



City Council

August 5, 2024

Newberg Public Safety Building 401 E. Third Street

Denise Bacon Community Room

Online: <https://us06web.zoom.us/j/89536547180>

Public Comment Registration: <https://bit.ly/nbgcomment>

View Slides: [Link](#)

1. CALL TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. PROCLAMATIONS AND HONORS

4.1. Mayor for a Day Proclamation

5. CITY MANAGER'S REPORT

5.1. July Narrative Report

i [RCA: City Manager Report](#)

ii [Presentation](#)

6. PUBLIC COMMENTS

7. REPORTS AND PRESENTATIONS

7.1. [Library Update](#)

8. PUBLIC HEARING

8.1. Supplemental Budget #1

i [RCA for Supplemental Budget #1](#)

ii [Presentation for Supplemental Budget #1](#)

9. NEW BUSINESS

9.1. Adoption of a Resolution Redesignating the Newberg Enterprise Zone

- i [RCA- Enterprise Zone Redesignation](#)
- ii [Exhibit A- Newberg Enterprise Zone Map](#)
- iii [Exhibit B- Newberg Enterprise Zone Tax Lots](#)
- iv [Exhibit C- Application Materials](#)
- v [Exhibit D- Yamhill County Resolution No. 24-06-06-1](#)
- vi [Exhibit E- Public Comment](#)
- vii [Presentation](#)
- viii [Higgins Written Comment*](#)
- ix [DCI Written Comment*](#)

9.2. Resolution Authorizing a Waiver to Standard Enterprise Zone Employment Requirements Based on a Rise in Productivity and Dedicated Contribution to Workforce Training

- i [RCA: ARE Manufacturing Enterprise Zone Employment Waiver](#)
- ii [Exhibit C: Application Materials](#)
- iii [Exhibit D: Pre-Authorization Conference Notes](#)
- iv [Presentation](#)

9.3. [Resolution 2024-3945 A Resolution to Authorize Expenditures for Extensive Road Repairs on 2nd Street*](#)

9.4. [Robert Soppe Tree Discussion](#)

10. CONTINUED BUSINESS

10.1. 901 S. McKern Court Water Hardship Exemption

- i [RCA Water Hardship Exemption](#)

- ii [Attachment 1 Letter from PCREA](#)
- iii [Attachment 2 Supplemental Staff Memo](#)
- iv [Gunn Written Comment*](#)

10.2. Waste Management Request for Rate Increase

- i [Waste Management Presentation](#)

11. ADJOURNMENT

ADA STATEMENT

Contact the City Recorder's Office for physical or language accommodations at least 2 business days before the meeting. Call (503) 537-1283 or email cityrecorder@newbergoregon.gov. For TTY services please dial 711.

*indicates supplementary item

REQUEST FOR COUNCIL ACTION



Date Action Requested: August 5, 2024

Order <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Information <input type="checkbox"/>	
No. 2024-3944	
Subject: Public hearing and approval of Supplemental Budget #1 for fiscal year 2024-2025 as described in Exhibit “A”.	Staff: Kady Strode Department: Finance File No.
Business Session	Order On Agenda: Public Hearing
Hearing Type: Administrative	

Recommendation: Adopt Resolution No. 2024-3944 for approval of Supplemental Budget #1 for fiscal year 2024-2025.

Executive Summary: The changes presented in the Supplemental Budget #1 covers 3 funds. A brief description of the reasons for these changes is provided below. Notice of the supplemental budget public hearing was published in the Newberg Graphic on July 25th, 2024.

Fiscal Impact: The Supplemental Budget #1 results in a net increase in total appropriations of \$1,500,000, bringing total appropriations to \$131,684,468 and unappropriated ending fund balances of \$15,995 for a total amount of \$131,700,463. The main reason for increase of appropriations was the timing of the purchase of the water rights which was originally slated to have occurred in last fiscal year instead of this fiscal year.

Strategic Assessment: The Supplemental Budget #1 allows for better transparency to the public and Council for truing up the budget to actual beginning fund balances and to reflect current expected spending throughout the fiscal year.

RESOLUTION NO. 2024-3944

A Resolution to approve the Supplemental Budget #1 for fiscal year 2024-2025 as described in Exhibit A.

Recitals:

1. The 2024-2025 Budget was adopted by Resolution 2024-3929 on June 3, 2024.
2. Increase in appropriations can be characterized into three categories – 1) beginning fund balance adjustments to match actual ending fund balance from prior fiscal year, 2) carryover expenditures from prior fiscal year offset by contingency or higher beginning fund balance, and 3) Increasing an appropriation due to a need for an expenditure increase (i.e. moving of staffing FTE).
3. In accordance with Oregon Budget Law, notice of this Council public hearing was published in the Newberg Graphic on July 25th, 2024.

The City of Newberg Resolves as Follows:

1. The Council adopts the above recitals.
2. The Council adopts the Supplemental Budget #1 as reflected in the attached Exhibit A which is incorporated in full by this reference. The Council further authorizes the supplemental appropriations reflected in Exhibit A.

Effective Date of this resolution is the day after the adoption date, which is: August 6th, 2024.

Adopted by the City Council of Newberg, Oregon, this 5th day of August, 2024

Rachel Thomas, City Recorder

Attest by the Mayor this _____ day of _____, 2024.

Bill Rosacker, Mayor

**EXHIBIT A TO
RESOLUTION NO. 2024-3944**

City of Newberg
Supplemental Budget #1
Fiscal Year 2024-2025

SUMMARY OF PROPOSED BUDGET CHANGES

AMOUNTS SHOWN ARE REVISED TOTALS IN THOSE FUNDS BEING MODIFIED

FUND 07 - WATER		BUDGET	CHANGE	REVISED
Public Works	<i>Increase</i>	6,714,676	1,592,423	8,307,099
Contingency	<i>Decrease</i>	9,375,535	(1,592,423)	7,783,112
Revised Total Resources		19,127,570		
Revised Total Requirements		19,127,570		

Public Works expenditures increased due to the purchase of the water rights which is partially funded through the water fund and partially through ARPA funds. The payment was previously expected to occur in FY 2023-2024. Contingency decreased as an offset.

FUND 14 - ECONOMIC DEVELOPMENT		BUDGET	CHANGE	REVISED
Planning	<i>Increase</i>	29,120	46,000	75,120
Special Payments	<i>Decrease</i>	2,135,049	(211,755)	1,923,294
Contingency	<i>Increase</i>	164,508	165,755	330,263
Revised Total Resources		2,328,677		
Revised Total Requirements		2,328,677		

Planning expenditures increased due to additional funds allocated from economic development for the new permitting software. Special payments decreased due to the true up of both EDRLF Loans as well as the Housing Authority Loans and Affordable Housing Grant Payments. Contingency increased as the offset.

FUND 99 - ARPA		BUDGET	CHANGE	REVISED
Resources	<i>Increase</i>	288,873	1,500,000	1,788,873
Public Works	<i>Increase</i>	95,299	1,500,000	1,595,299
Revised Total Resources		1,788,873		
Revised Total Requirements		1,788,873		

Resources and Public Works expenditures both increased due to the purchase of the water rights which is partially funded through the water fund and partially through ARPA funds. The payment was previously expected to occur in FY 2023-2024.

Total Increase in appropriations for all funds: \$ 1,500,000

Total Appropriated Budget	130,184,468
Plus: Increase in appropriations	
Supplemental Budget #1	<u>1,500,000</u>
Revised Appropriated Budget	<u>\$ 131,684,468</u>

Reconciliation of 2024-25 Budget Changes**Appropriations**

Total Appropriations from original Adopted Budget (June 3, 2024)	\$ 130,184,468
Changes in appropriations	
Supplemental Budget #1 (August 5, 2024)	1,500,000
Total Appropriations including Supplemental Budgets	<u>\$ 131,684,468</u>

Unappropriated Ending Fund Balance (UEFB)

Unappropriated Ending Fund Balance - Debt Service Fund	15,995
Total Unappropriated Ending Fund Balance	<u>\$15,995</u>

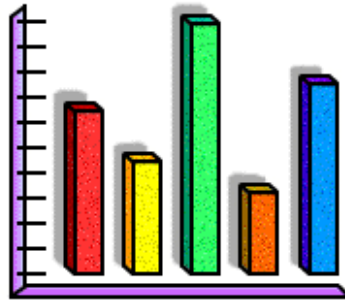
Adjusted Adopted Budget (Sum of Appropriations, UEFB, and Reserves)	<u>\$131,700,463</u>
--	-----------------------------

Supplemental Budget



Summary of Changes

- Total adjustments \$1,500,000
- Total revenue/expenditures now totals \$131,684,468



Water Fund (07)

Public Works– *Increased \$1,592,423 from Adopted Budget*

- Expenditures increased due to the purchase of the water rights which were previously expected to occur at the end of last fiscal year. This purchase is partially funded through water fund and ARPA funds.

Contingency – *Decreased by \$1,592,423*

- Offset the increase to expenditures.

Economic Development Fund (14)

Planning – *Increased \$46,000 from Adopted Budget*

- Due to additional funds from economic development which were allocated to the new permitting software purchase.

Special Payments – *Decreased by \$211,755*

- Decreased due to the true up of both EDRLF loans as well as the Housing Authority Loans and Affordable Housing Grant Payments.

Contingency – *Increased by \$165,755*

- Offset to changes above

ARPA Fund (99)

Beginning Fund Balance– *Increased \$1,500,000 from Adopted Budget*

- Resources increased due to the purchase of the water rights which were previously expected to occur at the end of last fiscal year. This purchase is partially funded through water fund and ARPA funds.

Public Works– *Increased by \$1,500,000*

- Offset to increase

QUESTIONS?





Newberg
Public Library



HISTORY

”

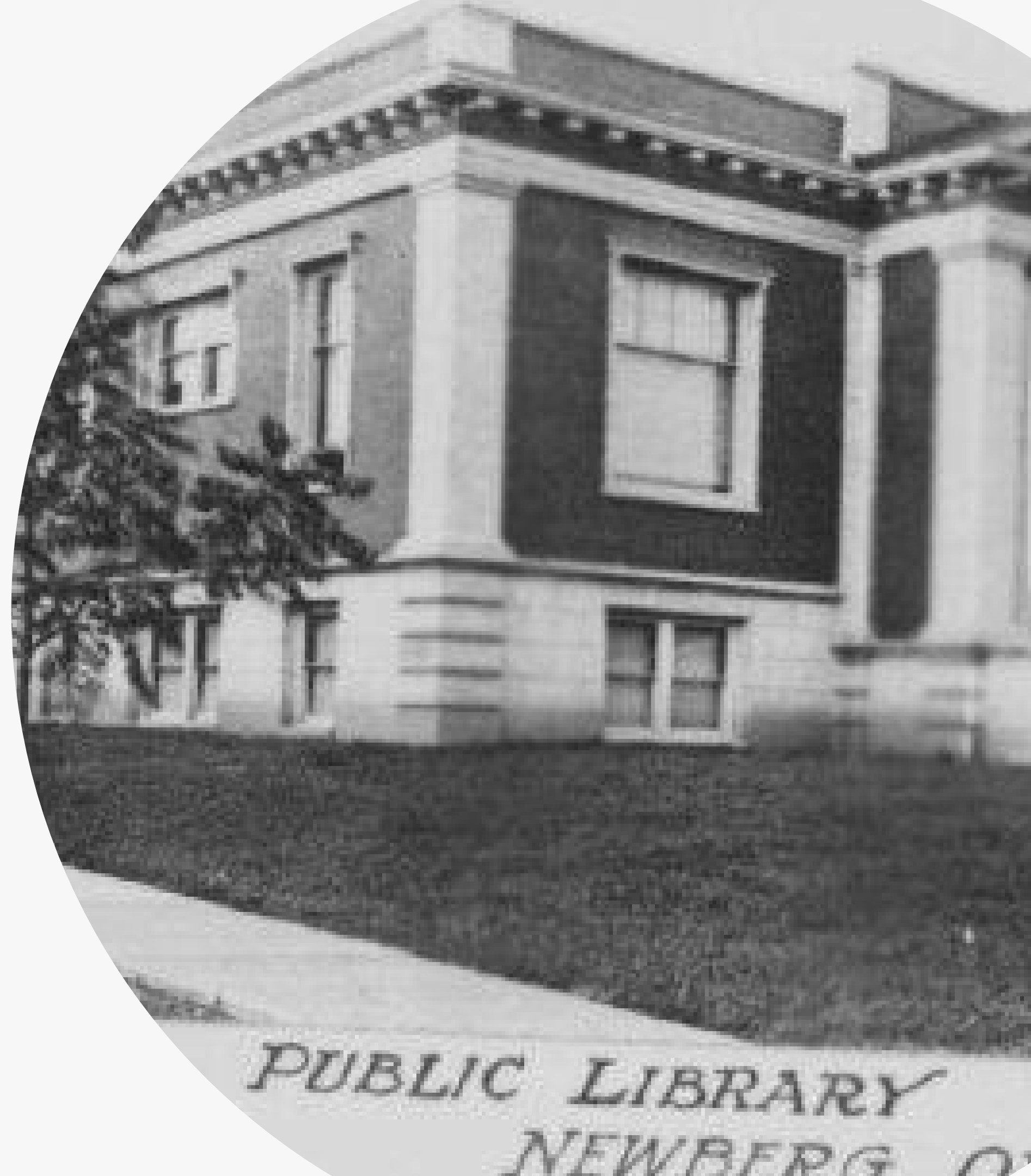
Enriching
and
nourishing
the life of
our
community

Founded in 1908

Carnegie Library built in
1912

Expanded to full size in
1986

Significant Children's
Library remodel in 2014



CCRLS

Shared Services:

- Reciprocal Lending
- Courier Service
- Online Catalog
- Support from CCRLS Staff
- Shared Digital Resources



18 member libraries
in Polk, Yamhill, and
Marion Counties

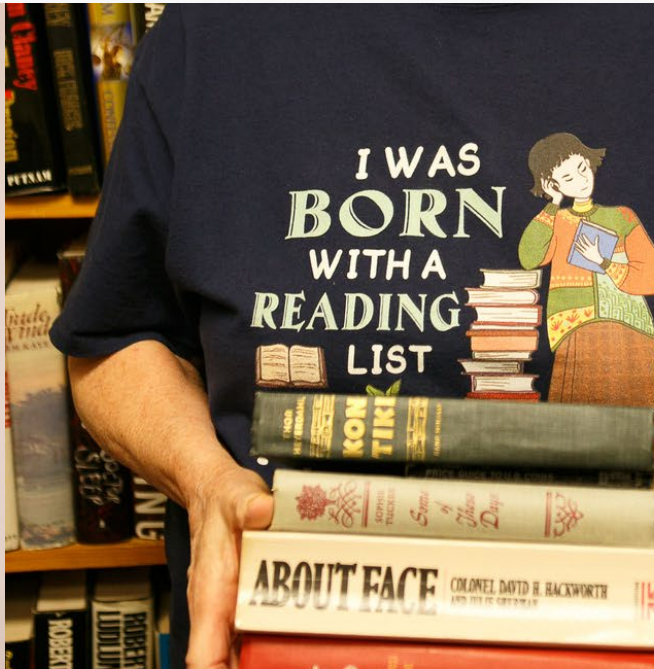
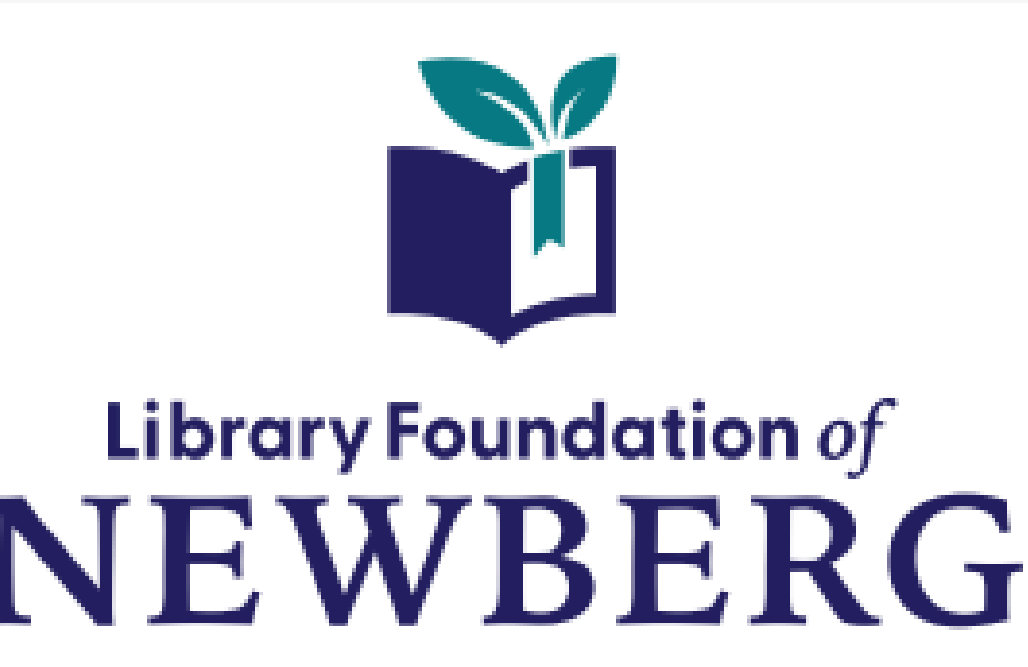
Joined in 1977



LIBRARY ADVISORY BOARD

LIBRARY FRIENDS & VOLUNTEERS

LIBRARY FOUNDATION



STAFF

14 regular employees

4 on-call employees

= 13 Full Time Employees



LIBRARY STATS

- Over 90,000 items
- Access to over 58,000 eBooks, and 38,000 eAudiobooks
- Open 44 hours per week
- Average 31,240 circulation events/ month
- Average 2,650 reference questions/ month



PROGRAMMING

Programs July 2023 - June 2024

On-site programs: 464

On-site attendance: 26,738

Off-site programs: 94

Off-site attendance: 6,152

Total programs: 558

Total attendance: 32,890



Children's & Families

Early Literacy Storytimes, Monthly Book Clubs, Homeschool Storytime, various other programs

Teens

Monthly Book Clubs, various other programs

Adults

Computer Classes, Monthly Writer's Workshop, Book Clubs, various other programs

Library-Wide

Summer Reading Program, Winter Reading Program, Chess Club, Board Games Club, etc.

CUSTOMER SERVICE SURVEY



Overall customer service

Excellent/Good 97%



Overall experience with library programs

Excellent/ Good 92%



Do current hours meet your needs?

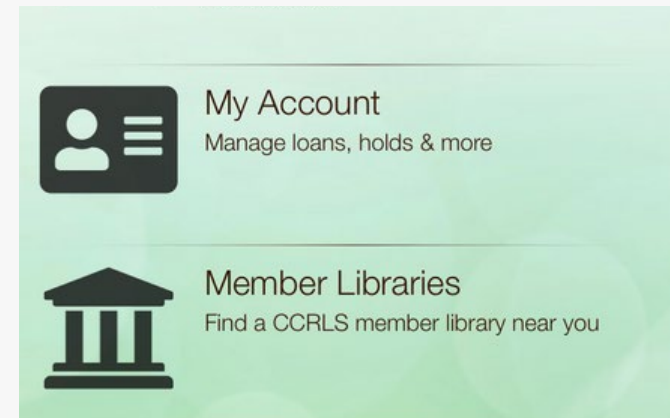
Excellent/ Good 87%



Does the library's collection meet your needs?

Excellent/ Good 88%

CUSTOMER SERVICE SURVEY



Do you use the CCRLS app?

Yes 73%



Do you use the self-check app?

Yes 47%

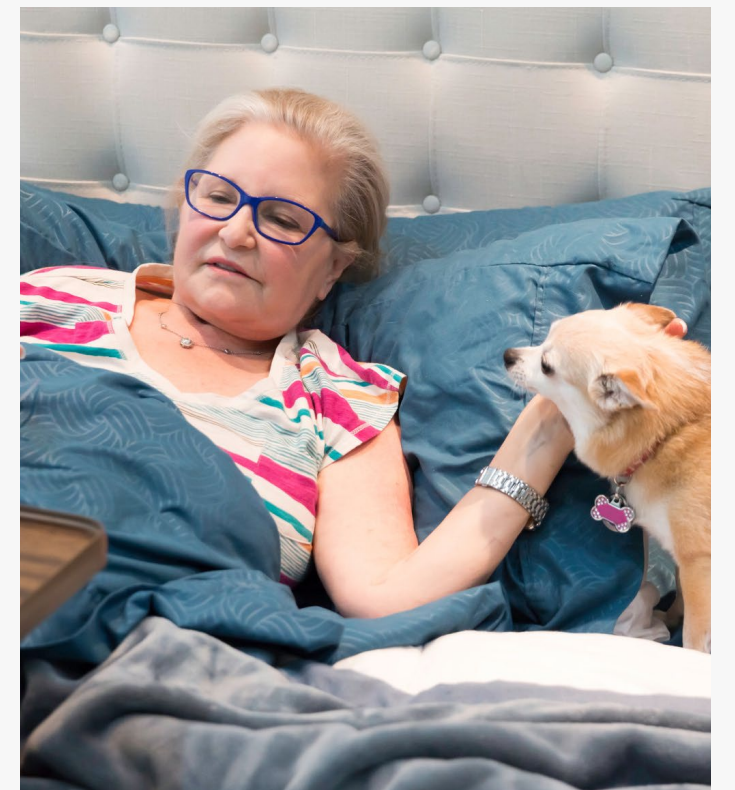
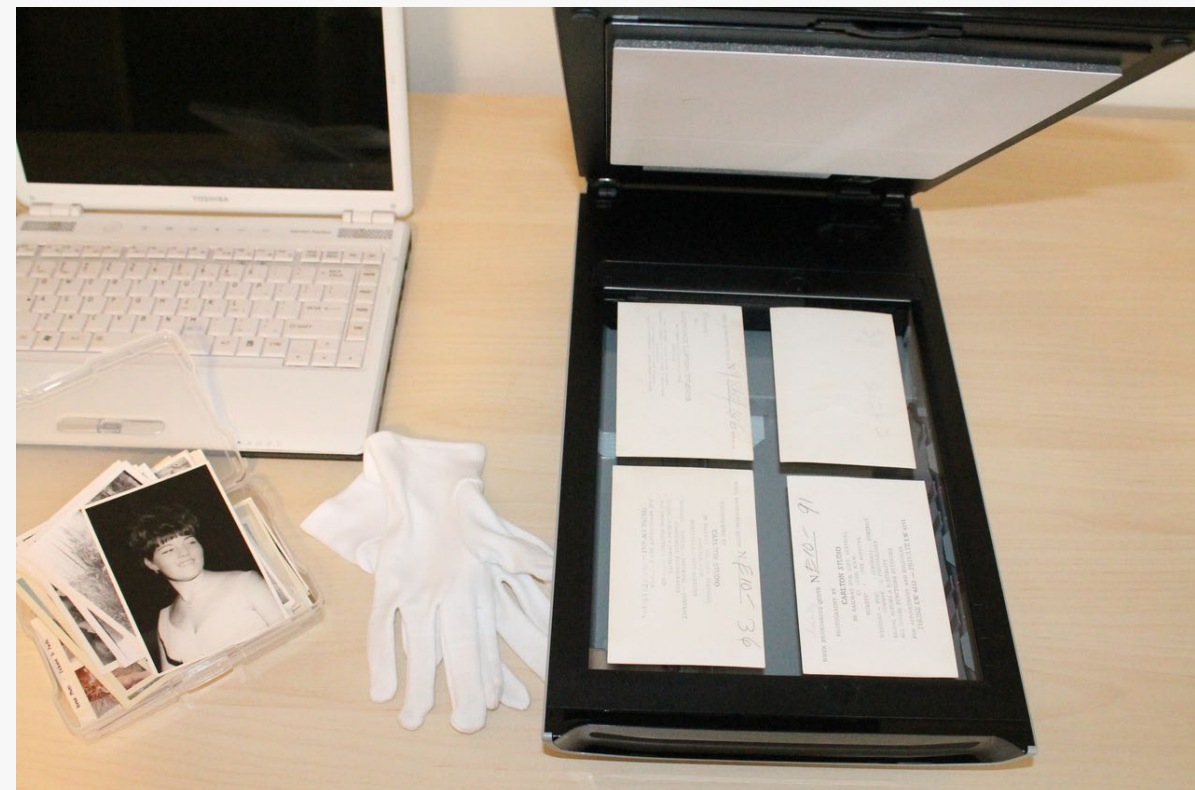


Do you use the Libby app?

