

HERMISTON CITY COUNCIL

Regular Meeting

November 9, 2020

Mayor Drotzmann called the regular meeting to order at 7:00pm and announced the meeting was streaming live on YouTube. Present were Councilors Hardin, Gutierrez, Davis, Primmer, Barron, and McCarthy. Councilor Myers was excused. In attendance were Municipal Court Judge Creasing, and City staff to include: City Manager Byron Smith, City Attorney Gary Luisi, Assistant City Manager Mark Morgan, Chief Edmiston, Finance Director Mark Krawczyk, Planning Director Clint Spencer, Hermiston Energy Services General Manager Nate Rivera, and City Recorder Lilly Alarcon-Strong. The pledge of allegiance was given.

Citizen Input on Non-Agenda Items

Jackie Linton, 111 W Beech Ave, congratulated everyone who ran for City Council and stated she is grateful that there were so many good candidates who want to contribute to the community.

Consent Agenda Items

Mayor Drotzmann asked that item G be removed from the Consent Agenda. Councilor McCarthy moved and Councilor Davis seconded to approve Consent Agenda items A-I, with the exception of G, to include:

- A. Committee Vacancy Announcements
- B. Recommendation to the Library Board: Position #2, Lisa Depew, term from 11/24/2020 to 06/30/2024
- C. Recommendation of the Recreation Projects Fund Advisory Committee: Position #3, Mike Frink, Representing the Parks and Recreation Committee, term from 01/01/2021 to 12/31/2023 and Position #4, James Whalley, Representing the Motel Operators, term from 01/01/2021 to 12/31/2023
- D. Confirmation to the Faith-Based Advisory Committee: Position #2, Terry Cummings, term from 01/01/2021 to December 31, 2023
- E. Confirmation to the Eastern Oregon Trade & Event Center Advisory Committee: Position #1, representing the Umatilla County Fair Board, Doug Bennett, remaining term from 11/10/2020 to 06/30/2021
- F. Initiate annexation proceedings 4N2816 TL 1400 - 1030 SW 17th St
- H. Minutes of the October 26, Public Safety Committee meeting
- I. Minutes of the October 26, work session and regular meeting

Motion carried unanimously.

Items Removed from the Consent Agenda

Mayor Drotzmann asked Planning Director Clint Spencer for more information regarding Consent Agenda Item:

- G. Initiate annexation proceedings 4N2802CD TL 500 - 455 E Elm Ave

Planning Director Spencer addressed applicant information and proposed possible future use of this site to develop storage units.

Councilor Barron moved and Councilor Davis seconded to approve Consent Agenda item G. Motion carried unanimously.

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Public Hearing- Comprehensive Plan Map Amendment & Rezone W Theater Lane 4N2803AD TL 4800,4900,5000,5100,5200,5300 & 5400 (Ord 2313)

After hearing no declarations of conflict of interest from the Council, Planning Director Clint Spencer read the hearing guidelines and Mayor Drotzmann opened the hearing at 7:12pm.

Mr. Spencer presented information regarding an application from John Uceny to amend the comprehensive plan map designation and zoning designation for a 1.9 acres on the north side of W Theater Lane from Medium Density/Mobile Home Residential to Commercial and Multi-Structure Residential to Outlying Commercial. There is no development plan at this time but the land will be marketed for commercial redevelopment. All as detailed in the City Council agenda packet.

There were no Proponents, Opponents or Neutral parties who wished to testify and the Hearing was closed at 7:15pm.

After some discussion, Councilor Primmer moved and Councilor Hardin seconded to approve the Findings of Fact as presented by Planning Director Spencer in the agenda packet. Motion carried unanimously.

Ordinance No. 2313- Amending the Comprehensive Plan Map and Zoning Map for 4N2803AD TL 4800,4900,5000,5100,5200,5300 & 5400- 120,150 & 220 W Theater Lane

City Manager Smith stated this ordinance was 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 McCarthy moved and Councilor Primmer seconded that Ordinance 2313 be adopted and become effective 30-days after adoption by the City Council. 6 votes for; none against. Motion carried unanimously.

