



CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
September 26, 2022

Mayor Drotzmann called the regular meeting to order at 7:00pm. Present were Councilors Hardin, Primmer, Peterson, Davis, Myers, Barron, and Duron. Councilor Spicerkuhn and Judge Creasing were excused. In attendance was staff to include: City Manager Byron Smith, Assistant City Manager Mark Morgan, City Attorney Richard Tovey, Chief Edmiston, Planning Director Clint Spencer, Finance Director Mark Krawczyk, Parks and Recreation Director Brandon Artz, and City Recorder Lilly Alarcon-Strong. Youth Advisory Member Julissa Gonzales Mendoza was also in attendance. The pledge of allegiance was given.

Citizen Input on Non-Agenda Items

None given.

Consent Agenda Items

Councilor Primmer moved and Councilor Davis seconded to approve Consent Agenda items A-E, to include:

- A. Committee Vacancy Announcements
- B. Confirmation of Appointment to the Airport Advisory Committee: Ron Linn to position #5, expiring October 31, 2025
- C. Final Plat- Legacy Phases 5 & 6 4N2802BA Tax Lot 400 – NE 5th St/NE 6th ST/E Bella Vista Ave
- D. Liquor License "Greater Privilege" Application for Ye Olde Pizza Shoppe
- E. Minutes of the September 12 Work Session and Regular Meetings

Motion carried unanimously.

Resolution 2239- Long Term Rural Enterprise Zone Agreement: PDX245

Assistant City Manager Morgan presented information regarding Resolution's 2239 and 2240 as Amazon Data Services has applied for Long-Term Rural Enterprise Zone (LTREZ) abatements for two new planned campuses within the Greater Hermiston Enterprise Zone (GHEZ) as established in the staff report and handouts (attached).

Public Comment

Dave Hanson, Hermiston- stated as a member of the City's Budget Committee he is excited about these agreements and what they will bring to the community.

Jackie Linton, Hermiston- spoke regarding tax exemptions Amazon would receive through these agreements and how these exemptions would be paid for by everyone else. Asked that the City consider negotiating another agreement to renew only if Amazon makes another large investment.

Rocale Timmons, Amazon- thanked City staff as they have been great to work with and thanked the City for its consideration of these agreements.

After some discussion, Councilor Barron moved and Councilor Davis seconded to adopt Resolution 2239 and lay upon the record. Motion carried unanimously.

Resolution 2240- Long Term Rural Enterprise Zone Agreement: PDX146

City Manager Smith stated this information was presented during Resolution No. 2239 presentation.

Councilor Primmer moved and Councilor Davis seconded to adopt Resolution 2240 and lay upon the record. Motion carried unanimously.



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Umatilla River Bridge Report Acceptance

Assistant City Manager Mark Morgan presented information regarding the City's Transportation System Plan and its two potential future bridges that have been discussed over the Umatilla River for the past 20 years. These bridge locations could be placed at Elm Ave or Punkin Center Rd. Due to the bridges potential placement, the City of Umatilla, Umatilla County, and the City of Hermiston have engaged and financially contributed to the development of high-level designs at both locations and analyzing their impacts to the broader transportation system with Anderson Perry & Associates and Kittleson & Associates. Staff is asking that the Council consider adopting the MOU with the City of Umatilla and Umatilla County with the preferred location of Punkin Center Rd.

After some discussion, Councilor Davis moved and Councilor Barron seconded to authorize the Mayor to execute the Memorandum of Understanding as presented. Councilors Myers, Peterson, Barron, Davis, Hardin, and Duron voted in favor; Councilor Primmer voted against. Motion carried 6-1.

August 2022 Financial Report

Councilor Hardin moved and Councilor Primmer seconded to accept the August Financial Report as presented by Finance Director Mark Krawczyk. Motion carried unanimously.

Approval of the July 1, 2022 to June 30, 2025 Collective Bargaining Agreement (CBS) with the Hermiston Police Association (HPA)- City Manager Smith presented the proposed CBA with its proposed changes.

Public Comment

Karen Primmer, Hermiston- asked if the \$1,500 payment is considered a retention bonus.

City Manager Smith stated the City is labeling the payment as a signing bonus but it is an acknowledgement of their work during a very difficult time the last few years.

Mrs. Primmer stated she thinks this is a good deal as the Association deserves it.

