



**CITY COUNCIL MEETING
STAFF REPORT**

Meeting Date: June 19, 2023		Subject: Sponsor Tax Reimbursement Agreement – Regionally Significant Industrial Sites	
		Staff Member: Matt Lorenzen, Economic Development Manager	
		Department: Community Development	
Action Required		Advisory Board/Commission Recommendation	
<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input checked="" type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable Comments: N/A	
Staff Recommendation: Staff recommends Council adopt the Consent Agenda.			
Recommended Language for Motion: I move to adopt the Consent Agenda.			
Project / Issue Relates To:			
<input checked="" type="checkbox"/> Council Goals/Priorities: Attract high-quality industry and support economic opportunity for all in Wilsonville		<input type="checkbox"/> Adopted Master Plan(s):	<input type="checkbox"/> Not Applicable

ISSUE BEFORE COUNCIL:

Shall the Mayor sign the Sponsor Tax Reimbursement Agreement with the Oregon Business Development Department in order for the City to potentially receive reimbursement for eligible infrastructure projects that serve certain industrial sites?

EXECUTIVE SUMMARY:

The Industrial Site Readiness program, known commonly as the Regionally Significant Industrial Sites (RSIS) program, administered by Oregon Business Development Department (OBDD) doing business as (dba) Business Oregon provides funding assistance to cities and/or its private development partners that complete projects to move industrial property toward a shovel-ready status. As currently constituted, the program provides such funding assistance in the form of reimbursement payments to Cities—the “Sponsor.” [Oregon Revised Statutes (ORS) 285B.625-632]

Reimbursement funding is tied to income taxes generated through job creation at those sites or areas identified in the program application. In more specific terms, if the City and/or a developer builds a road and extends utilities to serve a site or sites, identified in an approved RSIS application, the city can be reimbursed up to 100% of project costs if/when jobs are created at the site or sites. State income taxes generated through job creation at the subject site are used to reimburse the city for its approved expenses. In order to be eligible for reimbursement, the first 50 jobs created at the subject site must have an average wage of 150% of the state or county average wage, whichever is less.

Reimbursement payments are made over time. For example, if the City invests \$5 million in a road project that serves an eligible industrial site that generates at least 50 jobs that meet the established wage, the City stands to receive annual payments, up to 50% of income taxes generated at the subject site, until the City’s costs have been fully reimbursed. By statute, Business Oregon may not disburse more than \$10 million in tax reimbursements under the RSIS program each year, so annual reimbursement payments are limited by both the 50% (of income taxes) maximum, as well as the \$10 million annual statewide maximum. Currently, annual reimbursements to cities are far below \$10 million.

Sponsor Tax Reimbursement Agreement:

The attached Sponsor Tax Reimbursement Agreement (the “Agreement”) sets forth the obligations of the Sponsor—the City of Wilsonville—and Business Oregon. Below is a summary of the Agreement terms:

- Eligible industrial sites under the City’s approved RSIS application include those shown on page 10 of the Agreement (**Exhibit A**).
 - Coffee Creek Industrial Area
 - Basalt Creek Industrial Area
 - Parkway Properties - Several properties adjacent to Parkway Avenue, north of Boeckman Road
 - Siemens South - the +/- 42-acre parcel currently owned by Siemens (formerly Mentor Graphics) south of the Siemens campus on Boeckman Road.

- The City may be reimbursed up to \$299,240,000 for “Eligible Site Preparation costs.” Such costs include the installation of transportation and utility infrastructure. **(Exhibit B)**
 - While this dollar figure is remarkably high, it should be noted the City will likely only receive a very small fraction of this total amount because the City will most likely only complete a portion of the eligible projects, and only a portion of those projects will meet the job/wage minimum criteria.
 - This dollar amount should be considered a sum total of all the projects the City *could* complete.
- The City must commence work on eligible projects no later than May 19, 2033, and must complete work no later than May 19, 2038.
 - These deadlines are subject to extension by written agreement, not to exceed 10 years.
- If an eligible project is completed by the City, for which it will seek reimbursement, annual reporting is required.
- The agreement may be terminated at any time by mutual written consent. Business Oregon may terminate the agreement if monetary appropriations to the program are discontinued or if the program is de-authorized by a change in statute.
- Reimbursement for Eligible Site Preparation Costs will cease on May 19, 2053, regardless of whether there are remaining unreimbursed Eligible Site Preparation Costs, unless the Agreement is amended.

EXPECTED RESULTS:

Unfortunately, due to the structure of this program, the City should not plan projects with an expectation of reimbursement unless a prospective user at an eligible site is already known. As such, staff does not expect approval under the RSIS program to change the current Capital Improvement program.

However, while approval under RSIS does not change or expedite our project planning, participation in the program does give the City *the possibility* of reimbursement which would not exist without a RSIS approval and signed Agreement. Any revenues realized through participation in the program (tax reimbursements) could be redeployed for other capital improvement projects or used at the City’s discretion.

TIMELINE:

The timeline for project completion under RSIS is described above.

RSIS will sunset on June 30, 2023 if it is not reauthorized by the Oregon legislature during the current legislative session. If the program is not reauthorized, the City will still be entitled to all those benefits outlined in the Agreement, provided the Agreement is signed before June 30, 2023. Time is of the essence.

CURRENT YEAR BUDGET IMPACTS:

N/A

COMMUNITY INVOLVEMENT PROCESS:

N/A

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

City revenues will benefit if/when an eligible project is completed and the City receives tax reimbursement payments for its capital expenses associated with the project.

ALTERNATIVES:

The Council may elect to not enter into the Agreement, but it should be noted that the City has no obligations under the Agreement unless and until an eligible project is completed for which the City will seek reimbursement. In short, the City stands to lose nothing, but stands to gain thousands, if not millions, of dollars by signing the Agreement.

CITY MANAGER COMMENT:

N/A

ATTACHMENTS:

1. Sponsor Tax Reimbursement Agreement, with Exhibits