



ADMINISTRATIVE SERVICES COMMITTEE

Agenda

Wednesday, October 23, 2013

3:30 pm

Madison Avenue Meeting Room
500 SW Madison

Discussion/**Possible Action**

- I. Enterprise Zone Application –
Forbidden Fruit Ciderhouse, LLC (2 Towns)
(Attachment)

Information

- II. Other Business

Next Scheduled Meeting

Wednesday, November 6, 2013 at 3:30 pm

Madison Avenue Meeting Room, 500 SW Madison Ave

Agenda

2014 Land Use Fee Review

Council Policy Reviews and Recommendations:

- 94-2.09, "Council Orientation"
- 92-1.05, "Miscellaneous Property Ownership"
- 91-3.04, "Separation Policy"
- 04-1.09, "Public Access Television"

Utility Rate Annual Review

Memorandum



To: City of Corvallis Administrative Services Committee
From: Tom Nelson, Economic Development Manager
Date: October 23, 2013
RE: Enterprise Zone Application from Forbidden Fruit Ciderhouse, LLC (2 Towns)

Background:

An Enterprise Zone application was received by the Corvallis / Benton County Economic Development office on August 21, 2013 from Forbidden Fruit Ciderhouse, LLC. This company is known by most as 2 Towns Ciderhouse which is located at Eastgate Business Center across the river from Corvallis in Linn County. The company is expanding rapidly, and has exhausted its ability to expand at Eastgate. Operations will continue there, but the owners plan to expand its operations at the Corvallis Airport Industrial Park in Benton County. A preauthorization meeting was held on September 6, 2013 with staff from the assessor's office, the applicant, and the Enterprise Zone Advisory Committee. The application and sustainability requirements are attached.

The purpose of the meeting was to review and consider recommendation of approval of the application for Enterprise Zone Tax Abatement to assure the applicant could meet the jobs, investment, and sustainability criteria. Staff and the committee were unanimous in their consensus that the applicant could successfully meet the criteria, and recommends approval.

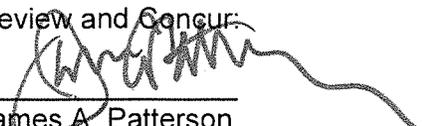
Next Steps:

The process calls for the city of Corvallis to place consideration of approval for the extended tax abatement for 5 years on the agenda of the Administrative Services Committee (ASC) for their screening and recommendation to the full city council. If approved, the matter will be forwarded to the Corvallis City Council, and with their approval, forwarded to the Assessor to include as an agenda item for the standard 3 year exemption approval from the Benton County Board of Commissioners.

Staff Recommendation

Staff recommends approval of the application.

Review and Concur:



James A. Patterson
City Manager

OREGON ENTERPRISE ZONE AUTHORIZATION APPLICATION

• Complete form and submit to the local enterprise zone manager before breaking ground or beginning work at the site. • Please type or print neatly.

APPLICANT

Enterprise Zone or Rural Renewal Energy Development Zone (where business firm and property will be located) Benton/Corvallis		County Benton	
Name of Business Firm Forbidden Fruit Ciderhouse, LLC		Telephone Number (541) 207-3915	
Mailing Address 33930 SE Eastgate Circle	City Corvallis	State OR	ZIP Code 97333
Location of Property (street address if different from above) 5123 SW Hout Street	City Corvallis	State OR	ZIP Code 97333
Map and Tax Lot Number of Site	Contact Person Aaron Sarnoff-Wood	Title Owner	

My firm expects to first claim the standard property tax exemption in the following year(s): 2014

- Check here if your firm has or has had another exemption in this enterprise zone. Note the first year of such exemption: _____
- Check here that your firm commits to renew this authorization application. Renew this application on or before April 1 every two calendar years, until the tax exemption on qualified property is claimed.
- Check here if you are requesting an **extended abatement** of one or two additional years of exemption. This is subject to minimum average annual "compensation" for employees and written agreement with local zone sponsor. Sponsor may request additional requirements.

