

# HERMISTON CITY COUNCIL

Regular Meeting

March 11, 2019

Mayor Drotzmann called the regular meeting to order at 7:00pm. Present were Councilors Kirwan, Smith, Gutierrez, and Davis. Councilors Myers, Hardin, and Barron participated via phone from 7:21pm to 7:59pm. Councilor Primmer was excused. Staff members in attendance were City Manager Smith via phone from 7:21pm to 7:59pm, City Attorney Gary Luisi, Assistant City Manager Mark Morgan, Chief Edmiston, Clint Spencer, Roy Bicknell, and Lilly Alarcon-Strong. News media present were Jade McDowell from the East Oregonian and Michael Kane from NE Oregon Now. The pledge of allegiance was given.

## **Presentation- School District Report**

Hermiston School Districts Human Resource Director, David Marshall, gave information regarding upcoming events, to include: school auction, 5<sup>th</sup> grade science assessments, student awards assemblies, college and career day (flyers attached), PTO meetings, band and choir concerts, 8<sup>th</sup> grade forecasting for high school, drivers education parent and student meeting, penny drive, and updating the school calendar to include snow make-up days.

Mr. Marshall stated school wide enrollment, as of March 4<sup>th</sup>, has increased by 51 students from last year, which is what they have been seeing, year to year, on a consistent basis. The School District is also working on Long Range Facility Planning efforts through a dedicated committee. The Committee is focusing on the previously presented bond and the community perception of that bond, what worked and what didn't work, narrowing down what specific needs are, projected growth, and maintenance with capital project needs. Mr. Marshall stated that some items, such as the roof replacement at Sandstone Middle School, cannot wait for another bond to pass and, therefore, was recently completed. Although no timelines have been set, there are early conversations regarding building another elementary school and high school. The School District is working with the City on growth projections. The School District will continue to need sustainable levels of bond funding as growth continues to happen in Hermiston.

Mayor Drotzmann stated the School District and the City are being more collaborative, working together to create shared School and City resources to capitalize funding and shared expenses through parks, ball fields, school gym spaces, and other programs, as well as infrastructure costs at the new E Theater and NE 10<sup>th</sup> St site. Mayor Drotzmann thanked Mr. Marshall and the School District for their leadership on these items.

## **Public Comment**

Troy White, 785 SE Opal Ct- suggested the School District sell the piece of property adjacent to Sunset Elementary School, on HWY 395, as this property is in an ideal location for a business.

Mayor Drotzmann encouraged Mr. White to make this suggestion at a School Board meeting as they also have public comment opportunities.

## **Consent Agenda Items**

Councilor Gutierrez moved and Councilor Davis seconded to approve Consent Agenda items A-G, to include:

- A. Recommendation to the Planning Commission for a 3-year term beginning April 1st, 2019 and ending March 31st, 2022: position #1- Tami Rebman and position #2- Philip Hamm
- B. Recommendation to the Faith-Based Advisory Committee for the remaining 3-year term beginning April 1st, 2019 and ending December 31st, 2021: position #3- Mel Swartz
- C. Minutes of the January 9 and February 13, 2019 Planning Commission Meetings
- D. Minutes of the February 25th, City Council work session and regular meeting.
- E. Replat- Hermiston Foods
- F. Initiate annexation proceedings 4N2804D TL 1601 W Elm Ave

# HERMISTON CITY COUNCIL

Regular Meeting

March 11, 2019

G. Initiate annexation proceedings 4N2803AC TL 400 -1920 NW Geer Rd  
Motion carried unanimously.

At 7:21pm City Recorder Lilly Alarcon-Strong, phoned in City Manager Smith and Councilors Myers, Hardin, and Barron who all identified themselves by name to participate in the meeting.

## **Public Hearing- Annexation and Conversion 4N2802A Tax Lots 500 & 502 (Ordinances 2271 & 2272)**

Hearing no potential conflict of interest, City Planner Clint Spencer read the hearing guidelines and Mayor Drotzmann opened the hearing at 7:24pm.

Mr. Spencer presented the staff report stating the City has received applications for conversion from urbanizable to urban status and for the annexation of approximately 72 acres of land along the north side of E Theater Lane between NE 8th Street and NE 10th Street. One property is approximately 51 acres and owned by the Hermiston Irrigation District, the other is approximately 19 acres and owned by the Hermiston School District.

