



Date: March 7, 2022
To: John Walsh, City Administrator
From: Paul Vogel, Executive Director, CET/Zone Manager
Subject: Request for Extended Enterprise Zone Authorization, Control Solutions, Inc.

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John, attached is a sample resolution for Port of Columbia County Board of Commissioners' consideration, as co-sponsor of the South Columbia County Enterprise Zone.

The resolution would act on the application for a two-year extended Enterprise Zone abatement for Control Solutions, Inc., located in St. Helens. A letter from company Founder and President Kevin Wick is also included, as is the agreement between CET, Zone Sponsor, and Control Solutions for Standard Enterprise Zone Exemption, dated in 2021, the year the investment/building construction was completed. The Extension request was anticipated as an option and due to market conditions and need to invest in growth, the applicant has opted to formalize the extension request.

The application qualifies for Enterprise Zone Extension under existing statutes. The application:

- Represents a completed investment by an existing business, Control Solutions, Inc. at its location in St. Helens, within the South Columbia County Enterprise Zone
- Meets (and exceeds by 3X) the new job-creation requirements for both a standard and extended exemption
- Meets the requirement of 150% of annual covered wage requirement for a standard and extended exemption
- Has completed, signed, and submitted the required agreement for First Source Hiring
- Has been reviewed and discussed with Business Oregon
- Has been reviewed in a Pre-Authorization Conference and additional consultation with the Columbia County Assessor's office, per state Enterprise Zone Guidelines
- Requires authorization by all six Zone sponsors, extending the agreement and exemption, sustaining commitment by the applicant to meet all appropriate and required conditions.

As Zone Manager, CET respectfully requests a vote for authorization by the St. Helens City Council at its next available opportunity. I will attend the designated City Council meeting, along with Mr. Kevin Wick, President of Control Solutions. In addition to scheduling, I'll be pleased to provide additional information in advance, or at the meeting, as requested.

Control Solutions Inc
35851 Industrial Way Suite D
St. Helens, OR 97051
503-410-5996



Mr. Paul Vogel

March 17, 2022

Manager
South Columbia County Enterprise Zone
C/O Columbia Economic Team
PO Box 1653
St. Helens, Oregon 97051

Dear Mr. Vogel,

Thank you for qualifying Control Solutions for Enterprise Zone exemption for our recent building construction and relocation. We are pleased to be able to report construction completion, occupation of the building, and addition of employees in excess of the level required, and at the wage level required, as well.

As you know, coming out of the COVID pandemic, many companies have entered or expanded into our field of product expertise. We're competing well, we've added more employees than required or even projected. However, we also have identified need and opportunities to diversify or product offerings by making some production adjustments and modifications to enter new verticals. We've identified both need and market channels in pharmacies, the farm to fork chain, environmental applications, and even museums. Doing more vertical marketing means some new or additional costs for development into these channels. In order to execute this diversification into production not yet producing revenue, we request an Extended Enterprise Zone abatement of two years, to a total of five years, to augment growth capitalization.

We understand the Extended exemption requires authorization by the Zone sponsors. Please let us know what we need to do to move forward to achieve the authorization.

Sincerely,

Kevin Wick

President

City of St. Helens
RESOLUTION NO. 1949

A RESOLUTION OF THE ST. HELENS CITY COUNCIL AUTHORIZING
EXTENDED ENTERPRISE ZONE BENEFITS FOR A FOURTH AND FIFTH
YEAR TO CONTROL SOLUTIONS INC., LOCATED IN THE SOUTH
COLUMBIA COUNTY ENTERPRISE ZONE

WHEREAS, the South Columbia County Enterprise Zone has six (6) sub-area co-sponsors, the City of Scappoose, the City of St. Helens, the City of Columbia City, the City of Vernonia, the Port of St. Helens, and Columbia County offering economic incentives through property tax relief to businesses and industries providing capital investments resulting in job growth; and

WHEREAS, Control Solutions Inc. is located at 35851 Industrial Way, St. Helens, Oregon 97051 and has made an application to extend the three-year property tax abatement by two (2) years for a total of five (5) years; and

WHEREAS, Control Solutions Inc. invested \$1,183,405.00 in enterprise zone qualified building construction at their manufacturing operations located in St. Helens, Oregon resulting in the creation of a minimum of two (2) new jobs within the South Columbia County Enterprise Zone; and

WHEREAS, Control Solutions Inc. is required to pay employee wages and benefits at a rate of not less than 150% of the Average Annual Covered Payroll, which is \$40,729, and that Average Annual Compensation Standard of 150% is \$61,093; and

WHEREAS, the co-sponsors and the zone manager of the South Columbia County Enterprise have reviewed the application and agree that the proposed investment is consistent with the Enterprise Zone Purpose.