Jackie Linton, Hermiston- stated she believes Juneteenth should be observed and specifically named as a holiday in the contract.

City Manager Smith stated the City is not trying to devalue the holiday, rather this is just a way to simplify the time-off process for administrative purposes.

After some discussion, Councilor Primmer moved and Councilor Davis seconded to adopt the proposed changes to the Collective Bargaining Agreement with the Hermiston Police Association. Motion carried unanimously.

Committee Reports

Community Accountability Board- Councilor Barron spoke regarding the recent Board meeting and the great work this Board does to help adolescents who may be struggling, becomes good members of society.



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Hispanic Advisory Committee- Councilor Barron stated the Committee heard information from Library Director Mark Rose regarding the potential Hispanic Resource Center. The Committee gave input on what they think would be beneficial to the success of this Center.

Public Infrastructure Committee- Mayor Drotzmann spoke regarding the presentation of the Bridge Project, slated project on North First Street, lift stations 3 and 6, Regional Water System, and Capital Infrastructure Plan.

Mayor's Report

Mayor Drotzmann spoke regarding:

- LOC's Homelessness discussion which was held in Hermiston's Community Center
- LOC Conference the first week of October
- City Hall Grand Opening and Ribbon Cutting on October 10th

Council Reports

Councilor Duron thanked Good Shephard and the many partners who participated in the Health Fair located at the Hermiston High School, stating it was a great turn out and helped provide services to many people who would not have normally been able to obtain these services. Councilor Duron also gave praise to Chief Edmiston and Chaplain Cummings for the excellent job they did in the short video clip describing and inviting all to attend the Faith and Blue event and Harvest Carnival.

Councilor Barron thanked the County for chip sealing Gettman Rd as he has heard much praise from school staff that drive along this road.

Youth Advisory Report

Advisor Gonzales Mendoza gave Hermiston High School updates regarding various activities and the new bilingual homework help class which helps students who are bilingual help students with classwork who do not know English. Advisory Gonzales Mendoza stated the class is very helpful to the students that do not speak English but also help refine the Spanish language for those who are bilingual.

Councilor Duron stated this program was developed from an idea given by Hispanic Advisory Committee Youth Member Jayson Gutierrez.

City Manager's Report

City Manager Smith spoke regarding:

- The City has received information that Shear's will not be rebuilding in Hermiston
- Potential IT Department expansion as the City has been receiving service inquiries from other entities
- City Hall updates regarding furniture, County offices moving into their space, and contractor punch list items

Adjourn the City Council Meeting and Convene the Urban Renewal Agency Meeting

Mayor Drotzmann adjourned the City Council meeting at 8:55pm and immediately convened the Urban Renewal Agency Meeting.



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Façade Grant- Stanton Smith 4N2811CB Tax Lot 6900- 395 E Main Street

City Manager Smith spoke regarding the façade grant application for exterior improvements to the commercial property located at 395 E Main St.

Public Comment

Applicant Slade Smith spoke regarding his improvement plans for the building.

After some discussion, Member Duron moved and Member Davis seconded to approve the grant award for the exterior improvements to 395 E Main St in the amount of \$40,000. Motion carried unanimously.

Adjournment of the Urban Renewal Agency Meeting

There was no other HURA business and Chair Drotzmann adjourned the HURA meeting at 9:01pm.

SIGNED:

Dr. David Drotzmann, Mayor

ATTEST:

Lilly Alarcon-Strong, CMC, City Recorder

DRAFT

LTREZ AGREEMENTS
City Council 9/26/2022

What is the Greater Hermiston Enterprise Zone

- Property Tax Incentive
- Authorized by State Law
- GHEZ Originated in 1996
- “Recipients”
 - Corteva AgriScience (Pioneer Seed)
 - Shearer’s Foods
 - Eastern Oregon Telecom
 - Lamb Weston
 - Amazon Data Services

GHEZ Basics

- Only for industrial job creators

Basic EZone

- Create >1 Job, OR Increase by 10%
- No Income Minimums
- 3 Years
- Examples
 - Shearer’s 2009
 - \$25M
 - Added 100 Minimum Wage Jobs @ \$15K/yr (2009)

