

W. 8. b.

AGENDA COVER MEMORANDUM

AGENDA DATE: March 30, 2005

TO: LANE COUNTY BOARD OF COMMISSIONERS

FROM: Peter Thurston, Community and Economic Development Coordinator

AGENDA ITEM: DISCUSSION/IN THE MATTER OF APPROVING A LETTER OF SUPPORT FOR DESIGNATION OF A JUNCTION CITY ENTERPRISE ZONE

I. MOTION

IT IS MOVED THAT THE LETTER OF SUPPORT FOR DESIGNATION OF A JUNCTION CITY ENTERPRISE ZONE BE APPROVED

II. ISSUE OR PROBLEM

Shall Lane County join with Junction City, Linn County, and the City of Harrisburg in securing an enterprise zone designation from the State of Oregon?

III. DISCUSSION

- A. Background. The City of Junction City has worked with the City of Harrisburg and Linn County for a number of years to promote business development. Junction City has more than 100 acres of land designated for industrial and commercial development. On March 17, 2005, the Lane County Administrator received the attached letter from the City of Junction City describing the cooperative process to form an enterprise zone. The Lane County community and economic development coordinator discussed with the City Administrator the City's need for support of the process on March 22nd.
- B. Analysis. Designation of an enterprise zone has a potential impact on collection of taxes in the designated areas. Most of this reduction of taxes would occur inside the incorporated areas of the cities. The letter indicates Junction City may request in the future that the enterprise zone designation apply to qualified motel, hotel, and destination resort facilities. It is not clear at this point how, or if, this action would affect transient room tax receipts for facilities located in unincorporated areas of the County, or in Junction City.

Generally, enterprise zone designation is considered a good investment of potential tax receipts in the long-term development of a community. This is particularly true when a region, involving two cities in adjacent counties, establishes common objectives to promote business development and job creation.

C. Alternatives/Options.

The Board may:

- 1) Approve the letter of support for the Junction City enterprise zone designation, or
- 2) Request more information and modify the letter, or
- 3) Decide not to support designation of the enterprise zone at this time.

D. Recommendations.

Number 1 is recommended, to support enterprise zone designation.

E. Timing. A public hearing is scheduled in Junction City on April 12, 2005. Lane County's support at that time will complete the joint cities/counties support for enterprise zone designation.

IV. IMPLEMENTATION/FOLLOW-UP

Upon approval of the Board, the letter supporting the designation of the enterprise zone will be sent to the Junction City Administrator. There are no other actions requested of Lane County at this time. Junction City will pursue the designation in cooperation with the City of Harrisburg, and support of Linn County.

ATTACHMENTS

March 16, 2005 letter from Junction City

Draft letter of support

CITY OF JUNCTION CITY

680 GREENWOOD • P. O. BOX 250
JUNCTION CITY, OREGON 97448-0250
TELEPHONE 998-2153 • FAX 998-3140

March 16, 2005

Mr. Bill Van Vactor
Lane County Administrator
125 E. 8th
Eugene, OR 97448

MAR 17 2005

Re: Designation of the Junction City Enterprise Zone

Dear Mr. Van Vactor:

This letter is to inform you of the exciting opportunity available for our region to improve the local economic base, business climate and long-run community development. The cities of Harrisburg and Junction City, and Linn County, are seeking redesignation of the Harrisburg Enterprise Zone and would become the zone sponsors.

The Oregon Economic and Community Development Department will review the application for designation, and it may be subject to competitive consideration relative to other localities.

At its hearing on April 12th, 2005, at 6:30 p.m., at Junction City Hall, 380 Greenwood Street, Junction City, OR 97448, the City of Junction City is expected to consider a resolution requesting the redesignation.

The Harrisburg Enterprise Zone would include areas in relevant tax codes, such that the zone could affect future property tax collections for your district's operating levy. Therefore, you are being asked to comment on this proposal, either at the hearing or by providing written comments to me before the hearing.

Please understand that an enterprise zone exempts only new property that an eligible job-creating business firm might build or install in the enterprise zone at some future time. Also, an enterprise zone exemption is temporary, usually lasting only three years, after which the property induced by these incentives is available for assessment. An extension to four or five years in total (or even longer under very special circumstances) is possible in some cases, subject to the agreement of the local governments sponsoring the zone.

Finally, none of these property tax exemptions would be available to just any business. Most commercial/retail-type operations are not eligible. Rather, the primary beneficiaries of enterprise zone benefits are manufacturing and other more industrially oriented facilities serving other businesses.



In the future we (Junction City) may ask that the enterprise zone exemption apply to qualified motel, hotel and destination resort businesses. This was not previously included in the Harrisburg/ Junction City Enterprise Zone, but is now an option. It is our understanding that Harrisburg is going to add this option in this cycle. In addition to the additional jobs it would create, we believe it will benefit the local RV industry by providing lodging to person's who come to the area to have their RVs serviced; and, it will encourage people to stay in our area longer, which will benefit local businesses.

Please contact me if you wish.

Sincerely,

Mike Leighton
City Administrator
E-mail: mikeleighton@ci.junction-city.or.us

DRAFT letter of support

March 30, 2005

Mike Leighton
City Administrator
City of Junction City
P.O. Box 250
Junction City
Oregon 97448

Dear Mr. Leighton:

In response to your letter of March 16, 2005 to Bill Van Vactor, Lane County Administrator, the Lane County Board of Commissioners offers its support for designation of the Junction City Enterprise Zone.

It is our understanding that the designation of the Junction City enterprise zone will be accomplished in cooperation with the City of Harrisburg and Linn County. Your effort to promote a regional economic development program is to be commended.

The Board of Commissioners is particularly supportive of the development of the industrial and commercial areas in the southern part of Junction City. Enterprise zone designation can help secure funding for essential infrastructure for business development and provide incentives for business location.

Promotion of motel, hotel, and destination resort facilities is another area where long-term objectives for increased room tax receipts will result from investment now in improved facilities. There appears to be new opportunities for these facilities to support the recreation vehicle industry that continues to flourish in Junction City.

At this time I understand that there is no further action needed by Lane County and that you will provide specific information if any formal support is needed regarding designation of the Junction City enterprise zone.

Sincerely,

Anna Morrison, Chair
Lane County Board of Commissioners