### **Proponents**

George Anderson stated he is the attorney representing the School District; the School District and Irrigation District would like to swap locations as it is very desirable for schools to have their areas of entrance and exit be on different streets, among other things.

There were no Opponents or Neutral parties who wished to address the Council and the hearing was closed at 7:33pm.

Mr. Spencer outlined the findings of fact. Councilor Davis moved and Councilor Kirwan seconded to approve the finds of fact as written. Motion carried unanimously.

**Public Hearing- Comprehensive Plan Map Amendment and Rezone - 4N2814AC Tax Lot 4200 (Ordinance 2273)** Hearing no potential conflict of interest, City Planner Clint Spencer read the hearing guidelines and Mayor Drotzmann opened the hearing at 7:37pm.

Mr. Spencer presented the staff report stating the Hermiston Chamber of Commerce has submitted an application to rezone 2 acres of land at the intersection of E Evelyn Ave and S Highway 395 from Multi-Family Residential to Outlying Commercial. The property is owned by Brian and Beverly LaFollette, however, the Chamber has a purchase agreement and plans to construct a new chamber building on the property.

### **Proponents**

George Anderson stated he is the attorney representing the Chamber of Commerce; the site would be a wonderful addition to the area and is better suited for this type of business instead of the current zoning. There is a lot of community support for this project to move forward on this specific property.

Paul Keeler, 4219 SW Kirk, Pendleton- stated he is the Chairman of the Board for the Hermiston Chamber of Commerce. The building, if approved, would house the Chamber offices, Business Center, Business Event Center, and can hold up to 120 participants at one time but can be divided for smaller functions as well. All functions will be business related events and have no plans for private family rental events.

# HERMISTON CITY COUNCIL

Regular Meeting

March 11, 2019

Josh Burns, 1014 SE Banker Dr- stated although he is a Chamber Board Member, he is speaking in his role as the General Manager of the Wal-Mart Distribution Center. There is a need for a Work-Force Development Center in Hermiston as the Chamber is proposing with this facility as Wal-Mart DC currently needs 50 more employees, with 100 needed by year end, and another 250 within the next couple of years and this demand only covers one facility. There is an urgent need for work-force development and is pleased the Chamber is taking this on.

Tim Mabry, 78891 Doherty Rd- stated he is the listing realtor for this property and has marketed this property for over a year, without luck, as he has been repeatedly told by multi-family developers that the property is too small for economic multi-family development as there is not enough space to add enough units to justify the costs of development.

There were no Opponents or Neutral parties who wished to address the Council and the hearing was closed at 7:48pm.

Mr. Spencer outlined the findings of fact. Councilor Smith moved and Councilor Kirwan seconded to approve the finds of fact as written. Motion carried unanimously.

**Ordinance No. 2271- Amending the comprehensive plan map and zoning map designations for 71 acres of land at the northwest corner of NE 10th Street and E Theater Lane** City Planner Clint Spencer gave information regarding Ordinance 2271 as presented during the public hearing.

Mayor Drotzmann requested that the first reading be by title only. Hearing no opposition, City Attorney Gary Luisi read the ordinance by title only. Mayor Drotzmann 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 Gary Luisi read the ordinance by title only for the second reading, Councilor Gutierrez moved and Councilor Kirwan seconded that ordinance 2271 be adopted and become effective 30-days after co-adoption by the Umatilla County Board of Commissioners. 7 votes for; none against. Motion carried unanimously.

**Ordinance No. 2272- Annexing 71 acres of land at the northwest corner of NE 10th Street and E Theater Lane** City Planner Clint Spencer gave information regarding Ordinance 2272 as presented during the public hearing.

Mayor Drotzmann requested that the first reading be by title only. Hearing no opposition, City Attorney Gary Luisi read the ordinance by title only. Mayor Drotzmann 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 Gary Luisi read the ordinance by title only for the second reading, Councilor Davis moved and Councilor Gutierrez seconded that ordinance 2272 be adopted and become effective 30-days after co-adoption of City of Hermiston Ordinance No. 2271 by the Umatilla County Board of Commissioners. 7 votes for; none against. Motion carried unanimously.

