

HERMISTON CITY COUNCIL

Regular Meeting

February 28, 2022

Mayor Drotzmann called the regular meeting to order at 7:00pm. Present were Councilors Myers, Peterson, Spicerkuhn, Barron, Duron, Davis, and Hardin. Councilor Primmer was excused. Also attending were Municipal Judge Creasing, as well as City staff to include: City Manager Byron Smith, Assistant City Manager Mark Morgan, City Attorney Richard Tovey, Chief Edmiston, Finance Director Mark Krawczyk, Planning Director Clinton Spencer, Parks and Recreation Director Brandon Artz, Hermiston Energy Services (HES) General Manager Nate Rivera, Court Administrator Jillian Viles, and Deputy City Recorder Heather La Beau. The meeting was streamed live on YouTube. The pledge of allegiance was given.

Presentation- Youth Advisory Council

Hermiston High School Government teacher Mr. Aaron Davis and students who will be participating in the Youth Advisory Council introduced themselves. Student representatives will attend various city committees and council meetings to offer their perspective.

Appreciation was expressed for Mr. Davis' leadership and for the opportunity to have student participation in the discussions and decision-making processes.

Citizen Input on Non-Agenda Items

None given.

Consent Agenda Items

Councilor Davis moved and Councilor Duron seconded to approve Consent Agenda items A-F, to include:

- A. HURA Annual Report
- B. Final Plat- Magid 1625 N First St 4N2803D TL 1314
- C. Confirmation to the Faith-Based Advisory Committee: Position #4, Chris Hankel, 3-year term ending 12/31/2024
- D. Committee Vacancy Announcements
- E. Minutes of the February 14th Work Session and Regular Meeting
- F. Minutes of the February 2 & 3 Goal Setting Meetings

Motion carried unanimously.

Public Hearing-Horizon Project Inc 4N2802BC TL 1400 – 80 NE Tracey Lane

There were no conflicts of interest declared and Planning Director Spencer read the hearing guidelines. Mayor Drotzmann opened the hearing at 7:16PM.

Planning Director Spencer presented the staff report. Annexation of 1.02 acres located east of N First St and north of E Theater Lane is proposed.

Testimony

Terri Silvis, CEO of Horizon Project Inc. 608 N Russell St Milton Free-Water- Ms. Silvis stated they propose to develop an integrated housing complex which would serve as affordable housing for working families as well as integrated supportive units for individuals with intellectual and developmental disabilities. This housing model has been successful in their experience in other locations.

Mayor Drotzmann closed the hearing at 7:21PM.

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

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moved and Councilor Hardin seconded to approve the imposed Conditions of Approval as presented in the agenda packet. Motion carried unanimously.

Ordinance No. 2337- Annexing 4N2802BC Tax Lot 1400, 1.02 Acres- 80 NE Tracey Lane

City Manager Smith stated the Ordinance was discussed earlier in the meeting during the Public Hearing.

Mayor Drotzmann requested that the first reading be by title only. Hearing no opposition, City Attorney Richard Tovey 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 Richard Tovey read the ordinance by title only, Councilor Spicerkuhn moved and Councilor Barron seconded that Ordinance No. 2337 be adopted and become effective 30-days after adoption by the City Council. Motion carried unanimously.

Resolution No. 2209- Economic Development Incentive Program

Assistant City Manager Morgan presented information (PowerPoint presentation attached) regarding rebating electricity franchise fees and payment in lieu of taxes to extremely large power users who purchase beyond a certain threshold of power within the City in any given year. The dollar amount of the thresholds proposed in the resolution are set to index annually with inflation. The policy as proposed is scheduled to sunset at the end of calendar year 2029.

After some discussion, Councilor Davis moved and Councilor Hardin seconded to adopt Resolution No. 2209 and lay upon the record. Motion carried unanimously.

Resolution No. 2210- Enterprise Zone Expansion

Assistant City Manager Morgan presented information (PowerPoint presentation attached) regarding expanding the Greater Hermiston Enterprise Zone. This resolution will expand the area where Greater Hermiston Enterprise Zone exemptions can be requested. The zone was last expanded in 2017. Umatilla County will also have to approve and the Port of Umatilla will have to consent to the expansion.

After some discussion, Councilor Davis moved and Councilor Duron seconded to adopt Resolution No. 2210 and lay upon the record. Motion carried unanimously.

January 2022 Financial Report

Councilor Myers moved and Councilor Barron seconded to accept the January 2022 Financial Report as presented by Finance Director Mark Krawczyk. Motion carried unanimously.

Committee Reports

Hispanic Advisory Committee- Councilor Barron stated the February HAC meeting included presentations from Apprenticeship Programs and Job Opportunities, Latino Service Opportunities, and Community Counseling Solutions (CCS). County Commissioner Dorran was in attendance and commended CCS for their recent community work with the vehicle pile-up on Interstate 84 and the Shearer's fire.

Stepping Stones (not a City Committee)- Councilor Spicerkuhn stated the Board continues to work on the permanent homeless shelter, including developing its policies. The warming shelter will be closing for the season in March.

