



Where Life is Sweet

Mayor and Members of the City Council

STAFF REPORT

For the Meeting of August 25, 2025

Title/Subject

An expansion of the Hermiston urban growth boundary, annexation of a portion of the expansion area, and amendments to the City's land use implementation documents are proposed. A hearing is scheduled to consider all changes as a single process.

Summary and Background

Executive Summary

The City of Hermiston proposes several actions to amend the City Comprehensive Plan and implementing documents. The proposed actions are a legislative expansion of the Hermiston Urban Growth Boundary (UGB), amendments to the City's Comprehensive Plan map and text, adoption of an updated Public Facilities Plan, and implementing amendments to the Hermiston Zoning Map and Zoning Code. Staff also proposes annexation of a portion of the proposed UGB expansion area. The purpose of the proposed actions is to provide urban land for "hyperscale data centers" (HDCs), the need for which was identified in the City's adopted 2024 Economic Opportunities Analysis.

The UGB expansion, Comprehensive Plan amendments, adoption of the public facilities plan, and zoning code text and zoning map amendments, are considered "post-acknowledgment plan amendments" subject to the procedures in ORS 197.610–626. Annexations are subject to the procedures specified in ORS 222.111 and 222.120.

A hearing before the City Council is scheduled for August 25, 2025 to concurrently consider all changes. The Planning Commission held a public hearing on August 13, 2025 and made a recommendation to the City Council to adopt all proposed changes.

Background

The 2024 Economic Opportunities Analysis demonstrated that there is an immediate lack of large-scale industrial sites of 100 acres or more within the current UGB. After completing the state mandated analyses necessary to expand an urban growth boundary, the City is now proposing to add approximately 810 acres to the UGB and annex all of the added territory. The City has received consent to annexation from all of the affected landowners. The required consent letters are included in the staff report as Appendix F. The UGB expansion also includes public rights-of-way for Feedville Road extending from Highway 207 to Ott Road, the

west half of Ott Road, and the entirety of Highway 207 and adjacent railroad right-of-way from the current terminus south to the intersection of Feedville Road and Highway 207.



Figure 1Area of UGB Expansion

All of the land proposed for inclusion is proposed for an Industrial designation on the Comprehensive Plan map. The Industrial Comprehensive Plan designation corresponds to the City's Light Industrial (M-1) and Heavy Industrial (M-2) zoning designations. In order to preserve the newly added land for the needed industrial development, a new zoning designation is also proposed for inclusion in the code and is part of the hearings process. A text amendment creating and adding the Hyperscale Data Center Overlay (HDC) zone is proposed. This overlay limits the use of the land to data center use and does not open the land to the variety of light industrial and heavy manufacturing uses that are otherwise permitted in the City's industrial zones. The HDC overlay will be applied to all property in the expansion area.

Expansion of the UGB requires a detailed analysis of alternatives and policies. In order for a City to consider expansion, it must first demonstrate that there are no suitable sites to meet an identified need within the existing UGB. Following this determination, all potential sites within one mile of the existing UGB shall be analyzed for suitability. This analysis was performed by Winterbrook Planning on behalf of the City and the study area and alternative sites are mapped in detail in Appendix C. The findings of the alternatives analysis show that there are no suitable sites north of the UGB along the Highway 395 corridor or north of Punkin Center Road. There are suitable sites west of the Umatilla River, east of Ott Road, and south of

Feedville Road. Of the studied sites that meet the necessary criteria (larger than 100 acres, within one mile of the UGB, serviceable by the City, among other factors), the sites south of Feedville Road met the applicable criteria. These sites are especially well-suited in terms of existing zoning, soil type, and proximity to urban services. The alternative site west of the Umatilla River is constrained by inadequate access where W Highland Ave is the only point of access, and difficulty to provide urban infrastructure across the Umatilla River. Sites east of Ott Road are high value farmland and are the lowest priority for inclusion in the UGB under the state rules.

