

## IMPACT STATEMENT

**Legislation title:** Authorize the Submittal of a Boundary Change Request to the State of Oregon to add .92 acres to the East Portland Enterprise Zone (Resolution)

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**Presenter name:** Pam Neal, Interim Economic Development Manager

### **Purpose of proposed legislation and background information:**

The Portland Development Commission (PDC) is working with a locally-grown company with an existing presence in Portland, Salt and Straw LLC (S&S), which is conditionally committed to making a significant investment in a building located in the Central Eastside with an expansion of the East Portland Enterprise Zone (E-Zone). The company is either considering major expansion of its headquarters and production in Portland or parceling out its production and headquarters in California, Seattle, and Portland; but prefers to locate its expansion next to its existing office in Portland. The expansion would create 40-60 new permanent full-time middle-wage jobs that pay an average of \$58,000 plus benefits and the investment would be approximately \$2 million in capital improvements and business operations if the E-Zone boundary includes the expansion site.

In addition to the investment and job creation benefits listed above as well as and the other E-Zone regulatory requirements, S&S is willing to sign a public benefit agreement that would establish the company's willingness to provide enhanced benefits that would include partnering with the local startup artisanal community on inclusive entrepreneurship programs, identification of career ladder opportunities for underrepresented populations, and diversity goals around hiring and training underrepresented populations. Minimum wages will be set at \$15.00/hour for all employees as well.

This project meets many of Portland's goals to grow an innovation economy by mentoring, incubating and providing financial assistance to small startup firms and providing them with an anchor firm (via S&S) to test and deploy their technologies.

In order to provide the company with access to the E-Zone program and ensure this project moves forward, the City is requesting that Business Oregon, the State of Oregon agency responsible to authorize boundary amendments, add this property (.92 acres) to the East Portland E-Zone.

### **Financial and budgetary impacts:**

S&S is planning a \$2 million investment. The existing building and land will continue to be taxed but any new value added to the building would be abated for a period of five years. After five years, property taxes will accrue to the City and other applicable taxing jurisdictions.

### **Community impacts and community involvement:**

Oregon Administrative Rules requires notifying overlapping taxing jurisdictions of any proposed boundary amendments. That notice was provided on December 6, 2016. No concern was expressed from these partners.

Additionally, the statutes require the Port of Portland to pass a resolution in consent of proposed boundary amendments. Port staff supports the proposed action and will pass a resolution on December 14, 2016 in support of the project.

### **Budgetary Impact Worksheet**

**Does this action change appropriations?**

- ☐ **YES:** Please complete the information below.  
☒ **NO:** Skip this section

<b>Fund</b>	<b>Fund Center</b>	<b>Commitment Item</b>	<b>Functional Area</b>	<b>Funded Program</b>	<b>Grant</b>	<b>Sponsored Program</b>	<b>Amount</b>

Term Sheet	DRAFT 12-7-16
Entity	Salt & Straw (S&S)
Request	E-Zone Boundary Amendment; S&S is either considering major expansion of its headquarters & production in Portland or parceling out its production and headquarters into California, Seattle, and Portland; but prefers to locate its expansion next to its headquarters (HQ) in Portland.
Site Location	110 SE 2nd Ave; HQ and food manufacturing facility
Jobs Created	40-60 FTE
Total Investment	\$2,000,000
Total Est. Tax Savings (5 years)	\$136,000 (property tax exemption) + \$127,500 (tax credit) = \$263,500 (Yearly estimate= \$52,700)
Use of PDC Funds	County tax emption and potentially state income tax credits
Project Details	Relocation to 110 SE 2nd Ave. Tenant improvements and personal property investment totaling approximately \$2,000,000 to build out commercial kitchen; purchase of freezers and coolers, and HQ, E-Commerce, and production floor buildout.
E-Zone Requirements	<p>A. <b>Application Fee:</b> \$2,000.</p> <p>B. <b>City of Portland Business License:</b> The Company must maintain a current and active City of Portland Business License.</p> <p>C. <b>Employment Increase:</b> Create at least <u>15</u> jobs (est.), estimated to surpass minimum requirement with an increase of employment in Portland to be <u>40-60 FTE</u>.</p> <p>D. <b>Job Quality Commitments:</b> All full-time jobs at the company's project site must meet the following minimum quality levels during the period of exemption:</p> <ul style="list-style-type: none"> <li>Eighty-five percent (85%) of basic wages must exceed one hundred fifty percent (150%) of Oregon minimum wage after one year of employment (<math>\\$9.75 \times 1.5 = \\$14.63/\text{hour}</math>) or;</li> <li>Employee benefits must meet the national average of non-governmentally mandated benefits for the size and type of business based on information supplied by the U.S. Department of Labor.</li> <li>Employers must demonstrate a good faith effort to create career ladder opportunities for their employees by providing PDC with a plan that documents their efforts.</li> </ul> <p>E. <b>Procurement Plan:</b> submit to PDC an E-Zone Business Procurement Plan. The Plan will outline how good faith efforts will be made to increase the amount of goods and services purchased from businesses located within Portland.</p> <p>F. <b>Workforce Training and Business Development Fund (WTBDF):</b></p> <p>a. <b>WTBDF:</b> Contribute 15% of its tax savings into the WTBDF. Payment Est. = <b>\$52,000</b> (over 5 years).</p> <p>G. <b>First Source Hiring Agreement:</b> Must provide information about employment opportunities to WorkSource Oregon.</p> <p>H. <b>PDC Equity Policy:</b> Meet all applicable requirements of the PDC Equity</p>