Yes 66%

FUTURE PLANS

- Scanning historical Newberg Graphics and documents, including documents from Crystal Rilee Park (multi -year project)
- Continue to grow Homebound Book Delivery program
- Launch Community Webs - grant funded program capturing community stories





Newberg
Public Library

korie.buerkle@newbergoregon.gov

REQUEST FOR COUNCIL ACTION



Date Action Requested: August 5, 2024

Order ☐ Ordinance ☐ Resolution ☒ Motion ☐ Information ☐

No. 2024-3944

Subject: **Public hearing and approval of Supplemental Budget #1 for fiscal year 2024-2025 as described in Exhibit “A”.**

Staff: **Kady Strode**
Department: **Finance**
File No.

Business Session

Order On Agenda: Public Hearing

Hearing Type: Administrative

Recommendation: Adopt Resolution No. 2024-3944 for approval of Supplemental Budget #1 for fiscal year 2024-2025.

Executive Summary: The changes presented in the Supplemental Budget #1 covers 3 funds. A brief description of the reasons for these changes is provided below. Notice of the supplemental budget public hearing was published in the Newberg Graphic on July 25th, 2024.

Fiscal Impact: The Supplemental Budget #1 results in a net increase in total appropriations of \$1,500,000, bringing total appropriations to \$131,684,468 and unappropriated ending fund balances of \$15,995 for a total amount of \$131,700,463. The main reason for increase of appropriations was the timing of the purchase of the water rights which was originally slated to have occurred in last fiscal year instead of this fiscal year.

Strategic Assessment: The Supplemental Budget #1 allows for better transparency to the public and Council for truing up the budget to actual beginning fund balances and to reflect current expected spending throughout the fiscal year.

RESOLUTION No. 2024-3944

A Resolution to approve the Supplemental Budget #1 for fiscal year 2024-2025 as described in Exhibit A.

Recitals:

1. The 2024-2025 Budget was adopted by Resolution 2024-3929 on June 3, 2024.
2. Increase in appropriations can be characterized into three categories – 1) beginning fund balance adjustments to match actual ending fund balance from prior fiscal year, 2) carryover expenditures from prior fiscal year offset by contingency or higher beginning fund balance, and 3) Increasing an appropriation due to a need for an expenditure increase (i.e. moving of staffing FTE).
3. In accordance with Oregon Budget Law, notice of this Council public hearing was published in the Newberg Graphic on July 25th, 2024.

The City of Newberg Resolves as Follows:

1. The Council adopts the above recitals.
2. The Council adopts the Supplemental Budget #1 as reflected in the attached Exhibit A which is incorporated in full by this reference. The Council further authorizes the supplemental appropriations reflected in Exhibit A.

Effective Date of this resolution is the day after the adoption date, which is: August 6th, 2024.

Adopted by the City Council of Newberg, Oregon, this 5th day of August, 2024

Rachel Thomas, City Recorder

Attest by the Mayor this _____ day of _____, 2024.

Bill Rosacker, Mayor

**EXHIBIT A TO
RESOLUTION NO. 2024-3944**

City of Newberg
Supplemental Budget #1
Fiscal Year 2024-2025

SUMMARY OF PROPOSED BUDGET CHANGES

AMOUNTS SHOWN ARE REVISED TOTALS IN THOSE FUNDS BEING MODIFIED

FUND 07 - WATER		BUDGET	CHANGE	REVISED
Public Works	<i>Increase</i>	6,714,676	1,592,423	8,307,099
Contingency	<i>Decrease</i>	9,375,535	(1,592,423)	7,783,112
Revised Total Resources		19,127,570		
Revised Total Requirements		19,127,570		

Public Works expenditures increased due to the purchase of the water rights which is partially funded through the water fund and partially through ARPA funds. The payment was previously expected to occur in FY 2023-2024. Contingency decreased as an offset.

FUND 14 - ECONOMIC DEVELOPMENT		BUDGET	CHANGE	REVISED
Planning	<i>Increase</i>	29,120	46,000	75,120
Special Payments	<i>Decrease</i>	2,135,049	(211,755)	1,923,294
Contingency	<i>Increase</i>	164,508	165,755	330,263
Revised Total Resources		2,328,677		
Revised Total Requirements		2,328,677		

Planning expenditures increased due to additional funds allocated from economic development for the new permitting software. Special payments decreased due to the true up of both EDRLF Loans as well as the Housing Authority Loans and Affordable Housing Grant Payments. Contingency increased as the offset.

FUND 99 - ARPA		BUDGET	CHANGE	REVISED
Resources	<i>Increase</i>	288,873	1,500,000	1,788,873
Public Works	<i>Increase</i>	95,299	1,500,000	1,595,299
Revised Total Resources		1,788,873		
Revised Total Requirements		1,788,873		

Resources and Public Works expenditures both increased due to the purchase of the water rights which is partially funded through the water fund and partially through ARPA funds. The payment was previously expected to occur in FY 2023-2024.

Total Increase in appropriations for all funds: \$ 1,500,000

Total Appropriated Budget	130,184,468
Plus: Increase in appropriations	
Supplemental Budget #1	<u>1,500,000</u>
Revised Appropriated Budget	<u>\$ 131,684,468</u>

Reconciliation of 2024-25 Budget Changes**Appropriations**

Total Appropriations from original Adopted Budget (June 3, 2024)	\$ 130,184,468
Changes in appropriations	
Supplemental Budget #1 (August 5, 2024)	1,500,000
Total Appropriations including Supplemental Budgets	<u>\$ 131,684,468</u>

Unappropriated Ending Fund Balance (UEFB)

Unappropriated Ending Fund Balance - Debt Service Fund	15,995
Total Unappropriated Ending Fund Balance	<u>\$15,995</u>

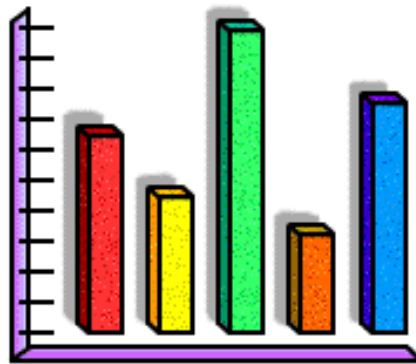
Adjusted Adopted Budget (Sum of Appropriations, UEFB, and Reserves)	<u><u>\$131,700,463</u></u>
--	-----------------------------

Supplemental Budget



Summary of Changes

- Total adjustments \$1,500,000
- Total revenue/expenditures now totals \$131,684,468



Water Fund (07)

Public Works– *Increased \$1,592,423 from Adopted Budget*

- Expenditures increased due to the purchase of the water rights which were previously expected to occur at the end of last fiscal year. This purchase is partially funded through water fund and ARPA funds.

Contingency – *Decreased by \$1,592,423*

- Offset the increase to expenditures.

Economic Development Fund (14)

Planning– *Increased \$46,000 from Adopted Budget*

- Due to additional funds from economic development which were allocated to the new permitting software purchase.

Special Payments – *Decreased by \$211,755*

- Decreased due to the true up of both EDRLF loans as well as the Housing Authority Loans and Affordable Housing Grant Payments.

Contingency – *Increased by \$165,755*

- Offset to changes above

ARPA Fund (99)

Beginning Fund Balance– *Increased \$1,500,000 from Adopted Budget*

- Resources increased due to the purchase of the water rights which were previously expected to occur at the end of last fiscal year. This purchase is partially funded through water fund and ARPA funds.

Public Works– *Increased by \$1,500,000*

- Offset to increase

QUESTIONS?



REQUEST FOR COUNCIL ACTION



Date Action Requested: August 5, 2024

Order <input type="checkbox"/>	Ordinance <input type="checkbox"/>	Resolution <input checked="" type="checkbox"/>	Motion <input type="checkbox"/>	Information <input type="checkbox"/>
Subject: Resolution No. 2024-3937: Redesignation of the Newberg Enterprise Zone			Staff: James Dingwall Department: Community Development File No. GEN24-0001	
Work Session <input type="checkbox"/> Business Session <input checked="" type="checkbox"/>			Order On Agenda: New Business	

Is this item state mandated? Yes ☐ No ☒

Recommendation:

1. Adopt Resolution No. 2024-3937 redesignating the Newberg Enterprise Zone.
2. Consider directing staff to initiate work on a potential expansion of the Newberg Enterprise Zone to include additional industrial areas in Newberg.

Executive Summary:

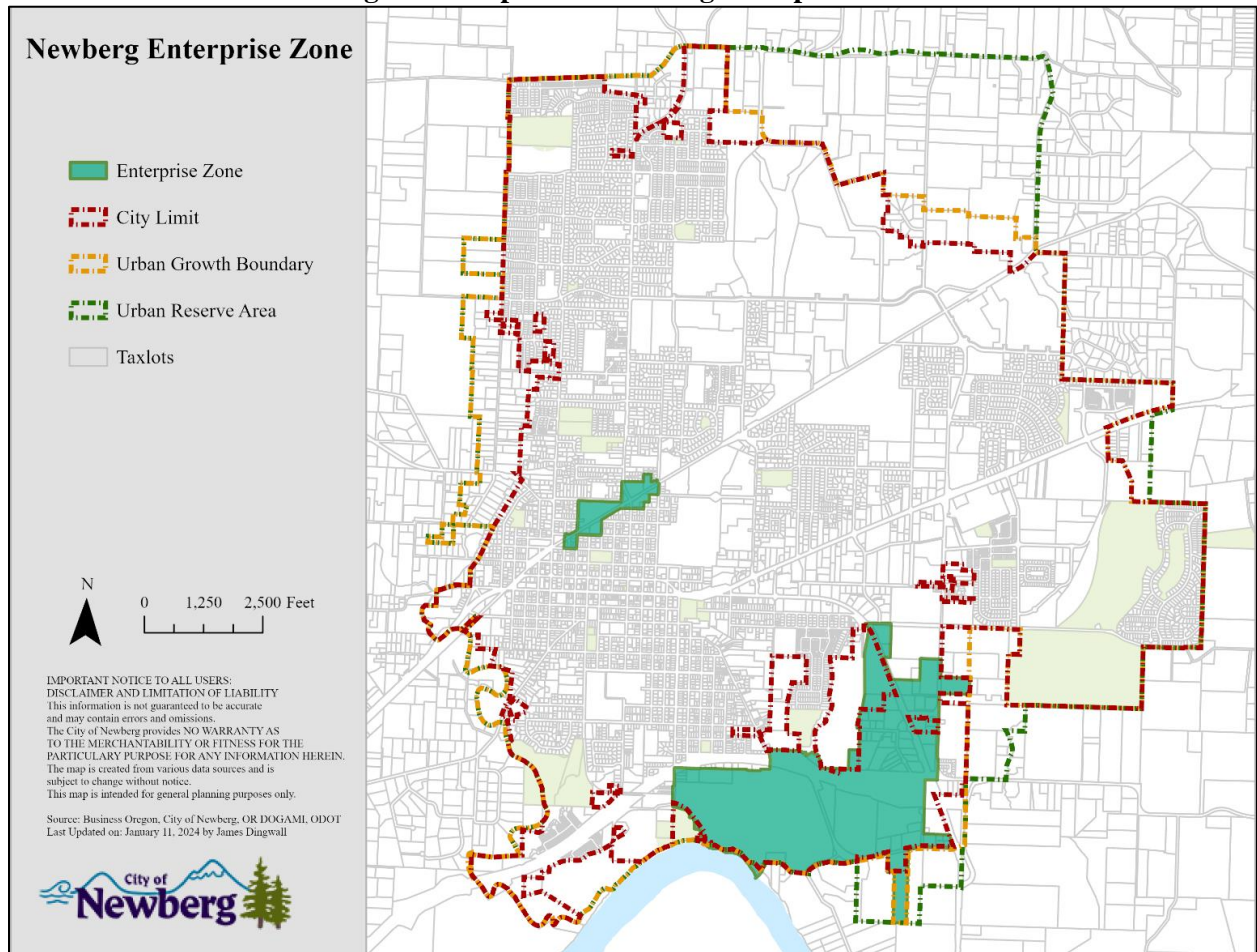
In 2014, City Council designated an Enterprise Zone in south and downtown Newberg through approval of Resolution 2014-3122. The Enterprise Zone program provides tax abatement incentives to businesses on qualifying investments in real property improvements and job creation for three to five years. In 2015, City Council passed an exception to the employment increase requirements through approval of Resolution 2015-3181, designating that program participants not meeting target job creation in addition to qualified investment in property improvements contribute to career and technical education (CTE) programs at Newberg schools, in addition to other requirements. The Enterprise Zone designation expired on June 30, 2024.

The Newberg Enterprise Zone includes 88 tax lots covering approximately 361 acres in designated areas within the city limits and Newberg's Urban Growth Boundary. Since designation in 2014, the City has received multiple inquiries and applications to use the Enterprise Zone and has recently processed two applications. A redesignation of the zone would sunset in 2032 (as set by the State Legislature).

Background

The Newberg City Council established the Newberg Enterprise Zone in 2014 through Resolution 2014-3122, which includes 100 tax lots, covering 361 acres as depicted in Figure 1. Tax lots within the zone are primarily designated as Light Industrial (M-2), Heavy Industrial (M-1) and Mixed Employment (M-E) City zoning districts, and Agricultural Forestry Small Holding (AF-10) by Yamhill County for those properties located outside of City limits but within the Urban Growth Boundary. The Newberg Enterprise Zone is shown in Exhibit "A" and described by tax lot in Exhibit "B".

Figure 1. Map of the Newberg Enterprise Zone



What is the Enterprise Zone Program?

The Enterprise Zone Program incentivizes new business investment by providing property tax abatement on certain improvements within the designated zone. Eligible businesses are firms that produce goods or services for other business operations, including manufacturers, processors, or shippers, among others (consumer-facing industries are ineligible, including retail, construction, or healthcare). A zone sponsor may elect, at the time of designation or redesignation, to allow qualified property hotel, motel, and destination resorts to receive the standard tax abatement. Newberg's Enterprise Zone does not currently allow tax abatement for hotels, motels, or destination resorts.

Businesses that invest in significant improvements and increase employment within the Enterprise Zone qualify for a variety of benefits:

- **Basic Tax Abatement (Three Years)** – 100% exemption from the property taxes normally assessed on significant new plant and equipment.
- **Extended Abatement** – a potential extension (for a fourth and fifth year) of the basic tax abatement in agreement with the zone sponsor if additional criteria are met.
- **Construction in Process** – While qualified investments are under construction or in installation, they may be exempt from property taxes for up to two years before the 3-5 year tax abatement begins.

The basic tax abatement limits the types of investment that qualify for the tax incentive. The **total** investment cost of real property, including newly constructed buildings or structures, new additions or modifications to existing buildings or structures, or heavy/affixed machinery and equipment must be \$50,000 or more. **Each** item of personal property (readily movable and not affixed to real property) must cost \$50,000 or more, or \$1,000 if used exclusively in tangible production. Land, non-inventory supplies, rolling stock, vehicles, and motorized-driven devices are not eligible.

In addition to providing tax relief for qualified investment, Enterprise Zones are also intended to create jobs. New businesses locating within the zone must create at least one new job, and existing businesses must increase employment by 10 percent, compared to the annual average employment over the 12 months preceding the application.

The basic tax abatement is applicable for three years for qualifying business and investments. To extend the incentive another one or two years (up to five years total), a business must commit to annual compensation for the new employees of 150 percent of the county average annual wage.

A business may receive an exemption from the employment creation requirement if certain criteria are met. The State requires that a firm must either:

- complete an investment of \$25 million or more in qualified property or
- demonstrate at least a 10% increase in productivity over a specified period and the employment of the firm does not drop below the annual average employment of the firm, while dedicating training funds for employees.

In addition to these requirements, the City of Newberg requires that:

- only one waiver may be granted per qualified firm per exemption period (regardless of additional investment within the exemption period),
- the firm is required to coordinate with local schools or Workforce Oregon to continuously support an internship program at the firm during the exemption period for Newberg area residents, and
- the firm would be required to help fund Newberg area schools STEM (Science, Technology, Engineering, and Math) programs by annually donating an amount earmarked to a STEM program equivalent to ten percent of the tax savings associated with the property tax abatement.

Table 1: Enterprise Zone Criteria Summary

Qualifying Criteria	Basic 3 Years	Extended 4-5 Years
Minimum Investment	\$50,000	\$50,000
Minimum New Employment for New Company	1	1
Minimum New Employment for Existing Company	10% increase in first year	10% increase in first year
Minimum Average Compensation per Employee	none	150% of County Average

Process

The redesignation process included the following key dates:

January 4, 2024:	An initial meeting with Business Oregon staff to indicate intent to redesignate to Business Oregon was held.
April 10, 2024:	Notice of the taxing district consultation was mailed to local taxing districts and the Special District Association of Oregon.
May 1, 2024:	A consultation meeting with local taxing districts was held to provide information and an opportunity for discussion and comment.
June 6, 2024:	Yamhill County Board of Commissioners consented to the Newberg Enterprise Zone in Resolution No. 24-06-06-1 (Exhibit “D”).
June 30, 2024:	The Newberg Enterprise Zone designation expired.
July 9, 2024:	The Newberg School District established a 15 percent school support fee for the Newberg Enterprise Zone consistent with state requirements.

Following approval of Resolution No. 2024-3937, the City will submit application materials including the sponsoring and consenting resolutions and documentation of the local taxing district consultation, school support fee, and mandatory economic data requirements to Business Oregon (Exhibit “C”). Following redesignation, the City may change the zone boundaries, subject to statutory geographic limitations, to include additional land.

Public Comment

The City received one public comment from SEDCOR in support of redesignation of the enterprise zone and requesting that City Council consider expanding the zone boundary to include all manufacturing zones within city limits (Exhibit “E”)

Fiscal Impact:

Processing redesignation of the Newberg Enterprise Zone will primarily require City staff time. Funding is available through the Economic Development Fund (Fund 14) which would draw upon the Contingency – Econ Dev funds (Account #14-9180-800000) allocated in the FY23-24 budget.

Approved enterprise zone projects will receive property tax abatements on new qualifying investment for three to five years. Table 1 indicates potential annual abatement amounts at varying investment levels, based on the 2023-2024 tax rates.

Table 1. Examples of Property Taxes on New Investment Levels (2023-2024)

Taxing District	Tax/\$1000	Examples of Investment Levels			
		\$ 50,000	\$ 500,000	\$ 1,000,000	\$ 10,000,000
Yamhill County	2.5775	\$ 128.88	\$ 1,289	\$ 2,578	\$ 25,775
Yamhill County Extension Service	0.0449	\$ 2.25	\$ 22.45	\$ 44.90	\$ 449.00
Yamhill County Soil & Water	0.0354	\$ 1.77	\$ 17.70	\$ 35.40	\$ 354.00
S.D. 291 Newberg	6.0731	\$ 303.66	\$ 3,036.55	\$ 6,073.10	\$ 60,731.00
Willamette Regional ESD	0.2967	\$ 14.84	\$ 148.35	\$ 296.70	\$ 2,967.00
City of Newberg	2.8983	\$ 144.92	\$ 1,449.15	\$ 2,898.30	\$ 28,983.00
Tualatin Valley Fire and Rescue	1.6589	\$ 82.95	\$ 829.45	\$ 1,658.90	\$ 16,589.00
Tualatin Valley Fire and Rescue Local Option	0.45	\$ 22.50	\$ 225.00	\$ 450.00	\$ 4,500.00
Chehalem Park and Recreation	1.2262	\$ 61.31	\$ 613.10	\$ 1,226.20	\$ 12,262.00
Portland Community College	0.6388	\$ 31.94	\$ 319.40	\$ 638.80	\$ 6,388.00
	15.8998	\$ 794.99	\$ 7,949.90	\$ 15,899.80	\$ 158,998.00

Council Goals:

- Goal 2: Identify industrial land and attract employers to encourage family wage jobs.
 - Objective 4. Remove barriers/deterrents to new, “clean” / light industrial employers that will provide family wage jobs.

Exhibits:

Exhibit “A”	Newberg Enterprise Zone Map
Exhibit “B”	Newberg Enterprise Zone Tax Lots
Exhibit “C”	Application Materials
Exhibit “D”	Yamhill County Resolution No. 24-06-06-1
Exhibit “E”	Public Comment

RESOLUTION No. 2024-3937

A RESOLUTION AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE STATE OF OREGON REQUESTING THE REDESIGNATION OF AN ENTERPRISE ZONE WITHIN THE CITY OF NEWBERG'S URBAN GROWTH BOUNDARY.

Recitals:

1. The City of Newberg is sponsoring the Newberg Enterprise Zone which expired on June 30, 2024, and sponsoring the application for redesignation of the enterprise zone within the urban growth boundary of the City of Newberg.
2. The City of Newberg is interested in an enterprise zone to encourage new business investment, job creation, higher incomes for local residents, and greater diversity of economic activity. The Newberg Enterprise Zone has a total area of approximately 361 acres and meets other statutory limitations on size and configuration. It is depicted on the drawn to scale map in Exhibit A and described by tax lot in Exhibit B.
3. The Newberg Enterprise Zone contains significant land reserved for industrial use, as indicated by land use zoning map(s) with the application, consistent with the City's Land Conservation and Development Commission acknowledged comprehensive plan. These industrial sites are accessible, services or serviceable, and otherwise ready for use and further development and/or redevelopment.
4. The redesignation of the Newberg Enterprise Zone does not grant or imply permission to develop land within the zone without complying with prevailing zoning, regulatory, and permitting processes and restrictions, except as otherwise in accordance with comprehensive plans.
5. The municipal corporations, school districts, special service districts that receive operating revenue through the levying of ad valorem taxes on real and personal property in any area of this enterprise zone were sent notice and invited to a public meeting on May 1, 2024, regarding its designation, for the sponsoring government to effectively consult with these other local taxing districts.
6. Rates for school support fees have been established with the Newberg-Dundee School District (29J) at 15 percent.
7. The City shall fulfill its duties and implement provisions under ORS 285C.105 or elsewhere in ORS Chapter 285C and related parts of Oregon Law, including but not limited to having appointed a local enterprise zone manager, and to preparing a list or map of local, publicly owned lands and buildings in this enterprise zone for purposes of ORS 285C.110.

The City of Newberg Resolves as Follows:

1. Under ORS 285C.065, the City does hereby re-designate an Oregon enterprise zone to be named: The Newberg Enterprise Zone, the boundary and area of which are described in Exhibits “A” and “B”. The City Manager is authorized to submit the enterprise zone application for the City and to make any substantive or technical change to the application materials, as necessary, after adoption of this resolution. Exhibits “A” and “B” are hereby adopted and by this reference incorporated.

3. The City will give priority to the use in the redesignated enterprise zone of any economic development or job training funds received from the federal government, consistent with ORS 285C.065(3)(d). The City commits, upon redesignation, to appoint a local enterprise zone manager within 90 days.

4. The City will comply with the requirements and provisions of ORS 285C.105 and otherwise fulfill its duties under ORS 285C.050 to ORS 285C.250. The City commits, within six months of redesignation, to implement and to confirm for the department its fulfillment of such duties, as specified in OAR 123-668, including but not limited, to preparation of a list or map of local lands and buildings owned by the state or by municipal corporations within the enterprise zone not being used or designated for a public purpose and that have appropriate land use zoning, and to efforts for making such real property available for lease or purchase by authorized business firms under ORS 285C.110.

Effective Date of this resolution is the day after the adoption date, which is: August 6, 2024.

Adopted by the City Council of Newberg, Oregon, this 5th day of August, 2024.

Rachel Thomas, City Recorder

Attest by the Mayor this _____ day of _____, 2024.

