



CITY COUNCIL

Work Session Meeting Minutes February 26, 2024

Mayor Drotzmann called the work session meeting to order at 6:03pm. Present were Councilors Hardin, Primmer, Barron, Duron, Linton, McCarthy, Peterson, and Myers. Staff in attendance included: City Manager Byron Smith, Assistant City Manager Mark Morgan, City Attorney Rich Tovey, Chief Edmiston, Planning Director Clint Spencer, Parks and Recreation Director Brandon Artz, and City Recorder Lilly Alarcon-Strong. Student Advisors present were Jeannine Heredia and Manuel Salazar.

City Manager Smith stated due to technical difficulties microphones are currently offline. City staff is working to correct the issues.

Cannabis Tax

City Manager Smith gave information (PowerPoint Presentation attached) regarding why this topic is being discussed and reviewed as there was a high percentage of those who participated in the recent survey who felt that legalizing cannabis sales and businesses in Hermiston would have a positive impact on the City, as well as being able to collect the 3% in local taxes on sales of recreational marijuana. City Manager Smith gave information regarding the failed measure being voted upon in 2016, the decrease in marijuana sales in the City of Pendleton, and concerns voiced in the survey regarding the sale of marijuana.

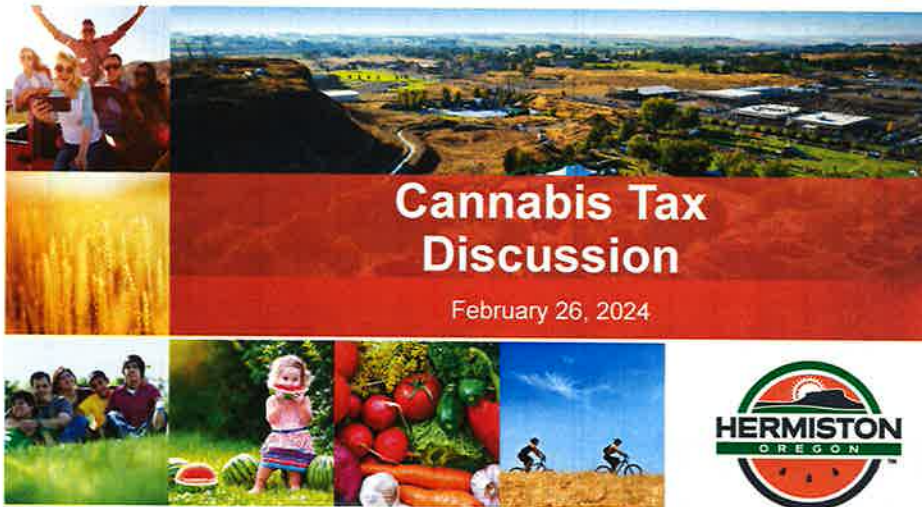
Councilors Barron, Peterson, and McCarthy felt that it would be best to pose the question to the people in form of a ballot, stating the high percentage of survey takers indicating they wanted to allow marijuana sales in the City, and therefore the Council should allow them to choose. Councilor Barron stated Hermiston residents who use marijuana travel to Pendleton to make their purchases but still return to Hermiston to partake in its use so it would be best to allow sales in Hermiston to capture those sales as marijuana use is already in the community.

Councilors Duron, Primmer, Hardin, and Myers disagreed stating voters already chose not to allow the sales of marijuana inside the City. If there is a group or individuals who feel strong enough to want to see it on the ballot, they have the right to file an initiative to work towards that process, but City officials should respect the decisions of the voters. Councilors Duron and Primmer specifically voiced their concerns regarding allowing the sales of drugs in the City and how it negatively impacts youth, families, and the overall community with increased crime.

Mayor Drotzmann stated no decision can be made during a work session but felt that there was enough support from the Council to ask staff to work on bringing the question to a Council vote in an upcoming meeting on whether or not to allow the sales of Marijuana inside City limits. Mayor Drotzmann reminded the Council that he would be allowed to vote in case of a tie vote.

Adjournment

Mayor Drotzmann adjourned the work session meeting at 6:47pm and stated the Council will take a short recess before starting the regular council meeting at 7:00pm.



