

W. S. B.

AGENDA COVER MEMO

AGENDA DATE: April 12, 2006
Memorandum Date: April 3, 2006

TO: LANE COUNTY BOARD OF COMMISSIONERS
DEPARTMENT: LANE COUNTY OFFICE OF LEGAL COUNSEL
PRESENTED BY: Teresa J. Wilson, County Counsel

AGENDA ITEM TITLE: In the Matter of Establishing Local Criteria Applicable in the West Eugene Enterprise Zone, Adopting a Public Benefit Scoring System, and Repealing Order No. 05-8-2-5

I. MOTION I MOVE TO ESTABLISH THE LOCAL CRITERIA AND PUBLIC BENEFIT SCORING SYSTEM FOR THE WEST EUGENE ENTERPRISE ZONE.

II. AGENDA ITEM SUMMARY

The Board is being asked to approve the same local public benefit criteria as is being presented to the City of Eugene, to be applicable to the West Eugene Enterprise Zone, as developed by the joint City/County committee created in August, 2005 for this purpose.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

On April 20, 2005, the Board authorized a joint application with the City of Eugene to the State of Oregon for an enterprise zone in the West Eugene area, which was approved by the State on June 28. On August 2 the Board adopted interim local public benefit criteria; the City of Eugene adopted the same on August 8, after more than a month of discussion between the two governing bodies.

As part of that adoption, the entities committed to a public process to develop permanent criteria. A joint City/County committee was appointed, comprised of two elected officials from each governing body and a total of four community representatives, two of whom were appointed by each governing body. The committee met through January, 2006, providing opportunities for stakeholder participation and community involvement, including public hearings.

B. Policy Issues

The policy issue presented here is whether the local conditions to the enterprise zone tax exemption as recommended by the joint City/County committee meet the desires of the Board.

C. Board Goals

"Work[ing] for a strong regional economy to expand the number of family-wage jobs available in Lane County" and "contribut[ing] to appropriate community development in the areas of transportation and telecommunications infrastructure, housing, grown management and land development" are two of the County's overall goals as stated in the

Strategic Plan. The purpose of Enterprise Zone is to encourage such development, and encouragement of these goals is the focus of the Local Criteria.

D. Financial and/or Resource Considerations

The concept of the Enterprise Zone is one of tax exemption, which has an obvious effect in the short term on the County's revenues. The impact for the County would be partially offset by the public benefit contribution, if the applicant does not meet the identified criteria. The Committee has recommended that the majority (60%) of any payment be disbursed to the benefit of schools, and the remainder split between the County and the City.

E. Analysis

See the Eugene Agenda Item Summary. The joint sponsors must adopt the same criteria for them to apply.

F. Alternatives/Options

1. Adopt Local Criteria as presented.
2. Adopt alternative Local Criteria. This would necessitate working with the City of Eugene to adopt the same criteria, or they would not go into effect. The Interim Criteria adopted in August would remain in effect until the entities agreed on a set of identical criteria.
3. Do not adopt the Local Criteria. The Interim Criteria adopted in August would remain in effect.

IV. TIMING/IMPLEMENTATION Once both entities adopt the same criteria, they would take effect.

V. RECOMMENDATION I recommend the Order be adopted.

VI. ATTACHMENTS

Board Order with Exhibit A
Eugene City Council Agenda Item Summary for April 10 meeting
Proposed Eugene Resolution

IN THE BOARD OF COUNTY COMMISSIONERS
OF LANE COUNTY, OREGON

RESOLUTION AND ORDER NO. 06-4-12-) IN THE MATTER OF ESTABLISHING
) LOCAL CRITERIA APPLICABLE IN THE
) WEST EUGENE ENTERPRISE ZONE,
) ADOPTING A PUBLIC BENEFIT
) SCORING SYSTEM, AND REPEALING
) ORDER NO. 05-8-2-5
)

WHEREAS, on April 20, 2005, the Board of Commissioners of Lane County adopted Order No. 05-4-20-9 authorizing the County Administrator to delegate authority to the Eugene City Manager to make application to the State of Oregon for designation of a West Eugene Enterprise Zone; and

WHEREAS, on June 28, 2005, by Director's Order No. DO-05-130, the Oregon Economic and Community Development Department approved the application and designated the West Eugene Enterprise Zone, effective July 1, 2005; and

WHEREAS, on August 2, 2005, the Board of Commissioners adopted Order No. 05-8-2-5 and on August 8, 2005, the City Council of the City of Eugene adopted Resolution No. 4851, in which the Board and Council adopted interim local criteria; and

