



CITY COUNCIL

City Hall Council Chambers- 180 NE 2nd Street

Where Life is Sweet

October 10, 2022 at 7:00 PM

AGENDA

*Other ways of viewing or participating in live meetings are available through:
YouTube at: <https://bit.ly/HermistonYoutube>*

Zoom with Meeting ID: 841 0675 8958 Passcode: 075556 Telephone number to join is: 1 253 215 8782; or submitting comments to meetings@hermiston.or.us

1. CALL REGULAR MEETING TO ORDER – 7:00 PM

2. DECLARATION OF QUORUM

3. FLAG SALUTE

4. PROCLAMATIONS, PRESENTATIONS AND RECOGNITIONS

A. Presentation- Hermiston School District Updates

5. CITIZEN INPUT ON NON-AGENDA ITEMS

Anyone wishing to bring anything before the council that is not on the agenda is asked to please do the following: 1. Please limit comments to not more than FIVE minutes; 2. State your name and address; 3. Direct your comments to the Chair.

6. CONSENT AGENDA

A. Committee Vacancy Announcements

B. Minutes of the September 26, 2022 City Council & HURA Meeting

7. ITEMS REMOVED FROM CONSENT AGENDA

8. PUBLIC HEARINGS

A. A public hearing is scheduled to consider the formation of the Southwest Hermiston Urban Renewal Area.

9. ORDINANCES AND RESOLUTIONS

A. Ordinance No. 2341- Southwest Hermiston Urban Renewal Plan Adoption (see Public Hearing section above)

B. Resolution #2238 LTREZ Distribution Agreements

10. OTHER

A. 1st Quarter FY2023 Investment Report

B. Approval of Lease to Made to Thrive for the Construction of Sports Fields on the Front ~20 acres of the EOTEC Property.

11. COMMITTEE REPORTS

A. City Committee and Liaison:

Airport Advisory, Budget, Hispanic Advisory, Library Board, Parks and Recreation, Planning Commission, Recreation Projects Fund, Faith-Based Advisory, Community Enhancement, Community Accountability, Public Safety, Public Infrastructure, Transit Planning, EOTEC

B. Mayor's Report

C. Council Report

D. Youth Advisory Report

E. Manager's Report

12. ADJOURN

**** AMERICANS WITH DISABILITIES ACT NOTICE****

Please contact Hermiston City Hall, 235 E Gladys Ave, Hermiston, OR 97838 (Phone No. 541-567-5521) at least 48 hours prior to the scheduled meeting time if you need an accommodation. TTY and TDD users please call Oregon Telecommunications Relay Service at 1-800-735-2900 or 711.



PUBLIC ANNOUNCEMENT

The City is accepting applications for the following Committees:

1) Airport Advisory Committee

- Position 3: remaining 3-year term ending October 31, 2023 (Advertised as of 09/13/2022)

2) Budget Committee

- Position 5: remaining 3-year term ending December 31, 2023 (Vacant as of 10/25/2021)

3) Hispanic Advisory Committee

- Position 3: remaining 3-year term ending June 30, 2024 (Vacant as of 01/19/2022)
- Position 5: 3-year term ending June 30, 2025 (Advertised as of 04/19/2022)

4) Library Board

- Position 3: remaining 4-year term ending June 30, 2025 (Vacant as of 04/05/2021)

Deadline to apply for Committee(s) in Section 1: October 10, 2022

Deadline to apply for Committee(s) in Section(s) 2-4: Open until filled

Interested persons are asked to submit an application to City Hall, 235 E Gladys Ave, Hermiston, or at lalarcon-strong@hermiston.or.us . Application forms are available at City Hall or on the City’s website at <https://hermiston.or.us/volunteer> . If you have questions, please call Lilly Alarcon-Strong at 541-567-5521.

Proposed appointment and confirmation of these positions are made by the City Council. All appointments to city boards and commissions shall be made in accordance with the ordinances and city charter. Appointees shall not be full-time employees of the city, shall not be elected officials of the city, shall not be appointed to more than two boards or commissions at a time, and shall not sell to the city or its boards and commissions over which the council has appointive powers and budget control either directly as a prime contractor or supplier, or indirectly as a first-tier subcontractor or supplier. Sales shall be construed to mean sales, services or fees aggregating \$7,500 or more in any one calendar year. Preference for appointees shall be given to city residents.



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CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
September 26, 2022

Mayor Drotzmann called the regular meeting to order at 7:00pm. Present were Councilors Hardin, Primmer, Peterson, Davis, Myers, Barron, and Duron. Councilor Spicerkuhn and Judge Creasing were excused. In attendance was staff to include: City Manager Byron Smith, Assistant City Manager Mark Morgan, City Attorney Richard Tovey, Chief Edmiston, Planning Director Clint Spencer, Finance Director Mark Krawczyk, Parks and Recreation Director Brandon Artz, and City Recorder Lilly Alarcon-Strong. Youth Advisory Member Julissa Gonzales Mendoza was also in attendance. The pledge of allegiance was given.

Citizen Input on Non-Agenda Items

None given.

Consent Agenda Items

Councilor Primmer moved and Councilor Davis seconded to approve Consent Agenda items A-E, to include:

- A. Committee Vacancy Announcements
- B. Confirmation of Appointment to the Airport Advisory Committee: Ron Linn to position #5, expiring October 31, 2025
- C. Final Plat- Legacy Phases 5 & 6 4N2802BA Tax Lot 400 – NE 5th St/NE 6th ST/E Bella Vista Ave
- D. Liquor License "Greater Privilege" Application for Ye Olde Pizza Shoppe
- E. Minutes of the September 12 Work Session and Regular Meetings

Motion carried unanimously.

Resolution 2239- Long Term Rural Enterprise Zone Agreement: PDX245

Assistant City Manager Morgan presented information regarding Resolution's 2239 and 2240 as Amazon Data Services has applied for Long-Term Rural Enterprise Zone (LTREZ) abatements for two new planned campuses within the Greater Hermiston Enterprise Zone (GHEZ) as established in the staff report and handouts (attached).

Public Comment

Dave Hanson, Hermiston- stated as a member of the City's Budget Committee he is excited about these agreements and what they will bring to the community.

Jackie Linton, Hermiston- spoke regarding tax exemptions Amazon would receive through these agreements and how these exemptions would be paid for by everyone else. Asked that the City consider negotiating another agreement to renew only if Amazon makes another large investment.

Rocale Timmons, Amazon- thanked City staff as they have been great to work with and thanked the City for its consideration of these agreements.

After some discussion, Councilor Barron moved and Councilor Davis seconded to adopt Resolution 2239 and lay upon the record. Motion carried unanimously.

Resolution 2240- Long Term Rural Enterprise Zone Agreement: PDX146

City Manager Smith stated this information was presented during Resolution No. 2239 presentation.

Councilor Primmer moved and Councilor Davis seconded to adopt Resolution 2240 and lay upon the record. Motion carried unanimously.



CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
September 26, 2022

Umatilla River Bridge Report Acceptance

Assistant City Manager Mark Morgan presented information regarding the City's Transportation System Plan and its two potential future bridges that have been discussed over the Umatilla River for the past 20 years. These bridge locations could be placed at Elm Ave or Punkin Center Rd. Due to the bridges potential placement, the City of Umatilla, Umatilla County, and the City of Hermiston have engaged and financially contributed to the development of high-level designs at both locations and analyzing their impacts to the broader transportation system with Anderson Perry & Associates and Kittleson & Associates. Staff is asking that the Council consider adopting the MOU with the City of Umatilla and Umatilla County with the preferred location of Punkin Center Rd.

After some discussion, Councilor Davis moved and Councilor Barron seconded to authorize the Mayor to execute the Memorandum of Understanding as presented. Councilors Myers, Peterson, Barron, Davis, Hardin, and Duron voted in favor; Councilor Primmer voted against. Motion carried 6-1.

August 2022 Financial Report

Councilor Hardin moved and Councilor Primmer seconded to accept the August Financial Report as presented by Finance Director Mark Krawczyk. Motion carried unanimously.

Approval of the July 1, 2022 to June 30, 2025 Collective Bargaining Agreement (CBS) with the Hermiston Police Association (HPA)- City Manager Smith presented the proposed CBA with its proposed changes.

Public Comment

Karen Primmer, Hermiston- asked if the \$1,500 payment is considered a retention bonus.

City Manager Smith stated the City is labeling the payment as a signing bonus but it is an acknowledgement of their work during a very difficult time the last few years.

Mrs. Primmer stated she thinks this is a good deal as the Association deserves it.

Jackie Linton, Hermiston- stated she believes Juneteenth should be observed and specifically named as a holiday in the contract.

City Manager Smith stated the City is not trying to devalue the holiday, rather this is just a way to simplify the time-off process for administrative purposes.

After some discussion, Councilor Primmer moved and Councilor Davis seconded to adopt the proposed changes to the Collective Bargaining Agreement with the Hermiston Police Association. Motion carried unanimously.

Committee Reports

Community Accountability Board- Councilor Barron spoke regarding the recent Board meeting and the great work this Board does to help adolescents who may be struggling, becomes good members of society.



CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
September 26, 2022

Hispanic Advisory Committee- Councilor Barron stated the Committee heard information from Library Director Mark Rose regarding the potential Hispanic Resource Center. The Committee gave input on what they think would be beneficial to the success of this Center.

Public Infrastructure Committee- Mayor Drotzmann spoke regarding the presentation of the Bridge Project, slated project on North First Street, lift stations 3 and 6, Regional Water System, and Capital Infrastructure Plan.

Mayor's Report

Mayor Drotzmann spoke regarding:

- LOC's Homelessness discussion which was held in Hermiston's Community Center
- LOC Conference the first week of October
- City Hall Grand Opening and Ribbon Cutting on October 10th

Council Reports

Councilor Duron thanked Good Shephard and the many partners who participated in the Health Fair located at the Hermiston High School, stating it was a great turn out and helped provide services to many people who would not have normally been able to obtain these services. Councilor Duron also gave praise to Chief Edmiston and Chaplain Cummings for the excellent job they did in the short video clip describing and inviting all to attend the Faith and Blue event and Harvest Carnival.

Councilor Barron thanked the County for chip sealing Gettman Rd as he has heard much praise from school staff that drive along this road.

Youth Advisory Report

Advisor Gonzales Mendoza gave Hermiston High School updates regarding various activities and the new bilingual homework help class which helps students who are bilingual help students with classwork who do not know English. Advisory Gonzales Mendoza stated the class is very helpful to the students that do not speak English but also help refine the Spanish language for those who are bilingual.

Councilor Duron stated this program was developed from an idea given by Hispanic Advisory Committee Youth Member Jayson Gutierrez.

City Manager's Report

City Manager Smith spoke regarding:

- The City has received information that Shear's will not be rebuilding in Hermiston
- Potential IT Department expansion as the City has been receiving service inquiries from other entities
- City Hall updates regarding furniture, County offices moving into their space, and contractor punch list items

Adjourn the City Council Meeting and Convene the Urban Renewal Agency Meeting

Mayor Drotzmann adjourned the City Council meeting at 8:55pm and immediately convened the Urban Renewal Agency Meeting.



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CITY COUNCIL & URBAN RENEWAL AGENCY

Regular Meeting Minutes
September 26, 2022

Façade Grant- Stanton Smith 4N2811CB Tax Lot 6900- 395 E Main Street

City Manager Smith spoke regarding the façade grant application for exterior improvements to the commercial property located at 395 E Main St.

Public Comment

Applicant Slade Smith spoke regarding his improvement plans for the building.

After some discussion, Member Duron moved and Member Davis seconded to approve the grant award for the exterior improvements to 395 E Main St in the amount of \$40,000. Motion carried unanimously.

Adjournment of the Urban Renewal Agency Meeting

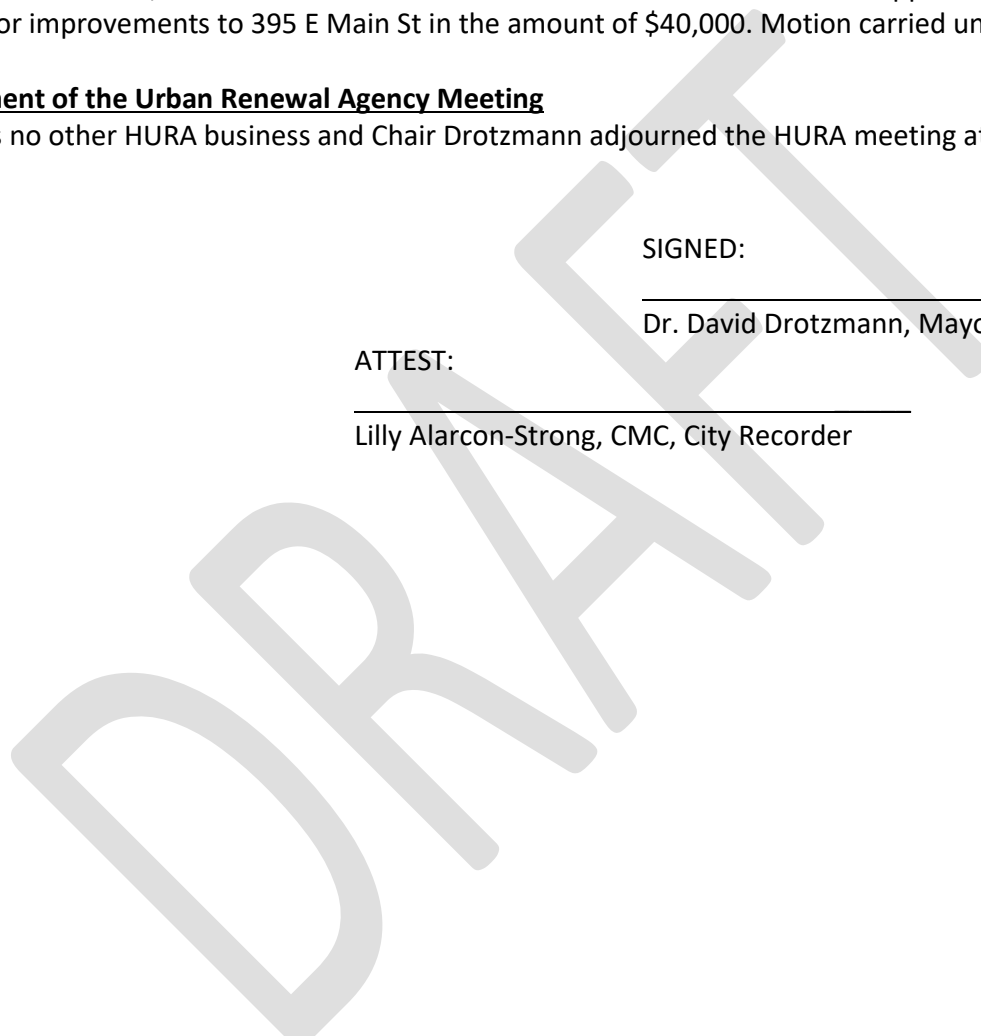
There was no other HURA business and Chair Drotzmann adjourned the HURA meeting at 9:01pm.

SIGNED:

Dr. David Drotzmann, Mayor

ATTEST:

Lilly Alarcon-Strong, CMC, City Recorder



LIREZ AGREEMENTS
City Council 9/26/2022



What is the Greater Hermiston Enterprise Zone

- Property Tax Incentive
- Authorized by State Law
- GHEZ Originated in 1996
- "Recipients"
 - Corteva AgriScience (Pioneer Seed)
 - Shearer's Foods
 - Eastern Oregon Telecom
 - Lamb Weston
 - Amazon Data Services




GHEZ Basics

- Only for industrial job creators


Basic EZone

- Create >1 Job, OR Increase by 10%
- No Income Minimums
- 3 Years
- Examples
 - Shearer's 2009
 - \$25M
 - Added 100 Minimum Wage Jobs @ \$15K/yr (2009)



Extended EZone

- Create >1 Job OR increase by 10%
- Compensation >130% County-wide Average
- 4-5 Years
- Example
 - Pioneer Seed 2013
 - \$18M
 - Added 15 Full Time Employees @ \$70k/yr (2013)



Long-Term Rural EZone

- Create >10 jobs
- Compensation >130% Countywide Average
- Invest >\$200M
- 7-15 Years
- Fees Negotiable
 - Lamb Weston 2017
 - \$293M
 - Added 145 jobs at \$55K/yr (2017)
 - Fees = 40% of Implied Tax



HERMISTON What makes GHEZ "Greater"?

- Co-Equal Partnership with Umatilla County




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HERMISTON Teamwork = Dreamwork

- \$4.5M NE Water Tank
- Added ~125 Homes+
- Added Loma Vista School
- Lamb Weston LTREZ Fees
 - City: \$2.5M
 - County: \$2M




HERMISTON Teamwork = Dreamwork

- \$9M City Hall
- Efficient Operations
- Expands Safety Center
- Expands Public Health
 - County: \$3M LTREZ




HERMISTON

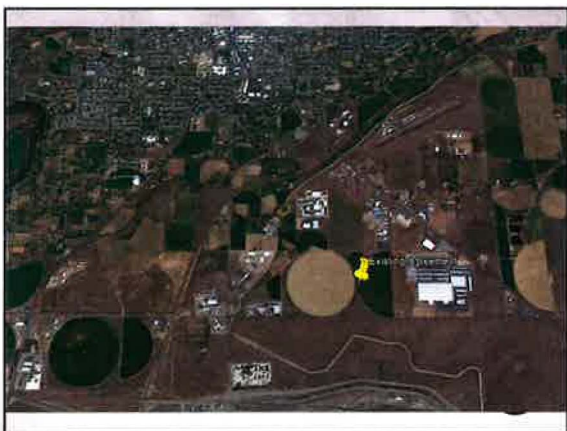
Proposed LTREZ Agreements

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HERMISTON Amazon Data Services

- 1 Existing LTREZ Yet to Break Ground
- Two additional LTREZ Requests







HERMISTON **Agreement Terms**

- Similar to Existing Agreement, plus Extra
- Identical Terms for both new agreements
- Investment
 - Well Exceeds \$200M minimum
- Job Creation
 - Well Exceeds 10 Job Minimum
- Wages
 - Well Exceeds \$58,547 Minimum

HERMISTON **Agreement Terms**

- Annual Improvement Payments
 - \$5/SF
 - Not Less Than \$2M/yr
 - Projected at ~\$4.4M/yr @ Buildout
 - Encourages More Density per Campus
- Paid to GHEZ
 - Split 50/50 City & County

HERMISTON **Agreement Terms**

- Additional Annual Fee: PDX245
 - True Payment in-lieu of taxes
 - \$27.3M “Valuation” = ~\$500,000/yr
 - Passed Through to Underlying Jurisdictions
 - ~\$160k City
 - ~\$48k UCFD1
 - ~\$100k Stanfield School District
 - Etc....

HERMISTON **Agreement Terms**

- Additional Annual Fee: PDX146
 - True Payment in-lieu of taxes
 - \$27.3M “Valuation” = ~\$400,000/yr
 - Passed Through to Underlying Jurisdictions
 - \$0 City
 - ~\$48k UCFD1
 - ~\$100k Hermiston School District
 - Etc....



Agreement Terms

- Public Safety Impact Fee (PSIF)
 - \$54,636/year
 - Increases @ 3% per year




Agreement Terms

- Student Success Fee PDX 245
 - \$54,636/year
 - Increases @ 3% per year
 - Sent to Hermiston School District




Agreement Terms

- Student Success Fee PDX 146
 - \$54,636/year
 - Increases @ 3% per year
 - Sent to Stanfield School District




Additional Terms Since Last Agreement

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Agreement Terms

- Community Development Contribution
 - \$5M Paid to GHEZ
 - Split between GHEZ Partners
 - Paid within 60 days of start of construction
 - PDX245: 2024? 2025?
 - PDX146: 2025? 2026?




Agreement Terms

- Application Processing Fee
 - \$120,000 paid to GHEZ
 - Split between GHEZ Partners



Agreement Terms

- Bonding
 - Full Taxable Value eligible for bond payments
 - Public Utilities
 - Public Educational Facilities
 - Fire Facilities
 - Policing Facilities
 - NFL Football Stadium



Agreement Terms

- Bonding Example
 - HSD Borrows \$82M
 - Across existing taxable value, Rate = \$3.75/\$1k
 - ADS adds value to rolls, Rate for everyone goes down
 - ADS pays the difference





Context

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Fees in Total (Per Campus)


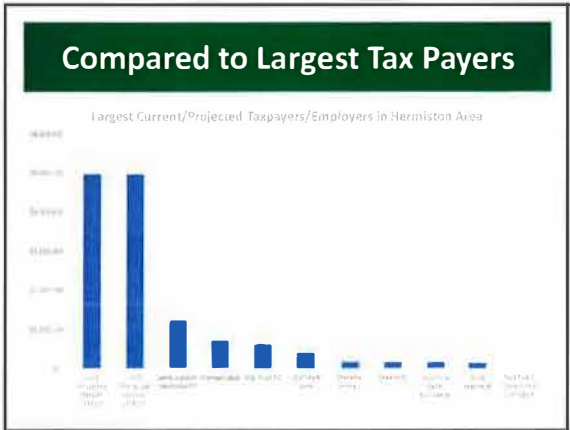
- Annualized: \$4,975,606
 - Assumes 4-year Campus Build-Out
 - Amortizes \$5M CDC over 15 Year life of LTREZ



Compared to Largest Tax Payers

| Top Commercial/Industrial Taxpayers in Hermiston Area 2020 | | | |
|--|------|----|--------------|
| | Jobs | | Tax/Fee Paid |
| AWS (Proposed PDK245 LTREZ)* | 120 | \$ | 4,975,606 |
| AWS (Proposed PDK146 LTREZ)* | 120 | \$ | 4,975,606 |
| Lamb Weston-Hermiston** | 625 | \$ | 1,211,176 |
| Pioneer Seed | 227 | \$ | 728,832 |
| Wal-Mart DC | 1050 | \$ | 632,895 |
| Wal-Mart Store | 356 | \$ | 415,331 |
| Marlite Homes | 250 | \$ | 170,616 |
| Shearer's | 400 | \$ | 157,313 |
| Columbia Basin Bioscience | 60 | \$ | 157,217 |
| Good Shepherd | 767 | \$ | 138,386 |
| Two Rivers Correctional Institution | 440 | \$ | |

*Scheduled at Full Build-Out
**Includes 2017 LTREZ

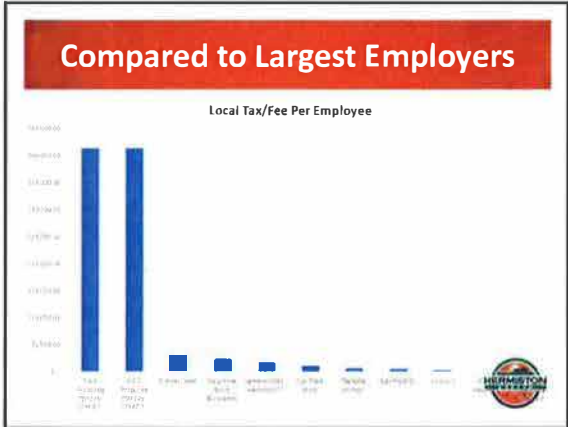



Compared to Largest Employers

Top Commercial/Industrial Taxpayers in Hermiston Area 2020

| | Jobs | Tax/Fee Paid | Tax/Fee Per Employee |
|-------------------------------------|------|--------------|----------------------|
| AWS (Proposed PDX245/LTREZ)* | 120 | \$ 4,975,606 | \$ 41,463.38 |
| AWS (Proposed PDX146/LTREZ)* | 120 | \$ 4,975,606 | \$ 41,463.38 |
| Pioneer Seed | 227 | \$ 728,832 | \$ 3,210.71 |
| Columbia Basin Bioscience | 60 | \$ 157,217 | \$ 2,620.28 |
| Lamb Weston- Hermiston** | 625 | \$ 1,211,176 | \$ 1,937.88 |
| Wal-Mart Store | 356 | \$ 415,331 | \$ 1,166.66 |
| Marlette Homes | 250 | \$ 170,616 | \$ 682.46 |
| Wal-Mart DC | 1050 | \$ 632,895 | \$ 602.76 |
| Shearer's | 400 | \$ 157,313 | \$ 393.28 |
| Good Shepherd | 767 | \$ 138,386 | \$ 180.43 |
| Two Rivers Correctional Institution | 440 | \$ - | \$ - |

*Scheduled at Full Build-Out
**Includes 2017 LTREZ



Next Steps

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Next Steps

- Umatilla County Also Approve: Oct. 5
- Break Ground PDX245: 2024?
 - Complete 2025?
 - 1st Annual Fees Not Until November, 2026
- Break Ground PDX146: 2026?
 - Complete 2027?
 - 1st Annual Fees Not Until November, 2028





Questions?

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Mayor and Members of the City Council
STAFF REPORT
For the Meeting of October 10, 2022

Title/Subject

A public hearing is scheduled to consider the formation of the Southwest Hermiston Urban Renewal Area.

Summary and Background

On March 14, 2022, the city council accepted the feasibility report for the proposed new urban renewal area in the southwest quadrant of the city and directed staff to prepare an urban renewal plan for this area. The report is now complete and a public hearing on the proposed new urban renewal area plan is required.

Attached to this staff report are both the urban renewal report which details the financial impacts of urban renewal district formation and administration, and the urban renewal plan which is more focused on the physical projects within the urban renewal area.

The plan has been prepared by a consulting team made up of representatives of Elaine Howard Consulting, Tiberius Solutions, and FCS Group, as well as city staff. The plan is prepared according to the requirements for urban renewal plans in ORS Chapter 457.

The new urban renewal district focuses on encouraging residential development in the 350+ acre tract in the southwest quadrant of the city located at the intersection of Feedville Road and Highway 207. The urban renewal plan creates a series of infrastructure projects intended to alleviate the blighting conditions on the site which lead to a lack of development. Lack of infrastructure is considered a blighting condition which may be remedied through urban renewal per ORS Chapter 457. At full buildout it is estimated that approximately 1,300 housing units will be built as well as several commercial nodes and public service areas.

Several infrastructure projects are proposed. First, a 6,000+/- foot water line will be constructed across the property to connect the existing water transmission line in Highway 207 to a future reservoir. Second, a two-million-gallon water reservoir will be constructed. This reservoir will provide storage to meet fire demand as well as daily demand for the entire development as well as providing additional storage for the remainder of the city as planned in the water system master plan. Third, upgrades to the Joseph booster station will increase flow in the Highway 207 transmission line, providing adequate water to charge the reservoir. Fourth, approximately 5,300+/- feet of new gravity fed sewer will be installed in Highway 207 connecting the development to existing municipal sewer in Highway 207 at Gettman Road

(Urban Renewal Plan Page 13). The proposed budget for the infrastructure upg \$9,017,400 in 2022 dollars. It is important to note that the infrastructure plan does not account for future transportation upgrades. Transportation infrastructure is scalable and the development will not need the improvements necessary for full build-out at the beginning of the development with few housing units constructed. Therefore, transportation infrastructure will be financed through special impact fees associated with the overall development plan, rather than through the urban renewal district.

In addition to the infrastructure projects, urban renewal funds will be used to create a regional park and trail network in the area. The regional park is proposed as a 38-acre site, encompassing the large basalt butte on the site as well as the new reservoir. Recreational facilities of a regional nature, such as athletic fields, skate park, and a trail network will create a park of significance to the entire city and west Umatilla County. Several small, neighborhood parks and local trails are also proposed (Urban Renewal Plan Page 14). The proposed budget for park development is \$4,752,000 in 2022 dollars.

