ANNOTATED MINUTES

Tuesday, February 28, 1995 - 1:00 - 5:00 PM
Justice Center, 14th Floor Conference Room B
1111 SW Second, Portland

WORK SESSION

WS-1 Elected Officials Will Meet for Stakeholder Goal Setting Regarding Property Tax Abatement Policy. Facilitated by Elaine Hallmark.

ELAINE HALLMARK FACILITATED SESSION ATTENDED BY BEVERLY STEIN, GARY HANSEN, DON ROBERTSON, GUSSIE McROBERT, SHARRON KELLEY, DAN SALTZMAN, TANYA COLLIER, PAUL THALHOFER, MICHAEL ODGEN, ETHAN SELTZER, CATHEY BRIGGS, JOHN DORST, SHARON TIMKO, DAVE WARREN, COURTNEY WILTON, BOB RIECK, MARCY JACOBS, LISA NISENFELD, PAMELA WEV, KEITH WITCOSKY, MARK CAMPBELL, BARRY CROOK, MIKE SABA, BOB ROBISON, JIM MAYER, JIM BARNETT, MEGANNE STEELE, DICK ROMANO, ROB FUSSELL, BETH PEARCE AND MARK CLEMONS. COUNTY TO PURSUE ADDITIONAL INFORMATION AND DISCUSSION ON ALLOCATION OF COMMUNITY SERVICE FEE. FACILITATOR TO SUBMIT OUTCOME OF WORK SESSION GOALS AND OBJECTIVES FOR TECHNICAL ADVISORY COMMITTEE TO DRAFT STRATEGIC INVESTMENT PROGRAM POLICY FOR STAKEHOLDERS REVIEW AND FINE-TOOLING PRIOR TO PUBLIC REVIEW.

Thursday, March 2, 1995 - 9:30 AM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

REGULAR MEETING

Chair Beverly Stein convened the meeting at 9:30 a.m., with Vice-Chair Sharron Kelley, Commissioners Gary Hansen, Tanya Collier and Dan Saltzman present.

CONSENT CALENDAR

UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER HANSEN, THE CONSENT CALENDAR (ITEMS C-1 THROUGH C-6)

WAS UNANIMOUSLY APPROVED.

NON-DEPARTMENTAL

C-1 In the Matter of the Appointment of Roberto Reyes Colòn to the MULTNOMAH COUNTY COMMUNITY ACTION COMMISSION

MANAGEMENT SUPPORT

C-2 Ratification of Amendment No. 1 to Intergovernmental Agreement Contract 500405 Between Multnomah County and the City of Portland, (Consolidation of the City's Business License Law and the County's Business Income Tax Program) Providing Technical Changes in Administration of Back Tax Years, for the Period June 24, 1993 through June 24, 1998

COMMUNITY AND FAMILY SERVICES DIVISION

C-3 Ratification of Intergovernmental Agreement Contract 104115 Between Multnomah County and Portland Public School District #1, Providing Reimbursement for the Salary of a Portland Public School Staff Person for Services in Connection with Transition of the Mental Health System for Multnomah County Partners Project Clients into the Children's Capitation Project, for the Period July 1, 1994 through March 15, 1995

DEPARTMENT OF ENVIRONMENTAL SERVICES

C-4 ORDER in the Matter of the Execution of Deed D951171 for the Repurchase of Certain Tax Foreclosed Property to Former Owner Tina Wright

ORDER 95-42.

JUVENILE JUSTICE DIVISION

C-5 Ratification of Amendment No. 1 to Intergovernmental Agreement Contract 100295 Between Clackamas County and Multnomah County, Providing Additional Funds in the Amount of $6,000 for the Continuation of Court Ordered Electronic Monitoring Services as an Alternative to Detention for Multnomah County Youth Awaiting Formal Disposition, for the Period Upon Execution through June 30, 1995

DEPARTMENT OF HEALTH

C-6 Ratification of Intergovernmental Agreement Contract 201735 Between Multnomah County and Oregon Health Sciences University, Providing Laboratory Services Necessary to Test Blood Specimens for "T" Lymphocyte Typing, for the Period November 1, 1994 through October 31, 1995

REGULAR AGENDA

PUBLIC COMMENT

R-1 Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.

NO ONE WISHED TO COMMENT.

MANAGEMENT SUPPORT

R-2 Presentation in the Matter of Employee Service Awards Honoring Multnomah County Employees with Five to Twenty-Five Years of Service

BOARD GREETED, ACKNOWLEDGED AND PRESENTED 5 YEAR AWARDS TO DONALD ACKER AND ELIZABETH PANKEN OF CFS; CHARLOTTE BOETTCHER, CHRISTINE BRIDWELL, SHERYL CHARLES, EARL FLEMMING AND VALERIA JONES OF DCC; MARY RUSSELL OF DES; JIMI JOHNSON OF JJD; DONNA DENGEL AND LINDA INDINDOLI OF DLS; AND DEBORAH BOGSTAD, JOHN LEGRY, ROBERT TRACHTENBERG AND JOY TUMBAGA OF NOND. 10 YEAR AWARDS PRESENTED TO CATHERINE BLACKMAN OF CFS; TRUDY LANE OF DA; ReGINA GUION OF DH; KHABIRA McDOW OF DES; AND HANA BUNTIN, SUSAN QUIN AND JANICE WEINSTOCK OF DLS. 15 YEAR AWARDS PRESENTED TO JOHN RATTO OF DA; JAMES BERRY, CRAIG FLOWER AND GARY HALL OF DES; ANGIE FISHER AND BARBARA GORTER OF DLS; AND MELINDA HARRIS AND JEANETTE STAINO OF NOND. 20 YEAR AWARDS PRESENTED TO THOMAS GRINNEL OF DCC; AND SUSAN AYERS AND PENELOPE MALMQUIST OF NOND. 25 YEAR AWARDS PRESENTED TO ROBIN KIRKMAN OF DES; RICHARD SCOTT OF JJD; AND LINDA EASLEY OF DLS.

DEPARTMENT OF ENVIRONMENTAL SERVICES

R-3 First Reading of a Proposed ORDINANCE Amending the Multnomah County Comprehensive Plan Map and Sectional Zoning Maps and Correcting Errors in Ordinance 745

PROPOSED ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER SALTZMAN

MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF FIRST READING. MARK HESS EXPLANATION. NO ONE WISHED TO TESTIFY. FIRST READING UNANIMOUSLY APPROVED. SECONDED READING SCHEDULED FOR THURSDAY, MARCH 9, 1995.

R-4 Ratification of the Transportation Initiatives' Intergovernmental Agreement Contract 301745 Between Multnomah County and the City of Gresham, Providing for the Transfer of Approximately 70 Miles of County Roads to the City of Gresham; One Pick-Up Truck; Responsibilities for Transportation Planning, Development Review and Permit Issuance, and Stormwater Management Functions; and Funding in the Amount of $400,000 Per Year Plus COLA Beginning July 1, 1995

R-5 Ratification of the Transportation Initiatives' Intergovernmental Agreement Contract 301755 Between Multnomah County and the City of Troutdale, Providing for the Transfer of One Mile of County Roads to the City of Troutdale; Responsibilities for Transportation Planning, Development Review and Permit Issuance, and Stormwater Management Functions; and Funding in the Amount of $5,600 Per Year Plus COLA Beginning July 1, 1995

AT THE REQUEST OF CHAIR STEIN AND UPON MOTION OF COMMISSIONER COLLIER, SECONDED BY COMMISSIONER HANSEN, R-4 AND R-5 WERE UNANIMOUSLY CONTINUED TO THURSDAY, MARCH 9, 1995.

SHERIFF'S OFFICE

R-6 Request for Approval to Donate Certain Multnomah County Surplus Computer Items to the U.S. Naval Sea Cadet Corps, a Non-Profit Organization

COMMISSIONER COLLIER MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-6. LARRY AAB AND FRANNA HATHAWAY EXPLANATION AND RESPONSE TO BOARD QUESTIONS. DONATION UNANIMOUSLY APPROVED.

DEPARTMENT OF HEALTH

R-7 Budget Modification MCHD 4 Requesting Authorization to Increase HIV Programs Within the HIV & STD Services Division Budget to Reflect Receipt of Two Grants to Enhance Services for HIV Clients

COMMISSIONER SALTZMAN MOVED AND

COMMISSIONER KELLEY SECONDED, APPROVAL OF R-7. COMMISSIONER HANSEN EXPLANATION. BUDGET MODIFICATION UNANIMOUSLY APPROVED.

R-8 Budget Modification MCHD 5 Requesting Authorization to Move Dollars to Correct Funds, Organizations and Categories Within the Health Department Budget

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-8. COMMISSIONER HANSEN AND TOM FRONK EXPLANATION AND RESPONSE TO BOARD QUESTIONS AND COMMENTS. BUDGET MODIFICATION UNANIMOUSLY APPROVED.

PUBLIC CONTRACT REVIEW BOARD

(Recess as the Board of County Commissioners and convene as the Public Contract Review Board)

R-9 ORDER in the Matter of an Exemption to Exceed the 20% Change Order Limitation for the Animal Control Remodel/Repair Construction

COMMISSIONER COLLIER MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-9. FRANNA HATHAWAY AND COMMISSIONER COLLIER EXPLANATION. ORDER 95-43 UNANIMOUSLY APPROVED.

(Recess as the Public Contract Review Board and reconvene as the Board of County Commissioners)

The regular meeting was recessed at 10:03 a.m. and the work session convened at 10:08 a.m.

Thursday, March 2, 1995 - 10:30 AM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

WORK SESSION

WS-2 Discussion on Need for Consultant to Assist in the Development of a Tax Abatement Policy. Presented by Sharon Timko.

SHARON TIMKO PRESENTATION OF OPTIONS TO

EXPEDITE DRAFT POLICY. MS. TIMKO, JOHN DuBAY, MARCY JACOBS, ROB FUSSELL, MARK CLEMONS AND MICHAEL ODGEN RESPONSE TO BOARD QUESTIONS AND DISCUSSION. TECHNICAL ADVISORY TEAM TO SUBMIT DRAFT STRATEGIC INVESTMENT PROGRAM POLICY TO COUNTY BOARD BY NOON, THURSDAY, MARCH 23, 1995. STAKEHOLDERS WORK SESSION TO REVIEW AND REVISE DRAFT POLICY SCHEDULED FOR 1:35 PM, TUESDAY, MARCH 28, 1995, HEARING ROOM 602, COURTHOUSE. REVISED DRAFT POLICY TO BE SUBMITTED TO COUNTY BOARD BY NOON, MONDAY, APRIL 3, 1995. PUBLIC HEARING ON PROPOSED STRATEGIC INVESTMENT PROGRAM POLICY SCHEDULED FOR 1:35 PM, TUESDAY, APRIL 11, 1995, HEARING ROOM 602, COURTHOUSE. FIRST READING, PUBLIC HEARING AND POSSIBLE ADOPTION OF PROPOSED STRATEGIC INVESTMENT PROGRAM POLICY ORDINANCE SCHEDULED FOR 9:30 AM, THURSDAY, APRIL 13, 1995, HEARING ROOM 602, COURTHOUSE. IF NEEDED, SECOND READING OF ORDINANCE SCHEDULED FOR 9:30 AM, THURSDAY, APRIL 20, 1995, HEARING ROOM 602, COURTHOUSE.

Thursday, March 2, 1995 - 11:00 AM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

EXECUTIVE SESSION

E-1 The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(h) for Consultation with Counsel Concerning Legal Rights and Duties Regarding Litigation Likely to be Filed. Presented by John DuBay and Scott Pemble.

EXECUTIVE SESSION HELD.

There being no further business, the meeting was adjourned at 12:00 p.m.

OFFICE OF THE BOARD CLERK
for MULTNOMAH COUNTY, OREGON

Deborah L Bogstad

Deborah L. Bogstad

MULTNOMAH COUNTY OREGON

OFFICE OF THE BOARD CLERK
SUITE 1510, PORTLAND BUILDING
1120 S.W. FIFTH AVENUE
PORTLAND, OREGON 97204

BOARD OF COUNTY COMMISSIONERS

BEVERLY STEIN •	CHAIR	• 248-3308
DAN SALTZMAN •	DISTRICT 1	• 248-5220
GARY HANSEN •	DISTRICT 2	• 248-5219
TANYA COLLIER •	DISTRICT 3	• 248-5217
SHARRON KELLEY •	DISTRICT 4	• 248-5213
CLERK'S OFFICE •	248-3277	• 248-5222

AGENDA

MEETINGS OF THE MULTNOMAH COUNTY BOARD OF COMMISSIONERS

FOR THE WEEK OF

FEBRUARY 27, 1995 - MARCH 3, 1995

Thursday Meetings of the Multnomah County Board of Commissioners are taped and can be seen by Paragon Cable subscribers at the following times:

Thursday, 6:00 PM, Channel 30
Friday, 10:00 PM, Channel 30
Saturday, 12:30 PM, Channel 30
Sunday, 1:00 PM, Channel 30

INDIVIDUALS WITH DISABILITIES MAY CALL THE OFFICE OF THE BOARD CLERK AT 248-3277 OR 248-5222, OR MULTNOMAH COUNTY TDD PHONE 248-5040, FOR INFORMATION ON AVAILABLE SERVICES AND ACCESSIBILITY.

Tuesday, February 28, 1995 - 1:00 - 5:00 PM
Justice Center, 14th Floor Conference Room B
1111 SW Second, Portland

WORK SESSION

WS-1 *Elected Officials Will Meet for Stakeholder Goal Setting Regarding Property Tax Abatement Policy. Facilitated by Elaine Hallmark.*

Thursday, March 2, 1995 - 9:30 AM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

REGULAR MEETING

CONSENT CALENDAR

NON-DEPARTMENTAL

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MANAGEMENT SUPPORT

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DEPARTMENT OF ENVIRONMENTAL SERVICES

C-4 *ORDER in the Matter of the Execution of Deed D951171 for the Repurchase of Certain Tax Acquired Property to Former Owner Tina Wright*

JUVENILE JUSTICE DIVISION

C-5 *Ratification of Amendment No. 1 to Intergovernmental Agreement Contract*

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R-1 *Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.*

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R-2 *Presentation in the Matter of Employee Service Awards Honoring Multnomah County Employees with Five to Twenty-Five Years of Service*

DEPARTMENT OF ENVIRONMENTAL SERVICES

R-3 *First Reading of a Proposed ORDINANCE Amending the Multnomah County Comprehensive Plan Map and Sectional Zoning Maps and Correcting Errors in Ordinance 745*

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PUBLIC CONTRACT REVIEW BOARD

(Recess as the Board of County Commissioners and convene as the Public Contract Review Board)

R-9 *ORDER in the Matter of an Exemption to Exceed the 20% Change Order Limitation for the Animal Control Remodel/Repair Construction*

(Recess as the Public Contract Review Board and reconvene as the Board of County Commissioners)

Thursday, March 2, 1995 - 10:30 AM
(OR IMMEDIATELY FOLLOWING REGULAR MEETING)
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

WORK SESSION

WS-2 *Discussion on Need for Consultant to Assist in the Development of a Tax Abatement Policy. Presented by Sharon Timko. 30 MINUTES REQUESTED.*

Thursday, March 2, 1995 - 11:00 AM
(OR IMMEDIATELY FOLLOWING REGULAR MEETING)
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

EXECUTIVE SESSION

E-1 *The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(h) for Consultation with Counsel Concerning Legal Rights and Duties Regarding Litigation Likely to be Filed. Presented by John DuBay and Scott Pemble. 1 HOUR REQUESTED.*

CITY OF

PORTLAND, OREGON

EARL BLUMENAUER
DEPARTMENT OF PUBLIC WORKS

Beth Pearce
Commissioner's Assistant

1220 S.W. Fifth Avenue, Room 407
Portland, Oregon 97204

Phone:
(503) 823-3606
FAX: (503) 823-3596

MEETING DATE: FEBRUARY 28, 1995

AGENDA NO: WS-1

(Above Space for Board Clerk's Use ONLY)

AGENDA PLACEMENT FORM

SUBJECT: WORK SESSION - PROPERTY TAX ABATMENT - STAKEHOLDER GOAL SETTING

BOARD BRIEFING Date Requested: TUESDAY, FEBRUARY 28, 1995

Amount of Time Needed: 1:00 PM TO 5:00 PM

REGULAR MEETING: Date Requested:

Amount of Time Needed:

DEPARTMENT: NON-DEPARTMENTAL DIVISION: CHAIR BEVERLY STEIN

CONTACT: SHARON TIMKO TELEPHONE #: 248-3960

BLDG/ROOM #: 106/1515

PERSON(S) MAKING PRESENTATION: FACILITATOR ELAINE HALLMARK

ACTION REQUESTED:

[] INFORMATIONAL ONLY [X] POLICY DIRECTION [] APPROVAL [] OTHER

SUMMARY (Statement of rationale for action requested, personnel and fiscal/budgetary impacts, if applicable):

WORK SESSION WITH ELECTED OFFICIALS FOR STAKEHOLDER GOAL SETTING REGARDING PROPERTY TAX ABATEMENT POLICY.

* REPORT TO BE SUBMITTED FRIDAY, FEBRUARY 24, 1995

BOARD OF COUNTY COMMISSIONERS
1995 FEB 23 PM 12 46
MULTNOMAH COUNTY OREGON

SIGNATURES REQUIRED:

ELECTED OFFICIAL: Beverly Stein

OR

DEPARTMENT MANAGER:

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions: Call the Office of the Board Clerk 248-3277/248-5222

0516C/63

6/93

ELAINE HALLMARK
Submittal

MULTNOMAH COUNTY STRATEGIC INVESTMENT PROGRAM
POLICY DISCUSSION

February 28, 1995
Multnomah County Justice Center, 14th Floor, Conference Room B

AGENDA

Desired Outcome of this meeting: (1) A clear statement, using the Portland-Multnomah Benchmarks as a framework, of prioritized goals, objectives or guarantees the policy makers would like this policy to achieve so that staff may develop the draft policy. (2) A decision on where the Community Service Fee will be allocated.

1:00 Welcome and Introductions - Bev Stein, Chair Multnomah County Commission

1:10 Agenda Review, Desired Outcome, Process to Use - Elaine Hallmark, Facilitator

Information and Overview

1:15 Overview of Strategic Investment Program - Marcy Jacobs, Economic Development Dept.

1:25 County Process for Policy Development - Sharon Timko, Staff Asst. to Comm. Stein

1:35 Portland-Multnomah Benchmarks - Pam Webb, Portland-Multnomah Progress Board

1:50 Company Profile - Lisa Nisenfeld, Portland Development Comm.

Goals, Objectives, or Guarantees of Strategic Investment Plan Policy

2:00 Group Develops Goals/Objectives/Guarantees to Be Met with this Policy

3:00 Break

3:15 Resume discussion of goals/objectives (Make specific the goals developed)

4:00 Prioritize Goals/Objectives/Guarantees

4:30 **Community Service Fee** - Address the use of the money collected in this fee. To what will it be dedicated?

5:00 Close

ELAINE HALLMARK
SUBMITTAL

MULTNOMAH COUNTY STRATEGIC INVESTMENT PROGRAM POLICY DISCUSSION

A panel of experts has been convened and is available throughout the goal setting session to field questions from the stakeholders. The technical advisory committee is also available to field any questions from the stakeholders.

PANEL OF EXPERTS

1) Dave Warren, Multnomah County Budget Office

2) John Dorst, Multnomah County Transportation Division

3) Cathey Briggs, staff for the Housing and Community Development Commission

4) Bob Rieck, Portland Water Bureau

5) Courtney Wilton, staff for the Multnomah County Tax Supervision and Conservation Commission

6) Lisa Nisenfeld, Portland Development Commission JobNet Program

TECHNICAL ADVISORY COMMITTEE

1) Sharon Timko, Multnomah County Chair's Office

2) Michael Odgen, Portland Development Commission

3) Rob Fussell, City of Gresham

4) Bob Robison, Gretchen Kafoury's Office

5) Marcy Jacobs, Oregon Economic Development Department

6) Ethan Seltzer, Institute of Portland Metropolitan Studies at Portland State University

TARGETING CAPITAL INTENSIVE INDUSTRIES

OREGON'S COMPETITIVE ADVANTAGES:

- QUALITY OF LIFE
- WORKFORCE
- POWER RELIABILITY AND COST
- WATER QUALITY AND AVAILABILITY
- LAND ZONED APPROPRIATELY
- PUBLIC INFRASTRUCTURE
- COST OF LIVING

OREGON'S COMPETITIVE DISADVANTAGES:

- PROPERTY TAXATION SYSTEM

MARCY JACOBS PRESENTATION

CAPITAL INTENSIVE INDUSTRIES

CHARACTERISTICS:

- EXTRAORDINARY CAPITAL COSTS FOR TECHNOLOGY AND RESEARCH

- EXTRAORDINARY INVESTMENT PER JOB - $400,000 TO $1 MILLION

- HIGHLY TRAINED WORKFORCE PAYING HIGHER THAN AVERAGE WAGES

- MULTIPLIER EFFECT OF ADDITIONAL INVESTMENT THROUGHOUT THE STATE

STRATEGIC INVESTMENTS PROGRAM
MAJOR COMPONENTS

- EXEMPTS PROPERTY TAXES ON AV OVER $100 MILLION ($100 MILLION FLOATS WITH INCREASES/DECREASES IN TAXABLE VALUE OF ALL COUNTY PROPERTY)

- 25% OF ABATED VALUE TO COMMUNITY AS COMMUNITY SERVICE FEE
  - $2 MILLION CAP PER YEAR
  - USED FOR VARIETY OF PUBLIC SERVICES
  - OUTSIDE OF MEASURE 5 LIMITS

- COUNTY CAN IMPOSE OTHER REASONABLE RESTRICTIONS, FEES, OR REQUIREMENTS

- 75% OF PERSONS HIRED MUST BE OREGONIANS

- REQUIRES CITY/COUNTY APPROVAL

- STATE ISSUES TAXABLE REVENUE BONDS FOR MAXIMUM OF FIFTEEN YEARS
  - CONDUIT BOND
  - NOT GUARANTEED BY THE STATE

- COMPANY RETAINS PROPERTY OWNERSHIP

SITE CRITERIA FOR SILICON WAFER MANUFACTURER

- **SITE SIZE: 50-150 ACRES**
- **VIBRATION SENSITIVE: STABLE SOILS**
- **ELECTROMAGNETIC FIELD SENSITIVITY: OVERHEAD TRANSMISSION LINES**
- **SENSITIVITY TO COMPETING OR CONFLICTING USES: HOUSING, HEAVY COMMERCIAL, HEAVY INDUSTRIAL**
- **WATER: LARGE AMOUNTS; CLEAN, NO UNDERGROUND CONTAMINATION**
- **POWER: CHEAP, RELIABLE**
- **PUBLIC INFRASTRUCTURE: ROADS, WATER, SEWER**
- **AESTHETIC APPEAL**
- **DEMONSTRATED SKILLED WORKFORCE AVAILABILITY**
- **POLITICAL RECEPTIVITY/BUSINESS CLIMATE: RAPID RESPONSE TO MEET MARKET TIMING**

PROJECT FINANCING

PROPERTY TAXES
- LOCAL GOVERNMENT OPERATIONS AND FUNCTIONS - SUPPLEMENTED BY USER FEES AND CHARGES
- LOCAL SCHOOLS - OPERATIONS AND STAFFING - SUPPLEMENTED BY STATE GENERAL FUNDS
- LOCAL SCHOOL CONSTRUCTION - SUPPLEMENTED BY SERIAL LEVIES

OTHER MUNICIPAL SOURCES
- DEVELOPMENT IMPACTS - CONNECTION FEES, TRAFFIC IMPACT FEES
- ROADS
  . STATE AND FEDERAL GAS TAX
  . SERIAL LEVIES
  . LOCAL IMPROVEMENT DISTRICTS
- WATER AND SEWER
  . SYSTEMS DEVELOPMENT CHARGES
  . GENERAL RATES
  . SERIAL LEVIES

COMMUNITY SERVICE FEE

STATE LOTTERY PROGRAMS

ADDITIONAL LOTTERY FUNDING

SPECIAL PUBLIC WORKS PROGRAM - LOANS, GRANTS
TECHNICAL ASSISTANCE

ODOT IMMEDIATE OPPORTUNITY FUND - GRANT PROGRAM
FOR ROADS, SIGNALIZATION, RIGHT OF WAY

TRAINING -

- TARGETED TRAINING
- KEY INDUSTRY TRAINING

REGIONAL STRATEGIES - GRANTS/LOANS DETERMINED BY
COUNTY APPOINTED LOCAL BOARD

STRATEGIC RESERVE - APPROVED BY THE GOVERNOR

SHARON TIMKO
PRESENTATION

MULTNOMAH COUNTY
STRATEGIC INVESTMENT PROGRAM
POLICY DISCUSSION

BACKGROUND REPORT

February 24, 1995

MULTNOMAH COUNTY
STRATEGIC INVESTMENT PROGRAM
POLICY DISCUSSION

BACKGROUND REPORT

TABLE OF CONTENTS

I. INTRODUCTION

The Strategic Investment Program (SIP), is a property tax program passed by the State of Oregon during the last legislative session (HB 3686). The SIP is designed to provide an partial property tax abatement for investments of more than $100 million. The two industries which are capital intensive enough to utilize this program are the metals and semiconductors industries, both of which have been designated as key industries for the state.

