



CITY COUNCIL & URBAN RENEWAL AGENCY

Budget Committee Meeting Minutes
May 15, 2025

City of Hermiston Budget Committee Meeting

Mayor Doug Primmer opened the meeting of the Budget Committee to consider the proposed budget for the 2025-2026 fiscal year at 5:30pm. Present were Budget Committee members: Anton Wanous, Jason McAndrew, Rod Hardin, Lori Davis, Brian Misner, David Hanson, John Douglass, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy. Ed Brookshier and Paul Magaña were 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, EOTEC General Manager Al Davis, Deputy City Recorder/Planner Heather La Beau, Hermiston Energy Services General Manager Nate Rivera, HR Specialist Crystal Inners, and City Recorder Lilly Alarcon-Strong.

Mayor Primmer stated the committee must elect a chair and secretary. Jackie Myers moved and Lori Davis seconded the nomination of Brian Misner as Chair. Motion carried unanimously. Lori Davis moved and David McCarthy seconded to nominate Anton Wanous as secretary. Motion carried unanimously.

Budget Presentation

Budget Officer Byron Smith began the presentation (PowerPoint attached) of the City of Hermiston's FY 2025-26 Proposed Budget by thanking city staff and committee members for their efforts and time. Specifically Finance Director Ignacio Palacios and Senior Financial Analyst Tasha Harrell in putting the document together, department heads for being thoughtful putting together the budget proposals, and citizen members of the Budget Committee for their willingness to give up time and serve our community.

Introduction

The FY2025-26 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. We continue to work to make the budget and the budget process more transparent and easier to understand.

In January 2025, the City Council and City staff held a goal setting session during which goals for FY2025-26 and into the future were established. These goals were considered as this budget was assembled.

Below are a few big picture items that affect our budget:

- PERS contribution rates increased 2.16%.
- Property and liability insurance increased approximately 5%.
- Health insurance rates will increase by almost 9%.



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Discussion

The FY2025-26 all-funds budget is \$128,076,639 which is approximately \$11.8 million (10.1%) larger than the FY2024-25 budget. The major reason for this increase in the overall budget is the addition of the EOTEC RV Project (\$8 million). The rest of the increase comes from the creation of a Building Department Fund. Although it isn't truly any additional cost or revenue, the quirks of fund accounting cause a one-time increase in the overall budget.

The FY2025-26 budget includes a 3.0% cost of living adjustment (COLA) for all City employees. I will now walk through the major funds in the budget and provide highlights about each one.

General Fund

The general fund is the location for funding some of the most basic operations of the City. It is also the location for funding many quality-of-life services. These facts make it a very diverse fund including police, finance, planning, library and parks and recreation. All these services have a role in a safe, sustainable, and livable community.

General fund revenues and expenditures are estimated to be \$23,029,813 for the fiscal year 2026. This is a \$3.0 million increase or 15%. Approximately \$2.7 million (13% of the 15%) of that is from transferring the assets accumulated by the building department to the new building fund. This transfer is required by state law.

There are a few changes to the personnel housed in the general fund. They are as follows:

- An additional Lieutenant position in the Police Department is proposed to assist in the Patrol division as the additional requirements of department accreditation.
- Due to our continued growth and the growth in safety regulations, we are proposing the addition of a safety/risk management position. Our workers' compensation insurance rates continue to rise because we need to dedicate more time to safety education and follow-up. The cost of this position will be shared 50/50 with the Utility and Street Funds.
- We are also proposing to add back some additional staff (0.6 FTE) to the Library as they anticipate reopening the full library in FY2025-26.
- We are also proposing to add additional part-time staffing hours to the Harkenrider center budget in conjunction with higher usage of the newly added usable basement space.
- Finally, the additional workload of the utility billing and solid waste franchise management has brought us to the point of requesting an additional position in the Finance Department that will be 90% funded by the Utility Fund.

Utility Fund

This fund will be sharing the costs with the Street Fund a CIP-related position to assist in managing the growing number of infrastructure projects in both funds. They will also be sharing in the costs of the



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safety/risk management position and the Finance Department position. These two departments will continue to work on CIP projects to maintain and improve our water infrastructure.

