
Meeting Date: March 30, 2016
To: Board of County Commissioners, Deschutes County
From: Janet Burton, Assistant Zone Manager, Deschutes County Rural Enterprise Zone
Subject: Work Session: Consideration of a Resolution to expand the current boundary of the Deschutes County Rural Enterprise Zone

Goal:

- Encourage job creation
- Attract traded sector companies to locate and grow in the area that include family wage job

Background:

The Oregon Enterprise Zone program is an economic development program designed to attract business investment and encourage job creation. It is a property tax abatement on new plant and equipment investments for three to fifteen years for new or expanding non-retail businesses in a designated zone that are investing a minimum of \$50,000 in fixed capital improvements and growing their workforce by 10%.

To qualify for a boundary expansion to an Enterprise Zone the following conditions must be met:

- 1) The area(s) to be added are generally the same or a lower household or personal income, or a higher unemployment rate, or otherwise equivalent or more severe economic conditions, compared to the original enterprise zone.
- 2) Supported by all the zone sponsors (Deschutes County and City of La Pine).
- 3) Does not exceed 15 square miles, and a maximum lineal distance of 25 miles.
- 4) Possesses undeveloped land that is appropriately zoned.
- 5) Description and supporting data of justification for boundary change.

Economic Overview:

The Deschutes County Rural Enterprise Zone was originally designated in 2008, during an economic recession. Economic conditions are only starting to recover over the last year in South Deschutes County. Unemployment and poverty rates in South Deschutes County remain elevated in comparison to other areas of Deschutes County.

While the Deschutes County unemployment rate has fallen to 5.8% (November 2015), the employment rate in South Deschutes County remains elevated at 10.8% (zip code 97739) and 15.86% for Census Tracts 2 and 3 (Three Rivers South). While zip code 97707 includes Sunriver, Caldera Springs, Crosswater and Vandervert Ranch, many of the full time residents outside of these areas, such as Three Rivers South, are low income and depend on jobs in South Deschutes County. Another indication of South County economic hardship is the student rate of economically disadvantaged children at 72% for the five South County schools, compared to a 44% average for the Bend-La Pine School District.

South Deschutes County lags behind other areas of Deschutes County in attracting new businesses, and with the exception of Sunriver Brewing Company there have been no new major employers locating in the area in the last four years. Quicksilver Contracting Company (Wood Products) is the first and only company that has applied and qualified for Enterprise Zone incentives. Quicksilver received its authorization in August 2015 for an expansion to its current business, and will invest almost three million dollars in new equipment and machinery which will allow it to increase productivity and increase its ability to serve new customers. Quicksilver has already met the hiring requirement and has added five new employees. Quicksilver hopes to add additional new employees in 2016.

Expanding the Deschutes County Rural Enterprise Zone to include Sunriver Business Park and Spring River Plaza would offer the following advantages:

- Sunriver Business Park and Spring River Plaza are ideally suited to light industrial or tech businesses.
- Buildings are already available in the Sunriver Business Park, in comparison to Finley Butte Industrial Park in La Pine where there are no commercial/industrial buildings currently available to lease or buy.
- The Enterprise Incentives would help attract businesses.
- Having more businesses with family wage jobs locate in these areas would offer more employment, and more diverse employment, to South County residents.
- It is becoming increasingly difficult to find industrial land in Bend, and Sunriver Business Park and Spring River Plaza would offer an alternative which is still close to Bend.

- If Sunriver became an active and successful participant of the Enterprise Zone it is easier to encourage more businesses to look at South County, especially La Pine as an alternate option to Bend or Redmond.
- As inclusion of Sunriver Business Park and Spring River Plaza in the Enterprise Zone would not change any of the current zoning, there would be no change to the character of the business park, or surrounding area.

Fiscal Impact:

The expansion of the Deschutes County Rural Enterprise Zone would include a 3-year tax abatement on property improvements, and therefore impact the general fund.

Timelines of Application Process:

March 18, 2016	Notice Mailed to Local Taxing Districts
March 30, 2016	Board of County Commissioners Work Session to discuss proposed boundary expansion to the Enterprise Zone
April 5, 2016	Public Meeting for Local Taxing Districts
April 13, 2016	Resolution – Board of County Commissioners, Deschutes County
April 13, 2016	Resolution – La Pine City Council
April 19, 2016	Application Submitted to Business Oregon

Recommendations:

City of La Pine has indicated support of a resolution for a Boundary Expansion to include Sunriver Business Park and Spring River Plaza. Consideration of a Resolution by City Council is scheduled for April 13.

Staff is seeking direction from Deschutes County Board of County Commissioners on whether to move forward with an Enterprise Zone Boundary Expansion. If the Board of County Commissioners directs staff to move forward with an application for a Boundary Expansion to the Deschutes County Rural Enterprise Zone, the Board of County Commissioners will be formally asked to consider and adopt a Resolution supporting the application on April 13, 2016. By that time a public meeting will have be held with local taxing districts to discuss the impacts of the proposed application.

A handwritten signature in cursive script, appearing to read "Janet M. Burton".

