



CITY COUNCIL

Goal Setting Meeting Minutes January 22 & 23, 2026

Mayor Primmer called the Goal Setting Meeting for Thursday, January 22, 2026, to order at 5:30pm. Present were Councilors Myers, Linton, McCarthy, Hayward, Kelso, Roberts, and Barron. Councilor Duron arrived at 6:10pm. Staff members in attendance were City Manager Byron Smith, Assistant City Manager Mark Morgan, City Attorney Rich Tovey, Finance Director Ignacio Palacios, Library Director Mark Rose, Parks and Recreation Director Brandon Artz, Chief Jason Edmiston, Planning Director Clint Spencer, Court Administrator Jillian Viles, Hermiston Energy Services General Manager Nate Rivera, Human Resources Specialist Crystal Inners, IT Director Jordan Standley, Street & Capital Improvements Manager Cameron Meade, and Deputy City Recorder/Planning Assistant Heather La Beau.

Sara Singer Wilson and Sasha Konell from SSW Consulting, LLC outlined the evening's agenda and desired outcomes for the session. City Manager Smith & Assistant City Manager Morgan gave information and updates (PowerPoint Presentations attached) regarding context for the goal setting discussions, economic outlook including enterprise zone revenue, and franchise fees. After Council and staff discussion, the meeting adjourned for the evening at 8:30pm.

Mayor Primmer called the Goal Setting Meeting for Friday, January 23, 2026, to order at 8:30am. Present were Councilors Duron, Myers, Linton, Hayward, Kelso, and Roberts. Staff members in attendance were City Manager Byron Smith and Deputy City Recorder/Planning Assistant Heather La Beau. SSW Consultants Sara and Sasha led the council in discussion regarding team dynamics.

At 10:23am Assistant City Manager Mark Morgan, City Attorney Rich Tovey, Finance Director Ignacio Palacios, Library Director Mark Rose, Parks and Recreation Director Brandon Artz, Chief Jason Edmiston, Planning Director Clint Spencer, Court Administrator Jillian Viles, Hermiston Energy Services General Manager Nate Rivera, Human Resources Specialist Crystal Inners, IT Director Jordan Standley, EOTEC General Manager Al Davis, and Street & Capital Improvements Manager Cameron Meade joined the meeting. Councilor Barron arrived at 11:13am and exited at 12:10pm. Councilor Myers exited the meeting at noon. Chief Edmiston exited the meeting at noon.

Sara Singer Wilson and Sasha Konell from SSW Consulting, LLC worked with Council and staff to review the 2025 goals as discussed the previous day, helped refine these goals to identify and prioritize those that should continue to move forward in 2026, and discussed resources and capacity to establish new Council Goals. After Council and staff worked on this effort, Sara stated the 2026 goals will be refined by SSW Consulting, LLC in a report format and presented for adoption at a future City Council meeting.

The goal setting portion of the meeting finished at 2:00pm. Mayor Primmer, Councilors Duron, Linton, Hayward, Kelso, and Roberts along with City Manager Byron Smith, EOTEC General Manager Al Davis, Library Director Mark Rose, and Street & Capital Improvements Manager Cameron Meade participated in active shooter training led by Officer Tim Miears.



CITY COUNCIL

Goal Setting Meeting Minutes January 22 & 23, 2026

The meeting was adjourned at 3:00pm.

SIGNED: _____

Doug Primmer, MAYOR

ATTEST: _____

Heather KP LaBeau, DEPUTY CITY RECORDER



2026 Goal Context Cont.

January 22, 2026



Introduction

- High-level Financial Review with plan for more detailed review
- Housing, Homelessness, and Service Pressures
- State/Federal Uncertainty and Unfunded Mandates
- Challenges/Opportunities on the Horizon



Housing, Homelessness. Service Pressures

- Housing

- One of the highest single years of housing unit growth since 2006

- Market Rate Incentive Pkg
- NE Water Tower

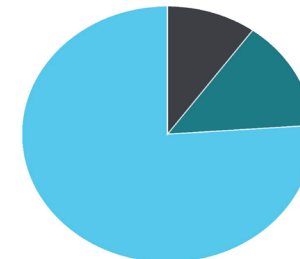


GROWTH & DEVELOPMENT

2025 HERMISTON REPORT

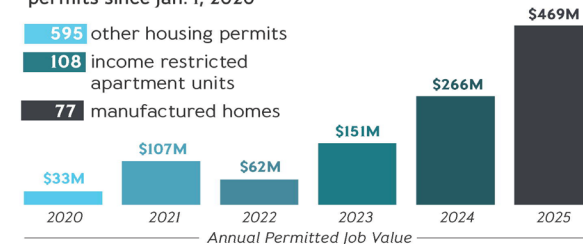
BUILDING PERMITS

130 new housing unit permits in 2025



767 total new housing unit permits since Jan. 1, 2020

595 other housing permits
108 income restricted apartment units
77 manufactured homes



Residential Permits 2025

Site-Built Dwelling	119
Manufactured Dwelling	11
Mechanical	96
Plumbing	76
Structural	45
Electrical	91

Commercial Permits 2025

Plumbing	49
Alarm/Suppression	28
Structural	116
Mechanical	102
Electrical	272



CAPITAL PROJECTS

Aquifer Storage & Recovery

- ▶ Well drilling is complete and pumps are being installed.
- ▶ Will store winter Columbia River water for summer use.
- ▶ \$18 million project funded by Amazon.

Geer Harper Alignment

- ▶ Intersection design is complete.
- ▶ Will improve traffic flow and safety.
- ▶ Construction: 2026

W. Orchard Line Replacement

- ▶ 3,200-foot water main design is complete.
- ▶ Improves deteriorating line with 8-inch ductile iron pipe, improving safety and efficiency.
- ▶ Construction: 2026

www.hermistonprojects.com



POPULATION

20,296 certified 2025 PSU estimate

+ increase of 937 since 2020 U.S. Census



Housing, Homelessness, Service Pressures

- Housing Projections
 - **75 Units Per Year for 20 Years**

PROJECTED 20-Year New Housing by Quadrant

Quadrant	In Construction	Potential	20-Year Total
Northeast-Ward 3	670	206	876
Southeast-Ward 4	225	0	225
Northwest-Ward 1	0	133	133
Southwest-Ward 2	45	231	276
Total	940	570	1510



Housing, Homelessness, Service Pressures

- PD Time on Homelessness

2020	2021	2022	2023	2024	2025
19%	18%	25%	25%	27%	24%

- Parks

- **Management of homelessness in parks is increasingly difficult with rising costs due to portable restrooms, cleanup, and vandalism**



Housing, Homelessness, Service Pressures

- Service Pressures
 - Instant Gratification
 - In-Migration
 - Increasing Operational Costs
 - Revenue Limitations



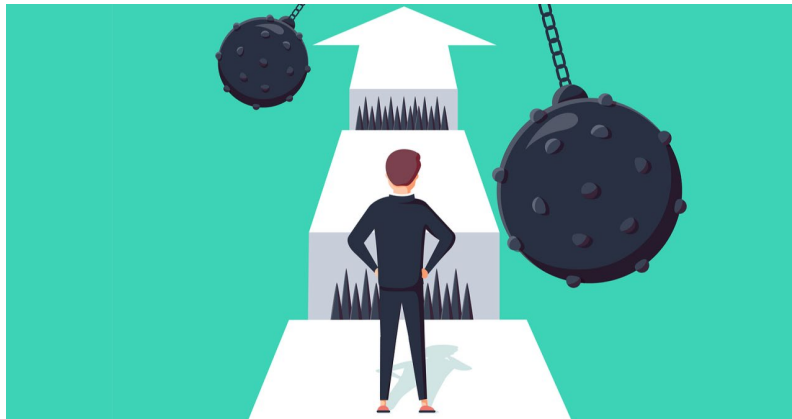
State/federal Uncertainty and Unfunded Mandates

- Budget Uncertainty
 - Decoupling from Federal Tax Code
 - Transportation Funding
- Water/Sewer Regulatory Requirements
 - PFAS Uncertainty
 - Constituent Limits
- Tariff Impacts
- HB3115 – Homelessness Regulation Changes



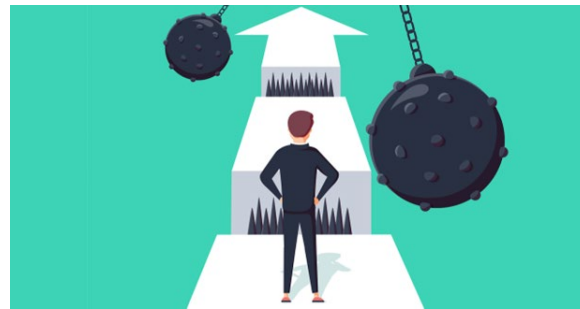
Challenges/Opportunities on the Horizon

- **Declining traditional information channels**
 - Loss of robust local newspaper coverage
 - Reduced public awareness of City operations
 - Diminishing returns from increased staff-driven outreach
- **Ongoing community concern around homelessness**
- **Rising expectations of staff and City services**
- **Continued water supply concerns from the community**



Challenges/Opportunities on the Horizon

- **Staffing, Compensation, and Retention**
 - City wages are not keeping pace with the private sector
 - Difficulty recruiting and retaining talent
- **Staffing capacity misaligned with number of initiatives and committees**
- **Public Safety constraints**
 - Rising dispatch costs
 - Jail capacity under constraints and public misunderstanding of detention limitations leading to staff frustration and uncertainty





