

## EXHIBIT A

**ENTERPRISE ZONE PRECERTIFICATION**  
**CONTRACT**  
**PORTLAND DEVELOPMENT COMMISSION**

This contract ("Contract") is entered into this \_\_\_\_ day of *Month*, 2000, between *[Company Name]* affiliates and subsidiaries (Contractor) and the Portland Development Commission (PDC).

## SECTION 1

## RECITALS

- 1.1. The City of Portland (City) is the sponsor of the N/NE Enterprise Zone ("Zone"). The Portland Development Commission (PDC) is the designated manager of the Zone. In accordance with the provisions of the Oregon Enterprise Zone Act ("Act") (ORS 285B.650 – 285B.728) and the City's adopted Enterprise Zone Investment Strategy, this Contract details the conditions under which the City will precertify (*Company Name*) (Contractor) under ORS 285B.704(j) for the five-year property tax exemption authorized by the Act.
- 1.2. The Contractor's Enterprise Zone project will be located at (*Site Address*), a site within the Zone, legally described as \_\_\_\_\_ ("*Property*").
- 1.3. Contractor expects to invest approximately \$5,000,000 [*This number is being used as an example*] in assets that will become new property tax assessment for Multnomah County. The PDC has consulted with the Contractor and estimates the Net Tax Effect of the project to be \$313,545 (detailed in **Attachment A**). Contractor has estimated in good faith that 10 [*This number is being used as an example*] hires of regular full-time workers are expected to occur during the Precertification and tax exemption period.

The estimated 10 hires (required in Section 3.1) result in a PDC estimate of 10 "Hiring Credits" (defined in Section 2.1) for the project.

Based upon these estimates, this Contract *will* result in mandatory Contractor payment to PDC of "Community Contributions." Section 3.9 below details the requirements pertaining to Community Contributions that are due under this Contract.

- 1.4. As a result of Contractor representations detailed in **Attachment B**, PDC agrees that Contractor's proposed operations in the Zone are expected to exceed the minimum job quality requirements of the City's Zone Strategy (detailed in Section 3.3).
- 1.5. In consideration of the Contractor's agreement to invest in property and facilities in the Enterprise Zone and the City's willingness to approve a five-year property tax exemption

for the Property, the Contractor and PDC agree as follows:

## SECTION 2 DEFINITIONS

- 2.1. **Hiring Credits:** Hiring Credits are counted for the sole purpose of determining the amount of Community Contributions that Contractor will make to PDC.

A Hiring Credit results when the following occurs: During the period covered by the First Source Agreement with PDC, Contractor has hired an employee to fill a regular full-time job with the Contractor and the employee hired has completed 90 consecutive calendar days with the company or the company's established probation period, whichever is greater.

- 2.2. **Regular Full-time Job:** A non-seasonal or non-temporary job directly with Contractor exceeding an annual average of 32 hours per week.
- 2.3. **Community Contributions:** Community Contribution fees paid to PDC (as per Section 3.9). It is the intent of PDC that the Contributions are used for projects benefiting the City's Inner N/NE Target Area and Contractor's Enterprise Zone project.
- 2.4. **Covered Position:** A Covered Position is defined as all of the Contractor's jobs at its locations within the Enterprise Zone.
- 2.5. **City's Cost of Service:** The City's estimated General Fund "Cost of Service" for Contractor's Precertified Zone facilities are 30% of the City's exempted property taxes during the fiscal year period (detailed in Section 3.10). The City's "Cost of Service" must be covered by new General Fund revenues as a result of the project or by direct payment from the Contractor.
- 2.5. **City's General Fund Revenues:** The City's General Fund revenues in any given City fiscal year which are generated by Contractor's Precertified Zone facilities are the sum of:
- (1) City Business License Fees attributable to the Precertified Zone facility and paid during the City's fiscal year;
  - (2) City Utility Franchise Fees resulting from the Contractor's Precertified Zone facility activity during the City's fiscal year (calculated as utility charges times City utility franchise fee rate); and
  - (3) Any other City General Fund revenues documented as generated by the Contractor's Precertified Zone facility.
- 2.7. **Non-governmentally mandated benefits:** Employment benefits offered to all Zone facility regular full-time employees after one year of company employment that are not mandated

by any government as of the date of this contract. "Non-governmentally mandated benefits" for purposes of this contract exclude (1) social security contributions, (2) worker's compensation insurance, (3) unemployment insurance, (4) shift pay, and (5) premium pay. All other documented non-governmentally mandated employee benefits are included.

In cases where the benefit contribution by the company is determined by employee participation, the calculation of benefit costs to the company will include its maximum liability for benefits payments in the calculation of the level of benefits provided to employees. In cases where the employee benefits offered increase with length of employment, the benefit level used for calculations in this contract are the benefits as of three years of employment greater than 32 hours per week.

- 2.8 Recruited Position: A Recruited Position is a job that is hired for by the Contractor in fulfillment of the First Source Agreement.
- 2.9 Total compensation costs: The total amount of company costs for direct compensation of employees as defined by the U.S. Bureau of Labor Statistics Employment Cost Trends, U.S. Department of Commerce (<http://stats.bls.gov/news.release/ecec.t14.htm>).

### SECTION 3 CONTRACTOR OBLIGATIONS

In order to earn the property tax exemption allowed by the Act, the Contractor shall perform the following obligations:

#### 3.1 JOB CREATION/RELOCATION

Contractor agrees to create 10 [*This number is being used as an example*] regular full-time jobs at the Zone facility.

#### 3.2 EMPLOYMENT LEVELS

Contractor agrees that its average annual employment within the Zone will increase by 10 percent of the average for the 12 month period preceding precertification, as required by ORS 258B.704(1)(d).

#### 3.3 JOB QUALITY

Throughout the Precertification and Tax Exemption periods Contractor will:

- 3.3.1 Either (1) not decrease employee benefits for Covered Position below 32%\* of the hourly wage (refer to **Attachment B**) or (2) ensure that

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\* This is used as an example. Companies must provide benefits equal to or greater than companies of a similar size

employees in Covered Positions are offered non-governmentally mandated employee benefits (including non-production bonuses) with an hourly value equal or greater than 32%\* of the average hourly salary of Covered positions ; and

3.3.2 Ensure that 85% of Contractor's regular full-time jobs in the Zone facility pay regular hourly wages after one year of employment greater than or equal to 150% of the existing Oregon minimum wage (at the time of measurement); and

3.3.3 Ensure that Contractor's training support and advancement opportunities for its regular full-time workers at the Zone facility are not significantly diminished from that which exists as of the date of this contract or projected by the contractor in representations made to PDC for the purpose of obtaining project Precertification.

#### 3.4 COVERED POSITION HIRE RETENTION

Contractor will ensure that a minimum of 50% of all "**Covered Position** hires" occurring on or after the date of this contract until the end of the tax exemption period are continuously employed by Contractor's facility for a period of two years from the date of Contractor hire.

#### 3.5 MINORITY, WOMEN, AND EMERGING SMALL BUSINESS CONTRACTING AND DISADVANTAGED CONSTRUCTION WORKFORCE PROCESSES

The Contractor agrees to comply with PDC's requirements to increase project participation of minority-owned, women-owned, and emerging small businesses and to maximize the utilization of women, minorities, and disadvantaged individuals in the construction workforce. These requirements are defined by the Workforce Training and Hiring Program, the Minority/Women/Emerging Small Business (M/W/ESB) Good Faith Effort Program, and the Equal Employment Opportunity (EEO) Certification.