Bill Rosacker, Mayor

Resolution No. 2024-3937: Redesignation of the Newberg Enterprise Zone

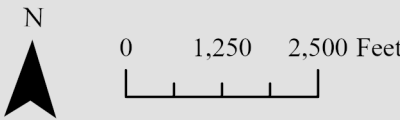
Exhibit “A”

Newberg Enterprise Zone Map

Newberg Enterprise Zone

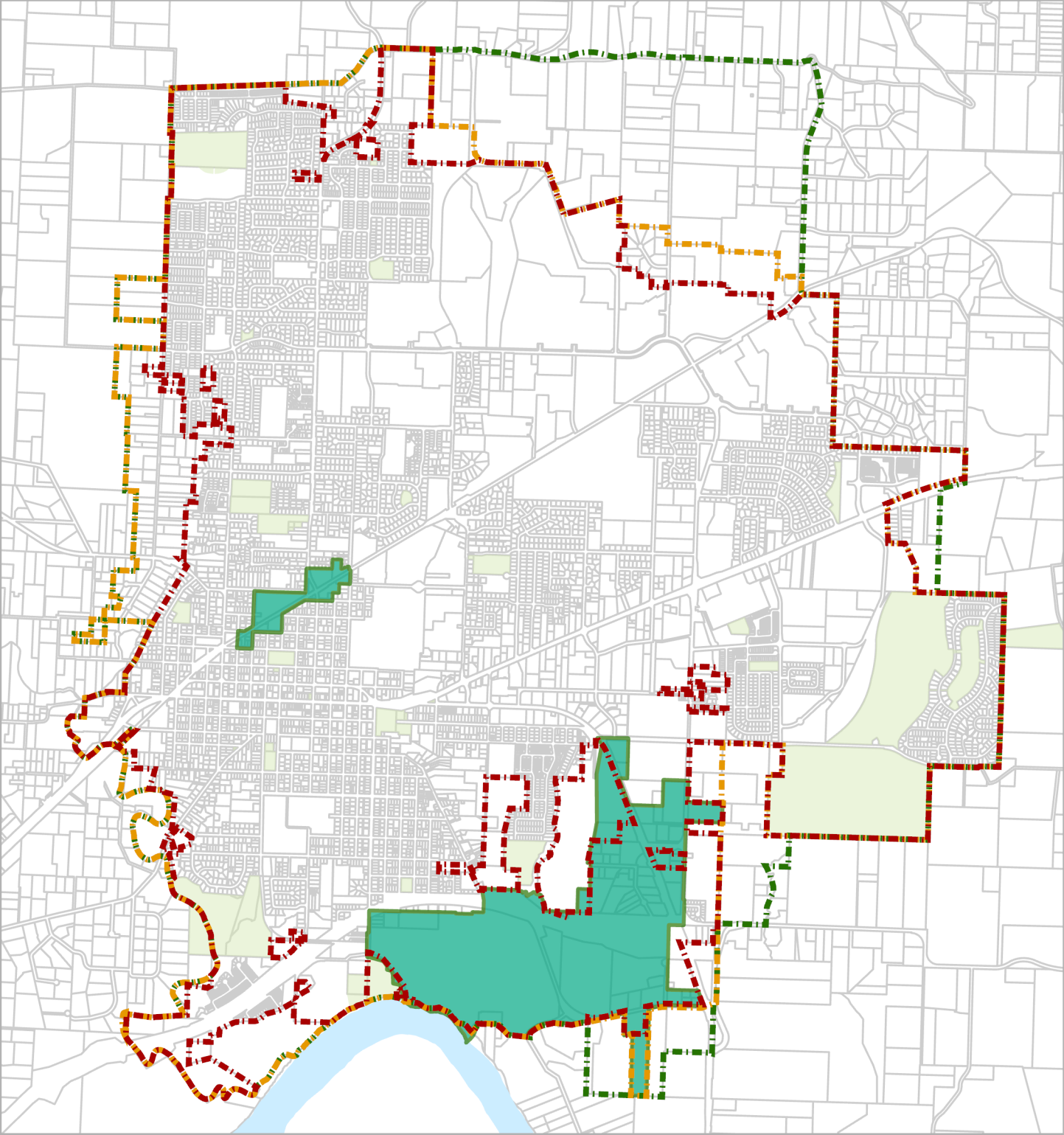
Exhibit "A"

-  Enterprise Zone
-  City Limit
-  Urban Growth Boundary
-  Urban Reserve Area
-  Taxlots



IMPORTANT NOTICE TO ALL USERS:
DISCLAIMER AND LIMITATION OF LIABILITY
This information is not guaranteed to be accurate
and may contain errors and omissions.
The City of Newberg provides NO WARRANTY AS
TO THE MERCHANTABILITY OR FITNESS FOR THE
PARTICULAR PURPOSE FOR ANY INFORMATION HEREIN.
The map is created from various data sources and is
subject to change without notice.
This map is intended for general planning purposes only.

Source: Business Oregon, City of Newberg, OR DOGAMI, ODOT
Last Updated on: January 11, 2024 by James Dingwall



Resolution No. 2024-3937: Redesignation of the Newberg Enterprise Zone

Exhibit “B”

Newberg Enterprise Zone Tax Lots

Exhibit "B"

Taxlot	Situs Address
R3229 02200	1301 NE WYNOOSKI RD
R3229 02200	1301 NE WYNOOSKI RD
R3229 00202	1400 NE WYNOOSKI RD
R3229 00202	1400 NE WYNOOSKI RD
R3229 02100	1825 NE DOG RIDGE RD
R3229 02100	1825 NE DOG RIDGE RD
R3229 00300	2716 NE WYNOOSKI RD
R3228 01800	
R3228BB 00503	3223 WYNOOSKI ST
R3228BB 00502	3201 WYNOOSKI ST
R3229 00200	2601 WYNOOSKI ST
R3228BB 00500	3215 WYNOOSKI ST
R3228BB 00501	3209 WYNOOSKI ST
R3229 00205	2751 WYNOOSKI ST
R3228BB 00400	1708 S SANDOZ RD
R3229 00203	2801 WYNOOSKI ST
R3229 00100	1591 S SANDOZ RD
R3229 00104	
R3229 00102	2301 WYNOOSKI ST
R3220CC 04600	1218 S RIVER ST
R3220CC 04500	1212 S RIVER ST
R3220CC 04400	1208 S RIVER ST
R3220CC 04200	1200 S RIVER ST
R3220CC 04700	1202 E 12TH ST
R3220CC 04300	1114 E 12TH ST
R3220 00601	
R3220 00700	
R3220CD 02700	1201 S PACIFIC ST
R3220DD 01300	1145 INDUSTRIAL PARKWAY B
R3220DD 01200	1150 INDUSTRIAL PKWY
R3220DD 01400	1125 INDUSTRIAL PARKWAY
R3220DD 01500	1095 INDUSTRIAL PARKWAY
R3220DD 01600	1045 INDUSTRIAL PARKWAY
R3220DD 01900	1055 COMMERCE PARKWAY
R3220DD 01000	1040 INDUSTRIAL PARKWAY
R3220DD 01700	1025 INDUSTRIAL PARKWAY D
R3221 02101	1101 S MCKERN CT
R3220DD 00700	1050 COMMERCE PARKWAY
R3220DD 00900	1000 INDUSTRIAL PARKWAY
R3220DD 91000	
R3220DD 00200	901 INDUSTRIAL PARKWAY
R3220DD 00300	2900 E 9TH ST
R3221 02100	1001 S MCKERN CT
R3220DD 00400	2800 E 9TH ST 100

Taxlot	Situs Address
R3220DD 00500	2750 E 9TH ST
R3220DD 00100	900 INDUSTRIAL PARKWAY
R3220DD 00600	2700 E 9TH ST
R3221 02000	905 S MCKERN CT
R3220 00307	2771 E 9TH ST C
R3220 00306	2761 E 9TH ST
R3221 01901	901 S MCKERN CT
R3220 00305	2751 E 9TH ST
R3220 00308	888 S INDUSTRIAL PKWY
R3221 01800	832 WILSONVILLE RD
R3221 01900	0 S SPRINGBROOK RD
R3220 90000	2803 E 9TH ST
R3220 00304	2781 E 9TH ST
R3220 90200	
R3220 90100	
R3221 01703	705 S SPRINGBROOK RD A 100
R3221 01700	705 S SPRINGBROOK RD B
R3221 01701	705 S SPRINGBROOK RD C
R3220 00303	
R3221 01601	675 S SPRINGBROOK RD C800
R3221 03700	518 S SPRINGBROOK RD
R3221 03700	518 S SPRINGBROOK RD
R3221 01602	653 S SPRINGBROOK RD
R3221 01600	615 S SPRINGBROOK RD
R3220 00201	2800 E 2ND ST
R3220 00200	2712 E 2ND ST
R3218DC 10000	215 E SHERMAN ST
R3218DC 10100	209 E SHERMAN ST
R3218DC 10300	201 E SHERMAN ST
R3218DC 09900	409 N WASHINGTON ST
R3218DC 10200	207 E SHERMAN ST
R3218DC 09800	415 N WASHINGTON ST
R3218DC 10500	0 E SHERMAN ST
R3218DD 01000	500 E ILLINOIS ST
R3218DD 08200	315 E FRANKLIN ST
R3218DD 08000	501 N HOWARD ST B
R3218DD 00900	
R3218DD 00600	713 VERMILLION ST
R3218DD 00500	700 N COLLEGE ST
R3218DA 02600	730 N COLLEGE ST
R3218DD 00100	801 N MERIDIAN ST
R3218DA 02801	901 N MERIDIAN ST
R3221 01702	
R3220DD 90000	0 INDUSTRIAL PARKWAY

Resolution No. 2024-3937: Redesignation of the Newberg Enterprise Zone

Exhibit “C”

Application Materials



Enterprise Zone Designation
ORS 285C.065–285C.250

Local Submission Form

Download this file to your computer. The form can be saved as it is completed.

DUE no less than 45 days after formal advisory to Business Oregon (see OAR 123-650-4000 and 123-650-4100)

All or some information may be submitted electronically.

Enterprise Zone

New designation		or
	Zone Name	
Re-designation		
	Zone Name	

Contact Information

Name				Title
Organization				Email
Mailing Address (Street/PO Box)				Telephone (Office)
City	State	Zip	Telephone (Mobile)	
Applicable Website				

City, Port and County Sponsorship (see OAR 123-650-0500)

Sponsoring Governments	*	Consenting Governments
<div></div>		

*** Check box** for each city or county government that elects to make hotel, motel & resort businesses eligible in zone, as must be confirmed in resolution.

Copies of adopted and executed sponsorship and consent resolution(s)—in lettered appendix/tab:

Local Submission Form

Consultation with Local Taxing Districts (see OAR 123-650-5000–123-650-5200)

Sponsoring governments need to engage in consultations with all other local districts that levy taxes on property within the proposed zone area, which must include minimum 21-day notice for a special public meeting that occurs 7 or more days before adopting any sponsorship resolution. Check each box and fill in corresponding date:

Notice sent to districts, inviting comments and participation at meeting with established time and place, preliminary agenda, zone background, contact information, and probable dates to adopt sponsor resolution(s).

Date

Copy of notice and district contact/mailling list was sent to:
Government Affairs, S.D.A.O., PO Box 12613, Salem, OR 97309.

Date

Public meeting was held with knowledgeable zone representative, agenda, preliminary zone map, record taking, and opportunity for dialogue about benefits and impacts of development and of exemptions on enterprise zone business property.

Date

A sponsoring government adopted the first resolution for this designation.

Date

Summary of above meeting (or enclose minutes), as well as other consultative efforts with any local taxing district, such as further meetings, surveys or analyses of potential impacts.

Summary of any agreed-upon follow-up, actions or arrangements between zone sponsor and any district.

Summary report/minutes of meetings, written comments from districts, list of district contacts, copy of notice and other documentation—in lettered appendix/tab:

Rates for School Support Fees (OAR 123-650-5300, 123-668-4000 and 123-668-4100)

Before any sponsoring resolution is adopted, a rate or rates must be established by the zone sponsor with every K–12 school district that has territory inside the zone, as part of local consultations. The rate will determine the fee that businesses would pay during extended or long-term property tax abatements, based on total taxes foregone. Rate needs to be updated or renewed with any district, for which it was previously set, in the case of re designation. Fill out the following completely and enclose any relevant documents:

School District Name

Fee Rate*

Date Established

Copies of finalized documentation on setting of rate(s)—in lettered appendix/tab:

*Rate may be 22.5% or any whole number (no decimal) between 15% and 30%.

Local Submission Form

Size and Dimensions of Designated Zone Boundary (see OAR 123-650-1000–123-650-1500)

Estimated area of the enterprise zone: square miles (maximum: 15.0 rural zone; 12.0 urban zone)

Greatest distance between any two points
within the overall enterprise zone boundary: lineal miles (maximum: 12,
15, 20 or 25 depending on zone type and
county's population density)

Distance between nearest points
of the two separate areas inside
the zone that are farthest apart: lineal miles (maximum: 5 or 15)

Check here if requesting waiver by Business Oregon Director of above 20/25-mile or 15-mile limitations; allowed only in applicable rural zones. Enclose justifying rationale.

Map and legal description of zone boundary and other information—in lettered appendix/tab: (Send at least PDF of main map and GIS shape file electronically)

Economic Need and Hardship Criteria (see OAR 123-650-4200)

Measure— Annual...	Type and Source of Data	Year of Annual Data	Comparison Data* (see #5 below)	Zone-level Data (see #5 below)	Lettered Appendix/ Tab [†]	(Y) Comparison	(Z) Zone Figure	Criterion	Result [‡]
1. Income per capita or household (\$)								$Z \div Y \leq 80\%$	
2. Unemployment rate (%) [◊]								$Z - Y \geq 2(\%)$	
3. Percentage below poverty level (%) [◊]								$Z - Y \geq 5(\%)$	
4. 10-year change in population (%) [◊]			Statewide	"Enterprise Zone Population" (see OAR 123-650-0100)				$Y - Z \geq 15(\%)$	

* MSA = Metropolitan Statistical Area, as defined by the federal government.

[†] With copy of data from source, computations and other materials, as applicable.

[‡] **Mandatory**—at least one of the above results must satisfy criterion, unless sufficient need and hardship is demonstrated under 6 below (which is otherwise optional)

[◊] Enter percentage figures (Y and Z) as decimals.

5. Statistical characteristics of the designated zone	Implication for comparison or zone-level data in table above (#1-4)		
Is it located entirely within an MSA?	Yes	No	If Yes, may then use MSA economic data instead of statewide data, in most cases, as basis of comparison to the enterprise zone
What type of enterprise zone?	Urban	Rural	If Urban, may then use MSA data for enterprise zone (Urban zones are those located entirely within a "metropolitan/regional urban growth boundary;" rural zones are completely outside any such boundary (see OAR 123-650-0700))
Does the zone cover or exist throughout/in most parts of the sponsoring city, or does at least 25% of the city population(s) reside inside or within the immediate vicinity of zone boundary?	Yes	No	If Yes, may then use city-wide economic data respective to that part of enterprise zone
Is it a rural zone that includes a sponsoring county's most populous city or has an estimated Enterprise Zone Population equal to at least 25% of county population?	Yes	No	If Yes, may then use county-wide economic data for enterprise zone

Local Submission Form

6. Summary of alternative economic statistics and circumstances (optional)

Describe, as appropriate, in addition to criteria addressed on previous page, other matters with respect to economic need and hardship, such as recent business closures, special designations, a combination of factors, etc.

Additional information, such as data, reports, etc.—in lettered appendix/tab:

Declaration

I certify that to the best of my knowledge, all of the information contained in or provided in association with this submission is true, complete and accurate.

Contact's Signature

Date

Send this form and other documentation materials to
Enterprise Zones
Business Oregon
775 Summer Street NE, Suite 200
Salem, OR 97301
arthur.fish@biz.oregon.gov

IN THE BOARD OF COMMISSIONERS OF THE STATE OF OREGON

FOR THE COUNTY OF YAMHILL

SITTING FOR THE TRANSACTION OF COUNTY BUSINESS

In the Matter of a Resolution Supporting the
City of Newberg's Application for the
Newberg Enterprise Zone and Consenting to
the Redesignation of the Newberg Enterprise
Zone

RESOLUTION NO. 24-06-06-1

THE BOARD OF COMMISSIONERS OF YAMHILL COUNTY, OREGON (the Board) sat for the transaction of county business on June 6, 2024, Commissioners Lindsay Berschauer, Kit Johnston, and Mary Starrett being present.

IT APPEARING TO THE BOARD as follows:

WHEREAS, Enterprise zones exempt businesses from local property tax liability on new capital investments and equipment for at least three years and up to five years; and

WHEREAS, ORS 285C.065 permits cities to sponsor an enterprise zone with the support and consent of the county; and

WHEREAS, The County previously adopted a resolution consenting to the formation of the Newberg Enterprise Zone on April 3, 2014 via Resolution No. 14-4-3-1; and

WHEREAS, Under ORS 285C.245, enterprise zones automatically terminate ten years after formation; and

WHEREAS, The City of Newberg has expressed interest in making application to the State of Oregon requesting a renewal of designation of the Newberg Enterprise Zone, as permitted under ORS 285C.250; and

WHEREAS, The County continues to support the formation and continuation of the Newberg Enterprise Zone because it supports economic development that will benefit all residents of Yamhill County; and

IT IS HEREBY RESOLVED BY THE BOARD THAT:

Section 1. The Board does hereby support the City of Newberg in its application to the State of Oregon for the redesignation of the Newberg Enterprise Zone, as permitted under ORS 285C.250; and

//

Section 2. The Board does hereby grant its consent to the redesignation of the Newberg Enterprise Zone, as required under ORS 285C.065.

DATED this 6th day of June, 2024, at McMinnville, Oregon.

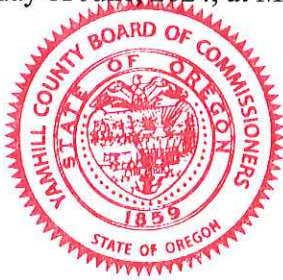
ATTEST

KERI HINTON
County Clerk

By: Carolina Rook
Deputy CAROLINA ROOK

FORM APPROVED BY:

Jodi Gollehon
JODI GOLLEHON
Assistant Yamhill County Counsel



YAMHILL COUNTY BOARD OF
COMMISSIONERS

Lindsay Berschauer
Chair LINDSAY BERSCHAUER

Kit Johnston
Commissioner KIT JOHNSTON

Mary Starrett
Commissioner MARY STARRETT



**Newberg Enterprise Zone Redesignation
TAXING DISTRICT CONSULTATION MEETING
Wednesday, May 1, 2024, beginning at 3:00 p.m.**

Hybrid Meeting Details

In-Person Meeting Details
Denise Bacon Community Room
401 E Third Street

Remote Meeting Details
<https://us06web.zoom.us/j/89536547180>
Webinar ID: 895 3654 7180
Telephone: +1 360 209 5623 US

AGENDA

- I. Welcome and Introductions
- II. Overview of the State Enterprise Zone Program
 - a. Benefits of the Program
- III. Newberg's Enterprise Zone Program
 - a. Boundaries
 - b. Recent Usage
 - c. Local Employment Waiver Option
- IV. District Comments
 - a. Q & A and Comments
- V. Next Steps

To Be Determined	Yamhill County Board of Commissioners to consider consent to the Newberg Enterprise Zone redesignation
------------------	--

July 1, 2024	City Council meeting to consider a resolution supporting redesignation of the Newberg Enterprise Zone
--------------	---

Summary:

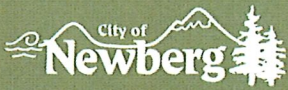
Attendees:

- James Dingwall, Assistant Planner, City of Newberg
- Clay Downing, Planning Manager, City of Newberg
- Scot Siegel, Community Development Director, City of Newberg
- Steve Phillips, Superintendent, Newberg School District
- Derrick Wharff, County Assessor, Yamhill County
- Roxane Henderson, Assessment III and Exemption Specialist, Yamhill County
- Richard Riggs, Regional Director – Western Region, Oregon State Extension Office
- Don Clements, Superintendent, Chehalem Park & Recreation District

City of Newberg Staff provided a summary of the enterprise zone program, Newberg's history and zone usage, and zone details. A summary of the requirements for qualifying investment and tax abatement was presented, including addition elements such as construction-in-process exemptions, local employment waivers, and state changes to the program such as the requirement to establish a school support fee. The potential impacts to taxing districts was discussed.

Derrick Wharff provided comment on the County's involvement in the program and usage, including previous applications.

The meeting concluded with a summary of next steps and future action by the Newberg City Council and Yamhill County.



AFFIDAVIT OF ROUTING

FILE #: GEN24-0001

NOTICE LETTER

INFO: Enterprise Zone Redesignation

CITY OF NEWBERG AFFIDAVIT OF ROUTING

REFERENCE ATTACHED LIST(S)/NOTICE(S)

I, Fé Bates, for the City of Newberg, Oregon, do hereby certify that the attached Notice was;

- A. Routed/mailed to the following list, by Email and United States mail, postage prepaid on this day 10 of April, 2024.

Signature

Admin Assist

Title

4/10/24

Date



March 10, 2024

ATTN: PORTLAND COMM COLLEGE TAXING DISTRICT

Dina Farrell, Associate Vice President - Finance
Portland Community College
PO Box 19000, Portland, OR 97280
dina.farrell@pcc.edu

SUBJECT: Redesignation of the Newberg Enterprise Zone and Invitation to Consultation Meeting

This letter is to inform you that the City of Newberg is seeking redesignation of the Newberg Enterprise Zone. The City of Newberg is also considering seeking consent by Yamhill County for area outside its city limits but within its urban growth boundary.

The application deadline is June 30, 2024. The City will submit documentation to Business Oregon (state Business Development Department) for it to determine that the enterprise zone satisfies statutory requirements. More information is provided below.

Notice and Invitation to Public Meeting

Your district is being notified of this application because the boundary of the Newberg Enterprise Zone includes all or parts of one or more tax code areas in which your district may levy taxes on property value. In an enterprise zone, certain types of businesses that create new jobs may receive exemptions of limited duration on qualified new property that they invest in the zone.

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

The consultation meeting is scheduled for:

<u>Meeting Date and Time:</u>	May 1, 2024 from 3:00 p.m. to 4:00 p.m.
<u>Meeting Location:</u>	Denise Bacon Community Room 401 E. Third Street, Newberg
<u>Meeting Details:</u>	Preliminary agenda is enclosed.

In addition to sending participants to this meeting, your district is welcome to submit written comments in person to the Community Development Department at the Newberg Wastewater Treatment Plant (2301 NE Wyooski RD) or by postal mail to:

City of Newberg
ATTN: Community Development/James Dingwall
PO Box 970

Newberg, OR 97132.

Questions or commentary about this proposal may also be directed to James Dingwall at 503.554.7764 or james.dingwall@newbergoregon.gov.

Resolutions

At least seven days after this meeting, the City of Newberg will consider adoption of the requisite resolutions for seeking redesignation of the enterprise zone. The following are the anticipated times and dates for the consideration of these resolutions:

June 3, 2024, beginning at 6:00 p.m.
Newberg City Council
Denise Bacon Community Room
401 E. Third Street
Newberg, OR 97132

Meeting details are available online and will be published one week before the public meeting at newbergoregon.gov/citycouncil/page/city-council-6.

Background - Enterprise Zone

Enterprise zones are discrete areas up to 12 or 15 square miles in size that are sponsored by one or more local governments. Various types are found throughout the world. Oregon's version has been in existence since the mid-1980s. Each zone designation lasts up to 11 years. State law no longer sets a limit or cap on how many may be designated statewide with local government sponsorship.

They are intended to offer tax and other incentives to induce additional investment and employment by nonretail 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 due to a typically short-term, but immediate, benefit for the business project's cash flow.

More information regarding the program is available online at oregon.gov/biz/programs/enterprisezones/.

Exemptions from Property Taxes

An Oregon enterprise zone exempts only new property that an eligible business might build or install in the zone at some future time. A qualifying investment under the standard exemption program entails the creation of new full-time employment in the zone – the greater of either one new job or a 10 percent increase.

A standard 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. Extensions of the exemption period to four or five years in total (or even longer under a different rural facility program) are possible, subject to written agreement with the governments

sponsoring the zone, higher compensation for new employees, and possibly additional local requirements.

These property tax exemptions are not available to any business. Most commercial or retail operations that compete locally are ineligible. Rather, the primary recipients of enterprise zone benefits are manufacturing and other types of facilities serving other business operations.

Policy and Economic Reasons for Seeking Enterprise Zone

The City is considering applying for enterprise zone redesignation as a way to continue strengthening the business sector of the community. Specifically, the City feels the enterprise zone will:

- Encourage business retention, expansion, and recruitment;
- Strengthen local business community; help businesses be more competitive in markets;
- Grow the city's and county's tax bases;
- Increase utility revenues; and
- Strengthen government/business relationships.

If you have any questions, please feel free to contact me. The Community Development Department is also available to meet with you or your elected officials to go over the enterprise zone and its benefits to our local community.