Questions/Discussion

Where Life is Sweet™



City Financial & Economic Outlook 2026

City Council Goal Setting - Jan. 22, 2026

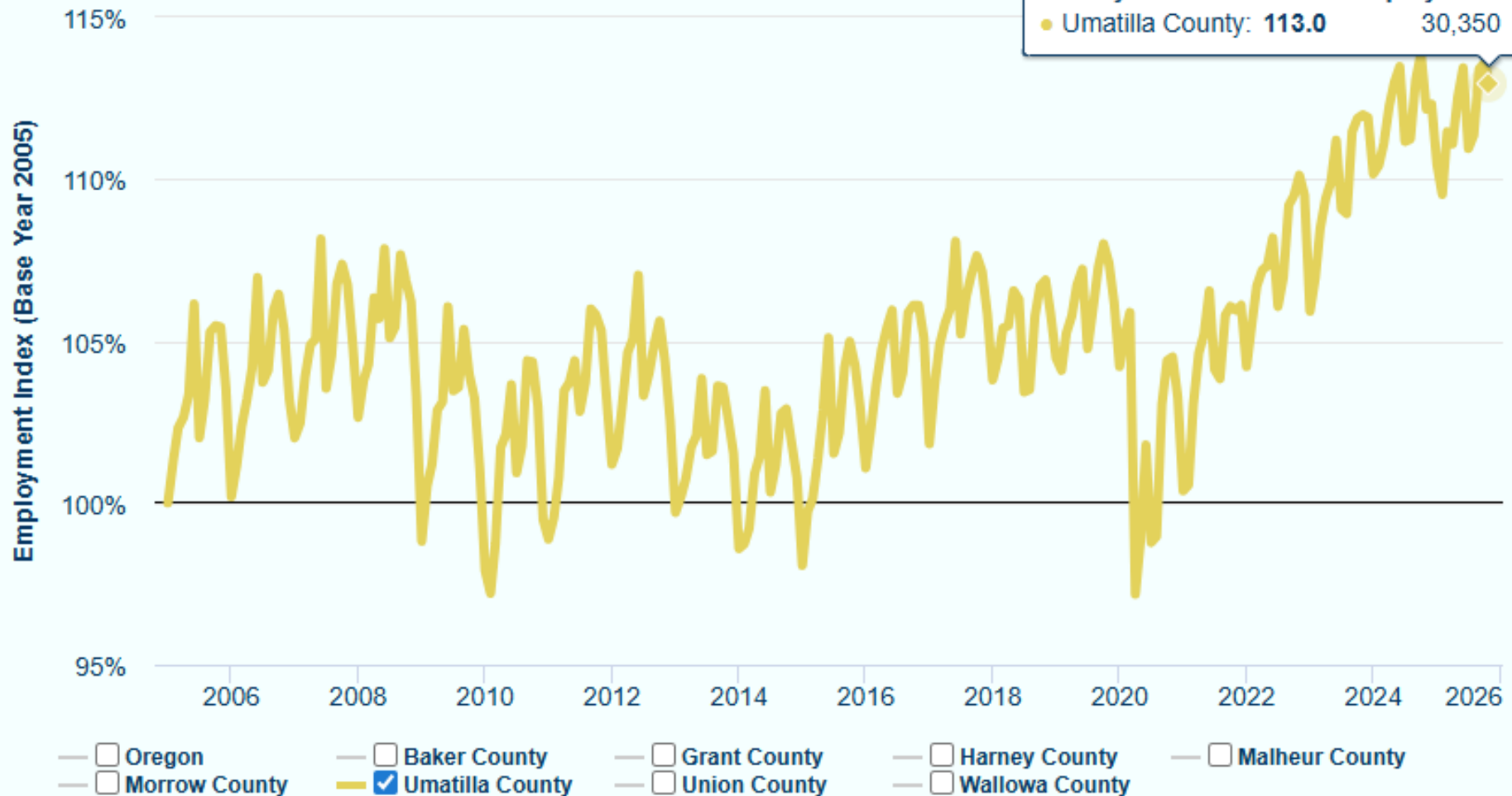




Economic Drivers & Risk

Total Nonfarm Employment

Indexed to Show Job Growth Over Time, Base Year 2005

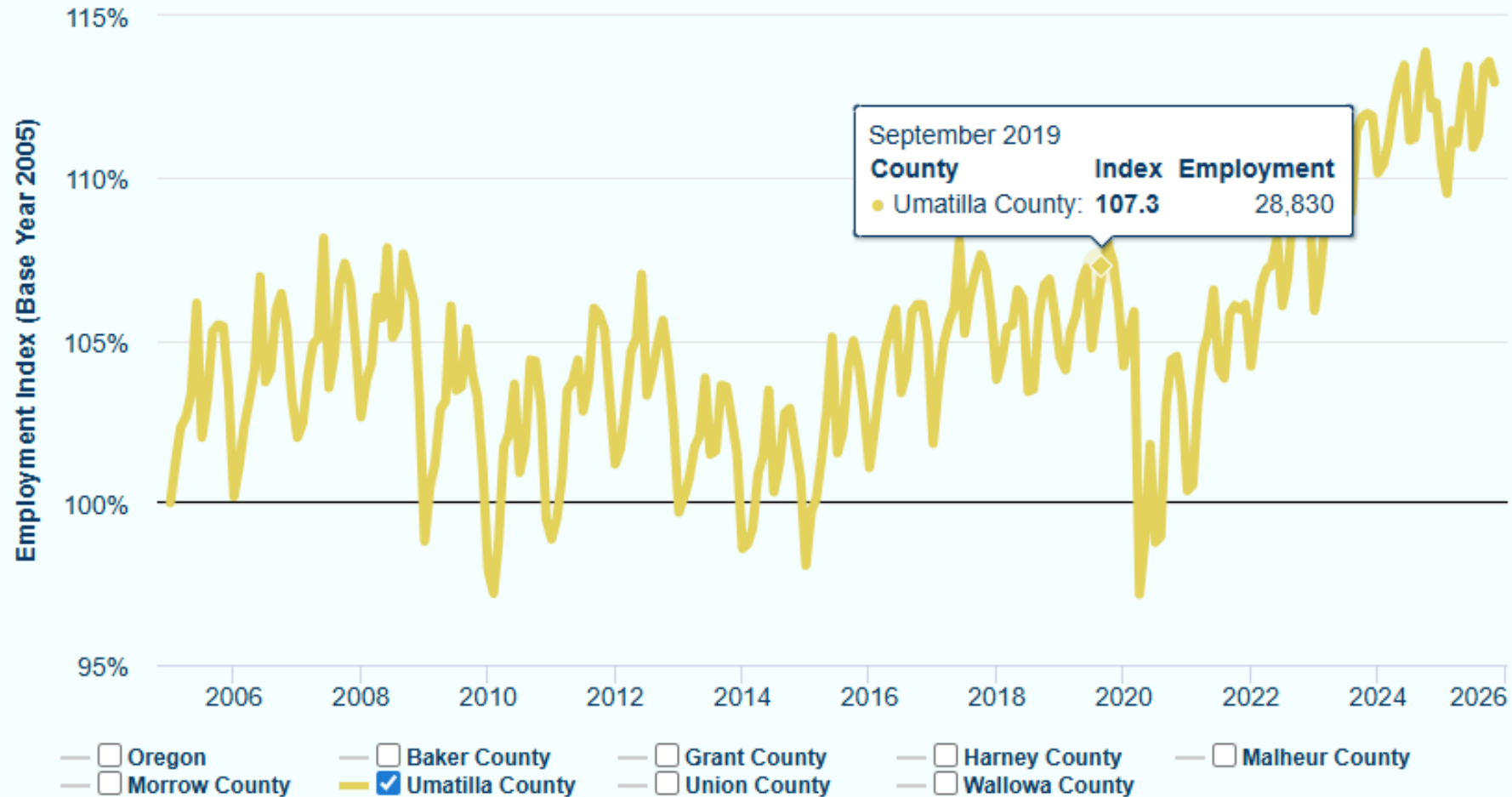




Economic Drivers & Risk

Total Nonfarm Employment

Indexed to Show Job Growth Over Time, Base Year 2005

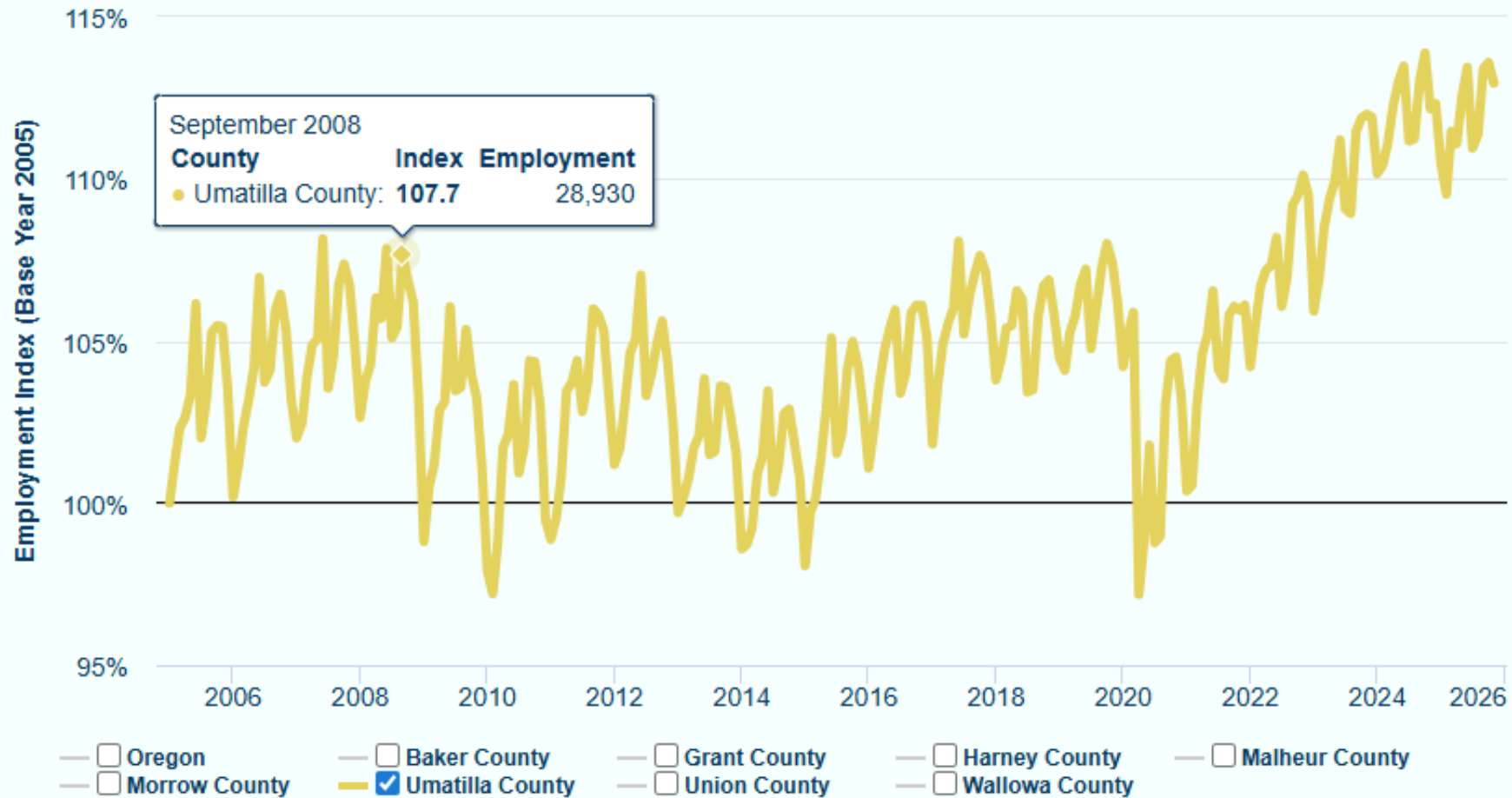




Economic Drivers & Risk

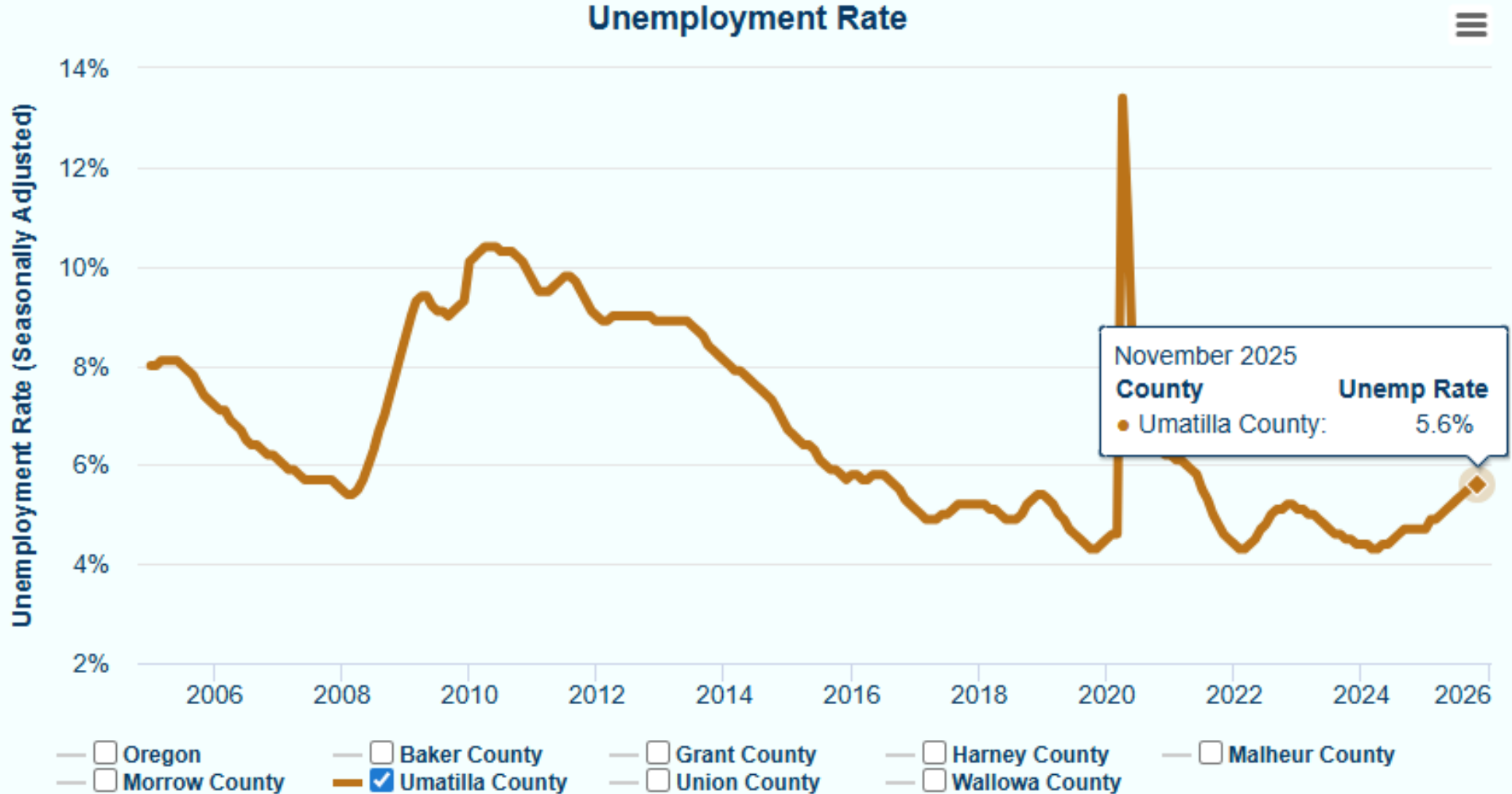
Total Nonfarm Employment

Indexed to Show Job Growth Over Time, Base Year 2005



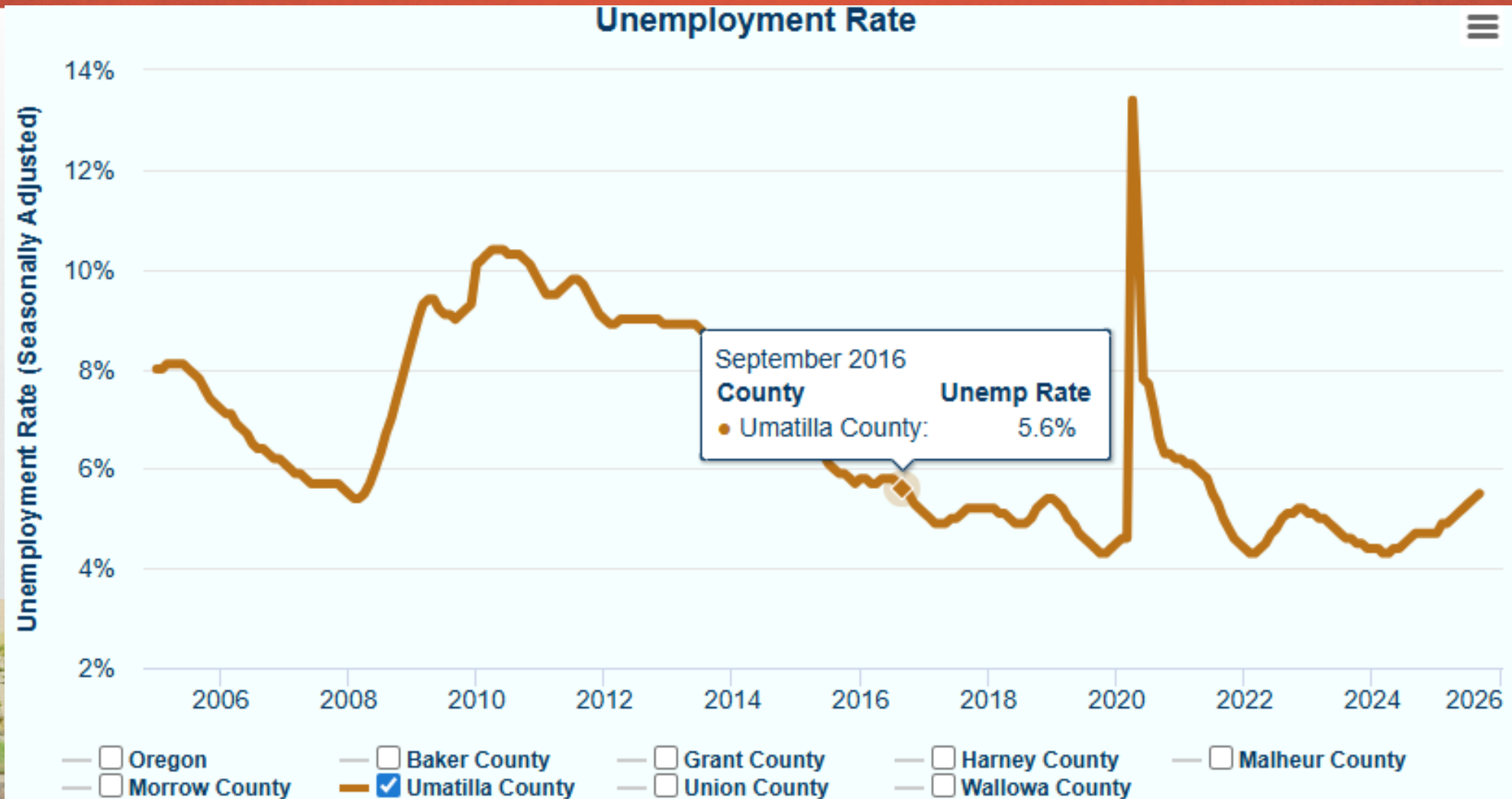