Janet Burton
La Pine Area Economic Development Manager
Deschutes County Rural Enterprise Zone Assistant Manager



Proposed Deschutes County Rural Enterprise Zone

Sunriver Business Park & Spring River Plaza

1" = 1,250'

Proposed Enterprise Zone - Zoning

-  Sunriver Business Park - 65.87 Acres
-  Spring River Rural Commercial - 9.28 Acres

Sunriver

S Century Dr

Spring River Rd

Azusa Rd

Bakersfield Rd

Solar Dr

Lunar Dr

Downey Rd

Fontana Rd

S Century Dr

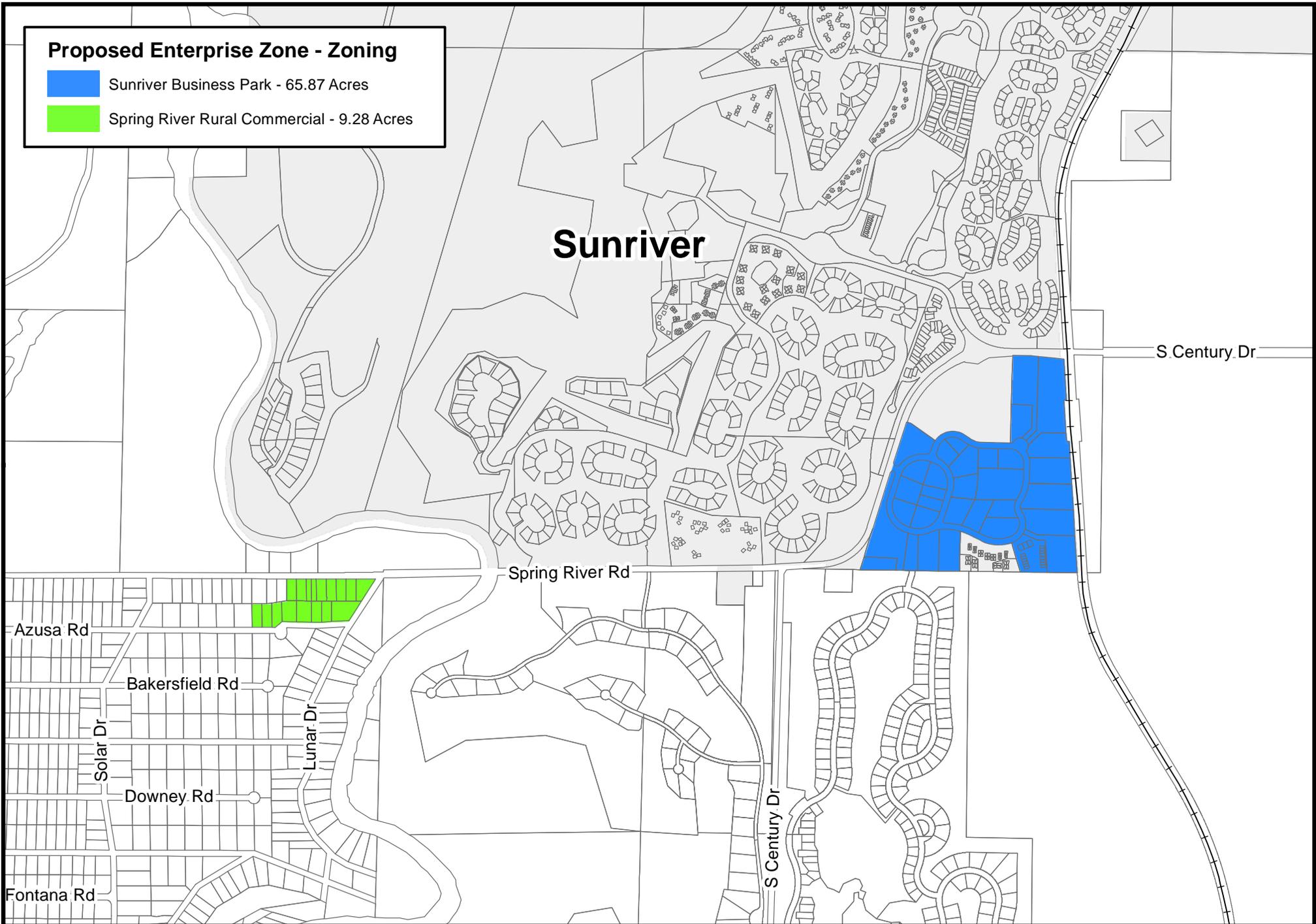
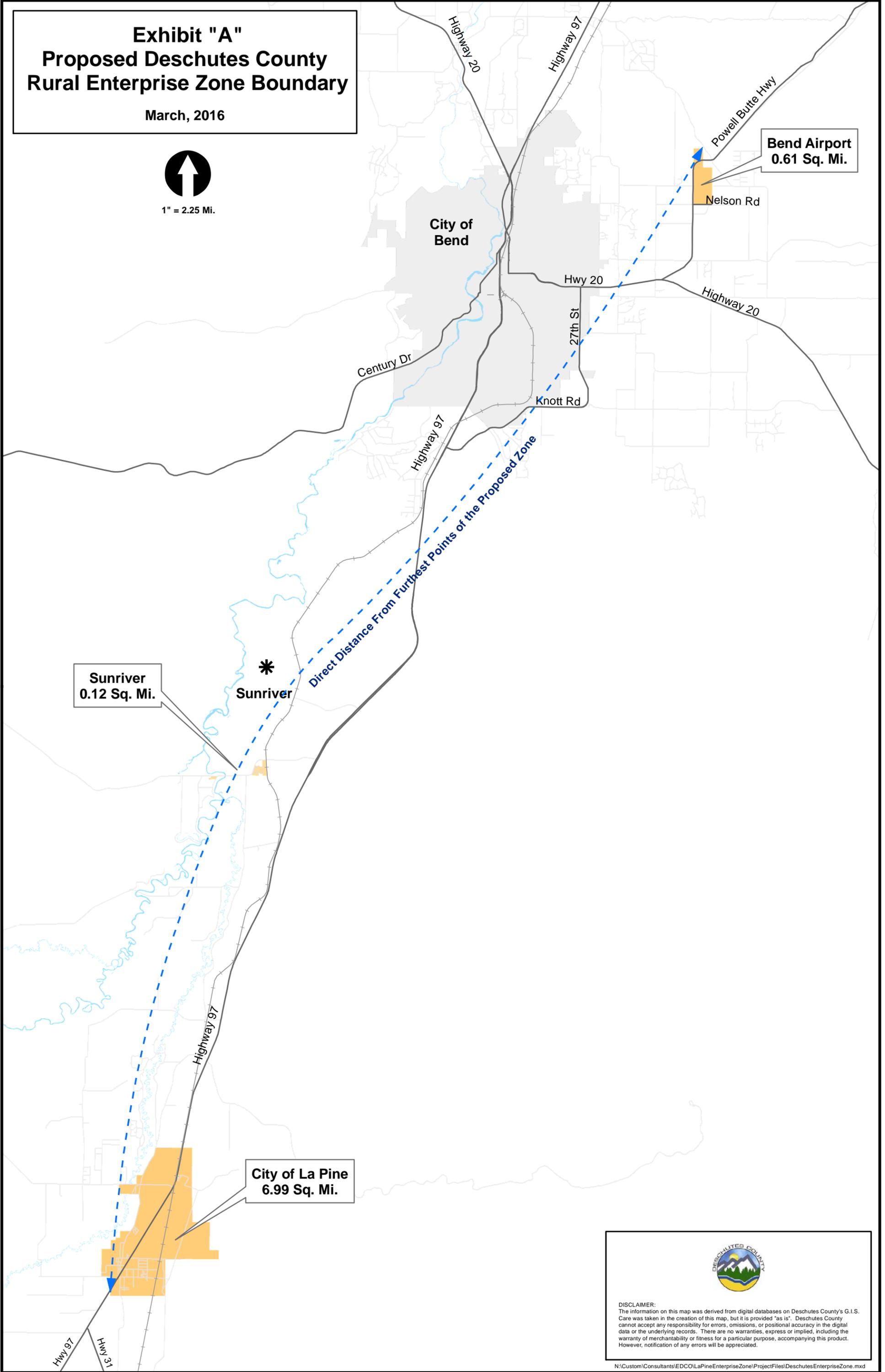