Sincerely,



James Dingwall, Assistant Planner

Phone: 503-554-7764

Email: james.dingwall@newbergoregon.gov

Encl.: Preliminary Agenda

C: Special Districts Association of Oregon

PORTLAND COMM COLLEGE TAXING DISTRICT

Dina Farrell, Associate Vice President - Finance
Portland Community College
PO Box 19000, Portland, OR 97280
dina.farrell@pcc.edu

PORTLAND COMM COLLEGE BOND TAXING DISTRICT

Dina Farrell, Associate Vice President - Finance
Portland Community College
PO Box 19000, Portland, OR 97281
dina.farrell@pcc.edu

YAMHILL CO EXT SERVICE TAXING DISTRICT

Richard Riggs, Regional Director - Western Region
Oregon State University Extension Service
2050 NE Lafayette Ave, McMinnville, OR 97128
richard.riggs@oregonstate.edu

YAMHILL COUNTY TAXING DISTRICT

Ken Huffer, County Administrator and Budget Office
535 NE 5th St, McMinnville, OR 97128
hufferk@co.yamhill.or.us

WILLAMETTE REG ESD TAXING DISTRICT

Russ Allen, Executive Director of Business Services
Willamette Education Service District
2611 Pringle Rd SE, Salem, OR 97302
Russ.Allen@wesd.org; businessdirector@wesd.org

TUALATIN VALLEY F & R TAXING DISTRICT

Tim Collier, Chief Financial Officer
Tualatin Valley Fire and Rescue
11945 SW 70th Ave, Tigard, OR 97223
timothy.collier@tvfr.com

TUALATIN VALLEY F & R BOND TAXING DISTRICT

Tim Collier, Chief Financial Officer
Tualatin Valley Fire and Rescue
11946 SW 70th Ave, Tigard, OR 97223
timothy.collier@tvfr.com

TVF & R LOCAL OPTION TAXING DISTRICT

Tim Collier, Chief Financial Officer
Tualatin Valley Fire and Rescue
11947 SW 70th Ave, Tigard, OR 97223
timothy.collier@tvfr.com

CHEHALEM PARK & REC TAXING DISTRICT

W Don Clements, Superintendent
Chehalem Park and Recreation District
125 S Elliott Rd, Newberg, OR 97132
dclements@cprdnewberg.org

CHEHALEM PARK & REC BOND TAXING DISTRICT

W Don Clements, Superintendent
Chehalem Park and Recreation District
126 S Elliott Rd, Newberg, OR 97132
dclements@cprdnewberg.org

NEWBERG SD 29J TAXING DISTRICT

Heather Bixby, Director of Finance
Newberg-Dundee Public Schools
714 East 6th St, Newberg, OR 97132
bixbyh@newberg.k12.or.us

NEWBERG SD 29J BOND TAXING DISTRICT

Heather Bixby, Director of Finance
Newberg-Dundee Public Schools
715 East 6th St, Newberg, OR 97132
bixbyh@newberg.k12.or.us

NEWBERG URBAN RENEWAL TAXING DISTRICT

Kady Strode, Director of Finance
City of Newberg
PO Box 970, Newberg, OR 97132
Kady.Strode@newbergoregon.gov

Yamhill County Assessor

Derrick Wharff, County Assessor
535 NE 5th St, Rm 42, McMinnville, OR 97128
wharffd@yamhillcounty.gov

City of Newberg

Kady Strode, Director of Finance
City of Newberg
PO Box 970, Newberg, OR 97132
Kady.Strode@newbergoregon.gov

Special Districts Association of Oregon

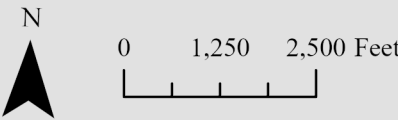
Attn: Government Affairs,
PO Box 12613, Salem, OR, 97309

*Appendix C. PLACEHOLDER – School Support Fee
Documentation*

Newberg Enterprise Zone

Exhibit "A"

-  Enterprise Zone
-  City Limit
-  Urban Growth Boundary
-  Urban Reserve Area
-  Taxlots



IMPORTANT NOTICE TO ALL USERS:
DISCLAIMER AND LIMITATION OF LIABILITY
This information is not guaranteed to be accurate
and may contain errors and omissions.
The City of Newberg provides NO WARRANTY AS
TO THE MERCHANTABILITY OR FITNESS FOR THE
PARTICULAR PURPOSE FOR ANY INFORMATION HEREIN.
The map is created from various data sources and is
subject to change without notice.
This map is intended for general planning purposes only.

Source: Business Oregon, City of Newberg, OR DOGAMI, ODOT
Last Updated on: January 11, 2024 by James Dingwall

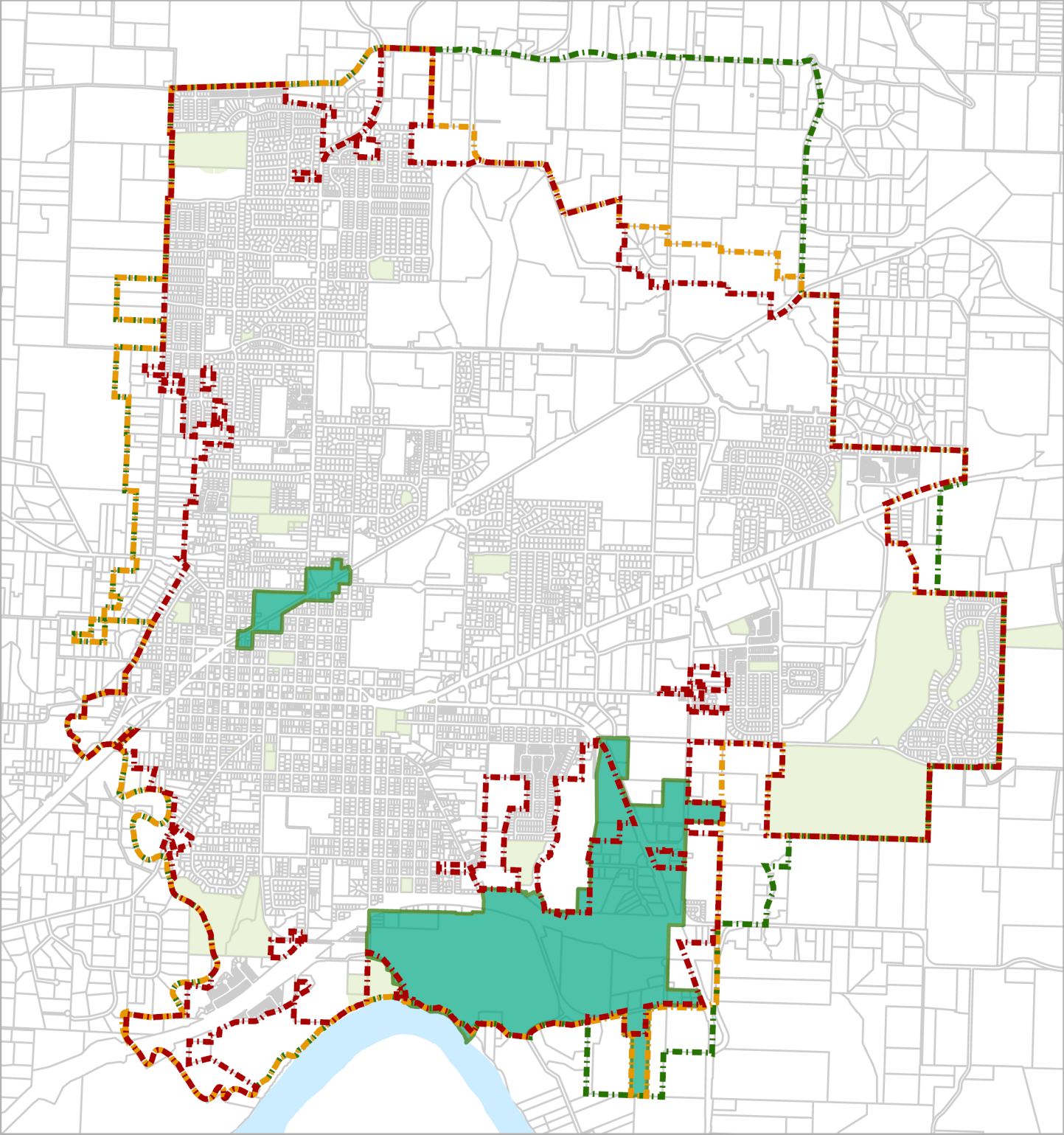


Exhibit "B"

Taxlot	Situs Address
R3229 02200	1301 NE WYNOOSKI RD
R3229 02200	1301 NE WYNOOSKI RD
R3229 00202	1400 NE WYNOOSKI RD
R3229 00202	1400 NE WYNOOSKI RD
R3229 02100	1825 NE DOG RIDGE RD
R3229 02100	1825 NE DOG RIDGE RD
R3229 00300	2716 NE WYNOOSKI RD
R3228 01800	
R3228BB 00503	3223 WYNOOSKI ST
R3228BB 00502	3201 WYNOOSKI ST
R3229 00200	2601 WYNOOSKI ST
R3228BB 00500	3215 WYNOOSKI ST
R3228BB 00501	3209 WYNOOSKI ST
R3229 00205	2751 WYNOOSKI ST
R3228BB 00400	1708 S SANDOZ RD
R3229 00203	2801 WYNOOSKI ST
R3229 00100	1591 S SANDOZ RD
R3229 00104	
R3229 00102	2301 WYNOOSKI ST
R3220CC 04600	1218 S RIVER ST
R3220CC 04500	1212 S RIVER ST
R3220CC 04400	1208 S RIVER ST
R3220CC 04200	1200 S RIVER ST
R3220CC 04700	1202 E 12TH ST
R3220CC 04300	1114 E 12TH ST
R3220 00601	
R3220 00700	
R3220CD 02700	1201 S PACIFIC ST
R3220DD 01300	1145 INDUSTRIAL PARKWAY B
R3220DD 01200	1150 INDUSTRIAL PKWY
R3220DD 01400	1125 INDUSTRIAL PARKWAY
R3220DD 01500	1095 INDUSTRIAL PARKWAY
R3220DD 01600	1045 INDUSTRIAL PARKWAY
R3220DD 01900	1055 COMMERCE PARKWAY
R3220DD 01000	1040 INDUSTRIAL PARKWAY
R3220DD 01700	1025 INDUSTRIAL PARKWAY D
R3221 02101	1101 S MCKERN CT
R3220DD 00700	1050 COMMERCE PARKWAY
R3220DD 00900	1000 INDUSTRIAL PARKWAY
R3220DD 91000	
R3220DD 00200	901 INDUSTRIAL PARKWAY
R3220DD 00300	2900 E 9TH ST
R3221 02100	1001 S MCKERN CT
R3220DD 00400	2800 E 9TH ST 100

Taxlot	Situs Address
R3220DD 00500	2750 E 9TH ST
R3220DD 00100	900 INDUSTRIAL PARKWAY
R3220DD 00600	2700 E 9TH ST
R3221 02000	905 S MCKERN CT
R3220 00307	2771 E 9TH ST C
R3220 00306	2761 E 9TH ST
R3221 01901	901 S MCKERN CT
R3220 00305	2751 E 9TH ST
R3220 00308	888 S INDUSTRIAL PKWY
R3221 01800	832 WILSONVILLE RD
R3221 01900	0 S SPRINGBROOK RD
R3220 90000	2803 E 9TH ST
R3220 00304	2781 E 9TH ST
R3220 90200	
R3220 90100	
R3221 01703	705 S SPRINGBROOK RD A 100
R3221 01700	705 S SPRINGBROOK RD B
R3221 01701	705 S SPRINGBROOK RD C
R3220 00303	
R3221 01601	675 S SPRINGBROOK RD C800
R3221 03700	518 S SPRINGBROOK RD
R3221 03700	518 S SPRINGBROOK RD
R3221 01602	653 S SPRINGBROOK RD
R3221 01600	615 S SPRINGBROOK RD
R3220 00201	2800 E 2ND ST
R3220 00200	2712 E 2ND ST
R3218DC 10000	215 E SHERMAN ST
R3218DC 10100	209 E SHERMAN ST
R3218DC 10300	201 E SHERMAN ST
R3218DC 09900	409 N WASHINGTON ST
R3218DC 10200	207 E SHERMAN ST
R3218DC 09800	415 N WASHINGTON ST
R3218DC 10500	0 E SHERMAN ST
R3218DD 01000	500 E ILLINOIS ST
R3218DD 08200	315 E FRANKLIN ST
R3218DD 08000	501 N HOWARD ST B
R3218DD 00900	
R3218DD 00600	713 VERMILLION ST
R3218DD 00500	700 N COLLEGE ST
R3218DA 02600	730 N COLLEGE ST
R3218DD 00100	801 N MERIDIAN ST
R3218DA 02801	901 N MERIDIAN ST
R3221 01702	
R3220DD 90000	0 INDUSTRIAL PARKWAY

Table: ACSST5Y2022.S1902

	Newberg city, Oregon			Portland-Vancouver-Hillsboro, OR-WA Metro Area			
	Number	Percent Distribution	Mean income (dollars)	Number	Percent Distribution	Mean income (dollars)	
Label	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
HOUSEHOLD INCOME							
All households	9,210	9.210	100,181	986,857	986,857	118,915	
With earnings	7,442	80.8%	101,022	790,653	80.1%	119,500	
With wages or salary income	7,268	78.9%	96,503	763,921	77.4%	115,928	
With self-employment income	1,217	13.2%	41,432	127,519	12.9%	46,455	
With interest, dividends, or net rental income	1,718	18.7%	26,240	244,990	24.8%	26,502	
With Social Security income	2,535	27.5%	22,001	275,016	27.9%	23,947	
With Supplemental Security Income (SSI)	238	2.6%	12,905	40,468	4.1%	11,274	
With cash public assistance income or Food Stamps/SNAP	962	10.4%	(X)	131,282	13.3%	(X)	
With cash public assistance	269	2.9%	3,030	40,557	4.1%	4,633	
With retirement income	1,921	20.9%	27,686	215,362	21.8%	34,259	
With other types of income	1,172	12.7%	11,038	115,400	11.7%	15,311	
FAMILY INCOME BY NUMBER OF WORKERS IN FAMILY							
All families	6,355	6.355	116,489	614,951	614,951	140,268	
No workers	807	12.7%	53,991	83,344	13.6%	82,608	
1 worker	1,803	28.4%	103,005	183,683	29.9%	110,591	
2 workers, both spouses worked	2,609	41.1%	145,139	220,314	35.8%	176,325	
2 workers, other	669	10.5%	79,283	56,589	9.2%	123,702	
3 or more workers, both spouses worked	391	6.2%	181,390	54,536	8.9%	196,057	
3 or more workers, other	76	1.2%	110,045	16,485	2.7%	152,869	
PER CAPITA INCOME BY RACE AND HISPANIC OR LATINO ORIGIN							
Total population	25,379	25,379	38,099	2,505,312	2,505,312	47,649	80%
One race--							
White	20,351	80.2%	39,838	1,888,956	75.4%	50,814	
Black or African American	196	0.8%	12,400	72,425	2.9%	36,826	
American Indian and Alaska Native	229	0.9%	19,274	20,185	0.8%	33,157	
Asian	622	2.5%	35,138	173,022	6.9%	53,041	
Native Hawaiian and Other Pacific Islander	30	0.1%	N	13,607	0.5%	34,770	
Some other race	1,023	4.0%	48,003	98,079	3.9%	27,644	
Two or more races	2,928	11.5%	26,691	239,038	9.5%	32,183	
Hispanic or Latino origin (of any race)	4,156	16.4%	28,271	319,276	12.7%	27,950	
White alone, not Hispanic or Latino	18,660	73.5%	41,675	1,768,636	70.6%	52,399	

Resolution No. 2024-3937: Redesignation of the Newberg Enterprise Zone

Exhibit “D”

Yamhill County Resolution No. 24-06-06-1

IN THE BOARD OF COMMISSIONERS OF THE STATE OF OREGON

FOR THE COUNTY OF YAMHILL

SITTING FOR THE TRANSACTION OF COUNTY BUSINESS

In the Matter of a Resolution Supporting the
City of Newberg's Application for the
Newberg Enterprise Zone and Consenting to
the Redesignation of the Newberg Enterprise
Zone

RESOLUTION NO. 24-06-06-1

THE BOARD OF COMMISSIONERS OF YAMHILL COUNTY, OREGON (the Board) sat for the transaction of county business on June 6, 2024, Commissioners Lindsay Berschauer, Kit Johnston, and Mary Starrett being present.

IT APPEARING TO THE BOARD as follows:

WHEREAS, Enterprise zones exempt businesses from local property tax liability on new capital investments and equipment for at least three years and up to five years; and

WHEREAS, ORS 285C.065 permits cities to sponsor an enterprise zone with the support and consent of the county; and

WHEREAS, The County previously adopted a resolution consenting to the formation of the Newberg Enterprise Zone on April 3, 2014 via Resolution No. 14-4-3-1; and

WHEREAS, Under ORS 285C.245, enterprise zones automatically terminate ten years after formation; and

WHEREAS, The City of Newberg has expressed interest in making application to the State of Oregon requesting a renewal of designation of the Newberg Enterprise Zone, as permitted under ORS 285C.250; and

WHEREAS, The County continues to support the formation and continuation of the Newberg Enterprise Zone because it supports economic development that will benefit all residents of Yamhill County; and

IT IS HEREBY RESOLVED BY THE BOARD THAT:

Section 1. The Board does hereby support the City of Newberg in its application to the State of Oregon for the redesignation of the Newberg Enterprise Zone, as permitted under ORS 285C.250; and

//

Section 2. The Board does hereby grant its consent to the redesignation of the Newberg Enterprise Zone, as required under ORS 285C.065.

DATED this 6th day of June, 2024, at McMinnville, Oregon.

ATTEST

KERI HINTON
County Clerk

By: Carolina Rook
Deputy CAROLINA ROOK

FORM APPROVED BY:

Jodi Gollehon
JODI GOLLEHON
Assistant Yamhill County Counsel



YAMHILL COUNTY BOARD OF
COMMISSIONERS

Lindsay Berschauer
Chair LINDSAY BERSCHAUER

Kit Johnston
Commissioner KIT JOHNSTON

Mary Starrett
Commissioner MARY STARRETT

Resolution No. 2024-3937: Redesignation of the Newberg Enterprise Zone

Exhibit “E”

Public Comment

May 24, 2024

Mayor Bill Rosacker and City Council
City of Newberg
414 E. First Street
Newberg, OR 97132

President
Erik Andersson

2023-2024
Executive Council

Chair
Kate Schwarzler
Indy Commons

Vice-Chair
Ryan Allbritton
Willamette Valley Bank

Secretary/Treasurer
Tim Murphy
DCI

Past Chair
Mike Keane
Garrett Hemann Robertson

Members at Large

Michael Fowler
Cabinet Door Service

Tony Schacher
Salem Electric

Scott Snyder
The Grand Hotel in Salem

Keith Stahley
City of Salem

Colm Wills
Marion County
Commissioner

Re: Request for consideration of an Enterprise Zone boundary expansion

Dear Mayor Rosacker and Newberg City Council:

SEDCOR views Oregon's Enterprise Zone program as an important tool in incentivizing traded sector businesses to invest in our communities. This tool is utilized to recruit and, more importantly, to retain vital employers in our communities. For this reason, we are glad to know the Council is reviewing a request to renew Newberg's Enterprise Zone.

While SEDCOR manages select Enterprise Zones in the Mid-Willamette Valley, we also promote the program to eligible businesses considering investment in new buildings, machinery and equipment in all of our region's Enterprise Zones. Additionally, we help to educate our communities, at large, about the uses and benefits of the program. Some of those benefits are:

- This program offers businesses a runway to begin generating revenue from new large investments before they must start paying the annual taxes attached to that investment.
- These incentive programs offer a unique competitive advantage for the communities that host them, demonstrating to investors that they are "open for business."
- The availability of an incentive like the Enterprise Zone often encourages businesses to invest more into projects than they would have in a community without incentives, ultimately resulting in greater taxable investments.
- Programs such as the Enterprise Zone have strict investment and job creation requirements that ensure the qualifying investments are contributing to the community's job creation and investment goals.

As the Council reviews the staff recommendation to renew the existing Newberg Enterprise Zone, SEDCOR asks you to also consider expanding the zone boundary to include all manufacturing zones within city limits (M-1, M-2, M-3, and M-4). Currently this zone is focused around two specific areas of the city. The Council does have the ability to move or expand the boundaries of this zone and based on Newberg's shortage of buildable industrial land, and the competitive landscape with neighboring communities, we believe that a zone expansion would help your community further solidify your commitment to retaining, growing, and attracting manufacturing businesses and family wage jobs.

Thank you for your consideration and ongoing partnership as we work to make Newberg, Yamhill County, and our region a place where businesses and communities thrive.

Sincerely,

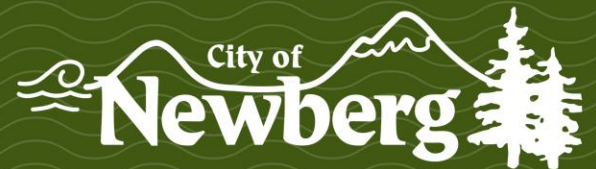


Erik Andersson, President

Resolution No. 2024-3937

Enterprise Zone Redesignation

City Council Briefing
August 5, 2024



Staff Recommendation

1. Adopt Resolution No. 2024-3937 redesignating the Newberg Enterprise Zone.
2. Consider directing staff to initiate work on a potential expansion to the Newberg Enterprise Zone to include additional industrial areas in Newberg.

City Council Goals

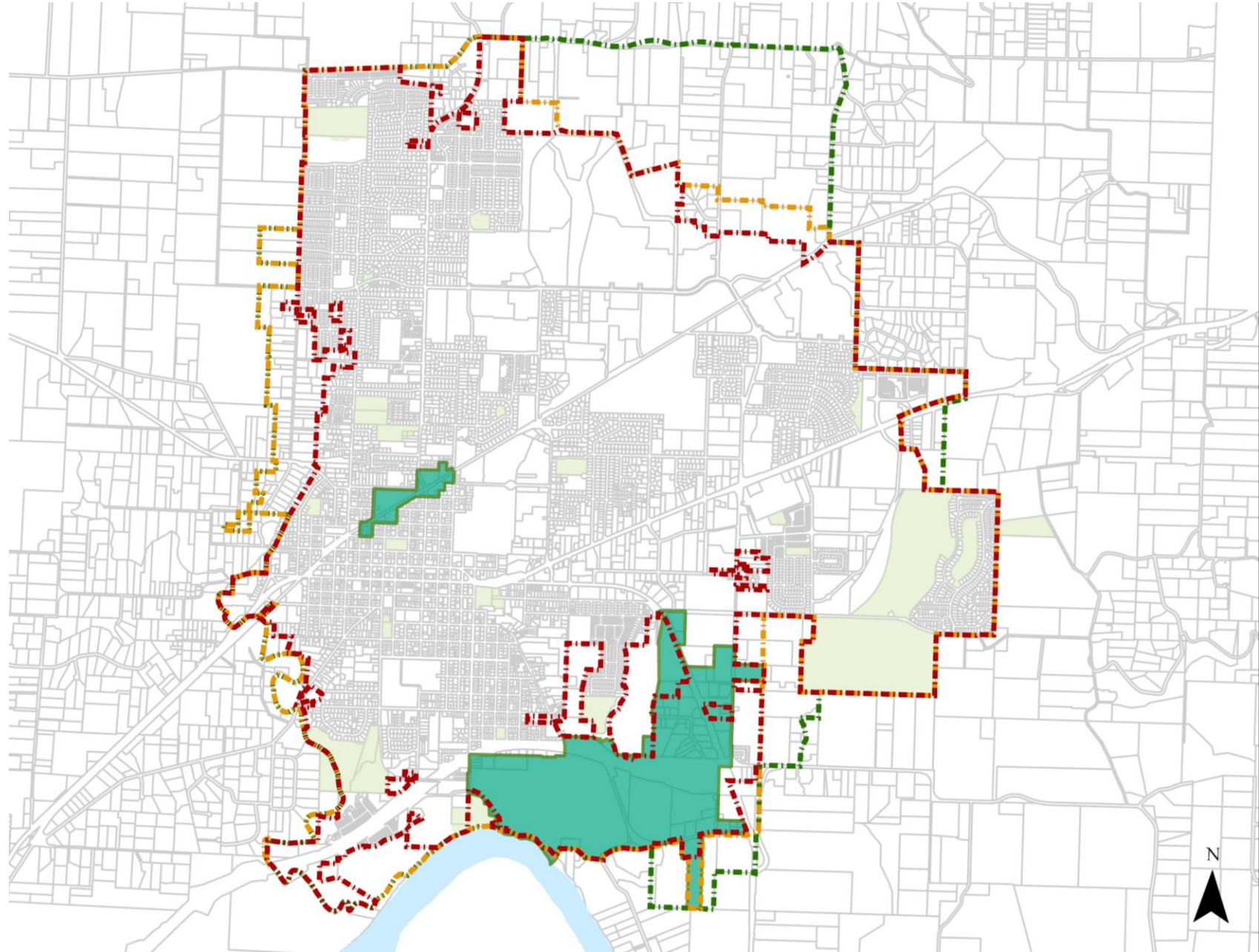
- *Goal 2: Identify industrial land and attract employers to encourage family wage jobs.*
 - *Objective 4. Remove barriers/deterrents to new, “clean” / light industrial employers that will provide family wage jobs.*

Background

- Resolution 2014-3122
 - *Created the Newberg Enterprise Zone*
- Resolution 2015-3181
 - *Allowed waivers to the standard Enterprise Zone employment requirements*

Newberg Enterprise Zone

-  Enterprise Zone
-  City Limit
-  Urban Growth Boundary
-  Urban Reserve Area
-  Taxlots



Enterprise Zone Statistics

- 88 tax lots
- Approx. 361 acres
 - Primarily Light Industrial (M-2), Heavy Industrial (M-1), and Mixed Employment (M-E)
- Multiple applications and inquiries since 2014 designation

Enterprise Zone Overview

- Eligible businesses include manufacturers, processors, shippers, etc.
- 100% exemption on property taxes normally assessed on new capital investments and job creation for up to 3 years.
 - Eligible investments include buildings, major site improvements, large or immobile equipment and tools
 - Non-qualifying investment include land, existing buildings, existing equipment, rolling stock, and most personal property
- An extension up to 4-5 years may be obtained if higher income jobs are created.
- There is no limit to the number of times a company may use the zone (but must meet the criteria each time).

