



City of Hermiston
Administrative Offices

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MEMORANDUM

TO: Mayor & Council
Umatilla County Commission
Umatilla County Assessor
Melissa Drugge, Business Oregon

FROM: Mark Morgan, Hermiston Enterprise Zone Manager

DATE: April 5, 2013

SUBJ: Hermiston Enterprise Zone Manager's Annual Report

To keep you all informed of the impact of the Hermiston Enterprise Zone on our economic development efforts, I will begin compiling an annual report after the April 1 deadline for prior year claims, which show employment figures. For those of you less familiar with the Enterprise Zone, you can read more here <http://www.hermiston.or.us/business/incentives>

My 2012 annual report is enclosed.

cc: Ed Brookshier, City Manager
Amy Palmer, Finance Director



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Hermiston Enterprise Zone Manager's Annual Report 2012

Executive Summary

Mark Morgan, HEZ Manager

There were no Enterprise Zone exemption applications made in 2012, but the incentive played a major factor in siting two major applications in the first three months of 2013 worth a combined \$35.3 million. Both of these applications were also approved for the 5-year extended abatement because their payrolls compensate higher than 150% of the Umatilla County Average Annual Income. This investment will not be shown on this report until 2014.

Based on reporting data available, this report only shows activity in the zone for projects exempt during 2012. Through 2012, there was \$63.1 million of property claiming exemption. These investments have, to date, created nearly 240 full time jobs within the zone to create a total new annual payroll of \$6.6 million.

The Hermiston Enterprise Zone has proven to be a very valuable tool for the economic development of Hermiston. Not only has the exemption brought \$6.6 million worth of new payroll to the area, which further bolsters the economy through consumer spending, but the two companies are inherently agriculturally based. The value-added-agriculture nature of the two entities serves to bolster the market for regional ag producers, and thereby improves conditions for the many agriculture support services businesses in western Umatilla County. Finally, the construction activity related to these major projects substantially helped that sector during construction however, it's important to note that the employment and payroll figures included in this report do not take into account temporary construction jobs.

2012 Activity

There were no Enterprise Zone exemptions filed in 2012

Summary of Active Zone Exemptions

Value of New Property Claiming Exemption	\$63,100,000
New FTE Jobs Created	239.5
Total New Annual Payroll Through 2012	\$6,596,578

Active Exemption Detail Through 2012

Pioneer Hi-Bred

Property

Value of Investment (2009)	\$35,000,000
First Tax Year on Tax Rolls (5 year exemption)	2015

Employment

Annual Avg. Employment at application	0
Annual Avg. Employment (2012)	29.5
New FTE Jobs Created (2009 – 2012)	29.5
Annual Avg. New Compensation (2012)	\$75,545
New Payroll Created as of 2012	\$2,228,578

Shearer's Foods

Property

Value of Investment (2010)	\$28,100,000
First Tax Year on Tax Rolls (3 year exemption)	2014

Employment

Annual Avg. Employment at application	117
Annual Avg. Employment (2012)	327
New FTE Jobs Created (2010 – 2012)	210
Annual Avg. New Compensation (2012)	\$20,800
New Payroll Created as of 2012	\$4,368,000