Exhibit "A" Proposed Deschutes County Rural Enterprise Zone Boundary

March, 2016



1" = 2.25 Mi.



Bend Airport
0.61 Sq. Mi.

Nelson Rd

City of Bend

Hwy 20

Highway 20

27th St

Century Dr

Knott Rd

Highway 97

Direct Distance From Furthest Points of the Proposed Zone

Sunriver
0.12 Sq. Mi.

*
Sunriver

City of La Pine
6.99 Sq. Mi.

Highway 97

Hwy 97
Hwy 31



DISCLAIMER:
The information on this map was derived from digital databases on Deschutes County's G.I.S. Care was taken in the creation of this map, but it is provided "as is". Deschutes County cannot accept any responsibility for errors, omissions, or positional accuracy in the digital data or the underlying records. There are no warranties, express or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of any errors will be appreciated.

Deschutes County Rural Enterprise Zone

Board of County Commissioners Work Session

March 30, 2016

Deschutes County Rural Enterprise Zone

- Designated April 29, 2008
- Expires June 30, 2018
- Renewal application due April 2018

History of E-Zone

- Established during economic downturn/recession. La Pine has really only started to see recovery in 2015
- Currently one company utilizing Enterprise Zone Incentives in La Pine Industrial Park, received its authorization in August 2015, with the requirement that it hire an additional 5 full time employees. The company has already hired the required 5 employees and anticipates additional hiring in 2016/2017
- It is becoming increasingly more difficult to find industrial land in Bend, and companies are finding more options, as well as lower costs outside of Bend. Redmond in particular has been very successful

Oregon Enterprise Zone (ORS)

Incentive to attract business investment and encourage job creation

- Tax abatement on new plant and equipment investments for new or expanding non-retail businesses in an Enterprise Zone
- **3-Year Program**
 - \$50,000 minimum investment
 - 10% new job creation
- **5-Year Program**
 - \$50,000 minimum investment
 - 10% new job creation
 - 150% Deschutes County Annual Wage - \$58,649
- **15-Year Program**
 - \$12.5MM investment
 - 50 new jobs within 3 years
 - 150% Deschutes County Annual Wage - \$58,649

