



CITY COUNCIL

Regular Meeting Minutes

July 14, 2025

Council President McCarthy called the regular meeting to order at 7:00pm. Present were Councilors Roberts, Duron, Linton, Kelso, and Barron. Mayor Primmer and Councilors Hayward and Myers were excused. City Staff in attendance included: City Manager Byron Smith, Assistant City Manager Mark Morgan, City Attorney Rich Tovey, Finance Director Ignacio Palacios, Chief Jason Edmiston, Planning Director Clint Spencer, Court Administrator Jillian Viles, and City Recorder Lilly Alarcon-Strong. The pledge of allegiance was given.

Citizen Input on Non-Agenda Items

Wayne Welle, 745 E Quince Ave- Mr. Welle's stated he represents many of the neighbors living in this area wanting to address the area's hub of criminal behavior specifically dealing with drugs and prostitution at 435 SE 8th St. Mr. Welle's stated many individuals coming and going from this residence display threatening behavior, yelling, passing out, and disrupt the once peaceful neighborhood directly impacting livability. The Police Department responds to calls daily, and although the work they do is appreciated, it is also limited, and therefore, this issue persists. Mr. Welle's asked that the Council help address this very serious issue which impacts not just all in the neighborhood, but also the most vulnerable- children and the elderly.

Manuel Gutierrez, 750 E Quince Ave- Echoed Mr. Welle's comments emphasizing the need to protect children living in the neighborhood and the frequency in which the police department is at the identified address.

Consent Agenda Items

Councilor Roberts asked to remove items D and Councilor Linton asked to remove item F from the Consent Agenda. Councilor Barron moved, and Councilor Roberts seconded to approve Consent Agenda item A-G, with the exception of items D & F, to include:

- A. Committee Vacancy Announcement
- B. Recommendation to reappoint Luke Swanson to Position #6 of the Eastern Oregon Trade & Event Center Committee for a 3-year term ending June 30, 2028
- C. Recommendation to reappoint Alberto Munoz to Position #5 of the Hispanic Advisory Committee for a 3-year term ending June 30, 2028
- E. Minutes of the June 23, 2025, City Council Regular Meeting
- G. Grant of Easement to UEC

Motion carried unanimously.

Items Removed From the Consent Agenda

- D. Award Funding through the Transient Room Tax (TRT) Recreation Projects Grants.

Councilor Roberts stated the TRT expenditures are significant and asked that more information be given regarding the distribution of \$125,000.

City Manager Smith stated the \$125,000 is a conservative estimate, however there is adequate funding available and the City has also received additional funding as well.

Councilor Linton asked if there were applicants that did not receive the funds they applied for.



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Council President McCarthy answered yes, some did not receive funds and others did not receive all the funds they requested. Committee members met for about three hours reviewing, discussing, and coming to an agreement on allocation, which was difficult because everyone is deserving.

Councilor Barron stated he would like to have more details about the applications and requests similar to how HURA presents recommendations.

Councilor Duron agreed and thanked the committee members for the work they do and the positive impact they are contributing to the youth through these awards.

Councilor Kelso stated all applicants have worthy causes and as a previous member of that Committee, he can attest to how difficult it was to make funding decisions and wished there was more money to grant.

Councilor Barron stated he wanted to clarify that he was not in attendance or a part of this Committee although the Staff Report for this item states he was present.

City Manager Smith stated Parks and Recreation Director Artz will be made aware of this error to make sure minutes and future documents are accurate.

Councilor Duron moved, and Councilor Roberts seconded to approve consent agenda item D. Motion carried unanimously.

F. Grant of Easement to Windwave Communications for Fiber Optics

Councilor Linton asked who requested the easement and if the City would only grant easements such as this to Windwave Communications for Fiber Optics.

City Manager Smith stated Windwave requested the easement and the City would work with any fiber optics company with similar requests.

Councilor Duron moved, and Councilor Roberts seconded to approve consent agenda item F. Motion carried unanimously.

