

RESOLUTION NO. 2209

**A RESOLUTION ESTABLISHING AN ECONOMIC DEVELOPMENT INCENTIVE
PROGRAM RELATED TO ELECTRIC UTILITY FRANCHISE FEES**

WHEREAS, ORS 221.415 provides that the City of Hermiston (City) has the right to regulate the use of municipally owned rights of way and to impose charges upon suppliers of electrical energy for the use of such rights of way; and

WHEREAS, ORS 221.420 provides that the City may determine the terms and conditions, including payment of charges and fees, upon which a public utility or electric cooperative, may be permitted to occupy the streets, highways, or other public property with the city; and

WHEREAS, it is City policy that all electrical, gas, and telecommunications companies which operate within the city limits have Franchise Agreements with the City which establish charges and fees and outline how they are allowed to use the publicly owned rights of way to place their infrastructure; and

WHEREAS, the City wishes to maintain reasonable franchise fees and charges for all utility companies that are consistent to the use and value of the use of such rights of way and recognizes the fact that the economics of a utility's impact on the Right of Way don't scale equally to the amount of power a customer consumes; and

WHEREAS, a bulk-discount incentive which would eliminate the impact of raising rates, while still resulting in a net increase in franchise fees and stimulating job growth in the community would benefit the City; and

WHEREAS, the City recognizes that a temporary economic development incentive program that would benefit the City as a tool to stimulate job growth in the community. The program would allow very large power customers within the city to be reimbursed for all of the franchise fees and payments in lieu of taxes that they paid to their electric utility over \$750,000 in a calendar year per developed parcel. Large customers who operate on multiple developed parcels within the city would have an upper-end limit at \$1.5 million per year. Those amounts would be indexed annually with inflation beginning January 1, 2023. This policy would sunset 12/31/2029; at which point, future councils may choose to renew, amend, or allow the policy to sunset entirely.

NOW, THEREFORE, THE CITY OF HERMISTON RESOLVES AS FOLLOWS:

1. That an electric utility customer paying to a power provider a city franchise fee or payment in lieu of tax within a calendar year shall be eligible for a rebate of all franchise fees or payments in lieu of taxes paid over \$750,000.
2. That an electric utility customer paying to a power provider a city franchise fee or payment in lieu of taxes that operate on multiple developed parcels within the city

shall be eligible for a rebate of all franchise fees or payments in lieu of taxes paid over \$1,500,000.

3. That starting January 1, 2023 the base cap amounts of \$750,000 or \$1,500,000 will be adjusted annually with inflation until this program sunsets December 31, 2029.
4. That an eligible electric utility customer shall provide proof of payment of franchise fees and payments in lieu of taxes to the City to receive the rebate at the end of each eligible calendar year.
5. That pursuant to ORS 221.310(3), that this resolution is effective immediately upon its passage.

PASSED by the Common Council this 28th day of February, 2022.

SIGNED by the Mayor this 28th day of February, 2022.

Dr. David Drotzmann, MAYOR

ATTEST:

Lilly Alarcon-Strong, CMC, CITY RECORDER