WHEREAS, as provided in Order No. 05-8-2-5 and Resolution 4851, the City of Eugene and Lane County undertook a process to develop and adopt permanent standards and public benefit criteria for the West Eugene Enterprise Zone. The process began with the convening of a joint City/County committee composed of two elected officials from each governing body and a total of four community representatives, two of whom were appointed by each governing body. The committee met through January, 2006, providing opportunities for stakeholder participation and community involvement, including public hearings, and developed a proposal for permanent standards and public benefit criteria, which is attached as Exhibit A; and

WHEREAS, in developing its recommendation the Committee gave consideration to the support of existing businesses and retention of existing jobs as important elements of the West Eugene Enterprise Zone,

NOW, THEREFORE IT IS HEREBY RESOLVED AND ORDERED that the Lane County Board of Commissioners adopts as its findings the recitals stated above, and it is further

ORDERED that, based on the above findings, which are hereby adopted, the Board of Commissioners hereby establishes the Local Public Benefit Criteria and Scoring System for the West Eugene Enterprise Zone, as set forth in Exhibit A attached hereto and incorporated by this reference, and it is further

ORDERED that public benefit contributions shall be distributed on an annual basis to the following entities:

- 20% to Lane County
- 20 % to the City of Eugene; and

60 % to support local education. The amount shall be distributed proportionally (based on permanent tax rates) to K-12 education, Lane ESD, and Lane Community College. The K-12 contribution shall be distributed to the 4-J and Bethel School Districts in amounts proportional to the districts' enrollments, and it is further

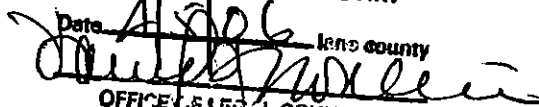
ORDERED that Enterprise Zone data will be reported to the Lane County Board of Commissioners and the Eugene City Council on an annual basis and will include information on new investments, tax exemptions granted, job creation and public benefit criteria, and it is further,

ORDERED that Board Order No. 05-8-2-5 is repealed upon the effective date of this Order, and it is further

ORDERED that this Order shall become effective immediately upon adoption, or upon the adoption of a Resolution or Order of the Eugene City Council containing substantially similar provisions, whichever date is later. .

DATED this 12th day of April, 2006.

Chair, Lane County Board of
Commissioners

APPROVED AS TO FORM
Date 4/12/06 Lane County

OFFICE OF LEGAL COUNSEL

Public Benefit Criteria West Eugene Enterprise Zone

1.	Small Business	9 points maximum
<p>Number of permanent, full-time employees after project completion, at submission of the Oregon Enterprise Zone Claim.</p> <p style="margin-left: 40px;"> Less than 25 employees = 9 points Between 25 and 49 employees = 7 points Between 50 and 99 employees = 5 points Between 100 and 499 employees = 2 points </p>		

2.	Health Insurance	7 points maximum
<p>. Medical benefits for all eligible employees * = 4 points (Employer pays not less than 70% of the premium)</p> <p>. Medical benefits for family = 3 points (Employer pays not less than 50% of the premium)</p> <p style="margin-left: 40px;">* An eligible employee works 32 hours or more per week in a permanent position and has completed all necessary probation period.</p>		

3.	Training & Advancement Opportunities	7 points maximum
<p>. Annual training expenditure greater than or equal to the U.S. average (as a percentage of total payroll).</p> <p style="margin-left: 40px;"> Annual training expenditure $\geq 2.34\%$ = 4 points <i>(Benchmark source: American Society for Training and Development)</i> </p> <p>. Company has a comprehensive written policy for wage or position advancement.</p> <p style="margin-left: 40px;"> Written advancement policy = 3 points <i>(Shall include details such as job descriptions, position classifications, regular performance evaluations, step advancement, progression pay schedule)</i> </p>		

4.

Wages

7 points

. For companies with 25 or more employees, median wage for ALL employees is equal to or greater than the median wage for the traded sector industries* within Lane County.

2005 Median wage = \$ 14.95 per hour

. For companies with less than 25 employees, median wage for ALL employees is equal to or greater than 85% of the median wage for the traded sector industries within Lane County.

85% of 2005 Median wage = \$ 12.70 per hour

** Traded sector industries include manufacturing, wholesale trade, and transportation / warehousing as defined by the Oregon Employment Department.*

5.

Employee Benefits

6 points maximum

Company provides non-mandated employee benefit(s) to all employees.

Childcare = 1 point

Life Insurance = 1 point

Employer Paid Time Off * = 1 point

Profit Sharing = 1 point

Retirement Plan = 1 point

Transportation = 1 point

** Includes holiday, vacation, sick leave, undesignated leave (minimum of 10 days)*

6.