Public Hearing – Zoning Map Amendment 4N2811AD Tax Lot 100 The HUB Hermiston, LLC 963 E Diagonal Blvd (Ordinance No. 2372)

After hearing no declarations of conflict of interest from the Council, City Planner Spencer read the hearing guidelines and Council President McCarthy opened the hearing at 7:27pm.

City Planner Spencer gave information (PowerPoint presentation attached) regarding the split zoned property of Medium-High Density Residential (R-3) and Outlying Commercial (C-2). The applicant seeks to amend the zoning designation from C-2 by adding the Neighborhood Commercial Overlay (NCO) as the NCO designation adds multi-family housing and mini-storage to the permitted C-2 uses. The rezone is part of a broader application for the development of a 270-unit multi-family complex and 68-unit mini-storage development.



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City Planner Spencer stated supplemental information was forwarded to the Council earlier today and will be made part of the record (attached) regarding ODOT's concerns and proposed future long-term strategy to make improvements to the areas addressed due to the proposed HUB development.

Hearing no proponents, opponents, or neutral parties who wished to give public testimony, Council President McCarthy closed the hearing at 7:35pm.

After addressing additional questions from the Council, Councilor Barron and Duron thanked the City and ODOT for the great engineering work done to keep Hermiston growing while keeping safety at the forefront. Councilor Linton moved, and Councilor Barron seconded to approve the Findings of Fact as described in the agenda packet. Motion carried unanimously.

Ordinance No. 2372- Zoning Map Amendment 4N2811AD Tax Lot 100 The HUB Hermiston, LLC 963 E Diagonal Blvd- City Manager Smith stated this item was presented during the Public Hearing section.

Councilor Kelso expressed his excitement about additional market-rate rentals in Hermiston.

Council President McCarthy requested that the first reading be by title only. Hearing no opposition, City Attorney Richard Tovey read the ordinance by title only. Council President McCarthy requested that the ordinance be put on for final adoption at this meeting and that the second reading be by title only. After City Attorney Richard Tovey read the ordinance by title only, Councilor Duron moved, and Councilor Roberts seconded that Ordinance No. 2372 be adopted and become effective 30-days after adoption by the City Council. Motion carried unanimously.

Resolution No. 2381- Development Incentive Agreement with The HUB Hermiston, LLC

Assistant City Manager Morgan gave information (PowerPoint Presentation attached) regarding a development incentive agreement intended to stimulate construction of 276 market-rate rental units by having the City pay the developer equal to 66% of what they will have paid in property taxes to the City from 2025-2031.

Councilor Linton expressed her discontent with the proposed development incentive agreement stating that she does not agree with giving developers money while the City is charging people for business licenses and Police Department costs and asked if similar incentives were offered to other developers and if the City could guarantee no future fees would be raised to residents if incentives were offered in the future.

City Manager Smith and Assistant City Manager Morgan stated incentives have been offered to many developers, however they have all been rejected as developers can build the same project for about the same amount of money in other parts of the state, like Portland and Bend, but receive much higher rents. The City cannot guarantee fees will not increase but do not foresee that this development will be the cause of any fee increases.



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Councilor Barron, Kelson, Roberts, Duron, and McCarthy expressed support for the incentive and development of the HUB's 276 market-rate rental units stating this has been a City and community goal for over 10 years as market-rate rental housing has been greatly needed in Hermiston. The development will not be a city burden but a city investment as it will bring in a great deal of property taxes after the incentive time frame has passed, as currently the property taxes being received for the undeveloped property are miniscule. They thanked City staff and developers for the opportunity to provide housing as many individuals and families leave Hermiston when they cannot find housing.

Councilor Kelso moved, and Councilor Roberts seconded to approve Resolution No. 2381 and lay upon the record. Councilor Roberts, McCarthy, Duron, Kelso, and Barron voted in favor; Councilor Linton voted against. Motion carried 5-1.