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Mayor's Report

Mayor Drotzmann spoke regarding:

- Well-wishes for those affected by the conflict with Ukraine and Russia
- The Distinguished Citizens Award Banquet is March 2 at the Community Center
- Mask Policy updates
- Thankful for legislators working toward improvements in the State
- LOC Board Meeting & upcoming Spring Conference in Hermiston
- Appreciation to the Fire Department, Police Department, and neighboring agencies who worked on the Shearer's Foods fire. Also thankful for the city administration's efforts in helping those affected.

Council Reports

Councilor Duron thanked city administration for reaching out to have conversations with Shearer's Foods and Highland Manor Apartments. February 15 was National School Resource Officer Appreciation Day and she wished to express appreciation to the Police Department and the work the Resource Officers have done and continue to do.

Councilor Spicerkuhn encouraged those interested to attend the Oregon East Symphony concert on March 13th at 2:30 at the Hermiston High School auditorium. There are a limited number of free tickets available at several local businesses.

Councilor Barron acknowledged the Youth Advisory Council.

City Manager's Report

City Manager Smith spoke regarding:

- SHIP Ribbon Cutting Ceremony March 4th
- HB 2143 Homeless pilot projects funding is moving forward
- Contact initiated with Sage DeLong, regional staff member for Congressman Bentz

Adjourn

Mayor Drotzmann adjourned the meeting at 8:23PM as there was no other business.

SIGNED:

Dr. David Drotzmann, Mayor

ATTEST:

Heather La Beau, Deputy City Recorder



BULK POWER INCENTIVE

City Council 2/28/2022



What is Resolution 2209?

- Economic Development Incentive
- Rebates Electrical Franchise Fees & Payments in-lieu of Taxes to very large power users beyond a certain threshold.



What are Franchise Fees?

- Fees for the use of Public ROW
- All Electric, Gas, Telecom utilities pay



Use of Right of Way





Current FF/PILT Costs

- Power FF/PILT: 7% of “Gross Revenue”
- Customer’s Bill: \$100
- Utility sends \$7 to City quarterly





What is Resolution 2209?





Resolution 2209

- Electric Customer Pays Utility Normally.
- Utility remits 7% FF/PILT to City as Normal
- City receives 7% FF/PILT as Normal





Resolution 2209

- Customer shows \$750K+ Paid to utility in FF/PILT for previous calendar year.
- City rebates amount equal to FF/PILT paid over \$750K for the previous year.





Resolution 2209

- Temporary: Sunsets 12/31/2029
- Scalable: \$750K/\$1.5M Indexed Annually





Scale & Impacts

- No current customers pay more than \$70K/yr
- City-wide Power FF & PILT 2021: \$950,000
 - 5,500+ accounts
- Adding \$750K increases Revenue 79%





Who Qualifies

- Annual Power Purchases: \$10.7M+
- All HES Customers 2021: \$9.4M





What's the Value?

- Customer Purchases \$10M
 - 7% FF/PILT: \$700,000
 - Amount Reimbursed: \$0
- Customer Purchases \$15M
 - 7% FF & PILT: \$1,050,000
 - Amount Reimbursed: \$300,00
 - Effective Rate: $(\$750K / \$15M) = 5\%$





History of FF/PILT

- 2017: Council raised FF/PILT 5% → 7%
 - Margin dedicated to streets maintenance
- Concern about economic development
- Agreeance that Bulk-Discount Policy like Res. 2209 could accommodate.





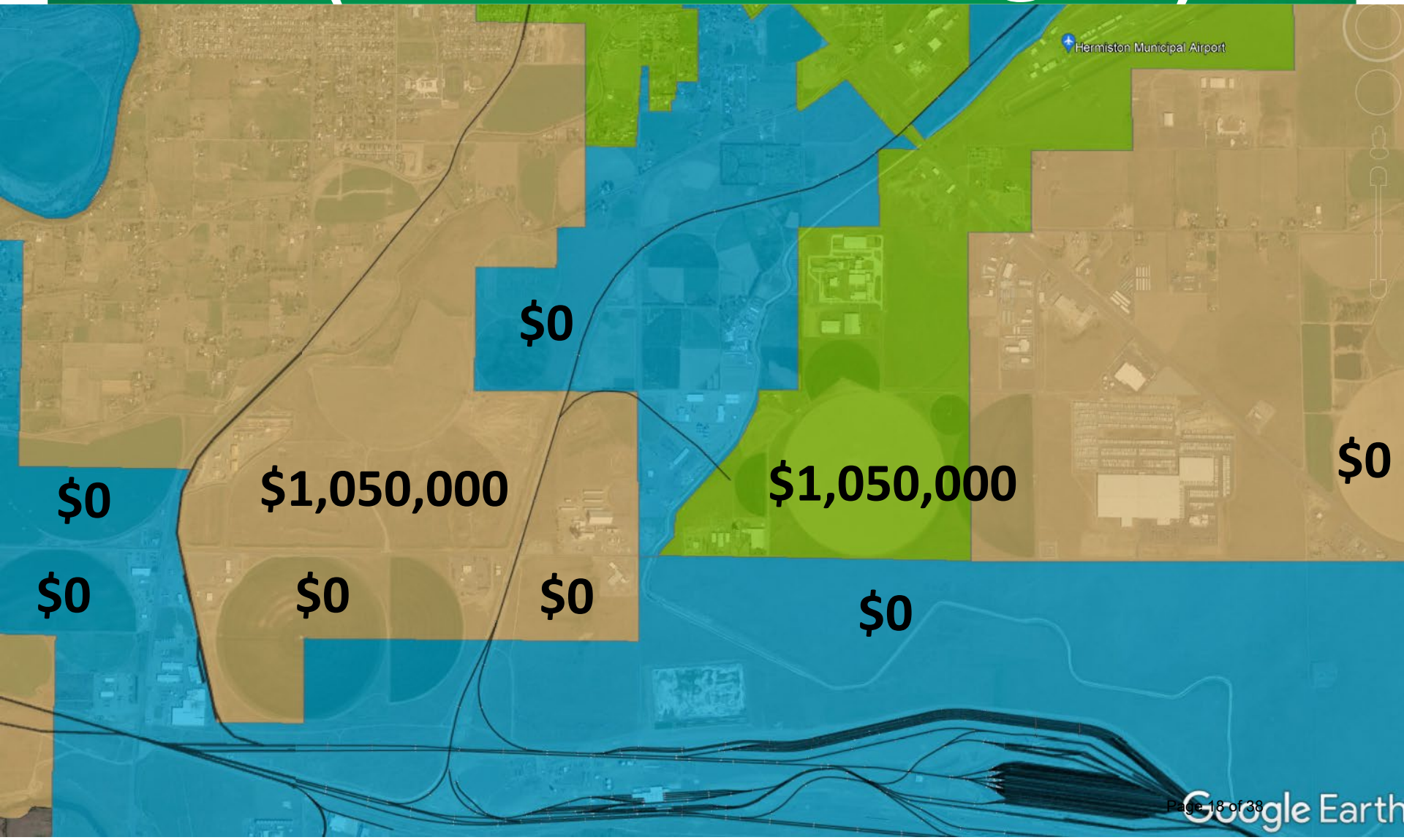
Why Important?