Street Fund

As discussed above, this fund will be paying for a portion of the CIP related position and the safety/risk related position. From a project standpoint the Geer and Harper intersection project will be the focus for the street department.

Hermiston Energy Services (HES) Fund

The HES budget presented implements the council approved rate adjustments and the related capital maintenance projects.

Building Inspections Fund

This fund is new for FY2025-26. This fund provides for residential and commercial inspections and permitting through inspections, consulting, and code interpretation. There are no major budget changes proposed. Due to the increased revenue received by the City in the Building Inspections area, staff felt it was necessary to separate this fund to be more transparent in our compliance with the applicable state law.

Transient Room Tax (TRT) Fund

Revenues in the TRT have continued to be strong and steady.

Regional Water Fund (RWS)

This fund sees most activity in construction related to the various projects including the Aquifer Storage and Recovery project in partnership with Amazon Web Services (AWS).

Enterprise Zone Project Fund

This year will be the first year for regular annual revenues and expenditures to happen in this fund due to the certificate of occupancy for buildings on the AWS PDX 138 campus. This occurrence will mean annual payments in lieu of taxes and regular payments to various other taxing districts including Umatilla County Fire District #1.

Eastern Oregon Trade and Event Center (EOTEC) Fund

This fund has a massive increase due to the construction of an RV Park in partnership with AWS. We are working hard to tighten up the operational budget of EOTEC as it continues to build a solid audience.

Information Technology (IT) Fund

This fund continues to be balanced and building a small reserve. In the prior budget (FY2024-25) a position was approved. Due to efficiencies and other factors, that position was never added. We have proposed keeping the additional position but holding it vacant until additional contracts are added that



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will require additional staffing. I would like to thank all of city staff especially Ignacio Palacios and Tasha Harrell for the work they did to complete the budget. Lastly, I would like to thank the City Council and the citizen members of the Budget Committee for your willingness to give your time and serve our community. It is an honor to work with professional and skilled City employees and dedicated community volunteers to present the FY2025-26 budget.

Public Comment

None given.

Tax Levy & Budget Approval

Upon further discussion and answering budget committee questions, Doug Primmer moved Lori Davis seconded to approve the rate per thousand of \$6.0860 for general fund operations. Motion carried unanimously. David McCarthy moved and Maria Duron seconded to approve the bonded debt at \$32,000. Motion carried unanimously. Jackie Linton moved and Rod Hardin seconded to approve the FY 2025-26 proposed budget. Motion carried unanimously.

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 6:58pm and announced the Hermiston Urban Renewal Agency Budget Committee meeting would convene immediately.

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 2025-2026 fiscal year at 6:58pm. Present were Budget Committee members: Anton Wanous, Jason McAndrew, Rod Hardin, Lori Davis, Brian Misner, David Hanson, John Douglass, Allen Hayward, Jackie Myers, Maria Duron, Joshua Roberts, Roy Barron, Jackie Linton, Jeff Kelso, and David McCarthy. Ed Brookshier and Paul Magaña were 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, EOTEC General Manager Al Davis, Deputy City Recorder/Planner Heather La Beau, Hermiston Energy Services General Manager Nate Rivera, HR Specialist Crystal Inners, and City Recorder Lilly Alarcon-Strong.

Chair Doug Primmer stated the committee must elect a chair and secretary. Doug Primmer moved and Anton Wanous seconded the nomination of Brian Misner as Chair. Motion carried unanimously. David McCarthy moved and Joshua Roberts seconded to nominate Anton Wanous as secretary. Motion carried unanimously.



CITY COUNCIL & URBAN RENEWAL AGENCY

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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 2025-26 Fiscal Year is \$5,857,000.

The 2025-26 Fiscal Year will be active for HURA. FY 2025-26 will be the first full-year of operation for the North Urban Renewal Area and construction of the NE Aspen Drive extension will be a priority project. These public road improvements will improve safety and circulation on the busiest road segment in Hermiston, N First St (Highway 395) between Elm Ave and Theater Lane. The Hermiston Urban Renewal Agency will continue to administer the Downtown URA (Downtown), the Southwest Hermiston URA (SHURA), and the North Hermiston URA (NURA).