Ordinance No. 2373- Amends the City's annexation procedures in Chapter 150 to reflect streamlined annexation procedures in ORS 222.125-

Planning Director Clint Spencer presented information regarding a streamlined annexation procedure allowed in limited circumstances for properties with 100% owner support for annexation. This procedure has been in state law for many years but not incorporated into the Hermiston Municipal Code. This would save time and money for people that request annexation and there is no opposition to the annexation by owners or residents of the property.

Council President McCarthy requested that the first reading be by title only. Hearing no opposition, City Attorney Richard Tovey read the ordinance by title only. Council President McCarthy requested that the ordinance be put on for final adoption at this meeting and that the second reading be by title only. After City Attorney Richard Tovey read the ordinance by title only, Councilor Kelso moved, and Councilor Duron seconded that Ordinance No. 2373 be adopted and become effective 30 days after adoption by the City Council. Councilor Roberts, McCarthy, Duron, Kelso, and Barron voted in favor; Councilor Linton voted against. Motion carried 5-1.

July 2025 Council Goal Update

City Manager Smith gave Council Goal updates from spreadsheets found in the agenda packet. There were some questions regarding feasibility, partnerships, and possibly building the Health, Aquatic, and Wellness Center at the current Aquatic Center facility. City Manager Smith stated the current Aquatic Center location is one of the sites under consideration. However, the Task Force is still working on this front and City Manager Smith will present the Council with more information later this year.

Council President McCarthy stated this item was for information only and no action is being requested.

Committee Reports

Recreation Projects Fund Advisory Committee- Councilor McCarthy stated the TRT Award Funding was approved earlier in the meeting.

Hispanic Advisory Committee- Councilor Duron stated the Committee is not meeting during the summer months as they continue planning for the Hispanic Heritage Month Celebration, which is tentatively scheduled for Sunday, October 5th from 3pm-7pm. More information to come.



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Parks and Recreation Advisory Committee- Councilor Duron stated the Committee has not had a quorum in many months and meetings are often cancelled as members are not attending meetings regularly, which has been a growing concern, and wondered if this was also an issue with other Committee's and Boards.

- Council President McCarthy asked that removal of inactive members be considered per the Committee rules and that City Manager Smith and Parks and Recreation Director Artz discuss this further.

Council Presidents Report

Councilor McCarthy spoke regarding:

- 4th of July Celebrations in Hermiston and Stanfield
- Thanked the Chamber of Commerce for their efforts putting on the Summer Mixer
- Fair Parade on Saturday, August 2nd and asked that the Council reply to City Recorder Alarcon-Strong regarding various emails sent

Council Reports

Councilor Roberts and Duron spoke regarding the most recent City Chat at Cuppa Yo stating there were not as many participants as expected but conversations were very engaging and spoke regarding suggestions they received for the next 4th of July Celebration to include replacing fireworks with a drone show.

Council President McCarthy suggested Councilor Duron bring this suggestion to the Parks and Recreation Advisory Committee.

Councilor Barron stated he will not be at the next City Council meeting.

Councilor Kelso thanked the City and KOHU for a great firework show.

Councilor Linton asked that City Chats continue as she has heard many people state they want to attend as they are unable to attend City Council meetings.

City Manager's Report

City Manager Smith stated he will be preparing a report to share with the Council regarding the various City Chats.

Adjourn

There was no other business and Council President McCarthy adjourned the regular City Council meeting at 8:52pm.

SIGNED:

David McCarthy, Council President

ATTEST:

