

**UMATILLA CITY COUNCIL MEETING
A G E N D A
COUNCIL CHAMBERS
JULY 03, 2018
7:00 P.M.**

1. MEETING CALLED TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

5. PRESENTATION

- 5.1 Presentation by Caryn Appler, Working with Energy Trust of Oregon
- 5.2 Presentation by Amy Word, Pioneer Humane Society

6. APPROVAL OF MINUTES

- 6.1 June 19, 2018 *pages 1-3*
- 6.2 June 19, 2018 workshop *page 4*

7. PUBLIC COMMENT: The Council will hear discussion of unannounced matters pertaining to community business. Council may discuss, but can take no action formally on items not placed on the published agenda. Comments are limited to five (5) minutes per person with a total time for this section being 30 minutes. Attendees are asked to refrain from interrupting the Council session unless the Mayor or Council member(s) specifically request clarification from an audience member.*

8. CONSENT AGENDA

9. COMMITTEE REPORTS

- 9.1 Standing Council Committees
 - a. Personnel
 - b. Community Development
 - c. Finance
 - d. Public Works
 - e. Police
 - f. Information Technology

10. UNFINISHED BUSINESS

11. NEW BUSINESS

- 11.1 Community Development Grant Amendment – Alanis Auto Detail *pages 5-6*

11.2 Resolution No. 01-2019 – A Resolution in Support of the Community Service Fee Distribution Formula Approved by Umatilla County for the VADATA Center McNary/Bonney Sites *pages 7-13*

11.3 Resolution No. 02-2019 – A Resolution Authorizing the Mayor to Sign a Five Year Enterprise Zone Agreement with a Ratified Effective Date of February 7, 2017 with VADATA for Extended Property Tax Abatement Under the Enterprise Zone Provisions of Oregon Revised Statutes 285C.050 to 285C.250 *pages 14-19*

11.4 Resolution No. 03- 2019 – A Resolution Authorizing the Mayor to Sign a Letter Requesting Transfer of Tax Lot 5500 of Assessor’s Map5N 28 17AD to the City of Umatilla *pages 22*

11.5 Accept City Manager Pelleberg’s Resignation and Remove as Signatory from All City Bank Accounts

11.6 Appoint Interim City Manager and Add as Signatory on All City Bank Accounts

12. CORRESPONDENCE

12.1 Letter to City Manager Pelleberg *page 25*

13. PUBLIC COMMENT: *See #7

14. MAYOR’S MESSAGE

15. STAFF REPORT

15.1 Manager’s Report *pages 23 - 24*

16. COUNCIL INFORMATION & DISCUSSION

17. ADJOURN TO EXECUTIVE SESSION

17.1 To consider the employment of a public officer, employee, staff member or individual agent. ORS 192.660 (2)(a)

17.2 To conduct labor negotiations. ORS 192.660(2)(n)

18. RECONVENE

19. ADJOURN

This institution is an equal opportunity provider. Discrimination is prohibited by Federal law. Special accommodations to attend or participate in a city meeting or other function can be provided by contacting City Hall at (541) 922-3226 or use the TTY Relay Service at 1-800-735-2900 for appropriate assistance.

**CITY OF UMATILLA
COUNCIL MEETING
June 19, 2018**

1. **CALLED TO ORDER:** Mayor Dufloth called the regular council meeting to order at 7:00pm.
2. **ROLL CALL**
PRESENT: Councilors Keith, Ray, Wheeler, and TenEyck.
ABSENT: Councilors Roxbury and Torres – Medrano.
STAFF PRESENT: Recorder Sandoval, Manager Pelleberg, Deputy City Manager Ince, Rec Planner Tsui, Public Works Director Barron, Planner Seitz, Community Development Director Mabbott, Accounting Assistant Horn, Attorney SpicerKuhn, and Chief Huxel.
3. **PLEDGE OF ALLEGIANCE:** Pledge of allegiance was recited at 7:02pm.
4. **APPROVAL OF AGENDA:** It was moved by Councilor Ray to approve the agenda. The motion was seconded by Councilor Wheeler. Voted: 4-0. Motion carried.
5. **PRESENTATION:** None.
6. **APPROVAL OF MINUTES:** It was moved by Councilor Keith to approve minutes for June 05, 2018. The motion was seconded by Councilor Ray. Voted: 4-0. Motion carried.
7. **PUBLIC COMMENT:**
8. **CONSENT AGENDA:**
Councilor Ray moved to approve the Court Report. The motion was seconded by Councilor TenEyck. Voted: 4-0. Motion carried.
9. **COMMITTEE REPORTS:** None.
10. **UNFINISHED BUSINESS:**
10.1 Sixth Street Waterline Project RFP Bid Award - Deputy City Manager Ince explained that originally, when we had put the RFP out for this project we had scaled back the project quite a bit to only include the fire hydrant, the intent is to make the project whole again, and replace the water lines while we are at it. We are trying to stay ahead of the ODOT Sixth Street project.

City Manager Pelleberg added that the fear is that once you do a grind, and an inlay with vibratory equipment on top of old infrastructure like that you are going to have issues. The plan is to abandon the old 2 inch galvanized line and replace new lines around the backside or alley ways. We are going to go after some funding to make the project whole again.

Deputy City Manager Ince stated that both contractors were notified why we were rejecting the bids and they would both be notified when we modified the project and put it out for bid again.

It was moved by Councilor TenEyck to approve the bid. The motion was seconded by Councilor Ray. Voted: 0-4. Motion failed.

10.2 Continued Public Hearing on Ordinance No. 829 - An Ordinance Repealing Title 2, Chapter Six of the Umatilla, Oregon City Code, Ordinance No. 807, Retaining Title 2, Chapter Six by Name Only, and Amending Title 4, Chapter One of the Umatilla, Oregon City Code.