Policy.

**Public Benefit Requirements**

**Internships and Training:**

- Hire at least 2 interns into our corporate office each year with programs like Emerging Leaders and SummerWorks.
- Work closely with colleges, alternative high school diploma programs, back-to-work programs, and non-profits (i.e. Gateway to Career, The Portland Kitchen, New Avenues for Youth) to develop hospitality-based training curriculum that would train: i) hospitality and manufacturing basic skills, ii) interview techniques, and iii) reward completion with a certificate.

**Permanent Workforce Hiring:**

- Create a program that connects first-time employees with entry-level restaurant jobs; partner with local restaurants and food manufacturers to use our candidate pools.
- Develop a comprehensive hiring plan designed to ensure, as well as can be reasonably obtained, a broad-based job pool for new job opportunities (40-60 new jobs) at S&S's corporate headquarters, in S&S restaurants, and on the manufacturing floor, significantly greater diversity hiring than the demographics of the City of Portland (goal of 50% diversity hiring).
- Partner with local workforce development providers and non-profits to actively seek out local candidates and offer employment opportunities to workers still developing their skills through programs such as on-the-job training through WorkSource Oregon; and
- Prioritize outreach and improve awareness and access to employment opportunities for diverse and historically underrepresented communities.
- Endeavor to create flexibility in employee schedules and seek to hire employees at full time positions vs. part time positions whenever possible.
- Hire all new employees at no less than \$15.00/hour.

**Business Support:**

- Support the development of one (1) to two (2) food-based startups per year for at least the next 5 years through S&S's investment in a food artisan incubator.
- Provide consultation from our key company leaders as needed with specialties ranging from Marketing, HR, Training & Hiring, Supply Chain, Food Safety, R&D, Finance & Accounting.
- Create and offer Purchase Orders for food products that S&S will use in their ice cream and feature as a merchandise item in their shop; allowing the entrepreneur to gain loans more easily and have a promissory on initial purchase to produce for S&S.
- Feature the artisan in our in-store marketing, social media, & PR efforts to help them build their brand within the city.

**Inclusive Entrepreneurship:**

- Provide priority in the incubator for entrepreneurs/businesses founded by women or communities of color.



- S&S, external partners (Food Innovation Center, PDC, Business Oregon, Entrepreneurs Organization, etc.) and incubator mentors will collectively participate in the selection process.
- Selection criteria will include points for startups founded by target populations (women and communities of color).
- S&S reserves the right to decide whether to build purchase orders and any required investments into these companies based on their designated Ice Cream Pipeline R&D Process.

**Community Partnerships and Outreach:**

- Assist efforts to develop programs to mitigate criminal activities in the Central Eastside and to address issues of homelessness and addiction. The goal is to build a program based on research done by social case workers (located at Street Roots and Central City Concern Portland) regarding the best strategy to train local businesses & their customers in ways to assist with local efforts to end systemic homelessness and addiction.
- Participate in or sponsor at least eight (8) events per year in partnership with groups that represent women or communities of color. Types of events could include:
  - Relevant Job fairs organized by Worksystems, WorkSource Oregon and other similar entities;
  - Meetups for women and minority entrepreneurs in the artisanal community; and
  - Events or programs that provide education & mentoring to local, minority and women-owned businesses.

**Schools:** Speak with and/or host four (4) food/creativity clubs from high schools, alternative high school programs, or GED programs which have a focused population of youth who will reflect the promotion of a diverse and inclusive environment (Ex: N/NE Portland, E/SE Portland, Gresham).