Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of Aug. 10, 2026

Title/Subject

Ordinance 2383- LID 324 Supplemental Discussion.

Summary and Background

BACKGROUND

A Public Hearing was held on July 27 on this issue. Staff presented the issue. No remonstrances were received. One person offered public testimony. The hearing was closed, and during deliberations Council asked for information regarding alternative methodologies for assigning LID costs. Given the staff-time required to research alternative methodologies, the issue was tabled until August 10. Given the cost of duplicative staff time to finalize multiple ordinances to cover multiple possible methodologies for final adoption, there is no request for action on August 10. Staff will present several alternative methodologies on Aug 10, and based on feedback from City Council will bring the ordinance back for consideration on August 24.

As of the writing of this report, staff is still researching specific numbers, but suffice to say that the vast majority (if not all) of the previous 323 LID's considered by the City of Hermiston used the cost allocation method of assigning costs to benefitting properties according to the amount of linear frontage that each property has adjacent to an improvement.

The public comment received on July 27 requested a methodology which employs the square footage of lots, rather than the linear footage of their frontage. The Council considered the public comment and requested alternative methodology, such as an area-based calculation, which accounts for how a property is used.

The complexity and number of variables at play when considering other methods substantially increases uncertainty for methods other than the basic linear foot basis. A definition of the five methods considered follows:

1. **Base Method (Linear Feet)**: Each property parcel that fronts on to an improvement pays a portion of the cost of the improvement that is directly proportional to their tax lot's linear feet of frontage.

2. **SDC Method 1**: This method draws on the existing data set available within the City's adopted Transportation System Development Charge methodology. The TSDC includes a table of dozens of various types of developments which have a corresponding cost based on the peak volume of traffic that each is expected to generate and put on to the city's streets based on the Institute of Transportation Engineers (ITE) Trip Generation Manual.

   Given that one of the lots is vacant, one of the lots is likely to redevelop, and the remaining lots have approved development site plans, several assumptions must be made. This method assigns the SDC calculation based on the approved site plans, or in absence of site plans, the types of uses which could be built on the sites.

   - Owen Lamp TRS- Redevelopable. Zoned R2 Residential. Assumes potential buildout at 39 Homes based on recent local development patterns of 5 homes per acre.

   - Cauffman John R & Janet L TRS- Approved site plan for 205 homes.

   - The Hub Hermiston LLC- Approved site plan for 276 apartment units and 13,780 square feet of mini-storage units

   - Bendi TNT, LLC- Vacant. Zoned Commercial. With a lot size of 43,560 square feet, it is noted that the existing Hermiston Starbucks is developed on 15,761 square feet, and the existing Hermiston Jack in the Box is developed on 18,294 square feet. Therefore, it is deemed viable that the lot can be assumed to accommodate development of a coffee shop and fast food restaurant, with approximately 20% of the property still remaining. Given the current owners' previous stated intent to develop the property for food service, this analysis assumes that the property could see development of a 2,400SF coffee shop and 3,000SF fast food restaurant.

   Given that the lots with approved site plans are made up of developments which cover multiple tax lots; some of which do not front on to Jennie, but are otherwise illogical to separate from the rest of the overall development for the purposes of calculating usage, those developments include SDC calculations for the entire development.

   Once the theoretical SDC amounts are calculated for each, the amounts are summed, and each property's percentage of the total is determined. The proposed LID cost is then assigned to each property based on their percentage of the SDC calculation.

3. **SDC Method 2**: This method is the same as SDC Method 1, however it takes into account whether a given property has multiple ingress/egress points onto E Jennie Ave.

4. **Area Method 1**: This method simply takes the total square footage of each of the parcels which directly front on to the Jennie improvements, divides the cost of the improvements on a per square foot basis, and assigns the costs back to each parcel based on total square footage.

5. **Area Method 2**: This method adds in the total square footage of all tax lots associated with overall developments which may cover parcels fronting on to the E Jennie Ave improvements and assigns the costs the same way as Area Method 1.

Owner	Base Method (Linear Feet)	SDC Method 1	SDC Method 2	Area Method 1	Area Method 2
Owen Lamp TRS	$274,477	$83,734	$62,309	$222,735	$165,908
Cauffman John R & Janet L TRS	$257,277	$206,266	$153,490	$376,722	$526,811
The Hub Hermiston, LLC	$310,835	$343,192	$255,382	$337,596	$251,465
Bendi TNT LLC	$122,412	$331,808	$493,819	$27,947	$20,817

Tie-In to Council Goals

Transportation: Improve Mobility and Transportation

Fiscal Information

Although a future ordinance will have fiscal impacts, the impact of this action has no direct fiscal impact other than the staff time to prepare the necessary reports.

Alternatives and Recommendation

Alternatives

1. Provide direction to staff to bring an ordinance back to the August 24 City Council meeting that utilizes one of the five methods above.

Recommendation

Staff recommends not deviating from the City's long-standing practice of assigning LID costs based on each property's linear footage of frontage on to an improvement. Given that costs must be assigned based on each property's benefit, it is important to remember that the benefit is the street itself; not what the owners choose to develop on their property. Therefore, since properties are required to install the city's standard street adjacent to their properties when they develop, and the cost of street construction is directly associated with how much area (linear feet x width) is built, the only way of assigning costs according to each property's benefit is the linear foot methodology. Assigning costs in other ways would result in some properties paying for the cost of streets that they would not otherwise be required to build and may open the City to an 'unlawful taking' claim.

A final alternative which may be considered is to simply do nothing. In this alternative, the Cauffman and Hub developments may construct their portions of Jennie in the near future; however, it is unknown when that may occur. In this scenario, the developed portion of Jennie would be an 'island' of developed roadway, with undeveloped dirt right of way between the developed portions and NE 8th and NE 10th. Within a few years, it is estimated that approximately 1,300 residents will live along this island of roadway and constitute approximately 6% of the city's population. It is reasonable to assume that in time, those residents will lobby City Council to ‘do something’ to connect the street through; at which point Council would be faced with the cost of installing the remaining roadway at a cost of approximately $550,000 in 2026 dollars. To be sure, it is a tried-and-true method of other absentee out of state property owners to try and wait out the city in hopes that political pressure will yield a free street for the adjacent undeveloped property owners. However, in this case, Council may still choose to establish a one-property LID on the one commercial property at Jennie/10th; given that the property has consented to not oppose an LID formation and assign the cost of that portion of the work to the property at that time.

Recommended Action/Motion

Motion to direct staff to bring an ordinance to form LID324 utilizing the Base Method (Linear Feet) to the August 24 Council meeting.

Submitted By:

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