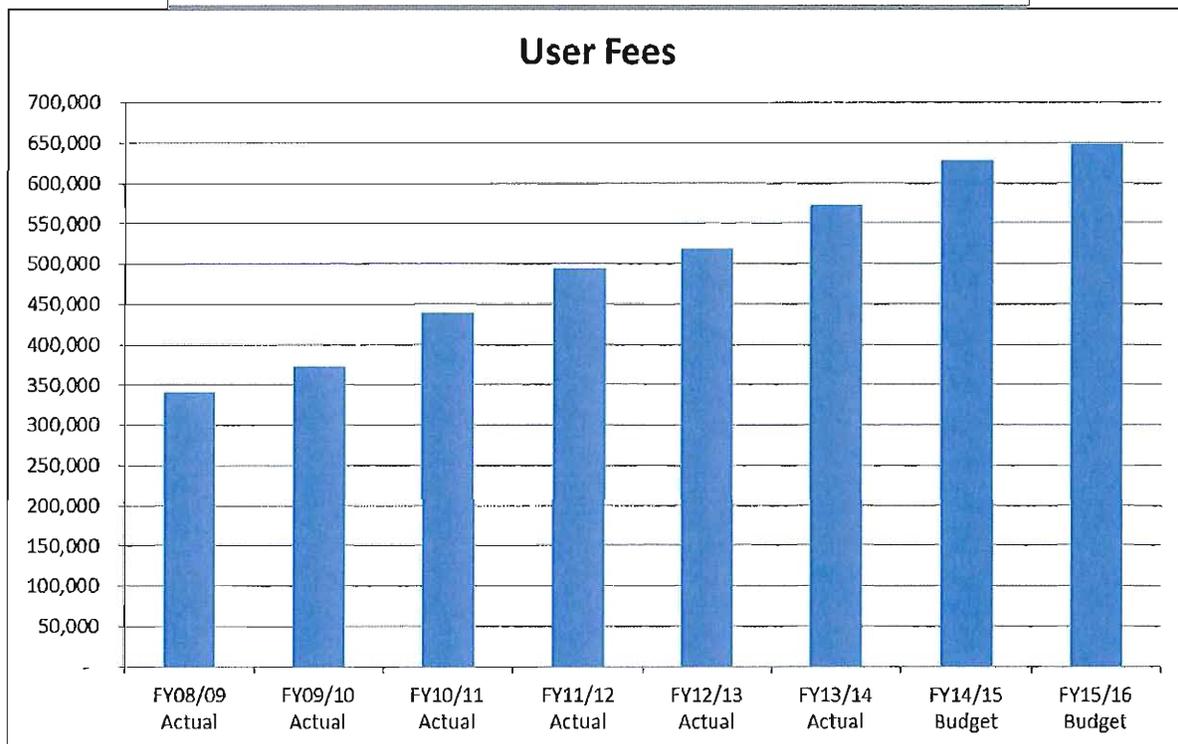
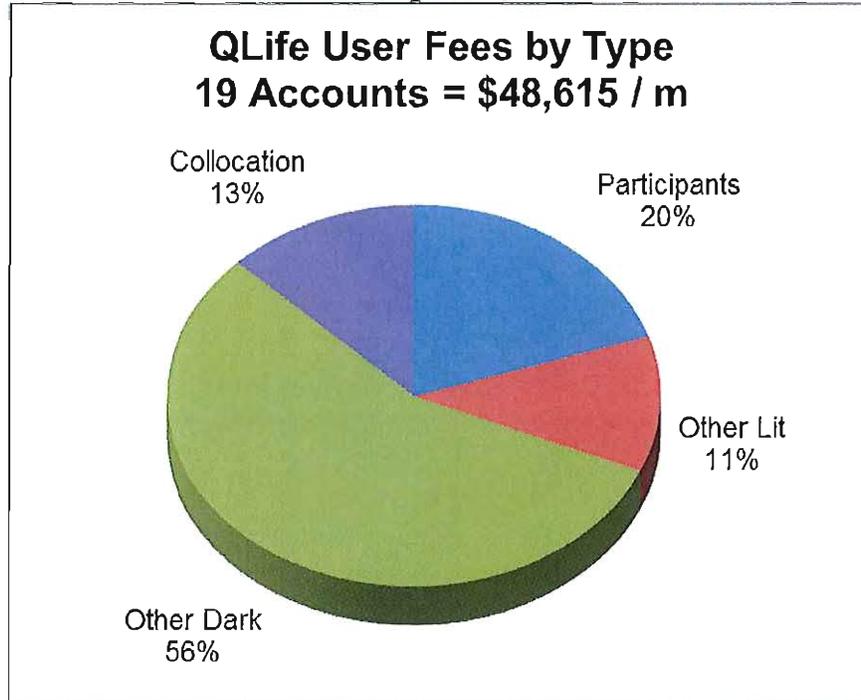
Approved FY 2015-16



