



Where Life is Sweet

HERMISTON CITY COUNCIL

180 NE 2nd Street – Hermiston, OR 97838

Regular Meeting

October 10th, 2016

A G E N D A

COUNCIL/CITY MANAGER WORK SESSION
Festival Street Kickoff Event - 6:00PM

1. **CALL MEETING TO ORDER**– 7:00 pm
2. **DECLARATION OF QUORUM**
3. **FLAG SALUTE**
4. **PROCLAMATIONS, PRESENTATIONS & RECOGNITIONS**
 - A) Proclamation- Girl Scout Gold Award to Sofia Gispert Tello and Andrea Gispert Tello.
5. **CITIZEN INPUT ON NON-AGENDA ITEMS** (Anyone wishing to bring anything before the council that is not on the agenda is asked to please do the following: 1. Limit discussion to not more than FIVE minutes; 2. State your name and address; 3. Direct your comments to the Mayor.)
6. **CONSENT AGENDA**
 - A) Minutes of the September 26th, regular City Council meeting.
 - B) Minutes of the September 6th, Faith-Based Advisory Committee meeting.
 - C) Announcement of standing committee vacancy for the unexpired portion of a 1-year term beginning November 28th, 2016 and ending October 31st, 2017.
Parks and Recreation Committee- position #6.
(Deadline for submitting applications is October 27th, 2016.)
 - D) Recommendation of committee appointments for the unexpired portion of a 2-year term beginning November 1st, 2016 and ending October 31st, 2018.
Parks and Recreation Committee- position #4-Carlisle Harrison, #5-Steve Williams, #7-Michael Kay.
 - E) Recommendation of committee appointment for the unexpired portion of a 3-year term beginning November 1st, 2016 and ending October 31st, 2019.
Airport Advisory Committee- position #5- Ron Linn

Action – Motion to approve consent agenda items.

Roll Call

7. **ITEMS REMOVED FROM CONSENT AGENDA**

8. **PUBLIC HEARINGS**

9. RESOLUTIONS & ORDINANCES

10. OTHER

- A) August Financial Report
Action- Motion to approve. Roll Call

11. COMMITTEE REPORTS

- A) City Committees and Liaison: Airport Advisory, Budget, Hispanic Advisory, Library Board, Parks & Recreation, Planning Commission, Recreation Projects Fund, Faith-Based Advisory, Community Enhancement, Public Safety, Public Infrastructure, Transit Planning, Festival Street Design.

B) Mayor’s Report –

C) Council Report –

D) Manager’s Report-

12. ADJOURNMENT

| <u>UPCOMING MEETINGS AND EVENTS</u> | | |
|--|------------------|---|
| (At City Hall unless otherwise specified) | | |
| Oct 10 | 6:00 pm | City Council Work Session |
| Oct 10 | 7:00 pm | City Council Meeting |
| Oct 12 | 7:00 pm | Planning Commission Meeting |
| Oct 13 | 5:30 pm | Parks and Recreation Committee Meeting |
| Oct 14 | 7:00 am | EOTEC Meeting (1705 E. Airport Rd) |
| Oct 17 | 7:00 pm | Hispanic Advisory Committee Meeting |
| Oct 18 | 5:00 pm | Transit Planning Committee Meeting |
| Oct 24 | 5:15 pm | Public Safety Committee Meeting |
| Oct 24 | 6:00 pm | City Council Work Session |
| Oct 24 | 7:00 pm | City Council Meeting |
| Oct 26 | 4:00 pm | Library Board Meeting (Library) |
| Oct 28 | 7:00 am | EOTEC Meeting (1705 E. Airport Rd) |
| Oct 28 | 8:00am to 3:00pm | EOTEC Work Session (1705 E. Airport Rd) |



Where Life is Sweet

PROCLAMATION

WHEREAS, the Gold Award is the highest rank of achievement in Girl Scouts;

WHEREAS, fewer than one of every hundred girls in Girl Scouting earn this award;

WHEREAS, the Gold Award requires the girl to put together the leadership and communication skills she has acquired through Girl Scout activities to plan, organize, and lead a community service project in order to earn the award;

WHEREAS, each year Gold Award recipients contribute thousands of hours of service in Oregon State; and

WHEREAS, we all owe a substantial debt of gratitude to Girl Scout Gold Award recipients Sofia Gispert Tello and Andrea Gispert Tello for their contributions to our community;

NOW, THEREFORE, BE IT RESOLVED that I, Dr. David Drotzmann, Mayor of Hermiston, do hereby proclaim and encourage residents to recognize the positive impact of community service that Sofia Gispert Tello and Andrea Gispert Tello have contributed to our community.

SIGNED this 10th day of October, 2016

Dr. David Drotzmann, Mayor

HERMISTON CITY COUNCIL

Regular Meeting

September 26th, 2016

Mayor Drotzmann called the regular meeting to order at 7:00 pm. Present were Councilors Myers, Hardin, Primmer, Gutierrez, Davis, Beas-Fitzgerald, and Smith. Councilor Kirwan was excused. Staff members in attendance were City Attorney Gary Luisi, Kelly Parsons, Chief Edmiston, Larry Fetter, Ron Sivey, Judge Creasing, Emma Porricolo, and Lilly Alarcon-Strong. News media present was Jade McDowell of the East Oregonian. The pledge of allegiance was given.

