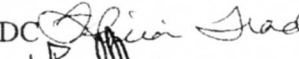



**PORTLAND DEVELOPMENT COMMISSION/
WORKFORCE DEVELOPMENT BOARD**

REPORT

DATE January 26, 1999

TO: Portland City Council

FROM: Felicia Trader, Executive Director, PDC 
John Ball, Executive Director, WDB 

RE: Distribution of the Enterprise Zone Community Contribution

Issue

This report is notifying and informing the City Council of the Enterprise Zone policy that calls for the City Council to review the distribution of the Community Contribution. A Community Contribution is generated when the amount of exemption exceeds a net present value cap of \$10,000 per employee hired. The proceeds of the Community Contribution account are to be used to benefit the community. The representatives from the N/NE Alliance, the companies, and the Workforce Development Board have met and agreed to a process for distribution of funds. The WDB has not finally approved a process for how the funds are to be distributed and in the meantime, one of the participating companies has an immediate need for some of these funds.

Background

When the Enterprise Zone was reauthorized in March of 1996, the policy limited the amount of tax exemption. Enterprise Zone companies are capped with a net present value of \$10,000 of tax exemption per employee. Based upon their investment, most companies do not exceed the limit established. Three companies have exceeded the limit and are paying Community Contributions. Oregon Steel Mills and ANI America have been paying their Community Contribution according to their contracts, and the total is currently just over \$1.3 million. There will be approximately \$3,529,000 in Community Contribution from them during their exemption period. The Community Contribution from the third company, Waker Siltronic, has been used to build the Benson High School Semiconductor Training Center, and they are responsible for ongoing operation and maintenance during their exemption.

Current Status

Representatives from the N/NE Alliance, the companies, Portland Development Commission and the Workforce Development Board have met and agreed to a process for distribution of funds. In discussions with all the parties, there was an agreement reached that 70% of the money in the fund should be used for workforce training and development, while 30% of the funds should be used for business development. A policy was developed for distribution of the business portion of the funds, a copy of which is attached.

The workforce training funds will be distributed in two components:

1. ANI/Welded Tube
ANI/Welded Tube has a need to immediately fund a training program for the start-up of their facility. The WDB and Portland Community College developed the training program. The cost of the program is \$180,000. There is an additional need for \$90,000 to be used for community capacity building and outreach by the N/NE Skill Center and Urban League. WDB, N/NE Alliance and Urban League have all approved these two proposals.

2. Comprehensive One Stop Career System Plan
The balance of the Enterprise Zone workforce funds will be distributed according to a comprehensive community planning process now underway in N/NE Portland. This plan will integrate the programming of Enterprise Zone resources with other local, state and federal workforce resources administered by the WDB. In N/NE Portland, this process will incorporate the Albina Plan and other policy precedents with the new requirement in the federal Workforce Investment Act for a One Stop Career Center System. WDB will report to the Council on the progress and outcomes of the planning process.

Action

The City Council is asked to accept this report, and by so doing, accept the procedure and use of these funds for the purposes mentioned.

Enterprise Zone Distribution of Community Contribution Business Portion

Goal of Business Community Contribution Businesses who have a direct connection to the contributing Enterprise Zone companies shall receive priority for funding.

Operating Priorities The following shall guide the distribution of funds

- A Money from the program remains in the community.
- B Money should be received by community-based organizations and businesses
- C Money leveraged to produce better products/services for community, which have a lasting benefit
- D Contracts shall be performance based, for instance, reimbursement shall be based on delivery of promised goods/services Some financial support may be needed upfront

Use of Funds

Examples of proposed services and possible uses of funds divide into two categories - access and capacity building

Access

- A Clearinghouse to N/NE businesses
- B Supplier identification of N/NE businesses who have, or could acquire, the ability to supply E-Zone companies
- C Vendors fairs cosponsored by the Enterprise Zone companies and community based organizations The committee feels strongly that access to Enterprise Zone companies is important and vendor fairs are key to this program

Capacity Building

- A Revolving loan funds - for receivables, equipment acquisition, etc
- B Technical assistance - including manufacturing improvements, marketing, accounting systems, equipment acquisition, ISO standards, etc For example, services of the Oregon Manufacturing Extension Program
- C Incubator - manufacturing related
- D Specialized infrastructure needs - additional water capacity, power, gas, etc
- E Assistance to meet regulatory requirements (OSHA, DEQ) - could be equipment upgrades

