

Mayor Drotzmann called the meeting to order at 5:00pm. Councilors Spickerkuhn and Peterson were present. City staff in attendance included: Assistant City Manager Mark Morgan, City Manager Byron Smith, Finance Director Mark Krawczyk, Hermiston Energy Services Superintendent Nate Rivera, City Attorney Rich Tovey Street Superintendent Ron Sivey, Wastewater Superintendent Bill Schmittle, Parks & Recreation Director Brandon Artz and Planning Assistant Heather La Beau. Anderson Perry engineers Joshua Lott and Jay Marlow were in attendance.

Jay Marlow was introduced as an Anderson Perry engineer who will be assisting with Hermiston projects.

## **Hermiston Energy Services (HES) Update**

General Manager Rivera presented a PowerPoint presentation (attached). The presentation included:

- brief history of HES
- service area
- contract with Umatilla Electric Cooperative (UEC)
- Rates
- Expenses
- Future projects

## **Regional Water System Build-Out Update**

Assistant City Manager Morgan presented a design option (attached) for supplying regional water to a prospective customer of industrial water east of S 1<sup>st</sup> Street. Expansion costs would be covered by reimbursement from the customer. Committee members discussed possible impacts of the project including environmental and vehicular traffic.

## **Hayfields Infrastructure Update**

Assistant City Manager Morgan presented PowerPoint slides (attached). The costs for water and sewer on day #1 and the costs to cover future capacity were discussed. A tentative timeline was presented for creating the urban renewal district.

## **Gettman Road Alternative Transportation Enhancement (GRATE) Update**

Attached is the informational page Assistant City Manager Morgan passed on to those present.

## **NW 11<sup>th</sup> Bike Lanes, Turn Lane, & No Parking**

Assistant City Manager Morgan reviewed the proposed improvements to NW 11<sup>th</sup> St as presented on the attached aerial photo. The center turn lane is proposed on NW 11<sup>th</sup> to extend from W Hermiston Ave to Juanita Ave. There is insufficient right-of-way width to extend to Elm. Adding a center turn and restriping the bicycle lanes will create a safer environment for the cyclists and alleviate vehicle stacking. Committee members stated concern over the loss of on-street parking. It was mentioned there is rarely vehicles seen parked on that portion of NW 11<sup>th</sup>.

## **Adjourn**

Mayor Drotzmann adjourned the meeting at 5:58pm.



# ENERGY SERVICES

Public Infrastructure Committee Update – May 23, 2022



# Hermiston Energy Services

- HES is a Consumer-Owned, Non-Profit Electric Municipality formed October 1, 2001 after acquiring PacifiCorp's Hermiston distribution facilities.
- HES currently serves 5,356 customer-owners, with annual sales of 108 million kilowatt-hours.
- HES's facilities consists of 36.3 miles of overhead and 19.6 miles of underground primary distribution lines.