Redevelopment

5 points

New investment is an expansion of the current site or a redevelopment of a brownfield or vacant building(s).

7.

Referral Agency Hiring

3 points maximum

Percentage of new jobs hired through local, training/referral agencies.

Greater than 10% = 1 point

Greater than 30% = 2 points

Greater than 50% = 3 points

Examples: Department of Human Services, Catholic Community Services, Goodwill Industries, Lane Workforce Partnership, Lane Community College, local unions, Oregon Employment Department, Private Rehabilitation Agencies, St. Vincent de Paul, Salvation Army, Vocational Rehabilitation, other.

8.	Construction	3 points maximum
<p>Company takes steps to ensure a positive work environment during construction of a qualified enterprise zone investment.</p> <ul style="list-style-type: none"> . Utilization of State approved (Oregon Apprenticeship and Training Division) apprenticeship programs for construction trades during construction. 2 points . Qualified firm signs a "Build Oregon Responsibly" agreement (see Appendix I). 1 point 		

9.	Investment Size	2 points maximum
<p>Size of new investment.</p> <ul style="list-style-type: none"> Assessed value equal to or greater than \$2,500,000 1 point Assessed value equal to or greater than \$5,000,000 2 points 		

The criteria above will determine if a company is required to make a Public Benefit Contribution. Companies scoring below 25 points will be required to make a Public Benefit Contribution. The formula for calculating the Public Benefit Contribution is described below.

Calculating the Public Benefit Contribution

Companies that score below 25 points will make a public benefit contribution based on the following formula:

25 - Criteria Points Earned	x	Tax Exemption	=	Public Benefit Contribution
100				

Example

If a company scores 20 points and has a tax exemption of \$100,000, the company will make a \$5,000 Public Benefit Contribution (5% of the tax exemption).

25 - 20	x	Tax Exemption	=	Public Benefit Contribution
100				

25 - 20	x	\$ 100,000	=	\$ 5,000
100				

Job Creation Cap – Additional Public Benefit Criteria

The three-year tax exemption benefit shall be limited to a maximum of \$96,000 per job created or \$32,000 per job created per year, whichever is less. Tax exemption benefits in excess of that amount shall be paid as a public benefit contribution. Public benefit contribution payments made with the criteria points formula (above) will be credited towards the payment required by the job creation cap. The maximum public benefit payment shall be one-third of the tax exemption benefit.

“BUILD OREGON RESPONSIBLY”

MISSION STATEMENT

“Build Oregon Responsibly” was established by recognizing the benefits construction jobs provide to the residents and businesses of the State of Oregon.

It is of mutual benefit to all parties that construction work be performed in a responsible manner. Being a responsible contractor, contracting agency, or project owner is defined as providing family/liveable wage jobs, full family health care, a trained and qualified workforce, quality/professional workmanship, and a safe work environment.

To the end that these values can be maintained, a Partnership Agreement has been developed insuring that only responsible contractors be involved in the building and rebuilding of any given area in the State of Oregon. It is only through private/public agencies, project owners, contractors, labor organizations, and the community at large working together cooperatively, that all construction work in Oregon be performed responsibly.

Only construction work performed responsibly, by Construction Managers, General Contractors, Sub-Contractors and Builders, will be a boost to the State's economy, lessen the burden to its taxpayers, and improve the overall quality of life in the State of Oregon.

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Resolution Establishing Local Criteria in the West Eugene Enterprise Zone

Meeting Date: April 10, 2006
Department: Planning & Development
www.ci.eugene.or.us

Agenda Item Number: B
Staff Contact: Denny Braud
Contact Telephone Number: 682-5536

ISSUE STATEMENT

Council is being asked to consider the Enterprise Zone Committee's recommendation regarding the establishment of local criteria that would apply to tax exemptions granted in the West Eugene Enterprise Zone, and consider a Resolution (see Attachment A) establishing the local criteria proposed by the Committee.

BACKGROUND

On August 8, 2005, Council approved Resolution No. 4851, which established interim local criteria applicable in the proposed West Eugene Enterprise Zone (see Attachment B). The Resolution provided that the City of Eugene and Lane County, joint sponsors of the Zone, undertake a process to develop and adopt permanent standards and public benefit criteria. The Resolution provided for the establishment of the Enterprise Zone Committee composed of two elected officials from each governing body, and a total of four community representatives, two of whom were appointed by each governing body. The Resolution also provided that opportunities for stakeholder participation and community involvement, including public hearings, be included in the process.