- Gross Power Costs: Major Siting Decision
- UEC = ~30% Lower Cost than PP&L
- 7% Franchise Fee shrinks margin to 23%
 - Land Cost differential
 - Other Utility Access
 - Etc.





\$15M Power Purchased - (Franchise Fees Paid @ 7%)



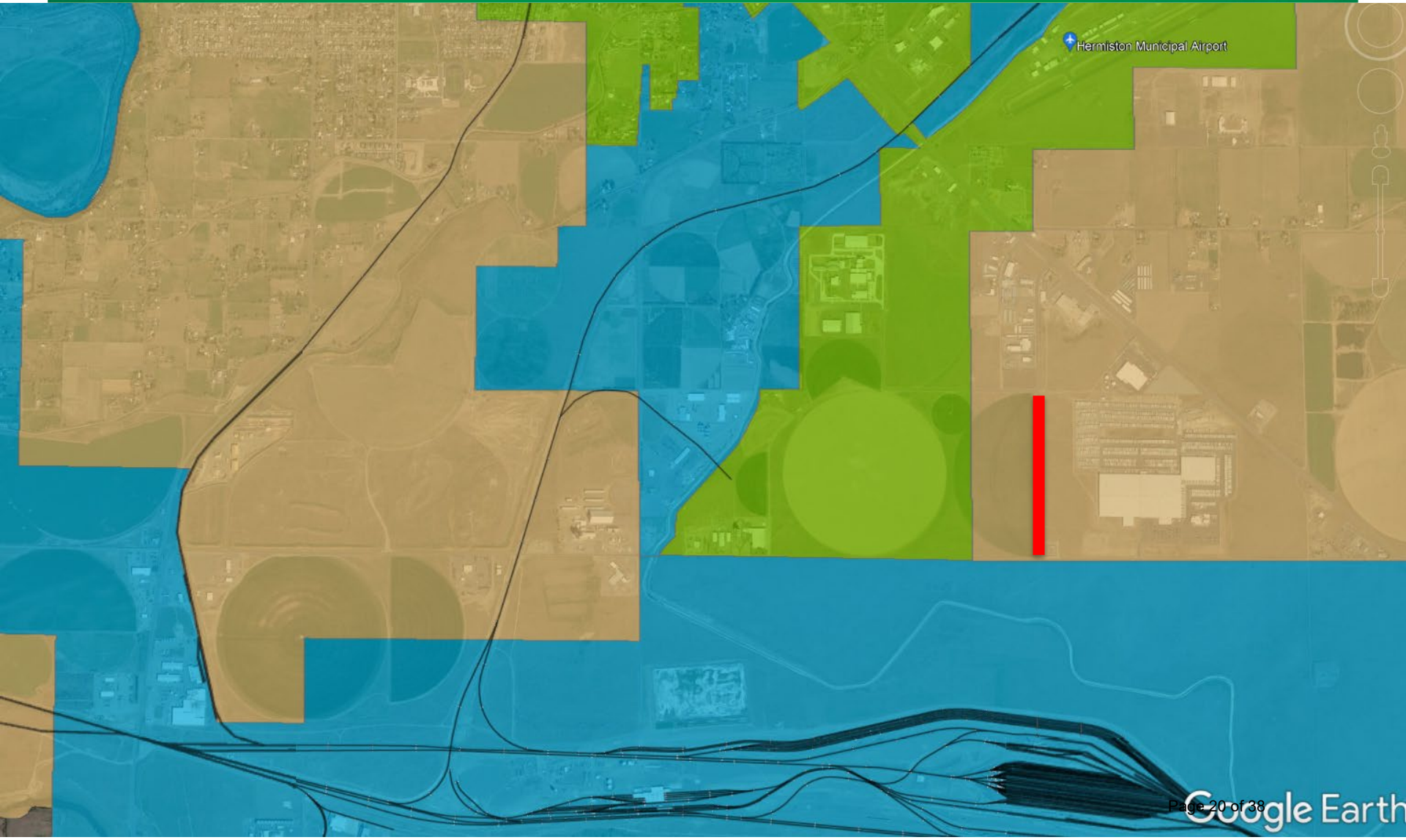


Use of Right of Way





ROW Use Doesn't Scale





Regional Cooperation

- City of Umatilla: Citywide Cap @ \$1.5M
 - Two existing large power consumers within city
 - Third user brings cap to <\$500K each
 - Sunsets 12/31/2029





Resolution 2209

- Rebate FF/PILT Over \$750k/yr
 - \$15M Power = Effective rate 5%
- Cap at \$1.5m/yr one company
- Indexes with inflation
- Sunsets 12/31/2029
 - Bargaining Power w/City of Umatilla





Financial Impact

- None- Until Development Meets Threshold
- FY '21 Power FF/PILT: \$950,000
- New Eligible Customer: \$750,000
- FF/PILT Revenue Increase: 79%





Questions?

Where Life is Sweet™