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.

The frozen base for each urban renewal area, current assessed value, and growth is detailed in the table below. Since this is the second year for NURA and no development has occurred in SHURA, no growth is budgeted for either district this year. However, NURA has already seen the development of Popeye's within the district which will contribute to an increase in the frozen base.

District	Frozen Assessed Value	Current Assessed Value	Increase in Value Since Formation
Downtown	\$42,262,899	\$64,825,628	35.9%
SHURA	\$3,494,912	\$3,494,912	0%
NURA	\$43,345,990	\$43,345,990	0%

Downtown

No capital improvements are planned for the 25/26 FY. The SE 2 St gateway project was completed in the 23/24 FY and this year will be used to build cash reserves for future projects. The Façade Grant line item holds steady at \$60,000.

All of the remaining Downtown budget line items are maintaining the status quo. The Festival Street line item holds at \$3,000. The wayfinding project is complete within the Downtown and this line is zero for 25/26. Parking improvements maintains a \$3,000 budget in case a project of opportunity presents itself.

Southwest Hermiston Urban Renewal Area (SHURA)

SHURA has no proposed expenses for the 25/26 FY. Residential development of the area will require construction of a water tower, water booster upgrades, sewer main, and public park. The design and construction of these improvements will take several years to complete. Ownership changes and the



Where Life is Sweet

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primary developer deciding not to pursue the project have put all design work on hold until a new development plan is proposed.

North Hermiston Urban Renewal Area (NURA)

NURA is a one-project urban renewal area. The project will build a new street connecting N First St and NE 4 Street, extending between NE Aspen Drive and the Home Depot access drive. Signalization is also planned. The 25/26 FY is intended to acquire right of way, complete street design and engineering, prepare bid documents, and construct the street. As of the date of this memo, design is complete and right of way acquisition is ongoing. Total budget is \$5,200,000. A small portion of the total project budget was expended across the prior two fiscal years but accumulated interest is higher than the current expenditure leaving the remaining budget for 25/26 at \$5,200,000.

Shared Expenses

Non-Departmental expenses are proposed at \$591,000 and cover debt service and administrative expenses across all three urban renewal areas. Debt service covers reimbursement of loans for Festival Street construction in the downtown and City bond loan repayment for street design, right of way acquisition, and construction in NURA.

Public Comment

None given.

Budget Approval

After questions and discussion of the proposed budget, Doug Primmer moved and Jackie Myers seconded to approve the FY 2025-26 proposed HURA budget with modifications as recommended by Planning Director Clint Spencer. Motion carried unanimously.

Adjourn Hermiston Urban Renewal Agency Budget Committee Meeting

The Committee thanked staff for their work on the budget and making it easy to understand. There was no further business and Chair Misner adjourned the Urban Renewal Agency meeting at 7:18pm.



APPROVED:


Brian Misner, Budget Chair

ATTEST:


Anton Wanous, Budget Secretary

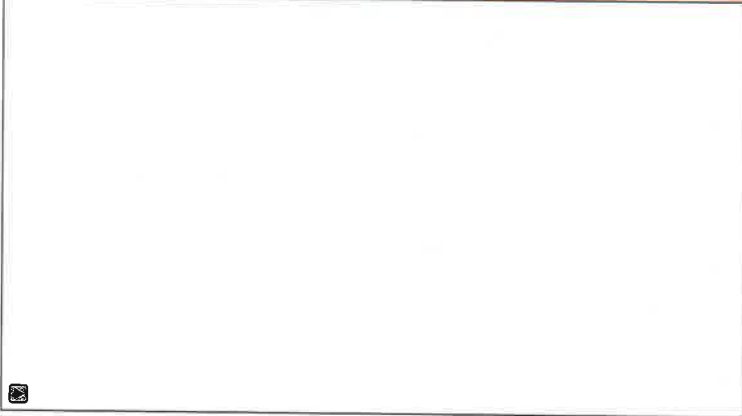


Agenda

- Recap of 2024-25
- Budget Introduction
- Budget Overview
- Enterprise Funds
- General Fund
- Discussion/Questions