Presentation

Faith-Based Advisory Committee Chair Pastor James Lafolette presented the Council with their plans to partner Hermiston's Family Promise Initiative with Kris Dammeyer's Made to Thrive. Pastor Lafolette stated the Committee felt their goals were the same, to help children and families succeed in all aspects of their life for the overall benefit of the family. The Committee received funding from the City to get started but will be working with Dave Hughes from Agape House and Kris Dammeyer with Made to Thrive for grant writing opportunities for continued funding for Hermiston's Family Promise.

Councilor Hardin stated the Committee has been very focused on finding a good director for the program and they believe Mrs. Dammeyer is very committed and will be able to manage both Hermiston Family Promise and Made to Thrive.

Mayor Drotzmann thanked Pastor Lafolette and the Committee for their commitment to help those who truly need it the most.

Consent Items

Councilor Beas-Fitzgerald moved and Councilor Davis seconded to approve all Consent Agenda items, to include:

1. Minutes of the September 12th, regular City Council meeting.
2. Minutes of the July 13th, Planning Commission meeting.
3. Minutes of the August 15th, Hispanic Advisory Committee meeting.
4. Announcement of standing committee vacancy for the unexpired portion of a 3-year term beginning November 1st, 2016 and ending October 31st, 2019.
Airport Advisory Committee- position #5
Parks and Recreation Committee- positions #4, #5, #6 and #7.
(Deadline for submitting applications is September 26th, 2016.)

Motion carried unanimously.

Resolution 2040- Approval to install two "STOP" signs North and South bound on E. McNary Street at NE Beebe Avenue.- was read and discussed. Street Superintendent Ron Sivey stated this was a request from a resident that felt this intersection was becoming dangerous as more drivers are seeking alternate routes throughout the City to avoid traffic.

Councilor Primmer moved and Councilor Hardin seconded to approve Resolution No. 2040 and lay upon the record. Motion carried unanimously.

HERMISTON CITY COUNCIL

Regular Meeting

September 26th, 2016

August Financial Report

Due to the absence of Finance Director Amy Palmer and City Manager Byron Smith, Councilor Gutierrez moved and Councilor Myers seconded to table the August Financial Report for the following meeting. Motion carried unanimously.

Committee Report

Hispanic Advisory Committee: Councilor Gutierrez and Councilor Beas-Fitzgerald stated they were presented with voting statistics from our County and throughout the state, School District updates from Maria Duron, and the City's proposed fixed-route bus system.

Mayor Drotzmann thanked the School District for keeping the community informed and encouraged the community to participate in the fixed-route bus system survey that can be found on the City's website. The survey will be available until September 30th, 2016.

Mayor's Report

Mayor Drotzmann stated he received an invitation to Oktoberfest sponsored by Altrusa. Oktoberfest will be Saturday, October 8th at the Conference Center. Tickets can be purchased at the Conference Center and through LuAnn Davison.

Councilor Report

Councilor Hardin gave the Council an overview of his time at the NLC Small Cities Council Steering committee Conference in Greenbelt Maryland. Councilor Hardin presented the Council with NLC's new logo which is a better representation of the 80% of small cities (with populations under 150,000) that make up NLC. Councilor Hardin stated Greenbelt Maryland is a model city that still features original sidewalks and bike paths from the 1930's. The population is about 25,000 and about 80,000 commute to work in Greenbelt. The average medium income is \$97,000 and medium housing is \$325,000. Greenbelt has a grand Agricultural Research Center, museums, is planning for a new FBI Headquarters, and also has a strong community outreach as they participate in a Community Survey every two years, and are very proactive in elderly care instead of nursing homes.

Councilor Hardin stated he also noticed a 5th sign leading to Hermiston from Portland.

Councilor Gutierrez stated many senior citizens used the indoor pool at Columbia Court Club to exercise. Due to its closure, people do not have access to the type of exercise they need. It is time for the City to work towards building an indoor pool facility.

Mayor Drotzmann reminded the Council that an indoor pool was the Communities first priority in the Livable Hermiston Survey done earlier this year.

HERMISTON CITY COUNCIL

Regular Meeting

September 26th, 2016

City Managers Report

Parks and Recreation Director Larry Fetter introduced Main Street Coordinator Emma Porricolo.

Ms. Porricolo stated she is originally from New York and a graduate of OSU. She is part of the RARE program (Resources Assistance for Rural Environments) which is a federally funded grant program that helps rural communities improve their economic, social, and environmental conditions, through the assistance of trained graduate-level participants. Ms. Porricolo stated she will live in and serve the community for 11 months while helping implement these changes. She has already held many stakeholder interviews to create a report on what needs the downtown should focus on and encouraged the Council to share their vision with her as well.

Mayor Drotzmann welcomed Ms. Porricolo to the community and thanked her for her participation in this project.

Adjournment

There was no other business, and Mayor Drotzmann adjourned the regular meeting at 7:45pm.

SIGNED:

/s/Dave Drotzmann

MAYOR

ATTEST:

/s/Lilly Alarcon-Strong

ASSISTANT CITY RECORDER

Present were Pastors James Lafolette, Jeff Snell, Daniel Maxwell, Dean Hackett, Terry Cummings, and Rod Hardin. Staff in attendance was Lilly Alarcon-Strong.

Terry opened the meeting in prayer at 4:37 pm.