NOW, THEREFORE, THE CITY OF ST. HELENS RESOLVES AS FOLLOWS:

Section 1. The City authorizes the two-year extension request for a total of five (5) years exemption subject to the terms and conditions set forth in an Extended Enterprise Zone Exemption Agreement that will confirm Control Solutions' commitment to all state and Zone requirements and conditions.

Section 2. The South Columbia County Enterprise Zone, upon concurrence of all the other sub-zone sponsors, is authorized to execute an Extended Enterprise Zone Exemption Agreement with Control Solutions Inc.

Ayes:

Nays:

Rick Scholl, Mayor

ATTEST:

Kathy Payne, City Recorder

EXTENDED ENTERPRISE ZONE EXEMPTION AGREEMENT

This Extended Enterprise Zone Exemption Agreement (this "Agreement") is made and entered into by and among the City of St. Helens, Oregon ("St. Helens"), the City of Columbia City, Oregon ("Columbia City"), the City of Scappoose, Oregon ("Scappoose") Port of St. Helens ("Port"), the City of Vernonia ("Vernonia") and Columbia County, Oregon ("Columbia"), as zone sponsors of the South Columbia County Enterprise Zone, and Control Solutions Inc./Faith E Holdings, ("the Firm"). St. Helens, Scappoose, Port, Columbia City, Vernonia and Columbia County are sometimes referred to collectively as the "Zone Sponsor," and the "Zone Sponsor" and the "Firm" are sometimes referred to individually as the "Party" and/or collectively as the "Parties."

RECITALS

WHEREAS, the Oregon Legislative Assembly has adopted ORS Chapter 285C creating provisions for the establishment and operation of Enterprise Zones. ORS 285C.175 provides that the qualified property of a qualified business firm shall be exempt from ad valorem property taxation under certain circumstances. ORS 285C.180 describes what kinds of property are qualified for the tax exemption provided under ORS 285C.175. ORS 285C.135 describes what kind of business firm is qualified to receive a property tax exemption under ORS 285C.175 for its qualified property; and

WHEREAS, pursuant to ORS 285C.175, the tax exemption shall apply to the first tax year for which, as of January 1 preceding the tax year, the qualified Property is in service. The exemption shall continue for the two succeeding assessment years if the property continues to be owned or leased by the qualified business firm and located in the Enterprise Zone; and

WHEREAS, pursuant to ORS 285C.160, the tax exemption, may be extended up total of five consecutive assessment years, i.e. an additional two years, if the qualified business firm agrees with the sponsor of the Enterprise Zone in writing at the time of pre-certification:

- (a) To annually compensate all new employees hired by the firm at an average rate of not less than 150 percent of the county's average annual wage until the end of the tax exemption period, as determined at the time of authorization. If the Zone is in more than one county, the county with the highest average annual wage shall be used; and
- (b) To meet any additional requirements which the Zone Sponsor may reasonably request; and

WHEREAS, the Firm has agreed that the Firm's property, which is located within the Enterprise Zone, has been developed as a paper converting facility and that the Firm's proposed investment will expand existing operations and production and is expected to provide new full-time jobs within the Enterprise Zone. The commitment made by the Firm under term (a) above, and in Section 2.3, below, is given to assure that the average annual compensation paid to all New Employees, as defined in Section 2.3.3 below, who work at the facility during the exemption period shall not be less than 150 percent of the most recent average annual wage paid in Columbia County available from the

Oregon Employment Department at the time that the Firm's application for precertification is approved under the Oregon Revised Statutes; and

WHEREAS, the Oregon Business Development Department has adopted Chapter 123, Division 674 of the Oregon Administrative Rules (OAR), to administer the statutory provisions regarding Enterprise Zones; and

WHEREAS, the South Columbia County Enterprise Zone is a non-urban Enterprise Zone and pursuant to ORS Chapter 285C, the Zone Sponsor wishes to offer the Firm the extended tax exemption provided by ORS 285C.175(2)(b) in exchange for the Firm's location of qualified property improvements within the Enterprise Zone.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the Parties agree as follows:

1. ZONE SPONSOR'S AGREEMENTS.

1.1 Approval of Authorization Application. Upon timely submission of the Firm's claim for authorization as provided by ORS 285C.220 and paragraph 2.1 below, the Zone Sponsor agrees to approve the application if the Zone Sponsor determines that the Firm is eligible under ORS 285C.135 and that the Firm has committed to meet the requirements of ORS 285C.200.

1.2 Approval of Tax Exemption Claim. Upon timely submission of the Firm's claim for tax exemption as provided by ORS 285C.220, and paragraph 2.2, below, the Columbia County Assessor shall determine whether the property for which the tax exemption is sought satisfies the requirements of ORS Chapter 285C. That determination is beyond the authority of the Zone Sponsor. However, the Zone Sponsor agrees that the three-year tax exemption provided for by ORS 285C.175 shall remain in effect if the Firm remains in compliance with the other requirements for Enterprise Zones under ORS Chapter 285C and OAR Chapter 123, Division 674. Nothing in this Agreement shall modify or infringe on the regular three-year exemption or the requirements thereof.