Resolution No. 2167- Hermiston Energy Services (HES) Rate Adjustment

HES General Manager Nate Rivera presented the Council with information (PowerPoint Presentation attached) regarding the recommended rate adjustment as also presented in the October 12th City Council work session meeting and in the agenda packet. Mr. Rivera asked that the Council consider approving Option A or B as presented.

Renata Morgan, 610 SE 5th St- stated she does not understand why HES waited so long to raise rates when an increase was needed long ago. Ms. Morgan asked that the Council consider raising rates at 1% or 2% throughout the year instead of at 7% which is high and difficult to pay. Ms. Morgan stated she feels that the Council has already made up its mind regardless of what the community has to say.

Jackie Linton, 111 W Beech Ave, stated she understands that an increase is necessary to continue to support infrastructure, but asked that the Council consider smaller rate increases as those impacted the most are on fixed incomes, social security and low income and this increase will force them to make cuts to their budgets in other ways, that will most likely impact their food purchasing.

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Maria Duron, 1280 W Madrona Ave- stated this is a very difficult time not only because of COVID, but due to the winter season as well. People are finding it more difficult to make ends meet regardless of the assistance available for those in need but also understands this is a difficult decision for the Council to make as well. Ms. Duron recommends the City improve public outreach to share why the rates are being adjusted through the Spanish radio station, in mailings with bills, in person at City Hall, on the City's website, and through SmartHub, the system that allows customers to make payments online.

Mayor Drotzmann stated HES is not a revenue source for the City. In order to continue to provide reliable and sustainable electric services, the City must periodically raise rates in order to continue to provide these services. With that being said, HES continues to be one of the most affordable energy service providers, even with the potential increase, in the region. Mayor Drotzmann encouraged those in the community who need help paying all service utilities, to apply for assistance or contact City Hall.

After further discussion, Councilor Gutierrez moved and Councilor McCarthy seconded to approve Resolution No. 2167, Option B, and lay upon the record. Councilors Gutierrez, Hardin, Barron, and McCarthy voted in favor; Councilors Primmer and Davis voted against. Motion carried 4-2.

Resolution No. 2168- Adoption of Updated Version of the Umatilla County Deadly Physical Force Plan

City Manager Smith gave information regarding updating the previously adopted Umatilla County Deadly Physical Force Plan as detailed in the agenda packet.

After some discussion, Councilor Primmer moved and Councilor Hardin seconded to approve Resolution No. 2168 and lay upon the record. Motion carried unanimously.

Resolution No. 2169- Intergovernmental Agreement (IGA) for Mutual Aid and Interagency Cooperation

City Manager Smith and Chief Edmiston gave information regarding the IGA for Mutual Aid and Interagency Cooperation that agencies in Umatilla County use on a daily basis, and more so during a major crime investigation. There is no financial impact for any agency in the agreement as the agencies work in support of each other for the betterment of the community as a whole.

After some discussion, Councilor Gutierrez moved and Councilor Primmer seconded to approve Resolution No. 2169 and lay upon the record. Motion carried unanimously.

Mayor Drotzmann asked Chief Edmiston to thank all entities involved for working together to support rural communities and their needs.

Proclamation- Small Business Saturday

Mayor Drotzmann read the Small Business Saturday Proclamation, as attached in the agenda packet, and encourage the community to shop at local small businesses to help keep them in business.

Presentation- Hermiston School District Updates

No updates presented.

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Consider Appointment to fill the Vacant Councilor IV Seat

Mayor Drotzmann stated the Vacancy Review Board, made up of Councilor's Davis, Myers and himself have requested that instead of them interviewing candidates and making a recommendation to fill this position until the Special Election, that the whole Council participates in the interview process and makes a recommendation for appointment. Candidate Larry Lankford has withdrawn his application leaving candidates David McCarthy and Phillip Spicerkuhn to be interviewed.

Councilor McCarthy declared a conflict of interest and sat with Mr. Spicerkuhn in the audience.

