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City Council Work Session  
June 10, 2024  
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CITY COUNCIL & WASCO COUNTY BOARD OF COMMISSIONERS  
JOINT WORK SESSION

WASCO COUNTY BUILDING, 401 EAST 3<sup>RD</sup> STREET

JUNE 5, 2024  
1:30 p.m.  
VIA ZOOM/ IN PERSON

**PRESIDING:** Chair Steve Kramer

**COUNTY COMMISSIONERS:** Scott Hege, Steve Kramer, Phil Brady

**CITY COUNCIL:** Darcy Long, Tim McGlothlin, Rod Runyon, Scott Randall, Dan Richardson, Mayor Richard Mays

**STAFF PRESENT:** County Administrative Officer Tyler Stone, County Assessor Jill Amery, City Manager Matthew Klebes, City Attorney Jonathan Kara, City Clerk Amie Ell, Public Works Director Dave Anderson, Police Chief Tom Worthy, Finance Director Angie Wilson, Community Development Director Joshua Chandler, Economic Development Officer Dan Spatz

**CALL TO ORDER**

The meeting was called to order by Chair Kramer at 1:30 p.m.

**DISCUSSION ITEMS**

**Strategic Investment Program (SIP) Funds Policy Discussion**

Commissioner Kramer said the joint work session was for City Council and County Commissioners only. They would not be taking public comment during the meeting, but would accept questions or comments via email or in writing. A later meeting would have a portion open to public comment on the topic. The objective of the meeting was to allow for discussion for the potential use of SIP (Strategic Investment Program) funds. The focus would be on City and County policy level guidance not on the specific projects or initiatives.

City Manager Matthew Klebes presented the staff report provided in the agenda packet.

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Commissioner Kramer opened the discussion for councilor and commissioner comments or questions.

Mayor Mays noted the meeting was the first of multiple on the topic. Public input was encouraged. He cautioned the joint committee to remember the amount of the revenue coming in was yet unknown.

Wasco County Assessor Jill Amery confirmed the amount was yet unknown.

Councilor Runyon said there would be other entities from the other taxing districts also impacted and would like to hear from them at a future meeting to learn what they would like to see happen.

Commissioner Hege asked if the two separate centers were located on the same tax lot.

Amery confirmed it did not matter they were on the same tax lot; the data centers would still be tracked separately per the County's request. In the past, the first two agreements had been co-mingled. A lot of work had been done with Google to separate before the first one came off the tax roll. The newer datacenters had to be separate; valuation, calculations and revenue streams required they be tracked separately. The State and the County Assessor's office were responsible for tracking.

Commissioner Hege asked if it was likely the community service fees would be at or near the \$2.5 million cap.

Amery stated models had been created for several different scenarios. In the scenarios both occurred. It varied dependent on estimated valuations and depreciation.

Commissioner Hege asked if a model with a valuation of \$600 million would reach the cap of \$2.5.

Amery said it did not reach the cap often at that valuation in the models. The hypothetical estimate in the models reached the cap about 1/3 of the time.

Commissioner Hege asked what the difference was between the split tax code areas for each of the datacenters.

Amery said the second building had not yet been placed and she had not yet seen plans to be able to make that determination.

Commissioner Hege asked for future meetings be a time in the evening when it would be easier

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for the public to attend.

Mayor Mays asked for an update from staff on the status of the two data centers.

Community Development Direct Joshua Chandler said the first data center was under construction the second had an approved permit to be issued after the SDC payment was made. Mayor Mays noted the first negotiations with Google had started in 2005 and that one was currently generating around \$5 million a year in taxes to the community. The taxing bodies not only benefited from that tax, but also a percentage of the community service fees and the portion of taxes that would be paid in the future on the newest agreements.

City Manager Matthew Klebes noted a distinction between a tax dollar and a fee dollar for understanding what would be going to the school district. Because of state-wide school funding formulas, increases in tax money did not necessarily all stay with in local school district. However, community service fees collected would all stay local.

Commissioner Hege asked how confident they were that the taxable portion would be in the \$50 million or \$100 million range based on the valuation.

Klebes said a valuation of \$600 million was what had been used in prior scenarios. He noted there were three existing categories.