Zone Manager Use Only (after written agreement but before authorizing firm):

County Average Annual Wage: \$ _____ For Year _____ Total Exemption Period: 4 or 5 Consecutive Years (check one)

BUSINESS ELIGIBILITY

Eligible Activity—Check all activities that apply to proposed investment within the enterprise zone:

- Manufacturing Fabrication Bulk Printing Shipping Agricultural Production Energy Generation
- Assembly Processing Software Publishing Storage Back-office Systems
- Other—describe the activities that provide goods, products, or services to other businesses (or to other operations of your firm): _____

Check here if your business firm does or will engage in **ineligible activities** within the enterprise zone (such as retail sales, health care, professional services, or construction). Describe below (or in an attachment) these activities and their physical separation from "eligible activities" checked above: _____

Special Cases—Check all that apply:

- Check here if a **hotel, motel, or destination resort** in an applicable enterprise zone.
- Check here if a **retail/financial call center**. Indicate expected percent of customers in local calling area: _____ %.
- Check here if a **"headquarters" facility**. (Zone sponsor must find that operations are statewide or regional in scope and locally significant.)
- Check here if an **electronic commerce investment** in an e-commerce enterprise zone. (This also provides for an income tax credit.)

EMPLOYMENT IN THE ENTERPRISE ZONE (see worksheets on last page)

Do **not** count temporary, seasonal, construction, FTE, part-time jobs (32 hours or less per week), or employees working at ineligible operations.

Existing Employment—My business firm's average employment in the zone over the past 12 months is ¹⁰ _____ jobs.

New Employees— • Hiring is expected to begin on (date or month and year): 8/23/2013

• Hiring is expected to be completed by (month and year): 1/1/2017

• Estimated total number of new employees to be hired with this investment is: 10

Commitments—By checking all boxes below, you agree to the following commitments as required by law for authorization:

- By April 1 of the first year of exemption on the proposed investment in qualified property, I will increase existing employment within the zone by one new employee or by 10 percent, whichever is greater.
- My firm will maintain at least the above minimum level as an annual average employment during the exemption period.
- When the exemption claim is also filed by April 1 following each calendar year of exemption, total employment in the zone will not have shrunk by 85 percent at one time or by 50 percent twice in a row, compared to any previous year's figure.
- My firm will comply with local additional requirements as contained in: (1) a written agreement for an extended agreement, (2) zone sponsor resolution(s) waiving required employment increase, or (3) an urban enterprise zone's adopted policy, if applicable.
- My firm will verify compliance with these commitments, as requested by the local zone sponsor, the county assessor or their representative, or as directed by state forms or administrative rules.
- My firm will enter into a **first-source hiring agreement** before hiring new eligible employees. (This **mandatory** agreement entails an obligation to consider referrals from local job training providers for eligible job openings within the zone during at least the exemption period.)

OREGON EMPLOYMENT OUTSIDE THE ENTERPRISE ZONE

Check only those that apply:

- Check here if your firm or a commonly controlled firm is, or will be, closing or curtailing operations in the state **beyond 30 miles of the zone's boundary**. Indicate timing, location, number of any job losses, and relationship to the proposed enterprise zone investment:

- Check here if you are transferring any operations into the zone from site(s) **within 30 miles of the zone boundary** (existing businesses only): My firm's average employment at the site(s) over the past 12 months is 10 jobs.
- Check here if your firm commits to increase the combined employment at the site(s) (within 30 miles) and in the zone to 110 percent of the existing combined level by April 1 and on average during the first year of exemption.

PROPOSED INVESTMENT IN QUALIFIED PROPERTY

Anticipated Timing—Enter dates or months/years

Action	Site and Building & Structures			Machinery and Equipment		
	Preparation	Construction*	Placed in Service	Procurement**	Installation	Placed in Service
To commence or begin on	9/1/2013	10/1/2013	12/15/2013	8/5/2013	11/1/2013	12/15/2013
To be completed on	9/30/2013	12/15/2013		10/31/2013	12/15/2013	

* And/or new reconstruction, additions to, or modifications of existing building(s) or structure(s).
 ** May precede application by up to three months.

Special Issues:

- Check here for building/structure acquired/leased for which construction, reconstruction, additions, or modifications began prior to this application (attach executed lease or closing documents).
- Check here for **Work-in-Progress** tax exemption for qualified property that is not yet placed in service and is located on site as of January 1. (Attach description and list of such probable property. See "Special Issues Worksheet," on the last page.)

Qualifying Property: Estimates of cost (please attach a preliminary list of machinery and equipment).

