

# GRESHAM

## REDEVELOPMENT COMMISSION

### AGENDA ITEM TYPE: DECISION

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### New Industries Grant Application: PacWest Machinery LLC

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**Meeting Date:** September 6, 2016

**Agenda Item Number:** C-1

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#### REQUESTED COMMISSION ACTION

Move to approve a New Industries Grant of up to \$88,888 to PacWest Machinery LLC for improvements to be constructed at 19255 NE Sandy Boulevard.

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#### PUBLIC PURPOSE AND COMMUNITY OUTCOME

The Gresham Redevelopment Commission (GRDC) created the New Industries Grant Program in 2006 to provide an incentive to industrial companies to make capital investments and create jobs in the Rockwood West-Gresham Urban Renewal Area (URA). The grant aims to help defray the cost of capital investments that increase the assessed value of property by improving upon the existing facilities and/or equipment. The increase in assessed value generates greater property tax revenue, which funds community improvement projects in the URA. Grant payments are made upon completion of agreed upon improvements and documentation that all other conditions of the grant are met.

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#### BACKGROUND

PacWest Machinery offers sales, rental, service and aftermarket parts for Volvo construction equipment. At the Gresham site, employees will configure, complete final assembly, install attachments, sell, service and store premium construction equipment (primarily under the Volvo Construction Equipment brand). They will serve Oregon and Southwest Washington.

The Gresham facility will be approximately 22,000 square feet and will include a shop, parts storage, office, and showroom. PacWest currently conducts business at a similar, but older and slightly smaller facility in Portland, which they are relocating to Gresham. PacWest will move approximately 20 jobs to the Gresham facility at an average compensation of \$60,000/year.

#### Grant Calculation

The maximum grant award for New Industries is equal to twice the GRDC's estimate of the first year of tax increment generated by the new investment. Staff recommends a maximum grant amount of up to \$88,888, estimating that improvements to real property and

investments in machinery and equipment will generate roughly \$44,444 in new tax increment in the first tax year after completion.

Because this grant will be less than \$100,000, the grant will be paid out to the Grantee upon completion of their improvements, and after the Grantee provides satisfactory documentation of its capital investment in the property.

Location of 19255 NE Sandy Boulevard, Gresham, OR 97230:



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## **RECOMMENDATION AND ALTERNATIVES**

Recommendation:

Move to approve a New Industries Grant of up to \$88,888 to PacWest Machinery LLC for machinery and equipment installation at 19255 NE Sandy Boulevard, Gresham, OR 97230.

Alternative options include:

1. Deny the application
2. Request additional information and reconsider the application at a future GRDC meeting.

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## **BUDGET / FINANCIAL IMPACT**

Sufficient funds are budgeted within the Urban Renewal Support Fund to award the recommended grant. No budget adjustments are necessary.

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## **PUBLIC INVOLVEMENT**

No public involvement specific to this project has been undertaken.

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**NEXT STEPS**

If the GRDC approves the grant, staff will prepare a Letter of Commitment detailing the terms and conditions of the grant. Payment of the grant occurs once documentation is received and costs incurred by the grantee for eligible capital improvements are verified.

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**ATTACHMENTS**

A. Cover Letter and Grant Application

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**FROM**

Marlene Myers, New Industries Grant Coordinator

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**REVIEWED THROUGH**

Josh Fuhrer, GRDC Executive Director  
Eric Chambers, Government Relations Director  
Bernard Seeger, Finance and Management Services Director  
Sharron Monohon, Budget and Financial Planning Director  
David Ross, Senior Assistant City Attorney

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**FOR MORE INFORMATION**

Staff Contact: Marlene Myers  
Telephone: (503) 618-2640  
Staff E-Mail: [marlene.myers@greshamoregon.gov](mailto:marlene.myers@greshamoregon.gov)  
Website: [GreshamOregon.gov/UrbanRenewal](http://GreshamOregon.gov/UrbanRenewal)

July 6, 2016

Ms. Marlene Myers  
Economic Development Specialist  
New Industries Grant Coordinator  
Gresham Redevelopment Commission  
1333 NW Eastman Parkway  
Gresham, Oregon 97030

Dear Ms. Myers:

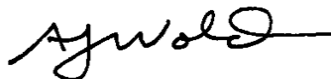
I am submitting this letter as part of our application for the Gresham Redevelopment Commission New Industries Grant program. We are in the final planning and contracting stage for the building of a light-industrial facility at 19255 NE Sandy Boulevard. At this site our employees will configure, complete final assembly, install attachments, sell, service and store premium construction equipment (primarily under the Volvo Construction Equipment brand).