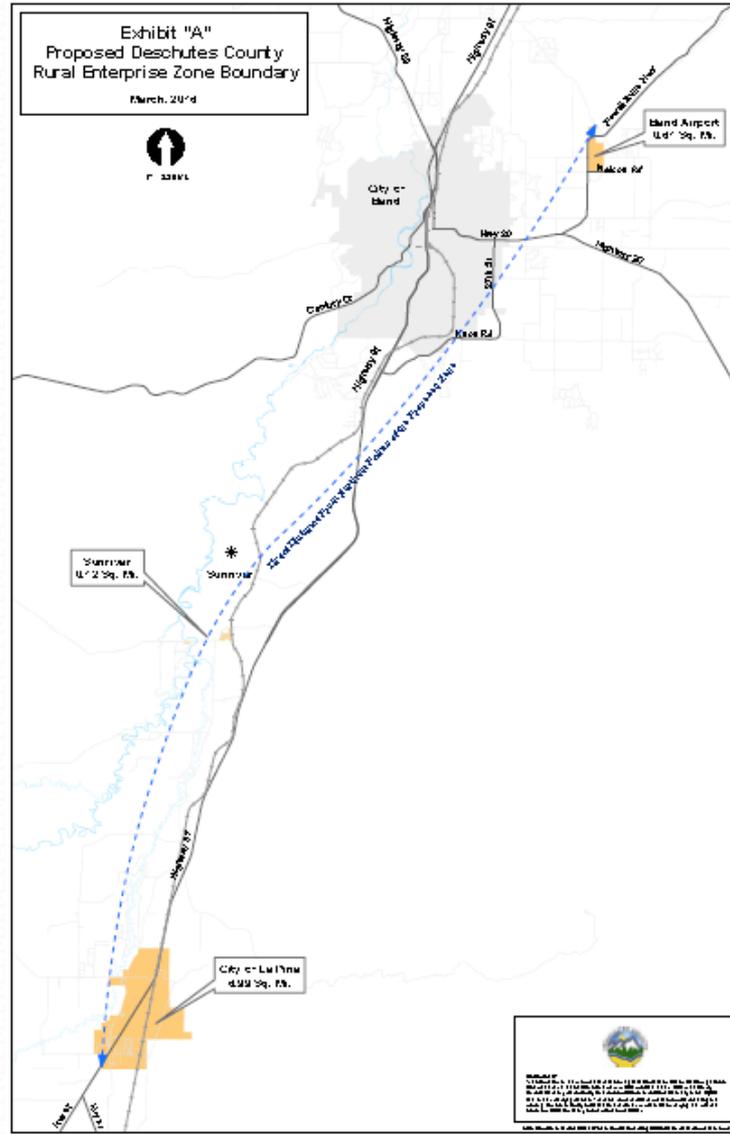
Criteria for Boundary Expansion

- Household income is 80% or less of state median income, or
- Unemployment rate is 2 percentage points of more above comparable state unemployment rate, based on the most recent figures
- Impact of additional area on original and overall economic hardship criteria
- Meets the 15 square miles maximum requirement and 25 miles distance between areas within the Enterprise Zone
- Resolution of support by Zone Sponsors (Deschutes County and City of La Pine)

Proposed Area for Inclusion

- Sunriver Business Park – 69.62 acres
- Spring River Plaza – 9.28 acres
- No change to existing zoning of retail/commercial/industrial

