City Council
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www.eugene-or.gov

EUGENE CITY COUNCIL AGENDA

February 16, 2022

12:00 p.m. **CITY COUNCIL WORK SESSION**

As the state and community recover from the COVID-19 pandemic, City Council meetings will continue to be held remotely using virtual meeting technology. Information about online or other options for access and participation will be available at https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials

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Meeting of February 16, 2022;
Her Honor Mayor Lucy Vinis Presiding

Councilors

Claire Syrett, President	Matt Keating, Vice President
Mike Clark	Greg Evans
Randy Groves	Emily Semple
Jennifer Yeh	Alan Zelenka

12:00 p.m. **CITY COUNCIL WORK SESSION**

1. **WORK SESSION: Public Art Update**
2. **WORK SESSION: Peterson Pacific Industries-Enterprise Zone Extension**

For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

For more information, contact the Council Coordinator at 541-682-5010
or visit us online at www.eugene-or.gov.

EUGENE CITY COUNCIL
AGENDA ITEM SUMMARY

Work Session: Public Art Update

Meeting Date: February 16, 2022 | Agenda Item Number: 1
Department: Library, Recreation, Cultural Services | Staff Contact: Kate Ali
www.eugene-or.gov | Contact Telephone Number: 541-682-6314

ISSUE STATEMENT
This report is an opportunity to update City Council on the Public Art Program. The Public Art Manager will present an overview of the program along with a synopsis of several recent projects.

BACKGROUND
Eugene has a 40-year history of supporting Public Art through the Percent for Art program. Over the last 10 years our city has been expanding its Public Art programming to include both Mural and Temporary Art initiatives. Each of the specialty areas presented achieve unique outcomes for the community and strengthen the local arts ecosystem. This update on the City's Public Art Program will explore each of these programs and provide examples of current projects and partnerships.

COUNCIL OPTIONS
Informational only.

FOR MORE INFORMATION
Staff Contact: Kate Ali
Telephone: 541-682-6314
Staff E-Mail: KAli@eugene-or.gov

EUGENE CITY COUNCIL
AGENDA ITEM SUMMARY

Work Session and Action: Peterson Pacific Corp. Enterprise Zone Extension Request

Meeting Date: February 16, 2022 | Agenda Item Number: 2
Department: Planning and Development Department | Staff Contact: Amanda D'Souza
www.eugene-or.gov | Contact Telephone Number: 541-682-5540

ISSUE STATEMENT
Peterson Pacific Corp. (Peterson) submitted an Enterprise Zone Authorization Application seeking a tax exemption on a proposed investment of $8,225,000 for building renovations, machinery, and equipment to accommodate the relocation of a Washington state manufacturing facility to the existing Eugene location. Peterson has requested a two-year extension of the standard three-year exemption (for a total of five years). Council is asked to consider approval of Peterson's two-year extension request consistent with the conditions included in the resolution in Attachment A.

BACKGROUND
Peterson is a manufacturer of forestry equipment: disc and drum chippers, delimbers/debarkers, horizontal grinders, screens, blower trucks and trailers. Peterson began as a heavy construction company but expanded into manufacturing to develop equipment to suit their land clearing/construction needs. In July 2007, Peterson was purchased by Astec Industries, Inc., an international company that specializes in the design and manufacture of products, machinery, and equipment used in building infrastructure. Peterson currently operates a manufacturing facility in the Eugene Enterprise Zone. The renovated facility and added machinery and equipment will enable Peterson to accommodate the relocated manufacturing facility. The relocation will result in 85 new jobs. Hiring is already underway and is expected to continue through December 2025. Peterson expects to begin claiming an exemption in 2022 with all investments completed by the end of 2025.

Peterson is located within the West Eugene Enterprise Zone and Urban Growth Boundary but is not currently within City limits (See Map in Attachment B). That means the facility will not pay property taxes to the City. The City is a co-sponsor of the West Eugene Enterprise Zone; therefore, Council must consider and take action on Peterson's extension request. Should Council approve the request, Lane County Board of Commissioners will need to consider the request as the other co-sponsor.