Wasco County Assessor Jill Amery said that was the best estimate and the valuation Google was using in a couple of recent articles.

Commissioner Hege said there had been a lot of inflation recently, but their number had not changed.

Councilor Richardson asked for a description of the timeline for Business Oregon to make the determination of the first data center's valuation.

Amery said it would be dependent on when the project was complete and when they received a certificate of occupancy. Once that occurs it was shown in past examples centers were not always totally built out with their equipment at that point. The County would be learning and working through the valuation process with Google, Business Oregon and the State.

Councilor Richardson asked if the community service fee cap of \$2.5 million was per data center.

Amery confirmed it was.

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Councilor Richardson said the term “greater good” being used in discussion should be defined with guardrails and scenario examples. He said it would be useful to have numbers and scenarios for the endowment fund concept in addition to revenue bond options, samples, and scenarios. He said for example, the City had had discussions that included ideas for uses for the funding being used for infrastructure. He asked if the County had had any similar discussions.

Tyler Stone Wasco County Administrative Officer said they had been waiting for a conversation with the City before making any decisions. He said it was one thing to create a list of things the money could be spent on and it was another thing to choose to create an endowment for the community. The outcomes of the joint work session discussion would be the driving factor to start making decisions. He felt if an endowment was created, they would have to be all in on it. It had the possibility to give back \$1 million a year for the community forever. He wanted a higher level of consensus as to what should be done as a community. He said he was not ready to throw out a capital improvement plan. Even though there were capital needs, the conversation was at a higher level for the community than what those needs were.

Mayor Mays said the City was in a similar position with capital needs. He encouraged all of the taxing bodies, because of uncertainties that lie ahead, to look at putting any additional revenues into capital needs as opposed to putting it into operational expenses.

Stone said the first enterprise zone had come off the abatement and those were beings seen in general funds currently. After the next one came off abatement, there would be another bump. Then at the end of 15 years there would be another when the first of these two newest datacenters came off abatement. He noted this did not take into consideration other revenue sources coming out of the Google projects for example SDCs and franchise fees. He said when he looked at all of the points along the 15-year abatement timeline, he felt there was space to look at something like an endowment because there would be other money coming in to do projects as well. He said to consider weighing the opportunity costs for now versus in the future. For example, looking at using the funds to reduce tax rates which might reduce the tax by about \$100 per year for the average tax payer versus creating an endowment that would generate \$1 million a year forever for the community.

Commissioner Hege stated the two newest projects coming online would potentially be more significant bumps than the first two.

Amery said the tax revenue being seen now was from the first agreement that had expired, in 1 to 2 years the next would become taxable, then the next in 8 years and the final in 10 years.

County Commissioner Phil Brady said establishing an endowment would give a sense of stability that could keep tax rates stable as it would be protection when something unexpected came up.

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He said setting aside a common pool of money would allow for collaboration for the City and County to work on projects together.

Councilor Randall said there were many in the community that would like to see immediate benefits from the revenues but there a great case for the long-term financial stability of an endowment had been made.

Councilor McGlothlin said it was a great responsibility to take the investments and spend wisely. He said the endowment philosophy seemed reasonable. The reduction of tax to citizens should also be included in discussions as the savings of even \$100 mattered greatly to some tax payers. He said rational saving of funds should be done for future emergencies.

Amery said calculations had been done looking at how paying off of current bonds would impact tax payers. They did this by calculating the savings if all current levies were removed. This included levies for Mid-Columbia Fire and Rescue, Columbia Gorge Community College and North Wasco County Parks and Recreation Department. That savings was \$10.86 per month for the average tax payer.

Councilor McGlothlin said the tax payer should still be included in the discussion and he would continue to bring it up in discussions.

Commissioner Hege said he would be interested in looking at ideas for taking a portion of the money to reduce tax rates.

Amery said the rate that had been used in the levy payoff calculations was \$0.60.

Councilor McGlothlin said there might be additional benefits to removing bonds from some of the entities. For example, when the County had taken over the bond payment for the Discovery Center, it had resulted in improvements at the Discovery Center.

