



CITY COUNCIL

Regular Meeting Minutes December 8, 2025

Mayor Primmer called the regular meeting to order at 7:00pm. Present were Councilors Hayward, Roberts (via Zoom), Myers, McCarthy, Duron, Linton, Kelso, and Barron (arrived at 7:13pm). City Staff in attendance included: City Manager Byron Smith, Assistant City Manager Mark Morgan, City Attorney Rich Tovey, Captain Scott Clark, Finance Director Ignacio Palacios, Court Administrator Jillian Viles, Planning Director Clint Spencer, and City Recorder Lilly Alarcon-Strong. Also present was Student Advisor Teodoro Delgado. The pledge of allegiance was given.

Citizen Input on Non-Agenda Items

None given.

Consent Agenda Items

Councilor Duron moved, and Councilor McCarthy seconded to approve Consent Agenda items A-F, to include:

- A. Committee Vacancy Announcements
- B. Parks and Recreation Advisory Committee Appointment Confirmation to Stephanie Hughes to Position #5 for a 3-year term expiring 10/31/2028
- C. Parks and Recreation Advisory Committee Appointment Recommendation to Helen Nevin to Position #6 for a 3-year term expiring 10/31/2028
- D. Recreation Projects Fund Advisory Committee Reappointment Recommendation to Helen Nevin to Position #1, Representing Citizens At-Large for a 3-year term expiring 12/31/2028
- E. Minutes of the November 24th City Council Regular Meeting
- F. Minutes of the November 24th Solid Waste & Curbside Recycling Advisory Committee Meeting

Motion carried unanimously with Councilors Hayward, Roberts, Myers, McCarthy, Duron, Linton, and Kelso voting in favor.

Ordinance No. 2377- Umatilla Electric Cooperative Franchise

City Attorney Tovey stated that although the City and Council has always processed ordinances in a lawful manner, going forward the City and Council will begin to process ordinances as specifically directed in the Charter which will be somewhat different from what the Council is use to.

City Attorney Tovey read the ordinance by title only.

(Councilor Barron arrived at 7:13pm)

Assistant City Manager Morgan announced that Ordinance No. 2377 and Resolution No. 2398 would be presented together as they intertwine. Assistant City Manager Morgan then reviewed information from the agenda packet, presented additional information (PowerPoint Presentation attached) explaining the franchise fee reduction from 7% to 4%, and answered questions from the Council. After further questions from Councilor Linton, Mayor Primmer stated per Council Rules she was only allowed a five-minute window to ask questions. After further discussion, the Council and Mayor gave praise to City staff for the transparent and creative solutions that benefit residents, the City, and data centers together as this action is expected to save the average household \$40.00 to \$60.00 per year depending on electrical use.

Councilor McCarthy moved and Councilor Hayward seconded to adopt Ordinance No. 2377 at a single meeting and become effective 30-days after adoption by the City Council. Motion carried unanimously with Councilors Hayward, Roberts, Myers, McCarthy, Duron, Linton, Kelso, and Barron voting in favor.



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Resolution No. 2398- Eliminate Economic Development Incentive Program Related to Electric Utility Franchise Fees and Repeal

- City Manager Smith stated this item was presented during Ordinance No. 2377.

Hearing no other questions or discussion, Councilor Duron moved and Councilor McCarthy seconded to adopt Resolution No. 2398 and lay upon the record. Motion carried unanimously with Councilors Hayward, Roberts, Myers, McCarthy, Duron, Linton, Kelso, and Barron in favor.

Resolution No. 2399- Airport Agricultural Ground Lease

Assistant City Manager Morgan reviewed information from the agenda packet and presented additional information (PowerPoint Presentation attached) regarding Resolution No. 2399.

Councilor Hayward moved and Councilor McCarthy seconded to adopt Resolution No. 2399 and lay upon the record. Motion carried unanimously with Councilors Hayward, Roberts, Myers, McCarthy, Duron, Linton, Kelso, and Barron in favor.

Resolution No. 2400- Adoption of IGA for IT Services with the Umatilla Hospital District

City Manager Smith reviewed information from the agenda packet regarding Resolution No. 2400 stating the City's IT Department continues to receive contracts requests as they are known for doing an outstanding job. This contract is something the IT Department can take on without needing additional staff members.

Councilor Hayward moved and Councilor Myers seconded to adopt Resolution No. 2400 and lay upon the record. Motion carried unanimously with Councilors Hayward, Roberts, Myers, McCarthy, Duron, Linton, Kelso, and Barron in favor.