The elected officials appointed to the Committee included Councilors Andrea Ortiz and Chris Pryor, and Commissioners Bobby Green and Faye Stewart. The City-appointed community members included Claire Syrett and Rusty Rexius, and the County-appointed community member included Lou Christian and Steven Korth. The Committee met on six occasions between November 2005 and February 2006. The Committee also hosted a public workshop on December 7, 2005, and a public hearing on January 31, 2006. Public input gathered at the workshop and public hearing was instrumental in shaping the Committee's Guiding Principles for Local Standards (see Attachment C) and final recommendation.

ORS 285C.150 provides that a sponsor of an urban enterprise zone may require an eligible business firm to satisfy other conditions. These conditions must be reasonably related to the public purpose of providing opportunities for groups of persons to obtain employment, and can only be imposed based on an adopted policy that establishes standards for imposition of the conditions.

The standards recommended by the Committee include "Public Benefit Criteria" focused in nine areas: Small Business, Health Insurance, Training & Advancement Opportunities, Wages, Employee Benefits, Redevelopment, Referral Agency Hiring, Construction Practices, and Investment Size. Consistent with the direction from Council and County Board, 25% of the tax exemption benefit would be conditioned on these Public Benefit Criteria standards. The Committee has recommended a point system similar to

the existing interim criteria. Companies scoring 25 points or greater would receive 100% of the tax exemption benefit. Companies scoring less than 25 points would be required to make a public benefit contribution. The Committee has recommended that funds collected as public benefit contributions be disbursed directly to the City (20%), County (20%), and educational institutions (60%). The designated educational institutions would include Eugene 4J School District, Bethel School District, Lane Community College, and Lane Education Service District, with funds distributed proportional to the then-current permanent property tax rate for each education institution, and prorated between 4J and Bethel school districts based on enrollment.

RELATED CITY POLICIES

The enterprise zone tax exemption addresses the following related City policies:

Eugene City Council Vision and Goals Statement: Encourage a strong and vibrant economy, fully utilizing our educational and cultural assets. We will ensure that every person can achieve financial security, enjoy the fruits of their labor, and operate within a sustainable economic structure where business thrives.

Growth Management. The enterprise zone advances the City's Growth Management goals by encouraging more intensive industrial development in a defined area that has been zoned accordingly, and where existing public infrastructure investments have already occurred.

Fair, Stable, and Adequate Financial Resources. The long-term property tax revenues that result from new investments that are encouraged by the short-term tax exemption address Council's goal for financial resources adequate to maintain and deliver municipal services.

COUNCIL OPTIONS

1. Approve the Resolution in support of the Enterprise Zone Committee's recommendation.
2. Amend the Resolution.

CITY MANAGER'S RECOMMENDATION

The City Manager approves the recommendation that Council adopt the Resolution in support of the Enterprise Zone Committee's recommendation.

SUGGESTED MOTION

Move to approve Resolution No. ____.

ATTACHMENTS

- A. Resolution No. ____ Establishing Local Criteria Applicable in the West Eugene Enterprise Zone and Adopting a Public Benefit Scoring System; and Repealing Resolution 4851.
- B. Resolution 4851 Establishing Interim Local Criteria (2005)
- C. Enterprise Zone Committee's Guiding Principles for Local Standards

FOR MORE INFORMATION

Staff Contact: Denny Braud
Telephone: 682-5536
Staff E-Mail: denny.braud@ci.eugene.or.us

RESOLUTION NO. _____

A RESOLUTION ESTABLISHING LOCAL CRITERIA APPLICABLE IN THE WEST EUGENE ENTERPRISE ZONE AND ADOPTING A PUBLIC BENEFIT SCORING SYSTEM; AND REPEALING RESOLUTION 4851.

The City Council of the City of Eugene finds that:

- A. On April 20, 2005, the City Council adopted Resolution No. 4832 authorizing the City Manager to make application to the State of Oregon for designation of a West Eugene Enterprise Zone.
- B. On June 28, 2005, by Director's Order No. DO-05-130, the Oregon Economic and Community Development Department approved the application and designated the West Eugene Enterprise Zone, effective July 1, 2005.
- C. On August 2, 2005, the Board of Commissioners adopted Order #05-8-2-5, and on August 8, 2005, the City Council adopted Resolution 4851, in which the Board and Council adopted interim local criteria.
- D. As provided by Resolution 4851, the City of Eugene and Lane County undertook a process to develop and adopt permanent standards and public benefit criteria for the West Eugene Enterprise Zone. The process began with the convening of a joint City/County committee composed of two elected officials from each governing body and a total of four community representatives, two of whom were appointed by each governing body. The committee met through January, 2006, providing opportunities for stakeholder participation and community involvement, including public hearings, and developed a proposal for permanent standards and public benefit criteria, which is attached as Exhibit A.
- E. In developing its recommendation the Committee gave consideration to the support of existing businesses and retention of existing jobs as important elements of the West Eugene Enterprise Zone.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. Based on the above findings, which are hereby adopted, the City Council hereby establishes the Local Public Benefit Criteria and Scoring System for the West Eugene Enterprise Zone, as set forth in Exhibit A attached hereto.