3.5.1 M/W/ESB Good Faith Effort Program: Applies to Enterprise Zone projects with construction costs greater than or equal to \$200,000. The Commission sets a 15% goal of the public benefit, calculated as total taxes saved less contributions, for utilization of state certified Minority-Owned Business Enterprises (MBE), Women-Owned Business Enterprises (WBE) and Emerging Small Businesses (ESB). These requirements apply to a portion of the construction project in a dollar amount equal to 15% of the public benefit amount. If this 15% goal is not met, the contractor must submit to PDC the documentation of the process used to demonstrate a good faith effort to contract with M/W/ESBs. Contractor's goal for M/W/ESB is \$23,796 *[This number is being used as an example.]* Although no

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and type of industry as defined in the latest Employment Cost Trends by the U.S. Bureau of Labor Statistics, U.S. Department of Commerce.

goals are required for minority and women-owned firms, PDC encourages highest utilization possible and information will be required and tracked for PDC's assessment of its diversity in contracting programs.

- 3.5.2 Workforce Training and Hiring Program: Applies to all Enterprise Zone construction projects with prime construction contracts of \$1,000,000 or more and to subcontracts of \$100,000 or greater. Unlike the ESB/Good Faith Effort requirements, this program applies to the entire project, not just the public benefit portion. The goals of the Workforce Training and Hiring Program are to ensure that the Portland Development Commission does business with contractors whose workforce reflects the diversity of the workforce found in the City of Portland, and to ensure that the Commission's contracting dollars are leveraged to provide fair and equal opportunity to the City's diverse population. In support of these objectives, contractors are required to hire and train the maximum ratio of apprentices to journey workers allowed in each trade. Contractors must also show efforts to recruit women and minorities into apprenticeship positions.
- 3.5.3 Equal Employment Opportunity Certification: Applies to the prime contractor, the subcontractors, and the prime contractor's subsidiaries and/or affiliates who perform construction work on the Enterprise Zone project. They are required to become EEO certified by the City of Portland within 30 days of the signing of construction contracts. EEO certification material may be obtained via fax or mail through the Buyline, (503) 823-6855 or by contracting Anne Hawley at (503) 823-6866.

For more detailed information on the above programs, please contact PDC Compliance Officer, Tyrone Henry at 503-823-3315.

3.6 N/NE ENTERPRISE ZONE BUSINESS PROCUREMENT PLAN:

To generate employment opportunities throughout N/NE Portland for Inner N/NE target area residents, Contractor will perform the following through the exemption period:

Contractor Zone facilities will create and execute a procurement plan that will seek consistent expansion in the Contractor's purchasing from N/NE Enterprise Zone businesses. The procurement plan must be approved by PDC within 60 days of this Contract and will be effective throughout the tax exemption period.

The plan will outline how Contractor will make a good faith effort to initially place and annually expand the total dollar value of its contracts with N/NE Enterprise Zone businesses. The plan will include goals, numeric or percentage, as a means of providing benchmarks to evaluate the plans effectiveness and follow the general outline in **Attachment D**.

Contractor's Procurement Plan will be annually assessed by PDC to determine what improvements are warranted, if any. Contractor will make

sufficient information available to PDC to perform this monitoring and analysis.

### 3.7 CHILDCARE SUPPORT FOR CONTRACTOR'S EMPLOYEES\*

Contractor will make childcare support available to all regular full-time employees who have passed their probationary period beginning with the first year of tax exemption at the minimum levels described in 3.7.1 and 3.7.2. Alternative qualifying childcare support expenditures are detailed in 3.7.3.

- 3.7.1. For employees in households earning less than \$17,050/year (this amount, which will be adjusted annually, is based on the Federal Poverty Guidelines for a household of four people established by the Food and Nutrition Service of the United States Department of Agriculture in its Income Eligibility Guidelines), Contractor shall make available childcare support in an amount equal to the greater of \$1,800/yr. per employee or a 25% subsidy ratio (i.e. company pays at least \$.25 of each \$1 spent by employee). However, the childcare support payment shall not exceed the actual costs to the employee or \$ \_\_\_\_\_, whichever is less.
- 3.7.2 For employees in households earning less than \$31,543/year (this amount, which will be adjusted annually, is based on the Reduced Price Meals for a household of four people established by the Food and Nutrition Service of the United States Department of Agriculture in its Income Eligibility Guidelines), Contractor shall make available childcare support in an amount equal to the greater of \$1,200/yr. per employee or a 25% subsidy ratio (i.e. company pays at least \$.25 of each \$1 spent by employee). However, the childcare support payment shall not exceed the actual costs to the employee or \$ \_\_\_\_\_, whichever is less.
- 3.7.3 Comparable company investments in a childcare facility which qualifies for federal/Oregon dependent care assistance tax credits and is available to Contractor's employees may be substituted on a dollar for dollar basis for the direct support requirements in 3.7.1 and 3.7.2.

A "comparable investment" is an annual donation to a day care center of the maximum employee contribution listed in 3.7.1 or 3.7.2 for each employee meeting the description of those sections (i.e. contribution of \$1,800 each year for each employee with day care costs living in a household with less than \$16,700 per year annual income).

- 3.7.4 Upon request by Contractor, PDC may provide written authorization for adjustment of the requirements of this section to insure that Contractor does not annually expend more than 1% of annual Zone facility payroll to fulfill the

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\* For employers who have greater than \$2.0 million exemption.

requirements of this contract.

### 3.8 TRANSIT SUPPORT\*

Contractor company will make public transit support available for regular full-time and part-time workers who have passed the probationary period at the Zone facility throughout the exemption period. The minimum transit support required is company payment of at least 75% of the monthly transit pass costs for employees who choose to utilize public transit for transportation to and/or from the Contractor's Zone facility.

Contractor is encouraged to develop efforts and programs to breakdown transit related barriers to employment, such as rideshare and vanpool programs. By encouraging use of public transportation, the Contractor will be assisting in the creation of job opportunities for Zone residents lacking personal transportation, while at the same time contributing to the reduction of air pollution as outlined in the Oregon Department of Environmental Quality's ECO Rule (see **Attachment E**).

### 3.9 COMMUNITY CONTRIBUTIONS

The purpose of Community Contributions is (1) to enhance the ability of the City and the N/NE Portland community to provide and support qualified Inner NE Portland employees to the Contractor and/or (2) to enhance the ability of N/NE small businesses to be competitive suppliers to the contractor and other firms within this industry.

- 3.9.1 "Community Contributions" become due to the Portland Development Commission if the Contractor's "Net Tax Effect" becomes greater than \$10,000 per Hiring Credit earned by Contractor.
- 3.9.2 Community Contributions are payable to PDC within 90 days of billing unless written permission is granted by PDC for an alternative payment schedule. Alternative payment schedules will be negotiated when single payments unreasonably stress the cashflow of the Contractor. Late payments will incur a 1% per month penalty.
- 3.9.3 As of the date of this contract, the PDC and Contractor estimate that Community Contributions total of \$213,545 [*This number is being used as an example*] is likely to become due during the tax exemption period. This estimate is based on the calculations detailed in **Attachment C** (see Section 3.9). The payments to cover the City's costs of service are the first use of Community Contributions under this contract.
- 3.9.4 The payment schedule agreed to by Contractor for this estimated level of

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\* For employers who have greater than \$2.0 million exemption.