Peterson's planned investment is eligible by-right for the program's standard three-year exemption, should they meet the basic Enterprise Zone requirements. The program is designed to encourage new investments that create jobs and increases tax revenue. To qualify for the three-year exemption, the business must be a (non-retail) manufacturing, processing, call-center,

headquarters, distribution, or warehouse business that will increase its base employment by at least ten percent.

Peterson has met the qualifications for the three-year exemption and will receive the exemption benefit in Years 1-3 (estimated to be a total benefit of $219,700) regardless of Council's decision on the two-year extension request.

Two-Year Extension

Peterson has requested an optional two-year extension that, if approved, would extend the tax exemption benefit to a total of five years. State statute allows businesses to request a two-year extension, subject to approval by the local zone sponsors (City Council and County Board of Commissioners). To receive the extended exemption, a business must qualify for the standard three-year exemption, and (1) provide all new employees an annual compensation of at least 150% of the county's average annual wage, (2) abide by any additional conditions that the sponsor may reasonably request, and (3) enter into a written agreement with the zone sponsor confirming the conditions associated with the extended exemption. The provision for additional conditions associated with the two-year extension is guided by state administrative rules. If the additional conditions include an economic cost to the company, Oregon Administrative Rule (OAR 123-065-2540) states that any additional requirements "shall not substantially offset or reduce the relevant tax benefit for the eligible business firm, such that… these costs shall not exceed one-third of the tax savings."

Peterson's Extension Request

The two- year extension is estimated to provide Peterson with a total additional benefit of $157,700 in property tax exemption for Years 4 and 5. There is no impact to the City's tax revenue because the location is outside City limits. In recognition of the exemption, Peterson will partner with Lane Community College to provide paid on-the-job training (plus paid tuition) for up to five (5) students per year. The draft extension agreement details are included in the resolution (Attachment A), and summarized below:

- Average annual compensation (with benefits) of new employees must be greater than or equal to 150% of county average wage ($49,503 x 150% = $74,255), consistent with state statutes.
- Partner with Lane Community College through its Cooperative Education Internship program to offer welding students up to five (5) paid, part-time (20 hours) on-the-job training opportunities each year of the tax abatement. Peterson will also pay for the hired students' tuition and will offer a base wage of at least $16.35 per hour. Each position will last for a minimum of nine (9) weeks.

Should either zone sponsor choose not to approve Peterson's request for the two-year extension, Peterson could still receive the standard exemption benefit in Years 1-3 if they continued to meet ongoing program requirements.

Next Steps
If Council approves the extension request, the Lane County Board of Commissioners will be asked to consider approval of the request. Following approval by both Zone sponsors, both sponsors will enter into an agreement with Peterson consistent with the terms included in the resolution (Attachment A).

PREVIOUS COUNCIL DIRECTION
July 24, 2017 Council Work Session
Council adopted an ordinance amending the West Eugene Enterprise Zone Public Benefit Criteria. The Criteria is applicable to eligible business firms seeking an enterprise zone tax exemption with the intent to impose a public benefit contribution of up to 25% of the tax exemption value based on their conformance with the public benefits.

June 8, 2016 Council Work Session
Council adopted a resolution authorizing the City Manager to re-designate the West Eugene Enterprise Zone for another ten years. Council also voted to convene a committee to review and recommend modifications to the program's Public Benefit Criteria.

COUNCIL OPTIONS
1. Approve the exemption extension resolution (Attachment A).
2. Amend the terms and approve a resolution with the amended terms.
3. Deny the exemption extension.

CITY MANAGER'S RECOMMENDATION
The City Manager recommends approval of Peterson's two-year extension request consistent with the conditions in the resolution (Attachment A).

SUGGESTED MOTION
Move to approve the Resolution Approving a Two-Year Extension Request for a Property Tax Exemption to Peterson Pacific Corp. for its Operations in the West Eugene Enterprise Zone as outlined in Attachment A.

ATTACHMENTS
A. A Resolution Approving a Two-Year Extension Request for a Property Tax Exemption to Peterson Pacific Corp. for its Operations in the West Eugene Enterprise Zone
B. Map

FOR MORE INFORMATION
Staff Contact: Amanda D'Souza
Telephone: 541-682-5540
Staff E-Mail: ADSouza@eugene-or.gov

RESOLUTION NO. _____

A RESOLUTION APPROVING A TWO-YEAR EXTENSION REQUEST FOR A PROPERTY TAX EXEMPTION TO PETERSON PACIFIC CORP. FOR ITS OPERATIONS IN THE WEST EUGENE ENTERPRISE ZONE.

