

W. 7.b.

Memorandum Date: August 29, 2007
Board Order Date: September 12, 2007

TO: Board of County Commissioners
DEPARTMENT: CAO/Community & Economic Development
PRESENTED BY: Mike McKenzie-Bahr, Community and Economic
Development Coordinator

AGENDA ITEM TITLE: IN THE MATTER OF AUTHORIZING THE APPLICATION TO
THE STATE OF OREGON FOR EXPANSION OF THE WEST
EUGENE ENTERPRISE ZONE

I. MOTION

MOVE TO ADOPT THE FINDINGS AND APPROVE THE ORDER TO APPLY TO THE
STATE OF OREGON FOR EXPANSION OF THE WEST EUGENE ENTERPRISE
ZONE

II. AGENDA ITEM SUMMARY

Glorybee Foods, a local natural foods company, is asking Lane County and the
City of Eugene to consider a West Eugene Enterprise Zone boundary expansion
that would include a 62-acre vacant parcel that is immediately adjacent to the
existing West Eugene Enterprise Zone boundary.

A request for expansion must be approved by the Lane County Board of
Commissioners, the Eugene City Council and then the Oregon Economic and
Community Development Department Director.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

The West Eugene Enterprise Zone, established in 2005, is jointly sponsored by
the City of Eugene and Lane County. Operation of the Zone is handled by the
City of Eugene. The Zone has been designated by the State of Oregon for a ten-
year period. The primary purpose of the Zone is to stimulate new investments
that create jobs. Eligible new investments within the Zone can be exempted from
property taxes for a period of three years, and potentially up to five years.

Glorybee Foods is a supplier of natural foods and craft supplies to consumers, businesses and manufacturers worldwide. The company has been family owned and operated in Eugene since 1975. The business currently operates at 120 N. Seneca Road with over 100 employees. Glorybee has indicated that they have reached maximum capacity given the constraints of their current facility.

Glorybee has recently purchased a 62-acre industrial-zoned (I-2) vacant parcel on Awbrey Lane (see attached Exhibit A). The company is proposing to construct a new \$14 million facility on approximately 20 acres. The new facility being proposed would include many sustainable green-building features and provide the space necessary for continued growth. Glorybee is in the process of subdividing the remaining acres in order to create a sustainable industrial park that would target other natural foods businesses and businesses with compatible sustainable business products. The company expects the subdivision to include approximately eight parcels that would be sold to other companies.

The 62-acre parcel is located outside of the Eugene city limits, within the Urban Growth Boundary, and immediately adjacent to the north end of the existing West Eugene Enterprise Zone boundary. The unimproved parcel, and several other parcels north of the existing boundary, was included in the former West Eugene Enterprise Zone, which expired in 1997.

The existing West Eugene Enterprise Zone boundary includes approximately 4,814 acres. Expansion of the boundary to include the 62-acre Glorybee parcel would represent a 1.3% increase in the boundary size. Glorybee Foods has submitted an Enterprise Zone Authorization Application related to their proposed new facility investment. Approval of the application can only be considered if a boundary amendment is approved. The boundary amendment must be approved prior to the start of construction in order for Glorybee's project to be eligible. Glorybee is expected to begin construction in late 2007, or early 2008.

Boundary Amendment Process

Enterprise Zone boundary amendments are authorized under Oregon Revised Statutes and Oregon Administrative Rules. The sponsor of an enterprise zone may submit a request to the Economic and Community Development Department to change the boundary. The West Eugene Enterprise Zone is jointly sponsored by the City of Eugene and Lane County. Approval of a boundary change would not change the 2015 termination date for the enterprise zone. In summary, the process for changing the zone boundary is as follows:

1. A clear description of the property being proposed in the expanded boundary is developed. (The Zone Manager has prepared).
2. Notice to affected local taxing districts inviting comments on the proposed boundary change. (These notices have been sent by the City of Eugene to

the Lane Rural Fire & Rescue; Bethel School District; Lane Community College and Lane Education Service District. A copy of the notice is attached. Comments from the Districts are due back by September 11. Any comments received will be presented to the Board at its September 12 meeting during this agenda item).