Mayor Dufloth opened the public hearing for Ordinance No. 829. He proceeded to announce the procedure to follow, report from staff, other members of the audience who wish to speak on the issue, other public agency reports, and close the hearing. He asked individuals who wished to testify to come to the podium state their name, address, and sign in for the record.

There was no further staff report. There was no public testimony. There were no other public agency reports. Mayor Dufloth closed the hearing.

Mayor Dufloth explained that he would like to create a work group to further discuss the issue. He wanted the committee to report back at the September 18, 2018 workshop, and wanted Council to take formal action on the ordinance at the October 2, 2018 meeting. He appointed Councilor Ray and Councilor Wheeler to be part of the work group along with Community Development Director Mabbott, and whatever other staff was deemed necessary.

Councilor Keith moved to create a work group that included Councilor Ray and Councilor Wheeler, Community Development Director Mabbott, other staff as needed, and City Attorney, and have them report back to the rest of council at the September 18, 2018 workshop and take formal action on the ordinance at the October 2, 2018 regular meeting. The motion was seconded by Councilor TenEyck. Voted: 4-0. Motion carried.

10.3 Resolution No. 36 – 2018 – A Resolution to Authorize the Deputy City Manager to Make Application for a Safe Drinking Water Revolving Fund Program Loan from Business Oregon’s Infrastructure Finance Authority for Funds to Apply to the Sixth Street Waterline Improvement Project and Authorizing the Deputy City Manager to Sign the Application.

Deputy City Manager Ince explained that the scaled back project was estimated around two hundred thousand dollars, the intent was to pay that back with funds from our water reserve, over the past couple years we have had at least one big failure on our wells each year. The most recent one cost us around ninety thousand dollars to fix. The bleak truth is we don’t have enough in our water reserves to pay cash for this project, and once we make the project whole again, the engineers have estimated the project right around four hundred and sixty nine thousand dollars. This is time sensitive and we are trying to do the work before they do theirs. She contacted Business Oregon and we can apply for a loan through their Special Public Works Fund. It would be very similar to the four hundred three thousand loans we got not too long ago from IFA.

Mayor Dufloth asked where we were with our water rates compared to others. Deputy City Manager Ince explained that we were still within the water affordability index for our users. We recently did a 3 percent rate increase that will take effect July 1. It will be interesting to see what their recommendation would be to see what the rates would be to get up to the point. In order to move forward, she needs to have a consensus from Council that it is okay to use the recommended source of funding. These loan payments are going to have to come out of the community development service or tax abatement money. Whether it is community service fee or SIP money that are generated from the data centers, it was the intention of using that money was for one time expenditures, we were never going to use those funds for operating costs. She thinks that is an appropriate use, we just haven’t allocated that money yet. To date we have received three hundred

thousand dollars from the community service fee. She will do a projection as best as she can to see what we will receive for the next 7 years when she gives them the financial statements.

City of Hermiston applied for a similar grant using the same revenue and it was approved. She was confident that it would get approved.

Councilor Ray wanted to know why Deputy City Manager Ince was the one signing all the paperwork. City Manager Pelleberg explained that she was the one crunching all the numbers and filling out the paperwork. He stated that it was delegation.

Councilor Keith wanted to know the interest rate on the loan. Deputy City Manager Ince explained that it was 3.74%.

It was moved by Councilor Ray to approve Resolution No. 36-2018. Councilor Wheeler seconded the motion. Voted: 4-0. Motion carried.

11. NEW BUSINESS: None.

12. CORRESPONDENCE: None.

13. PUBLIC COMMENT: None.

14. MAYOR'S MESSAGE: None.

15. STAFF REPORT: Deputy City Manager Ince wanted to remind Councilors that she had emailed them about the annual League of Oregon Cities Conference. Registration opened in July and the hotel rooms sold out fast. She wanted to know how many would be attending so she could register everyone at once.

16. COUNCIL INFORMATION & DISCUSSION: None.

17. ADJOURN: The next regular meeting will be held on July 03, 2018 at 7:00pm. It was moved by Councilor TenEyck to adjourn the meeting. The motion was seconded by Councilor Ray. Voted: 4-0. Motion carried. Meeting adjourned at 7:23 pm.

Daren Dufloth, Mayor

ATTEST:

Nanci Sandoval, City Recorder

**CITY OF UMATILLA
WORKSHOP
JUNE 19, 2018**

1. MEETING CALLED TO ORDER: Mayor Dufloth called the meeting to order at 7:28 p.m.

2. ROLL CALL

PRESENT: Councilor Ray, Councilor Keith, Councilor Wheeler, and Councilor TenEyck.

ABSENT: Councilor Roxbury and Councilor Torres – Medrano.

STAFF PRESENT: Chief Huxel, Manager Pelleberg, Deputy City Manager Ince, Accounting Assistant Horn, Community Development Director Mabbott, Planner Seitz, Public Works Director Barron, and Recorder Sandoval.

3. DISCUSSION ITEMS:

3.1 Training – City Recorder Sandoval presented a video named *Managing a Board's Multiple Roles*. The video covered, an effective, collegial decision-making body, a practical, deliberative body, and a responsible policy-making body. The goals of the training were to identify group norms, explain why an orientation is important, define the terms pandering, group think and complacency, discuss strategies for overcoming obstacles, and explain what fiduciary oversight is.

3.2 There was no discussion on the Sixth Street Waterline Improvements Project Funding Discussion

3.3 Code Enforcement Discussion – A long discussion ensued about code enforcement, tracking issues, long term and repeated offenders, abatement processes, updating the sign ordinance, enforcing issues, and the handling of citations. A consensus was reached that Councilor Ray and Councilor Wheeler would schedule several meetings with staff to discuss and address issues related to Code Enforcement. It was also agreed upon that the work group would be able to discuss options with the City Attorney

3.4 Pomegranate Group Discussion – Community Development Director Mabbott stated that the Pomegranate Group could come in and do a community involvement training for general purposes and then around a specific project. So, it was sort of like a 21st Century raising a barn. She just wanted a consensus to reach out to the group and schedule them. She asked Council to think about a couple of new ideas about what they thought a gateway to the city should look like. Consensus was reached that Community Development Director Mabbott could reach out to the group to schedule a presentation.