FY2024-25 Recap



Water Projects



FY2024-25 Recap



FY2024-25 Recap



Last Year

AWS Campus Construction



FY2024-25 Recap



Public Works Projects



FY2024-25 Recap



Parks Projects



FY2024-25 Recap



HEROS at EOTEC

FY2024-25 Recap – General Fund

- Ninth month of 2024-25 fiscal year (75%)
- Monthly Revenues are over projections by ~\$840k
 - When compared to budget, revenues are meeting expectation at 78.8% (property taxes annualized)
 - UEC Franchise Fees – last quarter a large increase
 - Law Enforcement Staffing Fee – 111% of budget
 - Business Licenses – Somewhat slow about 50% of budget
 - Building Permit Revenue Very Strong



FY2024-25 Recap – General Fund

- Monthly Expenses under projections by ~\$1,424k
 - Although, five departments are over budget when compared to projected all departments are meeting or are below budget through March 2025



FY2024-25 Recap – Other Funds

- EOTEC Fund Struggling
 - Bringing in Cities portion for Barns
- Utility Fund
 - Utility fund ~\$680k over projected revenues
 - One-time Septic Service revenue from AWS



FY2024-25 Recap – Capital Projects

- Harkenrider/Arc/IT Buildout/EOTEC Barns Complete
- Library – Fall 2025 Completion
- Public Safety Center – Winter 2026 Completion



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

- 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 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.



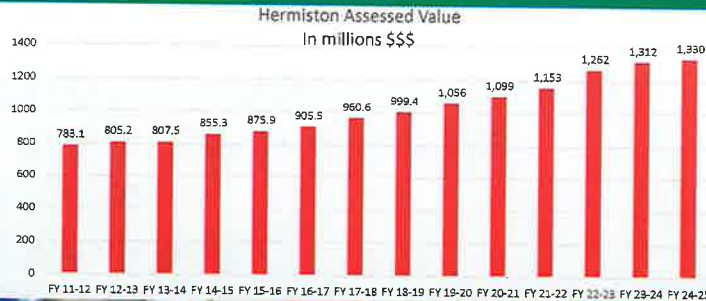
Budget Overview





Budget Overview

Slow and Steady Growth.
Averaging 4.2% annual increases.



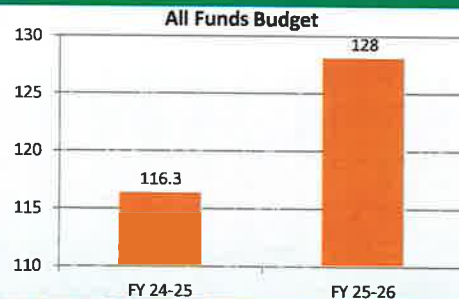
Budget Overview

- Overall Good Local Economy
 - Ground Broken on Second Amazon Campus in the City
 - Housing Growth (89 new residential dwelling permits in 2024)



Budget Overview

- All funds budget up 10%.
 - RV Park Project
 - Creating Building Fund




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 5%
- Health insurance rates will increase by ~9%





Budget Overview

SCHEDULE B.0201.2024

Recent History:

Position	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
30	3,195	3,344	3,477	3,635	-	-	-
31	3,436	3,595	3,743	3,901	4,070	4,249	4,438
32	3,702	3,871	4,040	4,219	4,400	4,581	4,762
33	3,993	4,172	4,351	4,530	4,710	4,891	5,072
34	4,299	4,478	4,657	4,836	5,015	5,194	5,373
35	4,620	4,799	4,978	5,157	5,336	5,515	5,694
36	4,956	5,135	5,314	5,493	5,672	5,851	6,030
37	5,307	5,486	5,665	5,844	6,023	6,202	6,381
38	5,673	5,852	6,031	6,210	6,389	6,568	6,747
39	6,054	6,233	6,412	6,591	6,770	6,949	7,128
40	6,450	6,629	6,808	6,987	7,166	7,345	7,524
41	6,861	7,040	7,219	7,398	7,577	7,756	7,935
42	7,287	7,466	7,645	7,824	8,003	8,182	8,361
43	7,728	7,907	8,086	8,265	8,444	8,623	8,802
44	8,184	8,363	8,542	8,721	8,900	9,079	9,258
45	8,655	8,834	9,013	9,192	9,371	9,550	9,729
46	9,141	9,320	9,499	9,678	9,857	10,036	10,215
47	9,642	9,821	10,000	10,179	10,358	10,537	10,716
48	10,158	10,337	10,516	10,695	10,874	11,053	11,232
49	10,689	10,868	11,047	11,226	11,405	11,584	11,763
50	11,235	11,414	11,593	11,772	11,951	12,130	12,309
51	11,796	11,975	12,154	12,333	12,512	12,691	12,870
52	12,372	12,551	12,730	12,909	13,088	13,267	13,446
53	12,963	13,142	13,321	13,500	13,679	13,858	14,037
54	13,569	13,748	13,927	14,106	14,285	14,464	14,643
55	14,190	14,369	14,548	14,727	14,906	15,085	15,264
56	14,826	15,005	15,184	15,363	15,542	15,721	15,900
57	15,477	15,656	15,835	16,014	16,193	16,372	16,551
58	16,143	16,322	16,501	16,680	16,859	17,038	17,217
59	16,824	17,003	17,182	17,361	17,540	17,719	17,898
60	17,520	17,699	17,878	18,057	18,236	18,415	18,594

- Pay Plan
 - Adopted Each Year
 - Salary study three years ago



Budget Overview-Staffing Changes

POSITIONS GROUPED BY SALARY RANGE NUMBERS

Recent History:

Position	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
101	3,195	3,344	3,477	3,635	-	-	-
102	3,436	3,595	3,743	3,901	4,070	4,249	4,438
103	3,702	3,871	4,040	4,219	4,400	4,581	4,762
104	3,993	4,172	4,351	4,530	4,710	4,891	5,072
105	4,299	4,478	4,657	4,836	5,015	5,194	5,373
106	4,620	4,799	4,978	5,157	5,336	5,515	5,694
107	4,956	5,135	5,314	5,493	5,672	5,851	6,030
108	5,307	5,486	5,665	5,844	6,023	6,202	6,381
109	5,673	5,852	6,031	6,210	6,389	6,568	6,747
110	6,054	6,233	6,412	6,591	6,770	6,949	7,128
111	6,450	6,629	6,808	6,987	7,166	7,345	7,524
112	6,861	7,040	7,219	7,398	7,577	7,756	7,935
113	7,287	7,466	7,645	7,824	8,003	8,182	8,361
114	7,728	7,907	8,086	8,265	8,444	8,623	8,802
115	8,184	8,363	8,542	8,721	8,900	9,079	9,258
116	8,655	8,834	9,013	9,192	9,371	9,550	9,729
117	9,141	9,320	9,499	9,678	9,857	10,036	10,215
118	9,642	9,821	10,000	10,179	10,358	10,537	10,716
119	10,158	10,337	10,516	10,695	10,874	11,053	11,232
120	10,689	10,868	11,047	11,226	11,405	11,584	11,763
121	11,235	11,414	11,593	11,772	11,951	12,130	12,309
122	11,796	11,975	12,154	12,333	12,512	12,691	12,870
123	12,372	12,551	12,730	12,909	13,088	13,267	13,446
124	12,963	13,142	13,321	13,500	13,679	13,858	14,037
125	13,569	13,748	13,927	14,106	14,285	14,464	14,643
126	14,190	14,369	14,548	14,727	14,906	15,085	15,264
127	14,826	15,005	15,184	15,363	15,542	15,721	15,900
128	15,477	15,656	15,835	16,014	16,193	16,372	16,551
129	16,143	16,322	16,501	16,680	16,859	17,038	17,217
130	16,824	17,003	17,182	17,361	17,540	17,719	17,898
131	17,520	17,699	17,878	18,057	18,236	18,415	18,594

