

RESOLUTION NO. 2018-25

RESOLUTION OF THE CITY OF FOREST GROVE APPENDING THE FOREST GROVE/CORNELIUS ENTERPRISE ZONE

WHEREAS, the City of Forest Grove and the City of Cornelius are currently co-sponsoring governments of the Forest Grove-Cornelius Enterprise Zone; and,

WHEREAS, pursuant to City Council approval, the Oregon Economic and Community Development Department approved the Enterprise Zone on April 17, 2006, extended the same to the City of Cornelius on July 14, 2008, and issued a 10-year extension on June 27, 2016 and,

WHEREAS, the City of Forest Grove shall fulfill its duties and implement provisions jointly with the City of Cornelius under ORS Chapter 285C and related parts of Oregon Law, including but not limited to, having appointed a local Enterprise Zone manager and preparing a list or map of lands and buildings in the Enterprise Zone; and,

WHEREAS, pursuant to the Oregon Enterprise Zone Act under Oregon Revised Statutes 285C.045-250 ("Act") and the City Enterprise Zone policies, the City has the authority to establish conditions under which a company may qualify for a three or five year property tax abatement; and,

WHEREAS, the City of Forest Grove supports the creation of family wage jobs that can be enhanced through the Enterprise Zone; and,

WHEREAS, the City of Forest Grove desires to implement policy to govern the application and approval of the extended abatement or years four and five of the Enterprise Zone; and,

WHEREAS, establishing an extended abatement policy will provide full transparency to the public and prospective businesses, a fair and equal process for all applicants, resources for administrative costs, and economic development opportunities within the community.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:

Section 1. The City of Forest Grove establishes the following additional conditions under which a business may be eligible for four and five year extended property tax abatement:

- 1) An application fee of one tenth of one percent (.001) of the value of the investment proposed in the Application for Authorization, capped at \$25,000. The application fee is payable to the City at the time of application; and
- 2) A community service fee is calculated at the rate of 25 percent of the abated taxes in year four and year five. Upon receipt of an invoice, the community service fee will be due within 30 calendar days. Failure to pay will result in the business providing liquidated damages to the City equivalent to the abated taxes.

Section 2. To authorize the City Manager to enter into extended abatement agreements in accordance with existing and appended policies established by the City of Forest Grove.

Section 3. This resolution is effective immediately upon enactment by the City Council.

PRESENTED AND PASSED this 26th day of February, 2018.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 26th day of February, 2018.



Peter B Truax, Mayor



A place where families and businesses thrive.

CITY RECORDER USE ONLY:	
AGENDA ITEM #:	6
MEETING DATE:	2/26/18
FINAL ACTION:	Approved

Reso 2018-25

CITY COUNCIL STAFF REPORT

TO: City Council

FROM: Jesse VanderZanden, City Manager

MEETING DATE: February 26, 2018

PROJECT TEAM: Jeffrey King, Economic Development Manager

SUBJECT TITLE: Addendum to Enterprise Zone Requirements Policy for Extended Abatements

ACTION REQUESTED:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Ordinance	Order	X	Resolution	Motion	Informational

X all that apply

BACKGROUND:

The City of Forest Grove was designated an Enterprise Zone by the Oregon Economic and Community Development Department on April 7th, 2006. The City of Cornelius was added as a co-sponsor in 2008. The combined zone was re-designated by resolution by City Council in 2016 for another ten years, expiring 2026.

The enterprise zone is based on state statute (chapter's 285C.045-285C.255) and provides property tax incentives to encourage companies to make new investments and create jobs. Companies who invest a minimum of \$50,000, increase their full time employee count by ten percent, and pay at least 150% of minimum wage are eligible for a three year property tax exemption. Companies who meet this criteria and who pay equal to the average wage in Washington County (currently \$63,000/year) are eligible for a five year property tax exemption.

Forest Grove has used the standard three-year exemption on ten projects going back to 2007; creating 212 new jobs and \$42.67 million in new investment. Forest Grove has yet to have a company qualify for the five year abatement; however, it is expecting an application that may meet the criteria. Aside from meeting the higher compensation requirements, Forest Grove's has no local requirements for an extended abatement and each extended abatement agreement is negotiable.

Staff research found that all other communities in the Portland metro area have additional local requirements for an extended abatement agreement that are not negotiable. The local requirements are added to pay for additional staff work; increase transparency, fairness and clarity so that a company has full awareness of the program requirements during their decision making process; and, partially compensate for lost revenues due to the length of the abatement.

RESOLUTION SUMMARY:

Staff presented the issue along with options at the City Council meeting on February 12th. Based on direction from the City Council, the attached resolution appends the existing enterprise zone by adding the following extended abatement provisions:

- An application fee of .001 percent of the value of the investment proposed in the Application for Authorization, capped at \$25,000. This is paid to the City during the application process.
- A community service fee of 25% of the abated value for each year four and five. The fee will become due and payable during the tax abatement year.
- Authorize the City Manager to enter into extended abatement agreements consistent with the policy established by the City Council.

The Forest Grove Economic Development Commission at its February 1 meeting reviewed these issues and recommended support for an application fee and a community service fee for an extended abatement, with the amount to be determined by City Council.

STAFF RECOMMENDATION:

Staff recommends that Council consider the attached resolution establishing requirements for an extended abatement program to the Forest Grove–Cornelius Enterprise Zone.

ATTACHMENTS:

- 1) Resolution establishing extended abatement requirements to the Forest Grove-Cornelius Enterprise Zone.