Proposed Areas for Addition



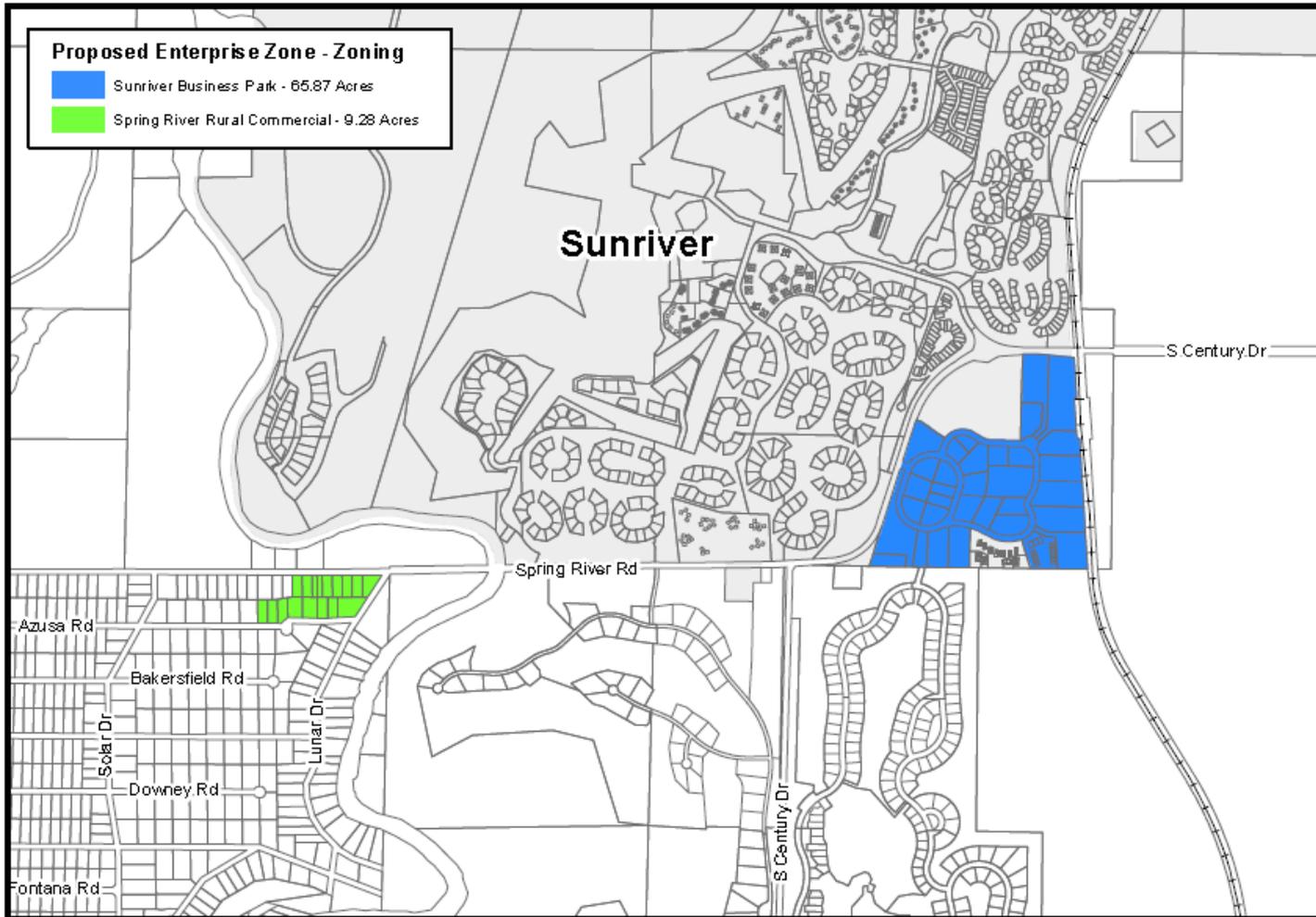
Amended Map of Deschutes County Rural Enterprise Zone



1" = 1250'

Proposed Deschutes County Rural Enterprise Zone

Sunriver Business Park & Spring River Plaza



Area Economic Data

- 62% of Three Rivers School students are deemed economically disadvantaged
- 72% of students in the five South County Schools are deemed economically disadvantaged
- The rate for the Bend-La Pine School District is 44%
- Over 60% of businesses in South County have less than 5 employees

Area Economic Data (contd.)

- The census tracts surrounding Sunriver Business Park and Spring River Plaza (including Three Rivers South) show a median household income of between 49% and 75% of the state/MSA (\$24,803 - \$37,813)
- The same census tracts show unemployment rates ranging from 6.9% to 28.5%, with an aggregate of 11%
- There are limited employment opportunities in La Pine and between La Pine and Bend. 55% of those who live in La Pine work commute out of La Pine for employment