The Multnomah County Board of Commissioners held a public hearing on January 23, 1995 on the Strategic Investment Program (SIP) as part of a process to decide if the County should implement this program. Public testimony at this hearing spanned a period of four hours and touched on a variety of issues and concerns.

At a subsequent work session, the Commission decided to develop an SIP policy for their use of this program. The Multnomah County Commissioners have invited elected officials from the cities and Metro to participate in a goal setting session. Elected officials have been identified as key stakeholders because of each city's ability to develop and adopt its own tax abatement policy. House Bill 3686 stipulates that a city where a company locates and the county must both agree on a specific request for a tax abatement under the SIP. The Multnomah County Board of Commissioners have agreed to work with all the cities now to minimize any potential conflicts at the time of an application.

Key stakeholders will be asked to discuss community goals which the SIP could help achieve and prioritize which of those goals should be incorporated in the SIP policy. the Portland/Multnomah Progress Board Benchmarks will be used as the starting point.

This background report has been prepared to provide information and policy context for use at the goal setting session. The background report is not intended to be the definitive report on the issue. Nor will it prioritize goals. Rather it will provide basic and informative materials so the group will share a common starting point for the goal setting session.

Washington and Yamhill Counties have adopted policies for their use of the SIP. Washington County has received and approved three applications under their SIP policy. However, as a result of their experience with the SIP, Washington County has offered the state a number of suggestions for modifications to the current legislation including adjusting the cap based on community need. For example, higher caps might be allowed in counties with high levels of unemployment or significant worker displacement. Copies of the Washington and Yamhill County policies as well as a copy of a letter to the governor with suggested changes to the SIP are included as part of Section VIII. of this report, *EXAMPLES OF EXISTING SIP/ENTERPRISE ZONE POLICIES.*

The SIP policy will be drafted by a technical committee which is supporting this process. the draft policy will be based on the goals identified at the stakeholder's meeting. The Multnomah County Board of Commissioners will then review the draft policy prior to releasing it for public comment. The Institute of Portland Metropolitan Studies at PSU will convene a group of experts to review the draft policy. A public hearing will then be held to receive feedback from the panel of experts, the cities and the general public. A hearing date is scheduled for the beginning of April.

The following sections of this report summarize the issues and concerns which were brought out through testimony at the January 23rd public hearing and provides a review and discussion of information relevant to these issues and the use of the strategic investments program.

II. OVERVIEW OF THE STRATEGIC INVESTMENT PROGRAM

Background and Intent

Oregon, with its high quality of life and other competitive advantages, has always scored high with companies interested in a West Coast location. However, for the semiconductor and metals industries, which within the span of the last four years have become extremely capital intensive, Oregon's property tax system made the state non-competitive as a location for these industries. Oregon finds itself competing for these firms, with Arizona, New Mexico and other U.S. states, but also on a world-wide basis with Singapore, Ireland, Great Britain and Malaysia.

Oregon had lost several billion dollar investments in head to head competition with states that offered complete property tax abatements, sales tax relief, and financing programs for major corporate investments. Oregon needed to examine whether it wanted to compete for these investments, and if so, how.

The Strategic Investment Program (SIP), enacted through HB 3686, was designed to respond to a window in time of economic opportunity to attract major investments and high wage jobs in strategic key industries in Oregon, specifically, semiconductors and metals.

Industry Characteristics

The characteristics of the semiconductor and metals industries which make them attractive as economic targets also contribute to the need for the SIP. These include:

- Extremely high capital costs and short useful life of manufacturing equipment;

- High investment per job --- between $500,000 and $2,000,000 per job --- roughly 15 to 60 times the historical average;

- A highly trained workforce earning wages well above average, coupled with opportunities for initial entry and career/skill advancement for lower skilled members of Oregon's existing labor force;

- High multiplier effect of additional investment created via supplier and service companies throughout the state, and;

- Low impact on property tax financed local services per dollar of investment.

Elements of the Strategic Investment Program

The SIP offers partial property tax abatement for capital intensive industries. It operates completely at local option. Multnomah County will determine the specific rules, criteria and standards it will apply and will negotiate directly with any companies under this program.

HB 3686 authorizes the State to issue Industrial Revenue Bonds for eligible projects, as approved by the County. The bonds serve as a mechanism to provide the property tax abatement, and may be issued for a maximum of 15 years. Unlike programs in other states, the State of Oregon does not take title to the property or assume any property liability. The major features of the SIP are:

1. Property taxes are exempt on assessed valuation above $100 million. That figure floats with increases or decreases in taxable value of property in the County over time;

2. A Community Service Fee, equal to 25% of the abated taxes, up to a maximum of $2 million per year, is paid to the County. The Community Service Fee can be used for local public uses as determined by the County (eg. roads, schools, water systems, industry specific training, etc.);

3. The community is allowed to impose other reasonable requirements or restrictions on the company, such as hiring requirements, or charge additional fees;

4. To assure that Oregonians benefit from this program, the company receiving an abatement under this program is required to enter into a first source hiring agreement. 75% of the persons hired must be Oregon residents;

5. Theoretically, a company may qualify for both the Enterprise Zone Program and the Strategic Investment Program;

6. Local government approval, via public hearing, of individual projects under the SIP is required. Approval by the County Commission, as well as the City Council in which the project is located, is required;

7. Final action is taken by the Oregon Economic Development Commission, which approves the bonds;

8. The bonds are conduit bonds in which the company's credit and the project's revenues serve to back the bonds. The State does not convey a general obligation, nor does the County or City;

9. The company retains a fee interest in the property.

Limited Firms/Limited Sites

As noted in the *Background and Intent* discussion, above, the SIP has application to a limited number of industries or companies, due to the level of capital investment required.

In fact, due to the rapid depreciation of equipment, which for these industries represents the largest portion of their investment, for the SIP to have any substantial benefit to the company, the investment typically must be larger than $400 million.

For the semiconductor industry in particular, which has stringent siting criteria, there are a limited number of sites available statewide. These site and community characteristics include:

- Large parcel size, typically 50 to 150 acres, partly for amenities, partly to isolate the facility from vibration of local traffic and other immediate uses;

- Stable soils which transmit no vibration. This rules out sites near rail roads, proximate to the Columbia River (areas with a high water table transmit vibration readily), close to the airport, or near heavy industrial uses;

- Production equipment and processes are sensitive to electro-magnetic fields. Sites with overhead power transmission lines pose problems;

- Availability of clean water. Production processes are highly sensitive to water content/purity and require substantial amounts of water, between 500,000 and a million gallons per day;

- The market operates on short timeframes/product life cycles. Potential sites must have infrastructure in place or available within 12 months. Rapid response by the community is required to allow the company to deal with the market pressures faced by this industry;

- Availability of a skilled and trainable workforce must be demonstrated;

- Concern about potential conflicting uses such as adjacent residential or major commercial/retail;

- Political/community will and a positive business climate must be present, usually tested up front before any application is made. These firms do not want to be where they are not welcomed.

The number of properties with meet these criteria is limited. Once an SIP policy/process is developed by the County, one expansion application by an existing company and one or two additional applications from new firms are anticipated.

III. SUMMARY OF ISSUES AND CONCERNS RAISED BY THE PUBLIC

This section summarizes the issues and concerns that were raised by the public at the January 23rd public hearing. The issues have been categorized into the following eight areas:

- Income and Wages
- Employment and Workforce
- Property Tax
- Housing
- Infrastructure
- Environment
- Other Policy Issues
- Policy Administration

Many of the statements were raised to alert the Multnomah County Board of Commissioners of possible consequences or benefits of the Strategic Investment Program.

The accuracy of the following statements has not been verified. The statements were paraphrased from the public testimony. This is not an exhaustive list of all the issues regarding tax abatements. It only represents those issues that were raised at the January 23rd. public hearing. A more through discussion of the advantages and disadvantages of a tax abatement is included as Section VIII. *TAX ABATEMENTS.*

Income and Wages Issues

Possible Benefits

1) Reduces the gap between the rich and poor.

2) Provides family wage jobs.

Possible Consequences

1) Jobs created need to be permanent full-time not temporary or part-time. The high technology industry is known for creating a significant number of temporary jobs.

2) Require decent wage jobs.

3) A tax abatement policy will not create high quality jobs.

4) Tax breaks have the opposite effect of lowering wages not raising them.

5) High technology industries create low wage and nonunionized jobs.

6) More low paying jobs will be created for people living in the County than higher paying jobs. The company will import a few people to fill higher paying jobs and that will make the average annual wage appear higher than it really is.

Other Issues

1) County needs family wage jobs with benefits.

Employment and Workforce Issues

Possible Benefits

1) A tax abatement policy will help employ the unemployed and underemployed.

2) A $100 million dollar investment is a considerable investment for East Multnomah County that will provide a substantial number of jobs.

Possible Consequences

1) Multnomah County citizens who need jobs the most, the unemployed and underemployed, will not benefit from this program.

2) High technology industries use a significant number of temporary employees.

3) Provides only short-term employment opportunities. After the tax abatement period is over, the company will move to a new location with greater tax abatement opportunities.

Other Issues

1) State of Oregon has not made a strong enough commitment to education and workforce preparedness.

2) A decision made at the local level has statewide impacts. The state is required to compensate schools for any revenue losses related to property tax collection. This revenue could be invested into other state programs instead of compensating schools for revenue loss through tax abatements.

3) Training programs are needed to all people access to jobs and job advancement.

4) Intel is now laying off jobs.

5) Consider all jobs created on the campus including contracted jobs, groundkeepers, cooks...

Property Tax Issues

Possible Benefits

1) Employing more citizens will result in a higher homeowner property tax return.
2) Strategic Investment Program will lower taxes for everyone.
3) Strategic Investment Program establishes a level field for all businesses.
4) Strategic Investment Program does help small businesses by stimulating the economy.

Possible Consequences

1) Public agencies need revenue from all sources to manage for growth. Under compression, the County will not be able to collect its full levy.
2) Unfair to small and medium sized businesses and homeowners.
3) Sending a negative message to homeowners and other property owners who will have to compensate for the taxes abated. Also potential consequences for future Measure 5 ballot initiatives.
4) Existing businesses do not receive tax abatement.
5) Strategic Investment Program shifts the tax burden to homeowners and other property owners.

Other Issues

1) State stands to gain the most from the program: significant increase in personal income taxes and corporate taxes.
2) State should share their revenue windfall with counties to assist disadvantaged areas.

Housing Issues

Possible Consequences

1) There is not sufficient affordable housing in the county to meet the demand if lower wage jobs are created.

Other Issues

1) Jobs\housing mix needs to be balanced.

Infrastructure Issues

Possible Benefits

1) User fees will pay for infrastructure needs.

Possible Consequences

1) Encouraging large companies to locate here with a tax abatement will place a greater demand on the infrastructure with less tax revenue to pay for it.

2) Increased need for wastewater treatment facilities, schools and roads.

Environmental Issues

Possible Benefits

1) Land is now available for this large investment. The County may not have this choice in the near future.

Possible Consequences

1) Need to consider environmental impacts. (i.e. air, water)

2) High technology industries are not clean industries. They impact the water quality and quantity and impact the airshed through release of emissions. Need to consider the cumulative impacts on the regional air and watersheds.

3) Set high environmental standards.

4) High technology industries are the number one water uses in the area. Should we be using our limited water resources for high technology? Salmon?

5) Contaminate well water.

6) Only grant a tax abatement to a company that plans and builds the campus in a manner that aids in the development of a more compact urban form.

7) Require a company receiving a tax abatement to recycle water on site.

Other Policy Issues

1) Granting tax abatements allows the County to control the type of development.

2) No long term benefit to the community.

Policy Administration

1) Draft a policy prior to accepting applications for tax abatements.

2) A tax abatement policy should be reviewed on a regional basis, not county by county.

3) Measure and evaluate the tax abatement program.

4) 3/4 of all jobs created must be over the County median wage.

5) Require full disclosure of financial and environmental information. Disclose any past labor law and environmental law violations.

6) Company must agree to recognize unions and not replace striking workers.

7) Company pays for all reports and analysis necessary to process an application.

8) Create clawback and job creation guaranties.

9) Include a strong public involvement and review component.

10) Require profit disclosure. If profits are higher than a certain percentage, return additional revenues back to the County.

11) Strongly consider where the company invests their revenues. Small companies usually invest in the local community.

12) Have companies purchase supplies locally.

IV. LOCAL BENCHMARKS

The issues and concerns which were raised at the January 23rd public hearing were summarized in an earlier section. These issues cover a variety of concerns but can be viewed as falling into six basic topic areas:

1. Income and Wage Concerns.
2. Employment and Workforce Issues.
3. Housing Issues.
4. Infrastructure Concerns.
5. Livability/Environment
6. Policy Administration

As we work to understand and frame the choices before us in each of these areas, the Portland/Multnomah Progress Board Benchmarks should be used as the starting point. The benchmarks were developed from two citizen-based vision and goal-setting processes: *Portland Future Focus* and *Multnomah Visions*. The Progress Board is a collaborative effort from across the community, including business, non-profit, educational and government leadership. Benchmarks have been developed to establish long range goals for improvement of our overall quality of life in this community. Most importantly, urgent benchmarks have been identified to provide a magnet for collaboration across all sectors of the community.

Both Multnomah County and the City of Portland have formally endorsed the Portland/Multnomah Progress Board Benchmarks.

The purpose of the stakeholder's meeting is therefore not to create or develop new goals or policy directions, but rather to recognize that these benchmarks exist as established goals, determine how the SIP can help achieve the urgent benchmarks.

Section VII. EXISTING DATA RELATED TO ISSUES/BENCHMARKS, covered later in this report, provides current data and discussion of the relevant County benchmarks and related issues, organized by the six topic areas outlined above. However, current data for the benchmarks related to the fifth topic area, Livability/Environment is not provided (data for all of these benchmarks has not been developed). However, the applicable Livability and Environment benchmarks will be listed for reference and inclusion in the goal setting discussion. Additionally, there are no specific benchmarks which apply to the sixth topic outlined above, Policy Administration.

V. SIP FISCAL IMPACT ANALYSIS

The Multnomah County Tax Supervising and Conservation Commission (TSCC) conducted an analysis of the possible tax revenue and tax rate impacts relative to the SIP. The TSCC developed the analysis with input on a typical semiconductor plant investment provided by the Oregon Economic Development Department (OEDD). As part of this analysis, the TSCC developed assumptions on growth in local levies in consultation with the City of Portland and Multnomah County budget offices.

Under this analysis, SIP benefits would exist for tax years 1997-98 through 2004-2005, an eight year period. All tax payment, savings, collection and tax rate impacts shown below are calculated for this period. The complete analysis (approximately 30 pages) is available for review but is not included as part of this background report.

The analysis examined the revenue and tax rate impacts under two possible circumstances:

a. The existing tax system, presuming a normal 6.5% growth in assessed valuations.
b. Assuming that the State/voters pass a 4% cap on the annual growth in assessed valuations (proposed legislation which is currently being discussed). With this assumption, all cities would be end up in compression and could not collect their full levy amounts. Tax rates would be affected by a 4% cap.A 4% cap in growth of assessed valuations would create a minimal net increase in Multnomah County revenues if the investment were located in Gresham (or other locations not in compression). If an investment occurs in a location in compression (the City of Portland under the 4% cap) there would be a more significant revenue difference with/without a SIP abatement.

A summary of the impacts, <u>compared to no investment</u>, include:

Between 1997 and 2004 with the SIP -- i.e. the investment capped at $100 million:

- $0.9 million in additional property tax collections by Multnomah County (library rate levy collections)
- $2.7 million in Community Services Fees (CSF) paid to Multnomah County ($2.8 w/4% AV Cap)
- $0.6 million in additional property tax collections by Gresham (public safety rate levy collections)
- $144 total property tax savings for the owner of a $100,000 home in Gresham ($211 w/4% AV cap)
- $14.1 million in property taxes paid by the company ($15.2 w/4% AV cap)
- $8 million net savings ($10.8m tax savings minus CSF) to the company ($8.5 w/4% AV cap)
- No net impact on schools (increased property tax collections would be offset with lower state funding)

Between 1997 and 2004 without the SIP -- i.e. taxing the full value of the investment:

- $1.6 million in additional property tax collections by Multnomah County (library rate levy collections)
- $1.1 million in additional property tax collections by Gresham (public safety rate levy collections)
- $305 total property tax savings for the owner of a $100,000 home in Gresham ($365 w/4% AV cap)
- $24.8 million in property taxes paid by the company ($26.5 w/4% AV cap)
- No net impact on schools (increased property tax collections would be offset with lower state funding)

Presented on the next page is a table of the potential revenue and tax rate impacts of six possible scenarios.

Summary of Tax Revenue and Tax Rate Impacts '97-'98 through 2004-'05

	Existing System No Investment	Existing System SIP Abatement	Existing System Full Value	4% AV Cap No Investment	4% AV Cap SIP Abatement	4% AV Cap Full Value
Property Tax Revenue Impacts						
Multnomah County		+ $0.9 million	+ $1.6 million		+ $0.9 million (margnially more than)	+ $1.6 million (marginally more than)
City of Gresham		+ $0.6 million	+ $1.1 million		+ $0.6 million	+ $1.1 million
All other Jurisdictions		None	None		None	Minor benefit (not measured)
K-12 Schools		None ($4.9m increase in property tax collections will be offset with lower state school support payments)	None ($8.7m increase in property tax collections will be offset with lower state school support payments)		None ($4.9m increase in property tax collections will be offset with lower state school support payments)	None ($8.7m increase in property tax collections will be offset with lower state school support payments)
Tax Rate Impacts City of Gresham						
In 2001-2002	$14.45	$14.27	$13.98	$15.66	$15.42	$15.04
2004-2005	$14.13	$13.96	$13.95	$15.94	$15.68	$15.66
All other Jurisdictions	Not Calculated Individually	Slight Decrease (not measured)	Slight Decrease (not measured)	Not Calculated Individually	Slight Decrease (not measured)	Slight Decrease (not measured)
Homeowner tax payments 1997-2004 (assuming $100,000 home in 1997)	$14,584	$14,440 ($144 less than no investment)	$14,279 ($305 less than no investment $161 less than with SIP)	$14,417	$14,206 ($211 less than no investment)	$14,052 ($365 less than no investment $154 less than with SIP)
Property Taxes Paid (over the SIP abatement period '97-2004)		$14.1 million	$24.8 million		$15.2 million	$26.5 million
Community Service Fee (CSF)	None	$2.7 million	None	None	$2.8 million	None
Property Tax Savings to Company		$10.7 million	None		$11.3 million	None
Net to Company (savings - CSF)		$8.0 million	None		$8.5 million	None

Source: Multnomah County Tax Supervising and Conservation Commission, February 1995.

VI. SEMICONDUCTOR EMPLOYER PROFILE

The following employer profile is based on IDT, a semiconductor company building a facility in Hillsboro approved under Washington County's SIP. The IDT facility will be developed in two phases. The second phase is estimated to be most representative of projects Multnomah County is likely to see under its SIP.

Hiring for these project will occur over a multi-year "ramp-up" schedule, typically over 5 years. The majority of the hiring is expected to be for Operator (53%) and Engineer (21%) positions. The remainder will be comprised of Administrative and Maintenance Technician workers.

PROJECTED EMPLOYEE RAMP-UP

Job Classification	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Administration	20	5	5	10	10	50
Operators	10	60	80	50	50	250
Engineers	15	10	10	25	40	100
Equipment Technicians	10	5	15	30	15	75
TOTAL	**55**	**80**	**110**	**115**	**115**	**475**

Wages

The distribution of jobs, wages, and other details for the positions expected are as follows. Please note that base wages do not include employee bonus or benefits which are standard industry practices:

WAGE AND POSITION DETAILS

Job Classification	Total Number Positions	Salary Range	Average Current Wage	Entry Wage	Degree/Experience Required
Administration	50	24 - 80.4 K/yr	$39,996	$24,000	BA, BS
Operators	250	13.5 - 27 K/yr	$19,760	$13,520 (HS no exp)	HS, some trng/exp preferred
Engineer	100	33.6 - 80.4 K/yr	$55,200	$33,600	BS, MS, PHD, (EE)
Equip. Technicians	75	20.4 - 39.6 K/yr	$30,000	$20,400	2 YEAR CC

OPERATOR WAGE ANALYSIS

	Entry Level	Average	Experienced
Hourly	$6.49	$9.50	$12.89
Weekly	$259.62	$380.00	$519.23
Monthly	$1,125.00	$1,646.67	$2,250
Yearly	$13,500.00	$19,760.00	$27,000.00

OPERATOR'S BASE WAGE PLUS ADDITIONAL COMPENSATION

Shift Diff. 3/4/3	$15,754.50/yr	$23,059.92/yr	$31,509.00/yr
3 Week Bonus	$16,663.41/yr	$24,390.30/yr	$33,326.83/yr
Benefits	$21,662.44/yr	$31,707.39/yr	$43,324.88/yr

The average annual wage is $30,336. This figure does not include employee bonus or benefits, is competitive within the industry and exceeds the county's average annual wage of $27,298. Total annual payroll as profiled would be $14,409,000.

Operators have an average base pay of $19,760. However, when you add in the shift differential for a 3/4/3/ shift and 3 weeks bonus (which are standard for the industry), the average wage for Operators is raised to $24,390.30.

Even though this is still slightly less than the County's annual average covered wage, it is competitive within the high technology industry. In addition, the entry level jobs within this occupation provide an opportunity for individuals with a high school education to enter the field and pursue a career and advancement in the semiconductor industry. Entry level operators are the source of experienced operators and eventually the source of technicians in many companies. Most companies espouse the policy of promoting from within and tend to follow this policy except when under the stress of major expansions.

Temporary Employees

One of the personnel practices issues which has arisen as part of the SIP discussions is the question of permanent vs. temporary positions. Nearly all employers in this industry use temporary employees under two conditions: 1) During periods of growth in market demand and expansion as a mechanism to manage short term workload and production increases, and; 2) As a training and probationary mechanism for unskilled entry level Operator positions.

Under the first condition, if increases in market demand are short lived, the use of temporary employees ceases. If the level of demand maintains, as it has during the last 4-5 years, the level of permanent staff is increased and the use of temporary positions is ceased. Under the second condition, those persons who satisfactorily complete this training/probationary step of employment are hired as permanent employees. Those who do not are not retained, as permanent nor as temporary employees.

In a December 1995 employment survey of ten semiconductor and wafer firms in the Portland/Willamette Valley area there were a total of 2,858 Operators employed. Of this total, 2,530 were permanent and 328 (11.5%) were temporary employees. Note that these are point-in-time figures and are not necessarily representative of all situations nor all conditions.