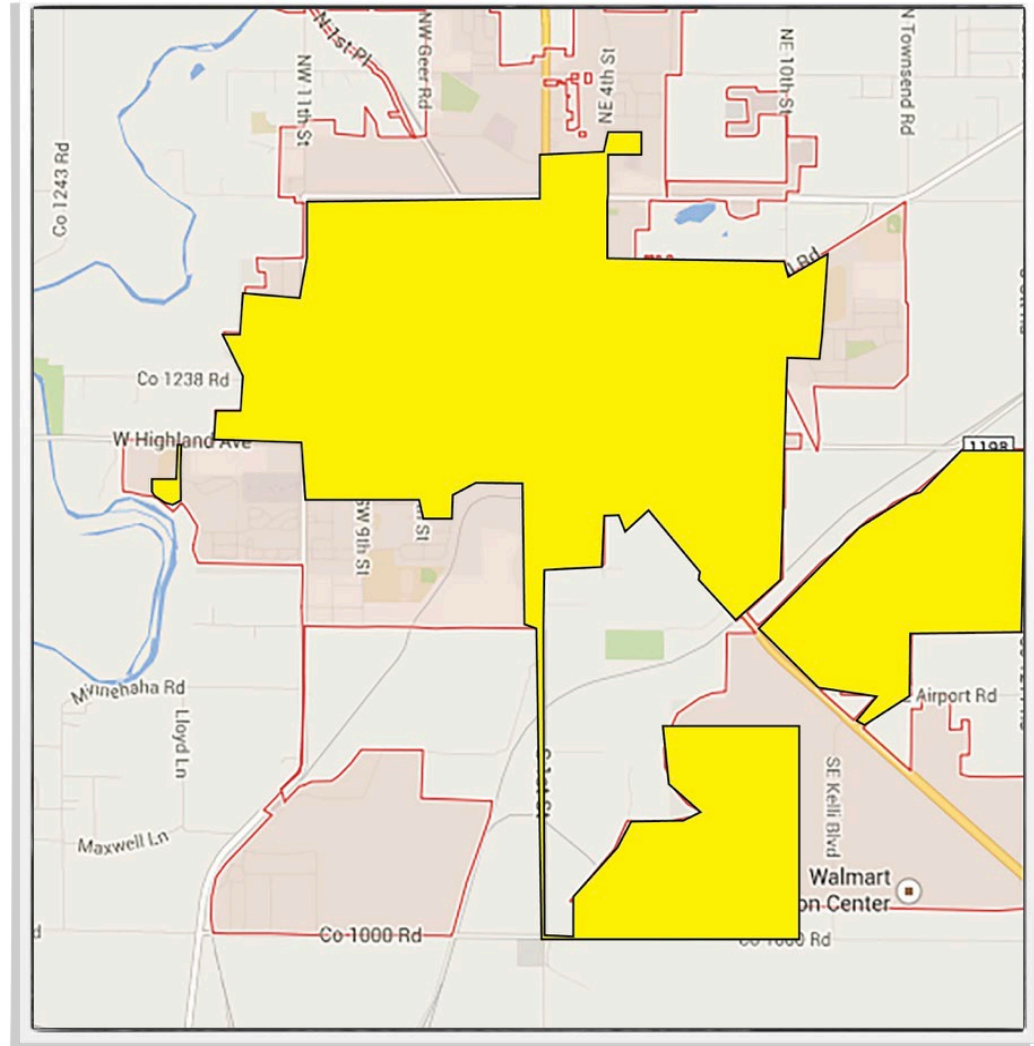




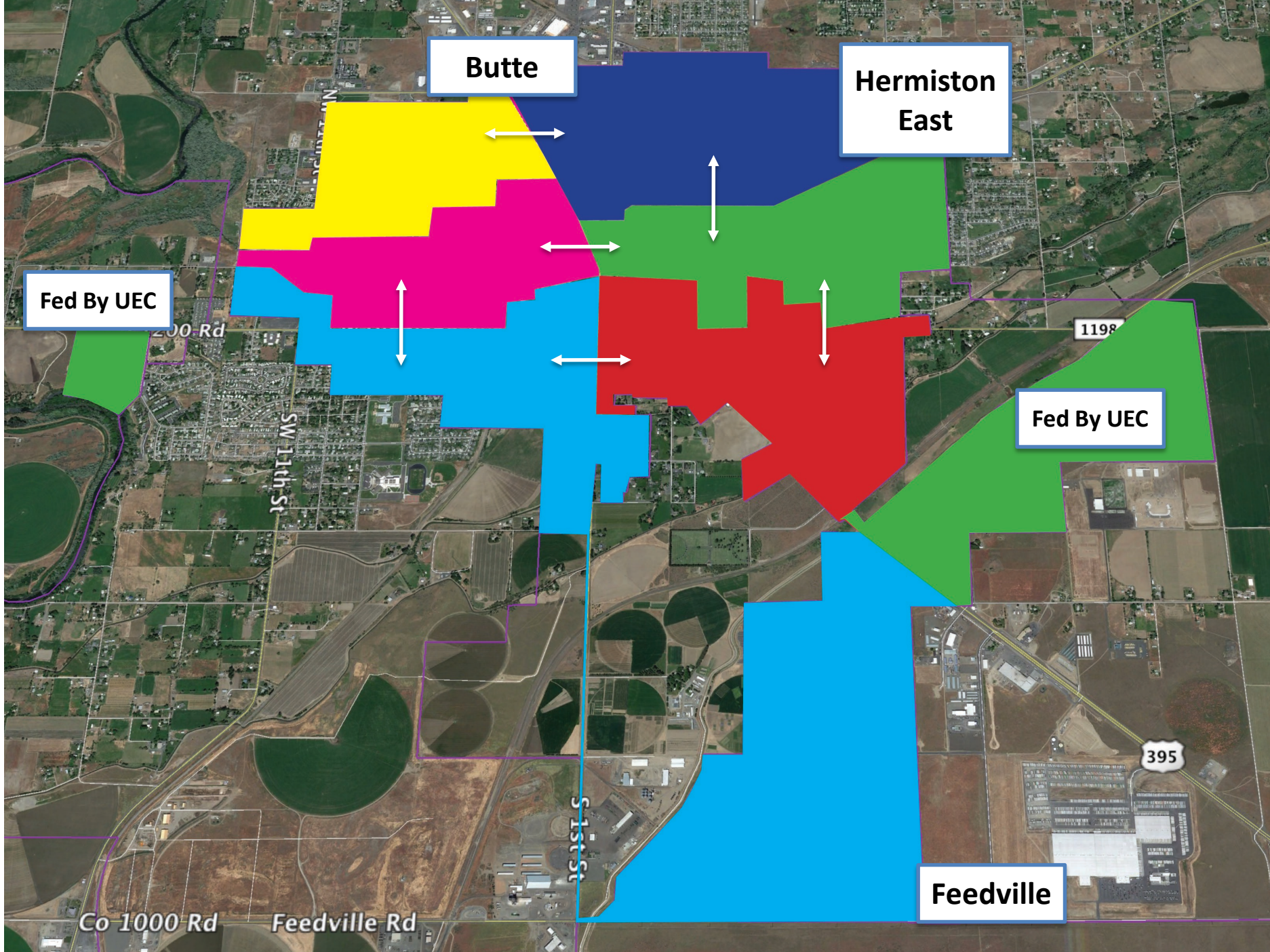
# Hermiston Energy Services



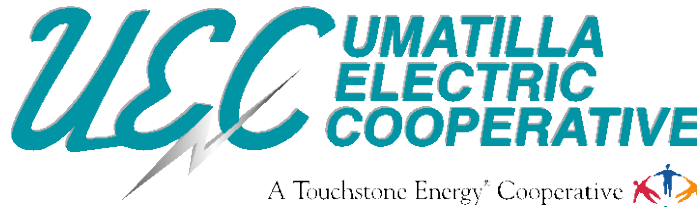
- HES serves approximately 63% of the area of Hermiston.
- 51.5% of sales to residential customers and 47.9% to commercial customers.







# UEC Contract



- After acquiring PacifiCorp's Hermiston distribution facilities in 2001 the City of Hermiston Contracted with Umatilla Electric Cooperative for the Below Services:
  - Technical Operation Services, Line Work, Tree Trimming, Drafting, Dispatch, Repairs, Inspection, Maintenance, Day-to-Day Engineering, Outage Response, Conservation, Customer Service and Billing.
- Contract was renewed in 2011 and is set to expire 2032.
- Every five (5) years contract fee is subject to adjustment. That adjust will occur in June of this year (15%).