In order to facilitate lower cost, workforce housing, a system development credit is proposed. A developer will be eligible for reimbursement of system development charges after building targeted housing. The proposed budget for these credits is \$1,050,000 in 2022 dollars.

Administrative overhead is also included in the plan. Overhead includes debt service on infrastructure loans, staff costs, legal publications, etc. The proposed budget for overhead is \$511,885 in 2022 dollars.

Urban Renewal diverts the tax revenues from new development within the area to the Urban Renewal Agency, rather than allowing them to go to existing districts, like the City, County, etc. That revenue is what is used to pay for projects and programs in the SHURA Plan.

In order to front-load these projects and stimulate development capable of paying for itself, staff proposes to borrow up to \$12 million to install the necessary utilities. In which case, the subsequent SHURA revenue would predominantly be aimed at paying off that debt.

It is anticipated that the Plan will take nineteen years of tax increment collections to implement. The maximum amount of indebtedness that may be issued for the Plan is not to exceed \$18,100,000 (Eighteen Million One Hundred Thousand dollars). Detailed financial analysis is in the Report Accompanying the Southwest Hermiston Plan (Report).

Under the state's school funding model, schools operating budgets are held harmless by Urban Renewal, since state income-tax funding backfills any shortfalls in local budgets to ensure consistent per-student revenues for schools.

The draft report includes a section on Revenue Sharing, which is a new requirement since the downtown Urban Renewal Area was created in 2013. Under the revenue sharing requirements, the new urban renewal district will only collect 100% of the tax increment until its assessed value reaches a set proportion of the maximum indebtedness for the area, at which point, the tax increment begins to be shared with other taxing entities. This section explains the thresholds in more detail, but you can see that existing taxing districts begin receiving revenue in 2036; however, you can also see from the assessed values, that this very conservative projection assumes that new homes don't hit the tax rolls until 2029. This means there would be 7 years where the SHURA receives all of the new revenue and existing entities receive zero. Since this conservative projection is built off of an assumption of only 30 homes

built per year, then existing districts would only see an impact of 280 new homes begin receiving increased revenue.

It is important to note that Urban Renewal only applies to permanent tax rates, not bonds. Therefore, every new home, from the day they are completed, will be paying for the school and fire district bonds. Assuming just 30 homes per year at an average assessed value of \$300,000 means the Hermiston School District receives an extra \$31,000 toward paying off its bonds in year one, and a total of \$6.6 million in 2022 dollars over 20 years. The Fire District would also see an extra \$1,400 in year one, and a total of \$300,000 over 20 years.

Staff has been concurrently working on a separate agreement with a large developer to ensure that early years' debt coverage needs are met. At its fundamental level, that development agreement will state that:

1. The City & Developer will partner to cover the debt until SHURA revenue can cover it.
2. The Developer will donate 1.5 acres of land to the Fire District (UCFD1) for a future station.
3. Impact Fee overlay will require one-time payments to UCFD1 per home.
4. Traffic Impact Fee will apply per-home, pending completion of the Traffic Impact Analysis.

Under the tentative terms with the developer, the City and developer would share that debt obligation. Therefore, the worst-case scenario for the city is approximately \$500,000 per year. This amount can be absorbed by the Utility Fund, and would be appropriate, considering that the water system improvements can provide expanded stored water capacity to the entire city.

Notice to citizens of consideration of an ordinance was given via utility billing enclosure. Notice was also placed on the City of Hermiston website. The process for approval has included the following steps, in accordance with ORS 457.

1. Preparation of a Plan including opportunity for citizen involvement.
2. Agency review of the proposed Plan and accompanying Report on August 8, 2022.
3. Forwarding a copy of the proposed Plan and the Report to the governing body of each taxing district. The formal taxing districts letters were sent out on August 10, 2022.
4. Presentation of the Plan to the Umatilla County Commission in a briefing on September 7, 2022
5. Review and recommendation by the Hermiston Planning Commission. The Planning Commission reviewed the Plan on September 14, 2022 and voted that the Plan conformed to the Hermiston Comprehensive Plan.
6. Open House to gain information on the Plan on September 14, 2022.
7. Notice to all citizens of Hermiston of a hearing before the City Council via utility billing enclosure.

- 8. Hearing by Hermiston City Council and adoption of the proposed Plan and accompanying Report by a non-emergency ordinance. The hearing and first reading of the Ordinance will be held on October 10, 2022 and the second reading and vote by City Council will occur on October 24, 2022. The ordinance must be a non-emergency ordinance, which means that the ordinance does not take effect until 30 days after its approval and during that period of time may be referred to Hermiston voters if a sufficient number of signatures are obtained on a referral petition.

Assuming the ordinance is adopted by the city council, then a notice that the Council has adopted the ordinance will be published four days after adoption in the East Oregonian. The plan will be recorded by the Umatilla County Clerk and will be transmitted to the Umatilla County Assessor.

Tie-In to Council Goals

This new urban renewal area implements Goal #9: Fund infrastructure improvements to support new housing and enhance livability

Fiscal Information

The proposed urban renewal area has a maximum indebtedness of \$18,100,000. This establishes the maximum amount the district will be able to borrow for project financing. Interest on the indebtedness is expected to total around \$8,000,000. Thus, the total outlay over the life of the district will be approximately \$26,500,000. A full description of the total financial impacts is included in Pages 11 through 23 of the attached urban renewal report.

Alternatives and Recommendation

Alternatives

- 1. Hold the public hearing and hold the first reading of the ordinance.
- 2. Stop and abandon the Plan.

Recommended Action/Motion

- 1. Review and discuss the proposed Southwest Hermiston Urban Renewal Plan
- 2. Conduct public hearing and take testimony on the Plan
- 3. Conduct the first reading of Ordinance 2341
- 4. Conduct second reading of Ordinance 2341 and adopt Plan at the October 24, 2022 City Council meeting

Submitted By:

Clinton Spencer, Planning Director

ORDINANCE NO. 2341

AN ORDINANCE MAKING CERTAIN DETERMINATIONS AND FINDINGS RELATING TO AND APPROVING THE SOUTHWEST HERMISTON URBAN RENEWAL PLAN AND DIRECTING THAT NOTICE OF APPROVAL BE PUBLISHED

WHEREAS, Hermiston Urban Renewal Agency (“Agency”), as the duly authorized and acting urban renewal agency of the City of Hermiston, Oregon, is proposing to undertake certain urban renewal activities in a designated area within the City pursuant to ORS Chapter 457; and

WHEREAS, the Agency, pursuant to the requirements of ORS Chapter 457, has caused the preparation of the Southwest Hermiston Urban Renewal Plan dated October 24, 2022 and attached hereto as Exhibit A (the “Plan”) and incorporated hereby by reference, and the Plan authorizes certain urban renewal activities within the Southwest Hermiston Urban Renewal Area (the “Area”); and

WHEREAS, the Agency has caused the preparation of a certain Urban Renewal Report dated October 24, 2022 attached hereto as Exhibit B (the “Report”) and incorporated hereby by reference to accompany the Plan as required under ORS 457.087; and

WHEREAS, the Agency forwarded the Plan and Report to the Hermiston Planning Commission (the “Planning Commission”) for review and recommendation. The Planning Commission considered the Plan and Report on September 14, 2022 and adopted a finding that the Plan conformed with the Hermiston Comprehensive Plan; and

WHEREAS, the Plan and the Report were forwarded on August 9, 2022 to the governing body of each taxing district affected by the Plan, and the Agency has thereafter consulted and conferred with each taxing district; and

WHEREAS, on September 7, 2022 the City met with representatives of Umatilla County to review the Plan, including proposed maximum indebtedness for the Plan; and

WHEREAS, the City Council has not received any written recommendation from the governing bodies of the affected taxing districts; and

WHEREAS, on September 7, 14, 21, and 30, 2022, the City caused notice of the hearing to be held before the Council on the Plan, including the required statements of ORS 457.120(3), to be mailed to utility customers within City’s incorporated limits; and

WHEREAS, on October 10, 2022 the City Council held a public hearing to review and consider the Plan, the Report, the recommendation of the Hermiston Planning Commission and the public testimony received on or before that date and to receive additional public testimony; and

WHEREAS, the City Council found that the Plan conforms with all applicable legal requirements; and

WHEREAS, after consideration of the record presented through this date, the City Council does by this Ordinance desire to approve the Plan.

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

Section 1. The Plan complies with all applicable requirements of ORS Chapter 457 and the specific criteria of 457.095, in that, based on the information provided in the Report, the Hermiston Planning Commission Recommendation, and the public testimony before the City Council:

1. The process for the adoption of the Plan, has been conducted in accordance with the applicable provisions of Chapter 457 of the Oregon Revised Statutes and all other applicable legal requirements;
2. The area designated in the Plan as the Southwest Hermiston Urban Renewal Area (“Area”) is blighted, as defined by ORS 457.010(1) and is eligible for inclusion within the Plan because of conditions described in the Report in the Section “Existing Physical, Social, and Economic Conditions and Impacts on Municipal Services”, including the existence of inadequate streets and other rights of way, open spaces and utilities within the Area (ORS 457.010(1)(e)) and;
3. The rehabilitation and redevelopment described in the Plan to be undertaken by the Agency is necessary to protect the public health, safety or welfare of the City because absent the completion of urban renewal projects, the Area will fail to contribute its fair share of property tax revenues to support City services and will fail to develop and/or redevelop according to the goals of the City’s Comprehensive Plan;
4. The Plan conforms to the Hermiston Comprehensive Plan and provides an outline for accomplishing the projects described in the Plan, as more fully described in XI of the Plan and in the Hermiston Planning Commission recommendation;
5. No residential displacement will occur as a result of the acquisition and disposition of land and redevelopment activities proposed in the Plan and therefore the Plan does not include provisions to house displaced persons;
6. Acquisition is an eligible component of the Plan and is necessary to cure blight in the Area and to promote economic prosperity.
7. Adoption and carrying out the Plan is economically sound and feasible in that eligible projects and activities will be funded by urban renewal tax revenues derived from a division of taxes pursuant to section 1c, Article IX of the Oregon Constitution and ORS 457.440 and other available funding as more fully described in the Sections III through VI of the Report;
8. The City shall assume and complete any activities prescribed it by the Plan; and
9. The Agency consulted and conferred with affected overlapping taxing districts prior to the Plan being forwarded to the City Council.

Section 2. The Southwest Hermiston Urban Renewal Plan is hereby approved based upon review and consideration by the City Council of the Plan and Report, the Hermiston Planning Commission Recommendations, each of which is hereby accepted, and the public testimony in the record.

Section 3. The City Manager shall forward forthwith to the Agency a copy of this Ordinance.

Section 4. The Agency shall thereafter cause a copy of the Plan to be recorded in the Records of Umatilla County, Oregon.

Section 5. City Administrator, in accordance with ORS 457.115, shall publish notice of the adoption of the Ordinance approving the Plan including the provisions of ORS 457.135, in the East Oregonian no later than four days following adoption of this Ordinance.

PASSED by the Common Council this 24th day of October, 2022.
SIGNED by the Mayor this 24th day of October, 2022.

Dr. David Drotzmann, MAYOR

ATTEST:

Lilly Alarcon-Strong, CMC, CITY RECORDER

Exhibit A- Southwest Hermiston Urban Renewal Plan
Exhibit B- Report on the Southwest Hermiston Urban Renewal Plan

DRAFT

Southwest Hermiston Urban Renewal Plan



Where Life is Sweet

Adopted by the City of Hermiston

October 2022

Ordinance No. 2341

If Amendments are made to the Plan, the Resolution or Ordinance Number and date will be listed here. The amendment will be incorporated into the Plan and noted through a footnote.

List of Participants

Mayor

Dr. David Drotzmann

City Council

Lori Davis, Ward 1

Roy Barron, Ward 2

Jackie C. Myers, Ward 3

Phillip Spicerkuhn, Ward 4

Maria Duron, at large

Rod S. Hardin, at large

Nancy Peterson, at large

Doug Primmer, at large, Council President

Hermiston Urban Renewal Agency

Dr. David Drotzmann

Lori Davis

Roy Barron

Jackie C. Myers

Phillip Spicerkuhn

Maria Duron

Rod S. Hardin

Nancy Peterson

Doug Primmer

Planning Commission

Position 1 Annette Kirkpatrick

Position 2 Philip Hamm

Position 3 Ben Doherty

Position 4 Patrick Collins

Position 5 Josh Burns

Position 6 Dean Fialka

Position 7 Ben Sargent

Position 8 Margaret E. Saylor, Chair

Position 9 Derek Caplinger

City Manager

Byron Smith

Economic Development/Assistant City Manager

Mark Morgan

Planning Director

Clinton Spencer

Finance Director

Mark Krawczyk

Consulting Team

Elaine Howard Consulting, LLC

Elaine Howard

Scott Vanden Bos

Tiberius Solutions LLC

Nick Popenuk

Ali Danko

Rob Wyman

FCS Group

Todd Chase

DRAFT

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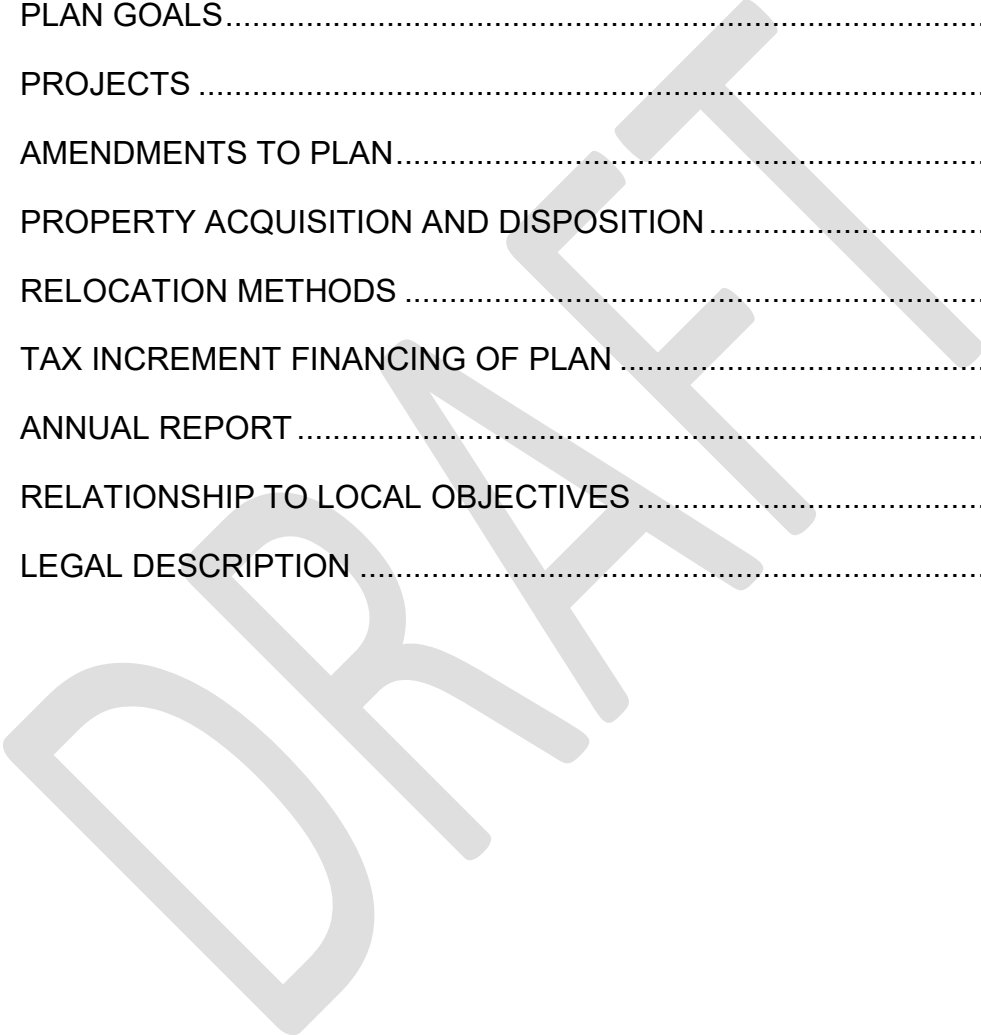
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I. DEFINITIONS

“Agency” is the Hermiston Urban Renewal Agency created under ORS 457.035 and 457.045.

“Area” means the properties and rights-of-way located with the Hayfield Park Urban Renewal Area.

“Blight” is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting the Southwest Hermiston Urban Renewal Plan.

“City” means the City of Hermiston, Oregon.

“City Council” or “Council” means the Hermiston City Council.

“Comprehensive Plan” means the City of Hermiston Comprehensive Plan and its implementing ordinances, policies, and standards.

“County” means Umatilla County, Oregon.

“Frozen base” means the total assessed value including all real, personal, manufactured, and utility values within a Southwest Hermiston Urban Renewal Plan at the time of adoption. The county assessor certifies the assessed value after the adoption of the Southwest Hermiston Urban Renewal Plan.

“Southwest Hermiston Urban Renewal Plan” means a plan, as it exists or is changed or modified from time to time, as provided in ORS 457.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in the Southwest Hermiston Urban Renewal Plan, or portion thereof, over the assessed value specified in the certified statement.

“Maximum Indebtedness” means the maximum principal amount of indebtedness that may be incurred by a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

“ORS” means the Oregon Revised Statutes and specifically Chapter 457, which relates to urban renewal and tax increment financing.

“Plan” or “ ” means the official plan for the Southwest Hermiston Urban Renewal Plan pursuant to ORS 457.

“Plan Area” or means a blighted area included in the Southwest Hermiston Urban Renewal Plan under ORS 457.160.

“Planning Commission” means the Hermiston Planning Commission.

“Project(s)” or means any work or undertaking carried out under the Southwest Hermiston Urban Renewal Plan.

“Report Accompanying Southwest Hermiston Urban Renewal Plan” or “Report” means the official report that accompanies the Southwest Hermiston Urban Renewal Plan pursuant to ORS 457.085(3).

“Revenue sharing” means sharing tax increment proceeds as defined in ORS 457.470 and refers to the funds that are associated with the division of taxes accomplished through the adoption of the Southwest Hermiston Urban Renewal Plan.

“Tax increment revenues” means the funds allocated by the assessor to the Hermiston Urban Renewal Agency due to increases in assessed value over the frozen base within the area.

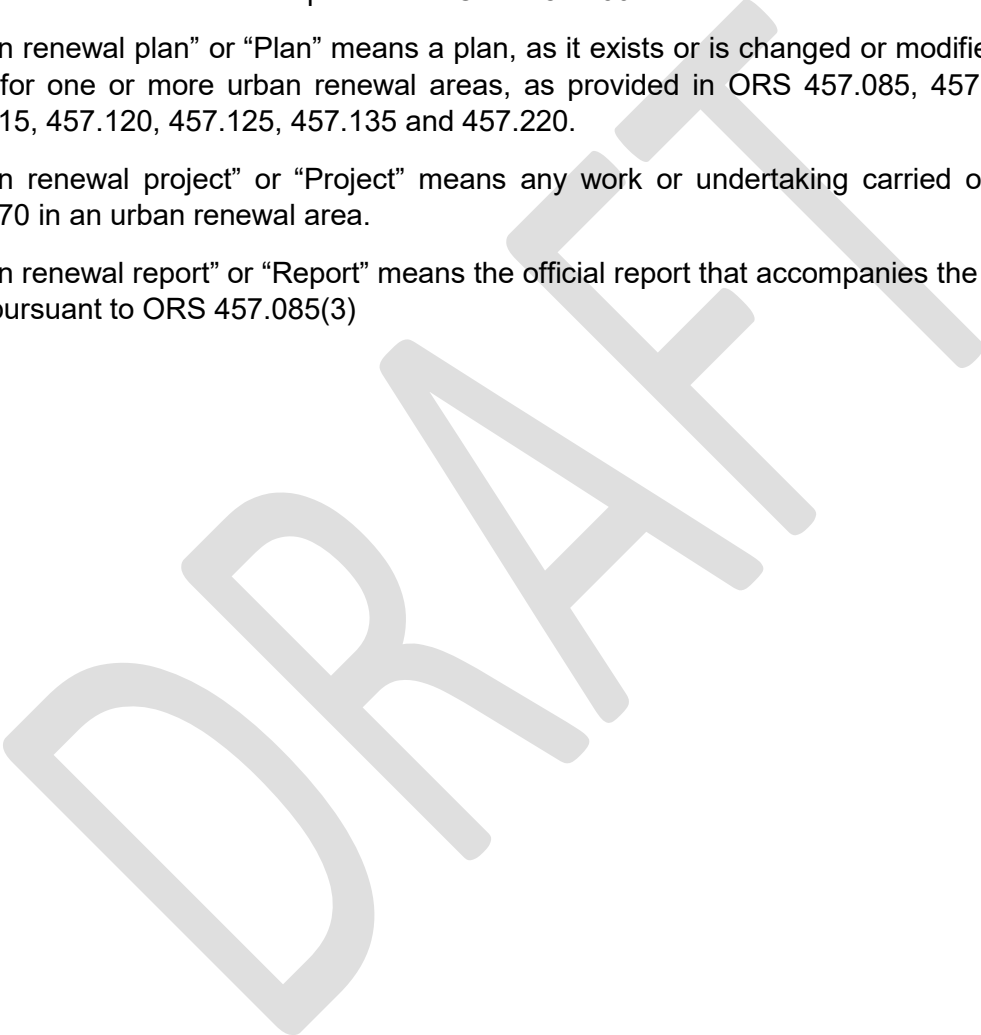
“Urban Renewal” means the statutory authority provided in ORS 457.

“Urban renewal area” means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.160.

“Urban renewal plan” or “Plan” means a plan, as it exists or is changed or modified from time to time, for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135 and 457.220.

“Urban renewal project” or “Project” means any work or undertaking carried out under ORS 457.170 in an urban renewal area.

“Urban renewal report” or “Report” means the official report that accompanies the urban renewal plan pursuant to ORS 457.085(3)



II. INTRODUCTION

The city of Hermiston completed a Housing Capacity Analysis by Johnson Economics in January of 2021. The findings demonstrate that there is a need for more home buying opportunities in the heart of Hermiston’s income distribution, where most households are found. There is also a need for additional subsidized affordable units for low-income households. In general, there is need for more apartment units of all types to alleviate low vacancy and availability in the community. The results of the analysis shows a need for 2,030 new housing units by 2040. Of these new units, 61.5% are projected to be ownership units, and 38.5% are projected to be rental units. There is some new need for ownership housing at the low-end of the pricing spectrum. But income trends suggest that the greatest demand will remain in the middle price ranges (\$175k to \$300k). This is because some of the city’s current housing is found at lower value levels due to age, condition, and mobile homes. At the same time, most new homes are projected to be priced at higher price points.¹

The development of the property included in the Southwest Hermiston Urban Renewal Area (Area) into a residential area will address some of the future housing need of Hermiston. The Area is located in the southwest of the Hermiston city limits, just north of Feedville Road, east of Hermiston Highway 207 and west of Highway 395. There are projected to be 1,100 single family units of different sizes, 150 multi-family units and 80 senior housing units and the ability to help provide assistance to workforce housing. The installation of infrastructure will facilitate the development of this property. The provision of funding for parks will provide recreational opportunities for the area residents and for City of Hermiston residents. .

The land is subject to geographic constraints and high public infrastructure demand which make conventional development cost prohibitive. Urban renewal is the most effective financing tool to provide infrastructure over a great distance and at the capacity necessary to develop the land at urban density. Without the provision of urban level services, the land will remain blighted and undeveloped for the foreseeable future. The inability to develop the land at urban density without using urban renewal to provide services causes a skewing of the city’s residential land inventory.

Without the provision of assistance through urban renewal, the city has a large residential tract which cannot be developed. This excess of undeveloped land makes it difficult to fulfill Statewide Housing Goal 10 needs in general and meet potential housing production strategy needs specifically. The land within the Area constitutes nearly the entirety of the city’s 20-year housing needs within the acknowledged Housing Needs Analysis. The ability to develop this tract at urban density with the assistance of the formation of an urban renewal district allows the city to generate sufficient economic growth and maximize tax revenue.

The Plan Area, shown in Figure 1, consists of approximately 393 total acres, 383.4 acres of land in tax lots and 9.6 acres of public rights-of-way.

It is anticipated that the Plan will take nineteen years of tax increment collections to implement. The maximum amount of indebtedness (amount of tax increment financing (TIF) for projects and programs) that may be issued for the Plan is eighteen million one hundred thousand dollars (\$18,100,000).

¹ Housing Needs Analysis, Johnson Economics, p 22.

Goals and objectives are intended to guide tax increment financing (TIF) investment in the Area over the life of the Plan. The project category descriptions and list of projects are intended to aid future decision makers when considering how best to expend funds generated by TIF.

The Plan is to be administered by the Hermiston Urban Renewal Agency (HURA or Agency). Substantial amendments to the Plan must be approved by City Council as outlined in Section IX. All amendments to the Plan are to be listed numerically on the front page of the Plan and then incorporated into the Plan document and noted by footnote with an amendment number and adoption date.

The relationship between the sections of the Plan and the ORS 457.085 requirements is shown in Table 1 - Statutory References. The specific reference in the table below is the section of this Plan that primarily addresses the statutory reference. There may be other sections of the Plan that also address the statute.

Table 1 - Statutory References

| Statutory Requirement | Plan Section |
|-----------------------|----------------|
| ORS 457.085(2)(a) | V, VI |
| ORS 457.085(2)(b) | V, VI |
| ORS 457.085(2)(c) | XII |
| ORS 457.085(2)(d) | XI |
| ORS 457.085(2)(e) | XI |
| ORS 457.085(2)(f) | IX |
| ORS 457.085(2)(g) | VIII |
| ORS 457.085(2)(h) | III |
| ORS 457.085(2)(i) | VII |
| ORS 457.085(2)(j) | Not applicable |

A. Urban Renewal Overview

Urban renewal allows for the use of tax increment financing, a financing source that is unique to urban renewal, to fund its projects. Tax increment revenues— the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established— are used to repay borrowed funds. The borrowed funds are used to pay for urban renewal projects and cannot exceed the maximum indebtedness amount set by the urban renewal plan.

The purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped, called blighted areas in ORS 457. These areas can have old or deteriorated buildings, public spaces that need improvements, streets and utilities in poor condition, a complete lack of streets and utilities altogether, or other obstacles to development. In general,

urban renewal projects can include construction or improvement of streets, utilities, and other public facilities; assistance for rehabilitation or redevelopment of property; acquisition and re-sale of property (site assembly) from willing sellers; and improvements to public spaces. The Southwest Hermiston Urban Renewal Area meets the definition of blight due to its infrastructure deficiencies and underdeveloped properties. These blighted conditions are specifically cited in the ordinance adopting the Plan and described in detail in the accompanying Urban Renewal Report (Report).

B. Report Accompanying the Plan

The Report provides the analysis and contains the information required to meet the standards of ORS 457.087, including financial feasibility. These requirements include:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the Plan, including fiscal impact in light of increased services;
- Reasons for selection of the Plan Area;
- The relationship between each project to be undertaken and the existing conditions;
- The estimated total cost of each project and the source of funds to pay such costs;
- The estimated completion date of each project;
- The estimated amount of funds required in the Area and the anticipated year in which the debt will be retired;
- A financial analysis of the Plan;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal area; and
- A relocation report.