Minutes- Jeff moved and Rod seconded to approve the meeting minutes of July 27th. Motion carried unanimously.

City Council Proposal- James presented the Committee with a draft of the Family Promise and Made to Thrive City Council Proposal and original budget. The Committee reviewed the documents and after some discussion agreed to:

- Remove abbreviations in the document
- James will contact Craig Fraley to make sure the items in the documents are up to date
- James will meet with Byron and Kris to review the budget and finalize documents before they are presented to the Council; specifically cell phone, computer, and insurance costs.
- Dean will reach out to George Anderson regarding legal counsel
- Jeff will reach out to Dennis Barnett regarding the 501c3

The Committee discussed office space that is available at Martha's House but meetings can also be held at the Council Chambers or Conference Rooms at City Hall.

Dean moved and Rod seconded to replace Craig Fraley's Family Promise Board of Directors position with Jeff Snell. Motion carried unanimously.

School Adoption- James presented the committee with the school adoption list. Dean stated the schools have been very appreciative of the help. Dean will check with the vacant schools and get back with James with updates for the committee.

9/11 Celebration- Rob and John Lovett presented the Committee with information regarding the 9/11 Celebration on Saturday September 10th at 11:00am in McKenzie Park. The Lovett Brothers stated they feel Officers are not appreciated enough and the Lovett brothers want first responders throughout the area to know how much they are valued and their dedication day-in and day-out are appreciated. The Lovett brothers have reached out to Churches, media, police departments, the fire department, and sheriff's department, in Hermiston, Umatilla, and Stanfield. This event is to honor those who really need to be honored. Flyers are also being posted throughout the community.

Dean stated our community is always so appreciative of the police department and believes this is a great way to show appreciation. Dean thanked the Lovett brothers for organizing this event.

There was no other business and Dean adjourned the meeting in prayer at 5:22pm.

Monthly Financial Report



Includes the Hermiston Urban Renewal Agency

**Finance Department
July 2016
(Unaudited)**

2016-2017 Monthly Financial Report

Hermiston Urban Renewal Agency (HURA)

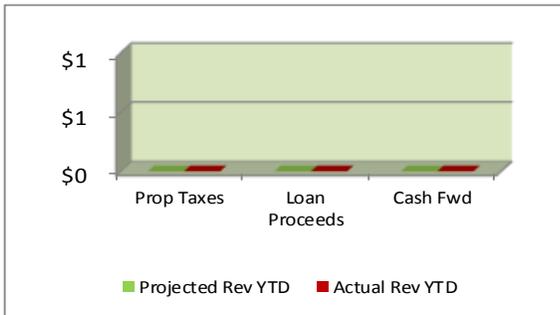
For the Month Ending August 31, 2016

Resources

Through August 31, 2016

by Category

(in \$1,000)



| | Annual Proj Rev | Projected Rev YTD | Actual Rev YTD | Var Fav/ (Unfav) | % Var |
|---------------|--------------------|----------------------|-------------------|---------------------|-----------|
| Prop Taxes | \$ 29 | \$ - | \$ - | \$ - | 0% |
| Loan Proceeds | 100 | - | - | - | 0% |
| Cash Fwd | 74 | - | - | - | 0% |
| Total | \$ 203 | \$ - | \$ - | \$ - | 0% |

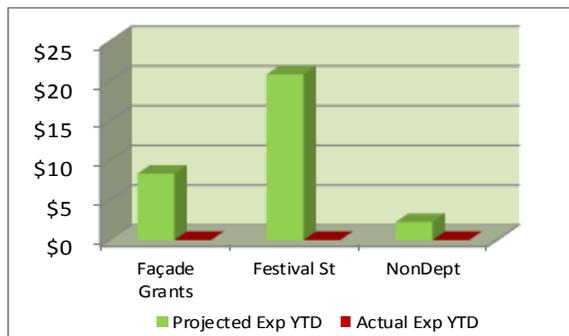
Note: variance is calculated as a percent of the projected revenue YTD.

Expenditures

Through August 31, 2016

by Character

(in \$1,000)



| | Annual Proj Exp | Projected Exp YTD | Actual Exp YTD | Var Fav/ (Unfav) | % Var |
|-----------------|--------------------|----------------------|-------------------|---------------------|-------------|
| Façade Grants | \$ 50 | \$ 8 | \$ - | \$ 8 | 100.0% |
| Festival St | 125 | 21 | - | 21 | 98% |
| NonDept | 14 | 2 | - | 2 | 94% |
| Res for Fut Exp | 14 | - | - | - | 0% |
| Total | \$ 203 | \$ 30 | \$ - | \$ 30 | 100% |

Note: variance is calculated as a percent of the projected expenditures YTD.

The 2016-17 budget for the Urban Renewal Agency is \$203,000. As of the end of August no revenues were received nor expenditures made.