- HES has one employee.
- Responsible For:
  - BPA Contract, Rates, Budget, Construction Work Plan, Maintenance Schedule, Contractor Supervision and Oversight, Policies and Procedures, Overall Decisions Related to HES.



# HES Rates

- Ability to collect appropriate revenue.
- Rates are stable and predictable.
- Rates are equitable among customer classes.
- Rates are easy to understand and feasible for HES to implement.
  
- To achieve this, we work with an independent third-party firm to perform a Cost-of-Service Analysis on behalf of HES customers.





# HES Customer Bill

- HES's Customers Electric Bill:
  - Energy Charge + Base Charge + Demand (except Residential) = Customer Bill.
- Currently HES charges \$21.00 for Residential Base Charge.
  - Actual costs attributed to the Base Fee account for approximately \$29.00 for residential customers.
    - The remaining \$8.00 is made up in the energy charge.



# HES Customer Class Revenue

Customer Class	Customers	% Of HES Revenue	Customer Charge	Demand Charge	Energy Charge
Residential	4,541	52%	18%	-	82%
Small Commercial	776	27%	11%	11%	78%
Large Commercial	34	21%	4%	23%	73%
Agricultural	5	1%	5%	24%	71%
<b>HES</b>	<b>5,356</b>	<b>100%</b>	<b>13%</b>	<b>8%</b>	<b>79%</b>

# HES Rate Pressure

- 93% of HES's Costs are:

- Power Purchases (BPA)

**48%**

- UEC Contract/Labor

**20%**

- Debt Payment

**11%**

- System  
Maintenance/Capital

**8%**

- In Lue of Taxes

**6%**

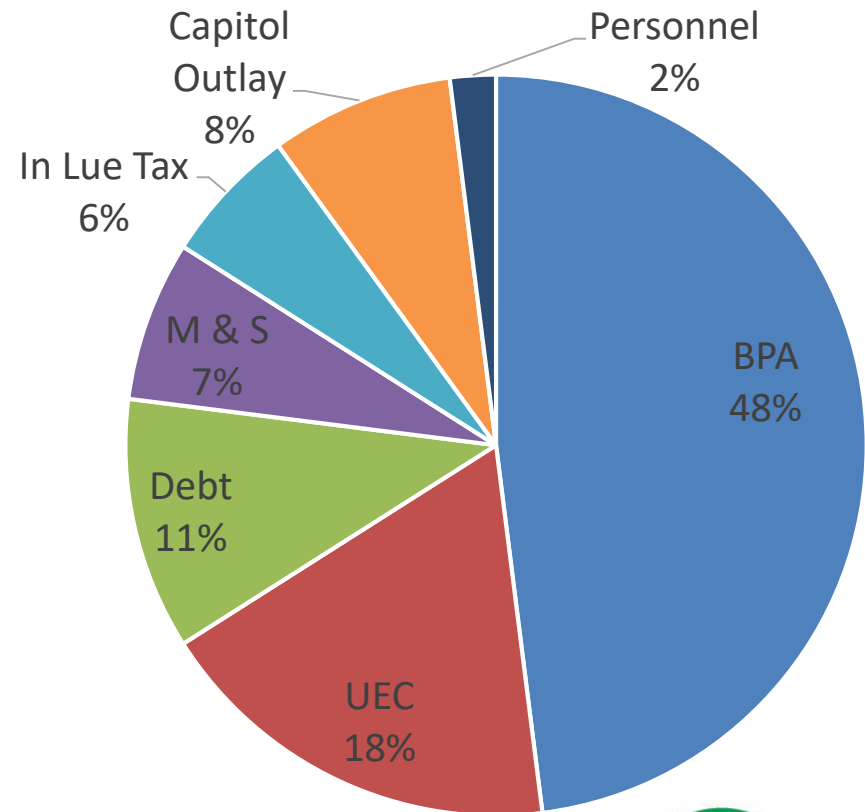
**B O N N E V I L L E**  
**P O W E R A D M I N I S T R A T I O N**





# HES Expense Breakdown

- BPA Bill
  - Power & Transmission
- UEC
  - Distribution O & M, Customer Accounts & Administrative and General
- Debt
  - System Purchase in 2001
  - CWP Bond Finance
- Materials & Services
  - Accounting, Travel, Insurance, Phone, Street Lights, Conservation, Energy Assistance, Dues, Misc. Contracts, Office Supplies and Misc. Equipment.
- In Lue of Taxes
  - HES pays this fee to the City.
- Capitol Outlay
  - Transformers, New Services, Meters, System Repair/Maintenance.
- HES Personnel



# HES Rate Adjustment

- Knew and shared that existing rate structure did not collect retail rate revenue based on actual costs needed to serve individual customer classes.
- In FY's 2018-21 HES Offset revenue deficiencies
  - Used \$2.4m From Bond Restructure Savings & Reserves
  - Reduced Spending
  - Deferred maintenance and Construction Work Plans.
  - In 2018: 1.2m (12.7%) deficit in rate revenue.
    - Used reserves, Moved all CWP & Maintenance to Dept. 33.
  - Council approved 1.87% rate adjustment in 2018.
- In FY 2020-21 HES had a \$1,011,195 revenue deficiency.
  - \$500,000 was BPA increase in Oct. 2019.
  - \$450,000 in System Maintenance/Capitol (move back from Dep 33)



# HES Rate Adjustment

## In November of 2020 Council Approved HES Rate Adjustments in Two Phases

- **Phase 1: 6.98% Overall Adjustment**
  - January 1, 2021
  - Residential Customer averaged \$117 per-month.
    - 20¢ per-day average increase.
  