November 2025 Monthly Financial Report

Councilor Linton moved and Councilor McCarthy seconded to accept the November Monthly Financial Report as presented (PowerPoint Presentation attached) by Finance Director Ignacio Palacios, City Manager Smith, and Assistant City Manager Morgan. Motion carried unanimously with Councilors Hayward, Roberts, Myers, McCarthy, Duron, Linton, Kelso, and Barron voting in favor.

Committee Reports

Public Infrastructure Committee- Councilor McCarthy and Mayor Primmer spoke regarding the new Regional Water System Master Plan and the hard work that went into getting this updated and implemented as the last masterplan was from the 1990's.

Charter Review Committee- Mayor Primmer stated the Committee met and reviewed Chapters 4-7. The Committee is diligently working to complete their review and recommendations and expect to have these items completed to place in the General Election of 2026.

EOTEC Advisory Committee- Councilor Barron stated the meeting was cancelled as there was not a quorum.

Mayor's Report

Mayor Primmer spoke regarding:

- Reminder that the second Council Meeting in December was cancelled due to Christmas
- The Tree Lighting and Parade on last week that he was unable to attend, but Santa was able to attend
- Encouraged the public to attend the Land of Lights at EOTEC and Breakfast with Santa
- Thanked those who are running for Council, stating there is still time for others to file for candidacy



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Council Presidents Report

Councilor McCarthy spoke regarding:

- Holiday Market put on by the Parks and Recreation Department
- Land of Lights- Home Decoration Contest
- Wished everyone a Merry Christmas

Council Reports

Councilor Linton thanked the Police Department for the holiday card she received from them and asked that she receive a copy of where it states that Councilors are limited to five minutes to ask questions.

City Manager Smith stated he will send her a website link to the Council Rules.

Councilor Myers and Councilor Hayward thanked the Parks and Recreation Department for the great job they did putting on the Tree Lighting and Parade, as well as all of the organizations and vendors who made this event a success.

Councilor Kelso spoke regarding the 30-year Anniversary of the Festival of Trees Event and thanked all those who helped make the event a success- from staff, to community organizations, volunteers, and the public who attended. All funds raised for this event go to the Good Shepherd Community Health Care Foundation.

Councilor Barron apologized for missing the last meeting as he was ill and wished everyone a happy holiday season.

Youth Advisory Report

Teodoro Delgado gave information regarding his participation in the recent debate and speech event.

Manager's Report

City Manager Smith asked that the Council please participate in judging the Land of Lights Home Decoration Contest entries.

Adjourn

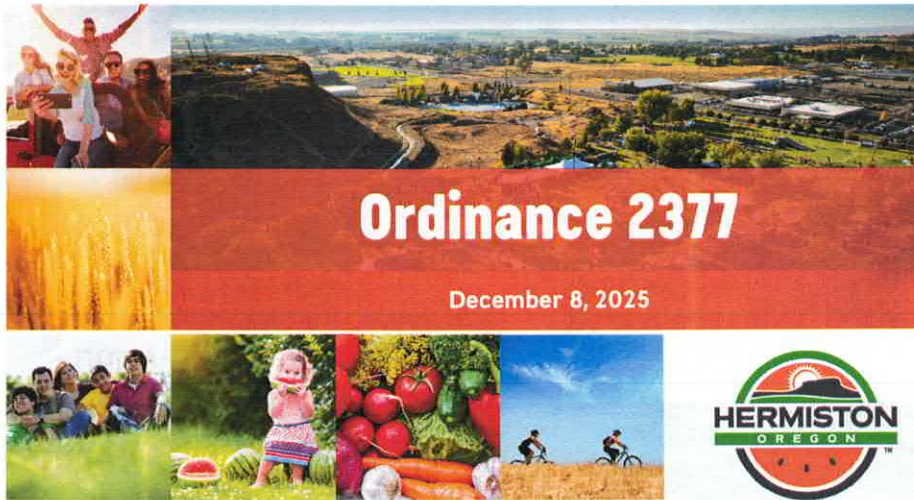
There was no other business and Mayor Primmer adjourned the regular City Council meeting at 8:16pm.


SIGNED:

Doug Primmer, Mayor

ATTEST:


Lilly Alarcon-Strong, CMC, City Recorder





Summary

- Grants New Franchise to Umatilla Electric Cooperative
- “Business as Usual”
- Reduce Fees from 7% to 4%






What is a Franchise?