Enterprise Zone Overview

Qualifying Criteria	3 Years	5 Years
Minimum Investment	\$50,000	\$50,000
Minimum New Employment for New Company	1	1
Minimum New Employment for Existing Company	10% increase in first year	10% increase in first year
Minimum Average Compensation per Employee	none	150% of County Average

Enterprise Zone Overview

- The City has approved a waiver to the employment requirements if:
 - The Firm makes an investment of \$25 million or demonstrates an increase in productivity and no reduction in workforce; and
 - the Firm coordinates with local schools on an internship program and funds STEM programs by donating a portion of the tax incentive amount to Newberg area schools.
- In addition to the standard and extended tax incentives, businesses can also receive a “Construction in Process” exemption for up to two years while the qualified investment is constructed/installed.
- At designation or redesignation of a zone, a jurisdiction can elect to include hotels, motels, and destination resorts as eligible businesses to receive the tax abatement on qualified property.
- The State Legislature has set a sunset for program by June 30, 2032 unless extended.

Enterprise Zone Redesignation

- 1/4/2024 - Met with Business Oregon
- 4/10/2024 - Provided public notice to overlapping taxing districts
- 5/1/2024 - Held consultation meetings with overlapping taxing districts
- 6/6/2024 - Yamhill County adopted a resolution consenting to the Enterprise Zone redesignation
- 6/30/2024 – Newberg Enterprise Zone terminated
- 7/9/2024 – Newberg School District set a School Support Fee
- Submit documentation to Business Oregon

Staff Recommendation

1. Adopt Resolution No. 2024-3937 redesignating the Newberg Enterprise Zone.
2. Consider directing staff to initiate work on a potential expansion to the Newberg Enterprise Zone to include additional industrial areas in Newberg.

Thank you!

Questions?



To: Newberg City Council.

Re: Enterprise Zone re-adoption and Expansion in the City of Newberg.

I would like to wholeheartedly support SEDCOR's position on the Newberg Enterprise Zone, and I enthusiastically support the much-needed expansion of the Newberg Enterprise Zone to include ALL M-Zoned lands in the City of Newberg.

"As the Council reviews the staff recommendation to renew the existing Newberg Enterprise Zone, **SEDCOR asks you to also consider expanding the zone boundary to include all manufacturing zones within city limits (M-1, M-2, M-3, and M-4).** Currently this zone is focused around two specific areas of the city.

The Council does have the ability to move or expand the boundaries of this zone and based on Newberg's shortage of buildable industrial land, and the competitive landscape with neighboring communities, we believe that a zone expansion would help your community further solidify your commitment to retaining, growing, and attracting manufacturing businesses and family wage jobs." Erik Anderson, SEDCOR

Newberg lack of industrial land puts our local economy at a significant disadvantage compared to other nearby cities. Anything that City Council can do to increase Newberg's ability to compete is needed and welcomed.

Philip E Higgins
Principal Broker | OR & WA
OR Lic # 960900059 / WA Lic # 50197
Direct: 503-793-9039 | phiggins@PacificCrestREA.com
Pacific Crest Real Estate Advisors
Commercial Real Estate Brokerage | Advisory Services

SEDCOR 2023 Business Partner of the Year

PACIFIC CREST
REAL ESTATE ADVISORS



July 30, 2024

City of Newberg

414 E. First Street

Newberg, OR 97132

Attn: Enterprise Zone Review Committee

Dear Committee Members,

I am writing to you on behalf of DCI International, the second largest and fastest growing manufacturer of dental equipment in the United States. We are proud to have our headquarters and main production facilities in Newberg, where we have been operating since 1983. We are committed to supporting the local economy, creating jobs, and providing high-quality products and services to our customers.

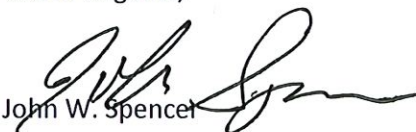
We are excited to announce that we are planning a major expansion of our operations, which will require a new site for our headquarters and production facilities. We have identified 305 N. Springbrook Rd. as a potential location, which is currently vacant and underutilized. This site offers ample space, convenient access, and an opportunity to bolster local industry.

We respectfully request that the City of Newberg include 305 N. Springbrook Rd. in its upcoming review of Newberg's Enterprise Zone. Ideally, The City of Newberg would include all "M" Zoned properties, but the designation for 305 N. Springbrook would provide us with tax incentives and other benefits that would help us make this project feasible and attractive. We believe that this project would be a win-win situation for both DCI and the City of Newberg, as it would:

- Generate significant economic activity and tax revenue for the city
- Create new jobs and retain existing ones
- Enhance the aesthetic and functional value of the site and the surrounding neighborhood
- Strengthen Newberg's reputation as the home of U.S. dental equipment manufacturing
- Demonstrate DCI's commitment to innovation, sustainability, and social responsibility

We appreciate your consideration of our request and look forward to hearing the outcome of your upcoming meetings on this topic. Please feel free to contact my office if you have any questions or comments.

Warm Regards,


John W. Spencer

CEO & Founder, DCI

Please send all correspondence to: Tim Murphy, e: tim@dcionline.com, m: 484-477-7587

REQUEST FOR COUNCIL ACTION



Date Action Requested: August 5, 2024

Order ☐ Ordinance ☐ Resolution ☒ Motion ☐ Information ☐ Proclamation ☐

Resolution No. 2024-3943

Subject: Enterprise Zone Local Employment Waiver
for A.R.E. Manufacturing, Inc.

Staff: James Dingwall
Department: Community Development

Business Session

Order On Agenda: New Business

Hearing Type: Administrative

Is this item state mandated? Yes ☐ No ☒

Recommendation: Approve Resolution No. 2024-3943 waiving the employment requirement on standard tax exemption for A.R.E. Manufacturing, Inc., based on a rise in productivity and dedicated contributions to workforce training, in the Newberg Enterprise Zone.

Executive Summary: The City of Newberg sponsors the Newberg Enterprise Zone, which it established in 2014 through Resolution No. 2014-3122 and redesignated in 2024 through Resolution No. 2024-3937. Oregon Revised Statute (ORS) 285C.155, 285C.200(2), and 285C.205 provide that a local sponsor may provide a waiver to employment requirements of Enterprise Zone exemption applications provided the firm makes a minimum investment of \$25 million or increases productivity by 10 percent or more and dedicates workforce training funds while meeting local requirements. In 2015, the City set the local requirements for an employment waiver in Resolution No. 2015-3181. These local requirements included that only one waiver may be granted per firm per exemption period regardless of additional investment, the firm coordinate a local internship program with local schools or WorkSource Oregon, and the firm donate 10 percent of the exemption value to local STEM (science, technology, engineering, and math) programs.

A.R.E. Manufacturing, Inc. is a manufacturer of machined components using high precision CNC equipment. The firm has been approved for Enterprise Zone exemptions in 2016 and 2018 while investing approximately \$376,198 in facility equipment. However, fluctuations in the business cycle resulted in employment changes disqualifying the firm from the full approved exemptions. In April 2024, A.R.E. Manufacturing, Inc. submitted a three (3) year Enterprise Zone application for an approximately \$610,490 investment in manufacturing equipment, requesting an employment waiver and acknowledging the state and local waiver requirements (Exhibit “C”). A pre-authorization conference was held with A.R.E. Manufacturing, City, and Yamhill County Assessor staff on May 22, 2024, to confirm the application’s eligibility and verify the additional requirements and program timelines. Pre-authorization conference notes are attached as Exhibit “D”. Per ORS 285C.205(3) A.R.E. Manufacturing, Inc. will be required to

dedicate 25 percent of the tax savings associated with the enterprise zone authorization to workforce training, and any unused funds will be transferred to a fund for use by local publicly funded job training providers as indicated in Exhibits “A” and “B”. The applicant has indicated that they coordinate with the Newberg-Dundee School District in operating and providing donations of labor and equipment to the TIGER Manufacturing program, a student-run machine shop at Newberg High School. By April 1 of each exemption year, A.R.E. Manufacturing, Inc. will be required to verify to the City that they have coordinated an internship program and donated to a school’s STEM program.

Following an approval of the local employment waiver by City Council, City staff will forward an authorization to the Yamhill County Assessor for approval, and a finalized authorization packet to the Oregon Business Development Department and Oregon Department of Revenue.

Fiscal Impact: Based on 2023-2024 tax rates, the projected annual tax abatement of A.R.E. Manufacturing, Inc.’s enterprise zone investment is approximately \$9,706, of which the City’s share is approximately \$1,769.

Council Goals:

- G.2 Identify industrial land and attract employers to encourage family wage jobs.
- O4. Remove barriers/deterrents to new, “clean” / light industrial employers that will provide family wage jobs.

Exhibits:

- Exhibit “A” Ten-Percent Increase in Productivity
- Exhibit "B" Dedicating 25 Percent of Tax Savings for Workforce Training
- Exhibit "C" Application Materials
- Exhibit "D" Pre-Authorization Conference Notes

RESOLUTION No. 2024-3943

A RESOLUTION WAIVING THE EMPLOYMENT REQUIREMENT ON STANDARD TAX EXEMPTION FOR A.R.E. MANUFACTURING, INC., BASED ON A RISE IN PRODUCTIVITY AND DEDICATED CONTRIBUTIONS TO WORKFORCE TRAINING, IN THE NEWBERG ENTERPRISE ZONE.

Recitals:

1. Whereas, A.R.E. Manufacturing, Inc. intends to invest an estimated \$610,490 in capital improvements for the manufacturing facility in Newberg, Oregon, starting in January 2025; and
2. Whereas, the A.R.E. Manufacturing, Inc. facility is located within the Newberg Enterprise Zone, which is sponsored by the City of Newberg; and
3. Whereas, A.R.E. Manufacturing, Inc. has applied for authorization in the enterprise zone for the aforementioned investment; and
4. Whereas, under ORS 285C.155, 285C.200(2), and 285C.205 the enterprise zone sponsor may provide by resolution for authorization of an eligible business firm such that it may qualify for the exemption on qualified property in the zone without increasing employment as normally required, if:
 - a. The firm increases measurable (labor/unit) productivity by 10 percent or more,
 - b. Expands or donates workforce-training funds that the firm sets aside by 10 percent or more,
 - c. Maintains a minimum number of full-time employees in the zone (as established by the zone sponsor) that is not less than the existing level, and
 - d. Satisfies other reasonable requirements as the zone sponsor may also establish; and
5. Whereas, A.R.E. Manufacturing, Inc. has 33 full-time employees throughout the Newberg Enterprise Zone as averaged over the past 12 months; and
6. Whereas, the Newberg City Council has established in Resolution No. 2015-3181 the following conditions to allow waivers to the standard enterprise zone requirements consistent with ORS 285C:
 - a. Only one waiver will be granted per qualified firm per exemption period (regardless of additional investment within the exemption period),
 - b. The firm is required to coordinate with local schools and/or WorkSource Oregon to continuously support an internship program at the firm during the exemption period. Interns associated with meeting this requirement shall be Newberg area residents, and
 - c. The firm would be required to help fund Newberg area schools STEM (Science, Technology, Engineering, Math) programs by annually donating an amount earmarked to a

STEM program that is equivalent to 10% of the tax savings associated with the property tax abatement.

The City of Newberg Resolves as Follows:

1. A.R.E. Manufacturing, Inc. is hereby authorized to qualify in accordance with ORS 285C.200 for purposes of the exemption on qualified property under ORS 285C.175 provided that:
 - a. In relationship to the aforementioned investment at the A.R.E. Manufacturing, Inc. facility, labor/unit productivity as stipulated in Exhibit A rises to at least 110 percent of the base level, by no later than July 1 of the second year of exemption on the qualified property, and as an annual average rate for each calendar year during the exemption period thereafter; and
 - b. As specified in Exhibit B, A.R.E. Manufacturing, Inc. deposits funds equal to 25 percent of the property tax savings resulting from the exemption on qualified property, to be used for workforce training or retraining in association with the above productivity increase, such as that surplus funds (after 2 ½ years) are transferred to local publicly funded job training providers; and
 - c. The number of full-time, year-round employees of A.R.E. Manufacturing, Inc. in the Newberg Enterprise Zone is maintained at or above 33, on average, for each calendar year of the exemption period; and
 - d. Prior to April 1 of each calendar year of the exemption period, A.R.E. Manufacturing, Inc. shall certify to the City of Newberg that an internship program has been continually supported at the firm and an amount no less than 10% of the tax savings associated with the property tax abatement has been donated to a Newberg area school STEM program.
2. Exhibits A and B are hereby adopted and by this reference incorporated.
3. The zone sponsor shall maintain as confidential the information provided to it by A.R.E. Manufacturing, Inc. pursuant to this resolution under ORS 285C.145(4).

Effective Date of this resolution is the day after the adoption date, which is: August 6, 2024.

Adopted by the City Council of Newberg, Oregon, this 5th day of August, 2024.

Rachel Thomas, City Recorder

Attest by the Mayor this _____ day of _____, 2024.

Exhibit A.
Resolution No. 2024-3943

Ten-Percent Increase in Productivity

For purposes herein:

- BLP** = “Base level of productivity” – O_T/L_T for or averaged over the 12 months directly prior to first placing any qualified property in service at 518 S Springbrook Road.
- L_T** = Number of hours of labor performed by **W** in producing **O_T** over the same period (**T**)
- O_T** = Output of A.R.E. Manufacturing, Inc. by machines 24 and 26 in terms of the units produced over the same period (**T**)
- W** = Number of persons working in the Newberg Enterprise Zone and engaged in operations that generate **O_T**, whether part-time, full-time, temporary, seasonal, or permanent (at least year-round).
-

1. At the same time that A.R.E. Manufacturing, Inc. files the first exemption claim pursuant to the authorization allowed by the resolution, A.R.E. Manufacturing, Inc. shall provide to the Local Zone Manager a statement that includes but is not limited to all of the following:
 - a. Earliest date on which any qualified property was first placed in service,
 - b. **BLP** [“_____ (units or quantity) of _____ per labor hour”], and
 - c. Data for **W**, **L_T**, & **O_T** used to calculate **BLP**.
2. With the next exemption claim – but not later than July 1, 18 months after January 1 of the first assessment year for exemption on any qualified property – A.R.E. Manufacturing, Inc. shall provide to the zone sponsor a statement that includes but is not limited to all of the following:
 - a. Data for **W**, **L_T**, & **O_T**,
 - b. Showing that $O_T/L_T \geq 1.1 \cdot BLP$, and
 - c. Affirmation/explanation that the above data corresponds to a regular time period (**T**), since use and occupancy of the qualified property began, such that if productivity is normally supposed to be measured over a year’s time, the data may be annualized based on at least a 30-day period.
3. At the time that A.R.E. Manufacturing, Inc. files an exemption claim after the third assessment year of exemption, and after any such succeeding year (because of an extended tax abatement period or a subsequent exemption under the same authorization), A.R.E. Manufacturing, Inc. shall provide to the zone sponsor a statement that includes but is not limited to all of the following:
 - a. Data for **W**, **L_T**, & **O_T** for the assessment year,
 - b. Annual average figures for **L_T** & **O_T**, and
 - c. Showing (based on annual average figures) that $O_T/L_T \geq 1.1 \cdot BLP$.
4. For purposes of this Exhibit, information or data as provided to the zone sponsor by A.R.E. Manufacturing, Inc. shall be evidenced or verified by the following documentation: *Productivity Report for A.R.E. Manufacturing, Inc.*

Exhibit B.
Resolution No. 2024-3943

Dedicating 25 Percent of Tax Savings for Workforce Training

For purposes herein:

- AV_E** = Estimated assessed value of the qualified property subject to exemption for the year, which equals the assessed value from the previous tax statement (or total cost of the investment if newly constructed, modified, or installed), as adjusted only in accordance with written instructions from either the county assessor's office or the Department of Revenue
- AV_A** = Actual assessed value of the qualified property subject to exemption based on final tax statement for that year
- C** = Total actual expenses incurred since authorization by A.R.E. Manufacturing, Inc. for training or retraining of persons counted under E, to improve relevant productivity, regardless if for new, ongoing, or restored efforts, activities, or investments in workforce development by A.R.E. Manufacturing, Inc.
- E** = Annual average number of full-time, year-round employees of A.R.E Manufacturing, Inc. working in business operations subject to productivity measurement under Exhibit A of the resolution
- TR_E** = Estimated total tax rate levied on assessed value of qualified property subject to exemption for the year, from the taxpayer's previous tax statement for property at the same location
- TR_A** = Actual total tax rate levied on assessed value of the qualified property subject to exemption based on the final tax statement for that year
- W** = Total amount of withdrawals by and to A.R.E. Manufacturing, Inc. after April 1 and before October 1 (2 ½ years later) following one of three initial deposits.
-

1. **A.R.E. Manufacturing, Inc. shall make three deposits to an account as designated below, as follows:**
 - a. On or before April 1 of each of the first three assessment years of the exemption on qualified property, A.R.E. Manufacturing, Inc. shall initially deposit an amount = **AV_E • TR_E • 0.25**.
 - b. A.R.E. Manufacturing, Inc. may withdraw funds from the account, but only during the 30-month period following each of the respective April 1 dates.
 - c. Such withdrawals may be made only insofar as –
 - i. **W ≤ \$3,500 • E** – over the same 30-month period, and
 - ii. **C ≥ (W₁ + W₂ + W₃)** – cumulative amount drawn on all three deposits.
 - d. A.R.E. Manufacturing, Inc. shall seek to reconcile each deposit, so that the final amount = **AV_A • TR_A • 0.25** as necessary, such that A.R.E. Manufacturing, Inc. either –
 - i. Adds money to the account within 18 months of initial deposit, or
 - ii. Takes timely action to be reimbursed (within 18 months of initially depositing money) for any overestimation of tax savings.

2. **The sponsor of the Newberg Enterprise Zone establishes an account for the depositing and drawing of funds by A.R.E. Manufacturing, Inc. for worker training, such that:**
 - a. The account is held by the City of Newberg
 - b. Transactions are to be managed/overseen by the City of Newberg Finance Department and coordinated with A.R.E. Manufacturing, Inc. by the Local Zone Manager.
 - c. A.R.E Manufacturing, Inc. shall deposit or add money to the above-named account by submission of documentation to the Local Zone Manager, to be submitted to Accounts Receivable for invoicing.
 - d. A.R.E Manufacturing, Inc. shall draw money (for C) from the above-named account by submitting a draw request(s) and relevant documentation to the Enterprise Zone Manager to be submitted to the City of Newberg Finance Department through the City's procurement system.
 - e. A.R.E Manufacturing, Inc. shall seek reimbursement of excess deposits from the above-named account by submitting a draw request(s) and relevant documentation to the Enterprise Zone Manager to be submitted to the City of Newberg Finance Department through the City's procurement system.
3. **On or before April 1 of the first assessment year of the exemption and of each of the next five consecutive years, A.R.E. Manufacturing shall provide to the Local Zone Manager an ongoing tabulation (cumulatively revised) that includes but is not limited to all of the following:**
 - a. **AV_E, TR_E, AV_A, & TR_A** for each year,
 - b. The moneys comprising each of the three deposits, including adjustments for reconciliation, along with the respective figures for **E & W**,
 - c. **C** with brief notation of the training that has been undertaken,
 - d. Indication of satisfaction and compliance with elements in (1) above, and
 - e. Evidence or verification of the above by the following documentation:
 - i. Inventory of payments and withdrawals
 - ii. Receipts for trainings and wage matching
 - iii. Property tax documentation from the Yamhill County Assessor
4. **The sponsor of the Newberg Enterprise Zone shall with respect to unused or surplus deposits in the account established per (2) above:**
 - a. Transfer any such amount to City of Newberg Economic Development Fund (Fund 14) following the 30th months after each initial deposit, but not later than December 31 directly thereafter.
 - b. Notify A.R.E. Manufacturing, Inc. of the transfer and assume responsibility for obtaining assurances that transferred funds are used in ways consistent with and complimentary to the goals and purposes of relevant laws and public policies pursuant to ORS 285C.205.

**Resolution No. 2024-3943: Enterprise Zone Local Employment Waiver for A.R.E.
Manufacturing, Inc.**

Exhibit “C”

Application Materials

Oregon Enterprise Zone Authorization Application*

Complete form and submit to the local enterprise zone manager **before** breaking ground or beginning work at the site.

Applicant

Enterprise zone or rural renewable energy development zone (where business firm and property will be located) Newberg, OR		Email accounting@aremanufacturing.com	
Name of business firm A.R.E. Manufacturing, Inc.		Phone 503 538-0350	
Mailing address 518 S Springbrook Rd	City Newberg	State OR	ZIP code 97132
Location of property (street address if different from above)	City	State	ZIP code
County, TRS map ID number, and Tax lot number of site Yamhill, R3221 03700 000E1 29.0	Contact person Megan Perona	Title Accounting Manager	

My firm expects to first claim standard property tax exemption in (up to three consecutive) year(s): 2026
(Following year "Placed in service" on page 2.)

- ☒ Check here if your firm has or has had another exemption in this enterprise zone.
- ☒ Check here that you understand the need to renew the authorization pursuant to this application by April 1 after every two calendar years, until the tax exemption on qualified property is successfully claimed.
- ☐ Check here if requesting an **extended abatement** of one or two additional years of exemption, through written agreement with the sponsoring city, port, or county government(s) ("zone sponsor"), and subject to additional state or local requirements.

Zone manager use only (after written agreement but before authorizing firm):

County average wage: \$ _____ 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 (warehousing) ☐ 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":

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-regional in scope and locally significant)
- ☐ Check here if an **electronic commerce investment** in an e-commerce enterprise zone.

Employment in the enterprise zone (see worksheets on last page)

Don't count FTEs, temporary, seasonal, construction, part-time jobs (32 hours or less per week), or employees working at ineligible operations.

Existing Employment—My business firm's average number of full-time employees **inside the zone** over the past 12 months is 33

New Employees—

- Hiring is expected to begin on (date or month and year): local waiver
- Hiring is expected to be completed by (month and year): local waiver
- Estimated number of new employees to be hired with this investment is: 0

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 have increased the number of my firm's employees within the zone by the greater of one new job or by 10%.
- ☐ My firm's annual average number of employees will equal or exceed that minimum increase during the exemption period.
- ☒ When the exemption claim is filed by April 1 following each calendar year of exemption, my total number of employees in the zone will not have shrunk by more than 85% or by more than 50% twice in a row, compared to the highest number of employees in any previous claim.
- ☒ My firm will comply with local additional requirements as contained in: (1) a written agreement for extended abatement, (2) zone sponsor resolution(s) waiving required employment increase inside zone, or (3) an **urban** enterprise zone's adopted policy, if applicable.
- ☒ My firm will verify compliance with these commitments, as directed by local or state officials according to statute or administrative rule.
- ☒ 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 publicly funded job training providers for eligible job openings within the zone during exemption period.)

Oregon employment outside the enterprise zone

Check only those that apply:

- ☐ Check here if yours or any commonly controlled firm will curtail operations in the state **beyond 30 miles of the zone boundary and move them into the zone**. Indicate timing, location, number of any job losses, and relationship to the proposed enterprise zone investment:
- ☐ Check here if you are transferring operations into the zone from site(s) in the state **within 30 miles of zone boundary**:
My firm's average number of employees at the site(s) outside the zone boundary over the preceding 12 months is _____.
- ☐ Check here, if applicable, that your firm commits to increase the combined employment at the site(s) (outside but within 30 miles of zone boundary) and in the zone to 110% 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 (non-binding)

Action	Site and building and structures			Machinery and equipment		
	Preparation	Construction*	Placed in service	Acquisition**	Installation	Placed in service
To commence or begin on				01/2025	01/2025	01/2025
To be completed on				01/2025	01/2025	

* Including new reconstruction, additions to, or modifications of existing building(s) or structure(s).

** Taking possession of machinery and equipment through lease or purchase, or otherwise bringing it into the county, may precede the date of this application by not more than three months (includes personal property).

- ☐ Check here for building/structure acquired/leased from an unrelated 3rd party, for which reconstruction, additions, or modifications began prior to this application (attach executed lease or closing documents, and don't take up occupancy until this application is approved).

Qualifying property: Estimates are not binding, but in order for property to be exempted, its basic type and currently expected cost for any major improvement must be represented below.