QUALITYLIFE INTERGVERNMENTAL AGENCY

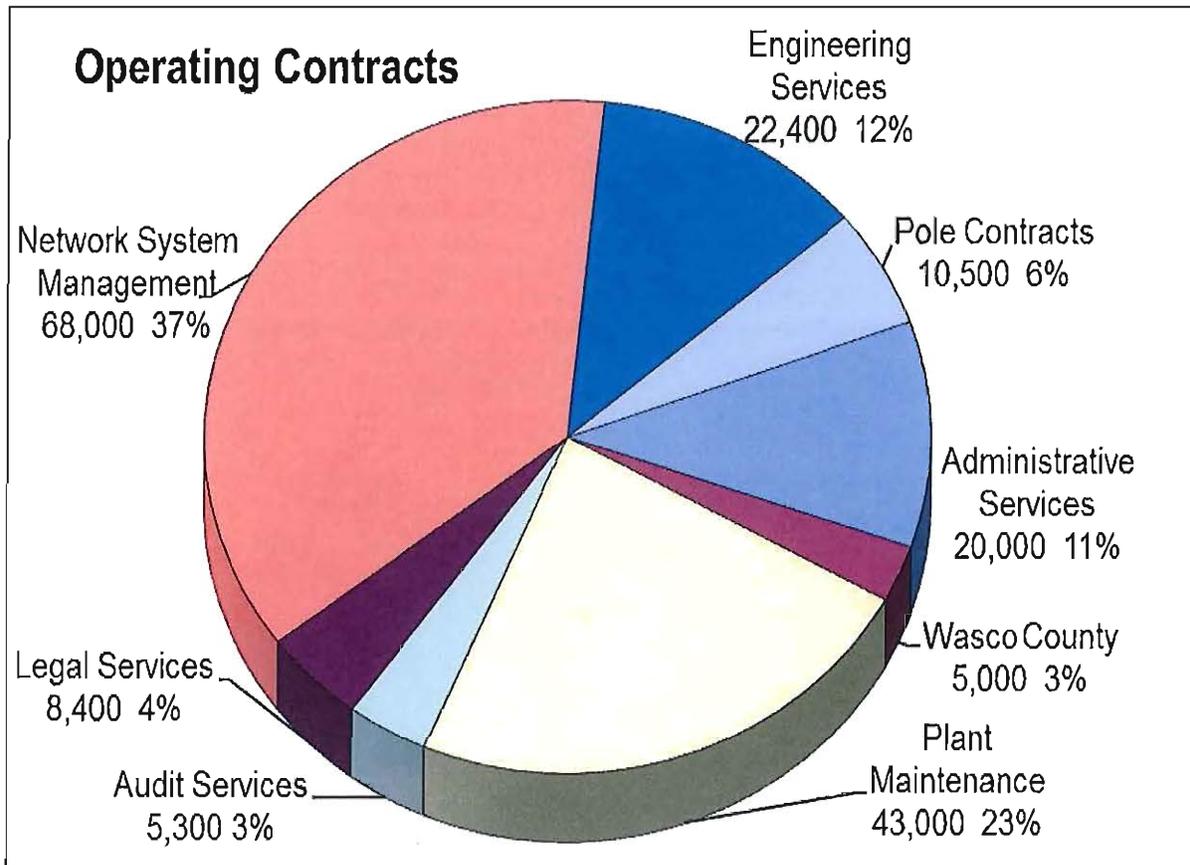
CUSTOMER REVENUES & USER FEES

As of April 9, 2015



QUALITYLIFE INTERGOVERNMENTAL AGENCY

**OPERATING CONTRACTS
Approved FY 2015-16**



QUALITYLIFE INTERGOVERNMENTAL AGENCY

Approved Budget FY 2015-16

FY12/13 Actual	FY13/14 Actual	FY14/15 Budget	Account #	Description	FY15/16 Proposed	FY15/16 Approved	FY15/16 Adopted
QLIFE AGENCY FUND 600							
REVENUES							
66,849	93,154	138,143	600-0000-300.00-00	Beginning Balance	218,563	218,563	
517,680	575,730	627,669	600-0000-344.10-00	Utility Service Charges	648,069	648,069	
2,700	3,600	2,250	600-0000-344.20-00	Connect Charges	2,250	2,250	
229	568	500	600-0000-361.00-00	Interest Revenues	700	700	
135	134	200	600-0000-369.00-00	Other Misc Revenues	200	200	
44,323	36,936	50,000	600-0000-369.20-00	E-Rate Reimbursements	50,000	50,000	
631,916	710,121	818,762		TOTAL REVENUES	919,782	919,782	-
EXPENDITURES							
Materials & Services							
16,866	15,909	20,000	600-6000-660.31-10	Administrative Services	20,000	20,000	
4,543	-	7,000	600-6000-660.31-15	Contractual Svc - County	5,000	5,000	
5,513	16,816	43,000	600-6000-660.31-20	Outside Plant Maint	43,000	43,000	
-	-	43,000	600-6000-660.31-90	Other Services	23,000	23,000	
4,990	6,350	5,300	600-6000-660.32-10	Audit	6,700	6,700	
6,515	4,110	8,400	600-6000-660.32-20	Legal Services	8,400	8,400	
19,427	17,577	22,400	600-6000-660.34-10	Engineering Services	22,400	22,400	
64,262	61,126	73,000	600-6000-660.34-30	Network System Mgmt	68,000	68,000	
5,000	-	-	600-6000-660.34-50	Special Studies /Reports	-	-	
-	532	600	600-6000-660.41-40	Electricity	600	600	
3,125	-	500	600-6000-660.43-10	Buildings & Grounds	500	500	
2,021	1,190	4,600	600-6000-660.43-25	Network Equipment	5,000	5,000	
-	-	1,000	600-6000-660.43-87	Utilities Locates	1,000	1,000	
5,244	7,752	7,752	600-6000-660.44-10	Office Space Rental	7,752	7,752	
5,630	5,665	5,855	600-6000-660.52-10	Liability Insurance	6,017	6,017	
27	112	200	600-6000-660.53-20	Postage	200	200	
436	410	420	600-6000-660.53-30	Telephone	420	420	
186	240	400	600-6000-660.53-40	Legal Notices	400	400	
500	1,055	1,300	600-6000-660.54-00	Advertising	1,500	1,500	
-	-	400	600-6000-660.57-10	Permits	400	400	
1,411	1,031	2,000	600-6000-660.58-10	Travel, Food & Lodging	2,000	2,000	
-	-	700	600-6000-660.58-50	Trainings & Conferences	700	700	
-	25	200	600-6000-660.58-70	Memberships/Dues/Subs	875	875	
66	-	100	600-6000-660.60-10	Office Supplies	100	100	
4,000	2,000	2,000	600-6000-660.63-80	Scholarships	2,000	2,000	
2,000	2,000	2,000	600-6000-660.63-90	Robotics Grant	2,000	2,000	
799	460	500	600-6000-660.69-50	Misc Expenses	650	650	
9,025	8,653	10,000	600-6000-660.69-60	Pole Connection Fees	10,500	10,500	
15,530	17,272	18,830	600-6000-660.69-70	Right of Way Fees	19,442	19,442	
1,480	-	-	600-6000-660.69-80	Assets < \$5000	-	-	
178,595	170,285	281,457		Total Materials & Services	258,556	258,556	-
Capital Outlay							
-	-	20,000	600-6000-660.74-20	Telecom Equipment	20,000	20,000	
-	-	20,000		Total Capital Outlay	20,000	20,000	-
Other							
315,844	321,933	382,905	600-9500-600.81-91	QLife Capital Fund	504,140	504,140	
44,323	36,936	50,000	600-9500-600.83-10	ESD E-Rate Transfers	50,000	50,000	
-	-	29,600	600-9500-600.88-00	Contingency	27,680	27,680	
-	-	54,800	600-9500-600.89-00	Unappropriated Ending Fund Balance	59,406	59,406	
360,167	358,869	517,305		Total Other	641,226	641,226	-
538,762	529,154	818,762		TOTAL EXPENDITURES	919,782	919,782	-
93,154	180,968	-		REVENUES LESS EXPENSES	-	-	-