Each candidate took turns introducing themselves and answering questions from the Council regarding: why they wanted to serve as a councilor, pressing issues they want to address, short and long term goals they would like to accomplish as a councilor, if they will be running in the special election for Ward IV Councilor regardless of tonight's appointment, etc.

After some discussion, Councilor Barron moved and Councilor Davis seconded to appoint Phillip Spicerkuhn as the Ward IV Councilor taking his Oath of Office on December 14, 2020. Councilors Gutierrez, Hardin, Barron, and Davis voted in favor; Councilor Primmer voted against. Motion carried 4-1.

Committee Reports

Library Board- Councilor Davis stated with the Council's approval, the Board will be welcoming a new member soon. The Library has begun pre-COVID business hours and the Board reviewed the 2021 Library Calendar.

Faith-Based Advisory Committee- Councilor Hardin stated the Committee continued to seek additional members and received updates regarding: School adoptions, Police Department Ride-Along Program, True Care Clinic, and Christmas Express.

Transit Committee- Councilor Primmer stated he attended the Statewide Transit Committee and asked that the Committee consider amending the use of funds awarded to Hermiston from what it originally applied for.

EOTEC Committee- Councilor Barron gave information regarding the great work Al Davis, EOTEC General Manager, has done to continue to bring events to EOTEC while abiding by COVID restrictions. VenuWorks also received CARES Funding which they plan to implement by upgrading facilities with touchless bathroom facets, entry way doors, etc, and are continuing to develop the Masterplan.

Mayor Drotzmann stated Mr. Davis sought creative ways to continue to make money for EOTEC as over 100 events were cancelled due to COVID. Events brought in to EOTEC were primarily equestrian events, of which Columbia River Circuit plans to continue bringing their events to EOTEC from Yakima. And back by popular demand- EOTEC will be holding a Festival of Lights drive-thru this year.

Mayor's Report

Mayor Drotzmann spoke regarding:

- Congratulated all election winners stating the election process is not easy and thanked all those who want to contribute to their community
- League of Oregon Cities virtual meeting information
- Govern has asked for a two-week pause on social gatherings and asked that the community continue to social distance and wash hands to reduce the spread of COVID as Umatilla County has had a spike in cases

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- 52nd Annual Christmas Express Program. Asked that the Community donate food and gifts for children in need. Asked that Chief Edmiston give an update regarding this program
 - Chief Edmiston stated the Christmas Express Program gives about 500 boxes of food and gifts for children to families in need each holiday season. Donations for non-perishable food and gifts will be accepted November 30th – December 11th, with the exception of Sunday, December 6th, from 9:00am to 5:00pm. Due to a food shortage, the winning food distributor was unable to fulfill the requested food order, therefore, the second lowest bidder was awarded the bid but at a cost of \$6,000 more than the original bid winner. Thankfully, due to the creation of an ongoing donation fund account from 2004, the police department is able to pay the \$6,000 difference to be able to provide food to those in need.

Council Reports

Councilor Barron thanked Councilor McCarthy and Phillip Spicerkuhn for their time and interest in the Ward IV position and encouraged them both to run in the special election as they will, by that time, both have experience on the City Council.

Manager's Report

City Manager Smith spoke regarding:

- Assistant City Manager Mark Morgan will be filling at the next City Council meeting while he is out of the office.
- Due to the Governors recent COVID changes, the Chamber of Commerce was forced to cancel the Veterans Day Parade.
- Starting next week, the City will be implementing changes to address the new OSHA work place mandates related to COVID.
- There has been positive feedback regarding a COVID vaccine and hopes all goes well with this so things can get back to normal.
- The City received its transparency award from LOC regarding the Hermiston Project webpage. It will be displayed at City Hall.

Mayor Drotzmann thanked Veterans for all they have given to our country.

Adjournment

There was no other business and Mayor Drotzmann adjourned the meeting at 9:01pm.

