CITY HALL
411 SW 9th STREET
REDMOND, OR 97756
541.923.7710
FAX: 541.548.0706
www.ci.redmond.or.us

CITY COUNCIL

January 14, 2020
Council Chambers • 411 SW 9th Street

COUNCIL MEMBERS

George Endicott
Mayor

Jay Patrick
Council President

Jon Bullock
Councilor

Joe Centanni
Councilor

Krisanna Clark-Endicott
Councilor

Camden King
Councilor

Ginny McPherson
Councilor

JANUARY 14, 2020 — REGULAR MEETING AGENDA — 6:00 PM

I. CALL TO ORDER / ESTABLISH A QUORUM

II. BLESSING - Pastor Mike Ferry, Cornerstone Christian Fellowship

III. PLEDGE OF ALLEGIANCE

IV. COMMENTS FROM CITIZENS AT THE MEETING

V. MINUTES

A. Minutes of the December 17, 2019, Special Council Meeting

VI. PROCLAMATIONS

A. School Choice Week

VII. PRESENTATIONS

A. Opportunity Foundation Programs

B. Annual Audit Report

i. Res. #2020-01 - A resolution to comply with House Bill 2174 (2015) after receipt of the FY 2018-19 audit report.

VIII. BID AWARDS / BID REJECTIONS

A. Airport Parking Lot Expansion Project (AP1902)

IX. PUBLIC HEARINGS

A. Ord. #2020-01 - An ordinance approving an amendment to reconfigure the Redmond Urban Growth Boundary to remove approximately 156 acres of property from the UGB (exclusion property) and include an equivalent area unto the UGB (inclusion property) and an amendment to the Redmond Comprehensive Plan and the Redmond Zoning Map to rezone the inclusion property from Deschutes County Zone EFU-AL (Exclusive Farm Use-Alfalfa Subzone) to City of Redmond Zones M-1 (Light Industrial) and M-2 (Heavy Industrial) for property owned by Deschutes County located at 2525 W. Highway 126 (Deschutes County Tax Lot #1513000000103) Redmond, OR 97756.

X. ACTION ITEMS

A. Enterprise Zone Extended Abatement Agreement with BasX Solutions, LLC

B. Enterprise Zone Extended Abatement Agreement with Integrated 3D, LLC

C. Addendum #23 to City Contract #2015-39 with Morrison Maierle for Engineering Construction Management Services for the Airport Parking Lot Expansion Project (AP1902)

XI. MAYOR'S COMMENTS

A. **Airport Committee** - Reappointment of Tim Moor as a Redmond representative, term expiring December 31, 2023.

XII. COUNCIL COMMENTS

XIII. CITY MANAGER COMMENTS

XIV. ADDITIONAL COMMENTS FROM CITIZENS AT THE MEETING

XV. ADJOURN

Regular Council meetings are broadcast live on COTV11 – BendBroadband Channel 11 beginning at 6:00 p.m. on the 2nd and 4th Tuesdays of each month. Rebroadcasts are scheduled for the non-meeting Tuesdays at 6:00 p.m.
The City of Redmond encourages all citizens to participate in its programs and activities. This meeting location is accessible to people with disabilities. Requests for accommodation may include sign language interpreter service, assistive listening devices, materials in an alternate format or any other accommodation. If any accommodations are needed, please contact the ADA Coordinator at 541-504-3036 or access@ci.redmond.or.us. Requests should be made as soon as possible, but at least 3 business days prior to the scheduled meeting.
The City of Redmond does not discriminate on the basis of disability status in the admission or access to, or treatment, or employment in, its programs or activities

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SPECIAL CITY COUNCIL MEETING OF THE CITY OF REDMOND WAS HELD DECEMBER 17, 2019, IN THE CITY COUNCIL CHAMBERS.

COUNCIL MEMBERS PRESENT: Jon Bullock – George Endicott – Camden King – Jay Patrick

COUNCIL MEMBERS ABSENT: Joe Centanni – Krisanna Clark-Endicott – Ginny McPherson

STAFF PRESENT: City Manager Keith Witcosky – Acting City Attorney Lonn Johnston – Police Chief Dave Tarbet – Public Works Director Bill Duerden – City Engineer Mike Caccavano – Assistant to the City Recorder's Office Trish Pinkerton – Deputy City Manager John Roberts – IT Manager Sheri Cleveland – Chief Financial Officer Jason Neff – Accounting and Financial Reporting Director Brooks Slyter – Airport Director Zachary Bass – Parks Division Manager Annie McVay- Home Town Fellow Tarin Denney

MEDIA PRESENT: Jackson Hogan, The Bulletin

Mayor Endicott called the meeting to order at 6:00 p.m. A quorum was established.

CONSENT AGENDA

A. Acceptance of Oregon Department of Aviation Critical Oregon Airport Relief Grant #COAR-2019-RDM-00010 (AP4400) (Exhibit 1)

B. Res. #2019-26 – A resolution of the City of Redmond declaring certain property to be surplus (Exhibit 2)

Councilor King moved, seconded by Councilor Patrick, to approve the Consent Agenda, motion passed. (Bullock-yes, Centanni-absent, Clark-Endicott-absent, Endicott-yes, King-yes, Patrick-yes; McPherson-absent)

PRESENTATIONS

A. Smokejumper Education Center Update

Deschutes County Senior Advisor-Forestry Joe Stutler and Discover Your Forest Executive Director Rika Ayotte updated Council on the proposal to build a Redmond Smokejumper and Wildland Fire Education Center at the Redmond Air Center. Estimated total capital investment required is $5.3 million to construct the facility. Funding could come from a variety of sources including federal and state funds and a fundraising campaign. A feasibility study determined it would be possible to reach the campaign goal of $5.3 million. There are four options for moving forward:

- Fully fund the $5.3 million facility through $4 million in public funding and $1 million to $2 million in private philanthropy.
- Reduce the scale of the building to lower the cost, use reduced or no public funding, $1 million to $2 million in private philanthropy, and/or explore a build-to-suit debt service or lease option with the City or County.
- Pursue commercial operation of the facility – sharing space with a commercial entity in a privately-owned facility.
- Continue existing operations at Redmond Air Center. Continue to offer tours as staff is available.

The committee continues to explore all options.

At this point in the meeting, Mayor Endicott called on a citizen who wished to address Council. Liz Goodrich expressed disappointment at the lack of results from the December 3 Council work session on diversity, equity, and inclusion (DEI). Ms. Goodrich said she would like to see more tangible efforts from the Council and City to practice DEI.

B. Housing Policy Discussion

i. Affordable Housing

Deputy City Manager John Roberts and Housing Coordinator Jim Long presented information on housing affordability in Redmond. The presentation included affordable housing definitions, data on Redmond (median home price in Redmond increased seven percent per year from 2015 to 2019; 42 percent of Redmond's households pay more than 30 percent of their income on housing), a review of recent City initiatives to increase affordable housing and potential tools to aid future development of affordable housing.

ii. Homelessness

National Hometown Fellow Tarin Denney presented information on homelessness in Redmond. The presentation included definitions of homelessness, Central Oregon homeless numbers from the January 2019 (Point in Time count (880 people, including 243 households with children)), policy solutions to homelessness, such as providing housing first before services, rapid rehousing, transitional housing and permanent supportive housing; and a review of local organizations involved in homelessness and possibilities for collaboration. The chronically homeless, while often the most visible, make up only 10 percent of the homeless population. More typical are children staying with relatives while their parents sleep in cars.

James Cook, Redmond resident and co-chair of the Homeless Leadership Coalition, spoke to local conditions and efforts address the issues.

Redmond resident Bob Bohac shared profiles of local homeless people.

Pastor Curtis Tucker, Redmond Community Church, shared thoughts on Community First!, a project to reduce homelessness in Austin, Texas, and his church's desire to be involved in something similar in Redmond.

Councilors discussed the need for coordination among agencies, a full-time housing coordinator position at the City, and concerns where money would be found for new programs.

Mayor Endicott reported that the Central Oregon Cities Organization agreed homelessness is a regional issue and to work on the issue on a regional basis.

BID AWARDS/BID REJECTIONS

A. Airport Multi-Task Snow Removal Equipment Vehicles (Exhibit 3)

Airport Director Zachary Bass requested Council approval to purchase two multi-task snow removal vehicles for the Airport. Purchase of the vehicles will result in increased efficiency in clearing the runways as one operator will be able to accomplish what now takes two. Funds to purchase the equipment will come from bond funds and Airport cash.

Councilor King moved, seconded by Councilor Patrick to authorize the City Manager to enter into a contract with M-B Companies for the purchase of two (2) airport multi-task snow removal vehicles in the amount of $1,373,672.00, motion passed. (Bullock-yes, Centanni-absent, Clark-Endicott-absent, Endicott-yes, King-yes, Patrick-yes; McPherson-absent)

B. Kalama Park Play Structure (PK2002) (Exhibit 4)

Parks Division Manager Annie McVay requested Council approve the purchase and installation of new playground equipment at Kalama Park from Buell Recreation LLC. The play structure will be part of approximately $200,000.00 in improvements at the 1970s-era park.

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Councilor King moved, seconded by Councilor Bullock, to authorize the City Manager to enter into a contract with Buell Recreation LLC for the purchase and installation of playground equipment in the amount not to exceed $99,309.00 subject to completing the noticing requirements of ORS 279A.220, motion passed. (Bullock-yes, Centanni-absent, Clark-Endicott-absent, Endicott-yes, King-yes, Patrick-yes; McPherson-absent)

CONTRACT REVIEW BOARD

A. Competitive Bidding Exemption for the South Canal Boulevard and Pumice Avenue Roundabout Project (TR2001) (Exhibit 5)

Mayor Endicott convened the Contract Review Board.

City Engineer Mike Caccavano requested permission to approve an exemption from competitive bidding for construction of a roundabout on SW Canal Boulevard and Pumice Avenue. The process would allow the City to evaluate proposals on factors such as final construction cost, steps to mitigate traffic impacts of temporarily closing Canal Boulevard and communication with the public, not solely on lowest bid.

There was no testimony from the public.

Councilor King moved, seconded by Councilor Patrick, to adopt the findings exempting the South Canal Boulevard and Pumice Avenue Roundabout project from competitive bidding, motion passed. (Bullock-yes, Centanni-absent, Clark-Endicott-absent, Endicott-yes, King-yes, Patrick-yes; McPherson-absent)

Mayor Endicott reconvened the Council.

ACTION ITEMS

A. Land Donation Agreement with Deschutes County for Skyline Village (Exhibit 6)

Mr. Roberts requested Council accept the donation of 40 acres of land from Deschutes County for development of Skyline Village. Over the coming years the vacant land, located between NE 13th Street, NE 17thStreet, NE Kingwood Avenue and NE Negus Way, will be redeveloped into a new 500-unit Redmond neighborhood and deliver on the vision of an Affordable Housing Pilot Project which Redmond was granted by the State of Oregon in early 2019.

Councilor King moved, seconded by Councilor Patrick, to approve a Land Donation Agreement with the Deschutes County Board of Commissioners, motion passed. (Bullock-yes, Centanni-absent, Clark-Endicott-absent, Endicott-yes, King-yes, Patrick-yes; McPherson-absent)

COMMISSION AND COMMITTEE APPOINTMENTS

A. **Airport Committee** – Reappointment of Adriauna Pendergrass, as Youth Ex-Officio, term expiring December 31, 2020.;

B. **Bicycle and Pedestrian Advisory Committee** - Reappointment of Emily Pedrazzi, as Youth Ex-Officio, term expiring December 31, 2020.

C. **Budget Committee** – Reappointment of Lisa Young, term expiring December 31, 2022.

D. **Downtown Urban Renewal Advisory Committee** – Appointment of Matt Ullman, term expiring December 31, 2021 and Aaron Adams and Meg Watkins, terms expiring December 31, 2022.

E. **Historic Landmarks Commission** – Reappointment of Shannon Farnsworth Rose, term expiring December 31, 2023, and appointment of Jared W. T. Bruns, as Youth Ex-Officio, term expiring December 31, 2020.

F. **Juniper Golf Committee** – Appointment of Keever Henry, term expiring December 31, 2021, and Tom Peterson, term expiring December 31, 2022.

G. **Parks Committee** – Reappointment of Jenny O’Keefe, term expiring December 31, 2023.

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H. **Redmond Commission for Art in Public Places** – Reappointment of Dan Mooney and Joann Wheeler, and appointment of Khrisma Carter, Marianne Perlot, and KC Snider, terms expiring December 31, 2023. Reappointment of Lily Yeatman, as Youth Ex-Officio, term expiring December 31, 2020.

I. **Urban Area Planning Commission** – Appointment of William Guy, term expiring December 31, 2020.

Mayor Endicott recommended the reappointment of Adriauna Pendergrass, as Youth Ex-Officio to the Airport Committee, term expiring December 31, 2020; the reappointment of Emily Pedrazzi, as Youth Ex-Officio to the Bicycle and Pedestrian Advisory Committee, term expiring December 31, 2020; the reappointment of Lisa Young to the Budget Committee, term expiring December 31, 2022; appointment of Matt Ullman to the Downtown Urban Renewal Advisory Committee, term expiring December 31, 2021; and Aaron Adams and Meg Watkins, terms expiring December 31, 2022; reappointment of Shannon Farnsworth-Rose, to the Historic Landmarks Commission, term expiring December 31, 2023, and the appointment of Jared W. T. Bruns as Youth Ex-Officio, term expiring December 31, 2020; appointment of Keever Henry and Tom Peterson to the Juniper Golf Committee, terms expiring December 31, 2021 and December 31, 2022, respectively; reappointment of Jenny O'Keefe to the Parks Committee, term expiring December 31, 2023; reappointment of Dan Mooney and Joann Wheeler and appointment of Khrisma Carter, Marianne Perlot, and KC Snider to the Redmond Committee for Art in Public Places, terms expiring December 31, 2023, and the reappointment of Lily Yeatman as Youth Ex-Officio, term expiring December 31, 2020; and the appointment of William Guy to the Urban Area Planning Commission, term expiring December 31, 2020, motion passed. (Bullock-yes, Centanni-absent, Clark-Endicott-absent, Endicott-yes, King-yes, Patrick-yes; McPherson-absent)

Mayor Endicott announced that Hanukkah begins on Sunday and wished Happy Hanukkah to those who celebrate.

Councilor King said remaining committee and commission vacancies present an opportunity for staff to reach out to members of the community not currently represented.

Councilor Patrick wished everyone a Merry Christmas.

City Manager Keith Witcosky praised John Roberts, Tarin Denney and the Community Development Department for the immense research done for the presentations on Affordable Housing and Homelessness. Council will hold a conversation on tools for affordable housing in January.

There being no further business, the meeting was adjourned at 8:23 p.m.

Prepared by Trish Pinkerton, Assistant to the City Recorder's Office

APPROVED by the City Council and SIGNED by the Mayor this 14th day of January 2020.

____
George Endicott, Mayor

ATTEST:

____
Kelly Morse, City Recorder

City of Redmond
PROCLAMATION

A proclamation designating January 26 – February 1, 2020, as

SCHOOL CHOICE WEEK

WHEREAS, all children in Redmond should have access to the highest quality education possible; and

WHEREAS, the City of Redmond recognizes the important role that an effective education plays in preparing all students in Redmond to be successful adults; and

WHEREAS, quality education is critically important to the economic vitality of Redmond; and

WHEREAS, Redmond is home to a multitude of excellent education options from which parents can choose for their children; and

WHEREAS, educational variety not only helps to diversify our economy, but also enhances the vibrancy of our community; and

WHEREAS, our area has many high-quality teaching professionals who are committed to educating our children; and

WHEREAS, School Choice Week is celebrated across the country by millions of students, parents, educators, schools and organizations to raise awareness of the need for effective educational options.

NOW, THEREFORE BE IT RESOLVED THAT City Council hereby proclaims the week of January 26 – February 1, 2020, to be **SCHOOL CHOICE WEEK** in the City of Redmond.

APPROVED by the City Council and **SIGNED** by the Mayor this 14th day of January 2020.

The City of Redmond, Oregon

____
George Endicott, Mayor

ATTEST:

____
Kelly Morse, City Recorder

Opportunity Foundation
of Central Oregon

Empowering People of Diverse Abilities

(541) 548-2611
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270
CENTRAL OREGONIANS WITH INTELLECTUAL & DEVELOPMENTAL DISABILITIES

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RESIDENTIAL HOMES WITH 24 HOUR CARE

31
FULL TIME RESIDENTS

PROVIDE SUPPORT TO INDIVIDUALS WHO LIVE INDEPENDENTLY IN THE COMMUNITY

SUPPORTING OVER
80
INDIVIDUALS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES IN COMMUNITY EMPLOYMENT

3
THRIFT STORES
BEND
REDMOND
MADRAS

TRAINING OVER
200
INDIVIDUALS

BEHAVIOR SPECIALISTS WHO HELP PEOPLE SUCCEED IN THEIR PERSONAL AND WORK GOALS
6

- **SHOP**
- **DONATE**
- **VOLUNTEER**
- **EMPLOY**
- **SPONSOR**

OVER
100
HOURS PER MONTH IN VOLUNTEER WORK

Opportunity Foundation of Central Oregon

www.opportunityfound.org

Lew England
Business Relations Director
(541) 548-2611 Ext. 7045
lengland@opportunityfound.org

Our History- *Programs that make a difference in our community*

1965
School Opens

1973
Redmond Thrift Store Opens

1978
First Residential Home Opens Clemens House

1987
Supported Employment Program

1991
11th Street House Opens

1992
Bend Thrift Store Opens

1999
Wickiup House Opens

2005
Madras Thrift Store Opens

2014
Youth House Opens

2015
New Redmond Thrift Store Opens

Empowering People of Diverse Abilities

OVER 53 Years Serving Individuals with intellectual and developmental disabilities in Central Oregon

VISION The Opportunity Foundation envisions all people living, learning, and working together

VALUES Dignity Equality Integrity Inclusion Choice Excellence Empowerment

Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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Independent Auditor's Report
Required by Oregon State Regulations

We have audited the basic financial statements of the City of Redmond as of and for the year ended June 30, 2019, and have issued our report thereon dated December 31, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Redmond financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Redmond was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

Expenditures exceeded appropriations in the following amounts:

General Fund:		
Other Materials and Services	$	8,539
Downtown Urban Renewal Debt Fund:		
Materials and Services	$	120

OAR 162-10-0230 <u>Internal Control</u>

In planning and performing our audit, we considered the City of Redmond internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Redmond internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Redmond internal control over financial reporting.

We noted certain matters that we reported to management of City of Redmond, Oregon, in the Schedule of Findings and Questioned Costs.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of City of Redmond and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Dickey and Tremper, LLP

Dickey and Tremper, LLP

December 31, 2019

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

December 31, 2019

To the Honorable Mayor and
Members of the City Council
City of Redmond, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Redmond, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Redmond, Oregon's basic financial statements and have issued our report thereon dated December 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Redmond, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Redmond, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Redmond, Oregon's internal control.

A deficiency in *internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questions costs as 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Redmond, Oregon’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Redmond, Oregon’s Response to Findings

City of Redmond, Oregon’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Redmond, Oregon’s response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, OR

December 31, 2019

Dickey and Tremper, LLP
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Independent Auditor's Report on Compliance for Each Major Program and Passenger Facility Charge Program and on Internal Control Over Compliance Required by the Uniform Guidance and Passenger Facility Charge Audit Guide for Public Agencies

To the Governing Body of the City of Redmond, Oregon:

Report on Compliance for Each Major Federal Program

We have audited the City of Redmond, Oregon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Redmond, Oregon's major federal programs for the year ended June 30, 2019. We have also audited the City of Redmond, Oregon's compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration. The City of Redmond's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Redmond's major federal programs and passenger facility charges based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (Uniform Guidance); and the *Passenger Facility Charge Guide for Public Agencies*. Those standards, the Uniform Guidance, and the PFC guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Redmond's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and on its passenger facility charge program. However, our audit does not provide a legal determination of the City of Redmond's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Redmond, Oregon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and passenger facility charges for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The City of Redmond's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of Redmond, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Redmond's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Redmond's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as 2019-002 that we consider to be a material weakness.

The City of Redmond's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Passenger Facility Charges. Accordingly, this report is not suitable for any other purpose.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

December 31, 2019

CITY OF REDMOND, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal or Pass Through Entity Identifying Number	Total Federal Expenditures		Passed Through to Subrecipients
U.S. Department of Housing and Urban Development					
Community Development Block Grants (CDBG) - Entitlement Grants Cluster					
Direct program:					
CDBG/Entitlement Grants	14.218	B-17-MC-41-0013	148,054	**	3,318
CDBG/Entitlement Grants	14.218	B-18-MC-41-0013	87,693	**	39,990
Total CDBG - Entitlement Grants Cluster		***Cluster subtotal***	**235,747**		**43,308**
Total U.S. Department of Housing and Urban Development			**235,747**		**43,308**
U.S. Department of the Interior					
Grants passed through State of Oregon - Parks and Recreation Department					
Historic Preservation Fund Grants-In-Aid	15.904	OR-18-19	3,320		-
Total U.S. Department of the Interior		*subtotal*	**3,320**		**-**
U.S. Department of Justice					
Direct program:					
Bulletproof Vest Partnership Program	16.607	FY 2017 BVP Solicitation	499		-
Total U.S. Department of Justice		*subtotal*	**499**		**-**
U.S. Department of Transportation					
Direct program:					
Airport Improvement Program	20.106	3-41-0052-041	9,989	**	-
Airport Improvement Program	20.106	3-41-0052-042	5,714,229	**	-
Airport Improvement Program	20.106	3-41-0052-043	3,670,266	**	-
Airport Improvement Program	20.106	3-41-0052-044	442,638	**	-
		subtotal	9,837,122		-
Transit Services Program Cluster					
Grants passed through Oregon Department of Transportation:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	32206	196,585		-
Total Transit Services Program Cluster		***Cluster subtotal***	**196,585**		**-**
Highway Safety Cluster					
Direct program:					
National Priority Safety Programs	20.616	M8SE-19-35-14 DDD	793		-
Grants passed through Oregon Department of Transportation:					
State and Community Highway Safety	20.600	OP-18-45-03 SSS	2,514		-
State and Community Highway Safety	20.600	OP-19-45-03 XXX	2,534		-
State and Community Highway Safety	20.600	SC-18-35-14 bbb	1,679		-
		subtotal	6,727		-
Grants passed through Oregon Impact:					
State and Community Highway Safety	20.600		3,022		-
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	n/a	2,501		-
		subtotal	5,524		-
Grants passed through Oregon State Police:					
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	n/a	249		-
Total Highway Safety Cluster		***Cluster subtotal***	**13,292**		**-**
Grants passed through Oregon Impact:					
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (164 DUII grants)	20.608	n/a	1,982		-
Total U.S. Department of Transportation		*subtotal*	**10,048,981**		**-**
Executive Office of the President					
Grants passed through Oregon Department of Justice:					
High Intensity Drug Trafficking Areas Program	95.001	DOJ-HIDTA	4,910		-
Total Executive Office of the President		*subtotal*	**4,910**		**-**
					-
TOTAL FEDERAL EXPENDITURES			**10,293,457**		**43,308**

See the notes to the Schedule of Expenditures of Federal Awards.

continued on next page

CITY OF REDMOND, OREGON
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Basis of Presentation

The schedule above is prepared on the accrual basis of accounting and is presented in accordance with the requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Indirect Costs

The City has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 - Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 1.

