



CITY COUNCIL & URBAN RENEWAL AGENCY

Budget Committee Meeting Minutes
May 14, 2026

City of Hermiston Budget Committee Meeting

Mayor Doug Primmer opened the meeting of the Budget Committee to consider the proposed budget for the 2026-2027 fiscal year at 5:33pm. Present were Budget Committee members: Rod Hardin, Lori Davis, Brian Misner, David Hanson, Paul Wolverton, Randall Gerard, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy. John Douglass was excused.

City Staff present included: City Manager Byron Smith, Assistant City Manager Mark Morgan (exited at 6:05PM and returned at 6:16PM), Chief Jason Edmiston, Finance Director Ignacio Palacios, Parks and Recreation Director Brandon Artz, IT Director Jordan Standley, Planning Director Clint Spencer, City Attorney Richard Tovey, Library Director Mark Rose, Deputy City Recorder/Planner Heather La Beau, Hermiston Energy Services General Manager Nate Rivera, HR Manager Crystal Inners, Senior Financial Analyst Tasha Harrell, and Court Administrator Jillian Viles.

Mayor Primmer stated the committee must elect a chair and secretary. David Hanson moved and Lori Davis seconded the nomination of Brian Misner as Chair. Motion carried unanimously with Doug Primmer, Rod Hardin, Lori Davis, Brian Misner, David Hanson, Paul Wolverton, Randall Gerard, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy all voting in favor. Josh Roberts moved and Lori Davis seconded to nominate Paul Wolverton as secretary. Motion carried unanimously with Doug Primmer, Rod Hardin, Lori Davis, Brian Misner, David Hanson, Paul Wolverton, Randall Gerard, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy all voting in favor.

Budget Presentation

Budget Officer Byron Smith began the City of Hermiston's FY 2026-27 Proposed Budget (PowerPoint attached) by reviewing the current fiscal year standing and projects accomplished, overview of the FY 26-27 budget and a look at the Enterprise Zone Funds and the General Fund.

Projects accomplished include:

- Library remodel
- Public Safety Center remodel
- Data Center buildings (impacting Enterprise Zone Fund)
- Aquifer Storage & Recovery (ASR) well
- EOTEC North RV Park under construction
- EOTEC South RV Park out for bid

The current fiscal year's budget General Fund is doing well on the revenue side with most all revenue sources exceeding the budgeted amounts.

Budget Officer Smith thanked the Finance Department, specifically Finance Director Ignacio Palacios and Senior Financial Analyst Tasha Harrell, Department Heads, and budget committee members for their help



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in reviewing the budget. The FY2026-27 budget has been prepared in accordance with the State of Oregon budget law and best practices established by the Government Finance Officers Association. It has also been developed on the foundation of the city's adopted financial policies.

Below are a few assumptions that affect our budget:

- 2.16% PERS rates change
- Property & Liability insurance increased ~4%
- Health insurance rates will increase in 2027 by ~27%
- 3.0% cost of living adjustment (COLA) for all City employees
- Proposed Longevity Pay/401a Plan

Discussion

The FY2026-27 all-funds budget of \$123,137,736 is 4% less than the previous year. The major reasons for this decrease in the overall budget are from the creation of a Building Department Fund and the completion of Capital Projects. Staffing changes include adding 2.75 positions and funding the frozen positions in Library and Parks and Recreation.

Information Technology (IT) Fund

The department currently has 7 employees with one additional employee proposed if additional customers or hours are added. Currently the number of existing employees is adequate to meet demands of the existing contract hours.

Street Fund

Proposed projects include the Geer/Harper Construction and the SE 10th St bridge/culvert. There was unused funding from the grant received for the N First PI project that the state has allowed to be used for the Geer/Harper realignment, which will fund a large portion of this project.

Utility Fund

Recycled Water-The Capital Projects for this budget year include cooling discharge for AWS, rebuilding Lift #7, Evelyn Ave gravity sewer replacement, and Recycled Water Treatment Plant Chlorination to UV treatment. To meet the deadlines of the state permit the UV treatment project is moving forward without receiving outside grant funding.

Water- The Capital Projects include an expansion of the Regional Water System, W Orchard Ave water main replacement, Well #6 chlorination, Well #4 controls, and View Drive booster station upgrades. The Orchard Ave project began this fiscal year. The Regional Water System expansion will be paid for by AWS.