The City Council of the City of Eugene finds as follows:

A. The City of Eugene and Lane County are co-sponsors of the West Eugene Enterprise Zone, which became effective on July 1, 2016.

B. Peterson Pacific Corp. ("Peterson") is an eligible business firm as provided in ORS 285C.135 and has the right under ORS 285C.175 to seek property tax exemptions in the enterprise zone.

C. Peterson has filed an authorization application with the West Eugene Enterprise Zone Manager seeking a three-year property tax exemption for its operations in the West Eugene Enterprise Zone under ORS 285C.175. That application will be approved, if at all, by the West Eugene Enterprise Zone Manager and the Lane County Assessor.

D. Peterson also seeks a two-year extension to the tax exemption, for a total five-year exemption.

E. If the Council approves the two-year extension, the request would then be considered by the Lane County Board of Commissioners.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. Pursuant to ORS 285C.160, the City Council approves Peterson's request for an additional two-year tax exemption at the end of any tax exemption period authorized by the West Eugene Enterprise Zone Manager and the Lane County Assessor pursuant to ORS 285C.140, provided that Peterson complies with the following conditions for each year of the entire exemption period:

(a) Peterson will annually compensate all new employees hired by Peterson at a rate of at least 150 percent of the county average annual wage for each assessment year during the tax exemption period, in accordance with the specific definitions and guidelines in Oregon Administrative Rules (OAR), Chapter 123, Division 674 (OAR 123-674-0600).

(1) The county average annual wage is set at the time of authorization, except as provided in ORS 285C.160(4). According to the "Annual Average Wage

by County by Year" created by Business Oregon using data collected by the Oregon Employment Department, the 2020 Lane County average annual wage was $49,503; 150 percent of which equals $74,255.

(2) Average level of compensation is calculated for new jobs, which is defined as jobs filled for the first time between the date of December 22, 2020, which was the date of submission of the authorization application, and December 31 of the first year for which an exemption is claimed and whose duties are performed within the current boundaries of the West Eugene Enterprise Zone; and

(3) Only full-time, year-round and non-temporary employees engaged in a majority of their time in Peterson's eligible operations consistent with ORS 285C.135 and 285C.200(3) are counted, regardless of whether such employees are leased, contracted for or otherwise obtained through an external agency or are employed directly by Peterson.

(b) Peterson shall meet the following additional requirements as reasonably requested by the Zone Sponsors under ORS 285C.160(a)(B):

(1) Peterson shall partner with Lane Community College through its Cooperative Education Internship program to offer welding students up to five paid, part-time (20 hours per week) on-the-job training opportunities each year of the tax abatement. Peterson will also pay for the hired students' tuition and will offer the students a base wage of at least $16.35 per hour. Each position will last for a minimum of nine weeks.

(2) If the investment is spread out over several years, such that the exemption may be spread out over up to eight years, Peterson's total contribution will still be consistent with the commitment described above, all of which must be provided during the first five years of the tax exemption period.

Section 2. The City Manager is authorized to sign agreements with Lane County, the co-sponsor of the West Eugene Enterprise Zone, and Peterson incorporating the terms described in this Resolution only if the following two conditions are met:

(a) The West Eugene Enterprise Zone Manager and the Lane County Assessor approve the application for authorization for the initial three-year property tax exemption; and

(b) Peterson accepts the conditions outlined in this Resolution.

Section 3. The City Manager is authorized to take appropriate action to facilitate the extension of the property tax exemption as described in this Resolution.

Section 4. In the event that Peterson fails to comply with any of the conditions in Sections 1 and 2 of this Resolution, the City Manager shall notify the Lane County Assessor that Peterson has become unqualified for the exemption.

Section 5. This Resolution is effective immediately upon its passage by the City Council.

The foregoing Resolution adopted the ___ day of _____, 2022.

_____
City Recorder

Eugene

Taxlot: 17-04-08-00-00101

Orthophotography: 2021

Caution: This map is based on imprecise source data, subject to change, and for general reference only. 2/8/2022