- Proposed Staffing Changes
 - Adding a safety/risk management position (50/50 GF/Utilities)
 - Adding an additional customer service position in Finance (10/90 GF/Utilities)
 - Adding a lieutenant position in Police Department
 - Adding a Capital Improvement Plan Manager Position (33/67 Streets/Utilities)
 - Reallocation of Positions in Parks/Recreation

IT Fund – Pg. 89

SCHEDULE B.0201.2024

Recent History:

Position	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
30	3,195	3,344	3,477	3,635	-	-	-
31	3,436	3,595	3,743	3,901	4,070	4,249	4,438
32	3,702	3,871	4,040	4,219	4,400	4,581	4,762
33	3,993	4,172	4,351	4,530	4,710	4,891	5,072
34	4,299	4,478	4,657	4,836	5,015	5,194	5,373
35	4,620	4,799	4,978	5,157	5,336	5,515	5,694
36	4,956	5,135	5,314	5,493	5,672	5,851	6,030
37	5,307	5,486	5,665	5,844	6,023	6,202	6,381
38	5,673	5,852	6,031	6,210	6,389	6,568	6,747
39	6,054	6,233	6,412	6,591	6,770	6,949	7,128
40	6,450	6,629	6,808	6,987	7,166	7,345	7,524
41	6,861	7,040	7,219	7,398	7,577	7,756	7,935
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47	9,642	9,821	10,000	10,179	10,358	10,537	10,716
48	10,158	10,337	10,516	10,695	10,874	11,053	11,232
49	10,689	10,868	11,047	11,226	11,405	11,584	11,763
50	11,235	11,414	11,593	11,772	11,951	12,130	12,309
51	11,796	11,975	12,154	12,333	12,512	12,691	12,870
52	12,372	12,551	12,730	12,909	13,088	13,267	13,446
53	12,963	13,142	13,321	13,500	13,679	13,858	14,037
54	13,569	13,748	13,927	14,106	14,285	14,464	14,643
55	14,190	14,369	14,548	14,727	14,906	15,085	15,264
56	14,826	15,005	15,184	15,363	15,542	15,721	15,900
57	15,477	15,656	15,835	16,014	16,193	16,372	16,551
58	16,143	16,322	16,501	16,680	16,859	17,038	17,217
59	16,824	17,003	17,182	17,361	17,540	17,719	17,898
60	17,520	17,699	17,878	18,057	18,236	18,415	18,594

- Operational Budget
 - \$1.5 million
 - \$1.1 million from customers
 - \$269,000 from City of Hermiston
 - 7 employees currently
 - One additional employee proposed if additional customers sign-on



Street Fund – pg. 55

SCHEDULE B.0201.2024

Recent History:

Position	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
30	3,195	3,344	3,477	3,635	-	-	-
31	3,436	3,595	3,743	3,901	4,070	4,249	4,438
32	3,702	3,871	4,040	4,219	4,400	4,581	4,762
33	3,993	4,172	4,351	4,530	4,710	4,891	5,072
34	4,299	4,478	4,657	4,836	5,015	5,194	5,373
35	4,620	4,799	4,978	5,157	5,336	5,515	5,694
36	4,956	5,135	5,314	5,493	5,672	5,851	6,030
37	5,307	5,486	5,665	5,844	6,023	6,202	6,381
38	5,673	5,852	6,031	6,210	6,389	6,568	6,747
39	6,054	6,233	6,412	6,591	6,770	6,949	7,128
40	6,450	6,629	6,808	6,987	7,166	7,345	7,524
41	6,861	7,040	7,219	7,398	7,577	7,756	7,935
42	7,287	7,466	7,645	7,824	8,003	8,182	8,361
43	7,728	7,907	8,086	8,265	8,444	8,623	8,802
44	8,184	8,363	8,542	8,721	8,900	9,079	9,258
45	8,655	8,834	9,013	9,192	9,371	9,550	9,729
46	9,141	9,320	9,499	9,678	9,857	10,036	10,215
47	9,642	9,821	10,000	10,179	10,358	10,537	10,716
48	10,158	10,337	10,516	10,695	10,874	11,053	11,232
49	10,689	10,868	11,047	11,226	11,405	11,584	11,763
50	11,235	11,414	11,593	11,772	11,951	12,130	12,309
51	11,796	11,975	12,154	12,333	12,512	12,691	12,870
52	12,372	12,551	12,730	12,909	13,088	13,267	13,446
53	12,963	13,142	13,321	13,500	13,679	13,858	14,037
54	13,569	13,748	13,927	14,106	14,285	14,464	14,643
55	14,190	14,369	14,548	14,727	14,906	15,085	15,264
56	14,826	15,005	15,184	15,363	15,542	15,721	15,900
57	15,477	15,656	15,835	16,014	16,193	16,372	16,551
58	16,143	16,322	16,501	16,680	16,859	17,038	17,217
59	16,824	17,003	17,182	17,361	17,540	17,719	17,898
60	17,520	17,699	17,878	18,057	18,236	18,415	18,594