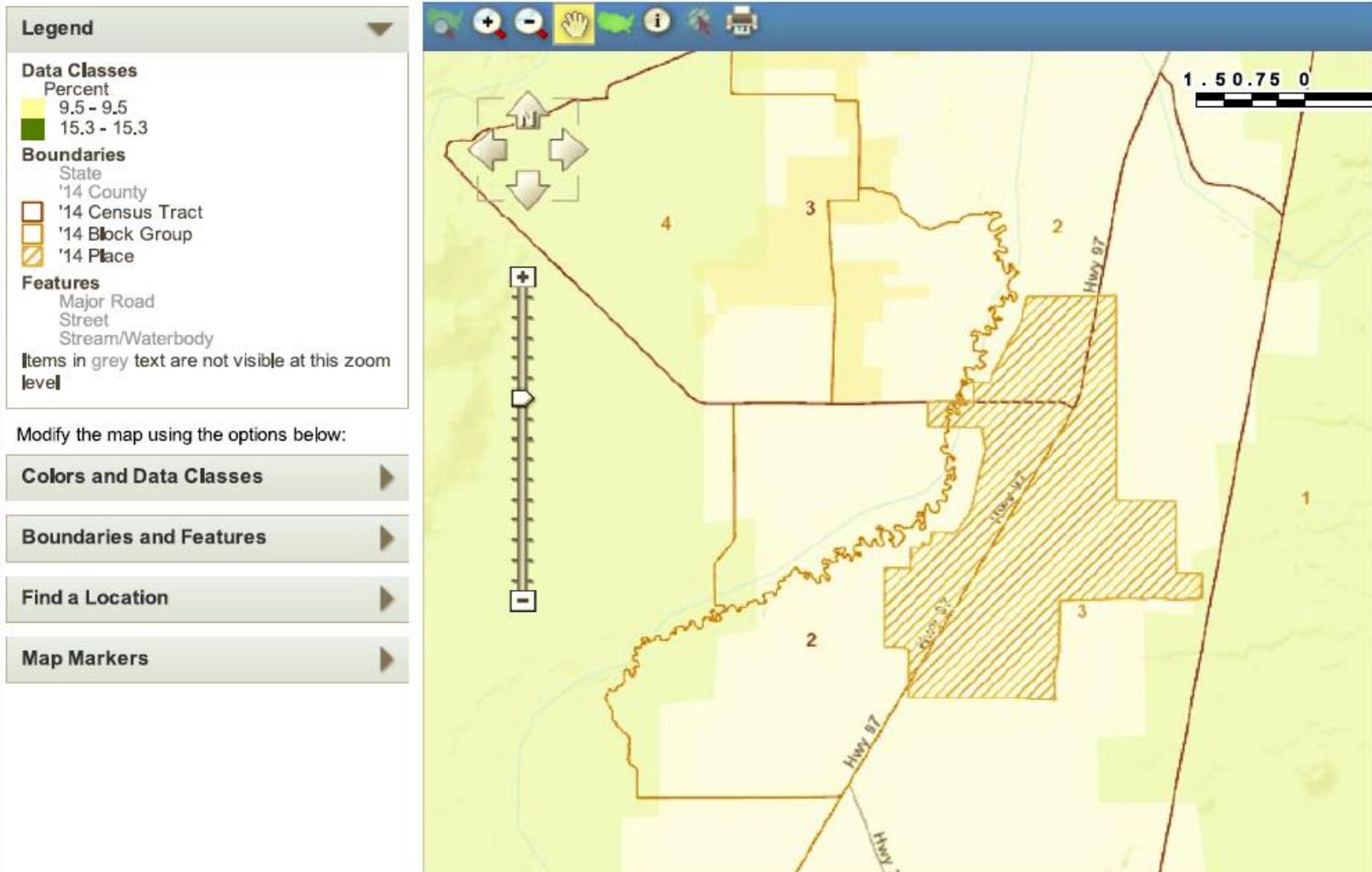
Census Tract Data

U.S. Census, American Community Survey Estimates, 2010–2014 (2014 Inflation-adjusted dollars), Table:

		B19013	6	B19301	8	12	B01003				
BASIS FOR ORIGINAL DESCHUTES COUNTY RURAL ENTERPRISE ZONE		Oregon County	Census Tract	Block Group	Median household income in the past 12 months	Left as percent of state/MSA (greater)	Per capita income in the past 12 months	Left as percent of state/MSA (greater)	Computed Rate of Unemployment	Percentage-points of left above state/MSA (lesser)	Total Population
4141050	La Pine city, Oregon	..			\$29,398	58%	\$17,734	65%	20.2%	9.6%	1,714
410170012002	Block Group 2, Census Tract 12, Deschutes Co	Deschutes	12.00	2	\$68,560	136%	\$26,695	95%	5.0%	-5.5%	759
410170012004	Block Group 4, Census Tract 12, Deschutes Co	Deschutes	12.00	4	\$64,167	127%	\$26,745	95%	7.5%	-3.0%	2,780
	AGGREGATED FROM ABOVE	Deschutes			\$47,549	94%	\$23,798	85%	10.8%	0.3%	5,253
AREAS TO BE ADDED											
410170003001	Block Group 1, Census Tract 3, Deschutes Cou	Deschutes	3.00	1	\$46,210	91%	\$29,219	104%	7.2%	-3.3%	3,617
410170004021	Block Group 1, Census Tract 4.02, Deschutes C	Deschutes	4.02	1	\$49,844	99%	\$27,559	98%	16.6%	6.1%	1,343
	AGGREGATED FROM ABOVE	Deschutes			\$47,462	94%	\$28,769	103%	10.1%	-0.5%	4,960
ALTERNATIVE BASIS FOR ORIGINAL DESCHUTES COUNTY RURAL ENTERPRISE ZONE											
410170002002	Block Group 2, Census Tract 2, Deschutes Cou	Deschutes	2.00	2	\$37,813	75%	\$19,957	71%	16.8%	6.3%	1,038
410170002003	Block Group 3, Census Tract 2, Deschutes Cou	Deschutes	2.00	3	\$30,909	61%	\$15,257	54%	28.5%	18.0%	1,003
410170002004	Block Group 4, Census Tract 2, Deschutes Cou	Deschutes	2.00	4	\$24,803	49%	\$18,107	65%	7.3%	-3.2%	837
410170003002	Block Group 2, Census Tract 3, Deschutes Cou	Deschutes	3.00	2	\$36,487	72%	\$18,311	65%	6.9%	-3.6%	2,132
410170003003	Block Group 3, Census Tract 3, Deschutes Cou	Deschutes	3.00	3	\$37,794	75%	\$20,445	73%	19.8%	9.3%	945
410170012002	Block Group 2, Census Tract 12, Deschutes Co	Deschutes	12.00	2	\$68,560	136%	\$26,695	95%	5.0%	-5.5%	759
410170012004	Block Group 4, Census Tract 12, Deschutes Co	Deschutes	12.00	4	\$64,167	127%	\$26,745	95%	7.5%	-3.0%	2,780
	AGGREGATED FROM ABOVE	Deschutes			\$42,382	84%	\$21,503	77%	11.0%	0.4%	9,494
MEMO: OVERLAPPING/NEARBY AREAS											
4171250	Sunriver CDP, Oregon	..			\$48,268	96%	\$46,771	172%	10.3%	-0.2%	1,008
4173225	Three Rivers CDP, Oregon	..			\$46,288	92%	\$28,456	105%	11.9%	1.4%	3,981
410170004011	Block Group 1, Census Tract 4.01, Deschutes C	Deschutes	4.01	1	\$43,533	86%	\$21,369	76%	5.8%	-4.7%	2,700
410170004022	Block Group 2, Census Tract 4.02, Deschutes C	Deschutes	4.02	2	\$48,646	96%	\$49,850	178%	14.8%	4.3%	827
410170004023	Block Group 3, Census Tract 4.02, Deschutes C	Deschutes	4.02	3	\$56,750	112%	\$31,892	114%	0.0%	-10.5%	141