Community Contributions is \$ 80,080 *[This number is being used as an example]* per each of the first two years of tax exemption. Payments are due January 31, 20XX (or July 30, 20XX) and January 31, 20XX. This payment schedule may be adjusted by mutual agreement. The payment schedule provides payment of 75% of the estimated total of Community Contributions to be paid to PDC during the first two years of tax exemption. The remaining 25% of the estimate will be paid following the final year of tax exemption and the final accounting of Community Contributions due (detailed in Section 3.10 below).

- 3.9.5 At the time of application for Zone tax exemption, a final Community Contributions estimate will be made by PDC. The Contractor will not be required under this contract to pay total Community Contributions greater than 125% of that final Community Contributions estimate.
- 3.9.6 The final accounting and billing for Community Contributions will occur in the manner outlined below. An example is provided in **Attachment C**.
- 3.9.7 At the end of the tax exemption period, PDC's Zone Manager will determine:

(1) the total number of Hiring Credits earned by the Contractor during the period from Pre-Certification to the end of the tax exemption period; and

(2) the final Net Tax Effect of the project.

The final number of Hiring Credits will include regular full-time hiring in the last six months of the last tax exemption year for employees that complete company probation periods and are still employed as of the fourth month of the first tax year following the tax exemption period.

The discount rate for computing the final Net Tax Effect calculation shall be 5.8%. (The discount rate is used to adjust the net local tax impact to 200X dollars).

- 3.9.8 The final Community Contribution invoice will be given to Contractor within six months of the last day of the final year of tax exemption.
- 3.9.9 If Community Contributions paid under Section 3.9.4 exceed the final amount due following the calculations in Section 3.9.6, Contractor will not receive any refund or other compensatory consideration for the excess payments.

### 3.10 CITY COST OF SERVICE FEES



During the first 90 days of the year following a tax exemption year, PDC will collaborate with Contractor and the City's Office of Finance & Administration to calculate:

1. The City's estimated General Fund "Cost of Service" the Contractor's Precertified Zone facilities; and
2. The City's General Fund revenues generated by Contractor's Precertified Zone facilities including utility fees, city business license and other general fund revenues generated by the project.

Within 90 days of this calculation a statement will be presented to Contractor. Contractor shall pay to the City of Portland a fee equivalent to the shortfall between the City's cost of service the Zone facility and the General Fund revenues generated by the project.

Contractor shall authorize the City's License Bureau to make the relevant Business License Fee figures available to PDC for this calculation on a confidential basis.

The City's estimated General Fund "Cost of Service" the Contractor's Precertified Zone facility will be calculated as 30% of the City's actual tax exemption earned by Contractor.

As of the date of this contract, the City's costs of service are estimated at \$ **44,662** *[This number is being used as an example]* Total general fund revenues from the (*Company Name*) project during the tax exemption period is estimated at \$ **20,696** *[This number is being used as an example]*.

***[If payments are not due the following clause applies:]***

Based upon these estimates, there would be no additional payments required to cover City costs of service, however actual determination is to be computed as detailed above.

***[If payments are due the following clause applies:]***

The total payments from (*Company Name*)s Community Contributions to cover City costs of service are estimated to be \$**23,966** *[This number is being used as an example]*.

### 3.11 FIRST SOURCE AGREEMENT

Contractor shall enter into a First Source Agreement with worksystems, inc. concurrently with this Contract and agrees to keep the First Source Agreement in effect during the entire period of the exemption.

### 3.12 ACCESS TO CONTRACTOR RECORDS FOR CONTRACT MONITORING

Upon request by PDC, the City of Portland or their authorized agents, Contractor will make the Oregon quarterly employer payroll records(excluding the social security numbers), available for review to facilitate monitoring of the requirements of this contract. Confidentiality of such records will be protected to the maximum extent of the

law. Contractor will comply with information requests from the PDC, the City or their agents within 30 working days.

### 3.13 TAX EXEMPTION

It is anticipated that the first year of the property tax exemption will be fiscal year 200X-0X and will continue through fiscal year 200X-0X if all of the requirements of this Contract are satisfied.

## SECTION 4 PDC'S OBLIGATIONS

- 4.1 PDC agrees to continue working with Contractor in order to foster the success of all parties in this undertaking.
- 4.2 PDC shall file the Precertification form in a timely manner with the Oregon Community and Economic Development Department.
- 4.3 PDC will encourage its designated agent to exercise the agent's best efforts in promoting and advancing Contractor's recommended job training and employment support programs.
- 4.4 PDC will encourage its designated agent to provide technical assistance, including skill assessment advice, to Contractor related to hiring and screening of employees covered under the First Source Agreement, Sections II, III, IV.

## SECTION 5 REMEDIES

- 5.1 If Contractor fails to perform its obligations under this contract, PDC may, at its discretion, pursue one or more of the following remedies. Additionally, PDC's failure to exercise its remedies does not waive PDC's claim(s) for breach of contract or Contractor's duty to fulfill its obligations under the contract.
- 5.2 Under no circumstances will the total of monetary remedies, Pre-Certification fees, childcare expenses, transit benefits, fees for the city's cost of service and Community Contributions paid by Contractor exceed the property tax savings resulting from the

property tax exemption granted to the Contractor's Enterprise Zone project.

5.3 Remedy for non-performance of Section 3.2 EMPLOYMENT LEVELS

If employment levels are not met in accordance with section 3.2 of this Contract, the property shall be subject to the penalties described in ORS 285B.728. Contractor will notify the tax assessor and PDC that they are disqualified from tax exemption for the tax year in which failure occurred, as specified under ORS 285B.728(1),(b)(c) and (3). Contractor may avoid disqualification from the Enterprise Zone program by paying PDC one year's worth of the exemption See OAR 123-065-0830.

5.4 Remedy for non-performance of Section 3.3: JOB QUALITY

If Contractor does not perform the requirements of Section 3.3, Contractor shall be disqualified from obtaining a tax exemption for that fiscal year.

5.5 Remedy for non-performance of Section 3.4: COVERED POSITION HIRING RETENTION

5.5.1 During the first 90 days of the fourth year of Contractor's tax exemption, PDC and Contractor shall measure the success of Contractor in retaining First Source Agreement Covered Position hires through the third year of tax exemption.

If Contractor has not retained 50% of its Covered Recruited Position hires for two consecutive years of employment, Contractor shall pay to PDC a fee in the amount of \$10,000 times the number of hires the Contractor is short of the 50% level.

For example, if Contractor has 100 Covered Position hires but only 45 were retained for two consecutive years, Contractor's fee would be  $5 \times \$10,000 = \$50,000$ .

Fee payment to PDC shall be completed by the end of the fourth year of tax exemption. The maximum fee in this section shall be 50% of Contractor's property tax exemption during the fourth year of exemption.

5.5.2 During the first 90 days of the fifth year of Contractor's tax exemption, PDC and Contractor shall measure the success of Contractor in retaining Covered Position hires through the fourth year of tax exemption.

If Contractor has not retained 50% of its Covered Position hires for two consecutive years of employment, Contractor shall pay to PDC a fee in the amount of \$10,000 times the number of hires the Contractor is short of the

50% level.

For example, if Contractor has 100 Covered Position hires but only 45 were retained for two consecutive years, Contractor's fee would be 5 X \$10,000 = \$50,000.

Fee payment shall be completed by the end of the fifth year of tax exemption. The maximum fee in this section shall be 50% of Contractor's property tax exemption during the fifth year of exemption.