Lilly Alarcon-Strong, CMC, City Recorder

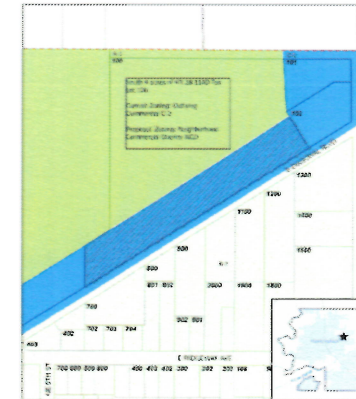


Hermiston City Council

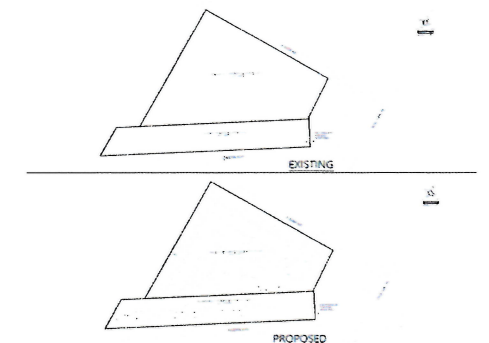
July 14, 2025



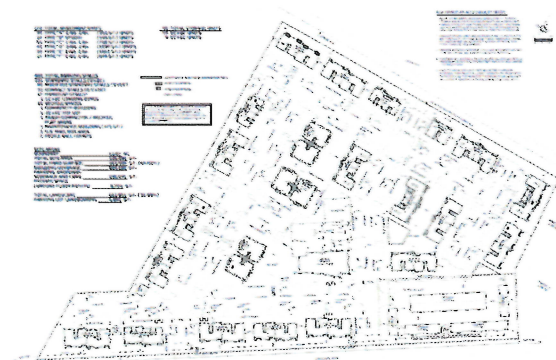
Rezone – The Hub LLC



Rezone – The Hub LLC



Rezone – The Hub LLC





Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of July 14, 2025

Title/Subject

Supplemental Information

Zoning Map Amendment 4N2811AD Tax Lot 100 The HUB Hermiston, LLC 963 E Diagonal Blvd

Summary and Background

As noted in the original staff report for this item, ODOT has raised concerns over the site trip generation and impacts on the intersection of Highways 207 and 395 at Elm Ave and N First Street. According to the applicant's traffic study this intersection currently operates at or near capacity during peak hours. The proposed multi-family development adds between 1.9 and 2.2 percent more trips to this intersection at peak hours. The applicant's engineers have proposed several mitigations for the intersection, all of which have been rejected by ODOT staff. However, the permitting approved by the planning commission for the multi-family development requires the applicant to contribute 2% of the eventual cost of the intersection improvements based on the proportional impact of the development.

City and ODOT staff have been working and negotiating continuously since the planning commission meeting on June 11 to resolve this issue and develop a long term strategy to improve the subject intersection. Attached is a correspondence from Ken Patterson, the Region 5 ODOT manager. The city and ODOT have agreed at a high level to enter into an IGA for future improvements to the Elm/395 intersection. This agreement allows the city to exact financial contributions from developers that are impacting the intersection and begin banking funds for future improvements. This agreement allows the city determine the appropriate contribution and will remove intersection improvements as a sticking point for future development proposals. It also allows the city and ODOT to consider cost effective mitigation strategies or even alternate circulation plans to minimize future cost.

With an IGA framework in place, city staff have determined that there is no change to the staff recommendation and we continue to recommend adoption of Ordinance 2372 and no change to the conditions of approval imposed by the planning commission.

Tie-In to Council Goals

This development satisfies council goal 1.7 – *Attract market rate rental housing developments to increase middle housing inventory*

Fiscal Information

Until the property is fully constructed and assessed, it is difficult to produce an accurate statement of fiscal impact. However, similar multi-family developments county-wide have valuations of over \$20,000,000 and produce approximately \$250,000 in annual property tax revenue.

Alternatives and Recommendation**Alternatives**

The city council may choose to accept the proposed map changes and adopt Ordinance No 2372 or deny Ordinance No 2372 and maintain the current zoning designation.

Recommended Action/Motion

Staff recommends that the city council accept the planning commission recommendation and adopt Ordinance No 2372.

Motion to adopt findings of fact.

Motion to adopt Ordinance No 2372.

Submitted By:

C.F. Spencer, Planning Director

Clinton Spencer

From: PATTERSON Kenneth E <Kenneth.E.PATTERSON@odot.oregon.gov>
Sent: Monday, July 14, 2025 11:05 AM
To: Byron Smith; Mark Morgan; Clinton Spencer; LANI Richard; JARVIS-SMITH Cheryl; PENNINGER Teresa B
Subject: The HUB Development IGA.

