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**PORT OF MORROW**

## Looking the other way: Part 2

By ALEX BAUMHARDT, COLE SINANIAN AND JAEAL CALLOWAY  
*Oregon Capital Chronicle*

*Editor's note: This is part two of a series that follows the article "Don't Drink the Water," which ran in the May 10 East Oregonian. The conclusion runs in a subsequent edition in the EO this week.*

**A new deal**

By 2017, the Port of Morrow had been operating on its expired permit for 11 years.

Duane Smith and other Oregon Department of Environmental Quality authorities finally acted to renew it, triggering another review of port records that detected still more pollution.

Smith was a DEQ water quality specialist assigned to Eastern Oregon when he discovered the Port of Morrow violated its permit 42 times from 2007 through 2009, resulting in thousands of pounds of excess nitrogen being spread over fields on three farms. Agency officials didn't impose penalties as allowed under the law, but instead negotiated a "mutual order and agreement" with the port.

According to Oregon law, "If DEQ determines that a permittee is in non-compliance with the terms of its permit, submitted false information in the application or other required documentation, or is in violation of any applicable law, the director may revoke the permit."

But no DEQ director has ever revoked, suspended or chosen not to renew a water permit, according to Harry Esteve, communications manager at the department.

And the records show that DEQ leaders never ordered the port to stop or suspend operations to cease the flow of excessive nitrogen onto surrounding lands.

Instead, they settled for one more mutual order and agreement from the port in 2017 that let the Boardman operation off the hook for any fines and kept its factories churning out contaminated water.

Under the new deal signed in the fall of 2017, DEQ expected the port to build a new storage pond and limit where it would spread its wastewater in winter. It also stipulated that the water could only be applied to crops that could pull nitrogen from deep in the soil so it wouldn't get into the groundwater.

"So if you grew a crop, and it didn't remove the nitrogen loads, like garlic or some of those shallow-rooted crops, that wasn't eligible," Smith said.

The effect of that crop selection would reduce the possibility of nitrate leaching into the groundwater.

DEQ officials hoped these restrictions would compel the port to invest in water storage and treatment that would remove nitrogen before the wastewater left port operations, DEQ records show.

The port agreed to invest in anaerobic digesters — equipment costing tens of millions of dollars that could store water and remove some nitrogen before it was piped out of the Boardman complex.

The new 17-page agreement also stiffened possible penalties, boosting the daily fine per violation from \$250 to \$1,200.

Neal signed off for the port and Sarah Wheeler, acting manager of DEQ's Office of Compliance and Enforcement, signed for the agency.

Smith said port officials resisted the state regulators, arguing that the excess nitrogen wasn't reaching the groundwater, and that DEQ analysts were too conservative in calculating how much nitrogen the crops could absorb.

"They hired different consultants to refute our information. Battles would go back and forth," he said.

The agency had been requiring that the port and its consultants test wells downstream from fields where the wastewater was applied.

Smith said such testing showed "elevated nitrate levels that have gotten worse since they started applying."

**The backdrop of a critical groundwater area**

Through it all, records reveal, there seemed little sense of urgency among DEQ officials to stop the port's pollution.

In 1989, the Legislature mandated DEQ to team up with state and local agencies to better protect groundwater across the state.

Studies in the early 1990s found that water in one-fourth of the 200-plus wells tested by DEQ in the Lower Umatilla Groundwater Basin contained enough nitrate to violate federal safe drinking water standards and trigger state action. That research traced most of the contamination to

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# MARIGOLD'S MAKEOVER



## Pendleton's Marigold gets \$500K grant for remodel

By JOHN TILLMAN  
*East Oregonian*

**P**ENDLETON — The troubled Marigold Hotel in downtown Pendleton is getting big help from urban renewal funds.

The Pendleton Development Commission during its public meeting Friday, May 20, approved a \$500,000 grant to remake The Marigold Hotel, 105 S.E. Court Ave., into the new Pendleton Hotel.

The successful applicant, True Holdings LLC, of Clackamas, plans to redevelop the premises into extended stay lodgings. The project cost to True Holdings is approximately \$3.7 million to \$4 million, with purchase price of \$1.5 million, remodeling expense of \$2.2 million and the costs of furnishings, according to a report to the commission from Charles Denight, Pendleton urban renewal associate director.

Denight recommended the commissioners approve the rejuvenation grant. Given the history of police calls to The Marigold, he said, "We should all be rejoicing (over True Holdings' application)."

Resident Neal Berlin and City Councilor Carole Innes both expressed concern during the meeting about security for the underground parking garage, a scene of criminal activity. Sydney True, owner of True Holdings, promised to secure access to the garage for vehicles and foot traffic.

