



BOARD OF COMMISSIONERS

AGENDA REQUEST & STAFF REPORT

MEETING DATE: July 14, 2021

SUBJECT: Enterprise Zone – Extended Abatement Agreement – Nosler

RECOMMENDED MOTION:

Approve the Agreement for Oregon Enterprise Zone Extended Abatement for Nosler, Inc.

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). 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 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:

Nosler, Inc has been operating its casing manufacturing facility in Redmond since 2016 and their bullet manufacturing business Bend since 1958. The company has seen tremendous growth over the past few years and is out of room at the Bend factory. Nosler purchased 60 acres of land in Redmond 2015 for the casing manufacturing operation. With current demand exceeding expectations they have determined a new state of the art 80,000 square foot facility is needed now and plan on relocating the company to Redmond.

Nosler is well known in the industry for producing ammunition and handloading components and specializing in high performance hollow point and soft point hunting bullets. The current company also includes subsidiaries Nosler Custom and Nosler Reloading. Nosler also produces products for military and law enforcement agencies.

Nosler submitted an application in April 2021 requesting an extended abatement.

The project being undertaken is construction of a new building and new equipment, the relocation of all operations. Total project cost is estimated at \$13.5 million, which includes equipment eligible for exemption, if approved for 5 years. Roughly \$12 million is capital construction and \$1.5 million is capital equipment. This does not include the nearly \$7 million in transferred property presently on the County tax roll and not eligible for exemption.

The firm will relocate 103 jobs to Redmond and will create at least an additional 14 new jobs in Redmond by the first year of exemption (estimated to be 2023). 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 two additional years.

BUDGET IMPACTS:

This action will extend the property tax abatement for the qualified project by two years, impacting the County's property tax collections. The County's apportionment of the abatement is estimated to be \$9,800/year.

ATTENDANCE:

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