Companies will be providing a list of items purchased to aid in vendor identification This is provided for in the Enterprise Zone contract N/NE Supplier procurement plan for recent Enterprise Zone companies

Contractor Selection Criteria

The critical factor in selection of service providers would be experience in successfully delivering the proposed service

Process For Determining Service Providers

Requests for Qualifications, RFQ's, will be requested of companies or individuals who can provide the service(s) detailed above. A selection committee will be made up of community members of the N/NE Alliance who will not be affiliated with a service provider, contributing Enterprise Zone company representatives, and PDC personnel. In selecting service providers, emphasis will be placed on past successful experience in providing services to supplier businesses. Contracts will then be developed with service providers.

Program Review

PDC will administer the program. The review of the effectiveness of the program would be by the N/NE Alliance, the Enterprise Zone companies and PDC. Quarterly reviews by PDC of the service providers are recommended. Annual reviews of the program and program requirements will provide opportunity for feedback and correction to assure the goals of the N/NE Community, Enterprise Zone companies and the City are being met.

Participants in the Business Portion of the Distribution of Community Contributions included

- Sam Brooks - President, Oregon Association of Minority Entrepreneurs
- Jorge Guerra - Director, Oregon Association of Minority Entrepreneurs
- Brad George - Corporate Tax Manager, Oregon Steel Mills
- Dennis Knapp - VP Administration & Finance, ANI America (and Helser & Welded Tube)
- Bill Leigh - President, N/NE Business Association
- Carl Talton - Business Growth and Development Committee & PDC Commissioner
- Bishop Wells - NE Business Economic Development Alliance, Business Growth and Development Committee
- Laureen Hering - Executive Assistant/Office Manager, ANI America
- Mark Clemons - Director of Economic Development, PDC
- Bob Alexander - Enterprise Zone Manager - PDC

RESOLUTION No.

35764

Accept the report on the distribution of the Enterprise Zone Community Contribution funds
(Resolution)

WHEREAS, the North/Northeast Portland Enterprise Zone that was reauthorized by the City Council in March of 1996 which included a policy addressing Community Contributions, and

WHEREAS, the policy adopted required companies who received property tax exemptions in excess of \$10,000 net present value to contribute to a Community Contribution fund to benefit the North/Northeast Community, and

WHEREAS, the companies have been paying Community Contributions according to their contracts and the fund is currently just over \$1.3 million, and

WHEREAS, the Portland Development Commission and the Workforce Development Board, in accordance with the policy, have met with the representative organizations within the North/Northeast Community and the companies and developed a procedure for distribution of the funds, and

WHEREAS, this procedure recognized that 70% of the funds should be used for workforce training and development and 30% of the funds should be used for business development, and

WHEREAS, the Workforce Development Board would be responsible for the distribution and administration of the workforce fund and the Portland Development Commission responsible for the business development fund, and

WHEREAS, the Workforce Development Board is undergoing the implementation of a comprehensive One Stop Career System Plan which will be integrating Enterprise Zone resources with other local, state and federal workforce resources, and

WHEREAS, there are now funds to be distributed and there is a need to assist in workforce training and business development,

NOW THEREFORE, BE IT RESOLVED that the City Council accepts this report and the recommendation for the distribution of the Community Contribution

Adopted by the Council:

FEB 03 1999

GARY BLACKMER
Auditor of the City of Portland
By

Britta Olson

Deputy

RESOLUTION NO.

35764

Title

Accept report on the distribution of the Enterprise Zone Community Contribution funds (Resolution)

INTRODUCED BY	DATE FILED
MAYOR KATZ	JAN 29 1999
NOTED BY COMMISSIONER	Gary Blackmer Auditor of the City of Portland
Affairs	By <u>Gary Kershner</u> Deputy
Finance and Administration <i>W. K.</i>	For Meeting of _____
Safety	ACTION TAKEN
Utilities	
Works	
BUREAU APPROVAL	
Bureau PDC	
Prepared by Date Bob Alexander 1/28/99	
Budget Impact Review Completed Not Required	
Bureau Head <i>Shirley J. ...</i>	

AGENDA		FOUR FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS	
			YEAS	NAYS
Consent <input checked="" type="checkbox"/>	Regular	Francesconi		
NOTED BY		Hales		
City Attorney		Saltzman		
City Auditor		Sten		
City Engineer		Katz	<input checked="" type="checkbox"/>	