

**AGENDA**

**REGULAR CITY COUNCIL MEETING**

**February 22, 2021**

**5:30 p.m.**

**VIA ZOOM**

<https://zoom.us/j/92394795561?pwd=VEtJSytOLzIxUjZxUTVnUVFhVEIGUT09>

Meeting ID: 923 9479 5561

Passcode: 061313

Dial 1 253 215 8782

1 346 248 7799

1. CALL TO ORDER
2. ROLL CALL OF COUNCIL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. AUDIENCE PARTICIPATION

During this portion of the meeting, anyone may speak on any subject which does not later appear on the agenda. Five minutes per person will be allowed. If a response by the City is requested, the speaker will be referred to the City Manager for further action. The issue may appear on a future meeting agenda for City Council consideration.

6. CITY MANAGER REPORT
7. CITY ATTORNEY REPORT
8. CITY COUNCIL REPORTS
9. CONSENT AGENDA

Items of a routine and non-controversial nature are placed on the Consent Agenda to allow the City Council to spend its time and energy on the important items and issues. Any Councilor may request an item be "pulled" from the Consent Agenda and be considered separately. Items pulled from the Consent Agenda will be placed on the Agenda at the end of the "Action Items" section.

**CITY OF THE DALLES**

*"By working together, we will provide services that enhance the vitality of The Dalles"*

- A. Approval of the January 29, 2021 Work Session/Goal Setting Minutes
- B. Approval of the February 8, 2021 Regular City Council Meeting Minutes
- C. Resolution No. 21-006 Concurrence with the Mayor's Appointments to Various Committees and Commissions.

10. PUBLIC INPUT

- A. Strategic Investment Program with Google, LLC

11. ACTION ITEMS

- A. Amendment to Contract with Campbell Phillips for Legal Services

12. ADJOURNMENT

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This meeting conducted via Zoom.

Prepared by/  
Izetta Grossman, CMC  
City Clerk



## AGENDA STAFF REPORT

**AGENDA LOCATION:** Item #10 A-C

**MEETING DATE:** February 22, 2021

**TO:** Honorable Mayor and City Council

**FROM:** Izetta Grossman, CMC, City Clerk

**ISSUE:** Approving items on the Consent Agenda and authorizing City staff to sign contract documents.

- A. **ITEM:** Approval of the January 29, 2021 City Council Goal Setting Meeting Minutes.

**BUDGET IMPLICATIONS:** None.

**SYNOPSIS:** The minutes of the January 29, 2021 City Council Goal Setting meeting have been prepared and are submitted for review and approval.

**RECOMMENDATION:** That City Council review and approve the minutes of the January 29, 2021 City Council Goal Setting meeting minutes.

- B. **ITEM:** Approval of the February 8, 2021 Regular City Council Meeting Minutes

**BUDGET IMPLICATIONS:** None

**SYNOPSIS:** The minutes of the February 8, 2021 Regular City Council meeting have been prepared and are submitted for review and approval.

**RECOMMENDATION:** That City Council review and approve the minutes of the February 8, 2021 Regular City Council meeting.

- C. **ITEM:** Approval of Resolution No. 21-006 Concurring with the Mayor's

Appointments to Various Commissions and Committees

**BUDGET IMPLICATIONS:** None

**SYNOPSIS:** They Mayor has interviewed the applicants for the committee, and the Resolution has been prepared for review and approval.

**RECOMMENDATION:** That City Council review and approve Resolution No. 21-006 Concurring with the Mayor's Appointments to Various Commissions and Committees

MINUTES

GOAL SETTING WORK SESSION

OF  
January 29, 2021  
10 a.m.

VIA ZOOM

**PRESIDING:** Mayor Richard Mays

**COUNCIL PRESENT:** Rod Runyon, Dan Richardson, Timothy McGlothlin, Scott Randall, Darcy Long-Curtiss

**COUNCIL ABSENT:** none

**STAFF PRESENT:** City Manager Julie Krueger, Legal Counsel Jonathan Kara, City Clerk Izetta Grossman, Finance Director Angie Wilson, Community Development Director Alice Cannon, Public Works Director Dave Anderson, Police Chief Patrick Ashmore, Human Resources Director Daniel Hunter, Library Director Jeff Wavrunek, Assistant Public Works Director Eric Hansen, Airport Manager Dave Rasmussen

**CALL TO ORDER**

The meeting was called to order by Mayor Mays at 10:00 a.m.

**ROLL CALL**

City Clerk Izetta Grossman called roll. All Councilors present.

**DEPARTMENT REPORTS**

Finance Director Angie Wilson reviewed the court/finance department summary.

Public Works Director Dave Anderson introduced the Assistant Public Works Director Eric Hansen. Anderson reviewed the public works summary.  
In response to questions Anderson reported:

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- Street maintenance was prioritized utilizing a new software program, that could produce an annual list. He said he would have an annual list posted to the website.
- 50/50 Sidewalk rehabilitation program received 23 applications.
  - Top 8 or 9 projects would be funded
  - Focused on those not requiring tree removal or street widening
  - All application would be kept for next year if funding was available

Police Chief Patrick Ashmore reviewed the police department summary. He said he had discussed the goals with the new Police Chief, Tom Worthy, and he agreed with the goals. Ashmore said that between the City Manager and himself the transition should be a smooth one.

Community Development Director Alice Cannon reviewed the department summary.

In response to questions Cannon reported:

Staff working on surveys, processes to gather more public comment on land use and development, and to encourage developers to have neighborhood meetings as part of the permitting process.

Cannon reported that Urban Renewal would receive a financial report in February and then would start a goal setting/visioning process.