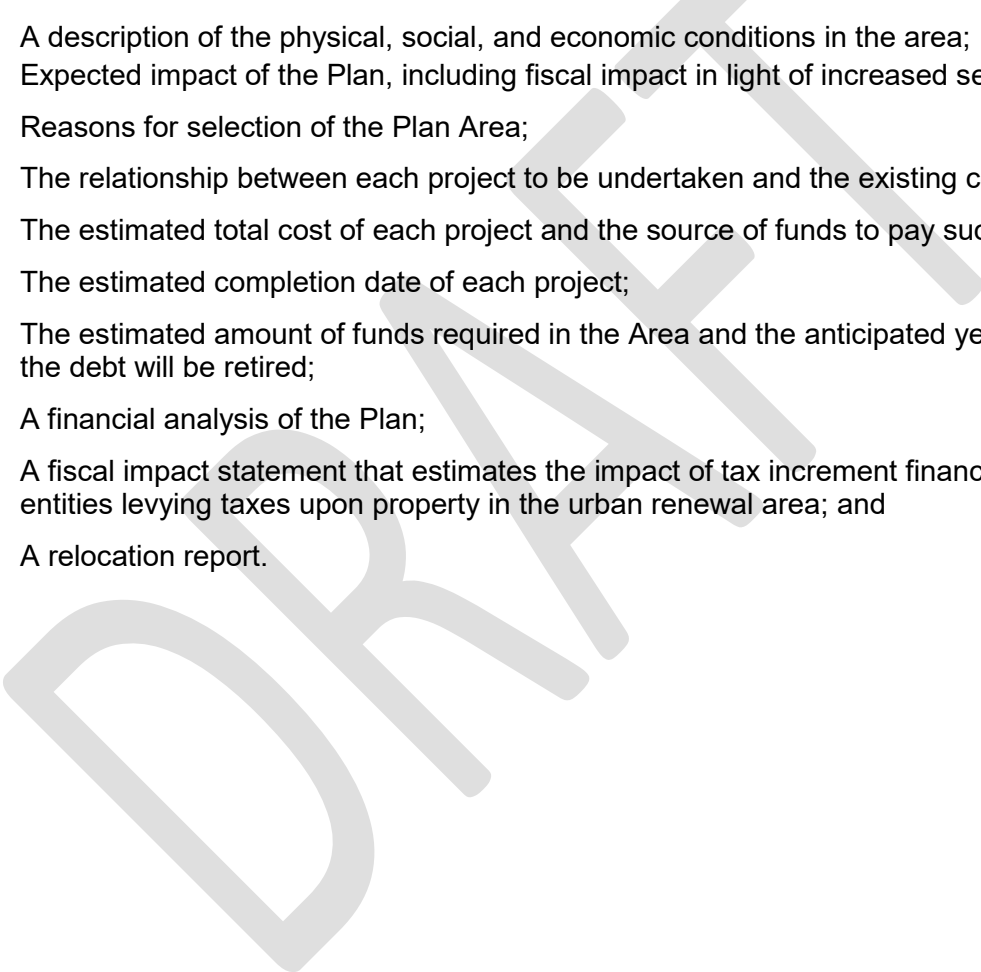
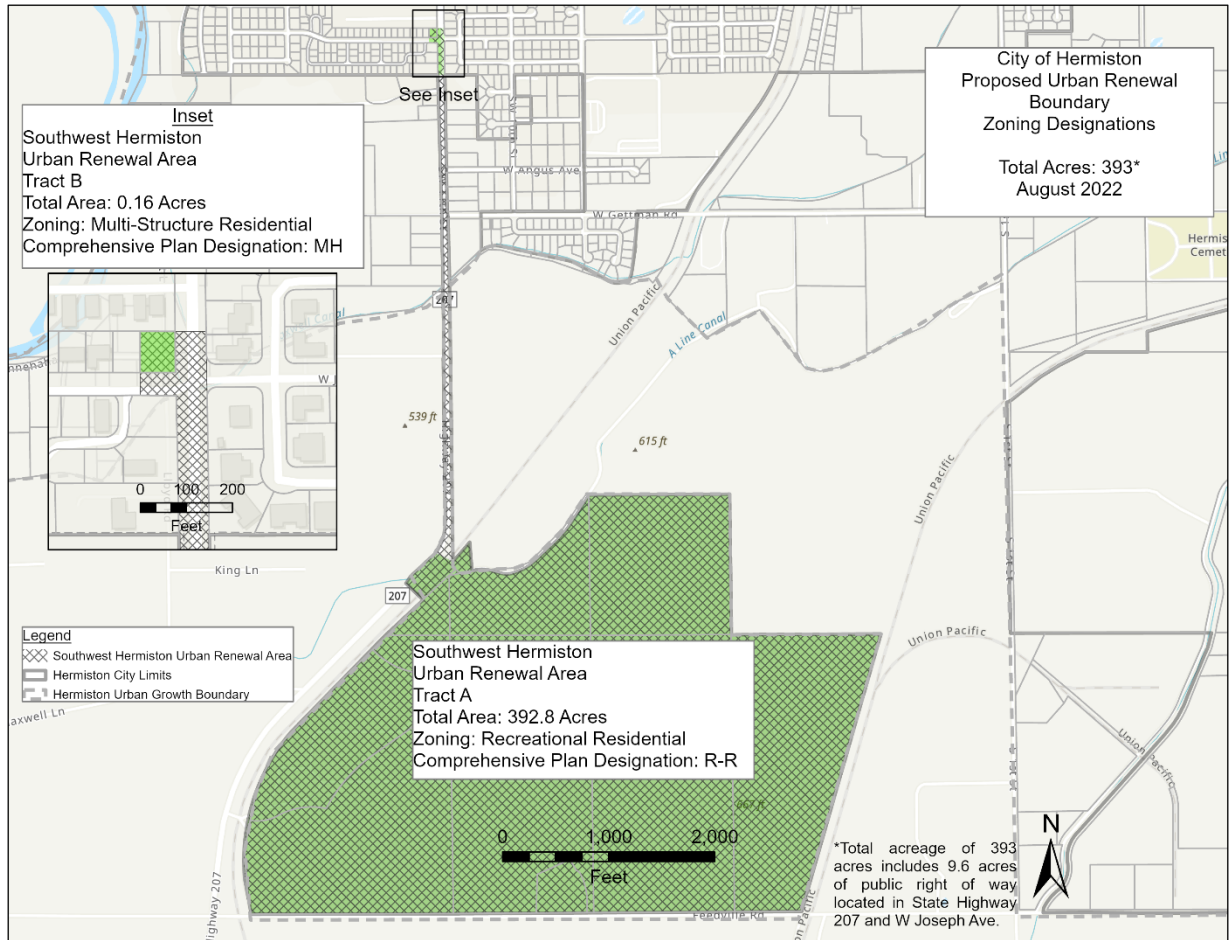


Figure 1 Boundary



Source: City of Hermiston

III. MAXIMUM INDEBTEDNESS

Maximum Indebtedness ("MI") is the total amount of money that can be spent on projects, programs and administration throughout the life of the Plan. The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon good faith estimates of the scope and costs of projects in the Plan and the schedule for their completion is \$18,100,000 (eighteen million one hundred thousand dollars. This amount is the principal of such indebtedness and does not include interest or indebtedness incurred to refund or refinance existing indebtedness or interest earned on debt proceeds.

IV. PLAN GOALS

A. Encourage the development of housing

Objective #1 - Construct utility and parkland infrastructure necessary to develop housing.

B. Increase local government tax revenue by attracting private investment

Objective #1 - Begin sharing tax increment revenue with local taxing entities as soon as annual revenues are capable of covering annual debt service.

C. Provide for a connected community with a variety of community space options

Objective #1 - Construct parkland infrastructure necessary to meet the needs of the community.

D. Provide resources to adequately administer the Southwest Hermiston Urban Renewal Plan

Objective #1 – Administer the Plan including the projects, financial accounting and reporting as required by State Statute.

V. PROJECTS

The projects to be undertaken in the Area are infrastructure upgrades, parks and pathways, incentives for development of workforce housing and administration of the Plan.

A. Infrastructure Upgrades

1. Water transmission line

Construct approximately 6,000 linear feet of new 12” ductile iron water line from the new reservoir located on an elevated area in the southeast portion of the Area, going northwest through the Area to connect to an existing 12” City of Hermiston water main located within the OR207 right-of-way. This project will connect the storage reservoir to the rest of the city’s waterworks.

2. Joseph Booster Pump Station upgrades

Provide upgrades to the Joseph Booster Pump Station, which currently boosts water from the City’s main pressure zone to higher elevations in the southwestern portion of the city using one 15hp pump, two 25hp pumps, and one large 100hp pump. In order to boost water further to this area, this project will install three new larger pumps with variable frequency drives, make associated upgrades to electrical and control systems, and make adjustments to existing valving, which will include installation of two pressure-reducing valves.

3. Sewer main line

Construct approximately 5,300 linear feet of 8” PVC gravity sewer main from the intersection of OR207 and Gettman Road, south to the vicinity of Hermiston Irrigation District’s A-Line Canal, and east under the railroad tracks and canal, to serve the larger area 2 million-gallon reservoir. To be able to develop in the Area, this sewer line must be constructed.

4. 2 million gallon reservoir

Construct a two million-gallon water reservoir on an elevated point in the southeast portion of the Area to serve the Area with pressurized and backup water.

B. Parks and Pathways

1. Community Park and Pathways development

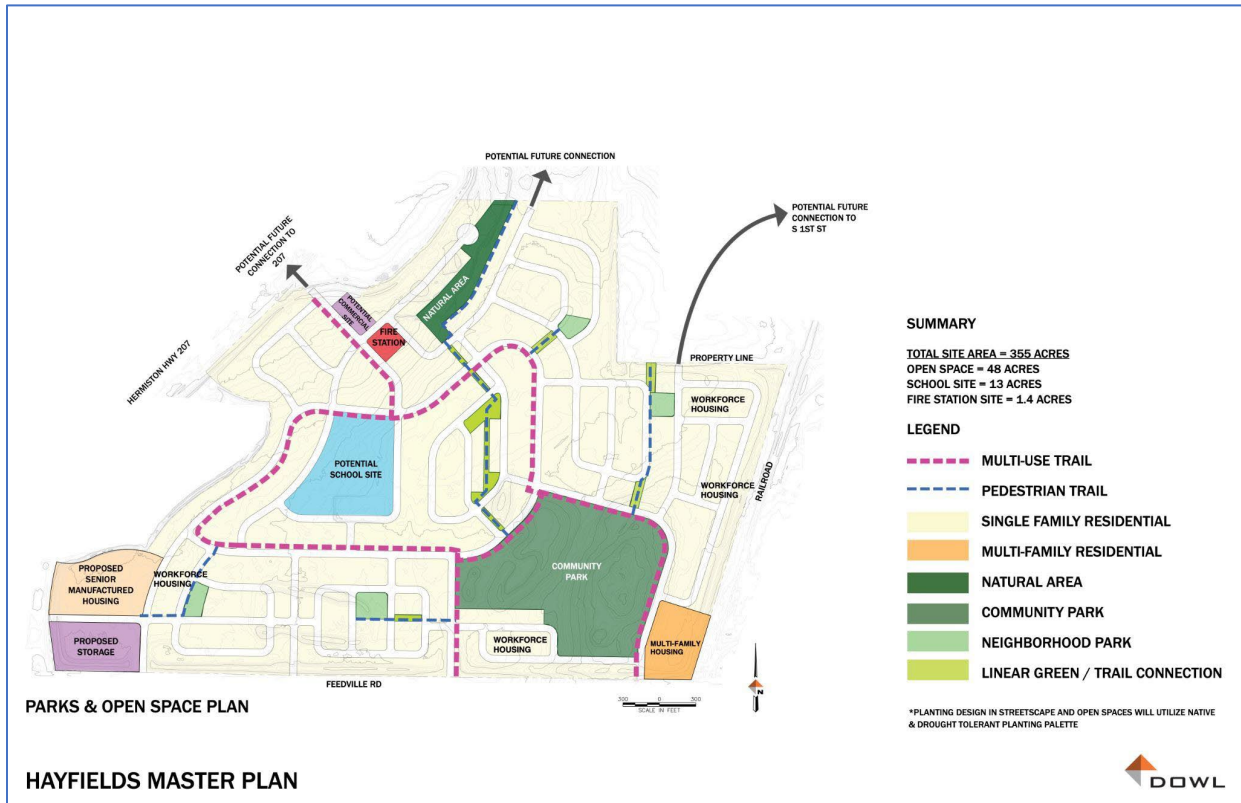
Develop parks within the Area including but not limited to: (1) A large 38-acre community park with amenities designed to enhance the desirability of the entire area, and (2) several smaller neighborhood parks and trails throughout the Area with amenities designed to serve more local demands within the Area..

Figure 2 Community Park Conceptual Plan



Source: Monte Vista Homes

Figure 3 Parks and Open Space Plan



Source: Monte Vista Homes

C. Developer Incentives

1. System Development Charge Reimbursement for development of workforce housing

D. Administration

1. Financing fees
2. General administration including annual reporting, financial statements and administration of the Plan.

VI. AMENDMENTS TO PLAN

The Plan may be amended as described in this section.

A. Substantial Amendments

Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing, and approval procedure required of the original Plan, under ORS 457.095, including public involvement, consultation with taxing districts, presentation to the Agency, the Planning Commission, and adoption by the City Council by non-emergency ordinance after a hearing. Notice of such hearing shall be provided to individuals or households within the City of Hermiston, as required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and 457.115.

Substantial Amendments are amendments that:

- (1) Add land to the Southwest Hermiston Urban Renewal Plan boundary except for an addition of land that totals not more than 1% of the existing area of the Southwest Hermiston Urban Renewal Plan boundary; or
- (2) Increase the maximum amount of indebtedness that can be issued or incurred under the Plan.

B. Minor Amendments

Minor Amendments are amendments that are not Substantial Amendments as defined in this Plan and in ORS 457. Minor Amendments require approval by the Agency by resolution.

C. Amendments to the Hermiston Comprehensive Plan and/or Hermiston Development Code

Amendments to the Hermiston Comprehensive Plan (“Comprehensive Plan”) and/or Hermiston Development Code that affect the Plan and/or the Plan Area shall be incorporated automatically within the Plan without any separate action required by the Agency or City Council. When a substantial amendment is completed, the Relationship to Local Objectives section will be updated.

VII. PROPERTY ACQUISITION AND DISPOSITION

The Plan authorizes the acquisition and disposition of property as described in this section. Property includes any and all interests in property, including fee simple ownership, lease, easements, licenses, or other rights to use. If property is acquired it will be identified in the Plan through a Minor Amendment, as described in Section IX. Identification of property to be acquired and its anticipated disposition is required by ORS 457.085(g).

A. Property acquisition for public improvements

The Agency may acquire any property within the Area for the public improvement projects undertaken pursuant to the Plan by all legal means, including use of eminent domain. Good faith negotiations for such acquisitions must occur prior to institution of eminent domain procedures.

B. Property acquisition from willing sellers

The Plan authorizes Agency acquisition of any interest in property within the Area that the Agency finds is necessary for private redevelopment, but only in those cases where the property owner wishes to convey such interest to the Agency. The Plan does not authorize the Agency to use the power of eminent domain to acquire property from a private party to transfer property to another private party for private redevelopment. Property acquisition from willing sellers may be required to support development of projects within the Area.

C. Land disposition

The Agency will dispose of property acquired for a public improvement project by conveyance to the appropriate public agency responsible for the construction and/or maintenance of the public improvement. The Agency may retain such property during the construction of the public improvement.

The Agency may dispose of property acquired under Subsection B of this Section VI by conveying any interest in property acquired. Property shall be conveyed at its fair reuse value. Fair reuse value is the value, whether expressed in terms of rental or capital price, at which the urban renewal agency, in its discretion, determines such land should be made available in order that it may be developed, redeveloped, cleared, conserved, or rehabilitated for the purposes specified in the Plan. Because fair reuse value reflects limitations on the use of the property to those purposes specified in the Plan, the value may be lower than the property’s fair market value.

Where land is sold or leased, the purchaser or lessee must agree to use the land for the purposes designated in the Plan and to begin and complete the building of its improvements within a period of time that the Agency determines is reasonable.

VIII. RELOCATION METHODS

When the Agency acquires occupied property under the Plan, residential or commercial occupants of such property shall be offered relocation assistance, as required under applicable state law. Prior to such acquisition, the Agency shall adopt rules and regulations, as necessary, for the administration of relocation assistance. No specific acquisitions that would result in relocation benefits have been identified; however, there are plans to acquire land for infrastructure which may trigger relocation benefits in the future in the Area.

IX. TAX INCREMENT FINANCING OF PLAN

Tax increment financing consists of using annual tax increment revenues to make payments on debt. In this Plan, the debt is anticipated to be a contractual obligation to provide developer incentives and agreement to reimburse the Agency for preparation of and administration of the Plan.

Tax increment revenues equal the annual permanent rate property taxes imposed on the cumulative increase in assessed value within the Southwest Hermiston Urban Renewal Plan over the total assessed value at the time the Southwest Hermiston Urban Renewal Plan is adopted. Under current law, the property taxes for general obligation (GO) bonds and local option levies are not part of the tax increment revenues.

A. General Description of the Proposed Financing Methods

The Plan will be financed using tax increment revenues. Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements, and indebtedness incurred in (1) developer incentives (2) planning or undertaking project activities, or (3) otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the planning and implementation of this Plan, including preparation of the Plan.

B. Tax Increment Financing

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency, as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Plan Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution, and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the unsegregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

X. ANNUAL REPORT

The Agency shall file Annual Reports in compliance with ORS 457.460.

XI. RELATIONSHIP TO LOCAL OBJECTIVES

The numbering of the policies within this section reflects the numbering that occurs in the original documents. There is no set standard for the findings in an urban renewal plan. In analyzing the findings, the projects and the resulting development have been compared to the Hermiston Comprehensive Plan.

This is not a comprehensive list of all parts of the *Hermiston Comprehensive Plan* that are supported by this Plan. This list includes the major Goals and Policies from the comprehensive plans that are in conformance with the urban renewal Plan however, there may be other Goals and Policies that are not listed but are still in conformance with this Plan.

1. *Hermiston Comprehensive Plan*

POLICY 1: CITIZEN INVOLVEMENT

THE CITY OF HERMISTON WILL INSURE THAT CITIZENS HAVE AN ADEQUATE OPPORTUNITY TO BE INVOLVED IN ALL PHASES OF THE PLANNING PROCESS.

Finding: The City has held numerous meetings on the proposed development in southwest Hermiston. In addition to those meetings, the HURA met to review the draft Plan, the Planning Commission reviewed the Plan for conformance to the Comprehensive Plan and the city held a public hearing that was noticed to all residents of Hermiston. All referenced meetings were open, public meetings.

POLICY 3: INTERGOVERNMENTAL COORDINATION

THE CITY OF HERMISTON WILL FACILITATE INTERGOVERNMENTAL COORDINATION SO THAT DECISIONS AFFECTING LOCAL, STATE AND FEDERAL PLANNING AND DEVELOPMENT ACTIONS IN THE HERMISTON AREA ARE RENDERED IN AN EFFICIENT AND CONSISTENT MANNER.

Finding: The City has consulted and conferred with the overlapping taxing districts through a letter after the HURA meeting that described the proposed urban renewal area and provided a copy of the Plan and Report.

POLICY 4: ORDERLY URBAN GROWTH

THE CITY OF HERMISTON WILL PROMOTE COMPACT URBAN DEVELOPMENT WITHIN AND ADJACENT TO EXISTING URBAN AREAS TO INSURE EFFICIENT UTILIZATION OF LAND RESOURCES AND FACILITATE ECONOMIC PROVISION OF URBAN FACILITIES AND SERVICES.

Finding: Due to the geographic constraints on the urban renewal area, this policy is not applicable.

POLICY 5: ANNEXATION

THE CITY OF HERMISTON WILL UNDERTAKE AN ANNEXATION PROGRAM TO FACILITATE COMPACT URBAN GROWTH AND THE ORDERLY AND EFFICIENT PROVISION OF FACILITIES AND SERVICES.

Finding: The property is within the Hermiston city limits as of December 13, 2004. No annexation is necessary. This policy is not applicable.

POLICY 6: CONVERSION

THE CITY OF HERMISTON WILL ADOPT POLICIES AND PROCEDURES GOVERNING THE CONVERSION OF PROPERTY IN THE UNINCORPORATED PORTION OF THE UGB FROM URBANIZABLE TO URBAN.

Finding: The proposed development will follow all city policies and procedures in the development.

POLICY 7: NATURAL RESOURCES

THE CITY OF HERMISTON WILL PROTECT NATURAL RESOURCES TO THE MAXIMUM DEGREE POSSIBLE.

Finding: The proposed development will go through the normal planning and permit application process which will address any natural resources issues.

POLICY 8: SURFACE AND GROUNDWATER RESOURCES

THE CITY OF HERMISTON WILL COORDINATE ACTIVITIES WITH OTHER GOVERNMENT AGENCIES TO PROTECT THE AREA'S SURFACE AND GROUNDWATER SUPPLIES.

Finding: The City will follow this component of the Comprehensive Plan.

POLICY 9: MINERAL AND AGGREGATE RESOURCES

THE CITY OF HERMISTON WILL PROTECT MINERAL AND AGGREGATE RESOURCE SITES FROM CONFLICTING DEVELOPMENT AND PROTECT SURROUNDING PROPERTY OWNERS FROM THE ADVERSE IMPACTS ASSOCIATED WITH EXTRACTION ACTIVITIES.

Finding: There are no mineral and aggregate resources located in the Area.

POLICY 10: HISTORIC RESOURCES

THE CITY OF HERMISTON WILL COOPERATE WITH PRIVATE INTERESTS TO IDENTIFY AND PROTECT HISTORIC RESOURCES AND PRESERVE THE COMMUNITY'S HISTORIC CHARACTER.

Finding: There are no known historic resources located in the Area.

POLICY 11: AIR QUALITY

THE CITY OF HERMISTON WILL COMPLY WITH STATE AND FEDERAL STANDARDS TO PROMOTE CONTINUED AIR QUALITY.

Finding: The Comprehensive Plan identifies alternative transportation systems to help address air quality issues. The Area’s transportation network includes pathways and trails throughout to promote recreation and alternative forms of transportation.

POLICY 13: WATER QUALITY

THE CITY OF HERMISTON WILL PROTECT WATER QUALITY IN COOPERATION WITH OTHER GOVERNMENTAL AGENCIES.

Finding: The proposed development will be served by a city water, sewer and stormwater system, protecting the city’s ground water.

POLICY 14: NATURAL HAZARDS AND DEVELOPMENT LIMITATIONS

THE CITY OF HERMISTON WILL CONTROL CAREFULLY AND, WHEN NECESSARY, PROHIBIT DEVELOPMENT IN AREAS CHARACTERIZED BY NATURAL HAZARDS AND/OR DEVELOPMENT LIMITATIONS.

Finding: The Area has no natural hazards. There are development limitations that are being addressed by the new infrastructure being constructed to serve the site.

POLICY 15: ENERGY CONSERVATION

THE CITY OF HERMISTON WILL ENCOURAGE THE CONSERVATION OF ENERGY RESOURCES WHEREVER POSSIBLE THROUGH CAREFUL LAND USE PLANNING, COMMUNITY EDUCATION AND ADOPTION OF CONSERVATION-ORIENTED POLICIES.

Finding: The proposed development will be a master planned community that must comply with the energy conservation measures required by the City.

POLICY 16: PARKS, RECREATION AND OPEN SPACE

THE CITY OF HERMISTON WILL ACQUIRE AND DEVELOP ADDITIONAL PARKS AND RECREATIONAL FACILITIES THROUGHOUT THE COMMUNITY AND PRESERVE AS OPEN SPACE CITY-OWNED LAND WHICH POSSESSES RECREATIONAL, SCENIC AND OTHER ENVIRONMENTAL QUALITIES OR IS SUBJECT TO NATURAL HAZARDS.

Finding: The proposed development will incorporate significant recreational improvements to provide recreation opportunities for residents of the development and the city as a whole. These include a community park, neighborhood parks and pathways.

POLICY 19: COMMERCIAL DEVELOPMENT

THE CITY OF HERMISTON WILL ASSURE THE AVAILABILITY OF A SUFFICIENT SUPPLY OF COMMERCIAL LAND TO ACCOMMODATE 20-YEAR PROJECTED NEED

AND STRIVE TO ACHIEVE THE BALANCED DISTRIBUTION OF COMMERCIAL ACTIVITIES IN NEIGHBORHOODS, DOWNTOWN, AND ALONG OUTLAYING HIGHWAYS.

Finding: The proposed residential development within the urban renewal area proposes small commercial nodes to serve the new residential community.

POLICY 20: GENERAL ECONOMIC DEVELOPMENT

THE CITY OF HERMISTON SUPPORTS ECONOMIC DEVELOPMENT AND JOB GROWTH WHICH WILL DIVERSIFY AND STRENGTHEN THE MIX OF ECONOMIC ACTIVITY IN THE LOCAL MARKETPLACE AND PROVIDE EMPLOYMENT OPPORTUNITIES FOR LOCAL RESIDENTS:

Finding: The provision of housing is a key component in spurring economic development in a community. New businesses need housing for their employees and existing businesses need housing to support their existing employees and any expansion of their business.

POLICY 21: HOUSING AVAILABILITY AND AFFORDABILITY

THE CITY OF HERMISTON WILL ENCOURAGE THE HOME-BUILDING INDUSTRY TO PROVIDE A VARIETY OF HOUSING OPPORTUNITIES IN SUFFICIENT QUANTITIES AT AFFORDABLE PRICES TO MEET THE HOUSING NEEDS OF ITS RESIDENTS. IN SUPPORT OF THIS GOAL, THE CITY OF HERMISTON ADOPTS THE FOLLOWING POLICIES:

- A) Support the adequate supply of housing that is affordable for low- and moderate-income households is a top priority;
- B) To assure a variety of housing types, the City also places a high priority on the provision of sufficient housing opportunities for households at middle to higher income levels;
- C) The City will maintain an adequate supply of land to provide for housing types within the City’s residential land use categories consistent with the findings from the adopted housing needs analyses;
- D) The City may identify, through an adequate public process, specific areas to become the focus of redevelopment, and/or housing infill opportunities (for instance, the Downtown area);
- E) The City supports the provision of housing for senior citizens and other residents of the city with specialized needs, such as physical disabilities.
- F) Support state housing objectives by encouraging the availability of adequate numbers of needed housing units at price ranges and rent levels that are commensurate with the financial capabilities of Umatilla County households and allow for flexibility of housing location, type, and density.

G) Support partnerships with public sector, private sector, and non-profit programs which facilitate the construction of affordable housing for moderate- and low-income household

H) Develop code and building regulations that allow for and accommodate a variety of housing types, including single-family detached housing, attached single-family housing (duplexes, townhouses), accessory dwelling units, apartments, manufactured housing, and mixed-use development.

I) Support the opportunity for a wider range of rental and ownership housing choices in Hermiston.

Finding: The City completed a Housing Needs Analysis in January of 2021 that identified the existing and future needs for the provision of housing in Hermiston. These are specifically identified in Section XI (C) of the Report. The development in the Area is proposed to add 1,100 single family residential units, 150 multi-family units and 80 senior housing units. The use of tax increment financing to offset systems development charges (one of the projects in the Plan) is a way to lower the costs of housing to provide more affordable housing.

POLICY 22: NEIGHBORHOOD QUALITY

THE CITY OF HERMISTON WILL PROTECT AND ENHANCE THE QUALITY OF LIFE IN RESIDENTIAL NEIGHBORHOODS BY:

Permitting the location of small shops in neighborhoods. As part of the PUD review or conditional use process, evaluate proposed commercial development in terms of its scale, design, and pedestrian and automobile access to insure compatibility with surrounding residences.

Finding: The development proposes a node of commercial uses that will provide services to the community.

