

## **MINUTES**

SPECIAL COUNCIL MEETING  
OF  
AUGUST 4, 2015  
5:30 P.M.

THE DALLES CITY HALL  
313 COURT STREET  
THE DALLES, OREGON

**PRESIDING:** Mayor Steve Lawrence

**COUNCIL PRESENT:** Dan Spatz, Tim McGlothlin, Linda Miller, Russ Brown, Taner Elliott

**COUNCIL ABSENT:** None

**STAFF PRESENT:** City Attorney Gene Parker, City Clerk Pro Tem Izetta Grossman, Police Sergeant Carrico, Planning Director Dick Gassman

### **CALL TO ORDER**

Mayor Lawrence called the meeting to order at 5:33 p.m.

### **ROLL CALL**

Roll call was conducted by City Clerk Pro Tem Grossman; all Councilors present.

### **APPROVAL OF AGENDA**

It was moved by Elliott and seconded by McGlothlin to approve the agenda as presented. The motion carried unanimously.

### **ACTION ITEMS**

Approval of Enterprise Zone Tax Abatement Agreement with Design LLC for Taylor Lakes Site

Mayor Lawrence said that there had been a public hearing to hear public comments, and at this meeting the City Council would discuss approval of the agreement.

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City Attorney Gene Parker reviewed the staff report and noted that the Resolution had been prepared for adoption.

It was moved by Spatz and seconded by Brown to delay approval of the Enterprise Zone Tax Abatement Agreement with Design LLC for Taylor Lakes Site to allow for further research to address concerns of the public. Spatz read his prepared list of concerns and action items(Attachment "A").

**City Manager Nolan Young joined the meeting via telephone at 5:37 p.m.**

Spatz said he believed the fiscal component was hard fought and the negotiating team received the best deal they could. He said he felt there was an opportunity for Council and County Commission to receive written assurances on items that the community felt were important.

Elliott agreed that there needed to be assurances that Google wouldn't request an extension of the 15 year agreement. He felt the other items on the list could be explored at a later date. Elliott did not agree that City and County should just give other entities a portion of the fees. He said the receiving entities needed to be on the same page.

Brown agreed that City and County needed to have strings attached to the funds shared with others to the benefit of the community as a whole.

Spatz said there needed to be a strategic discussion with other taxing districts, such as the school district.

Mayor Lawrence said that when the previous distributions were established the other taxing districts were part of the discussion, presenting their needs. Using a portion of funds model would not have given Mid-Columbia Fire and Rescue the funds they needed for an important project to help lower the fire rating for the community. He said the trail and water issues on Spatz's list could all be discussed with Google at anytime. He said Google had been responsive in the past to the desires of the community. He further said that the Port of The Dalles (Port) property is under the Port's jurisdiction and responsibility. Mayor Lawrence explained that there could not be an extension, unless the current law was changed, and that the Enterprise Zone negotiations could only be around the fees and the methodology of calculations. He said they had spent eight months doing what they were allowed to do under negotiations of Enterprise Zones.

Mayor Lawrence read prepared remarks (Attachment "B").

Spatz said he wasn't suggesting rejecting the agreement, he wanted more time for the public to get information.

Mayor Lawrence said those items could be addressed at a later date. He read statements from people not able to attend the previous meeting and invited Dan Hiatt, 1809 Roberts Street, The Dalles to read his statement (Attachment "C").

City Attorney Parker said Section 10 of the agreement explained that the City could not ask for other written assurance. He said he wasn't saying the Council couldn't decide to ask, he was warning that it could be problematic.

Miller said that walking away from this agreement would send a message that The Dalles may not be welcoming other companies that might want to take advantage of the Enterprise Zone. Other companies had walked away from The Dalles.

Spatz agreed that Google was a good community partner; he had an issue with the short time frame and felt the community should have time to get some questions answered.

Mayor Lawrence said that having a public hearing was not a requirement, but the City and County felt it was needed to inform the public. He said the time frame had to do with the needs for a large corporation to move through the process in a timely manner.

Brown asked if the Mayor felt the deal would fall apart if the agreement wasn't approved. Mayor Lawrence said he was concerned about delaying the process.

Brown said that while this wasn't his vision for the Port, if the Mayor could assure him he would work with Google on addressing the concerns of the public he would retract his second of the motion.