Economic Drivers & Risk





Economic Drivers & Risk

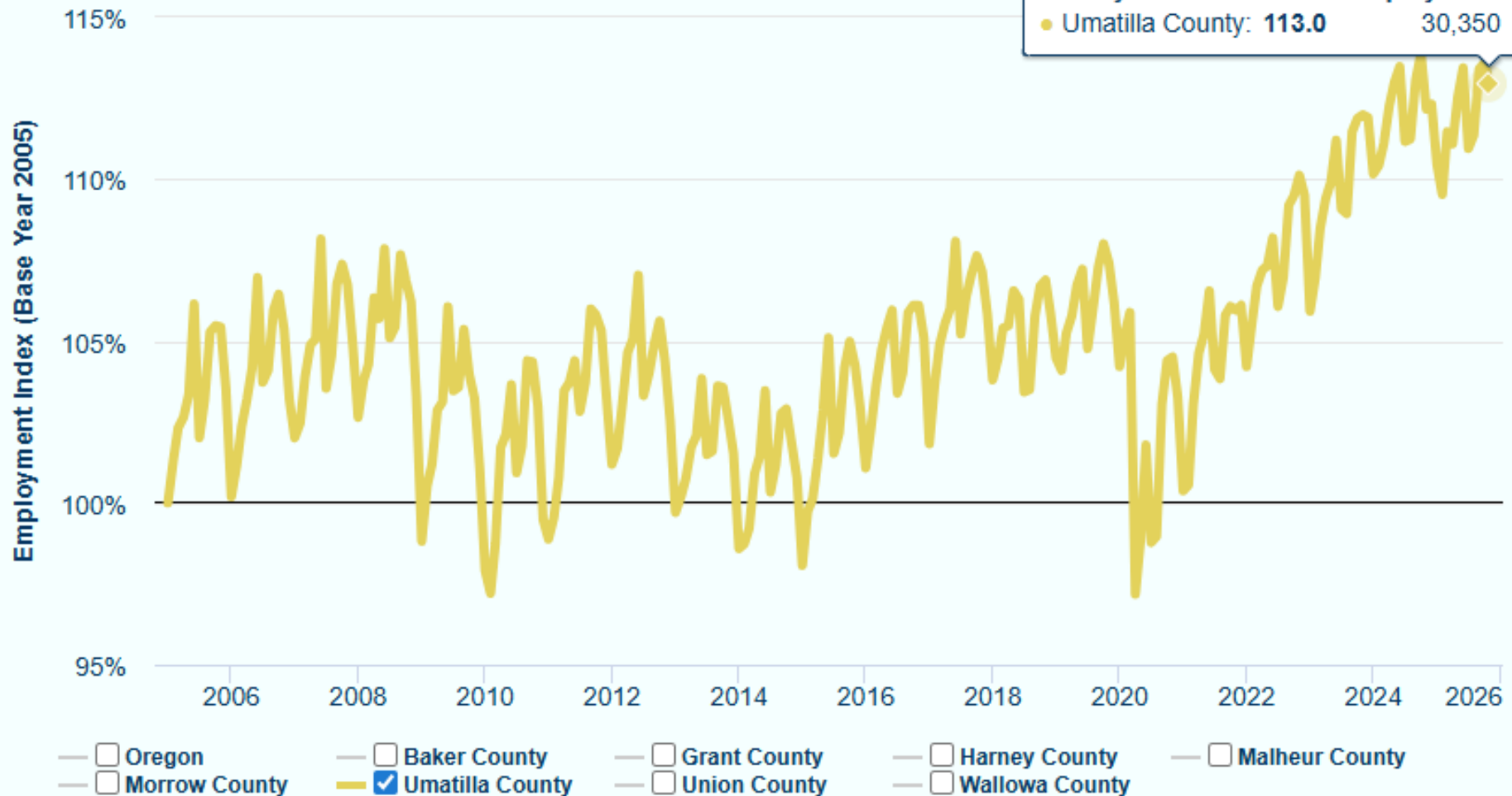




Economic Drivers & Risk

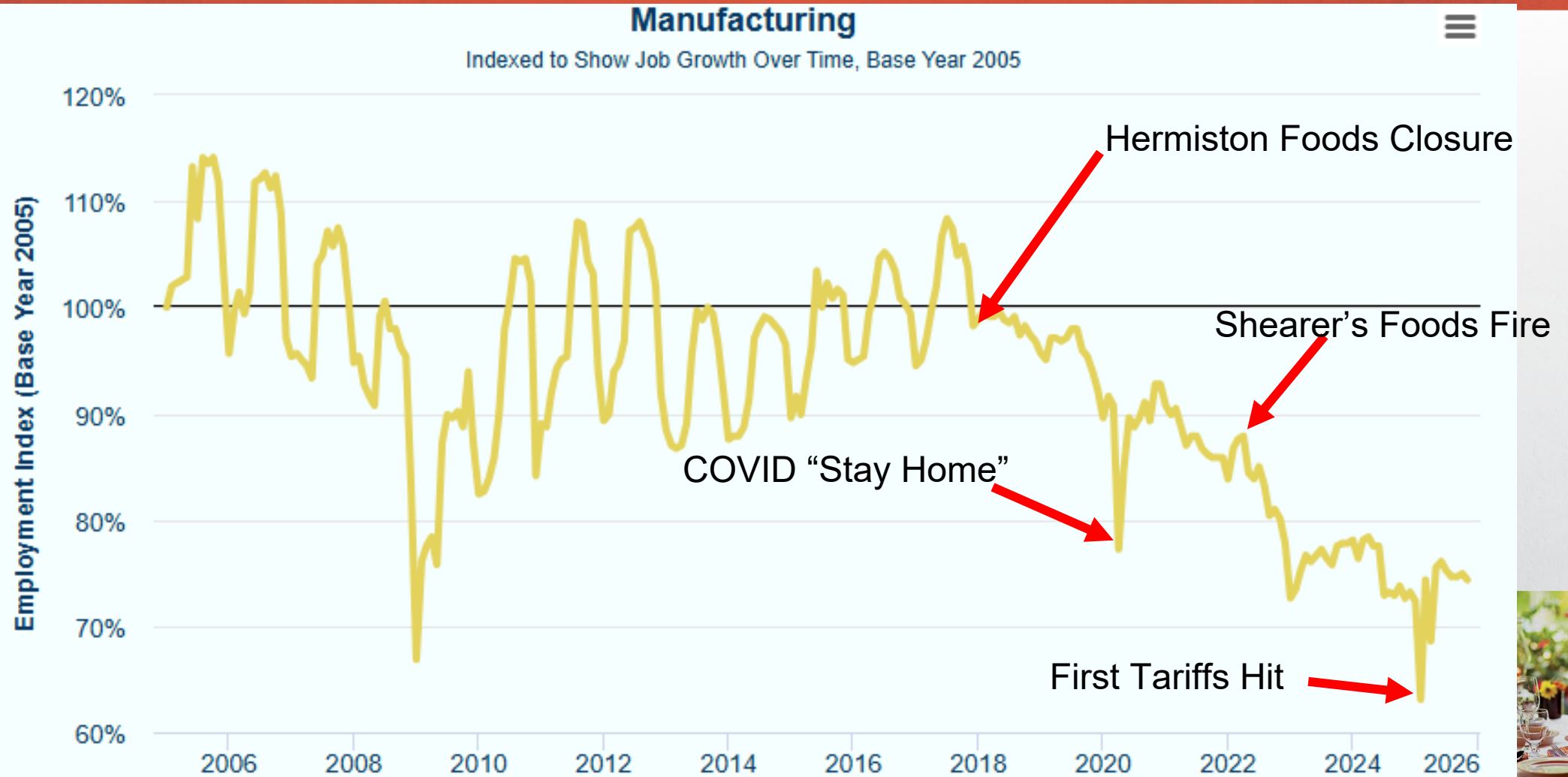
Total Nonfarm Employment

Indexed to Show Job Growth Over Time, Base Year 2005





Economic Drivers & Risk

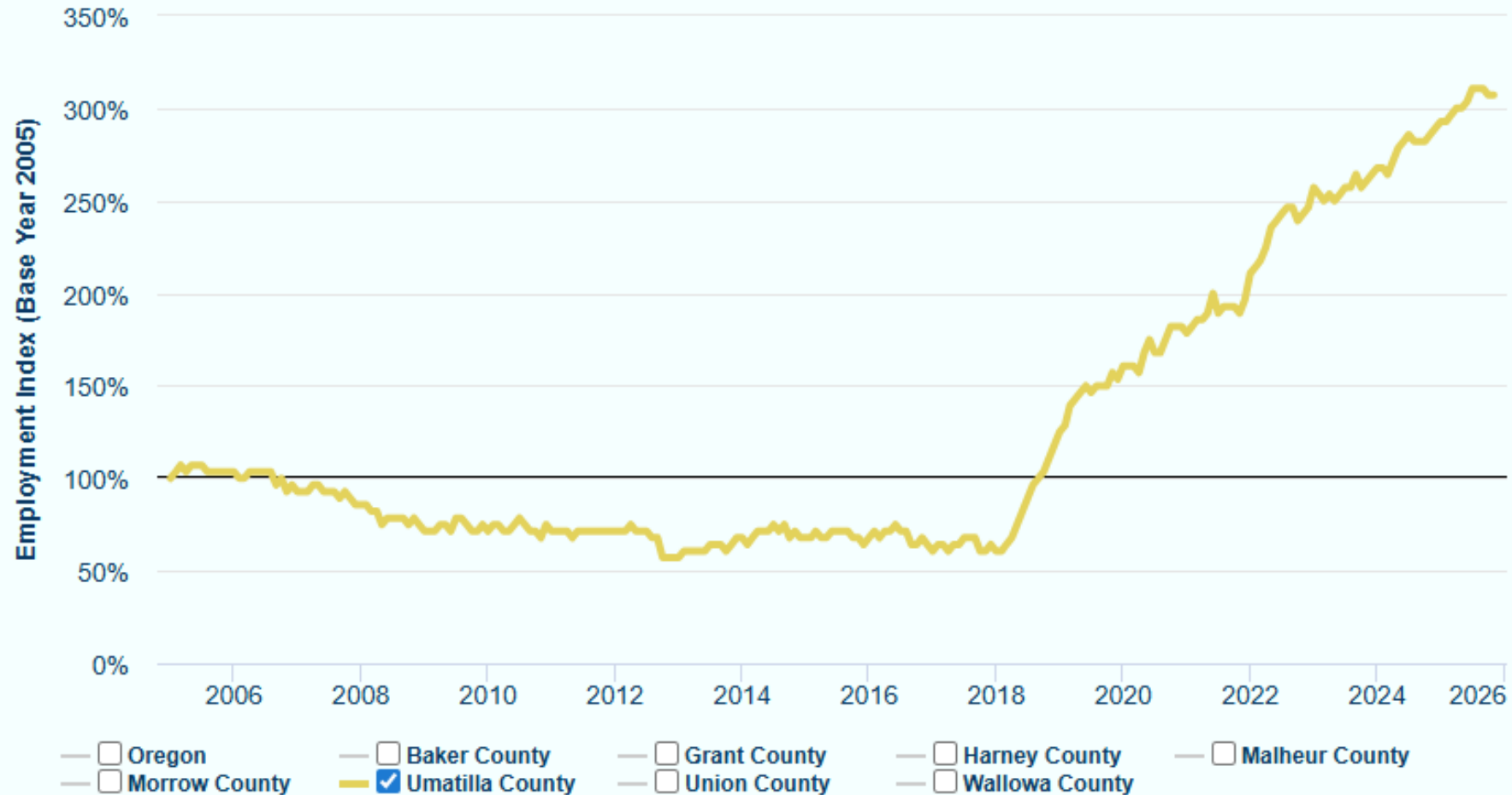




Economic Drivers & Risk

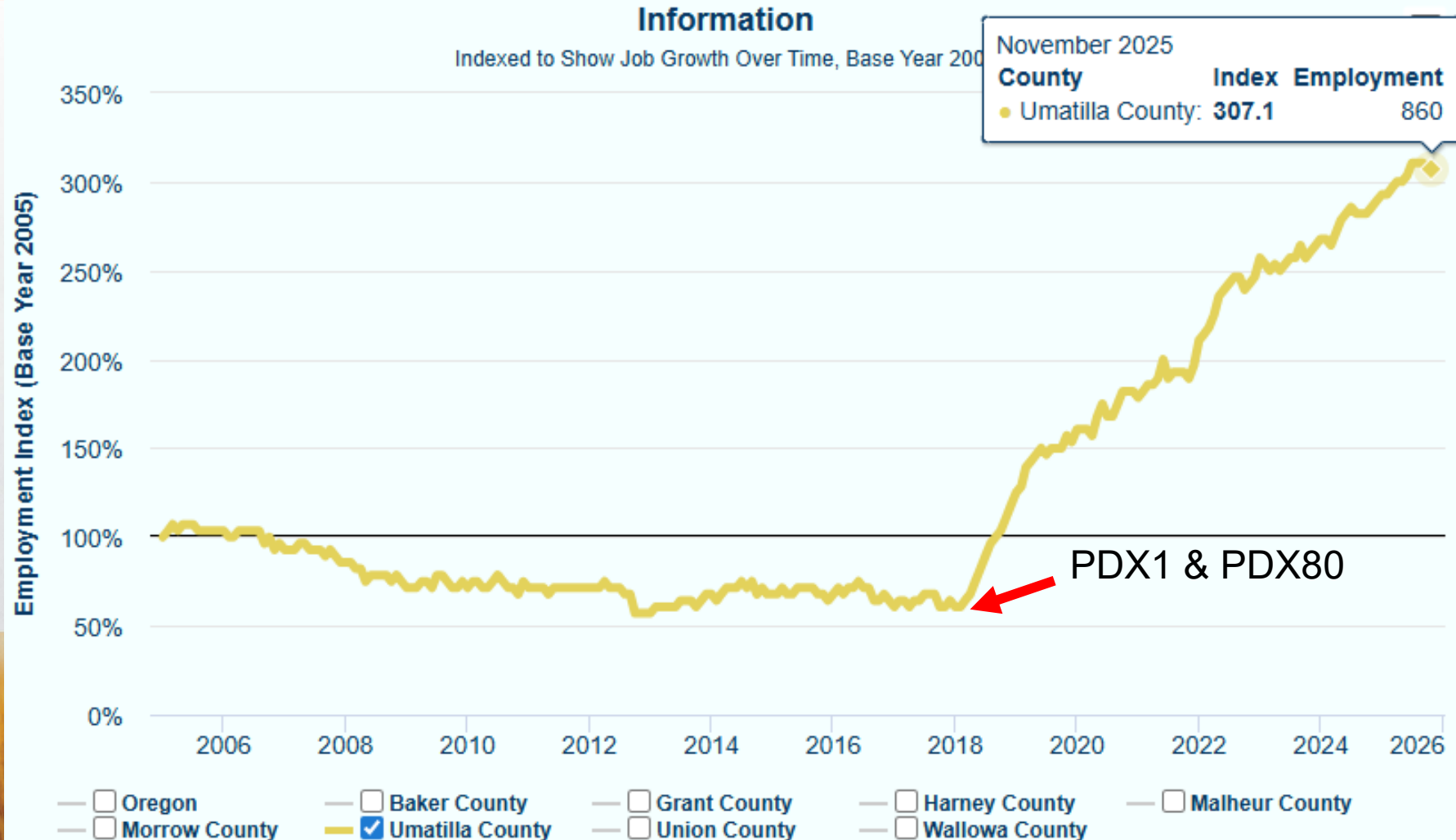
Information

Indexed to Show Job Growth Over Time, Base Year 2005



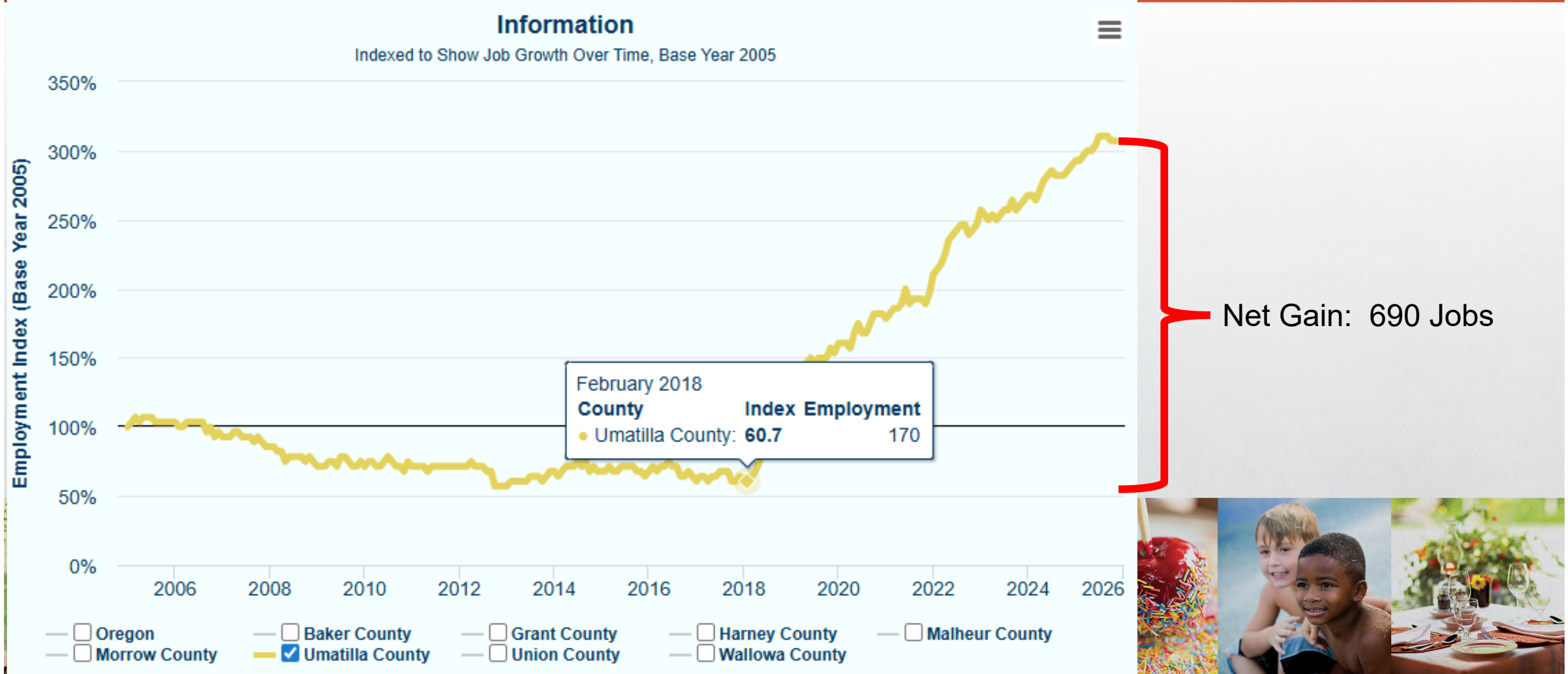


Economic Drivers & Risk





Economic Drivers & Risk

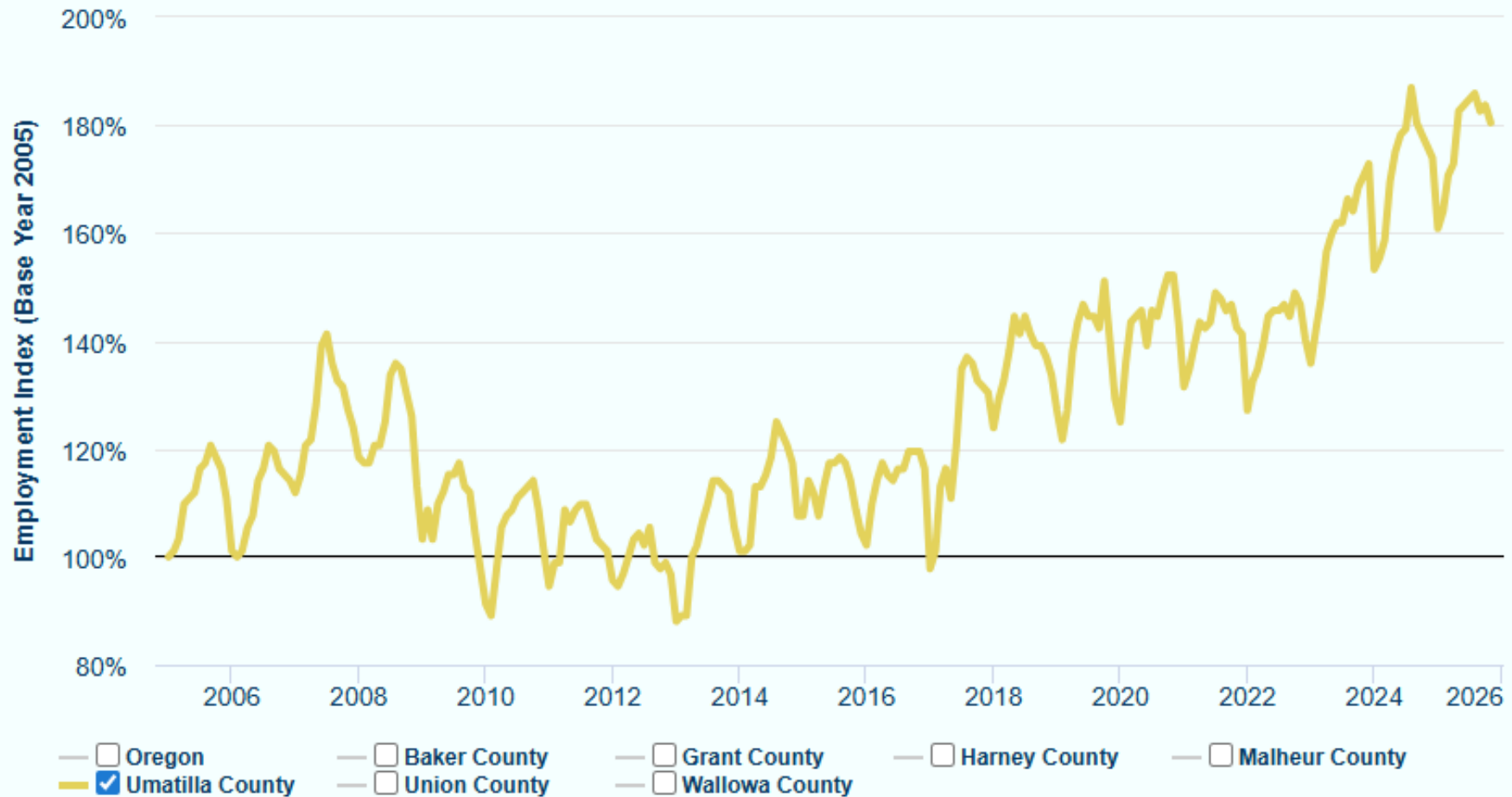




Economic Drivers & Risk

Mining, Logging, and Construction