Extended EZone

- Create >1 Job OR increase by 10%
- Compensation >130% County-wide Average
- 4-5 Years
- Example
 - Pioneer Seed 2013
 - \$18M
 - Added 15 Full Time Employees @ \$70k/yr (2013)

Long-Term Rural EZone

- Create >10 jobs
- Compensation >130% Countywide Average
- Invest >\$200M
- 7-15 Years
- Fees Negotiable
 - Lamb Weston 2017
 - \$293M
 - Added 145 jobs at \$55K/yr (2017)
 - Fees = 40% of Implied Tax

HERMISTON **What makes GHEZ "Greater"?**

- Co-Equal Partnership with Umatilla County



HERMISTON
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HERMISTON **Teamwork = Dreamwork**

- \$4.5M NE Water Tank
- Added ~125 Homes+
- Added Loma Vista School
- Lamb Weston LTREZ Fees
 - City: \$2.5M
 - County: \$2M




HERMISTON **Teamwork = Dreamwork**

- \$9M City Hall
- Efficient Operations
- Expands Safety Center
- Expands Public Health
 - County: \$3M LTREZ




HERMISTON

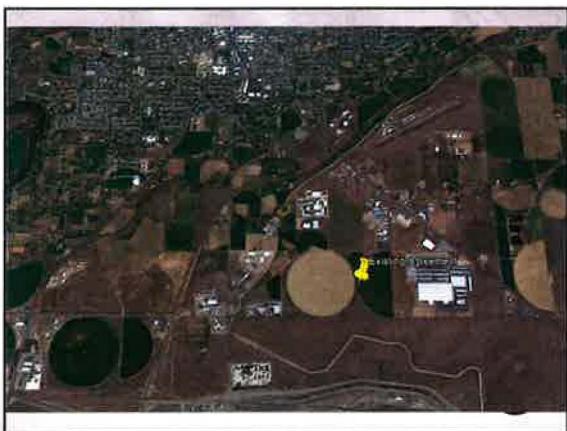
Proposed LTREZ Agreements

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HERMISTON **Amazon Data Services**

- 1 Existing LTREZ Yet to Break Ground
- Two additional LTREZ Requests







HERMISTON **Agreement Terms**

- Similar to Existing Agreement, plus Extra
- Identical Terms for both new agreements
- Investment
 - Well Exceeds \$200M minimum
- Job Creation
 - Well Exceeds 10 Job Minimum
- Wages
 - Well Exceeds \$58,547 Minimum

HERMISTON **Agreement Terms**

- Annual Improvement Payments
 - \$5/SF
 - Not Less Than \$2M/yr
 - Projected at ~\$4.4M/yr @ Buildout
 - Encourages More Density per Campus
- Paid to GHEZ
 - Split 50/50 City & County

HERMISTON **Agreement Terms**

- Additional Annual Fee: PDX245
 - True Payment in-lieu of taxes
 - \$27.3M “Valuation” = ~\$500,000/yr
 - Passed Through to Underlying Jurisdictions
 - ~\$160k City
 - ~\$48k UCFD1
 - ~\$100k Stanfield School District
 - Etc....

HERMISTON **Agreement Terms**

- Additional Annual Fee: PDX146
 - True Payment in-lieu of taxes
 - \$27.3M “Valuation” = ~\$400,000/yr
 - Passed Through to Underlying Jurisdictions
 - \$0 City
 - ~\$48k UCFD1
 - ~\$100k Hermiston School District
 - Etc....



Agreement Terms

- Public Safety Impact Fee (PSIF)
 - \$54,636/year
 - Increases @ 3% per year




Agreement Terms

- Student Success Fee PDX 245
 - \$54,636/year
 - Increases @ 3% per year
 - Sent to Hermiston School District




Agreement Terms

- Student Success Fee PDX 146
 - \$54,636/year
 - Increases @ 3% per year
 - Sent to Stanfield School District




Additional Terms Since Last Agreement

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Agreement Terms

- Community Development Contribution
 - \$5M Paid to GHEZ
 - Split between GHEZ Partners
 - Paid within 60 days of start of construction
 - PDX245: 2024? 2025?
 - PDX146: 2025? 2026?