Mayor Lawrence gave his assurance that he would further discuss issues with Google and the Port, but could not assure a specific outcome.

Elliott said that the use of revenue was a topic for another meeting, and he wanted a good faith conversation regarding water and Riverfront Trail. Elliott said he was concerned about Google asking for an extension at a later date.

Parker said the State restricted what could be negotiated regarding fees and how fees are calculated.

Mayor Lawrence said the State provided a format that they had to follow. He said the concerns of the community were heard, and he was willing to address those concerns outside of the agreement before the Council.

Brown withdrew his second of the motion. The motion to delay approval of the Enterprise Zone Tax Abatement Agreement with Design LLC for Taylor Lakes Site to allow for further research to address concerns of the public died for lack of a second.

Elliott said the caveat was that there was no assurance that they wouldn't ask for an extension of the 15 year agreement.

McGlothlin read a prepared statement (Attachment "D").

McGlothlin moved to approve the Enterprise Zone Tax Abatement Agreement with Design LLC for Taylor Lakes Site and adopt Resolution No. 15-003 approving a Third Enterprise Tax Abatement Agreement with Wasco County and Design, LLC. Miller seconded the motion. Motion carried, Elliott voting no.

Resolution No. 15-032 Initiating a Street Vacation Procedure for a Portion of River Trail Way

Planning Director Gassman reviewed the staff report stating that this is the first step in the vacation procedure and that it would come before Council later. Mayor Lawrence asked why it was coming before them now. Gassman said that it made for a simpler process.

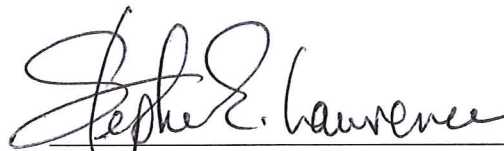
It was moved by Elliott and seconded by Spatz to adopt Resolution No. 15-032 Initiating a Street Vacation Procedure for a Portion of River Trail Way. Motion carried unanimously.

**ADJOURNMENT**


Being no further business, the meeting adjourned at 6:37 p.m.

Submitted by/  
Izetta Grossman  
City Clerk Pro Tem

SIGNED:

  
Stephen E. Lawrence, Mayor

ATTEST:

  
Julie Krueger, MMC, City Clerk

From Dan Spatz -

1. Economic diversification: Google and port issue
  - a. Building footprint and approval process by port district
  - b. Site design – Future opportunities for public involvement?
  - c. Riverfront Trail landscaping and amenities
  - d. Assurance of no attempt to extend 15-year abatement term
  - e. Assurances (audited report) to meet contracted benchmarks
2. Water usage and energy conservation: Google and city issue
  - a. Opportunities to recycle / conserve
  - b. Heat recovery for greenhouse operation, locally-grown foods
3. Revenue apportionment among taking districts: City and county issue
  - a. Apportionment model to distribute future revenue among tax districts
  - b. No strings attached
  - c. Based upon comparable property tax revenue
  - d. Annual audited report by each district to city and county documenting use of funds

**Request: Two-week delay of decision to review these issues and inform the public.**

Mayor Lawrence speech: We didn't negotiate in fear and over 8 months, we did the best that we could. You don't jam something down an opposing negotiator and maintain a good, community relationship.

You weigh risk vs. benefit. We did that at every part. The benefits of this proposed deal are huge. When you think that Google may have been enticed to go to Prineville and pay \$100,000 but they chose to stay here and pay \$16,000,000 over 15 years, how could you not know they want to be here.

Could we have gotten more/ No one in this room knows what those negotiations were except the team. I will categorically tell you, they were very tough negotiations. We got as much as we could get. Reject it if you will but you will be giving away a lot of money that could do great things for this community, including maybe help build a new school.

Should we have hired a professional negotiator? If there is a person experienced at negotiating with data centers around the country, that person would be well known to Google and we would have paid from \$300 to \$1,000 an hour. We probably spent at least 100 hours in direct negotiations. That is not counting the hours we spent preparing, researching, talking to experts and reviewing counter proposals. That probably amounts to another 100 hours. That means we would have spent from \$60,000 to \$200,000 plus the cost of any "hired" experts to consult with the team. We didn't do that and I can tell you we negotiated one of the best deals negotiated anywhere.