4. ADJOURN: Mayor Dufloth adjourned at 8:37 p.m.

Daren Dufloth - Mayor

ATTEST:

Nanci Sandoval – City Recorder

MEMORANDUM

TO: UMATILLA CITY COUNCIL
FROM: MELISSA INCE, DEPUTY CITY MANAGER
SUBJECT: ALANIS AUTO DETAILS GRANT AMENDMENT
DATE: 6/26/2018

On February 6, 2018 the City Council approved a Community Development Grant Application from Jose Alanis for a total of \$5,100. The original scope of the project included façade and landscaping/irrigation improvements. Mr. Alanis completed the façade work for a total of \$3,965 and submitted the proper documentation. The City issued a reimbursement check for 50% of those costs, or \$1,982.50.

On June 14, 2018 several members of city staff met with Mr. Alanis to discuss the status of his grant request and building permits. He explained to us that as a result of the need to purchase a storage building, he does not have the money for the landscaping/irrigation improvements at this time. The total cost of his storage building was \$3,750. I have included a copy of the paid invoice with this memo.

Mr. Alanis is requesting that the City Council consider amending his grant award to exclude the landscaping/irrigation improvements and allow him to be reimbursed for 50% of the costs of his storage building (\$1,875). If approved, the total amended grant amount would be \$3,857.50. When Mr. Alanis is ready to proceed with the landscaping/irrigation improvements he will submit a new grant request that will be presented to the City Council.

HIS & HERS FLOORING INSTALLATIONS LLC

6117 Basalt Falls
Pasco, WA 99301
Mobile (541) 324 - 5127

INVOICE

No. 20180401
Date: 4/20/2018

INVOICED TO:
Alanis Auto Detail LLC

PROJECT SITE:
1301 6th St
Umatilla, Or. 97882

QTY	DESCRIPTION	PRICE	SUBTOTAL
1	2'x4'x8' Storage Building - 16' Center Insulation R-13 Cover in Paywood - 1/2" 4'x8' T1-11 Outside - 6x12 Tridimensional Roof Labor Only	3,750.00	3,750.00
		SUBTOTAL	3,750.00
		SALES TAX	-
		TOTAL	3,750.00

PAID
GENO

If you have any questions concerning this Invoice, please contact Jesus Hernandez at (541) 324 - 5127.



City of Umatilla

700 6th Street, PO Box 130, Umatilla, OR 97882

City Hall (541) 922-3226

Fax (541) 922-5758

June 27, 2018

MEMORANDUM

TO: City Council

FROM: Russ Pelleberg, City Manager

RE: Community Service Fee

On September 5, 2017, the City of Umatilla executed a Strategic Investment Program Agreement ("SIP Agreement"). Vadata and Umatilla County are parties to that agreement. The SIP Agreement identifies three locations (the Port, Bonney and Westland properties) as a single "Project" covered by the SIP Agreement. The SIP Agreement is unique in that three locations do not fall within a single tax code area. The Port and Bonney properties are in tax code area 06-01, both of which are located in the City of Umatilla. The Westland property is in tax code area 08-03, which is entirely in unincorporated Umatilla County.

The SIP Agreement provides that Vadata shall make an annual Community Service Fee ("CSF") payment equal to 25% of the property taxes that would have been due on the exempt property for that year, initially not to exceed \$500,000 in any one tax year. This payment is intended to cover all three sites. The distribution of the CSF fee is complicated by the fact that tax code area 06-01 and 08-03 do not share the same taxing districts.

On December 7, 2017 the County sent a proposed agreement for distribution of the CSF. On December 8, 2017, the City revised the County's draft agreement and proposed a distribution formula that combined the taxing districts from both tax code areas. Thereafter, the City made repeated requests to engage with the County to arrive at an agreement for the CSF distribution formula. Below is a partial list of these events. A few other conversations also transpired but were not as thoroughly documented.

December 8, 2018, city attorney provided county with a revised agreement and formula and requested county discuss the proposal.

December 28, 2018 Russ sent a letter to Special Districts describing city interpretation and position on the CSF funds and including a spreadsheet.

January 2, 2018 County attends a meeting with Port of Umatilla Commission to explain CSF.

January 18, 2018 Russ met with special districts to discuss city position about CSF. County was invited but did not attend.

February 12, 2018 Russ sent Melisa Drugge, RDO, Business Oregon a memo explaining the allocation of CSF tax revenue and requesting assistance to resolve outstanding issues with County.

February 14, 2018 email from city attorney to county attorney with message that city hopes “we can discuss these issues to eliminate some or all of the disputes between City and County.”

March 12, 2018 email from county to city attorney explaining county distribution – that it is based on buildings and that the county made the building division proposal for simplification purposes. County stated “willing to consider other methods of allocating the values but that it “must comply with the statutory restriction based on tax code area.”

March 20, 2018 email from city to county acknowledging that the single SIP has complicated the usual methods for determining fair and equitable distribution. And, that city did not agree with county proposed formula due to the fact that it ignores the impact on the tax distribution when the Bonney property construction is completed and operational.

On April 25, 2018, Shawn Halsey, Radio District Administrator reached out to the City to determine if the City would waive its portion of the CSF as the County informed the districts they were willing to do. Shawn also communicated that if both the city and county were to waive their share of the Tier II funds the “districts would be less interested in going after the Tier 3 funds.” The City was not in a position to commit to waive its portion, in large part due to the extraordinary expenses the city has incurred to date. (See attached table with summary of expenses.)

