



Request for Qualifications for Property Development - September 2020

City of Hermiston 'Green Property'

2025 NW 11th Street, Hermiston, Oregon





Table of Contents

Executive Summary	Page 3
The Opportunity	Page 4
Hermiston Region	Page 4
Project Site	Page 4
City of Hermiston Goals	Page 5
Property Details.....	Page 6
Existing Utilities	Page 6
Physical Attributes.....	Page 7
Purchase Details.....	Page 7
Vision of Potential Development Site.....	Page 8
Conceptual Vision A - 28-Unit Assisted Living.....	Page 8
Conceptual Vision B - 28-Lot Senior Duplex Development.....	Page 9
Why Hermiston?.....	Page 10
Hermiston-Pendleton Micropolitan Region.....	Page 10
Growth Projection.....	Page 10
Growth Fuel.....	Page 11
Proximity to Regional Family	Page 11
Evaluation Process.....	Page 12
Statement of Qualifications & Interest Review Criteria	Page 12
Schedule.....	Page 13
Developer Responsibilities.....	Page 13
Financial Background Review	Page 13



Executive Summary

The City of Hermiston is seeking an interested partner to develop approximately 7 acres of residentially zoned City-owned property, located within a Federal Opportunity Zone, overlooking the Umatilla River, in a manner which helps achieve several community goals:

1. **Economic Development** in the form of permanent jobs; preferably in the healthcare industry.
2. **Property Tax maximization** through high value taxable development.
3. **Community Development** by serving an un-met, or under-met need of local residents, particularly senior residents.
4. **Catalytic Development** which begins a development-pattern shift away from rural-residential.

In order to achieve the general goals listed above through partnership with the private sector, the City will offer the property for free to the selected project/developer. **Qualifications are due by 5 p.m. on October 30, 2020.** Please direct all questions to Mark Morgan at 541-567-5521 or mmorgan@hermiston.or.us.





The Opportunity

The City of Hermiston is offering up approximately 7+ acres of developable property to qualified interested developers who are willing to develop the land in a way which helps meet the community's needs and goals. This offer includes providing the land at 2025 NW 11th for free in exchange for negotiated development commitments.

Hermiston Region

Hermiston is the largest, and fastest growing, community in eastern Oregon, with 18,000 residents within the City of Hermiston, and approximately 40,000 people living within 10 miles of downtown Hermiston. The community's population has roughly doubled over the past 30 years thanks to growth from a number of various economic drivers in the agricultural, distribution/logistics, government services, power generation, and technology sectors

regionally. Despite continued population growth, the Hermiston area is still relatively rural, and therefore attracts many of its working professionals looking for a way to "return" to Eastern Oregon, while their parents, grandparents, and other family members still live several hundred miles away in the much more rural stretches of Eastern Oregon and Washington.



Because of Hermiston's location relative to regional economic growth, most of the residential development in the region has occurred here, which has further attracted substantial expansion and consolidation in healthcare, commercial, and government services in Hermiston. This residential growth has largely been in the form of families locating close to their jobs; which is why voters in

the Hermiston School District, in 2019, approved an \$82 million bond to expand student capacity at all grade levels, including construction of an additional 600 student elementary school.

Now, as the parents and family members of many of Hermiston's working professionals age in their homes in other rural parts of Eastern Oregon, the children are faced with the dilemma that they need to be close to their loved ones, but they can't afford to leave the job opportunities in Hermiston.

Investments in senior care assets in Hermiston can help bridge the gap in services for a huge swath of rural Oregon. Hermiston is home to Good Shepherd Health Care System, which continues to expand with the community, and now has more than 720 employees. GSHCS, and most of its affiliated service providers, are located less than a half mile from this proposed site. Hermiston also benefits greatly by being approximately 30-40 minutes south of the Tri-Cities, Washington, which has a regional population of more than 280,000, and is home to both Kadlec Medical Center and Trios Healthcare System. This proximity allows residents to obtain the majority of their medical services locally, and still be within accessible distance of additional specialty providers in the Tri-Cities. A regional VA Medical Center is also within relatively close proximity, in Walla Walla, Washington, approximately 1 hour away.