Cannabis Tax Review

- Review the History
- Review Survey Results
- Review Local Comparison
- Next Steps



History

- Recreational marijuana was adopted by approval of Measure 91 in 2014.
 - **Adopted a 17% State Tax**
- A local tax of up to 3% is authorized
 - **92 cities/counties have a local tax (276)**
- In 2016, Hermiston City Council referred to the ballot the question of Hermiston allowing marijuana businesses and taxing them.
 - **Failed by 442 votes (2,786 to 2,344)**



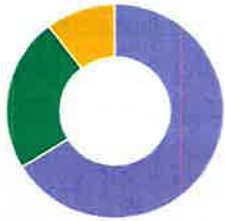
Survey

- 2024 Survey (447 responses)
 - **Six Weeks**
 - **Five Questions**



Survey

- Do you think legalizing cannabis businesses in Hermiston would have a positive or negative effect on the city overall?

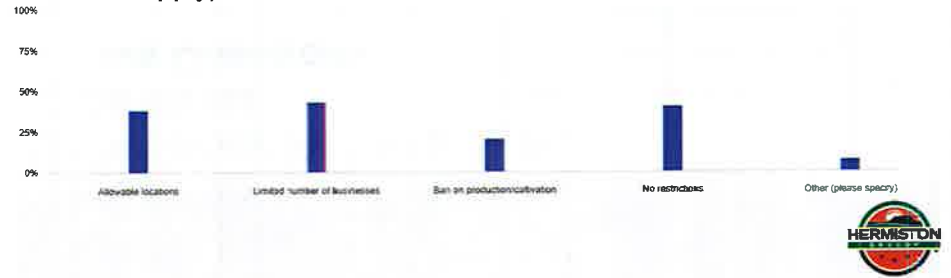


■ Positive effect (66.37%)
■ Negative effect (23.25%)
■ No difference (10.38%)



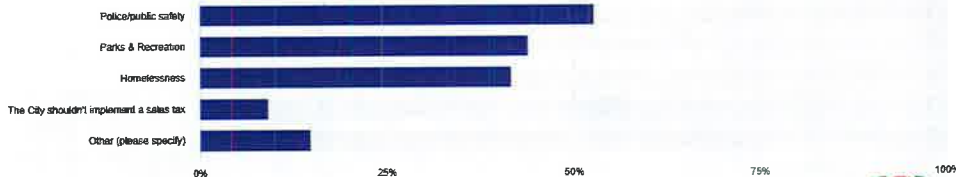
Survey

- If commercial cannabis sales are approved in Hermiston by voters, what kinds of restrictions should be included? (Select all that apply)



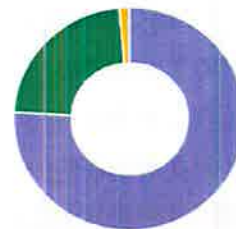
Survey

- Oregon law allows cities to collect up to 3% in local taxes on recreational marijuana sales. If approved, how do you think the city should use these funds? (Select all that apply)



Survey

- If given the option today, how would you vote on approving commercial cannabis sales with a 3% local sales tax?



■ Yes, approve commercial cannabis sales (76.01%)
■ No, continue to prohibit commercial cannabis sales (22.65%)
■ Not sure/I don't vote (1.35%)



Survey

- What concerns, if any, do you have about commercial cannabis sales in Hermiston? (151)



Fee Research History

- “Oregon marijuana sales fall again, prices stagnant”
- Pendleton (4)

City of Pendleton	
3% Local Cannabis Tax Actual Collections	
Audited FY	Received
FY '19	\$282,000
FY '20	\$364,000
FY '21	\$453,000
FY '22	\$524,000
FY '23	\$439,000



Discussion

Next Steps?

Where Life is Sweet™

Future Election Information

- Last Day to File to be on the ballot
 - **March 1 for May 21st**
 - **August 16th for November 5th**
- Last Day for final Form SEL 802
 - **March 21st for May 21st**
 - **September 5th for November 5th**





CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
February 26, 2024

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

Mayor Drotzmann announced due to continued technical difficulties microphones are currently offline. City staff is working to correct the issues.

Citizen Input on Non-Agenda Items

Josh Roberts (1709 NE 6th Pl)- Stated allowing the sale of marijuana in the City would negatively impact livability and asked that the Council not move forward with another vote as voters have already voted against this measure.

Consent Agenda Items

Councilor Primmer moved and Councilor Barron seconded to approve Consent Agenda items A-G to include:

- A. Confirmation to reappoint Position 1 on the Faith-Based Advisory Committee term ending 12/31/2026 to James Lafalette
- B. Confirmation to reappoint Position 2 on the Faith-Based Advisory Committee term ending 12/31/2026 to Terry Cummings
- C. Confirmation to appoint Position 4 on the Budget Committee term ending 12/31/2026 to Ed Brookshier 1
- D. Confirmation to reappoint Position 5 on the Budget Committee term ending 12/31/2026 to Lori Davis
- E. Confirmation to reappoint Position 6 on the Budget Committee term ending 12/31/2026 to Paul Magana
- F. Committee Vacancy Announcements
- G. Minutes of the February 12th City Council Regular and HURA Meeting

Motion carried unanimously.