2016-2017 Monthly Financial Report

City of Hermiston, Oregon

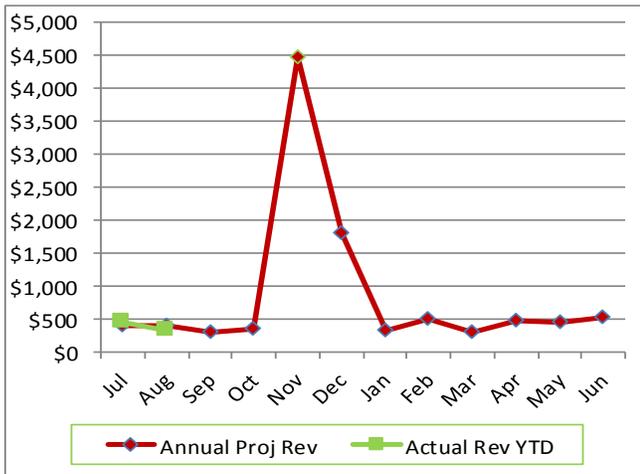
General Fund Resources

For the Month Ending August 31, 2016

Through August 31, 2016

All Resources

(in \$1,000)



| | Annual Proj Rev | Proj Rev YTD | Actual Rev YTD | Var Fav/ (Unfav) | % Var |
|--------------|------------------|---------------|----------------|------------------|-------------|
| Jul | \$ 408 | \$ 408 | \$ 458 | \$ 50 | 12% |
| Aug | 405 | \$ 405 | \$ 326 | (79) | (20%) |
| Sep | 308 | | | | |
| Oct | 363 | | | | |
| Nov | 4,475 | | | | |
| Dec | 1,815 | | | | |
| Jan | 340 | | | | |
| Feb | 499 | | | | |
| Mar | 317 | | | | |
| Apr | 484 | | | | |
| May | 453 | | | | |
| Jun | 522 | | | | |
| Total | 10,387 | 812 | 783 | (29) | (4%) |
| Cash Fwd | 4,800 | - | - | - | 0% |
| Total | \$ 15,187 | \$ 812 | \$ 783 | (29) | (4%) |

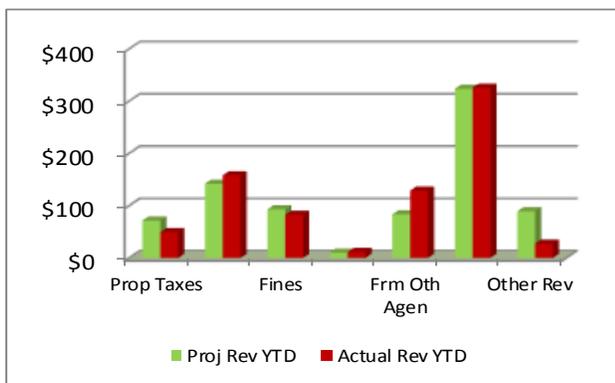
Estimated General Fund revenues for the 2016-17 fiscal year are \$10.4 million. Projected revenues through August were \$812,000 with actual revenues of \$783,000, a variance of \$29,000. The largest variances are in the categories From Other Agencies and Other Revenue. There are several types of grants included in From Other Agencies that we have not yet received. Other Revenue includes miscellaneous revenue sources which are difficult to project from a timing perspective.

General Fund Revenue

Through August 31, 2016

by Category

(in \$1,000)



| | Annual Proj Rev | Proj Rev YTD | Actual Rev YTD | Var Fav/ (Unfav) | % Var |
|---------------|-----------------|---------------|----------------|------------------|-------------|
| Prop Taxes | \$ 5,202 | \$ 71 | \$ 49 | \$ (22) | (31%) |
| Lic | 851 | 142 | 158 | 16 | 11% |
| Fines | 570 | 93 | 83 | (10) | (11%) |
| Interest Rev | 50 | 10 | 12 | 2 | 15% |
| Frms Oth Agen | 499 | 83 | 129 | 46 | 55% |
| Svc Chgs | 1,424 | 323 | 326 | 2 | 1% |
| Other Rev | 1,791 | 89 | 27 | (62) | (69%) |
| Cash Fwd | 4,800 | - | - | - | 0% |
| Total | \$15,187 | \$ 812 | \$ 783 | \$ (29) | (4%) |

Note: variance is calculated as a percent of the projected revenue YTD.

2016-2017 Monthly Financial Report

City of Hermiston, Oregon

General Fund Expenditures

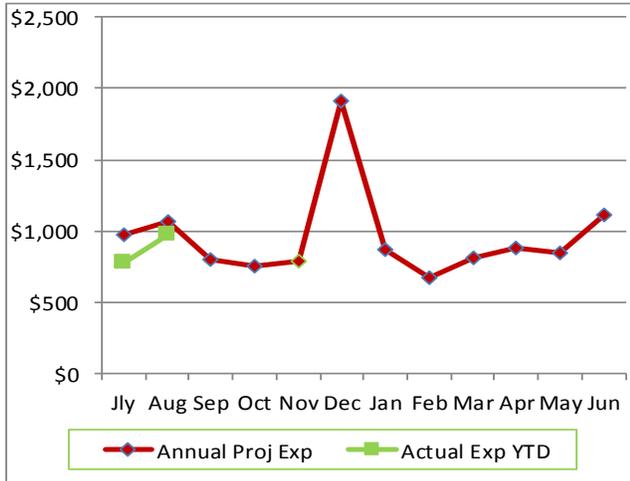
For the Month Ending August 31, 2016

General Fund Expenditure Summary

Through August 31, 2016

All Requirements

(in \$1,000)