3. A resolution from the governing bodies of the sponsors (Eugene and Lane County) requesting the boundary change. (A resolution with the necessary language is attached. Since the land is in outside of the Eugene City limits, the Board of Commissioners is the first governing body to consider the application request. If the Board approves the boundary change, the issue will be brought to City Council for consideration).
4. Submission of the boundary amendment request to the Director of the Oregon Economic and Community Development Department.

B. Policy Issues

Should the Board of Commissioners approve an expansion of the West Eugene Enterprise Zone?

C. Board Goals

The approval of the Enterprise Zone expansion will enable this project to meet the following board goal:

- Contribute to appropriate community development in the areas of transportation and telecommunications infrastructure, housing, growth management, and land development.

D. Financial and/or Resource Considerations

If the Enterprise Zone is expanded there will be an increase in property taxes from this property coming to the County. Though the investments made on the property would be eligible for tax exemption for three to five years, in subsequent years the property tax on developed parcels will be higher than on vacant land.

E. Analysis

The inclusion of this property into the Enterprise Zone will create a unique opportunity for the expansion of Glorybee and the creation of a sustainable business park that will add to our community's reputation as a good place to do business for sustainable companies.

F. Alternatives/Options

1. The Board of Commissioners can adopt the order.
2. The Board of Commissioners could request more information and delay action until that information is provided.
3. The Board of Commissioners can reject the request to adopt the attached order.

IV. TIMING/IMPLEMENTATION

If the Order requesting expansion is approved by the Board of Commissioners, the request will go to the City Council. If approved there, the request will be submitted to the State. The goal is to have approval before the end of the 2007.

V. RECOMMENDATION

The Lane County Economic Development Standing Committee voted 4-0 to recommend that the Board of Commissioners approve Glorybee's request. Included in the four votes was Lane County Assessor Anette Spickard. The County Community and Economic Development Coordinator also supports the requests.

VI. FOLLOW-UP

The County Community and Economic Development Coordinator will keep the Board of Commissioners updated as the expansion process moves forward.

VII. ATTACHMENTS

1. Board Order
2. Map of current Enterprise Zone with proposed expansion
3. Letter to Lane Rural Fire and Rescue
4. Register Guard article about Glorybee expansion and proposed sustainable business park.

RESOLUTION AND ORDER NO. 07-9-12-) IN THE MATTER OF AUTHORIZING
) THE APPLICATION TO THE STATE OF
) OREGON FOR EXPANSION OF THE
) WEST EUGENE ENTERPRISE ZONE

3. The County Administrator is authorized to submit the application for Lane County, and to make technical changes to the application materials, as necessary, after adoption of this order, and is further authorized to delegate authority to the City Manager of Eugene, to make such submittal or changes in the application on his behalf.

4. The County declares that the County and City as applicants will continue to comply with ORS 285C.105 and perform any other duties of the Enterprise Zone sponsor under ORS 285C.050 to 285C.250.

DATED this 12th day of September, 2006.