Note 4 - Loans Receivable

The City had the following net activity on loan balances receivable from current and prior year Federal expenditures as of June 30, 2019:

Program Title	CFDA	Loans Receivable At 6/30/18	Loans Granted / (Repaid)	Loans Receivable At 6/30/19
CDBG/State's Program and Non-Entitlement Grants in Hawaii	14.228	$ 577,675	$ (111,797)	$ 465,878

Note 5 - Program Income

The City received program income from the repayment of Federally funded loans receivable, net proceeds of Federally funded rental activity or sales of Federally funded real property which accounts for a portion of Federal expenditures for the associated Federal CFDA number.

Program Title	CFDA	Amount
CDBG/State's Program and Non-Entitlement Grants in Hawaii	14.228	114,476
CDBG/Entitlement Grants	14.218	4,274

In FY2018-19, the City converted $250,862 of Neighborhood Stabilization Program 3 (NSP3) program income to CDBG program income.The City retains $130,518 in unpsent NSP3 program income and $226,535 in CDBG program income that has not yet been expended as of June 30, 2019.

Note 6 - Outstanding Loans

The City has the following net activity on loan balances payable as of June 30, 2019, of which at least a portion are Federal funds:

Loan Description	Loans Payable At 6/30/18	Loans Issued / (Repaid)	Loans Payable At 6/30/19
Capitalization Grants for Clean Water State Revolving Funds - R76071	$ 1,091,953	$ (1,091,953)	$ -
Capitalization Grants for Clean Water State Revolving Funds - R76072	5,852,983	(393,725)	5,459,258

** **Signifies Major Programs**

CITY OF REDMOND, OREGON
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
FOR THE YEAR ENDED JUNE 30, 2019

GRANTOR AND PROGRAM TITLE	Federal CFDA Number	Federal Expenditure
Passenger Facility Charges	N/A	$ 1,757,796

CITY OF REDMOND, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2019

FINDINGS – FINANCIAL STATEMENTS AUDIT

Finding 2018-001

Condition and Criteria: The City converted their capital asset records to a new accounting system, which worked properly for most of the asset records. There were a few assets found during the audit that converted with incorrect installation dates causing the depreciation to be calculated incorrectly.

Effect: A material adjustment was required to correct the current year and life to date depreciation reported.

Cause: Management was aware that there was a large change in the deprecation and relied on the system calculations, which were incorrect for these isolated assets.

Auditor's recommendation: The condition was corrected during the audit, but we recommend that additional scrutiny be placed on large changes and unusual items.

Current Status: The condition was an isolated incident in the prior year and was corrected by year end. Management monitored the current year reporting for unexpected variances.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 2018-002

Condition and Criteria: The City performed only limited monitoring procedures during the year related to the projects carrying over from the 2017 grant funds. 24 CFR 570.501(b) states that the Community Development Block Grant (CDBG) recipient is responsible for determining the adequacy of performance under sub recipient agreements.

Effect: If at-risk sub recipients are not being monitored on a regular basis, it could lead to the City supporting ineligible activities with CDBG funds. It could also lead to findings related to the City's management of its CDBG program.

Cause: With limited staff administering the CDBG program and staff turnover, it has been difficult for the program administrator to monitor as-risk sub recipients.

Auditor's recommendation: The City should enhance its sub recipient monitoring policies and procedures and ensure that monitoring procedures are performed on all sub recipients. Among other requirements, the monitoring of sub recipients should include verifying significant costs and loans on an ongoing basis, reviewing final reports, verifying program income requirements, and performing onsite visits, if necessary.

Current Status: There were improvements in the current year related to sub-recipient monitoring, as the City performed a site visit, risk assessments were performed for all new projects, and there were ongoing visits and discussions with sub-recipients by program administrators. Formal documentation of procedures can be improved, but the condition has been substantially corrected.

CITY OF REDMOND, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

01 The auditor's report expresses an unmodified opinion on the basic financial statements of the City of Redmond.

02 One material weakness in internal control was discovered by the audit of the basic financial statements of the City of Redmond and is reported below as 2019-001.

03 No instances of noncompliance material to the financial statements of the City of Redmond, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

Federal Awards

04 One material weakness in internal control over compliance for major federal programs was disclosed by the audit of the basic financial statements of the City of Redmond, Oregon and is reported below as 2019-002.

05 The auditor's report on compliance expresses an unqualified opinion for each major program and the Passenger Facilities Charge Program.

06 There was one audit finding reported in accordance with 2 CFR Section 200.516(a).

07 The programs tested as major programs were:

Airport Improvement Program (AIP)	CFDA # 20.106
Community Development Block Grants/Entitlement Grants	CFDA # 14.218

08 The threshold for distinguishing Types A and B programs was $750,000.

09 The City of Redmond was not determined to be a low-risk auditee.

SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT

Material Weakness

2019-001

Condition and Criteria: The City allows developers to enter into System Development Charge (SDC) deferral agreements and reports deferred SDC receivable with an offset for unearned revenues for the amounts not yet due. In the past few years, the City has been reclassifying a portion of the unearned revenues to revenues for the amount collected within 30 days of year end. The 30 day period is only applicable to unavailable deferred inflows and not unearned revenues. In prior years the amount was minor, but there was a significant amount in the current year and an adjusting journal entry was posted to reclassify the revenues to unearned revenues and balance to the receivable.

Effect: A material adjustment was recorded to correct the unearned portion of system development charges under deferral agreements to the proper reporting period.

Cause: The City has a complicated revenue recognition structure, which increases the risk of errors in reporting revenue between periods. In addition, there was new staff at the City who had not yet reassessed the revenue recognition requirements related to the deferral agreements.

Auditor's recommendation: The condition was corrected during the audit, but we recommend that additional scrutiny be placed on revenue recognition requirements, large changes and unusual items.

Management's response: The City understands and concurs with this finding. The City will continue to review all revenue streams to ensure the correct recognition and timing of all revenue sources.

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grants/Entitlement Grants – CFDA 14.218

2019-002

Condition and Criteria: The City is required to submit quarterly SF425 Federal Financial Reports and to report expenditures on an ongoing basis into the HUD IDIS system. The City did not require reimbursement of the expenditure due to a large amount of program income on hand, but is still required to report the expenditures and apply them against program income on hand. These reporting requirements were not performed for the last two fiscal quarters of the year until November of 2019.

Effect: The late reporting of quarterly financial information and expenditures provides inaccurate information to the grantor during the year and increases the risks related to reimbursable expenditures.

Cause: There were changes in staff administering the program during the year and confusion on which team member was responsible for the reporting requirements. The City was allowed to transfer program income of $250,862 from NSP3 to the CDBG Entitlement program and due to the program income on hand, the City did not need reimbursement of expenditures and did not submit the expenditures to the IDIS system. In addition, it takes two people to submit expenditure information into the IDIS system and the second staff did not receive access until October 2019.

Auditor's recommendation: The City should enhance its procedures to ensure that quarterly reports are filed within the timeframe required and that expenditures are reported on an ongoing basis in the HUD IDIS system. An internal secondary review of the reporting should also be performed to verify accuracy of the amounts reported.

Management's response: The City understands and concurs with this finding. The City is also working to provide consistent and knowledgeable staffing to administer the CDBG program.

Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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December 31, 2019

To the Honorable Mayor and Members of the
City Council of the City of Redmond, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redmond, Oregon; hereafter referred to as the City, for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted audit standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 16, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. As described in Note IV. I to the financial statements, the City changed accounting policies by adopting statement of Governmental Accounting Standards GASB Statement number 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* The City also increased their capitalization level from $5,000 to $10,000 prospectively effective January 1, 2019 and took a more conservative approach to reporting restricted balances. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period, except for the unrecorded audit adjustments attached to this letter.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of capital assets and depreciation expense is based on the useful lives of acquired assets. We evaluated the key factors, and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of Other Post Employment Benefits and the related deferred inflows and outflows is based on the actuarial valuation performed by Milliman and key assumptions agreed to by management. We evaluated the key factors and assumptions used to develop the liability for Other Post Employment Benefits and the related deferred inflows and outflows in determining that it is reasonable in relation to the financial statement taken as a whole. The actuarial valuation was based on the currently known facts and does not take into account changes subsequent to the measurement date.

Management determined that the liability for system development charge credits could not be reasonably estimated and the usage of any credits would result in the offset to future system development charges. An estimate of the possible commitment has been reported as note disclosure IV.E of the financial statements.

Management's estimate of the net pension asset and the related deferred inflows and outflows is based on the actuarial valuation performed by Milliman and key assumptions agreed to by management and Oregon PERS. We evaluated the key factors and assumptions used to develop the net pension asset and related deferred inflows and outflows in determining that it is reasonable in relation to the financial statements taken as a whole. The actuarial valuation was based on the currently known facts and does not take into account changes subsequent to the measurement date.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements were corrected by management:

A material adjustment was recorded to correct the unearned portion of system development charges under deferral agreements to the proper reporting period.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 31, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We would like to commend your staff for their efforts of being well prepared for the audit for the current fiscal year.

During our audit, we became aware of some areas other than significant deficiencies or material weaknesses, matters that are opportunities for strengthening internal controls and operating efficiency, and other observations. The comments below summarize our suggestions regarding those matters:

> In our review of the accounting over Golf Course Operations, there were questions related to the reporting of receivables from Groupon. The amounts are immaterial to the financial statement, but should be researched and resolved.
>
> A weakness in internal control over compliance for the Community Development Block Grant program was issued in the Schedule of Findings and Questioned Costs. Other matters that may assist in administering the program are as follows:
>
>> There were improvements in the current year related to sub-recipient monitoring, as the City performed a site visit, risk assessments were performed for all new projects, and there were ongoing visits and discussions with sub-recipients by program administators. However we did not find a final report for one of the projects or formal documentation of monitoring procedures. We recommend formal documentation of monitoring procedures and review of the final reports with reconciliation to budget, as written into the sub-recipient agreements.
>>
>> The new sub-recipient agreement with Housing Works for the 2019-20 land purchase appears to be in an old format, which should be updated for current standards, Uniform Grant Guidance, and Single Audit Act requirements in the current fiscal year.
>>
>> In our review of the process for projects awarded in the 2018-19 action plan, we reviewed the awards with no exceptions. In the past, the letters denying or approving funding have been in the file, but were not found for round two of the process. The letters in the file are not required, but are suggested as a best practice in future awards.
>>
>> The City has various manuals and procedures related to the program. The overall language appears to meet federal requirements, but there are various sections that may need to be updated for current guidance and operations.

We also reported on the City's internal control in our report dated December 31, 2019, which is included in the City's financial statements. That report disclosed one item reported as a material weakness over financial reporting and one item related to the Single Audit.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, schedules of the City's Proportionate Share of the Net Pension Liability (Asset), the City's Contribution to the Oregon Public Employees Retirement System, the City's Proportionate Share of the Net OPEB Liability (Asset), the City's Contribution to the OPERS Retirement Health Insurance Account, Schedule of Changes in the City's OPEB Liability and Related Ratios, and Notes to Requires

Supplementary Information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor funds financials statements, budgetary comparison schedules, and other financial schedules, which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We are not engaged to report on the Statistical section and Transmittal letter, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

<u>Restriction on Use</u>

This information is intended solely for the use of the Mayor, members of City Council and management of the City of Redmond and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,

Dickey and Tremper, LLP

DICKEY AND TREMPER, LLP

City of Redmond
Unrecorded Audit Adjustments
6/30/19

		DR	CR
1			
Water revenue	Water Fund	280,424	
Accounts receivable	Water Fund		280,424
WW revenue	Wastewater Fund	160,492	
Accounts receivable	Wastewater Fund		160,492
Stormwater revenue	Stormwater Fund	39,563	
Accounts receivable	Stormwater Fund		39,563

To reverse prior year passed AJE for approximately 10 days of June usage billed in July as unbilled accounts receivable. City has changed to month end billing process in FY 19.

2			
Golf course revenues	Golf Fund	28,000	
Accounts receivable	Golf Fund		28,000

Estimated passed adjustment to correct Groupon receivables recorded in golf course accounts receivable.

CITY OF REDMOND

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STAFF REPORT

DATE: January 14, 2020
TO: Mayor and Council Members
THROUGH: Keith Witcosky, City Manager
THROUGH: Jason Neff, CFO/Budget Director
FROM: Brooks Slyter, Accounting & Financial Reporting Director
SUBJECT: Corrective Measures for Deficiencies Identified in the City of Redmond's Fiscal Year 2018-19 Audit Report

---

Addresses Council Goal:

1. SUSTAIN OPERATIONS: Provide or enhance current levels of operations in all facets of municipal service delivery.

   G. Manage financial affairs in a transparent, responsible and consistent manner.

Report in Brief:
Staff requests City Council adopt a resolution which sets forth corrective measures for deficiencies identified in the fiscal year 2018-19 audit report as required by Oregon Revised Statutes (ORS) 297.466.

Background:
On April 17, 2015, the Oregon Legislature passed House Bill 2174. This bill requires governing bodies to adopt resolutions which set forth corrective measures for deficiencies identified in audit reports. This requirement applies to all audit reports issued after April 17, 2015. The adopted resolution must be submitted to the Oregon Secretary of State Audits Division within 30 days of receipt of the audit report.

The City of Redmond's fiscal year 2018-19 audit was conducted by Dickey and Tremper, LLP and submitted within the required timeframe to the Oregon Secretary of State Audits Division on December 31, 2019. The auditors identified two deficiencies in the audit report requiring corrective measures. The resolution must be submitted to the Oregon Secretary of State Audits Division by January 31, 2020.

Discussion:
The two areas with deficiencies identified in the audit report and the City's proposed corrective measures are:

> Deficiency 1: The City allows developers to enter into System Development Charge (SDC) deferral agreements and reports deferred SDCs receivable with an offset for unearned revenues for the amounts not yet due. In the past few years, the City has been reclassifying a portion of the unearned revenues to revenues for the amount collected within 30 days of year end. The 30 day period is only applicable to unavailable deferred inflows and not unearned revenues. In prior years the amount was minor, but there was a significant amount in the current year and an adjusting journal entry was posted to correctly record revenue in the proper reporting period. This deficiency has already been corrected during the audit and management will continue to review all revenue streams to ensure the correct recognition and timing of all revenue sources.

Deficiency 2: The City is required to submit quarterly SF425 Federal Financial Reports and to report expenditures on an ongoing basis into the HUD IDIS system. The City did not require reimbursement of the expenditures made under the Community Development Block Grant (CDBG) due to a large amount of program income on hand, but is still required to report the expenditures and apply them against program income on hand. These reporting requirements were not performed for the last two fiscal quarters of the year until November of 2019. There were changes in staff administering the program during the year and confusion on which team member was responsible for the reporting requirements. Management acknowledges and understands the importance of timely and accurate reporting of financial information related to grants. The CDBG program has continued to experience staff turnover since its inception. The City is contracting with an external consultant to assist with administration of the CDBG program and is working to provide consistent and knowledgeable staffing to administer the CDBG program through the upcoming budget process.

The City of Redmond wishes to correct both deficiencies and ensure compliance in future fiscal years.

Fiscal Impact:
There is no fiscal impact if the resolution is adopted by the Council and accepted by the State. However, if the resolution is not adopted or if the State does not accept the City's plans to correct the deficiences, the State reserves the right to withhold future funding from the City.

Alternative Courses of Action:
1. Approve the resolution and the suggested corrective measures.
2. Do not approve the resolution.
3. Request more information.

Recommendation/Suggested Motion:
"I move to adopt Res. #2020-01 setting forth corrective measures for deficiencies identified in City of Redmond Fiscal Year 2018-19 Audit Report."

Brooks Slyter
Accounting & Financial Reporting Director

CITY OF REDMOND
RESOLUTION NO. 2020-01

A RESOLUTION TO COMPLY WITH HOUSE BILL 2174 (2015) AFTER RECEIPT OF THE FY 2018-19 AUDIT REPORT.

WHEREAS, under Oregon law, the City of Redmond is required to prepare and file an annual audit report with the Oregon Secretary of State; and

WHEREAS, the City of Redmond commissioned an independent audit by Dickey and Tremper, LLP ("the City Auditor") for fiscal year 2018-19; and

WHEREAS, the City of Redmond's Fiscal Year 2018-19 Audit Report was submitted to the Oregon Secretary of State Audits Division on December 31, 2019; and

WHEREAS, the Fiscal Year 2018-19 Audit Report contained two deficiencies requiring corrective action under House Bill 2174 (2015); and

WHEREAS, the City of Redmond desires to correct the deficiencies and ensure compliance in future fiscal years.

THEREFORE, BE IT RESOLVED THAT the City of Redmond will take the following corrective measures with respect to the items identified in the Fiscal Year 2018-19 Audit Report:

SECTION ONE: The City Auditor found two matters that should be addressed in this Resolution in conformance with House Bill 2174 (2015).

SECTION TWO: The City Auditor found that the City recorded System Development Charge (SDC) revenue collected from deferral agreements within the first 30 days after year end which should have remained unearned revenue. The 30 day period to recognize revenues is only applicable to unavailable deferred inflows and not unearned revenues. The City corrected the error during the audit and incorporated the correction into the audited financials statements. Management will continue to review all revenue streams to ensure the correct recognition and timing of all revenue sources.

SECTION THREE: The City is required to submit quarterly SF425 Federal Financial Reports and to report expenditures on an ongoing basis into the HUD IDIS system. The City did not require reimbursement of the expenditures made under the Community Development Block Grant (CDBG) due to a large amount of program income on hand, but is still required to report the expenditures and apply them against program income on hand. These reporting requirements were not performed for the last two fiscal quarters of the year until November of 2019. There were changes in staff administering the program during the year and confusion on which team member was responsible for the reporting requirements. Management acknowledges and understands the importance of timely and accurate reporting of financial information related to grants. The CDBG program has continued to experience staff turnover since its inception. The City is contracting with an external consultant to assist with administration of the CDBG program and is working to provide consistent and knowledgeable staffing to administer the CDBG program through the upcoming budget process.

SECTION FOUR: The City Council finds that neither of these matters represent spending that was not approved and that adequate actions have been taken to comply with House Bill 2174 (2015).

ADOPTED by the City Council and **SIGNED** by the Mayor this 14th day of January 2020.

____
George Endicott, Mayor

ATTEST:

____
Kelly Morse, City Recorder

CITY OF REDMOND

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STAFF REPORT

DATE: January 14, 2020
TO: Mayor and Council Members
THROUGH: Keith Witcosky, City Manager
FROM: Zachary Bass, Airport Director
SUBJECT: Award $2,495,653.10 contract to James Dean Construction for Redmond Municipal Airport (RDM) - Parking Lot Expansion Project (AP1902)

Addresses Council Goals:
5Biii. Aggressively pursue physical improvements to airport facilities, increase amenities and enhance the customer experience.

Report in Brief:
This action authorizes awarding James Dean Construction of White Salmon, Washington the contract to construct the Parking Lot Expansion Project in the amount of $2,495,653.10.

Background:
Redmond Municipal Airport (RDM) has experienced substantial growth in customer, tenant, and employee traffic. These circumstances have led to suboptimal parking situations, such as:

- City and commercial air service employees park in undesignated gravel lots.
- There have been seven periods in the last year where all customer parking lots were full. This requires passengers to find off-street parking.

RDM currently has 1,245 customer parking stalls. This project will expand the existing parking capacity by 482 stalls or 38 percent. We expect this increase in capacity to be sufficient for the next decade of airport growth.

The construction bid opening was held on December 18, 2019. Thirteen bids were received, ranging from the low bid of $2,495,653.10 to the high bid of $4,100,175.50. The low bid is 78% of the engineer's estimate of $3,218,205.00.

Discussion:
The new lot will primarily be used for commercial air service and airport employee parking. This allows the current employee lot, which is closer to the terminal, to be used by customers. The lot is designed to accommodate future growth as needed. At this time, the new lot will be "Credit Card only" but will have the infrastructure to add a staffed booth in the future.

The anticipated project schedule is as follows:

City Council approval of project:	January 14, 2020
Execute construction contract	January 31, 2020
Construction Start:	March 2020 (earlier if weather allows)
Project Completion:	August 2020

Fiscal Impact:
This project is included in the FY 2019/20 budget and will be entirely funded through bond proceeds received in March 2019.

Alternative Courses of Action:

A. Authorize the City Manager to award construction contract to James Dean Construction of White Salmon, WA.
B. Request more information.
C. Do not authorize contract.

Recommended/Suggested Motion:
"I move to award the contract for construction of the Airport Parking Lot Expansion Project to James Dean Construction in the amount of $2,495,653.10 and authorize the City Manager to sign the contract."

Zachary Bass
Airport Director

CITY OF REDMOND
Community Development Department

411 SW 9th Street
Redmond, OR 97756
(541) 923-7721
www.ci.redmond.or.us

STAFF REPORT

DATE: January 14, 2020
TO: Mayor and Council Members
THROUGH: Keith Witcosky, City Manager
John Roberts, Deputy City Manager
Deborah McMahon, Planning Manager
FROM: Scott Woodford, Senior Planner
SUBJECT: Urban Growth Boundary (UGB) 'Swap' Comprehensive Plan, Zoning and UGB Amendment Public Hearing (File #711-19-000163-PA)

Addresses Council Goals:

4. ECONOMIC DEVELOPMENT - Develop and maintain an environment that promotes and supports a strong, healthy and diverse economic base.

   C. Maintain Redmond's reputation as "the place to do business in Central Oregon".
      - Ensure an adequate supply of planned commercial and industrial land.

Report in Brief:
Deschutes County ("County") has requested a reconfiguration of the Redmond Urban Growth Boundary (UGB) which involves removing 156 acres of land ("Exclusion Property") from the existing UGB and adding 156 acres ("Inclusion Property") of other County owned land into the UGB.

Background:
This action requires a Comprehensive Plan and Zoning Map Amendment to rezone the added property from County zone EFU-AL (Exclusive Farm Use) to City zone M-1 (Light Industrial) and M-2 (Heavy Industrial). The zoning will be effective after annexation. The purpose of the swap is to allow for more efficient development of industrial and employment lands, as required by Senate Bill (SB) 1544.