Benefits

Companies in this industry provide employees with an excellent benefit package which includes health and dental insurance, life and disability, 100% tuition reimbursement and 401 K. A summary of typical benefits includes:

BENEFIT DESCRIPTION	COMPANY PAID		EMPLOYEE PAID		OPTIONAL
	WORKER	FAMILY	WORKER	FAMILY	
Medical/Dental Insurance	X	X	$10/mo.	$85/mo.	
Tuition Reimbursement	100% for Grade B				
Life Insurance	X	X			
Accidental Death	X				
Long and Short-term Disability	X				
Profit Sharing	X				
401 k	X		Up to 15% wage		
Wellness package/ Health Club	X		Partial Pay		X
Stock purchase	X				X

VII. EXISTING DATA RELATED TO ISSUES/BENCHMARKS

The following section presents an overview of the issues raised, a review of the Portland/Multnomah Progress Board Benchmarks or other indicators which most directly apply to those issues, and an analysis of the existing data for these benchmarks and indicators. Most of this information has been mapped or graphed in an attempt to make it more understandable. The maps, graphs and data tables for this information have been included and attached as a separate SIP Data Appendix.

The data presented in this section is the most current available . The majority of the information is from the 1990 Census. The source of the forecast data is Metro's most recent regional forecasts. This data is provided as background information on the Portland/Multnomah Progress Board Benchmarks and other indicators of community conditions, in order to provide a common baseline and context for discussion. Data, no matter how current or detailed, will not provide the answers or solutions to the issues and concerns which have been raised in regard to this program.

1. Income and Wage Concerns.

The Portland/Multnomah Progress Board Benchmarks (shown in *italics*) or other indicators which most directly apply to this set of issues include:

- *Average Wages, measured as the average annual payroll per non-farm worker within the county*;
- *Poverty, measured as the percentage of citizens with incomes above 100% of the federal poverty level,* and;
- Household Income.
- Median Household Income.

Wages

<u>Portland/Multnomah Progress Board Urgent Benchmark</u> -- *Average Wages, measured as the average annual payroll per non-farm worker within the county*

The following table shows the average wage in Multnomah County over the last ten years.

<u>Average Wage - Multnomah County</u>

(Average Annual Payroll per Non-Farm Worker)

1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
$19,121	$19,657	$20,367	$21,080	$22,023	$22,878	$23,959	$25,230	$26,605	$27,298

Source: Portland-Multnomah Benchmarks, 1994 Annual Report. Oregon Employment Department, Unemployment Insurance Tax Files, 1983-1993.

The 1993 average wage within Multnomah County was $27,298. Average wage rates have risen steadily since 1984, although at a rate only marginally higher than inflation (using the Consumer Price Index as an inflation index). The Consumer Price Index for the Portland area increased 39% over this period of time. Adjusted for inflation, the county's 1984 average wage would have been $26,578 in 1993. In real dollars, the average wage in Multnomah County has increased 2.7% since 1984.

Page #1 in the attached data appendix shows 1993 average payroll per employee within Multnomah County for different sectors and industries. This table also shows the 1993 employment within each sector as well as the numeric and percentage growth for each sector between 1984 and 1993. The existing electronics equipment manufacturers in Multnomah County have a 1993 average wage of $31,691, which is 16% higher than the average for all industries.

Page #2 in the attached data appendix is a set of comparative wage information which appeared in the February 12, 1993 *Oregonian.* Through these comparisons, the Oregonian attempts to show that factory workers in the electronics industry are paid less than the average wage of comparable workers in all other industries. **The data shown does not support this conclusion.** The data presented does show that the average wage in the electronics industry is higher than other industries (the first set of comparisons), that factory workers in the electronics industry are paid less than professional and managerial workers (the second comparison). The third comparison <u>shows</u> that electronics industry factory workers average wage of $24,792 is slightly less than the average wage for <u>all</u> workers in the Portland area. -- including occupations from the bottom to the top of the scale. However, the article implies that the third comparison is factory worker to factory worker. This is not the data which is presented and is not a conclusion which can be drawn from this data - nor is the data necessary to draw this conclusion readily available.

Poverty

Portland/Multnomah Progress Board Urgent Benchmark -- Poverty, measured as the percentage of citizens with incomes above 100% of the federal poverty level.

Page #3 in the attached data appendix shows the distribution of persons in poverty within Multnomah County. As of the 1990 Census, 75,000 residents, 13% of the County's population, had incomes below the federal poverty level. As this map shows, persons below poverty are distributed throughout the county, with areas of higher concentrations in N/NE and SE Portland, and portions of each of the east county cities, although in significantly lower concentrations and as a proportion of the population than within the City of Portland..

Income

Pages #4 and #5 in the attached data appendix show the distribution of household income for Multnomah County and the Cities of Portland, Gresham, Troutdale, Fairview and Wood Village. Page #4 shows the number of households within each income group, while the graph on page #5 shows the percentage of households within each income group. More than 25% of the households in Multnomah County have incomes of less than $15,000, 20% have incomes between $15,000 and $25,000 and the remaining 54% of the households have incomes of $25,000 or above.

The three smaller cities within the county tend to have smaller percentages of lower income households and somewhat larger percentages of higher income households than the county average. The City of Troutdale shows the greatest variation from the county average, with only 7% of its households with incomes below $15,000 and nearly 80% of its households having incomes of $25,000 or above.

Page #6 in the attached data appendix is a map showing the median household income distribution within Multnomah County. This map shows that a substantial portion of the county has areas with median household incomes of between 80 - 120% of the region's median of $31,071. Significant portions of the City of Portland have median household incomes below 60% of the regional average. The City of Gresham also has areas with housing values below 60% of the regional average.

2. Employment and Workforce Issues.

The Portland/Multnomah Progress Board Benchmarks (shown in *italics*) or other indicators which most directly apply to this set of issues include:

- *Unemployment Rate, as compared to the metropolitan area, broken down by ethnicity*;
- *Percent of 25 year olds with a certificate granted from education and training programs,* and;
- Anticipated population, housing and employment growth.

Unemployment Rates

Portland/Multnomah Progress Board Benchmark -- Unemployment Rate, as compared to the metropolitan area, broken down by ethnicity. (the data presented below does not include ethnicity breakdowns).

In November 1994, there were 14,6000 Multnomah County residents who were unemployed, a 4% unemployment rate. The unemployment rate for the Portland metropolitan area for the same date was 3.6% (28,510 persons).

Page #7 in the attached data appendix shows the distribution of unemployed persons within Multnomah County as of the 1990 Census. The map shows a distribution very similar to the distribution of persons in poverty, discussed earlier. This isn't surprising since unemployment and poverty are interdependent (eg. they are related to one another). Again, this map shows, unemployed persons are distributed throughout the county, with areas of higher concentrations in N/NE and SE Portland, and portions of each of the east county cities, although in significantly lower concentrations and as a proportion of the population than within the City of Portland..

Education Level

Portland/Multnomah Progress Board Benchmark -- Percent of 25 year olds with a certificate granted from education and training programs.

Pages #8 and #9 in the attached data appendix show the level of educational attainment for the population 25 years and older for the county and each of the cities. Roughly 17% of the county's population over 25 years of age does not have a high school diploma. Another 24% hold a bachelor's degree or higher.

The Cities of Gresham, Troutdale, Fairview and Wood Village all vary from the county distribution, but in differing ways. Each of these cities have significantly small percentages of persons with bachelor's degree or higher than the county average. Gresham has a slightly higher percentage of persons with a high school diploma, some college or an associate's degree. Troutdale has a significantly smaller share of persons with less than a 12th grade education, and a significantly larger share with some college. Fairview has a substantially larger share of high school graduates than the county average. Wood Village has the largest percentage of persons with less than a 12th grade education, nearly 25%.

Population, Housing and Employment Growth
The following table shows the projected growth in population and employment for Multnomah County and each of the five cities between 1992 and 2015 based on Metro's most recent projections.

Multnomah County Population, Housing and Employment Growth 1992 - 2015

	Multnomah County	Portland	Gresham	Troutdale	Fairview	Wood Village
Population	69,715	11,548	26,664	5,199	5,759	1,020
Housing	66,813	39,338	13,419	2,381	2,652	578
Employment	176,093	137,920	21,587	9,596	4,485	-167

Source: Metro

Metro's forecasts are based on the historic growth this metropolitan area and each of its cities and counties has experienced and takes into account the amount of vacant land each city and county has planned and zoned for future development as part of their Comprehensive Plans. These figures show that the county is anticipated to experience a fairly significant amount of growth, both in population and employment.

If we look at these figures on an annual basis over the 23 year forecast period, Multnomah County's population is expected to increase by 3,000 per year, new housing units are expected to expand by 2,900 per year, and employment is anticipated to grow by 7,650 jobs per year, on average.

3. Housing Issues.

The Portland/Multnomah Progress Board Benchmarks (shown in *italics*) or other indicators which most directly apply to this set of issues include:

- *Housing Affordability, measured as the percentage of home owners and renters below median income spending less than 30% of their household income on housing*;
- *Proximity of Home to Work, measured as the percentage of people who commute (one-way) within 30 minutes between where they live and where they work;*
- Jobs/Housing Balance;
- Housing Costs, including:
  - Median Housing Value, and;
  - Housing Mix, the range and distribution of housing prices and rents.

Housing Affordability
Portland/Multnomah Progress Board Benchmark -- Housing Affordability, measured as the percentage of home owners and renters below median income spending less than 30% of their household income on housing.
Page #10 in the attached data appendix shows the breakdown of low and moderate income households in Multnomah County, the City of Portland and the City of Gresham. This table shows the percentage of those households which are spending 30% or greater of their incomes on housing expenses. 47% of all low and moderate income households in Multnomah County spend 30% or more of their income for housing. More then 70% of households in the very low income category spend more than 30% of their income on housing expenses. Figures for the City of Gresham show that a larger percentage of low and moderate income households have difficulty affording housing.

Pages #11 and #12 in the attached data appendix provide additional information on affordability. These tables show the linkage between household income, affordable monthly payments/rents, and the amount which could be borrowed (toward buying a home) with those monthly payments. As an example --- for a household with an income of $20,000 affordable monthly rent or house payments would be $467, at current interest rates (approximately 9%) you could borrow $58,000. With a 10% down payment this would equate to a $64,000 house. Approximately 1/2 of the homes (owner occupied) and more than 1/4 of the rental units in Multnomah County would not be affordable to this household.

Proximity of Home to Work
Portland/Multnomah Progress Board Benchmark -- Proximity of Home to Work, measured as the percentage of people who commute (one-way) within 30 minutes between where they live and where they work.
Pages #13 and #14 in the attached data appendix show the travel times to work for the county and 5 cities. These figures also include persons who work at home (added to the less than 10 minutes category). More than 75% of Multnomah County residents travel less than 30 minutes from their home to work. 14% travel from 30 to 39 minutes, 6% from 40 to 49 minutes and 3.5% travel for an hour or more from home to work. A larger percentage of Gresham's and Troutdale's residents spend more time traveling to work, with nearly 35% and 39%, respectively, traveling longer than 30 minutes. The City of Fairview has a significantly larger percentage of persons who travel less than 10 minutes to work than the county average. All four of the smaller cities have a significantly smaller percentage of persons who travel between 10 and 19 minutes to work, possibly indicating a lack of job opportunities within this travel time/distance.

Jobs/Housing Balance

The following table shows the current and projected jobs/housing balance within each of the cities in Multnomah County based on Metro's most recent forecasts. The figures in the top row of the table are jobs/housing figures for 1992. The figures in the bottom row of the table are jobs/housing forecasts for 2015. Higher ratios indicate greater job opportunities within the community. Ratios closer to 2 : 1 would better support two-income households.

Portland		Gresham		Troutdale		Fairview		Wood Village	
Jobs	Hsng	Jobs	Hsng	Jobs	Hsng	Jobs	Hsng	Jobs	Hsng
407,533	220,936	28,543	28,493	4,131	3,054	1,535	1,318	1,114	1,357
545,453	260,274	50,130	41,912	13,727	5,435	6,020	3,970	947	1,935
Jobs/Housing Ratio		Jobs/Housing Ratio		Jobs/Housing Ratio		Jobs/Housing Ratio		Jobs/Housing Ratio	
1.84 : 1		1 : 1		1.35 : 1		1.16 : 1		0.82 : 1	
2.10 : 1		1.20 : 1		2.53 : 1		1.52 : 1		0.49 : 1	

Source: Metro.

Comparable figures for the county as a whole are:

	Jobs	Dwelling Units	Jobs/Housing Ratio
1992	461,742	260,195	1.77 : 1
2015	637,835	327,008	1.95 : 1

Housing Costs

Median Housing Value

Page #15 in the attached data appendix is a map showing the geographic distribution of median housing values within Multnomah County. This distribution is similar to the map showing the distribution of median incomes. This isn't surprising since housing value and income are interdependent (eg. they are related to one another). This map shows that a substantial portion of the county has areas with median housing values of between 60-80% and between 80-120% of the region's median of $69,978. Significant portions of the City of Portland have median housing values below 60% of the regional average. The cities of Gresham and Troutdale also have areas with housing values below 60% of the regional average.

Housing Values - Owner Occupied

Pages #16 and #17 in the attached data appendix show the range of housing values for owner occupied housing in Multnomah County and the Cities of Portland, Gresham, Troutdale, Fairview and Wood Village. The distribution within Multnomah County is concentrated in the middle ranges, with 81% of the housing have values between $30,000 and $99,999. Less than 15% of the County's housing is valued at $100,000 or above. The cities of Gresham and Troutdale have substantially larger percentages of their housing stock in the $60,000 to $99,999 range and substantially smaller percentages in the ranges under $45,000. The City of Portland has the largest percentage of the highest value housing, more than double the share for the county and any of the other cities. The City of Wood Village has a significantly larger proportion of housing in the $30,000 to $44,999 range than any of the other jurisdictions.

Rental Costs

Pages #18 and #19 in the attached data appendix show the range of rental rates within Multnomah County and the Cities of Portland, Gresham, Troutdale, Fairview and Wood Village. The distribution for rental rates is similar to that for housing value, with 75% of the rental units within the county falling in the middle ranges, between $300 and $749 per month. More than 20% have rents of $299 or less and only 4% have rents of $750 or more. The City of Troutdale has the most variation from the county average with significantly larger percentages of its rental stock in the higher ranges, $500 and up, and smaller percentages in the lower ranges, less than $300. Troutdale has roughly 1/2 the percentage of all of the other jurisdictions for units in the $300 to $499 rental range. 97% of the units in the City of Wood Village rent for $300 or above. Wood Village and Troutdale have no units renting for less than $200. All of the four smaller cities have less than half of the percentage of units than the City of Portland in the $200 to $299 rental range.

4. Infrastructure Concerns

A number of issues and questions regarding infrastructure supply, capacity and financing have been raised in this process. The principal concerns focus on the impacts a project large enough to qualify for the SIP would have on the existing supply and need to develop new schools, housing, and/or water, sewer and road infrastructure.

The following sections outline those local services which are financed through property taxes and those which are typically not. Section V. of this report, *SIP FISCAL IMPACT*, includes a brief discussion of Oregon's tax system and the revenue and tax rate impact of an example project, with and without the use of the SIP.

Property Taxes and the Development Process

In drafting the provisions of the Strategic Investment Program, the impacts of projects of this magnitude on local public services was an important consideration. That is why the SIP provides a partial property tax abatement vs. a full abatement (as offered by competing states). The Community Service Fee is an additional source of funding to address potential local impacts and/or insure local community benefits. However, as noted in Washington County's letter to Governor Kitzhaber "even the $100 million going on the tax rolls does not help local government provide local services". A brief overview of what property taxes pay for (and what they do not) would be useful at this point as a way of understanding the potential impacts of providing an abatement through the SIP.

Services paid for through property taxes:

Most local government operations and staffing functions.

Multnomah County government provides the following needed services to its citizens: Community and Family Services; Aging; Juvenile Justice: Community Corrections; Health; Environmental Services; District Attorney; Sheriff; and Libraries.

Local school operations and staffing functions.

Under the provisions of Ballot Measure #5, the State General Fund presently covers a substantial portion of local school operating costs, and is obligated to make up any shortfalls related to property tax collections.

Local school facility construction

The construction of new school facilities is generally paid for through property tax collections, although many new school facilities have been financed through voter approved, short term serial levies above the ad valorem property tax rate.

Services not paid for through property taxes:

Site specific development impacts.

Including extension of or connection to water or sewer lines, road or traffic improvement related to specific developments. These are usually direct charges assessed to the developer at the time of development, as are local charges related to the development review and permitting process.

New road construction, general improvement of the existing road system.

Road construction is generally paid for through state and federal gas tax revenues. Voter approved, short term serial levies above the ad valorem property tax rate have also been used for road construction where gas tax revenues have been insufficient to keep pace with the rate of demand.

Expansions to the water and sewer systems.

The costs of new facility construction or system expansion is paid for through systems development charges (SDCs) assessed on new development (based on volume and set aside to finance, at least in part, new facility construction in the future) and through the general rates charged all users (a portion of which is used to retire bonds sold to finance construction of the existing system). In the past, some elements of the existing water system, such as individual reservoirs, have been financed thorough short-term, voter approved serial levies paid for through local property taxes.

Property Taxes, Local Services and the SIP

One of the concerns which has arisen during discussion of the SIP is if the question of whether the recipient of the abatement would be paying sufficient property taxes to cover the cost they impose on the system. The preceding discussion of what services are and aren't paid for through local property taxes addresses some of these concerns relative to the provision of water, sewer and road services/improvements

As noted earlier, the SIP provides a partial property tax abatement for highly capital intensive industries. The retention of property tax liability on the first $100 million of investment is a recognition of the need to cover local services paid for through property taxes.

Most of the direct service demands created by a new employer or that result from new development are financed and paid for through means other than the property tax. Those services which are paid for through property taxes are most directly related to the demands and impacts created by employees (and their families) and their activities within the community -- general municipal services, schools, health, social and other community services.

As a point of comparison, to aid in determining if the property taxes paid on the first $100 million of investment is likely to cover local property tax funded services, it is useful to look at some existing circumstances in relation to a project investment with the SIP property tax cap.

Assessed Valuation (Taxable Property Value) per Employee

	Assessed Valuation (employment related property)	# of Employees	Value per Employee
Multnomah County[1]	$10,061,990,026	321,938	$31,254
Boeing of Portland[2]	$187,086,360	1600	$116,928
Fujitsu Micro.[2]	$66,278,180	510	$129,957
Investment w/SIP	$100,000,000	500	$200,000

Source: [1]Multnomah County Tax Supervising and Conservation Commission, data for 1993 tax year. [2]Comprehensive Annual Financial Report, City of Gresham, for Fiscal Year ending June 30, 1994.

With property taxes limited to the first $100 million, employers under the SIP will be paying property taxes at a rate per employee more than 6 times the existing county average and between 54% and 71% higher than two of the most capital intensive existing employers in the county.

An additional issue which is also particularly germane to this discussion is Oregon's land use planning system. The planning system requires each city and county to adopt comprehensive plans that anticipate the level of growth which will take place in the jurisdiction over the next 20 years and provide the necessary vacant land and public services necessary to accommodate that expected growth. Rather than having each of the 24 cities and 3 counties in the metropolitan area develop independent growth forecasts to meet Oregon's land use planning requirements, Metro develops a regional forecast in cooperation with the cities and counties. Within this metropolitan area, the planning process looks at the region as a single economy and housing market with each city/county comprising portions of those markets.

Schools/Housing
Given the land use planning system described above, population and employment growth expectations are only balanced at the regional level. The mix and amount of residential and nonresidential land within any one city or county are somewhat independent, meaning that jobs and housing locations are not presumed to necessarily occur within the same jurisdiction. Additionally, within current economic theory there is not a constant causal relationship between labor force and jobs - eg. do new job opportunities attract new people to the local labor force or does an available labor force attract new jobs - both causal relationships in fact exist and operate concurrently within the economy.

This lack of dependence between the location of jobs and housing makes it difficult to draw a reliable causal link between a new employer and the demand for new housing and/or schools within individual jurisdictions. The demand for school services is linked to where employees (and their children) live, as opposed to where they work. The impacts of growth on local schools is therefore dependent on the amount of vacant residential land within the district rather than nonresidential development and/or employment.

Not withstanding the above discussion, let's look at a theoretical "worst case" -- where we would have to assume that all employees of a facility built under the SIP are not current residents and that each will require the development of a new dwelling unit within Multnomah County. The question at this point becomes -- "is the magnitude of presumed new housing demand anticipated and consistent with existing development plans and growth projections or is it beyond what we have planned for?".

The *Population, Housing and Employment Growth* data and discussion (page 21, above) shows that growth projections for Multnomah County anticipate the development of 2,900 new housing units per year, on average. As outlined in Section VI., *SEMICONDUCTOR EMPLOYER PROFILE*, these types of projects will likely ramp up at a rates between 55 and 115 employees per year. Under our "worst case" assumptions this would create the demand for up to 115 new dwelling units per year. 115 new housing units per year represents less than 4% of the annual housing growth which has been anticipated and planned for within Multnomah County. Since school enrollments are linked to housing development, the school impacts of this project relative to existing expectations should be close to this same relationship -- i.e. less than 4% of current growth expectations.

Water, Sewer and Road Infrastructure
As noted above, the provision of sewer, water and road infrastructure is generally paid for through direct charges to developers as development occurs and through usage rates charged to all users of the system rather than through property taxes. Situations in which property taxes are used to finance local infrastructure, such as a 3 year road levy, are typically limited to circumstances where the timing or magnitude of development was beyond the ability of the user-based system to sufficiently address. Given this context, there are three relevant questions applicable to each of these infrastructure areas:

1. Is there sufficient existing capacity to accommodate this project;

2. Would this project accelerate the need to add new capacity beyond our ability to provide that additional capacity through normal financing means, and;

3. Is the magnitude of this project anticipated and/or consistent with development plans for the community, i.e. our adopted Comprehensive Plans and existing growth projections?

Water
Using the IDT project which is being developed in Hillsboro under Washington County's SIP policy as a typical example of a new semiconductor manufacturing facility, development would occur in two phases over an eight year period. Each phase would require 500,000 gallons of water per day, with a total projected demand of 1,000,000 gallons per day at buildout.

A 1 million gallon per day (MGD) user would increase average total water use by 1%. However, a user of this size would be one the largest water users in the County. The following are Portland's top retail water customers:

-	Atochem North America	1 MGD
-	Port of Portland	1 MGD
-	Wacker Siltronic	.8 MGD
-	G. Heilmen Brewing Co.	.7 MGD
-	Bureau of Parks	.6 MGD
-	Oregon Health Sciences University	.5 MGD
-	Washington Park Zoo	.4 MGD

Other large water users in the metropolitan area include:

-	Tektronix	1 MGD
-	Intel	1 MGD
-	Fujitsu	.8 MGD

The following information was provided by the Portland Water Bureau.

There are only a handful of existing semiconductor and wafer companies currently within the Portland region (Intel, Wacker, Fujitsu) so the history of their water use is not well established, nor is the ability for these industries to conserve or utilize recycled or non-potable water sources been fully explored. These latter factors could significantly reduce the amount of water demand that both existing and future plants could put on the region's water system. Other Industries that could use make use of the SIP may have very different water consumption characteristics, so it should be clear that the information being presented is targeted at this specific industry.

The responses to the three questions outlined above are as follows:

1) Is there sufficient existing capacity to accommodate this Project?

During a normal year, average daily base use (winter season when outdoor uses are minimal) the entire Portland system (City of Portland and 22 outside wholesale purchasers) use roughly 100 million gallons per day (MGD). In the summer, the average usage over four months (June-Sept) rises to approximately 135 MGD (1994 summer season), while a peak day reached 200 MGD in 1994. The demands placed on a water system in the Pacific Northwest vary greatly between summer and winter and between mild and long hot summers. The Portland system was constrained in 1992 in meeting the peak season needs, but at that time the Portland wellfield was not available as a peak season source.

The Water Bureau currently estimates that every $1 billion in capital plant expansion for a chip manufacturing type of industry results in 1 to 1.2 MGD additional demand. An additional demand of 1 MGD represents a 1% increase in the base use. The Portland system would not normally be stressed by addition of those industries currently being discussed within Multnomah County.

