



How Three LOC Priorities Will Have Local Impacts

By Melody Finnemore

Among the LOC's priorities for this session are support for legislation that preserves and strengthens economic development incentives, including the Enterprise Zone (EZ) Program, the Long-Term Rural Enterprise Zone (LTREZ) Program and the Strategic Investment Program (SIP). For cities like Umatilla and Gresham, these programs have generated hundreds of jobs, millions in annual revenues that help support schools, and billions of dollars in investments.

The LOC also is advocating for legislation to enhance flexibility in cities' use of transient lodging tax revenues. The goal is to help cities better serve visitors and improve local conditions that support the tourism industry. Newport and Seaside, along with many other cities, could use more of that money for road repairs and infrastructure as well as public safety and additional staffing.

Another of this year's priorities, local funding to address homelessness, will further support coordinated, local community responses to addressing homelessness. The Oregon Mayors Association (OMA) Homelessness Taskforce has crafted a proposal for the Legislature's consideration that will fund several coordinated efforts already underway as well as new efforts.

City leaders from Umatilla, Gresham, Newport, Seaside, North Plains and Hermiston shared with *Local Focus* how these legislative priorities directly impact local residents and will, in the years to come, continue to strengthen their communities.

Economic Development Incentives

Umatilla City Manager David Stockdale likens the region's LTREZ program to a "domino effect" that has generated many positive impacts for the community. These impacts range from increased revenues for the city, to eased financial burdens on the local school district that helped pass a general obligation bond for new school facilities, to more jobs and housing for the people who live there.

The economic development incentives span over a decade to the first data center Amazon completed in Umatilla. When the online retail giant built its first data center in 2012, Umatilla's annual budget was \$13 million. That doubled in 2016 when Amazon built its second center and, with a third center due for completion in 2024, the city's annual budget is now \$55 million in order to keep up with the community's demands for services.



bullard
law®

WWW.BULLARDLAW.COM
503.248.1134

Employee Benefits and HR Solutions

Founded in 1977, Bullard Law exclusively represents management and specializes in providing preventative employee benefits and human resources advice, labor relations and collective bargaining, and employment litigation.

We understand that in today's difficult labor market, being an employer is not easy. Our job is to partner with you to minimize risks so you can focus on your business.

Our proactive advice attorneys offer the following Employee Benefits and HR Solutions

- ERISA Plan Design and Compliance Review
- Retirement and Health & Welfare Plan Documents, SPDs, and SMMs
- Employment Law Advice & Trainings
- Employee Handbooks, Personnel Policies, and Practice Advice
- Assisting Employers with Regulatory Issues & Government Audits
- Employment, Independent Contractor, and Separation Agreements
- Advising Plan Sponsors, Fiduciaries, and other Service Providers



Amazon is building its third data center in Umatilla, thanks to the region's Long-Term Rural Enterprise Zone program.

“By the time we get these abatement dollars, we’re able to turn around and leverage those funds for other economic development and it’s a match with federal and state dollars,” Stockdale said, adding more than half of its budget this year comes from federal and state sources.

Umatilla has negotiated one EZ that is five years, four LTREZs that are 15 years each, and one SIP with the county. City leaders recently completed negotiations on the final two LTREZs. The economic development incentives have allowed the city to earmark at least \$50,000 a year for public safety and at least an additional \$50,000 per year for schools.

Stockdale said that, as the city’s relationship with Amazon has grown over time, the company’s commitment to the community has evolved as well.

“The first time they came in we were just happy to be a partner. Then, as they continued to invest, we were able to have the conversation about how they can be more of an engaged community partner and start chipping in for schools,” he said.

Housing is another piece of that partnership. In 2018, the city conducted a buildable lands assessment that showed a shortage of 1,200 housing units. Previously, the most homes it had built in any given year was 13, and it had added just 100 new homes over more than a decade.

(continued on page 34)



ENERGY REIMAGINED

More Comfort, Less Impact

Natural Gas offers reliable heat, more control for precise cooking, and lower energy bills with high-efficiency appliances.

Plus with Renewable Natural Gas, we can help the environment by turning waste into low-carbon, reliable energy. Soon to be delivered through the existing pipeline system, so you can make a difference without changing a thing.

It's your energy, reimagined.



Learn more at **LESS WE CAN**.com



LOCAL IMPACTS OF LEGISLATIVE PRIORITIES

However, with one Amazon data center completed in 2018 and another under construction, 60 homes were built. The number continued to grow and Umatilla now adds 100 or more homes each year. An 81-acre site for 324 houses off Grant Avenue is now under development.

“Amazon helped to show developers that the need is there, our population growth is happening and a large anchor tenant is making significant investments. New employees are coming in and are getting above median market wages,” Stockdale said.