On the evening of June 4, 2018 Special Districts met with the County (Doug Olsen). The County did not give the City notice of that meeting. During that meeting County Counsel Doug Olsen circulated a formula that split the CSF evenly between tax code areas and showed that the County waived its portion of the CSF funds. (See attached sample agreement.) This formula was never shared with the City.

Now having seen the formula that the County approved at its last Commission meeting, the City Administration recommends that the City Council approve that formula and communicate its approval to the Oregon Business Commission.

Upfront/Actual Costs/Investment for VA Data Projects

Port Location	Description	Value
	Maximum Beneficial Reuse Feasibility Analysis	\$260,000.00 (\$130,000 grant)
	Engineering/Final Design for Reuse Pipeline	\$403,000.00
	Easement for Industrial Waste Water Pipeline	\$51,086.86
	Construction of Phase I Reuse Pipeline	\$2,342,420.00
	Roadway/Maintenance	
Total Investment at Port Location		\$3,056,506.86
Bonney Location	Description	Value
	Water & Sewer Service Analysis	\$22,713.34
	Roadway/Maintenance	
Total Investment at Bonney Location		\$22,713.34
		Annually
Annual Expenditures Estimates - ongoing - Both Locations		
	*Modifications to Building Inspection Contract	
	Road Maintenance	
	Certified Waste Water Technicians	
	**Cap on UEC Franchise Fees	
	Police/Law Enforcement Coverage	
	Additional Staff (1/3 fte)	\$47,500.00
	Capital Outlay - Water System Additional Well	
	Capital Outlay Waste Water System	
Total Annual Expenses		\$47,500.00

*City decreased share of revenue in order to continue to provide expedited process for contractors.

**Cap was reached in 2017; second campus will more than double UEC service within city limits.

AGREEMENT
Community Service Fee Distribution
Vadata Data Center McNary/Bonney Sites

This contract is between UMATILLA COUNTY, acting by and through its Board of Commissioners ("County"), and Umatilla Rural Fire Protection District ("District"), acting by and through its board or commission, make this agreement for the purpose of the distribution of the Community Service Fee for the Vadata Data Centers at the McNary and Bonney Sites.

1.0 Effective Date

This agreement is dated and shall become effective on June 30, 2018

2.0 Project

2.1 Vadata, Inc. applied for and received property taxation exemption under the State of Oregon Strategic Investment Program ("SIP") for its data centers at three locations - McNary, Bonney and Westland.

2.2 As part of the SIP tax exemption, Vadata, Inc. agreed to annually pay a Community Service Fee for 15 years in an amount equal to 25% of the property taxes that would have been due on the exempt property for that year, initially not to exceed \$500,000 in any one tax year, and which fee will cover all three sites.

2.3 Under ORS 285C.609(6), the Community Service Fee is to be distributed as agreed on by the County, the City and the local taxing districts in the tax code area of the project. For two of the three sites--McNary and Bonney--the local taxing districts are City of Umatilla, Umatilla County, Umatilla Hospital District, Umatilla Rural Fire Protection District, West Umatilla Mosquito Control District, Umatilla Special Library District, Umatilla-Morrow Radio & Data District, and Port of Umatilla.

The 2018/19 tax rate for each entity is as follows:

City of Umatilla	2.9191
Umatilla County	2.8487
Umatilla RFPD	0.8511
Umatilla Hospital District	0.4820
W. Umatilla Mosquito Control	0.2021
Umatilla Special Library District	0.3682
Umatilla-Morrow Radio District	0.1700
Port of Umatilla	0.1539

3.0 Distribution

3.1 The parties agree that the proportion of the Community Service Fee for the

Vadata Data Centers attributed to buildings at the McNary and the Bonney sites shall be distributed as set out in this agreement. The City of Umatilla share is 36.47867% and the Umatilla County share is 35.59892%. Umatilla County elects not to receive its share for the McNary/Bonney sites and to distribute its share among the six special districts that are parties to this agreement. For the non-city share, the resulting percentages of the McNary/Bonney sites for the six special districts are as follows:

Umatilla RFPD	38.09059%
Umatilla Hospital District	21.57169%
Umatilla Special Library District	16.47862%
W. Umatilla Mosquito Control	9.36310%
Umatilla-Morrow Radio District	7.60827%
Port of Umatilla	6.88772%

3.2 The fee will be divided between the two site areas - \$250,000 to Westland site, and \$250,000 to McNary/Bonney sites. The portion of the fee for each \$250,000 will then be distributed based on each entity's 2018-19 tax rate. The McNary/Bonney sites portion will be distributed as follows:

City of Umatilla	\$91,197
Umatilla RFPD	\$60,489
Umatilla Hospital District	\$34,257
Umatilla Special Library District	\$26,169
W. Umatilla Mosquito Control	\$14,869
Umatilla-Morrow Radio District	\$12,082
Port of Umatilla	\$10,938

DISTRICT

Tom L. Shealy

20 June 2018

Date

Steven R. Pitts

6/20/2018

Date

UMATILLA COUNTY

George L. Murdock, Commissioner

W. Lawrence Givens, Commissioner

William J. Elfering, Commissioner

Date

RESOLUTION NO. 01-2019

A RESOLUTION IN SUPPORT OF THE COMMUNITY SERVICE FEE DISTRIBUTION FORMULA APPROVED BY UMATILLA COUNTY FOR THE VADATA DATA CENTER MCNARY/BONNEY SITES

WHEREAS, Vadata, Inc. applied for and received property taxation exemption under the State of Oregon Strategic Investment Program (“SIP”) for its data centers at three locations - McNary, Bonney and Westland; and

WHEREAS, VADATA, Inc. is building a project within the City of Umatilla and qualifies for tax exemption; and