The Opportunity

Project Site

The project site at 2025 NW 11th Street is approximately 7 acres of residentially-zoned developable greenfield land overlooking the Umatilla River located within a Federally designated Opportunity Zone. Subject to negotiation with the selected developer(s), the site will be partitioned off of a larger 19 acre area, which the City of Hermiston purchased in 2005. The site being presented was separated because of its potential for development, while the remaining 12 acres includes existing floodplain along the Umatilla River, and an area for future wetland expansion for the City of Hermiston's stormwater management.

Aerial photos and videos of the site are available to review [here](#).

City of Hermiston Goals

The City of Hermiston has a number of goals which it hopes can be achieved through strategically offering this property for development. It is recognized that no single development is likely to fully meet each of these goals, but it is hoped that the resulting development will address each to varying degrees.



1. Economic Development: Creation of permanent (non-construction) jobs; particularly jobs in healthcare related fields.

2. Property Taxes: Development of the property in a way which maximizes the property's ability to generate local property taxes. For example, a simple sale which results in construction of a single home, and development of some horse-riding areas, is likely to generate relatively little property taxes.

3. Community Development: A development which creates ancillary community benefits in the form of serving an un-met, or under-met, need of those in the community, particularly the needs of the senior community and their families and caregivers.

4. Catalytic Development: Development of the property in a manner which aids in creating a transitional buffer between the City of Hermiston's Recycled Water Treatment Plant, and future development properties to the South. It is hoped that development of this property will inspire nearby properties to follow a similar development pattern, and lead to more dense infill development of this area within the Urban Growth Boundary long-term.



Property Details

Size: Approximately 7 acres.

Current Use: Vacant Land

Past Use: Greenfield. The property, as it is proposed to be partitioned off, has never been developed. The City acquired it as part of a larger 19 acre site in 2005. The purpose for acquisition was to pilot-test an option to mitigate temperature discharges in to the Umatilla River from the City's treated wastewater effluent by land-applying the water. The test of this took place on a portion of the original 19 acres which is being retained by the City, but several monitoring-wells were constructed on the site. Two tests of this option were conducted in 2006 before the option was abandoned, and the test site decommissioned.

In preparation to surplus these 7 acres, Anderson Perry & Associates conducted a Phase I Environmental inventory, and preliminary cultural resources inventory.

Improvements: The property is vacant. A single-family home located on a small portion of the property was demolished in 2015. There are two leftover monitoring wells still on the site associated with the City's 2006 infiltration testing. These can be removed, since testing has been abandoned since 2007.

Ownership: City of Hermiston, fee simple.

Zoning: Single Family Residential (R-1). "Nursing Home" is a permitted use in the R-1 zone through a CUP. Minimum lot-sizes in the R-1 zone are 8,000SF, with 40% building lot coverage, allowing for up to 3,200SF buildings on the minimum lot size. The Oregon Legislature adopted HB2001 in 2019, which allows duplexes to be located in R-1 zones.

Access: Access is from NW 11th Street.

Existing Utilities

Sewer: City of Hermiston sewer is available on-site. A gravity-fed main runs along the western edge of the property.

Water: City of Hermiston water is available on-site. An 8" public water main borders the property on the East, located in NW 11th.

Telecom: Several providers have infrastructure in NW 11th currently capable of providing 100MB upload and download speeds.

Electricity: Umatilla Electric Co-Operative.
Natural Gas: Cascade Natural Gas



Property Details

Stormwater: No stormwater utility. Stormwater must be addressed on-site. Natural infiltration will work well due to very sandy soils.

Physical Attributes

Topography: The western edge of the property forms a prominent terrace, overlooking the Umatilla River and protected farmland to the west. The site features a gentle slope to the NE, toward the natural "Hermiston Drain."

Flood Zone: Western portion of the existing property is located in a flood zone, which is why the City recommends partitioning that portion off, and retaining ownership. The western boundary of the proposed site follows a ridge overlooking the Umatilla River, which has a 100-year flood elevation of 422'MSL. The lowest portion of this elevated site is approximately 450'MSL.