5.6 Remedy for non-performance of Section 3.5: EMERGING SMALL BUSINESS CONTRACTING AND DISADVANTAGED CONSTRUCTION WORKFORCE PROCESSES and Section 3.6: N/NE ENTERPRISE ZONE BUSINESS PROCUREMENT PLAN

If Contractor does not substantially perform the requirements of Sections 3.5 and 3.6, Contractor shall pay to PDC a fee equivalent to 25% of the tax exemption during each tax exemption year of non-performance. The payment shall be due to PDC by December 31 of the tax year following the tax year in which the failure to perform occurred.

5.7 Remedy for non-performance of Section 3.7: CHILDCARE SUPPORT FOR CONTRACTOR'S EMPLOYEES

If Contractor does not perform the obligations contained in Section 3.7, Contractor shall pay to PDC a fee equivalent to \$1,800 for each regular full-time employee of Contractor who is eligible at the end of the tax exemption year in which the non-performance occurred. The payment shall be due to PDC by December 31 of the tax year following the tax year in which the failure to perform occurred.

5.8 Remedy for non-performance of Section 3.8: TRANSIT SUPPORT

If Contractor does not perform the obligations contained in Section 3.8, Contractor shall pay to PDC a fee equivalent to \$50 per month for each regular full-time and/or part-time employee employed by Contractor who uses transit on June 30 of the tax exemption year in which the non-performance occurred. The payment shall be due to PDC by December 31 of the tax year following the tax year in which the failure to perform occurred.

5.9 Remedy for non-performance of Section 3.9: COMMUNITY CONTRIBUTIONS

5.9.1 If Community Contributions are not paid to PDC in accordance with section 3.9 of this contract, PDC will notify the tax assessor that the Contractor is disqualified from tax exemption for the tax year in which the Contributions were due.

5.9.2 If the final payment of Community Contributions due are not paid to PDC

in accordance with this contract, Contractor will provide to PDC liquidated damages equivalent to the amount of tax exemption in the fifth year of the tax exemption period. The payment shall be due to PDC by December 31 of the tax year following the tax year in which the failure to perform occurred.

5.10 Remedy for non-performance of Section 3.10 CITY COST OF SERVICE FEES

If Contractor does not perform the obligations contained in Section 3.10, Contractor shall provide liquidated damages to PDC equivalent to the amount of City of Portland taxes exempted during the tax year pertaining to the non-performance. The payment shall be due to PDC by December 31 of the tax year following the tax year in which the failure to perform occurred.

5.11 Remedy for non-performance of Section 3.11: FIRST SOURCE AGREEMENT

Non-performance of Section 3.11 shall result in the PDC notifying the Assessor that the Contractor is disqualified to receive a tax exemption.

\_\_\_\_\_  
(Company Name)

\_\_\_\_\_  
Felicia L. Trader  
Portland Development Commission

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DATE

Approved as to form:

\_\_\_\_\_  
Karen Williams, PDC Legal Counsel

## ATTACHMENT A

**CALCULATION OF THE ESTIMATED NET TAX EFFECT  
AND  
CALCULATION OF THE ACTUAL NET TAX EFFECT**

I. NET TAX EFFECT: DEFINITION

The Net Tax Effect is calculated solely for the purpose of determining whether Contractor will provide Community Contributions to the PDC in order to earn the full tax exemption available under the Act.

The Net Tax Effect is defined as:

"The net present value of the total tax exemption less cash contributions plus City general fund revenues generated by the project during the exemption period above the direct City general fund costs during the exemption period (estimated as 25% of the City tax exemption)."

II. CALCULATION OF THE ESTIMATED NET TAX EFFECT

The Net Tax Effect has been estimated utilizing the following formulas and estimates from the Contractor:

1. Discount rate of 5.8% that discounts all values to *Month, 200X*.
2. Investment and depreciation schedule provided by Contractor (*Month, 20XX*)
3. Property tax rate of 20.34 mills.
4. Excess general fund revenues above City costs *will be \$X/There will not be excess general fund revenues.*
5. First tax exemption phase begins July 1, 200X

The formula is as follows (**assumes total *Company Name* investment of \$ 5,000,000 [This number is being used as an example]**)

ESTIMATED NTE = Net Present Value of the sum of (tax exemption estimated for year one) + (tax exemption estimated for year two) + (tax exemption estimated for year three) + (tax exemption estimated for year four) + (tax exemption estimated for year five).

The actual using the assumed investment numbers are:

ESTIMATED NTE = Net Present Value of the sum of (**\$ 84,208 + \$ 72,249 + \$ 61,635 + \$ 52,029 + \$ 43,424 = \$ 313,545 [This number is being used as an example]**) *This depends upon the determination of the Discount Rate – one used is 5.8%.*

### III. CALCULATION OF THE ACTUAL NET TAX EFFECT

Calculation of the actual Net Tax Effect (NTE) shall occur following the end of the **final** year of tax exemption using actual figures for the formulas above. All figures shall be discounted to 200X dollars using the 5.8% discount rate.

The formula is as follows:

NTE = 200X dollar value of the sum of (tax exemption earned for year one less General Fund Revenues from the Precertified Zone project above City's Estimated Costs ) + (tax exemption earned for year two less General Fund Revenues from the Precertified Zone project above City's Estimated Costs ) + (tax exemption earned for year three less General Fund Revenues from the Precertified Zone project above City's Estimated Costs ) + (tax exemption earned for year four less General Fund Revenues from the Precertified Zone project above City's Estimated Costs ) + (tax exemption earned for year five less General Fund Revenues from the Precertified Zone project above City's Estimated Costs).

## ATTACHMENT B

### CALCULATION OF EMPLOYEE NON-MANDATED BENEFITS

**B.1. Measurement of the adequacy of employee benefits under section 3.3.1 of this contract shall occur in the following way:**

DEFINITIONS:

(1) “Non-mandated benefits” for the purpose of the N/NE Enterprise Zone include paid leave (vacations, holidays, sick leave, other leave), company-provided insurance (health, life, sickness & accident, etc.), contributions to retirement or savings plans, severance pay or supplemental unemployment benefits, or other benefits consistently offered employees such as transit passes, childcare subsidy, etc. Not included are (1) “mandated” benefits of worker’s compensation insurance, social security taxes and unemployment insurance or (2) supplemental pay (overtime or premium pay).

(2) “Entry-level wages” are the wages offered to employees at the time of hire as a regular employee after completing any company probation periods.

PROCESS:

Qualifying the company for Precertification under this contract will occur in the process detailed in B.1.1-B.1.3 below. If the company decreases its benefits offered to employees between the date of this contract and the end of the tax exemption period, the process in B.1.1-B.1.3 will again be used to determine if the company meets the requirements of this contract. If the company does not decrease benefits during the exemption period, this contract only requires annual written verification by a company executive that benefits have not decreased. The letter will be provided to PDC between July 1 and August 1 following a fiscal year of tax exemption.

The process below is designed to compare the hourly value of eligible company benefits to the average of hourly wages offered to regular full-time jobs covered by the First Source Agreement (i.e. Covered Positions).

**B.1.1. HOURLY WAGE AVERAGE:** The average wages paid to Covered Positions shall be averaged in the following manner: The hourly wages of Contractor’s Covered Positions are averaged. No attention is given to how many Hiring Credits or Covered Position Hires are anticipated for each position.