- **Phase 2: 6.9% Overall Adjustment**
  - October 1, 2021
  - Residential Customer will average \$124 per-month.
    - 22¢ per-day average increase.





# HES Rate Adjustment

In FY 2020-21 HES was projected to have \$1,011,195 revenue deficiency.

– **Phase 1:**

- Reduced the use of reserves to cover budget shortfall in February 2021 to about half (45k per-month).
- Ended FY 2020-21 with \$822,603 revenue deficiency.

– **Phase 2:**

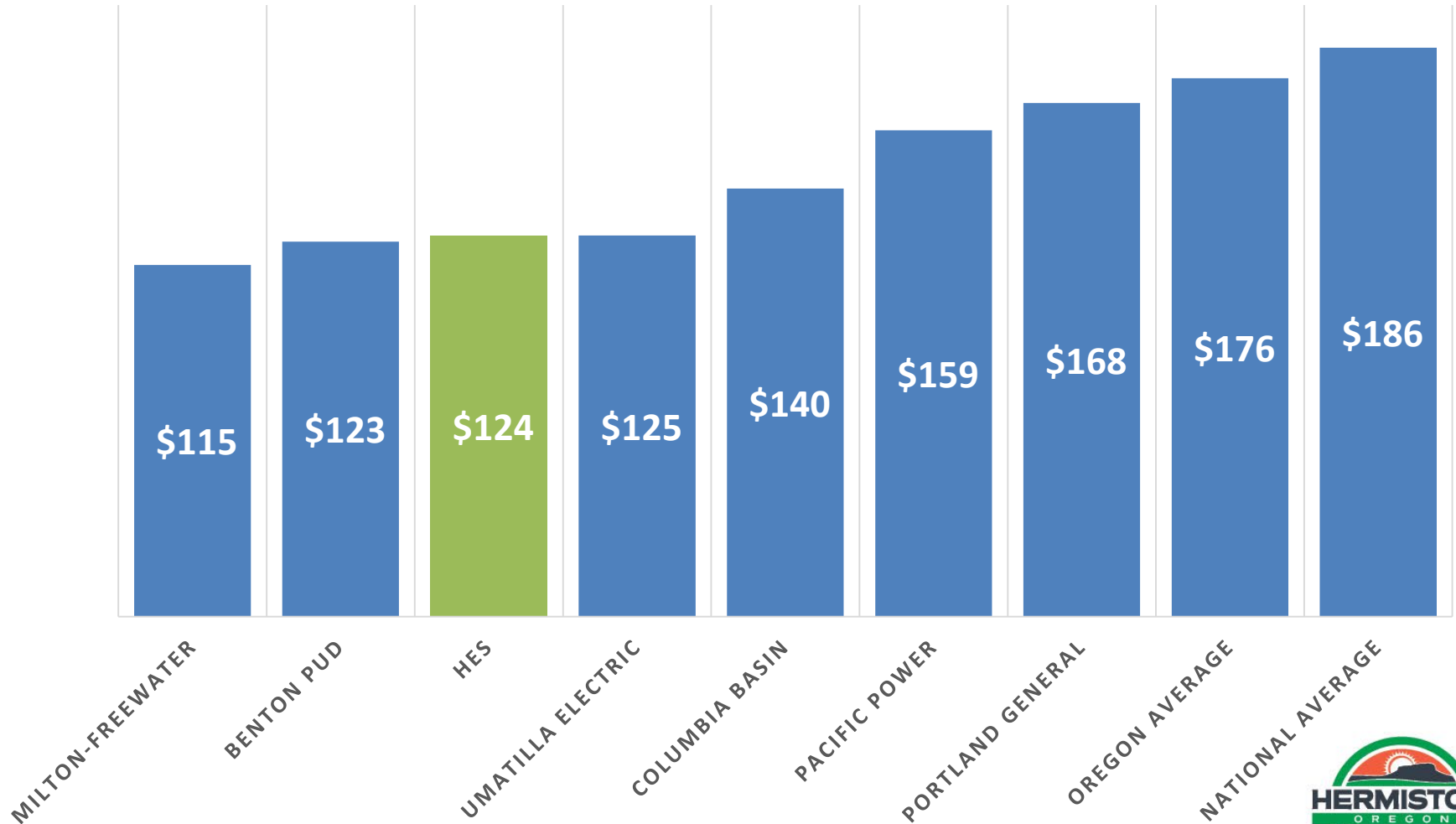
- Overall rate increase got utility to break even in mid October 2021.
- No longer use reserves starting in November 2021.
- Full System Maintenance Cost Recovery.

– **Did Not Include:**

- Capital Improvement Projects
- State/Federal Mandate Changes (Energy Assistance/Debt Forgiveness; Conservation/EE)
- Contracts
- Inflationary Costs
- Restore/Build Reserves.



