



CITY COUNCIL

Regular Meeting Minutes September 23, 2024

Mayor Drotzmann called the regular meeting to order at 7:00pm. Present were Councilors Primmer, Peterson, Hardin, McCarthy, Duron, and Barron. Councilors Myers and Linton were excused. City Staff in attendance included: Assistant City Manager Mark Morgan, City Attorney Rich Tovey, Chief Jason Edmiston, Planning Director Clint Spencer, Court Administrator Jillian Viles, Parks and Recreation Director Brandon Artz, and City Recorder Lilly Alarcon-Strong. The pledge of allegiance was given.

Citizen Input on Non-Agenda Items

None given.

Consent Agenda Items

Councilor Primmer moved and Councilor McCarthy seconded to approve Consent Agenda item A-C, to include:

- A. Replat- Diamond Housing LLC 4N2812BB Tax Lots 488 & 489 – 1028 & 1034 NE Emerald Dr
- B. Minutes of the September 9, 2024, Public Infrastructure Advisory Committee meeting
- C. Minutes of the September 9, 2024 City Council Work Session and Regular Meeting

Motion carried unanimously.

Public Hearing- Exemption from Public Contracting Competitive Bidding Requirement- Design Build Services, Signage, Various Locations – Mayor Drotzmann Announced that this public hearing has been postponed to the City Council Meeting of October 14, 2024 at 7:00pm as printed in the agenda packet.

Public Hearing- Annexation- Zamudio 4N2802BC Tax Lot 1500 – 309 E Theater Lane (Ordinance No. 2366)
Hearing no declarations of conflict of interest from the Council, Planning Director Clint Spencer read the hearing guidelines and Mayor Drotzmann opened the hearing at 7:04pm.

Planning Director Spencer presented information regarding applicant Melinda Zamudio who has applied to annex 1.5 acres of land located at 309 E Theater Lane. The applicant wishes to annex the property to connect to city services enabling residential development.

There were no proponents, opponents, or neutral parties who wished to provide testimony, and the hearing was closed at 7:07pm.

After some discussion, Councilor Primmer moved and Councilor Hardin seconded to approve the Findings of Fact as presented by City Planner Spencer. Motion carried unanimously. Councilor Primmer moved and Councilor Barron seconded to impose conditions of approval as presented by City Planner Spencer. Motion carried unanimously.

Ordinance No. 2366- Annexation- Zamudio 4N2802BC Tax Lot 1500 – 309 E Theater Lane

Assistant City Manager Morgan stated this information was supplied during the Public Hearing a few moments ago.



CITY COUNCIL

Regular Meeting Minutes September 23, 2024

Mayor Drotzmann requested that the first reading be by title only. Hearing no opposition, City Attorney Tovey read the ordinance by title only. Mayor Drotzmann requested that the ordinance be put on for final adoption at this meeting and that the second reading be by title only. After City Attorney Tovey read the ordinance by title only for the second reading, Councilor McCarthy moved and Councilor Myers seconded that Ordinance No. 2366 be adopted and become effective 30-days after adoption by the City Council. Motion carried unanimously.

Resolution No. 2338- Greater Hermiston Enterprise Zone School Support Fee

Assistant City Manager Mark Morgan presented information (PowerPoint Presentation attached) stating the City and Umatilla County sponsor the Greater Hermiston Enterprise Zone and are asking the Council to approve an agreement between the City of Hermiston, Umatilla County, and the School Districts of Hermiston and Stanfield for future Long Term Rural Enterprise Zone (LTREZ) agreements at a rate of 15% for the school support fee imposed by HB2009.

After further discussion, Councilor Primmer moved and Councilor Hardin seconded to approve Resolution No. 2338 and lay upon the record. Motion carried unanimously.