EZONE EXPANSION

City Council 2/28/2022



What is Resolution 2210?

- Economic Development Incentive
- Expands Area where “Enterprise Zone Exemptions” can be requested.
- Does not approve any exemptions.



What is Enterprise Zone Benefit?

- Many Forms
 - Triggers & Thresholds for Different
- Basic Premise
 - Property Tax Exemption
 - Stimulate Job Creation & Private Investment





Greater Hermiston EZone

- Since 2009
 - \$379 Million New & Planned Investment
 - \$87 Million added to Tax Rolls
 - \$1.5 Million Annual new revenue to
 - City
 - County
 - School
 - UCFD1
 - Etc.





Greater Hermiston EZone

- Since 2009
 - 509 New Full-Time Jobs
 - \$19M Annual New Payroll



Recent Expansions- 2017

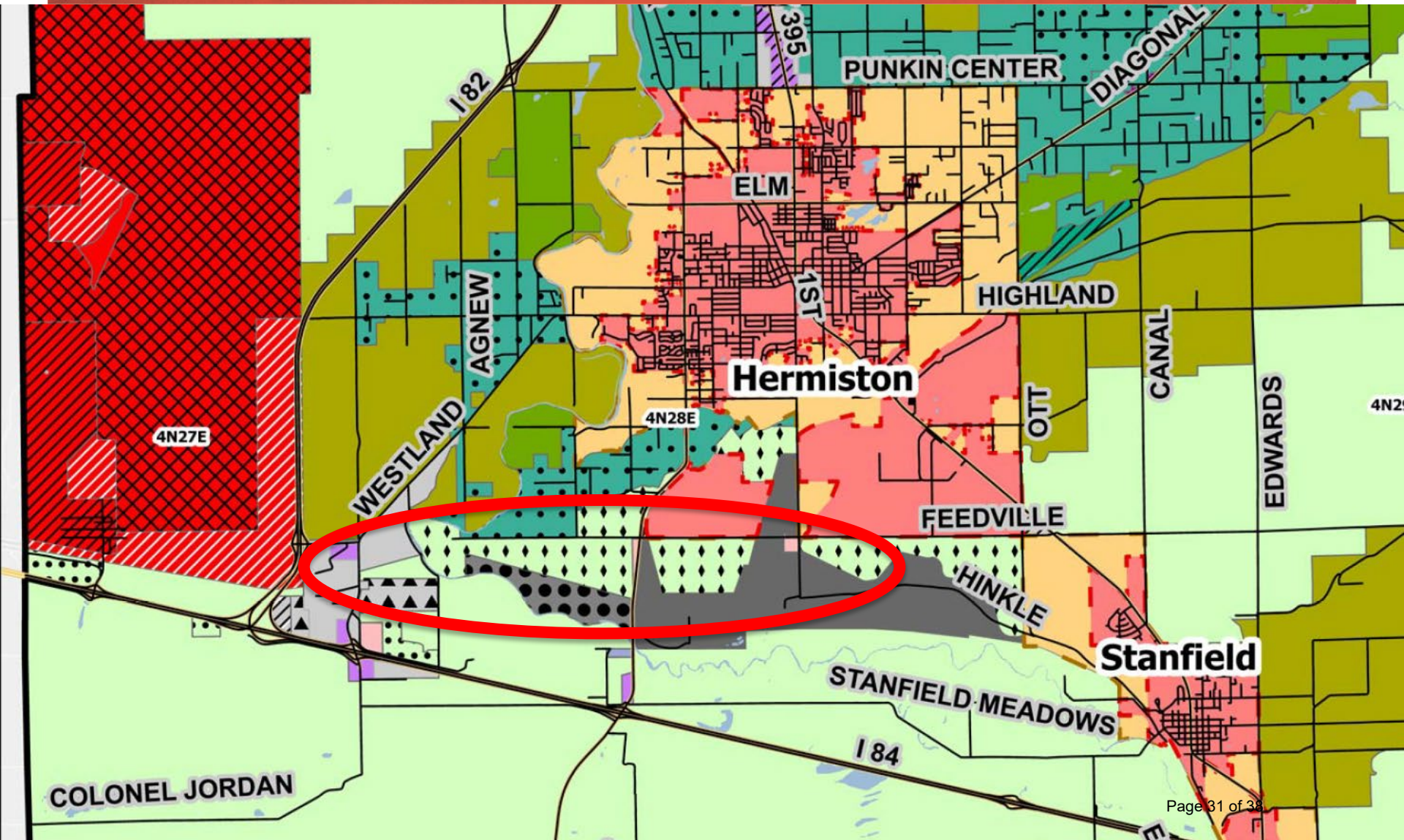
square miles within the Hermiston UGB and 14 acres at the Shearer's site on Highway 207. The red area represents 0.86 square miles proposed for inclusion in the enterprise zone.