QUALITYLIFE INTERGOVERNMENTAL AGENCY

Approved Budget FY 2015-16

QLIFE CAPITAL FUND 601						
REVENUES						
212,640	141,124	183,796	601-0000-300.00-00	Beginning Balance	400,590	400,590
16,570	19,415	30,000	601-0000-344.20-00	Connect Charges	30,000	30,000
5,150	-	-	601-0000-369.00-00	Other Misc Revenues	-	-
50,000	-	-	601-0000-369.10-00	Enterprise Zone Payment	-	-
315,844	321,933	382,905	601-0000-391.90-01	Qlife Operating Fund	504,140	504,140
-	-	-	601-0000-393.10-00	Loan/Bond Proceeds	-	-
600,204	482,472	596,701	TOTAL REVENUES		934,730	934,730
EXPENDITURES						
Materials & Services						
5,924	904	11,000	601-6000-660.34-10	Engineering Services	11,000	11,000
-	-	4,000	601-6000-660.34-70	Customer Connections	4,000	4,000
113	15,722	8,000	601-6000-660.43-86	Lines, Maint & Supplies	8,000	8,000
6,036	16,625	23,000	Total Materials & Services		23,000	23,000
Capital Outlay						
187	-	-	601-6000-660.72-20	Buildings	-	-
113,577	14,360	-	601-6000-660.74-20	Telecom Equip	110,000	110,000
38,105	1,516	184,113	601-6000-660.76-10	Primary (System Maint)	180,000	180,000
51,720	35,038	50,000	601-6000-660.76-20	Secondary (Line Extensions)	50,000	50,000
671	2,809	5,000	601-6000-660.76-30	Pole Make Ready Costs	5,000	5,000
204,259	53,724	239,113	Total Capital Outlay		345,000	345,000
Debt Service						
222,613	215,597	129,425	601-6000-660.79-50	Loan Principal Payments	-	-
26,171	13,206	3,363	601-6000-660.79-60	Interest Payments	-	-
248,784	228,803	132,788	Total Debt Service		-	-
Other						
-	-	140,000	601-9500-600.84-15	Reserve for Sys Imprmnts	471,717	471,717
-	-	-	601-9500-600.84-20	Reserve for Co Expansion	-	-
-	-	-	601-9500-660.84-30	Reserve for Debt Retirement	-	-
-	-	61,800	601-9500-600.88-00	Contingency	95,013	95,013
-	-	201,800	Total Other		566,730	566,730
459,080	299,152	596,701	TOTAL EXPENDITURES		934,730	934,730
141,124	183,319	-	REVENUES LESS EXPENSES		-	-

QUALITYLIFE INTERGOVERNMENTAL AGENCY

Long Term Debt as of July 1, 2015

QLife does not have any debt at this time:

QUALITYLIFE INTERGOVERNMENTAL AGENCY

Ten Year Projections

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Beginning Balances ¹	619,153	98,000	100,940	103,968	107,087	110,300	113,609	117,017	120,528	124,143	127,868
Local Line Charges	648,069	667,511	687,536	708,162	729,407	751,290	773,828	797,043	820,954	845,583	870,951
Misc. Revenues	33,150	34,145	35,169	36,224	37,311	38,430	39,583	40,770	41,993	43,253	44,551
Total Revenue	681,219	701,656	722,705	744,386	766,718	789,720	813,411	837,813	862,948	888,836	915,501
Insurance	6,017	6,198	6,383	6,575	6,772	6,975	7,185	7,400	7,622	7,851	8,086
Maintenance/Operation	151,139	155,673	160,343	165,154	170,108	175,212	180,468	185,882	191,458	197,202	203,118
Management	68,000	70,040	72,141	74,305	76,535	78,831	81,196	83,631	86,140	88,725	91,386
Administration	33,400	34,402	35,434	36,497	37,592	38,720	39,881	41,078	42,310	43,579	44,887
Total Operating Expend.	258,556	266,313	274,302	282,531	291,007	299,737	308,729	317,991	327,531	337,357	347,478
Funds Available	1,041,816	533,343	549,343	565,823	582,798	600,282	618,291	636,839	655,944	675,623	695,892
Contingencies	122,693	126,374	130,165	134,070	138,092	142,235	146,502	150,897	155,424	160,087	164,889
Unappr. Ending Balance	59,406	61,188	63,024	64,915	66,862	68,868	70,934	73,062	75,254	77,511	79,837
Debt Service	-	-	-	-	-	-	-	-	-	-	-
System Expand/Rplc.	98,000	100,940	103,968	107,087	110,300	113,609	117,017	120,528	124,143	127,868	131,704
Planned Capital Improvements	290,000	74,000	224,000	21,500	56,000	-	-	-	-	-	-
Project Funds/Reserves	471,717	170,841	28,186	238,252	211,544	275,571	283,838	292,353	301,123	310,157	319,462
Total Reserves²	471,717	642,558	670,744	908,996	1,120,540	1,396,111	1,679,948	1,972,301	2,273,425	2,583,582	2,903,044