POLICY 23: PROVISION OF PUBLIC SERVICES AND FACILITIES

THE CITY OF HERMISTON WILL PLAN FOR THE TIMELY AND EFFICIENT PROVISION OF A FULL COMPLEMENT OF URBAN SERVICES AND FACILITIES IN ALL DEVELOPED AND DEVELOPING AREAS WITHIN THE COMMUNITY. TIMELY MEANS A POINT WITHIN THE 20-YEAR TIMEFRAME WHEN THE CITY DEEMS DEVELOPMENT APPROPRIATE FOR A GIVEN PROPERTY BASED ON FACTORS INCLUDING BUT NOT LIMITED TO THE NEED FOR ADDITIONAL URBAN DEVELOPMENT WITHIN THE URBAN GROWTH BOUNDARY AND THE EXTENT OF UNDEVELOPED OR UNDERDEVELOPED LAND BETWEEN THE EXISTING DEVELOPMENT AND THE SUBJECT PROPERTY.

Finding: The development will have a full range of public services as development commences. The provision of infrastructure to the site is attained through the use of the tax increment financing allowed by establishing an urban renewal area.

POLICY 24: WATER, SEWER AND STORM DRAINAGE

THE CITY OF HERMISTON WILL EXTEND PUBLIC WATER AND SEWER TO ALL DEVELOPING AREAS WITHIN THE UGB; THE CITY MAY EXTEND PUBLIC WATER TO INDUSTRIAL LANDS EXCEPTIONS AREAS OUTSIDE THE UGB: ANNEXATION WILL BE A CONDITION OF SUCH EXTENSIONS EXCEPT WHEN A HEALTH HAZARD OR POLLUTION THREAT EXISTS AND EXCEPT FOR WATER PROVISIONS TO INDUSTRIAL LANDS.

Finding: The development will have a full range of public services as development commences. The provision of infrastructure to the site is attained through the use of the tax increment financing allowed by establishing an urban renewal area.

POLICY 25: SOLID WASTE

THE CITY OF HERMISTON WILL ENCOURAGE THE EFFICIENT AND SAFE DISPOSAL OF SOLID WASTE.

Finding: The Area will be served by the city’s solid waste program.

POLICY 26: SCHOOLS

THE CITY OF HERMISTON WILL SUPPORT AND FACILITATE THE PROVISION OF HIGH QUALITY ELEMENTARY AND SECONDARY EDUCATION IN THE COMMUNITY.

Finding: The schools will receive additional funding through the attendance of additional students in the school system. The city will coordinate with the school district on the expected number of new residential units in the Area.

POLICY 27: POLICE PROTECTION

THE CITY OF HERMISTON WILL PROMOTE ADEQUATE AND EFFICIENT POLICE PROTECTION.

Finding: The City’s police department will provide police services in the Area.

POLICY 28: FIRE PROTECTION

THE CITY OF HERMISTON WILL PROMOTE ADEQUATE AND EFFICIENT FIRE PROTECTION.

Finding: The city will ensure that all development is protected by adequate fire protection through the following steps:

1. Construction of adequate water storage.
2. Construction of adequate water pressure and flow systems in all areas within the urban renewal area.

3. Require construction and maintenance of fire hydrants in all phases of development within the urban renewal area. City standards require installation of fire hydrants along all public streets.
4. Require design and construction of all public streets to ensure adequate maneuvering width and radii for emergency vehicles.
5. Require adequate emergency vehicle access to all areas of the urban renewal area through the construction of a series of collector streets internal to the development which serve local streets.

POLICY 29: LOCAL GOVERNMENT SERVICES AND FACILITIES

THE CITY OF HERMISTON WILL PROMOTE ADEQUATE AND EFFICIENT PROVISIONS OF LOCAL GOVERNMENT SERVICES AND FACILITIES.

Finding: The Area will have access to all of the city services.

POLICY 30: PRIVATE UTILITIES

THE CITY OF HERMISTON WILL ENCOURAGE AND FACILITATE THE ADEQUATE AND EFFICIENT PROVISION OF PRIVATE UTILITIES INCLUDING ELECTRICAL, NATURAL GAS AND TELEPHONE SERVICE.

Finding: The Area will have access to electrical, natural gas and telephone service.

J. TRANSPORTATION (GOAL 12)

POLICY 31: INTEGRATED TRANSPORTATION SYSTEM

THE CITY OF HERMISTON WILL PROMOTE A BALANCED, WELL-INTEGRATED LOCAL TRANSPORTATION SYSTEM WHICH PROVIDES SAFE, CONVENIENT AND ENERGY-EFFICIENT ACCESS, AND FACILITATES THE MOVEMENT OF COMMODITIES.

Finding: The Area has a transportation network that includes alternative transportation systems. This transportation network will be reviewed by the city in the master planning process.

POLICY 33: ALTERNATIVE TRANSPORTATION

THE CITY OF HERMISTON WILL ENCOURAGE AND FACILITATE THE PROVISION OF ALTERNATIVE TRANSPORTATION MODES AND FACILITIES TO REDUCE CONGESTION AND AIR POLLUTION AND IMPROVE RECREATIONAL OPPORTUNITIES. PROVISION OF TRANSPORTATION TO THE HANDICAPPED AND ELDERLY IS A HIGH PRIORITY.

Finding: The Area has a transportation network that includes alternative transportation systems. This transportation network will be reviewed by the city in the master planning process.

POLICY 34: TRANSPORTATION SYSTEM PLAN

THE CITY OF HERMISTON WILL COMPLY WITH THE REQUIREMENTS OF THE TRANSPORTATION PLANNING RULE WITH THE ADOPTION OF THE TRANSPORTATION SYSTEM PLAN AND RELATED AMENDMENTS TO IMPLEMENTING ORDINANCES.

CONNECTED STREET NETWORK. THE CITY WILL SUPPORT AND DEVELOP A CONNECTED NETWORK OF STREETS, ACCESSWAYS AND OTHER IMPROVEMENTS, INCLUDING BIKEWAYS, SIDEWALKS, AND SAFE STREET CROSSINGS, TO PROMOTE SAFE AND CONVENIENT BICYCLE AND PEDESTRIAN CIRCULATION WITHIN THE COMMUNITY.

Finding: The proposed development will conform to the provisions of the Hermiston Transportation Systems Plan. The proposed development will be approved through the city’s planning and permit process to ensure conformance.

2. Hermiston Parks, Recreation and Open Space Master Plan

Adopted August 2020. Prepared by Cameron McCarthy Landscape Architecture & Planning

The **Hermiston Parks, Recreation and Open Space Master Plan** did not specifically address parks needs in the Hayfields area. However, the general goals of the **Hermiston Parks, Recreation and Open Space Master Plan** support the development of additional recreation opportunities as shown below.

Vision Statement

Hermiston actively provides inviting parks, trails, and programs for all walks of life. We celebrate our unique abilities, values and cultures. Parks and Recreation facilities and programs are the heart of our physical and emotional well-being.

Goals

Accessibility and Distribution

Provide an equitable distribution of park facilities and improve physical access to the PROS system.

Community Health

Increase park and recreation opportunities in order to improve physical and mental health across the community.

Natural Resource Restoration and Conservation

Restore and conserve natural resources in Hermiston in order to sustain and enhance environmental assets.

Diversity

Promote a welcoming atmosphere for all residents and identify and meet the needs of a diverse population.

Maintenance and Facility Upgrades

Operate, maintain, and update park facilities and amenities to provide a safe and accessible environment for all Hermiston residents.

Local and Regional Character

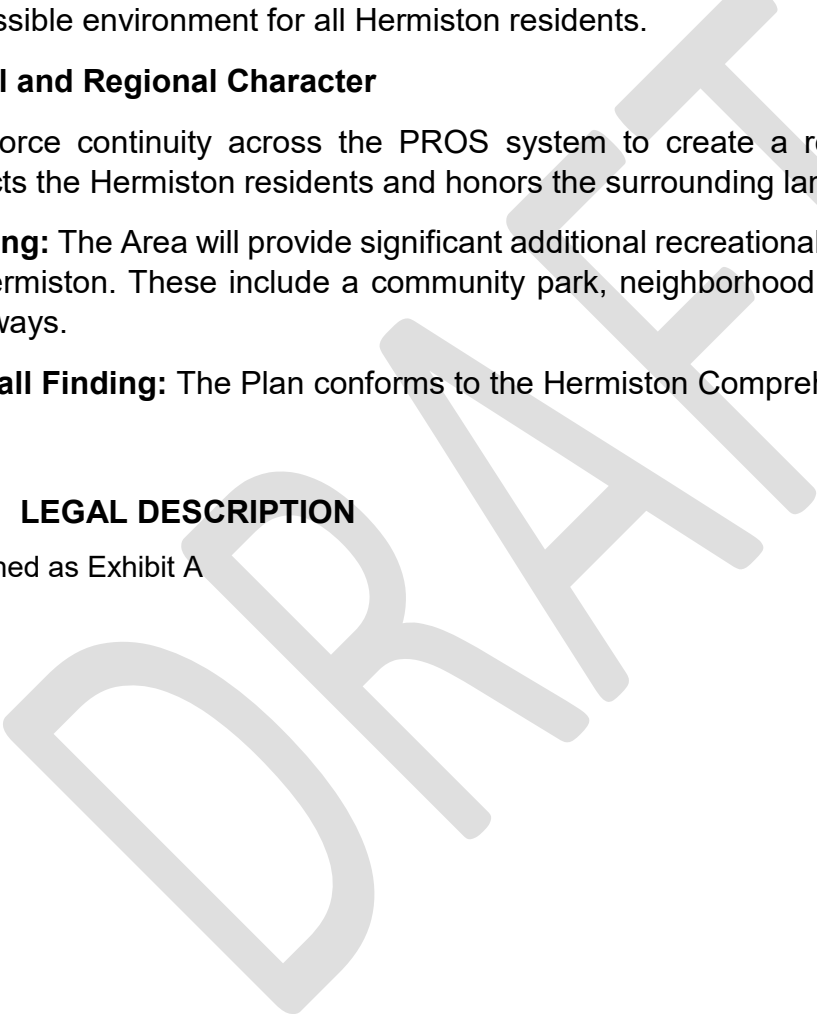
Reinforce continuity across the PROS system to create a recognizable identity that reflects the Hermiston residents and honors the surrounding landscape.

Finding: The Area will provide significant additional recreational opportunities for the City of Hermiston. These include a community park, neighborhood park, natural areas, and pathways.

Overall Finding: The Plan conforms to the Hermiston Comprehensive Plan.

XII. LEGAL DESCRIPTION

Attached as Exhibit A



SOUTHWEST HERMISTON URBAN RENEWAL PLAN AREA

A tract of land located in Sections 15, 16, 21 & 22, Township 4 North, Range 28 East, Willamette Meridian, Umatilla County, Oregon. said tract being more particularly described as follows:

Commencing at a point on the centerline of the Umatilla Branch of the Union Pacific Railroad right-of-way, said point being the Point of Tangent to Spiral with a back tangent of S14°52'13"E. The centerline spiral has a length of 473.84 feet, and a delta of 7°05'19";

thence 252.94 feet along said centerline spiral to a point on South line of said Section 21, also being the centerline of Feedville Road;

thence S89°54'55"E, along said South line, 51.32 feet to the **True Point of Beginning** from which a 2-1/2 inch brass cap marking the South one-quarter corner of said Section 21 bears N89°54'55"W, 674.73 feet, said point being on the 50-foot offset of said spiral;

thence along said Easterly right-of-way line 50.00 feet East of and parallel with said centerline of the railroad right-of-way, the following four (4) courses:

- 1) 50-foot right of and parallel with a spiral curve to the right having a length of 473.84 feet, and having a delta of 7°05'19", the chord of the offset spiral bears from Point of Beginning to the Point of Spiral to Curve N10°41'49"W, 227.90 feet;
- 2) 1,637.64 feet along a curve to the right having a radius of 1,865.00 feet and a central angle of 50°18'39" (chord bears N17°22'25"E, 1,585.53 feet);
- 3) 50-foot right of and parallel with a spiral curve to the right having a length of 133.20 feet, and having a delta of 1°59'33", the chord of the offset spiral bears N43°51'44"E, 131.46 feet;
- 4) N44°31'18"E, 1,336.12 feet;

thence leaving said Easterly right-of-way line N45°29'01"W, 221.23 feet to a point on the Westerly right-of-way line of Oregon State Highway 207;

thence along said Westerly right-of-way line the following five (5) courses:

- 1) N44°29'12"E, 691.78 feet;
- 2) 214.16 feet along a curve to the left having a radius of 328.10 feet and a central angle of 37°23'55" (chord bears N25°47'15"E, 210.38 feet) to a point 33.00 feet Westerly of the East line of said Section 21 when measured at right angles thereto;

- 3) N00°39'55"W, 33.00 feet West of and parallel with said East line of said Section 21, a distance of 1,669.98 feet to a point 33.00 Westerly of the Southeast corner of said Section 16 when measured at right angles thereto;
- 4) N00°53'38"W, 33.00 feet West of and parallel with said East line of said Section 16, a distance of 2,639.37 feet to a point 33.00 Westerly of the East one-quarter corner of said Section 16 when measured at right angles thereto;
- 5) N00°39'04"W, 33.00 feet West of and parallel with said East line of said Section 16, a distance of 299.93 feet to the intersection of said East line with the South right-of-way line of West Joseph Street as shown on Desert Oaks Subdivision;

thence N89°40'43"W, along said South right-of-way line, 79.44 feet;

thence N00°19'43"E, 50.00 feet to the Southwest corner of Lot 1 of said Desert Oaks Subdivision said West Joseph Street;

thence N00°19'43"E, along the West line of said Lot 1, a distance of 89.86 feet to the Northwest corner of said Lot 1;

thence S89°40'14"E, along said North line, 77.04 feet to the Northeast corner of said Lot 1;

thence S89°40'14"E, 66.00 feet to a point on the East right-of-way line of Oregon Highway 207, also being a point 33.00 feet Easterly of the West line of said Section 15 when measured at right angles thereto;

thence along said East right-of-way line the following three (3) courses:

- 1) S00°39'12"E, 438.59 feet to a point 33.00 Easterly of the West one-quarter corner of said Section 15 when measured at right angles thereto;
- 2) S00°53'38"E, 2,639.51 feet to a point 33.00 Easterly of the Section corner common to said Sections 15, 16, 21, and 22 when measured at right angles thereto;
- 3) S00°39'55"E, 1,740.32 feet to a point on the Northerly right-of-way line of Umatilla Branch of the Union Pacific Railroad;

thence along said Northerly right-of-way line the following three (3) courses:

- 1) 52.10 feet along a non-tangent curve to the right having a radius of 5,630.00 feet and a central angle of 00°31'49" (chord bears S38°38'18"W, 52.10 feet) to a point on the Westerly line of said Section 22;
- 2) S00°39'55"E, along said Westerly line, 77.99 feet;
- 3) 269.80 feet along a non-tangent curve to the right having a radius of 5,680.00 feet and a central angle of 02°43'18" (chord bears S40°52'15"W, 269.78 feet);

thence S03°25'36"W, 173.81 feet to a point on the Southerly right-of-way line of Umatilla Branch of the Union Pacific Railroad;

thence along said Southerly right-of-way line 292.57 feet along a non-tangent curve to the left having a radius of 5,781.62 feet and a central angle of 02°53'58" (chord bears N42°07'12"E, 292.54 feet) to a point on the Westerly line of said Section 22;

thence S00°39'55"E, along said Westerly line, 60.67 feet to a point on the centerline of "A" Canal;

thence along said centerline the following ten (10) courses:

- 1) 2.41 feet along a non-tangent curve to the right having a radius of 141.50 feet and a central angle of 00°58'33" (chord bears N77°38'55"E, 2.41 feet);
- 2) N78°08'12"E, 269.95 feet;
- 3) 102.40 feet along a curve to the right having a radius of 242.48 feet and a central angle of 24°11'45" (chord bears S89°45'56"E, 101.64 feet);
- 4) S77°40'06"E, 161.39 feet;
- 5) 92.79 feet along a curve to the left having a radius of 150.00 feet and a central angle of 35°26'33" (chord bears N84°36'38"E, 91.32 feet);
- 6) N66°53'20"E, 106.65 feet;
- 7) 105.69 feet along a curve to the left having a radius of 286.51 feet and a central angle of 21°08'09" (chord bears N56°19'16"E, 105.09 feet);
- 8) N45°45'10"E, 348.27 feet;
- 9) 118.89 feet along a curve to the left having a radius of 534.52 feet and a central angle of 12°44'38" (chord bears N39°22'51"E, 118.65 feet);
- 10) N33°00'31"E, 346.32 feet to a point on the West line of the Southeast one-quarter of the Northwest one-quarter said Section 22;

thence N00°41'44"W, along said West line, 3.13 feet to the Northwest one-sixteenth corner of said Section 22;

thence N89°39'23"E, along the North line of said Southeast one-quarter of the Northwest one-quarter 1,324.41 feet to the Center North one-sixteenth corner of said Section 22;

thence S00°43'34"E, along the North-South centerline of said Section 22, a distance of 1,322.47 feet to the Center one-quarter corner of said Section 22;

thence N89°39'45"E, along the East-West centerline of said Section 22, a distance of 1,409.85 feet to the Westerly right-of-way line of Union Pacific Railroad;

thence S15°59'24"W, along said Westerly right-of-way line, 2,751.09 feet to the South line of said Section 22 also being the centerline of Feedville Road;

thence S89°35'26"W, along said South line and said centerline, 618.75 feet to the South one-quarter of said Section 22;

thence continuing along said South line and said centerline S89°35'15"W, 2,652.85 feet to the Section corner common to Sections 21, 22, 27, and 28;

thence N89°54'55"W, along the South line of said Section 21 and said centerline, 1,960.10 feet to the **Point of Beginning**.

Containing 17,343,614 Square Feet, 398.155 Acres, more or less.

Bearings based on the Oregon State Plane Coordinate System, North Zone NAD1983.



Report Accompanying the Southwest Hermiston Urban Renewal Plan

This document remains draft until the City Council adoption of the Southwest Hermiston Urban Renewal Plan.



Adopted by the City of Hermiston
October 2022
Ordinance No. 2341

List of Participants

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Roy Barron, Ward 2

Jackie C. Myers, Ward 3

Phillip Spicerkuhn, Ward 4

Maria Duron, at large

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I. DEFINITIONS

“Agency” is the Hermiston Urban Renewal Agency created under ORS 457.035 and 457.045. It is also referred to as “HURA”.

“Area” means the properties and rights-of-way located within the Southwest Hermiston Urban Renewal Area.

“Blight” is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting the Southwest Hermiston Urban Renewal Plan.

“City” means the City of Hermiston, Oregon.

“City Council” or “Council” means the Hermiston City Council.

“Comprehensive Plan” means the City of Hermiston Comprehensive Plan and its implementing ordinances, policies, and standards.³ Double my insertion of

“County” means Umatilla County, Oregon.

“Frozen base” means the total assessed value including all real, personal, manufactured, and utility values within the Southwest Hermiston Urban Renewal Plan at the time of adoption. The county assessor certifies the assessed value after the adoption of the Southwest Hermiston Urban Renewal Plan.

“Southwest Hermiston Urban Renewal Plan” means a plan, as it exists or is changed or modified from time to time, as provided in ORS 457.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in the Southwest Hermiston Urban Renewal Plan, or portion thereof, over the assessed value specified in the certified statement.

“Maximum Indebtedness” means the maximum principal amount of indebtedness that may be incurred by a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

“ORS” means the Oregon Revised Statutes and specifically Chapter 457, which relates to urban renewal and tax increment financing.

“Plan” or “ means the official plan for the Southwest Hermiston Urban Renewal Plan pursuant to ORS 457.

“Plan Area” or means a blighted area included in the Southwest Hermiston Urban Renewal Plan under ORS 457.160.

“Planning Commission” means the Hermiston Planning Commission.

“Project(s)” or means any work or undertaking carried out under the Southwest Hermiston Urban Renewal Plan.

“Report Accompanying Southwest Hermiston Urban Renewal Plan” or “Report” means the official report that accompanies the Southwest Hermiston Urban Renewal Plan pursuant to ORS 457.085(3).

“Revenue sharing” means sharing tax increment proceeds as defined in ORS 457.470 and refers to the funds that are associated with the division of taxes accomplished through the adoption of the Southwest Hermiston Urban Renewal Plan.

“Tax increment revenues” means the funds allocated by the assessor to the Hermiston Urban Renewal Agency due to increases in assessed value over the frozen base within the area.

“Urban Renewal” means the statutory authority provided in ORS 457.

“Urban renewal area” means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.160.

“Urban renewal plan” or “Plan” means a plan, as it exists or is changed or modified from time to time, for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135 and 457.220.

“Urban renewal project” or “Project” means any work or undertaking carried out under ORS 457.170 in an urban renewal area.

“Urban renewal report” or “Report” means the official report that accompanies the urban renewal plan pursuant to ORS 457.085(3)

II. INTRODUCTION

The Report Accompanying the Southwest Hermiston Urban Renewal Plan (Report) contains background information and project details that pertain to the Hermiston Urban Renewal Plan (Plan). The Report is not a legal part of the Plan but is intended to provide public information and support the findings made by the Hermiston City Council (City Council) as part of the approval of the Plan.

The Report provides the analysis and contains the information required to meet the standards of ORS 457.087, including financial feasibility. The Report requirements include:

- A description of the physical, social, and economic conditions in the area and expected impact of the plan, including fiscal impact in light of increased services; (ORS 457.087(1))
- Reasons for selection of the plan Area; (ORS 457.087(2))
- The relationship between each project to be undertaken and the existing conditions; (ORS 457.087(3))
- The estimated total cost of each project and the source of funds to pay such costs; (ORS 457.087(4))
- The estimated completion date of each project; (ORS 457.087(5))The estimated amount of funds required in the Area and the anticipated year in which the debt will be retired; (ORS 457.087(6))
- A financial analysis of the plan; (ORS 457.087(7))
- A fiscal impact statement that estimates the impact of tax increment financing (TIF) upon all entities levying taxes upon property in the urban renewal area; (ORS 457.0857(8)) and
- A relocation report. (ORS 457.087(9))

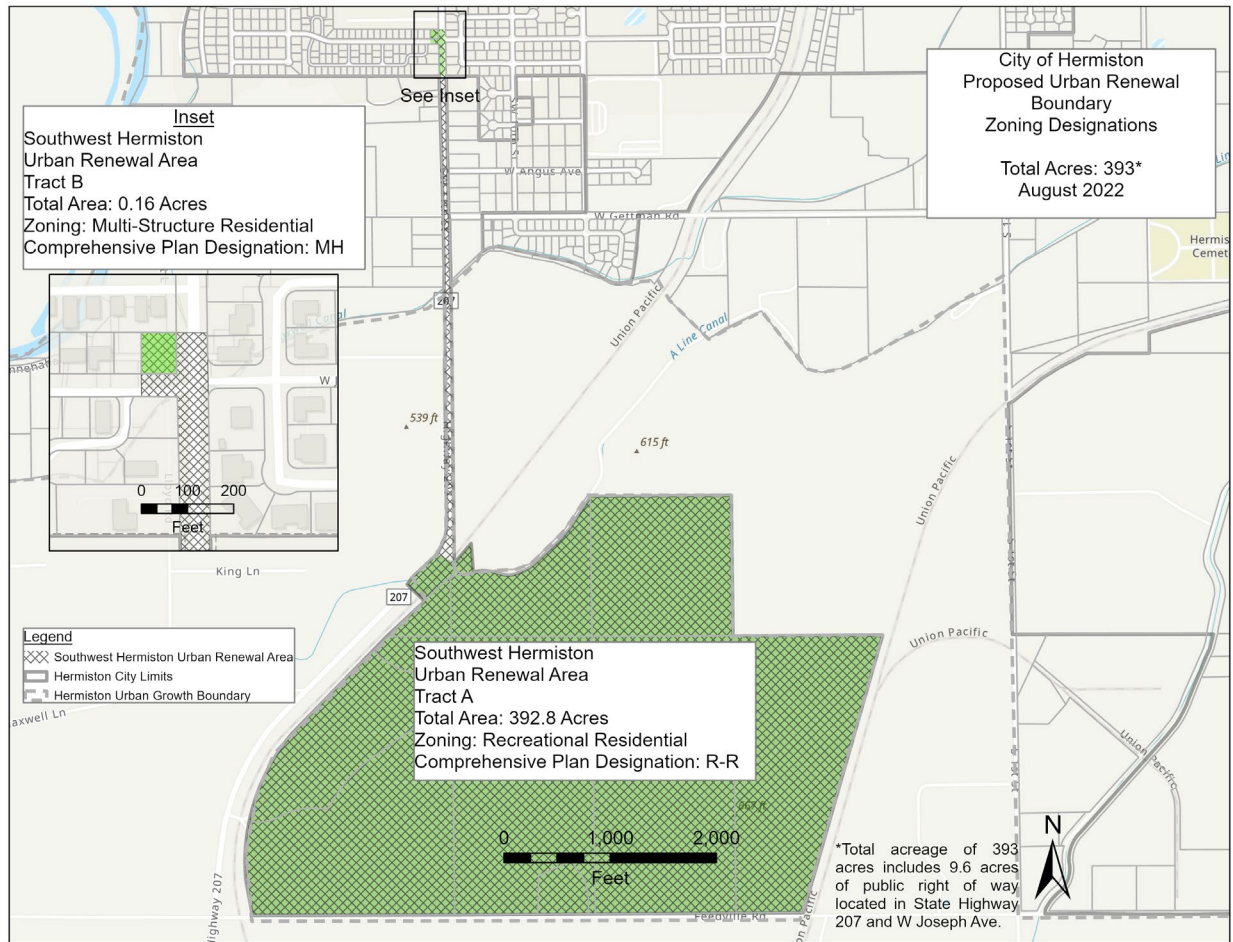
The relationship between the sections of the Report and the ORS 457.087 requirements is shown in Table 1. The specific reference shown is the section of this Report that most addresses the statutory reference. There may be other sections of the Report that also address the statute.

Table 1 - Statutory References

| Statutory Requirement | Report Section |
|------------------------------|-----------------------|
| ORS 457.087 (1) | XI |
| ORS 457.087 (2) | XII |
| ORS 457.087 (3) | III |
| ORS 457.087 (4) | IV |
| ORS 457.087 (5) | VII |
| ORS 457.087 (6) | V,VI |
| ORS 457.087 (7) | V,VI |
| ORS 457.087 (8) | IX |
| ORS 457.087 (9) | XIII |

The Report provides guidance on how the Plan might be implemented. As the Hermiston Urban Renewal Agency (Agency) reviews revenues and potential projects each year, it has the authority to make adjustments to the implementation assumptions in this Report. The Agency may allocate budgets differently, adjust the timing of the projects, decide to incur debt at different times than assumed in this Report, and make other adjustments to the financials as determined by the Agency. The Agency may also make changes as allowed in the Amendments section of the Plan.

Figure 1 – Southwest Hermiston Urban Renewal Area Boundary



Source: City of Hermiston

III. THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The projects identified for the Area are described below, including how they relate to the existing conditions in the Area. The infrastructure projects are intended to facilitate the development of housing in the Area by assisting in the provision of needed infrastructure to the Area.

A. Infrastructure Upgrades

1. Water transmission line (existing conditions included in narrative)

Construct approximately 6,000 linear feet of new 12” ductile iron water line from the new reservoir located on an elevated area in the southeast portion of the Area, going northwest through the Area to connect to an existing 12” City of Hermiston water main located within the OR207 right-of-way. This project will connect the storage reservoir to the rest of the city’s waterworks.