WHEREAS, as part of the SIP tax exemption, Vadata, Inc. agreed to annually pay a Community Service Fee for 15 years in an amount equal to 25% of the property taxes that would have been due on the exempt property for that year, initially not to exceed \$500,000 in any one tax year, and which fee will cover all three sites; and

WHEREAS, under ORS 285C.609(6), the Community Service Fee is to be distributed to the County, the City and the local taxing districts in the tax code area of the project pursuant to an agreement among these parties; or if no agreement is reached, by the Oregon Business Commission.. For two of the three sites--McNary and Bonney--the local taxing districts are City of Umatilla, Umatilla County, Umatilla Hospital District, Umatilla Rural Fire Protection District, West Umatilla Mosquito Control District, Umatilla Special Library District, Umatilla-Morrow Radio & Data District, and Port of Umatilla ("Special Districts"); and

WHEREAS, the Umatilla County Board of Commissioners and Special Districts have approved a Community Service Fee distribution formula and have agreed to recommend that formula to the Oregon Business Commission as follows:

The Umatilla County share for tax code area 06-01, the McNary/Bonney sites, is 35.59892%. Umatilla County elects not to receive its share for the McNary/Bonney sites and to distribute its share among the six special districts that are parties to this agreement. The resulting percentages of the McNary/Bonney sites for the City of Umatilla and the six special districts are as follows:

City of Umatilla	36.47867%
Umatilla RFPD	38.09059%
Umatilla Hospital District	21.57169%
Umatilla Special Library District	16.47862%
W. Umatilla Mosquito Control	9.36310%
Umatilla-Morrow Radio District	7.60827%
Port of Umatilla	6.88772%

The fee should be divided between the two site areas - \$250,000 to Westland site, and \$250,000 to McNary/Bonney sites. The portion of the fee for each \$250,000 should then be distributed based on each entity’s 2018-19 tax rate. The McNary/Bonney sites portion will be distributed as follows:

City of Umatilla	\$91,197
Umatilla RFPD	\$60,489
Umatilla Hospital District	\$34,257
Umatilla Special Library District	\$26,169
W. Umatilla Mosquito Control	\$14,869
Umatilla-Morrow Radio District	\$12,082
Port of Umatilla	\$10,938

; and

WHEREAS, the Umatilla City Council convened on July 3, 2018 at their regular monthly meeting and included action item to discuss the Community Service Fee as required by ORS 285C.609(4).

NOW, THEREFORE, the City of Umatilla does hereby support and recommend a Community Service Fee distribution formula approved by Umatilla County and the above listed Special Districts, and authorizes the Mayor to sign this document on behalf of the City of Umatilla.

PASSED by the Council and **SIGNED** by the Mayor this 3rd day of July, 2018.

Daren Dufloth, Mayor

ATTEST:

Nanci Sandoval, City Recorder

039419/00001/9101721v1

RESOLUTION NO. 02-2019

A RESOLUTION AUTHORIZING THE MAYOR TO SIGN A FIVE YEAR ENTERPRISE ZONE AGREEMENT WITH A RATIFIED EFFECTIVE DATE OF FEBRUARY 7, 2017 WITH VADATA FOR EXTENDED PROPERTY TAX ABATEMENT UNDER THE ENTERPISE ZONE PROVISIONS OF OREGON REVISED STATUTES 285C.050 TO 285C.250

WHEREAS, the Oregon Revised Statutes 285C.050 to 285C.250 establish an Enterprise Zone program offering business incentives to new business development; and

WHEREAS, the City of Umatilla is a Co-Sponsor of the Greater Umatilla Enterprise Zone; and

WHEREAS, VADATA, Inc. is building a project within the Greater Umatilla Enterprise Zone and qualifies for tax abatement under the ORS Statutes; and

WHEREAS, portions of the VADATA abatement request qualify for extended abatement for up to 5 years, with such extended abatement requiring Zone Sponsor Approval; and

WHEREAS, the attached Five Year Enterprise Zone Tax Abatement Agreement commencing in 2015 outlines the terms and conditions of their abatement program within the standards set by ORS 285C.050 – 285C.250.

NOW, THEREFORE, the City of Umatilla does hereby enter into the Five Year Enterprise Zone Tax Abatement Agreement with a ratified effective date of February 7, 2017 and authorizes the Mayor to sign this document on behalf of the City of Umatilla as Co-Sponsor of the Greater Umatilla Enterprise Zone.

PASSED by the Council and **SIGNED** by the Mayor this 3rd day of July, 2018.

Daren Dufloth, Mayor

ATTEST:

Nanci Sandoval, City Recorder

FIVE YEAR ENTERPRISE ZONE TAX ABATEMENT AGREEMENT

This Five Year Enterprise Zone Tax Abatement Agreement (“Agreement”) is entered into this ____ day of February, 2017 (the “Effective Date”), between VADATA, Inc. (“Company”), County of Umatilla (“County”) and City of Umatilla (“City”) for a property tax exemption period totaling five years. County and City are collectively referred to as the “Zone Sponsors.”

RECITALS

- A. Pursuant to the Oregon Enterprise Zone Act established under Oregon Revised Statutes 285C.045 to 285C.255 (“Act”) and the Zone Sponsors’ local policies, the Zone Sponsors have the authority to establish, and have established conditions under which they may pre-certify qualified companies for up to a five-year property tax abatement as authorized by the Act;
- B. The Zone Sponsors sponsor the Greater Umatilla Enterprise Zone (the “Zone”);
- C. The Zone Sponsors have designated Russell Pelleberg, Umatilla City Manager as the Zone Manager (“Zone Manager”) for the Zone;
- D. The Company plans to install Durable Property on certain real property identified as Tax Lots [2200, 2300, 2400, 2500] located in Umatilla, OR, to assist with its qualified business in the Zone (“the Project”); and
- E. The Company desires to participate in the zone tax abatement program under the Act in exchange for contributions to certain goals of the Act and of the Zone Sponsors.