Hermiston Energy Services- Work continues on the construction work plan that eliminates older wire and some underground work. Drought conditions may possibly cause Bonneville Power Administration to impose overcharges in the fall or at the first of the year. This may cause rate increases.



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Building Inspections Fund

A large amount of money is held in reserve for future expenses as building department funds can only be spent on building department expenses. A commercial electrical inspector has recently been hired after almost a two-year search. This will reduce operational costs.

Eastern Oregon Trade and Event Center (EOTEC) Fund

The RV Park construction continues and is a large portion of the budget. Discussions are ongoing regarding the marketing of the center.

Hermiston Enterprise Zone Fund

This budget includes the second year of AWS payments, for only one AWS campus. The fund also receives payments from Lamb Weston. Expenses included paying for debt incurred on building civic projects and payments to the Parks & Recreation reserves. External payments are made to all of the special districts that levee taxes in the zone.

General Fund

General fund revenues and expenditures are estimated to be \$23,065,700 for the fiscal year 2027. This is basically the same as the previous fiscal year. This is due to several factors including:

- Library and Parks & Rec staff positions returning
- Police Department fully staffed
- Increased franchise fees
- Enterprise Zone funds
- Traffic fines staying strong
- City Manager/Legal department full year of safety/risk management position
- Planning department completing Transportation System Plan update
- Reduction in cost for taxi contract
- Gas sales at airport down due to Life Flight moving to hospital
- Rentals & programs from Parks & Rec increasing
- Court budget decrease due to elimination of misdemeanor prosecution

Public Comment

Krista Van Veen 764 W Alder Ave- Ms. Van Veen questioned the current employee turnover rate, average employee tenure, and time open positions remain open as it appears some of the expenses in the budget appear to be there to ward off high turnover. Also asked was considering drought overcharges, are additional funds available in the budget to combat additional fires?

Budget Officer Smith replied it is more about warding off high turnover as other employers in the area entice city staff to leave. Approximately half the current employees would be eligible for longevity pay if it were available. Positions generally remain open for about 3–4-week average advertising period. The



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fire department operates as its own special district. The city does not charge the district for water used during fire fighting operations.

Tax Levy & Budget Approval

Upon further discussion and answering budget committee questions, Lori Davis moved and Allen Hayward seconded to approve the rate per thousand of \$6.0860 for general fund operations. Motion carried unanimously with Doug Primmer, Rod Hardin, Lori Davis, Brian Misner, David Hanson, Paul Wolverton, Randall Gerard, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy all voting in favor. Allen Hayward moved and Lori Davis seconded to approve the FY 2026-27 proposed budget. Motion carried unanimously with Doug Primmer, Rod Hardin, Lori Davis, Brian Misner, David Hanson, Paul Wolverton, Randall Gerard, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy all voting in favor.

Adjourn City of Hermiston Budget Committee Meeting and Convene the Urban Renewal Agency Budget Meeting- There was no other business and Chair Misner adjourned the City of Hermiston Budget Committee meeting at 6:41pm and announced the Hermiston Urban Renewal Agency Budget Committee meeting would convene after a short recess.

Hermiston Urban Renewal Agency Budget Committee Meeting

Chair Doug Primmer opened the meeting of the HURA Budget Committee to consider the proposed budget for the 2026-2027 fiscal year at 6:49pm. Present were Budget Committee members: Rod Hardin, Lori Davis, Brian Misner, David Hanson, Paul Wolverton, Randall Gerard, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy. John Douglass was excused.

City Staff present included: City Manager Byron Smith, Assistant City Manager Mark Morgan, Chief Edmiston, Finance Director Ignacio Palacios, Parks and Recreation Director Brandon Artz, IT Director Jordan Standley, Planning Director Clint Spencer, City Attorney Richard Tovey, Library Director Mark Rose, Deputy City Recorder/Planner Heather La Beau, Hermiston Energy Services General Manager Nate Rivera, HR Specialist Crystal Inners, and Senior Financial Analyst Tasha Harrell, and Court Administrator Jillian Viles.