2. Joseph Booster Pump Station upgrades (existing conditions included in narrative)

Provide upgrades to the Joseph Booster Pump Station, which currently boosts water from the City’s main pressure zone to higher elevations in the southwestern portion of the city using one 15hp pump, two 25hp pumps, and one large 100hp pump. In order to boost water further to this area, this project will install three new larger pumps with variable frequency drives, make associated upgrades to electrical and control systems, and make adjustments to existing valving, which will include installation of two pressure-reducing valves.

3. Sewer main line (existing conditions included in narrative)

Construct approximately 5,300 linear feet of 8” PVC gravity sewer main from the intersection of OR207 and Gettman Road, south to the vicinity of Hermiston Irrigation District’s A-Line Canal, and east under the railroad tracks and canal, to serve the larger area 2 million-gallon reservoir. To be able to develop in the Area, this sewer line must be constructed.

4. 2 million gallon reservoir (existing conditions included in narrative)

Construct a two million-gallon water reservoir on an elevated point in the southeast portion of the Area to serve the Area with pressurized and backup water.

B. Parks and Pathways

1. Community Park development

Develop parks within the Area including but not limited to: (1) A large 38-acre community park with amenities designed to enhance the desirability of the entire area, and (2) several smaller neighborhood parks and trails throughout the Area with amenities designed to serve more local demands within the Area.

EXISTING CONDITIONS: This area is undeveloped and includes no public parks nor any pathways.

C. Developer Incentives

1. System Development Charge reimbursement for development of workforce housing

EXISTING CONDITIONS:

The Area is undeveloped and is not presently an urban renewal area, so City/Agency funding does not exist to provide incentives for developers to develop workforce housing in the Area.

D. Administration

1. Financing fees

2. General administration, including annual reporting, financial statements, and administration of the Plan.

EXISTING CONDITIONS: The Area is not presently in an urban renewal area so requires no administrative responsibilities from the urban renewal agency. Once an urban renewal plan with its associated requirements for administration exists for the Area, there will be a need for administrative funds to be allocated for that administration.

IV. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

Table 2 shows the costs of the projects in Fiscal Year Ending (FYE) 2023 constant dollars and the estimated year of expenditure dollars. These costs are also shown in “year of expenditure” costs, which assumes inflation of 5.0% annually. City staff provided the cost estimates for these projects. These estimates will be refined in the annual budgeting process, acknowledging of the limiting total cost factor of the maximum indebtedness. Different allocations may be made to different line items within the Plan.

Table 2 - Estimated Cost of Each Project in Constant FYE 2023 and Year of Expenditure Costs

| Expenditures (Constant FYE 2023) | Constant FYE 2023\$ | Year of Expenditure \$ |
|---|----------------------------|-------------------------------|
| Community Park | \$2,625,000 | \$2,756,250 |
| Neighborhood Parks and Pathways | \$2,100,000 | \$3,420,900 |
| Water Transmission Line | \$1,703,100 | \$1,788,255 |
| Joseph Booster Pump Station Upgrades | \$771,750 | \$810,338 |
| Sewer Main Line | \$2,806,650 | \$2,946,983 |
| 2 Million Gallon Reservoir | \$3,735,900 | \$3,922,695 |
| SDC Expenditures | \$1,050,000 | \$1,710,450 |
| Financing Fees | \$301,885 | \$354,201 |
| Administration Costs | \$210,000 | \$354,437 |
| TOTAL: | \$15,304,285 | \$18,064,509 |

Source: City of Hermiston and Tiberius Solutions

The majority of the projects are projected to be funded in FYE 2024 through a \$12.5 million loan, with a portion of the debt service for the loan funded by other funding sources through FYE 2033, when substantial development is projected to have occurred, resulting in sufficient tax increment financing (TIF) revenues to cover the debt service. The other funding sources are expected to be reduced annually as TIF from the new development is available to offset their contributions.

The Agency is projected to incur an additional \$5.3 million in debt in FYE 2033, using TIF revenues to pay the debt service.

The Plan assumes that the Agency/City will use other funds to assist in the completion of the projects within the Area. The Agency/City may pursue regional, county, state, and federal funding, private developer contributions, and any other sources of funding that may assist in the implementation of the programs. This funding is identified as “other funding sources” in the financial tables.

This financial analysis shows the described projected borrowings in Table 3.

The scenario presented in this Report is only one scenario for how the Agency may decide to implement this Plan, and this scenario is financially feasible. The Agency may decide to do borrowings at different times or for different amounts, depending on their analysis at the time. The timeframes on these borrowings are designed to have all borrowings repaid at the termination of the District’s division of taxes in FYE 2042. The amounts shown are the principal amounts of the borrowings. The total payments, including interest, are shown in the second column of Table 6.

Table 3 - Estimated Borrowings and Amounts

| Loan | Loan A | Loan B |
|-------------------------|---------------|---------------|
| Principal Amount | \$ 12,474,001 | \$ 5,236,071 |
| Interest Rate | 5.00% | 5.00% |
| Loan Term | 20 | 20 |
| Loan Year | 2024 | 2033 |
| Interest Payment Start | 2024 | 2033 |
| Principal Payment Start | 2024 | 2033 |
| Annual Payment | (\$1,000,946) | (\$420,156) |

Source: Tiberius Solution

V. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through FYE 2042 are calculated based on projections of the assessed value within the Area and the consolidated tax rate that will apply in the Area.

The long-term projections for FYE 2024 and beyond assume an annual growth rate of 3% for existing assessed value in the Area plus specific exception value assumptions. Exception value is the value of new development in the Area, shown in Table 4. The exception value assumptions included in this analysis were determined by the City and developer, and forecast 1,330 new housing units are developed, including single-family, multi-family, and senior housing. These projections of growth are the basis for the projections in Table 7 through Table 12.

If actual assessed value growth is less than forecast, then it would reduce the financial capacity of the Area to fund projects listed in the Plan over the anticipated duration of the Plan.

Table 5 shows the incremental assessed value, tax rates, and tax increment revenues each year, adjusted for discounts, delinquencies, and truncation loss.

The first year of tax increment collections is anticipated to be FYE 2024. Gross TIF revenues is calculated by multiplying the tax rate times the assessed value used. The tax rate is per thousand dollars of assessed value, so the calculation is “tax rate times assessed value used divided by one thousand.” The consolidated tax rate only includes permanent tax rates. General obligation bonds and local option levies are excluded and will not be impacted by this Plan.

The “Increment Shared” column in Table 5 refers to revenue sharing with the overlapping taxing districts. Revenue sharing is covered in the Revenue Sharing section of this Report on page 21.

Table 4 - Exception Value Assumptions

| Unit Type | SF Small | SF Standard | SF Large | Multi-Family | Senior Housing |
|-----------------------|-----------------|--------------------|-----------------|---------------------|-----------------------|
| Total Number of Units | 300 | 525 | 275 | 150 | 80 |
| Number of Years | 30 | 35 | 30 | 20 | 20 |
| FYE 2022 RMV | \$350,000 | \$475,000 | \$600,000 | \$250,000 | \$325,000 |
| CPR | .7001 | .7001 | 0.7001 | .8645 | 0.8645 |
| First FYE on Tax Roll | 2029 | 2029 | 2029 | 2038 | 2038 |

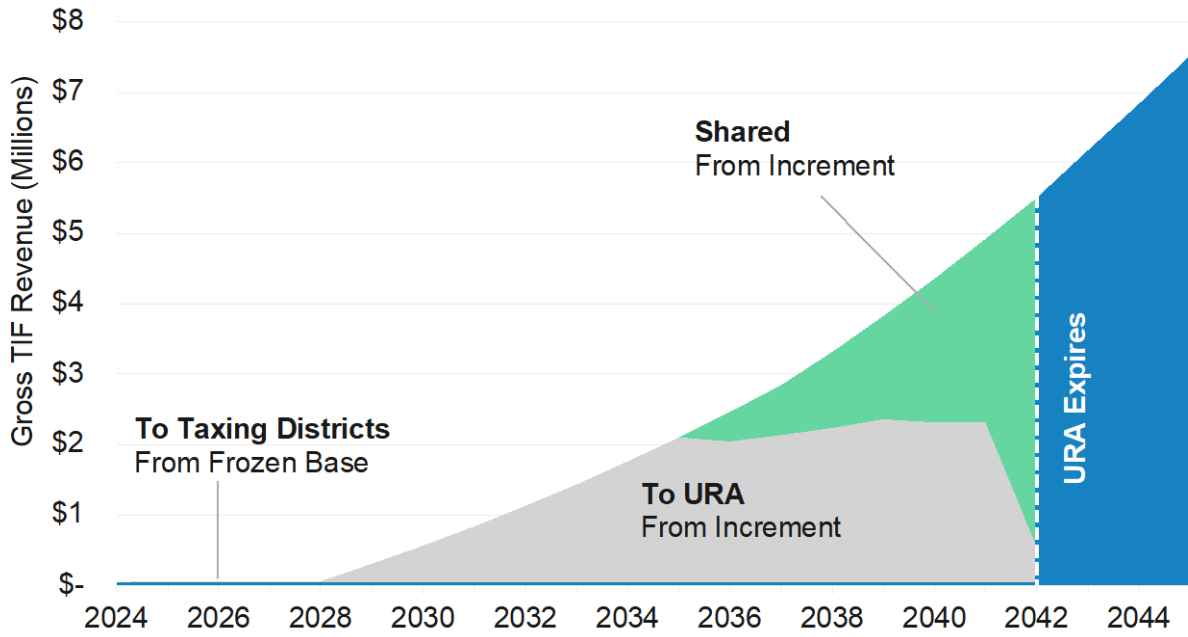
RMV: real market value
 CPR: Change Property Ratio from Umatilla County Assessor, SAL 7a, FYE 2022
 Source: Monte Vista Homes and City of Hermiston

Table 5 - Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

| FYE | Total AV | Frozen Base AV | Increment Used | Increment Shared | Tax Rate | Gross TIF | Adjustments | Current Year Net | Prior Year Net | Total TIF |
|--------|-------------|----------------|----------------|------------------|----------|------------|-------------|------------------|----------------|------------|
| 2024 | 3,206,735 | 3,121,349 | 85,386 | - | 17.4674 | 1,491 | (112) | 1,380 | - | 1,380 |
| 2025 | 3,294,682 | 3,121,349 | 173,333 | - | 17.4674 | 3,028 | (227) | 2,801 | 21 | 2,821 |
| 2026 | 3,385,268 | 3,121,349 | 263,919 | - | 17.4674 | 4,610 | (346) | 4,264 | 42 | 4,306 |
| 2027 | 3,478,571 | 3,121,349 | 357,222 | - | 17.4674 | 6,240 | (468) | 5,772 | 64 | 5,836 |
| 2028 | 3,574,673 | 3,121,349 | 453,324 | - | 17.4674 | 7,918 | (594) | 7,325 | 87 | 7,411 |
| 2029 | 17,557,842 | 3,121,349 | 14,436,493 | - | 17.4674 | 252,168 | (18,913) | 233,255 | 110 | 233,365 |
| 2030 | 32,377,033 | 3,121,349 | 29,255,684 | - | 17.4674 | 511,021 | (38,327) | 472,694 | 3,499 | 476,193 |
| 2031 | 48,069,821 | 3,121,349 | 44,948,472 | - | 17.4674 | 785,133 | (58,885) | 726,248 | 7,090 | 733,338 |
| 2032 | 64,675,284 | 3,121,349 | 61,553,935 | - | 17.4674 | 1,075,187 | (80,639) | 994,548 | 10,894 | 1,005,442 |
| 2033 | 82,234,060 | 3,121,349 | 79,112,711 | - | 17.4674 | 1,381,893 | (103,642) | 1,278,251 | 14,918 | 1,293,170 |
| 2034 | 100,788,402 | 3,121,349 | 97,667,053 | - | 17.4674 | 1,705,989 | (127,949) | 1,578,040 | 19,174 | 1,597,214 |
| 2035 | 120,382,242 | 3,121,349 | 117,260,893 | - | 17.4674 | 2,048,243 | (153,618) | 1,894,625 | 23,671 | 1,918,295 |
| 2036 | 141,061,251 | 3,121,349 | 114,071,062 | 23,868,840 | 17.4674 | 1,992,525 | (149,439) | 1,843,086 | 28,419 | 1,871,505 |
| 2037 | 162,872,903 | 3,121,349 | 119,230,362 | 40,521,192 | 17.4674 | 2,082,644 | (156,198) | 1,926,446 | 27,646 | 1,954,092 |
| 2038 | 190,271,126 | 3,121,349 | 124,777,592 | 62,372,185 | 17.4674 | 2,179,540 | (163,466) | 2,016,075 | 28,897 | 2,044,971 |
| 2039 | 219,166,903 | 3,121,349 | 132,394,817 | 83,650,737 | 17.4674 | 2,312,593 | (173,444) | 2,139,149 | 30,241 | 2,169,390 |
| 2040 | 249,625,430 | 3,121,349 | 129,527,005 | 116,977,076 | 17.4674 | 2,262,500 | (169,688) | 2,092,813 | 32,087 | 2,124,900 |
| 2041 | 281,714,468 | 3,121,349 | 129,527,005 | 149,066,114 | 17.4674 | 2,262,500 | (169,688) | 2,092,813 | 31,392 | 2,124,205 |
| 2042 | 315,504,431 | 3,121,349 | 28,243,442 | 284,139,640 | 17.4674 | 493,340 | (37,000) | 456,339 | 31,392 | 487,731 |
| TOTAL: | | | | | | 21,368,563 | (1,602,643) | 19,765,924 | 289,644 | 20,055,565 |

Source: Tiberius Solutions

Figure 2 - TIF Projections



Source: Tiberius Solutions

VI. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 6 shows a summary of the financial capacity of the Area, including how total TIF revenue translates to the ability to fund urban renewal projects in constant 2023 dollars in five-year increments. Table 6, Table 7, and Table 8 show more detailed tables on the allocation of tax revenues to debt service. Table 10, Table 11, and Table 12, show potential allocations to projects, programs, and administration over time.

The Area is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the urban renewal area in FYE 2042, a 19-year time frame for taking division of tax revenues. If growth in assessed value is slower than projected, the Agency may not be able to complete all projects in the Plan. If growth in assessed value is more robust than the projections, it may take a shorter time period. These assumptions show one scenario for financing and that this scenario is financially feasible.

The maximum indebtedness is \$18,100,000 (Eighteen Million One Hundred Thousand dollars). The estimated total amount of tax increment revenues required to service the maximum indebtedness of \$18,100,000 is \$20,055,565 and is from permanent rate tax levies. The additional TIF revenue is greater than the maximum indebtedness due to the projected cost of the interest on borrowings (loans). There are two loans shown in this financial analysis.

Table 6 - TIF Capacity of the Area in FYE 2023 Constant Rounded Numbers

| | |
|----------------------|--------------|
| Total Net TIF | \$20,060,000 |
| Maximum Indebtedness | \$18,100,000 |
| Capacity (2023\$) | \$15,300,000 |
| Years 1-5 | \$11,940,000 |
| Years 6-10 | \$3,270,000 |
| Years 11-15 | \$60,000 |
| Years 16-19 | \$40,000 |

Source: Tiberius Solutions

Table 7 - Tax Increment Revenues and Allocations to Debt Service, page 1

| | Total | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 |
|------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Resources | - | - | - | - | - | - |
| Beginning Balance | - | - | - | - | - | - |
| Other Funding Sources | 6,812,327 | 1,011,172 | 1,010,311 | 1,009,435 | 1,008,544 | 1,007,641 |
| TIF: Current Year | 19,765,922 | 1,380 | 2,801 | 4,264 | 5,772 | 7,325 |
| TIF: Prior Years | 289,644 | - | 21 | 42 | 64 | 87 |
| Total Resources | 26,867,892 | 1,012,551 | 1,013,132 | 1,013,741 | 1,014,380 | 1,015,052 |
| Expenditures | | | | | | |
| Debt Service | | | | | | |
| Scheduled Payments | | | | | | |
| Loan A | (16,385,366) | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) |
| Loan B | (4,201,559) | - | - | - | - | - |
| Early Principal Payment | - | - | - | - | - | - |
| Loan A | (2,900,262) | - | - | - | - | - |
| Loan B | (3,026,269) | - | - | - | - | - |
| Total Debt Service, Scheduled Only | (20,586,925) | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) |
| Total Debt Service | (26,513,455) | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) |
| Debt Service Coverage Ratio | | 0.00 | 0.00 | 0.00 | 0.01 | 0.01 |
| Transfer to URA Projects Fund | (354,437) | (11,605) | (12,186) | (12,795) | (13,434) | (14,106) |
| Total Expenditures | (26,867,892) | (1,012,551) | (1,013,132) | (1,013,741) | (1,014,380) | (1,015,052) |
| Ending Balance | - | - | - | - | - | - |

Source: Tiberius Solutions

Table 8 - Tax Increment Revenues and Allocations to Debt Service, page 2

| | FYE 2029 | FYE 2030 | FYE 2031 | FYE 2032 | FYE 2033 | FYE 2034 | FYE 2035 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Resources | - | - | - | - | - | - | - |
| Beginning Balance | - | - | - | - | - | - | - |
| Other Funding Sources | 782,393 | 540,305 | 283,938 | 12,651 | 145,937 | - | - |
| TIF: Current Year | 233,255 | 472,694 | 726,248 | 994,548 | 1,278,251 | 1,578,040 | 1,894,625 |
| TIF: Prior Years | 110 | 3,499 | 7,090 | 10,894 | 14,918 | 19,174 | 23,671 |
| Total Resources | 1,015,758 | 1,016,498 | 1,017,276 | 1,018,093 | 1,439,107 | 1,597,214 | 1,918,295 |
| Expenditures | | | | | | | |
| Debt Service | | | | | | | |
| Scheduled Payments | | | | | | | |
| Loan A | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) |
| Loan B | - | - | - | - | (420,156) | (420,156) | (420,156) |
| Early Principal Payment | - | - | - | - | - | - | - |
| Loan A | - | - | - | - | - | (157,206) | (477,342) |
| Loan B | - | - | - | - | - | - | - |
| Total Debt Service, Scheduled Only | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) | (1,421,102) | (1,421,102) | (1,421,102) |
| Total Debt Service | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) | (1,421,102) | (1,578,308) | (1,898,444) |
| Debt Service Coverage Ratio | 0.23 | 0.48 | 0.73 | 1.00 | 0.91 | 1.12 | 1.35 |
| Transfer to URA Projects Fund | (14,812) | (15,552) | (16,330) | (17,147) | (18,005) | (18,906) | (19,851) |
| Total Expenditures | (1,015,758) | (1,016,498) | (1,017,276) | (1,018,093) | (1,439,107) | (1,597,214) | (1,918,295) |
| Ending Balance | - | - | - | - | - | - | - |

Source: Tiberius Solutions

Table 9 - Tax Increment Revenues and Allocations to Debt Service, page 3

| | FYE 2036 | FYE 2037 | FYE 2038 | FYE 2039 | FYE 2040 | FYE 2041 | FYE 2042 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|
| Resources | - | - | - | - | - | - | - |
| Beginning Balance | - | - | - | - | - | - | - |
| Other Funding Sources | - | - | - | - | - | - | - |
| TIF: Current Year | 1,843,086 | 1,926,446 | 2,016,075 | 2,139,149 | 2,092,813 | 2,092,813 | 456,339 |
| TIF: Prior Years | 28,419 | 27,646 | 28,897 | 30,241 | 32,087 | 31,392 | 31,392 |
| Total Resources | 1,871,505 | 1,954,092 | 2,044,971 | 2,169,390 | 2,124,900 | 2,124,205 | 487,731 |
| Expenditures | | | | | | | |
| Debt Service | | | | | | | |
| Scheduled Payments | | | | | | | |
| Loan A | (1,000,946) | (1,000,946) | (1,000,946) | (1,000,946) | (370,228) | - | - |
| Loan B | (420,156) | (420,156) | (420,156) | (420,156) | (420,156) | (420,156) | (420,156) |
| Early Principal Payment | - | - | - | - | - | - | - |
| Loan A | (429,560) | (511,105) | (600,889) | (724,159) | - | - | - |
| Loan B | - | - | - | - | (1,309,180) | (1,677,446) | (39,643) |
| Total Debt Service, Scheduled Only | (1,421,102) | (1,421,102) | (1,421,102) | (1,421,102) | (790,384) | (420,156) | (420,156) |
| Total Debt Service | (1,850,662) | (1,932,207) | (2,021,991) | (2,145,261) | (2,099,564) | (2,097,602) | (459,799) |
| Debt Service Coverage Ratio | 1.32 | 1.38 | 1.44 | 1.32 | 2.69 | 5.06 | 1.16 |
| Transfer to URA Projects Fund | (20,843) | (21,885) | (22,980) | (24,129) | (25,336) | (26,603) | (27,932) |
| Total Expenditures | (1,018,093) | (1,954,092) | (2,044,971) | (2,169,390) | (2,124,900) | (2,124,205) | (487,731) |
| Ending Balance | - | - | - | - | - | - | - |

Source: Tiberius Solutions

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The schedule for construction of projects will be based on the availability of funding. The projects will be ongoing and will be completed as directed by the Agency. Annual expenditures for program administration are also shown.

The Area is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the Area in FYE 2042 a 19-year program of tax increment collections.

The amount of money available for projects in 2023 constant dollars for the Area is approximately \$15,304,285. See Table 2 for the individual project analysis. This \$15,304,285 is calculated by taking the maximum indebtedness (MI) and bringing it back to constant 2023 dollars. This is done as the Agency's cost estimates are typically in constant dollars, so understanding how that relates to the overall MI over 19 years is important to enable the Agency to make projections on the allocation of funds throughout the life of the Area.

Table 10 through Table 12 show the approximate \$15,304,285 of 2023 constant dollars for projects inflated over the life of the Area including administrative expenses. All costs shown in Table 10 through Table 12 are in year-of-expenditure dollars, which are adjusted by 5.0% annually to account for inflation. The year of expenditure total cost is \$18,064,509.

The 5% inflation rate is the rate to use in the future if any amendment to increase maximum indebtedness is pursued in accordance with ORS 457.470.

The Agency may change the completion dates in their annual budgeting process or as project decisions are made in administering the Plan. The following tables are prepared to show that the Area is financially feasible as required by ORS 457. It assumes completion of projects as funding becomes available.

Table 10 - Programs and Costs in Year of Expenditure Dollars, Page 1

| | Total | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 | FYE 2029 |
|--------------------------------------|---------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Resources | | - | - | - | - | - | - |
| Beginning Balance | - | - | - | - | - | - | - |
| Transfer from TIF Fund | 354,437 | 11,605 | 12,186 | 12,795 | 13,434 | 14,106 | 14,812 |
| Bond/Loan Proceeds | 17,710,072 | 12,474,001 | - | - | - | - | - |
| Total Resources | 18,064,509 | 12,485,606 | 12,186 | 12,795 | 13,434 | 14,106 | 14,812 |
| Expenditures (YOE \$) | | | | | | | |
| Community Park | (2,756,250) | (2,756,250) | - | - | - | - | - |
| Neighborhood Parks and Pathways | (3,420,900) | - | - | - | - | - | - |
| Water Transmission Line | (1,788,255) | (1,788,255) | - | - | - | - | - |
| Joseph Booster Pump Station Upgrades | (810,338) | (810,338) | - | - | - | - | - |
| Sewer Main Line | (2,946,983) | (2,946,983) | - | - | - | - | - |
| 2 Million Gallon Reservoir | (3,922,695) | (3,922,695) | - | - | - | - | - |
| SDC Expenditures | (1,710,450) | - | - | - | - | - | - |
| Financing Fees | (354,201) | (249,480) | - | - | - | - | - |
| Administration Costs | (354,437) | (11,605) | (12,186) | (12,795) | (13,434) | (14,106) | (14,812) |
| Total Expenditures | (18,064,509) | (12,485,606) | (12,186) | (12,795) | (13,434) | (14,106) | (14,812) |
| Ending Balance | - | - | - | - | - | - | - |

Source: Tiberius Solutions

Table 11 - Programs and Costs in Year of Expenditure Dollars, Page 2

| | FYE 2030 | FYE 2031 | FYE 2032 | FYE 2033 | FYE 2034 | FYE 2035 | FYE 2036 |
|--------------------------------------|----------|----------|----------|-------------|----------|----------|----------|
| | | - | - | - | - | - | - |
| Resources | - | - | - | - | - | - | - |
| Beginning Balance | - | | | | | | |
| Transfer from TIF Fund | 15,552 | 16,330 | 17,147 | 18,005 | 18,906 | 19,851 | 20,843 |
| Bond/Loan Proceeds | - | - | - | 5,236,071 | - | - | - |
| Total Resources | 15,552 | 16,330 | 17,147 | 5,254,076 | 18,906 | 19,851 | 20,843 |
| Expenditures (YOE \$) | | - | - | - | - | - | - |
| Community Park | - | - | - | - | - | - | - |
| Neighborhood Parks and Pathways | - | - | - | (3,420,900) | - | - | - |
| Water Transmission Line | - | - | - | - | - | - | - |
| Joseph Booster Pump Station Upgrades | - | - | - | - | - | - | - |
| Sewer Main Line | - | - | - | - | - | - | - |
| 2 Million Gallon Reservoir | - | - | - | - | - | - | - |
| SDC Expenditures | - | - | - | (1,710,450) | - | - | - |
| Financing Fees | - | - | - | (104,721) | - | - | - |
| Administration Costs | (15,552) | (16,330) | (17,147) | (18,005) | (18,906) | (19,851) | (20,843) |
| Total Expenditures | (15,552) | (16,330) | (17,147) | (5,254,076) | (18,906) | (19,851) | (20,843) |
| Ending Balance | - | - | - | - | - | - | - |

Source: Tiberius Solutions

Table 12 - Programs and Costs in Year of Expenditure Dollars, Page 3

| | FYE 2037 | FYE 2038 | FYE 2039 | FYE 2040 | FYE 2041 | FYE 2042 |
|--------------------------------------|----------|----------|----------|----------|----------|----------|
| | - | - | - | - | - | - |
| Resources | - | - | - | - | - | - |
| Beginning Balance | | | | | | |
| Transfer from TIF Fund | 21,885 | 22,980 | 24,129 | 25,336 | 26,603 | 27,932 |
| Bond/Loan Proceeds | - | - | - | - | - | - |
| Total Resources | 21,885 | 22,980 | 24,129 | 25,336 | 26,603 | 27,932 |
| Expenditures (YOE \$) | - | - | - | - | - | - |
| Community Park | - | - | - | - | - | - |
| Neighborhood Parks and Pathways | - | - | - | - | - | - |
| Water Transmission Line | - | - | - | - | - | - |
| Joseph Booster Pump Station Upgrades | - | - | - | - | - | - |
| Sewer Main Line | - | - | - | - | - | - |
| 2 Million Gallon Reservoir | - | - | - | - | - | - |
| SDC Expenditures | - | - | - | - | - | - |
| Financing Fees | - | - | - | - | - | - |
| Administration Costs | (21,885) | (22,980) | (24,129) | (25,336) | (26,603) | (27,932) |
| Total Expenditures | (21,885) | (22,980) | (24,129) | (25,336) | (26,603) | (27,932) |
| Ending Balance | - | - | - | - | - | - |

Source: Tiberius Solutions

VIII. REVENUE SHARING

Revenue sharing thresholds are projected to be reached in FYE 2036. This is because the threshold set in ORS 457 (annual tax increment revenues in excess of 10 percent of the maximum indebtedness) is met during FYE 2035, triggering the revenue sharing.

Revenue sharing means that at the thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the taxes from incremental growth in the Area. The first threshold is met when annual TIF revenues exceed 10% of the original maximum indebtedness of the Plan or \$1,810,000. The year after the 10% threshold is reached, the Agency will receive the 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold, and the taxing jurisdictions will receive 75% of the increment above the 10% threshold.