Public Hearing- Annexation & Comprehensive Plan Amendment- Hermiston Home Works, Inc 4N2813 TL 200 & 500 - 1295 SE 10th St- Mayor Drotzmann announced this item has been rescheduled to the meeting of March 11, 2024.

Public Hearing- City of Hermiston Supplemental Budget #1 for fiscal year July 1, 2023 to June 30, 2024 (See Resolution No. 2313)- Hearing no conflicts of interest from the Council, City Manager Smith read the hearing guidelines and Mayor Drotzmann opened the hearing at 7:08pm.

City Manager Smith gave information regarding the supplemental budget as described in the agenda packet.

Public Testimony

Nick Ridling (1003 SW Olive Court)- Mr. Ridling had questions about the supplemental budget and where certain items were. He also questioned why there was an increase in the interest budget.

There were no other persons present who wished to give public testimony and the hearing was closed at 7:27pm.



CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
February 26, 2024

City Recorder Alarcon-Strong announced the microphones are now working however the livestream has ended due to unresolved technical issues.

Resolution No. 2312 – Airport Hangar Taxilane Improvements

Assistant City Manager Morgan gave information regarding awarding a construction contract to Bolen Construction, LLC for hangar taxilane improvements at the Hermiston Municipal Airport.

After further discussion, Councilor McCarthy moved and Councilor Primmer seconded to approve Resolution No. 2312 and lay upon the record. Motion carried unanimously.

Resolution No. 2313 – A Resolution to Adopt an FY2023-24 Supplemental Budget

City Manager Smith stated this item was presented and discussed during the Public Hearing earlier in the meeting.

Public Comment

Nick Ridling (1003 SW Olive Court) - Mr. Ridling asked further questions and made statements related to the details of the proposed supplemental budget.

After further discussion, Councilor Barron moved and Councilor McCarthy seconded to approve Resolution No. 2313 and lay upon the record. Councilors McCarthy, Barron, Primmer, Hardin, Myers, Durrone, and Peterson voted in favor; Councilor Linton voted against. Motion carried 7-1.

Resolution No. 2314 – Authorizing the City Manager to Apply for Matching Funds for improvements to Cimmaron Park- City Manager Smith gave information regarding authorizing an application to the State of Oregon's Local Government Grant Program to apply for matching funds for improvements to the park currently known as Cimmaron Park. The City will go through a public outreach process asking for community participation to rename the park, similarly to the process when Horizon Park was renamed.

Parks and Recreation Director Brandon Artz stated the park will feature more natural elements that already exist in the area including wetlands and add features like a walking trail, park and climbing structures.

After further discussion, Councilor McCarthy stated this item was presented to the Parks and Recreation Advisory Committee and received its full support for approval. Councilor Myers moved and Councilor Hardin seconded to approve Resolution No. 2314 and lay upon the record. Motion carried unanimously.

Resolution No. 2315- Engineering Services Contract

City Manager Smith gave information regarding awarding a contract for engineering services to Kittleson and Associates to prepare a Safe Streets 4 All Action Plan for the city.

After further discussion, Councilor Durrone moved and Councilor Primmer seconded to approve Resolution No. 2315 and lay upon the record. Motion carried unanimously.

Discussion of Business License Fee Structure/Amounts



CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
February 26, 2024

City Manager Smith gave information (PowerPoint Presentation Attached) regarding the business fee ordinance being adopted in order to help generate revenue, the various fee structures and comparison cities reviewed prior to bringing a business fee recommendation to the Council, and asked the Council to give staff a recommendation on how they would like to set and implement these fees or repeal their previous decision as this item has come before the Council twice and has failed each time.

Councilor Linton stated \$85.00 is too high for smaller businesses who have told her that if they have to pay this fee it would put them out of business. The fee should be set to \$25.00 for small businesses and larger businesses should have to pay significantly more than the proposed amount.

Councilor Barron agreed stating the fees should be equitable and fair.

Student Advisor Salazar stated fees should only be implemented on large businesses as small businesses bring character to Hermiston.

Councilor Primmer confirmed with staff that the proposed \$85.00 business license fee would be an annual fee, not weekly or monthly.

After further discussion, Mayor Drotzmann recommended the Council form an Ad Hoc Committee, open to the public, made up of three Council members, two staff members, and five business representatives to meet and give Council a recommendation on how to proceed by May 2024 to implement possible fees by January 1, 2025.