Legend

- Proposed Expansion Area - 0.86 Square Miles
- Hermiston Enterprise Zone - 8 Square Miles

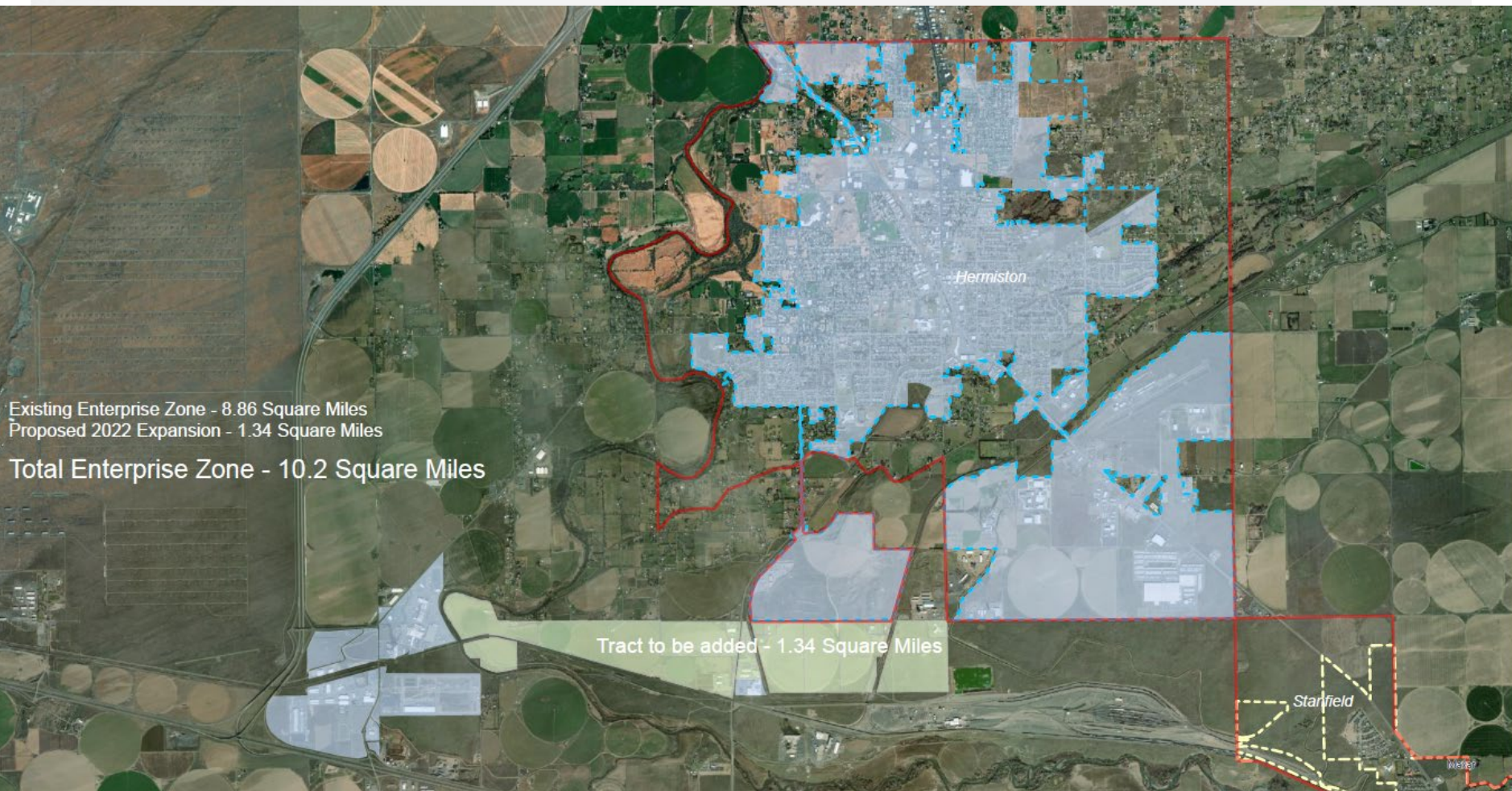


West County Zoning