The second threshold is met when annual TIF revenues exceed 12.5% of the maximum indebtedness or \$2,262,500. If this threshold is met, revenue for the Area would be capped at 12.5% of the maximum indebtedness in all future years, with all additional tax revenue being shared with affected taxing districts.

If assessed value in the Area grows more quickly than projected, the revenue sharing thresholds could be reached earlier. Revenue sharing projections are shown in Table 13.

Table 13 – Revenue Sharing Projections

| FYE | Total Assessed Value | Frozen Base AV | Increment Used | Increment Shared | Tax Revenue from Increment Shared |
|--------|----------------------|----------------|----------------|------------------|-----------------------------------|
| 2024 | 3,206,735 | 3,121,349 | 85,386 | - | |
| 2025 | 3,294,682 | 3,121,349 | 173,333 | - | |
| 2026 | 3,385,268 | 3,121,349 | 263,919 | - | |
| 2027 | 3,478,571 | 3,121,349 | 357,222 | - | |
| 2028 | 3,574,673 | 3,121,349 | 453,324 | - | |
| 2029 | 17,557,842 | 3,121,349 | 14,436,493 | - | |
| 2030 | 32,377,033 | 3,121,349 | 29,255,684 | - | |
| 2031 | 48,069,821 | 3,121,349 | 44,948,472 | - | |
| 2032 | 64,675,284 | 3,121,349 | 61,553,935 | - | |
| 2033 | 82,234,060 | 3,121,349 | 79,112,711 | - | |
| 2034 | 100,788,402 | 3,121,349 | 97,667,053 | - | |
| 2035 | 120,382,242 | 3,121,349 | 117,260,893 | - | |
| 2036 | 141,061,251 | 3,121,349 | 114,071,062 | 23,868,840 | 416,927 |
| 2037 | 162,872,903 | 3,121,349 | 119,230,362 | 40,521,192 | 707,800 |
| 2038 | 190,271,126 | 3,121,349 | 124,777,592 | 62,372,185 | 1,089,480 |
| 2039 | 219,166,903 | 3,121,349 | 132,394,817 | 83,650,737 | 1,461,161 |
| 2040 | 249,625,430 | 3,121,349 | 129,527,005 | 116,977,076 | 2,043,285 |
| 2041 | 281,714,468 | 3,121,349 | 129,527,005 | 149,066,114 | 2,603,797 |
| 2042 | 315,504,431 | 3,121,349 | 28,243,442 | 284,139,640 | 4,963,181 |
| TOTAL: | | | | | |

Source: Tiberius Solutions

IX. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the Area.

The impact of tax increment financing on overlapping taxing districts consists of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated through FYE 2053 and are shown in Table 14 and Table 15.

The Hermiston School District # 8 and the Intermountain Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level.

Table 14 and Table 15 show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. Table 14 shows the general government levies, and Table 15 shows the education levies.

Table 14 - Projected Impact on Taxing District Permanent Rate Levies - General Government

| FYE | General County | City of Hermiston | Port of Umatilla | Umatilla County Fire District 1 | County Radio District | Cemetery District 8 Hermiston | W. Umatilla Mosquito Control |
|---------------|-----------------------|--------------------------|-------------------------|--|------------------------------|--------------------------------------|-------------------------------------|
| 2024 | (225) | (481) | (12) | (138) | (13) | (7) | (16) |
| 2025 | (460) | (983) | (25) | (283) | (27) | (15) | (33) |
| 2026 | (702) | (1,500) | (38) | (431) | (42) | (23) | (50) |
| 2027 | (952) | (2,033) | (51) | (585) | (57) | (31) | (68) |
| 2028 | (1,209) | (2,582) | (65) | (742) | (72) | (39) | (86) |
| 2029 | (38,059) | (81,309) | (2,056) | (23,380) | (2,271) | (1,233) | (2,700) |
| 2030 | (77,661) | (165,915) | (4,196) | (47,708) | (4,635) | (2,516) | (5,510) |
| 2031 | (119,598) | (255,510) | (6,461) | (73,471) | (7,137) | (3,875) | (8,485) |
| 2032 | (163,974) | (350,317) | (8,859) | (100,732) | (9,785) | (5,313) | (11,633) |
| 2033 | (210,899) | (450,567) | (11,394) | (129,558) | (12,586) | (6,833) | (14,962) |
| 2034 | (260,484) | (556,502) | (14,073) | (160,020) | (15,545) | (8,440) | (18,480) |
| 2035 | (312,848) | (668,373) | (16,902) | (192,188) | (18,670) | (10,137) | (22,195) |
| 2036 | (305,217) | (652,071) | (16,489) | (187,500) | (18,214) | (9,889) | (21,654) |
| 2037 | (318,686) | (680,846) | (17,217) | (195,774) | (19,018) | (10,326) | (22,609) |
| 2038 | (333,508) | (712,510) | (18,018) | (204,879) | (19,903) | (10,806) | (23,661) |
| 2039 | (353,799) | (755,860) | (19,114) | (217,344) | (21,113) | (11,463) | (25,100) |
| 2040 | (346,543) | (740,359) | (18,722) | (212,887) | (20,680) | (11,228) | (24,585) |
| 2041 | (346,429) | (740,116) | (18,716) | (212,817) | (20,674) | (11,225) | (24,577) |
| 2042 | (79,542) | (169,936) | (4,297) | (48,864) | (4,747) | (2,577) | (5,643) |
| TOTAL: | (3,270,795) | (6,987,770) | (176,705) | (2,009,300) | (195,189) | (105,968) | (232,045) |

Source: Tiberius Solutions

Table 15 - Projected Impact on Taxing District Permanent Rate Levies – Education

| FYE | Hermiston School District #8 | Intermountain E.S.D. | Blue Mountain CC | Subtotal | Total |
|---------------|-------------------------------------|-----------------------------|-------------------------|--------------------|---------------------|
| 2024 | (386) | (49) | (52) | (487) | (1,380) |
| 2025 | (789) | (99) | (107) | (996) | (2,821) |
| 2026 | (1,205) | (152) | (163) | (1,520) | (4,306) |
| 2027 | (1,633) | (206) | (221) | (2,059) | (5,836) |
| 2028 | (2,074) | (261) | (280) | (2,615) | (7,411) |
| 2029 | (65,300) | (8,224) | (8,832) | (82,357) | (233,365) |
| 2030 | (133,248) | (16,782) | (18,023) | (168,053) | (476,193) |
| 2031 | (205,202) | (25,845) | (27,755) | (258,802) | (733,338) |
| 2032 | (281,341) | (35,435) | (38,054) | (354,829) | (1,005,442) |
| 2033 | (361,853) | (45,575) | (48,943) | (456,371) | (1,293,170) |
| 2034 | (446,930) | (56,290) | (60,451) | (563,671) | (1,597,214) |
| 2035 | (536,774) | (67,606) | (72,603) | (676,983) | (1,918,295) |
| 2036 | (523,682) | (65,957) | (70,832) | (660,471) | (1,871,505) |
| 2037 | (546,791) | (68,868) | (73,958) | (689,616) | (1,954,092) |
| 2038 | (572,221) | (72,071) | (77,397) | (721,688) | (2,044,971) |
| 2039 | (607,035) | (76,455) | (82,106) | (765,597) | (2,169,390) |
| 2040 | (594,586) | (74,887) | (80,422) | (749,896) | (2,124,900) |
| 2041 | (594,392) | (74,863) | (80,396) | (749,651) | (2,124,205) |
| 2042 | (136,476) | (17,189) | (18,459) | (172,125) | (487,731) |
| TOTAL: | (5,611,910) | (706,814) | (759,054) | (7,077,787) | (20,055,565) |

Source: Tiberius Solutions Please refer to the explanation of the schools funding in the preceding section.

Table 16 shows the projected increased revenue to the taxing jurisdictions after tax increment proceeds are projected to be terminated. These projections are for FYE 2043.

The Frozen Base is the assessed value of the Area established by the County Assessor at the time the Area is established. Excess Value is the increased assessed value in the Area above the Frozen Base.

Table 16 - Additional Revenues Obtained after Termination of TIF - FYE 2043

| Taxing District | Tax Rate | From Frozen Base | From Excess Value | Total |
|---------------------------------|----------------|------------------|--------------------|--------------------|
| General Government | | | | |
| General County | 2.8487 | 8,892 | 991,197 | 1,000,089 |
| City of Hermiston | 6.086 | 18,997 | 2,117,606 | 2,136,603 |
| Port of Umatilla | 0.1539 | 480 | 53,549 | 54,029 |
| Umatilla County Fire District 1 | 1.75 | 5,462 | 608,908 | 614,370 |
| County Radio District | 0.17 | 531 | 59,151 | 59,682 |
| Cemetery District 8 Hermiston | 0.0923 | 288 | 32,116 | 32,404 |
| W. Umatilla Mosquito Control | 0.2021 | 631 | 70,320 | 70,951 |
| Subtotal | 11.303 | 35,281 | 3,932,847 | 3,968,128 |
| Education | | | | |
| Hermiston School District #8 | 4.8877 | 15,256 | 1,700,661 | 1,715,917 |
| Intermountain E.S.D. | 0.6156 | 1,922 | 214,196 | 216,118 |
| BMCC | 0.6611 | 2,064 | 230,028 | 232,092 |
| Subtotal | 6.1644 | 19,242 | 2,144,885 | 2,164,127 |
| TOTAL: | 17.4674 | \$54,523 | \$6,077,732 | \$6,132,255 |

Source: Tiberius Solutions

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality’s total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base (assumed to be FYE 203 values), including all real, personal, manufactured, and utility properties in the Area, is projected to be \$3,121,349. The Umatilla County Assessor will certify the frozen base once the urban renewal plan is adopted. The frozen base assessed value of the City of Hermiston Downtown Urban Renewal Area is \$42,262,899. The Downtown Urban Renewal Area has excess value of \$15,049,186. The total assessed value of the City of Hermiston as stated in the Umatilla County Assessor SAL 4a for FYE 2022 was \$1,168,246,817.

The percentage of total City assessed value in urban renewal areas is 3.94%, below the 25% threshold. ORS 457.160 (2)(b) states “For municipalities having a population of less than 50,000, according to the latest state census:

- A. The assessed value for the urban renewal areas of the plan, when added to the total assessed value previously certified by the assessor for other urban renewal plans of the municipality for which a division of ad valorem taxes is provided, exceeds a figure equal to 25 percent of the total assessed value of that municipality, exclusive of any increased assessed value for other urban renewal areas and without regard to adjustments made pursuant to [ORS 457.435](#).”

The Area contains approximately 392.8 acres, including public rights-of-way. The City of Hermiston Downtown Urban Renewal area contains 125.2 acres. The City of Hermiston contains 5,402 acres. This puts 9.6% of the city’s acreage in an urban renewal area, which is below the 25% threshold.

Table 17 – Urban Renewal Area Conformance with Assessed Value and Acreage Limits

| | Acreage | Assessed Value |
|--|----------------|-----------------------|
| A. City of Hermiston Downtown Urban Renewal Area | 125.2 | \$42,262,899 |
| B. Southwest Hermiston Urban Renewal Area | 392.8 | \$3,121,349 |
| C. Total Acreage/Assessed Value in URAs | 518 | \$45,384,248 |
| D. Excess Value | | \$15,049,186 |
| E. City of Hermiston | 5,402 | \$1,168,246,817 |
| % of City Acreage =(C/E) | 9.6% | |
| % of City Assessed Value =(C/(E-D)) | | 3.94% |

Source: Compiled by Elaine Howard Consulting, LLC with data from Tiberius Solutions, City of Hermiston, and Umatilla County Department of Assessment and Taxation SAL 4a and SAL 4e (FYE 2022)

XI. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the Area and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

A. Physical Conditions

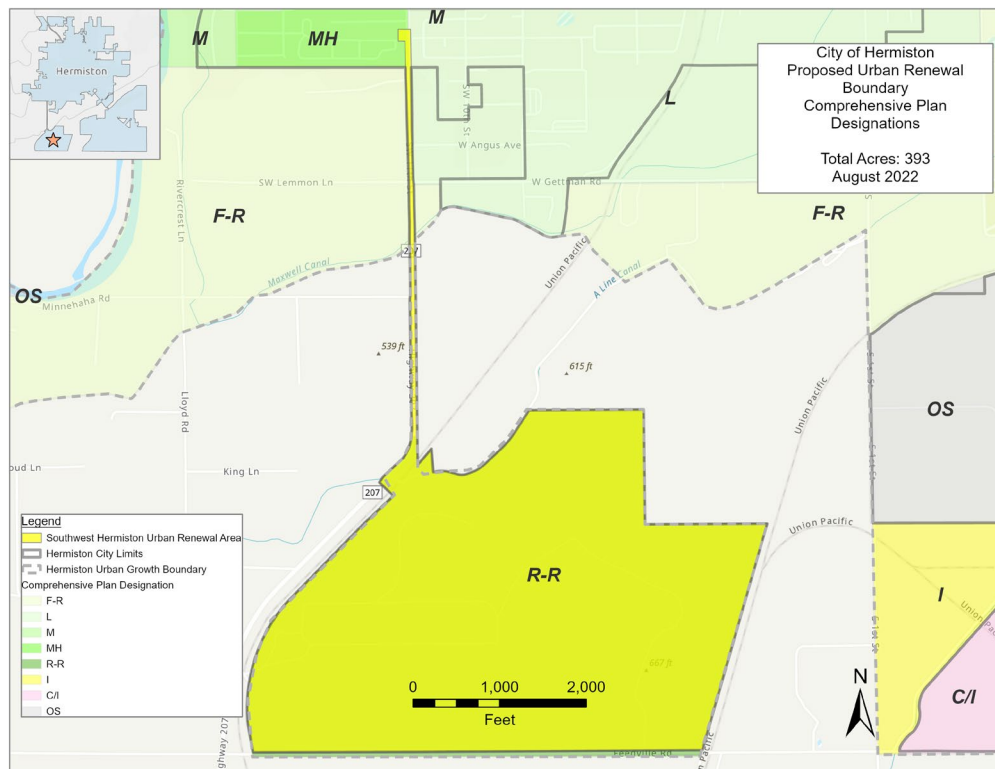
The Area consists of nine parcels that will be in one development and a parcel for the new water reservoir. These parcels combined are 392.8 acres, including 9.6 acres of right-of-way. The zoning and comprehensive plan designations for the nine development taxlots are all Recreational Residential. The zoning for the booster pump station is Multi-Structure Residential and its comprehensive plan designation is Medium Density Residential. The detailed land use, zoning, and comprehensive plan designations in the Area can be seen in Table 18.

Table 18 - Land Use, Zoning and Comprehensive Plan Designations in the Area

| Land Use | Zoning | Comprehensive Plan | Acres |
|---------------|---------------------------------|-------------------------------|--------------|
| Vacant | Recreational/Residential RR | Recreational Residential R-R | 383.04 |
| Vacant | Multi-Structure Residential R-4 | Medium Density Residential MH | 0.16 |
| Right of Way | | | 9.6 |
| TOTAL: | | | 392.8 |

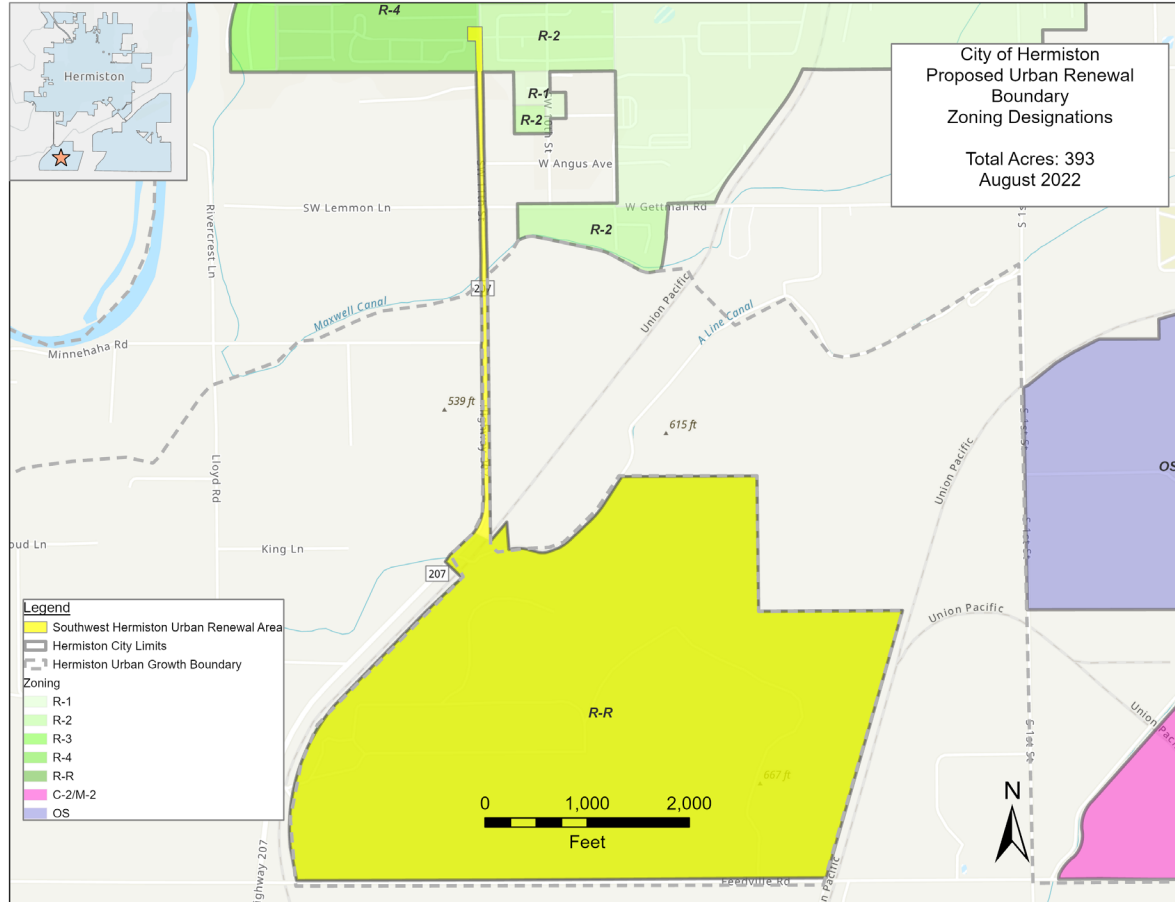
Source: Compiled by Elaine Howard Consulting, with data from the City of Hermiston (FYE 2022)

Figure 3 - Hermiston Urban Renewal Area Comprehensive Plan Designations



Source: City of Hermiston

Figure 4 - Hermiston Urban Renewal Area Zoning Designations



Source: City of Hermiston

B. Infrastructure

This section identifies the existing conditions in the Area to assist in **establishing blight in the ordinance adopting the urban renewal plan.** There are projects identified by the City of Hermiston in itemizing blighting conditions in the Area. **This does not mean that all of these projects are included in the urban renewal plan.** The specific projects that are included in the Plan are listed in Sections III and IV of this report.

1. Transportation

The *City of Hermiston Transportation Systems Plan Final Report* was completed in 1997 and amended in 2000, 2003, 2014, and 2017. There were no identified projects in this Area. However, development within the Area is expected to generate traffic impacts and related public capital investments for mitigation that are included in citywide or subarea transportation system development charges. There will be traffic mitigations but they will not be urban renewal projects but funded separately and included in a TSP revision to be developed concurrently with the development plan.

2. Parks

The *Hermiston Parks, Recreation and Open Space Master Plan* was completed on July 29, 2020

No parks were identified for this Area as development was not expected to occur at the time the analysis was completed in 2020.

Vision Statement

Hermiston actively provides inviting parks, trails, and programs for all walks of life. We celebrate our unique abilities, values and cultures. Parks and Recreation facilities and programs are the heart of our physical and emotional well-being.

The following needs were identified in the Parks Master Plan.

Facility Needs

- Indoor Aquatic and Athletic Facility, Wellness Center
- Universally accessible facilities
- Expanded trail facilities (walking, bicycling)
- Parks in Northeast, specifically, and east generally
- More athletic fields, specifically soccer or multipurpose fields.
- Areas for large group gatherings for extended periods of time
- Restrooms
- Water access
- Skate Park

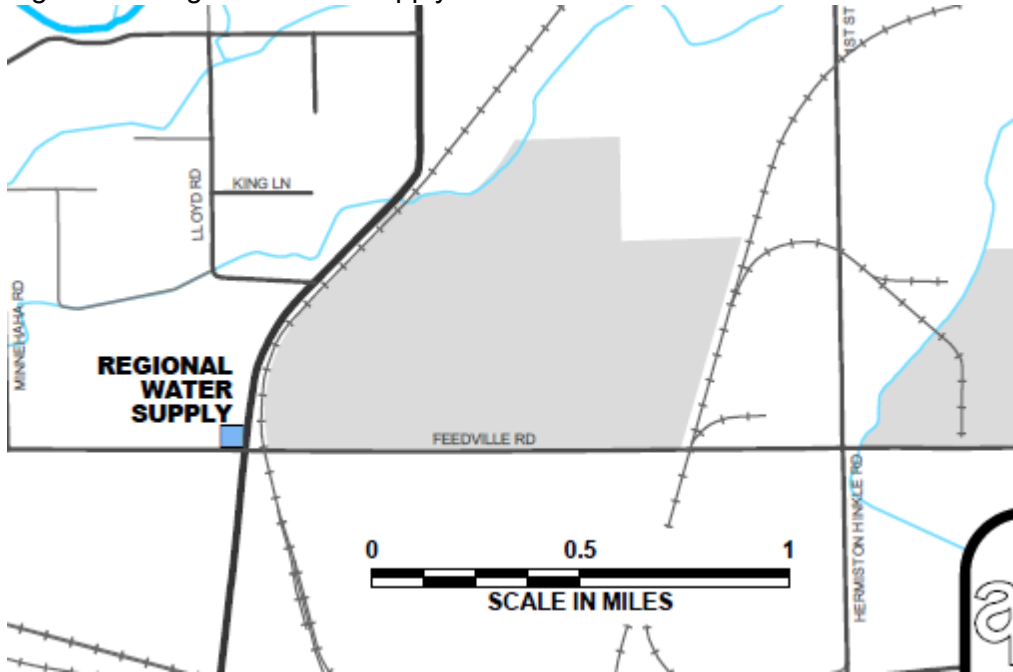
3. Water, Sanitary Sewer and Storm Water

The *Hermiston Capital Improvement Plan* (CIP) was completed in January 2021 by Anderson Perry & Associates, Inc. The following information comes from that document.

a) Water

The regional water supply is located to the west of the site.

Figure 5 - Regional Water Supply



Source: Hermiston Capital Improvement Plan, Figure 1

Project W 27 was identified to provide water to the Area.

Project Number: W 27.0

Project Name: Southwest Storage Reservoir

Fund: Water

Subcategory: Storage

Estimated Cost: \$3,100,000 (plus inflation depending on year constructed)

Fiscal Year: Undefined

Project Description:

The project will include developing a new reservoir located in the southwest area of the City. Work will include construction of the new reservoir, water line extensions, control systems, valves, site

development, property acquisition, and engineering/permitting services. Specific attention for access to the reservoir roof will be evaluated during design. Access alternatives may entail an exterior stairway system or a ladder system with landings.

Project Justification:

A new 2,000,000-gallon reservoir on the southwest side of town is needed to accommodate additional water demands from ongoing population growth. A new reservoir will reduce the

City's reliance on booster pump stations to pressurize the system, provide compliance with fire flow requirements as well as applicable health and safety rules, and will ensure minimum water distribution system pressures are maintained. A new well constructed in a separate project would keep the reservoir full and operating. The Water System Master Plan prepared in 2018 and 2019 discusses this project in more depth.

Funding Data:

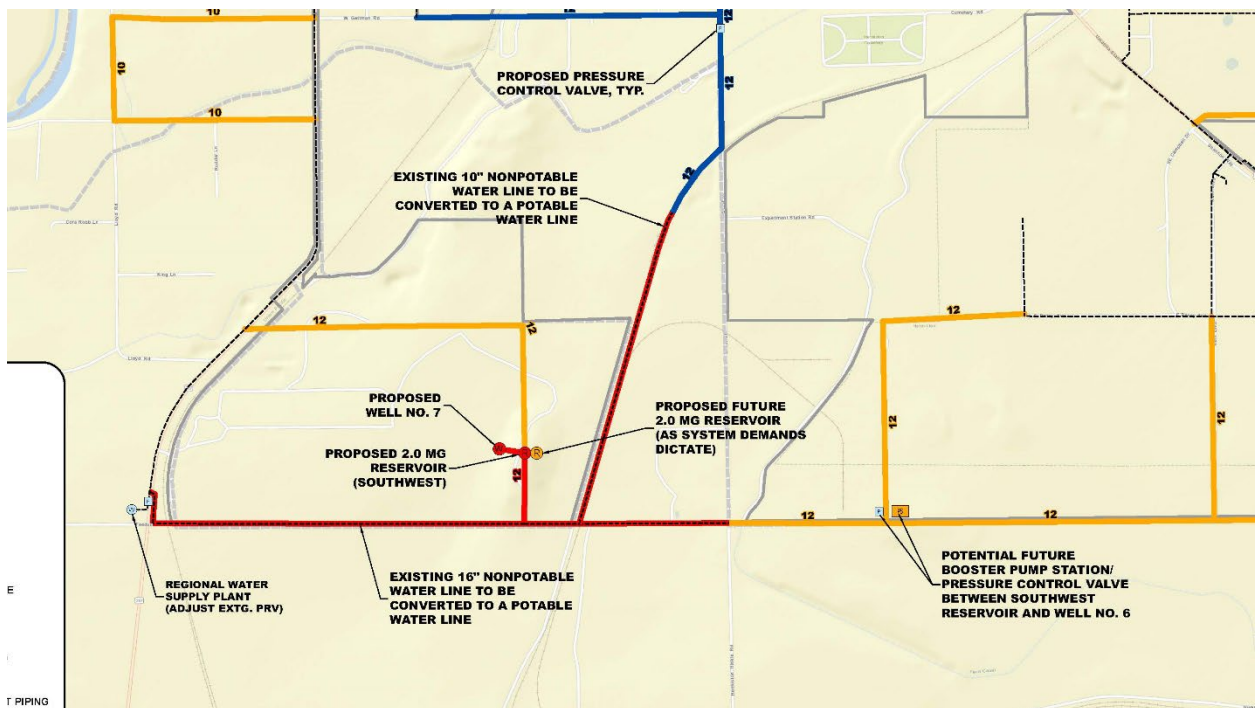
Project No. Fund Name Amount Fiscal Year
W 27.0 Water Fund \$3,100,000 Undefined

Water Systems

There are no existing water systems that serve the Area.

The **Hermiston Water System Master Plan**, completed in 2019 by Anderson Perry & Associates, proposes the following improvements in the Area.