Winterbrook has prepared a comprehensive application packet which addresses Oregon's requirements for a UGB expansion in both statute and rule. The packet is attached to this report. The packet includes proposed findings of fact and conclusions of law entitled *"Hermiston Urban Growth Boundary Expansion and Related Plan and Code Amendments."* There are multiple appendices which provide further details for specific evidence required for any UGB expansion (e.g. a transportation analysis compliant with OAR 660-012-0060 is attached as Appendix D and an updated Public Facilities Plan compliant with OAR 660-011-0010 and OAR 660-024-0070) and are intended to further supplement the evidentiary record for the expansion and provide the necessary factual basis for the findings of fact.

The project requires several amendments to the City's Comprehensive Plan and implementing documents. When there is a large number of actions, it is common to consider all actions in one hearing. In accordance with §157.232 of the Hermiston Code of Ordinances, Where multiple land use permits or zone changes are required, the hearing and applications may be applied for and conducted at one time. Therefore, the hearing before the City Council will be one all-encompassing or omnibus hearing on a series of legislative actions.

Within the amendment package the proposed changes are as follows:

- An amendment to the City Comprehensive Plan map is proposed to add the new area to the City Comprehensive Plan and add the Industrial Comprehensive Plan map designation to the new territory
- An amendment to the text of the zoning ordinance creating a new industrial overlay zone to be added as §157.058 Hyperscale Data Center (HDC) Overlay
- An amendment to Section IV of the Comprehensive Plan adding the HDC overlay to the list of Industrial zoning under the Industrial Comprehensive Plan map designation
- Amendments to Policies 4 and 20 of Section III of the Comprehensive Plan. The textual amendments to these policies reflect the findings of the 2024 EOA and remove older language which is now outdated as a result of adoption of the 2024 EOA (i.e. these amendments remove older employment and population forecasts and replace with the most up to date information)
- Amendments to Policies 23 and 24 of Section III of the Comprehensive Plan. The textual amendments to these policies reflect the updated public facilities planning and demonstrate capacity to serve data center users with necessary water and sewer
- An amendment to the zoning map is proposed to designate the newly added areas as Heavy Industrial with the HDC overlay

- An amendment to the Comprehensive Plan adding a new Appendix I (Public Facilities Plan)
- Annexation of tracts designated as S1, S2 and S3 on the maps as well as all right of way for Feedville Road, the UPRR adjacent to Highway 207, and Highway 207 from the intersection with Feedville Road to the current terminus of the UGB

Two ordinances are proposed to implement all changes. Ordinance No. 2374 is a comprehensive adoption package for all Comprehensive Plan map, zoning map, and textual amendments. Ordinance No. 2375 is an annexation ordinance only. The annexation is separated from the other actions as there are different statutory, notification, and record keeping requirements with annexations. It is more efficient from an administrative standpoint to separate the annexation from the other legislative amendments.

The area proposed for inclusion currently lies entirely outside the Hermiston UGB and is wholly within Umatilla County's jurisdiction. The northwest corner of the Stanfield UGB is adjacent to the east edge of the expansion area at Ott Road. The area is also sandwiched between the existing Hermiston UGB to the north and the Hinkle railyard to the south. Development options for this area, other than industrial uses are limited based on existing geography. The S1 and S3 tracts are currently county EFU zoned with a Future Industrial overlay. The S2 tract is a current county industrial exception area which is already zoned for heavy industrial use. Existing conditions are mapped in Figure 2.