Soils: Extensive soil drilling reports are available upon request. Across the 7.5 acre site, the stratigraphy is generally 15 to 20 feet of sand and gravel below ground surface, on top of 10 to 40 feet of claystone and mudstone, on top of weathered basalt approximately 35 to 40+ feet BGS.

Water Table: Extensive groundwater reports are available upon request. Groundwater around the site appears to be in general equilibrium with the level of the adjacent "Hermiston Drain," just north of the site, between 30 and 50 feet BGS at the proposed site.

Environmental: A Phase 1 Environmental Assessment was completed for the site in Summer, 2020. This Assessment is available upon request.

Cultural: A Cultural Resources Inventory was completed for the site in Summer, 2020, and is available for review upon request.

Purchase Details

As is Sale Property to be sold in "as is" condition, without representations or warranties by the seller as to the condition of the property.

Purchase Price: No set price for the site has been determined. The sale price will be dependent on a negotiation, which will in turn be determined by the proposed project, how well it supports the City's vision, market conditions, and the financial performance of the project. The final price could be as low as \$0.

Brokerage Fee: The City of Hermiston will not pay a brokerage or sales commission on the sale of any parcel.



Vision

The generalized aspirational goals of the City of Hermiston for this property are:

- Permanent job creation, particularly in the healthcare industry.
- Property tax generation.
- Filling an un-met need in the community, particularly for the senior population.
- Beginning a more urban development pattern in this part of Hermiston's Urban Growth Area

The City of Hermiston recognizes that these goals are very broad, and hopes that interested developers will bring forward a number of unique proposals which align with these goals. However, in order to generally quantify what might be possible at this site, and hopefully stimulate some more creative proposals, here are some very rough, highly conceptual visions of one way that a developer might maximize profits from this site, while meeting all of the goals identified.

Conceptual Vision “A”- Assisted Living with 28 on-site duplex rental units



Breakdown of Example Vision “A”

- 90,000 Square Foot 2-Story Assisted Living facility, with associated parking.
- 28 Duplex Rental Units located on 14 separate tax lots
- Business Model Vision: Under this potential development option, a single developer would subdivide the site in to 15 lots. The developer would construct a 90,000SF assisted living facility overlooking the Umatilla River, for clients who require a higher level of care. The developer would also construct 14 buildings approximately 3,200SF each, designed to be 28 duplex rental units with approximately 1,000SF of single-level living space, each; which would be owned and operated in conjunction with the assisted living facility to allow for a long-range transition in to higher levels of care.



Vision

Conceptual Vision “B” - 28 Lot Senior Duplex development with 56 rental units



Breakdown of Example Vision “B”

- 28 lot subdivision, allowing for 56 duplex rental units
- Business Model Vision: Under this potential development option, a developer would subdivide the area in to 28 lots. The developer would then construct approximately 3,200SF buildings on each, designed to be leased as 56 duplex living units with approximately 1,000SF of living space in each. This business model would entirely focus on transitional “at home” care.