SIGNED:

Dr. David Drotzmann, Mayor

ATTEST:

Lilly Alarcon-Strong, CMC, City Recorder



ENERGY SERVICES

Council Update – November 9, 2020



Hermiston Energy Services

- Cost Of Service
Analysis (COSA)
Options
- Recommendation

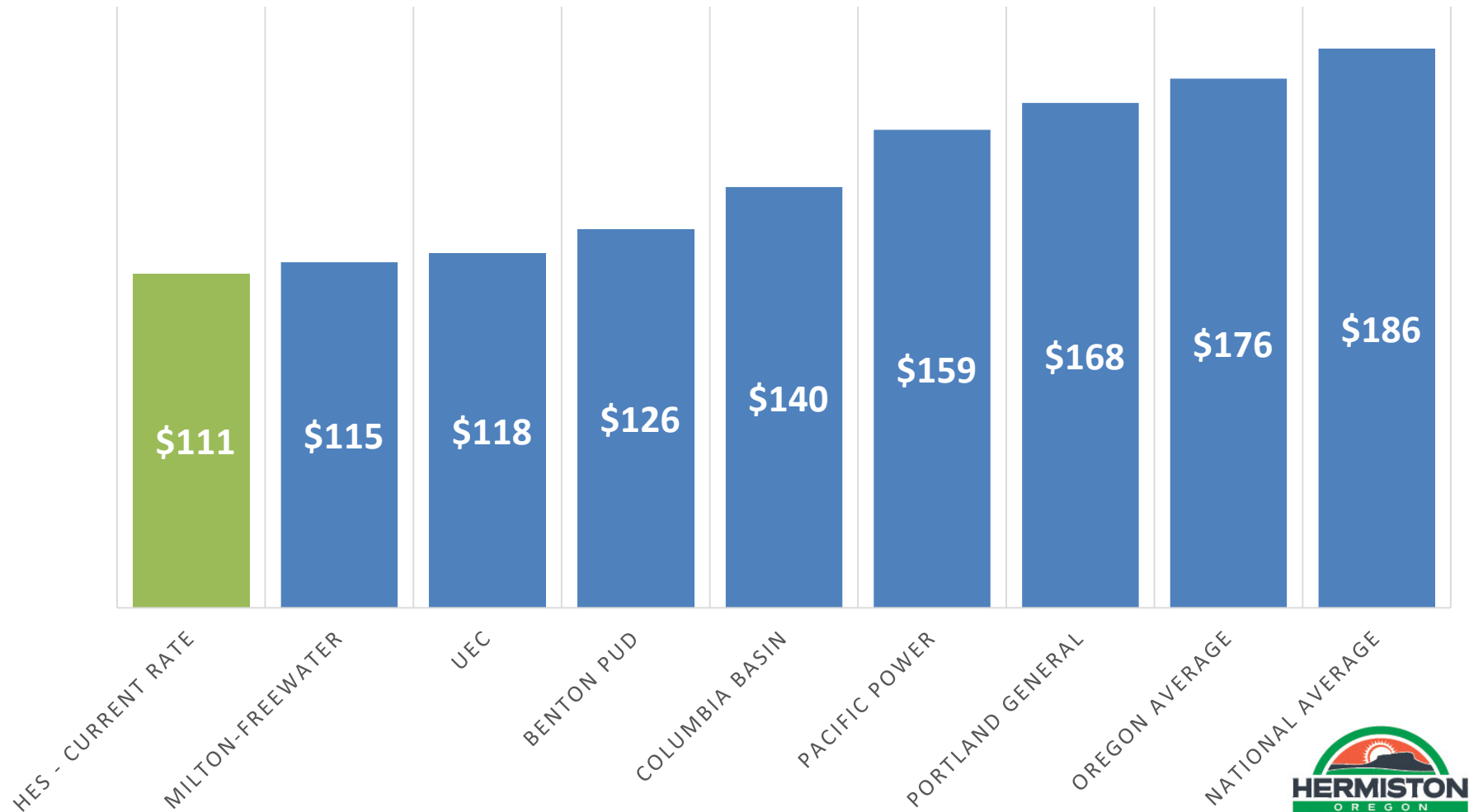


Hermiston Energy Services

Cost of Service Analysis (COSA) Results



Hermiston Energy Services



* Based on 1,400 kWh per-month



HES's Rate Model Goals

- Ability to collect appropriate revenue.
 - Rates are stable and predictable.
 - Rates are equitable among customer classes.
 - Rates are easy to understand and feasible for HES to implement.
-
- To achieve this, we work with an independent third-party firm to perform a Cost-of-Service Analysis on behalf of HES customers.