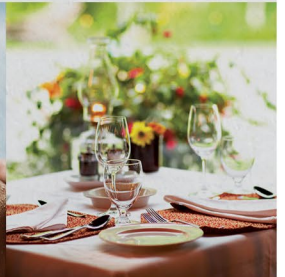
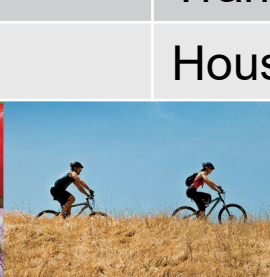
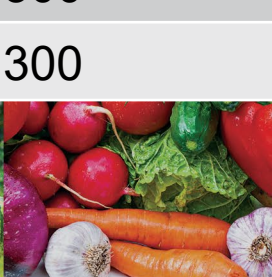
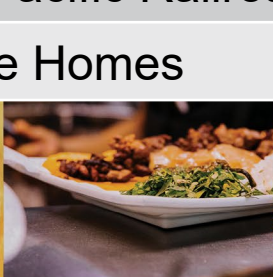
Indexed to Show Job Growth Over Time, Base Year 2005





Top Local Industries

Employer	# Employees	Industry
Amazon	2,058	Information/Cloud
Good Shepherd	1,107	Healthcare
Wal-Mart DC	1,050	Retail Trade
First Coast Security	1,000	Information/Cloud
Hermiston School District	623	Education
Lamb Weston-Hermiston	545	Food/Beverage
Two Rivers Correctional Inst.	440	Criminal Justice
Wal-Mart Supercenter	356	Retail Trade
Union Pacific Railroad	300	Transportation
Marlette Homes	300	Housing/Manufacturing