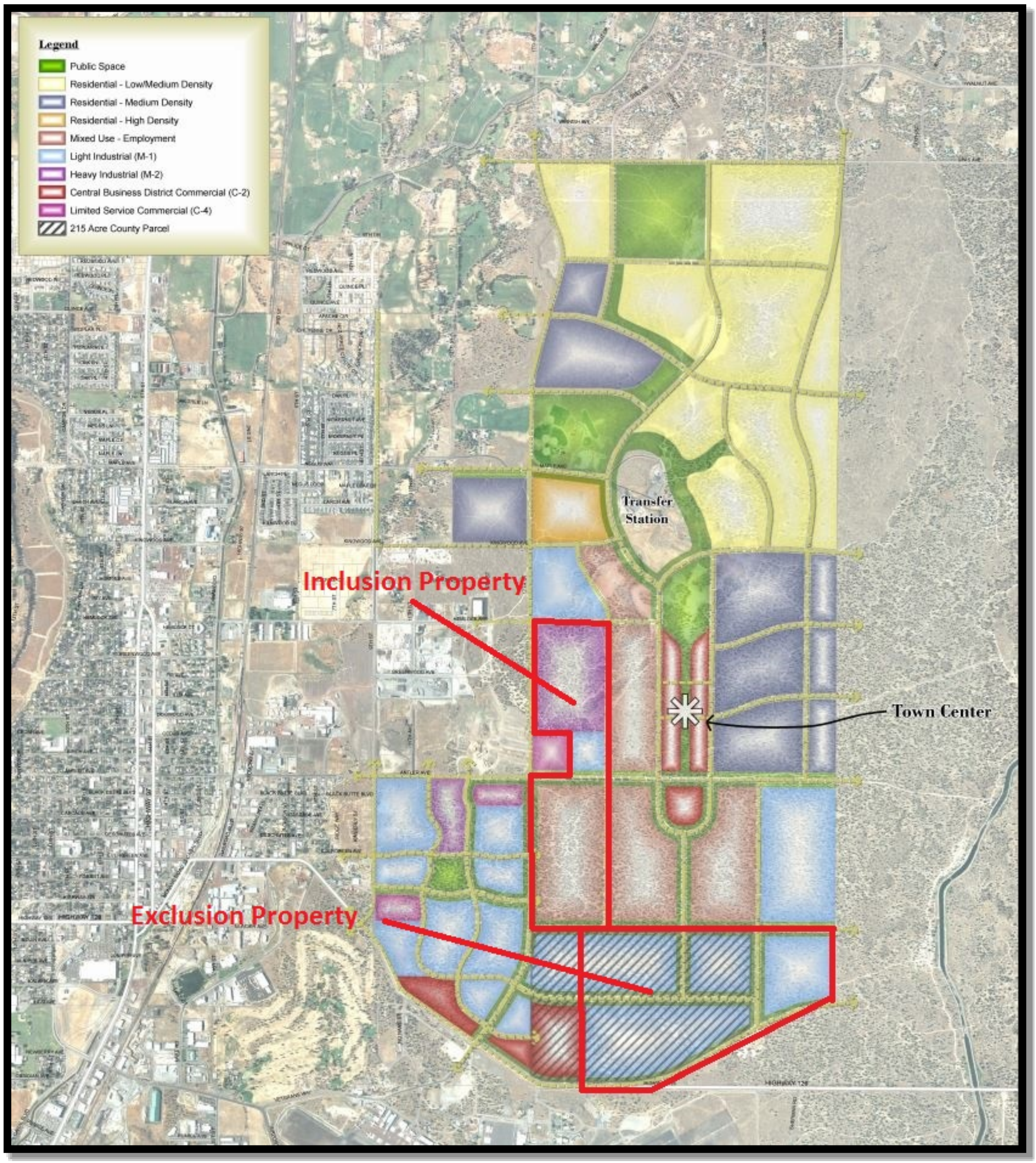
Deschutes County owns a 1,610-acre parcel on the east side of Redmond. A portion of this parcel is located within the City and the remainder is located outside of the City within the Redmond Urban Area Reserve (the City's 20-40-year supply of land).

The Exclusion Property will remain in the Redmond Urban Reserve Area (URA), which enables it to be brought back into the UGB in the future.

<u>Exclusion Property</u> - The 156-acres consists of 111 acres of Light Industrial Zoning (M-1) and 45 acres of Heavy Industrial Zoning (M-2). The subject property is currently undeveloped and has been used in the past as a dump, a shooting range, and contains several undesignated and unmaintained roads. The property has significant limitations on its developability due to water and sewer availability.

Inclusion Property – The 156-acres and is zoned Exclusive Farm Use – Alfalfa Subzone (EFU-AL). The property is vacant, undeveloped and unfarmed. The property is more readily developable than the Exclusion Property due to the better availability of utilities and access. Redmond Economic Development Inc. confirms this property is more suitable for Redmond's industrial needs and can be more efficiently developed.

Locator Map - Eastside Framework Plan (showing Exclusion and Inclusion Property)



SB1544 - The exchange of UGB land will facilitate timely, orderly and efficient development of industrial land within the City as intended by SB1544. The intent of SB1544 specifically being to develop:

- Reliable large-lot, high-value employment sites.
- A large site that can be served readily with infrastructure.
- A site adjacent to the City's employment and industrial lands.
- A site adjacent to Oregon Route 126.
- A site close to the Redmond airport.
- A framework plan for the site that identifies industrial zoning and service commercial zoning.

The adjustment of the UGB will not impact the Eastside Framework Plan as both Properties were designated industrial and/or employment lands for future land uses. Swapping the property's will not have a net increase or decrease in industrial and/or employment lands.

Annexation Request - In preparation for the annexation of the Inclusion Property, the applicant also submitted an Annexation Request. An Annexation Agreement has been signed and approved by the County and City, which stipulates annexation of the Inclusion Property upon successful amendment of the UGB and Comprehensive Plan and Zoning Map and de-Annexation of the Exclusion Property. At that time, the City will zone the Inclusion Property M-1 and M-2.

County Comprehensive Plan - Concurrent to this application the County (applicant) submitted an application to the County to amend its Comprehensive Plan for this UGB Amendment and to rezone the Exclusion Property from M-1 and M-2 to EFU.

Infrastructure Analysis - An analysis of the infrastructure serving both Properties was performed by H.A. McCoy Engineering and Surveying, LLC. The analysis highlighted the challenges of developing the Exclusion Property and the advantages of serving the Inclusion Property.

Traffic - A Transportation Study was conducted by Transight Consulting, LLC to satisfy the Transportation Planning Rule requirement in support of the rezone of the Inclusion Property. The conclusions of the study are that no changes to the original findings are necessary. The reconfiguration of the UGB will push the impacts farther from OR 126 and onto NE 9th Street, which will serve as an eastern route parallel to US 97 when extended and will reduce reliance on the OR 126 and US 97 corridors. The needed improvements are noted in the City's Transportation System Plan.

Discussion:
The Redmond Development Code (Chapter 8), identifies criteria which must be met to approve this request. Detailed findings are contained in Exhibit B of Attachment A. A summary of the required findings is found below:

A. Amendments

According to Section 8.0750 Authorization to Initiate Amendments, an amendment to the zoning map may be initiated by a property owner. Per Section 8.0755, the Hearings Body shall hold a public hearing in accordance with the provisions of Article II. Prior to said hearing the Community Development Director shall refer the proposed amendment to the Planning Commission for their review and a recommendation. The recommendation of the Commission shall be made a part of the record at the hearing. Per Section 8.0760, the burden of proof that the request complies with the following amendment criteria is upon the applicant.

The applicant shall show the proposed change:

1. Conforms with all applicable State statutes;
2. Conforms with the State-wide planning goals whenever they are determined to be applicable;
3. Conforms with the Redmond Comprehensive Plan, land use requirements and policies; and
4. That a change of circumstances or further studies justifying the amendment or mistake in the original zoning.

B. Notice

As required by City Charter, notices regarding this Ordinance were posted in three places (the Library, the Police Department, and the Redmond Chamber of Commerce) in addition to City Hall on January 7, 2020, and three copies of the ordinance were available for review at City Hall.

C. Planning Commission

On November 19, 2019 the Redmond Urban Area Planning Commission held a public hearing on and, after reviewing the record and gathering public testimony, recommended approval of the proposal subject to one condition of approval. Specifically, that annexation shall occur prior to the land being rezoned and prior to any land use requests for partition, subdivision, or site and design review.

D. Deschutes County Approval

On December 24, 2019 the Deschutes County Hearings Officer approved a companion request (to amend the County Comprehensive Plan and to rezone the Exclusion Property from M-1 and M-2 to EFU). On February 5, 2020 the Board of County Commissioners will hear this request. As such, staff recommends Council approve the following condition of approval contained in the Ordinance:

> "City approval of Ordinance 2020-01 is subject to the applicant's request of the Deschutes County Board of Commissioners for Amendment to the Deschutes County Comprehensive Plan to reconfigure the Redmond Urban Growth Boundary to swap equal amounts of acreage the County owns in and out of the UGB and Zone Change of the swapped parcels. This will be heard on February 5, 2020."

Financial Impact:

There are no immediate financial impacts. The UGB amendment will provide the City with more readily developable industrial and employment lands for economic development.

Alternative Courses of Action:

After conducting the public hearing and considering all evidence and testimony:

1. Accept the Planning Commission recommendation to approve the Redmond Comprehensive Plan Amendment to reconfigure the Redmond Urban Growth Boundary and Amendment to the Comprehensive Plan and Zoning Map.
2. Continue the public hearing on the Redmond Comprehensive Plan Amendment to reconfigure the Redmond Urban Growth Boundary and Amendment to the Comprehensive Plan and Zoning Map, and/or leave the written record open to request additional information.
3. Deny the Amendment to reconfigure the Redmond Urban Growth Boundary and Amendment to the Comprehensive Plan and Zoning Map.

Recommendation/Suggested Motion:

"I move to have a first and second reading of Ord. #2020-01 by title only." (Voice vote)

(City Attorney will read ordinance by title only, twice.)

"I move to approve Ordinance #2020-01." (Roll call vote)

Scott Woodford
Senior Planner

CITY OF REDMOND
ORDINANCE NO. 2020-01

AN ORDINANCE APPROVING AN AMENDMENT TO RECONFIGURE THE REDMOND URBAN GROWTH BOUNDARY TO REMOVE APPROXIMATELY 156 ACRES OF PROPERTY FROM THE UGB (EXCLUSION PROPERTY) AND INCLUDE AN EQUIVALENT AREA INTO THE UGB (INCLUSION PROPERTY) AND AN AMENDMENT TO THE REDMOND COMPREHENSIVE PLAN AND THE REDMOND ZONING MAP TO REZONE THE INCLUSION PROPERTY FROM DESCHUTES COUNTY ZONE EFU-AL (EXCLUSIVE FARM USE-ALFALFA SUBZONE) TO CITY OF REDMOND ZONES M-1 (LIGHT INDUSTRIAL) AND M-2 (HEAVY INDUSTRIAL) FOR PROPERTY OWNED BY DESCHUTES COUNTY LOCATED AT 2525 W. HIGHWAY 126 (DESCHUTES COUNTY TAX LOT #1513000000103) REDMOND, OR 97756.

WHEREAS, the City of Redmond has adopted zoning and planning regulations in accordance with Oregon Revised Statutes Chapter 227 that regulate and control the development of land within the City; and

WHEREAS, the Redmond City Council has an adopted a set of goals that include: develop and maintain an environment that promotes and supports a strong, healthy and diverse economic base, maintain Redmond's reputation as "the place to do business in Central Oregon and ensure an adequate supply of planned commercial and industrial land"; and

WHEREAS, the City of Redmond Comprehensive Plan is the product of hundreds of citizens from the public and private sector who participated in the Redmond Vision 2020 planning process; and

WHEREAS, the City of Redmond Comprehensive Plan 2020 Addendum contains multiple visioning statements, including statements on providing adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens; and

WHEREAS, the City of Redmond has set the action steps necessary to implement the goals and policies in the Comprehensive Plan related to the vision; and

WHEREAS, the Joint Management Agreement between Deschutes County and the City of Redmond states that Urban Growth Boundary Amendments shall be approved by both Deschutes County Board of County Commissioners and the Redmond City Council; and

WHEREAS, the Deschutes County Hearings Officer held a public hearing on November 19, 2019, to consider a request to amend to the Deschutes County Comprehensive Plan to reconfigure the Redmond Urban Growth Boundary by adding approximately 156 acres of land into the UGB in exchange for removing an equivalent area of land from the UGB and a Zone Change of the land being removed from the UGB from City of Redmond M-1 and M-2 to EFU-AL, review the existing record and gather additional evidence and public testimony and issued approval on December 24, 2019; and

WHEREAS, the Deschutes County Board of County Commissioners will conduct a public hearing on February 5, 2020, to consider the recommendation of the Deschutes County Hearing Officer for proposed changes to the Deschutes County Comprehensive Plan to reconfigure the Redmond Urban Growth Boundary by adding approximately 156 acres of land into the UGB in exchange for removing an equivalent area of land from the UGB and a Zone Change of the land being removed from the UGB from City of Redmond M-1 and M-2 to EFU-AL, review the existing record and gather additional evidence and public testimony; and

WHEREAS, the Redmond Urban Area Planning Commission held a public hearing on November 19, 2019 and, after reviewing the record and gathering public testimony, has recommended that the Redmond City Council approve the Amendment to the Urban Growth Boundary to swap property owned by Deschutes County to include 156 acres of property into the UGB in exchange for removing 156 acres, and Amendment to the Redmond Comprehensive Plan and Zoning Map to rezone the 156 acres of the property included in the UGB from Deschutes County zone EFU-AL (Exclusive Farm Use-Alfalfa Subzone) to M-1 (Light Industrial) and M-2 (Heavy Industrial), subject to conditions of approval; and

WHEREAS, the City Council held a public hearing on January 14, 2020 to consider the recommendation of the Redmond Urban Area Planning Commission, review the existing record and gather additional evidence and public testimony; and

WHEREAS, the City Council has received the Planning Commission's recommendation and, after receiving additional evidence and testimony, determined that the requested Amendment to the Redmond Urban Growth Boundary, Comprehensive Plan and Zoning Map is in compliance with the Redmond Development Code and would contribute to the Redmond Comprehensive Plan Goals and Policies; and

WHEREAS, the City Council finds that the findings for the Amendment to the Urban Growth Boundary, Comprehensive Plan and Zoning Map have fully addressed the City's Comprehensive Plan amendment process, the applicable state law, the Statewide Planning Goals and the City's standards and criteria for an amendment to the Redmond Development Code; and

WHEREAS, the City Council finds that the proposed Amendment to the Urban Growth Boundary, Comprehensive Plan and Zoning Map, furthers the interests of the City.

NOW, THEREFORE, THE CITY OF REDMOND ORDAINS AS FOLLOWS:

SECTION ONE: The City of Redmond hereby approves the Amendment to the Urban Growth Boundary to swap property owned by Deschutes County to include 156 acres of property into the UGB in exchange for removing 156 acres, and Amendment to the Redmond Comprehensive Plan and Zoning Map to rezone the 156 acres of the property included in the UGB from Deschutes County zone EFU-AL (Exclusive Farm Use-Alfalfa Subzone) to M-1 (Light Industrial) and M-2 (Heavy Industrial), subject to conditions of approval. The Decision, Findings, Project Plans and Public Record are attached hereto as "Exhibits A, B, C and D."

SECTION TWO: In support of the approval, the City of Redmond hereby adopts the findings, which are attached hereto as Exhibit B of Attachment A, which were prepared by City staff and demonstrate compliance with the Redmond Development Code, Section 8.0760 Amendments and the applicable Statewide Planning Goals.

SECTION THREE: SEVERABILITY. The provisions of this Ordinance are severable. The invalidity of any section, clause, sentence, or provision of this Ordinance shall not affect the validity of any other part of this Ordinance, which can be given without such invalid part, or parts.

PASSED by the City Council and **APPROVED** by the Mayor this 14th day of January 2020.

____
George Endicott, Mayor

ATTEST:

____
Kelly Morse, City Recorder

FINDINGS OF THE REDMOND CITY COUNCIL FOR APPROVAL OF AN AMENDMENT TO RECONFIGURE THE REDMOND URBAN GROWTH BOUNDARY TO REMOVE APPROXIMATELY 156 ACRES OF PROPERTY FROM THE UGB AND INCLUDE AN EQUIVALENT AREA INTO THE UGB; AN AMENDMENT TO THE REDMOND COMPREHENSIVE PLAN AND THE REDMOND ZONING MAP TO REZONE THE PROPERTY INCLUDED IN THE UGB FROM DESCHUTES COUNTY ZONE EFU-AL (EXCLUSIVE FARM USE-ALFALFA SUBZONE) TO CITY OF REDMOND ZONES M-1 (LIGHT INDUSTRIAL) AND M-2 (HEAVY INDUSTRIAL) FOR PROPERTY OWNED BY DESCHUTES COUNTY

FILE NO. Deschutes County Urban Growth Boundary Swap
File #711-19-000163-PA

REQUEST: Amendment to the Redmond Comprehensive Plan and Zoning Map to reconfigure the Redmond Urban Growth Boundary (UGB) by adding approximately 156 acres of land in the UGB in exchange for removing an equivalent area of land from the UGB and Amendment to the Zoning Map to rezone the land to be added to the UGB from Deschutes County zone EFU-AL (Exclusive Farm Use – Alfalfa Subzone) to City zones M-1 (Light Industrial) and M-2 (Heavy Industrial).

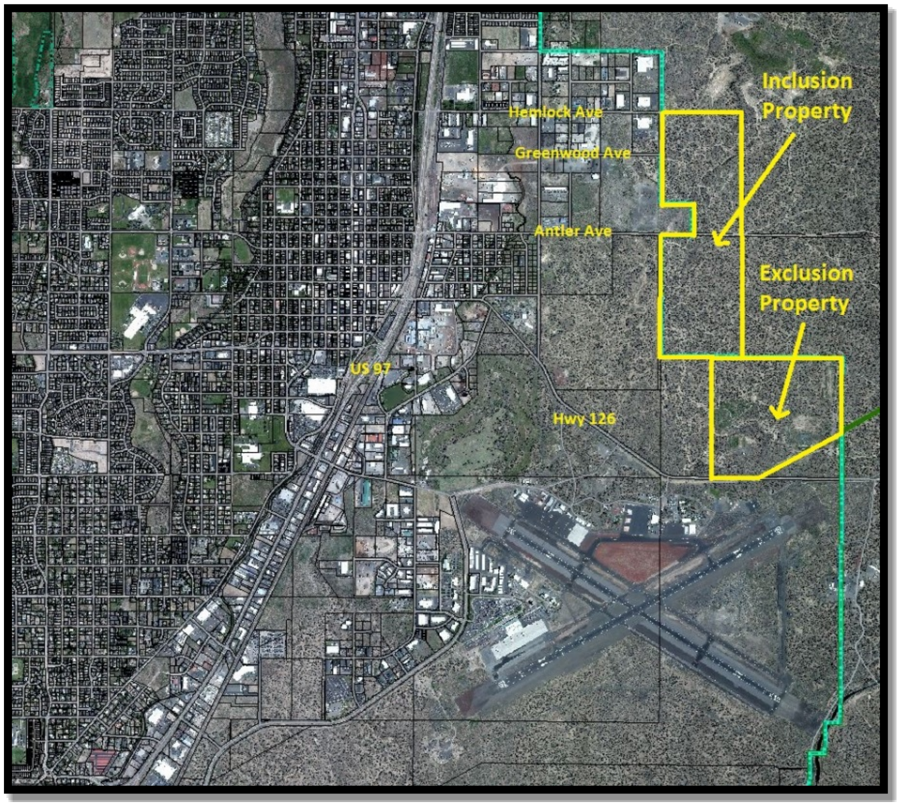
LOCATION: 2525 W. Highway 126, Redmond, OR 97756 (Tax Lot #1513000000103)

APPLICANT: Deschutes County, c/o James Lewis, PO Box 6005, Bend, OR 97708

STAFF: Scott Woodford, Senior Planner

HEARINGS BODY: Redmond City Council and Redmond Urban Area Planning Commission

DATE & TIME: November 18, 2019 at 6:30 pm, Redmond Urban Area Planning Commission and January 14, 2020 at Redmond City Council; Meetings held at City Council Chambers, 411 SW 9th Street, Redmond, Oregon



Vicinity Map

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DECISION: <u>APPROVAL WITH CONDITIONS</u>

//

SUMMARY
Approval of an Amendment to the Redmond Comprehensive Plan and Zoning Map to reconfigure the Redmond Urban Growth Boundary (UGB) by adding approximately 156 acres of land in the UGB in exchange for removing an equivalent area of land from the UGB and Amendment to the Zoning Map to rezone the land to be included from the UGB from County zone EFU-AL (Exclusive Farm Use – Alfalfa Subzone) to City zones M-1 (Light Industrial) and M-2 (Heavy Industrial).

COMMENTS
Informational comments from related agencies concerning this project are presented in the record. At the time of the completion of this staff report, there was no public comment received from noticed neighbors by the Planning Department concerning this application during the comment period.

Exhibit A – Decision and Conditions of Approval
Exhibit B – Conclusionary Findings
Exhibit C – Exhibits to Findings Report (available by email or printed by request)
Exhibit D - Letter of Support from Redmond Economic Development Inc.

EXHIBITS
The following exhibits are on-file and make up the record in this matter:

1. Proposed Findings and Conclusions included herein.
2. The Staff Report.
3. Public Notices.
4. Planning Commission Work Session/Public Hearing Staff Reports.
5. Public testimony received.

ATTACHMENTS
Exhibit A – Decision and Conditions of Approval
Exhibit B – Conclusionary Findings
Exhibit C – Exhibits to Findings Report available by request:

- Applicant Burden of Proof
- Public Facilities and Utilities Report
- Transportation Report
- Eastside Framework Plan
- City of Redmond Annexation Agreement

Exhibit D -- Letter of Support from Redmond Economic Development Inc.

EXHIBIT A – DECISION AND CONDITIONS OF APPROVAL

DECISION

Based on the submitted plans, staff findings and conclusions, the Planning Commission recommends approval of an Amendment to the Redmond Comprehensive Plan and Zoning Map to reconfigure the Redmond Urban Growth Boundary (UGB) by adding approximately 156 acres of land in the UGB in exchange for removing an equivalent area of land from the UGB and Amendment to the Zoning Map to rezone the land to be included in the UGB from EFU-AL (Exclusive Farm Use – Alfalfa Subzone) to M-1 (Light Industrial) and M-2 (Heavy Industrial) (City File #711-19-000163-PA), subject to the condition of approval below.

CONDITIONS OF APPROVAL

1. Annexation shall occur prior to the land being rezoned and prior to any land use requests for partition, subdivision, or site and design review.
2. City approval of Ordinance 2020-01 is subject to the applicant's request to the Deschutes County Board of Commissioners for approval of an Amendment to the Deschutes County Comprehensive Plan to reconfigure the Redmond Urban Growth Boundary to swap equal amounts of acreage the County owns in and out of the UGB and Zone Change of the swapped parcels. This will be heard on February 5, 2020.

// END OF CONDITIONS //

Exhibit A – Decision and Conditions of Approval
Exhibit B – Conclusionary Findings
Exhibit C – Exhibits to Findings Report (available by email or printed by request)
Exhibit D - Letter of Support from Redmond Economic Development Inc.

EXHIBIT B –CONCLUSIONARY FINDINGS

I. APPLICABLE CRITERIA:

Oregon Revised Statutes:
- ORS 197.298

Oregon Planning Goals:
- Statewide Planning Goals 1 through 14.