**EXAMPLE:** Contractor has 4 Covered Positions. Average wages are \$12, \$13, \$14 and \$16. The average is  $((12+13+14+16) / 4) = \$13.75$ .



B.1.2. The eligible non-mandated employee benefits made available to these Covered Positions by Contractor are added together, using Contractor's most recent annual costs of providing the benefits. The annual cost is divided by 1664 hours worked per year (32 hours per week) to determine the hourly value of the eligible non-mandatory benefits.

Non-production bonuses such as profit sharing are eligible but premium pay or shift pay is excluded. Optional benefits (such as tuition reimbursement, childcare or transit pass subsidy) are included in the calculation as though the employee takes maximum advantage of Contractor's benefit programs.

**EXAMPLE: EMPLOYEE BENEFITS - hourly average value:**

1.	Medical	\$5,534
2.	Ad&D	\$102
3.	Disability	\$380
4.	Days off (33 @ \$13.5/hr.)	\$3,564 (holidays, vacation, sick)
5.	Retirement	\$680
6.	Profit Sharing	<u>\$500</u> (average of last five years)

TOTAL: \$10,760

HOURLY VALUE: \$10,760 / 1664 hours = \$6.47 / hr.

B.1.3 The hourly value of Contractor's eligible non-mandated benefits (B.1.2 above) is divided by the average hourly wages of the Covered Positions (B.1.3 above) The ratio must equal or exceed 32%.

EXAMPLE: \$6.47/hr. benefits divided by \$13.75/hr. wages = 47%

**B.2. Measurement of the adequacy of employee wages under section 3.3.2 of this contract shall occur in the following way:**

B.2.1. Between July 1 and August 1 following a fiscal year of tax exemption, the company shall provide PDC with written documentation that 85% of all full-time (minimum 32 hours per week) jobs at the Zone facility, which are filled by employees of at least one year continuous employment, are, as of the date of the documentation, providing regular wages greater than or equal to 150% of Oregon's minimum wage at the time.

## ATTACHMENT C

## COMMUNITY CONTRIBUTION CALCULATIONS

## DUE

This attachment is provided to clarify the formulas used to estimate Contractor's Community Contributions total and payments due under this contract.

CALCULATIONS TO ESTIMATE COMMUNITY CONTRIBUTIONS DUE  
AND FIRST TWO YEARS' PAYMENTS TO PDC

This section outlines how the contractor's Community Contributions payments (section 3.9.4) were determined.

**FORMULAS:**

Community Contributions = Net Tax Effect - (Hiring Credits X \$10,000)- City cost of service fee

**CONTRACTOR'S NUMBERS APPLIED TO FORMULA:**

Community Contributions and City cost of service fee (Estimate) = \$313,545 - (10 X \$10,000) = \$213,545 [This number is being used as an example]

Estimated Payment to cover City cost of service: \$ 16,524 [This number is being used as an example]

Community Contributions estimated total to be paid to PDC = \$213,545 - \$16,524 = \$197,021 [This number is being used as an example].

**Example:** Community Contributions due during first two tax exemption years: 75% of \$213,545 = \$160,159 [This number is being used as an example]

Community Contributions payments each of first two tax exemption years: 37.5% of \$213,545 = \$80,080 [This number is being used as an example]

*Other Examples May Be Included Here*

## ATTACHMENT D

### N/NE BUSINESS PROCUREMENT PLAN OUTLINE

It is the intent of the N/NE business contracting element of this agreement to increase the dollar amount of products and services purchased by the Contractor from N/NE businesses which are located within the bounds of Portland's N/NE Enterprise Zone.

This agreement specifies that the Contractor develops a procurement plan that demonstrates a best effort to increase purchases from companies located within the Enterprise Zone. This recognizes that the Contractor is in the best position to determine how to achieve these results.

A Contractor developed procurement plan provides flexibility that can address the specific company needs and operating conditions. While this agreement does not specify how the Contractor is to meet the N/NE business contracting requirements, the N/NE Business Procurement Plan should contain or address the following elements:

- A list of the products and services which the Contractor currently purchases or anticipates purchasing, which have the potential for being purchased from enterprise zone companies.

The Portland Development Commission (PDC) can provide the Contractor information that can assist in responding to this list. If the Contractor provides PDC with a list of the products and services that the Contractor purchases, or anticipates purchasing, PDC will provide the Contractor with a listing of companies located within the enterprise zone that may be able to provide those products and/or services. This should not be the only resource used by the Contractor to identify potential suppliers.

Contractors with existing operations in the Zone should also provide a breakdown of products and services currently purchased from companies located in the Zone, and the dollar amount of those purchases.

- A description of how the Contractor will increase the dollar value of goods and services purchased from businesses within the Enterprise Zone. This plan should include specific actions that the Contractor will undertake such as outreach strategies, seminars, technical assistance, mentorships, etc., that will provide increased availability to and support for Enterprise Zone firms to capture increased sales. The contractor's implementation of the actions and outreach strategies will be the basis for evaluation of the contractor's best effort in compliance with the plan.
- The Contractor should contact sources such as industry associations, purchasing agents, Oregon Association of Minority Entrepreneurs, Columbia Corridor Association, or other organizations that represent or are associated with small businesses in the Zone.

- A statement of numeric or percentage goals that reflect an increasing level of local purchases over the period of the exemption and would provide annual benchmarks to evaluate the plans effectiveness.

## ATTACHMENT E

## OREGON DEPARTMENT OF ENVIRONMENTAL QUALITY ECO RULE

The ECO Rule was developed by the Oregon Department of Environmental Quality (DEQ) to improve air quality in the region. Its goal is to reduce the number of auto trips used for commuting. (Over 50% of air pollution is caused by vehicle emissions.) The rule will become a part of the Department of Environmental Quality's (DEQ) regional air quality maintenance plan needed for compliance with the Federal Clean Air Act. This region chose to focus on reducing commuter auto trips instead of increasing limits on industrial air pollution sources.

The ECO Rule affects employers located within the Portland Air Quality Maintenance Area (PAQMA) and with a total of **50 or more people at any one work site**. The PAQMA encompasses most of Multnomah, Washington, and Clackamas counties. It requires affected employers to implement programs that encourage their employees to use alternatives to driving alone. After implementing a program, an employer has three years to achieve a 10% reduction in the number of commuter auto trips taken to a work sites.

An employer has two options for complying--one is "prescriptive based," the other is "performance based." Under both options, the employer must conduct a baseline survey to document how employees commute before the program begins. The employer then administers a follow-up survey each year to measure progress towards compliance. DEQ will not accept less than a 75% response rate on these surveys.

**Prescriptive** -- An employer who chooses this option will file a commute trip reduction plan with DEQ for approval. The plan outlines how the employer intends to meet its trip reduction target. Once approved, the employer implements the plan. DEQ will consider an employer in compliance with the rule as long as it submits and implements an approved plan, whether or not it fully achieves its trip reduction target.

**Performance** -- An employer who chooses this option does not file a plan with DEQ. Instead, it implements a commute trip reduction program the employer feels will work for the site. If the employer is not able to meet its trip reduction target, it must demonstrate to DEQ that a "good faith effort" was made to do so. No evidence of "good faith effort" is needed if the employer meets its trip reduction target.