**Ordinance No. 2273- Amending the comprehensive plan map and zoning map designation for 2 acres of land at the southeast corner of Highway 395 S and E Evelyn Ave** City Planner Clint Spencer gave information regarding Ordinance 2273 as presented during the public hearing.

Mayor Drotzmann requested that the first reading be by title only. Hearing no opposition, City Attorney Gary Luisi read the ordinance by title only. Mayor Drotzmann requested that the ordinance be put on for final

# HERMISTON CITY COUNCIL

Regular Meeting

March 11, 2019

adoption at this meeting and that the second reading be by title only. After City Attorney Gary Luisi read the ordinance by title only for the second reading, Councilor Davis moved and Councilor Smith seconded that ordinance 2273 be adopted and become effective 30-days after adoption by the City Council. 7 votes for; none against. Motion carried unanimously.

At 7:59pm City Manager Smith and Councilor Myers, Hardin and Barron ended the call, therefore exiting the meeting.

## **NE Water Tank Contract Award**

Assistant City Manager Mark Morgan presented the Council with a Power Point Presentation (attached) stating the City, in partnering with Umatilla County, who contributed almost half of the project costs for the North Hermiston Reservoir and Water System Improvements project that will consist of:

- A new 1 million gallon water storage tank
- Budgeted at \$4.5 million
- Approximately 2 miles of new water main
- Make major modifications to Booster Pump Stations

What lead to this project was the loss of a major economic prospect in Hermiston, in 2015. The City was one of two finalists for an Autozone Warehouse and Distribution Center, which would employ approximately 200 people. Autozone ended up electing to build in Pasco Washington due to the fact Hermiston lacked the workforce necessary to fill these positions. In order to supply more labor to the region, the City has been working on ways to add and stimulate housing. Although there has been a steady stream of housing development, there was a consensus that housing demands were not being met fast enough to fill the additional labor needs. Unfortunately, this is an issue throughout the entire state with the top reasons for underdevelopment being: lack of available land, high cost of land, land not development ready, etc.

In order to facilitate housing construction and continue with the Capital Improvement Plan, the City began working on a new water tank in the NE area of the City. The new 124' tall tank will be located on city-controlled land at the corner of NE 10th Street and E Punkin Center Road. This project will:

- Increase the amount of stored water in the City, which it has outgrown, and important during a power outage
- Provide long-term solutions for water pressure on the north side of the City
- Help aid in the creation of over 1,000 new housing units in the north side of the City
- Reduce future costs to the Hermiston School District, thus saving property tax payers money

In order to move forward with the Water System Improvements, the City is recommending the Council award Premier Excavating the contract as they were the lowest of 11 bidders for this project.

Councilor Davis moved and Councilor Kirwan seconded to accept the bid from Premier Excavation for the North Hermiston Reservoir and Water System Improvements project and direct the City Manager to award the contract contingent upon receipt of any protests. Motion carried unanimously.

## **Committee Report**

Parks and Recreation Committee: Councilor Davis stated the Committee will meet this week.

Hispanic Advisory Committee: Councilor Gutierrez stated the Committee will meet next week.

EOTEC Advisory Committee: Councilor Kirwan stated the Committee met last week and discussed future site development to include the RV Park, as well as received EOTEC updates regarding: scheduled events, facility pricing, budgeting, and annual review of Venue Works. The next meeting will be April 4<sup>th</sup>.

# HERMISTON CITY COUNCIL

Regular Meeting

March 11, 2019

Public Infrastructure Committee: Councilor Kirwan stated the Committee met prior to the City Council meeting and discussed active construction projects updates, upcoming projects updates, the NE Water Tank project, CIP, etc.

## **Mayor's Report**

Mayor Drotzmann stated he has attended fundraising events every weekend for the last five weeks and is always encouraged to see what a great giving community we are, as events are always supported by a tremendous amount of people who raise significant funds. EOTEC has been a great resource as this venue is larger and allows these fundraising events to expand and become more successful.

Upcoming events to note:

- Walden Town Hall Meeting on Friday, March 15<sup>th</sup> from 4:00pm-6:00pm at EOTEC
- Ways and Means Committee Meeting on Friday, March 15<sup>th</sup> at 5:30pm in Pendleton
- Greater Eastern Oregon Development Corporation community update on Friday, March 15<sup>th</sup>

## **Adjournment**

There was no other business and Mayor Drotzmann adjourned the regular meeting at 8:22pm.