Type of Property		Number of Each/Item	Expected Estimated Value	Check if any Item will be Leased
Real Property	Building or structure to be newly constructed		\$	<input type="checkbox"/>
	New addition to or modification of an existing building/structure	8	\$ 170,000	<input checked="" type="checkbox"/>
	Heavy or affixed machinery and equipment	20	\$ 576,624	<input type="checkbox"/>
Personal Property Item(s) Costing:	\$50,000 or more		\$	<input type="checkbox"/>
	\$1,000 or more (E-commerce zone or used exclusively for tangible production)	225	\$ 314,983	<input type="checkbox"/>
Total Estimated Value of Investment			\$ 1,061,606	

Additional Description: In addition to what is explained elsewhere, briefly comment below (or in an attachment) on the scope of your investment, the particular operations and output that are planned, and the intended uses of the qualifying property.

DECLARATION

I declare under penalties of false swearing [ORS 305.990(4)] that I have examined this document and attachments, and to the best of my knowledge, they are true, correct, and complete. If any information changes, I will notify the zone manager and the county assessor and submit appropriate written amendments. I understand that my business firm will receive the tax exemption for property in the enterprise zone, only if my firm satisfies statutory requirements (ORS Chapter 285C) and complies with all local, Oregon, and federal laws that are applicable to my business.

MUST BE SIGNED BY AN OWNER, COMPANY EXECUTIVE, OR AUTHORIZED REPRESENTATIVE OF THE BUSINESS FIRM

Sign <u>X</u>	Date 8/21/2013
Title (if not an owner or executive, attach letter attesting to appropriate contractual authority) Owner	

Local enterprise zone manager and county assessor must approve this application (with *Enterprise Zone Authorization Approval*, form 150-303-082)
 150-303-029 (Rev. 10-10)

Item(s)	Total
Floor Drains, Septic, Concrete Work	\$ 90,000.00
Glycol Chiller	\$ 50,000.00
Glycol Lines & Install	\$ 20,000.00
Hot Water Heaters	\$ 15,000.00
Plumbing	\$ 15,000.00
Electrical	\$ 15,000.00
Air compressor	\$ 3,000.00
Compressed Air Lines	\$ 1,500.00
Extras for Pasteurizer	\$ 10,000.00
CO2 Tank and lines	\$ 7,500.00
Natural Gas Plumbing	\$ 5,000.00
Cascade Floor (brewery floor)	\$ 20,000.00
Catwalk	\$ 25,000.00
Walk in cooler	\$ 25,000.00
New Hoses	\$ 5,000.00
New Fitting	\$ 3,000.00
New Tools	\$ 3,000.00
(2) 200 BBL Fermenter & (1) 200 BBL Bright Tank	\$ 100,000.00
Affixed machinery purchased prior years	\$ 246,187.31
Personal property purchased prior years	\$ 152,893.81
Property purchased 2013 YTD	\$ 249,525.28

\$ 1,061,606.40

Addition/Modification of existing structure	Real Property		Personal Property	
	Affixed machinery & equipment	\$50k or more	\$1k or more	
\$ 90,000.00				
	\$ 50,000.00			
	\$ 20,000.00			
	\$ 15,000.00			
\$ 15,000.00				
\$ 15,000.00				
	\$ 3,000.00			
	\$ 1,500.00			
			\$ 10,000.00	
			\$ 7,500.00	
\$ 5,000.00				
\$ 20,000.00				
	\$ 25,000.00			
\$ 25,000.00				
			\$ 5,000.00	
			\$ 3,000.00	
			\$ 3,000.00	
	\$ 100,000.00			
	\$ 246,187.31			
			\$ 152,893.81	
	\$ 115,936.25		\$ 133,589.03	
\$ 170,000.00	\$ 576,623.56	\$ -	\$ 314,982.84	

Benton County Enterprise Zone Tax Abatement Goals

Applicant Information

Date: 9/10/13

Business Name: Forbidden Fruit Ciderhouse, LLC

Contact Person: Aaron Sarnoff-Wood

Phone: 541-207-3915 Email: aaron@2townsciderhouse.com

Overarching goal: Businesses are desired that encourage or demonstrate using resources in a manner that protects the environment while providing for a vigorous economy and meeting community needs now and in the future.

New Businesses:

To receive a tax abatement for years 1-3 a business must fit into one of the categories in Section I and have (3) Yes's in Section II, III or IV. If a business does not fit into one of the categories in section I it must have (5) Yes's in Section II, III or IV. The Year 4 and 5 optional tax credit would be awarded to those companies that have made progress over years 1-3 in meeting the goals listed below.