HES COSA Results

- Know and shared that current rate structure does collect retail rate revenue based on actual costs needed to serve individual customer classes.
- In FYs 2018-20, HES used \$1.5m from Bond restructure, reserves, reduced spending, deferred maintenance and Construction Work Plan savings to offset revenue deficiencies.
 - In 2018: 1.2m (12.7%) deficit in rate revenue.
 - Used reserves, Moved all CWP & Maintenance to Dept. 33.
 - Council approved 1.87% rate adjustment in 2018.
- In FY 2020-21 HES is projected to have \$1,011,195 revenue deficiency.
 - \$500,000 is BPA increase in Oct. 2019.
 - \$450,000 is System Maintenance/Capitol (move back from Dep 33)



COSA Recommendation



**Individual Rate &
Customer Class
Adjustments**

0%



HES Rate Discussion

Option A:

- 12.9% Rate Adjustment Effective March 1, 2021.

Option B:

- 7% Rate Adjustment Effective January 1, 2021.
- 7% Rate Adjustment Effective October 1, 2021.



Option A : 12.9%

	\$/kWh		Demand		Customer Charge		% Change*
	Now	March 1	Now	March 1	Now	March 1	
Residential	6.8¢	7.21¢	-	-	\$16.00	\$21.00	11.4%
Small Commercial	6.3¢	6.81¢	\$6.00	\$7.50	\$24.00	-	15%
Large Commercial	4.7¢	5.07¢	\$6.00	\$7.50	\$160.00	-	16.12%
Irrigation	5.0¢	5.44¢	\$6.00	\$6.75	\$27.50	-	13.98%
Overall Rate Adjustment							12.9%