SIGNED:

/s/Rodney Hardin

Council President

ATTEST:

/s/Lilly Alarcon-Strong, CMC

City Recorder



Hermiston's 6th Annual K - 8

# College & Career Family Night



March 21, 2019 · 5:30 - 7:30 p.m.  
Armand Larive Middle School



Come discover college and career options, and how to prepare financially for college.  
Free prizes and lots of fun for the whole family!

## Need more info?

Shanna Griffin-Herman · 541.667.6625 · shanna.herman@hermistonsd.org  
Lisa Depew · 541.667.6016 · lisa.depew@hermistonsd.org

6º Evento Anual de Hermiston para Grados K -8

## Noche de Universidades y Profesiones Para la Familia



21 de marzo del 2019

5:30-7:30 p.m.

Escuela Secundaria Armand Larive



Venga y descubra las opciones en colegios y profesiones, y como puede prepararse financieramente para el colegio/universidad.  
¡Habrá premios y mucha diversión para toda la familia!

## ¿Necesitan más información?

Shanna Griffin-Herman · 541.667.6625 · shanna.herman@hermistonsd.org  
Lisa Depew · 541.667.6016 · lisa.depew@hermistonsd.org





# HERMISTON WATER SYSTEM CAPACITY EXPANSION





# The Project

- New 1M Gallon Storage Tank
- ~12,000' of new water main
- Pump & booster upgrades
- ~\$4.5M







# Project Partners

- Umatilla County
  - \$2 million
  - General Fund Contribution
- City of Hermiston
  - ~\$2.5 million
  - General Fund Contribution



*Where Life is Sweet*



# How Autozone Lead to this Project



A customer enters the AutoZone store in Pasco at 2220 W. Court St. as a car leaves the parking lot. The Fortune 500 company is building a 443,819-square-foot distribution center and truck maintenance yard at 3733 Capital Ave. in Pasco that will employ about 200 people when fully operational. **Sarah Gordon** - Tri-City Herald

LOCAL

## AutoZone to build massive warehouse in Pasco, will hire 200



BY WENDY CULVERWELL  
[wculverwell@tricityherald.com](mailto:wculverwell@tricityherald.com)





# The People/Jobs Catch-22

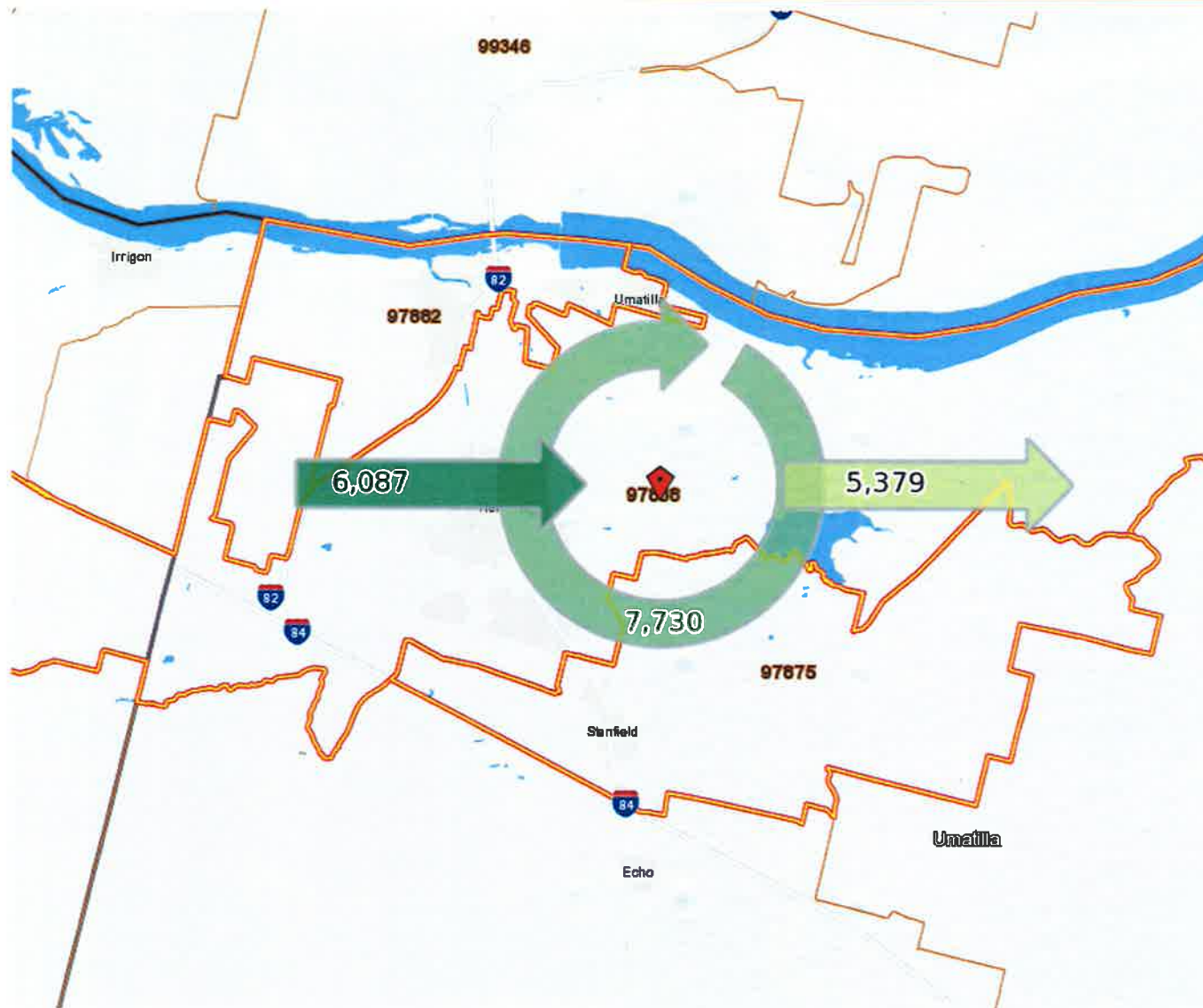
- Fall, 2015: Hermiston final Oregon site for Autozone DC