Chair Doug Primmer stated the committee must elect a chair and secretary. David McCarthy moved and Allen Hayward seconded the nomination of Brian Misner as Chair. Motion carried unanimously with Doug Primmer, Rod Hardin, Lori Davis, Brian Misner, David Hanson, Paul Wolverton, Randall Gerard, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy all voting in favor. Doug Primmer moved and David McCarthy seconded to nominate Paul Wolverton as secretary. Motion carried unanimously with Doug Primmer, Rod Hardin, Lori Davis, Brian Misner, David Hanson, Paul Wolverton, Randall Gerard, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy all voting in favor.



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Budget Presentation

Urban Renewal Manager Clint Spencer presented the HURA budget message and information (PowerPoint presentation attached) stating the proposed Hermiston Urban Renewal Agency (HURA) Budget for the 2026-27 Fiscal Year is \$6,482,100 and includes three urban renewal areas.

Revenues for urban renewal agencies are based on tax-increment financing (TIF). TIF freezes the assessed value of an urban renewal area on the date it is established and diverts future property tax revenues over and above that frozen base into the urban renewal agency to pay for improvement projects.

North Hermiston Urban Renewal Area (NURA)

The North Urban Renewal Area is the youngest area and has the largest budget this year, with \$5,815,000. The only project for this district is construction of NE Aspen Drive to extend westward from NE 4th St to N First St. Bidding for this project is expected to be the Winter of 2026.

Downtown Hermiston Renewal District

The Downtown area's \$621,000 budget includes debt service for loans on Festival Street construction and façade grant startup funds, façade grants, downtown landscaping, and contingency savings.

Southwest Hermiston Urban Renewal Area SHURA

The Southwest Hermiston Urban Renewal Area was established for a residential project that is no longer being pursued. No projects or expenses are currently proposed. The \$2,100 budget is to accommodate the increase in assessed value.

Hermiston Urban Renewal Area (HURA) General Fund

The Urban Renewal Agency General Fund covers administrative overhead for the three districts and has a budget of \$44,000. An update to the 2013 Downtown Urban Renewal Plan is proposed. The major capital projects planned have been completed and an update will consider new projects for the remaining 8 years of the downtown district. A consultant would be used to engage the downtown businesses to help determine proposed projects for the plan update.

Public Comment

None given.

Budget Approval

After questions and discussion of the proposed budget, Allen Hayward moved and David McCarthy seconded to approve the FY 2026-27 proposed HURA budget. Motion carried unanimously with Doug Primmer, Rod Hardin, Lori Davis, Brian Misner, David Hanson, Paul Wolverton, Randall Gerard, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy all voting in favor.



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Adjourn Hermiston Urban Renewal Agency Budget Committee Meeting

The Committee thanked staff for their work on the budget and committee members for their participation. There was no further business and Chair Misner adjourned the Urban Renewal Agency meeting at 7:05pm.



APPROVED: _____

Brian Misner, Budget Chair

ATTEST: _____

Paul Wolverton, Budget Secretary



Agenda

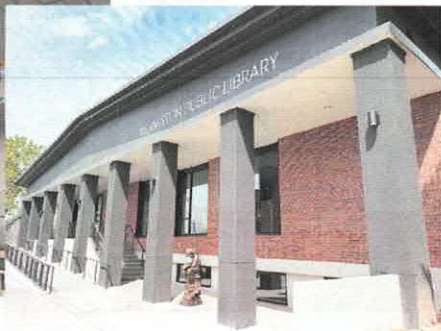
- Recap of 2025-26
- Budget Introduction
- Budget Overview
- Enterprise Funds
- General Fund
- Discussion/Questions



FY2025-26 Recap



Library



FY2025-26 Recap



Public Safety Center



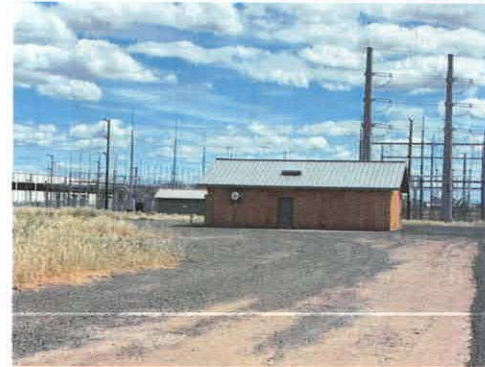
FY2025-26 Recap



AWS Development



FY2025-26 Recap



ASR Project



FY2025-26 Recap



Horizon Park



FY2025-26 Recap



RV Park at EOTEC



FY2025-26 Recap – General Fund

- As of 4/30/26 (83%)
 - **When compared to budget, revenues are meeting expectation at ~80.0%**
 - Property Taxes – 103% of budget
 - UEC Franchise Fees – over budget \$585,000
 - Business Licenses – Over 150% of budget
 - Fines (traffic) – 93% of budget
 - **Expenses are at 80% of budget**
 - Two departments over YTD % of budget