Library Director Jeff Wavrunek gave a history summary of the Library District. (attached)

In response to questions regarding reopening the Library he said:

- In July patrons weren't following social distancing and face mask rule
- Staff uncomfortable having to enforce, as it became confrontational
- Stay with curbside services, until reopening is safe

Human Resource Director Daniel Hunter reported top goals for upcoming year:

Preparation for top manager retirements in the near future. This includes budget proposals for increased recruiting costs as well as possible training for existing personnel to transition into those positions.

Employee health incentive program to encourage employees to take a more proactive approach to their health. This includes budgeting for funds paid back by Cigna through their Health Incentive Program.

City Clerk Izetta Grossman reviewed the City Clerk and IT summary.

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In response to a question Finance Director Angie Wilson said Traffic Court would start being held via Zoom on February 1.

Columbia Gorge Regional Airport Manager Dave Rasmussen reviewed the summary.

In response to a question Rasmussen said there had been no noise complaints at the airport.

He said Hood River Airport had an issue due to location of the airport.

Mayor Mays opened the meeting to citizen comments.

Carolyn Wood said she wanted to advocate for completion of the period lights on 3<sup>rd</sup> Street, she said she felt the project had been forgotten.

City Manager Julie Krueger said it had been an Urban Renewal Agency project. She said the Community Development Director would raise it with the Agency Board.

Don Warren, Main Street Program reported the downtown businesses would like one theme, with period light poles, benches, trashcans.

He said he would like to meet with the City Manager and Community Development Director monthly.

Mayor Mays recessed the meeting until 12:30 for lunch.

City Manager Julie Krueger said she felt she had a very well-rounded team and she was proud of the work they do.

She said she looked forward to hearing Council goals for the coming year.

## **COUNCIL DISCUSSION**

### Website

It was the consensus of the Council that it was important to have a company familiar with government websites to redo the website.

Council felt COVID had brought into focus areas where the website could be updated to provide transparency and better serve the public.

City Manager Julie Krueger said staff had been looking into options. She said a full redo of the website could be as much as \$50,000, with annual maintenance fees. She said she would put it in the fiscal year 2021-22 budget.

### Downtown Redevelopment

Council identified the following items of interest:

- Vacancies downtown
- Finish 1<sup>st</sup> Street Streetscape
- Plaza on 2<sup>nd</sup> and Federal
- Tony's building – Urban Renewal project; housing; shovel ready real estate
- Vertical housing – hard for developer to pencil – ways to help with costs

Councilor Runyon said the City was more than just the downtown. He said bigger companies need to be included in the conversation on what is needed.

Councilor Long-Curtiss said she would like a Council discussion just on the vision for the City of The Dalles as a whole; who do we want to be. She said the Council needs to have a direction, and then invite the public into the conversation. She said she felt this was a first step then work with other organizations for a long-term plan.

City Manager Julie Krueger said a new Visioning project would be very time consuming. She said the current Visioning could be reviewed.

She summarized Council conversation:

- Visioning/Economic Recovery
- 1<sup>st</sup> Street/Plaza/Vertical Housing – Urban Renewal driven
- Look at whole City not just downtown
- Workshop – future of the City of The Dalles

She said she would provide an outline for visioning steps, cost of consultant.

### Houseless Situation

Mayor Mays asked Legal Counsel to review his memo regarding the issue.

Legal Counsel Jonathan Kara discussed the implications of Martin v. Boise and Blake v. City of Grants Pass, two federal cases with authority over the jurisdiction of the City of The Dalles. In Martin, the United States 9<sup>th</sup> Circuit Court of Appeals effectively prohibited the City from

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enforcing criminal statutes against homeless individuals sleeping or camping on public property when the City has inadequate shelter practically available for its homeless population. In Blake, the Medford Division of the United States District Court for Oregon expanded Martin to similarly prohibit the City from enforcing civil statutes and assessing penalties against homeless individuals sleeping or camping on public property when the City has inadequate shelter practically available for its homeless population.

Kara answered questions relating to the ways the City has updated its practices and policies, specifically in its Police Department, to remain consistent with the dynamic laws on this issue.

Kara raised some issues in the Land Use and Development Ordinance preventing the City from achieving some of the goals or options the Council is interested in exploring. One identified issue is the prohibition on non-listed uses in each zoning district within City limits. The second issue is the ban on all temporary uses. Kara explained he had planned on updating our code to incorporate those changes later this year. After hearing the Council's thoughts on these matters, he committed to working with Alice Cannon, the City's Community Development Director, to expedite the code amendment process to allow permanent and temporary shelters as quickly as practicable.

He said the timing was good for the City to be thinking about homelessness and how to deal with tents on public property, because there is legislation being discussed at the State level in a very draft form. He said the League of Oregon Cities would like to come up the rules for the legislature to adopt, defining homeless; shelter; public property.

City Manager Krueger said the City had completed the agreement with Mid-Columbia Community Action Council (MCCAC) for the management and operations of the pallet shelters. She said the agreement was for 3 years at the current sight.

Mayor Mays said the Houseless Taskforce would be starting up in the next two weeks. He said there were representatives from: Police Department; MCCAC; Faith Community; Behavioral Health; Center for Living; St. Vincent de Paul; and the Mayor.

City Manager Krueger summarized:

- Monitor State House Bill development
- Identify other locations for shelters
- Be proactive not reactive

### Post Pandemic Economic Recovery

City Manager Julie Krueger reported that \$250,000 had been awarded to local businesses. She

said \$5,000 had been given to the Chamber of Commerce for grant management services. She said the Chamber had been invaluable working on both rounds of grants.

She said staff was working the details of offering sewer rate credits for restaurants that cannot have dining in. She said charging for only 1 unit seemed logical, since restaurants didn't have customers using the restrooms, and the dishwashing was greatly reduced.