Economic Drivers & Risk

- Regional Net Growth 2020 through mid-2024 Slowing (Manufacturing & Ag)
 - Federal Import Taxes & Reciprocal Export Tariffs
- Information Sector Adds Economic Diversity
 - Food Manufacturing/Ag Production
 - Criminal Justice
 - Education
 - Information
 - Transportation/Warehousing
 - Energy





Enterprise Zone Revenue

City Council Goal Setting - Jan. 22, 2026





Ezone Annual Report

- Backwards-Facing by at Least 1 Year
- Organized for Reference; not Reading Straight Through
 - Each Exemption has it's own Nuances
- Perspective of the Zone Overall; Not just City of Hermiston



Enterprise Zone Revenues

- Pg. 11
- Compile all Exemptions on to one table
- Educated Guesses on Future Developments
- Heavily Dependent on date of Certificates of Occupancy

Enterprise Zone Fund Projections*									
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
REVENUES									
PDX138									
	AIP			\$ 2,000,000	\$ 3,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	AAF			\$ 550,789	\$ 567,312	\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
	PSIF			\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
	SSF		\$ -	\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
PDX245									
	CDC	\$ 5,000,000							
	AIP					\$ 2,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	AAF					\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
	PSIF					\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
	SSF					\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
PDX146									
	CDC				\$ 5,000,000				
	AIP						\$ 2,000,000	\$ 4,000,000	\$ 4,000,000
	AAF						\$ 601,861	\$ 619,917	\$ 638,515
	PSIF						\$ 63,339	\$ 65,239	\$ 67,196
	SSF						\$ 63,339	\$ 65,239	\$ 67,196
Lamb Weston									
	City	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
	Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Gross Revenue	\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
EXPENSES									
CDC									
	CDC	\$ 5,000,000			\$ 5,000,000				
	AIP		\$ -	\$ 2,000,000	\$ 3,000,000	\$ 6,000,000	\$ 10,000,000	\$ 12,000,000	\$ 12,000,000
	AAF		\$ -	\$ 550,789	\$ 567,312	\$ 1,168,663	\$ 1,805,584	\$ 1,859,752	\$ 1,915,544
	PSIF		\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
	SSF		\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
	Lamb to City GF	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
	Lamb to City Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Gross Expenses	\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
	Net Revenue GHEZ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Planning level projections only. No warranties made regarding any timing assumptions related to investment dates.

Enterprise Zone Revenues

- AIP: \$2M-\$4M Annually Split between City and County
- AAF: ~\$600K Annually Split between all taxing entities
- PSIF: ~\$60K Annually to UCFD1
- SSF: ~\$60K Annually to Schools
- CDC: \$5M upfront to City/County

Enterprise Zone Fund Projections*									
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
REVENUES									
PDX138									
	AIP			\$ 2,000,000	\$ 3,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	AAF			\$ 550,789	\$ 567,312	\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
	PSIF			\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
	SSF		\$ -	\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
PDX245									
	CDC	\$ 5,000,000							
	AIP					\$ 2,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	AAF					\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
	PSIF					\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
	SSF					\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
PDX146									
	CDC				\$ 5,000,000				
	AIP						\$ 2,000,000	\$ 4,000,000	\$ 4,000,000
	AAF						\$ 601,861	\$ 619,917	\$ 638,515
	PSIF						\$ 63,339	\$ 65,239	\$ 67,196
	SSF						\$ 63,339	\$ 65,239	\$ 67,196
Lamb Weston									
	City	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
	Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Gross Revenue	\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
EXPENSES									
	CDC	\$ 5,000,000			\$ 5,000,000				
	AIP		\$ -	\$ 2,000,000	\$ 3,000,000	\$ 6,000,000	\$ 10,000,000	\$ 12,000,000	\$ 12,000,000
	AAF		\$ -	\$ 550,789	\$ 567,312	\$ 1,168,663	\$ 1,805,584	\$ 1,859,752	\$ 1,915,544
	PSIF		\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
	SSF		\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
	Lamb to City GF	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
	Lamb to City Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Gross Expenses	\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
	Net Revenue GHEZ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Planning level projections only. No warranties made regarding any timing assumptions related to investment dates.

City of Hermiston Ezone Revenues

- FY24: \$500,000
- FY25: \$3,000,000
- FY26: \$1,673,954
- FY27*: \$4.6M - \$7.1M?
- FY28*: \$3,700,000
- FY29*: \$5.9M - \$6.9M
- FY30*: \$5.9M - ????

**Projected*

Enterprise Zone Fund Projections*									
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
REVENUES									
PDX138									
	AIP			\$ 2,000,000	\$ 3,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	AAF			\$ 550,789	\$ 567,312	\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
	PSIF			\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
	SSF		\$ -	\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
PDX245									
	CDC	\$ 5,000,000							
	AIP					\$ 2,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	AAF					\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
	PSIF					\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
	SSF					\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
PDX146									
	CDC				\$ 5,000,000				
	AIP						\$ 2,000,000	\$ 4,000,000	\$ 4,000,000
	AAF						\$ 601,861	\$ 619,917	\$ 638,515
	PSIF						\$ 63,339	\$ 65,239	\$ 67,196
	SSF						\$ 63,339	\$ 65,239	\$ 67,196
Lamb Weston									
	City	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
	Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Gross Revenue	\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
EXPENSES									
	CDC	\$ 5,000,000			\$ 5,000,000				
	AIP		\$ -	\$ 2,000,000	\$ 3,000,000	\$ 6,000,000	\$ 10,000,000	\$ 12,000,000	\$ 12,000,000
	AAF		\$ -	\$ 550,789	\$ 567,312	\$ 1,168,663	\$ 1,805,584	\$ 1,859,752	\$ 1,915,544
	PSIF		\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
	SSF		\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
	Lamb to City GF	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
	Lamb to City Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Gross Expenses	\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
	Net Revenue GHEZ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Planning level projections only. No warranties made regarding any timing assumptions related to investment dates.

Revenue Timing Factors

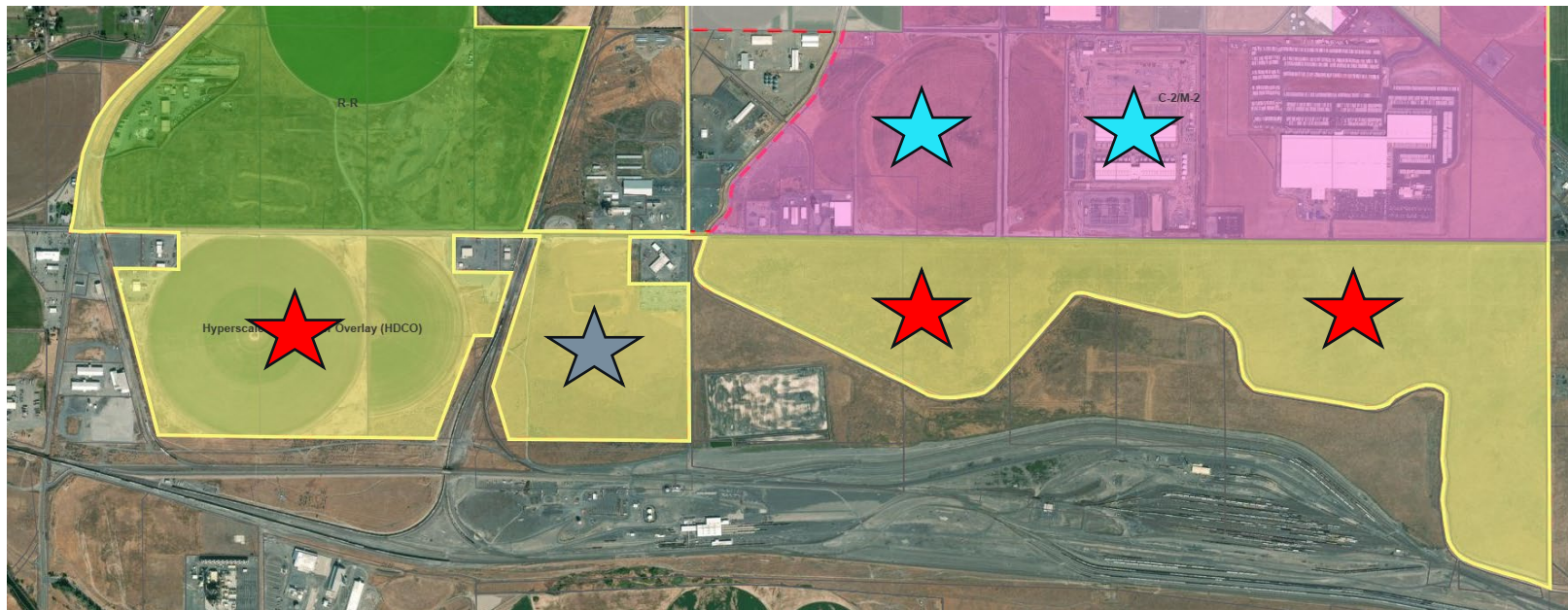
- PDX146? Or PDX150?
- Groundbreaking can move 12-24 months easily
- Certificate of Occupancy by 12/31 vs 1/1 = Year Diff.
- “Fourth Campus” (of 6) could break ground any time between 2028 & 2032?

Enterprise Zone Fund Projections*									
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
REVENUES									
PDX138									
AIP				\$ 2,000,000	\$ 3,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
AAF				\$ 550,789	\$ 567,312	\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
PSIF				\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
SSF			\$ -	\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
PDX245									
CDC		\$ 5,000,000							
AIP						\$ 2,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
AAF						\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
PSIF						\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
SSF						\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
Lamb to City									
CDC					\$ 5,000,000				
AIP							\$ 2,000,000	\$ 4,000,000	\$ 4,000,000
AAF							\$ 601,861	\$ 619,917	\$ 638,515
PSIF							\$ 63,339	\$ 65,239	\$ 67,196
SSF							\$ 63,339	\$ 65,239	\$ 67,196
Lamb to City GF									
City		\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
Parks		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Gross Revenue									
		\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
EXPENSES									
CDC									
		\$ 5,000,000			\$ 5,000,000				
AIP			\$ -	\$ 2,000,000	\$ 3,000,000	\$ 6,000,000	\$ 10,000,000	\$ 12,000,000	\$ 12,000,000
AAF			\$ -	\$ 550,789	\$ 567,312	\$ 1,168,663	\$ 1,805,584	\$ 1,859,752	\$ 1,915,544
PSIF			\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
SSF			\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
Lamb to City GF		\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
Lamb to City Parks		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Gross Expenses									
		\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
Net Revenue GHEZ									
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Planning level projections only. No warranties made regarding any timing assumptions related to investment dates.

Revenue Timing Factors

- New Ezone (No County)
 - **Distribution Change for new campuses**
 - **Fate of Existing LTREZ for PDX146?**
 - **Statewide School Support Fee Doubles Cost for New Campuses**
 - **~\$4M to State School Fund**
 - Only \$3,000 to \$33,000 comes back to local schools



Existing GHEZ LTREZ ★ ★

Possible HEZ LTREZ ★

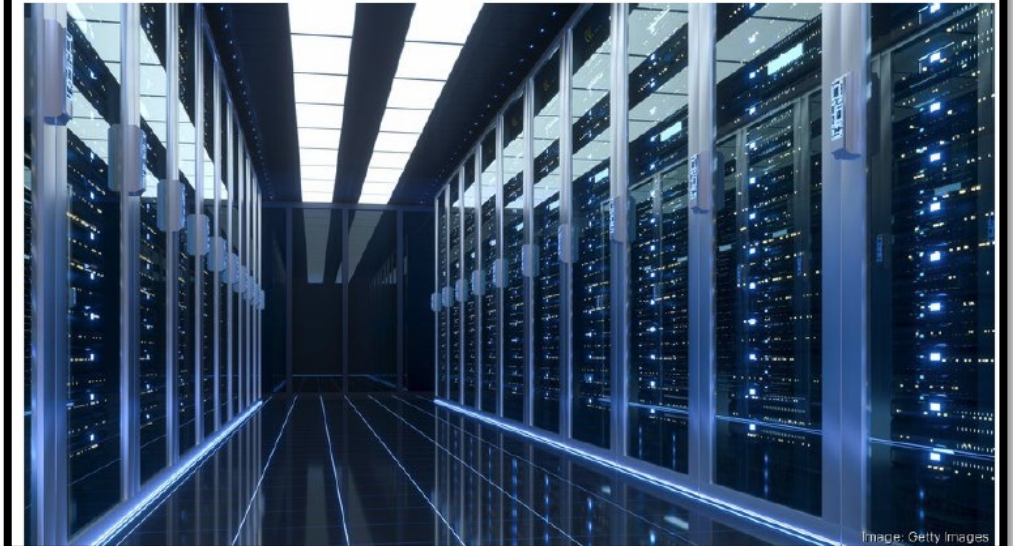


Revenue Timing Factors

- More State Law Changes?
 - **Legislative Session 2027?**
 - **More Revenue Taken by State?**
 - **Onerous Business Regulations?**
 - Oregon Projected to lose 67% of its Data Center Market Share*
 - Oregon > 2% of US 2025 DC Market
 - Hermiston Area ~1% of US Market

Technology

Kotek panel to study data center growth. But is Oregon already losing its allure?