1.3 Extended Tax Abatement. Notwithstanding ORS 285C.175, the Zone Sponsor agrees to extend the period of property tax abatement or exemption by two additional years to a total of five consecutive assessment years, subject to compliance with paragraph 2.3 below and the other requirements for Enterprise Zones under ORS Chapter 285C and OAR Chapter 123, Division 674. The Firm may separately apply for the extended five-year exemption for different portions of qualified property in the Zone that are covered by a single authorization as such portion becomes eligible for exemption pursuant to OAR 123-674-6200, and 123-674-6300.

1.4 Additional Requirements. The Zone Sponsor requires the following additional community benefit investments to qualify for the additional two years of property tax abatement:

1.4.1 \$2,221.09 per year for five consecutive years payable to the Columbia County Economic Team beginning on April 1, 2021. The amount is Betterment Contribution based upon 10% of estimated annual property tax of \$22,210.86.

1.4.2 Companies agree to enter into First Source Hiring Agreement with local employment agencies to hire qualified Columbia County residents.

2. THE FIRM'S AGREEMENTS.

2.1 Application for Authorization. The Firm agrees to file an application for authorization pursuant to ORS 285C.140 following adoption of this Agreement.

2.2 Notices. The Firm agrees to provide and, if necessary, file applicable notices, statements, claims or reports required by ORS Chapter 285C or OAR Chapter 123, Division 674 and shall file all claims or reports as required by ORS 285C.220.

2.3 County Average Annual Wage. As required by ORS 285C.160, the Firm agrees to annually compensate all new employees, as that term is used in ORS 285C.050(13), hired by the Firm at an average rate of not less than 150 Percent (150%) of the County Average Annual Wage until the end of the tax exemption period.

2.3.1 Pursuant to OAR 123-574-0600, to qualify for the additional one or two years of an enterprise zone exemption, all of the eligible business Firm's Affected Employees, as that term is defined by OAR 123-674-0600(4), must on average receive Compensation, as that term is defined by OAR 123-674-0600(1), of not less than 150 percent of the County Average Annual Wage, as that term is defined by OAR 123-674-0100(5) during each year throughout the exemption's first three years and the additional two years. The firm agrees to maintain an average wage and benefits package of \$61,094 per year for the five years of exemption.

2.3.2 "County Average Annual Wage" is defined by OAR 123-674-0100(5) and OAR 123-674-0600 and is based on the time the application is approved and is fixed during the entire exemption period. The current County Average Annual Wage is \$40,729, by Business Oregon calculation tables of economic data.

2.3.3 "New Employees" include only employees working at jobs filled for the first time after the application for precertification is filed but prior to December 31 following the first full year of the initial exemption year and performed primarily within the current boundaries of the Zone. "New Employees" include only full-time, year-round, and non-temporary employees engaged a majority of their time in the Firm's eligible operations pursuant to ORS 285C.050(13), whether such employees are leased, contracted for, or otherwise obtained through an external agency or are employed directly by the Firm.

2.4 Election to Forego. The Firm shall have the right to elect to forego the extension of the term for two additional years by delivery of written notice of such election to the Zone Sponsor and Columbia County Assessor prior to expiration of the initial three-year term, and upon delivery of said notice, this Agreement and the Firm's rights and obligations hereunder shall terminate, except that nothing in this Agreement shall modify or infringe on the regular three-year exemption or of the requirements thereof.

3. AUTHORIZATION. The Zone Sponsors have authorized and directed the Executive Director of CCET as Zone Manager to execute this Agreement pursuant to OAR 123-674-0700.

4. COUNTERPARTS. This Agreement may be executed in counterparts, each of which, when taken together, shall constitute fully executed originals. A signature sent and received by facsimile or a scanned signature sent by e-mail shall have the same effect as an original signature.

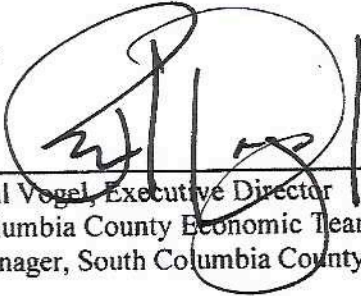
5. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding and agreement of the Parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, written or oral, between the Parties with respect to such subject matters.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the 17th day of March, 2021, which shall be known as the "effective date" of the Agreement.

SOUTH COLUMBIA COUNTY
ENTERPRISE ZONE ENTERPRISE ZONE


CONTROL SOLUTIONS INC./FAITH E
HOLDINGS LLC

By:



Paul Vogel, Executive Director
Columbia County Economic Team,
Manager, South Columbia County Enterprise Zone

By:



President/manager
(Title) Kevin Wick