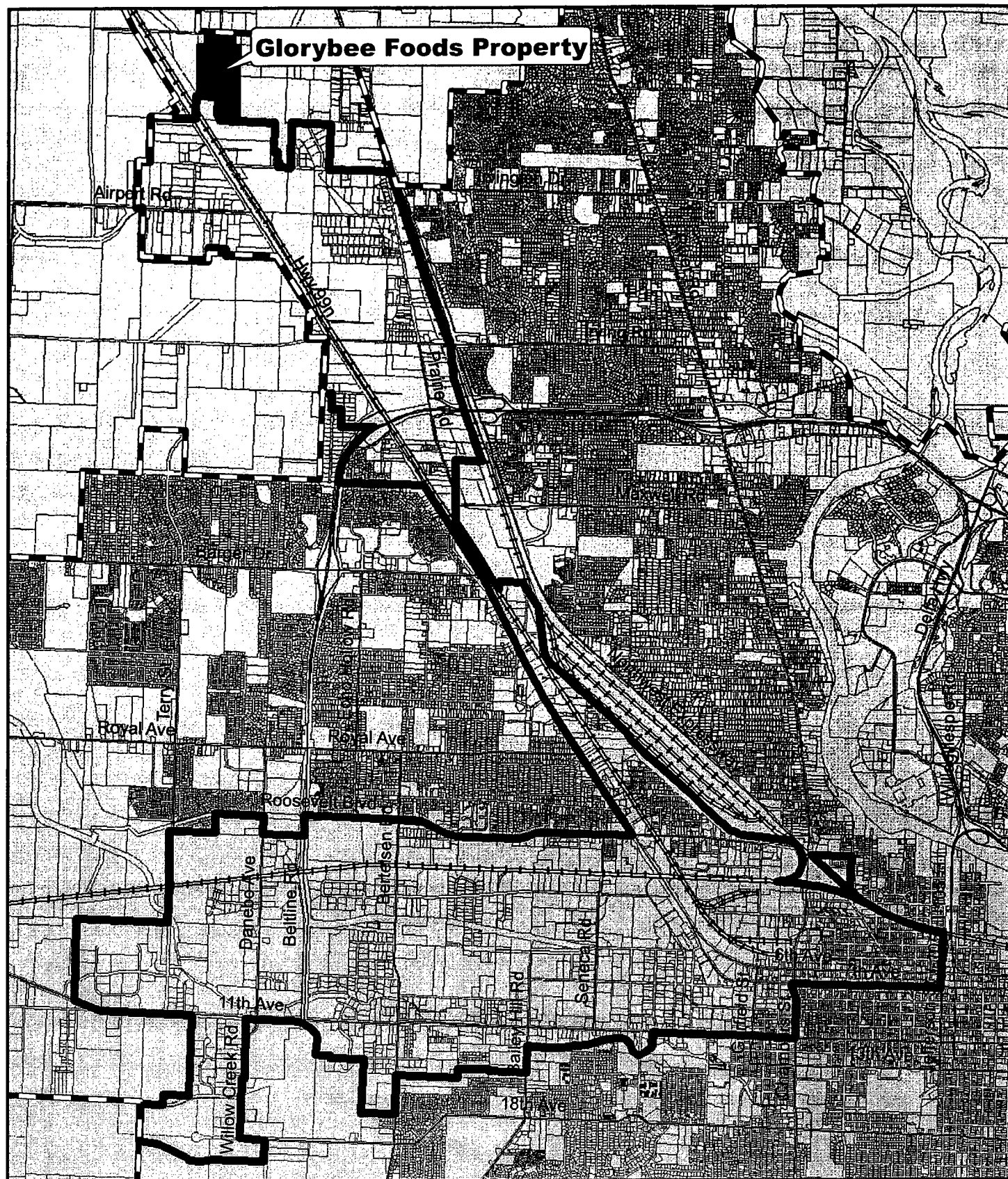
Faye Stewart Chair, Lane County Board of
Commissioners

APPROVED AS TO FORM

Date 9/4/07 lane county
Teresa Stulix
OFFICE OF LEGAL COUNSEL

West Eugene Enterprise Zone

Exhibit A



 Eugene Urban Growth Boundary  Glorybee Foods Property

 West Eugene Enterprise Zone



0 1 Miles

City of Eugene
Planning and Development
Community Development Division
July 25, 2007



Caution: This map is based on imprecise source data which is subject to change.
It is for general graphical reference and is not intended for legal, engineering or surveying purposes.

August 20, 2007

Lane Rural Fine & Rescue
29999 Hallett Street
Eugene, OR 97402

This letter provides notice that the City of Eugene and Lane County are considering an expansion of the West Eugene Enterprise Zone (see attached map). Glorybee Foods, a local natural foods company, is asking the City of Eugene and Lane County to consider an enterprise zone boundary expansion that would include a 62 acre parcel immediately adjacent to the existing West Eugene Enterprise Zone boundary. Because the proposed expansion would provide a short-term tax exemption for new investment within the zone, future property tax collections for your district's operating levy could be affected.