Now, therefore, in consideration of the mutual benefits accorded each party under this Agreement agree as follows.

AGREEMENT

1. DEFINITIONS.

1.1 Community Service Fee. Community Service Fee means a monetary payment to the Zone Sponsors by the Company in return for a five year tax abatement.

1.2 Consumable Property. Racks and servers. It is currently the intent of the Company to request a separate three year tax abatement for racks and servers.

1.3 Durable Property. Property constructed or installed at the Project location such as building improvements, equipment, and all other property not constituting Consumable Property and that lawfully qualifies for tax abatement under the Act.

1.4 First Source Agreement. The mandatory contract that the Company will enter into with a local employment agency or department concurrently with this Agreement.

2. EXEMPTION

2.1 Standard Exemption. The Zone Sponsors and the Company jointly acknowledge: (A) that subject to the satisfaction of the requirements of ORS 285C.050 to 285C.250, the Company is eligible for three years of complete exemption on its qualified property; and (B) that nothing in this agreement shall modify or infringe on this three-year exemption or the requirements thereof, and that this agreement becomes null and void if the Company does not qualify for these three years of the exemption.

2.2 Extended Exemption. The Zone Sponsors hereby extend the Company's property tax exemption an additional two years on all Durable Property that initially qualifies in the Zone for the assessment year beginning on January 1, 2018, and for each of the two successive assessment years thereafter. This results in a total period of exemption of five consecutive years following the year that such property is placed in service. Company at its sole discretion may direct that certain of its property in the Zone be withheld from the abatement under this Agreement so that it may be included in another tax abatement program, as allowable by law.

3. ZONE SPONSORS' OBLIGATIONS. The Zone Sponsors shall perform the obligations set forth in this Section.

3.1 The Zone Sponsors will work with the Company for the duration of the period of tax abatement in order to foster the success of all parties in this undertaking.

3.2 The Zone Sponsors will authorize and file the Company's Enterprise Zone Application form with the County Assessor's Office and process tax abatements in a timely manner.

3.3 The Zone Sponsors will coordinate all parties necessary to achieve property tax abatement for the Durable Property on the Company's Project as described above.

4. COMPANY OBLIGATIONS. In consideration of the property tax abatement granted pursuant to the Act, the Company shall perform the obligations set forth in this Section.

4.1 Minimum Investment or Hiring. The Company will:

- (i) invest a minimum of \$25 million in the Zone, and
- (ii) hire the greater of one new employee or 110 percent of the average annual employment of the firm in the Zone as calculated under Oregon Enterprise Zone rules;

4.2 Community Service Fee. The Company agrees that in years 4 and 5 of the initial exemption period, it will pay a Community Service Fee. The Community Service Fee in 2021 will be calculated at a rate of 50% of the abated taxes that would otherwise be due in 2021 for property subject to this agreement. The Community Service Fee in 2022 will be calculated at a

rate of 75% of the abated taxes that would otherwise be due in 2022 for property subject to this agreement. The Community Service Fee is payable to the Zone Sponsors in annual payments due October 15th of years 4 and 5. City and County may disburse the Community Service Fee as they may agree amongst themselves at their sole discretion.

4.3 Compensation Commitment. The Company agrees that pursuant to ORS 285C.160(3)(a)(A) for each year of the entire exemption period, all of the Company's new employees shall receive an average level of compensation equal to or greater than 150 percent of the Umatilla County average annual wage, in accordance with the specific definitions and guidelines in Oregon Administrative Rules, Chapter 123, Division 65. The county average annual wage is set at the time of authorization, except as pursuant to ORS 285C.160(4). For Agreements signed in December, 2012, 150 percent of the 2012 Umatilla County average annual payroll equals \$51,116.

4.4 First Source Agreement Commitment. The Company will make an agreement with Worksource Oregon Employment Department or any other lawful entity to meet the first-source hiring requirement in ORS 285C.215.

5. GENERAL PROVISIONS

5.1 Confidentiality. The parties acknowledge that this Agreement is a public record subject to Oregon's public records laws. If any person or entity requests any data, documents, or notes about Company or its business practices (other than this Agreement) that are related to this Agreement or its tax abatement, whether by court order, subpoena, Oregon Public Records Request, or other reason, the Zone Sponsors shall not release any such information until all of the following steps are completed:

- (i) the City or County shall notify Company within three business days of the receipt of such request;
- (ii) if Company elects to challenge or appeal the release of such information, Company shall notify Zone Sponsors within nine (9) business days of receipt of the request and Company shall assume all responsibilities, costs, and expenses for such defense;
- (iii) if Company does not notify Zone Sponsors within nine (9) business days of receipt of such request Zone Sponsor shall be authorized to release the requested information to the requestor and Zone Sponsor shall have no liability to Company for such release of such Confidential Information.

Notwithstanding the above, the Zone Sponsors agree to cooperate with the Company in any challenge or appeal to a court order, subpoena, public records request, or other applicable law requiring the release of Confidential Information. Company shall indemnify and hold the Zone Sponsors harmless for all costs and expenses incurred in the challenge or appeal to the release of such information, including court and appeal costs and City's and/or County's attorney's fees and expenses. Nothing in this section requires the Zone Sponsors, or either of them, to refuse to disclose such information after a final order, including any appeal, by a competent judicial authority. If Oregon law is amended to require responses to public records requests be made less

than twelve (12) business days from the request, the number of business days Company has to respond pursuant to Sections (ii) and (iii) above shall be reduced to the number of business days to respond to a public records request as mandated by Oregon law, less two business days.

5.2 Disputes. Any dispute (other than petitions or suits for injunctive relief to enforce these dispute resolution provisions) which may arise out of, or in any way relate to this Agreement shall be resolved initially through attempts to mediate in accordance with the applicable mediation rules, procedures and a mediator acceptable to the parties. In the event the parties cannot agree as to all matters relating to the mediation within 30 days after one party provides written notice to the other of a request or demand of mediation, either party may proceed with any other rights and remedies available at law or in equity.