**EXHIBIT B****PROCEDURE FOR ENTERPRISE ZONE PRECERTIFICATION USING THE MODEL CONTRACT (8 – 12 WEEKS):**

- 1) Initial company contact:
    - a) Share program requirements information;
    - b) Meet with company officials to ascertain investment, jobs, location of project;
    - c) Review elements of the First Source Agreement with worksystems inc.;
    - d) PDC staff shall meet with company officials to determine if they understand and can meet the requirements of the program. Review the cost/benefit of program.
  - 2) Company files a Precertification Application with PDC.
  - 3) City Council and PDC Commission are notified that PDC has received a Precertification Application.
  - 4) Company and PDC staff utilize the Model Enterprise Zone Precertification Contract to complete the agreement. A Procurement Plan, developed by the Company, will be attached as a part of the Contract.
  - 2-4 weeks 5) The N/NE Alliance sub-committees and full board will meet with company officials to review Procurement Plan, FSA and Contract.
  - 1 day 6) PDC Staff will send a notification letter to County Commission.
  - 1 week 7) Finalize contract (Less time required because of precise standards).
  - 1 week 8) Preparation of packets for PDC Commission and coordinating testimony—Company officials, Alliance, wsi, PDC.
  - 2-4 weeks 9) PDC Commission will approve the Contract.\*
  - 1 week 10) PDC Staff will notify the City Council.\*
  - 1 week 11) PDC Staff completes Pre-certification approval forms and sends them to the County Assessor & Oregon Economic and Community Development Department.
- 
- 8-12 weeks

\*If the Portland Development Commission reviews and endorses a proposed contract with conditions that vary from the Model Enterprise Zone Precertification Contract, approval of the contract is required by City Council.



worksystems inc.

711 sw alder street  
suite 200  
portland, oregon 97205

## EXHIBIT C

### ENTERPRISE ZONE FIRST SOURCE AGREEMENT

This First Source Agreement for recruitment, referral and placement is between WORKSYSTEMS INC., hereinafter referred to as "WSI", and (COMPANY NAME AND ADDRESS), hereinafter referred to as the "EMPLOYER." Under this First Source Agreement, EMPLOYER will use WSI and or its assigned agents as its first source for recruitment, referral and placement of personnel in Covered Positions. Except as otherwise provided herein, all references to obligations and benefits under this Agreement shall be considered those obligations and benefits of WSI. In the event that said benefits materialize, they shall accrue to the Enterprise Zone Community Contributions Fund and shall be used to promote workforce development strategies within the North/Northeast Portland Enterprise Zone.

#### I. GENERAL TERMS

- A. WSI wishes to assure continuing employment opportunities for local residents of the North/Northeast Enterprise Zone Community (with a special emphasis on opportunities for lower skilled and lower income residents) with businesses located within the Portland metropolitan area.
- B. EMPLOYER wishes to use WSI and/or its assigned agents as its first source for recruitment, referral, and placement of employees. WSI is the entity designated as the First Source agent for the consortium of public job training providers as specified in Chapter 123 of the regulations governing the Oregon Economic Development Department.
- C. EMPLOYER wishes to apply for a FIVE YEAR Property Tax Exemption through the Enterprise Zone program authorized by the State of Oregon. EMPLOYER must enter into a First Source Agreement as a part of that application.
- D. This Agreement shall take effect on the day EMPLOYER signs the Enterprise

- E. Zone Precertification Contract, and shall be in full force and effect until the end of the exemption period.

## II. NOTIFICATION, RECRUITMENT, REFERRAL, AND HIRING

- A. EMPLOYER shall recruit potential applicants for covered positions exclusively through WSI and or its assigned agents, except for internal hires and staff referral. For purposes of this FSA, Internal Hires are those positions filled by EMPLOYER's regular employees by internal promotion, transfer, or recall of a laid off employee.
- B. EMPLOYER will develop and submit to WSI job descriptions for all covered positions, including: wage and benefit information, job applications, and minimum job qualifications necessary for employment. EMPLOYER will also develop and submit to WSI additional job descriptions for any new positions that may be added.
- C. EMPLOYER shall notify WSI of its projected hiring needs, schedule, job qualifications, and other relevant job information as soon as it becomes available.
- D. WSI will share the EMPLOYER's projected hiring needs, schedule, job qualifications, and job orders with WSI partners, affiliated agencies serving residents of the Enterprise Zone, and members of the N.E. Job Network.
- E. WSI shall refer qualified applicants to EMPLOYER within 10 business days of EMPLOYER notification to WSI of position availability for all replacement hires, and within 15 days of EMPLOYER notification to WSI of position availability for all new covered position hires. EMPLOYER shall use WSI (or WSI designee, i.e. one-stop career center or staffing firm) as exclusive First Source for these positions.
- F. If after 10 business days (for replacement hires) or 15 business days (for new covered position hires) WSI has not referred a pool of applicants that 1) is numerically sufficient or 2) is sufficiently qualified for positions, EMPLOYER may utilize other means for filling position. Prior to utilizing other methods for filling covered positions, EMPLOYER will notify WSI, via written or electronic means. Notification will include reasons for which EMPLOYER has deemed WSI referrals inappropriate. Failure to provide notification shall constitute violation of this FSA.
- G. If WSI determines it is unlikely to be able to provide sufficient applicants to fill openings for which EMPLOYER has given notice, WSI may authorize EMPLOYER to recruit independently for such positions.
- H. WSI shall not be responsible for an applicant's actions taken during any portion of the referral or employment process.
- I. Nothing within this Agreement overrides EMPLOYER standards and terms for employment as set by EMPLOYER personnel policies and procedures. Neither



employees from this targeted population nor any other employee hired under this FSA shall have special or additional rights arising from this FSA.

- J. Consistent with WSI's commitment to quality of referrals that are in alignment with EMPLOYER expectations, EMPLOYER will designate an internal liaison as the single point of contact for providing guidance, direction, and feedback to WSI (or designee) staff's customization of a recruitment and referral pipeline for EMPLOYER FSA covered positions.
- K. WSI commits to identify, train, and refer a targeted population of potential employees to EMPLOYER for regular employment with career advancement opportunities.
  - 1. Targeted Population: A person who is a welfare recipient, unemployed, underemployed, resident of publicly subsidized housing, school-to-work participant, graduate of Oregon high schools, and graduate of local vocational training programs, or a client of one of the agencies in the N.E. Jobs Network.
  - 2. Unemployed: Person without a job that pays compensation or who is receiving unemployment compensation.
  - 3. Underemployed: Person working under 35 hours per week, who desires full time employment, and/or persons working one or more full time jobs at a position below their skill level.
  - 4. Resident of Publicly subsidized housing: Resident of the housing facilities funded, subsidized, or owned by the Housing Authority of Portland or a Community Development Corporation within the City of Portland.

### III. Wage Standards

- A. EMPLOYER commits to pay wages that are competitive with industry standards as determined by recognized industry analysis and the Oregon Employment Department.
- B. No fewer than 85% of covered positions shall pay 150% percent of the Oregon minimum wage.

### IV. Opportunities for Youth

- A. EMPLOYER will work with WSI to determine employment and educational opportunities for youth including: job training, job shadowing for teachers and students, paid and unpaid internships, employment, and School-to-Work activities as mutually agreed upon by EMPLOYER and WSI.

V. RETENTION AND PROMOTION

- A. As part of a mutual commitment to employee retention and continuous improvement, EMPLOYER will work with WSI to evaluate issues associated with employee turnover, both due to voluntary and involuntary (for cause) employee termination, and work with WSI to implement solutions that will reduce employee turnover.
- B. EMPLOYER will, on an annual basis, demonstrate measurable increases in employee promotion rates for First Source referrals. EMPLOYER will work in partnership with WSI to identify options for improved promotion of FSA referrals, including but not limited to incumbent worker training opportunities.