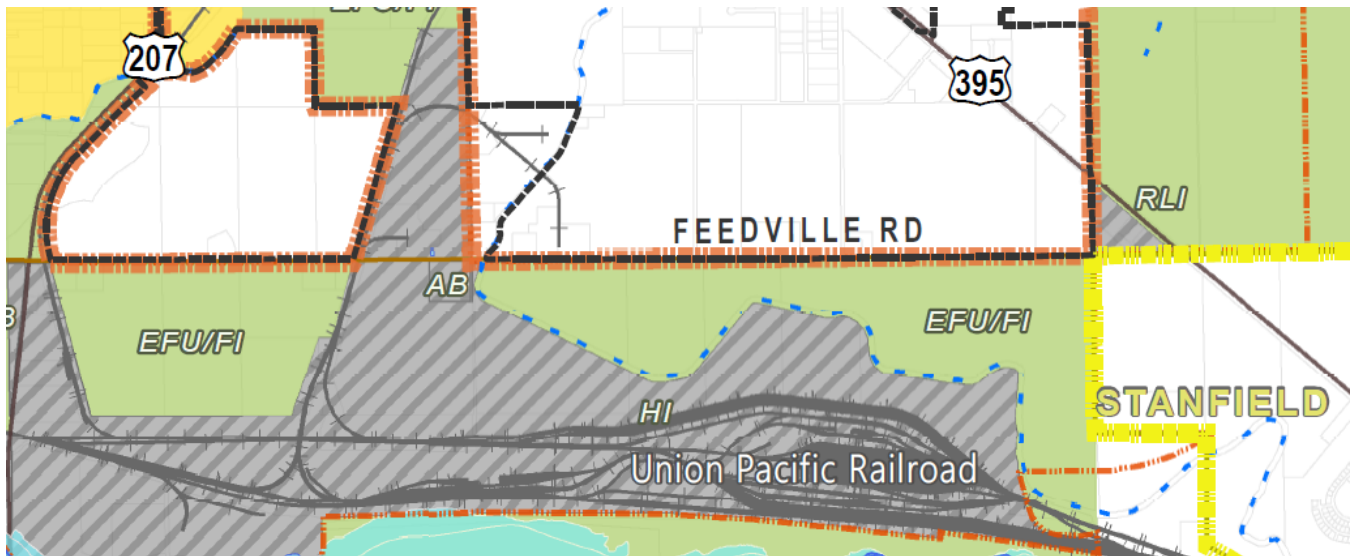


Figure 2 Existing Zoning

Umatilla County will need to co-adopt the map amendments to remove the UGB expansion areas from the county's Comprehensive Plan and zoning maps. The entire amendment package in Ordinance No. 2374 will be forwarded to Umatilla County for consideration upon adoption by the City Council.