During most of the year, there is sufficient excess capacity to serve base uses. The summer season is when the system has to be carefully monitored and managed to ensure that sufficient water is available to meet needs if a higher than average weather season is encountered. The Water Bureau develops an annual Summer Supply Contingency Plan to ensure that adequate sources and measures are in place to meet needs throughout the summer season as it progresses. Each new project should, however, continue to be evaluated against criteria prior to approval of any use of the SIP program. As we have said in the past, a criteria which requires high water use industries to implement state of the art water demand management systems should be considered.

2) Would this project accelerate the need to add new capacity beyond our ability to provide that additional capacity through normal financing means?

It is true that an industry requiring 1 MGD either for base use or particularly during the summer months is a high water using customer within the Portland region. Such a new use would put this customer within the top ten water users within the City of Portland (similar high users include Atochem North America, large breweries, the Port, Wacker Siltronic, and the Park Bureau). Over recent years the Portland system has experienced between 1-2% growth rates in water services, but per capita consumption has not grown at the same rate due to conservation programs, particularly targeted at summer season outdoor usage.

Jumps in demand related to large water users represented by 1% increases in overall base (winter) use will accelerate the rate of growth in demand within any given year as such users come on line and require evaluation of the timing for ensuring that demand reduction programs are in place and adequate supplies are available to meet overall demand.

The development of a new semiconductor facility would accelerate the need to add new capacity to the overall water system *if Portland continues to serve all of its current wholesalers*, but not on a schedule which cannot be accommodated within the anticipated timing for system expansions.

Financing structures for system improvements and conservation programs are handled through a Capital Improvements Program (CIP) process which is linked to a 10 year financial plan. These documents anticipate growth and are capable of being altered to reflect increased timing needs brought about by higher than anticipated growth rates. Since the growth rates are not on an order of magnitude basis (for instance 10% or higher) the normal financial methods of bonding, revenue forecasting, and System Development Charges can be utilized.

3) Is the magnitude of this project anticipated and/or consistent with development plans for the community

For the last four years, the Water Bureau, along with 26 other water providers throughout the region, and Metro, has been involved in a long term planning process looking at the water demand/supply needs of the region over the next 60 years. Based on Metro's forecasts for growth in households and employment, the water necessary to support a new semiconductor facility, or any other large water user, is anticipated and accommodated within the range of demand forecasts currently being used to plan for water use efficiency improvements, conservation, and the development of additions to the region's water supply system.

Financing approaches will be determined through the implementation of the Regional Water Supply Plan anticipated to be adopted in late 1995. The existing mix of water users includes a number of large volume users such as Atochem, Wacker Siltronic, Intel, Blitz, the Port, and Freightliner. The mix of new users to the system as the region develops over time is assumed to include some additional large water using industries as reflected in the employment and past customer mix/consumption patterns on which the water demand forecasts are based.

Lastly, as mentioned above, the consumption patterns of these users can be moderated through use of state of the art industrial processes, water recycling, and the use of non-potable water for non-critical functions such as outdoor watering or some internal plan uses. The Bureau provides consultation services to industrial customers for this purpose as a part of meeting the City's sustainable development principals.

The Water Bureau's closing response to these questions was that 3 - 4 additional projects of the sort described in the example can be accommodated within parts of the existing regional water infrastructure and that the future regional water supply planning process anticipates this. If such development occurs over very short periods of time, use even larger amounts of water than anticipated, or if we anticipate that 8 - 10 such projects would be built, it would require that water providers shift to the use of the higher range growth/demand forecast in their short and potentially long term planning. The Regional Supply Plan will develop some water supply scenarios that are based on these higher demand projections. This will enable decision makers to evaluate the effects of accelerated or higher than anticipated increases in water demands.

Sewer

Sewer discharge volumes for a semiconductor will be comparable to water volumes discussed above. The City of Gresham will provide sewer treatment services to the probable sites under consideration.

The answers to the three questions posed above are as follows:

1) Is there sufficient existing capacity to accommodate this Project?

   The City of Gresham's Waste Water Treatment Plant has an existing capacity of 15 million gallons per day (MGD). The existing annual average flow is estimated at 9.2 MGD (the months of December 1994 and January 1995 averaged 10.8 MGD).

2) Would this project accelerate the need to add new capacity beyond our ability to provide that additional capacity through normal financing means?

   Plans for additions to the City of Gresham's waste water treatment capacity are already in place. The development of an additional semiconductor or wafer plant within the City will accelerate the need to add new capacity, but not on a schedule which cannot be accommodated within the planned timing for system expansion.

3) Is the magnitude of this project anticipated and/or consistent with development plans for the community

   When Fujitsu Microelectronics developed their existing plant, they made it clear that expansion of their facilities was a potential (Fujitsu pre-purchased 2.5 MGD of sewer treatment capacity of which they currently use 0.8 MGD). Additionally, the City of Gresham has a number of large industrial sites, which over the years have been considered by similar users. Planned expansions to Gresham's waste water treatment capacity are sized to accommodate these potential users.

Roads

Road and related traffic improvement impacts of a project such as those which are anticipated are related to the number of employees at the facility. The number of employees which are anticipated for these uses is well within the range of the potential amount of employment which could occur from alternative uses on the available sites. The capacity of the overall road/transportation system is planned assuming this range of potential employment.

Required site specific as well as offsite transportation and traffic impacts directly related to the development of an individual project (such as the number and location of access points, the design of internal circulation systems, the site design and its relationship to existing and planned transit service, adjacent street improvements, etc.) will be addressed as a normal part of the City's development review and permit process. Any transportation/traffic improvements required through these process are part of the standard costs of development for all projects and are paid for by the developer/user.

5. Livability/Environment

The Portland/Multnomah Progress Board Benchmarks (shown in *italics*) which most directly apply to this set of issues include:

- *Water Conservation, measured as the annual usage per capita broken down by industrial, residential, and commercial categories;*
- *Water Quality, measured as the percentage of samples per year the community's rivers and streams meet government in-stream water quality standards;*
- *Transportation, measured as the percentage of people who commute to and from work and use multiple modes of transportation for commuting;*
- *Air Quality, measured as the number of days per year the community meets the government ambient air quality standards, and;*
- *Air Quality, measured as the carbon dioxide emissions as a percentage of 1990 emissions.*

Data for each of these benchmarks was not obtained for this background report. However, these individual benchmarks are listed for use in the goal setting discussions.

6. Policy Administration

There are no specific benchmarks which apply to the sixth topic outlined above, Policy Administration.

VIII. TAX ABATEMENTS

Attached is a discussion of the advantages and disadvantages of a tax abatement policy prepared by the Multnomah County Budget & Quality Office.

MULTNOMAH COUNTY OREGON

MEMORANDUM

TO: Chair Beverly Stein

FROM: Sharon Timko, Staff Assistant

DATE: December 20, 1994

RE: Property Tax Abatements Under HB 3686

You asked me to research the issue of property tax abatements in regards to the policy issues raised by House Bill 3686. Here is what I found. The 1993 Oregon Legislature passed HB 3686 establishing the Strategic Investment Program which provides property tax abatements for the development of large industries. This program sunsets July 1995 unless there is legislative action taken this session. The state has indicated that one company and possibly three others are interested in applying for Multnomah County property tax abatements under HB 3686.

BACKGROUND ON HB 3686

HB 3686 is targeted to attract large industries to Oregon. (See Attachment A for legislation.) The Strategic Investment Program (HB 3686) provides for a property tax exemption on an assessed value over $100 million for any facility financed with state Economic Development revenue bonds. HB 3686 requires that the Board of County Commissioners recommend that Economic Development revenue bonds be issued for a project or the bonds cannot be issued by the state (if the project is in a city the city council must also endorse the project).

The company will pay property taxes on the first $100 million of assessed value. The balance of property valuation will be exempt from property taxes for the term of the bond, not to exceed fifteen years.

HB 3686 requires a negotiated agreement between the business and the county (and city, if appropriate) which may include a fee to be collected for community service support, and incorporates agreements on other issues as appropriate. The fee cannot be more than 25 percent of the value of the exempt property taxes and may not exceed $2 million per year unless a higher fee is negotiated as part of the agreement with the company. HB 3686 also requires that 75 percent of the new jobs will go to Oregon residents.

PROPERTY TAX COMPRESSION AND TAX ABATEMENTS

Local Revenue

Companies expanding or locating in Multnomah County under this program would add $100 million in assessed value to the tax rolls. Without the restrictions of the rate compression due to Measure 5, the tax burden would shift to other property owners in the county and the county would lose no revenue by exempting additional assessed value over $100 million. The increase in the rate of other property owners compensates for the reduction in the base assessed valuation caused by the tax abatement.

Under Measure 5, some governmental entities within Multnomah County (e.g. City of Portland and Multnomah County) are limited by a property tax lid that caps the tax rate at $10 per $1,000 of assessed value. In other words when the rates are increased above the cap, the effects of Measure 5 compresses the rates back down under the cap with a net result of lost revenue to the county and other taxing jurisdictions. In this case, the county and local taxing jurisdiction would not be able to compensate for the reduction in the base assessed valuation because the county cannot collect the full rate and thus cannot fully collect on the levy. Of course the taxing jurisdiction would still benefit from the increased revenue attributable to the first $100 million of investment. (See Attachment B for more information on property tax compression and tax abatements.)

Over the past few years, tax rates have fallen as values have increased faster than levies have grown. Projections from the Budget Office indicate that by FY 96-97 the highest rate for all overlapping governmental jurisdictions within Multnomah County will be approximately $9.75 per $1,000 assessed valuation. At that time, Multnomah County will out of rate compression. The county and other taxing jurisdictions will stay out of rate compression as long as property value growth stays above six percent (the permitted annual increase in tax base amounts). This assumes that the tax base and serial levies currently in place will not be changed. It also assumes no voter approved initiative or legislative action that caps the assessed value growth. If property value growth falls below six percent, Multnomah County will move in and out of compression.

Property Tax Impacts on Homeowners

In considering the issue of tax abatements it is relevant to consider the context in which abatements might occur. Homeowners have not received the tax benefits they expected from Measure 5 and various general obligation bonds may add to their tax burden over the next few years.

Due to current market conditions, assessed values for homeowners have increased substantially over the last five years while assessed values for businesses have not increased at a comparable rate. Tax burdens have shifted due to the differential assessed value growth. Many homeowners perceive that businesses have received a substantial tax break due to Measure 5 while they have not receive the anticipated property tax relief they expected from Measure 5.

Due to the recent passage of Tri-Met's $500 million general obligation bond for the north-south light rail project and the City of Portland's parks improvements bond, homeowners will see increases in their property taxes. This May we will vote on a Metro Greenspaces general obligation bond. Portland Public Schools is planning a bond measure for capital improvements this spring also.

The Governor-elect has indicated that local governments will play a greater role in implementation of Measure 11. The financial implications are unknown at this time, but Multnomah County may need to consider a higher tax base, another levy or a public safety general obligation bond.

Although general obligation bonds are not computed as part of the fixed rate of $15 per $1000 assessed value, voter approved bond measures and levies increase property taxes for homeowners. In the future, it is likely that many taxing jurisdictions, like schools, which are under the rate compression, will seek voter approval of general obligation bonds to fund capital improvements projects.

School Funding

Schools will be impacted the same way as local governments. Measure 5 caps the property tax for schools at a fixed rate of $5 per $1000 of assessed value. There would be an increase of $100 million to the base assessed value that would be used to calculate the taxing rate. The schools would benefit from the taxes on the first $100 million.

If the taxing jurisdiction is not in rate compression, the tax burden for the tax abatement would be shifted to other property owners in the county. Under rate compression schools in Multnomah County will lose revenue if an abatement is granted. The county, on behalf of the schools, would not be able to compensate for the reduction in the base assessed valuation because the county cannot collect the full rate and thus not fully collect on the levy. Multnomah County schools may then have to seek additional funds from the state to fund the revenue gap. Therefore a decision made at a local level could have statewide financial implications.

Washington County

Washington County is the only county in the state currently implementing HB 3686. Three companies have sought and received property tax relief in Washington County under HB 3686. (See Attachment C for Washington County's policy.)

As an example, the chart below shows the property tax savings to the company, the community service fee paid by the company and the income tax revenue generated by the project for the State of Oregon.

Company & Investment (total investment)	**Period of Tax Abatement**	**Property Tax Savings to Company** ($ millions)	**Community Service Fee** ($ millions) (total amount)	**State Income Tax Revenue by Project** ($ millions)
Intel ($500 million)	8 years	8.7 over 8 yrs. (projected)	2.2 over 8 yrs	1.7 in the year 2000
IDT ($800 million)	11 years	5.3 over 11 yrs (projected)	1.4 over 11 yrs.	1.95 in the year 2000
Intel ($2.2 billion)	15 years	74.0 over 15 yrs. (projected)	22.7 over 15 yrs.	12.15 in the year 2011
Totals		88 (projected)	26.3	

Washington County is currently below the $10 cap and thus not under rate compression. Washington County grants tax abatements, shifts the tax burden to other property owners in the county and collects its full tax levy. No direct revenue losses are incurred by the Washington County business tax abatement program.

I talked with Washington County staff about the Strategic Investment Program. The Washington County Board and their staff have recently reviewed the Strategic Investment Program and raised some issues that I think you and the Board should consider in the course of this discussion. Some of these issues may be the result of flaws in the legislation which could be corrected by the Legislature.

* **No cap on tax abatements.** It appears county governments have no mechanism to control the total amount of tax abatements granted. What will be the cumulative impact?

* **No ability to vary tax abatements according to the need of the area.** Shouldn't high unemployment and underemployment areas receive preference for tax abatements?

* **There is no mechanism in the program for addressing the increased and sometimes accelerated need for infrastructure.** The community service fee is insufficient to address all the infrastructure needs. For example, Washington County is experiencing a lack of low to moderate priced housing in some areas. The housing costs are beyond the reach of workers brought in by the new industry. Transportation issues?

* **The state should assist in financially supporting a tax abatement program.** Recruitment of large firms to a county also promotes and supports the state economy by adding personal income tax and corporate excise tax to the state coffers. Should the state share some of the revenue with the counties?

* **The proposed location of a firm should adhere to the formula of growth and development outlined in the Region 2040 plan.** How will growth issues be reviewed in relation to the Region 2040 plan?

CONSIDERATIONS REGARDING A TAX ABATEMENT POLICY

In order to arrive at a sensible, fair policy appropriate for our county we need to weigh the advantages and disadvantages of HB 3686.

Advantages of HB 3686

1) Assists in Providing a Healthy Economy

    * Local jurisdictions add $100 million to the tax rolls compared to nothing if the company located elsewhere.

    * Increases Business Income Tax revenues.

    * May persuade very large companies to move or expand in Oregon to ensure long term economic prosperity.

    * Oregon has developed an economic development program with goals and objectives called Oregon Shines. HB 3686 is an outgrowth of this program. It specifically targets the 13 key industries and firms making investments over $100 million. The state considers the 13 key industries of paramount importance to the state's economic future.

2) Creates Direct Jobs

* The firm must agree to a first-source hiring agreement. Not less than 75 percent of new employees hired as result of the bond issue shall reside within Oregon.

* Family wage jobs for local residents can be negotiated as part of the agreement.

* On-site training could be negotiated as part of the agreement.

3) Creates Indirect Jobs and Revenue

* The impact of increased local spending is realized in increased employment, increased assessed values, and increased tax revenues.

4) Provides the Perception of a Business-Friendly Environment

* Provides "business friendly" policies with respect to taxation and regulation and provides access to capital for very large businesses.

* Many argue that tax abatements are locational incentives and depending on the tax abatement package offered, may cause some companies to favor Oregon over other states or Multnomah County over other counties.

* Multnomah County needs to offer tax abatements because everyone else is. Incentives are tie-breakers between two locations that are equally attractive.

5) Makes the State More Competitive for Large Investment Firms

* Multnomah County cannot know in advance of making a decision if the tax abatements are necessary to a firm's location decision. This program is critical in making the state more competitive.

6) A Limited Number of Companies will be Eligible

* The most likely industries to participate in this program are high technology and steel because they are capital intensive and would qualify under the program of exempting property taxes on assessed values over $100 million. These industries have specific land use needs. There are a limited number of land parcels available in Multnomah County for this level and type of development.

* There will only be a small number of businesses eligible to participate in the program because only a few companies will be able to invest over $100 million.

7) Community Service Fee Offsets Impacts to Local Community

* The firm pays a fee equal to the lesser of 25 percent of the deferred property taxes on assessed value over $100 million or $2 million per year unless a higher fee is negotiated as part of the agreement with the company. Affected jurisdictions can decide where to invest the community service fees. Washington County has invested their community service fees into the local school districts.

8) Property Tax Exemptions are Common

* The Oregon Legislature has already granted many exemptions and special property tax assessment provisions prior to HB 3686. Public housing, property of charitable and social welfare organizations, low income housing, farm and forest lands, and licensed vehicles are a few of the many exemptions and special property tax assessments granted. It is estimated that statewide $200 billion in property value is not taxed.

<u>Disadvantages of HB 3686</u>

1) Discriminates Against Small and Medium-Sized Businesses

* HB 3686 discriminates against small and medium-sized businesses which comprise a significant portion of the state's economy. Small businesses have made up most of the state's job growth in the last decade. Over the past two decades, employment levels in the Fortune 500 companies have been declining.

* Many small and medium-sized businesses have community roots and have been supportive of local communities even without tax incentives.

2) Businesses Will Locate Here Regardless of Tax Abatements

* Existing research suggests that locational decisions are extremely complex and the majority of the studies conclude that state and local business taxes do not significantly influence most business location decisions. Other factors are more important to a business in a locational decision such as cost of transportation, quality and cost of labor, proximity to markets, proximity to supplies, quality of schools, cost of housing and level of public services.(See Attachment D)

3) Competes with Enterprise Zone and Existing Firms

* HB 3686 dilutes the purpose of the enterprise zone. The purpose of our local enterprise zone is to improve employment in N/NE Portland area, which has the highest unemployment and underemployment in the region, by giving tax abatements. Wacker Siltronic recently broke ground for a $230 million expansion of their silicon wafer plant in Northwest Portland creating 300 new jobs. The expansion was located within the enterprise zone. If HB 3686 is implemented, large firms have fewer incentives for locating in the enterprise zone. (See Attachment E)

4) Supports Competitors

* Tax abatements may subsidize a direct competitor of an existing company who has not received any tax abatements. Recently the City of Portland gave a property tax abatement (located in the Enterprise Zone) to a Japanese chemical company. A Portland chemical company argues that the City gave a tax subsidy to a direct competitor of its company. (See Attachment F)

5) Loss of Revenue to all Taxing Jurisdictions in Multnomah County Under Rate Compression or Greater Tax Burden on Local Homeowners

* Taxing jurisdictions in Multnomah County under rate compression would lose revenues after the initial $100 million is calculated into the base assessed valuation while the state and federal government would experience an increase in tax revenue.

* Absent rate compression, the county would be shifting the tax burden from large businesses to other property owners, mainly local homeowners. In 1990, Measure 5 passed in an attempt to reduce homeowner's property taxes.

* Homeowners will be experiencing a substantial increase in their property taxes due to the recent passage of Tri-Met's light rail general obligation bond and City of Portland's park improvements general obligation bond. Metro is seeking approval for the Greenspaces general obligation bond, and Portland Public Schools is planning a bond measure for capital improvements this spring.

* The tax burden is already shifting from business property to residential property due to market conditions.

* High technology industries are considered capital intensive. The majority of the investment is in equipment. Equipment depreciation reduces the property tax benefit over the long term because a $500-800 million project is likely to

depreciate to a $100 million or less project.

6) Local Tax Abatements Contribute to the Decline and Decay of the Urban Core of the Region.

* Local tax abatements can divide a regional economy; create economic inequities throughout the region; and promote economic development of virgin lands, usually located on the fringe, over redevelopment of older sites due to lower costs.

* Myron Orfield, a member of the Minnesota House of Representatives, recently visited Portland. Rep. Orfield likened Portland to Minneapolis and St. Paul 10 years ago. Representative Orfield fights against concentrating the region's poverty in Minneapolis and St. Paul while the wealthy suburbs are snapping up 75 percent of the region's new jobs. He stated that local tax abatements contribute to this differential decline.

7) Multnomah County has a Healthy Economy

* Currently, Multnomah County is experiencing a healthy economy with unemployment rates below 5 percent, one of the lowest in the nation. Should the county grant business tax abatements when the economy is growing and prosperous?

8) Impacts on Growth Management

* A large expansion or relocation of a very large business into the area could cause in-migration into Multnomah County to fill the jobs when we are struggling to manage our growth.

* Rapid intense growth places great demand on infrastructure. Who will pay for the increased costs to provide adequate transportation systems, public education, water, parks, low to moderate priced housing, waste treatment facilities...? The community service fee does not adequately cover all the increase infrastructure costs.

9) Public Resources Can be Better Used to Create a "Business Friendly" Atmosphere

* Scarce public resources would add more value by targeting investments to provide a quality education system, highly skilled work force, superior transportation systems, high level of public services, cultural amenities...

NEXT STEP...

As you can see the cases are compelling for both sides of the issues. I recommend the Board hold a public hearing on tax abatements allowing the state, local governments in Multnomah County and others an opportunity to present their views to the Board.

staff in rendering services to the business. Expenses that require reimbursement under this subsection include, but are not limited to:

(a) Airline tickets;

(b) Hotel accommodations;

(c) Ground transportation expenses;

(d) Per diem expenses; and

(e) Moneys expended for commercially published research aids and materials.

(4) In addition to the expenses described in subsection (3) of this section, client businesses shall be subject to an hourly fee that is determined by the [*International Trade Division*] **Economic Development Department** in consultation with the global advisory committee. The hourly fee shall be an amount that allows recovery of the percentage of the overhead costs of the department that are attributable to [*the International Trade Division*] **assistance provided to Oregon businesses under this section.**

SECTION 78. If Senate Bill 124 becomes law, section 4, chapter ____, Oregon Laws 1993 (Enrolled Senate Bill 124) (amending ORS 285.640), is repealed.

SECTION 79. Sections 13, 27, 28, 29, 31, 33, 47, 48, 49, 57, 58, 61, 62 and 65 of this Act first become operative on the date on which all five members of the Oregon Economic Development Commission appointed by the Governor under section 3 of this Act are confirmed by the Senate.

SECTION 80. ORS 285.015, 285.020, 285.040, 285.045, 285.067, 285.085, 285.147, 285.150, 285.157, 285.423, 285.427, 285.465, 285.467, 285.470, 285.473, 285.475, 285.477, 285.480, 285.523, 285.807, 285.835, 285.840, 285.853, 285.897, 285.900, 285.903 and 285.925 are repealed.

SECTION 81. This Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this Act takes effect on its passage.

Approved by the Governor August 26, 1993
Filed in the office of Secretary of State August 26, 1993
Effective date August 26, 1993

CHAPTER 737

AN ACT HB 3686

Relating to economic development; creating new provisions; and amending ORS 285.330 and 307.110 and section 1, chapter 635, Oregon Laws 1993 (Enrolled House Bill 5049).

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 and 3 of this Act are added to and made a part of ORS 285.310 to 285.397.

SECTION 2. (1) If an eligible project will directly benefit a key industry, as defined in ORS 285.765 (3), and if the total cost of the eligible project exceeds $100 million, the state, acting through the State Treasurer, may authorize and issue revenue bonds in accordance with ORS 285.310 to 285.397 to finance the costs of the project.

(2) Nothing in this section authorizes the refinancing of existing eligible projects that meet the requirements of this section.

(3) A business firm that will be benefited by an eligible project shall enter into a first-source hiring agreement with a publicly funded job training provider that will remain in effect until the end of the tax exemption period. If the project is located in an enterprise zone, the benefited business firm shall agree to the hiring requirements identified in ORS 285.605. The benefited business firm shall agree that not less than 75 percent of new employees hired as a result of the bond issue shall reside within Oregon.