As with all PDC grants, the project owner receives reimbursement in three payments, when each third of the project cost is reached. That could take until the third quarter of 2023, according to Denight's report.

Denight also reported the development commission does not have sufficient remaining funding for this grant, given its commitment to 15 ongoing building projects, plus several street reconstructions for summer and fall of 2022. However, Banner Bank is working to amend PDC's existing line of credit for \$10 million, with a proposal to add \$500,000 to allow this grant, bring-



Pendleton Development Commission/Contributed Images

**Top and above: Portland-based architecture and design studio West by West reimagines The Marigold Hotel in downtown Pendleton in this concept for the new Pendleton Hotel, which could start serving guests in 2023.**

ing the line of credit to \$10.5 million. According to Denight, True wanted to buy The Marigold Hotel, rebrand it with a new name and look and sell lodging to a market interested in extended stays. Longer term occupancy has been a successful business model in the otherwise depressed lodging industry during the pandemic, according to an article from Hotel Management magazine attached to the staff report.

The commission also received conceptual designs for the remodel of the former hotel. Final designs are to be submitted as part of the grant application process, with other components required for the PDC's grants. These are a scope of work description, a business plan, a budget with two bids or estimates from two contractors, proof of insurance on the building and a signed contract for the grant funding.

The hotel plans call for a modern property in design and function, a restaurant and even a small corner market for hotel guests and city residents.

According to Denight's report, True intends to operate The Marigold through the 2022 visitor season while beginning some work on the facade, including signage with the new name. Then in the fall through the winter, his contractor can make room renovations. In the spring, the rooms may receive new furnishings to make them ready for the 2023 visitor season.

"Given the cost of purchasing the property and restoring and furnishing

it, he does not feel he could complete the project without the urban renewal grant," Denight reported to the commission.

Due to the timing of his arrangement with the current owner, True sought a commitment on the grant by May 23. He has an option contract, but must make an offer for a purchase agreement by that deadline.

True has developed other properties, including Klamath Cascade, the Canyonville Inn and other projects, according to Denight's report. The redeveloped Klamath Cascade Apartments, previously a historic Klamath Falls hotel, has become a desirable place to live, with 48 low-income housing units. Another development was a 100-unit blighted apartment complex in Klamath Falls with a 22% vacancy rate. True redeveloped the apartments, adding new amenities and filling the units.

Denight also reported True has retained a manager for the new hotel, a woman with a masters degree in hospitality and 27 years of hospitality experience. She is to live on-site with her husband. They intend to move to Pendleton as soon as True takes possession.

**Commission approves demolition grant**

The PDC also approved an application for a demolition grant for the building at the future site of the Farm II project, along Southwest 18th Street near Fallen Field.

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**BLUE MOUNTAIN COMMUNITY COLLEGE**

## Administration, faculty fail to reach agreement

By JOHN TILLMAN  
*East Oregonian*

**P**ENDLETON — Budget negotiations at Blue Mountain Community College broke down Thursday, May 20, between the faculty association and administration, and each side is blaming the other.

BMCC President Mark Browning is proposing a budget that cuts a number of faculty positions and programs, while the faculty association contends there are other ways to meet the bottom line.

"We came very close to reaching an agreement, but the college was unwilling to budget

on a minimum of two layoffs," Pete Hernberg, Blue Mountain Faculty Association president, said in a statement. "When we asked the college to consider giving up some of its budget increases to preserve educational offerings, they refused to consider or discuss the matter."

Browning said it was the faculty union that walked away from the negotiating table.

"I was quite surprised and disappointed," he said. "We were close. Very close. And while what was being considered did not pencil out as robustly as the union claimed,

I was willing to keep going in the spirit of getting something done. Then it took a wild turn, (as) they physically pushed back from the table and said they were done."



**Browning**

Hernberg stated the association offered a proposal to meet the budget without laying off members, but the administration insisted on at least two layoffs. An administration team met the morning of May 21 to go through everything and look at it yet again, Browning reported, and decided to take a couple of the faculty union ideas to see what

it could do with them. The team plans to present its proposal to the full budget committee at its meeting May 25 at 5 p.m., a week before the college's board of education meets.

Before the meeting, Browning said the administration was open to counteroffers from the faculty association in ongoing negotiations over cutting staff positions.

"I've been on record for some time as open to looking at alternatives," he said. (The administration) has been meeting with the faculty association and working on possible changes. We'll consider any proposal other than "just don't do it." We have

to fill that (budget) gap."

Hernberg said the faculty association met repeatedly with the administration and made a proposal that would have preserved the college's educational offerings while providing significant savings to the budget.

**Getting into the numbers**

The association's proposal included a faculty salary freeze for the coming year, despite inflation running over 8%, according to Hernberg's statement. It also offered giving up paid faculty profes-

*See BMCC, Page A9*