Oregon Administrative Rules:
- OAR 660-012-0060 (Transportation Planning Rule)
- OAR 660-024-0020 (UGB Amendment)

City of Redmond Comprehensive Plan:
- Chapter 2: Land Use Planning
- Chapter 3: Agricultural Land
- Chapter 9: Economic Development
- Chapter 11: Public Facilities and Services
- Chapter 12: Transportation
- Chapter 14: Urbanization

City of Redmond Development Code:
- 8.0085 (Zoning Annexed Areas)
- 8.0750-0775 (Map Amendments)
- 8.1100 (Legislative Procedures)
- 8.1010 (Application Requirements)
- 8.1110 (Notice)

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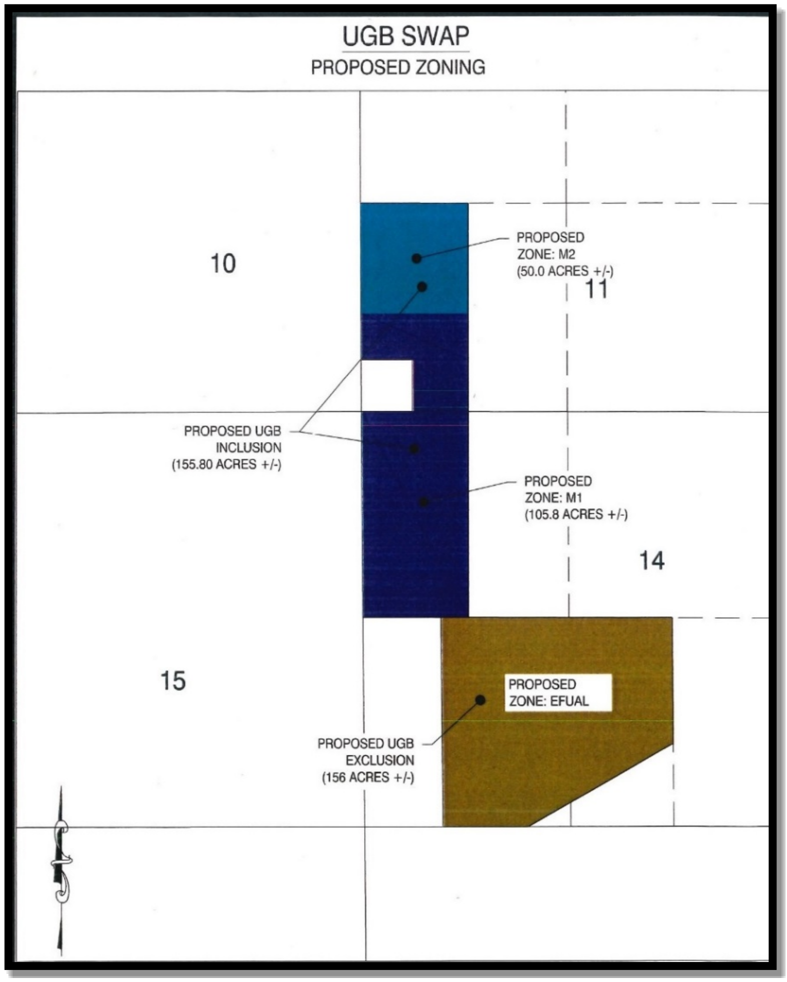
II. BASIC FINDINGS:

A. **LOCATION:** The subject properties are part of a 1,610-acre parcel owned by Deschutes County located on the eastern edge of Redmond, north of Highway 126, partially within the City of Redmond and partially in Deschutes County, but within the Redmond Urban Reserve Area. The site is also identified as Deschutes County Tax Assessor's Map as Tax Lot #1513000000103.

B. **JURISDICTION:** Both the City of Redmond and Deschutes County have jurisdiction over the 1,610-acre property, as a portion is located within the City and a portion within Deschutes County. After the UGB swap is approved, the Inclusion Property will be annexed and be under the jurisdiction of the City of Redmond and the Exclusion Property will be de-annexed and under the jurisdiction of Deschutes County.

C. **ZONING:** The existing zoning for the Inclusion Property is Exclusive Farm Use-Alfalfa Subzone (EFU-AL). The existing zoning for the Exclusion Property is Light Industrial (M-1) and Heavy Industrial (M-2). The proposed zoning of the Inclusion Property is M-1 and M-2 and the Exclusion Property is EFU-AL (see map below).



D. PROPOSAL & BACKGROUND:

The applicant proposes to adjust the Redmond Urban Growth Boundary (UGB) by removing the Exclusion Property from the City of Redmond and adding the Inclusion Property into the UGB. With the exchange, the Exclusion Property will be de-annexed from the City into Deschutes County. It will remain in the Redmond Urban Area Reserve (URA), which means that it will be a candidate in the future to be brought back into the UGB when the demand for additional employment lands occurs. With the exchange, the Inclusion Property will temporarily be under the jurisdiction of Deschutes County, but within the Redmond UGB, which means it can be annexed into the City upon request by the owners. The County intends to annex the property and an Annexation Agreement has been signed by the County and the City regarding annexation of this property.

The 156-acre Exclusion Property is in the City boundaries and consists of 111 acres of Light Industrial Zoning (M-1) and 45 acres of Heavy Industrial Zoning (M-2) and is currently undeveloped, although it has been used in the past as a dump, a shooting range, and contains several undesignated roads. The Inclusion Property is also 156-acres and is currently in Deschutes County, zoned Exclusive Farm Use – Alfalfa Subzone (EFU-AL) and is vacant, undeveloped and unfarmed. With the exchange, there will be no net gain or loss of land within the UGB.

Senate Bill 1544: According to the applicant, the primary purpose of the exchange of UGB land is to facilitate timely, orderly and efficient development of industrial land within the City of Redmond as intended by the 2012 Senate Bill 1544, which is to develop:

- Reliable large-lot, high-value employment sites
- A large site that can be served readily with infrastructure
- A site adjacent to the city's employment and industrial lands
- A site adjacent to Oregon Route 126
- A site close to the Redmond airport; and
- A framework plan for the site that identifies industrial zoning and service commercial zoning.

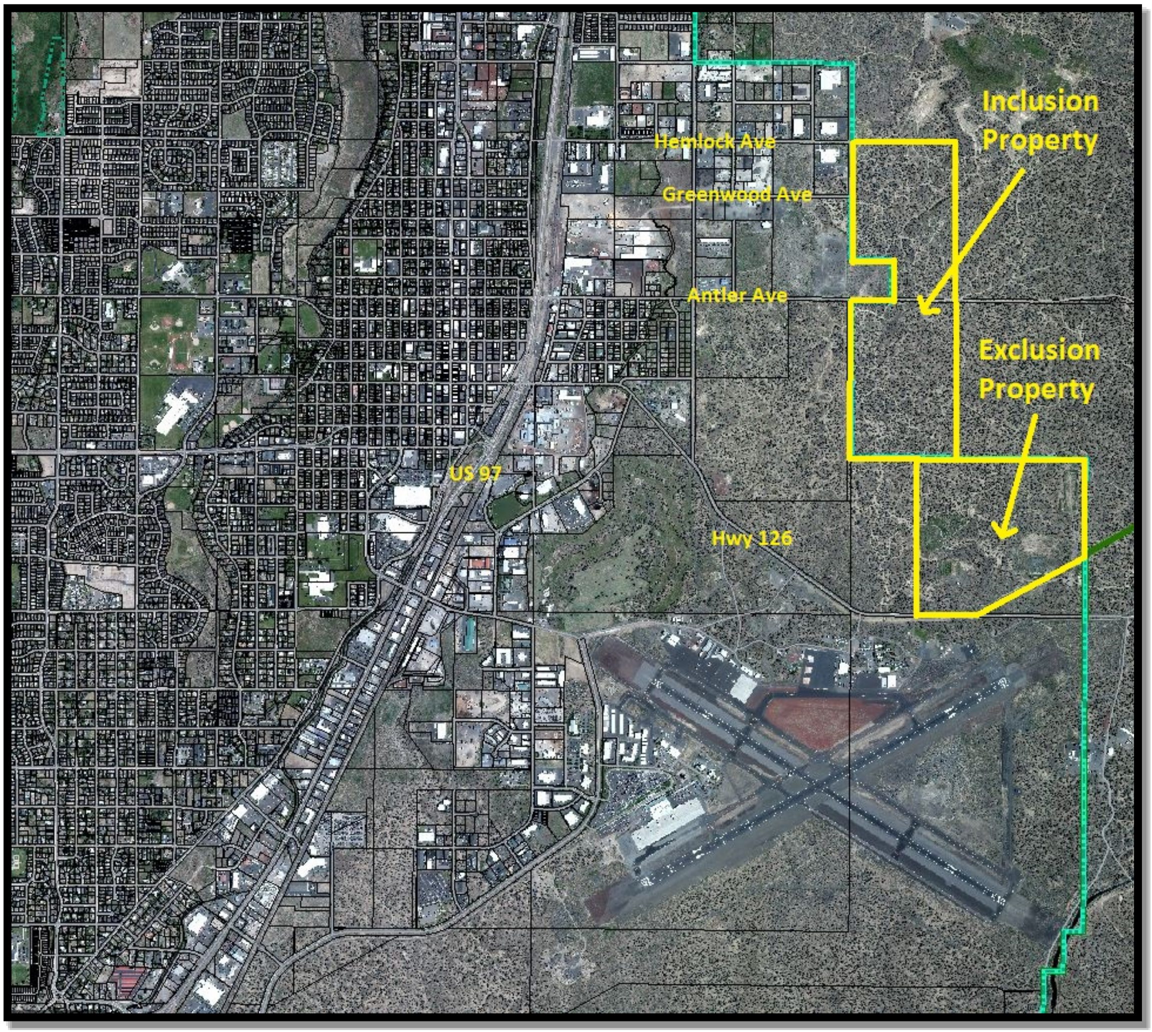
As documented by the applicant in the record, the Exclusion Property has significant limitations on its developability due to water and sewer availability and/or serviceability and other utility issues, while the Inclusion Property is in closer proximity to utilities and other facilities and can be developed more efficiently. Coordination with Redmond Economic Development, Inc. confirms this property is more suitable for Redmond's industrial needs.

The adjustment of the UGB with swapping of land will not impact the Eastside Framework Plan as both the Inclusion Property and the Exclusion Property were designated industrial and/or employment lands for future land uses. Swapping them will not have a net increase or decrease in industrial and/or employment lands.

In preparation for eventual annexation of the Inclusion Property, the applicant has also submitted an Annexation Request and the Annexation Agreement signed and approved by the applicant and the City of Redmond stipulates the annexation of the Inclusion Property will occur upon successful Amendment of the Urban Growth Boundary and Comprehensive Plan and Zoning Map and De-Annexation of the Exclusion Property. At that time, the City will zone the Inclusion Property M-1 and M-2.

Concurrent to this application, the applicant submitted an application to Deschutes County to Amend the County's Comprehensive Plan for this UGB Amendment and to rezone the Exclusion Property from M-1 and M-2 to EFU.

Locator Map - Inclusion and Exclusion Properties



Infrastructure: An analysis of the infrastructure serving both the Exclusion and Inclusion Properties was performed by H.A. McCoy Engineering and Surveying, LLC highlighting the challenges of developing the Exclusion Property and the advantages of serving the Inclusion Property. The following is a summary of that report:

Exclusion Property:

- *Sewer:* Is served by a 12" gravity sewer main along OR 126, but there is the potential to gravity sewer only 20% of the property. The remaining lands would require a pump station for sewer service (which are discouraged by City Engineering) or wait for construction of the Far East Interceptor (which is still several miles away).
- *Water:* The property does not currently have water service adjacent to the property and the existing main is located 2,100 feet west of the property along OR 126. It would be expensive to bring water to the site.

Inclusion Property:

- *Sewer:* The inclusion property has sewer adjacent and available at the intersection of NE Kingwood Avenue and NE 17th Street and there is the ability to gravity sewer all the property. There will be off-site improvements necessary to increase wastewater capacity, but overall there is the ability to serve the property.
- *Water:* Water mains are adjacent and available to serve the property along NE 17th Street. According to City Engineering, the parcel is not presently included in the City's Water Master Plan, but public water service could serve these lands with an amendment to the Plan.

Traffic: A Transportation Study was conducted by Transight Consulting, LLC to satisfy the Transportation Planning Rule requirement in support of the rezone of the Inclusion Property. A traffic study was done in conjunction with the Eastside Framework Plan. The conclusions of the Transight study is that no changes to the original findings are necessary. The reconfiguration of the UGB (which will result in no net gain or loss of acreage to the UGB) will merely push the impacts farther from OR 126 and onto NE 9th Street, which will serve as an eastern route parallel to US 97 when extended and will reduce reliance on the OR 126 and US 97 corridors. The needed improvements are noted in the City's Transportation System Plan.

E. **CURRENT LAND USE:** The Exclusion Property is currently unused, although it has been used in the past as a dump and a shooting range and has several undesignated roads. The Inclusion Property is also currently vacant, undeveloped and unfarmed, but has been the site of dispersed homeless camps.

F. **SURROUNDING LAND USE:** Surrounding the 1,610 acre Deschutes County owned property is Bureau of Land Management land to the east, the Redmond Airport to the south, residential lots of Lake Park Estates to the north, and a combination of low density residential land in the County and industrial zoned land (both developed and undeveloped) within the City of Redmond to the west.

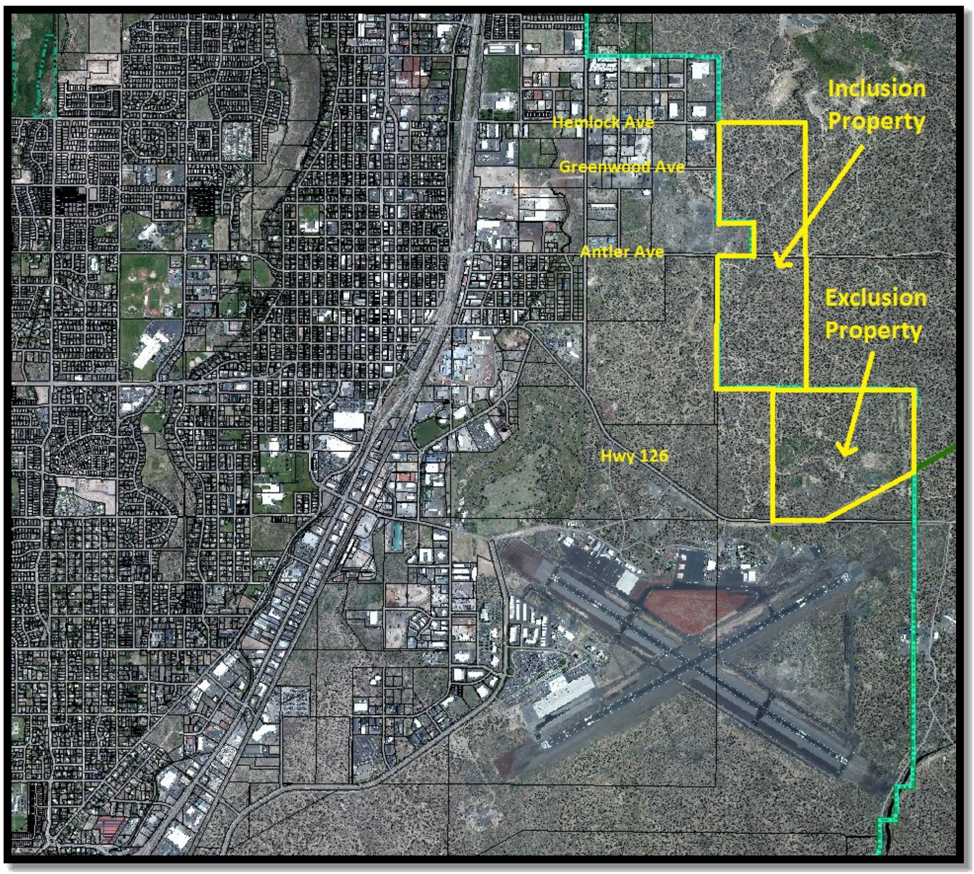
G. **PUBLIC AGENCY COMMENTS:** The Planning Division mailed notice of the application to impacted agencies and received no responses: Agencies included: Fire Department, Police, Engineering, Parks, Airport, ODOT, ODOT Rail, PP&L, CEC, Century Link, Bend Broadband, Finance, Wastewater, School District and COID.

H. **PUBLIC COMMENTS:** The Planning Division sent notice of this application to property owners within 250 feet of the subject property. Additionally, the Planning Division posted a land use action poster on the subject property. The City has not received any responses as of the publishing of this report.

III. BACKGROUND

Deschutes County owns a 1,610-acre parcel on the east side of Redmond, a portion of which is located within the City of Redmond and the remainder is outside of the City located within the Redmond Urban Area Reserve (the City's 20-40-year supply of land). The County desires to swap portions of their land so that 156 acres of the property located within the UGB is removed from the UGB (called the "Exclusion Property") and 156 acres of the property currently located outside of the UGB is brought into the UGB (called the "Inclusion Property"). A map showing the location of the Exclusion and Inclusion Property is below. According to the County, the purpose of the swap is to allow for quicker and more efficient development of their industrial and employment lands, as required in Senate Bill 1544. The Inclusion Property is more readily developable than the Exclusion Property due to the closer availability of utilities and access.

Locator Map - Exclusion/Inclusion Properties



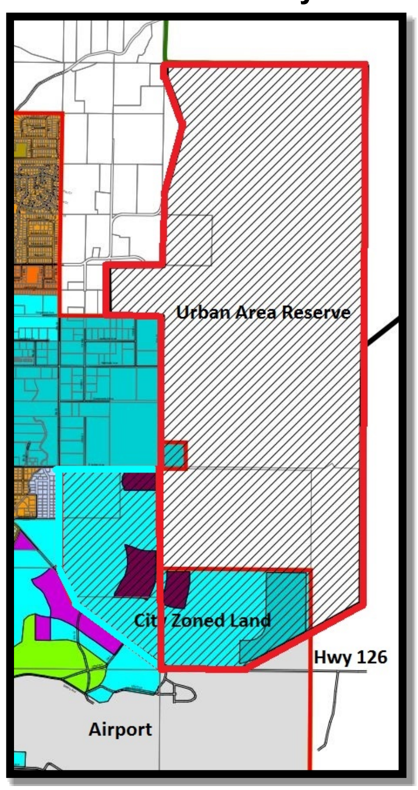
The map below shows the boundary of the 1,610-acre County ownership (in red) with the portion of County owned land within the City boundaries in light blue and dark red and the remainder of the County owned property in the Urban Area Reserve shown with in cross-hatch.

The Exclusion Property has an interesting history. It was originally zoned industrial, but later zoned OSPR (Open Space, Parks and Recreation) in 1980 so it could be used for a fairgrounds project which was never built. After that proposal failed, the City desired to rezone it back to industrial, but were constrained from doing so by transportation improvements required by the State's Transportation Planning Rule (TPR). In 2007, the Eastside Framework Plan, encompassing the subject property, was adopted. It provided a general development pattern for the County owned property and designated the Exclusion Property as future industrial and service commercial land (see map on following pages).

In 2012, Senate Bill 1544 was approved by the State Legislature to address the need for a "reliable supply of large-lot, high value employment sites to attract investment and create jobs or Oregonians and to be competitive for employment projects on a regional, national and global scale." Per the bill, the traffic impacts were approved to be mitigated incrementally and the Exclusion Property was identified as a suitable location for large lot industrial development. With the approval of the Bill, 456 acres of the County owned property zoned OSPR was approved to be developed in accordance with the Eastside Framework Plan and as industrial and service commercial uses. Since that time, no development has occurred on the Exclusion Property.

More recently, the Redmond Urban Area Planning Commission held a public hearing on November 19, 2019 and, after reviewing the record and gathering public testimony, recommended approval of the proposal subject to one condition of approval as noted at the end of this report.

Map Urban Reserve and City Zoned Lands



Map - Eastside Framework Plan (showing Exclusion and Inclusion Lands)

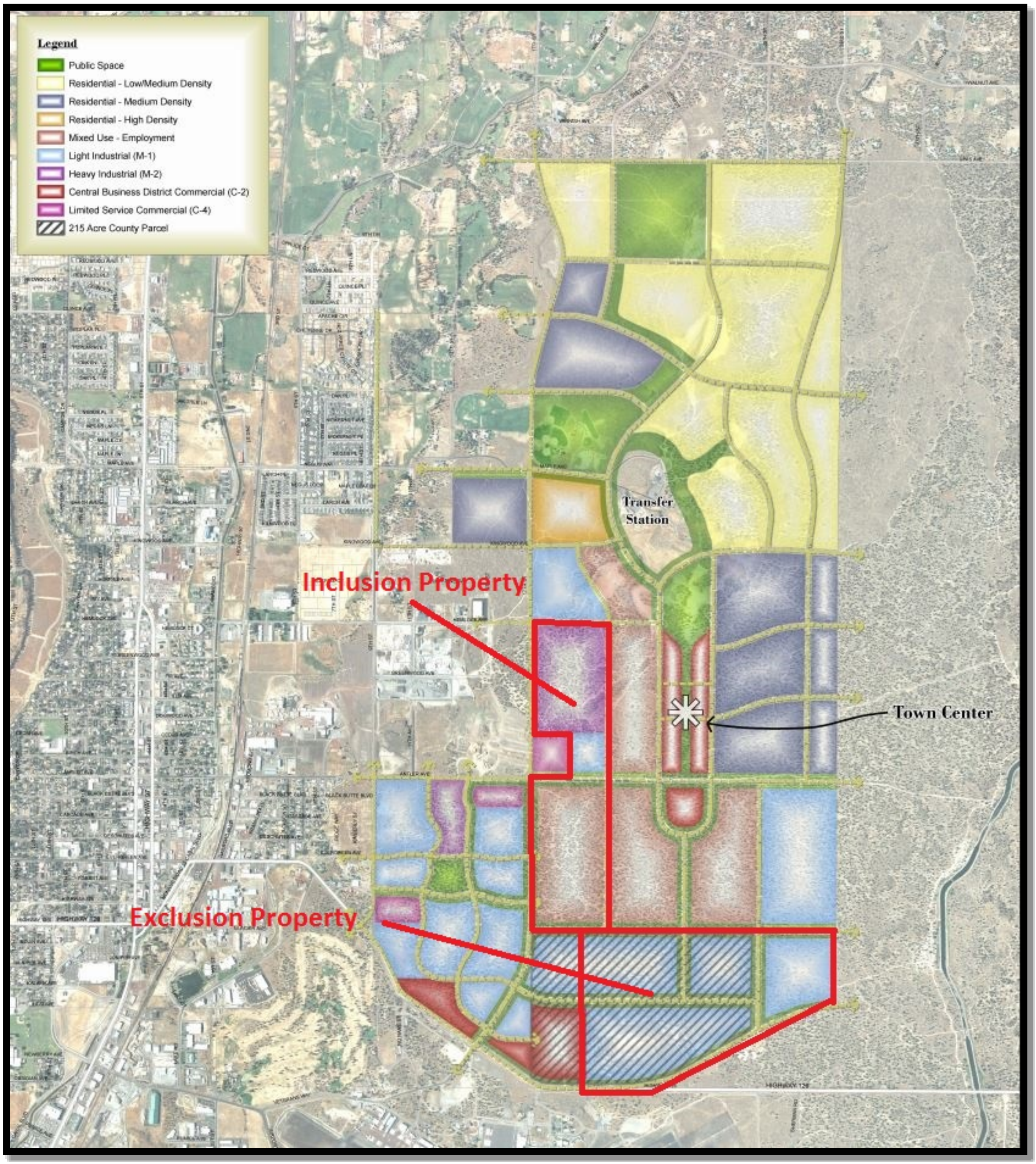


Exhibit A – Decision and Conditions of Approval
Exhibit B – Conclusionary Findings
Exhibit C – Exhibits to Findings Report (available by email or printed by request)
Exhibit D - Letter of Support from Redmond Economic Development Inc.

IV. FINDINGS

Pursuant to statutory authority and implementing regulations, a local government may adjust or reconfigure a UGB at any time by exchanging land inside of a UGB for land outside of a UGB. The Land Conservation and Development Commission ("LCDC") has adopted administrative regulations, which implement the statutory authority for UGB reconfigurations, and which serve as criteria for UGB reconfiguration decisions of a City and County. Additionally, the City of Redmond and Deschutes County each have local ordinances that provide standards and criteria for UGB changes within their respective jurisdictions. All UGB modifications must be made according to the applicable state and local criteria.