5.3 Binding Obligation. Each party represents by signing below that he/she has authority to sign this Agreement and to fully bind the principal thereto.

5.4 Assignment. This Agreement may not be assigned, in whole or in part, to any other party without written consent of the other party.

5.5 Governing Law. This Agreement shall be governed by the laws of the State of Oregon. If any part of this Agreement shall be adjudged contrary to law, the remaining provisions hereof shall remain in full force and effect.

5.6 Notices. All notices required to be given under this Agreement or the Act shall be deemed to be properly served if sent by regular mail, postage prepaid to:

the Company: Amazon.com, Inc.
410 Terry Ave. N
Seattle, WA 98109
Attention: Economic Development Compliance Manager

With a copy to: Amazon.com, Inc.
Attn: General Counsel (Real Estate)
P.O. Box 81226
Seattle, WA 98108-1226

the Zone Sponsors: Zone Manager
Greater Umatilla Enterprise Zone
700 6th Street
Umatilla, OR 97882

5.7 Counterparts. This Agreement may be executed in counterparts, and as so executed is a fully effective as if both parties had executed the same original version or versions of the same.

5.8 Effective Dates. This Agreement is effective from and after the date it is fully executed by both parties, and shall remain in effect until the end of the fiscal year during which the Company is last eligible for tax abatement pursuant to its terms, together with any subsequent

period during which the Company is required to file any reports or records, or otherwise complete eligibility requirements for any tax abatement.

IN WITNESS WHEREOF, the City, County, and Company have caused this Agreement to be signed by their duly authorized agents as of the date and year first above written.

THE CITY OF UMATILLA

Russell W. Pelligrini
By: Russell W. Pelligrini
Its: CITY MANAGER

By: _____
Its: _____

THE COUNTY OF UMATILLA

W. Lawrence Givens
By: W. Lawrence Givens
Its: Chair, Board of Commissioners



VADATA, INC.

By: _____
Its: _____

RESOLUTION NO. 03-2019

**A RESOLUTION AUTHORIZING THE MAYOR TO SIGN A LETTER REQUESTING
TRANSFER OF TAX LOT 5N 28 17AD 5500 TO THE CITY OF UMATILLA**

WHEREAS, the City has adopted a Vision and Framework Plan to revitalize downtown Umatilla; and

WHEREAS, the City desires to make landscaping and other improvements along Highway 730, and;

WHEREAS, a parcel of land owned by the Oregon Department of Transportation is surplus and was previously part of a road right-of-way; and

WHEREAS, the parcel is in need of maintenance to control weeds, tall grass, and garbage; and

WHEREAS, the City wishes to clean up the property and look for opportunities to beautify with landscaping; and

WHEREAS, the City is willing to accept ownership of the parcel.

NOW, THEREFORE, the City of Umatilla does hereby authorize the Mayor to sign this letter requesting transfer of Tax Lot 5500 of Assessor's Map 5N 28 17AD.

PASSED by the Council and **SIGNED** by the Mayor this 3rd day of July, 2018.

Daren Dufloth, Mayor

ATTEST:

Nanci Sandoval, City Recorder



City of Umatilla

700 6th Street, PO Box 130, Umatilla, OR 97882
City Hall (541) 922-3226 Fax (541) 922-5758

July 5, 2018

Paul Howland, Assistant District Manager
ODOT District 12
1427 SE 3rd Street
Pendleton, OR 97801

RE: parcel at intersection of Highway 730 and River Road
Tax Lot 5500 of Assessor's Map 5N 28

Hello Mr. Howland:

On behalf of the City of Umatilla, I would like to request that ODOT transfer to city the above parcel of land, located at the intersection of State Highway 730 and Umatilla River Road. I understand you have researched this parcel and have advised our Community Development Department that ODOT is willing to transfer the property. Thank you for your support and time.

As you know, the parcel was previously used as right of way and since then has been a place for collecting weeds, grass and garbage. City would like to clean up the property and look at opportunities to landscape the area and possibility erect a gateway feature.

If an agreement to do that work is required in the interim we would welcome that support as well.

If you have any questions please contact City Public Works Director Jason Barron, or City Community Development Director, Tamra Mabbott.

Thank you again for your assistance. The city appreciates our positive and productive relationship we have with you and ODOT staff.

Sincerely,

Daren Dufloth, Mayor



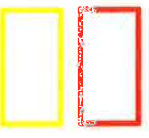
PROPERTY OWNERS

MAP	TAXLOT	OWNER
5N2817AD	801	MCD LAND LLC
5N2817AD	900	MCD LAND LLC
5N2817AD	1100	MCD LAND LLC
5N2817AD	1200	MCD LAND LLC
5N2817AD	1300	MCD LAND LLC
5N2817AD	1400	EVANS LINDSEY D
5N2817AD	1401	EVANS MICHAEL & THELDA
5N2817AD	1500	DETWILLER TERRY L & JANET F
5N2817AD	1600	DANETTE MARIE
5N2817AD	1700	ROSE
5N2817AD	1800	CASTRO ANTHONY
5N2817AD	1900	MARTHA
5N2817AD	3000 L	BRITTAIN PHILLIP A & SHANNA
5N2817AD	3100	WRENCHY KELLY D
5N2817AD	3200	DUNHAM CHERYL J
5N2817AD	3300	GRIFFIN RICHARD & REBECCA
5N2817AD	3400	MOORE MARK A & PATRICIA E
5N2817AD	3500	BAKER BRENT H & ELIA M
5N2817AD	3600	WOOD ROY L & LENA J
5N2817AD	3700	FLORES ENEDELLA
5N2817AD	4200	ET AL
5N2817AD	4300	MARIA G
5N2817AD	4400	AFFORDABLE PROPERTIES OF OREGON LLC
5N2817AD	4500	BIEGEL ROBERT M & SHEILA J
5N2817AD	4600	OLIP DAVID J
5N2817AD	4700	C S CORPORATION
5N2817AD	4800	DAVISON GLEN W
5N2817AD	4900	BALL GEORGE W & JANICE R
5N2817AD	4901	MARIBEL
5N2817AD	4902	RAMIREZ JOAQUINA
5N2817AD	5400	R L R INVESTMENTS LLC
5N2817AD	5500	STATE OF OREGON