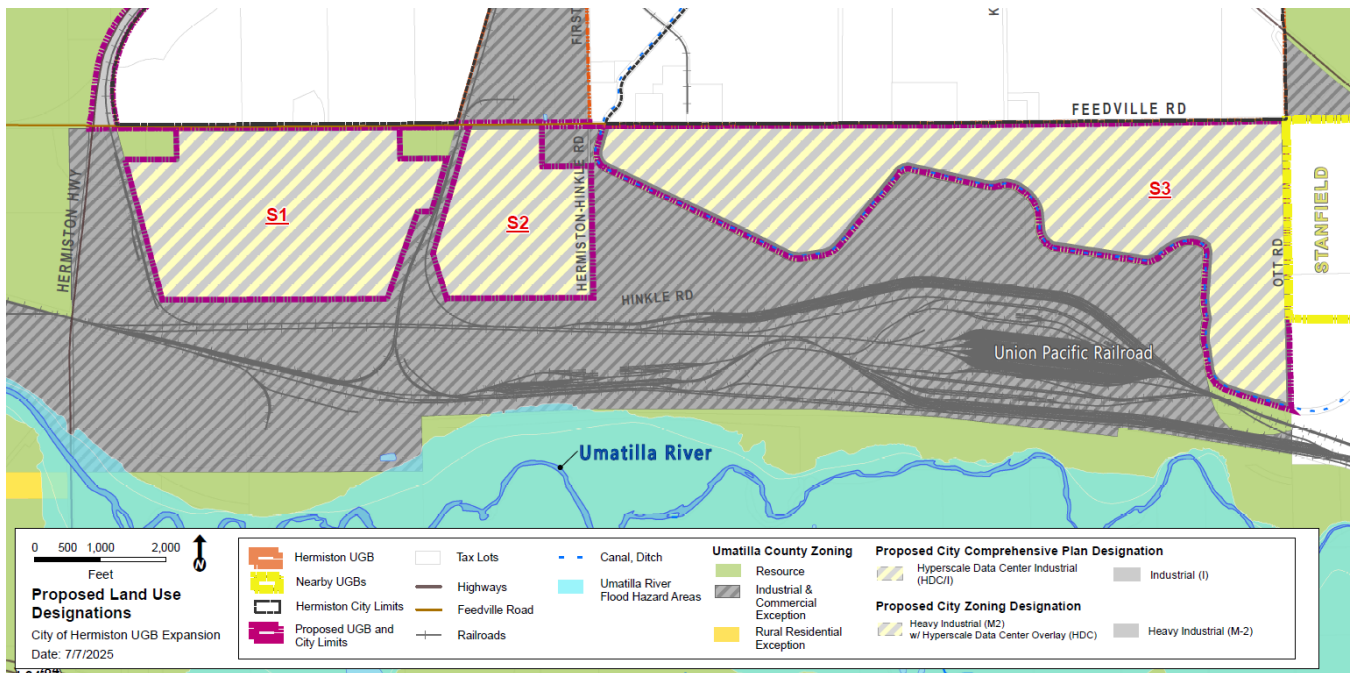


Figure 3 Proposed Zoning



In order to fully support and justify the inclusion of new lands within the UGB, amendments to the text of the Comprehensive Plan is necessary. An amendment to Policy 4 (Orderly Urban

Growth) is drafted to add new language surrounding the specific circumstances and findings related to this expansion and need in the EOA. An amendment to Policy 20 (General Economic Development) will remove the existing EOA language from the 2017 EOA update and replace those facts and figures with updated data from the 2024 EOA update. Specific findings related to land need (and data center land need) are updated. Amendments to Policy 23 (Provision of Public Services and Facilities) and Policy 24 (Water, Sewer, and Storm Drainage) are drafted to note that a new public facilities plan is incorporated into the Comprehensive Plan and that the use of Columbia River water from the regional water system allows the City to support industrial development without requiring drawdowns of the groundwater aquifers and that the cooling water discharged from the data centers can be and is returned to agricultural users through discharge to irrigation canals. Finally, an amendment to the text of Section IV (Comprehensive Plan Map) is drafted as a housekeeping measure to add the HDC overlay to the Comprehensive Plan map designations.

The EOA demonstrates that the City has a relatively healthy supply of land capable of supporting cottage industries and other light and heavy industrial uses. However, the EOA determined that the City lacks sufficient land to accommodate HDCs (consisting of 100 acres or more), for which demand is strong and is predicted to remain strong for at least 10 to 20 years. Given that the proposed UGB expansion is specifically intended to accommodate HDCs, staff proposes limiting uses within the expansion area to HDCs. Therefore, the proposed actions include amendments to the Hermiston Zoning Code (HMC Ch. 157) and Zoning Map to create an overlay zone intended to preserve the expansion area for use as HDCs (the "HDC Overlay Zone"). This overlay zone will limit uses within the expansion area to HDCs and related accessory uses.

The HDC Overlay is proposed to be added to the Hermiston Zoning Code as HMC §157.058. Notable provisions of the HDC overlay include the requirement to submit a conceptual master plan as part of the application of the overlay. A conceptual master plan is included on pages 8 and 9 of the proposed findings. Development standards for data center development are also proposed to be adopted. The minimum site area shall be 100 acres and the minimum data center building size is 50,000 square feet. Accessory uses such as parking, support buildings, security facilities, and so forth are permitted. On-site power generation in the form of wind turbines or other facilities serving data centers are also permitted, but not intended to serve beyond the boundary of the data center zone.