**Portland Business Journal: Jan. 20, 2026*



Revenue Timing Factors (Bubble)

- Mark's Hot Take
 - Ezone Revenues Ratchet
 - AWS Slows Building
 - Not Stop
 - No Closures
 - i.e. 15 Year Buildout vs 10 Years
- Ezone Revenue Timeline Lengthens

Takeaways by Bloomberg AI

Subscribe

Investors have poured billions of dollars into companies leading the

INVESTOR'S BUSINESS DAILY

Market Trend Stock Lists Research News Videos

NEWS

What AI Bubble? Data Center Market Will Expand 14% In 2026; Report



PAOLO CONFINO | 09:07 AM ET 01/06/2026

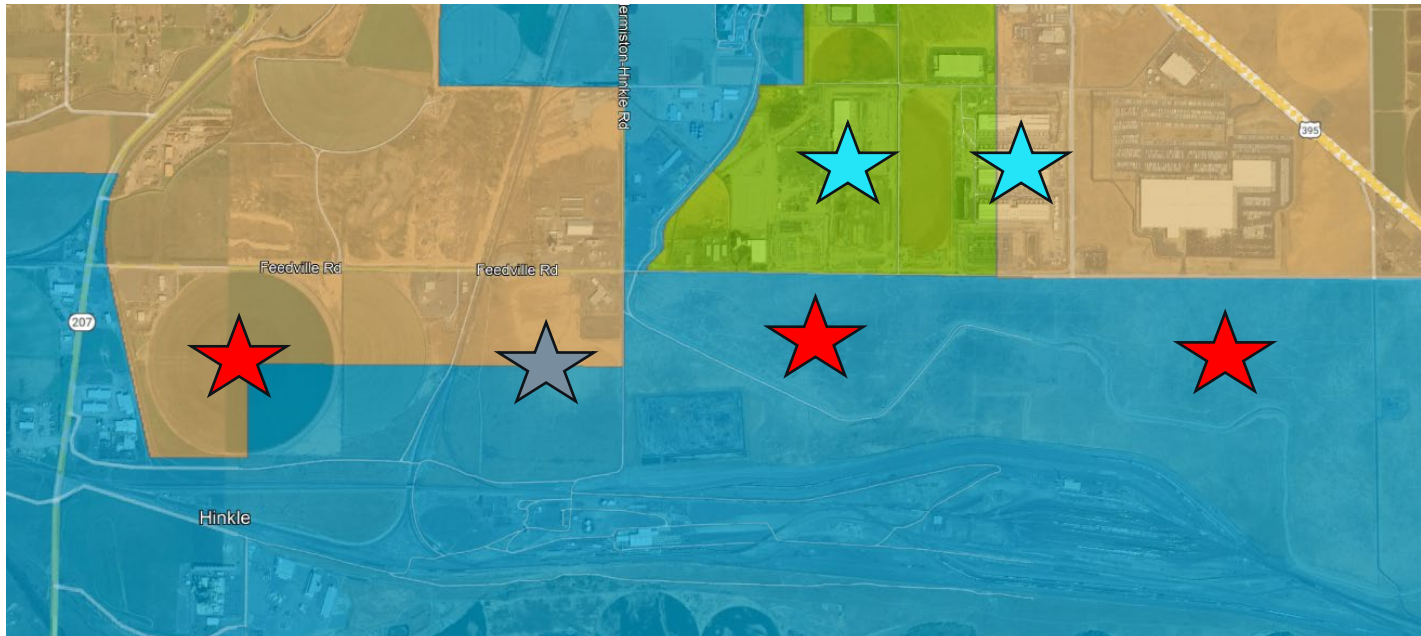
The data center market is poised for another year of significant growth that will lift all the industry's myriad players, according to a new [report](#) from the real estate firm JLL.

On the tech side of the business, AI hyperscalers and data center operators will race to build the computing capacity needed for the artificial intelligence boom, JLL contends. Meanwhile, landlords and energy companies will find their services in high demand as AI developers search for places to build data centers along with enough power to keep them running.



Revenue Timing Site Challenges

- Electric Service Territory
 - **Hermiston Energy: 5-7 Years?**
 - **Umatilla Electric: 2-5 Years?**
 - **Pacific Power: 5-10 Years?**



Existing GHEZ LTREZ  

Possible HEZ LTREZ 



City of Hermiston Ezone Revenues

- FY24: \$500,000
- FY25: \$3,000,000
- FY26: \$1,673,954
- FY27*: \$4.6M - \$7.1M?
- FY28*: \$3,700,000
- FY29*: \$5.9M - \$6.9M
- FY30*: \$5.9M - ????

**Projected*

Enterprise Zone Fund Projections*									
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
REVENUES									
PDX138									
	AIP			\$ 2,000,000	\$ 3,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	AAF			\$ 550,789	\$ 567,312	\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
	PSIF			\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
	SSF		\$ -	\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
PDX245									
	CDC	\$ 5,000,000							
	AIP					\$ 2,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	AAF					\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
	PSIF					\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
	SSF					\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
PDX146									
	CDC				\$ 5,000,000				
	AIP						\$ 2,000,000	\$ 4,000,000	\$ 4,000,000
	AAF						\$ 601,861	\$ 619,917	\$ 638,515
	PSIF						\$ 63,339	\$ 65,239	\$ 67,196
	SSF						\$ 63,339	\$ 65,239	\$ 67,196
Lamb Weston									
	City	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
	Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Gross Revenue	\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
EXPENSES									
	CDC	\$ 5,000,000			\$ 5,000,000				
	AIP		\$ -	\$ 2,000,000	\$ 3,000,000	\$ 6,000,000	\$ 10,000,000	\$ 12,000,000	\$ 12,000,000
	AAF		\$ -	\$ 550,789	\$ 567,312	\$ 1,168,663	\$ 1,805,584	\$ 1,859,752	\$ 1,915,544
	PSIF		\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
	SSF		\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
	Lamb to City GF	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
	Lamb to City Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Gross Expenses	\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
	Net Revenue GHEZ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Planning level projections only. No warranties made regarding any timing assumptions related to investment dates.



Franchise Fee Revenue

City Council Goal Setting - Jan. 22, 2026



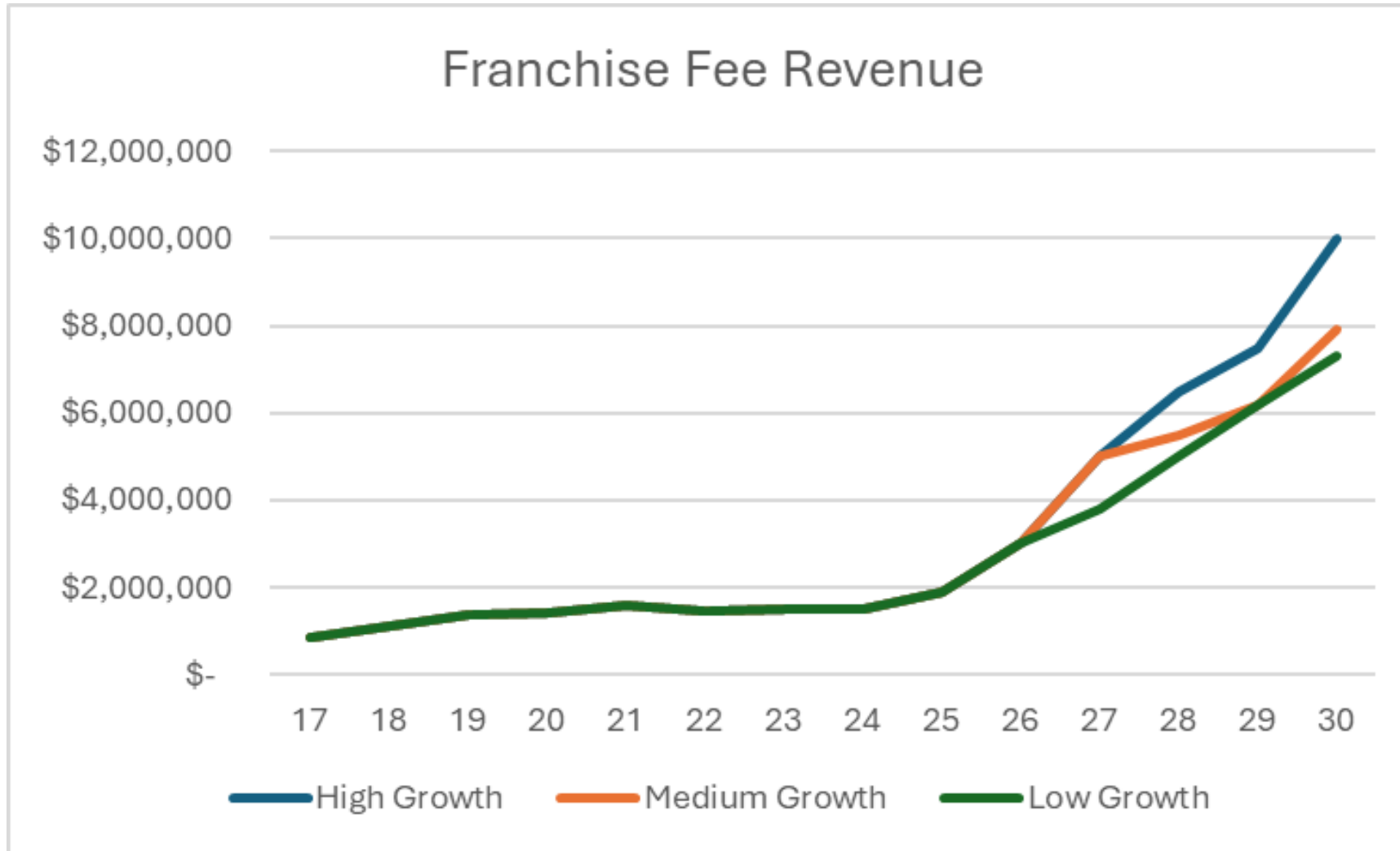


Franchise Fee Background

- Fee to use Right of Way (% of Revenue)
- Power, Gas, Telecom, etc.
- 2017 Raised Fees 33% & Dedicated to Street Capital Fund
 - Generated ~\$300K/yr
- 2023/24 Cut Street Portion for General Fund Cashflow



City-Wide Franchise Fee Revenues



	Low-Growth Net vs '24
FY25	\$360,000
FY26*	\$1,480,000
FY27*	\$2,280,000
FY28*	\$3,500,000
FY29*	\$4,700,000
FY30*	\$5,800,000

**Projected*





Questions?

Where Life is Sweet™

TO: City Council Goal Setting
FROM: Mark Morgan, Assistant City Manager
DATE: January 16, 2026
SUBJECT: Enterprise Zone Revenue Projections



Administrative Offices

Much of the revenue coming in to the GHEZ is sent to other taxing jurisdictions, and in order to provide transparency to all other entities, and the public, the table on page 11 of my annual report shows this perspective. Within that table, various amounts make their way to the City itself.

I cannot stress enough how impossible it is to arrive at a legitimate projection of revenues in to the future, given that so much hinges on timing and global economic forces wildly beyond our control. Therefore, below I include my best guess, along with a possible upper-range for that year assuming that some things which I know are possible actually come to fruition. Projecting past FY'29 is essentially meaningless.

City of Hermiston's Projected Ezone Revenue

FY'24:	\$500,000
FY'25:	\$3,000,000
FY'26:	\$1,673,954
FY'27:	\$4,600,000 to \$7,100,000
FY'28:	\$3,700,000
FY'29:	\$5,900,000 to \$6,900,000
FY'30:	\$5,900,000 to Pure Speculation?

Factors Playing in to Un-Certainty

1. "Global Data Center Bubble"- If there is a data center bubble, and it pops, I don't believe that it will send our Ezone revenues downward; however, I believe that if it pops, then our cloud computing operator will drastically scale-back new construction. Therefore, although we are aware of up to four additional campuses which have yet to break ground, absolutely none of those should be taken for granted.
2. Site-Specific Challenges- Each of the remaining campus locations have their own issues which will need to be worked through by the company as they build-out. Some of those issues are larger than others, and have their own timelines. For example, there is one campus which does not have an approved LTREZ yet, but I fully believe that, if it becomes reality, it will break ground before PDX146, which has an approved LTREZ, but has run in to landowner and site-utility challenges. Meanwhile, I believe that two of the other potential campuses are at least 5 years from breaking ground due to off-site utility challenges which will be addressed; they simply take that long to work through. Given that very long horizon, the other business-aspect-risks cloud the picture further.

All of this is to say, we anticipate the City's revenue from the Enterprise Zone to continue to grow over the coming years, to at least \$5.9 million per year by FY'29, but beyond that, we would advise extreme caution in assuming a continued trajectory of growth.