City Manager Krueger summarized:

- Council would like a work session/brainstorming session on how the City could take a lead on COVID recovery wave of evictions
- Maybe a temporary part-time position that would lead those in need to the resources available and assist with grant applications (now if possible)
- Do a better job getting the word out – tell our story
- Council interested in funding another round of Economic Recovery funds to the extent possible while maintaining the 10% contingency level
- Proactive outreach to Spanish speaking citizens

Councilor Runyon asked about when City Hall would be re-opened.

City Manager Krueger said first we had to get out of the Extreme Risk Category; then go back to appointment only operations; opening shorter hours when in the Moderate Category.

**ADJOURNMENT**

Being no further business, the meeting adjourned at 3:00 p.m.

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Submitted by/  
Izetta Grossman  
City Clerk

SIGNED: \_\_\_\_\_

Richard A. Mays, Mayor

ATTEST: \_\_\_\_\_

Izetta Grossman, CMC, City Clerk

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MINUTES

CITY COUNCIL MEETING

February 8, 2021

5:30 p.m.

VIA ZOOM

LIVESTREAM VIA City website

**PRESIDING:** Mayor Richard Mays

**COUNCIL PRESENT:** Darcy Long-Curtiss, Tim McGlothlin, Rod Runyon, Scott Randall,  
Dan Richardson

**COUNCIL ABSENT:** None

**STAFF PRESENT:** City Manager Julie Krueger, City Clerk Izetta Grossman, Finance  
Director Angie Wilson, Community Development Director Alice  
Cannon, Public Works Director Dave Anderson, Human Resources  
Director Daniel Hunter, Senior Planner Dawn Hert

**CALL TO ORDER**

The meeting was called to order by Mayor Mays at 5:30 p.m.

**ROLL CALL OF COUNCIL**

Roll Call was conducted by City Clerk Grossman. All Councilors present.

**PLEDGE OF ALLEGIANCE**

Mayor Mays asked Councilor Richardson to lead the Pledge of Allegiance.

Councilor Richardson invited the audience to join in the Pledge of Allegiance.

**APPROVAL OF AGENDA**

It was moved by Runyon and seconded by McGlothlin to approve the agenda as submitted. The motion carried 5 to 0; Runyon, McGlothlin, Long-Curtiss, Richardson, Randall voting in favor; none opposed.

**PRESENTATIONS PROCLAMATIONS**

Link Services Update

Kathy Fitzgerald, Mobility Manager, Mid-Columbia Economic Development District reviewed the report. She thanked the City Public Works Department for their time installing the bus shelter at Goodwill.

Councilor Runyon asked if the Link bus went by the Pallet Shelters.

Councilor Long-Curtiss said it did, and stops if they call for a stop. She said the issue is the way the route runs, it takes almost an hour to get from the shelter to St. Vinny's.

Fitzgerald said that was a long time, she would look into it.

FY21/22 Workers Compensation Projections

Breanna Wimber, Stratton Insurance, explained the SAIF modification (mod) factor was used to determine rates. She said they look at the last 3 completed year, accidents and claims.

Wimber gave the following statistics on the City's mod factor rating:

2000	.64 mod factor
2015	1.69 mod factor
2017	1.47 mod factor – premium was \$231,000
2019	.98 mod factor – premium was \$115,000

She said the mod factor for 2020 was exceptional at .73. She said Daniel Hunter and Bailey Volz had been wonderful to work with.

Mayor Mays congratulated staff on the report.

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### **AUDIENCE PARTICIPATION**

Don Warren, Main Street Program reported:

- Meeting with Councilor Richardson regarding COVID recovery, housing inventory downtown
- Grants Main Street was looking at:
  - Historic Building improvements
  - Sidewalk pressure washing
  - Public Spaces – plaza
- Neon signs electrical – done soon

Judy Merrill, said she attended the City Council Goal Setting. She said she felt so good after the meeting. She said the Council were working together, listening and sharing with each other.

She said her take away was:

- What does the City want to be
- Who are we wanting to attract
- Not just downtown – the whole town
- Include big business in discussions
- Work with and for businesses

She said she was impressed with the knowledge of the new attorney, Jonathan Kara regarding the houseless needs.

She said she enjoyed the Department summaries. She learned a lot about what they each do.

She said she felt the City Manager summarized the meeting very well at the end.

### **CITY ATTORNEY REPORT**

Jonathan Kara, Legal Counsel for the City reported:

- Airport Visioning meeting – similar energy as the Council Goal Setting
- Encouraged citizens to attend these meetings.

### **CITY COUNCIL REPORTS**

Councilor Runyon reported:

- QualityLife
- League of Oregon Cities (LOC) City Day
- CC Goal Setting

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- Local Public Safety Coordinating Council
- The Dalles Police Chief Pat Ashmore- homeless and vagrancy conversation
- The Dalles Community Development Director Alice Cannon
- City Manager Julie Krueger
- “2nd” Virus Shot /on call NORCOR Control Room Tech
- LOC North Central Conference call
- New President and first mtg of MC Veterans Memorial Committee

Councilor Long-Curtiss reported:

- Farm to Family Boxes available February 9 at 10 am, get there early all fresh food
- Goal Setting very productive
- Presentation at Kiwanis on Pallet Shelters
- Spoke at League of Oregon Cities City Day on housing priorities

Councilor Richardson reported:

- Met with Police Chief Ashmore regarding homelessness
- Goal Setting meeting
- Community Development Director Alice Cannon and Urban Renewal Chair Grossman
- Chamber Governmental Affairs
- Public Works Director Dave Anderson
- Met new District 21 School District Superintendent

Councilor Randall reported:

- Historic Landmarks Commission – Goal setting
- Neon signs downtown look nice

Councilor McGlothlin reported:

- Airport Board planning meeting – covering all things airport
- Mid-Columbia Community Action Council, new director Kenny LaPointe

Mayor Mays reported:

- Oregon Health Authority meeting
- KACI Radio
- Governmental Affairs
- Nate Stice, Regional Solutions
- LOC regional call
- Wasco County Board of Commissioners
- Public Works Director Dave Anderson

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- Police Chief Pat Ashmore
- LOC Conference call

### **CONSENT AGENDA**

Mayor Mays noted that item 14 on the surplus list was removed.