Agreement Terms

- Application Processing Fee
 - \$120,000 paid to GHEZ
 - Split between GHEZ Partners



Agreement Terms


- Bonding
 - Full Taxable Value eligible for bond payments
 - Public Utilities
 - Public Educational Facilities
 - Fire Facilities
 - Policing Facilities
 - NFL Football Stadium



Agreement Terms

- Bonding Example
 - HSD Borrows \$82M
 - Across existing taxable value, Rate = \$3.75/\$1k
 - ADS adds value to rolls, Rate for everyone goes down
 - ADS pays the difference





Context

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Fees in Total (Per Campus)


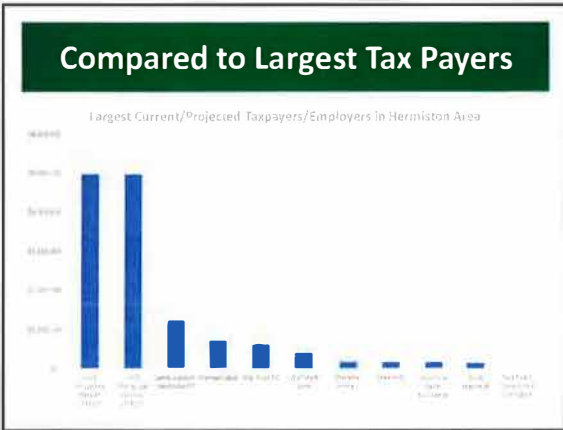
- Annualized: \$4,975,606
 - Assumes 4-year Campus Build-Out
 - Amortizes \$5M CDC over 15 Year life of LTREZ



Compared to Largest Tax Payers

Top Commercial/Industrial Taxpayers in Hermiston Area 2020		
	Jobs	Tax/Fee Paid
AWS (Proposed PDK245 LTREZ)*	120	\$ 4,975,606
AWS (Proposed PDK146 LTREZ)*	120	\$ 4,975,606
Lamb Weston-Hermiston**	625	\$ 1,211,176
Pioneer Seed	227	\$ 728,832
Wal-Mart DC	1050	\$ 632,895
Wal-Mart Store	356	\$ 415,331
Marlite Homes	250	\$ 170,616
Shearer's	400	\$ 157,313
Columbia Basin Bioscience	60	\$ 157,217
Good Shepherd	767	\$ 138,386
Two Rivers Correctional Institution	440	\$

*Scheduled at Full Build-Out
**Includes 2017 LTREZ

Compared to Largest Employers

Top Commercial/Industrial Taxpayers in Hermiston Area 2020

	Jobs	Tax/Fee Paid	Tax/Fee Per Employee
AWS (Proposed PDX245/LTREZ)*	120	\$ 4,975,606	\$ 41,463.38
AWS (Proposed PDX146/LTREZ)*	120	\$ 4,975,606	\$ 41,463.38
Pioneer Seed	227	\$ 728,832	\$ 3,210.71
Columbia Basin Bioscience	60	\$ 157,217	\$ 2,620.28
Lamb Weston- Hermiston**	625	\$ 1,211,176	\$ 1,937.88
Wal-Mart Store	356	\$ 415,331	\$ 1,166.66
Marlette Homes	250	\$ 170,616	\$ 682.46
Wal-Mart DC	1050	\$ 632,895	\$ 602.76
Shearer's	400	\$ 157,313	\$ 393.28
Good Shepherd	767	\$ 138,386	\$ 180.43
Two Rivers Correctional Institution	440	\$ -	\$ -

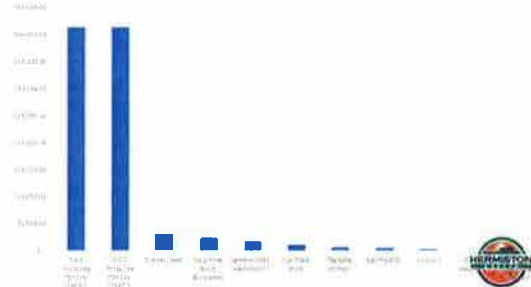
*Scheduled at Full Build-Out

**Includes 2017 LTREZ



Compared to Largest Employers

Local Tax/Fee Per Employee



Next Steps

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Next Steps

- Umatilla County Also Approve: Oct. 5
- Break Ground PDX245: 2024?
 - Complete 2025?
 - 1st Annual Fees Not Until November, 2026
- Break Ground PDX146: 2026?
 - Complete 2027?
 - 1st Annual Fees Not Until November, 2028



Questions?

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