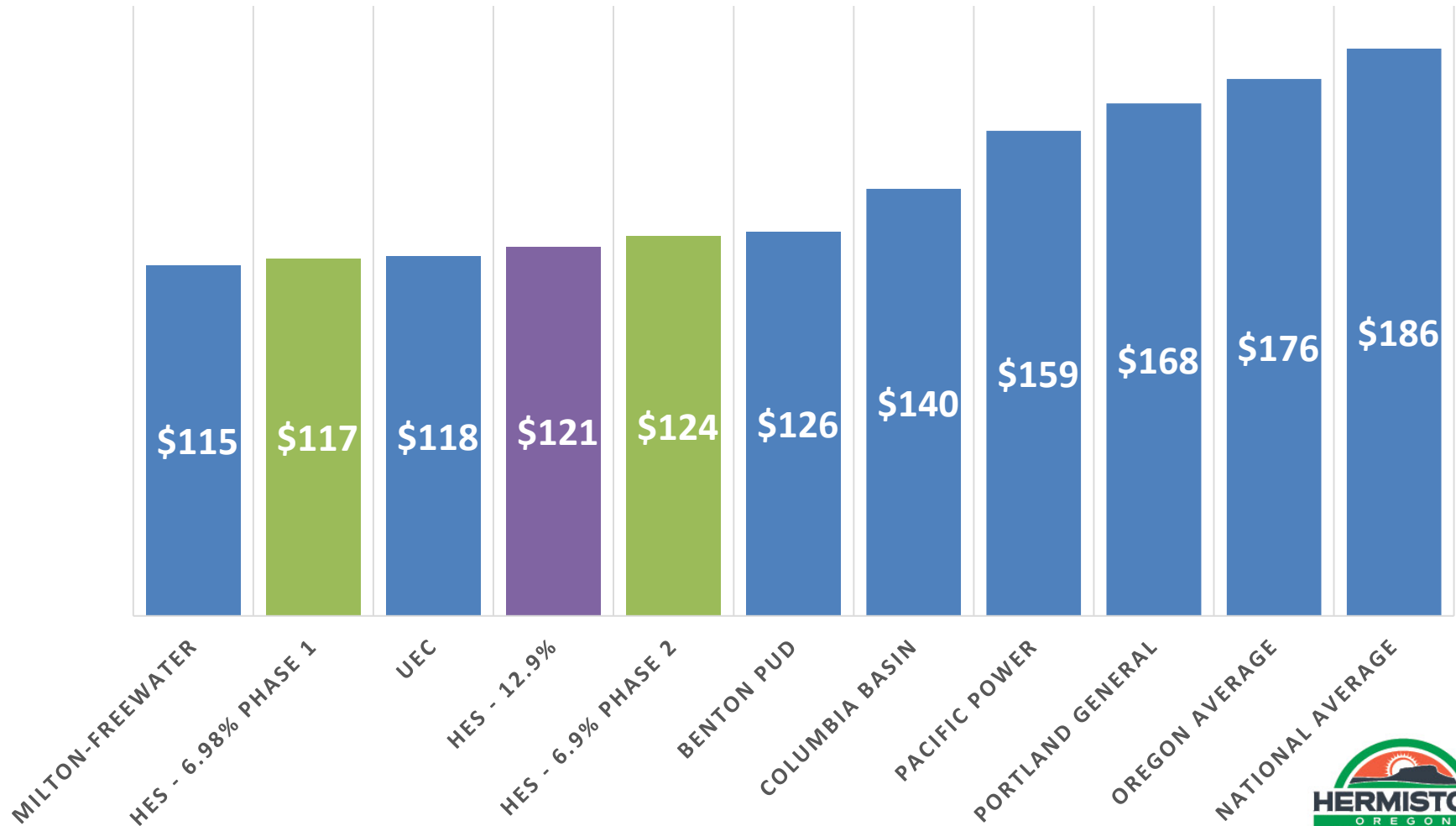
Individual customer's % change will vary based on usage.

Option B : 7% + 7%

	\$/kWh			Demand			Customer Charge			% Change*	
	Now	Phase 1	Phase 2	Now	Phase 1	Phase 2	Now	Phase 1	Phase 2	Phase 1	Phase 2
Residential	6.8¢	7.05¢	7.39¢	-	-	-	\$16	\$18.5	\$21	6.1%	6.74%
Small Commercial	6.3¢	6.8¢	7.32¢	\$6.00	\$6.75	\$7.50	\$24	-	-	7.92%	7.58%
Large Commercial	4.7¢	5.07¢	5.43¢	\$6.00	\$6.75	\$7.25	\$160	-	-	8.67%	6.92%
Irrigation	5.0¢	5.44¢	5.87¢	\$6.25	\$6.50	\$6.75	\$27.5	-	-	7.57%	6.91%
Overall Rate Adjustment										6.98%	6.9%

Individual customer's % change will vary based on usage.

HES Residential Rate Comparison



* Based on 1,400 kWh per-month



HES Rate Discussion

- Option A (12.9%):
 - Start March 1, 2021
 - 32¢ per-day increase.
 - Residential Customer would pay \$111 (current rate) Jan-Mar / \$121 starting with their March bills.
- Option B (6.98% + 6.9%):
 - Phase 1: Start January 1, 2021
 - 20¢ per-day increase.
 - Residential Customer would pay 117 per-month.
 - Phase 2: Start October 1, 2021
 - 22¢ per-day increase.
 - Residential Customer would pay \$124 per-month.