Long-Curtiss asked that the Resolution concurring with the Mayor's appointments be removed from the consent agenda, and discussed later.

Mayor Mays said it would be added as an Action item before Executive Session.

It was moved by McGlothlin and seconded by Randall to approve the Consent Agenda as amended. The motion carried 5 to 0, McGlothlin, Randall, Long-Curtiss, Runyon, Richardson voting in favor; none voting opposed.

Items approved on the consent agenda were: 1) Approval of the January 25, 2021 Regular City Council Meeting Minutes; and 3) Declare certain Public Works Property as Surplus.

### **PUBLIC HEARINGS**

Supplemental Budget - Resolution No. 21-004 Adopting a Supplemental Budget for Fiscal Year 2020-21, Making Appropriations and Authorizing Expenditures from and Within the General Fund

Finance Director Angie Wilson reviewed the staff report.

Don Warren thanked Council for making funds available to non-profits

Runyon complimented Finance Director Wilson for her excellent staff reports. He said things were explained very well.

It was moved by Long-Curtiss and seconded by Richardson to adopt Resolution No. 21-004 adopting a Supplemental budget for Fiscal Year 2020/2021, making appropriations and authorizing expenditures from and within the General Fund of The City of The Dalles Adopted budget. The motion carried 5 to 0, Long-Curtiss, Richardson, Runyon, Randall, McGlothlin voting in favor; none voting opposed.

### **CONTRACT REVIEW BOARD ACTIONS**

Authorize Public Works to Purchase a New Pickup for the Transportation Division

Public Works Director Dave Anderson reviewed the staff report.

It was moved by Randall and seconded by McGlothlin to authorize the purchase of a new 2021 Dodge Ram 5500, 4X4 flatbed pickup from Ron Tonkin Dodge, in an amount not to exceed \$58,907.60 plus license fees. The motion carried 5 to 0, Randall, McGlothlin, Long-Curtiss, Runyon, Richardson voting in favor; none voting opposed.

### **DISCUSSION ITEMS**

#### **2020 Historic Landmarks Annual Report**

Senior Planner Dawn Hert reviewed the report.

Runyon asked for clarification on Goal #1 Short term- encourage rehabilitation of the Gitchell Building. He said Council had discuss moving the building with the group interested in saving the building.

Senior Planner Hert said the intent of Historic Landmarks was to preserve the building. She said having it on their list helped with future grant applications.

Long-Curtiss complimented Hert for making lemonade from lemons by saving grant funds by expanding the virtual tours. She also complimented working with other agencies.

#### **HB2001 - Middle Housing Code Update**

Community Development Director Alice Cannon reviewed the staff report.

Cannon said there were a number of Code Amendments coming before the Planning Commission in three phases. She said a consultant would be working with staff through the process utilizing grant funds. She said all work needed to be complete by June 30.

She said each phase would be brought to Council throughout the process.

Cannon said the first survey had been sent out via email, through the Chamber, on the City's Facebook page and website. She said there would be more public outreach throughout the process.

### **ACTION ITEM**

**Resolution No. 21-005 Concurring with the Mayor's Appointments to Various Commissions and**

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### Committees

Long-Curtiss said Ms. Haechrel's name was misspelled on the Resolution.

She said she was not opposed to the appointments. She said she wanted to have some discussion.

She said the Planning Commission needed some younger people on the commission to get their perspective on what the city should look like.

Mayor Mays said he agreed that the City needed the voices of younger people and he was always on the look out for younger people to serve.

Richardson said he agreed and suggested all Councilors make a soft goal to recruit citizens to serve.

Runyon said he agreed with Long-Curtiss. He said it knew it was hard to find people to serve and the Local Government Academy had been successful in recruiting a couple younger people. He said after COVID is over another Academy should be planned.

Mayor Mays said 4 of the current members of the Planning Commission were people he had appointed and were younger people.

It was moved by Long-Curtiss and seconded by Randall to approve item 10B of the consent agenda [Resolution No. 21-005 Concurring with the Mayor's Appointments]. The motion carried 5 to 0, Randall, McGlothlin, Long-Curtiss, Runyon, Richardson voting in favor; none voting opposed.

### **EXECUTIVE SESSION**

1. In accordance with ORS 192.660(2)(e) to conduct deliberations with persons you have designated to negotiate real property transactions.
  - A. Recess Open Session
2. In accordance with ORS 192.660(2)(g) to consider preliminary negotiations regarding trade or commerce in which you are in competition with other states or nations.
  - A. Open Second Executive Session
  - B. Reconvene Open Session

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**ADJOURNMENT**

Being no further business, the meeting adjourned at 7:46 p.m.

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Submitted by/  
Izetta Grossman, CMC  
City Clerk

SIGNED: \_\_\_\_\_  
Richard A. Mays, Mayor

ATTEST: \_\_\_\_\_  
Izetta Grossman, CMC City Clerk

**RESOLUTION NO. 21-006**

**A RESOLUTION CONCURRING WITH THE MAYOR'S APPOINTMENTS  
TO VARIOUS COMMISSIONS AND COMMITTEES**

**WHEREAS**, Mark Poppoff's and Alan Easling's terms on the Planning Commission has will expire April 30, 2021; and there is an and there is an opening on the Urban Renewal Budget Committee; and

**WHEREAS**, the Mayor has elected to reappoint Mark Poppoff and Alan Easling to the Planning Commission; and Dean Myerson to the Urban Renewal Budget Committee;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS FOLLOWS:**

Section 1. The City Council concurs with the reappointment of:

Mark Poppoff and Alan Easling to the Planning Commission with a terms to expire April 30, 2025; and the appointment of Dean Myerson to the Urban Renewal Budget Committee with a term to expire June 30, 2024.