Resolution No. 2339- Stop Signs at SE 9th & East Penney Avenue

Assistant City Manager Morgan presented information (PowerPoint Presentation attached) regarding the installation of two new stop signs at the intersection of SE 9th Street and East Penney Avenue, and removal of one existing stop sign. The proposed changes are the result of requests from drivers in that vicinity, as well as significant anticipated changes to traffic volumes as completion of new developments in that area near.

After further discussion, Councilor McCarthy moved and Councilor Primmer seconded to approve Resolution No. 2339 and lay upon the record. Motion carried unanimously.

Resolution No. 2340- ODOT IGA- RRFB Installation on OR207 at Hartley and Joseph

Assistant City Manager Morgan presented information (PowerPoint Presentation attached) an IGA with the Oregon Department of Transportation (ODOT) to install two Rectangular Rapid Flashing Beacons (RRFB) with the City agreeing to the ongoing maintenance of the RRFB's.

Public Comment

Josh Roberts, 1709 NE 6th Place- Asked if this construction would run concurrently with the ADA crosswalk constructions that will be taking place as presented by ODOT at the last meeting?

After Mayor Drotzmann asked Assistant City Manager Morgan to address the question, Assistant City Manager Morgan stated he does believe ODOT will be doing this work concurrently.

Councilor Duron moved and Councilor Primmer seconded to adopt Resolution No. 2340 and lay upon the record. Motion carried unanimously.



CITY COUNCIL

Regular Meeting Minutes September 23, 2024

August 2024 Financial Report

After Council discussion, Councilor McCarthy moved and Councilor Barron seconded to accept the August Financial Report as presented (PowerPoint Presentation attached) by Finance Director Ignacio Palacios and Assistant City Manager Morgan. Motion carried unanimously.

Committee Reports

Parks and Recreation Advisory Committee- Councilor McCarthy spoke regarding Harrison Park Basketball Courts and area lighting that were recently completed, Community Yard Sale at the Community Center on October 5th, and Riverfront Park Story Walk.

Parks and Recreation Director Brandon Artz gave updates regarding the new Pickleball Courts, to include: volunteer efforts in the location the pickleball courts will be placed and fundraising efforts.

Library Board- Councilor Duron stated the Library has official moved all items out of the building and staff has been very happy with the moving company that helped them with this transition. It is unknown when demolition and construction of the Library is expected.

Hispanic Advisory Committee- Councilor Duron stated the Committee met to finalize planning for the Hispanic Heritage Celebration that took place on Sunday. The event had food vendors, music, dancing, and activities for the entire family.

Mayor's Report

Mayor Drotzmann spoke regarding:

- Attending and representing the League of Oregon City's as President, at the meetings in Gresham and Ashland with specific focus on the Revenue Reform Committee
- Thanked all those who are running for the four At-Large Council seats and participated in the Candidate Forum
- Attending the 1st Annual Stepping Stones Alliance Fundraising Gala stating it was a great event with good attendance
 - Councilor Primmer stated he also attended the event and acknowledged Mayor Drotzmann for donating back the 50/50 raffle he won to Stepping Stones Alliance
- Attended yesterday's Hispanic Heritage Month Celebration and was recognized by the Hispanic Advisory Committee for the support he has given the Committee and Hispanic Community throughout the years as Mayor, as well as Kathleen Cathey from Senator Wyden's Office

Council Reports

Councilor Primmer stated the City Council just received an email from City Manager Smith stating the Library demolition is late October and construction is expected to last one year. Councilor Primmer stated he also attended the Candidate Forum and was impressed by all candidates, their answers and is excited to serve with new councilors.



Where Life is Sweet

CITY COUNCIL

Regular Meeting Minutes
September 23, 2024

Councilor McCarthy encouraged all to attend the Ribbon Cutting of Lucky Start Mobile at the Chamber of Commerce and the Volunteer Fair at the Community Center, and spoke regarding his upcoming LOC Conference in Bend.

Councilor Duron thanked KOHU and the Chamber of Commerce for putting on the Candidate Forum, stating participating was nerve racking but a great way for candidates and the community to get to know each candidate and it was great to be able to have it streamed on YouTube and be able to let people know they can view it there.