¹ Combined balances of Operating and Capital Funds

² Cumulative amount if funds dedicated to reserves go unspent each year

QUALITYLIFE INTERGOVERNMENTAL AGENCY

Five Year Capital Improvement Plan

CAPITAL IMPROVEMENT PLAN

QLIFE

Priority Budget Line	PROJECT DESCRIPTION	15-16	16-17	17-18	18-19	19-20
1 601/34-10	Pole line audits. *Every 5 th year, to be performed by engineering vs technical management, thus higher cost	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
2 600/31-20	Repairs from Pole line audit *Over time costs should go down.	\$ 5,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000
3 600/31-90	Tree Trimming. *Over time costs should go down.	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
4 601/34-10	Patch Cables and Optics	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
5 600/31-90	OSP/Insight splice Case Documentation	\$ 20,000				
6 601/76-10	Downtown Metro Loop feasibility study/construction	\$ 180,000				
7 601/74-20	New Generator	\$ 100,000				
10 601/74-20	Equipment upgrades	\$ 10,000		\$ 5,000		\$ 5,000
8	Additional Co Lo Space		\$ 50,000			
9	Dry Hollow Bisector Project			TBD		
11	Monitoring Server, on five year recurrence				\$ 2,500	
12	UPS, on five year recurrence, total for both City Hall and St. Mary's					\$ 12,000
13	Fiber Reels, dependent on customer demand					\$ 20,000
	TOTAL	\$329,000	\$74,000	\$24,000	\$ 21,500	\$ 56,000



CITY of THE DALLES

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AGENDA STAFF REPORT CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
May 11, 2015	Action Item 13, C	15-038

TO: Mayor and City Council

FROM: Nolan K. Young, City Manager *nyj*

DATE: April 29, 2015

ISSUE: Consideration of The Dalles Area Chamber of Commerce Community Marketing Program and Scope of Work and Budget for fiscal year 2015-16

Related Council Goal: C-Economic Development #5: During the fiscal year 2015-16 budget process review the City and Chamber's partnership regarding tourism.

Prior Reports: Agenda Staff Report 15-023 for April 13, 2015 City Council Meeting (attached)

BACKGROUND: The City Council postponed action on the fiscal year 2015-16 Marketing Program budget and scope of work to allow for additional clarification on some issues. A sub-committee of Mayor Lawrence, Council President Tim McGlothlin, and City Manager Nolan Young met with Chamber CEO Lisa Farquharson and representatives of the Chamber Board to obtain additional information and identify expectations.

The City's sub-committee agreed to recommend to the full Council approval of the proposed budget and a revised scope of work if:

1. The Chamber agreed to design their request for next fiscal year to a format that identified measurable goals, objectives, tasks
2. Prior to the May 11 meeting the Chamber would identify at least one measurable

- goal with objectives and tasks in each of the four program areas in the proposed work scope, and
3. Provide additional information on what Chamber personnel are assigned to the marketing program at what level and how the marketing budget and the chamber budgets relate to each other.
 4. Provide quarterly reports to the Council that measure progress on goals and objectives.

We hope to have this additional information by May 7.

BUDGET IMPLICATIONS: The Chamber budget request is \$241,030 the same as last year.

COUNCIL ALTERNATIVES:

1. *Approve the Chamber's proposed Community Marketing Program scope of work and budget for fiscal year 2015-16.*
2. Present to the Chamber specific amendments to the Chamber Community Marketing Program for fiscal year 2015-16 for their consideration.
3. Postpone action on the Chamber's fiscal year 2015-16 Community Marketing Program to allow for further discussion.



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AGENDA STAFF REPORT CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
April 13, 2015	Action Item 12, A	15-023

TO: Mayor and City Council

FROM: Nolan K. Young, City Manager

DATE: March 25, 2015

ISSUE: Consideration of The Dalles Area Chamber of Commerce Community Marketing Program and Scope of Work and Budget for fiscal year 2015-16

Related Council Goal: C-Economic Development #5: During the fiscal year 2015-16 budget process review the City and Chamber's partnership regarding tourism.

BACKGROUND: In June of 2014 the City of The Dalles and The Dalles Area Chamber of Commerce signed an agreement for personal services from the Chamber to provide tourism promotion and community marketing for the City. Section 3Bi calls for the Chamber to provide a report on the results to date of the current work scope to the City Council in March. The report was presented at the March 23 Council meeting.

Fiscal Year 2015-16 will be the second year of this five year agreement. Section 3Bi also calls for the Chamber to submit a budget request and corresponding scope of work each year. The proposed annual budget for the Community Marketing Program and 2015-16 work scope proposed by the Chamber of Commerce has been submitted to the City.

On April 13 the Council will consider how it wishes to respond to the proposal. The City has until May 15 to respond. If you have any specific questions on the Chamber's proposal, please submit those questions to either me or Lisa Farquharson, the Chamber CEO.