The findings are divided into separate sections that address the following regulatory standards:

A. Oregon Revised Statutes
B. Oregon Statewide Planning Goals
C. Oregon Administrative Rules
D. Redmond Community Development Code
E. Redmond Comprehensive Plan

A. UGB ADJUSTMENTS - OAR 660-024-0070

1) *A local government may adjust the UGB at any time to better achieve the purposes of Goal 14 and this division. Such adjustment may occur by adding or removing land from the UGB, or by exchanging land inside the UGB for land outside the UGB. The requirements of section (2) of this rule apply when removing land from the UGB. The requirements of Goal 14 and this division [and ORS 197.298] apply when land is added to the UGB, including land added in exchange for land removed. The requirements of ORS 197.296 may also apply when land is added to a UGB, as specified in that statute. If a local government exchanges land inside the UGB for land outside the UGB, the applicable local government must adopt appropriate rural zoning designations for the land removed from the UGB prior to or at the time of adoption of the UGB amendment and must apply applicable location and priority provisions of OAR 660-024-0060 through 660-020-0067.*

2) *A local government may remove land from a UGB following the procedures and requirements of ORS 197.764. Alternatively, a local government may remove land from the UGB following the procedures and requirements of 197.610 to 197.650, provided it determines:*

    a) *The removal of land would not violate applicable statewide planning goals and rules;*
    b) *The UGB would provide a 20-year supply of land for estimated needs after the land is removed, or would provide roughly the same supply of buildable land as prior to the removal, taking into consideration land added to the UGB at the same time;*
    c) *Public facilities agreements adopted under ORS 195.020 do not intend to provide for urban services on the subject land unless the public facilities provider agrees to removal of the land from the UGB and concurrent modification of the agreement;*

d) Removal of the land does not preclude the efficient provision of urban services to any other buildable land that remains inside the UGB; and

e) The land removed from the UGB is planned and zoned for rural use consistent with all applicable laws.

- **Staff Response:** As detailed in UGB ADJUSTMENTS - OAR 660-024-0070(3), an exchange of land inside the UGB for land outside the UGB may be allowed pursuant to OAR 660-024-0070(3) notwithstanding OAR 660-024-0070(1) and (2). OAR 660-024-0070(1) is the rule that triggers compliance with the Priority Lands statute and OAR 660-024-0070(2) is the rule that directs local jurisdiction procedures for UGB land removal. OAR 660-024-0070(3) provides an exemption to said subsections (1) and (2), which therefore provides an exemption to direct Priority Lands compliance. Despite Subsection (1) including language that pertains to the exchange of land within a UGB for land outside the UGB, to apply it as applicable criteria in addition to Subsection (3), would render the "Notwithstanding" term within Subsection (3) without meaning. Should it be found that Subsection 3 does apply, the applicant has addressed it in detail in their burden of proof, which is part of the record.

  660-024-0070(3) provides in relevant part, the following:

  > *(3) Notwithstanding sections (1) and (2) of this rule, a local government considering an exchange of land may rely on its acknowledged population forecast and land needs analysis, rather than adopt a new forecast and need analysis, provided...:*

  Therefore, a demonstration of direct or indirect compliance with OAR 660-024- 0070(1) and (2) (and subsequently the Priority Lands Statute) is not required. The provisions (subsections (1) and (2)) are not required only when compliance with Subjections (3) (a) and (b) can be demonstrated. A demonstration of compliance with Subsections (3)(a) and (b) is provided above. Thusly, the exchange complies with OAR 660-027-0070(1) and (2) (and subsequently the Priority Lands Statute) by manner of inapplicability.

OAR 660-024-0070 (3) provides the following:

3) Notwithstanding sections (1) and (2) of this rule, a local government considering an exchange of land may rely on the land needs analysis that provided a basis for its current acknowledged plan, rather than adopting a new need analysis, provided:

(a) The amount of buildable land added to the UGB to meet:
(A) A specific type of residential need is substantially equivalent to the amount of buildable residential land removed, or
(B) The amount of employment land added to the UGB to meet an employment need is substantially equivalent to the amount of employment land removed, and

(b) The local government must apply comprehensive plan designations and, if applicable, urban zoning to the land added to the UGB, such that the land added is designated:
(A) For the same residential uses and at the same housing density as the land removed from the UGB, or
(B) For the same employment uses as allowed on the land removed from the UGB,

or

(C) If the land exchange is intended to provide for a particular industrial use that requires specific site characteristics, only land zoned for commercial or industrial use may be removed, and the land added must be zoned for the particular industrial use and meet other applicable requirements of ORS 197A.320(6).

Several important implications stem from a UGB exchange proposal, as opposed to a net UGB expansion or reduction. First and foremost, the burden of proof does not require a clear demonstration that there is a need for more urban land, because no appreciable additional urban land will be included within the boundary. OAR 660-024-0070 stipulates that: “a local government considering an exchange of land may rely on its acknowledged population forecast and land needs analysis, rather than adopt a new forecast and need analysis, provided the land added to the UGB is planned for the same uses.” In terms of a UGB reconfiguration, such as the one proposed here, no additional analysis of population and land need is required, which significantly reduces the scope of a “needs analysis” because the land to be added is planned for the same uses.

Subsection (a)(A) pertains to residential land and is therefore not relevant to this proposal. Subsection (a)(B) is relevant and pertains to the exchange of employment land. The manner in which substantial equivalency is used herein relates specifically to the *amount* of land. With regard to the type of land, the language makes a clear and important distinction between suitable and developable employment land to be *added* and suitable and developed employment land to be *removed*. Neither the Inclusion Land nor the Exclusion Land areas contain otherwise developed lands, so the accounting of employment land is limited that which is suitable.

Therefore, the accounting of suitable employment land for inclusion is to be based on land that is suitable to meet a specific employment need and the amount of suitable land for removal is to be based on land that is suitable employment land without limitations on specific types, uses or needs.

The Alternatives Analysis, includes an ESEE and Goal 14 Analysis, which demonstrates the manner in which the subject Inclusion Property is suitable to meet a specific type of employment need, specifically industrial lands detailed in the 2012 Senate Bill 1544. More specifically, the aforementioned Exhibit demonstrates the comparative ways in which the Exclusion Site is generally suitable for employment uses, however it is comparatively less appropriate for industrial lands detailed in the 2012 Senate Bill 1544 based on a comprehensive and thorough ESEE and Goal 14 boundary location alternatives analysis.

The accounting of Inclusion Land and Exclusion Land thusly, equates to the amount of suitable employment land to be included for a specific type of employment land compared to the amount of exclusion land generally suitable for employment. As evidenced by Exhibits K and L the Inclusion Site is 156 acres and the Exclusion Site is 156 acres of similarly developable land, thus substantially equivalent.

In regard to Subsection (b)(A), the proposal will not impact residential lands or densities; therefore, that subsection does not apply.

In regards to Subsection (b)(B), the Exclusion Lands and the Inclusion Lands will directly swap plan designations and zoning; thereby providing an equal amount of land for employment uses in the Redmond UGB. In regard to Subsection (b)(C), the proposal will exchange industrial land for the uses established in the 2012 Senate Bill 1544. The proposed exchange will provide more development ready land within the Redmond UGB, by removing 111 acres of M-1 zoned land and 45 acres of M-2 zoned land and replacing it with the same industrial acres of the same zones (111 acres of M-1 and 45 acres of M-2).

Regarding the other applicable requirements of ORS 197A.320(6), that section establishes:

(6) When the primary purpose for expansion of the urban growth boundary is to accommodate a particular industry use that requires specific site characteristics, or to accommodate a public facility that requires specific site characteristics and the site characteristics may be found in only a small number of locations, the city may limit the study area to land that has, or could be improved to provide, the required site characteristics. Lands included within an urban growth boundary for a particular industrial use, or a particular public facility, must remain planned and zoned for the intended use:

(a) Except as allowed by rule of the commission that is based on a significant change in circumstance or the passage of time; or
(b) Unless the city removes the land from within the urban growth boundary.

➢ **Staff Response:** The exchange property is being offered to better achieve land needs that were detailed in the 2012 Senate Bill 1544. As detailed in the Exhibit, this Bill was adopted to accommodate a large lot industrial land type; as detailed therein, amongst other characteristics, the needed land includes:

- Reliable large-lot, high-value employment sites
- A large site that can be served readily with infrastructure
- A site adjacent to the city's employment and industrial lands
- A site adjacent to Oregon Route 126
- A site close to the Redmond airport; and
- A framework plan for the site that identifies industrial zoning and service commercial zoning

Given the provisions of this section, along with the goal and intent of the 2012 Senate Bill 1544, an Alternative Lands study area is included in this application and it is limited to properties that are immediately adjacent to the land defined in the 2012 Senate Bill 1544 (and could comprehensively maintain these site characteristics).

When considering the site specific needs of large-lot, high-value, readily served with infrastructure, adjacent to employment and industrial lands, adjacent to Oregon Route 126, close proximity to the Redmond Airport, and an area where the framework plan identifies industrial zoning and service commercial uses, the Alternatives Analysis documents that the Inclusion Property is the most suitable property of the Alternatives

Analysis. As documented herein and in the Alternatives Analysis, the proposal meets the applicable requirements of ORS 197A.320(6)

- **Staff Response:** As detailed above, OAR 660-024-0070(3) precludes the need for new land needs analyses. Furthermore, as documented above and referenced in the Alternatives Analysis, with an ESEE and Goal 14 Boundary Analysis, the proposal conforms to all applicable approval criteria, those listed in OAR 660-024-0070(3).

B. STATEWIDE PLANNING GOALS

Applicable Goals

Pursuant to OAR 660-024-0020, any adoption or amendment of a UGB must be consistent with the statewide planning goals and related administrative rules, except as follows:

a) The exceptions process in Goal 2 and OAR 660, division 4, is not applicable unless a local government chooses to take an exception to a particular goal requirement, for example, as provided in OAR 660-004-0010(1);
b) Goal 4 (Forest Land) is not applicable;
c) Goal 5 and related rules under OAR 660, Division 23, apply only in areas that are on a local government's acknowledged Goal 5 inventory;
d) Goal 8 is not applicable;
e) The Oregon Transportation Planning Rule requirements under OAR 660-012- 0060 are satisfied if impacts are not significant. *As detailed in the Traffic Report prepared by Transight Consulting, LLC the findings conclude that the proposed urban growth boundary (UGB) reconfiguration can be approved on the transportation system without creating any adverse impacts.*
f) Goals 15-19 apply to specific geographies in the State and no lands in Lake County are within the stated geographic applicability of these Goals.

Respecting the exceptions noted above, the following Statewide Planning Goals must be applied to the proposed UGB Adjustment. As documented below, all applicable Goal requirements are met.

Goal 1 - Citizen Involvement

- **Staff Response**: Goal 1 states that the planning process must involve the citizenry generally, and more specifically calls for any adopted comprehensive plan to include a strategy which clearly defines the processes by which the public will be involved in the on-going planning process. Consistency with this goal requires that a system of citizen outreach, notification, and public meetings or hearings be established to review quasi-judicial and legislative land use actions.

  Both Redmond and Deschutes County have adopted procedural requirements for amending the UGB, Comprehensive Plan Amendments and Zone Changes. As these procedural requirements are part of the acknowledged comprehensive plans of both Deschutes County and the City of Redmond, applications processed under their auspices are by implication consistent with Goal 1. For these reasons, the proposal is consistent with the Statewide Planning Goal 1.

Goal 2 – Land Use Planning

- **Staff Response**: Goal 2 is the primary framework upon which all other planning goals rest. It requires that local governments establish a comprehensive plan and implementing measures to govern the uses of land within their jurisdiction and which may be urbanized in the future. It also requires that land use decisions be made "based on an adequate factual basis." Evaluation of a particular proposal in term of Goal 2 is based on two important considerations: 1. the local government's own land use plan, and 2. the extent to which the proposal is consistent with that plan or other applicable planning framework. Goal 2 also sets forth criteria for allowing an exception to other statewide planning goals; such an exception is not requested in this case, as the proposal is to modify a UGB through the procedure required by Goal 14, Urbanization. Redmond and Deschutes County both have acknowledged comprehensive plans as required by Goal 2. These plans are implemented by zoning codes, growth management mechanisms, and environmental regulations, all of which have been acknowledged for Goal consistency purposes.

Furthermore, both implementation programs include established decision-making criteria, which require that proposals demonstrate compliance with applicable review criteria for all land use decisions. This proposal includes comprehensive evaluation of the proposal in terms of all applicable elements of the City's and County's comprehensive plans, as well as the statutes and administrative rules governing urban growth boundaries.

The UGB reconfiguration relies upon evidence in the record that includes a thorough geographic analysis of alternative sites and their respective characteristics, such as slopes, soil types and proximity to public facilities.

In summary, sufficient evidence has been provided to demonstrate that the UGB reconfiguration can be reviewed and approved through a planning process and policy framework that is appropriate under Goal 2 and the decision to reconfigure the UGB and exchange Comprehensive Plan designated lands has an adequate factual base. For this reason and because the proposal is based on acknowledged comprehensive plans, it is consistent with Statewide Planning Goal 2.

Goal 3 - Agricultural Land

- **Staff Response**: Consistency with applicable Goal 3 requirements is assured through the proposed designation of the Exclusion Property as Agricultural on the County Comprehensive Plan Map, maintaining an equivalent amount of agricultural land in Deschutes County.

Goal 4 - Forest Land

- **Staff Response:** The proposal does not impact any forest land; therefore, this goal is not applicable.

Goal 5 - Natural Resources

- **Staff Response**: Goal 5 is a wide-ranging policy initiative intended to protect natural resources and open spaces and is typically implemented through inventories of significant natural resources, including streams, riparian corridors, and wetlands, and establishing development standards intended to protect such resources. The comprehensive plans of the City of Redmond and Deschutes County include goals and policies to protect such resources when included on an acknowledged Goal 5 inventory. Neither the Inclusion nor the Exclusion Lands include inventoried Goal 5 resources; therefore, this goal is not applicable.

Goal 6 – Air, Water, and Land Resource Quality

- **Staff Response**: Intended to "maintain and improve the quality of the air, water and land resources," Goal 6 primarily addresses site-specific pollution generators and wastewater discharges, and requires cities to only allow development where sewerage is available and, in the case of pollution-causing uses, where such activities would have the lowest possible impact on air, water, and land resources.

  Like most jurisdictions throughout Oregon, both the City of Redmond and Deschutes County have adopted policies to protect these resources and to situate pollution-causing development accordingly. The adopted regulations of the City and County ensure consistency with Goal 6.

Goal 7 - Areas Subject to Natural Hazards

- **Staff Response**: Goal 7 requires local governments to adopt comprehensive plans intended to reduce the risk to people and property from natural hazards, including floods, landslides, earthquakes, wildfires, and erosion. A review of potential natural hazards is included in *Section IV - Findings of Fact* of this narrative. Like most jurisdictions throughout Oregon, both the City and the County have adopted policies to protect against natural hazards.

  Given that the Inclusion Property and the Exclusion property have similar exposure to potential natural hazards, the adopted regulations of the City and County are adequate to ensure consistency with Statewide Planning Goal 7.

Goal 8 – Recreational Needs

- **Staff Response:** Goal 8 is "[t]o satisfy the recreational needs of the state and visitors and, where appropriate, to provide for the siting of necessary recreational facilities including destination resorts." No land within the boundaries of either the Inclusion or Exclusion Lands are planned for or intended to supply future parks or recreational facilities. Therefore, Goal 8 is deemed to be inapplicable to this application.

Goal 9 - Economic Development

- **Staff Response**: Intended to provide adequate opportunities throughout the state for a variety of economic activities, Goal 9 requires that land be designated for commercial and industrial uses according to the needs of the local and regional economy, current economic base, workforce, availability of land, availability of key public facilities, etc. Practically speaking, Goal 9 requires communities to preserve employment and industrial land for future business uses. Goal 9 is implemented by the Division 009 rule, however, OAR 660-024-0070(3) makes clear that the full needs analysis requirements of Division 009 that typically apply when adding land to the UGB is not required for the exchange of lands.

  The Inclusion Lands address a specific need and contain the needed site characteristics; therefore, the proposal is consistent with Goal 9.

Goal 10 - Housing

- **Staff Response**: This proposal entails neither a reduction nor an increase of residential land and has no effect on residential land throughout the City or County. This goal is therefore inapplicable.

Goal 11 - Public Facilities and Services

- **Staff Response**: Goal 11 requires local governments to establish public facilities plans in order to provide for the "timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban and rural development." This Goal is primarily implemented by the City of Redmond, which has adopted public facilities plans and standards.

  The Inclusion Land is better able to be served by public water, sanitary sewer, and transportation systems than the Exclusion Land. The proposal is consistent with the current public facilities master plans and can be provided public facilities and services. The proposal is therefore consistent with Statewide Planning Goal 11.

Goal 12 -Transportation

- **Staff Response**: Goal 12 requires that the proposal be consistent with adopted transportation plans and that future development of the property can be served with public transportation facilities. OR Highway 126 is a state highway, is located south of the Exclusion Land and near the Inclusion Land.

  Although the majority of the policies set forth in Goal 12 relate to the establishment of a comprehensive transportation system plan (TSP), the application of Goal 12 to proposed applications requires demonstration that a proposal is consistent with the Transportation Planning Rule (TPR), as implemented through OAR 660-012-0060(1), which states that, "Amendments to functional plans, acknowledged comprehensive plans, and land use regulations which significantly affect a transportation facility shall assure that allowed land uses are consistent with the identified function, capacity, and performance standards (e.g. level of service, volume to capacity ratio, etc.) of the facility."

  Under OAR 660-012-0060, no further consideration of traffic is required if the impacts from a potential land use action are deemed not to be significant. As detailed in the Traffic Report prepared by Transight Consulting, LLC the findings conclude that the proposed urban growth boundary (UGB) reconfiguration can be approved on the transportation system without creating any significant impacts. Based on the evidence attached and herein relied upon, transportation impacts are determined to not be significant and therefore the proposal is in compliance with TPR.

  Therefore, the proposed exchange, UGB amendment and associated Comprehensive Plans and Zoning Map amendments are consistent with Statewide Planning Goal 12.

Goal 13 - Energy Conservation

- **Staff Response**: This goal requires that land use patterns be established to provide a logical transition of high-density to low-density development which takes advantages of the existing transportation network and underdeveloped properties whenever possible. It also encourages development to adopt measures to limit their energy consumption.

  Since the Inclusion Property and the Exclusion Property are located in the same vicinity, efficiencies are achieved (by exchanging the Inclusion Lands for the Exclusions Lands) because the Inclusions Lands can better be served by existing transportation and utility infrastructure, rather than (the Exclusion Lands which would necessitate) costly and energy-intensive extension of public and private utilities.

  Additionally, locating the Industrial land closer to improved local streets that have water, sewer, and utilities developed therein will further increase energy efficiency. Ultimately, the proposal is consistent with Goal 13 because of the locational efficiencies provided by the Inclusion Lands.

Goal 14 - Urbanization

- **Staff Response**: Goal 14 requires that all cities develop an urbanization framework as part of their comprehensive plan, appropriate implementing measures, and to periodically review the supply of land within the urban growth boundary. A unique review framework, the Eastside Framework Plan, has been established by Deschutes County and the City of Redmond, which directs development in the area of the proposed land exchange. Because urbanization policies have been adopted as part of Redmond's acknowledged Comprehensive Plan and the Eastside Framework Plan, along with the fact that implementing measures have been established, the City of Redmond's planning framework is consistent with Goal 14.

  There are also six factors that are evaluated to ensure consistency with Goal 14, which emphasize two central questions: is there enough land within the UGB to accommodate future population growth over 20 years, and if not, which land is suitable to bring within the existing UGB. These factors were evaluated in this report. As demonstrated therein, there is sufficient evidence to demonstrate that the proposal is consistent with all of them. For these reasons, the proposal is consistent with Statewide Planning Goal 14.

C. *OREGON TRANSPORTATION PLANNING RULE - SECTION 660-012-0060 PLAN AND LAND USE REGULATION AMENDMENTS*

- **Staff Response:** Under OAR 660-012-0060, no further consideration of traffic is required if the impacts from a potential land use action are deemed not to be significant. As detailed in the Traffic Report prepared by Transight Consulting, LLC the findings conclude that the proposed urban growth boundary (UGB) reconfiguration can be approved without creating any significant impacts.

  Based on the findings of the traffic report, the proposed land exchange will retain an equivalent acreage of industrial lands within the City's Urban Growth Boundary, but will shift the lands farther from the OR 126 corridor and onto NE 9th Street. The extension and completion of the NE 9th Street corridor as an eastern route parallel to US 97 was identified within the original analysis as the primary mitigation measure. The increased reliance on this route for primary site access will reduce the reliance and impacts onto the OR 126 and US 97 corridors.

  As the original report findings were adopted into the City's Transportation System Plan and serve not only the Senate Bill 1544 lands but also serve under-developed industrial properties to the north, no changes to the original findings or plans are recommended. The impacts of the land exchange on the City's on-going Transportation System Plan efforts are expected to be minimal and were already designed to incorporate the employment lands as originally approved. The proposed land exchange may change the overall transportation improvement priorities to serve the Senate Bill lands, placing a higher emphasis on the NE 9th Street corridor.

  Based on the evidence attached and herein relied upon, transportation impacts from the exchange are determined to not be significant and therefore the proposal is in compliance with TPR.

A. CITY OF REDMOND DEVELOPMENT CODE

AMENDMENTS

8.0750 Authorization to Initiate Amendments. An amendment to the text of these standards, or to a zoning or plan map may be initiated by either City Council, or the Planning Commission. A property owner may initiate a request for a map or text amendment by filing an application with the Community Development Director using the form(s) prescribed by Article II of these standards.

- **Staff Response:** The property owner has initiated a request for a UGB reconfiguration along with a Comprehensive Plan Map Amendment and Zoning Map Amendment for the Inclusion Property. In association with these applications, Deschutes County (as the applicant) has filed applications using the appropriate City of Redmond forms, thus has complied with this section.

8.0755 Zone / Plan Map Amendments. The Hearings Body shall, within 45 days after filing of a petition by a property owner for a zone change/plan amendment with the Community Development Director, hold a public hearing in accordance with the provisions of Article II. Prior to said hearing the Community Development Director shall refer the proposed amendment to the Planning Commission for their review and a recommendation. The recommendation of the Commission shall be made a part of the record at the hearing.

- **Staff Response:** The applicant is filing applications in accordance with the provisions of Article II of the Redmond Development Code. The Community Development Department will refer the proposal to the Planning Commission as prescribed by this section and their recommendation will be made part of the record.

8.0760 Criteria for Amendments. The burden of proof is upon the applicant. The applicant shall show the proposed change is:

1. In conformity with all applicable State statutes;

- **Staff Response:** As detailed therein, the UGB reconfiguration conforms to all of the applicable statutes. Regarding the Comprehensive Plan Map Amendment and Zoning Map Amendment for the Inclusion Property, as they relate to Land Use proceedings, State Statutes (Oregon Revised Statutes - ORS) are carried out through rules (Oregon Administrative Rules –OAR) which are developed by the Department of Land Conservation and Development (DLCD). Local jurisdictions (including the City of Redmond) develop a land use program based upon the adopted OARs. Local land use programs provide the development and maintenance of a Comprehensive Plan, along with implementing ordinances, such as zoning ordinances, procedures, and land division ordinances, along with Public Facilities plans and other implementing provisions. DLCD reviews all Comprehensive Plans and implementing ordinances, and “acknowledges” those that are found be consistent with the OARs and Statewide Planning Goals. The City of Redmond has an “acknowledged” Comprehensive Plan, along with “acknowledged” implementing ordinances. The Comprehensive Plan Map

Amendment and Zone Change are all being reviewed for compliance with the acknowledged Comprehensive Plan and implementing zoning ordinances; therefore the proposal is in conformity with applicable state statutes.