SECTION 3. Notwithstanding ORS 285.335 (2), if revenue bonds are issued to finance an eligible project under section 2 of this 1993 Act, and the project is leased or subleased to any person, the lessee shall be required to pay property taxes levied upon or with respect to the leased premises only in accordance with section 5 of this 1993 Act.

SECTION 4. Section 5 of this Act is added to and made a part of ORS chapter 307.

SECTION 5. (1) Notwithstanding ORS 307.110, real or personal property that has been financed in whole or in part by revenue bonds issued under section 2 of this 1993 Act and that is leased by this state, any institution or department thereof or any county, city, town or other municipal corporation or political subdivision of this state to a person whose real property is taxable, shall be subject to assessment and taxation as follows:

(a) The first $100 million in real market value, adjusted annually to reflect the average growth in taxable value of all other existing property in the county or city in which the property is located, shall be taxable.

(b) The remainder of the real market value shall be exempt from taxation for so long as there is an outstanding bonded indebtedness under the terms of the revenue bonds issued under section 2 of this 1993 Act, but in no event for a period of more than 15 years from the date of execution of the first lease of the property to the lessee.

(2) If the real market value of the property falls below that set out in subsection (1)(a) of

this section, the lessee shall pay taxes only on the real market value of the property.

(3) If real or personal property is exempt from taxation under ORS 285.597, the person may receive both the exemption under ORS 285.597 and the exemption in subsection (1) of this section.

SECTION 6. ORS 285.330 is amended to read:

285.330. (1) The undertaking of any eligible project must be requested by official action of the governing body of the county taken at a regular or duly called special meeting thereof by the affirmative vote of a majority of its members.

(2) The governing body of any Oregon county is encouraged to forward appropriate prospective development projects to the Finance Committee for Economic Development for processing pursuant to ORS 285.320.

(3) For purposes of this section, for projects located on a federally recognized Oregon Indian reservation, the governing body of a county shall be considered to be the governing body of the federally recognized Oregon Indian tribe.

(4) If the governing body is requesting the undertaking of an eligible project to be funded by revenue bonds issued under section 2 of this 1993 Act, it may impose additional reasonable requirements on the applicant.

(5) The county shall not request a project to be funded by revenue bonds issued under section 2 of this 1993 Act unless, after a public hearing:

(a) The county and, if the proposed project will be located within a city, the city have approved the special provisions related to the property tax exemption.

(b) As consideration for the county requesting financing of the project under section 2 of this 1993 Act, the business firm that will be benefited by the project enters into an agreement with the county for payment to the county of an annual fee for community services support in an amount equal to 25 percent of the property taxes exempted in each tax year, but not exceeding $2 million in any year. The fee shall be paid annually during the term of the revenue bonds issued under section 2 of this 1993 Act to finance the costs of the project. For purposes of this paragraph, the property tax exempted in a tax year shall be calculated as the effective tax rate after any constitutional limits on the taxable portion of the value of the project multiplied by the exempt value of the project.

(c) The applicant has reached agreement with the county and, if the proposed project will be located within a city, with the city on any other requirements related to the project, including requirements for hiring, as employees of the project, individuals who, prior to being hired, reside within the county in which the project is located.

(6) The fee collected under subsection (5)(b) of this section shall be distributed by the county based on an agreement entered into at the time of application between the county and the city, if any, in which the project is located.

SECTION 7. ORS 307.110 is amended to read:

307.110. (1) Except as provided in ORS 307.120, all real and personal property of this state or any institution or department thereof or of any county or city, town or other municipal corporation or political subdivision of this state, held under a lease or other interest or estate less than a fee simple, by any person whose real property, if any, is taxable, except employees of the state, municipality or political subdivision as an incident to such employment, shall be subject to assessment and taxation for the real market or specially assessed value thereof uniformly with real property of nonexempt ownerships.

(2) Each leased or rented premises not exempt under ORS 307.120 and subject to assessment and taxation under this section which is located on property used as an airport and owned by and serving a municipality or port shall be separately assessed and taxed.

(3) Nothing contained in this section shall be construed as subjecting to assessment and taxation any publicly owned property described in subsection (1) of this section which is:

(a) Leased for student housing by a school or college to students attending such a school or college.

(b) Leased to or rented by persons, other than sublessees or subrenters, for agricultural or grazing purposes and for other than a cash rental or a percentage of the crop.

(c) Utilized by persons under a land use permit issued by the Highway Division of the Department of Transportation for which the department's use restrictions are such that only an administrative processing fee is able to be charged.

(d) County fairgrounds and the buildings thereon, in a county holding annual county fairs, managed by the county fair board under ORS 565.230, if utilized, in addition to county fair use, for any of the purposes described in ORS 565.230 (2), or for horse stalls or storage for recreational vehicles or farm machinery or equipment.

(e) The properties and grounds managed and operated by the Oregon State Fair and Exposition Center under ORS 565.015, if utilized, in addition to the purpose of holding the Oregon State Fair, for horse stalls or for storage for recreational vehicles or farm machinery or equipment.

(f) For tax years beginning on or after January 1, 1969, and before July 1, 1994, state property that is used by the State System of Higher Education to provide parking for employees or students.

(g) Property of a housing authority created under ORS chapter 456 which is leased or rented to persons of lower income for housing pursuant to the public and governmental purposes of the housing authority. For purposes of this paragraph, "persons of lower income" has the meaning given the phrase under ORS 456.055.

(4) Property that was acquired with revenue bonds issued under section 2 of this 1993 Act and that is leased by this state, any institution or department thereof or any county, city, town or other municipal corporation or political subdivision of this state to an eligible applicant shall be assessed and taxed in accordance with section 5 of this 1993 Act.

[*(4)*] (5) The provisions of law for liens and the payment and collection of taxes levied against real property of nonexempt ownerships shall apply to all real property subject to the provisions of this section.

SECTION 8. If House Bill 5049 becomes law, section 1, chapter 635, Oregon Laws 1993 (Enrolled House Bill 5049), is amended to read:

Sec. 1. The amounts allocated, as provided by ORS 286.525 (1), for general obligation bonds, revenue bonds and financing agreements or certificates of participation of this state that may be issued during the 1993-1995 biennium are as follows:

Category Designation	1993-1994	1994-1995	1993-1995
GENERAL OBLIGATION BONDS Program			
General Fund Obligations			
State Forestry Department (Art. XI-E)	$ 0	$ 0	$ 0
Department of Higher Education (Art. XI-G)	21,670,000	0	21,670,000
Department of Education (Art. XI-G)	0	0	0
Power Development Bonds (Art. XI-D)	0	0	0
Department of Environmental Quality (Art. XI-H)	121,400,000	38,650,000	160,050,000
Dedicated Fund Obligations			
Department of Veterans' Affairs (Art. XI-A)	50,000,000	50,000,000	100,000,000
Department of Higher Education (Art. XI-F(1))	60,000,000	47,045,000	107,045,000
Department of Transportation, Highways (Art. XI(7))	0	0	0
Water Resources Department (Art. XI-I(1))	25,000,000	25,000,000	50,000,000
Housing and Community Services Department (Art. XI-I(2))	45,000,000	45,000,000	90,000,000
Department of Energy (Art. XI-J)	45,000,000	35,000,000	80,000,000
Total General Obligation Bonds	$ 368,070,000	$ 240,695,000	$ 608,765,000
Category Designation			
REVENUE BONDS Program			
Direct Revenue Bonds			
Housing and Community Services Department	$ 80,000,000	$ 80,000,000	$ 160,000,000
Department of Transportation, Highways	0	100,000,000	100,000,000
Public Transit	105,000,000	0	105,000,000
Economic Development Department	99,500,000	124,500,000	224,000,000
State Forestry Department	0	0	0
State Scholarship Commission	0	0	0
Total Direct Revenue Bonds	$ 284,500,000	$ 304,500,000	$ 589,000,000
Category Designation			
Pass Through Revenue Bonds Program			
Oregon Mass Transportation Financing Authority	$ 0	$ 0	$ 0
Economic Development Commission Industrial [*Development*	*100,000,000*	*100,000,000*	*200,000,000*]
Development	$1,000,000,000	$1,000,000,000	$2,000,000,000
Health, Housing, Educational and Cultural Facilities Authority	150,000,000	150,000,000	300,000,000
Total Pass Through			

Revenue			
[Bonds	*$ 250,000,000*	*$ 250,000,000*	*$ 500,000,000]*
Bonds	$1,150,000,000	$1,150,000,000	$2,300,000,000
Total Revenue			
[Bonds	*$ 534,500,000*	*$ 554,500,000*	*$ 1,089,000,000]*
Bonds	$1,434,500,000	$1,454,500,000	$2,889,000,000

Category Designation

CERTIFICATES OF PARTICIPATION
AND OTHER FINANCING AGREEMENTS

	1993-1994	1994-1995	1993-1995
Department of General Services	$ 69,835,000	$ 58,900,000	$ 128,735,000

Approved by the Governor August 26, 1993
Filed in the office of Secretary of State August 26, 1993
Effective date November 4, 1993

CHAPTER 738

AN ACT SB 486

Relating to roadside rest areas.

Be It Enacted by the People of the State of Oregon:

SECTION 1. When a new roadside rest area is established adjacent to or within the right of way of a state highway, or when rest room facilities are constructed in an existing roadside rest area adjacent to or within the right of way of a state highway, a separate rest room facility for disabled persons of both sexes shall be constructed. The facility shall meet all requirements of ORS 447.210 to 447.280.

SECTION 2. (1) If a roadside rest area adjacent to or within the right of way of a state highway does not have a separate rest room facility for disabled persons of both sexes, a disabled person and a person of the opposite sex who is accompanying a disabled person for the purpose of assisting the disabled person in using the rest room may enter any existing rest room. Prior to entering the rest room, the assisting person shall receive permission from anyone who is in the rest room.

(2) A sign shall be posted outside all rest room facilities subject to the provisions of subsection (1) of this section stating that attendants of the opposite sex may accompany or be accompanied by disabled persons into any rest room. The sign shall include appropriate graphics.

SECTION 3. (1) The Department of Transportation shall establish by rule a permit program allowing nonprofit organizations to provide free coffee or other nonalcoholic beverages and cookies at roadside rest areas. Cookies offered under the program must come from a licensed facility. Rules adopted under this section may not restrict the program to any particular days of the year.

(2) An organization may apply for a permit to provide coffee, other beverages and cookies by submitting a written request to an employee of the department designated by the department. The request shall specify the day on which the organization wishes to offer the beverages and cookies and the specific rest area where they will be offered. The request shall be submitted not more than 60 days prior to the date requested.

(3) The department shall issue a permit to the selected organization not less than 30 days in advance of the date for which the permit is issued. If there is more than one request for the same date and the same place, the department shall select one organization by random drawing and shall issue the permit to that organization.

(4) The department may not issue more than one permit for the same time and place.

(5) An organization that receives a permit shall confine distribution of coffee, other beverages or cookies to an area of the rest area designated in the permit or by the rest area attendant. The organization may not use, be within or obstruct access to any building or other structure in the rest area.

(6) An organization providing coffee, other beverages or cookies may receive donations but may not solicit them at the rest area.

(7) An organization may post signs identifying the organization and the activity, provided that each sign is not more than 10 square feet in area and there are not more than two signs. The signs may be placed only on vehicles used in connection with the provision of beverages and cookies or located in the area designated for the activity.

(8) The department may revoke the permit of any organization that fails to comply with the provisions of this section or with rules adopted by the department to implement the provisions.

Approved by the Governor August 27, 1993
Filed in the office of Secretary of State August 27, 1993
Effective date November 4, 1993

CHAPTER 739

AN ACT HB 2459

Relating to economic development; creating new provisions; amending ORS 411.855, 411.875, 652.210, 653.010 and 656.005; repealing sections 1, 2, 3, 4, 5, 6, 7 and 8, chapter 1, Oregon Laws 1991; and appropriating money.

Be It Enacted by the People of the State of Oregon:

Attachment B

MULTNOMAH COUNTY, OREGON

BOARD OF COUNTY COMMISSIONERS	BUDGET & QUALITY OFFICE
BEVERLY STEIN	PORTLAND BUILDING
DAN SALTZMAN	1120 S.W. FIFTH - ROOM 1400
GARY HANSEN	P. O. BOX 14700
TANYA COLLIER	PORTLAND, OR 97214
SHARRON KELLEY	PHONE (503)248-3883

TO: Sharon Timko, Staff Assistant

FROM: J. Mark Campbell, Budget & Quality Office Mark

DATE: December 22, 1994

SUBJECT: Property Tax Compression and Tax Abatements

In the November 1990 general election state voters approved ballot Measure 5, an initiative petition which amended the Oregon Constitution to include a limitation on property tax rates.

The tax rate limitation was designed to be phased in over a five year period effective July 1, 1991. Under Measure 5 all governmental entities within a county share a combined maximum rate of $10 per $1,000 of assessed valuation. Property tax rates for school jurisdictions will ultimately be limited to $5 per $1,000 of assessed valuation in FY 95-96. This rate cap specifically excludes voter approved general obligation debt and, thus, the total property tax rate applied in a given jurisdiction may exceed the $15 limit.

In FY 1994-95, the total tax rate for all governmental entities which levy taxes in the City of Portland is approximately $10.47 per $1,000 of assessed valuation. That rate is a total of the rates calculated for the following governments:

City of Portland	$ 6.31
Multnomah County	3.90
Metro	0.19
Port of Portland	0.07
Total Rate	$10.47

When this happens each government's rate is "compressed" proportionately by the amount the total rate exceeds the cap. In this example, the consolidated rate is about 4.5% higher than the $10 cap. Each government's rate would, therefore, be reduced to about 95.5% of their calculated values.

In Oregon property tax <u>rates</u> are the product of two variables. These are assessed valuation and tax levy authority. The equation can be stated simply as follows:

(Levy Authority / Assessed Valuation) x 1,000 = Tax Rate

This equation can be illustrated by using Multnomah County's FY 94-95 tax levies and assessed value:

($125,425,972 / $30,711,496,212) x 1,000 = $4.0814

Note: *The rate calculated for the portion of the county within the corporate limits of the City of Portland is lower than the rate applied to the rest of the county because properties within the urban development boundary are added to the total assessed value figures calculated for the City.*

Tax levy authority is derived from a voter approved tax base. The dollar amount that can be obtained from property taxes can be raised six percent (without an election) in any given year. The tax base currently in place in Multnomah County was established in 1956 at $11,985,000. Over time this amount has risen to the current tax base of $96,475,783.

In addition, the Oregon Constitution gives taxing jurisdictions the authority to raise additional property tax revenue through a serial levy. Serial levies are separate, voter approved levies for three (or five) years dedicated for a specific purpose. In May, 1993 voters in Multnomah County approved continuations of serial levies for the County Library and the Inverness Jail.

Multnomah County's total tax levy for FY 94-95 is, thus, as follows:

Tax Base	$ 96,475,783
Library Serial Levy	11,789,579
Jail Serial Levy	15,454,460
Library GO Bonds	1,706,150
Total Levy Authority	$125,425,972

As noted above, the amount levied for general obligation debt (the bonds issued for library reconstruction) is excluded from the $10 rate limitation.

Assessed Value and Compression - Effects on Tax Rates

The figures listed above represent the maximum amount the County can collect from each of its property tax levies. Most taxing jurisdictions typically increase their tax base by the constitutionally allowed six percent to establish their levy for the following year. Prior to the passage of Measure 5 growth in assessed valuation was irrelevant for tax computation purposes because there was no legally imposed tax rate limitation.

Because of the effects of compression wrought by Measure 5, however, the County has not been able to collect its full tax levy in any year since 1991. For FY 94-95 we have estimated the revenue loss due to tax rate compression at approximately $4.4 million.

When compression is in effect the change in assessed valuation becomes important. To illustrate an example, suppose a levy code has four taxing jurisdictions within its boundaries. One is a county, one is a city and two are special jurisdictions. The total combined, uncompressed rate for all four jurisdictions is $12.50 per $1,000 assessed valuation. The total assessed value in the levy code is $10 billion.

	Uncompressed Rates	Compressed Rates
County Rate	$ 5.25	$ 4.20
City Rate	6.30	5.04
Sp District # 1 Rate	0.55	0.44
Sp District # 2 Rate	0.40	0.32
Total	$12.50	$10.00

Because we know the uncompressed tax rates and the assessed value, we can figure out what the tax levy authority for each of these jurisdictions is. For the county in this example, the levy is $52.5 million. If we look at the compressed rates, we see that the county will only be able to collect $42 million ($4.20 x $10 billion) - essentially "losing" $10.5 million due to rate compression.

But, what happens when assessed value within the levy area increases? For purposes of illustration, assume that assessed value increases by nine percent. The total value within the levy code would grow to $10.9 billion. How does this affect rate compression?

	Uncompressed Rates	Compressed Rates
County Rate	$ 4.82	$ 4.20
City Rate	5.78	5.04
Sp District # 1 Rate	0.50	0.44
Sp District # 2 Rate	0.37	0.32
Total	$11.47	$10.00

Note that the compressed rates stay the same, but the county is able to collect a higher percentage of its levy because the assessed value has increased. In this example, the county can collect approximately $45.8 million of its $52.5 million levy ($4.20 x $10.9 billion) - the revenue "loss" is mitigated by $3.8 million due to the increase in assessed valuation.

These figures are intended to be illustrative only and do not reflect actual values or levy amounts in Multnomah County. However, this is essentially what we have seen in the county (the same phenomenon has also been occurring statewide) over the past four years. On average assessed values in Multnomah County have been growing at more than ten percent since the passage of Measure 5, reflecting the strength of the local economy. Thus, the revenue "loss" due to Measure 5 has not been as damaging as it otherwise might have been.

Effects on Tax Rates If An Abatement is Granted

Using the example cited above, assume that a manufacturing plant with an initial investment of $750 million and assessed valuation of $200 million sought a tax abatement under the provisions of HB 3686 (the Strategic Investment Program.) HB 3686 caps assessed valuation for such projects at $100 million. The base assessed valuation of our illustrative levy code (assuming no other value growth) would be increased to $10.1 billion.

The governmental tax rates would be affected as follows:

	Uncompressed Rates	Compressed Rates
County Rate	$ 5.20	$ 4.20
City Rate	6.24	5.04
Sp District # 1 Rate	0.54	0.44
Sp District # 2 Rate	0.40	0.32
Total	$12.38	$10.00

Even though the same compressed rate is used, the base assessed valuation to which it is applied has been increased by $100 million. The total revenue the county can collect becomes approximately $42.4 million ($4.20 x $10.1 billion) - the abatement mitigates the revenue "loss" by approximately $.4 million.

However, if the project was undertaken without benefit of the tax abatement, the county would collect $42.8 million ($4.2 x $10.2 billion) from its levy. ***The impact of granting the abatement is to reduce the revenue which can be collected by $.4 million.*** Of course, this example assumes that the project would have been undertaken without the tax abatement. One could argue that the project would locate elsewhere without the tax abatement - therefore, costing the taxing jurisdictions the opportunity to capture the added property value.

The example highlighted above represents the impact of granting a tax abatement when the levy code is under rate compression. The <u>$400,000 is revenue which is lost</u> to the county. The overall impact for all taxing jurisdictions in this levy code would be a revenue loss of approximately $1 million. It should also be noted that HB 3686 gives counties the ability to mitigate lost property tax revenue through negotiation of a "community service fee." This fee essentially allows the recapture of up to one quarter of the taxes abated.

Once a given levy area is out of compression, the change in assessed valuation becomes irrelevant in terms of calculating property tax revenue. In Multnomah County property value growth has occurred at a rapid enough pace that we will essentially be out of compression in all levy areas within the next two years. This has happened because property value growth has outpaced the six percent legally allowed tax base increase.

Tax rates have fallen as assessed valuation has increased. Current projections indicate that by FY 96-97 the total tax rate for all governmental jurisdictions within Multnomah County will be approximately $9.75 per $1,000 assessed valuation. As long as property value growth stays above six percent there will be no rate compression.

This assumes that the tax bases and serial levies currently in place will not be changed. Should property value growth fall below six percent (which has occurred several times over the past 15 years) the combined tax rates could "yo-yo" in and out of compression. A graph is attached which shows actual versus average property value growth in Multnomah County since 1980.

What happens if a tax abatement is granted when the combined tax rate is not compressed? To use the example referred to above, we know that the county's levy authority is $52.5 million. The consolidated rate for all governmental jurisdictions totals $10 (or less) per thousand dollars of assessed valuation.

The county (and each of the other governmental jurisdictions for that matter) can collect the full amount of its levy. If that same manufacturing plant sought and received a tax abatement under HB 3686 the rates would be adjusted to reflect the change in assessed valuation. This can be illustrated below:

The assessed value in the levy code has grown to $15 billion, thus, eliminating tax rate compression. The total value of the HB 3686 project is included in that assessed value figure. The assessed value on which rates are calculated includes only the $100 million of taxable value due to the abatement.

	Rates w/Out Abatement	Rates w/ Abatement
County Rate	$ 3.50	$ 3.55
City Rate	4.20	4.26
Sp District # 1 Rate	0.37	0.37
Sp District # 2 Rate	0.27	0.27
Total	$ 8.34	$ 8.45

The impact of granting the abatement when the taxing jurisdictions are not in rate compression is to *<u>shift the tax burden onto all other property owners in the county</u>*. In this example, a homeowner with property valued at $100,000 would pay an additional $11 in property taxes to the governmental jurisdictions thereby allowing the company to avoid $834,000 in property taxes.

Other Considerations

The examples shown above include only those property taxes paid to local governments. The calculation of school property taxes would mechanically be the same. However, in estimating the potential impact of granting a tax abatement on local tax revenues one needs to consider the "spin-off" effects generated by the location of a large manufacturing facility.

Measure 5 prescribed that the State of Oregon would make up tax revenue lost to school districts due to the $5 rate limitation. In fact, the state has not made up all of the lost school revenue. Most school districts have experienced a gap between pre- and post-Measure 5 funding. It is true, however, that in each year since the passage of Measure 5 the state's share of funding for K-12 education has been increased.

Any project which would qualify for a tax abatement under the Strategic Investment Program would likely generate a significant number of jobs. The job growth created by the siting of such a project could indirectly come back to local schools in the form of additional income tax paid to the state. Yet, it is not possible to determine if the amount of state support channeled back to local schools would be sufficient to offset the "lost" property tax revenue.

Also, in that same vein, the economic activity created by the location of a large manufacturing plant would impact local government revenue in the following way:

- ⇒ BIT revenues would be increased due to increased economic activity brought about by the location decision. An estimate of additional BIT revenue is difficult to predict, but we can theorize that some percentage of the economic growth would "trickle down" in the form of increased profits for local retailers, service industries and construction firms.

- ⇒ New housing starts associated with the influx of employees would contribute to the residential construction sector. This assumes that a certain percentage of the additional workforce would be migrants from outside the Portland metropolitan area. We would expect a nominal increase in assessed valuation due to the new construction and, thus, the tax rates for all county residents might be reduced.

- ⇒ The provision in HB 3686 for the company to pay a percentage of their abated property taxes as a "community service fee" would help to offset any negative impacts the tax abatement would have on local government services. For example, if a project received a tax abatement equal to $1 million the county could collect a fee of $250,000 - or one quarter of the abated taxes. If the combined tax rates in the county are not under compression, this represents additional revenue which could be collected above the tax bases.

The community service fee can be applied to any government service, including schools. It would be the prerogative of the county to negotiate distribution of that fee revenue with the affected taxing jurisdictions. A point to consider, however, is would the community service fee be sufficient to offset the property taxes which would be lost were the tax abatement not granted?

There are likely to be additional demands placed on local government services. Those demands would range from "hard costs" such as infrastructure development to less quantifiable costs such as increased need for police protection. School enrollment would also likely be impacted. **Since the community service fee is limited in the legislation to 25% of the abated taxes the question becomes - "Do the overall benefits of the project justify the added burden which would be placed on local government services?"**

Lacking any specific proposal it would be difficult to quantify any of the potential economic benefits to local governments. In general, we would expect a project large enough to qualify for funding under HB 3686 to generate a significant amount of increased economic activity. Because of the local government tax structure most benefits for cities, counties and school districts are likely to be indirect.