Section 2. This Resolution shall be effective February 22, 2021.

**PASSED AND ADOPTED THIS 22<sup>nd</sup> DAY OF FEBRUARY, 2021.**

Voting Yes, Councilors: \_\_\_\_\_  
Voting No, Councilors: \_\_\_\_\_  
Absent, Councilors: \_\_\_\_\_  
Abstaining, Councilors: \_\_\_\_\_

**AND APPROVED BY THE MAYOR THIS 22<sup>nd</sup> DAY OF February, 2021.**

SIGNED:

ATTEST:

\_\_\_\_\_  
Richard A. Mays, Mayor

\_\_\_\_\_  
Izetta Grossman, CMC, City Clerk





**SUBJECT: Strategic Investment Program (SIP) Agreement**

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TO: BOARD OF COUNTY COMMISSIONERS & CITY COUNCIL

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FROM: MATTHEW KLEBES, ADMINISTRATIVE SERVICES DIRECTOR

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DATE: 2/8/2021

**BACKGROUND INFORMATION:**

The City of the Dalles and Wasco County have been approached by Design, LLC in regards to a Strategic Investment Program (SIP) agreement for the development of property they have privately purchased primarily consisting of the former aluminum plant site and the rodeo grounds. A SIP agreement provides up to 15 years of tax abatement for a project and is similar to an Enterprise Zone but is distinct in several key ways.

Included in this packet is a term sheet outlining the provisions of the draft agreement including both statutory and locally negotiated components. Key points are:

- A 20 year window for two projects, each with up to a 15 year abatement period
- Prescribed Taxes
- Prescribed Community Service Fee (CSF)
- Guaranteed Annual Payment (GAP)
- Transfer of Property
- Right of First Refusal

In addition to this term sheet, staff has put together a presentation, also included in your packet, which will be reviewed at City of The Dalles Council and Wasco County Commission Joint Public Hearings scheduled February 17<sup>th</sup> at 2:30pm and February 22<sup>nd</sup> at 5:30pm. These first two meetings are intended to present the draft documents, answer questions, and take testimony. A decision on this agreement will be sought at the March 3<sup>rd</sup> Wasco County Commission meeting and the March 8<sup>th</sup> City of The Dalles Council meeting.

# BUSINESS INCENTIVE: Strategic Investment Program

## Exempts a portion of large capital investment from property taxes

The Strategic Investment Program is available statewide for projects developed by “traded-sector” businesses, such as manufacturing firms. “Traded sector” is defined in Oregon law as “industries in which member firms sell their goods or services into markets for which national or international competition exists.”

Depending on certain factors, like investment size, the Strategic Investment Program can offer exceptional benefits in terms of net present value.

## BASIC ELEMENTS FOR PRIVATE INVESTORS

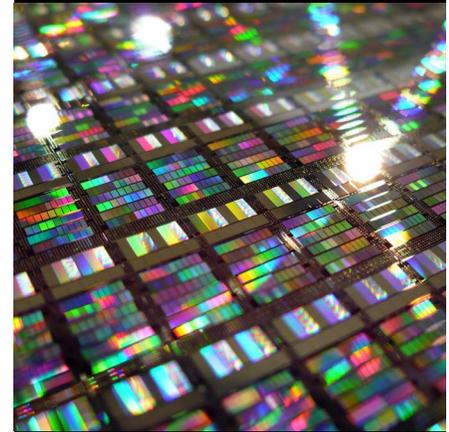
- Project must either receive local approval through a custom agreement with county/ city or tribal government or be located in a pre-established ‘Strategic Investment Zone’ (SIZ)
- The 15-year exemption is on project property greater than the threshold amount—only the assessed value under the threshold is taxed.
- The exemption threshold value then rises 3 percent/ year during the exemption period
- Threshold starts at \$100 million for locations inside the current urban growth boundary of a metropolitan area or city with 40,000 or greater population
- Elsewhere, the threshold starts at \$25 million if the total investment is \$500 million or less, and at \$50 million if project costs are between \$0.5 and \$1 billion.
- A community service fee is paid each year to local public service providers
- This fee equals 25 percent of each year’s tax savings, but it is capped at an annual maximum of \$2.5 million (outside SIZ)
- Additional local requirements may apply

## BENEFITS BOTH COMMUNITY AND COMPANY

- Even with the community service fee, SIP represents a tremendous incentive for substantial investments, and the chance to more rationally tax exceptionally large capital facilities
- It offers an excellent forum to solidify local community support for an otherwise special project
- The new taxable property value alone still represents extraordinary public revenue—not to mention corporate and personal income tax collections
- Characteristics of typical SIP projects are as follows:
  - Exceptional capital outlays for technology and research
  - Large dollar investment per employee
  - Well-trained, well-compensated workforce
  - Major indirect effects on suppliers and other parts of the economy
  - Low impact on direct public services per \$ invested

## OUR MISSION

We invest in Oregon’s businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy.



## BUSINESS OREGON

Main Office:  
775 Summer Street, NE, Suite 200  
Salem, OR 97301  
www.oregon4biz.com  
503-986-0123

Business Oregon is an agency  
of the state of Oregon.

# Strategic Investment Program

# Overview

- Details of the Program
- Steps to date
- Project Site
- Summary of Agreement
- Next steps
- Q/A and Comments

# Details of Program

## Strategic Investment Program (SIP) vs. Long Term Enterprise Zone (EZ)

- They are both up to a 15-year property tax abatement program
- EZ has requirements for job creation and wage/compensation minimums
- SIP is intended for large capital investments
- SIP has 3 distinct components

## Ad Hoc vs. Strategic Investment Zone

- SIP has an ad hoc approval process, where an agreement can be considered with a required public hearing
- Counties (and Cities) may create Strategic Investment Zone (SIZ) with Business Oregon approval.
  - We do not have such a zone so we are following the Ad Hoc process.