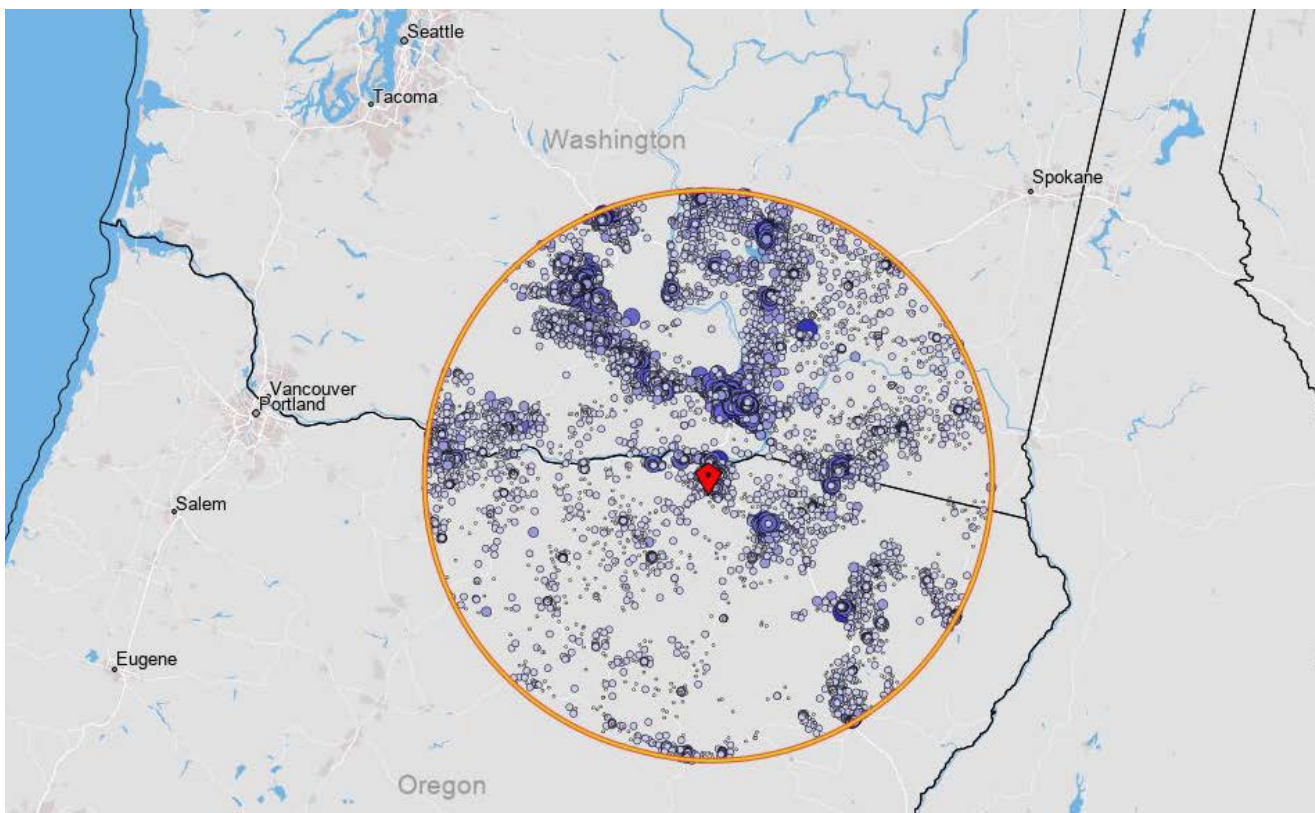
Why Hermiston?

Hermiston is an excellent opportunity for investment due to its proven history of strong and steady growth, combined with its long-range growth forecast, and relative economic stability created by its economic foundation in food production. This creates a unique opportunity for developments in the senior services industry because the local population features a mixture of working professionals who have returned to the area for job prospects and to be with family, as well as new workers who have located in Hermiston due to the area's growth.

Hermiston-Pendleton Micropolitan Region

Hermiston is the largest, and fastest growing, community of the Hermiston-Pendleton Micropolitan Region, and also sits at the geographic center of this area which encompasses both Umatilla and Morrow Counties in Oregon. For family members who have come to Hermiston from farther away, the US Census estimates that the population within a 100 mile radius of Hermiston is approximately 910,000.

100-Mile Radius Population: 910,000



1990	2000	2010	2019 (est.)
66,874	81,543	87,062	90,526

Source(s): U.S. Census, & Portland State University Population Research Center



Why Hermiston?

Growth Projection

The Population Research Center at Portland State University provides extensive population forecasting to the State of Oregon. PSU projects continued strong population growth of the Hermiston-Pendleton Micropolitan Region over its 25 year forecast horizon, with the bulk of that growth projected to occur in the immediate Hermiston vicinity.