The facility will be approximately 22,000 square feet on 6 acres (~4.5 usable acres) and will include a shop, parts storage, office and showroom. We currently conduct business at a similar (but older and slightly smaller) facility within the Portland city limits. With this anticipated move during March 2017 to a new facility at the proposed site, we will be relocating approximately 20 jobs into the Gresham city limits at an average compensation of \$60,000 per annum.

In my brief exposure to the development and permitting teams at the City of Gresham, I have found the staff to be thorough, professional and genuinely interested in attracting investment to the city. Their guidance, plus financial incentives such as the New Industries Grant Program, have been the critical factors in our decision to evaluate the relocation to Gresham.

For interest, please see our architect's current perspective of the proposed facility on Page 2. We look forward to your reply, and certainly let me know if our application results in questions.

Sincerely,



Andrew J. Wold, CEO  
PacWest Machinery

Architect's Perspective  
19255 NE Sandy Boulevard



**New Industries Grant**

**Application**

**BUSINESS INFORMATION**

Business Name <b>PacWest Machinery LLC</b>		
Mailing Address 8207 South 216 <sup>th</sup> Street, Kent, WA 98032		
Physical Building Address (current Portland facility) 13805 NE Sandy Blvd <i>address change: 19255 NE Sandy Blvd. mm</i>		
City <b>Portland</b>	State <b>OR</b>	Zip <b>97230</b>
Website URL <b>www.PacWestMachinery.com</b>	Years in Business <b>40+ former owners</b>	Years in Business in Gresham <b>None, yet</b>
Ownership Structure: <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> S Corporation <input checked="" type="checkbox"/> LLC <input type="checkbox"/> Sole Proprietorship		
Are your business taxes current? <input checked="" type="checkbox"/> Y <input type="checkbox"/> N		Have firm or major owners ever filed for bankruptcy? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N

**CONTACT INFORMATION**

Contact Name <b>Andrew J. Wold</b>		Contact Title <b>Chief Executive Officer</b>
Phone Number <b>206-434-2911</b>	Fax Number <b>206-467-1176</b>	Email Address <b>ajwold@PacWestMachinery.com</b>

**MAJOR OWNERS (Interest of greater than 20%)**

Name <b>Joshua Green Corporation</b>	Name <b>Fourth Avenue Investment Company, LP</b>
Address <b>1425 Fourth Avenue, Suite 420, Seattle WA 98101</b>	Address <b>1425 Fourth Avenue, Suite 420, Seattle WA 98101</b>
Phone <b>206-622-0420</b>	Phone <b>206-622-0420</b>
Fax <b>206-467-1176</b>	Fax <b>206-467-1176</b>
Email <b>NA</b>	Email <b>NA</b>

**BUSINESS DESCRIPTION**

Product or Service – The final assembly, installation of attachments, make-ready, sales and service of premium construction equipment and the delivery of related aftermarket parts and services
Geographic Area Served – Oregon and SW Washington

**SITE LOCATION OF NEW OR EXPANDING FACILITY**

Tax Lot Number <b>00105 on Map #1N3E29B</b>		
Address <b>19255 NE Sandy Blvd</b>		
City <b>Portland</b>	State <b>OR</b>	Zip <b>97230</b>
Square footage of new or expanding facility. <b>22,080</b>		

*ajw*

**OWNER OF PROPERTY (IF NOT APPLICANT)**

Name Applicant		
Contact Name		
Address		
City	State	Zip
Phone Number		

If the applicant is not the owner of the property, provide written evidence that the owner authorizes this work to be undertaken. (Typically, this is in the form of a lease or other written permission.)