# Three Major Categories

- Taxes (Set by Business Oregon)
- Community Service Fee (Set by Business Oregon)
  - Community Service Fee Distribution (Potential set by Taxing Districts)
- Locally Negotiated Component (Developed by Applicant, County, and City where development is located)

# Taxes

<b>Total Investment Costs</b>	<b>Initial Taxable Portion Amount*</b>
Not more than \$500 million	\$25,000,000
Between \$0.5 and \$1.0 billion	\$50,000,000
Greater than \$1.0 billion	\$100,000,000

\*"Rural area"—located entirely outside urban growth boundary of a city with a population of 40,000 or more at the time of state SIP application or in a Rural SIZ designated before October 5, 2015. Taxable portion is based on property's real market value and grows 3% p.a.

# Community Service Fee

- Paid each year of the abatement
- Equals 25% of each year's tax savings, capped at an annual maximum of \$2.5 million
- Distribution
  - County, City, and non-school districts (accounting for at least 75% of such district tax levy at site) agree on how to distribute CSF within 3 months
  - May be mutually amended or revised at a later time
- If no agreement within 90 days of Business Oregon approval, Business Oregon will set the distribution formula

# Steps to date

Design LLC. expressed interest in a SIP agreement under ad hoc approval (No SIZ) for a development at a site they privately purchased

City and County representatives met with Design LLC representatives to negotiate a draft agreement.

# Project Site

- Red is Lockheed Martin
- Yellow is Hydro
- Blue denote
  - Parcel A: Likely primary development site for projects
  - Parcel B: Likely development site for warehouse and contains Land Component



Source:  
Aerial photograph obtained from the  
Oregon Statewide Imagery Program.  
Tax lots obtained from Marion County  
GIS and overlaid to ground aerial.

Legend  
Tax Lots

# Summary of Proposed Agreement

2 projects

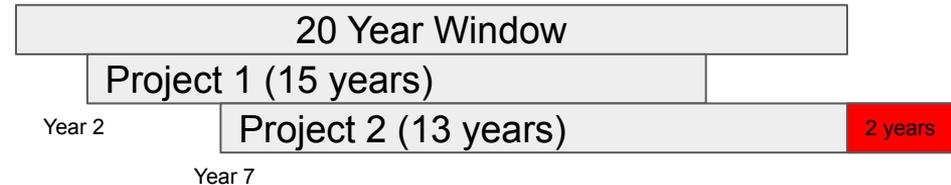
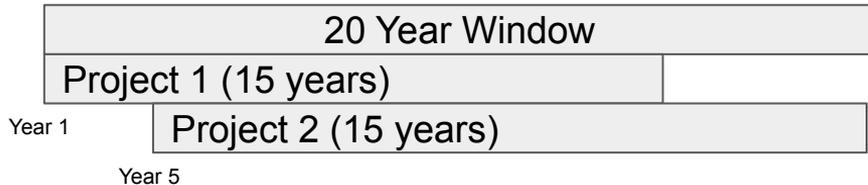
One data center and direct support facilities each

Also includes a warehouse

Each a maximum of 15 years once project completed

Not to exceed a 20 year window from beginning of agreement

Possible examples below:



# 3 Categories

## *Per Project*

### Category 1: Taxes

- Applicant expressed an anticipated investment of \$600 million
- Per SIP statutes, initial \$50 million of assessed value is taxed with a 3% increment annually

### Category 2: Community Service Fee

- Per formula (25% of tax savings capped at 2.5 million)

What do taxes on \$50 million look like year 1?

NOT FOR USE

Taxing District	Year 1
Total	\$909,010.00
Wasco Co UR	\$197,905
Port of TD UR	\$9,345
Park & Rec UR	\$31,630
Library UR	\$31,650
Fire District UR	\$97,755
Soil & Wtr District UR	\$11,640
4H & Ext UR	\$11,640
City of TD UR	\$140,345
Urban Renewal	\$60,240
School District 21 UR	\$243,835
CGCC UR	\$12,580
ESD UR	\$21,775
Bonds (CGCC, MCFR, Prk & Rec)	\$38,670

# Category 3: Local Negotiated Agreement

## Initial Payment

- Pay a one-time \$3M payable within 60 days of submission of the first data center building Construction-in-Process form for each Project.

## Guaranteed Annual Payment (GAP)

- Project 1 (50%) and Project 2 (60%)
- If the taxes and community service fee add up to less than 50% of full tax for the first project and 60% for the second project, the applicant will pay a GAP payment to City and County make up the difference
  - EXAMPLE (NOT REAL NUMBERS)
    - 50% of tax = 5 million
    - Taxes on \$50 million = \$1 million + \$2.5 million CSF = \$3.5 million
      - \$5m - \$3.5m= \$1.5 GAP payment
- Regardless, a total 3 million minimum payment will be made each year for each project.
- Project 1 (50%)
  - Taxes on 50 million **plus** CSF **plus** GAP = Approx. 54 million
- Project 2 (60%)
  - Taxes on 50 million **plus** CSF **plus** GAP = Approx. 65 million

# Review of Revenue Distribution

- Ultimately depending on final value of development, tax calculation based on 50 million will be distributed to all relevant taxing districts per project with 3% annual increase.
- CSF pending agreement amongst 75% of taxing district levy within 90 days of Business Oregon determination
- GAP Payment is made to City and County
  - City and County have been working on a process, to be released within the year, for potential allocation of other tax abatement funds

# Local

- Land
  - Receive transfer of a minimum of 35 acres at Parcel B, near NORCOR
  - At no cost
  - Pending Due Diligence information
  