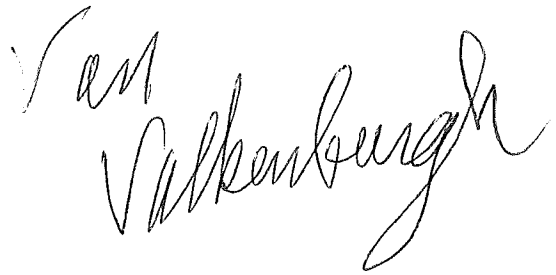
My integrity and good faith to this community was invested in 8 months representing all of you. I stand on this deal.

It's a competitive society - you have to "give" to "get."

This is a "no brainer," overall 200 jobs (50 new jobs) tax-paying, grocery shopping, car buying customers for local businesses – which creates additional jobs for those businesses.

In addition they still pay a substantial amount of money into the community for activities and businesses.

These are clean jobs in a growing industry – puts The Dalles on the map as a progressive city. I don't hear anyone complaining about farm subsidies and support.

A handwritten signature in cursive script, reading "Van Valkenburgh". The signature is written in dark ink and is positioned to the right of the main text block.

8/4/2015

Subject: Reasons to Support Google Expansion in The Dalles

Dear Mayor, City Council, and County Commission Members;

I apologize for missing the August 3<sup>rd</sup> public hearing, but I would like to still express several reasons for supporting the expansion of Google in The Dalles.

My 32 years of high tech engineering experience in the Seattle Washington area provides an insider's perspective on the decision facing The Dalles. My roles were primarily in technical project management, managing design, development and production teams. My engineering career in brief includes:

- 11 years in power supplies for military and commercial avionics at CRANE/ELDEC. (F-16, B-1B, Tomahawk Cruise Missile, 777...)
- 21 years in electronics for satellite propulsion systems (Aerojet-Rocketdyne, [www.rocket.com](http://www.rocket.com)), including power supplies for electrical-chemical rocket engines used in satellite orbit raising and station keeping. One of our slogans reads: "It is Rocket Science".

It is abundantly clear that this town needs the higher paying jobs and investment in the community which Google brings. There has been a significant benefit to date, and expansion would keep that partnership moving forward. Based on my understanding of the Monday discussions, I believe these benefits have been sufficiently articulated.

An additional benefit of a high tech company like Google is the potential longer term development of an engineering talent pool. Many companies do not have the capital to import their full workforce. As The Dalles attracts additional engineering talent, this should open the door to other engineering companies and future opportunities. This could come about by engineers deciding to leave Google over time and start up their own companies or other companies moving into the area and drawing from this engineering talent pool. The Seattle area has many high tech companies that facilitate this kind of development and mobility. Yes, it is a long journey, but there is an opportunity here and now to continue the journey with Google and move towards a different and better economic future. This is a step in the right direction for The Dalles.

There are those who are critical of the expansion agreement because Google is a wealthy company and they are not paying their "fair share". I trust that due diligence has been done in providing an equitable and competitive economic package to both The Dalles and Google. In response to the criticism, it needs to be strongly considered that Google has options in this competitive market. Once a decision is made by Google, there will not be a second chance. We saw this happen in Seattle with Boeing moving their headquarters to Chicago and production to South Carolina.

There is a presently a window of opportunity with Google that has the upside of long term benefits, and on the flipside, the potential downside of losing this opportunity to move The Dalles community forward.

Dan Hiatt

Project Engineering Specialist (through 9/25/14)

Lead Pastor, Life in Christ Center 3095 Cherry Heights Rd (as 10/1/14 -present)

<http://www.thedalleschronicle.com/news/2014/oct/04/propulsion-lab-sunday-pulpit/>  
425-368-8651

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Attachment "C"  
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Footnote:

This letter represents my personal opinion and does not represent an official position of Life In Christ Center.



After a comprehensive study and consideration of the proposed agreement between Google Inc. and the county/city government, I have concluded that approval of the proposed agreement is sound and in the best interest of our community. I am confident the efforts of the negotiating team produced the best agreement possible before bringing it to city council and the public. I believe a yes vote will ensure continued growth and prosperity for our community.

Timothy James McGlothlin, City Council President  
The Dalles, Oregon