Figure 6 – Water System in the Area



Source: **Hermiston Water System Master Plan** Proposed Water Distribution System Pressure Zone Map , Figure 5-3

Medium Priority Improvements

Provide distribution system piping and/or pressure reducing valves to connect similar pressure zones to reduce the number of and/or reliance on booster pump stations. Provide distribution piping to connect the proposed southwest reservoir to the existing distribution system.(p 6-3)

Long-Term/Future Development Improvements

Provide distribution system piping to serve areas within the City’s urban growth boundary not currently being served. Create a new pressure zone with a booster pump station in east Hermiston to serve existing and future users with system pressures near the City’s recommended minimum system pressure. (p 6-4)

Modifications to Existing Booster Pump Stations

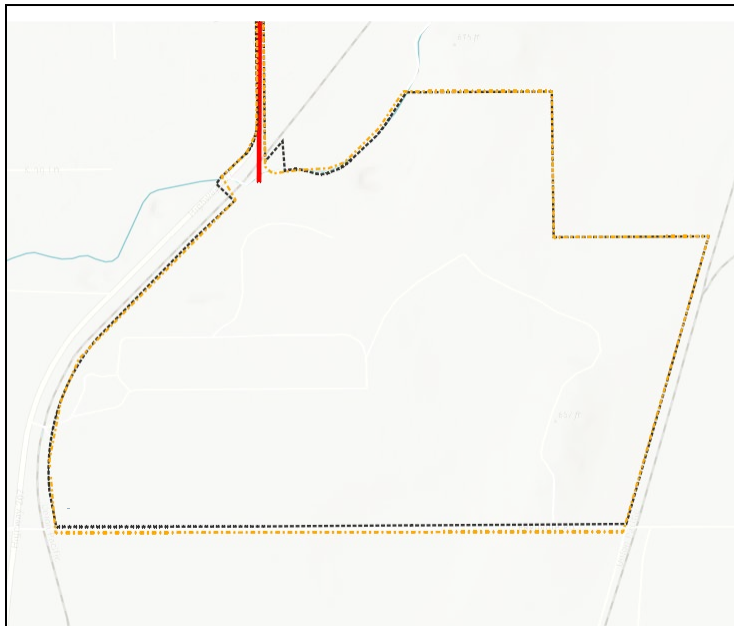
The proposed improvements presented herein would allow the City to discontinue continuous use of the Geer Road booster pump station, Sunland booster pump station, and Moore booster pump station. As part of the proposed northeast reservoir and southwest reservoir improvements, the Alora Heights booster pump station and Joseph booster pump station would be improved to change from 24-hour per day booster pump stations to reservoir fill stations. See Chapters 4 and 5 for further discussion on proposed improvements at the Alora Heights booster pump station and Joseph booster pump station to convert them from “booster” stations to “reservoir fill” stations. Once the system improvements are made, the Geer Road booster pump station and Moore booster pump station are not anticipated to be used on a daily basis.

However, it is recommended that the City maintain the Geer Road and Moore booster pumpstations to act as backups to the Alora Heights and Joseph booster pump stations, respectively. (p 6-4)

b) Sanitary Sewer

The CIP shows a proposed sanitary sewer trunkline to the Area.

Figure 7 - Proposed Future Sanitary Sewer Trunkline and Lift Stations



Source: Figure 1 of the CIP

Lift Station 8

Lift Station 8, also known as “West Side,” was constructed in 1980 and is located on the west end of the City at the northeastern corner of Harrison Park. Lift Station 8 is the primary lift station for the western sanitary sewer trunkline and pumps all sewage from Basins W3 to W21 north through approximately 3,300 feet of 12-inch Class 50 ductile iron pipe to Manhole W1-23 on W. Elm Avenue Extension. Lift Station 8 consists of a wetwell and a drywell. A building above the drywell houses control equipment.

Three 6-MVF-15, centrifugal, vertical, variable speed, single-stage, dry pit-type pumps with non-clogging impellers are located on the bottom floor of the drywell. The pumps are 3-phase, 480-volt (V), 60-Hz pumps manufactured by the Worthington Pump Corporation. Each is rated at 30 Hp with a design pump rate of 900 gpm against 74 feet of TDH. Although the pumps are supposed to be variable speed, some issues with the control system cause the pumps to run at their maximum capacity for all but the first and last few seconds of a run cycle. Attempts have been made to diagnose and fix these issues, but they have been unsuccessful.

Pumps are operated based on wetwell water levels that are sensed by a purged-air, liquid level controller. The control system is a CD-3000-SLB-A Peabody Flomatcher. Telemetry monitoring utilizes an old auto-dialer system by Stead and Baggerly, Inc., to notify City personnel when problems are detected.

Auxiliary power is provided by a 164 kVA, 480-V, 3-phase, 60-Hz diesel generator located on the first floor of the lift station building. It outputs 135 kW and has a fuel tank capacity of 550 gallons. When the power goes out, the transfer switch can automatically change the power source if the engine control switch is set to automatic. The switch can be set to manual if needed. The City has purchased a new natural gas generator that is anticipated to be installed in fall 2020.

Lift Station 8 has been maintained by City personnel and is cleaned approximately once every six months. The wetwell appears to be in good condition. An intake plug valve on Pump 1 has been replaced. Three discharge plug valves, three check valves, and two intake plug valves are on the City’s list to be replaced, but funds to purchase the replacement parts have not been made available. Because the control system does not allow pump speeds to vary, upgrades to the pump control system, potentially with new variable frequency drives (VFDs), are needed to replace the current system. New motors may be required when the VFDs are purchased and installed. (p 3-20)

Basin W8 Trunkline

Basin W8 trunkline is located in the southwest portion of the City between W. Highland Avenue and the Maxwell Canal. The trunkline consists of 8-inch PVC, 8-inch transite, and 8-, 10-, and 12-inch concrete pipe. The trunkline begins at upstream Manhole W8-84 and flows through the basin into the western primary trunkline at Manhole W1-4.

The area south of the basin to the UGB has the potential for future development. When developed, this 52-acre area is expected to contribute approximately 23,300 gpd to the basin’s existing flows. Analyzing this trunkline at minimum slope with combined existing and future flows shows that the pipes appear to have adequate capacity, with pipe flows ranging from 34 to 73 percent of capacity. (p 3-9)

Lift Station 8

Lift Station 8 is the main lift station on the west side of Hermiston, located in the northeast corner of Harrison Park. Three pumps alternate days to pump sewer flows. Lift Station 8 had an average maximum daily run time of 13.08 hours in August 2017. The average run times of Pumps 1, 2, and 3 were 5.4, 4.0, and 3.6 hours, respectively. Operation is being distributed among the pumps in a slightly uneven fashion likely due to differing pump age, impeller wear, and pump rebuild times; however, flow is likely being evenly distributed even though hour meter readings vary slightly between pumps. The design capacity of the pumps at this lift station is 900 gpm. With a maximum daily run time of 13.08 hours and a design pumping rate of 900 gpm, this lift station is theoretically pumping approximately 0.707 MGD or 43.4 percent of the City’s sewage.

Lift Station 8 operates 13.08 hours on average during the maximum month, correlating to 82 percent of capacity. If the lift station continues pumping approximately 43 percent of the City’s sewage through year 2043, the pumps would need to operate for approximately 17.38 hours per day and pump approximately 0.939 MGD. This would result in Lift Station 8 operating at approximately 109 percent of capacity. (P 4-12)

The area north of Feedville Road and between two UPRR tracks will likely be developed. This area would be serviced by extending sewer from Manhole W8-92 west to S.W. 11th Street, then south along S.W. 11th Street. (p 5-6)

Update Lift Station 8 Electrical and Controls

The electrical and pump controls at Lift Station 8 have surpassed their useful life and need to be updated to current industry standards. It is recommended that pumping volumes and pump run hours be monitored as development occurs in areas served by Lift Station 8 as pumping capacities may need to be increased to meet future demands. (p 5-7)

c) Stormwater

Hermiston’s Public Works Standards call for managing stormwater through Underground Injection Control (UIC) systems, or by infiltration swales where depth to groundwater is not sufficient to allow for a UIC. The area is currently undeveloped with no stormwater infrastructure. Based on soil types and groundwater depths in the area, it is anticipated that all stormwater generated within the area will stay within the area predominantly through the use of UIC’s constructed by development as it occurs.

C. Social Conditions

The Area is undeveloped. Therefore, the following demographics are presented for the City of Hermiston as a whole. The following information is excerpted from the *Housing Capacity Analysis* completed in January of 2021 by Johnson Economics¹, which identifies the social conditions in the Area and the relating housing needs.

“Hermiston is a City of nearly 21,400 people (within the UGB) located in Umatilla County in north-central Oregon. The city is the largest city in the county and represents roughly a quarter of the county’s population. The estimated population within the city limits was 19,696 in 2021, meaning that an additional 2,000 people (or 11%) live outside the city but within the UGB.

- *Hermiston’s UGB population makes it roughly the 28th largest city in the state by population, similar in size to other Oregon cities such as Ashland or Happy Valley. The city is roughly 125% the size of nearby Pendleton.*
- *According to the US Census and PSU estimates, Hermiston has experienced moderate growth, growing at just over 42% since 2000. In comparison, Umatilla County and the state are both estimated to have experienced lower growth of less than 24% since 2000.*

Hermiston’s UGB was home to an estimated 7,673 households in 2020, an increase of 1,975 households since 2000. The percentage of families has remained stable from 68% of all households in 2000 to 67% in 2020. The city has a higher share of family households than Umatilla County (64%) and the state (63%).

- *Average household size is estimated to have grown since 2000. Hermiston’s estimated average household size is 2.8 persons. This is slightly larger than the Umatilla County average of 2.7 and the statewide average of 2.5.*

Since 2000, Hermiston’s UGB has grown by roughly 6,285 people within the UGB, or 42% in 20 years. This was higher than the countywide rate of growth. In comparison, the population of the state grew by an estimated 24% during this period.

Data from the City of Hermiston and the US Census indicate that the city added just over 1,930 new housing units since 2000 within the UGB, representing 32% growth in the housing stock. This number of new units is slightly lower than the growth in new households estimated during the same period (1,971), indicating that housing growth has not kept pace with growing need.

As of 2020, the city had an estimated housing stock of roughly 8,051 units for its 7,673 estimated households. This translates to an estimated average vacancy rate of under 5%.

Hermiston has a greater share of homeowner households than renter households. The 2018 ACS estimates that 60% of occupied units were owner occupied, and 40% renter occupied. The ownership rate has risen from an estimated 55% in 2000. During this period the statewide rate fell from 64% to 61%. Nationally, the homeownership rate is 66%.

¹ Johnson Economics. (January 2021). *Housing Capacity Analysis*

The estimated ownership rate is higher across Umatilla County (64%) than it is in Hermiston or the state overall

Hermiston had an estimated 8,051 housing units in 2020, with a vacancy rate of 4.7% (includes ownership, rental units, and second homes). The housing stock has increased by roughly 1,930 units since 2000, or growth of 32%.

Hermiston’s housing stock reflects the pattern of development over time. Seventy-three percent of the housing stock is pre-2000 with the remainder being post-2000. The single largest share of housing stock was built in the 1970’s. Rental units are more likely to be older units, while a larger percentage of ownership units were built since the 1990’s.

The results (of their analysis) show a need for 2,030 new housing units by 2040.

- Of the new units needed, 61.5% are projected to be ownership units, while 38.5% are projected to be rental units.
- There is some new need for ownership housing at the low-end of the pricing spectrum. But income trends suggest that the greatest demand will remain in the middle price ranges (\$175k to \$300k). This is because some of the city’s current housing is found at lower value levels due to age, condition, and mobile homes. At the same time, most new homes are projected to be priced at higher price points.
- The greatest need for rental units is found at the lowest and some higher price points. Market rents are currently clustered in the \$400 to \$1,000 range in current dollars. Therefore, most units are to be found in this range. There is insufficient rental housing for the lowest income households making \$15,000 or less, and there may also be some support for higher rent units, which may be in new apartment complexes, townhomes or detached single-family homes for rent.“

According to the US Census 2016-2020 update, there are 6,041 households on Hermiston with 2.87 persons in each household. Forty-five percent of the residents speak a language other than English at home.

The following social conditions were taken from the <https://www.census.gov/quickfacts/hermistoncityoregon> Approximately 79% of the residents are white. 52% of the Hermiston residents identify as Hispanic or Latino.

Table 19 – Race in the Area

| Race | Percent |
|--|---------|
| White alone, percent | 78.90% |
| Black or African American alone, percent(a) | 0.30% |
| American Indian and Alaska Native alone, percent(a) | 0.20% |
| Asian alone, percent(a) | 0.20% |
| Native Hawaiian and Other Pacific Islander alone, percent(a) | 0.10% |
| Two or More Races, percent | 7.40% |
| Hispanic or Latino, percent(b) | 52.30% |
| White alone, not Hispanic or Latino, percent | 44.50% |

Source: US Census Quick Facts

The largest percentage of residents (31.50%) .in Hermiston are under 18 years of age.

Table 20 - Age in the Area

| Age | Percent |
|------------------------------------|---------|
| Persons under 5 years, percent | 8.20% |
| Persons under 18 years, percent | 31.50% |
| Persons 65 years and over, percent | 11.50% |
| Female persons | 51.3% |

Source: US Census Quick Facts

In Hermiston, 69 % of the residents have graduated from high school but have not attended college. An additional 16% of residents have earned a bachelor’s degree or higher.

Table 21 - Educational Attainment in the Area

| Education | Percent |
|---|---------|
| High school graduate or higher, percent of persons age 25 years+, 2016-2020 | 69.20% |
| Bachelor's degree or higher, percent of persons age 25 years+, 2016-2020 | 16.00% |

Source US Census Quick Facts

D. Economic Conditions

1. Taxable Value of Property within the Area

The estimated total assessed value of the Area calculated with data from the Umatilla County Department of Assessment and Taxation for FYE 2023 including all real, personal, manufactured, and utility properties, is estimated to be \$3,121,349.

2. Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property’s improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the “Improvement to Land Value Ratio,” or “I:L.” The values used are real market values. In urban renewal areas, the I:L is often used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives. The properties in the Area are vacant and undeveloped and not contributing significantly to the tax base in Hermiston.

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section IX of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The projects being considered for future use of urban renewal funding are for facilitating improvement of properties for residential uses, recreation improvements, utility improvements, multi-modal improvements, an incentive program to help facilitate the development of workforce housing and plan administration.

It is anticipated that these improvements will catalyze development on the undeveloped and parcels in the Area and provided needed infrastructure improvements and new recreational opportunities for the community. As the development will be new construction, it will be up to current building code which will aid in any fire protection needs.

The financial impacts from tax increment collections will be countered by future economic development, and, in the future, adding increases in assessed value to the tax base for all taxing jurisdictions, including the City.

XII. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the Area is to provide the ability to fund projects and programs necessary to cure blight within the Area. The outcome of implementing these projects is anticipated to be an increase to the economic growth in Hermiston by providing assistance to facilitate the development of much needed housing, providing recreational activities to support local residents, and providing infrastructure improvements inside the Area to assist with housing development.

The land is subject to geographic constraints and high public infrastructure demand which make conventional development cost prohibitive. Urban renewal is the most effective financing tool to provide infrastructure to the Area and at the capacity necessary to develop the land at urban density. Without the provision of urban level services, the land will remain blighted and undeveloped for the foreseeable future. Without using urban renewal to provide services, the inability to develop the land at urban density would cause a skewing of the city's residential land inventory.

Without the provision of assistance through urban renewal, the city has a large residential tract which cannot be developed. This excess of undeveloped land makes it difficult to fulfill Statewide Housing Goal 10's needs in general and meet potential housing production strategy needs specifically. The land within the Area constitutes nearly the entirety of the city's 20-year housing needs within the acknowledged Housing Capacity Analysis. The ability to develop this tract at urban density, with the assistance of the formation of an urban renewal district, allows the city to generate sufficient economic growth and maximize tax revenue.

XIII. RELOCATION REPORT

When the Agency acquires occupied property under the Plan, residential or commercial occupants of such property shall be offered relocation assistance, as required under applicable state law. Prior to such acquisition, the Agency shall adopt rules and regulations, as necessary, for the administration of relocation assistance. The Agency will comply with all applicable state law in providing these potential benefits. At the writing of this report, the Agency does not anticipate acquiring any property on the Area.

An enumeration by cost range of the housing units to be added is shown in Table 4 on page 10.



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of **October 10, 2022**

Title/Subject

Resolution #2238 LTREZ Distribution Agreements

Summary and Background

This resolution establishes a policy for the administrator of the Greater Hermiston Enterprise Zone to follow in managing disbursement of revenue which accrues to the zone. This formal policy directive is necessary to establish since the GHEZ is jointly managed by the City of Hermiston and Umatilla County; with Mark Morgan being the formally appointed administrator of the GHEZ. There are examples of other zones across the state which, once they begin to receive revenue, quickly break down in to in-fighting over distribution of the fees. Establishing a clear, transparent, formulaic distribution model up-front will help head-off those types of challenges from arising in the GHEZ.

Currently, the only funds generated by the GHEZ are payments of \$1 million per year by Lamb Weston, tied to their Long-Term Rural Enterprise Zone (LTREZ) abatement approved in 2017. That agreement with the company specifically lists out that the annual fee payment will be split equally between the City and the County, and as such, Lamb Weston cuts two separate checks; one to the City and one to the County and sends them directly to each sponsor.

The existing LTREZ that the zone has in place with Amazon Data Services routes things a little differently. That agreement requires all fees to be paid to the zone itself which then distributes the funds accordingly. This type of a setup creates a much more transparent process, as all funds must pass through a single point and from there can only be distributed with the consent of both sponsors on the zone. This agreement establishes the directives for how to distribute those funds moving forward.

You can see the fund distribution in the agreements; which are fairly straight forward and simple, but it is good to have them spelled out in a little more detail for future use.

1. Annual Improvement Payments (AIP) will be split equally between the City and Umatilla County.
2. Additional Annual Fee (AAF) will be sent to all of the existing underlying taxing jurisdictions according to their percentage of the existing tax rate.

3. Public Safety Impact Fee (PSIF) will be sent directly to Umatilla County Fire District #1.
4. The Student Success Fee (SSF) will be sent to the Hermiston School District for PDX138 and PDX245; while the SSF will be sent to the Stanfield School District for PDX146. This is because, while PDX138 & 245 are in the Hermiston City Limits, they are located within the Stanfield School District. Therefore, the SSD will receive their portion of the AAF on those two campuses. Meanwhile, PDX146 is physically located within HSD's boundary, and therefore HSD will receive the AAF from that one. Therefore, it only seemed fair that, since HSD received the SSF on 138 & 245, then SSD should receive the SSF from 146.
5. The Community Development Contribution (CDC) was intended by the company to benefit capital improvement projects relatively proximate to the community where the campus is being built. However, it is worded in such a way in the agreement which could technically allow CDC funds to be spent in Baker County. I don't believe that it is anyone's intention to do that however, so it will be contingent upon GHEZ staff to ensure that CDC funds are generally spent within the greater Hermiston area.
6. The two new LTREZ Agreements include an application processing fee of \$120,000 which will be paid soon after the LTREZ agreements are finalized. It is the intention of the City and County that those fees will simply be split 50/50.

I will simply finish by pointing out that, although there are a lot of funds contemplated in these agreements, the vast majority of those funds won't begin rolling in to the GHEZ until probably November, 2026, or later. So I would just encourage fiscal restraint over the coming years. There is no need to begin spending money that they City does not yet actually have.

Tie-In to Council Goals

Fiscal Prudence.

Fiscal Information

This agreement will have the effect of significantly inflating the City's top-line annual budget, while simultaneously committing it to significant expenses. On balance, it doesn't really impact the City's budget from the standpoint of risking obligations that we can't cover, because we're simply sending funds out if we have them, but it will inflate the budget by approximately 20%.

The current all-funds City Budget is \$65 million. At full build-out, these three LTREZ agreements will pass approximately \$14 million per year in revenue through the City's budget; with more than half of that obligated to be sent to other agencies. These will all be accounted for through the dedicated Enterprise Zone Fund.

Alternatives and Recommendation

Alternatives

1. Approve the Resolution.

- 2. Reject the Resolution
- 3. Amend the Resolution

Recommended Action/Motion

Motion to approve the resolution.

Submitted By:

Mark Morgan

LTREZ DISTRIBUTION AGREEMENT
Long-Term Rural Enterprise Zone Tax Abatement
Distribution of the Additional Obligations Payment
PDX 146/245

Umatilla County, a political subdivision of the State of Oregon (the "County") and, the City of Hermiston, a municipal corporation (the "City"), enter into this agreement ("Agreement") for allocation and distribution of the Additional Annual Improvement Payment under Long-Term Rural Enterprise Zone Tax Abatement Agreement (the "LTREZ Agreement") this day of _____, 2022 (the "Effective Date"). Each of the County and the City is referred to as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the County, and the City are co-equal sponsors of the Greater Hermiston Enterprise Zone ("GHEZ");

WHEREAS, the County, and the City have entered into a Long-Term Rural Enterprise Zone Tax Abatement Agreement dated _____, 2022 with Amazon Data Services, Inc., ("ADS") for projects within the Greater Hermiston Enterprise Zone for data center facilities to be developed on

WHEREAS, the LTREZ Agreement provides that ADS would remit various payments to the GHEZ;

WHEREAS, payments made to the GHEZ shall be received in to a dedicated Enterprise Zone Fund maintained by the City;

WHEREAS, Mark Morgan, Assistant City Manager for the City of Hermiston has been duly appointed by the sponsors as the Zone Administrator of the GHEZ;

WHEREAS the purpose of this Agreement is to direct the Zone Administrator how to allocate payments made to the GHEZ under the LTREZ Agreement.

NOW, THEREFORE, in consideration of the mutual covenants of the Parties, each to the other giving, the Parties do hereby agree as follows:

1. The Annual Improvement Payment ("AIP") made under paragraph V(B)(1) of the LTREZ Agreement by ADS will be divided between the Parties evenly, with each receiving 50% of the payment annually. In the event there is a payment reduction for Charitable Payment, the amount of the reduction will be split equally between the Parties.
2. The Additional Annual Fee ("AAF") made under paragraph V(B)(2) of the LTREZ agreement by ADS shall be distributed to the taxing entities with tax rates covering the property in an amount proportional to each entity's share of the total tax rate.
3. The Public Safety Impact Fee ("PSIF") made under paragraph V(B)(3) of the LTREZ agreement by ADS shall be distributed to the Umatilla County Fire District #1, or it's successor in fire and emergency services provision.

4. The Student Success Fee (“SSF”) made under paragraph V(B)(4) of the agreement by ADS shall be distributed to the Hermiston School District for payments related to PDX245, and shall be distributed to the Stanfield School District for payments related to PDX146.

5. The Community Development Contribution ("CDC") made under paragraph V(B)(5) of the LTREZ Agreement by ADS will be divided between the Parties evenly, with each receiving 50% of the payment.

6. . Each party retains sole discretion to determine the allocation of its portion of the AIP and CDC. The Parties acknowledge that the CDC is intended to assist with costs of capital improvement projects within the tax districts included in the consolidated tax code area in which the Facility is located.

7. The Zone Administrator shall make the above disbursements from the Enterprise Zone Fund within 60 days of receipt of payment from ADS.

8. The Application Processing Fee made under paragraph V(B)(7) of the LTREZ agreement by ADS shall be divided between the parties evenly, with each receiving 50% of the payment. The County shall make this disbursement within 60 days of receipt of payment from ADS.

9. This agreement is for the sole benefit of the Parties and nothing in this agreement, express or implied, is intended to or shall confer upon any other entity or person any legal or equitable right, benefit, remedy or expectation of payment of any nature, under or by reason of this agreement.

The parties have executed this agreement as of the Effective Date

UMATILLA COUNTY

CITY OF HERMISTON

LTREZ DISTRIBUTION AGREEMENT
Long-Term Rural Enterprise Zone Tax Abatement
Distribution of the Additional Obligations Payment
PDX 138

Umatilla County, a political subdivision of the State of Oregon (the "County") and, the City of Hermiston, a municipal corporation (the "City"), enter into this agreement ("Agreement") for allocation and distribution of the Additional Annual Improvement Payment under Long-Term Rural Enterprise Zone Tax Abatement Agreement (the "LTREZ Agreement") this day of _____, 2022 (the "Effective Date"). Each of the County and the City is referred to as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the County, and the City are co-equal sponsors of the Greater Hermiston Enterprise Zone ("GHEZ");

WHEREAS, the County, and the City have entered into a Long-Term Rural Enterprise Zone Tax Abatement Agreement dated March 19, 2020 with Amazon Data Services, Inc., ("ADS") for projects within the Greater Hermiston Enterprise Zone for data center facilities to be developed on

WHEREAS, the LTREZ Agreement provides that ADS would remit various payments to the GHEZ;

WHEREAS, payments made to the GHEZ shall be received in to a dedicated Enterprise Zone Fund maintained by the City;

WHEREAS, Mark Morgan, Assistant City Manager for the City of Hermiston has been duly appointed by the sponsors as the Zone Administrator of the GHEZ;

WHEREAS the purpose of this Agreement is to direct the Zone Administrator how to allocate payments made to the GHEZ under the LTREZ Agreement.

NOW, THEREFORE, in consideration of the mutual covenants of the Parties, each to the other giving, the Parties do hereby agree as follows:

1. The Annual Improvement Payment ("AIP") made under paragraph V(B)(1) of the LTREZ Agreement by ADS will be divided between the Parties evenly, with each receiving 50% of the payment annually.
2. The Additional Annual Fee ("AAF") made under paragraph V(B)(2) of the LTREZ agreement by ADS shall be distributed to the taxing entities with tax rates covering the property in an amount proportional to each entity's share of the total tax rate.
3. The Public Safety Impact Fee ("PSIF") made under paragraph V(B)(3) of the LTREZ agreement by ADS shall be distributed to the Umatilla County Fire District #1, or it's successor in fire and emergency services provision.
4. The Student Success Fee ("SSF") made under paragraph V(B)(4) of the LTREZ agreement by ADS shall be distributed to the Hermiston School District.
6. . Each party retains sole discretion to determine the allocation of its portion of the AIP.

7. The Zone Administrator shall make the above disbursements from the Enterprise Zone Fund within 60 days of receipt of payment from ADS.

8. This agreement is for the sole benefit of the Parties and nothing in this agreement, express or implied, is intended to or shall confer upon any other entity or person any legal or equitable right, benefit, remedy or expectation of payment of any nature, under or by reason of this agreement.

The parties have executed this agreement as of the Effective Date

UMATILLA COUNTY

CITY OF HERMISTON

RESOLUTION NO. 2238

A RESOLUTION APPROVING THE EXECUTION OF LONG-TERM RURAL ENTERPRISE ZONE TAX ABATEMENT PAYMENT DISTRIBUTION AGREEMENTS WITH UMATILLA COUNTY FOR AMAZON DATA SERVICES FACILITIES KNOWN AS PDX 138 AND PDX 146/245

WHEREAS, the City of Hermiston (“City”) and Umatilla County (“County”) are co-equal sponsors of the Greater Hermiston Enterprise Zone (“GHEZ”), and;

WHEREAS, the City and County have entered into Long-Term Rural Enterprise Zone Tax Abatement Agreements with Amazon Data Services, Inc., (“ADS”) for projects within the GHEZ for data center facilities known as PDX 138, PDX 146, and PDX 245, and;

WHEREAS, the Long-Term Rural Enterprise Zone Tax Abatement Agreements with ADS provides that ADS would remit various payments to the GHEZ, and;

WHEREAS, the City and County desire a policy for a clear, transparent, formulaic distribution of these payments, and;

WHEREAS, the City and County have proposed the attached Distribution Agreements to direct the GHEZ Administrator on how to allocate payments made to the GHEZ under the Long-Term Rural Enterprise Zone Tax Abatement Agreements for PDX 138, PDX 146, and PDX 245, and;

WHEREAS, the payment obligations and distributions for PDX 146 and PDX 245 are similar and are combined into one agreement.

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

1. That the Long-Term Rural Enterprise Zone Distribution Agreements, between the City of Hermiston and Umatilla County, for Amazon Data Services facilities PDX 138 and PDX 146/245, as attached to this resolution, are hereby approved.
2. That the City Manager is authorized to sign the Distribution Agreements.
3. That this resolution is effective immediately upon its passage.