**PROJECT COSTS**

Costs counting toward grant award:

New Construction	\$ 4,381,000
Building Renovation	\$
Tenant Improvements (Impacts Assessed Value of Property)	\$
Machinery/Equipment/Installation	\$ 230,000
Other (Please Specify)	\$
<b>TOTAL:</b>	<b>\$ 4,611,000</b>

Costs not counting toward grant award:

Land Purchase	\$ 1,143,000
Building Purchase	\$
Working Capital (estimated)	\$ 2,000,000
Other (Please Specify) Proj Mgt, Legal, Interest, Ins, Environmental, etc.	\$ 382,000
<b>TOTAL:</b>	<b>\$ 3,525,000</b>

**CURRENT AND PROJECTED EMPLOYMENT**

Job Type or Classification (Owner(s) compensation excluded)	Currently employed at project location		Projected new employment one year after completion*		Projected new employment beyond one year	
	Number of Positions	Average Wage	Number of Positions	Average Wage	Number of Positions	Average Wage
1. Mechanical, Technical, Sales and	0	\$ NA	20	\$ 60,000/ yr	22-23	\$ same
2. Warehouse		\$		\$		\$
3.		\$		\$		\$
4.		\$		\$		\$
5.		\$		\$		\$
6.		\$		\$		\$

*Handwritten initials*

7.		\$		\$		\$
8.		\$		\$		\$
TOTALS:	0	\$ NA	20	\$ 60,000/ yr	22-23	\$ same

Please note the number of your current positions that are full-time or part-time, permanent or temporary (6 months or less).	Permanent		Temporary	
	Full-time	Part-time	Full-time	Part-time
	20	0	0	0

Describe any employment benefits you offer.  
Health care benefits for employees and families. Group life insurance. 401-k Plan. Paid time off plus normal holidays.

Describe the criteria that qualify employees for benefits (i.e. job classification, hours, etc.)  
Eligibility 45 days following start date

How many of your current employees qualify for benefits? All

**PROJECT FINANCING**

Owner/Company Contribution	\$ 3,100,000		
Bank (estimated)	\$ 5,000,000	Term TBD	Rate TBD
Other (Please Specify)	\$	Term	Rate
Urban Renewal Grant Contribution (estimated)	\$		
TOTAL:	\$ 8,100,000		

**ADDITIONAL INFORMATION**

In addition to this completed and signed application, the following materials must be submitted:

- A Cover Letter that describes the project to be undertaken, including details of proposed capital improvements (type, square footage, purpose), and anticipated job creation information (number of new positions, hire date, wage levels). Explain the need for public funding to complete this project. Cover letter must be signed by applicant.
- Complete, detailed construction budget

**OTHER**

The applicant understands that the Gresham Redevelopment Commission must approve the proposed improvements. Any work commenced prior to receipt of a complete application will not be eligible for reimbursement, and any work deviating from the approved work must be *pre-approved* by Gresham Redevelopment Commission to be eligible for reimbursement. Reimbursement will only be given for those expenses for which proof of payment can be shown.



**CERTIFICATION BY APPLICANT**


The applicant certifies that all information in this application, and all information furnished in support of this application, is given for the purpose of obtaining a grant and is true and complete to the best of the applicant’s knowledge and belief.

The applicant further acknowledges and agrees to the following:

- The Gresham Redevelopment Commission and the City of Gresham will not be responsible or liable in any way for injury or damage to third parties or property resulting from the conduct or actions of the applicant or agents of the applicant relating to the program or project funded under this grant.
- The applicant agrees to indemnify and hold the Gresham Redevelopment Commission and the City of Gresham harmless for any/all claims arising out of the activities funded under the terms of this grant.

Verification of any of the information contained in this application may be obtained by the Gresham Redevelopment Commission and the City of Gresham from any available source. By signing this application, the applicant authorizes the Gresham Redevelopment Commission or the City of Gresham to perform any necessary credit and background checks.

The information provided by the applicant and in any supplements thereto is submitted voluntarily and in confidence to the Gresham Redevelopment Commission and the City of Gresham. It is understood that non-exempt information contained in this application is subject to disclosure under Oregon Public Records Law, ORS 192.501 (21).

Print name of applicant Andrew J. Wold	Title CEO
Signature 	Date 6-30-16 7/6/16

**PLEASE RETURN THIS APPLICATION WITH ALL ATTACHED DOCUMENTS TO:**

Ashley Graff  
Economic Development Recruitment Specialist  
New Industries Grant Coordinator  
Gresham Redevelopment Commission  
1333 NW Eastman Parkway  
Gresham, Oregon 97030  
(503) 618-2297 – Phone  
(503) 618-3301 – Fax