TO: City Council Goal Setting
FROM: Mark Morgan, Assistant City Manager
DATE: January 16, 2026
SUBJECT: Franchise Fee Revenue Projections

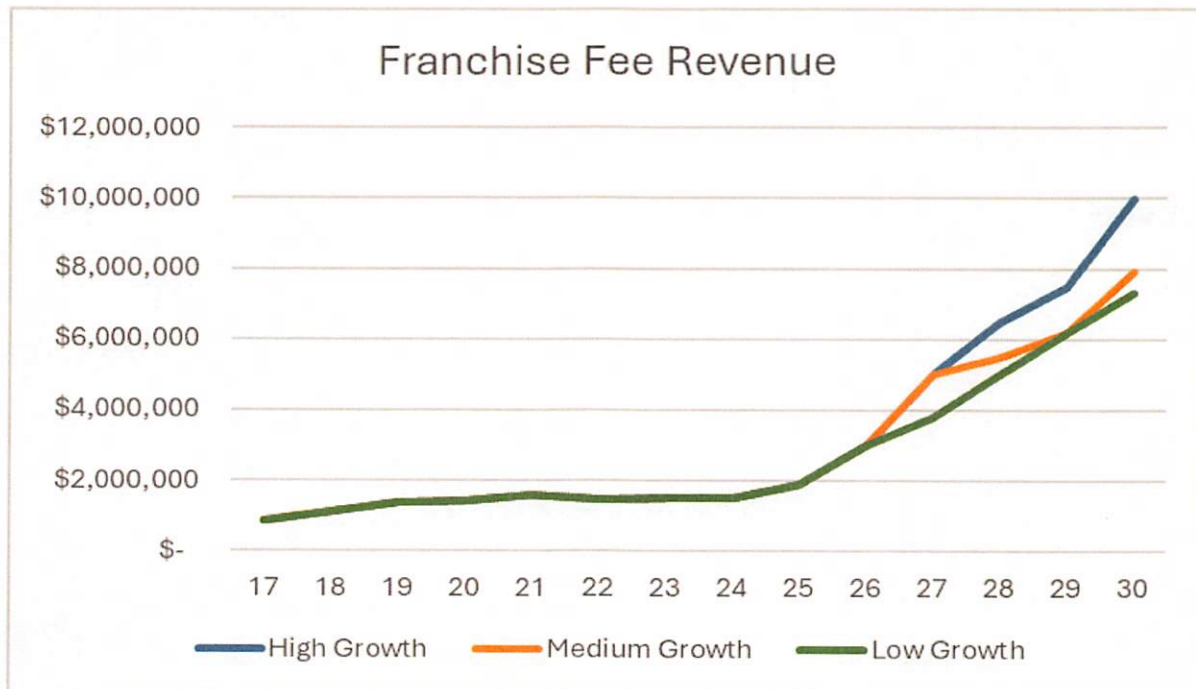


**Administrative
Offices**

Franchise Fees related to electric power consumption within city limits are experiencing very strong growth as a result of Data Center Development.

City Council, in 2017, adjusted Franchise Fees and dedicated 33% of all Franchise Fees to go in to a Streets Capital Improvement Plan (SCIP) Reserve account. That generated approximately \$300,000 per year to go toward street capital projects. In 2023/24, due to General Fund budget constraints, Council directed staff to cut back on the amount of Franchise Fees going toward SCIP. This was largely seen as a temporary measure because staff anticipated Franchise Fees to begin rising sharply once data center operations began.

Below shows actual Franchise Fee revenue through FY'25, with FY'26 beginning projections. Similar to Enterprise Zone revenue, it is highly advised not to extrapolate the trajectory beyond 2030. However, I feel that the projections below are fairly accurate +/-25%.



Greater Hermiston Enterprise Zone Manager's Annual Report 2024

April 11, 2025



**Administrative
Offices**

The Greater Hermiston Enterprise Zone (GHEZ) is a major economic development tool which allows for property tax exemptions on qualifying property. It represents the single most important financial "incentive" available to the City of Hermiston in attracting new investment, future tax base, and job creation to the area.

Since 2009, the GHEZ is responsible for attracting more than \$977 million in new and planned capital investment to the area. Now, as several exemptions have expired, \$85 million has been added to the tax rolls benefitting the City of Hermiston, Umatilla County, the Hermiston School District, and Umatilla County Fire District #1, among others. Additionally, those investments have created more than 500 new direct full-time jobs to-date resulting in more than \$19 million of new direct annual payroll circulating through the economy of Hermiston and western Umatilla County as of 2024.

TABLE OF CONTENTS

2024 Executive Summary/Recap.....	2
Individual Exemption Detail	
Lamb Weston.....	4
Amazon (PDX138).....	5
Amazon (PDX245).....	7
Amazon (PDX146).....	9
Revenue Projections/History	
GHEZ Revenue Projections.....	11
GHEZ Tax Roll History/Projections	12
Project Close-Out History	
Shearer's Foods.....	13
Pioneer Seed (Production).....	13
Pioneer Seed (Research)	14
Eastern Oregon Telecom.....	14

2024 Executive Summary/Recap

Legislative Changes (School Support Fee)

The 2023 Annual Report includes detail regarding a number of changes to the statewide Enterprise Zone program, particularly with regard to School Support Fees. Generally speaking any new Long-Term Rural Enterprise Zone Agreements must require new investments to send an amount equal to 15% of all local property taxes which would have otherwise been paid by an LTREZ investment to the local school district. The local district must then report that revenue to the State of Oregon which will correspondingly reduce the State School Fund's support for the local district proportionately.

The GHEZ has two local school districts within its boundaries. GHEZ staff coordinated with local school staff and finalized the relevant paperwork with each.

1. Stanfield School District Ratified SSF Resolution 9/11/2024
2. Hermiston School District Ratified SSF Resolution 9/9/2024

2024 New Activity

No new Enterprise Zone Exemptions were approved in 2024.

The 2023 report referenced a large, planned investment. GHEZ staff worked with the international retailer which operates a large distribution warehouse locally for several months. Ultimately, the company opted to proceed with the estimated \$250 million investment without any property tax exemptions. The investment, being completed in phases, is estimated to have placed approximately \$100 million of new value on the tax rolls by the end of calendar year 2024; which should yield a noticeable increase in local property tax revenue in November, 2025.

2024 Continuing Activity

Lamb Weston

Lamb Weston's \$295 million investment, approved in 2017 received its 5th year of exemption in 2024 (reported 2025), and reported 149 newly created jobs since 2017 actively in place in CY 2024. One of the main criteria for qualifying for a Long-Term Rural Enterprise Zone (LTREZ) exemption is a requirement to pay total average compensation to employees of at least 130% of the county-wide average. Lamb Weston, like all employers in the region, have faced significant wage pressures. In their 2024 claim, filed in 2025, they show their average annual compensation for the new jobs as \$77,940; well above the \$68,000 currently required, and a significant jump from the \$60,666 shown on their initial claim form from 2019. This 28.5% increase in compensation outpaced national inflation of 24.9% during the same period.

Amazon Data Services (PDX138)

This investment officially broke ground in 2023, and received its first Certificate of Occupancy in July, 2024. Therefore, calendar year 2025 will be the facility's first exemption year.

Amazon Data Services (PDX245)

This investment broke ground in 2024 but had not received a Certificate of Occupancy before the end of the calendar year. Therefore it's exemption has yet to begin.

Amazon Data Services (PDX146)

This investment had not yet broken ground in 2024.

Expiring Activity

No exemptions expired in 2024.

Summary of Zone Exemptions

Total Historic Investment Value:	\$977 million
Total Active Exemptions Value:	\$895,000,000
New Full Time Jobs Created:	517

GHEZ Zone Termination

As a function of state law, the 10-year authorization for the GHEZ will terminate on June 30, 2026. However, it is common practice to simply seek reauthorization. During reauthorization it is a good time to review many different items relating to the zone such as zone boundaries, sponsorship, and special programs. Formal preparations for reauthorization will begin in early 2026, which will include required formal outreach and consultation with affected stakeholders, but preliminary discussions are always welcome.

Sincerely,

Mark Morgan
GHEZ Manager
(541) 567-5521
mmorgan@hermiston.gov

Lamb Weston Exemption Detail Through 2024

Lamb Weston, Inc.**Property**

Application Submitted:	12/31/2017
Application Approved:	2/21/2018
Value of Investment (2017) (Active)	\$295,310,955
First on Tax Rolls (15 year exemption)	July 1, 2034
Total Investment Value	\$293,992,043

Employment

Annual Avg. Employment at application	0
Annual Avg. Employment (2024)	149
New FTE Jobs Created (2017-)	149
<u>Annual Avg. New Compensation</u>	<u>\$77,940</u>
New Avg. Annual Payroll Created thru 2019	\$11,613,060

Fee Payments

Paid in Current Year	\$1,000,000
Paid Life to Date	\$5,000,000

Lamb Weston LTREZ Fee Payment Schedule

According to Section 4.B "Obligations of Lamb Weston" from the approved Long-Term Rural Enterprise Zone Agreement, Lamb Weston issues an annual fee payment no later than July 1, beginning in 2020, directly to each of the named beneficiaries; Umatilla County, City of Hermiston, Hermiston Parks & Recreation.

1. Umatilla County receives \$500,000 per year directly from Lamb Weston. There are no Enterprise Zone obligations associated with these funds paid directly to Umatilla County. Through the end of 2024, Umatilla County has received \$2,500,000, and will receive a total of \$7,500,000 through the life of the exemption.
2. City of Hermiston receives \$450,000 per year directly from Lamb Weston. There are no Enterprise Zone obligations associated with these funds paid directly to the City of Hermiston. Through the end of 2023, the City of Hermiston has received \$2,250,000, and will receive a total of \$6,750,000 through the life of the exemption.
3. Hermiston Parks & Recreation receives \$50,000 per year directly from Lamb Weston. Hermiston's Recreation Projects Fund Advisory Committee (RPFAC) determines annual use of revenue. Lamb Weston allowed two voting members to the RPFAC solely for use of Ezone allocation. Funds may not accrue, or be otherwise committed/capitalized any more than \$150,000, or 3-years, at a time. Through the end of 2024, Hermiston Parks and Recreation has received \$250,000, and will receive a total of \$750,000 through the life of the exemption.

Amazon (PDX138) Exemption Detail Through 2024

Amazon Data Services, Inc. (PDX138)	
<u>Property</u>	
Application Submitted:	10/9/2019
Application Approved:	4/13/2020
Value of Investment (Estimate)	\$200,000,000+*
<u>First on Tax Rolls (15 year exemption)</u>	<u>TBD*</u>
Total Investment Value	\$200,000,000*
<u>Employment</u>	
Annual Avg. Employment at application	0
Annual Avg. Employment (2024)	n/a
New FTE Jobs Created (2020-2024)	n/a
<u>Annual Avg. New Compensation</u>	<u>n/a</u>
New Avg. Annual Payroll Created thru 2024	\$0
<u>Fee Payments</u>	
Paid in Current Year	\$0
Paid Life to Date	\$0
*To be determined upon final construction completion.	

Amazon Data Services (PDX138) LTREZ Fee Payment Schedule

This investment broke ground in 2023, and received it's first Certificate of Occupancy in July, 2024, which is a trigger point for the beginning of the 15 year exemption to begin in 2025. However, for calendar year 2024 the requirement is to submit a "Construction in Process," form, which does not include annual employment and wage figures. The first annual claim with employment data is expected for calendar year 2025 in 2026.

The LTREZ agreement with ADS for it's PDX138 campus includes a number of obligations of the company to pay in lieu of taxes no later than November 15 each year for 15 years beginning in 2025. These payments are to be made to the GHEZ. The City of Hermiston and Umatilla County, as equal co-sponsors of the GHEZ, executed an LTREZ Distribution Agreement on October 5, 2022 to dictate where LTREZ fees associated with this exemption are to be sent.

1. Annual Improvement Payment ("AIP"): The payment shall be no less than \$2 million. Half of all AIP revenue shall be sent to Umatilla County each year, and half shall be sent to the City of Hermiston. Once 3 of four main buildings on the campus are completed, the AIP rises to \$3 million per year, and finally \$4 million per year once the fourth building is occupied.

City of Hermiston
ADMINISTRATIVE OFFICES

2. **Additional Annual Fee ("AAF"):** These payments will be made to the zone for each of the 15 exemption years. The payment shall equal the amount of local property tax which would have been paid on a taxable value of \$25,000,000; which will be indexed up at 3% per year beginning in 2023. The GHEZ shall distribute AAF revenue to all taxing jurisdictions which cover the PDX138 site in an amount proportional to each entity's share of the tax rate. The total first year of AAF revenue, to be paid out to districts in November, 2025, is estimated to be approximately \$550,000.

2025 AAF Payment Estimates*	
Taxing District	Nov. 2025 Payment
Stanfield School District	\$ 122,070.02
Intermountain ESD	\$ 17,924.54
Blue Mountain Community College	\$ 19,249.92
Umatilla County	\$ 78,830.08
City of Hermiston	\$ 168,411.55
Port of Umatilla	\$ 4,259.48
Umatilla County Fire District #1	\$ 48,426.04
Umatilla Morrow Radio & Data District	\$ 4,706.49
Stanfield Cemetery District 6	\$ 2,730.03
West Umatilla Mosquito Control	\$ 5,594.97
Hermiston Urban Renewal	\$ 5,530.32
City of Hermiston Bond	\$ 544.63
Stanfield School District Bond	\$ 60,318.64
BIMOC Bond	\$ 5,723.27
UCFD1 Bond	\$ 6,468.53
Total	\$ 550,788.50
<i>*\$28,981,852 Value estimated at \$19.0046/\$1KRate</i>	

3. **Public Safety Impact Fee ("PSIF"):** These payments will be made to the zone for each of the 15 exemption years. The payments, originally set at \$50,000 per year, will index upward at 3% per year. The GHEZ will distribute PSIF revenue to Umatilla County Fire District #1. The total first year of PSIF revenue disbursed in November, 2025, will be \$59,703.
4. **Student Success Fee ("SSF"):** These payments will be made to the zone for each of the 15 exemption years. These fees were intended to offset impacts to area school systems which do not receive any distribution from the AAF. Since PDX138 is located within the taxing boundaries of Stanfield School District (SSD), SSD will receive a proportional share of the AAF. The annual SSF will be distributed to the Hermiston School District (HSD). The total first year of PSIF revenue disbursed in November, 2025 will be \$59,703.