- Allows Utilities to Use Publicly Owned Right of Way
- Benefits Residents (they get utilities)
- Protects the Public by regulating use of ROW





Terms

- Same as Before
- Reduce fees from 7% to 4%





Fees

- Franchise Fees & "Occupancy Taxes" = 7%
- Like a Sales Tax. Example Customer Bill:
 - **Cost of Power:** \$100
 - **Fees & Taxes:** \$7
 - **Total Bill:** \$107



Fees

- Utility-Side View
 - **Revenue from All Customers:** \$1,000,000
 - **Fees & Taxes (7%):** \$70,000
- **Due to City:** \$70,000



Fees

- Utility-Side View
 - **Revenue from All Customers:** \$10,000,000
 - **Fees & Taxes (7%):** \$700,000
- **Due to City:** \$700,000



Fees

- Utility-Side View
 - **Revenue from All Customers:** \$10,000,000
 - **Fees & Taxes (4%):** \$400,000
- **Due to City:** \$400,000





Growth in Local Power Usage

- CY24 UEC Fees & Taxes: \$400,000
- CY26 Projected at 4%: \$1,500,000



Why Reduce Fees/Taxes?

- Revenue Tripled 2024 → 2026
- Lower Costs for Residents & Businesses
- Example Household: \$150/mo Electric Bill
 - 3% = \$4.50/mo = \$54/year



Why Reduce Fees/Taxes?

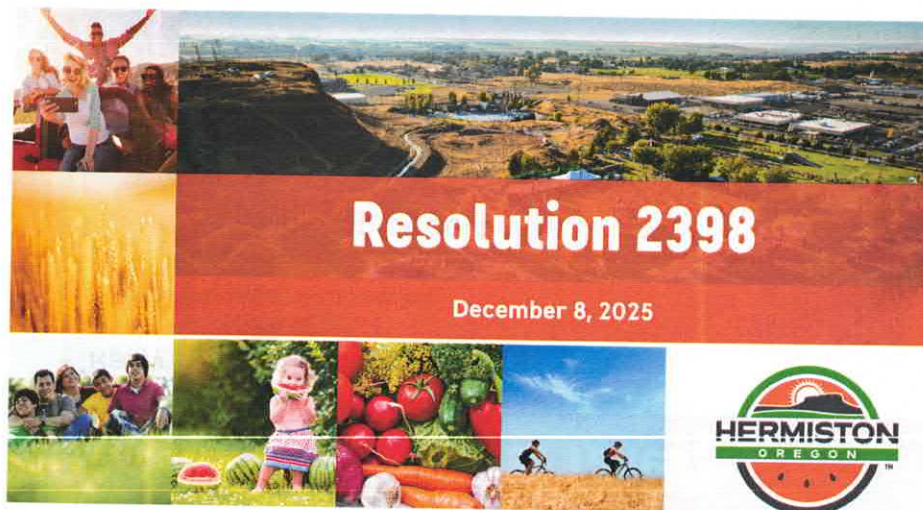
- “Rainy Day” philosophies
 - Build Large Reserves
 - Raise Revenue when Needed
- Revenue-Raising can be politically tough
- Leaving large reserves alone can be politically tough