City of Redmond Code standards (sections 8.0750 to 8.0775, *Amendment Procedures and Notice Requirements),* and, (sections 8.1010 through 8.10355, and 8.1300 through 8.1380, *Land Use Procedures*), were developed in compliance with the applicable State Statutes regarding noticing and public hearings. Also, applicability of the Statewide Planning Goals has been addressed in detail above. Notice of the proposed Comprehensive Plan Map and Zoning Map amendments will be provided to DLCD and all required public hearings will be noticed in the local newspaper (public notice) as required by City Code and State Statute.

With regard to the Statutory public hearing requirements, the proposal is subject to Sections 8.1100 through 8.1125 of the Redmond Development Code. These sections, which implement the Statutory requirements for Legislative Procedures, are anticipated to be followed by the City. The Planning Commission and (ultimately) City Council's public hearing(s) and review processes will conform to the Statutory requirements for the purpose of the review.

2. **In conformity with the State-wide planning goals whenever they are determined to be applicable;**

   - **Staff Response:** Comprehensive reviews of the Statewide Planning Goals were addressed in Conclusions - State of Oregon above. The goals and responses of that section are incorporated by reference. As detailed in that section, the proposal conforms to all applicable Statewide Planning goals and thus with this City of Redmond approval criterion.

3. **In conformity with the Redmond Comprehensive Plan, land use requirements and policies; and**

   - **Staff Response:** As described below, the proposed UGB Land Exchange, Comprehensive Plan Map Amendment and Zoning Map Amendment conform to all applicable Comprehensive Plan policies.

4. **That there is a change of circumstances or further studies justifying the amendment or mistake in the original zoning.**

   - **Staff Response:** Since the area of the Exclusion Site (and surrounding properties) was brought into the City of Redmond UGB to accommodate a regional large lot industrial land need, other industrial land in the City of Redmond have continued to develop, extending facilities and service along the eastern boundary of the City Limits. During this time of development, the County (land owner) has attempted to develop and/or market the property. The ongoing property assessment has uncovered the fact that with recent development, the Exclusion property is a greater distance away from developed facilities and services and the Inclusion Site is more readily developable. The recent development pattern provides an adequate change in circumstance, to necessitate the need to revise location of the UGB to accommodate Large Lot Industrial Land.

8.0765 Tentative Approval. Based on the facts presented at the hearing and the recommendation of the Planning Commission, if the Hearings Body determines that the applicant has met all applicable criteria for the proposed change, the Hearings Body shall give tentative approval of the proposed change. Such approval shall include any conditions, stipulations or limitations which the Hearings Body determines to be necessary to meet the criteria. An appeal of the Hearings Body's decision shall be processed and decided in the manner provided for in Article II of these standards. Upon completion of hearings process, the council shall, by order, effect the zone reclassification of the property. Provided, however, if the applicant fails to abide by the conditions attached to the rezoning the Council may, at a later date, rezone the affected property to its original zoning by order.

- **Staff Response:** Per their submitted Burden of Proof, the applicant understands the procedural provisions established in this section.

8.0770 Public Hearing on Amendments. If a map change is initiated by the Planning Commission or City Council, or if an amendment to the text of these standards is to be considered, the City Council shall hold a public hearing on the proposed change. Notice of the hearing shall be published in a newspaper of general circulation in the City the week prior to the hearing. Before establishing a map change, the Council shall make findings that the proposed change meets the criteria set forth in Section 8.0760. Any change affected under this section shall be by ordinance.

- **Staff Response:** The current request has been initiated by a landowner (Deschutes County), not the Planning Commission or the City Council; therefore, this section does not apply.

8.0775 Limitations on Re-Applications. No application of a property owner for an amendment to the text of these standards or to the zoning map shall be considered by the Hearings Body within the six month period immediately following a previous denial application; if in the opinion of the Hearings Body, new evidence or a change of circumstances warrant it, however, the Hearings Body may permit a new application.

- **Staff Response:** Per their submitted Burden of Proof, the applicant understands the procedural provisions established in this section.

B. REDMOND COMPREHENSIVE PLAN

The City of Redmond Comprehensive Plan has been established as a "guide to the future growth, development and redevelopment of the Redmond urban area within a framework of goals and policies consistent with the physical characteristics, ideas and resources of the community." The Comprehensive Plan has been acknowledged as being in conformance with Oregon's Statewide Land Use Goals by DLCD. The City of Redmond Comprehensive Plan and Zoning Map details the type, location and density of land development and redevelopment is permitted and the City of Redmond Development Code is the major implementation tool of the Comprehensive Plan; it controls for uses, design characteristics, infrastructure requirements, signs and land division provisions.

The City Redmond recognizes that the Comprehensive Plan (and associated maps) will require occasional updates and revisions; the Introduction Section of the Comprehensive Plan specifically notes,

REVIEW AND UPDATING THE PLAN
No comprehensive plan or map can remain completely appropriate for twenty years. The attitudes and desires of people change, as well as economics and technology. Redmond's Comprehensive Plan will undergo a major review as required by state law periodically to assure that it remains an up-to-date and workable framework for development. If rapidly changing conditions indicate that reconsideration of the Plan's Goals and Policies is warranted between the required Periodic Review periods, modifications may be initiated by the City Council or Planning Commission at any time. Any citizen or group may request the Council or Commission to initiate a Plan amendment, but formal direction for study may only come from these official bodies.

Ultimately changes, such as the ones proposed, are not uncommon under Oregon's Statewide Planning Program. The City of Redmond's Comprehensive Plan and Planning Program have been implemented in a way to allow for changes. The sections below will identify applicable Chapters, Goals and/or Policies of the Redmond Comprehensive Plan and follow with responses of consistency.

Note – Only applicable policies are addressed by staff in the findings and gaps in numbering of policies is intentional.

Chapter 1 Citizen Involvement

GOAL
To develop a citizen involvement program that insures the opportunity for citizens to be involved in all phases of the planning process.

- **Staff Response:** The submitted applications will be processed in accordance with the City of Redmond Legislative Review Procedures that are established in Sections 8.1100-8.1125 of the Redmond Development Code, which include public hearings before the City of Redmond Planning Commission and the Redmond City Council. Reviewing the applications in accordance with the adopted legislative review provisions will ensure consistency with this Comprehensive Plan goal. None of the policies of this chapter directly apply to the applications under review; therefore, the policies of this section do not directly apply to this proposal.

Chapter 2 LAND USE PLANNING

Statewide Planning Goal 2, Land Use Planning requires that city, county, state and federal agency and special district plans and actions related to land use are consistent with the comprehensive plans of cities and counties and regional plans adopted under ORS Chapter 268.

GOAL

To establish a land use planning process and policy framework as a basis for all decisions and actions related to use of land and to assure an adequate factual base for such decisions and actions.

- **Staff Response:** The application will be reviewed in accordance with the planning processes and policy framework that have been established in the adopted Redmond Development Code (an acknowledged local land use regulation). Because the proposed UGB Land Exchange, Comprehensive Plan Map Amendment and Zoning Map Amendment will follow the established local planning process and will neither alter the process for administration of the Development Code, nor the acknowledged procedural requirements (which ensure a factual base for all decisions), the proposal is consistent with this Comprehensive Plan Goal.

  While the policies of this section do not directly apply to this proposal, policies that warrant discussion are addressed below.

POLICIES

1. **All land use plans shall include identification of issues and problems, inventories and other factual information for each applicable statewide planning goal, evaluation of alternative courses of action and ultimate policy choices, taking into consideration social, economic, energy and environmental needs. The required information shall be contained in the plan document or in supporting documents.**

   - **Staff Response:** As documented throughout this narrative, the issue that this application packet is intended to address, is the ability to provide readily developable large lot industrial land in an improved orderly, efficient, and timely manner; to more effectively achieve Redmond's Large Lot Industrial Land needs obligation. The submittal packet includes a land assessment, and an alternatives analysis, which considered all applicable social, economic, energy and environmental needs; ultimately determining that the Inclusion Lands are the preferred alternative. The elements that are referenced and required by this policy are included in the application packet, documenting consistency with this policy.

4. **Opportunities shall be provided for review and comment by citizens and affected governmental units during preparation, review and revisions of plans and implementing ordinances.**

   - **Staff Response:** The applications will be reviewed in conformance with the City of

Redmond adopted development review procedures, which includes a review and comment opportunity that has been established by the City and determined to be appropriate for the application types that are submitted. Following the applicable Development Code review procedures will ensure consistency with this policy.

5. **To provide a sound basis for orderly and efficient urbanization by establishing proper relationships between residential, commercial, industrial, public and open land uses, and transportation uses.**
6. **To provide for a close correlation between the provision of urban services and urban development in order to bring about a more orderly and efficient development pattern, and thereby avoid unnecessary tax burdens and excessive utility costs normally associated with scattered, unrelated development.**
7. **To provide a safe, coordinated, efficient and effective transportation system to bring about the best relationship between places where people live, work, shop and play.**

- **Staff Response:** The Inclusion Lands are currently located within the Redmond Urban Reserve Area. As part of the City of Redmond Eastside Framework Plan, the Inclusion Land area is planned for employment and industrial land uses and is directly abutted by other lands that are planned for industrial development, to the west. The Inclusion Land area can be more efficiently served with public services, facilities and transportation systems than the Exclusion Land. This proposal will allow for an improved (more orderly and efficient) urbanization pattern, it will improve the efficiency of urban service extensions, and it is therefore consistent with these policies.

10. **The following purpose statements describe the predominant land uses designated on the Redmond Urban Area Comprehensive Plan Map.**
    - i. **Industrial (I) – areas designated "I" on the plan map are intended primarily for industrial and employment uses. Commercial uses may be permitted when they are of a type and scale that is designed to support surrounding industrial and employment uses. Industrial areas may not be used for commercial development that serves a regional retail function, such as large merchandize retailers, home improvement centers, and mini-mall developments. The Redmond Development Code may establish more than one zoning district for the "I" designation to address local conditions and the need for different development review criteria to serve different types of industrial uses, such as heavy industrial, light industrial, and campus industrial uses.**

- **Staff Response:** As proposed 156 acres (111 acres of M-1 and 45 acres of M-2) of industrial zoned Inclusion Land will replace the 156 acres (111 acres of M-1 and 45 acres of M-2) of industrial zoned Exclusion Land, ensuring that the City will continue to provide adequate land to achieve the intent of this policy.

Chapter 3 AGRICULTURAL LAND
Statewide Planning Goal 3 requires the preservation and maintenance of agricultural lands for farm use, consistent with existing and future needs for agricultural products, forests and open space.

GOAL
To preserve and maintain agricultural lands.

POLICIES
1. Conversion of rural agricultural land to urbanizable land shall be based on the following factors:

a) Environmental, energy, social and economic consequences;
b) Demonstrated need consistent with LCDC goals;
c) Unavailability of an alternative suitable location for the requested use;
d) Compatibility of the proposed use with related agricultural land; and
e) The retention of Class I, II, III, IV soils in farm use.

- **Staff Response:** The proposal does not impact any agricultural lands within the City of Redmond. Furthermore, as demonstrated throughout this proposal, the UGB Land Exchange results in no change to the amount of agricultural lands in Deschutes County.

Chapter 4 FOREST LAND (N/A)

Chapter 5 OPEN SPACES, SCENIC AND HISTORIC AREAS, AND NATURAL RESOURCES

- **Staff Response:** No forest land, or designated open spaces, scenic and historic areas or natural resource land, will be impacted by this proposal; therefore these chapters are not relevant.

Chapter 6 AIR, WATER AND LAND RESOURCE QUALITY

OVERVIEW
Statewide Planning Goal 6 requires cities and counties to maintain and improve the quality of air, water and land resources in the Redmond urban area.

GOAL
To maintain and improve the quality of the air, water and land resources of the City.

POLICIES
As a means of maintaining the highest water quality possible, no development shall be permitted without public or community water service, unless plans are approved for individual service with the applicable state agency. The applicable state and federal water quality standards shall be used to implement this policy and reference may also be made to the State Water Quality Management Plan.

- **Staff Response:** The proposal will maintain and improve the air, water and land resources as all development in the City of Redmond is required to connect to public water service.

Chapter 7 NATURAL HAZARDS

Statewide Planning Goal 7 states that developments subject to damage or that could result in loss of life shall not be planned nor located in known areas of natural disasters and hazards without appropriate safeguards. Plans shall be based on an inventory of known areas of natural disasters and hazards.
Areas of natural disasters and hazards are areas that are subject to natural events that are known to result in death or endanger the works of man, such as stream flooding, ocean flooding, ground water, erosion and deposition, landslides, earthquakes, weak foundation soils and other hazards unique to local or regional areas.

GOAL
1. To protect life and property from natural disasters and hazards.

- **Staff Response:** Goal 7 requires local governments to adopt comprehensive plans intended to reduce the risk to people and property from natural hazards, including floods, landslides, earthquakes, wildfires, and erosion. Like most jurisdictions throughout Oregon, the City of Redmond has adopted policies to protect against natural hazards. Given that the Inclusion Property and the Exclusion property have similar exposure to potential natural hazards, the adopted regulations of the City will ensure consistency with Goal 7 and this chapter.

Chapter 8 RECREATIONAL NEEDS

Statewide Planning Goal 8 requires that Redmond show that its plan is consistent with these goals. The Parks and Recreation describes goals and policies that will guide the City in providing services related to the provision of parks, open spaces and recreational services. The policies reflect the importance of parks and recreational facilities in the urban area and offer measures to ensure that as the Redmond urban area population continues to grow, and the landscape is affected by human settlement, natural resources are protected and citizens are provided appropriate recreational opportunities and facilities close to where they live

GOALS
The Redmond Urban Growth Boundary park system should enhance the livability in the Redmond UGB by:

1. **Providing quality green spaces, natural areas, and recreation sites for passive and active recreation through public and private park land throughout the community.**
2. **Neighborhood park, or park site, should be provided within one-half mile of every home.**
3. **Establishing a system of trails that are interconnected.**
4. **Coordinating the development of future park sites with school sites to serve the expanding urban area population.**

- **Staff Response:** Parks and recreational space has been planned into the Eastside Framework Plan which guides future growth on this property and those surrounding it located partially in the City boundaries and partially in the Urban Reserve Area, although no land within the boundaries of either the Inclusion or Exclusion Lands are identified on the Eastside Framework Plan as being planned for (or otherwise intended to supply) future parks or recreational facilities of the City.

Chapter 9 ECONOMIC DEVELOPMENT

The City of Redmond is experiencing a period of economic growth unparalleled in its history. The light industrial and service sectors have expanded significantly, with the bulk of new jobs since 1990 coming from small businesses. Factors which contributed to the development of these new businesses and jobs include a considerable inventory of vacant and competitively priced commercial and industrial lands; the location of Central Oregon's only commercial airport, Roberts Field, in Redmond; the availability of the State sponsored Enterprise Zone; the livability of the Central Oregon area, and the marketing of the community by the Redmond Economic Development Corporation and Economic Development for Central Oregon. The following goal statements describe Redmond's future economic hopes. These goals provide the foundation for the economic policies in this chapter.

GOALS

1. **Expand, improve and diversify the economy of the Redmond Urban Growth Boundary area while maintaining Redmond's quality of life.**
2. **Provide family wage employment opportunities for area residents.**
   (Goals 3-7 are not applicable to this proposal)
8. **Protect industrial lands from being converted to commercial uses, while allowing limited service commercial uses that directly support industrial area**
9. **Provide, maintain, and promote the enhancement of state of the art infrastructure, including, but not limited to, transportation systems, sewer, water, natural gas, power, telecommunications and air service to support the commercial and industrial needs of the community.**
10. **The City and County shall continue to work cooperatively with the State and Federal government and economic development agencies to implement economic development within the Redmond Urban Growth Boundary.**
11. **Maintain Redmond's favorable employment to housing ratio by taking affirmative steps to ensure that economic development and employment growth keeps pace with population growth, especially for industrial employment.**
12. **To build a strong and thriving regional economy by coordinating public investments, policies and regulations to support regional and state economic development objectives in Central Oregon as determined through the Central Oregon Large Lot Industrial Land Need Analysis.**

- **Staff Response:** The goals identified in this Chapter address the need for the City to provide for industrial lands within its Urban Growth Boundary, which will allow for a diverse economy, jobs, and state of the art infrastructure. Furthermore, these Goals ensure that land availability is consistent with County, State and Federal agency requirements, accommodate a desired housing ratio, and that the UGB supports the Central Oregon Large Lot Industrial Land Need. As detailed in *Section IV - Findings of Fact*, the Inclusion Land is located closer to existing development and public infrastructure (than the Exclusion Land), which will allow for it to better (more orderly and efficient) accommodate urban industrial development. Exchanging the Inclusion Lands for the Exclusion Lands would therefore better achieve the goals of this chapter.

POLICIES (INDUSTRIAL DEVELOPMENT – Lands)

1. **Sufficient vacant industrial lands with a diversity of sizes, types, and service levels for future industrial development shall be designated on the comprehensive plan/zoning map.**

   - **Staff Response:** The proposal does not modify the amount of industrial land that is available and vacant within the Redmond UGB, rather it relocates industrial lands to a more readily developable location. When no change in the amount of land is planned/proposed, a jurisdiction can rely upon an adopted and acknowledged Land Needs Analysis. The sizes, types and services levels of the Inclusion and Exclusion Lands are substantially equivalent; therefore, the proposed UGB Land Exchange, and Map Amendments are consistent with this policy.

2. **Publicly owned lands shall not be given a competitive advantage over private ownership through governmental land use regulations.**

   - **Staff Response:** While the proposal includes the exchange of County-owned land for County-owned Land, the Inclusion Land was not selected without consideration of other lands that meet the site characteristics that have been established for the Central Oregon large lot industrial land need, including lands in private ownership. The UGB Land exchange is intended to better (and more timely, orderly and efficiently) achieve the intent of the Large Lot Land Need in the City of Redmond. Land size, type and location have been identified, established and considered; an Alternative Site Analysis considered all land (public and private) which meet the established site characteristics and the lands that are proposed for the exchange are the preferred alternative. As documented in the Alternatives Analysis, publicly owned lands have not been given a competitive advantage over lands in private ownership; therefore, the proposal is consistent with this policy.

3. **Industrial areas should be set aside primarily for industrial activities. Other supporting uses, including some retail uses, may be allowed if limited to sizes and locations intended to serve the primary uses and the needs of people working or living in the immediate industrial areas.**

- **Staff Response:** The Exclusion Lands are zoned primarily for industrial uses (111 acres of M-1 zoned land and 45 acres of M-2 zoned land). The Inclusion Lands (which are planned for industrial uses on the Eastside Framework Plan) will replace the industrially zoned Exclusion Land and will be set aside for industrial activities, as required by this policy.

Infrastructure

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9. The City should give a high priority to extending and improving the infrastructure needed for economic development.

- **Staff Response:** This policy establishes that the City of Redmond should give high priority to extending and improving infrastructure needed to accommodate economic development. Large Lot Industrial Land is needed for economic development, thus pursuant to this policy, high priority should be given to extending and improving infrastructure to these lands. The Exclusion Lands are located a significant distance from existing urban development and available infrastructure, whereas the Inclusion Lands are located nearer to existing urban development and available infrastructure. Therefore, the Inclusion Lands could more timely, efficiently, and cost effectively be served with infrastructure.

Central Oregon Large Lot Industrial Need Analysis

<u>Background</u>
During the 1990s, the Central Oregon region experienced a dramatic transformation from an economy concentrated largely on wood products into a service-based economy serving a growing and diverse tourism and household base. Accelerated in-migration and tourism growth gave way to rapid economic expansion, escalation in home prices, and a systematic shift in the local economy from goods producing activities to service oriented industries. While initially representing a diversification of the local economy, this shift led to an over-reliance upon these types of industries.

During the recent recession, the regional economy's vulnerabilities became apparent. Suitable land for today's industrial development forms emerged as one of Oregon's most severe development challenges. In 2010, 2011, and 2012, Deschutes, Crook and Jefferson counties and their respective cities, undertook an unprecedented regional evaluation of the economic opportunities and constraints associated with users of large industrial parcels in the Central Oregon region. The purpose of this evaluation was to aid in providing a more diversified economic base for the region that would accommodate industrial uses with a need for larger lots than possibly may be currently available in any of the Central Oregon cities. As part of that evaluation, Deschutes County hired a consultant to draft an analysis of Central Oregon's opportunities, competitiveness, ability and willingness to attract more basic industries. The analysis focused specifically on industries that require large lots. The result was a document called the Central Oregon Regional Opportunity Analysis, and was the basis for adopting Deschutes

County Ordinance 2011-017, dated May 31, 2011.

Ordinance 2011-017 was appealed to the Land Use Board of Appeals by 1,000 Friends of Oregon ("1,000 Friends"). The appeal was stayed in early 2012 to allow Deschutes County, the Governor's Office, and 1,000 Friends to explore a settlement, which was ultimately reached in April, 2012. The settlement consisted of policy concepts focusing entirely on Central Oregon's short-term need for large-lot industrial sites as well as a commitment from the Department of Land Conservation and Development ("DLCD") to initiate rule-making that summer.

The three counties, their respective cities, 1,000 Friends, and DLCD staff then engaged in drafting a proposed rule. In August, the final draft of the rule was then sent to the Oregon Land Conservation and Development commission ("LCDC"). As a result, in November, the LCDC adopted Oregon Administrative Rule (OAR) 660-024-0040 and 660-024-0045. That rule provides that the large lot industrial land need analysis agreed upon by all of the parties, once adopted by each of the participating governmental entities, would be sufficient to demonstrate a need for up to nine large industrial sites in Central Oregon. Six of the sites will be made available initially.

Three more sites may be added under the rule as the original sites are occupied. After the adoption of the new OARs, Deschutes County (as the initiating entity for the REOA and the subsequent settle agreement and Central Oregon Large Lot Industrial Land Need Analysis), voluntarily repealed Ordinance 2011-017 and adopted a new ordinance, Ordinance 2013-002, in accordance with the OARs (which added the Central Oregon Large Lot Industrial Land Need Analysis and corresponding policies into their Comprehensive Plan). Following the lead of Deschutes County and under the direction of the settlement agreement and new Administrative Rules, the City of Redmond is adopting the Central Oregon Large Lot Industrial Land Need Analysis and corresponding policies in order to be considered for large lot industrial sites.

An additional necessary component is an intergovernmental agreement ("IGA") between the region's jurisdictions and the Central Oregon Intergovernmental Council ("COIC"). Through IGA, COIC will provide oversight of the short-term land supply of large-lot industrial sites to enable the region to become competitive in industrial recruitment.

Once each of the three counties and their respective cities adopt similar ordinances and enter into an IGA with COIC, the large lot sites will enable industrial recruitment opportunities to attract potential industrial users to consider the region that may not have otherwise without the availability of these large lots. Participating local governments will review the program after all nine sites have been occupied or after ten years, whichever comes first.

The following are applicable policies under Central Oregon Large Lot Industrial Analysis (which starts at number 45):

45. **The City supports a multi-jurisdictional cooperative effort to pursue a regional approach to establish a short-term supply of sites particularly designed to address out-of-region industries that may locate in Central Oregon.**

- **Staff Response:** The proposal will not modify the amount of land available to accommodate the regional large lot industrial land need; improving the location of readily available lands will not alter consistency with this policy.