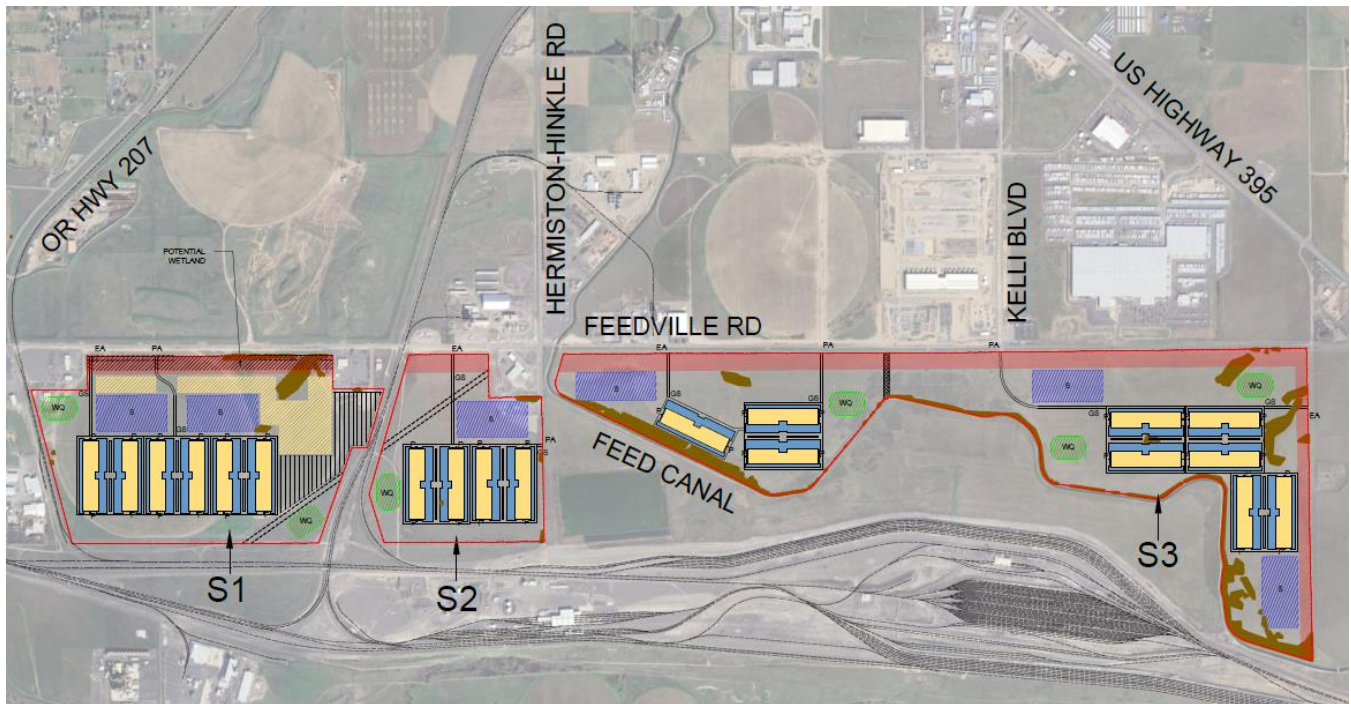


Figure 6 Conceptual Master Plan per 157.058(A)

As part of the UGB expansion, a public facilities plan (PFP) included as Appendix A.2 will be incorporated into the Comprehensive Plan. Public facilities plans are required under OAR 660 Division 11. This document is intended to synthesize the planning documents relied upon by the City as infrastructure needs are considered and planned for, as well as providing guidance when amending the planning maps in the future. The introduction of the document provides a good definition for PFPs, *The PFP provides the planning context for intergovernmental coordination regarding the provision of public facilities necessary to ensure the timely, orderly, and efficient provision of facilities and services to the urban area, as required by Statewide Planning Goal 11 (Public Facilities and Services).* The City's parks, water, wastewater, airport, and transportation, urban renewal, and other plans are incorporated by reference into the PFP, providing stronger authority for exactions in the future as well as guiding the preparation of capital improvement plan updates. The bulk of the report is providing an overview of needed and planned infrastructure upgrades.