Type of property		Number of each/item	Estimated cost	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 or structure		\$	<input type="checkbox"/>
	Heavy or affixed machinery and equipment	3	\$ 610,490.00	<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 production of tangible goods)		\$	<input type="checkbox"/>
Total estimated cost of investment			\$	

Describe below (or in an attachment) the overall nature and potential extent of your investment, including site plans or list of property items to be acquired, appropriate and recommended by zone manager or county assessor.


(2) DMG Mori NLX1500SY CNC Lathe - \$251,945 ea.

(1) DMG Mori Matrix WorkStocker Robot - \$106,600

This equipment will replace existing machinery at ARE. The new lathes combined with the automation robot will improve process time and quality output.

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

Signature  Date 4/30/2024

Title (if not an owner or executive, attach letter attesting to appropriate contractual authority)

Owner/ President

Local enterprise zone manager and county assessor must approve this application (with *Enterprise Zone Authorization Approval*, Form 150-303-082)
For more information visit: www.oregon.gov/biz/

**Resolution No. 2024-3943: Enterprise Zone Local Employment Waiver for A.R.E.
Manufacturing, Inc.**

Exhibit “D”

Pre-Authorization Conference Notes

A.R.E. Manufacturing – Enterprise Zone Pre-Authorization Meeting – May 22, 2024

- Newberg Enterprise Zone – redesignation City Council 7/1
- Standard Enterprise Zone
 - Business operation eligibility
 - manufacturing – ELIGIBLE
 - Calculation of existing annual average employment
 - 33 on application form – fill out worksheet calculator
 - Probable employment growth
 - Local waiver
 - First source hiring agreement
 - Proposed qualified property
 - Heavy or affixed machinery and equipment - \$610,490 – ELIGIBLE
 - Acquisition/Installation/Placed in Service dates – all same on application form?
 - Expected abatement years, 26-28
- Local Employment Waiver
 - Resolution approving waiver scheduled to go before City Council on 7/15.
 - Resolution shall state, minimum employment level to be maintained during the exemption, minimum amount of investment, exhibits for productivity and training fund calculations
 - State requirements (*ORS 285C.205*):
 - Increase productivity by 10 percent in productivity no later than 18 months following January 1 of the first assessment year claimed.
 - Increase must be in business operations of the firm that are using qualified property receiving the exemption.
 - Productivity is measured by dividing physical units/quantity of output by the number of labor hours engaged in the operations that produced the physical units or quantity of output.
 - Base level is established over a minimum 12-month period preceding the date placed in service
 - **2 machines, parts made off of previous year/hours**
 - The firm shall maintain or exceed the increase in productivity in each of the 3 exemption years
 - The firm shall deposit an amount equal to 25% of the estimated tax savings into an account established by the sponsor prior to April 1 of each of the first three assessment years.
 - For up to 30 months following a respective April 1 deposit, the firm may draw from the account to pay for expenses incurred to train or retrain employees to promote or facility the increase in production (up to \$3,500 per employee)
 - Any amount remaining after the 30-month period shall be transferred to a special fund for use by local publicly funded job training providers.

- 18 months after the deposit, the estimated tax savings shall be reconciled with actual tax saving, and account supplemented or refunded.
- Local requirements (*Resolution No. 2015-3181*):
 - The firm shall coordinate with local schools and/or Worksource Oregon to continuously support an internship program during the exemption period. Interns shall be Newberg area residents.
 - The firm shall donate to a STEM program an amount equal to 10% of the tax savings associated with the property tax abatement.
- Estimated annual tax abatement: \$9,706
 - 25% Training amount: \$2,426
 - 10% City STEM amount: \$970
- Timeline
 - Equipment placed in service by December 31
 - File exemption form with assessor and deposit training amount by April 1
 - Equipment in use by June 30

Next Steps

- Resolution, City approve the application, County approve the application, send to, First Source Hiring Organization, Department of Revenue, and Business Oregon
- Assessor site visit prior to install

Attendees:

James Dingwall – City of Newberg

Derrick Wharff, - Yamhill County Assessor

Roxane Henderson – Yamhill County Assessor

Patricial Landsiedel – Yamhill County Assessor

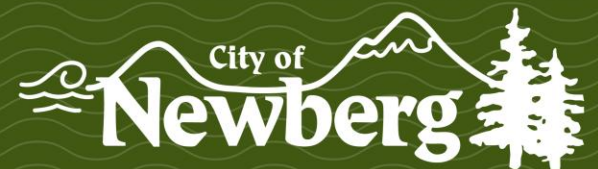
Megan Perona – A.R.E. Manufacturing, Inc.

Alvin Elbert – A.R.E. Manufacturing, Inc.

Resolution No. 2024-3943

A.R.E. Manufacturing Enterprise Zone Employment Waiver

City Council Briefing
August 5, 2024



Staff Recommendation

Approve Resolution No. 2024-3943 waiving the employment requirement on standard tax exemption for A.R.E. Manufacturing, Inc., based on a rise in productivity and dedicated contributions to workforce training, in the Newberg Enterprise Zone.

City Council Goals

- *Goal 2: Identify industrial land and attract employers to encourage family wage jobs.*
 - *Objective 4. Remove barriers/deterrents to new, “clean” / light industrial employers that will provide family wage jobs.*

Background

- Resolution 2014-3122
 - *Created the Newberg Enterprise Zone*
- Resolution 2015-3181
 - *Allowed waivers to the standard Enterprise Zone employment requirements*
- Resolution 2024-3937
 - *Re-designated the Newberg Enterprise Zone*

Enterprise Zone Background

- Provides 3-years of property tax abatement on new capital investments in qualified traded-sector businesses.
- Requires job creation associated with the new investment.
- A 4–5-year extension may be available if higher income jobs are created.

Background



- Applicant: **A.R.E. Manufacturing, Inc.**
 - Manufacturer of machined components using high precision CNC equipment.
 - 33 employees
- Request:
 - 3-year standard Enterprise Zone application
 - Proposing an approximately \$600,000 investment in manufacturing equipment
 - Requesting a local employment waiver
- Pre-Application Conference:
 - May 22, 2024 - with Applicant, City Staff, and Yamhill County Assessor office staff

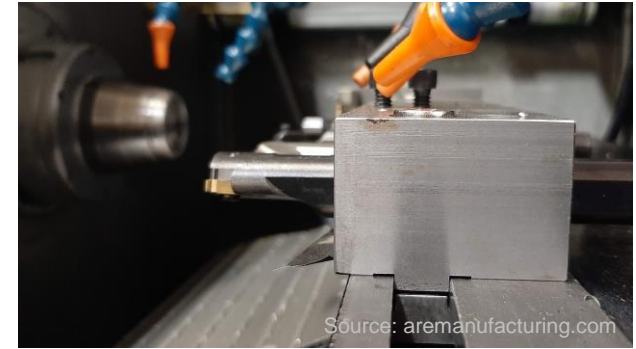


Local Employment Waivers

- State Requirements
 - Minimum investment of \$25 million or increase productivity by 10 percent or more
 - Dedicate workforce training funds equal to 25 percent of the property tax savings for training associated with the investment and productivity increase.

Local Employment Waivers

- Local Requirements
 - Only one waiver may be granted per firm per exemption period, regardless of additional investment.
 - The firm shall coordinate a local internship program with the local school district or WorkSource Oregon.
 - The firm shall donate 10 percent of the exemption value to local STEM (science, technology, engineering, and math) programs.



Staff Recommendation

Approve Resolution No. 2024-3943 waiving the employment requirement on standard tax exemption for A.R.E. Manufacturing, Inc., based on a rise in productivity and dedicated contributions to workforce training, in the Newberg Enterprise Zone.



Thank you!

Questions?

REQUEST FOR COUNCIL ACTION



Date Action Requested: (August 5, 2024)

Order <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Information <input type="checkbox"/> Proclamation <input type="checkbox"/>	
No. Resolution 2024-3945	
Subject: A Resolution to Authorize Expenditures for Extensive Road Repairs on 2nd Street	Staff: CM Department: Administration
Business Session	Order On Agenda: New Business
Hearing Type: Administrative	

Is this item state mandated? Yes ☐ No ☒

If yes, please cite the state house bill or order that necessitated this action:

Recommendation:

Staff recommend that council approve this resolution as follows:

“I move that we approve resolution 2024-3945 authorizing the City Manager to spend funds on crack and slurry seal repairs for Second Street not to exceed \$172,000”.

Executive Summary:

Since March of 2024 the city has been reorganizing its engineering division to get more cost control and more efficiency and transparency. The City manager has had to become the project manager for RFPs connected to street repairs funded by TUF.

The City Manager moved as quickly as he could to get bid comparisons for road surface repairs. The Doolittle company was the winner for this class of repair (crack and slurry sealing). Despite moving with dispatch, the lateness of the season means that authorization must be obtained now as the Doolittle company can only give us 2 to 3 days for work in September before moving their crews further South to follow the seasonal weather.

The City Manager is still negotiating with Doolittle about scheduling details and who will pay for the removal of thermo-plastic and some other small items, but the listed dollar amount will be approximately correct.

The City Manager is also going to try to get some repairs done in the Edwards school area (grind and inlay) and crack sealing on Mountainview Road, if he does not run out of time based upon the weather. This will come in the form of additional expenditure authorizations at future meetings.

Lastly our clear objective is to start road repairs this season despite our unavoidable late start. In his new role of TUF project manager the CM will ensure that future repairs are more programmatic starting from the next construction season. The RFP pricing is good for four years.

Fiscal Impact:

It is anticipated that this expenditure will greatly extend the life expectancy of 2nd Street and potentially save the city over \$5M in the short to medium term.

Council Goals:

Having better fiscal control over capital improvement projects will directly enhance council Goal 6:

“Implement a careful and prudent fiscal policy”.

Within this goal objective 4 is relevant to this resolution:

G6 O4: Ensure that the city has a long-term financial plan that supports its goals and objectives.

Extending the life expectancy of existing but worn high traffic streets clearly benefits the city budget.



RESOLUTION No. 2024-3945

A Resolution to Initiate a Contractual Relationship with Keller Engineering Associates

Recitals:

1. Reorganization of the city Engineering Division began in March of 2024.
2. One goal of the reorganization was to achieve greater capital project cost control.
3. As part of this the CM assumed control over TUF expenditures via a price per square foot RFP.
4. Per the city purchasing manual all expenditures over \$100,000 must be approved by Newberg City Council.

The City of Newberg Resolves as Follows:

1. Approve council resolution 2024-3945 authorizing the City Manager to spend funds on crack and slurry seal repairs for second street not to exceed \$172,000.

Effective Date of this resolution is the day after the adoption date, which is: August 6, 2024.

Adopted by the City Council of Newberg, Oregon, this 5th day of August, 2024.

Rachel Thomas, City Recorder

Attest by the Mayor this 6th day of August, 2024.

Bill Rosacker, Mayor

Written testimony for 8/5/2024 Newberg City Council meeting

7/29/2024

To the Council:

Executive Summary:

When a property owner requests permission to remove a street tree through the permit process, Newberg staff has the option to require that the tree be replaced even if there was never and still is no requirement for such a tree. I am requesting that the Council communicate to the City Manager that their preferred policy with regard to this is that if there is no specific requirement for the replacement of the tree, removal of such trees shouldn't result in a requirement to replace them. This policy should apply to existing as well as future tree replacement requirements. The CM can communicate this to the CDD to act on as appropriate.

Full document:

I would first like to apologize for the time and effort my simple request has resulted in for Council members and Staff. I had hoped from the beginning that this could be a very simple process. I'm afraid that this didn't happen and that I've been requested to follow a far more complicated process.

About 25 years ago we planted 5 trees in the planter strip ("street trees") around our house. This was purely voluntary. Then, as now, there was no general requirement for us to plant those trees.

We recently wanted two of the trees to be removed. One was dying from old age, the other was causing damage to the sidewalk. Being aware that there was a NMC requirement for a permit to remove the trees (as they were larger than 2" in diameter), I applied for a permit.

When the permit was approved I was told that despite my request otherwise, I would be required to replace both of the trees. NMC 12.05.260(E) states that "The designated staff person **may** require that the tree removed be replaced..." (emphasis mine). Clearly it is a judgement that the staff person can exercise either way. I am not

questioning whether or not Staff followed Code as it does allow them such judgement. I am questioning whether the decision was reasonable.

I thought it unreasonable that the fact that I voluntarily planted trees 25 years ago placed a requirement on me to replace them now that they have been removed.

Why is this a problem? One issue is cost. I called one tree company that installs street trees in Newberg and was told that I could expect a cost of \$750-1,500 per tree if they were to install them. Another tree company quoted me \$150-300/tree, but indicated that they didn't do street trees in Newberg because of the City's requirements. The end result is that I'm looking at a financial burden of \$1,500-3,000 to replace trees that I voluntarily planted.

Another issue is that I simply think it is unreasonable for the City to use its authority in this manner. One result will be that many residents, if they are aware of the policy, won't plant new trees in the planter strips. Another result is that two residents with whom I've spoken are wishing to remove their street trees because of sidewalk damage. I discussed the requirement for the permit and the potential outcome. Both came to the same conclusion: follow the advice that the Mayor gave me and simply not get the permit and hope the City doesn't notice. I don't think that's a good result.

Another issue is that I have a neighbor who is in a similar situation where the City is requiring replacement of a tree that the neighbor had removed because it was hit by a car. The financial burden is a significant issue for this neighbor and it has been causing serious stress in their life. This isn't just about my trees; there are others who are and will be impacted.

My original intent when I went before the Council in February (Public Comments) was for something simple. I'm afraid that it has blown up far beyond that. All I requested was that the Council decide if the matter was worth discussing. If so, spend a short amount of time (I would think that 10-15 minutes would be adequate) at a chosen meeting discussing the matter and deciding if the Council generally agreed with my position. If the Council did so agree, simply communicate to the City Manager that the Council felt that an appropriate policy was that trees that had no other requirement to be replaced should not be required to be replaced once removed. Also, this policy should cover all open cases such as mine and anyone else's. The CM could pass that along to the appropriate staff member (Community Development Director, I suspect) who would take that under advisement. That's all I asked for. No Resolution, no additional meetings, etc. Keep it simple.

The Council gave no response other than a “thank you” at that meeting. I met with the Mayor at a later date to discuss this and other issues. It was clear that he had no clue what I was talking about even though I had recently stated it in Public Comments. He indicated that Public Comments are not the place to try to get anything accomplished with the Council and that individual meetings with Council members were the appropriate process.

At a later date, the Mayor suggested that I meet with the CDD. To discuss this. I didn't see the point as it's a policy decision, which what the Council usually deals with, but I was trying to be accommodating. I met with the CDD and we had some good conversations. His decision was that the Council had given no direction after I brought it to their attention so he saw no reason to change. I agreed with him.

Following the Mayor's other suggestion, I arranged meeting with two more Council members. I also raised the matter with another Councilor. It was clear that I had failed badly in communicating my situation during Public Comments as none seemed to have any idea of what I was talking about.

One of the Councilors got back to me the day after our meeting and conveyed that the Mayor was requesting that I “appeal” the decision to the Council. I replied that I knew of no such appeal process. The Mayor then contacted me and repeated the request that I appeal. I repeated my comment that I didn't think there was such an appeal process but that if he was requesting that I contact the City Manger and request that this be placed on an upcoming Council agenda. Again, trying to be accommodating, I did so. That is why we are at this point in the process.

I realize that this is a long document, but I want to be extremely clear. I was trying to make a simple request and provide a simple path to resolve it. Instead, it has resulted in meetings with the Mayor and other Council members, the CDD, and involvement with the City Manager. I apologize for the complications that have come from my simple request, but this is the path I was told to take.

Thank you for your consideration of this matter.

Robert Soppe

REQUEST FOR COUNCIL ACTION



Meeting Date: August 5, 2024

Order <input type="checkbox"/>	Ordinance <input type="checkbox"/>	Resolution <input type="checkbox"/>	Motion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>	Proclamation <input type="checkbox"/>
Subject: Deliberation on Water Hardship Exception for 901 S Mckern Ct. (CDD File GEN 24-0010)				Staff: Scot Siegel, Director Department: Community Development	
Work Session <input type="checkbox"/> Business Session <input checked="" type="checkbox"/>				Order On Agenda:	

Is this item state mandated? Yes ☐ No ☒

Recommendation: Reopen the above matter, review new evidence, and allow the applicant to respond. Provide any direction to staff with respect to the current “pause” on drafting a contract for extraterritorial water service and annexation agreement.

Executive Summary: On August 5, 2024, City Council will consider new information on the above application received after the July 3, 2024, Council meeting. Council may reconsider its tentative decision to approve the Water Hardship Exception and partial waiver of system development charges.

At its July 15, 2024, meeting, Council directed staff to “pause” work on a contract for extraterritorial water service and annexation agreement for the subject property. Reopening this matter will allow the City Council to ask further questions of the applicant and for the applicant to respond to new evidence. This item is also being brought back to Council because there was a brief power outage during your July 15 meeting which temporarily interrupted communications with virtual meeting participants.

The information received as of July 26, 2024, consists of a letter to City Council from Pacific Crest Real Estate Advisors (undated) regarding land value for one acre of industrial land inside the city limits (Attachment 1), and information from staff regarding City code requirements for annexation of nonconforming uses, and fees and other requirements for annexation and connecting to city services (Attachment 2), as requested.

Fiscal Impact: No change from the Request for Council Action considered on July 3, 2024.

Council Goals: Same as for July 3, 2024. Note that Council Objective G7-3, “Look at annexation opportunities” is not applicable as it falls under Council Goal G7, “Increase land availability for housing”.

Attachments

1. Letter to City Council from Pacific Crest Real Estate Advisors (undated)
2. Supplemental Staff Memorandum, 07/29/2024



To: Newberg City Council

Re: Industrial Land Pricing in the City of Newberg.

Newberg has a significant deficit of Industrial Land, especially small Industrially zoned parcels. As with any scarce resource, prices are high because of the scarcity of the resource. The difficulty in pinning down “market price” for industrial Parcels in Newberg is compounded in difficulty due to (and caused by) this scarcity – a lack of available properties, means a lack of robust comparable sets.

Working off numbers from a recent Industrial Land appraisal in Newberg, we had a value range with a mid-point of \$13.00 SQFT.

For Example: 1 Acre = 43,560 SQFT x \$13 / SQFT = \$566,280.

This would represent a “shovel ready” lot with adequate and available infrastructure, and pricing would be reduced in relation to cost to build out suitable infrastructure.

This pricing matrix would be for bare land only, no vertical improvements. If there was an existing structure, i.e. a shop, house/office, etc., that would increase the value proportionate to the utility of the improvements.

Philip E Higgins

Principal Broker | OR & WA

OR Lic # 960900059 / WA Lic # 50197

Direct: 503-793-9039 | phiggins@PacificCrestREA.com

Pacific Crest Real Estate Advisors

Commercial Real Estate Brokerage | Advisory Services

Oregon Real Estate Agency Pamphlet: <https://www.oregon.gov/rea/licensing/Documents/Initial-Agency-Disclosure-Pamphlet.pdf>

Washington Real Estate Agency Pamphlet: <http://apps.leg.wa.gov/rcw/default.aspx?cite=18.86.120>

Memorandum

July 29, 2024

To: Mayor Rosacker and City Council

Fr: Scot Siegel, FAICP, Community Development Director
Brett Musick, PE, Senior Engineer

Cc: Will Worthey, City Manager
James Walker, City Attorney
Russ Thomas, Public Works Director
Clay Downing, AICP, Planning Manager

Re: Supplemental Staff Memo on 901 S Mckern Ct (GEN 24-0010)

Introduction

This memorandum provides background for City Council's ongoing review of the Extraterritorial Water Hardship Exception request for 901 S Mckern Ct. The memo contains information on city code requirements for annexations and nonconforming uses (pages 1-2), fees for annexations (page 3), fees for water service connections (pages 3-4), and background on requirements for connecting to the City wastewater system (pages 4-5), as requested by Council.

Annexation of Nonconforming Uses

At your July 3, 2024, meeting, the applicant presented information on City code requirements for annexation of nonconforming uses, asserting that the owner would be required to remove the existing residential upon being annexed. Staff responded that the subject code section requiring a schedule for the removal of nonconforming uses upon annexation, NMC 15.205.090, does not apply to residential uses. More details on that, including city councilor questions, follow:

City Council Questions

If the city required the property to annex, could the property owners request a waiver for the property to remain as residential rather than transitioning to the city's zoning of industrial? If so, and the property is sold to someone else in a few years, can a new owner request a waiver to allow the property to remain as residential or would they be required to be zoned as industrial?

Staff Response: If the City were to annex 901 S Mckern Ct, the existing residence would be allowed to remain even though it would become nonconforming upon rezoning the lot to G-3 Light Manufacturing in accordance with the Comprehensive Plan Industrial designation.

The applicant cites a staff report from a prior annexation approved in 2004 (ANX 29-03, Ordinance 2600), as evidence that the house would have to be removed. (See page 166 of your July 3 Council packet.) However, the applicant refers to a code section that the City Council amended in 2011.

The City overhauled its annexation procedures in 2011 with adoption of Ordinance 2011-2745. Among the code changes approved was one that specifically exempts non-conforming residential uses from the requirement to "provide a schedule for removal" upon annexation (NMC 15.205.090; formerly NMC 151.269). Even if the prior code were applicable, which it is not, the annexation ordinance for ANX 29-03 did not specify a schedule for removal of any use. The current relevant code follows (emphasis added):

15.250.100 Annexation of nonconforming uses. *When a nonconforming use, as described in NMC 15.205.010 through 15.205.100, is annexed into the city, the applicant shall provide a schedule for the removal of the nonconforming use for the planning commission and city council. **Legal nonconforming residential uses are allowed to remain indefinitely.** At time of approval of the annexation, the city council may add conditions to ensure the removal of the nonconforming use during a reasonable time period. The time period may vary from one year to 10 years at the discretion of the city council. [Ord. 2745 § 1 (Exh. A), 7-18-11; Ord. 2451, 12-2-96. Code 2001 § 151.269.]*

Here is the amendment to NMC 15.250.100 excerpted from Ordinance 2011-2745:

15.250.100 Annexation of non-conforming uses.

When a non-conforming use, as described in NMC 15.205.010 through 15.205.100, is annexed into the city, the applicant shall provide a schedule for the removal of the non-conforming use for the planning commission and city council. Legal non-conforming residential uses are allowed to remain indefinitely. At time of approval of the annexation, the city council may add conditions to ensure the removal of the non-conforming use during a reasonable time period. The time period may vary from one year to 10 years at the discretion of the city council.

In conclusion, if 901 S Mckern were to annex, the owner would not be required to remove the existing residence on the lot per NMC 15.250.100.

Fees for Annexation

City fees for Annexation follow. The City's Type III review procedure would apply, including public hearings before the Planning Commission and City Council.

Flat fee:	\$2,926.00
Per acre (\$278):	\$ 189.04 based on 0.68 acre

Subtotal:	\$3,115.04
Technology Fee:	\$ 155.75
5% of above subtotal	
Total:	\$3,270.79

The above fees are based on an application that includes applying City of Newberg zoning in accordance with the Comprehensive Plan (M-2 Light Industrial). If the applicant were to request a Plan amendment (to apply different zoning) the following fees in *italics* would apply. Approval of a Plan amendment (for example from Industrial to Residential) must comply with state land use laws, and staff has not evaluated any such amendment for the subject property.

Fees for Annexation with Comprehensive Plan Amendment

If an applicant for a one parcel annexation also applied to amend the Plan the following fees would apply:

<i>Annexation Flat fee:</i>	<i>\$2,926.00</i>
<i>Annexation Per acre (\$278):</i>	<i>\$ 189.04 based on 0.68 acre</i>
<i>Comp Plan Amendment</i>	<i>\$2,742.00</i>
<i>Subtotal:</i>	<i>\$5,857.04</i>
<i>Technology Fee:</i>	<i>\$ 292.85</i>
<i>5% of above subtotal</i>	
<i>Total:</i>	<i>\$6,149.89</i>

Fees for Water Service Connection

The Engineering Division has provided the following information on water service connection costs. These are preliminary cost estimates for a ¾-inch water meter. Depending on specific needs, 1-inch meters are sometimes installed rather than ¾-inch meters. Estimated costs for both are included below. The City Council at its discretion may waive System Development Charges, in full or partially.

¾-inch Meter

- The estimated range of costs for the City's Public Works Maintenance Division to install a ¾-inch service lateral within in the right-of-way is between \$7,700 and \$18,400.
 - If the property owner hires a contractor and the Maintenance Division only performs the water service tap of the main line and installation of the service line from the main for installation of the meter, the estimated range for work performed by the City's Public Works Maintenance Division is between \$1,400 and \$1,700.
- The estimated cost for a ¾-inch residential standard meter is \$670.
- The SDC fee for a ¾-inch meter is \$7,846.12.