46. The City recognizes the importance of maintaining a large-lot industrial land supply that is readily developable in Central Oregon.

- **Staff Response:** The City recognizes the importance of maintaining a large-lot industrial land supply that is readily developable in Central Oregon and has taken steps to increase the supply by supporting an expansion of the City's Urban Growth Boundary to accommodate the Department of State Lands land and in support of this request to swap one area of industrial land for another that is more readily developable, which is consistent with this policy.

47. The Central Oregon Regional Large Lot Industrial Land Need Analysis ("Analysis", dated November 20, 2012), adopted by Ordinance 2013-15 is incorporated by reference herein.

- **Staff Response:** The Regional Large Lot Industrial Land Need Analysis provides necessary site characteristics but does not include specific sites. The proposal is consistent with the adopted Ordinance, which is incorporated into the Redmond Comprehensive Plan by this policy.

48. Within 6 months of the adoption of Ordinance 2013-15, in coordination with the participating local governments in Central Oregon, the City of Redmond will participate in an intergovernmental agreement ("IGA") with the Central Oregon Intergovernmental Council ("COIC") that specifies the process of allocation of large lot industrial sites among the participating local governments.

- **Staff Response:** The referenced Intergovernmental Agreement, along with a summary of compliance therewith and letter of support from COIC is included the applicant's proposal as Exhibits W and X.

49. The City supports Economic Development of Central Oregon ("EDCO"), a non-profit organization facilitating new job creation and capital investment to monitor and advocate for the region's efforts of maintaining an inventory of appropriate sized and located industrial lots available to the market.

- **Response:** EDCO has provided a letter of support for this proposal, noting that the proposed UGB Land Exchange and associated Comprehensive Plan Map Amendment and Zone Change will more effectively facilitate job creation and capital investment, consistent with this policy.

50. The City will continue to collaborate with regional public and private representatives to engage the Oregon Legislature and state agencies and their commissions to address public facility, transportation and urbanization issues that hinder economic development opportunities in Central Oregon.

- **Response:** As detailed in the submittal materials, the applicant has coordinated with state, City and County representative, along with EDCO and COIC representatives. All of the regional representatives support the proposal and agree that it will improve the availability of readily developable industrial lands in Central Oregon and the City of Redmond.

Chapter 10 - Housing

- **Staff Response**: This Inclusion Land location does not abut any existing housing and the proposal entails neither a reduction nor an increase to the amount of residential land in the City and County; therefore the proposal has no effect on housing or residential land throughout the City. This Chapter is therefore not applicable.

Chapter 11 - Public Facilities and Services

Overview
Public facilities are those improvements which provide various government services to the residents. These include domestic water, sanitary sewer, storm drains, transportation services, parks, schools, fire and police. Additional recognized public facilities in the Redmond area include the fairgrounds and the airport. Transportation and Parks are individual chapters in the Redmond Urban Area Comprehensive Plan.

This chapter describes existing public and private facilities and services, and known present and future needs based on projected growth. It does not present specific public improvements which may be needed. That information is in the City's adopted Public Facility Plan, a support document to the comprehensive plan, which describes in detail the water, sewer, transportation, and park facilities needed to accommodate the development anticipated in the comprehensive plan and includes rough cost estimates of facility improvements.

GOALS

1. **To provide for a close correlation between the provisions of urban services and urban development in order to bring about a more orderly and efficient development pattern, and thereby avoid unnecessary tax burdens and excessive utility costs normally associated with scattered, unrelated development.**
2. **To achieve a balance of public costs vs. benefits/revenues in the provision of public facilities and services.**
3. **To provide public and private utility systems - water, sanitary and storm sewer, energy, communications, garbage and recycling - at levels necessary and suitable for existing and proposed uses.**
5. **Public facilities shall be available or under construction prior to the issuance of Building Permits.**
6. **The level of community facilities and services that can be provided shall be a principal factor in planning for various development densities.**
7. **Capital improvements programming and budgeting should be utilized by the**

City and Deschutes County to achieve full urban services levels of public facilities and services within the UGB.

- **Staff Response:** The Goals of this Chapter address the location and timing of public facilities within the City of Redmond Urban Growth Boundary. The Goals direct orderly and efficient development patterns and suggest avoiding excessive infrastructure projects that serve only a limited area. The Inclusion Land is nearer to existing infrastructure and can better (and more orderly, efficiently, and cost effectively) accommodate urban industrial development than the Exclusion Land. Exchanging the Inclusion Lands for the Exclusion Lands would therefore better achieve the Goals of this chapter.

POLICIES (Development)

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4. Development within the Redmond UGB shall be subsequent to or concurrent with the provision of an adequate level of public facilities and services.
5. All developments shall comply with utility and facility plans intended to serve the area.

Sewer and Water

6. All sewer and water line extensions shall be extended the full width of the property being served, so as to provide for further connection of adjoining properties.
7. The City of Redmond shall plan to be the eventual provider of community sewer and domestic water services within the Redmond Urban Growth Boundary.
9. The City shall require all future development, within the city limits, to be served by the City's sewer system.

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13. Sewer or water service will not be extended to any land for development outside city limits unless such areas are annexed to the City or a Consent to Annex form signed by the owners to receive those services, except as may be agreed by the City and Deschutes County.

Natural Gas

26. The City shall encourage Natural Gas providers to provide service throughout the UGB area.

- **Staff Response:** The policies of these sections address the location and timing of public facilities within the Urban Growth Boundary and are intended to ensure an orderly and efficient development pattern, while avoiding excessive infrastructure programs that serve only a limited area. The Inclusion Land is nearer to existing infrastructure and can better (and more timely orderly and efficiently) accommodate urban industrial development. Exchanging the Inclusion Lands for the Exclusion Lands would therefore be more consistent with these policies.

Chapter 12 TRANSPORTATION

Overview
Traffic volumes on most roads in Redmond have risen over the years as the population has increased, neighborhoods have been built farther from services, and employment and household sizes have changed. In general, the existing street system will be unable to accommodate the growth in traffic projected for the year 2015. The increasing congestion and delays throughout the city would conflict with both local plans and state-wide planning goals.

One of the principal concerns of both residents and businesses is the congestion during peak periods as both long-distance highway and local traffic volumes continue to grow. These increasing volumes, which include a high percentage of trucks and other large vehicles, are changing the atmosphere of the downtown commercial district and causing an unsafe and unattractive environment for pedestrians and bicyclists.

GOALS
Within the Redmond Urban Growth Boundary an urban area transportation system will be developed which enhances the livability of Redmond and accommodates growth and development through careful planning and management of existing and future transportation facilities.

3. **Identify roadway system needs to serve undeveloped areas so that steps can be taken to preserve rights-of-ways and maintain adequate traffic circulation.**

   Objectives:
   a) **Integrate new arterial and collector routes into the existing city grid system.**

4. **Increase the use of alternative travel modes through improved safety and service.**

   Objectives:
   a) **Provide additional sidewalks and improve existing sidewalk pavement for pedestrian safety and access. Provide additional bicycle routes and plan regular maintenance of existing routes for bicyclist safety and access (per Redmond Bicycle Master Plan).**
   b) **Provide pedestrian and bicycle access, especially when direct motor vehicle access is not possible.**
   c) **Identify opportunities to expand transit service in conjunction with a Deschutes County Transit Study.**
   d) **Address linkages with the Deschutes County car pool program.**

   - **Staff Response:** The Inclusion Land is nearer to existing transportation infrastructure and can better (more timely, orderly and efficiently) accommodate urban industrial development. Furthermore, there is an established transportation system and street grid pattern in the area of the Inclusion Land, which includes streets and sidewalks. Exchanging the Inclusion Lands for the Exclusion Lands allows for the extension of the transportation system in an area that is nearer to existing development, community amenities and housing, and which more effectively accommodates multiple modes of transportation; better achieving the Goals of this chapter.

POLICIES
The following transportation policies are designed to implement the Redmond Urban Area Transportation Plan.

Transportation System Management

1. **Plan or ordinance amendments which significantly affect a transportation facility shall assure that allowed land uses are consistent with the identified function, capacity, and level of service of the facility. This shall be accomplished by either:**

- **Staff Response:** The application packet is supported by a Traffic Report and Transportation Planning Rule Assessment, completed by Transight Consulting, LLC, which documents that the proposal will not significantly affect a transportation facility.

2. **The City and County shall adopt land use regulations to limit the location and number of driveways and access points, and other access management strategies on all major collector and arterial streets.**

- **Staff Response:** OR Hwy 126 (which is located to the south of the Exclusion Land) is a major arterial. This policy and the City of Redmond adopted implementing ordinances, limit the number of access points that can be permitted onto this facility. A limited number of access points restricts the develop-ability of the Exclusion Land and/or requires added infrastructure costs (frontages roads or added internal streets) to make a property developable. The Inclusion Site does not directly abut a collector street or arterial street and therefore development on the Inclusion Land is not limited or restricted by this policy and the associated implementing ordinances.

Pedestrian and Bicycle Systems

7. **The City and County shall develop safe and convenient bicycle and pedestrian circulation to major activity centers, including the downtown, schools, shopping areas, community centers, parks, open space and other public gathering spots.**
8. **Bikeways shall be included on all new arterial and major collector streets, except limited access roads, or where equivalent alternative pedestrian circulation is provided within the Urban Growth Boundary. Retrofitting existing arterial and major collector streets with bike lanes shall proceed on a prioritized schedule.**
9. **Sidewalks shall be included on all new streets except limited access roads or where equivalent alternative pedestrian circulation is provided in the Urban Growth Boundary. Retrofitting existing streets with sidewalks shall proceed on a prioritized schedule.**
10. **Bicycle parking facilities shall be provided at all new residential multi-family (four units or more), commercial, industrial, recreational and institutional facilities.**

- **Staff Response:** The Exclusion Site is located over 1/4 mile from any developed sidewalks and/or bicycle lanes. Given the distance, the cost and ability to extend complete bicycle and/or sidewalk systems to the Exclusion Site would be much more excessive than extending the systems to serve the Inclusion Site (because the Inclusion Site directly abuts existing systems). Extending bicycle and pedestrian systems to the Inclusion Site, could be provided more easily and cost effectively, thus the Inclusion Property (and proposal) is better suited to be consistent with these policies.

State Highways

20. **Wherever practical, access to the highway will be provided via frontage roads, alternative local roads, or other means, rather than direct access to the highway.**
21. **Signalized intersections on state highways should be spaced at a minimum distance of one-half mile. Consequently, when local road intersections with the highway meet signal warrants and are less than one-half mile to the nearest other planned signal location, or when operational or safety issues develop, solutions other than signalization will be implemented wherever possible. This will include consideration of turn restrictions, median closure, or other means.**
23. **A non-traversable median (motorized vehicles) should be installed on the highway when operational or safety issues warrant installation. Directional breaks in the median will be provided as needed to provide safe traffic operation.**
24. **The City of Redmond shall coordinate with the Department of Transportation (ODOT) to design for additional capacity improvements for the Yew Avenue interchange. This design shall include consideration for an additional north bound off-ramp that would allow for traffic access onto Airport Way to the Redmond Municipal Airport and the Deschutes County Fairgrounds.**
25. **Medians installed in the state highways should provide bicycle and pedestrian crossings at least every 1/4 mile.**

- **Staff Response:** OR Hwy 126 (which is located to the south of the Exclusion Land) is a State Facility. This policy and the City of Redmond adopted implementing ordinances, limit the number of access points that can be permitted onto this facility. A limited number of access points restricts the develop-ability of the Exclusion Land and/or requires added infrastructure costs (frontages roads or added internal streets) to make a property developable. The Inclusion Site does not directly abut a state facility; therefore, development on the Inclusion Land is not limited or restricted by this policy and the associated implementing ordinances.

Rights of Way

25. **Local transportation systems within the Urban Growth Boundary should be planned to utilize existing facilities and rights of way, where practical.**

- **Staff Response:** The Inclusion Site is closer to existing transportation facilities and abuts a greater portion of an accessible transportation system. The Inclusion Site is better able to utilize existing facilities than the Exclusion Site; therefore, incorporating the Inclusion Site, instead of the Exclusion Site is more consistent with this policy.

27. **The City of Redmond shall encourage master planning of the Redmond Urban Reserve Area to identify the location of arterial and collector streets and future transportation corridors.**
28. **The City of Redmond will cooperate with Deschutes County to master plan the County owned property located east of Redmond. The master plan shall include, but is not limited to, the proposed transportation system, public utilities and services, land uses and open space and recreation. The jurisdictions shall consider the possible routes for future transportation corridors and will coordinate with the Oregon Department of Transportation, the Bureau of Land Management and any other property owner or agency that indicates an interest in the planning process.**

- **Staff Response:** Both the Inclusion Site and the Exclusion Site are identified in the City of Redmond Eastside Framework Plan, a master plan for this area. The Eastside Framework Plan identifies the locations of arterials and collector streets. The proposal is consistent with the adopted Eastside Framework Plan, thus consistent with these policies.

Chapter 13 ENERGY

Statewide Planning Goal 13 requires land and uses developed on the land to be managed and controlled so as to maximize the conservation of all forms of energy, based upon sound economic principals.

GOAL
To conserve energy.

POLICIES

1. **City of Redmond, Deschutes County and the Department of Transportation shall work together in providing an efficient and adequate transportation network for the Redmond Urban Area.**

- **Staff Response**: This chapter, including the Goals and Policies, is achieved by the establishment of land use patterns that provide logical transitions of high-density to low-density development which takes advantages of the existing transportation network and underdeveloped properties whenever possible.
  Given that the Inclusion Property and the Exclusion Property are located in the same general vicinity and planned through the Eastside Framework Plan, efficiencies can be achieved by utilizing the existing transportation system and utility infrastructure, rather than requiring the costly and energy-intensive extension of public and private utilities (to the Exclusion Site). Additionally, locating industrial land closer to improved local streets that have water, sewer, and utilities developed therein will further increasing energy efficiency.

Chapter 14 URBANIZATION ELEMENT

Overview
The purpose of this chapter is to identify the goals and policies that the City of Redmond, in cooperation with Deschutes County, has adopted to comply with Statewide Planning Goal 14, Urbanization.

Goal 14. Urbanization – To provide for an orderly and efficient transition from rural to urban land use.

To comply with Statewide Goal 14, the City of Redmond and Deschutes County have adopted:

1. **An Urban Growth Boundary (UGB);**
2. **Policies concerning the regulation and management of land within the Urban Growth Boundary; and**
3. **An intergovernmental agreement that describes criteria and procedures for amending the UGB.**

GOALS
1. **To direct development within the Redmond UGB at urban level densities in a phased and orderly manner, and with the provision of an adequate level of urban services, including but not limited to public water, sewer and urban streets.**
2. **To establish and maintain an Urban Growth Boundary that provides adequate land to accommodate projected population and employment growth during the 20-year planning period.**
3. **To cooperatively designate Urban Reserve Areas with Deschutes County to identify priority lands to include within the Redmond UGB on a phased basis to meet documented needs for additional urban land. The Urban Reserve Areas are intended to provide a longer-term (30 to 50-year) tool to direct and manage urban growth in the Redmond area while the Urban Growth Boundary provides a 20-year land supply.**

- **Staff Response:** As noted in this section, the City of Redmond has established a planning program that includes a UGB that provides residential and employment lands for 20 years, and a URA that provides residential and employment lands for 30 years. This section notes that the comprehensive planning program, which includes both the UGB and URA, is consistent with Statewide Planning Goal 14.

POLICIES (Urban Growth Boundary and Urban Reserve Areas)

1. **The establishment and change of the Urban Growth Boundary shall be a cooperative process between the City of Redmond and Deschutes County.**

- **Staff Response:** The proposal has been initiated by Deschutes County and the City of Redmond and will modify the location of the Redmond UGB. The applications are being processed through both the adopted City of Redmond Development Code Procedures and the Deschutes County Code Development Review Procedures; consistent with this policy.

2. **The City of Redmond and Deschutes County will coordinate the development and adoption of population and employment forecasts to use as the basis for 20-year planning. The following population and employment forecasts have been adopted for City of Redmond in the year 2025:**
   Population: 45,724
   Employment: 22,070

- **Staff Response:** The proposal reconfigures the City of Redmond UGB, but retains an identified 156 acres of Industrial Land, including 111 acres of M-1 zoned land and 45 acres of M-2 zoned land. Maintaining an equivalent amount of industrial land is consistent with the adopted and acknowledged economic land need. Statutory requirements allow for UGB reconfigurations to occur without completing new Economic Opportunity Analysis or land need analysis. Given that the proposal results in no net change in the amount of industrial land within the Redmond UGB, the proposal is consistent with this policy.

3. **In anticipation of the need to expand the UGB to accommodate population and employment forecasts for the year 2025 and beyond, the City of Redmond and Deschutes County have jointly agreed to establish an Urban Reserve Area (URA) consistent with state law. Designating an urban reserve area achieves the following objectives:**

   b. **It identifies appropriate lands to be reserved for eventual inclusion in the UGB.**
   c. **It protects urban reserve area lands from development patterns that would impede long-term urbanization. This will be accomplished through Deschutes County adoption of policies and regulations for the Redmond Urban Reserve Area.**
   d. **It provides more certainty for jurisdictions, service districts and property owners to undertake longer-term planning for public facilities and services such as transportation, sewer and water, schools and parks.**

- **Staff Response:** The Inclusion Lands are located within the Redmond Urban Reserve Area. While (for a UGB Land Exchange) a new land need is not required to be documented, these policies establish that the URA lands should be the first to be considered. Furthermore, to ensure that no net change to the amount of industrial land is available to accommodate the 30 year land need, the application packet includes replacing URA land, via the exchange. The 156 acre Exclusion Land will become part of the Redmond URA, in place of the Inclusion Land that is being removed. The proposal retains an equivalent amount of URA land, thus remains consistent with this policy.

7. **Property owners have the opportunity to request that land within a designated Urban Reserve Area be included within the Redmond Urban Growth Boundary, based on consideration of the following factors outlined in Statewide Goal 14:**

e. **Demonstrated need to accommodate urban population growth requirements;**
f. **Need for housing, employment opportunities and livability;**
g. **Orderly and economic provision of public facilities of services;**
h. **Maximum efficiency of land uses;**
i. **Retention of agricultural land;**
j. **Compatibility of urban uses with nearby agricultural activities; and**
k. **Environmental, energy, economic and social consequences.**

➢ **Staff Response:** A comprehensive Review of Statewide Planning Goal 14, including all applicable statutory requirement and Administrative Rules was addressed in above. As detailed in that section the proposal complies with all applicable provisions of Statewide Planning Goal 14, including the elements reiterated by this policy. As documented throughout this narrative, the proposal is consistent with this policy.

8. **The City and County will favor UGB additions that are of sufficient size and scale to be integrated into the urban area as complete neighborhoods or other community elements rather than isolated individual parcels. Privately initiated requests for UGB amendments should include a minimum of 150 acres and shall be based on demonstrated land needs to maintain a 20 year supply of urbanizable land within the UGB.**

➢ **Staff Response:** While not a UGB addition, the exchange is of 156 acres of industrial land is in excess of 150 acres and consistent with the intent of this policy.

9. **When land is brought into the UGB, it shall be designated URBAN HOLDING AREA (UHA) on the comprehensive plan map. Land that is inside the City may be zoned Urban Holding-10.**
10. **The Urban Holding Area-10 (UH-10) plan designation may be changed when the land is annexed and approved for urban zoning through a Master Plan approval process or, in limited cases, through a site planning and development review process (see below).**

➢ **Staff Response:** In association with this application packet the applicant will be submitting an annexation application. In the event that the UGB reconfiguration is approved prior to the annexation being complete, the applicant understands that land could temporarily be designated UHA, until the annexation is complete.

Redmond Framework Plan and Urban Character Guidelines

18. **The City will adopt an Urban Framework Plan for future urban areas in the Urban Growth Boundary and Urban Reserve Area. The Redmond Urban Framework Plan will be used as a conceptual guide for future urban land uses in urban reserve areas and areas within the UGB. The Framework Plan is not**

parcel-specific and is intended to provide general guidance as to community form and design, and to be used as the basis for preparation of Area Plans.

- **Staff Response:** As shown on the application materials, the Inclusion Land adds 156 acres of land (111 acres of M-1 zoned land and 45 acres of M-2 zoned land), which is generally consistent with the Eastside Framework Plan. Given that the proposal results in no net change to the amount of industrial land in the City of Redmond, it is generally consistent with the Eastside Framework Plan, and thus the applications are consistent with this policy.

Urbanization Element

27. **The City of Redmond and Deschutes County will work cooperatively to ensure that interim development in Urban Reserve Areas does not interfere with the future extension of urban services. This is accomplished by identifying future urban transportation and utility corridors and regulating uses adjacent to those corridors to prevent encroachment by interim development.**
28. **Urban development that occurs adjacent to designated Urban Reserve Areas shall be planned with the adjacent land's future urban use in mind. Urban development should be sensitive to adjacent rural uses but the development pattern should not be altered to the point it fails to achieve desired urban characteristics or interferes with future urban expansion.**
29. **Urban development on the edge of the urban growth boundary that is adjacent to land planned for long-term rural use should buffer urban uses with open spaces, when feasible, or lower density residential development, or other appropriate transitional uses.**

- **Staff Response:** As detailed throughout this narrative and within the application materials, both the Inclusion Site and the Exclusion Site are located within the Eastside Framework Plan area. The Eastside Framework Plan identifies appropriate zoning, buffers and transportation corridors in the area. The Framework Plan has considered surrounding development and development patterns and provides sufficient separation, buffers and transition of uses between uses (given City housing and employment land needs). Given that the proposal is generally consistent with the Eastside Framework Plan (which is consistent with these policies), this proposal too is consistent with these policies.

Central Oregon Large Lot Industrial Land Need Analysis

30. **The Central Oregon Regional Large Lot Industrial Need Analysis ("Analysis", dated November 20, 2012), adopted by Ordinance 2013-15 is incorporated by reference herein.)**

- **Staff Response:** As detailed in Ordinance 2013-15, the UGB Land Exchange in addition to the associated Comprehensive Plan Map Amendment and Zone Change are consistent with the referenced Ordinance.

31. **The City of Redmond will amend its Comprehensive Plan and land use regulations, including the Urban Growth Boundary (UGB), in order to**

designate a site in accordance with the requirements of OAR 660-024-0045 and the intergovernmental agreement.

- **Staff Response:** Through prior actions, the City of Redmond has amended its UGB to include the Exclusion Site (in addition to other property) into the City of Redmond UGB to accommodate a Regional Large Lot Industrial Land need. The current proposal will maintain the amount of land needed by be the Regional Large Lot Industrial Land program, in the same general vicinity, however it will modify and improve the location of 156 acres. As documented above the UGB Land Exchange is consistent with both OAR 660-024-0045 (Regional Large Lot Industrial Land Program) and the proposal is consistent with the COIC Intergovernmental Agreement; therefore the proposal is consistent with this policy.

Chapter 15 LIVABILITY ELEMENT

Overview
The purpose of this chapter is to identify the "Livability" goals and policies that the City of Redmond will use to guide and manage growth. It is important to define livability and set specific goals and policies so that community aspirations can be met over the life of the plan.

LIVABILITY DEFINITION
Livability is a term used to describe the variety of surroundings and human experiences that shape Redmond and convey an image of a future that is enduring, vibrant, responsible, and offers a desirable quality of life. Community livability also refers to actions that improve the City's ability to respond to changing social, economic, or environmental events.