- Operational Budget
 - \$2.5 million
- Large Projects Planned - pg. 102
 - Geer/Harper Construction-\$1.6 million
 - N. 1st Place Construction-\$1.5 million
 - NW 2nd Paving (LID) - \$580,000



Utility Fund – Recycled Water – pg. 66

- Operational Budget
 - \$8.0 million
- Page 110 – Capital Projects
 - Cooling Discharge for AWS - \$2.8 million
 - Lift #7 Rebuild - \$600,000
 - Evelyn Gravity Sewer Replacement-\$480,000



Utility Fund – Water – pg. 68

- Operational Budget
 - \$8.1 million
- Page 107 – Capital Projects
 - AWS System Expansion (RWS) - \$10.9 million
 - Orchard Main Replacement - \$1.3 million
 - Well #6 Chlorination - \$1.0 million
 - Well #4 Controls - Finishing



Hermiston Energy Services – pg. 72

- Operational Budget
 - \$14.0 million
- Continuing Construction Work Plan – Pg. 111



Building Inspections – pg. 81

- Moved out of General Fund based on state law requirements
- Operational Budget
 - \$4.3 million
 - \$2.7 million in reserve for future expense
 - Overhead allocations to GF and IT



EOTEC – pg. 85

- Operations
 - \$890,000
- RV Park Construction
 - \$8.0 million



Greater Hermiston Enterprise Zone – pg. 123

- First-time for ongoing EZ within City Limits
- Revenue
 - From Lamb Weston
 - From Amazon Web Services
- Distributions
 - To Various Internal Funds



Greater Hermiston Enterprise Zone – pg. 123

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



Greater Hermiston Enterprise Zone – pg. 123

- External Payments (\$2.26 million-Materials/Services)
 - Community Development Contribution (50/50)
 - Upon Initial Construction (None This Year)
 - Annual Improvement Fee (50/50)
 - Depends on #of Completed Buildings (\$2.0 mill)
 - Additional Annual Fee
 - All Taxing Jurisdictions as if \$25 million on tax roll (includes city and county)
 - Public Safety Impact Fee
 - Dedicated to Fire District
 - Student Success Fee
 - Dedicated to School District (Stanfield)

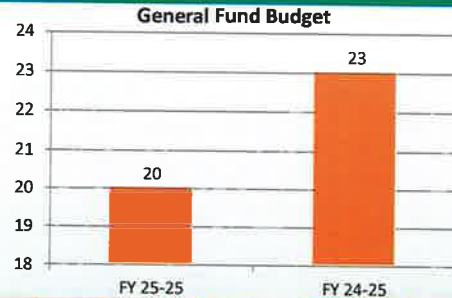




General Fund- Pg. 21

- Compared to FY25

- \$3.0 million - 15.1% increase



General Fund

- Why Increase?