Councilor Barron spoke regarding the 9/11 historical event in our County, gave thanks to our first-responders and military, and the opportunity he has to teach this subject to students, and how grateful he is for our Country. Councilor Barron stated he also watched the Candidates Forum on YouTube and is excited to see three new Councilors as he hopes Councilor Duron will retain her Council seat.

Assistant City Manager's Report

Assistant City Manager Morgan stated he attended kindergarten flag football over the weekend at the HEROS Complex at EOTEC and received many compliments regarding the condition of the fields knowing that only a month ago it had been used as a parking lot.

Adjourn

There was no other business and Mayor Drotzmann adjourned the regular City Council meeting at 8:12pm.

SIGNED:

Dr. David Drotzmann, Mayor

ATTEST:

Lilly Alarcon-Strong, City Recorder



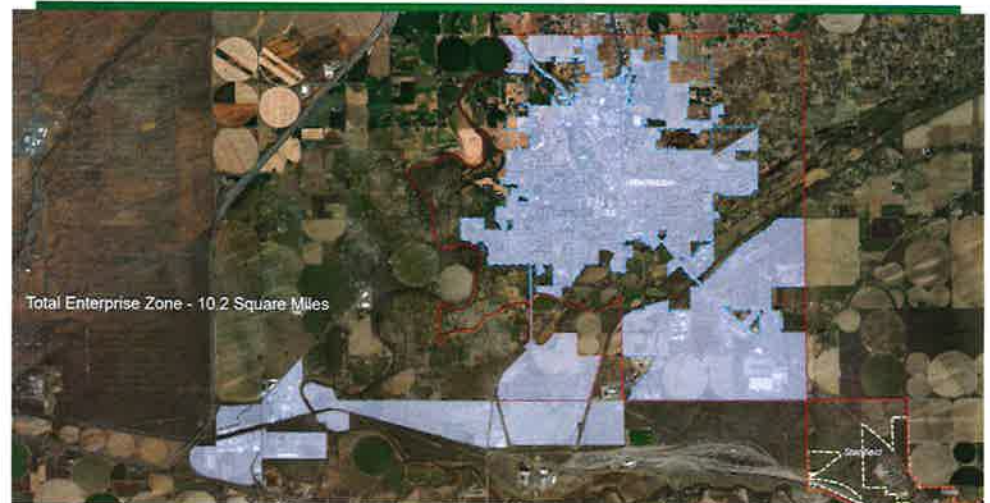
Overview

- Establish 15% "School Support Fee"
- Long-Term Rural Enterprise Zone (LTREZ)
- City of Hermiston & Umatilla County
- Hermiston School District
- Stanfield School District

 A small horizontal collage of images at the bottom of the slide, including a smiling child, wheat, a bowl of food, a girl with watermelon, bicycles, a vegetable pile, and children at a table.

Overview

- Greater Hermiston Enterprise Zone (GHEZ)
 - Area within/around Hermiston
 - Property Tax incentives in exchange for job creation
 - City of Hermiston & Umatilla County = Co-Sponsors
 - City Staff = Zone Manager

 A small horizontal collage of images at the bottom of the slide, including a person's face, a field, a person working, a vegetable pile, a group of people, a bridge, and a horse.




EzonesGenerally

- Basic (3 Year)
- Extended (5 Year)
- LTREZ (6 15 Years)



EzonesGenerally

- Basic (3 Year)
 - **Guaranteed (industrial)**
 - **Full Exemption. No Property Taxes.**
 - **Greater of: add 1 Job or Increase Jobs by 10%**
 - **Shearer's Foods, Eastern Oregon Telecom**



EzonesGenerally

- Extended (5 Year)
 - **Greater of: add 1 job or Increase Jobs by 10%**
 - **Avg. Salary > 100% County -wide Wage**
 - **Avg. Comp > 130% County -wide Wage**
 - **Pioneer Seed**