Recommendation

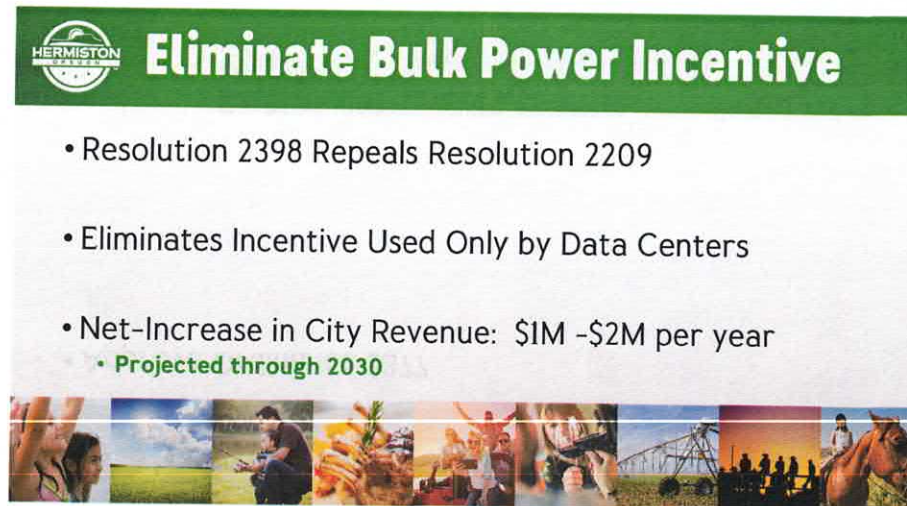
- Approve Ordinance 2377





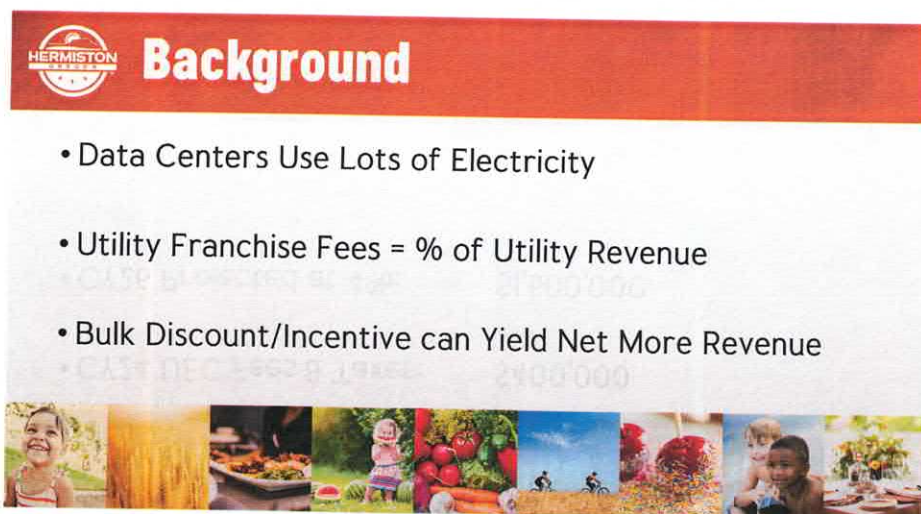
Resolution 2398

December 8, 2025



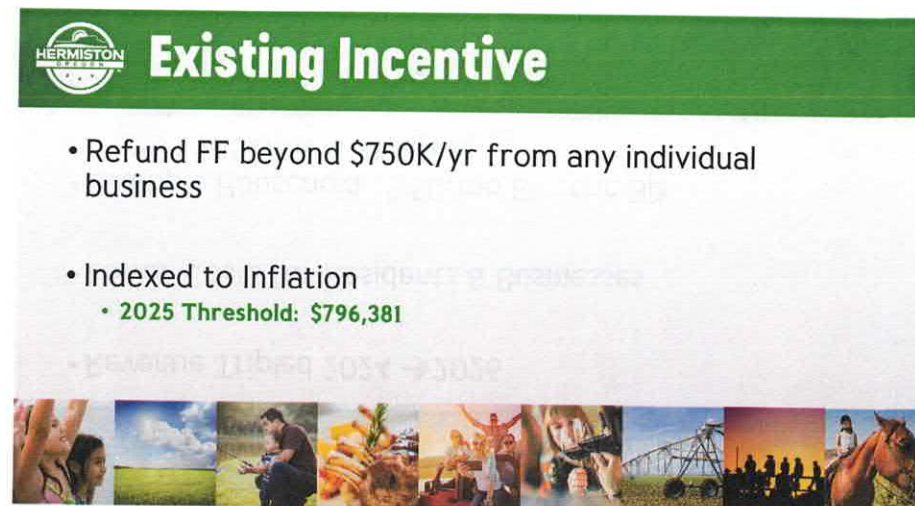
Eliminate Bulk Power Incentive

- Resolution 2398 Repeals Resolution 2209
- Eliminates Incentive Used Only by Data Centers
- Net-Increase in City Revenue: \$1M - \$2M per year
 - Projected through 2030



Background

- Data Centers Use Lots of Electricity
- Utility Franchise Fees = % of Utility Revenue
- Bulk Discount/Incentive can Yield Net More Revenue



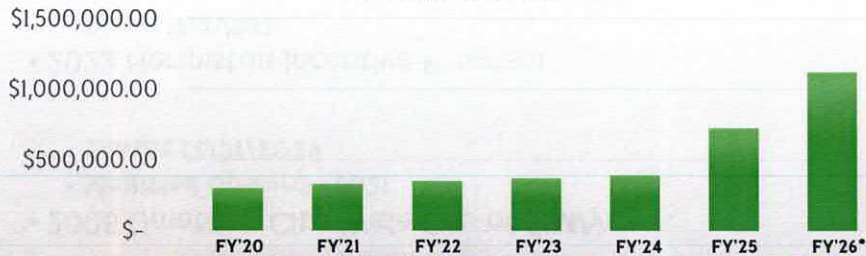
Existing Incentive

- Refund FF beyond \$750K/yr from any individual business
- Indexed to Inflation
 - 2025 Threshold: \$796,381



Successful Program

UEC Franchise Fee Revenues



*FY'26 is only through four months



Why End Program?