[EXTERNAL EMAIL] - STOP and VERIFY - This message came from outside of the City of Hermiston

Byron/Mark/Clint:

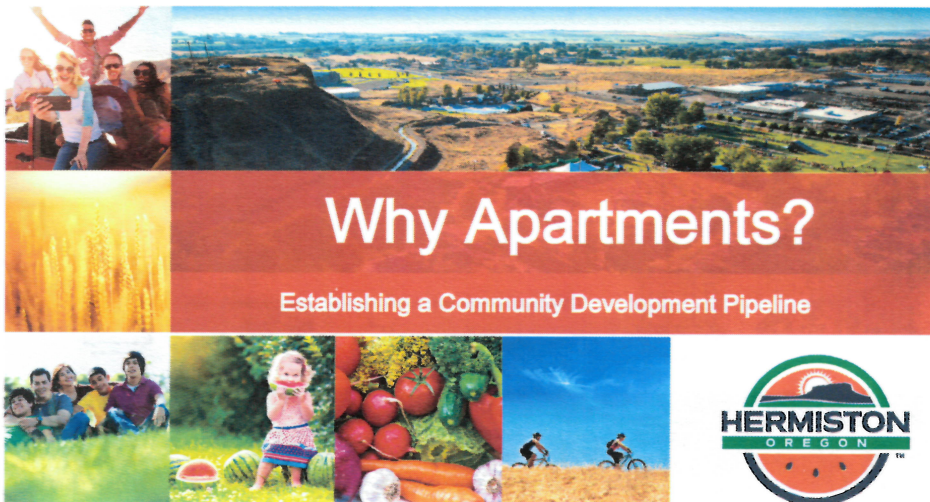
The intersection of US395 and Elm Street (OR207) is experiencing continued traffic growth from multiple sources, including developments in the Hermiston Area. As developers seek permits, the added traffic at US 395 and Elm creates potential traffic mitigation requirements. This creates one-off situations and mitigations that might not be beneficial in mitigating impacts in the long term. ODOT would like to enter into an Intergovernmental Agreement (IGA) to address long term solutions in this area and provide more flexibility to the highway system, City and developers. This IGA would include the following:

- Future project would be a 50/50 cost share between ODOT and the City of Hermiston at such time both parties have obtained funding.
- City would collect their share from current and future developments when applicable and in the amount that is consistent with City development codes.
- ODOT and City will work to find the most cost effective project that minimizes costs for both parties and improves or preserves intersection function.
- This agreement is being developed to simplify the traffic mitigations efforts for developments that have an impact on traffic at US395 and Elm.

I hope this helps with the current and future development actions that the City is considering. Please let me know if this looks okay or if there are any questions.


Thank you,

Ken Patterson, Region Manager
ODOT Region 5
3012 Island Avenue
La Grande, OR 97850
Direct 541-963-1365
Cell 541-786-8078
kenneth.e.patterson@odot.oregon.gov (new email address)



Why Apartments?

Establishing a Community Development Pipeline





New Construction Realities

- Single Family Homes Since 2020: Avg. 108/yr
- Income-Restricted Rentals Since 2019: Avg. 28/yr
- Market-Rate Apartments Past 10 Yr: 0





Apartment Challenges

- Despite More Affordable Land, All Other Costs Mostly Same
 - Materials
 - Framing
- Rents Higher Elsewhere = More Profit Elsewhere
 - Portland Metro
 - Bend
 - Tri - Cities

Hypothetical New Resident

- 22 Year Old
- Recent College Graduate
- New Teacher at HSD
- Single/No Dependents
- \$50,000/yr Salary





Subsidized Apartment?

- Income Too High for single adult
- Student Debt Not Included in Qualifications



Buy a House?

- Proposing on the 1st Date
- No “roots” could move in a couple of years
- Student Loan Debt = Un-Affordable anyway



Rent a House?