The Lane County Board of Commissioners is scheduled to discuss the expansion on September 12th, and a Eugene City Council meeting is to be scheduled in October. You are being asked to comment on this expansion proposal by sending comments to me at the following address by September 11, 2007:

Denny Braud
City of Eugene
Planning & Development Department
99W. 10th Avenue
Eugene, OR 97401

It is important to understand that the enterprise zone tax exemption is only applicable to new property investments (buildings, machinery, equipment) made in the future within the zone. The tax exemption is temporary, lasting only three years, after which time the property induced by the tax exemption incentive is available for assessment. An extension of four or five years in total is possible in some special cases, subject to an agreement of the local governments sponsoring the zone. The goal of the short-term tax exemption is to encourage new investments that create new jobs, and ultimately result in a long-term increase in the tax base.

Finally, the tax exemption benefits are strategically targeted to investments made by other firms within the zone that are engaged in manufacturing, processing, shipping and other operations that serve other businesses. Otherwise, retail, construction, financial, residential and certain other activities are explicitly ineligible under the statutes.

Additional background information on the enterprise zone and the Glorybee Foods expansion project are attached. If you have any questions, please contact me at 682-5536 (denny.braud@ci.eugene.or.us).

Sincerely,

Denny Braud
Planning & Development

(2) Enclosures

GloryBee plan widens scope of sustainability

Published: Saturday, April 7, 2007

By Sherri Buri McDonald

The Register-Guard

Sustainability is quite the buzzword in business circles, but a locally owned natural foods distributor plans to take sustainability to a whole new level.

Dick and Pat Turanski, owners of GloryBee Foods, plan to create a sustainable business park on 62 acres off Awbrey Lane, just east of Highway 99, near the Eugene Airport. They bought the property last year for about \$1.8 million. The land, zoned light industrial, is outside Eugene's city limits but inside its urban growth boundary.

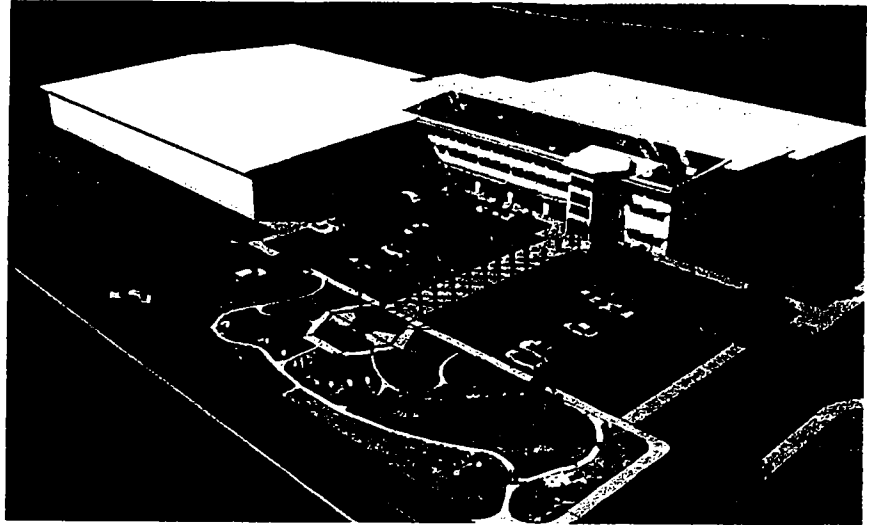
GloryBee wants to build an \$11 million-plus, 118,000-square-foot facility on about 15 of those acres and divide the rest of the property into nine lots, ranging from about 2 acres to about 8 acres, said the owners' son Alan Turanski, who is GloryBee's operations manager.

The company hopes to break ground this summer and complete the building a year later, he said.

Lane County Commissioner Bobby Green said Friday that he was very happy about the project.

GloryBee has "grown in a way that you would like local businesses to grow," he said. The company's steady expansion has been the result of a growing market, here and abroad, for its products. It is family owned, with a tradition of promoting from within, and it is committed to sustainability, Green said.

Driven by the surge in the organics and natural food industry, GloryBee's business grew 19 percent last



year, Turanski said, and "we're continuing to grow at that clip this year." The company does not release annual financial data.

GloryBee has 120 employees and expects to add 15 to 20 employees a year, he said.

