



STAFF PHOTO BY E.J. HARRIS

Walmart CEO Doug McMillon has been pushing the company to grow their online market share

Walmart, Amazon and Eastern Oregon

By PHIL WRIGHT and GEORGE PAVLEN STAFF WRITERS

Two of the biggest names in retail are investing serious money in Umatilla and Morrow counties as they wage a multi-billion dollar battle for the hearts and wallets of consumers across the globe.

Walmart, which has stores in Pendleton and Hermiston as well as a massive distribution center just south of Hermiston, disperses an annual payroll of \$63 million in Umatilla County. Amazon, meanwhile, has grown into the world's largest online retailer, and has spent more than \$2 billion building new data centers in Morrow County alone.

Both corporate giants have established a major presence in the area, and neither appear to be letting up as they duel for shopping supremacy. That has added local jobs and grown the local tax base.

Brick and mortar

Tom Heidegger, who is based in Pasco, is the market manager for 12 Walmart stores in Eastern Oregon, eastern Washington and parts of Idaho. He was at the

recent reopening of the Pendleton store following weeks of major upgrades and told the crowd of associates — Walmart's term for employees — a hard truth: Walmart did not always have a good connection to the community and customers of Pendleton.

The Hermiston store employs around 400, and the distribution center has about 930 employees. Employees also have access to insurance, Heidegger said, and "the vast majority" have 401K plans.

The associates are part of the community, he said, and the distribution center and two stores in Umatilla County have a collective annual payroll of \$63 million.

Walmart this year paid \$21,933 in local property taxes for the Pendleton store and \$32,520 for the Hermiston store. The company paid \$35,575 in property taxes in 2002 for the Distribution Center in Hermiston.

The tab this year came to \$186,042.

Pendleton store manager Shawna Nulf said she has grown to see the Pendleton crew as an extended family. She oversees 230 employees at the Pendleton Walmart, 70

percent of whom work full time. Heidegger said most retailers employ 30 percent of their workers full-time and 70 percent part-time, but Walmart flips that statistic.

Heidegger said building new stores is not likely for the region, but the company remodels locations every five to seven years.

Clicks and bytes

E-commerce, meanwhile, has long been the name of the game at Amazon, which has grown into the largest online retailer in the world based on revenue and second-largest in total sales.

Every order placed at Amazon.com is stored in one of the company's large, nondescript computer server warehouses known as data centers. The concrete structures are the physical manifestation of what techies refer to as "The Cloud," storing everything from Tweets to downloads to Internet purchase information.

Data centers require an abundance of water and cheap electricity, which is what drew the industry to the ports of Umatilla and Morrow along the Columbia River. The first data center in Morrow County came

online in 2011 and construction hasn't slowed since.

Though each facility only hires around 20-30 full-time employees, they are well-paying jobs. Experienced technicians earn between \$30-35 per hour.

Mike Gorman, assessor and tax collector for Morrow County, said Amazon has two main sites at the Port of Morrow's East Beach Industrial Park near Boardman. The six completed data centers have a total market value of \$1.63 billion, of which \$1.48 billion is exempt from taxation through agreements with the Columbia River Enterprise Zone, which provide three to five years of tax exemption as an incentive for companies to build in the region.

The company also purchased a third site east of Lewis and Clark Drive for \$2.9 million earlier this year.

In Umatilla County, assessor Paul Chalmers said Amazon has four completed data center buildings at the McNary Industrial Park east of Umatilla, and a fifth is now under construction. Amazon also plans to build four new data centers at a site west of Hermiston, at Westland and Cottonwood Bend roads.

IN BRIEF

Columbia Bank spreads holiday warmth

The annual Warm Hearts Winter Drive is now underway through Columbia Bank. In addition to money, people can donate winter clothing. Donations will be distributed through local shelters or advocacy groups for the homeless.

Coats, gloves, scarves, hats, long underwear, socks, throw blankets and more can make a difference for people living in the elements during the cold winter months. Donations can be dropped off through the end of December at any branch of Columbia Bank, including 1033 S. Highway 395, Hermiston. To make financial donations online, visit www.columbiabank.com/warmhearts.

After launching the project in 2015, Columbia Bank received regional and national honors for its efforts. During the 2016 holiday season, nearly \$210,000 was collected, as well as 8,140 cold weather items. For questions, contact Olivia Gust at ogust@allisonpr.com or 503-290-7304.

First Thursday gets festive

The December Hermiston Downtown District First Thursday event coincides with the city of Hermiston's tree lighting celebration.

People are encouraged to browse participating merchants from 4:30-7 p.m. In addition to discounts, there will be refreshments and a bonus drawing.

The tree lighting ceremony starts at 6 p.m. at the city's festival street, located on Northeast Second Street between Gladys Avenue and Main

Street. The celebration will include food vendors, caroling and a visit from Santa Claus.

For more information, call the city at 541-667-5018 or search Facebook for "Hermiston Downtown District."

Industry incentives at interstate intersection

Companies thinking about locating or expanding in the Westland Road area will have more incentive to do so after the Hermiston city council voted to add the area to the city's enterprise zone.

The addition — about .86 square miles along the intersection of Interstate 84 and Interstate 82 — increases the amount of industrial land in and around Hermiston where companies can apply for a three to five year exemption on property taxes on capital improvements that directly create jobs. The exemption would only apply to any new construction, not what a company already has there.

Because the land is outside Hermiston city limits and companies would pay their property tax to Umatilla County, the county commission must also sign off on the expansion.

Mark Morgan, assistant city manager, said Hermiston's enterprise zone has been directly responsible for about \$85 million in new investments in the area and 362 new jobs, mostly through Pioneer Seed and Shearer's Foods.

About \$63 million of that construction has since come onto the tax rolls.

The new area covers property where Amazon is building new data centers, but Morgan said the "large company" building in the zone had decided to apply for state incentives instead.

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