# HES Rate Comparison



\* Based on 1,400 kWh per-month



# HES Future Updates

- Line Extension Policy
- Capitol Projects
- Maintenance/Construction Work Plan



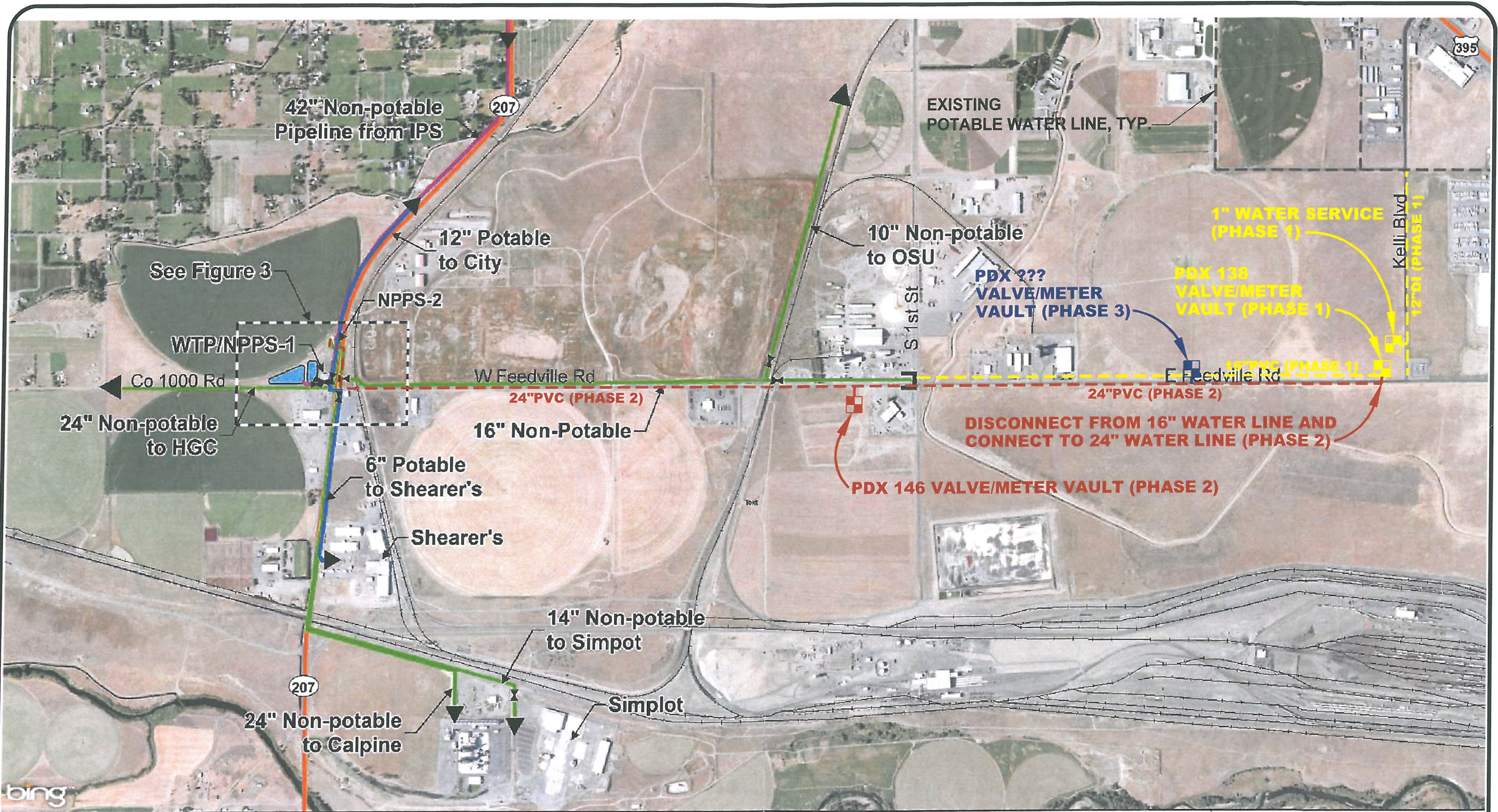




# Questions

*Where Life is Sweet™*

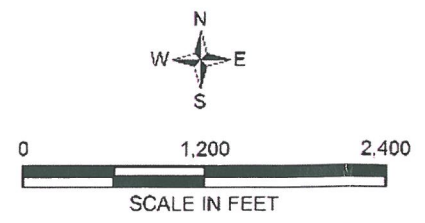




**LEGEND**

- Valve
- Pipeline Cap
- Non-potable Water Piping
- Non-potable Water Piping from IPS
- Potable Water Water Piping
- Highway
- Railroad
- Ponds / Lagoons
- Existing Non-Potable Water Piping

- New Non-Potable Water Piping (Phase 1)
- New Non-Potable Water Piping (Phase 2)
- New Non-Potable Water Piping (Phase 3)



CITY OF  
 HERMISTON, OREGON  
 VADATA UPGRADES 2022-2026  
**OPTION 1 (PDX 138, PDX146, PDX???)**  
 REGIONAL WATER  
 TRANSMISSION CONNECTIONS

**FIGURE**  
**2**

Q:\HERMISTON\736-127 RWS GenEng\Drafting\PDX-127-FIG 2.dwg, Layout1, 4/1/2022 8:46 AM, lwillhite



**From:** [Mark Morgan](#)  
**To:** [Byron Smith](#)  
**Cc:** "[Chas Hutchins \(chutchins@andersonperry.com\)](#)"; [Joshua Lott](#); [Roy Bicknell](#); [Alex Mccann](#)  
**Subject:** RWS Water Allocation Plan  
**Date:** Friday, April 15, 2022 11:25:36 AM  
**Attachments:** [image002.png](#)

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Byron,

Here's down on paper, some thoughts about where water allocations can/should come from for AWS. Let me know if I'm off base on any of this.

Chas/Joshua,

We're looking at shifting our assumption of where AWS will develop their capacity from from the Port's undeveloped allocation to the City's undeveloped allocation. One big thing that I want to make sure we stay aware of is how this plays relative to our City Water System Master Plan's call for future need of our rights in the RWS for potable source water capacity out in the 2030's and beyond.