Of particular relevance is the appendix to the PFP, "Improvements Identified for the UGB Expansion Area." This is a detailed study of the capacity and needed improvements to adequately serve the newly added data center sites. Although the City as a whole has adequate capacity to provide water, sewer, and transportation infrastructure to the sites, upgrades both on and off site are needed and identified. Water improvements in Feedville Road are already under construction, but additional lines to the intersection of Feedville and Ott Roads will be required.

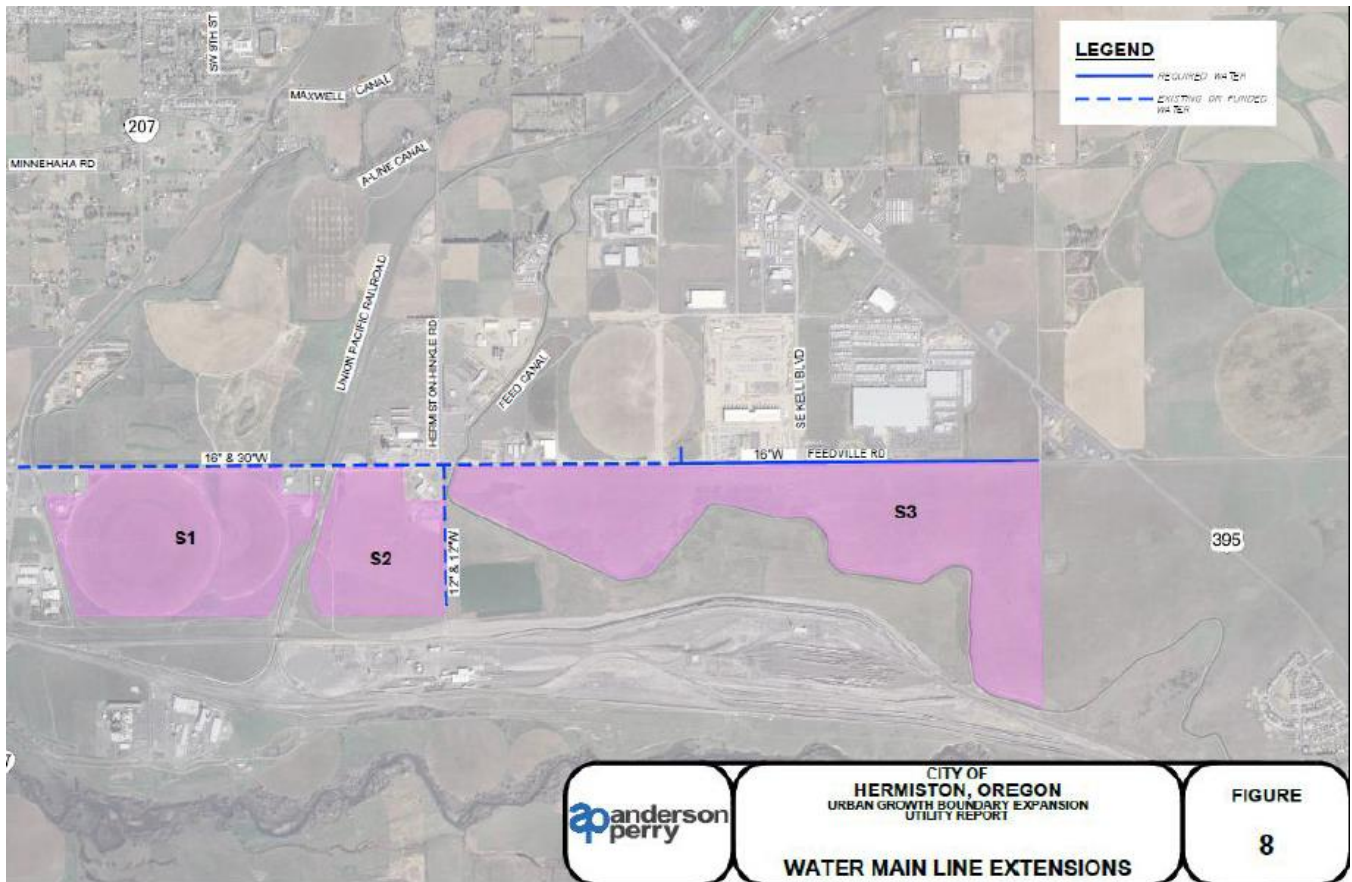


Figure 7 Water Improvements

Gravity sewer main construction in Highway 207 and Feedville Road are needed. Additional gravity sewer is already under construction in Hinkle Road to provide the cooling water discharge noted in Policy 24. A distant sewer diameter upgrade is also needed at the intersection of SE 7th Street and E Main Street where a bottleneck will develop at the time of full development of these sites.