| | Annual Proj Exp | Projected Exp YTD | Actual Exp YTD | Var Fav/ (Unfav) | % Var |
|--------------|------------------|-------------------|-----------------|------------------|------------|
| Jly | \$ 969 | \$ 969 | \$ 775 | \$ 194 | 20% |
| Aug | \$ 1,063 | \$ 1,063 | \$ 969 | \$ 94 | 9% |
| Sep | \$ 801 | | | | |
| Oct | \$ 751 | | | | |
| Nov | \$ 788 | | | | |
| Dec | \$ 1,914 | | | | |
| Jan | \$ 871 | | | | |
| Feb | \$ 673 | | | | |
| Mar | \$ 807 | | | | |
| Apr | \$ 878 | | | | |
| May | \$ 851 | | | | |
| Jun | \$ 1,107 | | | | |
| Total | 11,472 | 2,032 | 1,744 | 288 | 14% |
| Unapp | 3,715 | - | - | - | 0% |
| Total | \$ 15,187 | \$ 2,032 | \$ 1,744 | \$ 288 | 14% |

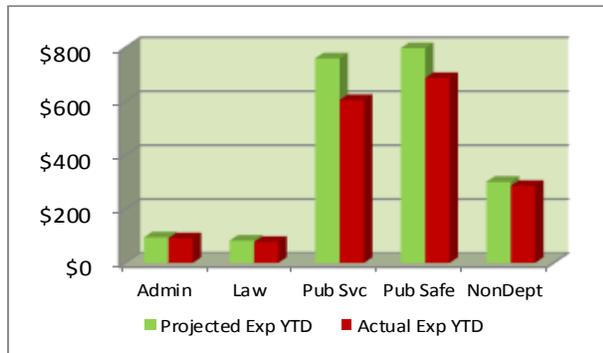
Projected General Fund expenditures through August were \$2,032,000. Actual expenditures were \$288,000 lower than that at \$1,744,000. Public Services, Public Safety and Non-Departmental had the highest savings at \$155,000, \$111,000 and \$15,000 respectively.

General Fund Expenditures

Through August 31, 2016

by Consolidated Department

(in \$1,000)



| | Annual Proj Exp | Projected Exp YTD | Actual Exp YTD | Var Fav/ (Unfav) | % Var |
|--------------|-----------------|-------------------|-----------------|------------------|------------|
| Admin | \$ 564 | 95 | 91 | \$ 3 | 3% |
| Law | 497 | 82 | 77 | 5 | 6% |
| Pub Svc | 3,139 | 759 | 604 | 155 | 20% |
| Pub Safe | 4,517 | 796 | 686 | 111 | 14% |
| NonDept | 6,470 | 300 | 286 | 15 | 5% |
| Unapp | - | - | - | - | 0% |
| Total | \$15,187 | \$ 2,032 | \$ 1,744 | \$ 288 | 14% |

Note: variance is calculated as a percent of the projected expenditures YTD.

2016-2017 Monthly Financial Report

General Fund Expenditure Detail

For the Month Ending August 31, 2016

General Fund Expenditures by Department

| | Annual Projected | | | Var Fav/ (Unfav) | % Var Fav/ (Unfav) |
|----------------------------------|-------------------|-------------------|------------------|---------------------|-----------------------|
| | Exp | Projected Exp YTD | Actual Exp YTD | | |
| City Council | 45,719 | 9,047 | 9,288 | (241) | (3%) |
| City Manager/Planning | 438,624 | 71,271 | 71,227 | 44 | 0% |
| Finance | 79,295 | 14,365 | 10,921 | 3,444 | 24% |
| Total Admin & Finance | 563,638 | 94,682 | 91,436 | 3,246 | 3% |
| Legal | 83,700 | 13,731 | 13,260 | 471 | 0% |
| Court | 413,186 | 68,562 | 64,084 | 4,478 | 7% |
| Total Dept of Law | 496,886 | 82,293 | 77,344 | 4,949 | 6% |
| Transportation | 248,300 | 45,969 | 21,153 | 24,816 | 54% |
| Airport | 252,450 | 55,959 | 41,501 | 14,458 | 26% |
| Bldg Inspection | 355,617 | 58,811 | 57,483 | 1,328 | 2% |
| Parks | 490,819 | 91,019 | 90,943 | 76 | 0% |
| Parks/Utility Landscaping | 39,475 | 6,579 | 4,910 | 1,669 | 25% |
| Pool | 433,333 | 248,847 | 178,470 | 70,377 | 28% |
| Municipal Buildings | 18,500 | 4,635 | 6,161 | (1,526) | (33%) |
| Library | 734,775 | 124,512 | 93,500 | 31,012 | 25% |
| Recreation | 565,808 | 122,381 | 109,956 | 12,425 | 10% |
| Total Public Services | 3,139,077 | 758,711 | 604,077 | 154,634 | 20% |
| Public Safety Center | 82,000 | 15,432 | 9,610 | 5,822 | 38% |
| Police Operations | 4,434,616 | 780,764 | 675,985 | 104,779 | 13% |
| Total Public Safety | 4,516,616 | 796,196 | 685,595 | 110,601 | 14% |
| Non-Departmental | 2,756,190 | 300,358 | 285,548 | 14,810 | 5% |
| Unappropriated | 3,714,718 | 0 | 0 | 0 | 0% |
| Total Non-Dept | 6,470,908 | 300,358 | 285,548 | 14,810 | 5% |
| Total | 15,187,125 | 2,032,241 | 1,744,000 | 288,241 | 14% |

Within the Public Services category, the Pool had the greatest amount of savings dollar-wise at \$71,000. Police Operations saw savings of \$105,000 largely due to animal impound costs, travel and training and motor vehicle fuel and oil.