I have so far received the following comments that I have passed on to the Chamber CEO:

- Have the Chamber CEO and City Manager develop a list of specific indicators and desired outcomes that we can compare by July 1, 2015.
- Require quarterly reports on the above information.

BUDGET IMPLICATIONS: The Chamber budget request is \$241,030 the same as last year.

COUNCIL ALTERNATIVES:

1. *Approve the Chamber's proposed Community Marketing Program scope of work and budget for fiscal year 2015-16.*
2. Present to the Chamber specific amendments to the Chamber Community Marketing Program for fiscal year 2015-16 for their consideration.
3. Postpone action on the Chamber's fiscal year 2015-16 Community Marketing Program to allow for further discussion.



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AGENDA STAFF REPORT
CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
May 11, 2015	Action Item 13, D	15-036

TO: Mayor and City Council

FROM: Nolan K. Young, City Manager *nyj*

DATE: April 29, 2015

ISSUE: Economic Development Personnel for Fiscal Year 2015-16

RELATED COUNCIL GOAL: D: Economic Development 2: During fiscal year 2015-16 budget process consider level and type of resources to make available to economic development with emphasis on manufacturing jobs and revitalization of downtown, and then implement that plan.

PRIOR REPORT:

Agenda Staff Report 15-031 for the April 27, 2015 Council Meeting (attached)
BIP 15-015 (attached)

BACKGROUND: On April 27 the City Council postponed action on this issue until the Budget Committee meets on May 4, 2015. It has been included on the May 11 Council Agenda. If the Budget Committee removes the funding for the plan the Council can remove this item when they approve the agenda on May 11.

COUNCIL ALTERNATIVES:

1. *Staff Recommendation: Approve the proposed Economic Development staffing plan as identified in BIP#15-015, including the creation of a new full time Project Coordinator position to be placed in range M of the Exempt Employee pay plan.*
2. Amend and then approve a personnel and resource plan for economic development for fiscal year 2015-16.



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AGENDA STAFF REPORT
CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
April 27, 2015	Action Items 13, B	15-031

TO: Mayor and City Council

FROM: Nolan K. Young, City Manager *ny*

DATE: April 14, 2015

ISSUE: Economic Development Personnel for Fiscal Year 2015-16.

RELATED COUNCIL GOAL: D: Economic Development 2: During fiscal year 2015-16 budget process consider level and type of resources to make available to economic development with emphasis on manufacturing jobs and revitalization of downtown, and then implement that plan.

BACKGROUND: Attached is Budget Issue Paper (BIP) #15-015 which talks about how this goal was handled in the proposed fiscal year 2015-16 budget, and identifies the resources to be made available for economic development. A new position of Project Coordinator is being created (see attached job description). The creation of any new City position needs to be approved by the City Council.

BUDGET IMPLICATIONS: The proposed revision to our Economic Development staff (not including the RARE position) is an increase of \$23,920. The RARE position which is further discussed in BIP #15-030 is an additional \$22,000. The Project Coordinator position is being placed in range M (\$52,998 to \$66,070 annually), it is budgeted at the base step of an eight step plan.

COUNCIL ALTERNATIVES:

1. ***Staff Recommendation: Approve the proposed Economic Development staffing plan as identified in BIP#15-015, including the creation of a new full time Project Coordinator position to be placed in range M of the Exempt Employee pay plan, contingent upon approval of funds in the fiscal year 2015-16 budget.***
2. Amend and then approve a personnel and resource plan for economic development for fiscal year 2015-16.



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BUDGET ISSUE PAPER CITY OF THE DALLES

BUDGET YEAR AFFECTED	DEPARTMENT(S) AFFECTED	BUDGET DOCUMENT REFERENCE NUMBER
FY 15-16	Economic Development	15-015

TO: City of The Dalles Budget Committee
FROM: Nolan K. Young, City Manager *nyj*
DATE: April 1, 2015
ISSUE: Economic Development Personnel for Fiscal Year 2015-16

Related Council Goal: D-2: During fiscal year 2015-16 budget process consider level and type of resources to make available to economic development with emphasis on manufacturing jobs and revitalization of downtown, and then implement that plan.

BACKGROUND: Since the retirement of long time Community Development Director Dan Durow in 2012 the City has run its economic development activities through the City Manager's office. The Mayor has been very involved in economic development and has worked with the City Manager on many of these projects. We have also developed a number of partnerships that includes the Community Outreach Team, Urban Renewal Advisory Committee, Enterprise Zone partnership with Wasco County, and a Core Economic Development Team that supports our contractual Business Development Director.

The enclosed table identifies the current resources for economic development showing the fiscal year 2014-15 level and the proposed budget for fiscal year 2015-16. We have also included a list of various economic development activities and identified who has the primary responsibility now, and in the next fiscal year. A brief summary of each position and proposed changes are described below.

1. Administrative Fellow/Intern: We are proposing that we transition from a one year Fellowship to a four month Intern. This is similar to what we did prior to the reorganization of the Community Development/Planning Department in 2012. The Intern, who would be a student in a Masters of Public Administration program or a recent

graduate, would work with the City Manager and the proposed new position of Program Coordinator. The intern would work on City Council goals or other projects as assigned.

2. Business Development Director: We would continue the current program we have with Gary Rains to lead our business development activity.
3. Economic Development Specialist: The three year contract we have with Dan Durow expires in November 2015. After talking with Dan, our intent would be to begin the transition of phasing this position out for everything except the Riverfront Trail project. During July the Economic Development Specialist would train the new Program Coordinator to serve as the Enterprise Zone manager and other economic development activities that the Economic Development Specialist has handled. The Program Coordinator would then work with the Economic Specialist for as long as is needed through the remainder of the fiscal year on the Riverfront Trail project.
4. RARE Position: We have applied for a RARE AmeriCorp volunteer to begin in September 2015. If our application is successful, this individual will work on the Community Curation Project, and assist the Main Street Manager with branding and other projects.
5. Main Street Executive Director: Although this position is through a non-profit organization, the City has budgeted \$25,000 toward the support of this position. The City will work closely with the Main Street Director on Economic Development activities in the downtown.
6. Project Coordinator: A key element of the proposed 2015-16 economic development team includes the transition of the current Administrative Fellow into a new full time position of Program Coordinator. This position would work directly under the City Manager. Attached is a position description for this proposed position.