Amazon (PDX245) Exemption Detail Through 2024

Amazon Data Services, Inc. (PDX245)	
<u>Property</u>	
Application Submitted:	8/16/2022
Application Approved:	10/31/2022
Value of Investment (Estimate)	\$200,000,000+*
First on Tax Rolls (15 year exemption)	TBD*
Total Investment Value	\$200,000,000*
<u>Employment</u>	
Annual Avg. Employment at application	0
Annual Avg. Employment (2024)	n/a
New FTE Jobs Created (2020-2024)	n/a
Annual Avg. New Compensation	n/a
New Avg. Annual Payroll Created thru 2019	\$0
<u>Fee Payments</u>	
Paid in Current Year	\$0
Paid Life to Date	\$0
*To be determined upon final construction completion.	

Amazon Data Services (PDX245) LTREZ Fee Payment Schedule

NOTE: the PDX245 investment broke ground in 2024, thus triggering the Community Development Contribution of \$5 million. However, it had not received a Certificate of Occupancy yet. Therefore, the schedule below is intended to provide an overview of how fee payments will be distributed once they begin; the date of which is still to be determined based on an issuance of a Certificate of Occupancy.

The LTREZ agreement with ADS for it's PDX245 campus includes a number of obligations of the company to pay in lieu of taxes. These payments are to be made to the GHEZ. The City of Hermiston and Umatilla County, as equal co-sponsors of the GHEZ, executed an LTREZ Distribution Agreement on October 5, 2022 to dictate where LTREZ fees associated with this exemption are to be sent.

1. **Annual Improvement Payment ("AIP")**: These payments will be made to the zone for each of the 15 exemption years. The payment shall be no less than \$2 million. Half of all AIP revenue shall be sent to Umatilla County each year, and half shall be sent to the City of Hermiston.
2. **Additional Annual Fee ("AAF")**: These payments will be made to the zone for each of the 15 exemption years. The payment shall equal the amount of local property tax which would have been paid on a taxable value of \$25,000,000; which will be indexed up at 3% per year. The GHEZ shall distribute AAF revenue to all taxing jurisdictions which cover the PDX245 site in an amount

proportional to each entity's share of the tax rate. The total first year of AAF revenue, estimated to be paid in FY27, is estimated to be \$597,400.

3. Public Safety Impact Fee ("PSIF"): These payments will be made to the zone for each of the 15 exemption years. The payments, originally set at \$50,000 per year, will index upward at 3% per year. The GHEZ will distribute PSIF revenue to Umatilla County Fire District #1. The total first year of PSIF revenue, estimated to be in FY27, is estimated to be \$59,703.
4. Student Success Fee ("SSF"): These payments will be made to the zone for each of the 15 exemption years. These fees were intended to offset impacts to area school systems which do not receive any distribution from the AAF. Since PDX245 is located within the taxing boundaries of Stanfield School District (SSD), SSD will receive a proportional share of the AAF. The annual SSF will be distributed to the Hermiston School District (HSD). The total first year of PSIF revenue, estimated to be in FY27, is estimated to be \$59,703.
5. Community Development Contribution ("CDC"): This is a one-time upfront payment to be made to the GHEZ within 60 days of breaking ground. The CDC of \$5 million will be sent 50/50 to Umatilla County and the City of Hermiston, and was paid in May, 2024

Future Bonding: The company will pay an amount to the GHEZ equal to what it's tax bill would have been, had it's taxable value been included in any voter-approved bond for public utilities, public education services, fire services, public health services, or public safety services, which is passed after October, 2022. This revenue shall be provided by the GHEZ to the jurisdiction responsible for making bond debt payments for the purposes of payment or pre-payment of debt service.

Amazon (PDX146) Exemption Detail Through 2024

Amazon Data Services, Inc. (PDX146)	
<u>Property</u>	
Application Submitted:	8/16/2022
Application Approved:	10/31/2022
Value of Investment (Estimate)	\$200,000,000+*
First on Tax Rolls (15 year exemption)	TBD*
Total Investment Value	\$200,000,000*
<u>Employment</u>	
Annual Avg. Employment at application	0
Annual Avg. Employment (2024)	n/a
New FTE Jobs Created (2020-2024)	n/a
Annual Avg. New Compensation	n/a
New Avg. Annual Payroll Created thru 2019	\$0
<u>Fee Payments</u>	
Paid in Current Year	\$0
Paid Life to Date	\$0
*To be determined upon final construction completion.	

Amazon Data Services (PDX146) LTREZ Fee Payment Schedule

NOTE: the PDX146 investment had not broken ground in 2024. Therefore, the schedule below is intended to provide an overview of how fee payments will be distributed once they begin; the date of which is still to be determined based on an issuance of a Certificate of Occupancy.

The LTREZ agreement with ADS for it's PDX146 campus includes a number of obligations of the company to pay in lieu of taxes. These payments are to be made to the GHEZ. The City of Hermiston and Umatilla County, as equal co-sponsors of the GHEZ, executed an LTREZ Distribution Agreement on October 5, 2022 to dictate where LTREZ fees associated with this exemption are to be sent.

1. **Annual Improvement Payment ("AIP")**: These payments will be made to the zone for each of the 15 exemption years. The payment shall be no less than \$2 million. Half of all AIP revenue shall be sent to Umatilla County each year, and half shall be sent to the City of Hermiston.
2. **Additional Annual Fee ("AAF")**: These payments will be made to the zone for each of the 15 exemption years. The payment shall equal the amount of local property tax which would have been paid on a taxable value of \$25,000,000; which will be indexed up at 3% per year. The GHEZ shall distribute AAF revenue to all taxing jurisdictions which cover the PDX245 site in an amount

City of Hermiston
ADMINISTRATIVE OFFICES

proportional to each entity's share of the tax rate. The total first year of AAF revenue, estimated to be paid in FY29, is estimated to be \$633,782.

3. Public Safety Impact Fee ("PSIF"): These payments will be made to the zone for each of the 15 exemption years. The payments, originally set at \$50,000 per year, will index upward at 3% per year. The GHEZ will distribute PSIF revenue to Umatilla County Fire District #1. The total first year of PSIF revenue, estimated to be in FY29, is estimated to be \$63,339.
4. Student Success Fee ("SSF"): These payments will be made to the zone for each of the 15 exemption years. These fees were intended to offset impacts to area school systems which do not receive any distribution from the AAF. Since PDX146 is located within the taxing boundaries of Hermiston School District (HSD), HSD will receive a proportional share of the AAF. The annual SSF will be distributed to the Stanfield School District (SSD). The total first year of PSIF revenue, estimated to be in FY29, is estimated to be \$63,339.
5. Community Development Contribution ("CDC"): This is a one-time upfront payment to be made to the GHEZ within 60 days of breaking ground. The CDC of \$5 million will be sent 50/50 to Umatilla County and the City of Hermiston.

Future Bonding: The company will pay an amount to the GHEZ equal to what it's tax bill would have been, had it's taxable value been included in any voter-approved bond for public utilities, public education services, fire services, public health services, or public safety services, which is passed after October, 2022. This revenue shall be provided by the GHEZ to the jurisdiction responsible for making bond debt payments for the purposes of payment or pre-payment of debt service.

GHEZ Fund Projections

As a courtesy to the various stakeholders, below is a rough projection of revenues. Note that these projections depend entirely on a number of specific timing factors based on assumptions about when, and whether, certain investments take place.

The below is a view of the GHEZ Fund, which is not intended to hold resources. Therefore, based on the various agreements outlined with specific projects above, the GHEZ should disburse all funds out to various entities each year, and will not carry a balance.

Enterprise Zone Fund Projections*									
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
REVENUES									
PDX138									
	AIP			\$ 2,000,000	\$ 3,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	AAF			\$ 550,789	\$ 567,312	\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
	PSIF			\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
	SSF		\$ -	\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196	\$ 69,212
PDX245									
	CDC	\$ 5,000,000							
	AIP					\$ 2,000,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
	AAF					\$ 584,332	\$ 601,861	\$ 619,917	\$ 638,515
	PSIF					\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
	SSF					\$ 61,494	\$ 63,339	\$ 65,239	\$ 67,196
PDX146									
	CDC				\$ 5,000,000				
	AIP						\$ 2,000,000	\$ 4,000,000	\$ 4,000,000
	AAF						\$ 601,861	\$ 619,917	\$ 638,515
	PSIF						\$ 63,339	\$ 65,239	\$ 67,196
	SSF						\$ 63,339	\$ 65,239	\$ 67,196
Lamb Weston									
	City	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
	Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Gross Revenue	\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
		FY '24	FY '25	FY '26	FY '27	FY '28	FY '29	FY '30	FY '31
EXPENSES									
	CDC	\$ 5,000,000			\$ 5,000,000				
	AIP		\$ -	\$ 2,000,000	\$ 3,000,000	\$ 6,000,000	\$ 10,000,000	\$ 12,000,000	\$ 12,000,000
	AAF		\$ -	\$ 550,789	\$ 567,312	\$ 1,168,663	\$ 1,805,584	\$ 1,859,752	\$ 1,915,544
	PSIF		\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
	SSF		\$ -	\$ 59,703	\$ 61,494	\$ 124,833	\$ 191,917	\$ 197,674	\$ 203,605
	Lamb to City GF	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
	Lamb to City Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	Gross Expenses	\$ 5,500,000	\$ 500,000	\$ 3,170,195	\$ 9,190,300	\$ 7,918,329	\$ 12,689,418	\$ 14,755,101	\$ 14,822,754
	Net Revenue GHEZ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
*Planning level projections only. No warranties made regarding any timing assumptions related to investment dates.									

New Tax Roll Timeline & History

Below is a schedule of when existing property claiming exemption will first come on to the tax rolls. The values indicate the value at the time of the investment, and not the depreciated value in the future. The Shearer's & Lamb Weston investments are not within the Hermiston city limits. The columns indicate several of the largest taxing entities affected.

<u>Tax Year Start</u>	<u>City of Hermiston</u>	<u>County, HFES, HSD, etc.</u>
July 1, 2014	\$0	\$3,100,000
July 1, 2015	\$35,000,000	\$60,000,000
July 1, 2016	\$0	\$0
July 1, 2017	\$0	\$0
July 1, 2018	\$0	\$3,500,000
July 1, 2019	\$16,482,000	\$16,482,000
July 1, 2020	\$0	\$0
July 1, 2021	\$0	\$0
July 1, 2022	\$2,076,500	\$2,076,500
	====BREAK====	
July 1, 2034	\$0	\$293,992,043
	====BREAK====	
July 2, 2039	\$200,000,000*	\$2,000,000*

Project Closeout History by Company

Companies with active projects listed above, including completed projects

Shearer's Foods

Property

Value of Investment (2010)	(Completed)	\$3,100,000
First on Tax Rolls (3 year exemption)		July 1, 2014
Value of Investment (2011)	(Completed)	\$25,000,000
First on Tax Rolls (3 year exemption)		July 1, 2015
Value of Investment (2014)	(Completed)	\$3,500,000
First on Tax Rolls (3 year exemption)		July 1, 2018
Total Investment Value		\$31,600,000

Employment

Annual Avg. Employment at initial application	117
Annual Avg. Employment (2016)	438
New FTE Jobs Created (2010 – 2016)	321
<u>Annual Avg. New Compensation</u>	<u>\$20,800</u>
New Avg. Annual Payroll Created thru 2016	\$6,676,800

Pioneer Hi-Bred (Production)

Property

Value of Investment (2009)	(Completed)	\$35,000,000
First on Tax Rolls (5 year exemption)		July 1, 2015
Value of Investment (2013)	(Completed)	\$13,900,000
First on Tax Rolls (5 year exemption)		July 1, 2019
Total Investment Value		\$48,900,000

Employment*

Annual Avg. Employment at application	0
Annual Avg. Employment (2019)	34
New FTE Jobs Created (2009 – 2019)	34
<u>Annual Avg. New Compensation</u>	<u>\$86,734</u>
New Avg. Annual Payroll Created thru 2019	\$2,948,956

*Does not include seasonal employees.

City of Hermiston
ADMINISTRATIVE OFFICES

DuPont Pioneer (Research)

Property

Value of Investment (2013)	(Complete)	\$2,582,000
<u>First on Tax Rolls (5 year exemption)</u>		<u>July 1, 2019</u>
Total Investment Value		\$2,582,000

Employment*

Annual Avg. Employment at application	18
Annual Avg. Employment (2019)	25
New FTE Jobs Created (2013-2019)	7
<u>Annual Avg. New Compensation</u>	<u>\$79,058</u>
New Avg. Annual Payroll Created thru 2019	\$553,406

*Does not include seasonal employees

Eastern Oregon Telecom

Property

Application Submitted:	7/21/2017
Application Approved:	7/21/2017
Value of Investment (2017) (Complete)	\$1,922,545
<u>First on Tax Rolls (3 year exemption)</u>	<u>July 1, 2022</u>
Total Investment Value	\$1,922,545

Employment

Annual Avg. Employment at application	17
Annual Avg. Employment (2020)	22
New FTE Jobs Created (2017-2020)	5
<u>Annual Avg. New Compensation</u>	<u>\$n/a</u>
New Avg. Annual Payroll Created thru 2017	\$n/a