2016-2017 Monthly Financial Report

Fund Balance - General Fund

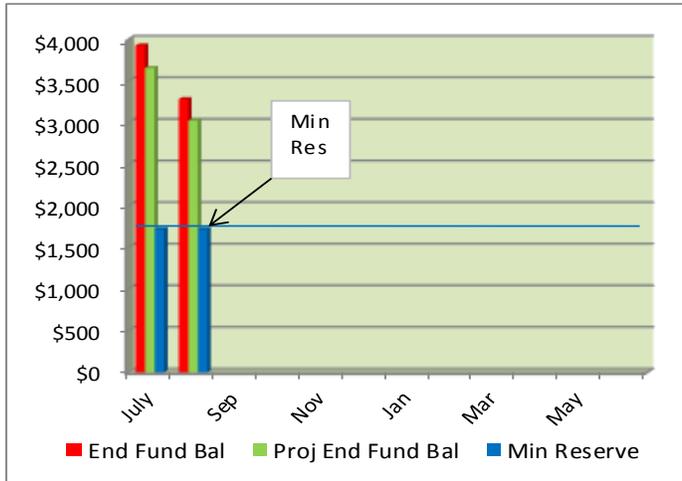
For the Month Ending August 31, 2016

General Fund

Through August 31, 2016

Ending Fund Balance

(in \$1,000)



Minimum Reserve = \$1,720,861

| | Begin Fund Bal | Rev | Exp | End Fund Bal | Proj End Fund Bal |
|--------------|-----------------|---------------|-------------------|-----------------|-------------------|
| July | \$ 4,244 | \$ 458 | \$ (775) | \$ 3,927 | \$ 3,658 |
| Aug | 3,927 | \$ 326 | \$ (969) | \$ 3,283 | \$ 3,024 |
| Sep | | | | | |
| Oct | | | | | |
| Nov | | | | | |
| Dec | | | | | |
| Jan | | | | | |
| Feb | | | | | |
| Mar | | | | | |
| Apr | | | | | |
| May | | | | | |
| June | | | | | |
| Total | \$ 4,244 | \$ 783 | \$ (1,744) | \$ 3,283 | \$ 3,024 |

As of the end of August the fund balance in the General Fund was \$3.3 million, which is \$1.6 million above the minimum reserve.

2016-2017 Monthly Financial Report

Special Revenue Funds Report

For the Month Ending August 31, 2016

Special Revenue Funds

Resources & Requirements

| | 2016-17 Annual Budget | Actual YTD | Remaining Budget |
|--|--------------------------|------------|---------------------|
| Bonded Debt Fund | | | |
| Resources | 699,925 | 192,700 | 507,225 |
| Expenditures | 510,275 | 281,975 | 228,300 |
| Unappropriated Balance | 189,650 | N/A | N/A |
| Transient Room Tax (TRT) | | | |
| Resources | 830,460 | 126,447 | 704,013 |
| Expenditures | 767,860 | 4,843 | 763,017 |
| Unappropriated Balance | 62,600 | N/A | N/A |
| Reserve Fund | | | |
| Resources | 6,330,090 | 146,737 | 6,183,353 |
| Expenditures | 5,337,317 | 207,800 | 5,129,517 |
| Unappropriated Balance | 992,773 | N/A | N/A |
| Municipal Court Special Revenue | | | |
| Resources | 281,900 | 35,804 | 246,096 |
| Expenditures | 260,100 | 36,899 | 223,201 |
| Unappropriated Balance | 21,800 | N/A | N/A |
| Miscellaneous Special Revenue | | | |
| Resources | 35,000 | 4,525 | 30,475 |
| Expenditures | 35,000 | 4,696 | 30,304 |
| Unappropriated Balance | - | N/A | N/A |
| Conference Center | | | |
| Resources | 237,525 | 28,177 | 209,348 |
| Expenditures | 187,525 | 18,973 | 168,552 |
| Unappropriated Balance | 50,000 | N/A | N/A |
| Christmas Express Special Revenue | | | |
| Resources | 34,690 | 19,691 | 14,999 |
| Expenditures | 34,690 | - | 34,690 |
| Unappropriated Balance | - | N/A | N/A |
| Law Enforcement Special Revenue | | | |
| Resources | 78,880 | 2,426 | 76,454 |
| Expenditures | 65,880 | 24,657 | 41,223 |
| Unappropriated Balance | 13,000 | N/A | N/A |
| Library Special Revenue | | | |
| Resources | 57,200 | 3,518 | 53,682 |
| Expenditures | 44,000 | 650 | 43,350 |
| Unappropriated Balance | 13,200 | N/A | N/A |

Beginning with the 2016-17 fiscal year the City began distinguishing within the funds some part of ending fund balance as contingency and some as reserved for future expenditure. The contingency is included in appropriations while the reserve for future expenditures is unappropriated.

The City uses multiple Special Revenue funds to account for revenues that are restricted to expenditure for particular purposes. They include funds for debt service, economic development, parks and recreation, capital projects, and grants. Since these funds are not operational in nature and are used for specific purposes from year-to-year, their expenditures do not typically follow a predictable pattern so budget variances are not calculated for them.

