

BUSINESS

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a lien on the properties. If 60% of the property owners opposed, they could block formation of the district.

In an urban renewal district the city would freeze the tax rate in a certain zone, then skim off any extra revenue generated by increases in property value and funnel it into the road project. In a hypothetical example, a property might be worth \$50,000 and pay \$5,000 (10%) a year in property taxes. If a restaurant were built on the property and its value increased to \$200,000, taxing districts such as the city and fire district would continue to receive \$5,000 per year while the additional \$15,000 would be diverted to the urban renewal district.

The money would take longer to accumulate than a local improvement district, and would depend on property values increasing. But property owners and developers looking at the property wouldn't be charged extra for the improvements.

"The assumption is that if we form the (urban renewal) district and development occurs, we will say 'You still have to pay property taxes, but those taxes are going directly to these improvements that you would otherwise have to pay for,'" Morgan said.

While councilors were interested in the idea of new roads to boost the attractiveness of commercial land, they said they would need more information — including the cost of the project — before making any decisions.

"Right now I could go either way," Kirwan said.

Industrial access

During its regular session, the city council set in motion a different local improvement district, located in the South Hermiston Industrial

Park near Ranch & Home.

If the project is finalized, it would be Hermiston's first LID since 2004.

The district would require neighboring properties along Campbell and Penney drives to pay to pave the remainder of Campbell Drive, install water and sewer mains in the area and create what would essentially be a new road — called Southeast 10th Street — connecting East Penney Avenue to Highway 395 across from Bellingers and creating access to a piece of industrial land owned by the Port of Umatilla.

"It's important to note that the right of way for Southeast 10th exists, legally and on paper, but if you were to go out there, there's nothing — not even a goat trail," Morgan said.

He said at least 50% of the project could be paid for by a federal Economic Development Administration grant that the city is eligible for based on large layoffs at Hermiston Foods and Union Pacific in recent years. The city would be willing to put in 8% of the matching funds needed for the grant and Umatilla County would be willing to pay 2%, leaving the project's neighbors to pay for about 40% of the project instead of what would normally be 100%.

The council voted Monday night to complete a feasibility study for the LID, assessing how much money would need to be raised and how much each property would pay. That study will be presented during the council's July 8 meeting, after which the council can decide to abandon the idea or hold the necessary public hearings to pursue an LID. If 12 of the 20 neighboring property owners oppose the LID it won't happen.

"It's exciting when you can get a 60% match on your dollar," mayor David Drotzmann said. "That makes it much more palatable."



Capitol Press file photo

Republican senators were still missing from the Capitol Tuesday, throwing into question whether any more bills will pass the legislature during the current session.

RENOVATION

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Smith said.

There had been some rumors floating around that a walkout by Senate Republicans might damage their districts' prospects of getting projects like the jail funded, but Hansell's district ended up with several projects in the capital construction bills even though he was still out of state as of Tuesday afternoon.

Hansell left Thursday, when all 11 GOP senators left to avoid a vote on House Bill 2020, which would implement a cap and trade program meant to fight climate change by taxing carbon emissions.

Pendleton had cause for celebration after the capital construction committee included roughly \$5 million to Blue Mountain Community College for an indoor riding arena project that will benefit the college and Pendleton Round-Up.

Another \$1 million was earmarked for a surface water-pumping project in Umatilla County benefiting agriculture.

Smith said in the past he was often focused on funding for "roads and pipes" but this session he was focused on projects that would help children and families more directly.

If the capital construction bills pass, Umatilla Morrow Head Start will get \$1 million to expand access

to early childhood education for working families in Hermiston and Morrow County. The Port of Morrow will also get \$1.4 million to expand its early learning center.

Eastern Oregon University will see a windfall of \$3 million to replace the grand staircase in Inlow hall and \$14 million for a residence hall.

Smith, who sits on the capital construction committee of the Joint Committee of Ways and Means, has drawn scrutiny during the session for how his influence as a legislator interacts with his private job as an economic development consultant. One of his contracts include running the Small Business Development Center at EOU.

As House Bill 5050 and 5005 passed out of committee Tuesday afternoon, there was still a question of whether it would get a vote on the Senate floor as Senate Republicans remained out of state.

Reached at an undisclosed location outside of Oregon, Hansell said on Thursday that Republicans were prepared to stay away until the constitutionally-mandated end of the session June 30. On Tuesday morning, however, Senate President Peter Courtney said there were no longer the votes on the Democratic side to pass the cap and trade bill, prompting talk of the missing senators returning.

On Tuesday morning Hansell said Courtney's pronouncement boded

well for Republicans returning to the Capitol before the end of the week to wrap up budget bills and other important legislation that got stalled by the walkout.

"We're moving in the direction of returning," he said.

Hansell said even though he and other caucus members were in different locations they were in contact by phone as caucus leaders discussed negotiating with Democrats for a return.

Senate Republican Leader Herman Baertschiger, Jr., R-Grants Pass, released a statement Tuesday afternoon saying Courtney's assertion that House Bill 2020 would not pass was "good news, however we are still trying to sort out the process."

"The bill itself has been second read and a vote will have to take place," he said. "Republicans must be assured that the vote or motion will guarantee the bills complete end. We need to have further conversations so that the Republicans feel comfortable with the process."

Smith said he hoped to see Senate Republicans return to pass the capital construction bills and other important legislation, particularly budget bills.

"I'm excited to have my colleagues back in the building," he said. "They did a good job standing up on an important issue, but we have constitutional obligations."



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