EzonesGenerally

- LTREZ (6 15 Years)
 - **Same Job/Pay Requirements as 5 Year**
 - **\$50M+ Minimum Capital Investment**
 - **"Additional Local Requirements"**
 - **Lamb Weston, AWS**





LTREZ Example: Lamb Weston (20

- \$290M Investment: Tax Exempt for 15 Years
 - Existing Facilities Remain Taxable
- LTREZ Annual Payments: \$1M/yr for 15 Years
 - Equal to ~40% of projected tax liability



LTREZ School Impacts

- Local Schools “held harmless”
 - Local school operations backfilled by State
 - Larger local tax base = less State subsidy



2023 Legislative Changes

- HB2009: LTREZ “School Support Fee” After Year 5
 - Business Must Pay 15% to 30% of Total local tax as SSF
 - Determined with local school district
 - SSF Collected by local school deducted from state subsidy
 - SSF Generated in Hermiston spread across all 580,000+ K -12 Students in Oregon



Realistic Timeline

- Only for NEW LTREZ agreements
- IF a new LTREZ negotiation began in 2025
 - 2 Years until Certificate of Occupancy
 - 1 Year after C/O for 1st Tax Year (2028)
 - SSF revenue to State begins year 6 of exemption (2034)

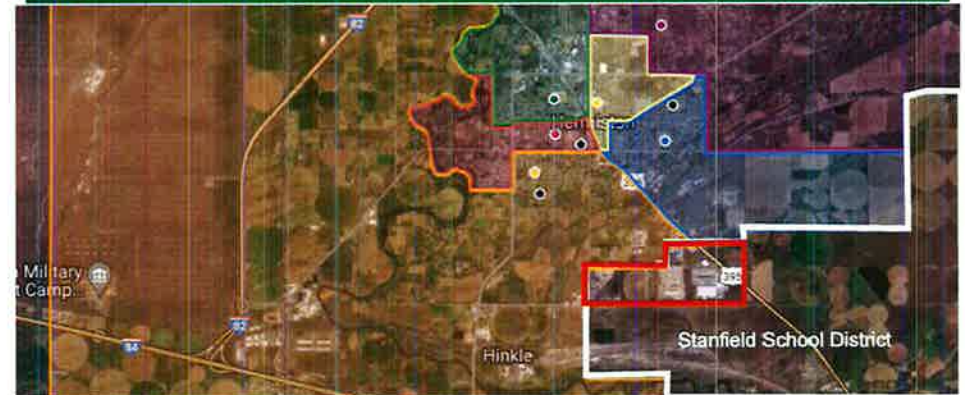




GHEZ Boundaries



Hermiston School Boundary



Local School Discussions

- Stanfield SD: Approved 15% in March
- Hermiston SD: Approved 15% in September
- City of Hermiston must concur
- Umatilla County must concur



Hypothetical Fiscal Impact: Lamb Weston
2017 LTREZ

Where Life is Sweet



Lamb Weston LTREZ Facts

- \$290M Investment
- \$1M/yr paid to Umatilla County & City of Hermiston
- 39.2% of projected tax liability
- Net New Employment
 - 141 Jobs
 - \$10.6M/yr net new local wages



Industrial Tax Function

- Taxable Value(TV) = ~80% initial Investment
- TV: Depreciates ~5% per year

\$290M Investment Year 6 TV: ~\$180M



Lamb Weston SSF?

- SSF = 15% of TOTAL tax years 6-15
- SSF = \$400k(yr6), \$390k(yr7), etc.
- SSF total sent to Statewide School Fund: ~\$3.3 Million
 - = \$0.37/Student Per Year Statewide
 - = Hermiston School District = +\$2,000/yr
 - 0.003%



Negotiation Impacts

- Company Accepts \$3.3M Added Cost
 - 39% PILT → 48% PILT
- Company Refuses \$3.3M Added Cost





Negotiating Leverage?