1-inch Meter

- The estimated range of costs for the City's Public Works Maintenance Division to install a 1-inch service lateral within in the right-of-way is between \$8,000 and \$19,100.

- If the property owner hires a contractor and the Maintenance Division only performs the water service tap of the main line and installation of the service line from the main for installation of the meter, the estimated range for work performed by the City's Public Works Maintenance Division is between \$1,900 and \$2,400.
- The estimated cost for a 1-inch residential standard meter is \$780.
- The SDC fee for a 1-inch meter is \$13,338.40.

There will also be building permit costs for the plumbing work on the private side of the meter that are not included above. While it is not possible to estimate those costs without more information, fees for plumbing permits are substantially less than SDCs.

Who Pays?

Costs for work associated with installing water and sewer service lines are the responsibility of the property owner. This would include work requested to be performed by the City's Public Works Maintenance Division to install the water service lateral within in the right-of-way and to set the new water meter. The cost for work requested to be performed by the Maintenance Division will be on a time and materials basis estimated at the time of permit reviews. For water service, the property owner will need a plumber to install the service lateral on the private property side of the meter. The City does not provide engineering services associated with new water meter installations.

Project Delivery

The City's Public Works Maintenance Division prefers that property owners hire a contractor to perform the trench excavation, trench backfill, and trench restoration work associated with new service laterals. With that type of arrangement Maintenance prepares the water service tap of the main line, installs the service line from the main to the meter and installs the meter. This is often more cost-efficient for the property owner than having the City's Public Works Maintenance Division perform the work in the right-of-way. The contractor must be prequalified for work in the public right-of-way. A Public Improvement Permit is required for work in the right-of-way for installation of service laterals. Public Improvement Permit fees are 5% of the construction cost estimate for the work in the right-of-way.

A plumber is needed to install service laterals on the private property side of the wastewater cleanout or water meter, as applicable. A Building permit is also required for each, with costs based on the plumbing work on the private side of the cleanout.

Background on Wastewater Connection Requirement

During the July 3 City Council meeting, councilors asked about city requirements for connecting to the public wastewater system. The question is germane to whether the City Council might require the subject property to annex into the city should its existing septic system fail or require the property to connect to the City' wastewater system under other circumstances.

City Council Question

When can the City require properties to connect to the City's wastewater system? Why are some properties located outside the city limits allowed to receive City wastewater services?

During the July 3, 2024, Council meeting, Public Works Director Russ Thomas referred to the following code in (emphasis added):

13.10.050 Use of public wastewater system required.

//

*D. Connection Required. The owner of all houses, buildings or properties used for human occupancy, employment, recreation or other purposes, situated within the city and abutting on any public street, alley or easement in which there is now located or may in the future be located a public wastewater system of the city, is required at the owner's expense to install suitable toilet and plumbing facilities directly with the proper side sewer in accordance with the provisions of this chapter. The connection shall be made within 90 days after the date of the official notice to do so; **provided, that the public wastewater system is within 100 feet of any property line.** For the purposes of this section, notice shall be deemed to have been received upon the mailing of the notice in accordance with NMC 13.10.290.*

The subject property, 901 S Mckern Ct, is within 100 feet of the City's wastewater system. However, the following code allows exceptions to the requirement that properties annex upon receiving wastewater services where an existing septic or other service to the dwelling fails and cannot be repaired.

13.10.260 Customers outside city.

A. No new connection to the municipal wastewater system of the city shall be extended outside the corporate city limits, within or without the urban growth boundary, except to an existing dwelling. The new connection shall be used only to supply wastewater use to an existing structure and will not be used to allow any new development.

B. Connection of the city wastewater system to dwellings outside the city limits shall be extended only in cases where the city has determined the existing service (i.e., septic tank or cesspool) to the dwelling cannot be repaired and shall be discontinued.

1. Owner Responsible. The person who owns the premises served by the wastewater system shall be responsible for payment of wastewater user charge for that property, notwithstanding the fact that the property may be occupied by a tenant or other occupant who may be required by the owner to pay the charges.

2. Billing – Payment of User Charges. Users outside the city shall be billed monthly in accordance with the rate schedule approved by the city council.

C. User Charges – Delinquency. Wastewater user charges levied in accordance with this chapter shall be a debt due to the city and a lien upon the property...

//

Wastewater Development Fees

Wastewater system development charges for one single-family dwelling are \$6,039 for the first 18 fixtures units. Building permit fees also apply.

Conclusion

Staff will be available to answer questions about these and other items at Council's August 5 meeting. The applicant should be afforded the opportunity to rebut any new evidence.

Dundee Law PC
PO Box 272
Dundee, OR 97115
503-537-6977

Michael G. Gunn
Attorney at Law

August 1, 2024

Mayor and City Council Members
c/o Newberg City Recorder
Newberg City Hall
414 E. 1st St
Newberg, OR 97132

SENT VIA E MAIL: Rachel.thomas@newbergoregon.gov

Re: Hardship Water Application Tax Lot R3221-1900 The Estate of Monte Bowlin
Application approved at 7/3/24 City Council meeting

Dear Mayor and Council Members:

As you are aware from prior communication, I represent the Estate of Monte Bowlin ("the Estate") who was the applicant associated with the Water Hardship Application which was filed on or about June 17, 2024 with a supplement to that application filed on or about June 20, 2024. Because of possible legal issues associated with the matter, all the following are being made with a full reservation of rights and without any waiver or estoppel whatsoever:

1. Submission of these documents as well as all oral and other written testimony given at the City Council meeting on August 5, 2024 by persons who testify (either orally or in writing) in favor of reinstating the previous two (2) approvals voted on by the City Council at the Council meeting on July 3, 2024.

A chronological history is as follows:

1. At the Council meeting on July 3, 2024, after lengthy discussion and deliberation, the Council voted 6-1 pursuant to a Motion to approve the application [with the Mayor casting the lone dissenting vote]. The Council then voted 4-3 pursuant to a Motion to waive ½ of the water SDC charges associated with the said hardship water hookup. Staff was then directed to prepare an Agreement to be signed by the Estate and the City and a Resolution to be adopted by the City Council adopting both of the said Motions which had been approved. Staff and counsel for the

Letter to Mayor and City Council

August 1, 2024

Page 2

Estate ("I") had already reached agreement that that I would "take the lead" in drafting the aforesaid documents.

2. Relying on the fact that the City Council had approved both Motions, I then prepared a draft copy of both the Rescission of February 2007 Contract and a new Agreement and forwarded it to Scot Siegel for review before noon on July 15, 2024. I was ready to forward to Scot Siegel a draft copy of the Resolution for his review in the afternoon on July 15, 2007, when at approximately 2:47 pm, I received an e mail from Scot Siegel stating that the Council had requested information on certain unincorporated areas that are surrounded by city lands [with the Estate property ostensibly being included in one of these unincorporated areas – "enclaves"]. The e mail was sent at 2:47 pm, but I did not read it until approximately 4:30 pm as I read my e mails periodically throughout the day. He specifically stated that "Staff has not received direction to do anything more than review maps and answer questions about fees the City may charge for services in these areas." I attempted to watch the City Council meeting that night, but was unable to launch the zoom meeting (as I was unable to attend the meeting in person).

3. The morning of July 16, 2024, I received an e mail from Scot Siegel stating that at the July 15 meeting, the City Council voted to direct staff to pause work on developing a contract for water service for the Estate property and that he did not know when the Council intended to address the matter again.

4. The audio and video tape of the Council meeting was not available until the evening of July 16, 2024 when I received an e mail and a link from Scot Siegel.

5. I have watched the applicable portion of the meeting three (3) times, and only about ½ of the "enclaves" were discussed. There was extensive discussion about whether or not the City could charge properties outside the City that were receiving City water the public service fees that are added onto the monthly water and sewer bills. There was also discussion associated with approximately ½ of the "enclaves", with the discussion also including the conditions upon which the City could require annexation of these properties. There was then a gap of approximately 1 minute or so just before James Walker informed the Mayor that he required a Motion for Reconsideration [that is the first audible sound after the gap]. There is no audio available as to the substance of what was discussed that precipitated that Motion. The Mayor secured a Motion and a second to "pause the approval and to direct staff to cease all work on the matter." He then secured a 5-0 vote in favor of the Motion. Councilor Hollamon was attending via zoom, and when she was connected, she was told by the City Recorder that the Motion was to "pause the matter until August 5, 2024 (the date of the next meeting), and Councilor Hollamon then voted "yes" [the Recorder later communicated to me that she had 'misstated the Motion as it did not call for a definite date to address the matter which had been paused' or words to that effect]. After Councilor Hollamon's vote, there is a statement by the Mayor that says words to the effect that "the Council will discuss inconsistencies about the previous vote", but no specifics are set forth.

THE ESTATE'S RESPONSE TO ALL OF THE ABOVE

***APPEARANCE OF A LACK OF FUNDAMENTAL FAIRNESS, GOOD FAITH, AND
TRANSPARENCY IN DEALING WITH THE ESTATE***

With all due respect to the Mayor and the Council, the following are the Estate's responses:

1. To state the Estate is aghast at the Council's action in "pausing" the work on the contract and "intending to take up the matter again at a later date" would be an understatement. The Estate submits those actions are nothing more than an end run "Motion for Reconsideration" that the council passed. The Estate further submits the City's conduct certainly has the appearance of a lack of fundamental fairness, good faith, and transparency toward the Estate. The Estate certainly takes no pleasure in reaching those conclusions, but the Estate feels it was completely "blindsided" by the Council's actions for the following reasons:

A. The "Enclave" discussion item that was ostensibly added to the Agenda on Friday specifically stated: **"Unincorporated Areas Discussion ... No action tonight – Provide direction on whether City Council wants to study this topic further."** There is absolutely nothing stated about the Council voting on a Motion for Reconsideration regarding approvals Council had given to the Estate at the July 3, 2024 meeting.

B. Fundamental fairness, transparency, and good faith are the tenets of governmental meetings that involve issues that affect citizens. The purpose of Open Meetings laws is to give the proper notice to parties that will be affected by actions of a governmental body.

1). The Estate was given absolutely no notice that the Council would take up the issue of a Motion for Reconsideration of the prior approvals at the meeting of July 15, 2024. That matter is not even on the Agenda; yet, the Mayor saw fit to ask for a Motion for Reconsideration. Did no one think to ask the question "has notice been given to the Estate that we are going to consider this"? The Agenda item regarding the Unincorporated Area Discussion, while not on point, nonetheless states that "No action will be taken". However, the Council did exactly the opposite and voted on the Motion for Reconsideration.

C. Please place yourself in the Estate's position. Relying on the approvals by the Council on its Motions, the Estate incurred attorney fees in having its attorney coordinate with City staff in the preparation of the Contract as well as the Resolution to bring back before the Council on August 19.

D. I immediately attempted to determine what precipitated this sudden “change in the City Council”, but to no avail. I asked staff but was told “staff had no direction from the Mayor and Council” or words to that effect. Staff was not directed to provide any further information to the Council. The City Attorney had no explanation. The tape of the meeting was silent other than the words of the Mayor about “inconsistencies”, but no specifics regarding that. I secured authorization from the City Attorney to contact certain Councilors to ascertain if they could explain what had “occurred” to cause them to vote to reconsider. I had communication with Councilors Hollamon, Wheatley, and McBride, and it was not until I talked to Councilor Wheatley, that I learned of the existence of a “letter” from a realtor that someone had purportedly obtained challenging the values submitted by Diana Cooper and that if I desired a copy of the letter, I would have to obtain it from the City Attorney. I was incredulous when I learned of this, particularly since no one had ever informed me of the existence of a letter. I was able to contact the City Attorney the next day when he informed me that if I made a public records request he would provide me a copy of the letter. I then obtained a copy of the letter authored by Phil Higgins (“Higgins”) on Wednesday, July 24, 2024 some 9 days after the July 15 meeting. Noticeably, the letter is undated. The contents of this letter are extensively discussed later in this letter, but with all due respect, this conduct by the City is somewhat troubling.

1). I am assuming that this letter from Higgins, just didn’t appear out of thin air unsolicited and directed to the City Council. The Estate submits someone from the City contacted him subsequent to the July 3 meeting. I subsequently made a public records request and obtained copies of e mails (see enclosed) dating back to July 8 between Higgins, the City Manager, and the Mayor. Please pay particular attention to the July 8 e mail from Higgins to the Mayor and City Manager. Higgins states **“I (sic) was brought to my attention that there was a misrepresentation of the value of industrial Land in the City at a recent City Council Meeting”** ... As the City Attorney may advise you, misrepresentation is a tort and a serious accusation to accuse someone of committing. Noticeably, none of the Council members are listed on any of these e mails, except the July 14, 2024 Sunday e mail from the City Manager to the Council members attaching the letter of Higgins. The Estate respectfully submits that this communication between Higgins, the Mayor, and the City Manager certainly has the appearance of “behind the scenes dealings” without any transparency or notice to the Estate of the existence of these dealings.

The questions everyone, and particularly the Council, should be asking are:

1. Who contacted Higgins?
2. What was Higgins told?
3. What services was Higgins asked to perform?

4. Why wasn't the Council notified of this communication to Higgins before it occurred?
5. Why was the attorney for The Estate not notified that the Mayor and/or the City Manager had an issue with the valuation of light industrial property submitted by The Estate at the July 3 meeting and that the City Manager and/or the Mayor intended to contact another realtor for his/her opinion regarding the value?
6. After the July 14 communication from the City Manager to the Council members which included a copy of the letter from Higgins, was the Council notified as to what was the specific reason for the Mayor asking for a Motion for Reconsideration at the July 15 meeting?
7. When did the Mayor and/or the City Manager intend to provide a copy of Higgins' letter to the attorney for the Estate?

If the Mayor and/or City Manager had a problem and/or disagreements with the property values presented by the Estate at the July 3, 2024 meeting, at the conclusion of the testimony presented by the Estate, the Estate submits the Mayor should have done the following:

1. Informed the Council that he had issues with the property values, that he wanted to solicit additional input as to the property values, that he would share that input with the Council and the attorney for the Estate after obtaining it so that the Estate would have ample time to review and submit evidence on it prior to and at the next meeting on July 15, and then stated he was not calling for discussion at the July 3 meeting. Rather, he would allow the Estate to submit further evidence associated with the new valuation material obtained by the Mayor, close the testimony, have the Council debate both applications, and then conduct a vote on both applications at the July 15 meeting.

STATUS OF THE REVERSE MORTGAGE LOAN

The status of the reverse mortgage loan was discussed at the July 3 meeting. At that time, I informed the Council my experience with reverse mortgage lenders was that they would normally allow up to one (1) year from the date of death of the borrower to satisfy the debt owing, before they would institute foreclosure proceedings. On or about July 26, I received communication from Terry Hansen, the attorney who handling the administration of the Estate, that he had just learned that the loan had to be satisfied in full within six (6) months from the DOD of Monte Bowlin, which was January 14, 2024. He also learned that a foreclosure sale date had been scheduled for sometime in December, 2024 but that the initial foreclosure documents had not yet been recorded but should be recorded shortly. That means the Estate

needs to sell the property now, and all this turmoil regarding the “pausing” of the application approval is impeding the sale of the property.

VALUE OF THE PROPERTY IF ANNEXED INTO THE CITY AS LIGHT INDUSTRIAL

This matter is obviously an issue now that the Mayor and/or the City Manager have made it an issue,

Diana Cooper submitted an Analysis of the difference between value inside the City zoned Light Industrial and value outside the City zoned VLDR. Her analysis as to the Light Industrial value was based on two comps, and also was for bare land. Her comments regarding “the house will probably have to be removed” were based on the fact that in order to develop the property as Light Industrial, the house would probably have to be moved as it is located toward the middle section of the property. Ms. Cooper will explain further at the August 5 meeting.

The Estate submits that the “letter” submitted by Philip Higgins (“Higgins”) is not an analysis of the value of the subject property at all but rather a generic letter that is an “apples to oranges” comparison, for the following reasons:

1. He does not reference any comps he utilized to obtain the value of \$13/sq. ft. The Estate submits any realtor when giving an opinion of value will use comps (ie, closed sales) to justify his/her opinion.

2. He references a “recent Industrial Land appraisal” in Newberg; yet, he does not reference the specific property associated with this appraisal. How does anyone know this appraisal is associated with a “comparable property”? Again, this is an “apples to oranges” comparison.

3. Lastly, his opinion of value is for a “shovel ready lot with adequate and available infrastructure”. He also states that “This pricing matrix would be for bare land only, no vertical improvements.” The subject property is not bare land and is not “shovel ready”. It has a house and a barn that would have to be removed to develop the property. It has neither city water nor city sewer that would have to be connected. All these items cost money which obviously decreases the value of the property when zoned Light Industrial. Assume for the sake of argument the \$13/sq. ft. value obtained by Higgins is correct, the Estate submits that when you subtract the cost of removing all the structures on the property plus the costs of the infrastructure which would have to be constructed the \$7.50/sq. ft. value submitted by Diana Cooper appears to be realistic.

One item the Estate and Higgins agree upon is the fact that the value of the subject property, zoned Industrial inside the City limits, is substantially less than the value of the subject property, zoned Residential (VLDR) outside the City limits.

**IF THE PROPERTY IS ANNEXED INTO THE CITY, CAN THE EXISTING HOUSE
REMAIN AS A RESIDENTIAL USAGE**

The answer to that question is a qualified “Yes”. This question was submitted by the City Council to Staff for discussion at the August 5 meeting and is addressed in the Staff Report. The current zoning, while outside the City limits, is VLDR. If annexed into the City, the zoning will be Industrial. Residential uses are not permitted in any Industrial zoning within the City; see NMC 15.305.020 Zoning Use Tables. By definition, a Residential use within an Industrial Zone is a “non-conforming” use. NMC 15.205.090 refers to Non-Conforming Uses when annexed. This section does not address existing residential uses but refers to NMC 15.250.100 which states “Legal non-conforming residential uses are allowed to remain indefinitely.” However, NMC 15.205.050 states “No additions or enlargements shall be made to a non-conforming use of a building or structure except: “A. Additions or enlargements required by law, or B. Additional or enlargements to existing churches and schools ... “. The Estate submits neither of the exceptions are applicable; therefore, while it is possible for the existing house to remain as a residential conforming use if annexed into the City as Industrial zoning, that house cannot be added onto or enlarged in size.

When I was discussing the matter with Scot Siegel on July 25, he stated that I had incorrectly communicated to the Council at the July 3 meeting that the house could not remain as residential usage if annexed into the City, because of its non-conforming use. However, he was sure he had corrected that statement in front of the Council and informed the Council that non-conforming residential uses can remain indefinitely with the above caveat regarding no addition or enlargement allowed. Any statement made by me that the house could not remain as residential usage and would have to be removed was incorrect. The statement was made, because the Non-Conforming section of the City Code that references Annexations, NMC §15.205.090, does not allow for residential uses to remain after an annexation. However, the Annexation of Non-Conforming Uses section of the City Code, NMC §15.250.100 contains the phrase “Legal non conforming residential uses are allowed to remain indefinitely.” That was my error in not carefully enough viewing that code section, and for that I apologize.

However, even though the Newberg Municipal Code allows non-conforming residential uses to remain indefinitely on Industrial land (with the caveat that the house cannot be enlarged or expanded in size), that is not the “be all – end all” of the discussion regarding the value of the property and the ease of selling it with a non-conforming use attached to it. In other words, the

Letter to Mayor and City Council

August 1, 2024

Page 8

subject property with the non-conforming use attached to it, is not worth as much as the subject property would be worth if it was zoned Residential, because residential usage would be a permitted use. Reference the enclosed letter from Andrew Varcak, who has 21 years of experience in the mortgage loan business, and who is the President and owner of Newland Mortgage. The second page of his letter is very telling as it states the following:

1. "I've reviewed the above and agree that upon annexation to Light Industrial Zoning would make financing more difficult."
2. "... but the unique zoning would make it difficult to finance unless there were other single family comps with similar zoning".
3. "Without sold comps with Light Industrial Zoning, it would be difficult for an appraiser to establish marketability and therefore provide an appraisal that would be acceptable to a lender. If a buyer cannot obtain conventional financing your prospective buyer pool would be limited to cash buyers, or the buyer would have to attempt to obtain a non-conventional loan which would result in a higher interest rate and possibly other costs to the buyer."

Clearly, Mr. Varcak states there may be significant problems in a buyer's ability to obtain a conventional loan to purchase the property. If the buyer is not able to obtain a conventional loan, then the buyer pool is reduced to either cash buyers or a buyer who can qualify for a non-conventional loan, which has a higher interest rate and possibly other costs to the buyer. He concludes, rightfully so, that "If you have a smaller pool of buyers that would adversely affect what you could sell the property for, ie the property would be worth less than a similar property with standard residential zoning."

Therefore, the Estate submits that even though the house can remain as residential usage if the property is annexed as Industrial, the value is severely diminished again causing an economic hardship the Estate. For all the above reasons, the Estate urges the City Council to simply reinstate the two previously approved applications.

Yours very truly,



Michael G. Gunn
Attorney at Law

MGG/mgg

Enc: E mails, Letter from Andrew Varcak

Cc: Matt Bowlin via e mail (w/o enc)



July 30, 2024

Mr. Michael G. Gunn
Attorney at Law
PO Box 272
Dundee, OR 97115

RE: Feasibility of a buyer obtaining a loan to purchase real property located at 901 S. McKern Ct, Newberg OR if the property was annexed into the City of Newberg

Dear Mr. Gunn:

I was asked to give an opinion regarding the feasibility of a buyer obtaining a loan to purchase real property located at 901S. McKern Ct, Newberg, OR if the property was annexed into the City of Newberg.

First, a brief summary of my qualifications are as follows: I have been in the mortgage industry for 21 years and currently the Owner and President of Newland Mortgage, an independent mortgage broker based in Lake Oswego, OR

It is my understanding that the property has the following characteristics:

1. .68 acres in size, is located outside the City limits, is zoned VLDR, is Comprehensive Plan designated "Industrial", has a house resident on it, and currently obtains city water from a shared meter located on contiguous property that is inside the City limits.
2. If this property is annexed into the City, the following will be applicable:
 - A. The zoning will be Light Industrial.
 - B. The current house can remain as a residential use indefinitely but cannot be expanded in size or enlarged.
 - C. The use of the property will be "non-conforming" as residential uses are not permitted in Industrial zoned property.
 - D. If the current house was more than 50% destroyed, it could be rebuilt.
 - E. The owner will be required to connect to City water and City sewer and pay all the costs associated with connection including Systems Development Charges, which are \$7,946 for water and \$6,039 for sewer.



I've reviewed the above and agree that upon annexation the change to Light Industrial Zoning would make financing more difficult. Rebuilding of the property is allowed which is good since that is one requirement for financing, but the unique zoning would make it difficult to finance unless there were other single family comps with similar zoning. Without sold comps with Light Industrial Zoning, it would be difficult for an appraiser to establish marketability and therefore provide an appraisal that would be acceptable to a lender. If a buyer cannot obtain conventional financing your prospective buyer pool would be limited to cash buyers, or the buyer would have to attempt to obtain a non-conventional loan which would result in a higher interest rate and possibly other costs to the buyer. If you have a smaller pool of buyers that would adversely affect what you could sell the property for, ie the property would be worth less than a similar property with standard residential zoning.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Varcak", written in a cursive style.

Andrew Varcak
President, NMLS #418900
Newland Mortgage, Inc., NMLS# 1833416
Phone # 503 730-2222
andy@newlandmortgage.com



Philip E Higgins
Principal Broker | OR & WA
OR Lic # 960900059 / WA Lic # 50197
Direct: 503-793-9039 | phiggins@PacificCrestREA.com
Pacific Crest Real Estate Advisors
Commercial Real Estate Brokerage | Advisory Services

Oregon Real Estate Agency Pamphlet: <https://www.oregon.gov/rea/licensing/Documents/Initial-Agency-Disclosure-Pamphlet.pdf>
Washington Real Estate Agency Pamphlet: <http://apps.leg.wa.gov/rcw/default.aspx?cite=18.86.120>

From: Philip Higgins <phiggins@pacificcrestrea.com>
Sent: Monday, July 8, 2024 1:18 PM
To: Will Worthey <Will.Worthey@newbergoregon.gov>; Bill Rosacker
<Bill.Rosacker@newbergoregon.gov>
Cc: Philip Higgins <phiggins@pacificcrestrea.com>
Subject: Newberg Industrial Land Letter for City Council

As attached.

I was brought to my attention that there was a **misrepresentation of the value of Industrial Land in the City at a recent City Council Meeting**. This misrepresentation is likely due to a significant lack of familiarity with Commercial Real Estate and Commercial Land valuation in general and in Newberg specifically.

Please feel free to refer to this letter, and I'm always happy to provide opinions.

