



CITY OF REDMOND
Community Development Department

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STAFF REPORT

DATE: October 12th, 2021
TO: Mayor and City Council Members
THROUGH: Keith Witcosky, City Manager
FROM: Jon Stark, Zone Manager, REDl
SUBJECT: Enterprise Zone – Extended Abatement Agreement – Nosler

Addresses Council Goal:

4. ECONOMIC DEVELOPMENT

Develop and maintain an environment that promotes and supports a strong, healthy and diverse economic base.

B. Maintain Redmond's reputation as "the place to do business in Central Oregon".

i. Provide incentive programs that are regionally and nationally competitive and targeted towards businesses that benefit the community through the creation of family-wage jobs.

Report in Brief:

This action considers an Enterprise Zone Extended Abatement Agreement for Pacific Coast Supply, d.b.a. Pacific Supply for one additional year of qualifying property tax abatement based on capital investment, new job creation and wages.

Background:

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

Discussion:

What began as Anderson Lumber in 1953 in Sacramento, CA, 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 intends to build an approximate 30,000 square feet office/warehouse at 11th and Antler and plans to employ 15 people in the Central Oregon area. Current plans call for a target opening in June of 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 eligible for exemption, if approved for 4 years. 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.

Fiscal Impact:

This action will extend the property tax abatement for the qualified project by two years, impacting the City of Redmond's property tax collections. The City of Redmond's apportionment of the abatement is estimated to be \$12,000/year.

Alternative Courses of Action:

1. Approve the Agreement for Oregon Enterprise Zone Extended Abatement for Pacific Coast Supply, d.b.a. Pacific Supply
2. Do not approve the Agreement for Oregon Enterprise Zone Extended Abatement for Pacific Coast Supply, d.b.a. Pacific Supply in which the firm would still be eligible for the "Standard" abatement of three (3) years.

Recommended/Suggested Motion:

"I move to approve the Agreement for Oregon Enterprise Zone Extended Abatement for Pacific Coast Supply, d.b.a. Pacific Supply."

Jon Stark
Enterprise Zone Manager,

Sr. Director
Redmond Economic Development