- Right of First Refusal (ROFR)
  - 500K per project credit towards purchase price in consideration of demolition and other site preparation costs for reuse
  - In effect up to 10 years after end of final abatement

# Some Indirect Benefits

- There is no job creation requirement for this agreement but the applicant does expect new direct and indirect jobs will be created
  - They will be required to enter into a First Source Hiring Agreement
- This will also clean up a challenged site within our community
- Water and power revenue, potential Aquifer Storage and Recovery (ASR)

# Next Steps

City Council & Wasco County Commission Joint Public Hearing on February 17th at 2pm

City Council & Wasco County Commission Joint Public Input on February 22nd at 5:30pm

Wasco County Commission Public meeting to consider possible approval of agreement March 3rd

City Council meeting to consider possible approval of agreement on March 8th

# SIP Approval Process by Business Oregon

- Once the locally negotiated agreement is approved and the County officially request a determination, the firm will submit an application for Project Determination by the Business Oregon Commission.
- Application may be reviewed for up to 21 days before being conveyed to the Commission
- If the application is approved, the project can proceed per the terms reached

# Q/A and Comments

## PROPOSAL

### Sponsors will:

- Approve a SIP Agreement provided by (Oregon Revised Statutes: ORS - 285C.600-285.635) and (Oregon Administrative Rules: OAR 123-623) to include:
  - Up to 2 Projects, each with an Abatement Period of 15 years, and an overall term of no more than 20 years from the first year of the initial Abatement Period on Parcels A & B
    - A Project will include one data center and all associated direct support facilities
    - A warehouse supporting data center operations can be included in a Project
    - Statutory Requirements (per Project):
      - New ad valorem tax on Investment valuation up to SIP threshold levels
      - Community Service Fee of 25% of tax savings, up to \$2.5M annually
- Each Abatement Period will begin the following tax year after each Project is operational (Certificate of Occupancy Date) or, if earlier, after the expiration of the Construction in Process exemption, in accordance with ORS 307.123

### Design will:

- Commit to investing at least \$600M in new data center facilities in The Dalles, OR.
- Pay a Guaranteed Annual Payment (GAP) amount each year of the Abatement Period for each Project equal to:
  - For the first Project
    - The greater of (A) 50% of full tax that would otherwise be due without a SIP based on annual valuation minus the sum of (i) ad valorem taxes paid related to the SIP and (ii) the Community Service Fee paid for each year of abatement; or (B) \$3 million for each year of the abatement.
  - For the second Project
    - The greater of (A) 60% of full tax based on the annual valuation receiving abatement minus sum of (i) ad valorem taxes paid related to the SIP and (ii) the Community Service Fee paid for each year of abatement; or (B) \$3 million for each year of the abatement.
- Pay an Initial Payment as described below:
  - Pay a one-time \$3M Initial Payment, payable within 60 days of submission of the first data center building Construction-in-Process form for each Project.
- Deed at least 35 contiguous acres of Parcel B adjacent to NORCOR (estimated value of \$2.4M) at no cost to the Sponsors upon completion of all of the following: (i) local approval of the SIP agreement, (ii) approval of the SIP application by the Oregon Business Development Commission, and (iii) Design's receipt of a building permit.
  - Design will provide to Sponsors all standard due diligence materials pertaining to Parcel B prior to execution of the SIP Agreement.
  - Design acknowledges the Sponsors' request for additional acreage beyond 35 acres. Design will coordinate with Sponsors to establish a mutually agreeable property line that reasonably accommodates both Design's and the Sponsors' requirements.
- Agree to a First Right of Refusal for Sponsors on Parcel A and Parcel B during the SIP term and for 10 years after the final Abatement Period ends, should Design elect to sell said properties to an unrelated third party. If Sponsors exercise said First Right of Refusal, Design shall credit Sponsors \$500,000 for each Project built (a maximum of \$1 million) toward the final purchase price for demolition or repurposing costs.

Exhibit A - Property Overview  
**Exhibit A**



Source:  
 Aerial photograph obtained from the  
 Oregon Statewide Imagery Program.  
 Tax lots obtained from Wasco County  
 GIS and adjusted to ground survey.

Legend  
 Tax Lots

Figure  
**Exhibit A: Property Overview**  
 The Dalles, Oregon



## AGENDA STAFF REPORT

### AGENDA LOCATION: Action Item #11-A

**MEETING DATE:** February 22, 2021

**TO:** Honorable Mayor and City Council

**FROM:** Julie Krueger, City Manager

**ISSUE:** Amendment to Professional Services Agreement With Campbell Phillips, PC for Legal Services.

**BACKGROUND:** The City of The Dalles entered into an agreement with Campbell Phillips, PC about a year ago to provide legal services to the City of The Dalles. With several months of service, the monthly cost is far greater than what was budgeted, based on 50 hours per month an \$8,750 base fee. We have learned that 50 hours is not adequate for legal counsel for the City.

Attached is a proposed amendment to the agreement that would charge a monthly fee of \$15,750 (or \$189,000 per year) and provide 115 hours per month, more than double the hours we originally approved. This proposal will allow for stability within the budget and more realistically reflect the hours worked and is still less than what the City would pay for a staff attorney, support staff, benefits, and office needs.

This proposal will allow adequate hours so legal counsel can attend important meetings and spend the needed amount of time for all the other duties of legal counsel. It will take effect July 1, 2021.

**BUDGET IMPLICATIONS:** If approved, the Fiscal Year 2021/22 will reflect the amount of \$15,750 per month for legal services.

### **COUNCIL ALTERNATIVES:**

1. **Staff recommendation:** *Move to authorize an amendment to the City's legal services agreement with Campbell Phillips, PC to establish a set monthly retainer of \$15,750 and increase the monthly hours to 115.*

2. The City Council could choose a higher or lower number hours per month, changing the monthly dollar amount accordingly.
3. The City Council could choose to keep the agreement as it currently stands, but this makes it very difficult to manage the budget and to keep our attorney as involved as he needs to be with City business.