Attachment 1

View From New York," TAX NOTES, November 4,1985 p521-530.

This is perhaps the definitive article on explaining why tax incentives do not play a major role in firm's locational decisions. The author notes that, "States, municipalities, and big businesses are currently playing a high stakes game. The premise of this game is that a healthy state economy can be created (or maintained) by providing tax incentives that affect a firm's locational decision."

Pomp notes that, with regard to tax incentives, the overwhelming weight of existing research suggests that, locational decisions are extremely complex and that state business taxes are just one of innumerable that vary among jurisdictions. The majority of studies conclude that state and local business taxes do not significantly influence most business location decisions.

Pomp lists ten (10) reason why state and local business taxation cannot be successfully used as a policy lever to attract business.

THE TEN FACTORS

(1) Many, innumerable factors are important to a business in location decisions, i.e., depending on type of business plant or site availability, access to financing, cost of transportation, quality and cost of labor, proximity to markets, proximity to supplies, quality of schools, cost of housing, level of public services etc are all very important

(2) Taxes are only one of many costs of doing business and the magnitude of these costs may easily swamp the amount of...taxes involved..Pomp cites data from New York that shows that for the group of firms that pay 70% of state corporate income taxes, their labor costs were 53 times as large as state corporate tax payments...for a labor intensive corporation a few pennies difference in the hourly wages paid...might reduce costs more than any conceivable tax savings that might result from locating in one state rather than another....

(3) State and local tax payments are deductible for purposes of federal corporate income tax, the effect of this deduction ("the so-called federal tax offset") is to reduce both the absolute burden of state and local taxes and differences in among the states...

(4) Differences in state and local taxes may reflect differences in the level and quality of state and local public goods and services, an these goods and services also affect business locational decisions e.g., if low taxes mean inferior schools less educated labor force....

(5) To the extent that tax rate differentials are capitalized their impact will be reduced i.e., low taxes may mean higher land costs

(6) Most relocating companies plan to stay at their new site longer than any group of elected officials is likely to be in office, consequently current tax levels and preferences may not be a reliable basis on which to make locational decisions. Fiscal stability and predictability may be more important than special concessions.....

(7) State tax incentives that result from incorporating a similar federal provision may have not impact if the federal provision it itself in jeopardy

(8) State tax incentives may contain their own seeds of destruction. If incentives are effective at all, a state will gain only a short lived advantage..other states can be expected to adopt similar incentives. A tax incentive that is adopted by all equivalent to no incentive at all, except that tax revenue is needlessly lost......

(9) Executives may be uninformed about incentives..data shows that most firms making new investments did not even consider locating in an state other than their final choice....

(10) There are relatively few footloose firms that can be affected by tax incentives......

Pomp notes that aside from an initial revenue estimate that is sometimes made when a tax incentive is proposed that tax incentives are tantamount to a spending program that is implemented through a tax system i.e., an explicit spending program could have been adopted...by choosing a tax incentive or a spending program the state surrenders control over the amount it expends each year unlike a conventional direct spending program where the governing body appropriates a specific amount of funding..funding with tax incentives however more closely resembles entitlement programs in which any taxpayer that meets stated criteria qualifies for the benefit.. governments cannot control the total expenditure in advance and such programs have unpredictable financial consequences for budgets..these programs are rarely reviewed in a budget/appropriation process..tax incentives thus avoid the "fiscal vigilance" used during the appropriations process and also often avoid any kind of cost benefit analysis

There ar also considerable questions of equity....

(1) Some data suggest that the bulk of tax incentive benefits are heavily concentrated among few firms..
(2) Benefits are often highly skewed
(3) Equivalent firms that do not receive tax incentives are put at a competitive disadvantage
(4) Most tax incentives favor capital over labor..most tax incentives are designed to lower the cost of capital relative to labor, with the result that tax incentives may promote declines in employment

In addition, state tax incentives re inherently wasteful.... because of the federal offset..a state may forego $2 in revenue but the firm gets $1 after paying higher federal taxes..the difference between what the state foregoes and what the firm receives inures to the federal government..revenue sharing in reverse...In addition, there are rarely any provisions that require the tax incentive be spent or invested within the boundary of the granting agency

One reason that, despite all of the evidence to the contrary, tax incentives are used is because of the notion that they help to reflect a "favorable business climate" thus legislating tax incentives one of the few things that governing bodies can actually effect within the economic milieu are attractive and they often appear less costly than an alternative spending plan..This represents a problem because there is no easy way to define "business climate".......

Revenues that are lost through wasteful tax incentives results in lowered public service levels and higher taxes than would otherwise result and these effects must be considered by policymakers when evaluating tax incentives.......

Commentator's caution that the role taxes play in a particular firm's perception of a state's

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Attachment E

VII. Portland — The Economic Realities

Portland, Oregon, a city of 437,000 people is an incorporated jurisdiction within Multnomah County; it is anchor to the largest metropolitan region in the state. As a commercial and cultural center, Portland contributes to the vitality of nearby cities and counties. And, until 1980, a growing regional economy benefited the City of Portland.

However, since 1980, the bulk of the job and population growth has been in suburban locations. This has impacted Portland's quality of life dismally. Portland is now behind the rest of the region in growth that is necessary to sustain a healthy society.

- Between 1970 and 1990 Portland's population grew by 57,350, a 15% increase, while population in the rest of the region grew by 263,600, a 49% increase.

- Between 1970 and 1980 employment in Multnomah County increased by 97,000 jobs while employment in the rest of the region increased by 70,800 jobs. During the next decade, Multnomah County added only 41,000 new jobs while the rest of the region added 78,000 new jobs.

  - In 1970 Portland's per capita income was higher than the rest of the region's, but by 1990 the City's average per capita income fell below the rest of the region.

In turn:

- As the rate of job and population growth in Portland has declined, unemployment rates, particularly in Northeast, the core of the nominated area, have increased dramatically compared to the rest of the region.

- In 1990 when the City's average per capita income fell below the rest of the region – North/Northeast Portland's per capita income averaged 32 percent less than the City's.

- The gap between the Albina Community's median household income and that of the City and Region has been widening since the 1970's. Households in the nominated area have not been benefitting proportionately from City or regional economic growth.

VIII. The Vision

The nominated area includes both the inner-City neighborhoods of North/Northeast and the commercial downtown core. It is a district with substantial assets and serious needs. Our vision entails building on these assets and meeting current unmet needs. To do this we will link human, community, and economic development by implementing existing plans and projects that

GREAT WESTERN CHEMICAL CO.

CORPORATE HEADQUARTERS
808 SOUTHWEST FIFTEENTH AVENUE PORTLAND, OREGON 97205 (503) 228-2600

October 28, 1994

RECEIVED
OCT 31 1994
Commissioner Earl Blumenauer

The Honorable Vera Katz
Mayor of Portland
1220 S.W. 5th - Room 303
Portland, OR 97204

Dear Mayor Katz:

Words cannot express my frustration at learning in this morning's Oregonian that the Portland City Council has granted Kanto Corporation, of Japan, a $696,000 subsidy to construct an electronic materials distribution center in the Rivergate Industrial district. The City Council's action effectively subsidizes a direct competitor to Great Western Chemical Company and our U.S. suppliers. This is particularly ironic for Great Western, which last evening received the inaugural Oregon Quality Initiative award. In her presentation, Governor Roberts specifically cited our Portland Electronic Materials facility, a state-of-the-art investment which supports Oregon's growing semiconductor industry, as the basis for this recognition.

An overview of the semiconductor process chemical industry will clarify why we view the city's financial support of a foreign corporation as both ineffective in job creation, and detrimental to U.S. competitiveness. The semiconductor industry requires state-of-the-art materials management. The critical factors are (1) product quality and (2) just-in-time delivery. Our domestic manufacturers compete successfully in the quality arena. Great Western has invested heavily in facilities, equipment, and staffing to ensure just-in-time delivery. Together, we service virtually every U.S. semiconductor manufacturer: Hewlett-Packard, Intel, Texas Instruments, Micron, Motorola, and Honeywell, to name a few. In addition, we service all the Japanese companies domiciled in the Pacific Northwest, including Fujitsu, Heraeus Shin-Etsu, Kyocera, and SEH. In short, as a team Great Western and its suppliers compete successfully.

The critical, non-economic issue in competing for electronic materials business is the Japanese tradition of interlocking corporate ownership. All other factors being equal, Japanese firms will buy from "sister" firms. This practice allows them to provide their plants with baseload volumes, covering their fixed costs, and compete in the international (i.e. U.S.) arena on a variable cost basis. Sometimes they will indulge in this practice even when all other factors are not equal. We witness U.S.-domiciled Japanese plants sourcing materials from Japan-domiciled Japanese plants every day, despite higher freight costs and the loss of just-in-time delivery advantages.

Thus far, Great Western and its suppliers have provided a level of quality and services sufficient to overcome the biases inherent in competing for U.S. domiciled Japanese plant business. With the stroke of a pen, the Portland City Council has effectively eliminated the competitive advantage which we have created over years of effort.

Furthermore, you will not create any new jobs. Great Western's 110 Oregon employees already service Oregon's electronic materials requirements. If Oregon's semiconductor industry grows, our employee base will grow with it.

Finally, in terms of job quality, I will compare our pay, benefits and employee turnover statistics with any "promises" you receive from Kanto. We are proud of our workforce, and our compensation package.

I would greatly appreciate the opportunity to discuss this matter in more detail with you and your staff as soon as possible.

Regards,

Don Aultman

Don Aultman
President and
Chief Executive Officer

DA:uaf

cc: Mr. David Gallagher - Olin Electronic Materials
Mark Clemons - Portland Development Commission
Robert Ames - Port Commission President
The Honorable Barbara Roberts - Governor of Oregon
Commissioner Gretchen Kafoury
Commissioner Charlie Hales
Commissioner Mike Lindberg
Commissioner Earl Blumenauer
Glenn Ford - Dir. International Trade
Oregon Dept. of Economic Development

MULTNOMAH COUNTY OREGON

Beverly Stein
Multnomah County Chair
P.O. Box 14700
1120 SW Fifth Avenue, Room 1410
Portland, OR 97204

MEMORANDUM

TO: Commissioner Collier
Commissioner Hansen
Commissioner Kelley
Commissioner Saltzman

FROM: Sharon Timko, Staff Assistant

DATE: January 18, 1994

RE: Clarifications to the December 20 Memo Regarding Tax Abatements

After meeting with State Economic Development staff there are two points that need to be clarified regarding my December 20 memo to Chair Stein.

1. The bonding issuance authority for the Strategy Investment Program needs to be reauthorize this legislative session. House Bill 3686 specifically amended the 1993 bond limit bill to provide $2 billion in issuing authority for the Strategic Investment Program, but that was only for the 93-95 biennium.

   Implementation of the program can only occur when a county requests that the state finance the proposed project through revenue bonds. There is a distinction between the statutory authority for the program versus the bond issuance allocation. The $1 billion allocation for the current fiscal year expires on June 30, however, a bond limit bill for each of the two fiscal years has been drafted. There is no sunset date on the statutory authority for the program. However, the Legislature can modify the program at any time.

2. The company will pay taxes on the first $100 million of assessed value but that amount will be "adjusted annually to reflect the average property growth in taxable value of all other existing property in the county or city in which the property is located." Therefore, the taxable amount of $100 million could either increase or decrease in subsequent years depending on the average property growth or decline. Staff from the Department of Revenue and the Economic Development Department are currently reviewing whether the average growth in taxable value is based on all existing property in the county or city or just on comparable properties. The state will notified me when this issue has been resolved.

IX. EXAMPLES OF EXISTING SIP/ENTERPRISE ZONE POLICIES

Attached is a copy of the SIP Policy adopted by Washington County and a copy of the City of Portland's Enterprise Zone Policy. Also attached is a copy of a letter from Washington County to the Governor's office offering a number of suggested changes to the SIP.

These existing similar policies provide examples of how each of these communities developed standards and criteria to address the issues of concern in their community as they related to the SIP or the Enterprise Zone tax abatement programs.

WASHINGTON COUNTY BOARD OF COMMISSIONERS

HOUSE BILL 3686
IMPLEMENTATION POLICY

Review Process

House Bill 3686 provides for tax exemption for a portion of the value (the amount over $100 million) for any facility financed with state Economic Development Revenue Bonds. State law requires that the Board of County Commissioners "recommend" that Economic Development Revenue Bonds be issued for a project or the bonds cannot be issued by the state (if the project is in a city the city council must also endorse the project). The law also allows the County (and city if the project is in a city) to enter into an agreement with the firm. As part of that agreement, the firm can be required to pay a community service fee and meet any other conditions mutually agreed on.

Washington County will participate in the tax exemption program set forth in HB 3686 on a case by case basis. The review process will differ somewhat for each project based on the particular circumstances involved. However, as a general rule, the County will proceed as follows in reviewing a specific project:

1. Once the County is contacted by the firm, the state Economic Development Department, the Portland Development Commission or another economic development agency concerning a potential project, County staff/consultants (with city staff if in a city) will meet informally with other affected governments (e.g., school districts, Educational Service District, fire district, etc.) to review information available and, based on the Program Objectives and Evaluation Guidelines set forth below, develop a preliminary strategy for negotiation.

2. County staff will then review the project and preliminary negotiation strategy with the Board of Commissioners on an informal basis. If Board members seem generally comfortable with the proposed strategy, staff will proceed to the next step.

3. The firm or the economic development agency on behalf of the firm will then submit a formal application for the tax exemption. If an economic development agency submits an application on behalf of the firm, the firm's identity can be kept confidential until such time as the Board takes final action on the request.

4. County staff/consultants (and city staff if in a city) will meet with other affected governments to finalize a negotiation strategy and receive/compile and analyze background information on the firm and the project.

5. County staff/consultants will participate with staff from other affected local governments in a negotiation process with the firm. If successful, negotiations will result in a memorandum of understanding that sets forth firm's and County's obligations. Any memorandum of understanding will be consistent with the Program Objectives and Evaluation Guidelines set forth below.

6. The Memorandum of Understanding will be circulated for review and comment to the relevant city, specials districts, school districts and other affected governments. This review and comment period will take place prior to any public hearing before the Board of Commissioners.

7. The Board of County Commissioners will hold a hearing on the tax exemption recommendation/memorandum of understanding. The Board will vote to approve/not approve the recommendation/memorandum. The Board's approval will be contingent on both parties signing a detailed agreement or agreements implementing the terms and conditions in the memorandum of understanding.

8. County staff/consultants will participate with staff from other affected governments in negotiating a detailed agreement or agreements with the firm implementing the terms and conditions in the memorandum of understanding. Where appropriate, the agreement(s) will be presented to the Board for approval.

9. If the state issues the bonds, staff/consultants will monitor firm to ensure compliance with agreement.

10. The Board's goal is to complete the review process and take action on a memorandum of understanding within 30 to 45 days of receipt of a completed formal application.

<u>Program Objectives</u>

1. Create or retain jobs for Washington County residents that pay wages equal to or greater than the average covered wage in the County.

2. Provide job structures and support systems that will enable lower skilled residents to obtain entry level jobs and move up and into higher paying jobs.

3. Enhance education and workforce training opportunities for County residents.

4. Generate increased assessed value to reduce the tax burden borne by other County residents.

5. Encourage the purchase of materials and supplies from businesses located in the metropolitan area.

6. Assist the County in meeting its land use, transportation and neighborhood design objectives.

7. Projects assisted by this program will work with city, county, and affected agencies to mitigate significant impacts on the provision of public services not covered by normally imposed fees, charges, or by state assistance programs.

8. Provide incentives that are reasonable in light of the benefits received by the community and other taxpayers.

9. Hold the firm accountable for its promises.

<u>Evaluation Guidelines</u>

The goal of the program would be for each tax exemption project to meet all of the objectives outlined above. However a project might be acceptable if it provided significant benefits with regard to some of the objectives, but failed to meet others (except for Objectives 7, 8 and 9, which are mandatory). Each project will be evaluated in the context of specific economic and community conditions prevailing at the time.

In evaluating each project, the following questions and guidelines should be considered:

1. Is the property tax exemption needed to attract or retain the facility? Will the tax exemption make a major contribution to keeping the company competitive in the global marketplace? What impact will the investment have on retaining the firm in the County and positioning the firm for long-term viability in its line of business? Does this investment ensure that the firm will maintain a long term presence and that future growth, both in jobs and investment, will occur in the County?

A. Generally, the County will support providing a tax exemption for a facility if the particular project meets the County's objective(s) for this program and if there is a reasonable possibility that the facility would not be located here without the exemption. In addition, even if the County determines it is likely the facility would be located here without the tax exemption, the County might consider supporting an exemption if it determines that doing so would clearly and directly result in the creation/retention of jobs in the future that might otherwise not be created/retained.

B. The County will ask the State Economic Development Department and/or the Portland Development Commission to provide a report on each project, evaluating the competitive situation with regard to that project.

2. How many jobs will be created/retained both now and in the future? What type of jobs are they; what do they pay? If jobs pay less than the average covered wage in the County, what programs will be utilized to move employees into higher paying jobs? How many new/retained jobs will be part of such programs?

A. The County's goal is that a minimum of 50% of the jobs created/retained at a benefitted facility not have an anticipated end (that is they are not temporary jobs) and pay a wage at or above the average annual covered wage in the County as determined by the Oregon Employment Division (in 1992 that amount was $27,000). For those jobs that do not pay at or above the average covered wage, the County's goal is that they be part of a program designed to provide upward wage mobility for the firm's employees.

B. A program designed to provide upward wage mobility must include training, support systems, and a defined process for moving into higher paying jobs or achieving higher pay (including pay that is equal to or greater than the average annual covered wage in the County).

C. In addition, the benefitting firm must provide industry standard benefits (including medical insurance) for all of its permanent employees.

3. What training programs will the firm implement? How will the firm assist local schools and colleges in preparing students to compete effectively for family wage jobs?

A. The County will evaluate the firm's training programs both in terms of their ability to prepare County residents for jobs available at the facility, and for their ability to provide employees with the skills necessary to obtain higher paying jobs at the firm or at other firms.

B. Where appropriate, the County will expect the firm to enter into a partnership with PDC/Job Net to help develop and implement a recruitment and training program.

C. The County recognizes that sound elementary and secondary education programs are essential elements in preparing our children to obtain well paying job in the future. Consequently, the County will favor those projects where the firm agrees to provide support and assistance to local school districts.

D. The County will provide the Educational Service District with a voice in the process to help insure that the concerns of all school districts are appropriately represented.

4. Where will new employees come from? How many new hires will be Washington County residents; how many will be residents of the Portland metropolitan area? What efforts will the firm make to hire locally?

A. The County's goal is that new employees at benefitted facility be, first, current Washington County residents or, secondly, current residents of the Portland metropolitan area.

B. Current residents are persons living in the County/metropolitan area at the time of their hire, and who were not transferred or recruited to come here by the benefiting firm.

C. In evaluating a project against this goal, the County will take into consideration the firm's proposed efforts to meet this goal (including such things as recruitment and training plans), as well as the potential for hiring County residents in the future. The County will also take into consideration the proposed location of the benefitted facility (for example, a facility located in Tualatin might be expected to recruit as heavily from Clackamas County as from Washington County).

5. What will be the multiplier effect of the project on the County's economy? What potential new jobs will be created in supplier firms?

   A. Generally, the County will favor firms that propose to purchase services and supplies locally (within the metropolitan area). The County will also consider the impact attracting or retaining a facility will have on the attraction, retention or local expansion of other firms (such as suppliers, etc.).

   B. In evaluating the benefits from each project, the County will consider both the direct benefits from jobs created at the facility and the multiplier effect (in terms of jobs, taxes, etc.) of those jobs and other firm expenditures on the local economy.

   C. The County will ask the State Economic Development Department and/or the Portland Development Commission to provide an economic impact report for each project.

6. What is the tax exemption "cost" per job provided? Are the benefits the community will receive from the project generally reasonable in light of the benefits the firm will receive in terms of taxes avoided?

   A. In general, the County's goal is a property tax "cost" per job of no more than $20,000. A property tax cost per job of $20,000 means that one job would be created for every $20,000 in taxes avoided by the firm.

   B. A project that does not meet this goal will be expected to provide other significant benefits to the community.

7. Are there any economic or social conditions that would make a project more or less desirable at the time it is proposed (for example high unemployment; recent lay-offs, etc.)? Are there issues peculiar to a particular community or geographic area that would make a project located in that area more or less desirable (for example very low assessed value/high tax rates; high poverty levels, etc.)?

8. Are the benefits provided by the project easily measurable (benefits occur when the project helps achieve one or more of the Program Objectives described above)? Will the firm agree to include those benefits as obligations in an agreement between the firm and the County? Will the firm agree to monitoring and recapture provisions in the agreement?

A. The County will favor those projects where the benefits are clearly identifiable and easily measurable. All projects must include measurable benefits.

B. Each agreement must include a recapture provision for failure by the firm to meet its obligations (promised benefits). However, the agreement will also include a provision that permits the Board of Commissioners (in conjunction with the relevant city council if the project is in a city) to waive any recapture requirements if it finds that the firm has made a reasonable effort to comply and has failed to do so for reasons beyond its immediate control.

C. The recapture provision would require the firm to repay some or all of the taxes avoided as a result of the tax exemption.

9. What will be the public service impacts (e.g. police, fire, school space, roads) associated with the project? What will be the cost of mitigating those impacts and how will the costs be paid or otherwise mitigated?

A. The County will expect a benefiting firm to participate in mitigation of any substantial negative service delivery impacts of a project. In most cases it is expected that this will be accomplished through the land use/development review process, and this requirement is not meant to substitute for that process. However, in the event service delivery impacts are not resolved through that process, the firm will be expected to participate with agencies to mitigate the impacts.

<u>Deposit by Firm</u>

Prior to the County incurring costs associated with reviewing a potential project, the firm (or other agency acting on behalf of the firm) will be required to provide a $5,000 deposit to cover the County's costs (including consultant costs) of reviewing the proposed project and negotiating an agreement. County staff and consultants will charge their time against the deposit. If funds remain at the end of the process, they will be returned to the depositor. If an additional deposit is needed to cover costs, the depositor will be billed.

The amount of the deposit can count as part of any community service fee ultimately included in an agreement between the County and the firm.

Project Definition

For purposes of this Policy a "project" is proposed facility that meets the threshold criteria contained in HB 3686, excluding the current assessed value of the property and equipment, and phased as described in the application when originally submitted (additional developments cannot be added later).

Adopted by the Board of County Commissioners
Minute Order 94-271
June 28, 1994

HBNEW

WASHINGTON
COUNTY,
OREGON

February 9, 1995

The Honorable John Kitzhaber
Governor
State of Oregon
254 State Capitol
Salem, OR 97310

Dear Governor Kitzhaber:

I am writing on behalf of the Washington County Board of Commissioners. As you know, so far Washington County has been the only county in the state to consider an application for tax exemption under the Strategic Investment Program, passed by the 1993 Legislature as HB 3686. Since we understand that the 1995 Legislature will be reviewing HB 3686, we thought it might be helpful if we shared our perspective on the law with you.

In summary our thoughts are as follows:

First, we appreciate the strong role given to local governments in the tax exemption process. Since local governments will be impacted the most as the result of a facility locating in a community, we believe that the current language in the law requiring that the relevant county and city endorse a project before the state can issue bonds is appropriate. In addition, we support the current language in the law that allows local governments to negotiate an agreement with the benefiting firm, including the collection of a community service fee.

Second, we believe that consideration should be given to changing the inducement from a property tax exemption to a state excise tax exemption. As you know, in Oregon, with our fixed dollar levy based property tax system, increased assessed value does not necessarily result in increased local government revenues. Thus, even the $100 million going on the tax rolls does not help local governments provide needed services. The state, on the other hand, receives the full benefit of corporate excise tax revenues generated by the company, as well as the personal income tax revenues generated by the company's employees. The excise tax and income tax are also not subject to the constitutional limitations imposed on the property tax by Measure 5.