“Hermiston lacks the available workforce to meet our need to fill 200 positions.” -Autozone





# Regional 6% Net In-Flow of Labor





# Housing Not Added Fast Enough

- 2017 City Council Goal: Housing
  - 81 Housing Units Built
  - 105 Single-Family lots approved







# 2017 Developer Roundtable

“#1 Barrier to additional development is that vacant land is getting too expensive in Hermiston.”







# Statewide Problem: Land

- Top Barriers to Affordable Housing
    - 1. Lack of Available Vacant Land
    - 3. High Cost of Land
    - 4. Land not development ready
    - 5. ‘Constrained’ Lands
- University of Oregon, 2018
- “Oregon’s Housing Affordability Crisis”





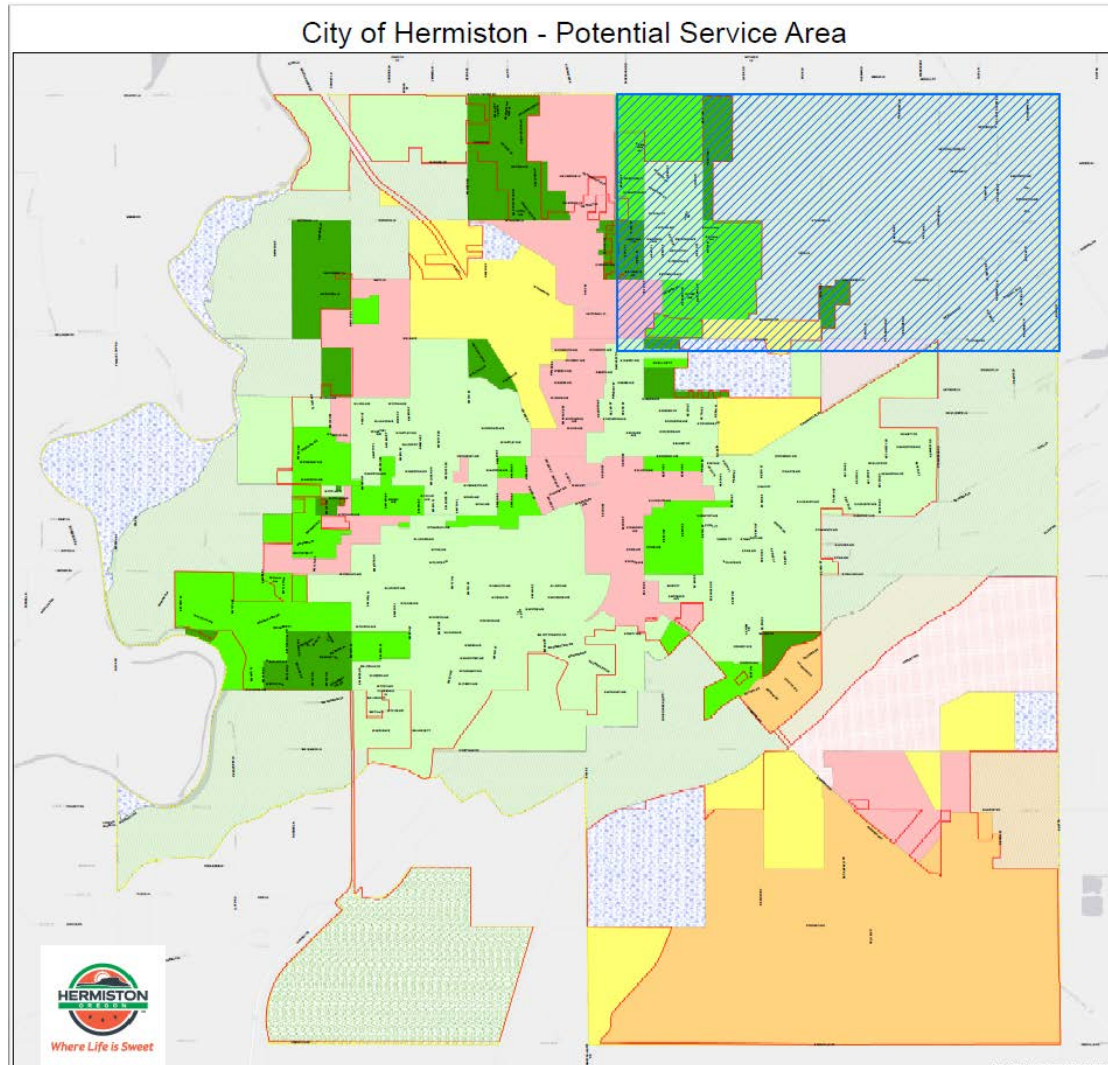
# 2018 Water System Master Plan

- #1 Critical Issue: Only 18 hours of storage capacity at peak daily demand.
- Long term issue: Pressure on North Hill.



