



AGENDA REQUEST & STAFF REPORT

MEETING DATE: October 18, 2021

SUBJECT: Enterprise Zone – Extended Abatement Agreement – Pacific Coast Building Supply

RECOMMENDED MOTION:

Approve the Agreement for Oregon Enterprise Zone Extended Abatement for Pacific Coast Supply

BACKGROUND AND POLICY IMPLICATIONS:

All employment lands in the City of Redmond are part of a State-enabled economic development designation known as the Enterprise Zone (E-Zone).

The E-Zone allows qualifying businesses and investments to receive a 100% abatement of property taxes associated with the assessed value of new qualifying capital improvements. Companies continue to pay taxes on the value of the land and any capital investments that are not eligible for the abatement. Depending upon the nature of the State program being used, E-Zone abatements can range from three (3) years; to five (5) years (known as the Extended program), to as many as (fifteen) 15 years (known as the Long-Term Rural program). The duration of the abatement is connected to the number of jobs created and wage level.

The three-year abatement does not have an average wage requirement. However, the Extended and Long-Term Rural programs require wages that are certified at or above 150% of Deschutes County average annual compensation (\$71,393).

Compensation under the criteria includes salary, overtime, medical and retirement benefits. Not all jobs created need to exceed the 150 percent average annual compensation criteria, but rather an average of the overall compensation for all net new jobs needs to exceed the 150 percent average annual compensation criteria.

Extended abatements are done through agreements by the E-Zone sponsor(s) which extend the tax abatement for either one or two years beyond the standard three-year

abatement.

Extended abatements need to be approved by the sponsor(s) of the E-Zone. It is the prerogative of the sponsor agency whether or not the approval is made by the governing body or administratively. The Greater Redmond Area E-Zone has three co-sponsors: The City of Redmond; Deschutes County; and the City of Sisters. The City of Redmond's policy is that the Redmond City Council approves all extended E-Zone agreements.

Additionally, the City of Redmond waives or reduces, depending upon specific set criteria, land-use, building and permitting fees.

PROJECT:

What began as Anderson Lumber in 1953 in Sacramento, California, Pacific Coast Supply has grown to one of the largest and most diversified building supply distribution companies in the West. Their 44 locations are strategically located throughout twelve states and carry an inventory of over 22,000 products. The Redmond location will distribute roofing supplies, wall board and other construction materials and supplies.

Pacific Coast Supply purchased land from the City in the Desert Rise Industrial Park. Their intention is to build an approximate 30,000 square feet office/warehouse at 11th and Antler and to employ 15 people in the Central Oregon area. Current plans target an opening in June 2022. The company will likely operate two semi-style trucks, two ten or six-wheeled flatbeds, associated conveyors/boom attachments and four yard lifts to move their product to market.

Pacific Coast Supply submitted an application in April 2021 requesting an extended abatement.

The project being undertaken is construction of a new building and new equipment. Total project cost is estimated at \$4 million, which includes equipment. The company is eligible for a four-year exemption. Roughly \$3 million is capital construction and \$1 million is capital equipment.

The firm will create 15 new jobs in Redmond by the first year of exemption (hiring expected to begin in Spring 2022). The application and wage documentation have been certified above 150% by City Manager Keith Witcosky and Enterprise Zone Manager Jon Stark.

This E-Zone Extended Abatement Agreement is for one additional year for a total of 4 consecutive years.

BUDGET IMPACTS:

This action will extend the property tax abatement for the qualified project by one year, impacting the County's property tax collections. The County's apportionment of the abatement is estimated to be \$3,400/year.

ATTENDANCE:

Jon Stark, Sr. Director, Redmond Economic Development, Inc./EDCO Enterprise Zone Manager