- \$1,800/mo
- Find Roommates?
- Yard Maintenance?



Rent Apartment in Kennewick?

- Rent roughly same
- More “Ammenities”
 - Larger Dating Pool
 - Restaurants
 - Shopping
 - Etc.





Community Loss from Commuter

- New Car from McCurley rather than Sherrel Chevrolet
- Oil Changes/Tires/Insurance
- Eat in Tri-Cities rather than Delish Bistro
- Etc.

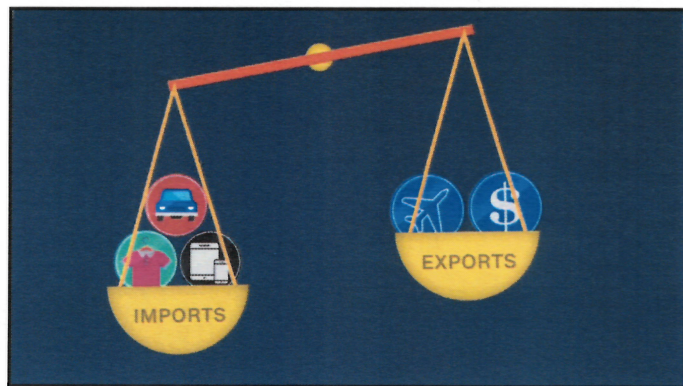


LongTerm Community Loss

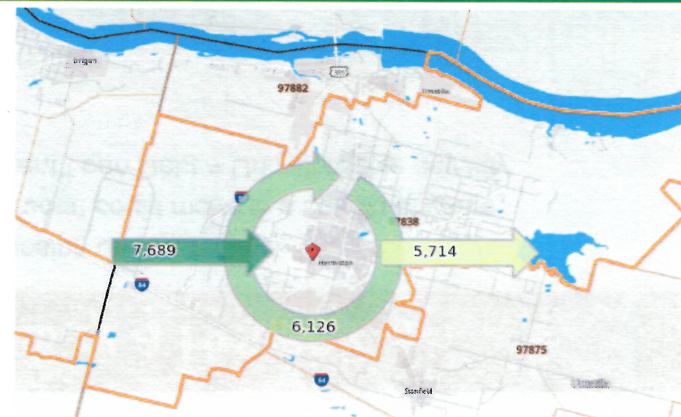
- Eventually meet significant other (Tri - Cities Worker?)
- Eventually marry & buy home in Kennewick
- Eventually have kids & take a job in Tri Cities
- 10-Years in: Two 32yo Teachers Earn \$150,000/yr



LongTerm Economic Loss



LongTerm Economic Loss



97838 vs TriCities Labor Imbalance

Job Counts by Counties Where Workers Live - All Jobs

	2022 Count	Share
All Counties	13,815	100.0%
Umatilla County, OR	8,988	65.1%
Benton County, WA	971	7.0%
Morrow County, OR	803	5.8%
Franklin County, WA	315	2.3%
Union County, OR	249	1.8%
Multnomah County, OR	211	1.5%
Washington County, OR	162	1.2%
Marion County, OR	141	1.0%
Lane County, OR	128	0.9%
Clackamas County, OR	119	0.9%
All Other Locations	1,728	12.5%

Imported
Workers
1,286

Exported
Workers
701

Net-Imported
Workers
585

Job Counts by Counties Where Workers are Employed - All Jobs

	2022 Count	Share
All Counties	11,840	100.0%
Umatilla County, OR	7,826	66.1%
Morrow County, OR	1,075	9.1%
Benton County, WA	525	4.4%
Multnomah County, OR	336	2.8%
Marion County, OR	183	1.5%
Franklin County, WA	176	1.5%
Union County, OR	126	1.1%
Washington County, OR	115	1.0%
Deschutes County, OR	106	0.9%
Walla Walla County, WA	98	0.8%
All Other Locations	1,274	10.8%