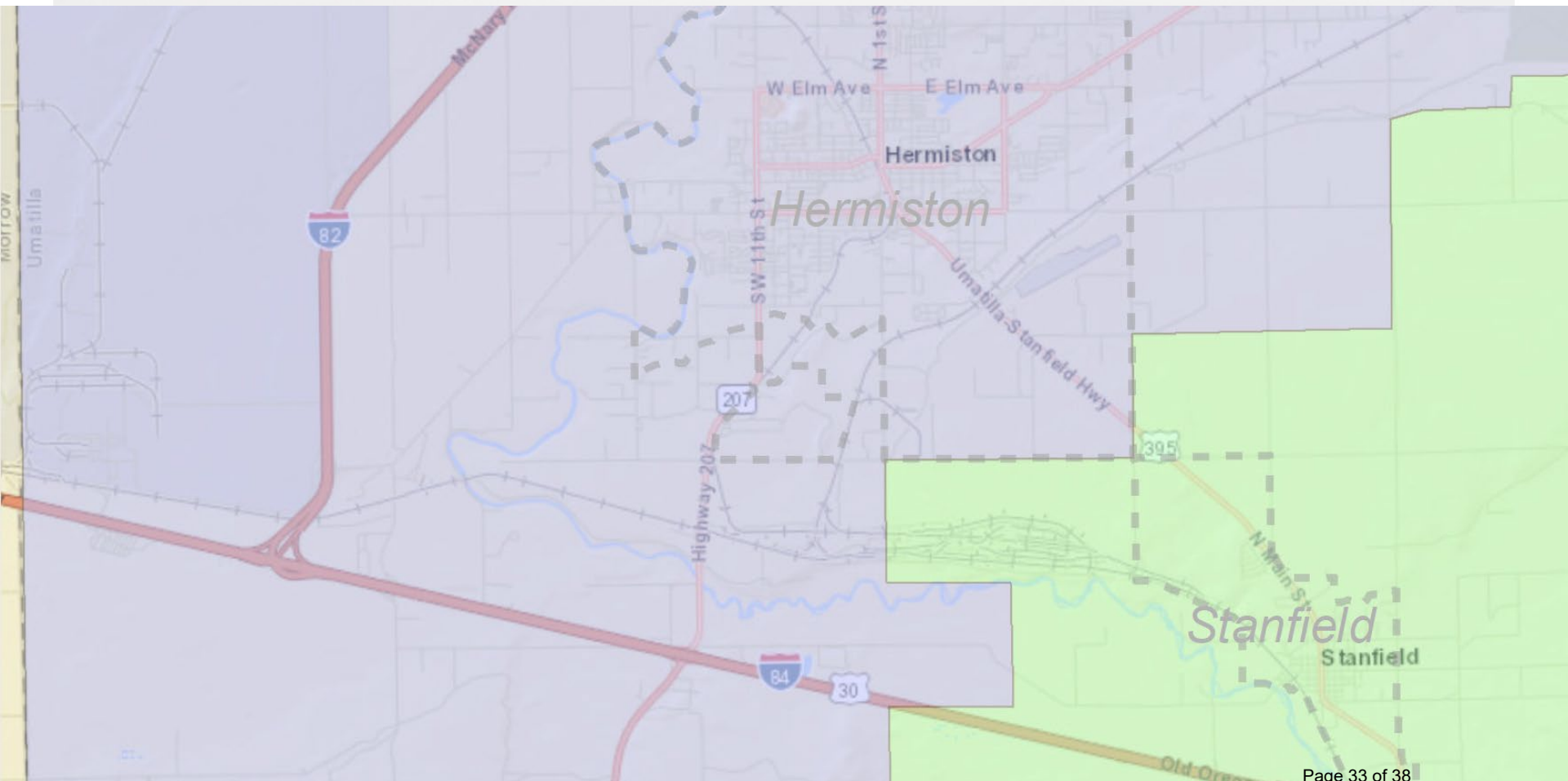


Proposed Expansion - Zoning Consistency



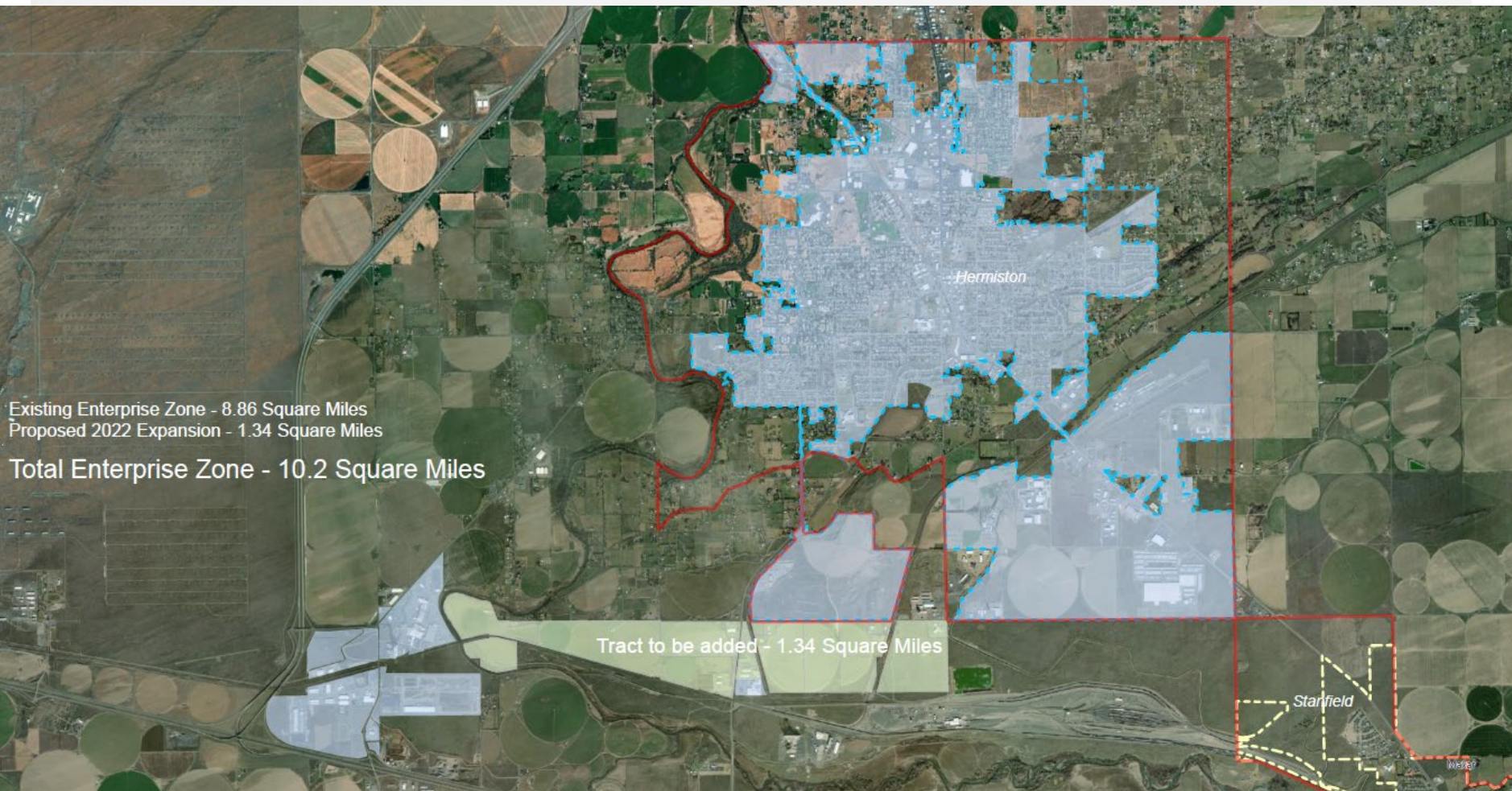


Proposed Expansion -Service Area Clarity



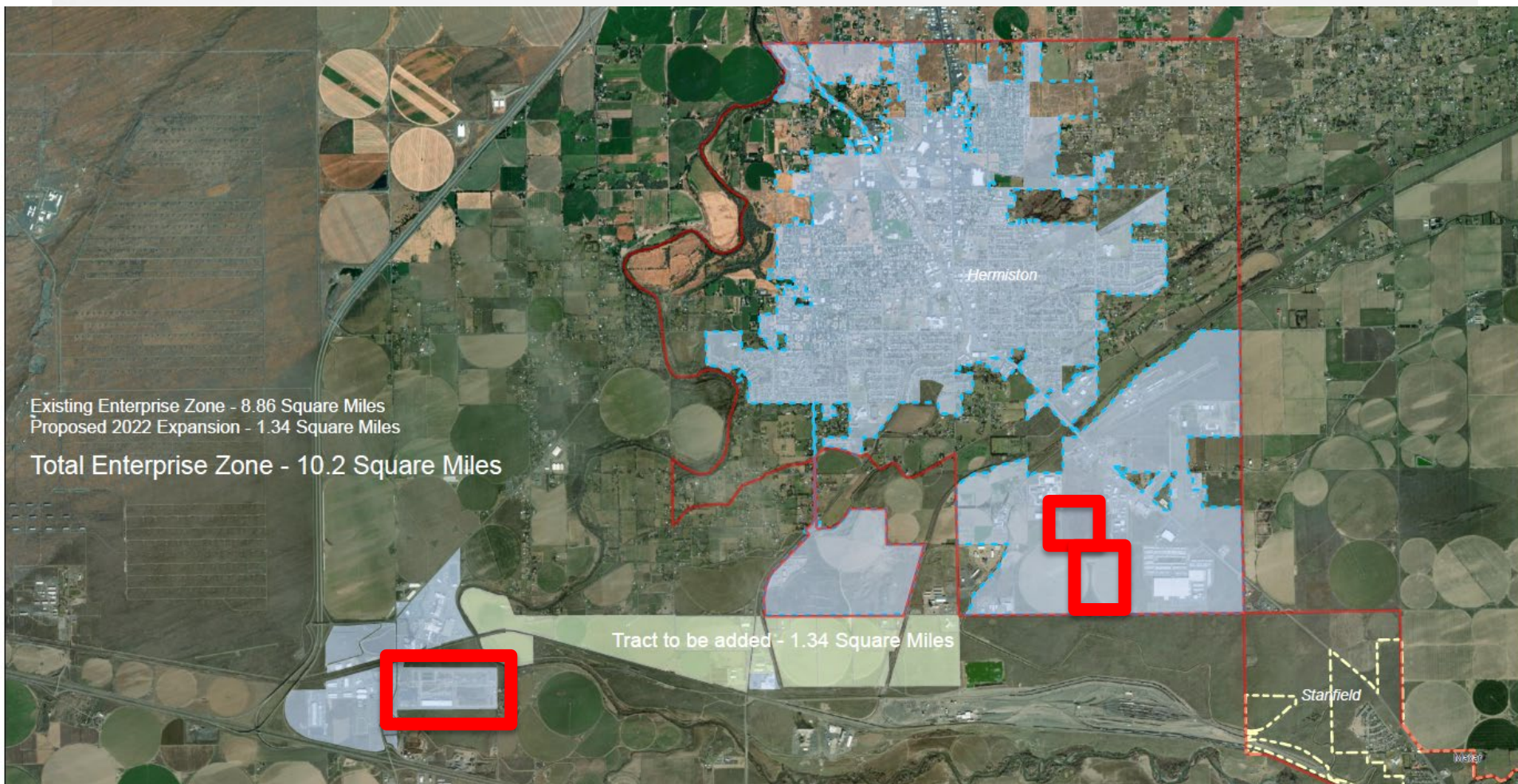