- Increase City Revenue
- Mitigate financial uncertainty
- Industry Preference to Eliminate



Projected net Revenue (Current)

- CY2025 Gross Revenue: \$1,600,000
- CY2025 Refund: \$400,000
- Net Revenue: \$1,200,000*

*3X Annual Revenue in 2022



Industry Prefers to Eliminate

- Increase Data Center Costs
 - \$800,000/yr Now
 - ~\$2,000,000/yr+ if Eliminated
 - \$1.2M/yr Net
- Requesting Refund Would Show Competitors Info





Across the Board 4% Fee

- Typical Household Saves \$50/year
- Data Centers Pay Extra \$1M-\$2M/year
- Net City Revenue Increases \$1M - \$2M/year



Electric Franchise Fee Market

- Current: 7% Proposed: 4%
- Other Oregon City Rates
 - 3% to 9%
 - Bulk of Market: 5%
 - Some at 3%, Some at 7%, Outlier at 9%
 - 0%: Un-incorporated Counties



Regional Strategy

- 2008 Umatilla: City-Wide Cap of \$1M/yr
 - Modified Upward ~2021
 - Sunset 12/31/2029
- 2022 Hermiston Incentive Program
 - Sunset 12/31/2029



Statewide Market Strategy

- Collaborative Alliance for Regional Technology & Economic Leadership (CARTEL)
 - Hermiston
 - The Dalles
 - Boardman
 - Arlington
 - Stanfield
 - Pendleton
 - Hillboro
 - Prineville
 - Umatilla
 - Madras
 - Echo
 - Confederated Tribes of Warm Springs





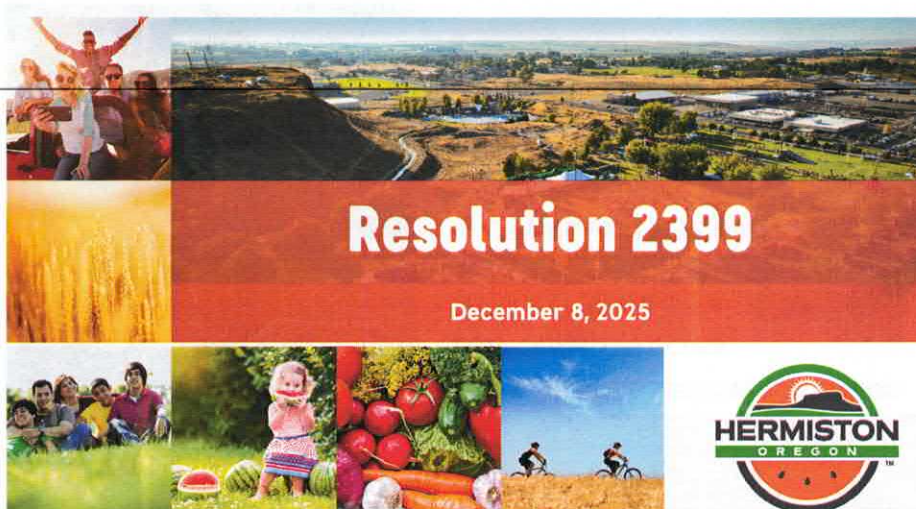
Ord. 2377 & Res.2398

Summary






Package Summary

- Ordinance 2377
 - **Renews UEC Franchise on Same Terms for 20 Years**
 - **Reduces Fee from 7% to 4%**
- Resolution 2398
 - **Eliminates Incentive for Data Centers**
- Together
 - **Net Increase in City Revenue \$1M-\$2M/Yr (more with growth)**
 - **Reduces Cost by 3% on All Other users (Residential savings ~\$50/yr per Home)**