- Transferring out Building Department Funds
 - 13.6% of the 15.1% (1.5% outside of that)
- Additional Police Lieutenant
- Portions of Safety and Customer Service Positions



General Fund

- Revenues

- Increased Franchise Fees from UEC
- 1st In Lieu of Tax Revenue (Additional Annual Fee)



General Fund

- City Manager/Legal – pg. 28
 - Adding safety/risk management position (shared)
 - +20.2%





General Fund

- Finance – pg. 30
 - +15.1%
 - Adding customer service position (shared)



General Fund

- Police – pg. 49
 - First Full-Year with Good Shepherd beat
 - Adding Lieutenant to allow for accreditation
 - +9%
 - Moving into renovated building



General Fund

- Court – pg. 45
 - Difficulty in hiring attorneys
 - +2.5%



General Fund

- Planning – pg. 29
 - Completed one of two transportation studies
 - -25.4%





General Fund

- Parks-35/Recreation-40/Pool-37/Community Center-41/Harkenrider-42
 - Anticipating increased rentals and programs
 - Average of ~10% increase



General Fund

- Library – pg. 39
 - Partially returning staff hours
 - Moving into new building
 - +14.7%



General Fund

- Airport – pg. 33
 - -12.8%
 - Life Flight moving operations to Good Shepherd
- Transportation – pg. 32
 - -15.4%
 - Reduction in cost for taxi contract



DISCUSSION!

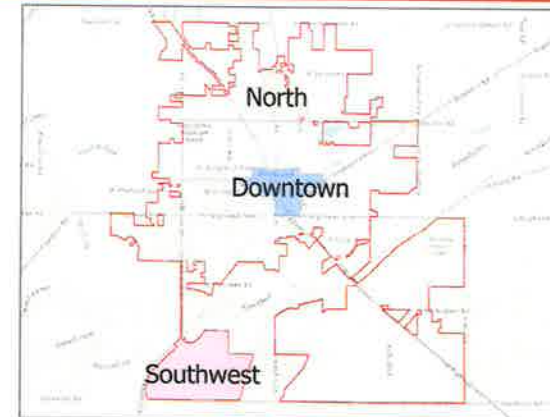
QUESTIONS?

Thank You!

Where Life is Sweet™



Urban Renewal Areas



Urban Renewal Agency

- Manages three areas
- Operates through tax-increment financing
- Total budget of \$5,857,000 for all three areas



Urban Renewal Agency

- New accounting approach for 2025-26
 - Each area will be broken out into distinct accounts for both revenue and expenses
 - Previously revenue was held in common and expended for each area
 - In this fiscal year funds will be transferred out of the common administrative area and allocated to each fund
 - The resulting transfers decrease carry forward cash on hand for appropriate expending
 - Creates a cleaner visual reference for the cash on hand and expenditures for each area
 - Complies with state urban renewal budgeting law for isolating tax revenue within each area

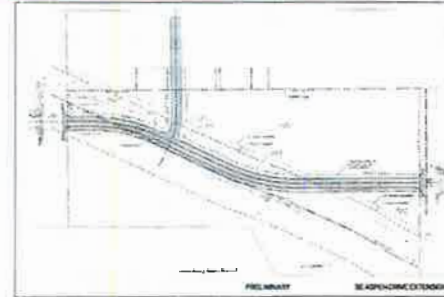


Urban Renewal Agency

- A new general fund is created and all existing assets will be placed in this fund and transferred to the appropriate district
- The general fund will start with a \$5,857,000 balance and immediately transfer \$5,545,000 to the North district and \$266,000 to the Downtown district
 - **\$46,000 remains in the general fund for administrative expenses such as the annual audit and legal counsel as needed**



Urban Renewal Agency



- The North area is budgeted for \$5,200,000 for the construction of NE Aspen Ave construction & \$345,000 for debt service
- Appraisal is complete as of May 9 and offers are ready to go to the property owners for right of way acquisition
- Bidding in summer but potentially pushed to winter for better bidding climate



Urban Renewal Agency

- The Downtown area is budgeted for \$266,000
- \$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
 - **District will match up to \$20,000 for façade, landscape, or parking improvements for remodeling and new construction**
 - **Additional \$6,000 for potential landscape improvements as needed**
- \$98,000 is in contingency to build savings for future projects



Urban Renewal Agency



- The Southwest area has a zero revenue and zero expenditure budget
- No increase in assessed value since district formation
- 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