Census Tract Map

Thematic Map of Percent; EMPLOYMENT STATUS - Civilian labor force - Percent Unemployed
Geography: by Census Tract



Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Benefits of Boundary Expansion

- Encourage job creation. Offer additional employment opportunities for South County residents.
- Three traded sector companies already in Sunriver Business Park – Sunriver Brewing Company, Rat Hole Brewing, and MicroRidge Systems.
- Attract traded sector companies to locate and grow in the area that include family wage jobs.
- Sunriver Business Park and Spring River Plaza are ideally suited for light industrial and tech businesses.
- Property is currently available for lease in Sunriver Business Park.

Impact of Boundary Expansion

- No change to zoning, therefore relatively little impact on character or traffic patterns in Sunriver Business Park or Spring River Plaza
- The expansion of the Deschutes County Rural Enterprise Zone would include a 3-5 years tax abatement which would impact local taxing districts.
- However, with more employment opportunities created in the area, it is more likely that employees will seek to live close to work, have children that would attend area schools, and generally contribute to the area economy, including property and other taxes.

Calendar for Application of Boundary Expansion

- March 18 Notice to Tax Districts Mailed
- March 30 Board of County Commissioners Work Session
- April 5 Public Meeting for Taxing Districts
- April 13 Deschutes County Resolution
- April 13 City of La Pine Resolution

REVIEWED
LEGAL COUNSEL

For Recording Stamp Only

BEFORE THE BOARD OF COUNTY COMMISSIONERS OF DESCHUTES COUNTY, OREGON

A Resolution by the Board of County Commissioners of Deschutes County and City of La Pine to Sponsor the Application for a Boundary Expansion of The Deschutes County Rural Enterprise Zone to Include Sunriver Business Park and Spring River Plaza, and Implementing the Provisions of the Enterprise Zone

*
* RESOLUTION NO. 2016-007
*
*
*

WHEREAS, DESCHUTES COUNTY AND THE CITY OF LA PINE (SPONSORS) are co-sponsoring an application for a boundary expansion for the Deschutes County Rural Enterprise Zone, and

WHEREAS, The *SPONSORS* agree to expand the boundary of the Deschutes County Rural Enterprise Zone to include additional employment lands of Sunriver Business Park and Spring River Plaza (in unincorporated Deschutes County), and requests that the director of Oregon Business Development (OBDD) order the boundary expansion of this enterprise zone, and

WHEREAS, unemployment rates and poverty levels remain elevated in South Deschutes County, business recovery has been considerably slower than other areas of Deschutes County and Central Oregon, and relatively few new businesses or business expansions have taken place in the last few years, and

WHEREAS, the *SPONSORS* are interested in an enterprise zone to encourage new business investment, job creation, higher incomes for local residents, and greater diversity of economic activity and increased property valuation, and

WHEREAS, the proposed enterprise zone contains significant land that is reserved for industrial use, as indicated by land use zoning map(s) with the application, consistent with Comprehensive Plan(s) acknowledged by the Land Conservation and Development Commission, and such industrial sites are accessible, serviced or serviceable, and otherwise ready for use and further development, and

WHEREAS, the *SPONSORS* appreciate the impacts that a designated enterprise zone would have and the property tax exemptions that eligible business firms might receive therein, as governed by Oregon Revised Statutes (ORS) Chapter 285C and other provisions of Oregon Law, and

WHEREAS, the *SPONSORS* feel that it is invaluable to collaboratively participate in efforts to promote economic development in Central Oregon, and

NOW, THEREFORE, BE IT RESOLVED THAT:

SECTION 1: The Board of County Commissioners of Deschutes County and the City of La Pine jointly sponsor the Deschutes County Rural Enterprise Zone and has determined to modify its boundary.

SECTION 2: The municipal corporations, school districts, special services districts, and so forth that receive operating revenue through the levying of *ad valorem* taxes on real and personal property in any areas of this enterprise zone, as amended, were sent notice regarding this boundary change. A public meeting regarding this proposal was held on April 5, at the Sunriver Library, in order for these sponsoring governments to effectively consult with these other local taxing districts, and solicit input.

SECTION 3: This enterprise zone, as amended, has a total area of 7.63 square miles (6.9 square miles in City of La Pine, 0.61 square miles at Bend Airport, and 0.12 square miles in Sunriver (an unincorporated area of Deschutes County); it meets other statutory limitations on size and configuration, and it is depicted here on a drawn to scale map (Exhibit A) and described in (Exhibit B).