Since Gresham adopted its EZ program in 2006, it has brought in more than \$1 billion in new buildings, tenant improvements and improved equipment. Its EZ requires adding new jobs, creating career pathways with a focus on local residents, and paying a community service fee in the final two years of a five-year abatement. The companies are expected to increase employment by 10% and the average wage must be 200% of minimum wage with strong benefits, the *Portland Tribune* explained in a 2021 article about the program’s success.

“That tool has been extremely beneficial to the city, not only for recruitment of new companies but also to help support our existing companies,” said Erika Fitzgerald, AICP, the city’s senior economic development specialist, noting that in addition to hundreds of millions of dollars in new investment, the EZ has helped to create more than 1,000 new jobs.

Gresham redesignated its EZ program in 2016 with the full support of its mayor and city council. The next redesignation is set for 2026, but the state program sunsets in 2025. She said an extension of the sunset date is critical for Oregon as a whole, and especially Gresham because it has seen so many benefits from it.

“We have few economic development tools in the state of Oregon, and the enterprise zone is a really important tool for economic development practitioners to be able to do the work that we do,” said Fitzgerald, who also serves as vice president of the Oregon Economic Development Association’s Board of Directors.

Lodging Tax Flexibility

Newport Mayor Dean Sawyer has long puzzled over how lodging tax percentages set in 2003 were determined. The current rate dedicates 70% of new room taxes after 2003 toward tourism promotion or tourism-related facilities and no more than 30% for a city’s general fund. Prior to that, local governments could determine how the tax should be divided for tourism and governmental purposes. For the city of Newport, the split was more even, with 54% dedicated to general operations and 46% for tourism promotion.

“I’ve asked around and no one seems to know how the Legislature came up with that figure,” he said. “That causes us a burden because we have to spend 70% on promotion or facilities and we are a small town with other needs.”

As an example, Sawyer notes, Newport has 20,000 to 30,000 people putting wear and tear on its streets, yet receives the same amount of funding for road repairs as Independence. While they both have populations of about 10,000 people, Newport is



Flexibility in using lodging tax dollars would benefit the city of Newport, a popular year-round tourist destination. The city would use the flexibility to invest in roads, sidewalks, public safety and infrastructure.

frequented by tourists at a higher rate.

“Whenever the price of gas goes up the price of asphalt goes up, so it’s very expensive for us,” he said.

In addition to the wear on the roads, Newport’s popularity as a tourist destination drives up public safety costs through medical emergencies, drunk driving arrests, domestic disputes and theft, among other issues.

Overall inflation is a factor for the city as well, with costs for the goods and services it needs increasing. Its primary source of funding is property taxes, and between rate limitations and the 3% limit on the growth of assessed values those revenues are not keeping pace with the rise in inflation.

While Newport has a host of infrastructure and other municipal needs, it has no shortage of tourists and doesn’t do any promotion at all during the summers because its lodging is mostly booked. Its Seafood & Wine Festival, held each February, also draws ample visitors during the coast’s “shoulder season.”

Furthermore, investment in roads, sidewalks, trails and other infrastructure improves the experience that people have when visiting places like Newport. Investment in these areas is good for tourism, Sawyer said.

“Newport is a big tourism town and tourism is a significant source of revenue for us. We’re just asking for more flexibility in how we spend the lodging tax revenue,” he said. “I’ve talked

with several communities on the coast as well as Portland and Bend. This will impact most cities around the state because most areas have tourists.”

Seaside Council President and Mayor-Elect Steve Wright agrees with Sawyer and is gratified to see the issue rise as a legislative priority after several years of discussion. “We have a lot of tourism already and we’re really good at getting people to come here. We just want a little more flexibility in how we use that 70% of the lodging tax.”

Wright said that Seaside’s tourism numbers skyrocketed after pandemic restrictions eased and visitors could return. The city has a population of about 7,000 people, but on any nice weekend in the winter that number can double and, during summer months, grow sixfold.

Like Newport, Seaside needs more of its lodging tax revenue for infrastructure maintenance, public safety and other operating costs. These include staffing up for major events such as Spring Break, the July 4th celebration and its annual beach volleyball tournament.

“We’re not saying we’re not going to promote tourism, but our hands have been tied a bit,” Wright said. “It’s also pertinent to note that Seaside is one of the very first cities in the state that reached out to do what we could to help the lodging industry when COVID hit and we shut down.”

He noted that Seaside allowed the local lodging industry to retain the city’s portion of the lodging tax for the first quarter of 2020, which amounted to about \$800,000. It also provided \$250,000 in grant funding to support local businesses, and each of its water customers received a credit of \$50.

“We reached out and tried to help everybody as we could. We recognized the importance of our lodging industry by giving that money back to them,” Wright said, adding Seaside has one of the few convention centers on the coast as well as a welcome center.