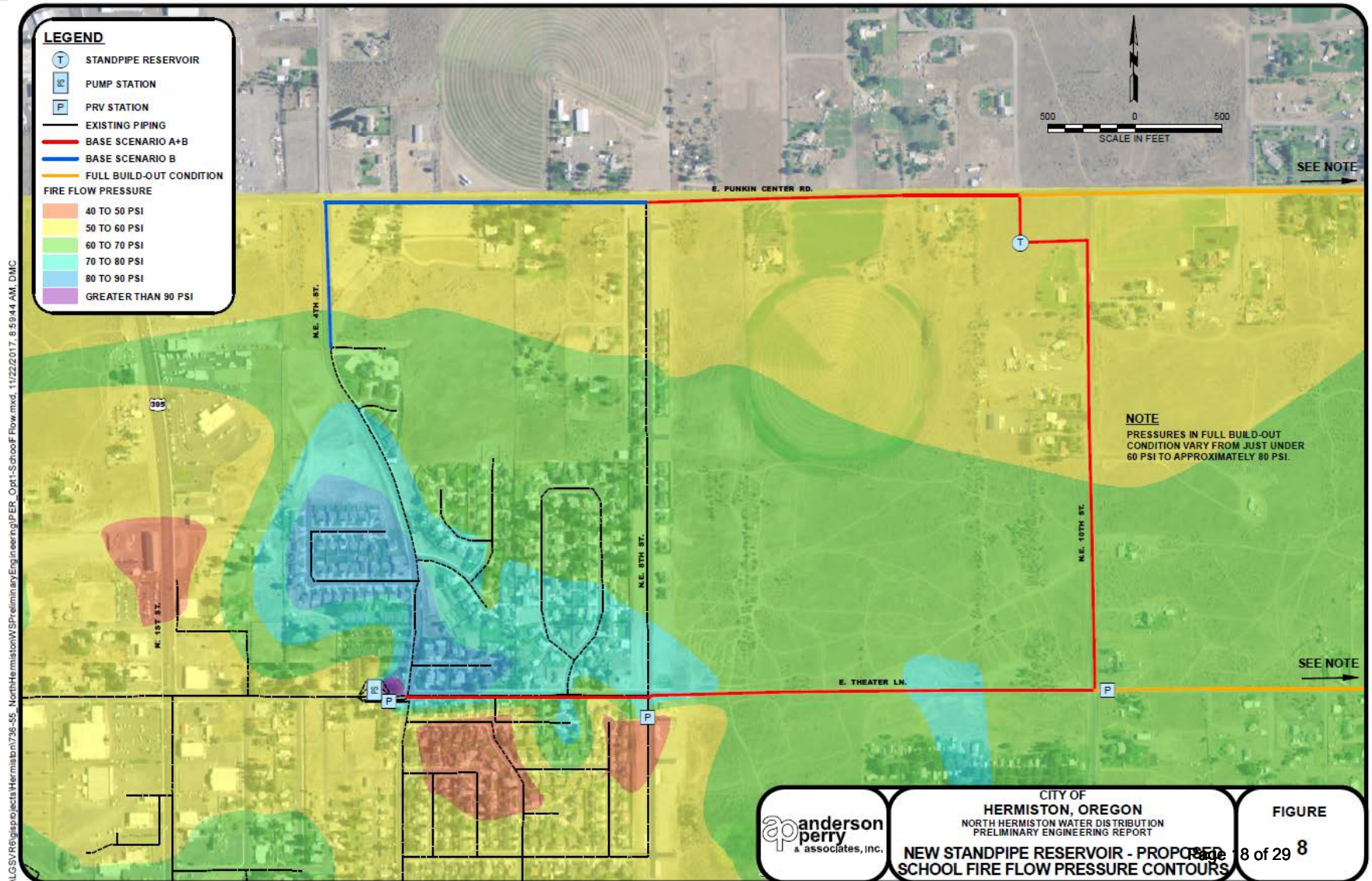


# Lack of Pressure in Residential Growth Area



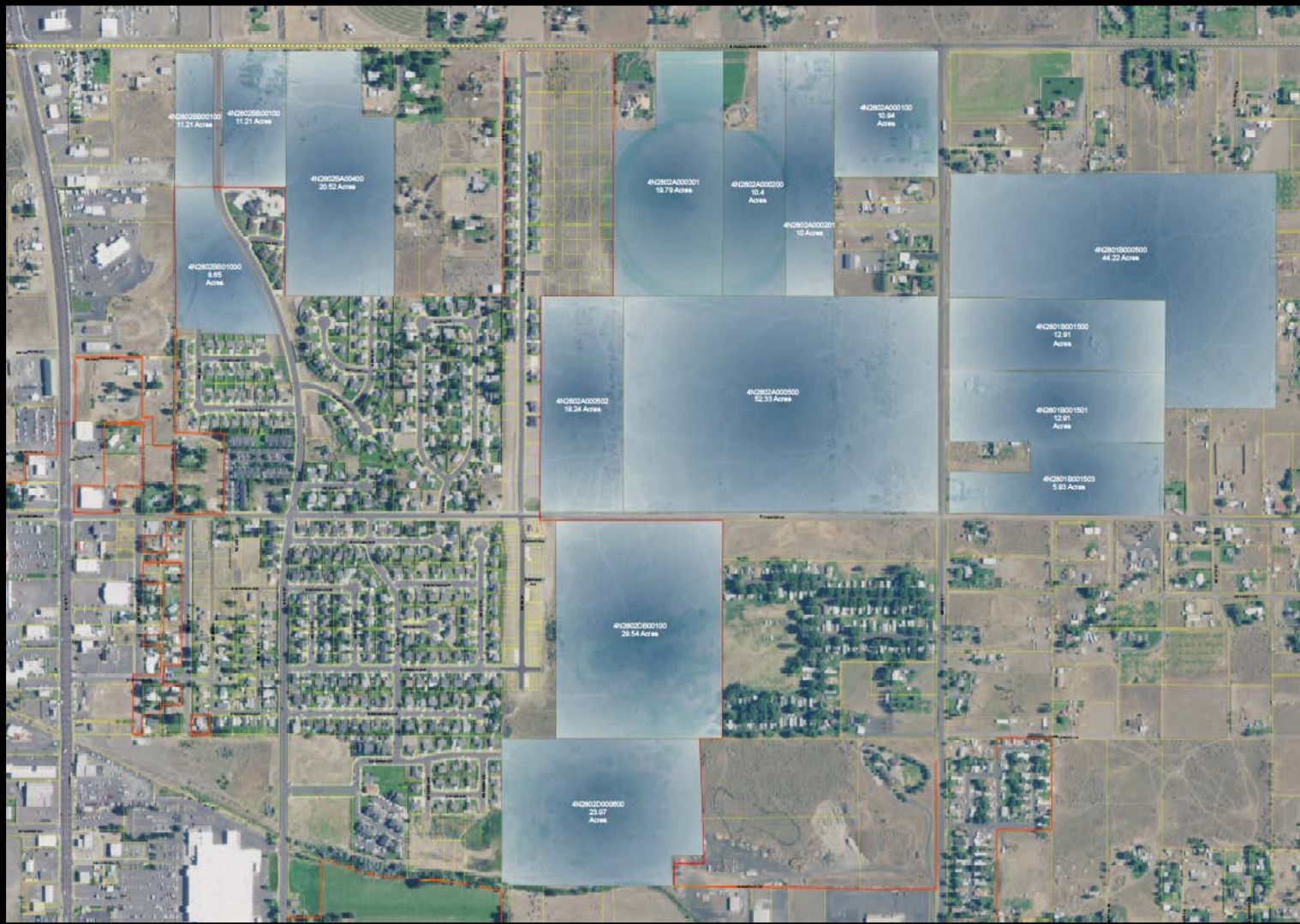


# A Storage & Pressure Solution





## Benefitting Properties: 10ac+ with <1 Structure





# Results

- 1M Gallons new storage capacity
- 300 acres newly “developable” land in UGB
- Assuming lowest density (R-1) development
  - 1,200 housing units (4/ac.)
  - 1,800 new workers (assuming existing 1.56 ratio)







# Getting there: Financing

- Lamb Weston: \$250M Plant Expansion
- 15 Year LTREZ Agreement
  - \$1M/yr payments split City of Hermiston & Umatilla County
  - ~\$20M avoided tax liability over 15 years





# Tax Incentive Payback

- Stimulate just 10 extra houses per year
- Assume \$200,000 Assessed Value
- Assume 3% annual AV Inflation
- Assume \$22/\$1,000 Total Tax Rate
- Result: \$44,000 new taxes in Year 1





# Tax Incentive Payback

- Stimulate 10 extra houses per year:  
Compounds
- Net 20 homes year 2
- Net 30 homes year 3, etc.
- Assume 3% annual increase in value