CITY OF UMATILLA TAX LOT MAP

Streets

Tax Lots (5/7/18)



City Limits

Urban Growth Boundary



MAP DISCLAIMER: No warranty is made as to the accuracy, reliability or completeness of this data. Map should be used for reference purposes only. Not survey grade or for legal use. Created by Brandon Seitz, on 6/25/2018

**City Council Meeting
July 3, 2018
CITY MANAGER'S REPORT**

CALL TO ORDER

Presentation

Committee Reports

New Business

11.1 Community Development Grant Amendment – Alanis Auto Detail – Staff recently met with Mr. Jose Alanis about the status of his outstanding grant (\$5,100) and building permits. At this time Mr. Alanis does not have the funding to complete the landscaping/irrigation improvements portion of his original application. He is requesting to amend his grant award to exclude the landscaping/irrigation improvements and allow for 50% reimbursement on his storage building. The total amended grant amount would be \$3,857.50.

11.2 Resolution No. 01-2019 – A Resolution in Support of the Community Service Fee Distribution Formula Approved by Umatilla County for the VADATA Center McNary/Bonney Sites – On September 5, 2017 the City executed a SIP Agreement with VADATA and Umatilla County. This agreement is unique in that the three locations covered by this agreement do not fall within a single tax code area. The agreement provides that VADATA shall make an annual Community Service Fee (CSF) payment to be divided between all of the covered taxing districts. I have included a memo ahead of Resolution 01-2019 that outlines the history of the City's efforts to negotiate a distribution formula with Umatilla County. Ultimately, the County has approved a formula for distribution of the CSF that has been sent to the Oregon Business Commission without our involvement and has indicated that the other special districts are in agreement. Staff has reviewed the formula and recommends that the Council approves this resolution in support of adoption by the Oregon Business Commission at its July 13th meeting.

11.3 Resolution No. 02-2019 – A Resolution Authorizing the Mayor to Sign a Five Year Enterprise Zone Agreement with a Ratified Effective Date of February 7, 2017 with VADATA for Extended Property Tax Abatement Under the Enterprise Zone Provisions of Oregon Revised Statutes 285C.050 to 285C.250 – When VADATA first developed in Umatilla in 2012 we adopted an MOU that set out the provisions of all subsequent developments. These provisions included the standard 3 year abatement on equipment with an accelerated depreciation of value, (the servers), and the extended abatement of 5 years for the durable equipment. This can be further distinguished as real property as opposed to personal property and equipment. For the extended abatement the company will make a lump sum payment in year 4 of a community service fee equal to 50% of the taxable value to the County that will be distributed among the zone sponsors. In year 5 this community service fee will be 75% of the taxable value. This resolution deals with the fourth building, PDX 57. This resolution should have been approved in February 2017 but was inadvertently missed. I recommend passage of this resolution that adopts this agreement and ratifies the effective date of that agreement to February 7, 2017.

11.4 Resolution No. 03- 2019 – A Resolution Authorizing the Mayor to Sign a Letter Requesting Transfer of Tax Lot 5N 28 17AD 5500 to the City of Umatilla – Community Development Director Mabbott has been in discussion with ODOT about a parcel of land located at the intersection of State Highway 730 and Umatilla River Road. This parcel was previously used as right of way and has since been a place for collecting weeds, grass and garbage. The City would like to clean up the property and look at opportunities to landscape the area. Staff has drafted a letter for the Mayor to sign requesting the transfer of this tax lot to the City. I recommend approval of this resolution.

11.5 Accept City Manager Pelleberg’s Resignation and Remove as Signatory from All City Bank Accounts – One of the additional duties of City Manager is to be an authorized signatory on all City bank accounts. Along with the formal motion to accept Russ’s resignation, we need a motion to remove him from the bank accounts effective immediately. Once an interim transition plan has been finalized, the Council can designate a second member of City Staff that will be authorized to sign checks.

Correspondence

STAFF REPORT

15.1 City Manager’s Report –

- A. Staff is continuing work on the installation of new utilities to support the development on Lind Road. We anticipate submitting an application to Business Oregon for the City’s share of the development costs within the next few weeks. Weekly updates continue to the developer as well as the Mayor and City Staff.
- B. Deputy Manager Ince has submitted the complete loan application for the 6th Street Waterline Improvements to Business Oregon for their review. We anticipate having a funding package to present to the Council in August.



City of Umatilla

700 6th Street, PO Box 130, Umatilla, OR 97882

(541) 922-3226 Fax (541) 922-5758

July 3, 2018

Dear Russell Pelleberg;

On behalf of the City of Umatilla, the Council would like to wish you well on your future endeavors.

We are glad that you were offered and accepted the position of City Administrator in Newport, Washington. We know this move has been something you have been considering for a while, and are glad this opportunity has been provided to you.

Thank you for your hard work and dedication to our small community.

Life will undoubtedly throw curve balls at you. No one can ever totally plan for all the surprises in this life, but we know you are resilient.

We wish you a healthy, safe, and prosperous year.

Sincerely,

City of Umatilla Council

Mayor Daren Dufloth

Councilor Mark Keith

Councilor Michael Roxbury

Councilor Melvin Ray

Councilor Ashley Wheeler

Councilor Selene Torres-Medrano

Councilor Roak TenEyck