Philip E Higgins
Principal Broker | OR & WA
OR Lic # 960900059 / WA Lic # 50197
Direct: 503-793-9039 | phiggins@PacificCrestREA.com
Pacific Crest Real Estate Advisors
Commercial Real Estate Brokerage | Advisory Services

Oregon Real Estate Agency Pamphlet: <https://www.oregon.gov/rea/licensing/Documents/Initial-Agency-Disclosure-Pamphlet.pdf>
Washington Real Estate Agency Pamphlet: <http://apps.leg.wa.gov/rcw/default.aspx?cite=18.86.120>

Forward Together!

<image001.png>

PUBLIC RECORDS LAW DISCLOSURE: Messages to and from this e-mail address are public records of the City of Newberg and may be subject to public disclosure. This e-mail may be subject to the State Retention Schedule.

From: Philip Higgins <phiggins@pacificcrestrea.com>
Sent: Sunday, July 14, 2024 11:18 AM
To: Bill Rosacker <Bill.Rosacker@newbergoregon.gov>
Cc: Philip Higgins <phiggins@pacificcrestrea.com>; Will Worthey <Will.Worthey@newbergoregon.gov>
Subject: FW: Newberg Industrial Land Letter for City Council

This email originated from outside the City of Newberg's organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Resend. Pls confirm receipt of this.

Philip E Higgins
Principal Broker | OR & WA
OR Lic # 960900059 / WA Lic # 50197
Direct: 503-793-9039 | phiggins@PacificCrestREA.com
Pacific Crest Real Estate Advisors
Commercial Real Estate Brokerage | Advisory Services

Oregon Real Estate Agency Pamphlet: <https://www.oregon.gov/rea/licensing/Documents/Initial-Agency-Disclosure-Pamphlet.pdf>
Washington Real Estate Agency Pamphlet: <http://apps.leg.wa.gov/rcw/default.aspx?cite=18.86.120>

From: Philip Higgins <phiggins@pacificcrestrea.com>
Sent: Monday, July 8, 2024 1:18 PM
To: Will Worthey <Will.Worthey@newbergoregon.gov>; Bill Rosacker <Bill.Rosacker@newbergoregon.gov>
Cc: Philip Higgins <phiggins@pacificcrestrea.com>
Subject: Newberg Industrial Land Letter for City Council

As attached.

I was brought to my attention that there was a misrepresentation of the value of Industrial Land in the City at a recent City Council Meeting. This misrepresentation is likely due to a significant lack of familiarity with Commercial

From: Will Worthey
To: "Philip Higgins"
Cc: Bill Rosacker
Subject: RE: Newberg Industrial Land Letter for City Council
Date: Sunday, July 14, 2024 6:40:32 PM

Understood and good to go.

From: Philip Higgins <phiggins@pacificcrestrea.com>
Sent: Sunday, July 14, 2024 11:54 AM
To: Will Worthey <Will.Worthey@newbergoregon.gov>
Cc: Bill Rosacker <Bill.Rosacker@newbergoregon.gov>
Subject: Re: Newberg Industrial Land Letter for City Council

This email originated from outside the City of Newberg's organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Thank you. Bill had left me a VM that he hadn't received it yet. I did send to the city email which I'm sure hates attachments and spammed it

Philip E Higgins
Pacific Crest REA
503-793-9039

(Please excuse any mis-spelling or auto-correct oddities)

On Jul 14, 2024, at 11:27 AM, Will Worthey <will.worthey@newbergoregon.gov> wrote:

I have received your information and will transmit this to the council via BCC.

Best,

Will Worthey
City Manager
City of Newberg
414 E. First Street
Newberg, OR 97132
Direct: 503-537-1256

From: Will Worthey
To: Will Worthey
Cc: "Philip Higgins"
Subject: FW: Newberg Industrial Land Letter for City Council
Date: Sunday, July 14, 2024 11:31:41 AM
Attachments: image001.png
Letterhead PCREA.docx

Honorable councilors,

Sorry for bothering you on a Sunday but I am trying to clear a massive backlog of email prior to my vacation at the end of next week.

Find an industrial land pricing estimate from Mr. Higgins with Pacific Crest. If there are questions about this letter, please do reach out to Mr. Higgins.

Best,

Will Worthey
City Manager
City of Newberg
414 E. First Street
Newberg, OR 97132
Direct: 503-537-1256

Forward Together!



PUBLIC RECORDS LAW DISCLOSURE: Messages to and from this e-mail address are public records of the City of Newberg and may be subject to public disclosure. This e-mail may be subject to the State Retention Schedule.



To: Newberg City Council

Re: Industrial Land Pricing in the City of Newberg.

Newberg has a significant deficit of Industrial Land, especially small Industrially zoned parcels. As with any scarce resource, prices are high because of the scarcity of the resource. The difficulty in pinning down “market price” for industrial Parcels in Newberg is compounded in difficulty due to (and caused by) this scarcity – a lack of available properties, means a lack of robust comparable sets.

Working off numbers from a recent Industrial Land appraisal in Newberg, we had a value range with a mid-point of \$13.00 SQFT.

For Example: 1 Acre = 43,560 SQFT x \$13 / SQFT = \$566,280.

This would represent a “shovel ready” lot with adequate and available infrastructure, and pricing would be reduced in relation to cost to build out suitable infrastructure.

This pricing matrix would be for bare land only, no vertical improvements. If there was an existing structure, i.e. a shop, house/office, etc., that would increase the value proportionate to the utility of the improvements.

Philip E Higgins

Principal Broker | OR & WA

OR Lic # 960900059 / WA Lic # 50197

Direct: 503-793-9039 | phiggins@PacificCrestREA.com

Pacific Crest Real Estate Advisors

Commercial Real Estate Brokerage | Advisory Services

Oregon Real Estate Agency Pamphlet: <https://www.oregon.gov/rea/licensing/Documents/Initial-Agency-Disclosure-Pamphlet.pdf>

Washington Real Estate Agency Pamphlet: <http://apps.leg.wa.gov/rew/default.aspx?cite=18.86.120>

PACIFIC CREST
REAL ESTATE ADVISORS

Timeline for Water Service Hardship Request

Updated 07-09-2024 ~~06-03-2024~~

1. Jun 17: Request for Hardship Exception due.
2. June 18-19: City and Mike to address any questions, clarifications, etc.
3. June 17-19: City staff prepare Request for Council Action. City Council Agenda due June 24.
4. July 3: City Council Meeting #1
 - Mike presents background, request, terms, and rationale/argument per NMC 13.15.120.
 - City Council discusses and, if majority support request, provides direction for drafting Resolution approving hardship request as proposed, with modifications, or denial. (These are options that Council may consider. Staff would like to be able to recommend approval.)
5. July 2-29: Draft Agreement
 - July ~~10-17~~2-8: Mike drafts Agreement for review by Community Development Department and City Attorney. *Okay to begin working on this earlier but it would be at your own risk if the Council does not approve the request July 1.*
 - July ~~9-15~~18-22: Allow ~~5-3~~ business days for first City review. City prepare redlines/comments.
 - July ~~16-19~~23-24: Mike revises agreement, as needed, per City review.
 - July ~~22-24~~25-26: Allow 3 business days for second City review as needed.
 - Community Development staff prepare Request for Council Action with Resolution rescinding current agreement and adopting new agreement.
 - July ~~25-29~~29-30: Finalize Agreement at least 10 days before City Council meeting. ~~June 29~~July 31 deadline assumes August ~~5-19~~ meeting.
6. July ~~29~~31: Request for City Council Action/Agenda due (Scot on vacation Aug 1-16)
7. August ~~5~~19: City Council Meeting #2 – This will likely fall under Regular Business (not Consent Agenda), in which you and your clients would have an opportunity to speak. If approved, the Resolution goes into effect immediately, allowing parties to sign the Agreement.
8. Post-Adoption: Parties sign Agreement, and Mike to record final executed Agreement at Yamhill County. Provide copy of recorded document to City Recorder.

#

REQUEST FOR COUNCIL ACTION



Date Action Requested: July 15, 2024

Order ☐ Ordinance ☐ Resolution ☐ Motion ☐ Information ☒ Proclamation ☐

Subject: Unincorporated properties discussion

Staff: Will Worthy, City Manager; Scot Siegel, Community Development Director; and Kady Strode, Finance Director

Work Session ☒ Business Session ☐

Order On Agenda:

Is this item state mandated? Yes ☐ No ☒

Recommendation: Informational only. Determine whether City Council wants to study this topic further.

Executive Summary: Staff will present high-level information on properties and groups of properties (“enclaves”) that are surrounded or nearly surrounded by the City of Newberg, as requested by Mayor Rosacker for City Council discussion. The presentation will provide general background information on the geography of these areas, and on city finances as related to unincorporated areas in general. The City Council has not directed staff to review city policy or evaluate annexation of any area presently.

Fiscal Impact: None.

Council Goals: “G7: Increase land opportunity available for housing. Objective 4. Look at annexation opportunities.”

Unincorporated Areas Discussion

1. Introduction of topic by Mayor Rosacker
2. Mapping Overview
3. City Finance Considerations
4. Discussion
 - No action tonight –
 - Provide direction on whether City Council wants to study this topic further.

Philip E Higgins
Principal Broker | OR & WA
OR Lic # 960900059 / WA Lic # 50197
Direct: 503-793-9039 | phiggins@PacificCrestREA.com
Pacific Crest Real Estate Advisors
Commercial Real Estate Brokerage | Advisory Services

Oregon Real Estate Agency Pamphlet: <https://www.oregon.gov/rea/licensing/Documents/Initial-Agency-Disclosure-Pamphlet.pdf>
Washington Real Estate Agency Pamphlet: <http://apps.leg.wa.gov/rcw/default.aspx?cite=18.86.120>

From: Philip Higgins <phiggins@pacificcrestrea.com>
Sent: Monday, July 8, 2024 1:18 PM
To: Will Worthey <Will.Worthey@newbergoregon.gov>; Bill Rosacker <Bill.Rosacker@newbergoregon.gov>
Cc: Philip Higgins <phiggins@pacificcrestrea.com>
Subject: Newberg Industrial Land Letter for City Council

As attached.

I was brought to my attention that there was a **misrepresentation of the value of Industrial Land in the City at a recent City Council Meeting**. This misrepresentation is likely due to a significant lack of familiarity with Commercial Real Estate and Commercial Land valuation in general and in Newberg specifically.

Please feel free to refer to this letter, and I'm always happy to provide opinions.

Philip E Higgins
Principal Broker | OR & WA
OR Lic # 960900059 / WA Lic # 50197
Direct: 503-793-9039 | phiggins@PacificCrestREA.com
Pacific Crest Real Estate Advisors
Commercial Real Estate Brokerage | Advisory Services

Oregon Real Estate Agency Pamphlet: <https://www.oregon.gov/rea/licensing/Documents/Initial-Agency-Disclosure-Pamphlet.pdf>
Washington Real Estate Agency Pamphlet: <http://apps.leg.wa.gov/rcw/default.aspx?cite=18.86.120>

Forward Together!

<image001.png>

PUBLIC RECORDS LAW DISCLOSURE: Messages to and from this e-mail address are public records of the City of Newberg and may be subject to public disclosure. This e-mail may be subject to the State Retention Schedule.

From: Philip Higgins <phiggins@pacificcrestrea.com>
Sent: Sunday, July 14, 2024 11:18 AM
To: Bill Rosacker <Bill.Rosacker@newbergoregon.gov>
Cc: Philip Higgins <phiggins@pacificcrestrea.com>; Will Worthey <Will.Worthey@newbergoregon.gov>
Subject: FW: Newberg Industrial Land Letter for City Council

This email originated from outside the City of Newberg's organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Resend. Pls confirm receipt of this.

Philip E Higgins
Principal Broker | OR & WA
OR Lic # 960900059 / WA Lic # 50197
Direct: 503-793-9039 | phiggins@PacificCrestREA.com
Pacific Crest Real Estate Advisors
Commercial Real Estate Brokerage | Advisory Services

Oregon Real Estate Agency Pamphlet: <https://www.oregon.gov/rea/licensing/Documents/Initial-Agency-Disclosure-Pamphlet.pdf>
Washington Real Estate Agency Pamphlet: <http://apps.leg.wa.gov/rcw/default.aspx?cite=18.86.120>

From: Philip Higgins <phiggins@pacificcrestrea.com>
Sent: Monday, July 8, 2024 1:18 PM
To: Will Worthey <Will.Worthey@newbergoregon.gov>; Bill Rosacker <Bill.Rosacker@newbergoregon.gov>
Cc: Philip Higgins <phiggins@pacificcrestrea.com>
Subject: Newberg Industrial Land Letter for City Council

As attached.

I was brought to my attention that there was a misrepresentation of the value of Industrial Land in the City at a recent City Council Meeting. This misrepresentation is likely due to a significant lack of familiarity with Commercial

From: Will Worthey
To: "Philip Higgins"
Cc: Bill Rosacker
Subject: RE: Newberg Industrial Land Letter for City Council
Date: Sunday, July 14, 2024 6:40:32 PM

Understood and good to go.

From: Philip Higgins <phiggins@pacificcrestrea.com>
Sent: Sunday, July 14, 2024 11:54 AM
To: Will Worthey <Will.Worthey@newbergoregon.gov>
Cc: Bill Rosacker <Bill.Rosacker@newbergoregon.gov>
Subject: Re: Newberg Industrial Land Letter for City Council

This email originated from outside the City of Newberg's organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Thank you. Bill had left me a VM that he hadn't received it yet. I did send to the city email which I'm sure hates attachments and spammed it

Philip E Higgins
Pacific Crest REA
503-793-9039

(Please excuse any mis-spelling or auto-correct oddities)

On Jul 14, 2024, at 11:27 AM, Will Worthey <will.worthey@newbergoregon.gov> wrote:

I have received your information and will transmit this to the council via BCC.

Best,

Will Worthey
City Manager
City of Newberg
414 E. First Street
Newberg, OR 97132
Direct: 503-537-1256

From: Will Worthey
To: Will Worthey
Cc: "Philip Higgins"
Subject: FW: Newberg Industrial Land Letter for City Council
Date: Sunday, July 14, 2024 11:31:41 AM
Attachments: image001.png
Letterhead PCREA.docx

Honorable councilors,

Sorry for bothering you on a Sunday but I am trying to clear a massive backlog of email prior to my vacation at the end of next week.

Find an industrial land pricing estimate from Mr. Higgins with Pacific Crest. If there are questions about this letter, please do reach out to Mr. Higgins.

Best,

Will Worthey
City Manager
City of Newberg
414 E. First Street
Newberg, OR 97132
Direct: 503-537-1256

Forward Together!



PUBLIC RECORDS LAW DISCLOSURE: Messages to and from this e-mail address are public records of the City of Newberg and may be subject to public disclosure. This e-mail may be subject to the State Retention Schedule.



To: Newberg City Council

Re: Industrial Land Pricing in the City of Newberg.

Newberg has a significant deficit of Industrial Land, especially small Industrially zoned parcels. As with any scarce resource, prices are high because of the scarcity of the resource. The difficulty in pinning down “market price” for industrial Parcels in Newberg is compounded in difficulty due to (and caused by) this scarcity – a lack of available properties, means a lack of robust comparable sets.

Working off numbers from a recent Industrial Land appraisal in Newberg, we had a value range with a mid-point of \$13.00 SQFT.

For Example: 1 Acre = 43,560 SQFT x \$13 / SQFT = \$566,280.

This would represent a “shovel ready” lot with adequate and available infrastructure, and pricing would be reduced in relation to cost to build out suitable infrastructure.

This pricing matrix would be for bare land only, no vertical improvements. If there was an existing structure, i.e. a shop, house/office, etc., that would increase the value proportionate to the utility of the improvements.

Philip E Higgins

Principal Broker | OR & WA

OR Lic # 960900059 / WA Lic # 50197

Direct: 503-793-9039 | phiggins@PacificCrestREA.com

Pacific Crest Real Estate Advisors

Commercial Real Estate Brokerage | Advisory Services

Oregon Real Estate Agency Pamphlet: <https://www.oregon.gov/rea/licensing/Documents/Initial-Agency-Disclosure-Pamphlet.pdf>

Washington Real Estate Agency Pamphlet: <http://apps.leg.wa.gov/rcw/default.aspx?cite=18.86.120>

PACIFIC CREST
REAL ESTATE ADVISORS



City of Newberg & WM

Reducing waste.

Protecting the environment.

Looking toward the future.

Dave Huber – Sr. Manager Public Sector

Jason Wille – District Manager

Mike Jefferies – Area Pricing Director

August 5, 2024



Tonight's Discussion

1. Collection Services
2. Newberg Transfer Station
3. Annual Report Review 2023
4. Rate Comparisons
5. Value of the WM Franchise
6. Questions

WM Collection Services

Residential, Commercial and Industrial

- Operating in Newberg since 2010
- Comprehensive recycling, yard debris and garbage service
- Serving the following customers:
 - 6,710 Residential (↑ 3.5% vs 2022)
 - Weekly trash
 - Bi-weekly Recycling/Yard Debris
 - Subscription Glass: 52% participation
 - 557 Commercial (↑ 1.5% vs 2022)
 - Weekly trash and recycling
 - Industrial/Drop Box
 - MSW, Construction, Recycling and Grape Skins/Stems



Newberg Transfer Station

- **Materials Accepted**
 - Solid waste materials
 - Dry waste materials
 - Recycling materials
- **Public Recycling Depot**
 - Open Monday thru Saturday 8:00am-5:00pm
 - Many services provided for hard to recycle materials
- **2023 Volumes**
 - 41,108 tons of MSW
 - 20,411 tons of C&D
 - 5,974 tons of recyclable material
 - 13,260 cubic yards of grape skins transported for local wineries
- **Facility Upgrades**
 - Transfer station building/equipment improvements
 - Stormwater enhancements
 - Additional Summer hours added for customer convenience



2023 Annual Report Review

2022 vs 2023 and Projected 2024

Waste Management - Newberg Operations
Newberg Rate Review Report
For The Year Ended December 31, 2023

	2022	2023	Projected
Total Revenue	\$ 5,130,337	\$ 5,341,208	\$ 5,473,136
Total Direct Costs	\$ 3,769,420	\$ 4,138,187	\$ 4,245,473
Total Indirect Costs	\$ 751,510	\$ 842,941	\$ 868,032
Operating Income	\$ 609,407	\$ 360,080	\$ 359,631
Return on Revenue	11.88%	6.74%	6.57%

Hours	Total Company 2022	Newberg 2022	Total Company 2023	Newberg 2023	Variance (2023 vs. 2022)
Commercial	4,947	3,825	4,928	3,783	(42)
Res'l Garbage	6,349	3,395	6,375	3,472	77
Res'l Recycling	4,706	2,342	4,807	2,383	41
Res'l Yard Waste	1,297	1,087	1,359	1,138	50
Rolloff	3,916	2,119	3,145	1,832	(287)
Total	21,215	12,769	20,614	12,608	(161)
Tons					
Commercial	6,393	5,082	6,821	5,570	488
Res'l Garbage	9,376	5,624	9,426	5,691	67
Res'l Recycling	2,820	1,424	2,621	1,374	(50)
Res'l Yard Waste	2,942	2,457	2,796	2,343	(114)
Rolloff	16,853	8,517	14,704	7,344	(1,172)
Total	38,385	23,103	36,369	22,323	(780)

CPI	Year	Annual	% Change	Customers	
				Commercial	Residential
	2021	275.06	1.74%	533	6379
	2022	287.49	4.52%	549	6485
	2023	310.51	8.01%	555	6642
	2024	323.83	4.29%	557	6710

count as of 7/15/24

Franchise Payment	Revenue		Fran. Fee
Residential:	2,303,135	5%	115,157
Commercial:	1,650,361	5%	82,518
Drop Box:	1,377,036	5%	68,852
Other	\$ 10,677	5%	534
Total Income:	\$5,341,208		267,060

Miles	Total Company 2022	Newberg 2022	Total Company 2023	Newberg 2023	Variance (2023 vs. 2022)
Commercial	37,099	26,851	36,946	26,812	(39)
Res'l Garbage	42,511	16,859	42,601	17,420	560
Res'l Recycling	40,139	14,835	40,126	15,063	228
Res'l Yard Waste	7,706	6,095	7,937	6,345	250
Rolloff	53,280	28,831	55,918	32,581	3,750
Total	166,350	93,472	183,528	98,221	4,749
Stops					
Commercial	52,003	41,180	53,657	40,863	(316)
Res'l Garbage	547,037	339,618	553,870	346,438	6,820
Res'l Recycling	423,538	260,662	415,946	258,386	(2,276)
Res'l Yard Waste	191,471	161,451	195,127	164,920	3,469
Rolloff	7,908	4,986	5,156	3,548	(1,438)
Total	1,221,957	807,897	1,223,756	814,155	6,258

Based on known increases for 2024, a 3.81% increase will allow us to achieve a reasonable ROR

- Last rate increase of 4.9% effective 7/1/2023
- Higher than expected operating costs
- Known increases for 2024
 - Disposal cost and processing charges
 - Labor
 - Fuel

Comparison of Rates

3.81% rate adjustment based on DCR

Service	Newberg, current	Monthly increase	Newberg, proposed	Dundee	Yamhill County	Washington County*	Sherwood (non-WM)	McMinnville (non-WM)
20-gallon	\$21.69	\$0.83	\$22.52	\$22.10	Not offered	\$28.40	\$29.92	Not offered
32/35-gallon	\$23.39	\$0.89	\$24.28	\$24.28	\$27.08	\$30.75	\$32.99	\$31.69
60/65-gallon	\$28.76	\$1.09	\$29.85	\$30.89	\$33.37	\$43.72	\$43.29	Not offered
90/95-gallon	\$31.60	\$1.20	\$32.80	\$34.38	\$39.08	\$51.32	\$53.73	\$52.85
Commercial 2- yard 1x/week	\$166.63	\$6.35	\$172.98	\$200.48	\$196.62	\$184.49	\$211.52	\$335.81

* Rates include
\$2.00 surcharge
for recycling

Value of the WM Franchise

- **Franchise Agreement**

- Renewed in 2012
- Annual 7-year renewal
- Current contract continues until September of 2028

- **Rates**

- Detailed cost reports submitted annually
- All services and rates are regulated by the City of Newberg through code and administrative rules
- The agreement outlines any necessary rate changes based on a reasonable rate of return

- **Benefits of Franchised Services**

- Efficient collection, limiting vehicles on roads
- Multiple service levels available to all Newberg customers at consistent rates
- Professionally trained drivers with commercial driver's licenses (CDLs)
- Franchise fees (5% of gross receipts) paid to the City of Newberg



Benefits of Continuing our Partnership

- Environment

- We have set a bold sustainability vision for the future
- Continued investment for facilities benefiting the Newberg community

- Employees

- Commitment to putting our people first
- 4th generation employees
- Living wages with great benefits

- Community

- WM's involvement with local service club organizations
- In-kind services for local community events
 - Public Works day
 - Newberg Old Fashioned Festival
 - Summerfest
 - Rotary membership
 - Chehalem Valley Chamber members



Two Options for Consideration

OPTION A – 3.81% rate adjustment

Service	Newberg, current	Monthly Increase	Newberg, proposed
20-gallon	\$21.69	\$0.83	\$22.52
32/35-gallon	\$23.39	\$0.89	\$24.28
60/65-gallon	\$28.76	\$1.09	\$29.85
90/95-gallon	\$31.60	\$1.20	\$32.80
Commercial 2-yard 1x/week	\$166.63	\$6.35	\$172.98

OPTION B – 1.9% rate adjustment with 7-year franchise renewal



Service	Newberg, current	Monthly Increase	Newberg, proposed
20-gallon	\$21.69	\$0.42	\$22.11
32/35-gallon	\$23.39	\$0.44	\$23.83
60/65-gallon	\$28.76	\$0.55	\$29.31
90/95-gallon	\$31.60	\$0.60	\$32.20
Commercial 2-yard 1x/week	\$166.63	\$3.17	\$169.80

On behalf of our WM employees who service the Newberg community, thank you for your partnership.

Questions?

Appendix 1 – Calculation of requested increase

A	Projected Costs	\$5,113,504
$B = A \div 0.9$	Revenue Required for 10% ROR	\$5,681,672
C	Projected Revenue	\$5,473,136
$D = B - C$	Revenue Variance	\$208,536
$E = D \div B$	% Increase Needed	3.81%

Appendix 2 – ORS 459A.085(3)

459A.085 City, county authority to issue collection service franchises; opportunity to recycle; rates. (1) The Legislative Assembly finds that providing for collection service including but not limited to the collection of recyclable material as part of the opportunity to recycle is a matter of statewide concern.

(2) The exercise of the authority granted by this section is subject to ORS 221.735 and 459.085 (3).

(3) It is the intent of the Legislative Assembly that a city or county may displace competition with a system of regulated collection service by issuing franchises which may be exclusive if service areas are allocated. The city or county may recognize an existing collection service. A city or county may award or renew a franchise for collection service with or without bids or requests for proposals.