Note: The Senior Center Construction Fund was previously reported in this section in addition to the Capital Projects section. This was corrected in August.

2016-2017 Monthly Financial Report

Utility and Street Funds Report

For the Month Ending August 31, 2016

Utility and Street Funds Report

Resources & Expenditures

| | 2016-17 | | Actual YTD | Variance | |
|-------------------------|---------------|---------------|------------|-------------|------------|
| | Annual Budget | Projected YTD | | Fav/(Unfav) | % Variance |
| Street Fund | | | | | |
| Resources | 1,730,474 | 166,667 | 173,747 | 7,080 | 4% |
| Expenditures | 1,184,879 | 117,346 | 106,597 | 10,749 | 9% |
| Contingency/Unapp Balan | 545,595 | N/A | N/A | N/A | N/A |

| | | | | | |
|-------------------------|-----------|-----------|-----------|-----------|--------|
| Utility Fund | | | | | |
| Resources | 7,310,820 | 1,152,624 | 1,160,675 | 8,051 | 1% |
| Expenditures | 6,535,820 | 606,537 | 1,260,487 | (653,950) | (108%) |
| Contingency/Unapp Balan | 775,000 | N/A | N/A | N/A | N/A |

| | | | | | |
|-------------------------|------------|-----------|-----------|-----------|-------|
| HES Fund | | | | | |
| Resources | 11,970,249 | 1,652,707 | 1,350,358 | (302,349) | (18%) |
| Expenditures | 9,151,094 | 2,023,159 | 1,979,708 | 43,451 | 2% |
| Contingency/Unapp Balan | 2,819,155 | N/A | N/A | N/A | N/A |

| | | | | | |
|----------------------------|-----------|---------|---------|--------|-----|
| Regional Water Fund | | | | | |
| Resources | 1,317,060 | 112,844 | 138,868 | 26,024 | 23% |
| Expenditures | 723,530 | 120,588 | 97,477 | 23,111 | 19% |
| Contingency/Unapp Balan | 593,530 | N/A | N/A | N/A | N/A |

Revenues in the Street fund were \$7,100 more than projected, a 4% variance. Expenditures were \$10,750 less than expected providing an overall favorable variance of \$17,850.

Revenues in the Utility Fund were \$8,000 over projections through August and expenditures were almost \$654,000 over projections. This is due to costs related to draining the sludge lagoon which were budgeted in 2015-16 but the work was not completed until after the close of the fiscal year. This will be brought to Council in the next month or so to request re-appropriation for it.

Revenues in the HES came in lower than estimates by about \$302,350. As noted last month, this is likely due to the higher average temperatures we experienced in the area last year. Expenditures came in within 2% of projections.

The Regional Water revenues came in \$26,000 higher than expected and expenditures were \$23,000 lower than projected.

2016-2017 Monthly Financial Report

Utility and HES Funds Report

For the Month Ending August 31, 2016

Utility and HES Funds Report

Reserve Balances

| | Beginning Reserve | Ending Reserve | % Ending Reserve | Minimum Reserve Requirement | Difference |
|--------------|-------------------|------------------|------------------|-----------------------------|------------------|
| Utility Fund | 3,445,748 | 1,538,732 | 23.5% | 805,786 | 732,946 |
| HES Fund | 3,531,269 | 3,216,892 | 35.2% | 1,128,217 | 2,088,675 |
| Total | 6,977,017 | 4,755,624 | - | 1,934,003 | 2,821,621 |

The reserve in the Utility Fund dropped from \$2.7 million last month to \$1.6 million in August reflecting the costs to drain the lagoon. The reserve is \$733,000 above the minimum. The HES Fund is \$2.1 million above the minimum. The funds combined total reserve is approximately \$2.9 million.

2016-17 Monthly Financial Report

City of Hermiston, Oregon

Capital Projects Report

For the Month Ending August 31, 2016

Capital Projects

| | 2016-2017 Budget | YTD Expenditures | LTD Budget | LTD Expenditures | % Complete |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------|
| Airport Improvements | \$ 643,350 | \$ 137,853 | \$ 3,562,000 | \$ 3,005,695 | 100% |
| Senior Center | 2,706,300 | - | 2,823,360 | 108,304 | 0% |
| 11th & Elm | 813,710 | - | 813,710 | - | 0% |
| West Highland Trail | 130,000 | - | 130,000 | - | 0% |
| Total | \$ 4,293,360 | \$ 137,853 | \$ 7,329,070 | \$ 3,113,999 | |

Airport Improvements

The Airport project is now complete.

Senior Center

In January 2015 the City was awarded a \$2 million Oregon Community Development Block Grant through the Oregon Infrastructure Finance Authority for construction of a new Senior Center. The City must provide a cash contribution of \$73,242 and complete the project by January 29, 2018. In June 2016, City Council added \$750,000 to the project for a 3,800 sf basement and elevator. The City has incurred a little over \$108,000 on design, survey and appraisal costs. There have been no expenditures on the project in the fiscal year 2016-17.