In addition to economic development we intend to involve the Project Coordinator position in facilitating some City Council Goals from the 18 month work plan during fiscal year 2015-16. Although this would be a permanent full time position, the intent would be to evaluate the results of the current City Council's work plan to determine the specific focus of the Program Coordinator position each year. For example the results of Goal D-6 human resources and safety and/or Goal F-1 communication tools, may result in this position shifting into more responsibility in these areas.

Some Council Goals that might be reviewed by the Project Coordinator this year include:

A: Infrastructure:

#9: Update Bicycle Master Plan in coordination with Transportation System Plan update.
#10: Consider implementation of maintenance and operating plan for the Lewis and Clark Rock Fort site for potential transfer of ownership from County to City.

C: Economic Development: Project Coordinator will assist in many of the economic development goals as opportunities and needs arise.

D: Balance Budget:

#3: Analyze financial viability of continuing current municipal court system or moving toward a traffic court style.

#6: Prepare a report for the Council on Human Resources and safety program options prior to the fiscal year 2016-17 budget process.

F: Transparent Efficient Government:

#1: Modernize our communication tools including website and social media.

In some of these activities the Program Coordinator will be assisted by the Administrative Intern.

BUDGET IMPLICATIONS: The proposed revision to our Economic Development staff (not including the RARE position) is an increase of \$23,920. The RARE position which is further discussed in BIP #15-030 is an additional \$22,000.



CITY of THE DALLES

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POSITION DESCRIPTION

TITLE: Project Coordinator

DEPARTMENTS: City Manager's Office

REPORTS TO: City Manager

SUPERVISES: Administrative Interns, Fellows, Shuttle Drivers and others as assigned.

DEFINITION: Assist the City Manager with Economic Development activities and Special Projects as assigned.

SUPERVISION RECEIVED: Work is done under the general supervision of the City Manager. Serves as a member of the City's Senior Management Team.

ESSENTIAL JOB FUNCTIONS:

1. Manages The City of The Dalles/Wasco County Enterprise Zone.
2. Serves as the City's ex-officio member to The Dalles Main Street Board and as such coordinates the City's Downtown activities with The Dalles Main Street Executive Director.
3. Manage the Urban Renewal Districts Property Rehabilitation Loan and Grant program.
4. Work with Riverfront Trail Inc and other constituents on current Riverfront Trail project.
5. Manage City's partnership with The Dalles Area Chamber of Commerce and U.S. Corps. Of Engineers in providing Shuttles with Drivers for tours at The Dalles Dam site. Includes seeing that shuttles are maintained in operating condition and those drivers are secured and properly trained and supervised.
6. Complete additional administrative, economic development and Urban Renewal projects as assigned.
7. Provide technical and professional support to implement City Council Goals as assigned.
8. Reports project and program progress and outcomes to internal and external stakeholders.
9. Develop work plans, timelines and resource allocation for assigned projects.
10. Write grant applications and manage awarded grants
11. Meet individually or in groups with City elected and appointed officials and employees as need to complete various assignments.

12. Assists other departments with special projects as assigned.
13. Provide written and oral reports to City Council and other Agencies
14. Attend the City's Senior Management meetings and other City meetings as assigned.

OTHER JOB FUNCTIONS: Other duties as may be assigned.

WORKING CONDITIONS: Duties are performed primarily in an office setting but include outside activity for travel to meetings and visits to project worksites. Duties will include some evening and early morning meeting attendance.

ABILITY TO:

1. Perform the essential job functions.
2. Ability to work independently.
3. Work with Computers, other office equipment and appropriate software program to research topics and complete reports and accomplish other work assignments.
4. Effective verbal and written communication skills using both technical and non-technical language.
5. Strong interpersonal and dispute resolution skills, including the ability to confront challenging issues and help others work through complex issues.
6. Ability to promote and maintain effective working relationships with coworkers, other government agencies, stakeholders and general public.
7. Ability to maintain confidentiality and exercise discretion and judgment with sensitive and confidential information
8. Attend meetings outside normal work hours.

DESIRED QUALIFICATIONS: Any equivalent combination of education and experience which proved the knowledge, skills and abilities required to perform the job. A typical way to obtain the knowledge, skills and abilities would be:

Education: Master in Public Administration or related field

Experience: Experience in local government administration including economic development, urban renewal, and project research and management

OTHER LICENSES OR CERTIFICATES:

Valid Driver's License

Economic Development
City Manager Overall Oversight in Consultation with Core Team

Resources for Economic Development Budget in Fiscal Year 2015-16

		2014-15	2015-16
1	Administrative Fellow/Intern	\$ 47,323	\$ 15,278
2	Business Development Director (Gary Rains) *	\$ 60,000	\$ 60,000
3	Economic Development Specialist (Dan Durow)- 5 mon	\$ 29,797	\$ 12,923
4	RARE Position	\$ 22,000	\$ 22,000
5	Main Street Executive Director (Matthew Klebes)	\$ 25,000	\$ 25,000
6	Program Manager (in CM Office) (Daniel)	\$ -	\$ 72,839
TOTAL		\$ 184,120	\$ 208,040