LIVABILITY GOAL
The City of Redmond shall create and maintain livability. The City of Redmond shall guide development and support community identity and pride by implementing policies that improve livability and are innovative creating a high quality of life, ample family wage jobs, and a safe environment in which to raise and educate families.

- **Staff Response:** In the City of Redmond livability is generally implemented through the Development Code, including the standards and criteria that apply to new development. Relevant policies are discussed below.

LIVABILITY POLICIES

1. **Redmond shall plan and invest in the community to provide a high quality of life for both current generations of residents and businesses and future generations of residents and businesses.**

- **Staff Response:** The City of Redmond has established the Eastside Framework Plan to provide a high quality of life and business, as required intended by this policy. As noted throughout the findings, the proposal is generally consistent with the Eastside Framework Plan; therefore, the proposal is consistent with this policy.

8. **Redmond shall plan for a variety of transportation choices.**
10. **Redmond shall develop safe, reliable, and economical transportation choices to decrease household transportation costs, improve air quality, reduce greenhouse gas emissions, and promote public health.**

- **Staff Response:** The Inclusion Site is in closer proximity to existing facilities and urban industrial development than the Exclusion Site. Given the closer location, the potential to extend bicycle lanes, pedestrian facilities and locate transit options is improved at the Inclusion Site, increasing the potential for a variety of transportation choices, consistent with these policies.

11. **The City of Redmond shall develop and maintain the environment that promotes and supports a strong, healthy, and diverse economic base.**
12. **Redmond shall promote economic competitiveness through sustainable choices for housing, transportation, education, cultural diversity and enrichment, and recreational opportunities as well improve reliable and timely access to employment centers, educational opportunities, services, and other basic needs by workers.**
14. **Redmond shall help to create and foster new businesses of all types.**
15. **Redmond shall provide well planned and maintain high-quality infrastructure to provide a competitive advantage for business and community growth.**
20. **Redmond shall develop strategies that improve diversity of systems and reduce the potential negative impact to the whole city of the failure of any on particular system. Increasing the diversity of systems means that Redmond should maximize the diversity of different business types, institutions, sources of food, and industries, etc.**

- **Staff Response:** The Inclusion Land is located nearer to existing facilties (including water, sewer, transportation and private utilities). Including industrial land at the Inclusion Site location, as opposed to the Exclusion Site location, allows for the possibility of more timely, orderly and efficient development, which would carry out the intent of these policies.

GUIDING BUSINESS FORWARD
REDMOND
ECONOMIC DEVELOPMENT INC.

August 21, 2019

Deschutes County Property Management
James Lewis, Property Manager
P.O. Box 6005
Bend, OR 97708-6005

RE: Application support to City of Redmond and Deschutes County to Adjust the Redmond UGB

Dear James:

I write today in support of Deschutes County's applications to amend the City of Redmond Urban Growth Boundary (UGB) for the purpose of providing additional readily developable employment lands in Redmond and Deschutes County.

This adjustment, which includes the removal of 156 acres of encumbered land from the Redmond UGB and the inclusion of the same acreage without such encumbrances in a different location, will help keep Redmond a highly competitive place, in terms of land value and inventory for growing and new business opportunities. The adjustment will provide additional acres that have the better connectivity to public infrastructure significantly more proximate the new property. Conversely, the land that will be removed from the UGB does not have such essential amenities and is encumbered with a former shooting range and dump – which are obstacles to near term development.

The adjustment will also help facilitate a land exchange between Deschutes County and the Department of State Lands that will result in Deschutes County acquiring an additional 140 acres immediately south of the County Fair and Expo Center (Fairgrounds). Such acquisition will enhance the long-term viability of the Fairgrounds and maintain the Fairgrounds status as an economic driver in Redmond, Deschutes County and all Central Oregon.

Redmond Economic Development, Inc. (REDI), has been involved in business, workforce and community development in Central Oregon for more than 30 years. In addition to our traded sector business recruitment efforts, REDI has provided technical support and resources to many of Redmond's existing employers that account for a large percentage of the community's family wage jobs and taxable investment.

Sincerely,

Jon Stark

Jon Stark
Sr. Director
Redmond Economic Development, Inc.

P: 541-923-5223 | 411 SW 9th Street | Suite 203 | Redmond, OR 97756 | rediinfo.com

411 SW 9th
Redmond, OR 97756

CITY OF REDMOND
Community Development Department

(541) 504-2002
Fax: (541) 548-0253
info@ci.redmond.or.us
www.ci.redmond.or.us

STAFF REPORT

DATE: January 14, 2020
TO: Mayor and City Council Members
THROUGH: Keith Witcosky, City Manager
FROM: Jon Stark, Zone Manager, REDI
SUBJECT: Enterprise Zone – Extended Abatement Agreement – BasX Solutions

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Addresses Council Goal:
4. ECONOMIC DEVELOPMENT: Develop and maintain an environment that promotes and supports a strong, healthy and diverse economic base.

C. Maintain Redmond's reputation as "the place to do business in Central Oregon".

I. Provide incentive programs that are regionally and nationally competitive and targeted towards businesses that benefit the community through the creation of family-wage jobs.

Report in Brief:
This action considers an Enterprise Zone Extended Abatement Agreement for BasX, LLC dba BasX Solutions (BasX), for one additional year of qualifying property tax abatement based on capital investment, new job creation and wages.

Background:
All employment lands in the City of Redmond are part of a State enabled economic development designation known as the Enterprise Zone (E-Zone). This program allows qualifying businesses and investments to receive a 100% abatement of property taxes associated with the assessed value of new qualifying capital improvements. Companies continue to pay taxes on the value of the land and any capital investments that are not eligible for the abatement. Depending upon the nature of the State program being used, E-Zone abatements can range from three (3) years; to five (5) years (known as the Extended program), to as many as (fifteen) 15 years (known as the Long-Term Rural program). The duration of the abatement is connected to the number of jobs created and wage level.

The three-year abatement does not have an average wage requirement; however, the Extended and Long-Term Rural programs require wages that are certified at 150% of Deschutes County average annual compensation ($68,357).

Compensation under the criteria includes salary, overtime, medical and retirement benefits. Not all jobs created need to exceed the 150 percent average annual compensation criteria, but rather an average of the overall compensation for all net new jobs needs to exceed the 150 percent average annual compensation criteria.

Extended abatements are done through agreements by the E-Zone sponsor(s) which extend the tax abatement for either one or two years beyond the standard three-year abatement.

Extended abatements need to be approved by the sponsor(s) of the E-Zone. It is the prerogative of the sponsor agency whether or not the approval is made by the governing body or administratively. The Greater Redmond Area E-Zone has three co-sponsors: The City of Redmond; Deschutes County; and the City of Sisters. The City of Redmond's policy is that the Redmond City Council approves all extended E-Zone agreements.

Additionally, the City of Redmond waives or reduces, depending upon specific set criteria, land-use, building and permitting fees.

Discussion:
BasX is managed by David Benson and Matthew Tobolski. At 127 employees, it has been among Redmond and the State's fastest growing firms. BasX is located at 3500 SW 21st Place.

BasX Solutions manufactures of a wide range of modular (containerized) products that serve areas such as:

- Modular Clean Room and Hospital Units
- Modular HVAC and Power Storage Units
- Modular Cooling and Data Storage Solutions
- Engineered and Structural Solutions

In December 2019, BasX submitted an application, requesting an extended abatement.

The project being undertaken is a 50,000 square foot expansion of its 105,000 square foot existing building, including a 10,000 square foot covered area. Total project cost is $6,500,000 ($3,000,000 capital construction and $3,500,000 in equipment).

The firm has committed to create 15 new jobs in Redmond by the first year of exemption (estimated to be 2021). The application and wage documentation have been validated by City Manager Keith Witcosky and Enterprise Zone Manager, Jon Stark.

This E-Zone Extended Abatement Agreement is for one additional year.

Fiscal Impact:
This action will extend the property tax abatement for the qualified project by one year, impacting the City of Redmond's property tax collections. The City of Redmond's apportionment of the abatement is estimated to be $28,666/year.

Alternative Courses of Action:

1. Approve the Agreement for Oregon Enterprise Zone Extended Abatement for BasX.

2. Do not approve the Agreement for Oregon Enterprise Zone Extended Abatement for BasX in which the firm would still be eligible for the "Standard" abatement of three (3) years.

Recommended/Suggested Motion:
"I move to approve the Agreement for Oregon Enterprise Zone Extended Abatement for BasX"

Jon Stark
Enterprise Zone Manager,
Sr. Director
Redmond Economic Development

Greater Redmond Area Enterprise Zone Extended Abatement

WRITTEN AGREEMENT WITH THE GREATER REDMOND AREA ENTERPRISE ZONE SPONSORS TO EXTEND PROPERTY TAX EXEMPTION BY ONE (1) YEAR TO A TOTAL OF FOUR (4) CONSECUTIVE YEARS IN TOTAL FOR CAPITAL INVESTMENT BY BasX LLC dba BasX Solutions

The sponsors of the Greater Redmond Area Enterprise Zone comprising the governing bodies of [the City of Redmond, Sisters and Deschutes County] (hereinafter the “Zone Sponsor") and BasX LLC dba BasX Solutions (hereinafter the “Firm") do hereby enter into an agreement pursuant to ORS 285C.160 for extending the period of time in which the Firm will receive a property tax exemption on its proposed investments in qualified property in the Greater Redmond Area Enterprise Zone contingent on certain special requirements.

The Zone Sponsor and the Firm jointly acknowledge: that subject to the Firm’s timely submission of an application for authorization, the satisfaction of applicable requirements under ORS 285C.050 to 285C.250 (the “Statute”), and the Zone Sponsor’s approval thereof, the Firm is eligible for three years of property tax exemption on its qualified property. So long as the Firm elects to continue to receive this property tax exemption and continues to qualify, then this agreement shall have no effect on this three-year exemption. Nothing in this agreement shall be construed as a waiver of the qualification requirements of the Statute. If the Firm loses its qualified status for any reason set forth in the Statute, then this agreement becomes null and void.

The Zone Sponsor extends The Firm's property tax exemption an additional one (1) year on all property that initially qualifies in the Greater Redmond Area Enterprise Zone after the initial assessment year beginning on January 1, 2021 and, thus, sets a total period of exemption of four (4) consecutive years during which statutory requirements for the standard three-year enterprise zone exemption must also be continuously satisfied.

CONFIRMATION OF STATUTORY PROVISIONS

In order for qualified property to be exempt from ad valorem taxes for the additional one year of enterprise zone exemption as granted herein, The Firm agrees herewith that under ORS 285C.160(3)(a)(A)(i) or (ii) and (b), in accordance with OAR 123-674-0600:

1. For each year of the entire exemption period, The Firm’s new employees shall receive an average level of compensation equal to or greater than 150 percent of the county average annual wage, such that:

   a. Compensation includes benefits such as employer-provided insurance that can be monetized and do not arise from a payroll tax or similar government mandate, and
   b. Except as revised under ORS 285C.160(4), the county wage is set at the time of authorization, and accordingly, the 2018 average wage for County is $45,661, for which 150 percent equals $68,357.

2. During the additional year, the average annual wage (taxable income) received by The Firm’s new employees shall also be equal to or greater than the current county average wage based on the most recent, final figure at that time.

3. The Firm's 'new employees' for purposes of these requirements comprise only employees hired for and working at full-time, year-round, non-temporary jobs that are created and filled for the first time after the date of application for authorization but on or before December 31 of the first full year of the initial exemption, and that are performed within the current boundaries of the Enterprise Zone and engaged a majority of their time in The Firm's eligible operations according to ORS 285C.135 and 285C.200(7), regardless if any such employee is leased, contracted for or otherwise obtained through an external agent, provided that they are hired by and employed directly by The Firm.

LOCAL ADDITIONAL REQUIREMENTS

The Zone Sponsor does not request any requirement of The Firm and relinquishes all rights to make the additional one (1) year of property tax exemption granted herein contingent on additional requirements that might otherwise be reasonably requested under ORS 285C.160(a)(B).

ACCEPTING FOR THE CO-SPONSORS OF THE GREATER REDMOND AREA ENTERPRISE ZONE:

Signature: ________________________________ Date: __________________

George Endicott, Mayor,
City of Redmond

Signature: ________________________________ Date: __________________

Phil Henderson, Board Chair,
Deschutes County

Signature: ________________________________ Date: __________________,

Chuck Ryan, Mayor,
City of Sisters

ACCEPTING FOR THE FIRM:

Signature: ________________________________ Date: __________________

Representative Signature

____
Printed Name / Title

____
Address

____
City, State, Zip

____
Phone / Fax

____
Email

411 SW 9th
Redmond, OR 97756

CITY OF REDMOND
Community Development Department

(541) 504-2002
Fax: (541) 548-0253
info@ci.redmond.or.us
www.ci.redmond.or.us

STAFF REPORT

DATE: January 14, 2020
TO: Mayor and City Council Members
THROUGH: Keith Witcosky, City Manager
FROM: Jon Stark, Zone Manager, REDI
SUBJECT: Enterprise Zone – Extended Abatement Agreement – Integrated 3D, LLC

Addresses Council Goal:
4. ECONOMIC DEVELOPMENT: Develop and maintain an environment that promotes and supports a strong, healthy and diverse economic base.

C. Maintain Redmond's reputation as "the place to do business in Central Oregon".

I. Provide incentive programs that are regionally and nationally competitive and targeted towards businesses that benefit the community through the creation of family-wage jobs.

Report in Brief:
This action considers an Enterprise Zone Extended Abatement Agreement for Integrated 3D, LLC, for two additional years of qualifying property tax abatement based on capital investment, new job creation and wages.

Background:
All employment lands in the City of Redmond are part of a State enabled economic development designation known as the Enterprise Zone (E-Zone). This program allows qualifying businesses and investments to receive a 100% abatement of property taxes associated with the assessed value of new qualifying capital improvements. Companies continue to pay taxes on the value of the land and any capital investments that are not eligible for the abatement. Depending upon the nature of the State program being used, E-Zone abatements can range from three (3) years; to five (5) years (known as the Extended program), to as many as (fifteen) 15 years (known as the Long-Term Rural program). The duration of the abatement is connected to the number of jobs created and wage level.

The three-year abatement does not have an average wage requirement. However, the Extended and Long-Term Rural programs require wages that are certified at 150% of Deschutes County average annual compensation ($68,357).

Compensation under the criteria includes salary, overtime, medical and retirement benefits. Not all jobs created need to exceed the 150 percent average annual compensation criteria, but rather an average of the overall compensation for all net new jobs needs to exceed the 150 percent average annual compensation criteria.

Extended abatements are done through agreements by the E-Zone sponsor(s) which extend the tax abatement for either one or two years beyond the standard three-year abatement.

Extended abatements need to be approved by the sponsor(s) of the E-Zone. It is the prerogative of the sponsor agency whether or not the approval is made by the governing body or administratively. The Greater Redmond Area E-Zone has three co-sponsors: The City of Redmond; Deschutes County; and the City of Sisters. The City of Redmond's policy is that the Redmond City Council approves all extended E-Zone agreements.

Additionally, the City of Redmond waives or reduces, depending upon specific set criteria, land-use, building and permitting fees.

Discussion:
Integrated 3D (I3D) has a sales and management office in Bend and is moving its manufacturing operations to Redmond from The Dalles, Oregon. A lease was signed in late 2019 for suites 101-105 (the entire building) and 201 at 1263 SW Lake Road and tenant improvements and equipment purchases are underway. The company plans to be operational by May 2020.

I3D is a three-dimensional printing company, known as "additive manufacturing". I3D uses direct metal laser sintering technology (DMLS) and direct metal laser melting (DMLM) to layer metal (aluminum, titanium, steel, stainless steel, and other alloys) from powder, using high tech lasers to manufacture parts. The company serves as a contract manufacturer, making parts for the following industries and will enhance our supply chain. The company serves the automotive, aviation/aerospace, energy, firearms, military and outdoor industries, to name a few.

In December 2019, I3D submitted an application requesting an extended abatement.

The project being undertaken is the build out of the existing shell buildings at the aforementioned Lake Road location and capital equipment purchases. Total project cost is estimated at $6,542,877. Roughly $4 million is capital construction and $2.55 million in transferred or purchased equipment.

The firm has committed to move and/or create 15 new jobs in Redmond by the first year of exemption (estimated to be 2021). The application and wage documentation have been validated by City Manager Keith Witcosky and Enterprise Zone Manager, Jon Stark.

This E-Zone Extended Abatement Agreement is for two additional years.

Fiscal Impact:
This action will extend the property tax abatement for the qualified project by one year, impacting the City of Redmond's property tax collections. The City of Redmond's apportionment of the abatement is estimated to be $28,855/year.

Alternative Courses of Action:

1. Approve the Agreement for Oregon Enterprise Zone Extended Abatement for Integrated 3D, LLC.

2. Do not approve the Agreement for Oregon Enterprise Zone Extended Abatement for Integrated 3D, LLC in which the firm would still be eligible for the "Standard" abatement of three (3) years.

Recommended/Suggested Motion:
"I move to approve the Agreement for Oregon Enterprise Zone Extended Abatement for Integrated 3D, LLC"

Jon Stark
Enterprise Zone Manager,

Sr. Director
Redmond Economic Development

Greater Redmond Area Enterprise Zone Extended Abatement

WRITTEN AGREEMENT WITH THE GREATER REDMOND AREA ENTERPRISE ZONE SPONSORS TO EXTEND PROPERTY TAX EXEMPTION BY TWO (2) YEARS TO A TOTAL OF FIVE (5) CONSECUTIVE YEARS IN TOTAL FOR CAPITAL INVESTMENT BY Integrated 3D, LLC

The sponsors of the Greater Redmond Area Enterprise Zone comprising the governing bodies of [the City of Redmond, Sisters and Deschutes County] (hereinafter the “Zone Sponsor") and Integrated 3D, LLC (hereinafter the “Firm") do hereby enter into an agreement pursuant to ORS 285C.160 for extending the period of time in which the Firm will receive a property tax exemption on its proposed investments in qualified property in the Greater Redmond Area Enterprise Zone contingent on certain special requirements.

The Zone Sponsor and the Firm jointly acknowledge: that subject to the Firm’s timely submission of an application for authorization, the satisfaction of applicable requirements under ORS 285C.050 to 285C.250 (the “Statute”), and the Zone Sponsor’s approval thereof, the Firm is eligible for three years of property tax exemption on its qualified property. So long as the Firm elects to continue to receive this property tax exemption and continues to qualify, then this agreement shall have no effect on this three-year exemption. Nothing in this agreement shall be construed as a waiver of the qualification requirements of the Statute. If the Firm loses its qualified status for any reason set forth in the Statute, then this agreement becomes null and void.

The Zone Sponsor extends The Firm's property tax exemption an additional two (2) years on all property that initially qualifies in the Greater Redmond Area Enterprise Zone after the initial assessment year beginning on January 1, 2021 and, thus, sets a total period of exemption of five (5) consecutive years during which statutory requirements for the standard three-year enterprise zone exemption must also be continuously satisfied.

CONFIRMATION OF STATUTORY PROVISIONS

In order for qualified property to be exempt from ad valorem taxes for the additional two years of enterprise zone exemption as granted herein, The Firm agrees herewith that under ORS 285C.160(3)(a)(A)(i) or (ii) and (b), in accordance with OAR 123-674-0600:

1. For each year of the entire exemption period, The Firm’s new employees shall receive an average level of compensation equal to or greater than 150 percent of the county average annual wage, such that:

   a. Compensation includes benefits such as employer-provided insurance that can be monetized and do not arise from a payroll tax or similar government mandate, and
   b. Except as revised under ORS 285C.160(4), the county wage is set at the time of authorization, and accordingly, the 2018 average wage for County is $45,661, for which 150 percent equals $68,357.

2. During the additional year, the average annual wage (taxable income) received by The Firm’s new employees shall also be equal to or greater than the current county average wage based on the most recent, final figure at that time.

3. The Firm's 'new employees' for purposes of these requirements comprise only employees hired for and working at full-time, year-round, non-temporary jobs that are created and filled for the first time after the date of application for authorization but on or before December 31 of the first full year of the initial exemption, and that are performed within the current boundaries of the Enterprise Zone and engaged a majority of their time in The Firm's eligible operations according to ORS 285C.135 and 285C.200(7), regardless if any such employee is leased, contracted for or otherwise obtained through an external agent, provided that they are hired by and employed directly by The Firm.

LOCAL ADDITIONAL REQUIREMENTS

The Zone Sponsor does not request any requirement of The Firm and relinquishes all rights to make the additional two (2) years of property tax exemption granted herein contingent on additional requirements that might otherwise be reasonably requested under ORS 285C.160(a)(B).

ACCEPTING FOR THE CO-SPONSORS OF THE GREATER REDMOND AREA ENTERPRISE ZONE:

Signature: ________________________________ Date: __________________

George Endicott, Mayor,
City of Redmond

Signature: ________________________________ Date: __________________

Phil Henderson, Board Chair,
Deschutes County

Signature: ________________________________ Date: __________________,

Chuck Ryan, Mayor,
City of Sisters

ACCEPTING FOR THE FIRM:

Signature: ________________________________ Date: __________________

Representative Signature

____

Printed Name / Title

____

Address

____

City, State, Zip

____

Phone / Fax

____

Email

CITY OF REDMOND

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www.ci.redmond.or.us

STAFF REPORT

DATE: January 14, 2020
TO: Mayor and Council Members
THROUGH: Keith Witcosky, City Manager
FROM: Zachary Bass, Airport Director
SUBJECT: Addendum No. 23 to Morrison-Maierle Contract #2015-39: Redmond Airport Parking Lot Expansion Project - $147,000 for Engineering Construction Management Services (AP1902)

Addresses Council Goals:
5b.iii. Aggressively pursue physical improvements to airport facilities, increase amenities and enhance the customer experience.

Report in Brief:
The Airport is requesting City Council approval of Addendum No. 23 to City Contract #2015-39 with Morrison Maierle, Inc. in the maximum amount of $147,000.00 to provide engineering construction management services to construct the Redmond Airport Parking Lot Expansion Project.

Background:
On September 8, 2015, Redmond City Council approved contract #2015-39 with Morrison Maierle, Inc. to provide design, engineering, and construction administration services for projects to be completed through the airport's Capital Improvement Program. This is a three-year contact with two one-year extensions[1]. Each contract addendum reflects an additional project to be undertaken by Morrison Maierle Inc. This will be the 23rd project.

Discussion:
Project #13 of the Morrison Maierle contract was the original design of the parking lot. On January 14, 2020, through a separate action, City Council will also be asked to approve the construction contract for the parking lot.

Morrison Maierle will be contracted to provide construction administration services on behalf of RDM. This includes engineering, architectural work, and special inspections. The contract will have an estimated maximum cost of $147,000.

[1] This contract expires in Fall 2020. This spring, the Airport will advertise a Request for Qualifications (RFQ) and award a new 5-year engineering services contract.

Fiscal Impact:
This project is included in the FY 2019/20 budget and will be entirely funded through bond proceeds received in March 2019.

Alternative Courses of Action:

A. Approve Addendum No. 23 to City Contract #2015-39 with Morrison Maierle, Inc.
B. Request more information.
C. Do not authorize Addendum No. 23.

Recommended/Suggested Motion:
"I move to authorize the City Manager to execute Addendum No. 23 to City Contract 2015-39 with Morrison Maierle, Inc. in the maximum amount of $147,000.00."

Zachary Bass
Airport Director