- Similar Investments at Lamb Weston Since 2019
 - Patterson, WA
 - Richland, WA
 - American Falls, ID
- Locate elsewhere entirely or delay investment



Negotiating Universe

- Option A: Company Eats \$3.3M Increase
- Option B: GHEZ Eats \$3.3M Loss
- Option C: Impasse Invest Elsewhere



Local Revenue Negotiation Window



Takeaways

- LTREZ Deals = Less Valuable Locally
- Local Schools See No Tangible Change





Questions?

Where Life is Sweet™



Resolution 2339


City Council: Sept. 23, 2024




Overview

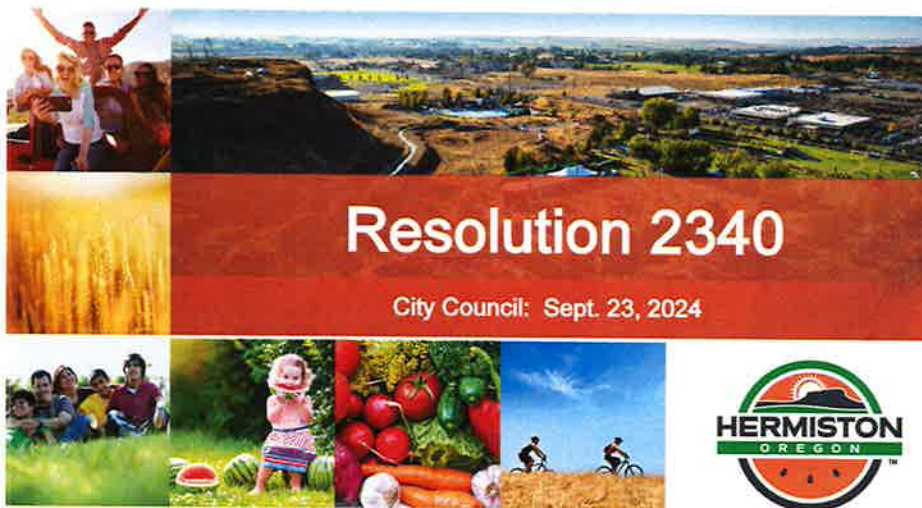
- Removes 1 new stop sign at SE 9th & Penney
- Adds 2 new stop signs at SE 9th & Penney







Questions?

Where Life is Sweet™





Resolution 2340

City Council: Sept. 23, 2024






Overview



- Adds 2 flashing crosswalks on 1st (Hartley & Joseph)
- Commits City to long-term maintenance