Board of County Commissioners
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Third, we believe that consideration should be given to placing a cap - or establishing a process for placing a cap - on the amount of property or excise tax exemption that a company can receive. Right now, the exemption is essentially unlimited - whatever value goes on the tax rolls above the first $100 million is exempt, regardless of how much that is. As you may know, there have been numerous national studies of the efficacy and efficiency of tax exemptions and other business location inducement programs utilized by states and local governments. The studies are almost unanimous in concluding that: (a) such inducements are generally not very efficient, but their efficiency can be enhanced by making sure that the benefits received are roughly proportional to the value of the incentive; and (b) financial incentives are not, in themselves, the most significant factor in business location decisions, though as more and more jurisdictions offer them, they are becoming more significant.

Allowing for a limit on the value of incentives could help address the efficiency issue. It also reflects a conclusion we have reached, which is that, generally, the benefit of tax incentive programs is not based on the exact amount of the incentive, but simply on the fact that the incentive is offered.

Fourth, if a cap is placed on the tax incentive provided companies, we believe that consideration should be given to adjusting the cap based on community need. For example, higher caps might be allowed in counties with high levels of unemployment or significant worker displacement. We do not necessarily think this will have a great effect on firm location decision, since, as noted above, most studies suggest that things like tax incentives play only a minor role. However, it may have an effect on the margin, and it does send a message about the state's priorities.

In conclusion, we would be happy to provide any additional information that you or your staff might find useful as you consider this issue. We hope that you find this letter helpful.

Sincerely,

Linda B. Peters

Linda Peters
Chair

c: Board of Commissioners

REPORT TO CITY COUNCIL

DATE: October 21, 1994

TO: Portland City Council

FROM: Janet S. Burreson, Portland Development Comm. — Stephen C. Bauer, Office of Finance & Admin.

SUBJECT: AMEND ENTERPRISE ZONE INVESTMENT STRATEGY

The purpose of the Portland Enterprise Zone program is to stimulate job creation and retention through business investment in N/NE Portland areas close to the Portland citizens experiencing the highest unemployment and underemployment in the region. The Zone program is specifically designed to stimulate hiring of residents of the Enterprise Zone into the job opportunities created by those business investments.

This summer the Council asked the PDC to accelerate its work with the OFA to produce policy guidelines for use of the Enterprise Zone economic development program in N/NE Portland. This report summarizes these Interim Guidelines which have been developed through a collaborative partnership between OFA and PDC and the Enterprise Zone community (represented by the N/NE Economic Development Alliance).

The Guidelines are significantly tighter than the existing state statute and the guidelines which PDC previously used to evaluate Enterprise Zone projects. Their purpose is to insure that the City's tax exemptions are a sound investment in quality jobs for Enterprise Zone residents. Unemployment in the Enterprise Zone continues to be double the rate for the Metro area - approximately 10% unemployment which translates to approximately 3,000 people who are Zone residents looking for employment.

A summary of the Enterprise Zone program and the difference between the state statutes and the Portland Interim Guidelines is included as Attachment A. The Portland Interim Guidelines are included as Attachment B.

These Interim Guidelines will remain in place until the Council adopts a permanent policy regarding tax abatement. The goal is to have a permanent policy in place before the end of fiscal year 1994-95. The City's Enterprise Zone program will end in March, 1996 without action from the Oregon Legislature to extend the Zone's life.

The Guidelines include several new concepts to the Enterprise Zone program which are applied in the case where the City has discretion over when a company receives Enterprise Zone benefits:

1. A Zone boundary amendment.

2. A Five-year tax exemption (as opposed to a 3-year exemption) for companies in the Zone.

The new concepts adopted are:

1. An incentive for the retention of Enterprise Zone residents for at least two years;

2. A cap on the amount of net tax exemption allowed per Enterprise Zone hire;

3. A requirement that the City's estimated costs of serving the site are covered;

4. A requirement that company projects seeking a five-year tax exemption are either high quality projects as regards to their community impact. If necessary, the company may contract with the City to increase community impacts from the project (apart from the hiring of Zone residents). Community impacts include the quality of the job opportunities and other business development opportunities in the Enterprise Zone which are detailed in the community benefit matrix.

5. A requirement that community contributions made by companies in order to meet the Guidelines receive Council approval of their uses.

6. A recognition that the Guidelines represent a City investment in an Enterprise Zone resident being hired into a permanent full-time job and this is a solid investment by the City regardless of whether the tax exemption is "required" to insure the business facility is located in the Portland Metro area.

7. A contractual requirement for a minimum number of Enterprise Zone hires by a company during the exemption, as opposed to the State's requirement only for a percentage of all workers hired during the period.

The Interim Guidelines process resulted in several concepts which the PDC/OFA team and N/NE community agreed were appropriate for inclusion in the City's permanent guidelines but are not included in the Interim Guidelines due to the necessity of developing financial models and/or reporting systems which do not presently exist. These additional concepts include:

1. Inclusion of the economic multiplier impacts of the project in the modelling of the City's costs and revenues from the project and the tax exemption;

2. Inclusion of the potential social services savings to local property taxing governments from the additional job opportunities generated by the project.

3. Inclusion of people in N/NE Portland in the hiring pool to meet Enterprise Zone hiring criteria whose employment by a company meets the intent of the Zone program but who are living outside the boundaries of the Zone (which was established according to Census Tracts).

4. A tighter definition of an "Enterprise Zone" hire to include a minimum of time as a permanent employee of the company prior to the company being able to count the hire towards its Enterprise Zone hiring goal.

The Interim Guidelines will significantly improve the City's return on its tax exemption investment compared with the existing State statute requirements for tax exemptions. Examples of actual business investment cases show that capital-intensive companies will be contracting for the hiring of significantly more Enterprise Zone residents during the exemption period than projected under the State statute.

Companies have the option of reducing their contractual Enterprise Zone hiring requirements through community contributions which benefit the Enterprise Zone community's economic development efforts. The Enterprise Zone hiring requirements cannot be reduced below the requirements of the state statute. The use of any community contributions will be proposed by the partnership of the N/NE Community, the company and the PDC acting on behalf of the City. Unlike previous community contribution contracts, the Council will then put the community contribution proposal from the City/Community/Company partnership into the context of the City's overall budget and make final approval of the use of the funds.

The key question regarding this strategy is the return on the City's investment of a short-term tax exemption for a company's investment in the Enterprise Zone. The guidelines provide that an investment of no more than $40,000 of net tax exemption in current dollars will be allowed for each Enterprise Zone hire into a permanent, full-time job for a three-year exemption which requires a Zone boundary amendment.

For a five-year exemption period, the company must meet more stringent tests including $25,000 of net tax exemption per Enterprise Zone hire. The interim guidelines include penalties for companies that do not achieve this requirement. Projects must bring to the City's revenue stream at least as much as the estimated City costs of serving the project during the exemption period - ensuring there are no actual net losses. The City's costs of serving the site will be estimated at 25% of the City property taxes exempted.

The net tax exemption per Enterprise Zone hire would be reduced if multiplier effects from the new company operations in the City which generate additional City taxes (often as little or no new City expense) were included. Similarly, the net tax exemption per Enterprise Zone hire would also be reduced if the reductions of City/County social service costs of unemployment or underemployment were included. Thus, the net tax exemption per Enterprise Zone hire used in this strategy is overstated; the benefits to the City from the company's project are financially understated.

We are confident that, in the long-run, the tax exemption investments will provide a strong rate of return for the investment, both in terms of the economic and social benefit to Enterprise Zone residents who fill the required Enterprise Zone hires with the companies, and also from the actual net positive City revenues received from the project.

For example, without the tax exemption from the Enterprise Zone, Wacker Siltronic's recently announced expansion would provide the City with an estimated $11.2 million in new revenues over a ten-year period compared with an estimated $2.7 million in new City general fund costs; a net City gain of $8.5 million. But the company would have no incentive or obligation to hire Enterprise Zone residents for the estimated 300 new positions with the company or for ongoing turnover.

With the Enterprise Zone tax exemption investment, the company still provides an estimated $6.7 million in new City revenues over the ten-year period, for a net City gain of $4 million. In addition, these guidelines require a partnership with the City in which Wacker will donate $750,000 to the Enterprise Zone community (expected to be utilized in a training program for Zone residents), will hire at least 220 (most likely 235) Enterprise Zone residents and have financial incentives for retaining them at least two years, will provide Zone residents working for Wacker with extraordinary programs for home purchase / transit costs / day care expenses, and will make all construction and supplier contracts accessible to N/NE businesses during the next seven years of project construction and tax exemption.

Companies seeking an Enterprise Zone tax exemption are required to utilize PDC's JobNet program as a first source for employees. Experience of the last five years has shown that this connection generally results in more than the minimum number of Enterprise Zone hires required by the State statute. In Enterprise Zone projects to date, the JobNet First Source Agreement, when combined with the Enterprise Zone hiring requirements of Zone residents, has resulted in Enterprise Zone residents accounting for 67% of all hires.

A significant component of the Enterprise Zone Investment Strategy is insuring that Enterprise Zone residents are properly trained for the new job opportunities in the Zone. This effort includes intensive PDC work with each company to identify their employee needs and bring together diverse resources to focus on meeting those needs through a customized program that maximizes the number of Enterprise Zone residents hired and retained. The result of the hiring stimulated by the strategic short-term tax exemptions is maximization of the number of Enterprise Zone residents who are employed and retained by the company and have gained skills which will help in future employment opportunities.

We expect similar results from future Enterprise Zone investments made with these guidelines. This interim period will allow assessment of these new concepts and refinement for the permanent guidelines. The additional concepts mentioned above will be evaluated by the PDC/OFA/Enterprise Zone community partnership during the next few months and included in the permanent guidelines if appropriate.

ATTACHMENT A

CITY OF PORTLAND
ENTERPRISE ZONE INVESTMENT STRATEGY
SUMMARY

I. INTRODUCTION

The Enterprise Zone's purpose is to stimulate wealth-creating business investment in N/NE Portland which results in hiring Enterprise Zone residents for quality jobs.

The Zone is a program of property tax exemption of the new property taxes generated during the first 3-5 years of a business investment. The business investment must be for a business operation which primarily serves other businesses through activities such as manufacturing, assembly, fabrication, processing, shipping or storage.

The Oregon Enterprise Zone Act governs the minimum requirements of the program. The Act provides for additional local requirements regarding the conditions of extending the tax exemption period from three to five years or for making Zone boundary amendment contracts with companies. The City of Portland's Enterprise Zone Interim Guidelines describe the City's goals and guidelines for decision-making regarding boundary amendments or extensions of the basic three year tax exemption period.

A company which invests in the existing Enterprise Zone boundary may achieve a three year property tax exemption on the investment by investing more than $25 million or meeting the basic hiring requirement: hiring 25% of all new employees during the project's construction period and tax exemption period from the Enterprise Zone population. The 25% measurement is taken at the end of each year of tax exemption, with the construction period counting as part of the first year of tax exemption.

EXAMPLE: Acme company will locate a new facility in the Enterprise Zone which will be assessed for property tax purposes at $5,000,000. The facility will open March 1, 1996.

1. Prior to any construction on the project, Acme must file a completed "Pre-Certification" form with Multnomah County and the Oregon Economic Development Department. The date of filing starts the first "year" of required 25% Enterprise Zone resident hiring.

2. No property taxes will be assessed against the project until Acme occupies the facility, as provided in Oregon's Construction Work in Progress statute. The first tax year for which property taxes will be assessed will begin July 1, 1996.

3. Acme must complete a Zone Compliance form at the end of the first year of tax exemption (June 30, 1997) certifying that Acme has hired 25% of all new employees from the Zone population during the period from filing of PreCertification to end of the first year of tax exemption.

4. Zone Compliance forms will also be filed for subsequent years of tax exemption certifying that during that 12 month period, 25% of all new employees were Enterprise Zone residents.

5. Acme will have achieved a tax savings equivalent to the taxes which would have been assessed during the period (tax rates X assessed valuation). Assuming a 1.5% tax rate and 10% annual depreciation of the assessed valuation, the tax savings would be $180,000.

A five-year exemption is available for most companies through a contract with PDC to meet community impact and Enterprise Zone resident hiring performance standards. The standards include some State statutory requirements and local conditions which are negotiated with PDC in accordance with the Guidelines.

II. SUM TOTAL OF THE RULES A COMPANY MUST COMPLY WITH TO ACHIEVE A THREE YEAR TAX EXEMPTION IN PORTLAND'S ENTERPRISE ZONE.

STATE STATUTES:

1. New companies must make investments within the zone boundary and hire at least one person.

2. New companies must hire 25% of all new employees from the Enterprise Zone population from date of precertification to the end of the exemption.

3. Existing companies must expand by 10% of employment base OR invest more than $25 million in the project to qualify.

III. CITY OF PORTLAND GUIDELINES FOR A BOUNDARY AMENDMENT:

1. Meet a $40,000 (1994 or current dollars) net tax effect threshold per hire (final number of hires required determined after first tax assessment of the project).

2. Direct costs to city are covered by other city business taxes (direct costs measured as 25% of assessed value which is tax exempted).

IV. SUM TOTAL OF REQUIREMENTS FOR A FIVE YEAR PROPERTY TAX EXEMPTION (EXISTING SITE IN ZONE BOUNDARY OR BOUNDARY AMENDMENT)

STATE STATUTES

1. COMMIT IN WRITING TO EITHER 50% Zone resident hiring or compensating 70% of Zone residents hired to comply with 25% hiring rule above 150% of minimum wage.

2. EMPLOYEE RETENTION:

   A. NEW COMPANIES: must retain at least 15% of the peak employment during the exemption period OR not fall below 50% of peak employment for more than one year (measured end of tax year).

   B. EXISTING COMPANIES: cannot reduce average annual employment in any one year of exemption below 110% of the average annual employment of the firm at time of precertification.

REMEDIES FOR VIOLATION OF EMPLOYEE RETENTION STANDARDS IN 1 OR 2 ABOVE: loss of qualification for tax exemption

CITY OF PORTLAND GUIDELINES:

1. Contractually guarantee a number of enterprise zone resident hires, subject to $25,000 penalty each deficiency at the end of the exemption period.

   The company must meet a $25,000 (1994 dollars or current dollars) net tax effect threshold per hire (final number of hires required determined after first tax assessment of the project).

   The number depends on the net tax effect of the project, which can be reduced by contractual commitment to additional community impacts or community contributions to enterprise zone programs which are approved by City Council.

2. Incur penalties in fourth or fifth years of exemption if not retaining 50% of enterprise zone resident hires for two years each.

3. Direct costs to city during the exemption period are covered by other city business taxes (direct costs measured as 25% of assessed value which is tax exempted).

4. Meet 50% threshold of community impact matrix points.

ATTACHMENT B

ENTERPRISE ZONE INVESTMENT STRATEGY
INTERIM GUIDELINES FOR
ENTERPRISE ZONE BOUNDARY AMENDMENT / FIVE YEAR EXEMPTION

TABLE OF CONTENTS

I. MINIMUM STANDARDS FOR ZONE BOUNDARY AMENDMENT:

These two standards in A & B below apply only to projects which require a Zone Boundary Amendment. They allow a Zone Boundary amendment for companies whose projects will not meet the five-year exemption guidelines in #2 below. They do not apply to projects already within the Zone.

A. The project must meet a basic guideline of no more than $40,000 total **NET TAX EFFECT** per expected Enterprise Zone hire.

B. If the project is a relocation from Oregon outside the City of Portland, the project must meet the intent and technical requirements of the Oregon Enterprise Zone statute regarding in-state relocations AND must be a project which the local government where the company is presently located and OEDD been consulted.

C. DIRECT COST RECOVERY

The project shall provide City revenues sufficient to cover the City's direct costs of serving the site during the tax exemption period. The City's direct costs are estimated as 25% of the property taxes which are due to the City each year of the tax exemption period from the project.

If the project's other City revenues will not cover direct costs, the company will be required to contribute the difference to the City during the exemption period to achieve cost-recovery. City revenues to be considered include projected business license fees, utility franchise fees, and any other City fees or taxes which provide revenue to the City general fund.

Example: Acme Corp.'s project will have an assessed value of $20 million in tax exemption year 1; $19 million in year 2; $18 million in year three. Assume the City property tax rate is .6%. Acme Corp.'s other City general fund taxes will total $10,000 per year.

YEAR	CITY TAXES EXEMPTED	CITY COST ESTIMATE (25%)	CITY GENERAL FUND REVENUE	ANNUAL CO. PMT.
1	$120,000	$30,000	$10,000	$20,000
2	$114,000	$28,500	$10,000	$18,500
3	$108,000	$27,000	$10,000	$17,000

II. THE GUIDELINES FOR A 5 YEAR TAX EXEMPTION

A. INTRODUCTION:

The guidelines below pertain to projects in the Enterprise Zone or being considered for boundary amendment to the Enterprise Zone which are seeking a five-year property tax exemption as provided by the Zone statute. The City reserves the ability to structure Enterprise Zone agreements with companies outside the guidelines in extraordinary cases through an agreement between PDC and the City's Office of Finance Administration.

The City recognizes a number of objectives served by the Enterprise Zone tax exemption program. Chief among these objectives is job creation and retention for Enterprise Zone residents. A secondary objective is employment of economically-disadvantaged people living in the N/NE Portland area near the Zone. A complete list of objectives for the Zone program appears in Attachment A to this Guideline document.

B. OVERVIEW: FIVE PERFORMANCE STANDARDS FOR FIVE-YEAR ABATEMENTS:

The guidelines below outline the details of five requirements for a company to qualify for a full five-year Enterprise Zone tax abatement:

1. Estimated NET TAX EFFECT of $25,000 per projected Enterprise Zone resident hire during the project's precertification and exemption period;

2. Attainment of 50% of the points possible in the Community Benefit Matrix;

3. Direct costs (City general fund) to serve the site are covered through City general fund revenues collected from the company during the exemption period;

4. Retention for more than two years of 50% of the Enterprise Zone residents hired.

These performance standards, and their remedies for non-performance, are detailed in sections C-F below.

C. THE KEY RATIO: NET TAX EFFECT PER ENTERPRISE ZONE HIRE

1. Projecting the Net Tax Effect

OFA/PDC will project the most likely:

Total "net tax effect" per Enterprise Zone resident hire of the company's operations in the Zone during the exemption period.

"Net Tax Effect" is defined as:

"The estimated net present value of the (1) total tax exemption (2) less any cash contributions back to the local governments, PDC or agreed-upon community economic development programs contracted to meet these guidelines; (3) plus City general fund revenues generated by the project during the exemption period (4) less the direct City general fund costs during the exemption period, estimated as 25% of the City tax exemption." (County direct project costs and revenues will be included in the calculation as soon as models are available.)

NET TAX EFFECT FORMULA SUMMARY:

NET PRESENT VALUE OF THE FOLLOWING DURING THE EXEMPTION PERIOD:

Total tax exemption (all govenments)
- Cash contributions to Enterprise Zone programs
+ City general fund revenues from the project
- City general fund costs from the project (25% of tax exempted revenues).

General fund revenues are considered to include: business license fees, utility franchise fees, and any other general fund revenue from ongoing operations. It does not include fee-for-service charges such as building permits, etc.

The number of Enterprise Zone hires used in this calculation is the guaranteed Zone Resident hiring resulting from (1) existing operations in the Zone; (2) new operations in the Zone and (3) guaranteed Zone resident hiring due to turnover during the life of the exemption.

A key variable in calculation of the total tax exemption is the projected depreciation of the investment. In consultation with the company, PDC and OFA will agree on the total assessed value, depreciation schedule and total tax exemption figures utilizing the expertise of the tax assessment entity for the company (either Mult. Co. or Dept. of Revenue).

2. KEY RATIO:

The company's "net tax effect" per Enterprise Zone hire must be less than $25,000.

If the company's project is not projected to meet this threshold, the company has the option to receive a three year tax exemption or to reduce their projected Net Tax Effect per Enterprise Zone hire through a contract with PDC to perform the following:

A. Increase the number of Enterprise Zone hires in the City contract (which reduces the Net Tax Effect per Zone hire);

B. Provide cash contributions to Enterprise Zone area programs as outlined in Section F below (which reduce dollar per dollar the Net Tax Effect number - as though the contributions were property taxes)

C. Increase the project's projected Community Benefit matrix points as described in Section D below (which reduces the Net Tax Effect calculation by $500 per point above 50% of the matrix).

A combination of any of these measures can be utilized to reach the $25,000 threshold. The contract with the company at time of pre-certification of the project is based on estimates of total investment. The estimates result in a number of Enterprise Zone hires which the company must make to receive the full tax abatement. In order to insure that the number of Enterprise Zone hires are appropriate for the ACTUAL level of investment, the contract will be revised at the time that the total investment subject to tax exemption is final to reflect an appropriate number of Enterprise Zone hires. If necessary, the contract may include a range of a minimum/maximum number of Enterprise Zone hires which is likely.

D. COMMUNITY BENEFIT MATRIX:

The projects' expected non-quantifiable impacts on the Enterprise Zone community will be measured through a "points system" matrix agreed upon by PDC, the N/NE community and/or Economic Development Alliance and the City Council.

The project must achieve 50% of the total points available in the Community Benefit Matrix to receive approval by the City. Achievement of the 50% level must be contracted for by the beginning of the first year of tax exemption.

Every 1 point above 50% of the matrix total which is extraordinary to the company's existing operations shall be equivalent to $500 tax exemption per Enterprise Zone hire in the key ratio calculation above. If a company does not meet the KEY RATIO for Net Tax Effect per Enterprise Zone hire, the company may choose to lower its ratio through improving its Community Benefit Matrix score and therefore generating credit $500 credits through the points system. The Matrix is in attachment A to these guidelines following the objectives for the Enterprise Zone; the matrix results from these objectives for the Zone program.

E. DIRECT COST RECOVERY AND POSITIVE RATE OF RETURN FOR THE CITY OF PORTLAND:

1. DIRECT COST RECOVERY

The project shall provide City general fund revenues sufficient to cover the City's direct costs of serving the site during the tax exemption period. The City's direct costs of serving the site will be estimated at 25% of the City's exempted property taxes. If the project's other City revenues will not cover direct costs, the company will be contribute a sufficient amount of funds to the City during the exemption period to achieve cost-recovery for that year. City revenues to be considered include projected business license fees, utility franchise fees, and any other City fees or taxes which contribute towards City cost recovery.

Indirect costs associated with the potential for new people to move to the City of Portland / Multnomah County due to the new jobs being created will not be considered except in extreme cases involving large new job impacts. The permanent guidelines for Zone tax exemption may include mulutiplier impacts if an acceptable model can be identified.

F. CONTRACT REQUIREMENTS - ENTERPRISE ZONE HIRE RETENTION:

ENTERPRISE ZONE RESIDENT RETENTION INCENTIVE :

A prime objective of the Enterprise Zone program is the hire AND RETENTION of Enterprise Zone residents into quality jobs. Five-year tax exemption contracts will therefore have the following incentive program to promote retention of Enterprise Zone hires:

1. Companies which have not retained 50% of their Enterprise Zone hires at least two years by the end of the third year of tax exemption will pay a penalty to the Zone Sponsor equivalent to $25,000 for each Zone hire below 50% which was not retained for two years up to a maximum of 50% of the tax abatement for the fourth year.

2. Companies which have not retained 50% of their Enterprise Zone hires at least two years by the end of the fourth year of tax exemption will pay a penalty to the Zone Sponsor equivalent to $25,000 for each Zone hire below 50% of Zone hires to that point which was not retained for two years up a maximum of 50% of the tax abatement for the fifth year.

These penalties will be disbursed in the same manner as any penalties collected by the Zone sponsor for not meeting the agreed upon Zone resident hiring requirement.

If a company reduces its full time positions, those positions will not count in the calculation of the percentage of Enterprise Zone residents retained. Example: a company hired 100 Zone residents but suffered a position reduction of which 10 were Enterprise Zone hires. The number of Zone hires examined for purposes of the percentage calculation would be 100 - 10 = 90. Penalties would only occur if the company's Zone retention rate was less than 50% of 90 = 45.