FY2025-26 Recap – Other Funds

- Enterprise Zone Fund
 - **First annual payments from AWS and out to all special districts**
- Utility Fund
 - **Revenue – 69% of budget**
 - **Expenses – 70% of budget**



FY2025-26 Recap – Capital Projects

- Library – Completed Fall 2025
- Public Safety Center – Completed Spring 2026
- EOTEC RV Park Construction underway



Budget Introduction



- Thank You Finance Department (Palacios, Harrell, etc.) for putting this document together.
- Thank you to the Department Heads for their efforts to put together thoughtful budgets.
- Thank You for being here to review the proposed budget.



Budget Introduction

- We will be using the labeled tabs in the physical document.
- We will also be using page numbers which are in the bottom right position.



Budget Introduction

- City of Hermiston is a conglomerate.
 - **Overarching company with very diverse lines of business**
 - Police Department
 - Library
 - Wastewater Department
 - **Berkshire-Hathaway is a prominent private sector example**
 - Dairy Queen
 - BNSF

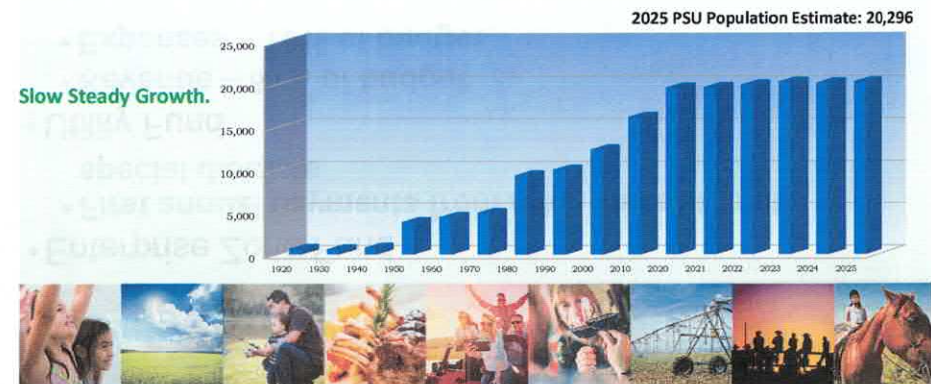


Budget Introduction

- Quick Review on a City Budget vs. Home Budget.
 - **We use funds and each fund has different characteristics related to its sources of revenue and types of expenses.**
 - For Example, the Utility Fund is composed 100% of water/sewer utility rate revenue and expenses.
 - Reserve Fund = Savings Accounts and Project Accounts
 - Fund accounting makes our budget seem larger
 - **The State of Oregon has a strict local budgeting law, and the city works within those parameters.**



Budget Overview





Budget Overview

Hermiston Assessed Value
In millions \$\$\$

- Slow and Steady Growth
- 12% this year
- Averaging 4.7% annual increases



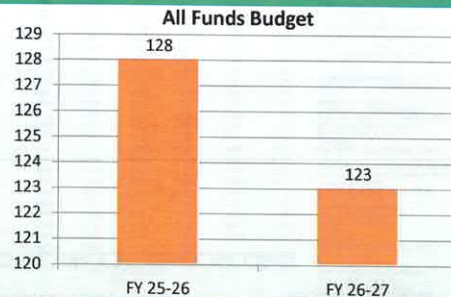
Budget Overview

- Overall Good Local Economy
 - Buildings Operational on Second Amazon Campus in the City
 - Ground broken on 250+ unit market rate apartment complex
 - Over 100 housing unit permits in 2025



Budget Overview

- All funds budget down 4%.
 - Building Fund Creation Completed
 - Capital Project Completion



Budget Overview

Basic Assumptions

- Based on Vision, Values and Goals
- Contains a 3.0% wage increase for all employees
- Contains 2.16% PERS rates changes
- Property and Liability insurance increased ~4%
- Health insurance rates will increase 1/1/27 by ~27%
- Costs for Longevity Pay/401a Plan