“Tourism is an important industry to us and we’re trying to do everything we can to support it. We’d just like a little more flexibility,” he said.

Homeless Response Funding Proposal

The OMA Homelessness Taskforce, formed in May 2022, met regularly over the summer and fall to develop its homelessness plan, which was finalized and approved Oct. 14. The plan was subsequently emailed to all 90 members of the Oregon Legislature and the three gubernatorial candidates.

The taskforce’s plan to address the homelessness crisis in Oregon is a partnership between the state and its 241 cities. This partnership will allow for the establishment and expansion of local, community-based responses that provide immediate shelter and needed services for unhoused Oregonians. During the 2023 Legislative session, the OMA will propose two separate, yet parallel, budget proposals.

The first is a budget package that provides direct allocation to cities for homelessness response and prevention services. Under

this proposal, each city would receive allocated funds of \$40 per resident based on the latest official population estimates from Portland State University. The OMA taskforce, recognizing that some small, rural cities have smaller populations, has asked for cities to receive at least \$50,000 in annual funding.

The direct allocation proposal also provides for cities to have the ability to use money for their own homelessness response and prevention services, or redirect funds to community partners who are required to use the money for homelessness response and prevention services.

“In North Plains, for example, we have partnered with the Forest Grove Foundation, the local Salvation Army, Washington County Homelessness Services and Community Action,” said Mayor Teri Lenahan, president-elect of the OMA.

“We do not have the infrastructure, affordable housing or shelters that are needed so, in our particular situation, if we have somebody who is homeless we would be more likely to partner with those organizations to help us out,” she said, adding North Plains would use the money for prevention services instead of building shelters or contracting with someone to build shelters.

With a \$50,000 guarantee for all cities, and a \$40 per resident multiplier in place, based on the April 19, 2022, PSU population estimates, the total amount requested would equal about \$123.5 million annually.

(continued on page 36)

There’s no time like the present.



When you’re planning your financial, economic and organizational future, now is a good time to start. We’re here to help.



FCS GROUP

Solutions-Oriented Consulting

Utility Rate and Fee Consulting | Utility Management
General Government Financial Analysis
Economic and Funding Strategies Analysis

www.fcsgroup.com
(503) 841-6543

The second portion of the proposal requests a budget package for coordinated capital construction investments for specific shelter and transitional housing projects statewide. It is expected that a final dollar amount needed for capital construction investments will total between \$125 million and \$175 million.

“This is a very specific ask and it is intended to be an ongoing ask. Each community has its own unique challenges and the ‘one-size-fits-all solution’ will not work for every city. We want the State of Oregon to own this and trust the cities’ mayors when they say, ‘Yes, this is an ongoing problem and we want a collaborative approach to fix it,’” Lenahan said.

Fellow taskforce member Dr. David Drotzmann, mayor of Hermiston, said his city is among those whose financial resources have been significantly impacted by homelessness, making it difficult to provide other operational services that are required.

In addition to the OMA taskforce’s request, Drotzmann would like to see additional state resources for affordable housing and behavioral health services. “Our mental health professionals are severely undercompensated. It’s a very challenging profession, and those folks need to be compensated appropriately,” he said.

Drotzmann noted that flexibility with the funding is essential. “Hillsboro’s solutions aren’t Hermiston’s solutions, so we need to have the flexibility to work locally with our partners,” he said.

“We are definitely willing to partner with the state on policies that have a proven track record of being effective for multiple regions and cities,” Drotzmann added. “We understand that every community is different and every community’s issues are different.”

Hermiston has partnered with Umatilla, Echo and Stanfield to implement the Practical Assistance through Transitional Housing (PATH) Project. Two acres in Umatilla have been designated for a main facility that would allow for overnight stays and transitional housing in sleeping huts with room for one or two people. The PATH Project also would provide showers, meal facilities, indoor and outdoor common areas, and a navigation center that would offer support services.

Lenahan called the taskforce’s proposal “a game changer for some of our communities” that is generating a lot of excitement.

“I can’t advocate enough for the mayors leading this on-the-ground response on homelessness because mayors know their communities. We know if we need prevention, we know if we need capital improvement, and cities just can’t do it by themselves. We need joint leadership and joint ownership and a partnership to help our residents have a better life,” she said.

Ms. Finnemore is a Portland-area freelance writer. Contact her at precisionpdx@comcast.net. ■



THE CORE OF PLAY

What is the Core of play? The hub of excitement? The center of energy? The crux of Play That Moves You? It’s Nucleus Core – the climbing, adventurous and fun epicenter of your new playspace. It’s the Core of play only from Burke.

Join Our Movement at buellrecreation.com



Proud Representative of

Burke
PLAY THAT MOVES YOU.

© BCI Burke Company 2021. All Rights Reserved. 800-266-1250