PASSED by the Common Council this 10th day of October, 2022.

SIGNED by the Mayor this 10th day of October, 2022.

Dr. David Drotzmann, MAYOR

ATTEST:

Lilly Alarcon-Strong, CMC, CITY RECORDER



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
 For the Meeting of October 10, 2022

Title/Subject

1st Quarter FY2023 Investment Report

Summary and Background

The first quarter of FY2023 was a bit rough, as the Federal Reserve remained steadfast with their comments that there will be economic pain in the coming months and that their plan is to keep rates higher for longer. Their Fed funds target is in the range of 4.5%, but there are many pundits who believe that will not happen due to extreme weakness in the economy.

The LGIP rate is now at 1.90%, an increase of 75 basis points from the 4th quarter rate of FY2022. It is expected there will be continued rate increases in the 2nd and 3rd quarters of FY2023.

As mentioned in the last quarterly investment report, we were watching for opportunities for “swaps” in this market and this past quarter saw such an opportunity come to pass. We swapped a \$500,000 Federal Agricultural Mortgage Corp (“FarmerMac”) bond at 1.63 coupon for three bonds issued by Shell International for \$100k @ 3.25%, the Federal Home Loan Bank (“FHLB”) for \$200,000 @ 3.25% and \$200,000 @ 4.0% respectively, with maturities of 10/24/2023, 6/30/2027 and 7/27/2027.

There was one maturity this quarter for \$75,000 (Oceanside CA Municipal Bond) and with those funds and cash on hand we invested in another FHLB bond for \$100k @ 4.15%, maturing 9/20/2024.

There is a good probability our JP Morgan bond (\$200k with a floating rate that is going up and maturing 10/24/2023) will be called in the next 45 to 60 days. This would provide yet another opportunity to re-invest at favorable rates.

The portfolio does not have any maturities until April 1 of 2023 (a municipal bond for \$75,000.)

Tie-In to Council Goals

Fiscal Prudence

Fiscal Information

None

Alternatives and Recommendation

Alternatives

NONE

Recommended Action/Motion

Accept the 1st Quarter FY2023 Investment Report as presented.

Submitted By:

Mark Krawczyk

FY2023 1st Quarter Investment Summary Report

| Rating | Trade Date | Settlement Date | Par | Current Value | Cusip | Security | Coupon | Maturity | Callable |
|--------|------------|-----------------|-----|---------------|-------|----------|--------|----------|----------|
|--------|------------|-----------------|-----|---------------|-------|----------|--------|----------|----------|

| | | | | | | | | | |
|-------------------------------------|--|--|-----------------|-----------------|--|--|--|--|--|
| Fidelity Gov't Cash Reserves | | | \$31,157 | \$31,157 | | | | | |
|-------------------------------------|--|--|-----------------|-----------------|--|--|--|--|--|

CORPORATE - FINANCIALS/BONDS

| | | | | | | | | | |
|--|------------------|------------------|--------------------|--------------------|-------------------|----------------------------|----------------|-------------------|-------------------|
| A2/A-/AA- | 03/22/22 | 03/24/22 | \$70,000 | \$69,835 | JP Morgan 1.26714 | | 2.21 | 4/26/2023 | NC |
| 1.00 min rate/6.00 max rate/ libor +100 | | | | | | | | | |
| F2F 3.25% Fixed until 4/27/20 then 3 month libor +40 bps | | | | | | | | | |
| A2/A-/AA- | 5/11/2022 | 5/13/2022 | \$100,000 | \$99,715 | 06053FAA7 | Bank of America | 4.1 | 7/24/2023 | NC |
| A2/A-/AA- | 3/17/2021 | 3/19/2021 | \$25,000 | \$24,662 | 48126D6T1 | JP Morgan | 1.187 | 09/11/23 | NC |
| 3M LIBOR +100 bps | | | | | | | | | |
| A2/A-/AA- | 7/22/2020 | 7/24/2020 | \$200,000 | \$200,000 | 46625HRW2 | JP Morgan | Floater | 10/24/2023 | 10/24/2022 |
| Aa1/AA+ | 5/1/2019 | 5/3/2019 | \$350,000 | \$343,724 | 037833CG3 | Apple | 3.00 | 2/9/2024 | 12/9/2023 |
| Aa2/AA- | 10/6/2020 | 10/8/2020 | \$200,000 | \$195,550 | 166764BT6 | Chevron | 2.90 | 3/3/2024 | 1/3/2024 |
| A2/A-/A+ | 10/6/2020 | 10/8/2020 | \$90,000 | \$89,833 | 06051GHE2 | Bank of America | 1.04 | 3/5/2024 | 3/5/2023 |
| Aa1/AA | 10/30/2020 | 11/3/2020 | \$115,000 | \$112,830 | 30231GAC6 | Exxon Mobil | 3.18 | 3/15/2024 | 12/15/2023 |
| A2/A-/AA- | 9/29/2020 | 10/1/2020 | \$135,000 | \$131,798 | 46647PBQ8 | JP Morgan | 1.51 | 6/1/2024 | 6/1/2023 |
| F2F 1.514 Fixed until 6/1/2023, then 3M SOFR +145.5 bps | | | | | | | | | |
| A2/A-/A+ | 9/21/2020 | 9/23/2020 | \$150,000 | \$147,960 | 06051GHL6 | Bank of America | 3.86 | 7/23/2024 | 7/23/2023 |
| F2F 3.864 Fixed until 7/23/2023 then 3 month libor +94 bps | | | | | | | | | |
| Aa2/A-/AA- | 11/5/2021 | 11/9/2021 | \$200,000 | \$191,352 | 341081FZ5 | Florida Power & Light | 2.85 | 4/1/2025 | 3/1/2025 |
| Aa2/A+ | 7/12/2022 | 7/14/2022 | \$100,000 | \$96,042 | 822582BD3 | Shell International | 3.25 | 5/11/2025 | Continuous |
| A1/BBB+/A+ | 3/24/2022 | 3/28/2022 | \$240,000 | \$228,235 | 94974BG9P | Wells Fargo | 3.55 | 9/29/2025 | NC |
| A1/BBB/A+ | 3/24/2022 | 3/28/2022 | \$100,000 | \$93,354 | 95000U2H5 | Wells Fargo F2F | 2.41 | 10/30/2025 | 10/30/2024 |
| F2F 2.406 FIXED until 10/30/2024 then LIBOR +82.5 BPS | | | | | | | | | |
| A1/BBB+ | 8/3/2021 | 8/5/2021 | \$40,000 | \$34,127 | 95001DB25 | Wells Fargo Step Up | 1.00 | 2/21/2026 | 8/21/2022 |
| 1.00 @ 8/1/2020, 1.19 @ 8/1/2024, 1.50 @ 8/1/2025 | | | | | | | | | |
| A2/A- | 8/23/2021 | 8/25/2021 | \$250,000 | \$233,585 | 91159HHM5 | US Bank | 3.10 | 4/27/2026 | 3/27/2026 |
| A1/BBB+/A+ | 9/27/2021 | 9/29/2021 | \$150,000 | \$136,991 | 95000U2N2 | Wells Fargo F2F | 2.19 | 4/30/2026 | 4/30/2025 |
| 2.188 Fixed to 4/30/2025, then 1 DAY SOFR + 200bps | | | | | | | | | |
| A2/A- | 7/20/2021 | 7/22/2021 | \$60,000 | \$53,256 | 06051GD2 | Bank of America | 1.32 | 6/19/2026 | 6/19/2025 |
| TOTAL CORPORATE BONDS | | | \$2,575,000 | \$2,482,849 | -3.58% | (\$92,151) | | | |

MUNICIPALS

| | | | | | | | | | |
|-------------------------|------------|------------|------------------|------------------|---------------|---------------------------------|------|-----------|---|
| Aa3/AA | 6/30/2020 | 7/2/2020 | \$75,000 | \$74,296 | 072024WN8 | Bay Area CA Toll Bridge Rev | 2.18 | 4/1/2023 | - |
| Aa2/A+ | 12/29/2020 | 12/31/2020 | \$95,000 | \$93,659 | 68587FAF1 | Oregon Edu Dist Full Faith Pens | 3.62 | 6/30/2024 | - |
| Aa2/-/AA | 7/15/2020 | 7/17/2020 | \$200,000 | \$191,726 | 73474TAQ3 | Port of Morrow OR Trans Rev | 2.18 | 9/1/2024 | - |
| /AA | 7/9/2020 | 7/15/2020 | \$70,000 | \$67,227 | 861398CH6 | Stockton CA Pub Fin Wtr Rev | 2.37 | 10/1/2024 | - |
| Aa2/AA+ | 7/17/2020 | 7/22/2020 | \$200,000 | \$196,220 | 5447ERW6 | Los Angeles Cnty Pub Wks Fing | 3.74 | 12/1/2024 | - |
| Aa2/AA+ | 7/8/2020 | 7/10/2020 | \$25,000 | \$23,987 | 79765DS27 | SF CA City and Cnty COPS | 2.85 | 4/1/2025 | - |
| -/AA+ | 7/21/2020 | 7/23/2020 | \$25,000 | \$23,996 | 904121NE6 | Umatilla Cnty OR SD No 8 | 3.02 | 6/15/2025 | - |
| Aa1/ | 7/8/2020 | 7/10/2020 | \$125,000 | \$113,997 | 9397203H9 | WA St Cfts Partn Rev | 1.20 | 7/1/2025 | - |
| TOTAL MUNICIPALS | | | \$815,000 | \$785,108 | -3.67% | (\$29,892) | | | |

CALLABLE AND BULLET AGENCIES / US TREASURIES

| | | | | | | | | | |
|-----------------------|------------------|------------------|--------------------|--------------------|------------------|--------------------|-------------|------------------|-------------------|
| Aaa/AA+ | 11/5/2021 | 11/24/2021 | \$150,000 | \$143,150 | 3130APT96 | FHLB | 0.50 | 11/24/2023 | 2/24/2022 |
| Aaa/AA+ | 5/11/2022 | 5/24/2022 | \$100,000 | \$97,866 | 3130ARZ95 | FHLB | 2.70 | 11/24/2023 | 5/24/2023 |
| Aaa/AA+ | 11/8/2021 | 11/22/2021 | \$200,000 | \$189,326 | 3130APP58 | FHLB | 0.63 | 2/22/2024 | 2/22/2022 |
| Aaa/AA+ | 9/6/2022 | 9/20/2022 | \$100,000 | \$99,319 | 3134GXW91 | FHLB | 4.15 | 9/20/2024 | 10/20/2022 |
| Aaa/AA+ | 11/5/2021 | 11/22/2021 | \$150,000 | \$138,609 | 3130APT07 | FHLB | 0.84 | 11/22/2024 | 2/22/2022 |
| Aaa/AA+ | 12/21/2021 | 12/30/2021 | \$125,000 | \$115,634 | 3130AQEX7 | FHLB | 1.05 | 12/30/2024 | 3/20/2022 |
| AAA/AA+ | 4/25/2022 | 4/28/2022 | \$125,000 | \$120,420 | 3130ARN72 | FHLB | 3.00 | 1/28/2025 | 7/28/2022 |
| Aaa/AA+ | 6/24/2021 | 6/30/2021 | \$200,000 | \$176,026 | 3130AMT28 | FHLB | 1.00 | 6/30/2026 | 12/30/2021 |
| Aaa/AA+ | 11/5/2021 | 11/23/2021 | \$250,000 | \$225,257 | 3130APSX4 | FHLB | 0.75 | 11/23/2026 | 2/23/2022 |
| AAA/AA+ | 7/12/2022 | 7/13/2022 | \$200,000 | \$191,538 | 3130ASF53 | FHLB | 3.25 | 6/30/2027 | 6/30/2023 |
| AA+ | 7/12/2022 | 7/13/2022 | \$200,000 | \$196,312 | 3134GXG32 | FHLB | 4.00 | 7/27/2027 | 1/27/2023 |
| TOTAL AGENCIES | | | \$1,800,000 | \$1,693,457 | -5.92% | (\$106,543) | | | |

| | PAR | CURRENT VALUE | (\$228,586) | INVESTMENT METRICS | | |
|--|--------------------|--------------------|---------------|------------------------------|-------------|--------------------|
| | | | | TARGET | ACTUAL | |
| TOTAL INVESTABLE PORTFOLIO | \$5,221,157 | \$4,992,571 | -4.38% | CASH RESERVES | \$31,157 | 0.3631% |
| | | | | CORPORATES | 35% | \$2,575,000 |
| | | | | MUNICIPALS | 10% | \$815,000 |
| | | | | AGENCIES / TREASURIES | NONE | \$1,800,000 |
| TOTAL INVESTMENTS @ 9/30/2022*** | \$8,580,847 | \$8,352,261 | | LGIP | NONE | \$3,359,690 |
| | | | | | | 39.1534% |
| | | | | | | 100.0000% |
| TOTAL LIQUIDITY / FF&C (including ARPA Funds) | | \$8,154,384 | 95.03% | | | |

* LIKELY TO BE CALLED PRIOR TO MATURITY

**PURCHASED IN 1ST QUARTER FY2023

***Less ARPA funds \$3,948,766 treated as restricted

| | TARGET | ACTUAL |
|-----------------------|---------|--------|
| Weighted Avg Maturity | 2.5 yrs | 2.417 |

Total Funds Invested (including ARPA Funds) \$12,300,798

| | | |
|-------------------------|-----|--------|
| % of portfolio callable | 75% | 65.85% |
|-------------------------|-----|--------|



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
 For the Meeting of October 10, 2022

Title/Subject

Approval of Lease to Made to Thrive for the construction of sports fields on the front 20 acres of the EOTEC property.

Summary and Background

A community group interested in increasing the amount of field space available in Hermiston for youth sports approached the City prior to the COVID-19 pandemic about building field space on the Eastern Oregon Trade and Event Center (EOTEC) property. Discussions started then and were going in a good direction. During the pandemic discussions slowed down for obvious reasons. These talks were revived within the last year. After a positive recommendation from the EOTEC Advisory Committee at their July meeting, the community group presented at the July 25, 2022 City Council meeting and the Council authorized the group to move forward with a fundraising effort to build the sports fields.

Since that council meeting, the group began working with the local youth-focused non-profit Made to Thrive as their fiscal agent for donations. Staff has had many discussions with these stakeholders in order to develop the proposed lease. The basic terms are as follows:

- Five year term with an option for a one year extension if construction is not complete.
- Fees
 - Improvements made
 - 5% of parking fees during the term of the lease.
- Maintenance and scheduling will be done with Parks and Recreation collaborating closely with EOTEC staff (all of whom will be city staff starting January 2023).

Tie-In to Council Goals

15. Begin implementation of EOTEC Strategic Plan

Fiscal Information

There are no solid numbers as to the revenue these

Recommendation

Authorize signature of City Manager on lease as proposed

Propose changes to the lease and authorize signature

Direct staff to negotiate different terms and bring renegotiated lease back

Recommended Action/Motion

Authorize signature of City Manager on lease as proposed

Submitted By: Byron D. Smith

LEASE

DATE. October _____, 2022.

1. PARTIES. City of Hermiston (“CITY”, “LANDLORD”), located at 1705 E Airport Rd, Hermiston, OR 97838, (“Landlord”), and Made to Thrive, a 501c3, Domestic Non-Profit Corporation, located at 295 E Main St. Ste 1-W, Hermiston, OR 97838 (“TENANT”).

2. DESCRIPTION OF PROPERTY. Landlord leases to Tenant and Tenant leases from Landlord the 18 acre overflow parking area at EOTEC which will be named HEROS (“the Property” and “lease property”) more fully described in Exhibit “A” attached hereto and by this reference incorporated herein.

3. TERM. This Lease shall commence on October ____, 2022, and end on October ____, 2027, being five (5) years in length. Tenant shall be entitled to possession on execution of this Lease. Renewal options of up to one (1) year are available should construction not be complete and mutually agreed to by the parties.

4. RENT.

BASIC RENT. Tenant shall pay rent in the form of Tenant’s improvements to the Property, namely the construction of the HEROS Sportplex and other valuable improvements. During the term of this lease, Tenant shall pay a rent sum of ONE DOLLAR (\$1.00) per calendar year (or partial calendar year), payable no later than 10 days after the execution of the lease or renewal of said lease. At the termination of this Lease ownership of all improvements to the Property made by Tenant shall become the sole property of Landlord and Landlord shall have no obligation to reimburse Tenant for the cost of any improvements made by Tenant.

5. USE OF THE PROPERTY.

(a) PERMITTED USE. The Property shall be used by Tenant for construction of the 18 acre HEROS sportsplex.

(b) RESTRICTIONS ON USE. In connection with the use of the Property, Tenant shall:

(1) Conform to all applicable laws and regulations of any public authority affecting the Property and the use, and correct at Tenant’s own expenses any failure of compliance.

(2) Refrain from any use which would be reasonably offensive to the Landlord or owners and users of adjoining property or which would tend to create a nuisance or damage the reputation of the Property.

6. OPERATIONS AND LANDLORD’S OBLIGATIONS. Except for Tenant’s construction activity, all other uses and activity upon the Property shall be under Landlord’s control. Landlord shall have the following specific responsibilities and obligations:

(a) GRASS FIELDS. The Hermiston Parks & Recreation Department will be responsible for maintaining and repairing the field once the grass is established even if construction is not complete. The Hermiston Parks & Recreation Department will keep the grass fields up to a ready to play standard which may include:

(1) Mowing as necessary to maintain a ready to play standard.

- (2) Fertilizing as needed to maintain a ready to play standard.
- (3) Painting field lines on fields as needed.
- (4) Aerating, fertilizing and overseeding (if necessary) as needed including possibly directly following the Umatilla County Fair.
- (5) Watering as needed to maintain a ready to play standard.
- (6) Spraying weeds as needed to maintain a ready to play standard.

- (b) TURF CARE EQUIPMENT. Turf care equipment donated by Tenant will be properly maintained by the Hermiston Parks & Recreation Department up to the manufacturer's recommendations. All equipment will be exclusively used at the Property.

- (c) GOALS, NETS, AND PLAYING EQUIPMENT. All playing equipment will be stored and maintained in the best and most efficient manner.

- (d) BUILDING, LIGHT POLES AND PERMANENT STRUCTURES. The storage building, donor wall, field lights, irrigation pumps and variable speed drives shall be kept in good repair.

- (e) SCHEDULING. All field scheduling for tournaments and events will be conducted by the Hermiston Parks & Recreation department in close communication, coordination and cooperation with CITY Staff operating the Eastern Oregon Trade and Event Center (EOTEC).

7. PARKING FEE INCOME. For the term of this lease, Tenant shall receive 5% of all gross income derived from parking fees charged by landlord for events and use of the Property as a sportsplex. This does not include parking income for any other purpose, such as Umatilla County Fair and Rodeo events. Tenant intends to use these funds to offset Tenant's construction-related loan interest and administration costs. Landlord shall distribute Tenant's portion of the parking fee at least annually. After the expiration of the lease, all parking fees will remain with the CITY

8. INDEMNIFICATION. Tenant shall defend, indemnify and hold Landlord harmless from any and all claims, losses, liabilities, causes of action or causes of suit arising out of or related to any construction activity of Tenant on the leased property or any condition of the leased property which is not Landlord's responsibility under this lease. This includes but is not limited to claims made by users of the leased property, employees or neighboring landowners alleging damages caused by Tenant's operation, and includes any damages caused by materials escaping from the leased Property. Landlord shall defend, indemnify and hold Tenant harmless from any and all claims, losses, liabilities, causes of action or causes of suit arising out of or related to any activity or event held or scheduled by Landlord on the leased property or any condition of the leased property which is not Tenants responsibility under this lease.

9. TENANT INSURANCE. Tenant shall maintain during the term of this lease or any renewal of it, and continue to carry the following insurance at Tenant's cost:

- (a) Liability insurance and property damage insurance with limits of not less than One Million Dollars (\$1,000,000.00) for injury per occurrence, Two Million Dollars (\$2,000,000.00) aggregate.

- (b) Such insurance shall cover all risks arising directly or indirectly out of Tenant's activities on or any condition of the leased property, shall protect Tenant and shall protect Landlord and Tenant against claims of third persons.

- (c) Tenant shall be responsible for any fire insurance Tenant wishes to have on the improvements and assets.
- (d) Waiver of Subrogation. Neither party shall be liable to the other (or to the other's successors and assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement, and in the event of insured loss, neither party's insurance company shall have a subrogated claim against the other.

10. LANDLORD INSURANCE. Landlord shall maintain during the term of this lease or any renewal of it, continue to carry the following insurance at Landlord's cost:

- (a) Liability insurance and property damage insurance with limits of not less than One Million Dollars (\$1,000,000.00) for injury per occurrence, Two Million Dollars (\$2,000,000.00) aggregate.
- (b) Such insurance shall cover all risks arising directly or indirectly out of Landlord's activities on or any condition of the Property, shall protect Landlord and shall protect Landlord and Tenant against claims of third persons.
- (c) Landlord shall be responsible for any fire insurance Landlord wishes to have on the improvements and assets transferred to Landlord from Tenant.
- (d) Waiver of Subrogation. Neither party shall be liable to the other (or to the other's successors and assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement, and in the event of insured loss, neither party's insurance company shall have a subrogated claim against the other.

11. LIABILITY TO THE THIRD PERSONS. Except with respect to activities for which Landlord is responsible, Tenant shall pay as due all claims for work done on and for services rendered or material furnished to the leased Property and shall keep the Property free from any liens.

12. QUIET ENJOYMENT. Landlord warrants that Landlord is the owner of the leased Property and has the right to lease said Property free of all encumbrances, except any encumbrance of record.

13. ASSIGNMENT AND SUBLEASE. No part of the leased property or Tenant's operations on the leased property may be assigned, mortgaged or subleased, nor may a right of use of any portion of the Property be conferred on any third person by any other means without the prior written consent of Landlord. This provision shall apply, to the extent allowed by law, to all transfer by operation of law and transfers to and by trustees in bankruptcy, receivers, administrators, executives and legatees. No consent in one instance shall prevent the provision from applying to a subsequent instance. Any such assignment, mortgage or sublease or attempted assignment, mortgage or sublease without the prior written consent of Landlord is void and, at the option of Landlord, is an act of default in addition to those listed below.

14. TENANT'S DEFAULT. The following shall be events of default:

- (a) Failure of Tenant to comply with any term or condition or fulfill any obligation of the lease within thirty (30) days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be

completely remedied within the 30-day period, this provision shall be complied with if Tenant begins correction of the default within the 30-day period and thereafter proceeds with diligence and in good faith to effect the remedy as soon as practicable.

- (b) Insolvency of Tenant; an assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; an adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of an involuntary petition of bankruptcy and the failure of the Tenant to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution on the leasehold interest and failure of the Tenant to secure discharge of the attachment or release of the levy of execution within ten (10) days.

15. LANDLORD'S REMEDIES ON TENANT'S DEFAULT.

- (a) RIGHT TO CURE. If Tenant fails to perform any obligation under this lease, Landlord shall have the option to do so after thirty (30) days written notice to Tenant. All of Landlord's expenditures to correct the default shall be reimbursed by Tenant on demand with interest at the maximum rate allowed by law from the date of expenditure by Landlord.
- (b) TERMINATION. In the event of default, the lease may be terminated at the option of the Landlord by notice in writing to Tenant. The notice may be given before or within thirty (30) days after the running of the grace period for default. If the Property is abandoned by Tenant in connection with a default, termination shall be automatic and without notice.
- (c) DAMAGES. Whether or not this lease is terminated by election of Landlord or otherwise, Landlord shall be entitled to recover damages from Tenant for default. However, damages shall be limited to insurance proceeds and all improvements made to the Property by Tenant.
- (d) RE-ENTRY AFTER TERMINATION. If the lease is terminated for any reason the rights and obligations of the parties shall be as follows:
 - (1) Tenant shall vacate the Property immediately, remove any property which Tenant is required to remove under this lease and perform any clean up.
 - (2) Landlord may re-enter, take possession of the Property and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages.
- (e) REMEDIES CUMULATIVE. The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Landlord under applicable law.

16. LANDLORD'S DEFAULT AND TENANT'S REMEDIES. Landlord shall be in default if it fails to cure any breach of this agreement within 30 days of written notice specifying in detail the nature of the breach. Upon a default by Landlord, Tenant shall be entitled to any and all remedies available under this agreement and Oregon law and equity.

17. REPRESENTATIONS. Tenant has inspected the Property and has independently determined that the Property is suitable for its purpose. Tenant accepts the leased property, and all aspects of it, in its

present condition, AS IS, including latent defects, without any representations or warranties, expressed or implied by Landlord, including any warranties or merchantability or fitness for a particular purpose.

18. COMPLIANCE WITH LAW-WASTE. Tenant shall comply with all government rules and regulations related to the leased property and Tenant’s use of the leased property. Tenant shall not commit or permit any waste or misuse of the leased property.

19. MISCELLANEOUS.

- (a) NON-WAIVER. Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party’s right to require strict performance of the same provision in the future or of any other provision.
- (b) ATTORNEY FEES. If suit or action or any appeal therefrom is instituted in connection with any controversy arising out of this lease, the parties shall be responsible to pay their own attorney fees and costs associated with any suit, action or appeal. Should any dispute arise between Landlord and Tenant under this Lease then exclusive venue shall lie in the Umatilla County Circuit Court in the State of Oregon.
- (c) INSPECTION OF PROPERTY. Landlord shall have the right to inspect the Property at any reasonable time or times.
- (d) SUCCESSION. Subject to the above-stated limitations on transfer of Tenant’s interest, this lease shall be binding upon and ensure to the benefit of the parties, their respective successors and assigns.
- (e) TIME IS OF THE ESSENCE. The parties acknowledge and agree that time is of the essence with respect to all the terms, conditions and provisions of this lease.
- (f) CAPTION. The paragraph headings used herein are for convenience only and are not intended to broaden or limit the meaning of the terms used.
- (g) NOTICES. Any notice required or permitted under this lease shall be given when actually delivered or when deposited in the United States mail as certified mail addressed as follows:

LANDLORD: City of Hermiston
Attn: Byron Smith, City Manager
180 NE 2nd Street
Hermiston, OR 97838

TENANT: Made to Thrive
Attn: Kriss Dammeyer, Executive Director
P.O. Box 684
295 E. Main St. Ste 1-W
Hermiston, OR 97838

or to such other address as may be specified from time to time by either of the parties in writing.

20. ENTIRE AGREEMENT. This lease embodies the whole agreement of the parties. There are no promises, terms, conditions, or obligations other than those contained herein; and this contract shall supersede all previous communications, representations, or agreements, either verbal or written, between the parties hereto. In addition, the parties specifically acknowledge and agree that the term of this lease is as set forth above and that no contract, lease or agreement exists between the parties concerning any extension, renewal, or additional lease term. The parties further agree that in the event the parties mutually agree to modify this lease in any way, said modification shall not be effective until reduced to writing and signed by both of the parties.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the date first written above.

| | |
|--|---|
| <p>LANDLORD:</p> <p>City of Hermiston</p> <p>_____</p> <p>By: _____</p> <p>Its: _____</p> | <p>TENANT:</p> <p>Made to Thrive</p> <p>_____</p> <p>By: _____</p> <p>Its: _____</p> |
|--|---|

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

The land located at EOTEC known as the overflow parking area located on the portion of Real Property identified as *Tax Lot 1400 in the SW 1/4 of the SE 1/4 in Section 13 in Township 4 North Range 28 East of the Willamette Meridian, Umatilla County, State of Oregon.*