SCHEDULE B.07/01/2025

Range Number

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POSITIONS GROUPED BY SALARY RANGE NUMBERS

3,126 - 3,126 - 3,126 - 3,126 - 3,126

Part Facility Team Member

2,772 - 2,772 - 2,772 - 2,772 - 2,772

General Clerk

Library Assistant

Water Meter Technician

4,028 - 4,028 - 4,028 - 4,028 - 4,028

Municipal Service Worker I

Senior Library Assistant

Recycled Water Utility Worker I

Water Utility Worker I

4,538 - 4,538 - 4,538 - 4,538 - 4,538

Court Clerk

Librarian I

Recreation Coordinator

Senior General Clerk

Water Utility Worker I.A.

4,772 - 4,772 - 4,772 - 4,772 - 4,772

Code Enforcement

Environmental Water Quality Compliance Specialist

Recreation Coordinator/Activity Manager

4,882 - 4,882 - 4,882 - 4,882 - 4,882

Librarian II

Municipal Service Worker II

Recycled Water Utility Worker II

Recreation Coordinator/Aquatics Center Manager

Technology Support Specialist

Water Utility Worker II

5,098 - 5,098 - 5,098 - 5,098 - 5,098

Water Utility Worker II.A.

5,782 - 5,782 - 5,782 - 5,782 - 5,782

Planning/Building Admin. Assistant

Assistant City Planner/Deputy City Planner

Mechanical/Municipal Worker I

Recycled Water Operator/Lab Manager

Water Utility Worker III

Customer Service Representative

Water Utility Worker III

5,882 - 5,882 - 5,882 - 5,882 - 5,882

Water Utility Worker III.A.

5,982 - 5,982 - 5,982 - 5,982 - 5,982

Water Utility Worker III.A.

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Water Utility Worker III.A.

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Water Utility Worker III.A.

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Water Utility Worker III.A.

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Water Utility Worker III.A.

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Water Utility Worker III.A.

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Water Utility Worker III.A.

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Range	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
30	3,125	3,144	3,177	3,215	3,253	3,291
31	3,291	3,310	3,343	3,381	3,419	3,457
32	3,457	3,476	3,509	3,547	3,585	3,623
33	3,623	3,642	3,675	3,713	3,751	3,789
34	3,789	3,808	3,841	3,879	3,917	3,955
35	3,955	3,974	4,007	4,045	4,083	4,121
36	4,121	4,140	4,173	4,211	4,249	4,287
37	4,287	4,306	4,339	4,377	4,415	4,453
38	4,453	4,472	4,505	4,543	4,581	4,619
39	4,619	4,638	4,671	4,709	4,747	4,785
40	4,785	4,804	4,837	4,875	4,913	4,951
41	4,951	4,970	5,003	5,041	5,079	5,117
42	5,117	5,136	5,169	5,207	5,245	5,283
43	5,283	5,302	5,335	5,373	5,411	5,449
44	5,449	5,468	5,501	5,539	5,577	5,615
45	5,615	5,634	5,667	5,705	5,743	5,781
46	5,781	5,800	5,833	5,871	5,909	5,947
47	5,947	5,966	5,999	6,037	6,075	6,113
48	6,113	6,132	6,165	6,203	6,241	6,279
49	6,279	6,298	6,331	6,369	6,407	6,445
50	6,445	6,464	6,497	6,535	6,573	6,611
51	6,611	6,630	6,663	6,701	6,739	6,777
52	6,777	6,796	6,829	6,867	6,905	6,943
53	6,943	6,962	6,995	7,033	7,071	7,109
54	7,109	7,128	7,161	7,199	7,237	7,275
55	7,275	7,294	7,327	7,365	7,403	7,441
56	7,441	7,460	7,493	7,531	7,569	7,607
57	7,607	7,626	7,659	7,697	7,735	7,773
58	7,773	7,792	7,825	7,863	7,901	7,939
59	7,939	7,958	7,991	8,029	8,067	8,105
60	8,105	8,124	8,157	8,195	8,233	8,271



Budget Overview-Staffing Changes

- Proposed Staffing Changes
 - Funding the frozen positions in Library and Parks and Rec
 - Adding a ¾ time records clerk position in Admin
 - Adding a position in each Water and Recycled Water