SECTION 4: The Board of County Commissioners of Deschutes County and the City of La Pine shall jointly continue to fulfill their duties and implement provisions ORS 285C.105 or elsewhere in ORS Chapter 285C and related parts of Oregon Law.

SECTION 5: Modification of this enterprise zone does not grant or imply permission to develop land within the Zone without complying with jurisdictional zoning, regulatory and permitting processes and restrictions; nor does it indicate any intent to alter those processes or restrictions, except as other done in accordance with Comprehensive Plans as acknowledged by the State of Oregon Land Conservation and Development Commission (LCDC).

SECTION 6: Janet Burton, Assistant Zone Manager and Area Economic Development Manager, is authorized to submit documentation for this enterprise zone boundary change to the Oregon Business Development Department (OBDD) on behalf of the zone *SPONSORS* for purpose of a positive determination in favor under ORS 285C.117.

SECTION 7: This enterprise zone boundary change takes effect on the date that the latest resolution of a sponsoring government is adopted, (or later, as so stipulated by OBDD in its determination pursuant to revision or resubmission of documentation).

BOARD OF COUNTY COMMISSIONERS
OF DESCHUTES COUNTY, OREGON

Dated this ____ day of _____, 2016

ALAN UNGER, Chair

TAMMY BANEY, Vice Chair

ATTEST:

Recording Secretary

ANTHONY DEBONE, Commissioner

ADOPTED by La Pine City Council and **SIGNED** by the Mayor this _____ day of _____, 2016.

Ken Mullenex, Mayor

Attest: _____
City Recorder



**NOTICE TO LOCAL TAXING DISTRICTS:
PUBLIC MEETING INVITATION –
PROPOSED BOUNDARY EXPANSION OF THE
DESCHUTES COUNTY RURAL ENTERPRISE ZONE
(per OAR 123-065-1050 & 123-065-1080)**

Your district is being notified of this application, because the enterprise zone as proposed would include all or parts of one or more tax code areas, in which your district levies taxes on property. In an enterprise zone, certain types of business firms that create new jobs may get limited duration exemptions on certain new property that they invest in the zone.

In particular, we are asking yours and other local taxing districts to send one or more representatives to a special public meeting to discuss this application, address issues about the enterprise zone, and achieve better understanding. At the meeting, there will be a map of the proposed zone boundary and other information for presentation and review. A preliminary agenda is enclosed.

A public meeting is scheduled to discuss the boundary expansion of the Deschutes County Rural Enterprise Zone.

**Tuesday, April 5: 5:00pm – 6:00pm
Sunriver Library
56855 Venture Lane
Bend, OR 97707**

Besides or in addition to sending participants to this meeting, your district is welcome to submit written comments. For submitting comments or questions, contact:

Janet Burton
Assistant Zone Manager
La Pine Area Economic Development Manager
PO Box 2460
16345 Sixth Street
La Pine, OR 97739
Tel: (541) 604-4095
Email: jbarton@edcoinfo.com

Resolutions

At least *seven days* after this meeting, the sponsoring governments would adopt the requisite resolutions for seeking a boundary expansion of the enterprise zone. The following are the anticipated times and dates for consideration of these resolutions.

City of La Pine	DATE	(TIME & LOCATION)
Deschutes County	DATE	(TIME & LOCATION)

An Enterprise Zone

Enterprise zones are discrete areas of up to 12 square miles in size that are sponsored by one or more local governments. Various types are found throughout the United States. Oregon’s version has been in existence since the mid-1980s. Each zone designation lasts up to 11 years. There are currently 69 enterprise zones in the State of Oregon (15 urban, 54 rural).

They are intended to offer tax and other incentives to induce additional investment and employment by non-retail businesses in areas meeting certain measures of economic hardship. They have proven to be Oregon’s key offering in the pursuit of business growth and expansion. Their effectiveness is typically due to short-term but immediate benefit for the business project’s cash flow. Other general program information can be found at <http://www.oregon4biz.com/Oregon-Business/Tax-Incentives/Enterprise-Zones/> .

The proposed land addition to the current zone would consist of approximately 79 acres (please see attached draft map).

Exemptions from Property Taxes

An Oregon enterprise zone exempts only new property that an eligible business firm might build or install in the enterprise zone at some future time.

A qualifying business must invest a minimum of \$50,000 and the creation of new fulltime employment in the zone – greater of one new job or a 10-percent increase.

An enterprise zone exemption is temporary, usually lasting only three years, after which time the property induced by these incentives is available for assessment, possibly for decades.

An extension of the exemption period to four or five years in total is possible in some cases, subject to the agreement of the local governments sponsoring the zone, higher compensation for new employees and possibly additional local requirement.

Most commercial or retail type operations are ineligible. Rather, the primary beneficiaries of the enterprise zone benefits are manufacturing and other more industrial oriented facilities serving other businesses.

Policy and Economic Reasons for Seeking Enterprise Zone Boundary Expansion

The sponsoring governments have decided to apply for an enterprise zone boundary expansion to continue to encourage new business investment and job creation in South Deschutes County, as a means of growing and diversifying the areas job base for economic development, sustainability and quality of life in South Deschutes County.