Public Comment

Josh Roberts (1709 NE 6th Pl)- Thanked the Council for considering an Ad Hoc Committee to further review this item and stated whatever fee is implemented will be pushed on to constituents and consumers, if a business states that an annual fee of \$85.00 will put them out of business, then they are not operating under a good business model.

Kena West (690 W Sandpiper Ave)- Stated she operates a business from home and every penny counts so she is not in support with implementing a business license as even \$2.00 is too much.

Nick Ridling (1003 SW Olive Court)- Asked if staff has determined how many businesses fall under each category in order to have a best estimate on what the City could collect from fees.

Donna (775 E Hurlburt Ave)- Stated she knows a lot of business owners who do not want to come to Hermiston, implementing a business license fee will only make that worse and bringing businesses to Hermiston is what makes people want to move here.

After further discussion, Councilor Primmer moved and Councilor Duron seconded to form a Business License Fee Ad Hoc Advisory Committee. Motion carried unanimously.

Hermiston School District Lease for Public Safety Center



CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
February 26, 2024

City Manager Smith gave information regarding authorizing him to complete a lease for \$1.00 per year for 30 years with the Hermiston School District (HSD) for land located to the rear of the Public Safety Center for additional parking.

After further discussion, Councilor Duron moved and Councilor McCarthy seconded to authorize City Manager Smith to complete the proposed lease with the HSD. Motion carried unanimously.

January 2024 Financial Report

City Manager Smith gave information (PowerPoint Presentation Attached) regarding the January 2024 Financial Report.

Public Comment

Kena West (690 W Sandpiper Ave)- Stated City Manager Smith presented information on how money was spent prior to the bond being approved. The City continues to spend more money than we have and that doesn't look good.

Councilor Barron moved and Councilor McCarthy seconded to accept the Financial Report as presented. Motion carried unanimously.

Committee Reports

Solid Waste Advisory Committee- Councilor McCarthy stated the Committee met today as Sanitary Disposal is requesting a rate increase. City staff will be presenting the proposal at the next City Council meeting.

Hispanic Advisory Committee- Councilor Barron stated the Committee met last week and worked toward establishing Committee Goals for 2024, to include: helping the Cinco de Mayo Committee to hold one event instead of two events in the City, hosting an event for Hispanic Heritage Month, working with BMCC on educational outreach and try to make BMCC more appealing to students who prefer to travel to Tri-Cities, and more. There were three student advisors present who participated greatly in these conversations as well.

Mayor's Report

Mayor Drotzmann stated the Council received citizen complaints regarding members of a City Committee and is recommending the Council form a Special Committee per section 42 of the Council Rules, made up of the Mayor, two Councilors, and City Staff to review the complaints and provide recommendations for potential action by the Council.

Public Comment

Virginia Rome Garcia (435 NE Sunset Dr)- Asked that the Council consider the complaints and take action on this matter.

Mayor Drotzmann stated public comment is being taken only to address the formation of the proposed Special Committee, not the complaints themselves.

Mrs. Rome Garcia stated she believes forming the Special Committee is a good idea.



CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
February 26, 2024

Donna (775 E Hurlburt Ave)- Stated she does not feel like this Committee should be formed as it is not transparent or fair to the community.

The Council agreed that the most fair, judicious, and what would allow the most due process would be to form the Special Committee as moved by Councilor Duron and seconded by Councilor McCarthy. Motion carried unanimously.

Mayor Drotzmann stated he, Councilor McCarthy, and Councilor Linton will be attending the NLC Conference and will not be at the next meeting.

Council Reports

Councilor Linton thanked all those who gave public input at tonight's meeting.

Councilor McCarthy spoke regarding the Banner Art Contest, Civic Leadership Academy, Distinguished Service Awards Banquet on March 20th, Candidate Forum on April 4th, Chamber Luncheon on March 27th featuring speaker Representative Greg Smith.

Councilor Primmer stated he attended Representative Greg Smith's community forum regarding Measure 110 at the River Front Lodge in Boardman. There was a lot of good discussion and participation.

Councilor Duron thanked the City and Chamber for their partnership of the Civic Leadership Academy stating it is a great opportunity and starting point for people who are interested in government or getting involved in their community overall and asked City Manager Smith if sessions would be offered in Spanish.

City Manager Smith stated translation will be offered to those who may need it but not a Spanish Session as this is the first year of inception for this new project compared to the previous Leadership Hermiston Project. The Council and staff will be involved in this project with the Academy presenting to the Council at the end of the Project.