*BDD \$48,000 Contract; \$4000 Expenses; \$8,000 Programs/Activities

Activity	Who - Now	Who - 7/1/15
1 Serve on County Economic Development Committee	Dan Durow	Council
2 Completion of Riverfront Trail	Dan Durow	Durow/Prg Cor
3 Enterprise Zone Management	Dan Durow	Prg Cor
4 Enterprise Zone Agreements	CM/Mayor	CM/Mayor
5 Urban Renewal		
A UR Budget & Financial/General Administration	CM/Admin/Fellow	CM/Prg Cor
B Granada Block		
1 Overall oversight	CM/CA	CM/CA
2 Archeological & Environmental Reviews	Dan Durow/CM	Prg Cor
3 Demo of Recreation/Blue Building	Dan Durow/ Development Inspector	Prg Cor/Dev Insp
4 Alley Utility Relocate	Admin. Fellow/CM	Dev Insp
C DT Parking Structure		
1 RFP	CM	CM
2 Archeological & Environmental Reviews	CM/Dan Durow	Prg Cor
D Washington Street Undercrossing	City Attorney/CM	CM/CA/Prg Cor
E Washington Street Undercrossing - Construction	PW Engineer/ Admin Fellow	PW Eng/Prg Cor
F Property owner rehab	MCEDD/Main Street	MCEDD/Main St
G Interest buy down program	Dan Durow	Prg Cor
H Civic	CM/Fellow/Mayor	Prg Cor
I Elks Building Redevelopment	BDD	BDD
6 New Economic Development Projects	CM/Admin Fellow	CM/Prg Cor
7 Main Street	Admin Fellow/BDD/RARE	BDD/PrgCor/RARE
8 Downtown Business Incubator	BDD/RARE/Main Street/Fellow	BDD/RARE/Main Street/Fellow
9 Community Curation	Fellow/Mayor/RARE	PrgCor/Mayor/RARE
10 Downtown Vacancies Redevelopment	BDD/RARE/Main Street/Fellow	BDD/RARE/Main Street/Fellow
11 Tourism Coordinator	CM/Fellow	CM/Prg Cor
12 Bike HUB	Fellow/Mayor	CM/Prg Cor
13 Chamber Economic Development Committee	CM	CM



CITY of THE DALLES

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AGENDA STAFF REPORT
CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
May 11, 2015	Action Items 13, E	15-035

TO: City of The Dalles Budget Committee

FROM: Nolan K. Young, City Manager *nyj*

DATE: April 28, 2015

ISSUE: Enterprise Zone Fees

BACKGROUND: In 2005, the City of The Dalles and Wasco County signed an Enterprise Zone Tax Abatement Agreement with Design, LLC for the site where the current Google facility is located in The Dalles.

That agreement calls for Design, LLC to make an initial payment of \$280,000 to the sponsors (the City and the County) on November 30, 2005; and an additional \$250,000 for each year that the facility receives a tax exemption up to 15 years. Currently, we have received eight additional payments with the possibility of receiving seven more as long as the Google facility continues to operate.

Section 2.c(3) states that *“the fees will be deposited with the County and budgeted, expended, and distributed by the sponsors for projects, and programs for local serves, or infrastructure benefiting the facility. Currently, anticipated projects and programs are listed in Exhibit B and may be changed by the sponsors during the term of this agreement.”*

For the first six payments the distribution has been as follows:

Columbia Gorge Community College Information Technology Program	\$100,000
QualityLife Intergovernmental Agency	\$ 50,000
Wasco County Economic Development	\$ 75,000
Project related costs to Wasco County	\$ 25,000

- Columbia Gorge Community College has used these funds for general STEM (Science, Technology, Engineering, Math) Programs
- QLife has used these funds for retirement of the debt it obtained to build the system that is benefiting the Google facility. QLife had sufficient anticipated resources to retire the last loan 3 years early.
- Wasco County has primarily used these funds for retaining economic development services from Mid-Columbia Economic Development District (MCEDD) and for assistance in retiring debt associated with the Discovery Center infrastructure

Beginning in 2013 the City and County have considered the use of these fees the first part of each calendar year. The distribution for fiscal year 2014-15 was as follows:

Columbia Gorge Community College (computer science programs)	\$75,000
Wasco County	\$87,500
City of The Dalles	\$87,500

The City and County split evenly the fee proceeds not provided to CGCC. This is possible because we were able to pay off the Discovery Center debt from the new Enterprise Zone Fees. The City used its \$87,500 to help fund Economic Development activities.

For fiscal year 2015-16 a subcommittee of Mayor Steve Lawrence, City Manager Nolan Young, County Administrator Tyler Stone, and County Commissioner Rod Runyon are proposing that the City and County split evenly the \$250,000 Enterprise Zone payment that will be received in December 2015.

BUDGET IMPLICATIONS: The proposed budget includes the same \$87,500 we received last year. The City and County representatives had not yet met to consider the distribution of the Enterprise Zone Fees for fiscal year 2015-16. If the final distribution is different than last year we will adjust the General Fund contingency to respond to the change. In fiscal year 2016-17 we anticipate receiving an additional \$280,000 from a new Enterprise Zone Project.

If both the City Council and County Commission approve this proposal the City will receive \$125,000 into the General Fund in fiscal year 2015-16.

COUNCIL ALTERNATIVES:

1. Staff recommendation: *Approve a distribution of the 2015 Enterprise Zone fees from the 2005 Enterprise Zone Agreement, where \$125,000 goes to the City of The Dalles General Fund and \$125,000 goes to Wasco County.*
2. Direct staff to approach the County with another distribution plan.



CITY of THE DALLES

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AGENDA STAFF REPORT CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
May 11, 2015	Discussion Items 14, A	15-039

TO: Mayor and City Council

FROM: Nolan K. Young, City Manager *NKY*

DATE: April 29, 2015

ISSUE: Refund of "paid into" Special Assessment Fund

BACKGROUND: In 2007 the City Council established by resolution a policy where if street and storm sewer improvements could not be installed, developers were required to pay into a fund for use when these improvements could be installed. This policy was in response to a recommendation by a citizen task force that had been established to address the issue of public improvement costs associated with residential development.

