

Portland, Oregon
FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT
For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Katherine Krajnak		2. Telephone No. 823-0013	3. Bureau/Office/Dept. Portland Development Commission
4a. To be filed (date): December 7, 2012	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: December 6, 2012
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title:

Authorize the Submittal of a Boundary Change Request to the State of Oregon to add 4.5 acres to the East Portland Enterprise Zone (Resolution)

2) Purpose of the Proposed Legislation:

The action before the City Council authorizes the Portland Development Commission (PDC), on behalf of the City, to submit a request to Business Oregon for a 4.5-acre boundary expansion of the East Portland Enterprise Zone (E-Zone). The purpose of the expansion is to allow the E-Zone program to be available for a private investment by New Seasons at the former Tazo Tea headquarters site, located at 301 SE 2nd Avenue.

New Seasons Market is proposing an investment of approximately \$10 million for an off-site Central Kitchen staffed by approximately 80 employees (40 existing, 40 new). The kitchen will serve their existing 12 stores across the Portland metro area. It also has the capacity to serve additional stores if/when New Seasons expands their number of locations.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|---|------------------------------------|--|
| <input type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input checked="" type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input checked="" type="checkbox"/> East |
| <input checked="" type="checkbox"/> Central City | | | |
| <input type="checkbox"/> Internal City Government Services | | | |

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

New Seasons will be making a \$10 million investment in a new facility. The property taxes for that investment will be abated for a period of five years. After five years, property taxes will accrue to the City and other applicable taxing jurisdictions.

5) Expense: What are the costs to the City related to this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the **level of confidence**.)

No costs to the City are anticipated due to this legislation.

6) Staffing Requirements:

- Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)

We do not anticipate creating, eliminating, or reclassifying any positions this year due to this legislation.

- Will positions be created or eliminated in future years as a result of this legislation?

We do not anticipate creating or eliminating positions in future years due to this legislation.

(Complete the following section only if an amendment to the budget is proposed.)

7) Change in Appropriations (If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

- YES:** Please proceed to Question #9.
 NO: Please, explain why below; and proceed to Question #10.

In June 2012, as part of the original approval process for the East Portland E-Zone five opportunities for public testimony and comment occurred:

- A public meeting of affected taxing jurisdictions
- A public open house at the Immigrant and Refugee Community Organization
- A meeting before the Port of Portland Commissioners and
- A meeting before the PDC Board
- A public hearing/meeting of Portland City Council

In addition to these meetings, PDC staff conducted conference calls with Urban Renewal Advisory Committee (URAC) Chairs from the Central Eastside, Gateway and Lents to explain the focus and purpose of the application for a new E-Zone. All chairs were supportive of the program given its ability to create jobs and leverage private investment. This 4.5-acre expansion is consistent with the preferred use of the program from Central Eastside and other stakeholders.

Oregon Administrative Rules requires notifying overlapping taxing jurisdictions of any proposed boundary amendments. That notice was provided on November 20, 2012. No concern was expressed from these partners, and the most active partner, Multnomah County Chair Jeff Cogen is supportive of this expansion.

Additionally, the statutes require the Port of Portland pass a resolution in consent of proposed boundary amendments. Port staff supports the proposed action and are forwarding that recommendation to the Port Commission for action at their scheduled meeting December 12, 2012.

9) If "YES," please answer the following questions:

- a) What impacts are anticipated in the community from this proposed Council item?
- b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?
- c) How did public involvement shape the outcome of this Council item?
- d) Who designed and implemented the public involvement related to this Council item?
- e) Primary contact for more information on this public involvement process (name, title, phone, email):

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

No further public involvement is anticipated for this specific action.

Patrick O. Quinton

Patrick Quinton
BUREAU DIRECTOR

J. Scott Andrews
Commission Chair

Aneshka Dickson
Commissioner

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Charles A. Wilhoite
Commissioner

Sam Adams
Mayor

Patrick Quinton
Executive Director

DATE: December 5, 2012

TO: Mayor Sam Adams

FROM: Keith Witcosky, Deputy Director

RE: Authorize the Submittal of a Boundary Change Request to the State of Oregon to add 4.5 acres to the East Portland Enterprise Zone (Resolution)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison ____

1. **INTENDED THURSDAY FILING DATE:** December 6, 2012
 2. **REQUESTED COUNCIL AGENDA DATE:** December 13, 2012
 3. **PRIMARY CONTACT NAME & NUMBER:** Keith Witcosky, 823-3243
 4. **SECONDARY CONTACT & PREPARED BY:** Katherine Krajnak, 823-0013
 5. **PLACE ON:** ___ CONSENT ___ REGULAR
 6. **FINANCIAL IMPACT & PUBLIC INVOLVEMENT STATEMENT ATTACHED:**
___ Yes ___ No ___ N/A
 7. **(THREE) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:** ___ Yes ___ No ___ N/A
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8. BACKGROUND/ANALYSIS

Introduction and History – The action before the City Council authorizes the Portland Development Commission (PDC), on behalf of the City, to submit a request to Business Oregon for a 4.5-acre boundary expansion of the East Portland Enterprise Zone (E-Zone). The purpose of the expansion is to allow the E-Zone program to be available for a private investment by New Seasons at the former Tazo Tea headquarters site, located at 301 SE 2nd Avenue.

New Seasons Market is proposing an investment of approximately \$10 million for an off-site Central Kitchen staffed by approximately 80 employees (40 existing, 40 new). The kitchen will serve their existing 12 stores across the Portland metro area. It also has the capacity to serve additional stores if/when New Seasons expands their number of locations.

The E-Zone program provides an abatement of property taxes for five years to firms making new capital investments which expand operations and increase employment. This program has proven to be a valuable economic development tool across Oregon. It is one of the state's most effective mechanisms for business growth, expansion, retention and recruitment. The program is attractive to growing businesses because it brings immediate benefit by increasing their short term cash flow.

Legal Issues – None

Link to Current City Policies – Active use of the E-Zone program advances many objectives of the 2009 City of Portland Economic Development Strategy and the PDC Strategic Plan which place an emphasis on creating jobs and maximizing competitiveness.

Controversial Issues – None

Citizen Participation –In June 2012, as part of the original approval process for the East Portland E-Zone five opportunities for public testimony and comment occurred:

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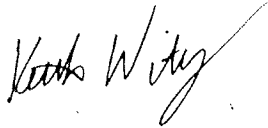
Additionally, the statutes require the Port of Portland pass a resolution in consent of proposed boundary amendments. Port staff supports the proposed action and are forwarding that recommendation to the Port Commission for action at their scheduled meeting December 12, 2012.

9. FINANCIAL IMPACT

There is no direct financial impact of this action on the City of Portland. The E-Zone program does not decrease projected growth in property taxes. The five-year property tax abatements only apply to new capital investment, and once they expire, the increased value returns to the tax rolls.

RECOMMENDATION/ACTION REQUESTED

It is recommended the City Council approve the Resolution authorizing PDC to submit a request to the State of Oregon for 4.5-acre boundary expansion to the East Portland Enterprise Zone.



Keith Witcosky,
Deputy Director