# Tax Incentive Payback

- Stimulate 10 extra houses per year:
  - 200 extra homes in 20 years
  - \$1.5M in new taxes per year (year 20)
- Total New Taxes after 20 Years: \$13.5M
- Foregone Taxes after 20 Years: ~\$20.0M





# Tax Incentive Payback

- Stimulate 10/yr in Years 1-10
- Stimulate 50/yr in Years 11-20
- Total New Taxes after 20 Years: \$32M
- Foregone Taxes after 20 Years: \$20M





# Getting there: Financing

- Council authorized financing up to \$5M
- IFA Loan \$4.5M (June, 2018)
- \$950,000 Payments begin July, 2020







# Budget

Work Item	Original Budget	Actual Contracted
Engineering/Environment	\$790,000	\$640,000
Right of Way Acquire	\$60,000	\$0 (n/a)
Tower Land Acquire	\$60,000	\$130,000+
Construction	\$3,590,000	\$3,325,753
<b>Total</b>	<b>\$4,500,000</b>	<b>\$4,095,753</b>





# Construction Bids

- 11 Bids Received
- Lowest 4 all within 5%

Bidder	Bid
Premier Excavation	\$3,325,753
Total Site Services	\$3,381,992
Nelson Corporation	\$3,492,084
Tapani, Inc.	\$3,506,945





# Questions?

---

*Where Life is Sweet™*