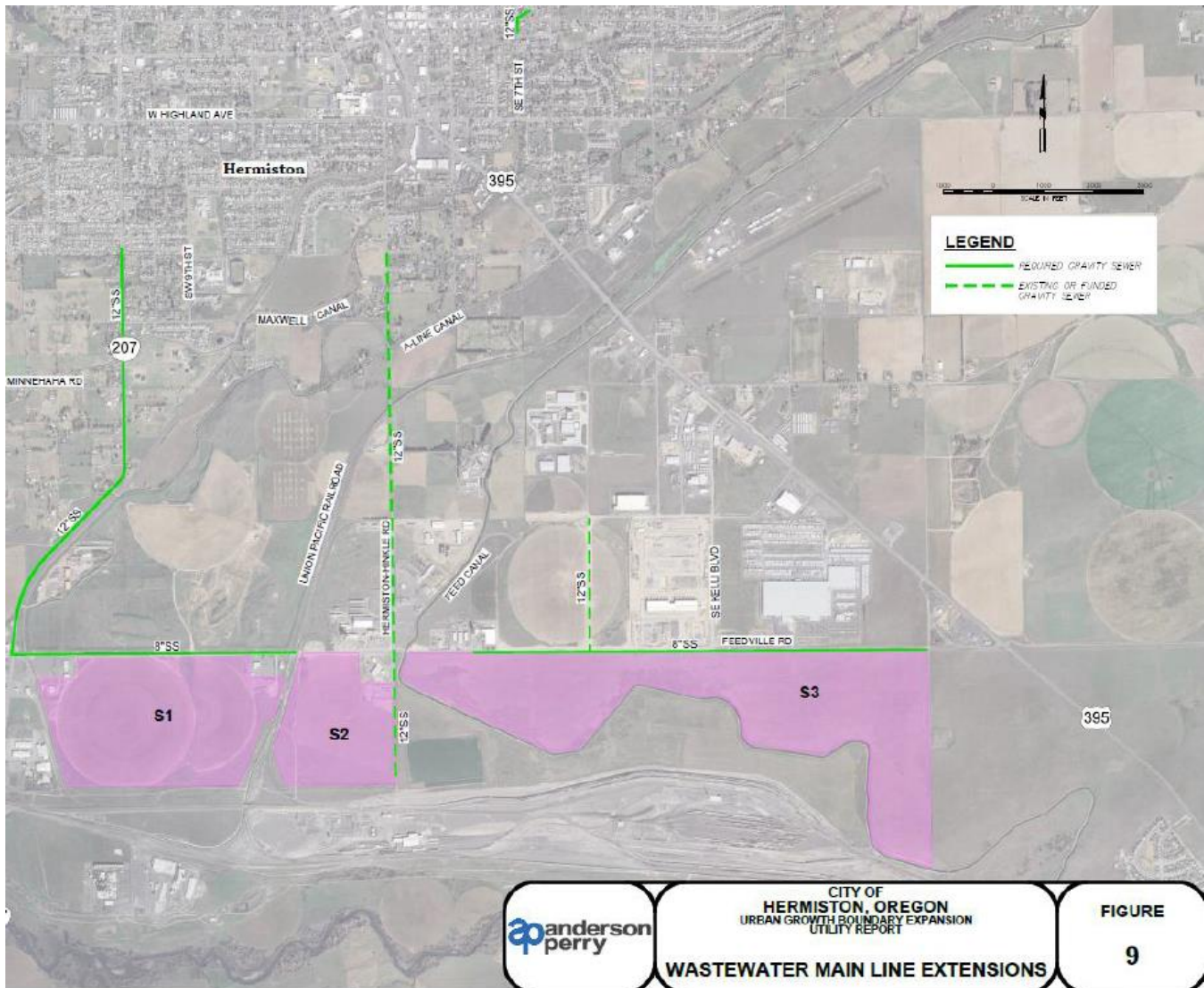


Figure 8 Sewer Improvements

The transportation analysis shows that certain improvements will be needed at several intersections at full development of the Feedville Road corridor. Highway 207/Feedville Road will require mitigation either in the form of a roundabout or signal. Hinkle Road/Feedville Road will required the installation of left turn lanes on Feedville Road. Kelli Blvd/Feedville Road will also require turn lane installation. Highway 395/Feedville Road and Kelli Blvd/Highway 395 are both planned for mitigation installed by ODOT in the near future in the form of R-Cut turn arounds and no additional mitigation is necessary. Additional detail regarding the mitigation recommendations is found on pages 28 and 29 of Appendix D to the packet.

Although the necessary mitigation is extensive, none of the required improvements are outside the scope of the proportional impact for HDC development. The level of infrastructure need and investment requires the City to engage in public facility upgrades and to require development to pay its own way to protect the public and guarantee a functional utility system. Existing data centers have entered into agreements with the City to fund necessary infrastructure upgrades as part of the planning process and there is no reason to believe additional partnerships will not continue. Since the UGB expansion process is City initiated, there are not specific development related conditions to impose on the applicant. These

conditions will be developed as site plans are submitted for additional data center development. The findings of the PFP serve as a guide for the required upgrades.

The attached packet provides additional information in greater detail than presented in this staff report. The consulting team and staff will be in attendance to respond to inquiries regarding the issues addressed in this report and supplemental information.