CAMPBELL PHILLIPS PC  
Attorneys at Law

November 17, 2020

Julie Krueger  
City Manager  
City of The Dalles  
313 Court Street  
The Dalles, OR 97058  
[jkrueger@ci.the-dalles.or.us](mailto:jkrueger@ci.the-dalles.or.us)

**Re:** Personal/Professional Services Agreement with Campbell Phillips PC  
Amendment Proposal

Dear Ms. Krueger:

Campbell Phillips PC (“CP”) is pleased to provide this proposed Amendment (“Proposal”) to that certain Personal/Professional Services Agreement (“PSA”) of January 28, 2020, by and between the City of The Dalles (“City”) and CP for legal services.

The PSA incorporates the Request for Proposals issued by the City in November 2019 for City Attorney Services. This Proposal aims to modify the PSA’s “Payment Terms” section with respect to *General Legal Counsel Services*.

Under the PSA’s existing payment term, CP provides legal services billed on an hourly basis. Accordingly, CP has represented the City for over nine months using a billing method deducting a portion of its municipal hourly rate for the first 50 hours per month (i.e., CP bills the City \$175/hour for the first 50 hours, then \$200/hour thereafter).

While this remains an appropriate practice for many clients and matters, CP now has a much more complete understanding of the City’s legal needs and recognizes the City desires a reliable, flat fee (“Proposed Retainer”) for providing the City with General Legal Counsel Services. CP agrees shifting from an hourly billing system to a monthly retainer would result in a marked improvement in the City’s ability to utilize more proactive and comprehensive legal services, including reinforcing:

- the City’s access to CP attorneys, municipal paralegals, and support staff;
- the City’s ability to accurately and consistently budget for these critical personal services; and
- the City’s confidence in nearly every facet of the City’s overall work-product output.



The following table (“Table”) demonstrates how we arrived at the Proposed Retainer amount. Notably, it distinguishes CP’s costs associated with City Prosecutor Services and General Legal Counsel Services and accounts for CP’s billable hours (attorney time, only) to the City from February 2020 to present:

Month	City Prosecutor Services		General Legal Counsel Services	
	Hours	Cost*	Hours	Cost*
February**	0	0.00	68.1	12,370.00
March**	9.1	1,698.47	84.5	15,771.53
April**	2.2	404.79	75.9	13,965.21
May	0	0.00	94.2	17,590.00
June	5.3	971.31	69.4	12,718.69
July***	14	2,450.00	26.8	4,690.00
August	9.5	1,738.44	64	11,711.56
September	8.5	1,537.50	72.1	13,170.00
October	20	3,500.00	80.7	14,890.00
<b>Total</b>	<b>68.6</b>	<b>\$12,300.51</b>	<b>635.7</b>	<b>\$116,876.99</b>
<b>Average</b>	<b>7.6</b>	<b>\$1,366.72</b>	<b>70.6</b>	<b>\$12,986.33</b>
<b>Total (w/o July)</b>	<b>54.6</b>	<b>\$9,850.51</b>	<b>608.9</b>	<b>\$112,186.99</b>
<b>Average (w/o July)</b>	<b>6.8</b>	<b>\$1,231.31</b>	<b><u>76.1</u></b>	<b><u>\$14,023.37</u></b>

For purposes of this Proposal, the Cost columns represent the pro rata distribution of cost based on a general deduction of \$25 per Hour for the first 50 Hours per Month. Campbell Phillips PC associated with Walsh Law LLC to provide City Prosecutor Services beginning in September. Accordingly, beginning in September, this general deduction applied to the first 50 hours billed for General Legal Counsel Services per Month.

\*

For the first three months (February, March, and April 2020) of representation, Campbell Phillips PC provided Attorney Services for a fixed monthly retainer of \$8,750 per month. This Proposal attempts to accurately account and budget the City's anticipated legal needs. For consistency in the calculation of the Proposed Retainer, the Cost column for these first three months indicates the amount Campbell Phillips PC would have billed, based on the actual number of billable hours worked, but for the fixed monthly retainer agreement.

\*\*

July 2020 is statistically and genuinely anomalous and does not accurately reflect the City's typical or expected legal needs. Because of its aberrance, July 2020 is only nominally included in this accounting and not considered in calculating the Proposed Retainer.

\*\*\*



On average, the Table shows CP provides the City with \$14,027.37/month (“Average Cost”), equating to a mean of 76.1 billable attorney hours (“Average Hours”), in *General Legal Counsel Services* under the PSA. At the same time, we feel monthly billable attorney hours is often an artificially depressed amount. We recognize, with the ability for the City to more fluidly access General Counsel on an ongoing basis, the City will receive better legal services. For example, having Counsel more freely accessible to attend meetings and be involved in legal matters from the outset will allow for a more proactive and preventative approach to legal issues and, ultimately, better legal services. This shift would not replace the City Manager’s role as the governor of legal workflow but it enables deeper legal support and issue spotting with department heads.

### **Proposed Retainer and Monthly Hour Cap**

- The Proposed Retainer is **\$15,750.00/month** (about a 12% increase in Average Cost).
- The Monthly Hour Cap is **115 hours** (over a 50% increase in Average Hours).

We strongly feel we can best serve the City in the role of “problem preventers” as opposed to “problem solvers”. However, to best achieve these results, the City needs routine and reliable access to Counsel without a constant cost-benefit analysis on use of attorney time. We agree a monthly retainer would give the City that freedom along with the ability to more confidently budget.

Sincerely,

**CAMPBELL PHILLIPS PC**

Kiffanie A. Phillips

Via Email