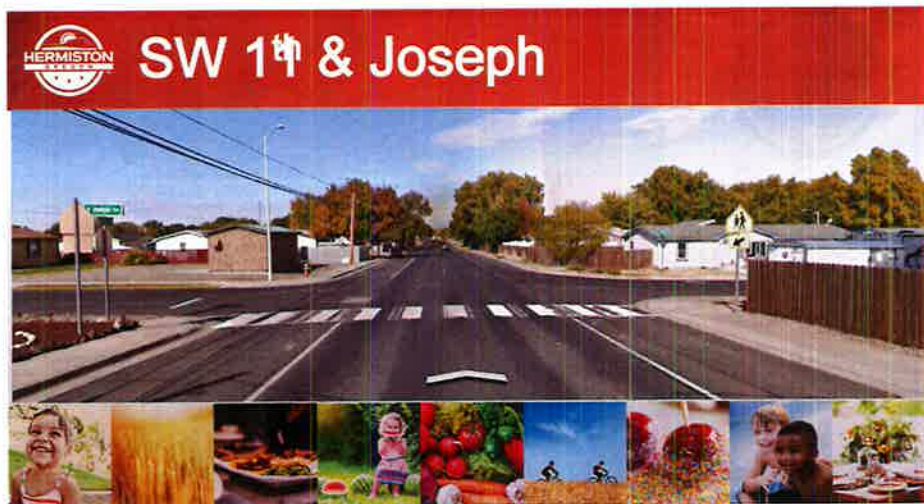
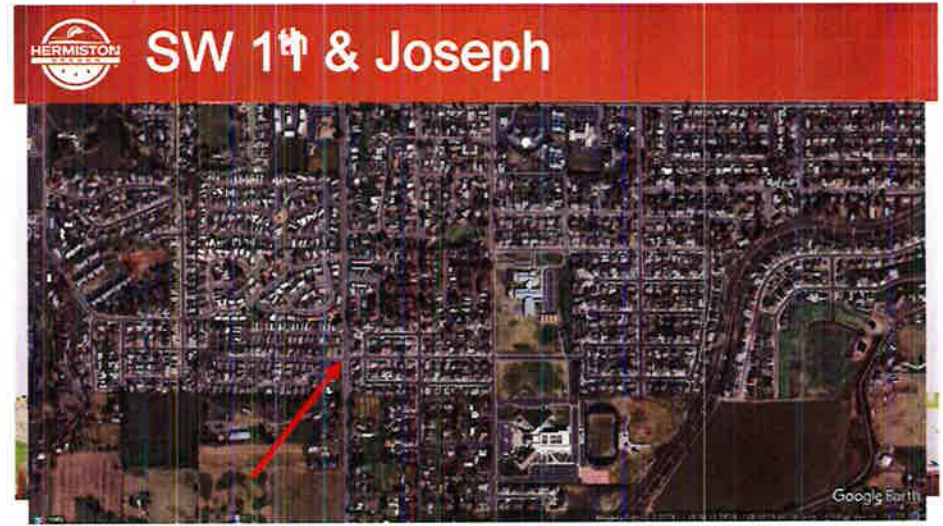



NW 1st & Hartley

NW 1st & Hartley




Considerations

- Upfront \$250,000 installation: ODOT
- Ongoing Maintenance (20 years): City
 - Maximum \$2,500/yr each





Questions?

Where Life is Sweet™



Hermiston Urban Renewal Agency (HURA)

- North Hermiston Urban Renewal Area – Surveying of project area



General Fund

- Second month of 24-2025 fiscal year
- Monthly Revenues are below projections (~\$468,000)
 - **Primarily due to revenue timing**



General Fund

- Monthly Expenses below projections by ~\$245,000
 - **Primarily due to expenses not yet incurred for various HPD projects**
 - **Various departments are over budget when compared to Projected**
 - **Transportation, Airport, Parks, Library, Harkenrider Center & Public Safety Center**
 - **When compared to budget to date (2/12 or 17%) only two departments are 'over budget'**
 - **Parks – 21%**
 - **Public Safety Center – 19%**



Special Revenue Funds

- Law Enforcement and Library Special Revenue Funds closed
 - Three years for reporting to 'fall off'



Utility and Street Funds

- Observations:
 - **Street fund revenues under projections due to timing of gas tax receipts**
 - **Utility fund ~\$756k over projected revenues**
 - Increase services (~100) and usage when compared to same period for FY 2022, 2023 and 2024
 - Annual CPI adjustment
 - Other charges
 - **Regional Water fund ~\$35k over projected expenses**



Capital Projects

- A number of projects in design
 - **Geer/Harper Realignment- submitted to UP**
 - **Well #6 Chlorination**
 - **Well #4 Controls**
- Gladys/Main/Newport – Under Construction



Capital Projects

- Teen Adventure Park – Project Completed
- Airport Hangar – Preparing for hangar construction
- IT Build-out – 99 % Complete including furniture
- Harkenrider – Working on ceiling soundproofing, etc.
- EOTEC Barns expansion project complete



Capital Projects

- The Arc – Waiting on windows and siding plan
- Public Safety Center
 - Phase I – Former court renovation on schedule
 - Phase II – Start date Oct. 1



Discussion

Questions?

Where Life is Sweet