Resolution 2399

December 8, 2025

Summary

- 1-Year Lease
- 140 Acre Farmland
- \$63,175





Background



- Allow Airport Runway Extension
- 2017 Began Process
- 2025 Purchased for \$2.1M
 - **FAA Funded 95%**
 - **City Funded \$153,000**
- Previous Owners Declined to Lease-Back



Background



- Appraised for Lease
 - **\$55,000 - \$80,000**
 - **Higher-end for Long-Term**
- Marketed
 - **Mailed to 23 Neighboring Farms**
- Field-Signs
- Digital Advertising



Bids

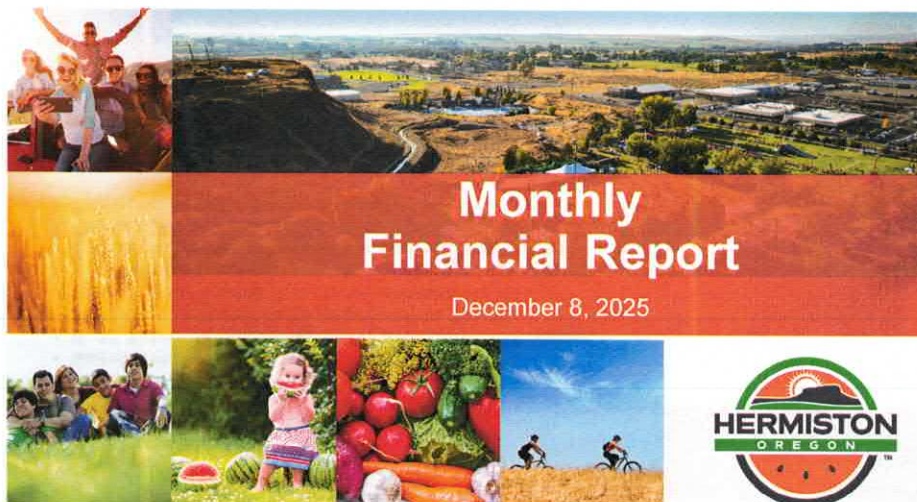


- Appraisal (High) \$79,350
- Bidder B \$63,175
- Bidder A \$60,750
- Bidder C \$56,755
- Appraisal (Low) \$55,150



Questions?





Hermiston Urban Renewal Agency (HURA)

- Hermiston URA split in four funds for fiscal year – General, Downtown, North and South.
- North Hermiston Urban Renewal Area – ROW appraisals complete with anticipated bidding this winter.



General Fund

- Fifth month (or 42.0%) of 2025-26 fiscal year
- Monthly Revenues ended over projection by ~\$1.2 million
 - Primarily due to receipt of property taxes
 - Received 83% of budgeted property taxes
 - Approximates past three fiscal years at 87%, 87% and 82% (85% average), respectively



General Fund

- Monthly Expenses were over projection by ~\$1.31 million
 - Primarily due transfer of building funds to newly created building inspection fund (~\$2.7 million)
 - City Council, Airport and Non-Departmental are over budget due to annual LOC membership, capital outlay, and transfer to building inspection fund, respectively.
 - Parks and Pool are over budget due to seasonal activities.



Special Revenue Funds

- Observations:
 - EOTEC revenues do not reflect reimbursement from campground project



Utility and Street Funds

- Observations
 - Street Fund is ~\$60k below projected revenues due to timing of federal gas tax turnovers
 - HES Fund expenditures ~\$518k over projections due to annual debt service
 - Regional Water Fund ~\$42k over projections due to transfer to reserves for future maintenance/capital projects



Capital Projects

- A number of projects in design:
 - Geer/Harper Realignment- in full design
 - N. 1st Sidewalk (additional ROW with UPRR has begun)
 - RWS Backup Generators – currently in design
 - Well #6 Chlorination Structure – currently in design
 - Lift Station #5 wet well upgrades – design to begin
 - E. Evelyn Avenue gravity sewer line – design to begin
 - Orchard Water Line replacement – preliminary design underway
 - Dogwood Street – design to begin soon
- Aquifer Storage/Recovery – shifting to construction of well, pump and structures
- Well #4 Controls –project to 'commence' after peak season
- TBD (budgeted and part of CIP):
 - SE 10th Street Bridge and Lift Station #7



Capital Projects

- Hangar Replacement – Building substantially complete. Punchlist items.
- Library – Building is open, working through punch list
- Sherman Park – design complete; ready to bid
- Public Safety Center – Interior work continues, parking lot paving complete





Discussion

Questions?

Where Life is Sweet™