In 2021, Customers Under Option A \$98 vs. Option B \$94



Option A (12.9%)

- In FY 2020-21 HES is projected to have \$1,011,195 revenue deficiency.
 - 12.9% Overall rate adjustment gets utility to break even.
 - Stop using reserves to cover budget shortfall in April 2021 (85k per-month).
 - Includes \$450k annual maintenance.
 - Does not include:
 - 2021 BPA Rate Increase
 - Capital Improvement Projects
 - State/Federal Mandate Changes (Energy Assistance/Debt Forgiveness; Conservation/EE)
 - Contracts
 - Inflationary Costs
 - Restore/Build Reserves.



Option B (6.98% + 6.9%)

- In FY 2020-21 HES is projected to have \$1,011,195 revenue deficiency.
 - Phase 1:
 - Reduces the use of reserves to cover budget shortfall in January 2021 to about half (45k).
 - Phase 2 Overall rate increase gets utility to break even in October 2021.
 - Includes 1% BPA Rate Increase Cushion.
 - Does not include:
 - 2021 BPA Rate Increase over 1.5%
 - Capital Improvement Projects
 - State/Federal Mandate Changes (Energy Assistance/Debt Forgiveness; Conservation/EE)
 - Contracts
 - Inflationary Costs
 - Restore/Build Reserves.



HES Recommendation

- Option B is the preferred option.
 - Reduces budget deficit earlier.
 - Customers have more time to plan and adjust for the full rate impact.
 - Allows HES flexibility based on BPA's rate changes in October 2021.
 - Phase 1 & 2 included in the resolution.
 - Option B starts earlier, but it saves the customer more money in 2021.

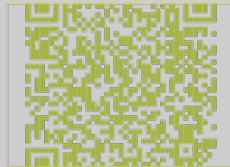
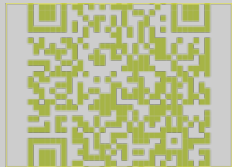
HES Programs

- **Energy Audits**
- **Heat Pump Replacement**
- **Weatherization Programs**
 - **Windows Replacement**
 - **Insulation Upgrades**
- **Clothes Washer Rebates**
- **Water Heater Rebates**





HES's SmartHub portal allows customers to manage their account from a computer or mobile device.



Download today and manage your account anywhere!

HES Customer Letters

Date



Customer Name
Mailing Address
City, State Zip Code + 4

Dear HES Customer,

We've noticed that you've missed a few payments on your account. We want to help you avoid a growing past due balance. HES previously temporarily paused service disconnections for non-payment and waived all late fees to help our customers. During this time, customers continued to be billed for the electricity consumed along with the basic charge.

Bringing your electric account current is now easier than ever before with extended payment arrangements, additional energy assistance, and convenient billing options. HES also works closely with community action agencies to help our members meet their critical needs. We encourage you to reach out to our Customer Service Team to select the options that best fit your needs.

Call (541) 289-2000 and speak with a member of our Customer Service Team today about options. We are available Monday through Thursday 7:30 AM to 6 PM.

1

Energy Assistance

HEAT funds are available to help with your past due balance if you've been affected by COVID-19.

2

Payment Arrangement

Payment arrangement plans are available up to 12 months. Pay your current bill plus the arrangement amount each month.

3

Budget Billing

Pay the same amount each month based on your average usage. Any past due balances may be spread over 12 months.

4

PowerUp PrePay

Pre pay for your energy costs and reduce your kilowatt hour consumption. Households save up to 14% on average.

Hermiston Energy Services knows how crucial it is to keep the power flowing. We're in this together. We are your neighbors. **Reach out and let us help.**

Date



Customer Name
Mailing Address
City, State Zip Code + 4

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1

Payment Arrangement

Extended payment arrangement plans are available. Pay your current bill plus the arrangement amount each month. Contact a Customer Service Representative to set up a custom plan.

2

UEC Business Resource Center

Contact the UEC Business Resource Center to learn about opportunities to apply for federal and local grants and low interest loans available to businesses that have experienced negative effects from COVID-19.

(541) 289-3000

Hermiston Energy Services knows how crucial it is to keep the power flowing. We're in this together. We are your neighbors. **Reach out and let us help.**





Questions

Where Life is Sweet™