Mayor Drotzmann spoke regarding the Primary Election filing deadline of March 12th at 5pm for those interested in filing for Municipal Judge or Mayor and General Election process for the Mayor and At-Large Council positions.

Youth Advisory Report

Manuel Salazar spoke regarding budget concerns, Business License fees, his possibly internship with Representative Bentz, and his candidacy for Mayor.

City Manager's Report

City Manager Smith stated all items were addressed by the Council.

Adjourn City Council Meeting and Convene Hermiston Urban Renewal Agency (HURA) Meeting

At 8:58pm Mayor Drotzmann adjourned the City Council Meeting as there was no other business and convened the Urban Renewal Agency Meeting.



CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
February 26, 2024

Public Hearing- HURA Supplemental Budget #1 for fiscal year July 1, 2023 to June 30, 2024

Hearing no conflicts of interest from the members, City Manager Smith read the hearing guidelines and Chair Drotzmann opened the hearing at 9:00pm.

City Manager Smith gave information regarding the possible adoption of the HURA Supplemental Budget as described in the agenda packet.

There were no persons present who wished to give public testimony and the hearing was closed at 9:01pm.

HURA Resolution No. 22 – Adoption of the Supplemental Budget for FY2023-2024

City Manager Smith stated this item was presented during the Public Hearing Section above.

Member Barron moved and Member Primmer seconded to adopt HURA Resolution No. 22 and lay upon the record. Motion carried unanimously.

Adjourn Urban Renewal Agency Meeting

Chair Drotzmann adjourned the HURA meeting at 9:03pm as there was no other HURA business.

SIGNED:

Doug Primmer, Council President

ATTEST:

Lilly Alarcon-Strong, CMC, City Recorder



Business License Fee

- Review the History
- Discuss Various Fee Structures
- Next Steps



Business License Fee

- Discussion of a Business License Fee started in August 2023 (mentioned in news articles online)
- Business License Fee Ordinance adopted January 22, 2024 (Fee to be adopted by resolution)
- Ordinance is now Effective
- Intention was to have the fee effective January 1, 2025



Fee Research History

- All Fees Using Certain Cities
 - Baker City
 - The Dalles
 - Klamath Falls
 - La Grande
 - Ontario
 - Pendleton
 - Roseburg
- Why These Cities?
- We did look at others.



Fee Research History

- Three General Models (with multiple variations)
 - Flat Fee (Roseburg/Klamath/The Dalles)
 - Different Fees for Different Business Types (Baker/La Grande/Ontario)
 - Graduated Fees Based on Employee Count (Pendleton)
- Why graduated fees?



Proposal

• Hermiston Proposed

Businesses WITH a Permanent Location WITHIN City Limits	
1. Base Fee – Includes 0-5 Full-Time Equivalent (FTE) Employees	1. \$85.00
2. 6-49 FTE Employees	2. Base + \$15.00 per Employee over 5
3. 50+ FTE Employees	3. \$1,000.00
Businesses WITHOUT a Permanent Location WITHIN City Limits	
1. Base Fee- Includes 0-5 Hermiston FTE	1. \$100.00
2. 6-49 FTE Hermiston Employees	2. Base + \$20.00 per Employee over 5
3. 50+ FTE Hermiston Employees	3. \$1,200.00

• Pendleton Actual

Businesses WITH a Permanent Location WITHIN City Limits	
Base Fee – Includes 0-5 Full-Time Equivalent (FTE) Employees	\$105.00
6-49 FTE Employees	Base + \$21.00 per Employee over 5
50+ FTE Employees	\$1,050.00
Businesses WITHOUT a Permanent Location WITHIN City Limits	
Base Fee- Includes 0-5 Hermiston FTE	\$165.00
6-49 FTE Hermiston Employees	Base + \$21.00 per Employee over 5
50+ FTE Hermiston Employees	\$1,050.00



Discussion

Next Steps?

Where Life is Sweet™



General Fund

- Monthly Revenues are below projections
 - **Due to a change in policy**
- Annual Revenues are ahead of projections by 4.3%



General Fund

- Monthly Expenses above projections 37%
 - **Due to design related activities corrected by earlier supplemental budget**



Capital Projects

- Lead and Copper testing – going well
- Well #5 project – punch list items
- Well #6 generator – awaiting final training from generator manufacturer



Capital Projects

- Elm/395 Sewer Project – awarded in January work to begin at any time
- Teen Adventure Park – Alternative fix to grade issues has been found



Discussion

Next Steps?

Where Life is Sweet™