“The majority of the forecasted increase occurs within the Hermiston UGB, as (its) population is expected to grow by over 5,800 people from 2019 to 2044.” (pg 22)

Hermiston-Pendleton Micropolitan Region Population Projection

2010	2019	2044	2069
87,062	90,526	102,503	114,012

Source(s): U.S. Census, & Portland State University Population Research Center

Growth Fuel

The Hermiston area's population growth is fueled almost entirely because of job growth. The region continues to see very large investments and job creation in food production/manufacturing, Cloud Computing, and energy production. This partly explains why Hermiston has such a low median age, at 31, compared to the United States as a whole which has a median age of nearly 38. Many of these young workers come here from areas across eastern Oregon which are seeing their median age climb close to, and in some cases exceed 50 years old.

Proximity to Regional Family

It is very difficult on families from rural stretches of eastern Oregon and Washington when an elderly family member needs to be close to family, but the members of the younger generation of the family have moved away in search of work. It is hard to expect someone in their 30's or 40's; their prime wealth-building years, to leave a lucrative job to move closer to their loved-one. Additionally, it is fairly common for eastern Oregon and Washington natives to move to any of the four large metropolitan areas in the Pacific Northwest (Seattle, Portland, Boise, and Spokane).

Hermiston's central location to all four Pacific Northwest population areas makes it ideal to accommodate elderly residents from the region who want to remain within legitimate driving distance of family who may be spread across Oregon, Washington and Idaho.



Evaluation Process

The process leading up to transfer and development of the property will occur in a two-part RFQ/RFP process. Interested parties are currently being asked to submit a Statement of Qualifications & Interest (SOQI) following the general criteria below. Subsequent to review of all SOQI, the most qualified submissions will be asked to develop a follow-up General Development Proposal (GDP), to more specifically detail-out their Project Vision from the SOQI.

Once review of the finalists' development proposals is complete, and a preferred development proposal is selected, the developer will enter in to a Memorandum of Understanding (MOU) with the City, which will outline the developer's intent to develop the proposal, and the City's intent to transfer the property to the developer.

In order for developers to finalize financing, and business agreements upon selection, it is anticipated that a final development and disposition agreement (DDA) will occur up to six months after an MOU is completed.

Statement of Qualifications & Interest (SOQI) Review Criteria

Criterion	Weighting
Completeness of submittal document	5 points
Quality and success of examples of previous projects <ul style="list-style-type: none"> • Prior experience in Public-Private Partnerships • Similar developments/land uses to those proposed • Successful completion and leasing/sale of development • Level of direct involvement by the proposer 	30 points
Quality of professional experience and background of the individual project team members <ul style="list-style-type: none"> • Education • Career History • Teaming History 	25 points
Project Vision <ul style="list-style-type: none"> • Vision for the site and consistency with the City's vision. • Permanent job creation • Long-range property tax generation • Community Development Need • Catalytic Development Intensity • Complements existing senior services 	30 points
Quality of reference comments <ul style="list-style-type: none"> • 2 Personal references • 2 Financial/Business references 	10 points
Total	100 points



Evaluation Process

Schedule

Upon receipt of SOQI's, the City will convene an evaluation committee to review the submittals. At a minimum, the selection committee will include the City Manager, Assistant City Manager, and other key staff. If time and distance allows, the City may also make site visits to projects referenced by the submitting entity. The most qualified submissions will be asked to further refine their Project Vision, and submit a development proposal.

Milestone	Date
RFQ_released	9/1/2020
Optional pre-submittal conference & tour(s) (choose one)	9/30 or 10/17
RFQ_Response Deadline	10/30/2020
RFP Finalists Notified	11/13/2020
Finalist Development Proposals Deadline	1/29/2021
Selection of Preferred Development Proposal	2/12/2021
Negotiation of MOU	March 2021
Completed DDA	Summer 2021

Developer Responsibilities

The selected developer will negotiate with the City to reach mutually agreeable terms for the sale and development of the subject property. It is envisioned that these terms will first be outlined in a memorandum of understanding (MOU) and then finalized in a development and disposition agreement (DDA).

Financial Background Review

Prior to finalization of the DDA, the selected developer will be required to provide detailed financial statements. Control of sensitive financial documents will be reviewed by an independent agent under attorney client privilege and will not be made public. Further, the selected developer must agree to an "Open Book" process in which the City can review ongoing financials and assure that there is no inappropriate windfall profit arising from public property.