Section 2. Public benefit contributions shall be distributed on an annual basis to the following entities:

- 20% to Lane County;
- 20% to the City of Eugene; and
- 60% to support local education. The amount shall be distributed proportionally (based on permanent tax rates) to K-12 education, Lane ESD, and Lane Community College. The K-12 contribution shall be distributed to the 4-J and Bethel school districts in amounts proportional to the districts' enrollments.

Section 3. Enterprise Zone data will be reported to the Eugene City Council and the Lane County Board of Commissioners on an annual basis and will include information on new investments, tax exemptions granted, job creation, and public benefit criteria.

Section 4. Resolution 4851 is repealed upon the effective date of this Resolution.

Section 5. This Resolution shall become effective immediately upon its adoption, or upon the adoption of a Resolution or Order of the Lane County Board of Commissioners containing substantially similar provisions, whichever date is later.

The foregoing Resolution adopted the ____ day of _____, 2006.

City Recorder

Public Benefit Criteria West Eugene Enterprise Zone

1.	Small Business	9 points maximum
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2.	Health Insurance	7 points maximum
<p>. Medical benefits for all eligible employees * = 4 points (Employer pays not less than 70% of the premium)</p> <p>. Medical benefits for family = 3 points (Employer pays not less than 50% of the premium)</p> <p style="font-size: small; margin-top: 10px;">* An eligible employee works 32 hours or more per week in a permanent position and has completed all necessary probation period.</p>		

3.	Training & Advancement Opportunities	7 points maximum
<p>. Annual training expenditure greater than or equal to the U.S. average (as a percentage of total payroll).</p> <p style="margin-left: 40px;"> Annual training expenditure $\geq 2.34\%$ = 4 points <i>(Benchmark source: American Society for Training and Development)</i> </p> <p>. Company has a comprehensive written policy for wage or position advancement.</p> <p style="margin-left: 40px;"> Written advancement policy = 3 points <i>(Shall include details such as job descriptions, position classifications, regular performance evaluations, step advancement, progression pay schedule)</i> </p>		

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** Traded sector industries include manufacturing, wholesale trade, and transportation / warehousing as defined by the Oregon Employment Department.*

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Percentage of new jobs hired through local, training/referral agencies.

- Greater than 10% = 1 point
- Greater than 30% = 2 points
- Greater than 50% = 3 points

Examples: Department of Human Services, Catholic Community Services, Goodwill Industries, Lane Workforce Partnership, Lane Community College, local unions, Oregon Employment Department, Private Rehabilitation Agencies, St. Vincent de Paul, Salvation Army, Vocational Rehabilitation, other.

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Construction

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Company takes steps to ensure a positive work environment during construction of a qualified enterprise zone investment.

- . Utilization of State approved (Oregon Apprenticeship and Training Division) apprenticeship programs for construction trades during construction. 2 points
- . Qualified firm signs a "Build Oregon Responsibly" agreement (see Appendix I). 1 point

9.

Investment Size

2 points maximum

Size of new investment.

- Assessed value equal to or greater than \$2,500,000 1 point
- Assessed value equal to or greater than \$5,000,000 2 points

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Example

If a company scores 20 points and has a tax exemption of \$100,000, the company will make a \$5,000 Public Benefit Contribution (5% of the tax exemption).

$$\frac{25 - 20}{100} \times \text{Tax Exemption} = \text{Public Benefit Contribution}$$

$$\frac{25 - 20}{100} \times \$ 100,000 = \$ 5,000$$

Job Creation Cap – Additional Public Benefit Criteria

The three-year tax exemption benefit shall be limited to a maximum of \$96,000 per job created or \$32,000 per job created per year, whichever is less. Tax exemption benefits in excess of that amount shall be paid as a public benefit contribution. Public benefit contribution payments made with the criteria points formula (above) will be credited towards the payment required by the job creation cap. The maximum public benefit payment shall be one-third of the tax exemption benefit.

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Only construction work performed responsibly, by Construction Managers, General Contractors, Sub-Contractors and Builders, will be a boost to the State's economy, lessen the burden to its taxpayers, and improve the overall quality of life in the State of Oregon.