97838 vs TriCities Wage Loss

Net-Imported
Workers
585

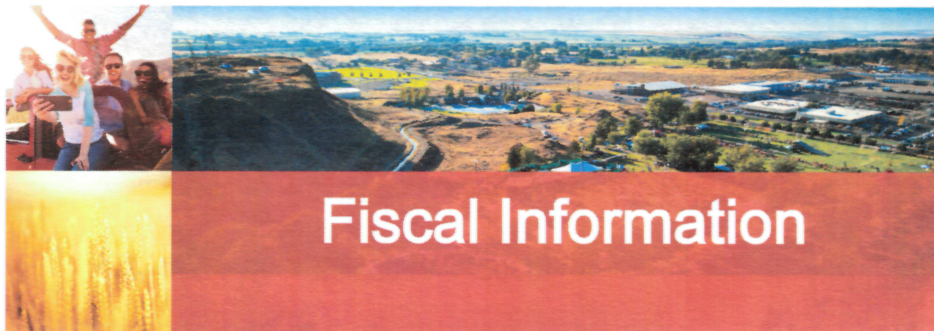


Umatilla County
Avg. Wage*
\$40,230



Net-Exported 97838
Wages to Tri-Cities
\$23,534,000

*Source: Business Oregon, 2023



Fiscal Information



Summary

- All tax entities get revenue as normal
 - HSD, UCFD1, BMCC, County, City, etc.
- Developer Receives ~\$1.3M Cash Over 5 Years
 - Highest Confidence
 - Realistic Range: \$1.1M - \$1.5M





\$1.3M: SanityCheck

- \$1.3M/276 Units = \$4,700/Unit
- Morrow County = \$5,000/Unit (2012)
- Gilliam County = \$104,000/Unit (2025)



Cost Estimate Details

- \$1,340,320
- Value Estimate
- Construction Timing
- Range: \$1.1M-\$1.5M



Assumptions Value

- Taxable Value: Looked at Actual Taxes Paid at Comps, to get a per-unit estimate, then scaled-up by 276.
- Total Estimated Annual Tax Bill: \$564,000



Assumptions Timing

- Cert. of Occupancy Pre-January 1 → November Bill
- If ½ of total is taxable by 12/31/26, then tax owed in November, 2027 = \$282,000.

Table 2. % of Estimated Value On Tax Rolls Estimated by Year					
2026	2027	2028	2029	2030	2031
5%	40%	90%	100%	100%	100%





Assumptions Total Tax Paid

- Total Estimated Annual Tax X Timeline
- Distributed as normal to:
 - City, School District, Fire District, Etc.

Table 3. Estimated Annual Property Taxes Paid by Year

2026	2027	2028	2029	2030	2031
\$28,217	\$225,738	\$507,911	\$564,346	\$564,346	\$564,346



Assumptions City Revenue

- City Receives 29% of all Taxes Paid in Table 3

Table 4. Estimated City of Hermiston Tax Revenue Received by Year

2026	2027	2028	2029	2030	2031
\$8,087	\$64,699	\$145,573	\$161,748	\$161,748	\$161,748



Assumptions Owed to The Hub

- Table 3 (Estimated Annual Taxes Due) combined with
- Table 1 (% of taxes Paid for by City)

Table 5. Estimated Amount Owed to Developer by Year

2026	2027	2028	2029	2030	2031
\$28,217	\$225,738	\$380,933	\$282,173	\$282,173	\$141,086




Assumptions Net Costs

- Refunded City Tax Revenue: \$703,603
- Other City Resources (Ezone): \$636,717
- Total Cost Paid to Developer: \$1,340,320








Liability

- Building Faster Than Anticipated
 - Property Taxes Paid Will Follow - Suit
 - City will receive 29% of increased/faster property taxes paid
 - Increased Liability will only scale up by 71%





Strategy- No Price Controls

- “Disappearing” Incentive (Table 1)
- Incentivize Faster Building → More Capacity → Flatten Rents
- Slower Building → “Market Setting” → Less Incentive





Questions?