Since that time there have been six different single family residential properties that have paid into the fund. Below is a list of those properties:

2511 East 12 th Street	Street and Storm	\$30,730.39
2409, 2415, 2419 East 19 th Street	Street improvements	\$18,565.00
2850 Old Dufur Road	Storm	\$10,055.50
2213 West 9 th Place	Storm	\$ 2,957.50
1812 Home Street	Storm	\$ 2,833.87
821 Pomona	Storm	\$ 160.00

The total amount of funds "paid into the fund" by these property owners is \$65,302.26. These funds have been deposited in the Special Assessment Fund. This list does not include any payments for multifamily units, subdivisions or commercial developments. These developments were not included in the recent changes to City policy for residential single family home development.

The City Council's new policy for residential development has done away with the "pay into fund" requirement, removed the requirement for improvements to be done on non-network streets, and has established that the property owner will only be paying for sidewalk improvements on network streets. The only property on the list above that is on a network street is Old Dufur Road.

Usually we recommend against providing refunds when a fee or policy changes. For example, just because a system development charge decreases we wouldn't go back and to everyone and refund the difference between the new fee and the old fee; nor would we go back and ask those who already paid to pay more if the charge increased. We feel that this situation is unique and that the property owners will most likely not receive the improvements for which they've paid, unless in the future all the property owners agree to form a local improvement district and pay for the improvements themselves. The City has a sufficient amount of back maintenance, making it unlikely we will be doing any new construction on these areas for a long time. We therefore recommend that the City Council direct staff to prepare a budget amendment, budgeting these funds to be refunded to six property owners identified, and upon approval of that amendment, disperse those funds.

We have received requests from two property owners for refund. The first is from Habitat for Humanity (attached) and mistakenly ties paying into the fund with rescinding remonstrance agreements. Remonstrance agreements are a different requirement associated with future costs and do not relate to this issue. The second is from Dane Christensen of 2850 Old Dufur Road (attached). This is the one property that is on a network street. However, because it is unlikely we will be doing any storm water improvement on this street for some time, we recommend it be treated the same as other prepayments that have been made.

BUDGET IMPLICATIONS: If the City Council chooses to refund these monies, the Special Assessment Fund will be reduced by \$65,302.26. This reduces the reserve available in fiscal year 2015-16 budget from \$384,125 to \$318,823.

COUNCIL ALTERNATIVES:

1. Staff Recommendation: *Direct staff to bring back a budget amendment, budgeting the refund of \$65,302.26 to the six property owners identified as since family residents who "paid into" the fund in order to develop property.*
2. Direct staff to bring back a budget amendment, budgeting a refund of only those fees that have been paid in for non-network streets.
3. Deny the requests for refund of "paid into funds" monies.

received
3/6/15



March 5, 2015

Nolan Young
City Manager
313 Court Street
The Dalles, OR 97058

Dear Mr. Young:

Since The Dalles City Council is in the process of rescinding their remonstrative agreements and putting a moratorium on new road development and changing the fee schedule for such developments, I would like the City to refund the money we paid for street improvements at 2409 E. 16th Street in the amount of \$18,565.00.

We would be more than happy to participate in the future road development once the City establishes the new fee schedule.

Sincerely,

A handwritten signature in black ink that reads "Chip Wood". The signature is written in a cursive, flowing style.

Chip Wood
President, Columbia Gorge Habitat for Humanity

received
4/21/15

4/19/15

Development Reimbursement

Dear Mr. Young;

Due to the remonstrance agreements and building requirements being changed I would like to have my storm sewer development fee reimbursed. The fee I paid was **\$10,055.50**.

As you are aware I did some pretty extensive improvements to develop a single residence home on 2850 Old Dufur Rd. The City of The Dalles developmental costs were high but I did everything on my end. Under the same circumstances I would not do it again.

I paid for the development costs and followed the city's regulations knowing that all other builders would have to do the same. Since those regulations were hindering development and have been relaxed, others will not have to pay the high costs I did.

Some of the costs I paid to develop the frontage of my lot are:

\$4,000.00+ Haul away approx. 400 yards of dirt out of city easement Tony Corothers Exc./ equipment rental / diesel.

\$3,503.75 Engineering. Firwood Design Group.

\$3,989.60 part of sidewalk and curb, Mission Concrete

\$10,485.40 most of sidewalk, curb, bike lane and on street parking. Seal Kote Plus

\$2,400.00 Gravel, The Dalles Concrete

\$10,080.00 concrete retaining wall blocks, Ultra Block

\$2,200.00 trucking of blocks (some came from Portland)

Total = **\$36,658.75 + \$10,055.50 = \$46,714.25**

I did not list my time and labor, or friends as an expense. I believe anyone who reads this should know my labor does have some value. I would guess the following labor costs to be around \$8,000.00 minimum if I had it done. What we did:

A lot of the dirt removal/ excavated to final sub grade of the sidewalk, bike lane, on street parking and wall footing area.

We graded and compacted the gravel below the sidewalk, bike lane, on street parking and wall footing area.

We placed all the blocks to engineered specifications compacting the gravel on the backside, installing proper drainage as well setting them with correct batter.

A few thoughts on this topic: Was the wall a necessary expense? Yes. Hauling off the excess dirt and grading to a 2:1 slope would have been around the same expense and less appealing. Why not pay the proposed \$39,950.00 into the fund? Would you? I like to see my money go towards something even if it costs more. If that was the only option I would have not built. Paying \$10,055.50 was bad enough. Why did I build with the

2850