IT Fund – Pg. 103

- Operational Budget
 - \$1.7 million
 - \$1.2 million from customers
 - \$280,000 from City of Hermiston
 - 7 employees currently
 - One additional employee proposed if additional customers sign-on



Street Fund – pg. 67

- Operational Budget
 - \$2.9 million
- Large Projects Planned - pg. 116
 - Geer/Harper Construction-\$1.7 million
 - SE 10th Culvert-\$500,000



Utility Fund – Recycled Water – pg. 78

- Operational Budget
 - \$9.7 million
- Page 125 – Capital Projects
 - Cooling Discharge for AWS - \$5.5 million
 - Lift #7 Rebuild - \$950,000
 - Evelyn Gravity Sewer Replacement-\$350,000
 - RWTP Chlorination to UV-\$1,500,000



Utility Fund – Water – pg. 81

- Operational Budget
 - \$10.1 million
- Page 122 – Capital Projects
 - AWS System Expansion (RWS) - \$3.0 million
 - Orchard Main Replacement - \$1.7 million
 - Well #6 Chlorination - \$700,000
 - Well #4 Controls - \$530,000
 - View Drive Booster Upgrade-\$1,020,000



Hermiston Energy Services – pg. 86

- Operational Budget
 - \$13.9 million
- Continuing Construction Work Plan
- Drought Conditions



Building Inspections – pg. 96

- Operational Budget
 - \$6.1 million
 - \$4.1 million in reserve for future expense
 - Working to fill Specialized Positions



EOTEC – pg. 99

- Total Budget – \$6.6 million
 - \$1.1 million Operations
 - \$5.5 million RV Park Construction



Hermiston Enterprise Zone – pg. 139

- Second year of AWS EZ payments
 - Only single campus
- Revenue
 - From Lamb Weston
 - From AWS



Hermiston Enterprise Zone – pg. 139

- First-time for ongoing EZ within City Limits
- Expenses
 - Internal Funds
 - City Hall
 - Civic Projects
 - NE Water Tower
 - Parks Reserve



Hermiston Enterprise Zone – pg. 139

- External Payments
 - Umatilla County
 - UCFD#1
 - Stanfield School District
 - Hermiston School District
 - Blue Mountain Community College
 - Intermountain Educational Service District
 - Port of Umatilla
 - Umatilla/Morrow Radio Data District

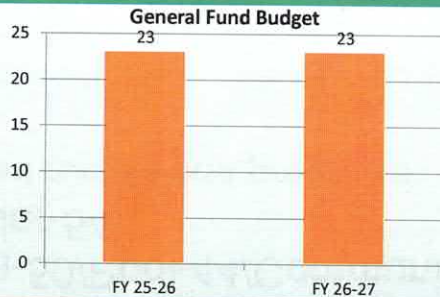




General Fund- Pg. 25

• Compared to FY26

- Basically the same (\$35,887)



General Fund

• Why the Same?

- Returning the Library/Parks and Rec Staff
- Full staffing of the PD



General Fund

• Revenues

- Increased Franchise Fees from UEC
- 2nd Year of in lieu of Tax Revenue from EZ Fund
- Traffic Fines staying strong



General Fund

• City Manager/Legal – pg. 33

- Full year of safety/risk management position
- Computer replacements





General Fund

- Planning – pg. 34
 - **Completing Transportation System Plan (TSP) Development**



General Fund

- Transportation – pg. 37
 - **Reduction in cost for taxi contract**
- Airport – pg. 38
 - **Life Flight moving operations to Good Shepherd**



General Fund

- Parks-40/Recreation-50/Pool-44/Community Center-52/Harkenrider-54
 - **Anticipating increased rentals and programs**



General Fund

- Library – pg. 48
 - **Fully returned to prior staffing levels**
 - **Full year in renovated space**





General Fund

- Court – pg. 59
 - **\$275,000 decrease due to elimination of misdemeanor prosecution**



General Fund

- Police – pg. 63
 - **Anticipate fully staffed year**



DISCUSSION!

QUESTIONS?