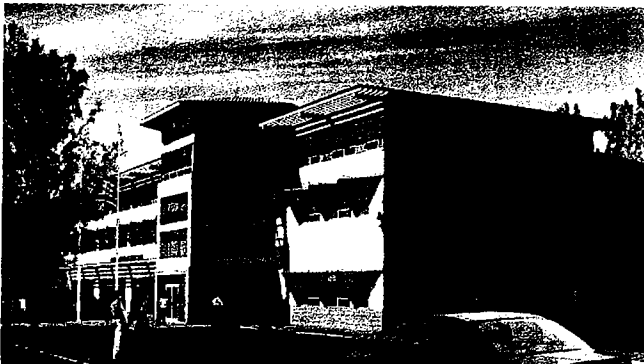
The Turanskis plan to sell the lots in the business park to other businesses that are committed to the principles of sustainability, Turanski said.

GloryBee has not drafted the conditions for businesses in the park, which the family believes will be the first of its kind in the state, Turanski said. The timing for that will be dictated by how quickly other businesses step forward to buy the lots after the subdivision secures the necessary approvals, he said.

Turanski acknowledges that it probably would be easier to sell the land without any restrictions. But, he said, "When you're enlightened to a better way of doing things, you have to do your best to do those."

GloryBee's own building will have many "green" features, including a photovoltaic system on the roof that will cover about one-sixth of the facility's energy consumption. Other elements include using as much daylight as possible and circulating cool night air through the building instead of relying on air conditioning.

GloryBee will continue other sustainable practices such as buying wind-powered electricity through the Eugene Water and Electric Board and filling the tanks of its fleet of trucks with biodiesel.



GloryBee, a low-profile company that has mainly stuck to its own business for the past 33 years, didn't set out to start a sustainable business park. Four years ago, the Turanskis started looking for land for GloryBee's expansion and couldn't find the right site. They looked as far afield as Glenwood, Cottage Grove, Harrisburg and Junction City, Turanski said.

"We really wanted to stay in the Eugene-Springfield area where we've been the whole time," he said.

Then they came across the Awbrey Lane property, which was priced reasonably and had rail access.

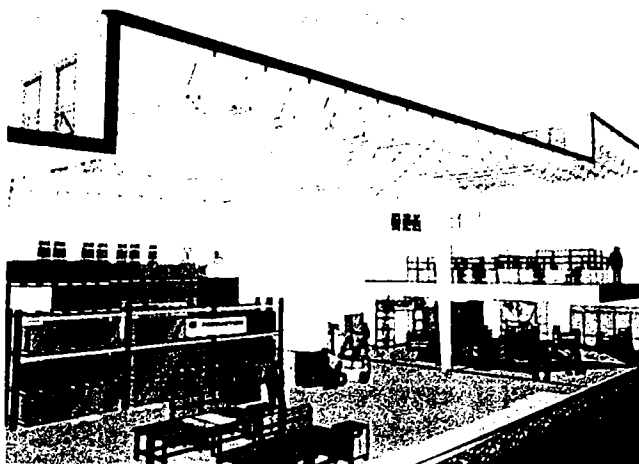
"Our first thought was, well, we don't need 62 acres," Turanski said.

They asked if they could buy just a piece of the property, and were told no. But they discovered that the property could be subdivided.

About the same time, GloryBee was involved in discussions associated with Eugene Mayor Kitty Piercy's Sustainable Business Initiative. And, as part of those, someone raised the idea of a sustainable business park.

"That started to resonate with us," Turanski said. "We thought maybe this is more than an opportunity to have a home for GloryBee."

The company had hoped to break ground last fall, but ran into unexpected hurdles. Low-quality wetlands were found on the site where GloryBee wants to build, so the company plans to mitigate 11 acres offsite through a wetlands bank, Turanski said. It also is preserving less than two acres of wetlands on its site.



The company's request to fill wetlands must be approved by federal regulators - a process that includes public comment.

To help with the costs of its project, GloryBee will seek out incentives.

Commissioner Green said he would support an application by GloryBee to have the land included in Eugene's enterprise zone.

"This is the type of business that was made for an enterprise zone," Green said. State aid, through an opportunity fund, also might be available for the project, he said.

Business editor Ilene Aleshire contributed to this report.