



City Council

AGENDA ITEM TYPE: Consent

Resolution No. 3660 Authorizing Arnprior Aerospace’s Enterprise Zone Program
Application for a \$1,150,000 Investment

Meeting Date: June 17, 2025
Service Area: Economic Development

Staff Member: Erika Fitzgerald
Agenda Item Number: C-8

Requested Council Action and Suggested Motion:

Approve Resolution No. 3660 authorizing Arnprior Aerospace’s Enterprise Zone Program Application for a \$1,150,000 investment.

Public Purpose, Community Outcome, and Strategic Plan Alignment:

The Gresham Enterprise Zone program is in place to encourage new investment and expansion of industrial companies in Gresham. This application for a five-year enterprise zone exemption for Arnprior would enable improvements at the company’s existing facility and new machinery and equipment. This is Arnprior Aerospace’s second enterprise zone application.

Background:

The Gresham Enterprise Zone is a property tax exemption program used as a tool to encourage higher wage jobs to benefit the local economy and lead to long term sustainability of the Gresham community.

On March 21, 2006, City Council approved creation of an Enterprise Zone in the City of Gresham. The application was approved by the Oregon Economic and Community Development Department (now known as Business Oregon), effective March 29, 2006. In April 2016, City Council approved the re-designation of the Gresham Enterprise Zone until the State program sunset date of June 30, 2025. The sunset date of the Enterprise Zone program was extended to June 30, 2032, in the 2023 legislative session. Companies applying for Enterprise Zone exemption have two options – a standard three-year enterprise zone exemption, which is approved by the Zone Manager or a five-year exemption, which is approved by City Council. Arnprior Aerospace has requested a five-year exemption.

Through a short-term tax exemption, the Enterprise Zone encourages eligible businesses to make additional investments that will improve employment opportunities, and spur economic growth and diversity in business activity. In exchange for locating or expanding in an Enterprise Zone, eligible business firms receive exemption from property taxes normally assessed on new construction and equipment for a period of three to five years. Land and existing facilities continue to be taxed normally. To receive the exemption, a

company must meet several criteria (state and local), which are detailed in the attached tax abatement contract to be signed by Arnprior prior to final authorization for the program.

Arnprior Aerospace

Arnprior Aerospace, located in Gresham since 1990, has an existing 80,000 square foot manufacturing facility located at 17383 NE Sacramento Street. The company has more than 50 years of experience in the design, production and support of structural components for the aerospace and defense industries. At their Gresham location, Arnprior Aerospace produces complex machine products and assemblies providing a world class machining center of excellence. The company is an important supplier to Boeing.

Arnprior Enterprise Zone Application

This application is for an estimated \$1,150,000 in new investment in building improvements and new machinery and equipment. This is the company's second Enterprise Zone application.

The company must meet a number of criteria required by the Enterprise Zone program (some criteria are required by State statute, and some are specific Gresham criteria). Highlights of these criteria are briefly described below – more detailed information regarding all criteria is included in the tax abatement agreement.

- Invest at least \$1,000,000 within the zone – this application is for an estimated \$1,150,000 in new investment.
- Increase employment within the zone by 10%. Arnprior's annual average employment at time of application was 105. The company anticipates hiring 15 new employees at their Gresham manufacturing facility.
- Comply with workforce development criteria, including demonstrating participation in one activity annually from the following categories:
 - Growth opportunities for existing employees
 - Local youth engagement
 - Business to business support
 - Local hiring activities
- Because the company is requesting an extended five-year exemption, it must pay a Community Service Fee calculated at 25% of exempted taxes in years four and five of the Enterprise Zone exemption. These payments will be used for economic development purposes within the city of Gresham.

Companies approved for the Enterprise Zone program are required to submit an annual report to the Enterprise Zone Manager by April 1 of each abatement year demonstrating compliance with all state and local criteria. In the case that all required criteria are not met, the company may face disqualification from the program resulting in repayment of abated property taxes.

If City Council approves this Enterprise Zone application, Arnprior Aerospace will then be required to file the appropriate paperwork with Multnomah County to receive the property tax exemption.

Recommendation and Alternatives:

Recommendation:

Staff recommends approval of Resolution No. 3660 authorizing Arnprior Aerospace's

Enterprise Zone application for a \$1,150,000 investment.

Alternatives:

If Arnprior's five-year Enterprise Zone application is not approved by City Council, the company could apply for a standard three-year Enterprise Zone application, which is approved by the Zone Manager. With a three-year exemption period, the City would not receive any community service fees.

No Action:

If City Council takes no action on the five-year Enterprise Zone application, Arnprior could apply for a standard three-year Enterprise Zone application, which is approved by the Zone Manager. With a three-year exemption period, the City would not receive any community service fees from the company.

Budget/Financial Impact:

Approval of this application will result in the exemption of property taxes from qualified investments at the Gresham Arnprior facility for a period of five years for each year of investment. Years one through five for each investment will receive a 100% property tax exemption. The exact exemption will be based on the assessed value of qualifying improvements.

In years four and five of the exemption for each investment year, Arnprior will receive the exemption, but will pay a Community Service Fee of 25% of the exempted taxes to the City of Gresham and a 15% School Support Fee to Reynolds School District, resulting in net savings of 60% of property taxes. Community Service Fee payments will be used for economic development within the City of Gresham. Arnprior paid an application fee of \$1,050 to the City of Gresham pursuant to the program requirements.

The estimated financial impacts of Arnprior's Enterprise Zone application are as follows:

Current Annual Base Property Taxes at Project Site (Not impacted by abatement)

- All taxing districts - \$205,246 (2024)
- Gresham share - \$40,634 (2024)

Total Abated Property Taxes Over the Five-Year EZ Abatement Period

- All taxing districts - \$72,000
- Gresham share – \$18,000

Total Annual Property Taxes After Abatement Expires

- All taxing districts – \$108,000
- Gresham share - \$27,000

This project primarily comprises investment in new machinery and equipment, which depreciates over time, therefore property tax would be projected to decline over this period. Since the abatement is proportional to the property taxes, it is expected to follow the same trend.

Total Other Estimated Fees (Paid in Years 4 & 5)

- Community Service Fees paid to City of Gresham - \$6,000
- School support fees paid to Reynolds School District - \$3,500

Please note that these numbers are rough estimates based on the estimated \$1,150,000 investment provided by the applicant. Actual property tax savings will be based on the assessed value (AV) of the property which is determined annually by the Multnomah County Assessor's Office.

Public Involvement:

Multnomah County and the State of Oregon will be notified upon any approval of Enterprise Zone Program applications.

Attachments:

- A. Resolution No. 3660
 - B. Arnprior EZ Tax Exemption Contract
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Reviewed Through:

Justin Douglas, Economic Development Director
Elizabeth McCann, Director of Budget & Finance
Ellen Van Riper, City Attorney
Christina Still, City Recorder