Councilor Long said she liked the idea of the endowment. There were things that should be considered as needs versus wants. She said a new high school would create an additional tax burden if they did not use some of the funds. One of her concerns about the endowment was how the needs within the City versus outside it would be fairly balanced. Another concern was due to inflation projects were dramatically increasing in expense. The value of the current dollar and opportunity costs needed to be considered.

Stone said calculations had been done to determine tax payer savings if some of the money were to be used in placed of a school bond. He said for every \$10 million invested it would save tax payers about \$4.00.

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Councilor Long said as a financial advisor she understood money was emotional for people and they would make decisions based on that. They would not vote to increase their taxes for a new school knowing there was a pot of money available that could be used.

Commissioner Brady said his thought was to have a regional approach to assess what would benefit livability and economic vitality within the City. He requested additions and changes to the presented example of policy guidance given in the staff report. He wanted “schools” changed to “education” as that would include other things such as childcare and he also wanted “health facilities” added in the open space next to housing. In addition, he wanted a consideration to not limit to the noted “last dollar, not first dollar” in the staff report. He said the opposite side of that was to be able to use it as first dollar or seed money that was often difficult for entities to obtain and could be multiplied with other grants.

Councilor Runyon said a portion may go into an endowment, but asked for the consideration of two separate endowments, one within the County and one within the City, as well as a review of the pros and cons. He said Sherman County had a used SIP funds for individual communities. Each community thinks for themselves had specific needs.

Stone said the way it was being looked involved a process to create a list similar MCEDD’s economic development list to be used in determining and vetting projects needed within communities. A City and County committee, under a binding agreement, would review, discuss, and come to a consensus on which projects would be funded. This opened it up for small entities to come to the table to utilize the endowment for projects.

Commissioner Brady said there were things in the county such as solar installations planned for the future and what was being created now could become a model for those projects. He said there were parts of the county that were not considered entities. The main point was a common fund for the City and County to collaboratively work together.

Mayor Mays said he had looked closely as the idea of lowering taxes since he had become mayor. He noted there were 11 different taxing bodies and the decision to raise or lower depends on them all. The City and the County combined make up about 49% of the tax rate, the other 59% was from the remaining bodies.

Councilor Richardson argued against looking at things that would further increase revenue as was mentioned in the staff report. He said things such as a new school that would keep taxes from raising should be considered.

Commissioner Kramer said he was in favor of the endowment concept. He encouraged the

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district's citizens to send emails and written comment on the topic.

Mayor Mays said he was intrigued with the idea of an endowment if it would generate enough funds as well as the idea of a revenue bond. He asked if it was too early to determine if a revenue bond could be sold with the uncertainty of the revenue stream.

Stone said a revenue bond would have to be looked into further by staff.

Klebes asked if there were any other criteria or concepts that should be looked into, removed, or if there was anything missing that they would like staff to work on to prepare for the next work session.

Commissioner Brady said he objected to "last dollar, first dollar" and wanted seed money included.

Commissioner Hege asked staff if it was clear what they were asking them to bring forward to the next meeting.

Stone said the next work session would include a section for public comments, a discussion of the community input received, as well as additional requested information about the endowment concept.

Klebes confirmed more detail would be prepared for the items the group had expressed interest in as well as a snapshot of the ideas that would be heard from the community and other taxing districts.

Councilor Long said she would like to see the public comment sent in ahead of time. She said some people might give specific project ideas but they could be extrapolated to fit into a bigger picture.

Commissioner Kramer confirmed all public comment would be accepted.

A discussion of how to best collect public comments lead to a decision to have staff create a survey eliciting input on how the public believed funds should be spent. The survey was to be compiled and shared with the Council and Commission before the next joint work session.

The next joint work session was scheduled for Tuesday, July 23, 2024 at 5:30 pm to be held in the Wasco County Building at 401 E 3<sup>rd</sup> Street.


## ADJOURNMENT

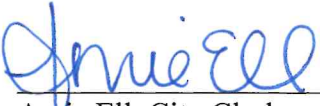
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Being no further business, the meeting adjourned at 2:54 pm

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Submitted by/ Amie Ell, City Clerk

SIGNED:   
Richard A. Mays, Mayor

ATTEST:   
Amie Ell, City Clerk