1. August, 2022- Notice sent to OSU that No Water will be available after Aug. 31, 2023.
2. City-owned Feedville main chlorinated.
3. Short Term Lease of City's Developed POTABLE Supply (1,400 out of 1,500) from September, 2023 through August, 2024.
4. AWS Develops 3,420GPM of NON-POTABLE supply from the City's Un-developed RWS allocation by August, 2024, and returns 1,500GPM Potable capacity to the City.
5. AWS develops 4,200GPM of "Ultra-Filtration" capacity near NPPS-2, and dedicates it to the RWS. City purchases 4,200GPM of Non-Potable from the City's (newly expanded) developed RWS allocation, and runs it through the Ultra Filtration process.
6. AWS installs new 24" "Potable" water line from Ultra-Filtration site along Feedville Rd to Kelli Blvd by August, 2024.
7. Aug., 2024- Ultra-Filtered, City-owned, water is sent down the new 24" line to PDX 138 & PDX 245.
8. Up to 2,800GPM of Ultra-Filtered, City-owned, water is sold to PDX 138 & PDX 245 through a City-owned meter, at COH water prices for potable water.
9. Up to 1,400GPM of Ultra-Filtered, City-owned, water is sold to PDX 146.
10. Up to 1,500GPM of traditional RWS Potable developed capacity remains for normal City consumption.

11. Up to 520GPM of un-developed capacity remains in the City's RWS allocation.

Out the back-end of this, could/should the City buy-out the Port of Umatilla's remaining 6,500GPM of un-developed allocation? Recognizing that it is probably already leased to upstream farmers, with the understanding that we will assume those leases, and plan to cancel those leases in stages/chunks beginning as early as 2040(ish)? Would this allow the City's system to work in to using our 1,500GPM of developed potable capacity over the next 18 years, and use this new 6,500GPM of capacity for future growth?

**Table 1: RWS Water Allocations (December 2021)**

Users	Potable		Non-potable		Total Developed	Total Undeveloped	Total Allocation
	Developed	Undeveloped	Developed	Undeveloped			
City	1,500	-	780	4,720	2,280	4,720	7,000
Port of Umatilla	-	-	-	6,500 <sup>1</sup>	-	6,500 <sup>1</sup>	6,500 <sup>1</sup>
Calpine	-	-	2,900	-	2,900	-	2,900
HGC	-	-	2,600	-	2,600	-	2,600
Simplot	-	-	2,000	-	2,000	-	2,000
Shearer's	255	245	-	-	255	245	500
First Oregon	-	-	-	2,600 <sup>2</sup>	-	2,600 <sup>2</sup>	2,600 <sup>2</sup>
Vadala	-	-	2,900 <sup>3</sup>	-	2,900 <sup>3</sup>	-	2,900 <sup>3</sup>
Total	1,755	245	11,180	13,820	12,935	14,065	27,000
	2,000		25,000				

Thanks,

**Mark Morgan**  
 Assistant City Manager  
 (541) 567-5521  
 180 NE 2<sup>nd</sup> St.  
 Hermiston, OR 97838  
*Where Life is Sweet*