Existing or Start-up Business:

If a business already in the Enterprise Zone or a startup with no operational history does not meet the new business requirements to receive the tax abatement for years 1-3, it may submit a plan to move its organization toward becoming more sustainable based on items in the criteria. The plan will need approval and the business must report annually on its progress toward that plan. The Year 4 and 5 optional tax credit would be awarded to those companies that have made progress over years 1-3 in meeting the goals below.

Section I: Product / Services: Our company offers products or services that fit in the following business clusters. Please check one that applies:

- Green Building: (e.g. businesses that provide products or services to the green building market - insulated concrete forms, non-toxic building products, consulting services that support green building, etc.).
- Energy: Alternative energy and/or efficiency (e.g. wind, wave, solar, hydro, biofuels, energy conservation services. software/hardware to reduce energy usage, etc).
- Local Food production and processing. (using sustainable agricultural practices to reduce chemicals, water and non-renewal energy).
- Green technology: (manufacturing processes that create no hazardous substances while reducing resource use - computerized controls that reduce resource use, such as for wood processing, soil remediation, environmental sensors).
- Recycled and/or Replacement Products: (e.g. flower pots made from waste paper pulp, plastic lumber, twine made from recycled plastics).
- Sustainable Forest and Wood Products
- Other sustainable business cluster

Section II: Business Practices: Our company focuses on protecting resources and meeting community needs while enhancing the economy. Check all those that apply.

- We train our personnel to meet these goals in all business aspects.
- These goals are integrated into our business planning.
- We track our business performance with a sustainability management system. Please Identify (_____).
- We measure energy use and waste per unit of production
- Other sustainable business practices _____

Section III: Operations (Check all those that apply)

Design

Our company:

- Redesigns products so that they meet enterprise zone goals.
- Conducts Life Cycle Analyses on our product(s)/services
- Has reduced our product packaging by at least 20%
- Encouraged and engaged suppliers to redesign their products and services to meet enterprise zone goals.
- Other sustainable design practices: _____

Operations

Our company:

- Is locally owned.
- Routinely conducts process or facilities energy audits.
- Has reduced energy 10% per unit of production. (e.g. watts/widget).
- Has reduced green house gases to 1990 levels.
- Routinely/periodically conducts resource efficiency audits to reduce waste and raw materials.
- Routinely/periodically conducts efficiency audits for water usage.
- Routinely/periodically conducts employee satisfaction surveys with an action and implementation plan that follows.
- Has completed a chemical inventory that ranks toxic and hazardous materials and developed a plan to eliminate all persistent bio toxins (PBT's).
- Takes responsibly for our product at end of its useful life (e.g. takes back a computer to disassemble, recycle and or reuse components for a new product).
- Other sustainable operational strategies: _____

Section IV: Facilities

Our company:

- Intends to build to LEED (Leadership in Energy and Environmental Design) U.S. Green Building Standards or other "green" building standards.
- Will retrofit existing facilities to LEED or LEED Existing Building standards or equivalent.

RESOLUTION NO 2013-_____

A RESOLUTION APPROVING AN EXTENDED PROPERTY TAX ABATEMENT AGREEMENT BETWEEN THE COSPONSORS OF THE BENTON CORVALLIS ENTERPRISE ZONE AND FORBIDDEN FRUIT CIDERHOUSE, LLC (2 TOWNS)

Minutes of the November 4, 2013, Corvallis City Council meeting, continued.

A resolution submitted by Councilor _____.

WHEREAS, Forbidden Fruit Ciderhouse , LLC is expanding and investing in facility improvements and equipment; and

WHEREAS, Forbidden Fruit Ciderhouse , LLC intends to add new employees which will be 10% or more of the current level of full time employees; and

WHEREAS, Forbidden Fruit Ciderhouse , LLC anticipates providing average pay for new full-time employees is equal to or greater than 150% of the Benton County average as required by ORS 285C.160; and

WHEREAS, Forbidden Fruit Ciderhouse , LLC which is expanding at the Corvallis Airport Industrial Park has applied to extend the propoerty tax abatement for which it qualifies through its inclusion in the Benton-Corvallis Enterprise Zone; and

WHEREAS, the City of Corvallis has requested support of this agreement from the other co-sponsors of the Benton-Corvallis Enterprise Zone.

WHEREAS, the City of Corvallis is a co-sponsor of the Benton-Corvallis Enterprise Zone.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CORVALLIS RESOLVES that the attached Extended Abatement Agreement is hereby approved by the Corvallis City Council.

Councilor

Upon motion duly made and seconded, the foregoing resolution was adopted, and the Mayor thereupon declared said resolution to be adopted.