Traffic Control – 11th & Elm

This project is a \$1.6M ODOT-led project to install a full traffic signal at the intersection of Elm Avenue and NW 11th as well as a left-turn lane for southbound traffic into Good Shepherd Medical Center's entrance on NW 11th. It will also complete a bike/pedestrian crossing with flashing beacon at GSMC's NW 11th entrance where the Oxbow Trail currently terminates. The City of Hermiston partnered with GSMC to provide the \$813,000 in local match funding necessary for the project as part of an ODOT Immediate Opportunity Fund Grant, which carries a job-creation requirement. As of January, 2016, GSMC had already met the new job creation requirement by adding 58 new FTE. Design of the signal/turn lane/bike crossing is approximately 40% complete. ODOT is leading the design and construction. Construction is expected to begin in spring 2017. There have been no expenditures on the project in the fiscal year 2016-17.

West Highland Trail

This project is to create a bike lane and/or separated trail on the south side of West Highland Avenue between SW 11th Street and Riverfront Park. A bike lane will be striped where there are existing sidewalks on the south side of West Highland and a separated path will be built where there are no existing curbs or sidewalks. A portion of the project will include creating a left turn pocket at Gotta Stop/SW 14th Place. The project is funded by a grant from ODOT.

The city and ODOT entered into an IGA for project funding and management in March, 2016 per Resolution 2018. ODOT has since determined that the project funding will be better served through a fund exchange program where the federal requirements are removed from the cost sharing. This change to a fund exchange will require a new IGA and more city responsibility. Under the fund exchange the project will be managed by the city with ODOT oversight. Under the previous IGA ODOT would design, build, and manage the project on behalf of the city and invoice the city for the required match. ODOT anticipates sending a new IGA in early fall. There have been no expenditures on the project in the fiscal year 2016-17.

2016-2017 Monthly Financial Report
City of Hermiston, Oregon
Investments
For the Month Ending August 31, 2016

Investment Report
by Type

| Cusip No. | Par Value | Principal Cost | Market Value | Issuer | Rating Moody's/S&P | Days to Maturity | Callable Y/N | Yield to Worst Call | Yield to Maturity (YTM) |
|------------------------|----------------------|----------------------|----------------------|---------|-----------------------|---------------------|-----------------|---------------------------|-------------------------------|
| 3135GOG31 | \$ 2,000,000 | \$ 1,993,600 | \$ 2,000,326 | FNMA | Aaa/AA+ | 881 | Y | 1.28 | 1.28 |
| 76116FAA5 | \$ 2,062,000 | \$ 1,999,998 | \$ 1,990,077 | REFCORP | Aaa/AA+ | 1,140 | N | 0.95 | 0.95 |
| 3133EGLA1 | \$ 1,000,000 | \$ 1,001,020 | \$ 994,816 | FFCB | Aaa/AA+ | 1,230 | Y | 1.07 | 1.14 |
| 3137EADN6 | \$ 1,000,000 | \$ 978,757 | \$ 999,234 | FHLMC | Aaa/AA+ | 499 | N | 1.29 | 1.29 |
| 3135GOGY3 | \$ 1,000,000 | \$ 1,013,901 | \$ 1,002,893 | FNMA | Aaa/AA+ | 152 | N | 0.78 | 0.78 |
| US Agencies | \$ 7,062,000 | \$ 6,987,276 | \$ 6,987,346 | --- | --- | --- | --- | --- | --- |
| LGIP ⁽¹⁾⁽²⁾ | \$ 4,109,919 | \$ 4,109,919 | \$ 4,109,919 | Varies | ---/AA | 1 | N | 0.88 | 0.88 |
| LGIP | \$ 4,109,919 | \$ 4,109,919 | \$ 4,109,919 | --- | --- | --- | --- | --- | --- |
| TOTAL | \$ 11,171,919 | \$ 11,097,195 | \$ 11,097,265 | --- | --- | --- | --- | --- | --- |

The City of Hermiston has established certain policies for its investments. In order to limit credit and interest rate risk, investments are diversified by security type, maturity, issuer, and call provisions. At least 25% of funds available for investing will be invested in the Local Government Investment Pool (LGIP), with a qualified depository institution, or investments maturing in less than 90 days. 50% or more of the portfolio will be invested in securities maturing in less than three years. The maximum average maturity for the portfolio shall be 3 years and the maximum maturity of individual securities in the portfolio shall be 5 years. No more than 75% of the portfolio may be callable. The minimum weighted average credit rating of the portfolio's investments shall be Aa/AA by Moody's and Standard & Poor's respectively. The breakdown of the City's portfolio is shown below.

| Maturity | Par Value | % of Total Portfolio | Type of Inv | Par Value | % of Total Portfolio | Various Investment Parameters | With LGIP | Without LGIP |
|----------------|---------------|----------------------|-------------|---------------|----------------------|-------------------------------|-----------|--------------|
| < 90 Days | \$ 4,109,919 | 36.8% | US Agency | \$ 7,062,000 | 63.2% | WTD Avg Days to Mat | 537 | 537 |
| 90 Days - 3 Yr | \$ 4,000,000 | 35.8% | Other | \$ - | 0.0% | Wtd Avg Yield to Mat | 1.01% | 1.09% |
| 3 - 5 Yrs | \$ 3,062,000 | 27.4% | LGIP | \$ 4,109,919 | 36.8% | Percent Callable | 26.9% | 42.5% |
| | \$ 11,171,919 | 100.0% | | \$ 11,171,919 | 100.0% | Wtd Avg Credit Rating | Aaa/AA+ | Aaa/AA+ |