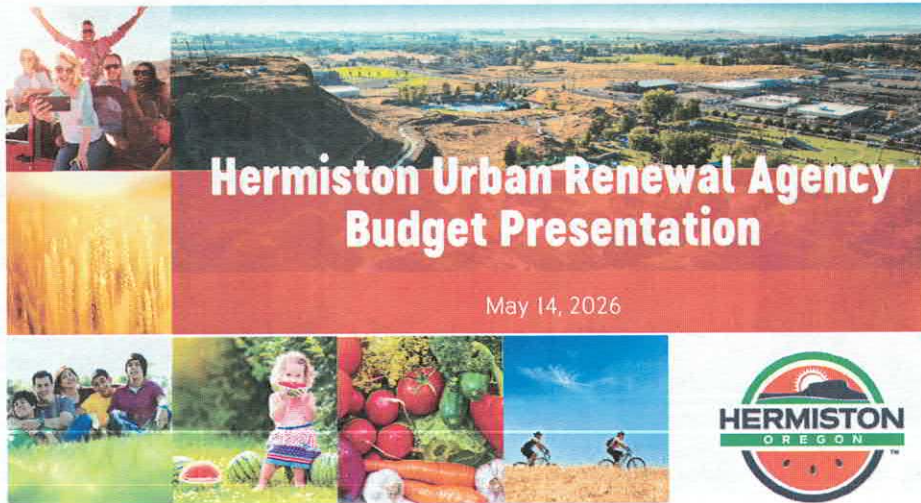
Thank You!

Where Life is Sweet™

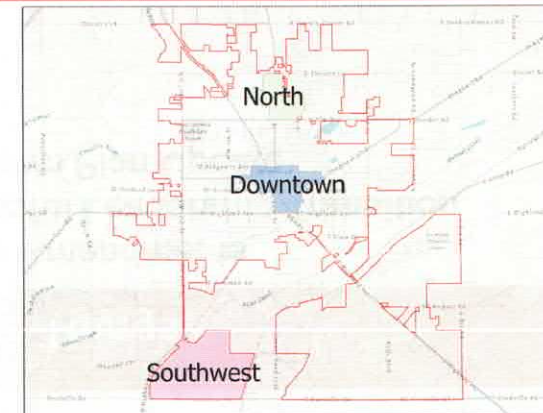
Top Three Things

- **Charter Amendments**
- **Successful Leadership Transition**
- **Downtown Plan Update**





Urban Renewal Areas

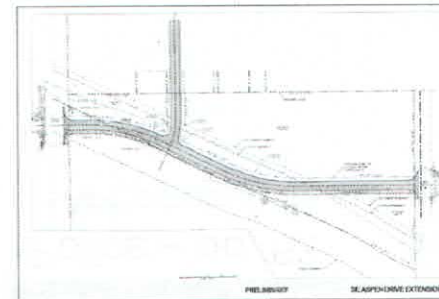


Urban Renewal Agency

- Manages three areas
- Operates through tax-increment financing
- Total budget of \$6,482,100 for all three areas



Urban Renewal Agency



- The North area is budgeted for \$5,815,000 for the construction of NE Aspen Ave construction
- Street right-of-way was accepted by city in May of 2026.
- City engineers are adjusting design to satisfy Bureau of Reclamation
- Bidding in winter 2026

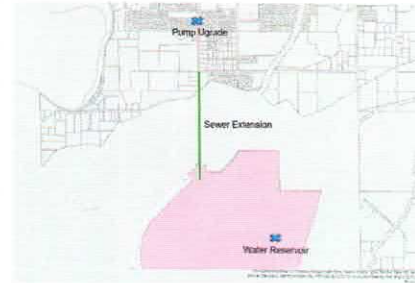


Urban Renewal Agency

- The Downtown area is budgeted for \$621,000
- \$102,000 is budgeted for debt service covering loans for Festival Street and SE 2nd Street construction as well as the initial façade grant seed loan from the city
- \$60,000 continues in the façade grant budget
- \$3,000 is allocated for downtown landscaping and flowers
- \$449,800 is in contingency to build savings for future projects



Urban Renewal Agency



- The Southwest area has a \$2,100 budget
- No development has occurred but a small increase in assessed value is generating approximately \$1,000 in tax revenue
- Developer has decided not to pursue the residential project
- If a new residential project is proposed the infrastructure design work will recommence
- If a different user appears, such as an industrial project, district will terminate



Urban Renewal Agency

- The general fund is budgeted for \$44,000
- \$40,000 is proposed for work on revamping the Downtown urban renewal plan to reflect completed projects and consider new projects
- Budget document reflects transfers out of general fund to each district
- \$1,000 is reserved for legal publications for reporting compliance