Proposed Expansion -Developability





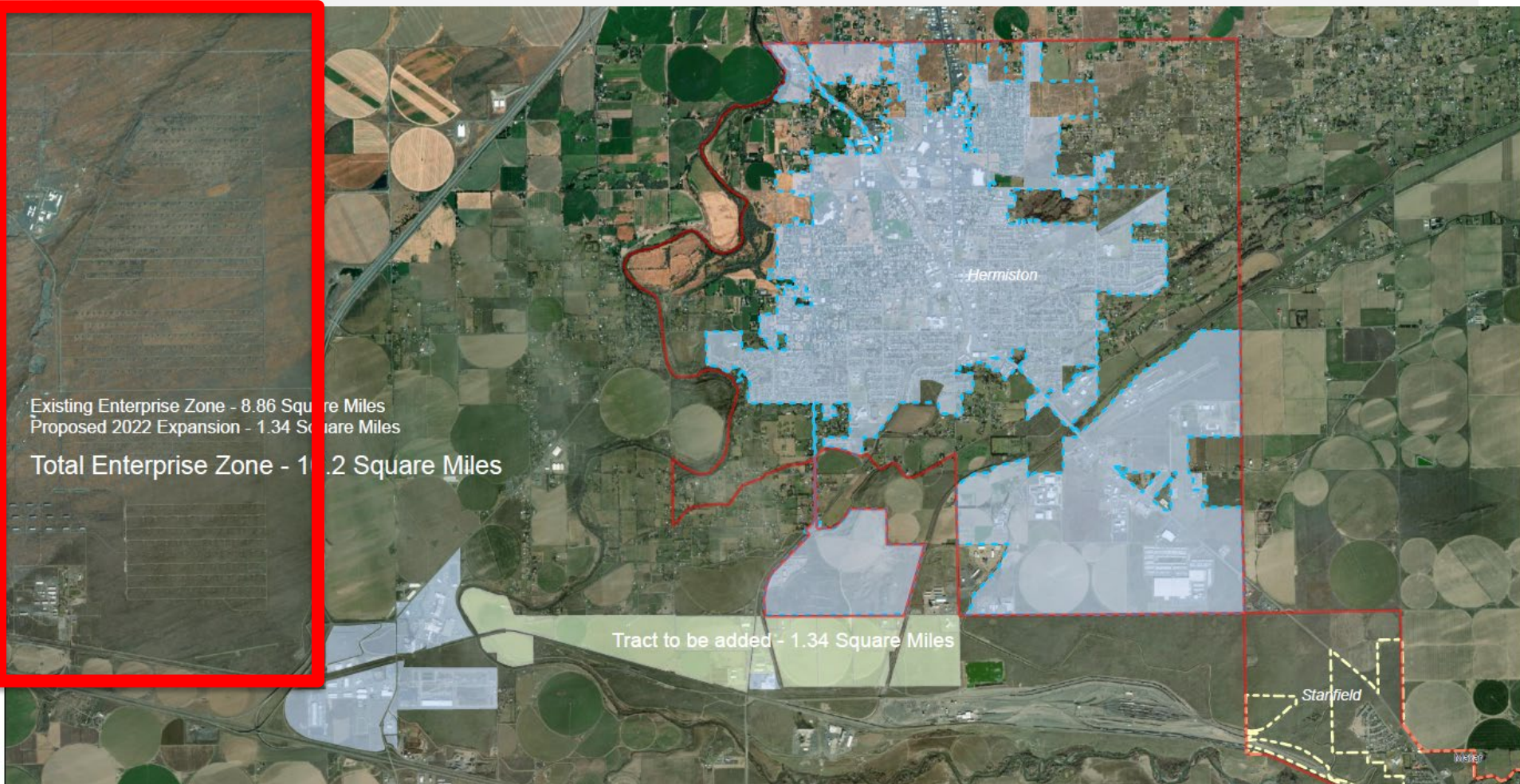
Proposed Expansion -Replacing Capacity





Proposed Expansion

-Wrestle the closest aligator





Process

- Notices sent: January 27, 2022
- City Council: Tonight
- Umatilla County Commissioners: Wednesday
- Port of Umatilla: March 8





Questions?

Where Life is Sweet™