# HAYFIELDS UPDATE

5/23/22



# July, 2021 URA TIF Revenue Forecasts

## SW Hermiston TIF Revenue Forecast

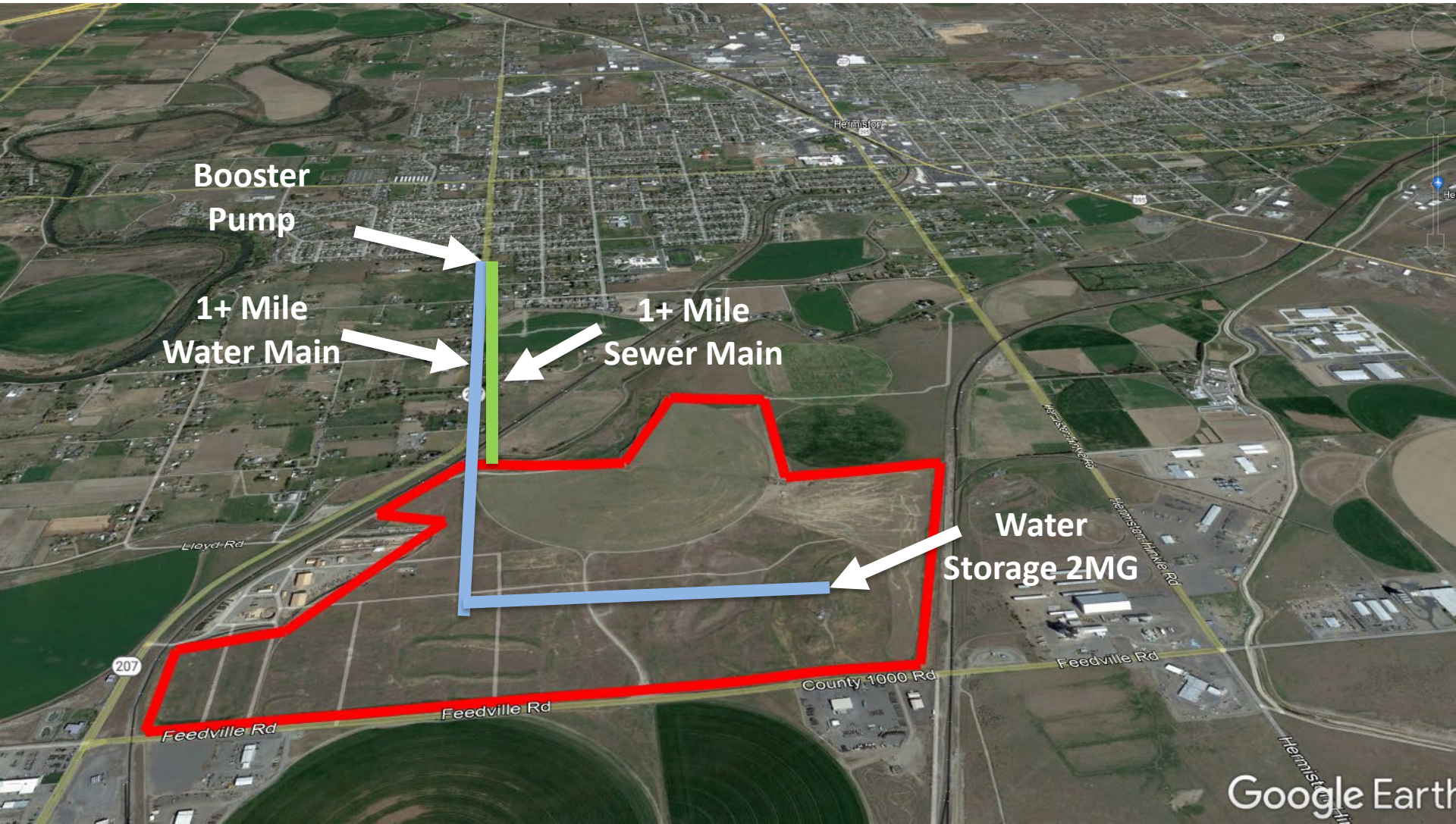
*July 26, 2021 estimates*

	Scenario 1	Scenario 2
Duration	20 Years	30 Years
Incur Formal Debt?	No	Yes
<b>Total Net TIF</b>	<b>\$ 30,800,000</b>	<b>\$ 98,800,000</b>
<b>Maximum Indebtedness</b>	<b>\$ 30,800,000</b>	<b>\$ 85,600,000</b>
<b>Capacity (2021\$)</b>	<b>\$ 19,400,000</b>	<b>\$ 46,700,000</b>
Years 1-5	\$ 400,000	\$ 1,300,000
Years 6-10	\$ 3,300,000	\$ 7,600,000
Years 11-15	\$ 6,700,000	\$ 9,000,000
Years 16-20	\$ 8,900,000	\$ 9,600,000
Years 21-25	\$ -	\$ 7,100,000
Years 26-30	\$ -	\$ 11,700,000





# Day 1 Utility Needs



# Day #1 Water & Sewer Costs

Improvement	Cost (2024)
Water Transmission Main	\$1,789,000
Joseph Booster Pump	\$811,000
Sewer Main	\$2,947,000
2MG Reservoir	\$3,923,000
<b>Total</b>	<b>\$9,470,000</b>





# Park Improvements: \$4.55M





# Park Improvements: \$4.5M



COMMUNITY PARK - PROGRAM DIAGRAM



PLAY AREA



SKATEPARK / PUMP TRACK



WATER PLAY



PICNIC



EVENT SPACE / AMPHITHEATER



NATURAL AREA / TRAILS



GATHERING AREA / FOOD TRUCKS



SPORTS FIELDS





# SDC OVERLAYS (NOT URBAN RENEWAL COSTS)



# Future Costs

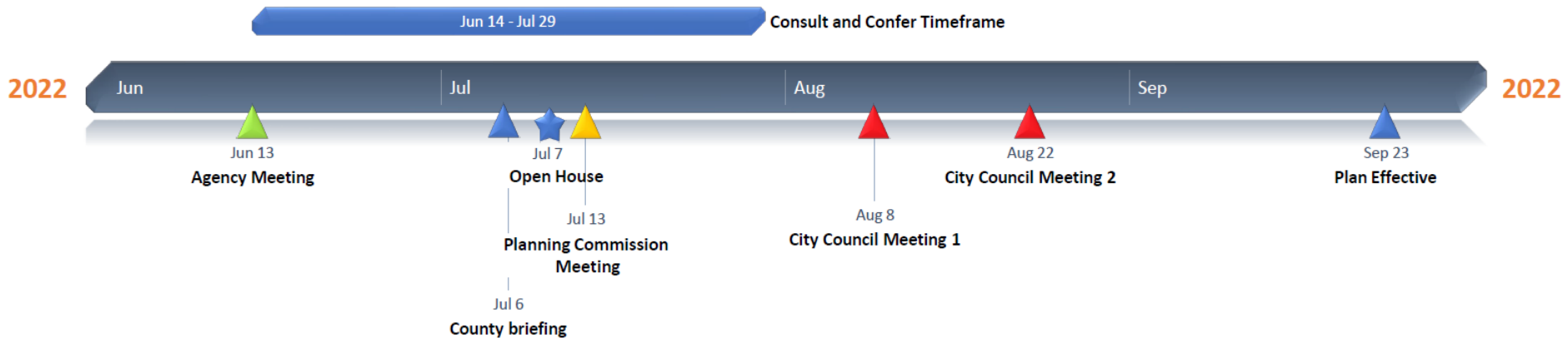
	Developer Cost	Total
<b>Future Need</b>		
Sewer Main (Future Capacity)	\$411,000	\$411,000
Water Right Replacement	\$1,330,000	\$1,330,000
Sewer Lift Station Expansion	\$180,000	\$180,000
Transportation	\$???	\$???
<b>Total</b>	<b>\$1,921,000</b>	<b>\$1,921,000</b>

