



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 5/24/13)

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Meeting Date: 9/12/13
 Agenda Item #: C.4
 Est. Start Time: 9:30 am
 Date Submitted: 8/30/13

Agenda Title: Resolution Authorizing the County Chair to Execute a First Addendum to Strategic Investment Program Contract with Microchip Technology and the City of Gresham to allow Microchip to provide additional employment opportunities for temporary workers.

Requested Meeting Date: September 12, 2013 **Time Needed:** N/A – Consent Calendar
Department: Non-Departmental—Chair’s Office **Division:** Economic Development
Contact(s): John Tydlaska
Phone: 503-988-6277 **Ext.** 86277 **I/O Address:** 503/600
Presenters Name(s) & Title(s): N/A – Consent Calendar

General Information

1. What action are you requesting from the Board?

Authorize the County Chair to execute a First Addendum to the June 2009 strategic investment program (“SIP”) contract (“Contract”) among Multnomah County (“County”), Microchip Technology (“Microchip”) and the City of Gresham (“Gresham”) to allow Microchip to provide additional employment opportunities for temporary workers.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

Microchip, headquartered in Chandler, Arizona, manufactures semiconductors and microcontrollers at facilities located in Arizona, Oregon (Gresham), California, Thailand, India, Romania and Switzerland. Pursuant to the Contract, Microchip receives a SIP property tax exemption through 2018 on investments made at its Gresham facility and has agreed, among other things, to increase the employees at its Gresham facility from 330 in 2009 to 500 employees by the end of 2018, in accordance with the schedule set forth below, which reflects the number of positions that must be created by December 31 of the indicated year. Microchip has exceeded its employment target for each year through 2012.

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Employees	330	330	348	365	385	405	428	450	472	500

The Contract prohibits Microchip from filling a position with a temporary employee for

longer than six months unless needed to cover a leave of absence by a full-time employee. Microchip has informed the County that because business cycles in the semiconductor industry are much longer than six months, as a practical matter, the Contract's restriction on temporary employees has caused Microchip not to use its Gresham facility to respond to sudden increases in demand because it cannot hire temporary employees. Instead, Microchip hires temporary employees at its Arizona facility until Microchip is able to determine whether the increased demand is likely to be sustained, and if demand is sustained, the Arizona facility then hires for permanent positions. Additionally, Microchip has stated that it hires temporary employees at the same wage scale as permanent employees and that it has a practice of filling open permanent positions from its temporary employee pool.

This resolution authorizes the County Chair to execute an amendment to the Contract that enables Microchip to utilize temporary employees at the Gresham facility for longer than six months as long as Microchip is exceeding its full-time employment obligations under the Contract by at least five percent. In addition to creating more full-time jobs than currently required under the Contract, the amendment caps the number of extended temporary workers that Microchip can use to no more than ten percent of its full-time jobs.

3. Explain the fiscal impact (current year and ongoing).

This resolution and the amendment to the Contract will have no fiscal impact.

4. Explain any legal and/or policy issues involved.

Multnomah County's Strategic Investment Program Policy (adopted pursuant to Resolution 04-061), sets forth goals that any company that receives a SIP should create good long-term jobs, enhance the upward mobility of its workforce, and minimize the number of contracted on-site jobs.

As amended by the First Addendum, the Contract uses Microchip's desire to be able to hire temporary employees to create an incentive for Microchip to exceed the full-time employment goals set forth in the Contract by at least five percent. Additionally, the First Addendum requires that temporary employees be paid at a similar wage scale as regular full-time employees and receive an offer of permanent employment after no more than two years as a temporary employee. By creating an incentive for Microchip exceed the Contracts full-time employment goals, a limit on the number of extended temporary employees, and reasonable protections for the temporary workers, the First Addendum supports the job goals of the County's SIP Policy.

5. Explain any citizen and/or other government participation that has or will take place.

Gresham has been actively engaged in all discussions regarding this First Addendum to the Contract, and Gresham is a party to the First Addendum.

Required Signature

Elected Official Marissa Madrigal /s/
or Dept Director: _____

8/30/13
Date: _____