

AGREEMENT FOR CONSTRUCTION AND FUNDING
OF A NEW CITY HALL FOR THE CITY OF HERMISTON
AND USE OF FACILITY BY COUNTY

1.0 DATE

The date of this agreement is July 27, 2020.

2.0 PARTIES

The parties to this agreement are Umatilla County, a political subdivision of the State of Oregon (“County”), and the City of Hermiston, an Oregon municipal corporation (“City”).

3.0 BACKGROUND

3.1 The City Hall for the City of Hermiston, located at 180 NE 2nd Street, Hermiston, was damaged by fire on December 17, 2019. As a result of the damage, it is economically advantageous to build a new building, rather than repair the damaged facility.

3.2 The proposed replacement facility at the same location will be a three-story structure that will include at least 4500 to 5000 square feet on the ground floor that will not be initially needed for uses by the City.

3.3 The City is offering to allow use of the ground floor of the new city hall by the County for its uses for a period of time, in exchange for contribution by the County of funding or other consideration toward the construction of the new facility.

3.4 The purpose of this agreement is to set out the terms of the County use of and contribution to the new city hall.

4.0 FACILITY LEASE

4.1 The proposed new city hall will consist of approximately 21,000 square feet, over three floors, with an approximate construction budget of \$9 million. The alley level floor will have 4500 to 5000 square feet of unused space.

4.2 The County will have use of a portion of the alley level floor for County offices or other similar uses (as agreed upon by both parties) for a period up to fifteen years, including joint use of other public areas within the facility (“Premises”). The term may be extended upon agreement of both parties.

4.3 The County will not pay any rent for the use of the space, except as provided in this agreement.

- 4.4 During the time the County occupies the ground floor area, the County agrees to a maintenance and custodial fee to the City in the amount per month per square footage shown below:
- a. Years 1 to 5 - \$0.40 per square foot (\$1800 - \$2000 per month)
 - b. Years 6 to 10 - \$0.60 per square foot (\$2700 - \$3000 per month)
 - c. Years 11 to 16 - \$.80 per square foot (\$3600 - \$4000 per month)
 - d. Following the fifteen-year period, the parties will renegotiate the rate for the maintenance fee.
- 4.5 The City will pay for all utilities (water, sewer, trash and electric) for the Premises. The County will be responsible for its own telephone and internet systems.
- 4.6 In the event the County no longer has any use for the Premises, the County may terminate the lease with 180 days of notice to the City.
- 4.7 Upon construction of the facility and certificate of occupancy, the parties will sign a lease for the Premises to include the terms of this agreement as well as other relevant lease terms.

5.0 COUNTY CONTRIBUTIONS

The County agrees to contribute \$3,000,000 toward the construction of the new facility as follows:

- A. An annual payment of \$500,000 from the County to the City from the proceeds of the Lamb Weston enterprise zone agreement, for a period of five years, from years six through ten of the exemption, with a final payment of \$100,000 from the eleventh year. Payments will be made on October 1 of each year.
- B. A credit of \$400,000 for the transfer or exchange by the County to the City or its designee of the Sam Cook Building located at 435 E. Newport. The transfer will take place at such time it is needed. In the event the facility is not constructed, the City will pay to the County the sum of \$400,000 plus interest at the rate of 2% from date this agreement is terminated, until paid.

6.0 TERMINATION

- 6.1 In the event the facility is not constructed by October 1, 2022, this agreement will terminate and neither party will have any further obligations under this agreement.
- 6.2 This agreement is contingent on the City obtaining any necessary funding for the construction of the facility.

7.0 NONAPPROPRIATION

The parties recognize that both parties funding must be approved by legally established budget procedures. All obligations and expenditures by the parties after June 30, 2021 are contingent upon sources of revenue, and, where applicable, voter budget levy approval. In the event a party is unable to obtain revenue to meet its obligations hereunder, then all provisions of this agreement shall be subject to good faith renegotiation between the parties, including termination of the agreement.

CITY OF HERMISTON

By: _____

Date: _____

UMATILLA COUNTY

By: _____

Date: _____

By: _____

Date: _____

By: _____

Date: _____