VI. Reporting

- A. EMPLOYER shall have web enabled/Internet capabilities for purposes of reporting. All reporting shall be conducted via electronic means utilizing format identified by WSI.
- B. EMPLOYER shall report: position, hire date, residence/demographic information, wage at hire, termination or resignation date, reason for termination or resignation, wage at termination, promotion date, and wage resulting from promotion during that quarter for all covered positions. Information regarding termination and resignation shall be provided in a manner that preserves employee anonymity and is consistent with all applicable employment laws. Reporting shall be done quarterly at a minimum, though real time reporting is preferable.
- C. EMPLOYER shall provide annually to WSI titles of positions, wages, and benefits offered within the company for First Source covered positions.
- D. EMPLOYER shall report at least annually to WSI on all requirements contained within FSA. This report shall serve as the annual compliance review required by the Portland Development Commission and WSI.
- E. EMPLOYER, WSI, and PDC shall work together to determine a process for disseminating annual employee surveys that will be used for evaluating how well City, WSI, and company goals are being met through FSA. Survey results will be shared with the N.E. Economic Development Alliance.

VII. Assignment and Modifications

- A. Should EMPLOYER transfer control of the Enterprise Zone project (as it is affected by this FSA) to any other party by lease, sale, assignment or otherwise, EMPLOYER, as a condition of transfer shall require the successor party taking control to agree in

writing to the terms of this FSA. This written agreement transferring terms of FSA to successor EMPLOYER shall be completed prior to successor taking possession of the business concerns.

- B. WSI and EMPLOYER may mutually agree to modify this agreement in order to improve the working relationship described herein.

#### VIII. Incorporation of Enterprise Zone Pre-Certification Contract

- A. The Enterprise Zone Pre-certification Contract is incorporated into this FSA by this reference. To the extent that there are any conflicts between the Enterprise Zone Pre-Certification Contract and the FSA, the Enterprise Zone Pre-Certification Contract controls.
- B. However, this FSA is intended to implement the job creation and retention provisions of the Enterprise Zone Contract by providing further specificity to EMPLOYER and WSI obligations.
- C. To the extent that this FSA places additional obligations on EMPLOYER, it is not inconsistent with the Enterprise Zone Pre-Certification Contract.

#### X. CONTROLLING REGULATIONS AND LAWS

- A. The EMPLOYER shall comply with all federal, state and local laws, regulations, and ordinances applicable to employment. If this Agreement conflicts with any labor laws or other governmental regulations, the laws or regulations shall prevail.
- B. If this Agreement conflicts with a collective bargaining agreement to which EMPLOYER is a party, the bargaining agreement shall prevail.
- C. The EMPLOYER will provide WSI with written documentation that EMPLOYER has provided the representative of any involved collective bargaining unit with a copy of this Agreement and has requested comments or objections. If the representative has any comments or objections, EMPLOYER will provide them to WSI.
- D. EMPLOYER agrees to comply with Title VII of the Civil Rights Act of 1964, and with Section V of the Rehabilitation Act of 1973, as amended or with any successor statutes. No individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration or in connection with this Agreement because of race, color, religion, sex, national origin, age, mental or physical handicap, ethnic background, veterans status, sexual preference, application for Workers' Compensation benefits, political affiliation or belief, marital status, expunged juvenile record or association with any person of a

particular race, color, sex, national origin, marital status, age, or religion.

## XI. NOTICE and CURE PROVISION

### A. Remedy for non-compliance of the WSI hiring process: Section II., III., IV., V., VI., VII.

1. EMPLOYER must cure any failure to comply with Section II., III., IV., V., VI., and VII. within 10 calendar days of written notification from the WSI.
2. If such noncompliance is the result of employee failure to adhere to the hiring process, then EMPLOYER shall initiate and document one or more of the following corrective actions to WSI's satisfaction: articulate compliance policy, conduct employee training, develop management and follow up oversight; to be completed within 30 calendar days.
3. If after the activities of paragraph XI.A.2. are completed, EMPLOYER has another occurrence of material noncompliance, the WSI shall be entitled to remedies herein, including Liquidated Damages.

## XII. SANCTIONS

### A. Either EMPLOYER or WSI may elect to employ binding arbitration to settle any dispute under this Agreement which informal good faith negotiating efforts have failed to resolve. If either party elects to employ arbitration, it shall notify and submit a written statement of the dispute to the other and to the Arbitration Service of Portland, Inc. (ASP). The submission shall specify the issue(s) to be resolved and detail the desired remedy. The arbitration shall be conducted in Portland, Oregon under the Arbitration rules of the ASP and the determination shall be final and binding on the parties and may include:

1. Liquidated damages; if EMPLOYER breaches this Agreement by intentionally failing to follow the hiring process set forth in this Agreement for Covered Positions, then because the nature of the breach precludes the determination of WSI's actual monetary damages, the parties agree that EMPLOYER shall pay the damages fixed by this paragraph. WSI and EMPLOYER agree liquidated damages shall equal \$10,000 per year for each job EMPLOYER creates and fails to follow the hiring process set forth in this Agreement. This amount is based on the parties' good faith estimate of WSI's damage for EMPLOYER's failure to follow the hiring process set forth in this Agreement for Covered Positions required by this Agreement. Because the liquidated damages paid

pursuant to this paragraph, XII.A.1., are the parties' best estimate of WSI's actual monetary damages, the parties agree they shall not be construed as a penalty. Under no circumstances will the liability amount to be paid by EMPLOYER and as a remedy under this subsection in addition to the total of monetary remedies, Pre-Certification fees, child care expenses, transit benefits and Community Contributions paid by EMPLOYER exceed the property tax savings resulting from the property tax exemption granted to the EMPLOYER's Enterprise Zone project.

2. Monetary damages, excluding punitive damages, directly related to any breach of this Agreement and to the issue(s) raised;
3. Specific performance of the Agreement provisions and steps reasonably necessary to implement and monitor specific performance, which might include retention of a professional job analyst designated by the arbitrators;
4. Allocation of costs associated with the arbitration determination and steps necessary to implement and monitor that determination.
5. The prevailing party shall be entitled to recover reasonable attorneys fees in the arbitration and in any appeal.

The arbitration determination shall be fully enforceable in a court of law.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

Approved by:

\_\_\_\_\_  
 Company Representative  
 Title  
 Company Name

\_\_\_\_\_  
 John Ball  
 President  
 worksystems inc.

**BUDGET/FINANCIAL COUNCIL ACTION IMPACT STATEMENT**

INITIATOR=S SUMMARY OF COUNCIL ACTION (Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Felicia Trader		2. Interoffice Mail Address 299/7000	3. Telephone No. 503-823-3200	4. Bureau/Office/Dept. Portland Development Commission
5a. To be filed (date) December 20, 2000	5b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to OFA Budget Analyst: November 30, 2000	
6. Fund Name & Number				

Please check appropriate box and list dollar amount.

If using electronic MS Word version; underline appropriate category and type and list dollar amount after.

