



Where Life is Sweet

Members of the Planning Commission
STAFF REPORT
For the Meeting of July 12, 2023

Title/Subject

Major Variance- Amazon Data Services, Inc 4N2823 Tax Lot 200 - 908 E Penney Ave

Summary and Background

Bob Estlund has submitted an application for a major variance on land located at 908 E Penney Ave. The property is owned by Amazon Data Services, Inc. and is described as 4N 28 23 Tax Lot 200. The property is under development review for a new data center project with the city. The property is zoned Outlying Commercial/Heavy Industrial (C-2/M-2). In November of 2019 the planning commission determined that a data center was a use permitted outright in the C-2/M-2 zone.

The proposal is similar to the major variance for parking approved by the planning commission in December of 2022. That parking variance was for a data center site immediately east of this site and reduced the parking requirement from 861 to 213 spaces. The site under consideration also is proposed for a four-building data center campus. However, in this case, the variance is proposed to reduce the parking count from 880 to 230 stalls.

The proposed data center sits on a 178-acre lot at the southwest corner of E Penney Ave and north of E Feedville Road. The planning commission approved a major partition for this site in March of this year creating SE 9th Street and creating a new 40-acre lot along the east property line. The development will encompass 110 acres of the site over multiple phases of development. At full build-out four data center buildings will be constructed. There will also be ancillary structures, such as security, water storage, backup power generation, and an electrical substation on-site. Each data center building encompasses approximately 216,000 square feet.

The major variance requested is for a deviation from the industrial parking standard in the zoning ordinance which requires one parking space for each 1,000 square feet of floor area. Based upon the ordinance requirements, four 216,000 square foot buildings will require 861 parking spaces. The applicant is requesting this parking ratio be reduced to 230 spaces based upon the actual number of employees and visitors to the site. Each building is anticipated to have 30 employees per shift and additional spaces are proposed to accommodate overlap during shift changes, visitors, and deliveries.

The city has considered industrial parking variances in the past. Specifically, Amazone Data Services, Inc was granted a parking variance for an adjacent site in December of 2022 and Meyer Distributing was granted a parking variance for an auto parts distribution center

immediately north of this site in 2021. In each prior case, the parties based their variance request on the discrepancy between floor area and actual employees on-site. In the case of the application before the planning commission, there is not a true parking ratio provided in the code for a data center, thus the default parking ratio is calculated as industrial manufacturing and warehousing. Data centers are a newer use than contemplated in the city's zoning ordinance and did not exist at the time the code was written. An industrial use as proposed falls well outside Hermiston's parking definitions for industrial uses. Hermiston has only one industrial definition; *Storage warehouse, manufacturing establishment, rail or trucking freight terminal or wholesale establishment*, and a data center which is mostly unmanned and filled with computer equipment, does not fit well under any of the use categories. In the December 2022 AWS variance, the planning commission agreed for that site that a parking ratio based on employees per shift was appropriate.

The similar facilities constructed by Amazon Data Services in Umatilla and Umatilla County have similar parking ratios. The McNary facility has approximately 100 spaces for three buildings. The Umatilla facility has approximately 200 spaces for four buildings. The Westland facility has approximately 100 spaces for three buildings.

Based on the existing inadequacy of the zoning code to address this particular land use, staff recommends that a variance be approved. The required parking of 861 spaces, far exceeding the potential employee count, is not justifiable and creates additional environmental concerns which far exceed any benefit provided by the parking.

Staff supports the granting of the variance request based on the inadequacy of the current code to address newer, large-scale, low-employee industrial uses. Requiring 861 parking spaces for the development adds nearly 631 more parking spaces than needed to address the employee and service/delivery needs. These 631 spaces add approximately 3.5 additional acres of impervious surface to the development. The extra impervious surface requires additional storage and treatment of stormwater as well as contributing to potential urban heat island effects. The facility is intended as a fenced, secure facility with controlled entry and no public access. The additional cost of 3.5 acres of paving creates a potential hardship for the developer beyond any potential benefit.

Per §157.225(A) of the Hermiston Code of Ordinances, the planning commission may grant variances where it can be shown that, owing to special and unusual circumstances, literal interpretation of the zoning code would cause an undue or unnecessary hardship.

Per §157.178(B) the planning commission may determine a special parking requirement for a use not listed in the zoning ordinance. The planning commission may also determine that a data center is sufficiently different from a warehouse, manufacturing establishment, or freight terminal to not be considered as a use listed in §157.176 and qualifies for a different parking ratio determined by the planning commission.

Public notice was provided to all property owners within 300 feet by direct mail on June 28, 2023. A sign was physically posted on the property on June 28, 2023. A notice of hearing was also published in the Hermiston Herald on June 28, 2023.

Tie-In to Council Goals

The City Council has extended enterprise zone benefits to this development.

Fiscal Information

The proposed development qualifies for enterprise zone benefits and will not pay property taxes for several years. However, the city has negotiated a separate impact fee in lieu of taxes which generates bridging revenue to assist in offsetting development impacts.

Alternatives and Recommendation

Alternatives

The planning commission may choose to:

- Approve the requested variance for 230 spaces
- Approve the variance but specify a different number of parking spaces
- Deny the variance request and require 880 spaces

Recommended Action/Motion

Staff recommends that the variance be approved as requested.

Submitted By:

Clinton Spencer, Planning Director