The amendment package itself is reduced to two substantive motions before the City Council. The first is to adopt Ordinance No. 2374. Ordinance No. 2374 is a group of map and text amendments approved through one ordinance as detailed above. The second is to adopt Ordinance No. 2375. Ordinance No. 2375 is the annexation ordinance for the newly added territory as shown in Figure 4. Staff recommends the City Council approve both ordinances.

Tie-In to Council Goals

Implementation of these ordinances is part of Council Goal 1.1, "Examine the expansion of the Urban Growth Boundary (UGB) for commercial and industrial lands"

Fiscal Information

The land proposed for inclusion in the UGB currently has a cumulative assessed value of \$3,041,628. Industrial development will greatly increase the assessed value and property tax base for the City. Additionally, a portion of the property is located within the Stanfield School District and rather than the Hermiston School District and will contribute to the financing of Stanfield schools. The potential valuation of full data center development will be in the hundreds of millions of dollars.

Alternatives and Recommendation

Alternatives

The City Council may choose to adopt or deny Ordinances 2374 and 2375.

Recommended Action/Motion

Staff recommends the City Council adopt the entire urban growth boundary amendment package. The following are proposed motions that a Councilor may make:

- Motion 1: "I move that the City Council adopt findings of fact as contained in the "Hermiston Urban Growth Boundary Expansion and Related Plan and Code Amendments" and all appendices"
- Motion 2: "I move that the City Council adopt Ordinance No. 2374 and all map and text amendments contained therein."
- Motion3: "I move that the City Council adopt Ordinance No. 2375 annexing certain tracts and all rights-of-way within the area added to the UGB by Ordinance No. 2374."

Submitted By:

Clinton Spencer, Planning Director