**Category 1**      No financial Impact [  ]

**Category 2**      Routine Budgeted Items [  ]

- |  |  |
|--|--|
| <input type="checkbox"/> Contracts   | <input type="checkbox"/> Annual supply contracts         |
| <input type="checkbox"/> Grants  | <input type="checkbox"/> Claims payment under \$15,000   |
| <input type="checkbox"/> Call for bids on purchasing contracts               | <input type="checkbox"/> Creation of a Local Improvement |
| <input type="checkbox"/> Reports to Council regarding completion of projects | <input type="checkbox"/> Other                           |

**Category 3**      Non-Routine or Unbudgeted Item []

**SUMMARY OF ACTION:** In concise terms, describe what is to take place through the enactment of this council action. Where applicable, narrative should include answers to the following questions. Add space as necessary below each question. Multiple page responses are acceptable if necessary to answer all relevant questions.

**A. What action(s) is proposed?**

Administrative changes will increase the City's Enterprise Zone Cost of Service reimbursement from 25% to 30%, consistent with budgetary recommendations for the Fiscal Year 2000-2001. The 5% increase will go towards partial reimbursement of Portland Development Commission staff time for managing the N/NE Enterprise Zone Program. PDC administers this program on behalf of City Council and prior to this change, PDC has not received compensation for administering the program.

**B. Who will be affected by the proposed action? (List other City bureaus? Citizens? The business community?)**

This action will allow PDC to more fully manage the Enterprise Zone Program on behalf of the City and the N/NE Community.

**C. What will the action cost? In this fiscal year? Subsequent year(s)? How much revenue will it generate? In this fiscal year? In subsequent year(s)? If there are indirect costs or future commitments implied as a necessary accompaniment or result of this action, include an estimate of these costs even if the action does not formally authorize any expenditure.**

In this current fiscal year, PDC has received \$50,000 to help offset the expense of administering the Enterprise Zone program. This action would help reimburse the City General Fund for that expenditure and become more self-sufficient in future years. It is expected that this action will generate no revenues during the present fiscal year. It is estimated that this action will generate between \$25,000 and \$50,00 in additional general fund revenues by fiscal year 2002-03.

**D. Is the cost included in the current years budget? If so, which Fund or AU? If not, identify funding sources and amounts - i.e. interagency, contingency/unforeseen, grants, administrative transfer, etc.**

There is no cost associated with the current years budget.

**E. What alternatives to this action been explored?**

None.

APPROPRIATION UNIT HEAD (Felicia Trader, Executive Director, Portland Development Commission)

RESOLUTION NO.

**3 5 9 5 0**

Approve the Procedure for Enterprise Zone Precertification using a Model Enterprise Zone Precertification Contract (Resolution).

**WHEREAS**, the Oregon Enterprise Zone Act, ORS 285B.650 – 285B.728, authorizes the designation of Enterprise Zones in urban and non-urban areas and provides that property tax abatement, job creation, and local municipal incentives are desirable to stimulate economic development in economically depressed areas; and

**WHEREAS**, in January 1986, the City Council adopted Resolution No. 34019, which authorized the Portland Development Commission (PDC), the City’s designated economic development agency, to prepare and submit application on behalf of Portland to the Oregon Enterprise Zone Program, qualifying under unemployment hardship criteria; and

**WHEREAS**, in March 1987, City Council adopted Ordinance No. 159467, accepting the Governor’s designation of the City of Portland as the Zone Sponsor, and authorizing the PDC to manage the Enterprise Zone program as part of its economic development responsibilities; and

**WHEREAS**, ORS 285.577 (4) allows the Zone Sponsor to include additional conditions for Zone precertification that are reasonably related to the public purpose of providing opportunities for groups of persons to obtain employment; and

**WHEREAS**, a “policy” must be adopted by the Zone Sponsor that establishes standards for the imposition of the conditions contemplated by ORS 285.577 (4); and

**WHEREAS**, in March 1996, City Council adopted Resolution No. 35506, which adopted the N/NE Enterprise Zone Strategy to serve as the City’s policy, requiring: provision of child care support to employees with low household incomes, provision of public transit support to employees, the development of a procurement plan to increase the purchase of goods and services from N/NE companies, and the utilization of the City’s MBE/WBE/ESB and Workforce Training and Hiring Program during any building construction and authorized the PDC to apply to the Oregon Economic Development Department for continuation of the North/Northeast (N/NE) Enterprise Zone designation through June 30, 2007; and

**WHEREAS**, in June 1996, the City’s N/NE Enterprise Zone re-designation was granted by the Oregon Economic Development Department; and

**WHEREAS**, in March 1999, City Council adopted Resolution No. 35773, accepting the continuance of the Enterprise Zone program which had been placed on hold in the spring of 1997 at the request of City Council until review by the N/NE Economic Development Alliance and the Portland Development Commission; and

**WHEREAS**, the City Council and the Portland Development Commission have expressed a desire to have more definition in the process for ensuring that companies meet the guidelines of the Enterprise Zone policy; and

**WHEREAS**, it is in the best interests of the City that companies have certainty about what is required to comply with the Enterprise Zone regulations; and

**WHEREAS**, the PDC Commission in January 2000, adopted a Model Contract and Procedure for Enterprise Zone Precertification Contracts to give certainty and clarity to the process of Enterprise Zone approval which will save both public and private resources; and

**WHEREAS**, companies applying for Enterprise Zone Precertification will be required to meet with representatives of the North/Northeast community to review their commitment to program goals; and

**WHEREAS**, companies will be required to develop a Procurement Plan as part of the Contract that conforms to the purchasing habits of their company and meets the needs of expanding their supplier base within the North/Northeast community; and

**WHEREAS**, administrative changes are required to increase the City's Cost of Service reimbursement from 25% to 30%, consistent with budgetary recommendations for the Fiscal Year 2000-2001; and

**WHEREAS**, the Model Enterprise Zone Contract will provide certainty for City Council, the Portland Development Commission, and the North/Northeast Alliance that city objectives are being met; and

**WHEREAS**, the Portland Development Commission will approve the final contracts and the City Council will be notified;

**NOW THEREFORE, BE IT RESOLVED** that the City Council approves the use of the Model Enterprise Zone Contract, Procedure, and Model First Source Agreement attached as Exhibits A, B, and C; and



**BE IT FURTHER RESOLVED** that if the Portland Development Commission reviews and endorses a proposed contract with conditions that varies from the Model Enterprise Zone Precertification Contract, approval of the contract is required by City Council.

Mayor Vera Katz  
PDC: Robert Alexander  
December 20, 2000

Adopted by the Council: **DEC 20 2000**

**GARY BLACKMER**  
Auditor of the City of Portland

By   
Deputy

**RESOLUTION NO.**

**35950**

Title

Approve the Procedure for Enterprise Zone Precertification using a Model Enterprise Zone Precertification Contract (Resolution).

INTRODUCED BY	DATE FILED: <b>DEC 15 2000</b>
Mayor Vera Katz	Gary Blackmer Auditor of the City of Portland
NOTED BY COMMISSIONER	
Affairs	By: <u><i>Britta Olson</i></u> Deputy
Finance and Administration <i>Vera Katz TAB</i>	For Meeting of: _____
Safety	
Utilities	
Works	
BUREAU APPROVAL	<b>ACTION TAKEN:</b>
Bureau: Portland Development Commission	
Prepared by      Date Robert Alexander    December 20, 2000	
Budget Impact Review: <input checked="" type="checkbox"/> Completed <input type="checkbox"/> Not Required	
Bureau Head: <i>Felicia Trader</i> Felicia L. Trader	

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