



HAND DELIVERED

January 14, 2020

Honorable Mayor Hodson and Members of the City Council
City of Canby
222 NE 2nd Avenue
Canby, OR 97013

**Re: Clackamas County Strategic Investment Zone Agreement with City of Canby
and COHO Distributing, LLC**

Dear Mayor Hodson and Members of the City Council:

This firm represents the Canby Fire District ("Canby Fire"). The purpose of this letter is to request that the City table Resolution No. 1330, which is scheduled for consideration and approval during your January 15, 2020 board meeting.

Despite the provisions of ORS Ch. 285C.600 et seq, Canby Fire has not been given notice of the intent to include this project in the strategic investment program ("SIP"), has not been informed of the process and financial impact analysis, and has not been included in any discussions or approval hearings. Canby Fire has not had an opportunity to address the financial impacts that this action will have, nor to consult with the proper parties to determine the allocation of funds should the project qualify and be approved as a SIP project. Given our understanding of the process, it may, in fact, be too late to include the project under the SIP. From an operational perspective, based on our experience with strategic investment zones, if this project goes forward as currently presented, the impact of the loss of financial resources coupled with increased needs for services will significantly erode the quality of the district's services.

Finally, the proposed agreement is effective only if the local taxing districts listed in ORS 198.010 or 198.180 that constitute at least 75 percent of the property tax authority of all local taxing districts listed in the code area in which the eligible project is located have entered into the agreement. ORS 285C.609(6)(a)(B). So far as we are aware, no other districts have entered into an agreement, and certainly Canby Fire has not entered into such an agreement. Without Canby Fire we question whether the 75% threshold can be achieved. As a result, approval at this time may be legally ineffective. We are not aware whether the project has followed the correct process for approval as well, and question whether the project can be exempt from property taxation under ORS 307.123 without proper process.

(503) 474-7175
fax: (503) 905-8766

1 Centerpoint Drive, Suite 530
Lake Oswego, OR 97035

In submitting this request to table the Resolution, Canby Fire wants to make it clear that it has not taken a position against the proposed project, but that it needs time and information upon which to consider the project, and to consider the significant financial and operational impacts this project will have on the district.

Canby Fire Chief Jim Davis will attend the meeting and be available to answer any questions.

Sincerely,

Innova Legal Advisors PC

A handwritten signature in blue ink, reading "Robert F. Blackmore". The signature is written in a cursive style with a large, stylized "R" and "B".

Robert F. Blackmore
bob.blackmore@innovalegaladvisors.com

Canby Strategic Investment Zone

A business recruitment and expansion incentive for large traded sector investments.

Strategic Investment Zone Overview:

This program provides 15 year property tax abatements to traded sector companies that invest over \$25 million in Canby.



Program Objectives:

- Attract large, capital intensive, traded sector businesses to Canby.
- Increase business investment, employment and economic output.
- Provide a clear and streamlined process for businesses interested in the program.
- Use community service fees to mitigate impacts on infrastructure, services, and other fiscal demands of large companies.

Eligible Companies:

Traded sector businesses investing over \$25 million in new facilities or equipment are eligible. Traded sector refers to businesses that sell their goods or services into markets for which national or international competition exists. Common traded sector businesses include production and manufacturing, high tech, energy generation, and destination tourism among others.

Eligible Areas:

The Strategic Investment Program is available for appropriately zoned sites in Canby. Businesses must meet all local zoning, permitting, building and environmental requirements and pay all associated fees.

Eligible Businesses Must:

- Sign a First Source Hiring Agreement with the Oregon Employment Department in Clackamas County committing to consider qualified Clackamas County residents first for jobs created by this investment.
- Sign a First Source Contracting Agreement committing to consider qualified local contractors and suppliers for construction, installation, equipment maintenance, long term operations and provision of raw materials or finishing services where possible.
- Work with local workforce training and education providers to meet short and long term workforce needs. This could include serving on an industry advisory committee, assisting in curriculum development, providing internship and mentoring opportunities and considering financial or equipment donations.
- Penalties for nonperformance or business relocation before 10 years.
- Additional business requirements to be determined by City Council & County Commissioners.



How does the program work?

For the Business:

An interested company contacts the City of Canby or Clackamas County to determine eligibility and discuss the process. Next, the company would fill out an application outlining the investment and project details. Once agreement is reached, the company signs a contract with the city and county to secure the 15 year tax abatement and pays the filing fee. Upon successful application approval by *Business Oregon*, the company would construct the facility, install equipment and begin operations. Once the investment is complete, the company must file an annual exemption claim by April 1st including compliance documentation and community service fee payment to receive the property tax abatement.

For the Community:

The county and city reviews the company's application and develops and signs a contract with the company. *Business Oregon* reviews the company's application. Within three months of approval, the county, city and local taxing districts develop a Community Service Agreement and file it with *Business Oregon*. For the subsequent 15 years the County Assessor monitors compliance, collects community service and other fees, and distributes funds according to the Community Service Agreement.



Benefits to the Company:

- This program provides a significant long term property tax savings.
- Businesses will not pay property taxes on new plant and equipment investments over \$25 million for 15 years. For example, a \$300 million investment will provide almost \$35 million in savings over a 15 year period.
- Pre-established Strategic Investment Zone terms avoid delay or uncertainty that is typical of the Strategic Investment Program.
- Assistance with connections to local procurement and hiring resources.
- Long term collaboration on continuing workforce training needs.

Benefits to the Community:

- Attraction of a large traded sector business and investment that brings employment, contracting and economic benefits to the community.
- Tax revenue to all taxing districts from the first \$25 million in investment.
- Businesses pay an annual community service fee of lesser of 25% of business tax savings on investments over \$25 million or \$500,000 per year.
- State rebate of 50% of personal income tax revenue on new jobs created.

For More Information, Contact:

Jamie Stickel, *Economic Development Director*
(503) 266-0701 StickelJ@canbyoregon.gov
222 NE 2nd Avenue, Canby, OR 97013