SDC Overlays Can Grow With Demand





# Next Steps / Timeline



**FCS GROUP**  
Solutions-Oriented Consulting

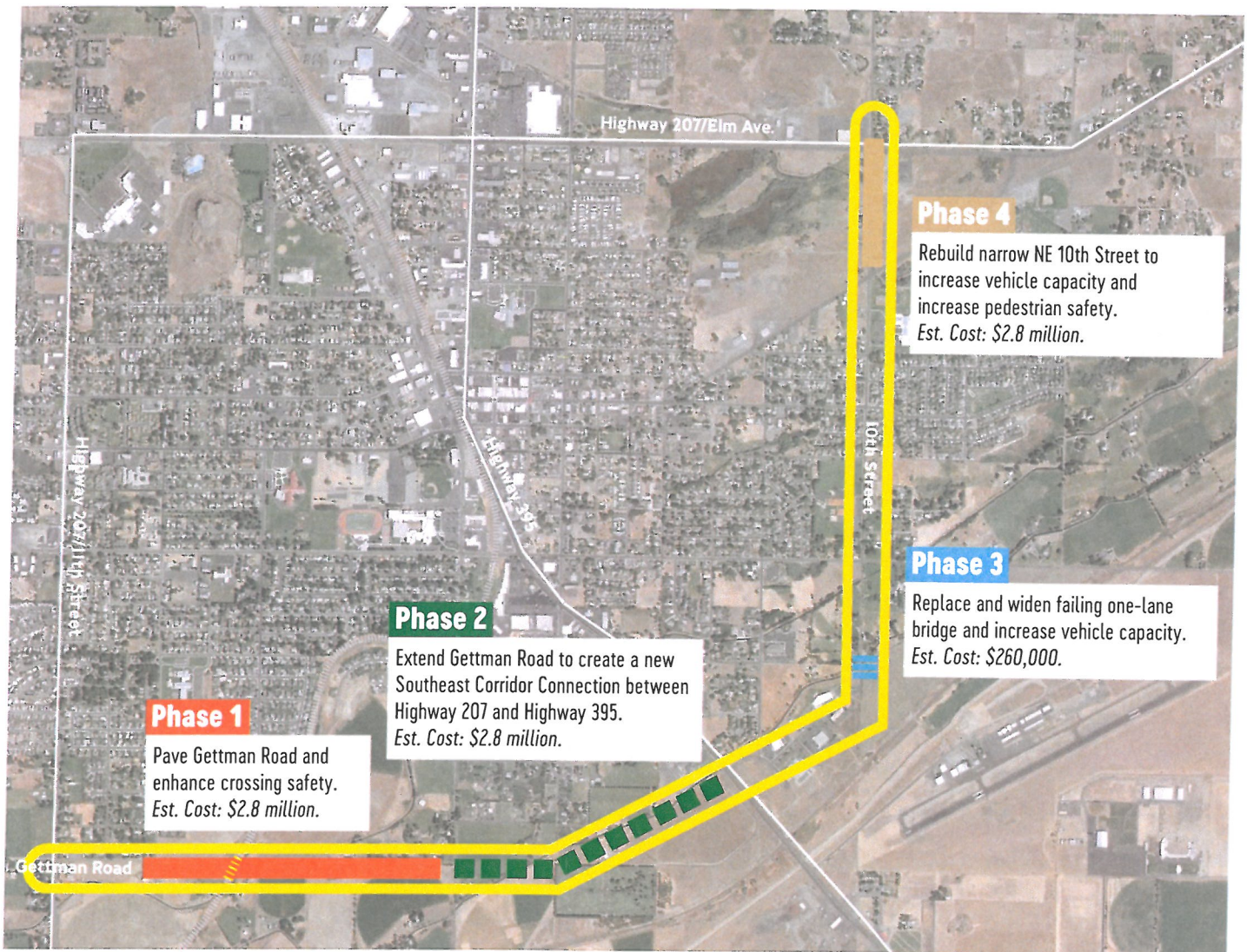


# Hermiston GRATE Project

## Gettman Road/Railway Alternative Transportation Enhancement



Where Life is Sweet



### Phase 1

Pave Gettman Road and enhance crossing safety.  
Est. Cost: \$2.8 million.

### Phase 2

Extend Gettman Road to create a new Southeast Corridor Connection between Highway 207 and Highway 395.  
Est. Cost: \$2.8 million.

### Phase 4

Rebuild narrow NE 10th Street to increase vehicle capacity and increase pedestrian safety.  
Est. Cost: \$2.8 million.

### Phase 3

Replace and widen failing one-lane bridge and increase vehicle capacity.  
Est. Cost: \$260,000.

### Project Description

Develops a new local connection between US395 & OR207 in two locations by constructing 1.5 Miles of new roadway, replacing & widening a failing 1 lane bridge, expanding  $\frac{1}{4}$  mile of existing roadway, and enhancing an existing Union Pacific Railroad crossing.

### Project or Program Readiness

The overall project is broken in to four independent components, all of which are included in Hermiston's adopted Transportation System Plan, and adopted Capital Improvement Plan. All right of way is in place, with preliminary scoping design completed for Phases 1, 3, & 4. Phase 2 still requires right of way acquisition.

### Total Project or Program Cost

Phase 1- \$2,800,000: [W. Gettman Road Construction](#) (paving and rail crossing upgrade)  
Phase 2- \$2,770,000: [E. Gettman Road Construction](#) (ROW acquire & road construction)  
Phase 3- \$210,000: [S.E. 10th Street Bridge Replacement](#)  
Phase 4- \$2,780,000: [N.E. 10th Street Reconstruction](#)

### Project or Program Sponsor

City of Hermiston

### Project or Program Contact

Mark Morgan  
[mmorgan@hermiston.or.us](mailto:mmorgan@hermiston.or.us)

### GRATE Supporters

- Hermiston Chamber of Commerce
- Umatilla County
- Hermiston School District
- Confederated Tribes of the Umatilla Indian Reservation
- State Sen. Bill Hansell
- State Rep. Greg Smith
- ODOT Region 5
- City of Hermiston