III. USE OF THE GUIDELINES

A. PROCESS FOR DETERMINING DISBURSEMENTS OF CASH COMMUNITY CONTRIBUTIONS:

During the negotiation with the company, the PDC will collaborate with the OFA, and the company on an outline of the use of any cash contributions resulting from the project. The outline will include expected goals for contributions to various programs and expected levels of contributions to each program. This outline will be reviewed by City Council at the time. Appropriate agencies in the City will convene at least once per year to review projects and set criteria for the coming year.

If the direct costs of serving the site are not provided by other company site taxes/fees which contribute to the City general fund, cash contributions shall first be directed to insure cost recovery during the exemption period prior to being used for economic development community programs.

If any penalty for non-compliance with the hiring requirements of the Zone is collected by PDC, the penalty shall be used first to continue same level of funding of the programs receiving funding from the cash contributions and the remaining sum will be distributed by City Council in accordance with the Enterprise Zone statute.

During the City budget discussions for the each year of tax exemption which will result in cash contributions, final decisions regarding expenditures of the contributions will be recommended by the collaborative efforts of the PDC, company and Enterprise Zone community and ratified by Council. The following principles shall apply to this process:

1. Cash contributions from the project will not be used to reduce other City contributions to the programs;

2. Council will consider the list of economic development projects in the outline developed in the contract between PDC and the company;

3. Projects will be limited in their impact to projects which help economically-disadvantaged people in the Enterprise Zone or Enterprise Zone businesses.

Multnomah County will be advised of the abatement negotiations at the time of pre-certification and will also be advised of the City's deliberations over any cash contributions from the project and asked for comment.

The following types of economic development projects are eligible for receipt of cash contributions from the project:

A. Workforce training and development programs;
B. Workforce support programs, including day-care support.
C. Business development programs, including supplier strategies and loan programs.

2. WAIVER OF ABILITY TO CLAIM THAT THE END OF THE TAX EXEMPTION PERIOD IS A TAX INCREASE UNDER MEASURE 5 OF 1994

A company waiver of ability to claim that the end of the tax exemption period is a tax increase under Ballot Measure 5 of 1994 (if passed by voters).

B. EXTRAORDINARY FACTORS TO BE CONSIDERED

THE FOLLOWING FACTORS MAY OR MAY NOT HAVE AN INFLUENCE ON THE CITY'S DECISION REGARDING THE PROJECT:

1. COMPANY INTERNAL "NEED" FOR THE INCENTIVE.

The company's "internal financial need" for the tax exemption in order to justify moving forward with the project will not be analyzed or considered. The process of developing the permanent Guidelines for tax exemption will consider conditions under which the company's "need" for the tax exemption will be considered in the decision regarding a boundary amendment or 5 year tax exemption.

2. PORTLAND'S NEED TO USE THE INCENTIVE TO BE COMPETITIVE FOR THE PROJECT:

The City's need to utilize the Enterprise Zone program as an incentive to land the project in the City will be a strong influence on deviations from these interim guidelines. Desirable business development projects for which the City needs incentives to succeed in a site location competition will be given appropriate additional consideration with regard to guideline thresholds. The need for the incentive will be evaluated jointly between PDC and OFA.

OBJECTIVES FOR ENTERPRISE ZONE INVESTMENT STRATEGY

* CREATE OR RETAIN JOBS WHICH:
  - ARE FILLED BY ENTERPRISE ZONE RESIDENTS, ESP. MINORITIES
  - HAVE WAGES EQUAL OR GREATER THAN AVERAGE
  - INCLUDE LIVABLE WAGES AND BENEFITS AT ENTRY LEVEL
  - INCREASE COMMUNITY/EMPLOYEE OWNERSHIP
  - PROVIDE TRAINING AND SKILL DEVELOPMENT, ESPECIALLY AT LOWER SKILL LEVELS
  - HAVE CAREER LADDERS / ADVANCEMENT OPPORTUNITIES

* ENHANCE EDUCATIONAL AND WORKFORCE TRAINING OPPORTUNITIES

* INCREASE INTERNATIONAL TRADE AND DEVELOPMENT LINKAGES, ESPECIALLY FOR SMALL BUSINESSES

* ARE IN A CITY, REGIONAL OR STATE TARGETED INDUSTRY CLUSTER

* INCREASES ASSESSED PROPERTY VALUE TO REDUCE THE TAX BURDEN BORNE BY OTHER BUSINESSES AND RESIDENTS

* INCREASES BUSINESS OWNERSHIP AND BUSINESS OPPORTUNITIES IN TARGETED AREAS, PARTICULARLY FOR WOMEN AND MINORITY OWNED SMALL COMPANIES

* ENCOURAGES THE PURCHASE OF MATERIALS AND SERVICES (INCLUDING CONSTRUCTION) FROM BUSINESSES LOCATED IN (IN PRIORITY) (1) THE ENTERPRISE ZONE, (2) THE CITY'S ECONOMICALLY DEPRESSED TARGET AREAS, (3) THE CITY AND (4) THE METROPOLITAN AREA, ESPECIALLY EMERGING MINORITY/WOMEN COMMUNITY OWNED BUSINESSES.

* PROVIDE INCENTIVES THAT ARE REASONABLE IN LIGHT OF THE BENEFITS RECEIVED BY THE COMMUNITY AND OTHER TAXPAYERS

* IMPROVES THE PHYSICAL NATURE OF THE ENTERPRISE ZONE IN BLIGHTED AND/OR NEIGHBORHOOD AREAS

* POSITIVELY IMPACTS OTHER SOCIOECONOMIC SYSTEMS OF SUPPORT FOR ENTERPRISE ZONE AND CITY TARGET AREA WORKERS, INCLUDING DAYCARE, AFFORDABLE HOUSING AND EMPLOYEE TRANSPORTATION.

NOTE: The Matrix below is being considered as a formal part of the Enterprise Zone Guidelines for achieving a five-year property tax exemption. The Guidelines would interact with this Matrix in the following ways:

1. For a 5 year exemption, the company would need to generate a minimum of 50% of the points in the matrix.
2. If the company ratio of tax exemption per Enterprise Zone resident hire is above the guideline ratio, the company may receive "credit" which would allow it to meet the guideline by any combination of the following:
   A. Cash contributions to Enterprise Zone programs;
   B. Contract to achieve increased Matrix points.
   C. Hiring more Enterprise Zone residents.

A company will receive $500 credit in 1994 dollars against their Net Tax Effect per Enterprise Zone hire for each point above 50% of the Matrix points they contractually agree to achieve.

EXAMPLE: Acme Company project meets the 5 year exemption threshold of 50% of possible matrix points but has a projected $30,000 net tax effect per Enterprise Zone hire. The guideline they must meet is $25,000. They can meet the $25,000 threshold by agreeing in a contract to achieve 60% of matrix points; this will give them 10 points above 50% with an Enterprise Zone hire credit of $500 each applied to the $30,000 net tax effect estimate which reduced the tax exemption estimate to $25,000.

The Matrix points system is as follows:
Maximum of 43 points possible.

1. Quality wage jobs are created or retained:

All jobs in the firm shall count in this measurement. If a firm is expanding, all the firm's job shall be counted and not just the new jobs being created. (Average wage compensation for 1992 (latest figure available) is $25,909.)

7 pts. More than 75% of jobs created or retained **have a wage higher than the** County private sector average within one year of hire.

5 pts. More than 50% of jobs created or retained **have a wage higher than the** County private sector average within one year of hire.

3 pts. More than 25% of jobs created or retained **have a wage higher than the** County private sector average within one year of hire.

2 Overall compensation of jobs:

5 pts. All full-time permanent jobs in the company have employee benefits in addition to wages equivalent to 15% of wages. "Benefits" is defined as additional compensation to employees beyond legal requirements.

3. Company will positively impact socioeconomic systems of support for Enterprise Zone workers such as daycare, transportation, affordable housing.

1 point per % of payroll of benefits offered up to 3 points

Company will offer to Enterprise Zone employees extraordinary employee benefit programs for home purchase, subsidized daycare or public transportation or other employee support.

4. Ownership of firms by employees and/or NE residents.

2 pts. The project has a mechanism by which all employees may own more than 25% of the company.

OR

2 pts. The project is more than 25% owned by residents of disadvantaged areas in N/NE Portland.

5. Jobs provide valuable career training, particularly for entry-level positions. (8 points possible).

A. TRAINING SUPPORT

4 pts. Company provides more than 2% of payroll in employee training including entry-level positions.

2 pts. Company provides less than 2% of payroll in employee training but is pro-actively involved in the development and execution of job-training partnerships.

B. INTERNAL PROMOTION

4 pts. Company has strong internal promotion policies which result in more than 50% of non-entry level positions being filled by existing employees.

2 pts. Company has strong internal promotion policies which result in more than 25% of non-entry level positions being filled by existing employees.

6. **Company project will positively impact the local tax base:**

4 pts. Has a rate of return over double the tax exemption period greater than 3-1 for all City revenues from the project less additional direct costs (measured as 25% of City property taxes).

3 pts. Has a rate of return over double the tax exemption period greater than 2-1 for all City revenues from the project less additional direct costs (measured as 25% of City property taxes).

7. **Visual, functional or environmental blight in inner N/NE is improved:**

2 pts. The project transforms a vacant, unusable or blighted site in N/NE Portland into a community aesthetic and functional asset.

8. **Has indirect positive impacts on the small/emerging business community in the Enterprise Zone:**

4 pts. All construction and business supplies/services contracts during the exemption period will be made available to businesses in the economically distressed areas of N/NE Portland.

9. **A new or existing business requires new technology to remain globally competitive.**

3 pts. An existing manufacturing company in the N/NE Target Area requires new technological equipment to be competitive.

10. **The project increases the internationalization of Portland's economy:**

2 pts. The project markets its products internationally using Port of Portland facilities.

11. **The project promotes the City's Target Industry development.**

3 pts. The project is within one of the City's targeted industry clusters.

MULTNOMAH COUNTY
STRATEGIC INVESTMENT PROGRAM
POLICY DISCUSSION

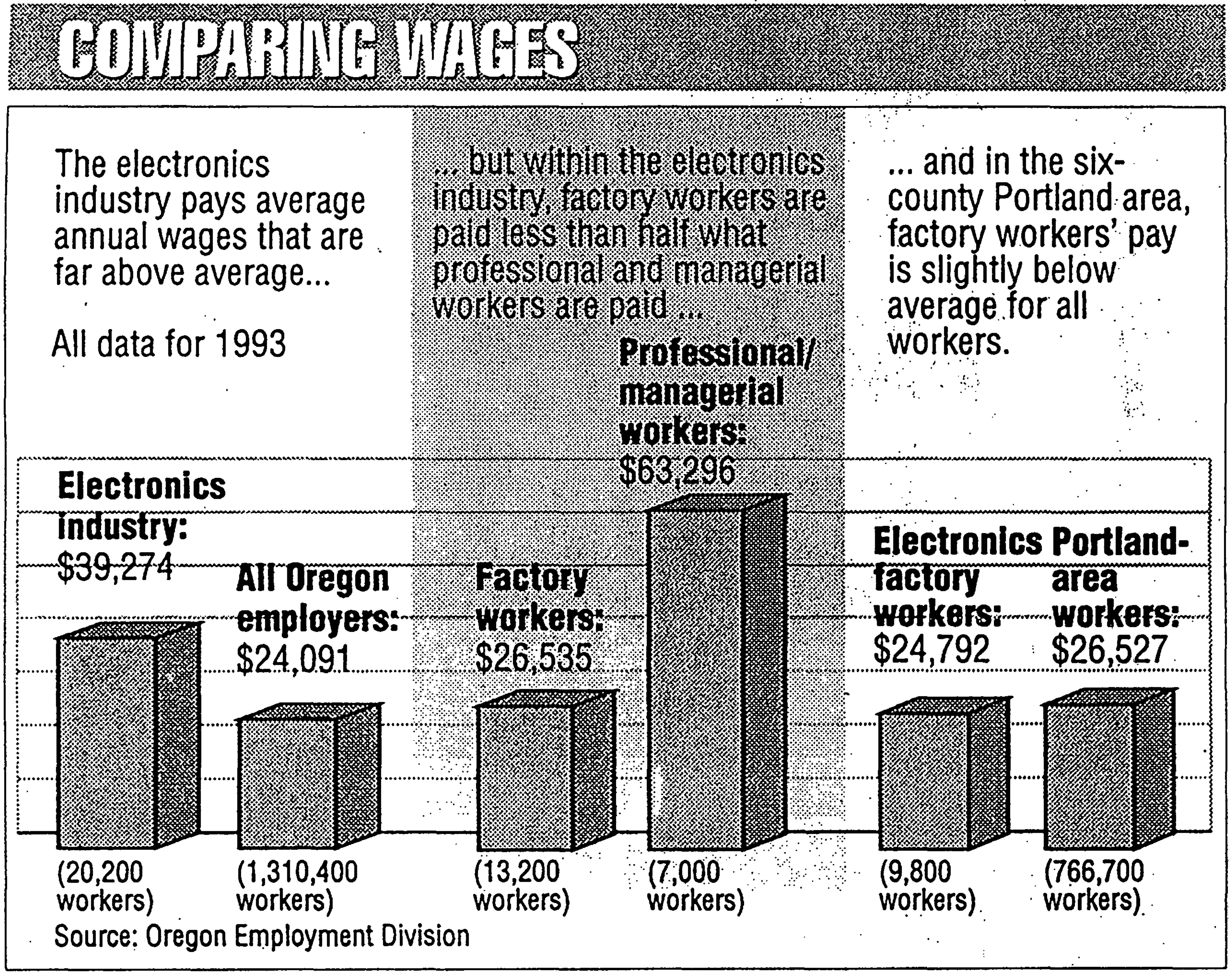
DATA APPENDIX

February 24, 1995

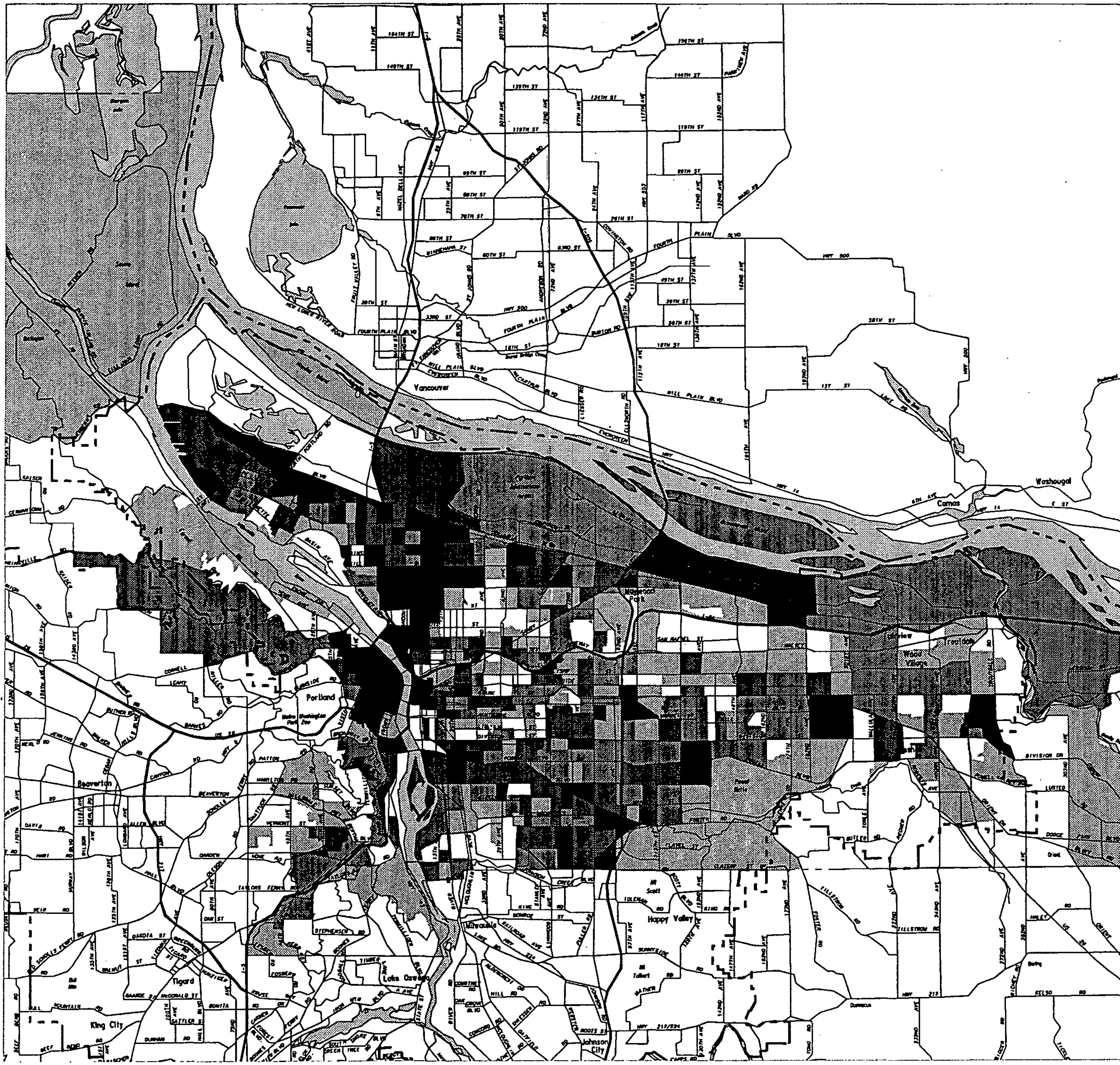
AVERAGE WAGES - 1993
MULTNOMAH COUNTY

Industry Sector	Average Wage per Employee	1993 Employment	Emp. Growth 1984-93	Percent Growth 1984-93
Agriculture	$17,198	2,628	1,160	79.0%
Mining	$70,214	215	-81	-27.4%
Construction	$32,505	13,477	4,307	47.0%
Manufacturing	$32,988	47,663	4,528	10.5%
Food Processing	$28,292	5,345	419	8.5%
Metals	$32,853	8,826	-275	-3.0%
Electronic Equipment	$31,681	2,018	-193	-8.7%
Transportation Equipment	$38,796	8,208	2,680	48.5%
Trans., Communications Public Utilities	$33,214	29,441	3,450	13.3%
Wholesale Trade	$32,841	28,803	-638	-2.2%
Retail Trade	$15,834	60,895	4,680	8.3%
General Merchandise	$23,929	6,863	-1,143	-14.3%
Food Stores	$16,008	7,723	1,261	19.5%
Furniture/Home Furnishings	$19,796	2,522	140	5.9%
Eating/Drinking Establishments	$10,039	23,818	2,595	12.2%
Finance, Insurance, Real Estate	$32,420	31,179	3,405	12.3%
Services	$23,907	109,965	35,615	47.9%
Hotel/Lodging	$12,994	4,829	777	19.2%
Personal Services	$15,988	3,496	30	0.9%
Business Services	$19,757	26,127	8,499	48.2%
Health Services	$30,505	27,829	5,404	24.1%
Government	$31,730	57,276	10,612	22.7%
All Industries	$27,298	381,842	67,258	21.4%

Source: 1993 Oregon Covered Employment & Payrolls. Oregon Employment Division



The Oregonian



R L I S

Persons Below Poverty Level

By 1990 Census Block Group

Expressed as a percent of Total Persons

- < 5.5%
- 5.5% - 9.2%
- 9.2% - 14.7%
- 14.7% - 21.1%
- > 21.1%

SOURCES:
TIGER Line File
US Bureau of the Census
Population Data
PL94 1990 Census
Economic and Demograhic Data
STF-3A 1990 Census
Base Map Cartography
Oregon Department of Transportation
1988

Poverty Level: Based on 1990 Census data for those persons who were determined to be below the national poverty level.

One Person:	$ 6,310
Two Persons:	$ 8,076
Three Persons:	$ 9,885
Four Persons:	$12,674

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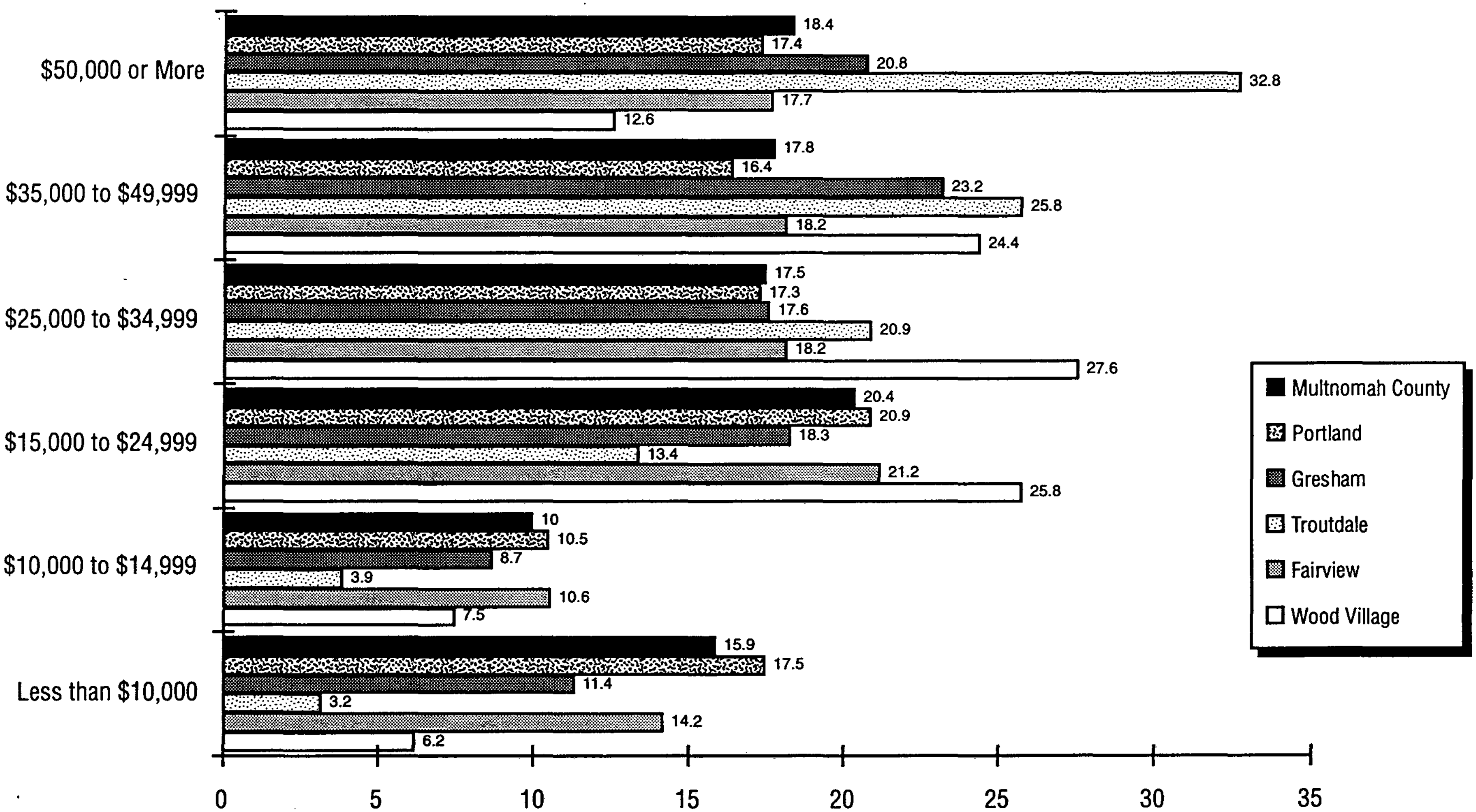
HOUSEHOLD INCOME
NUMBER OF HOUSEHOLDS BY INCOME CATEGORY

	Multnomah County	Portland	Gresham	Troutdale	Fairview	Woodvillage
Less than $10,000	38,445	32,669	2,989	78	126	67
$10,000 to $14,999	24,258	19,703	2,265	94	94	81
$15,000 to $24,999	49,402	39,092	4,783	326	188	279
$25,000 to $34,999	42,306	32,338	4,612	509	162	256
$35,000 to $49,999	43,221	30,809	6,066	630	161	264
$50,000 or More	44,668	32,621	5,455	801	157	136

Source: 1990 Census.

Household Income
(Percent of Households by Income Category)



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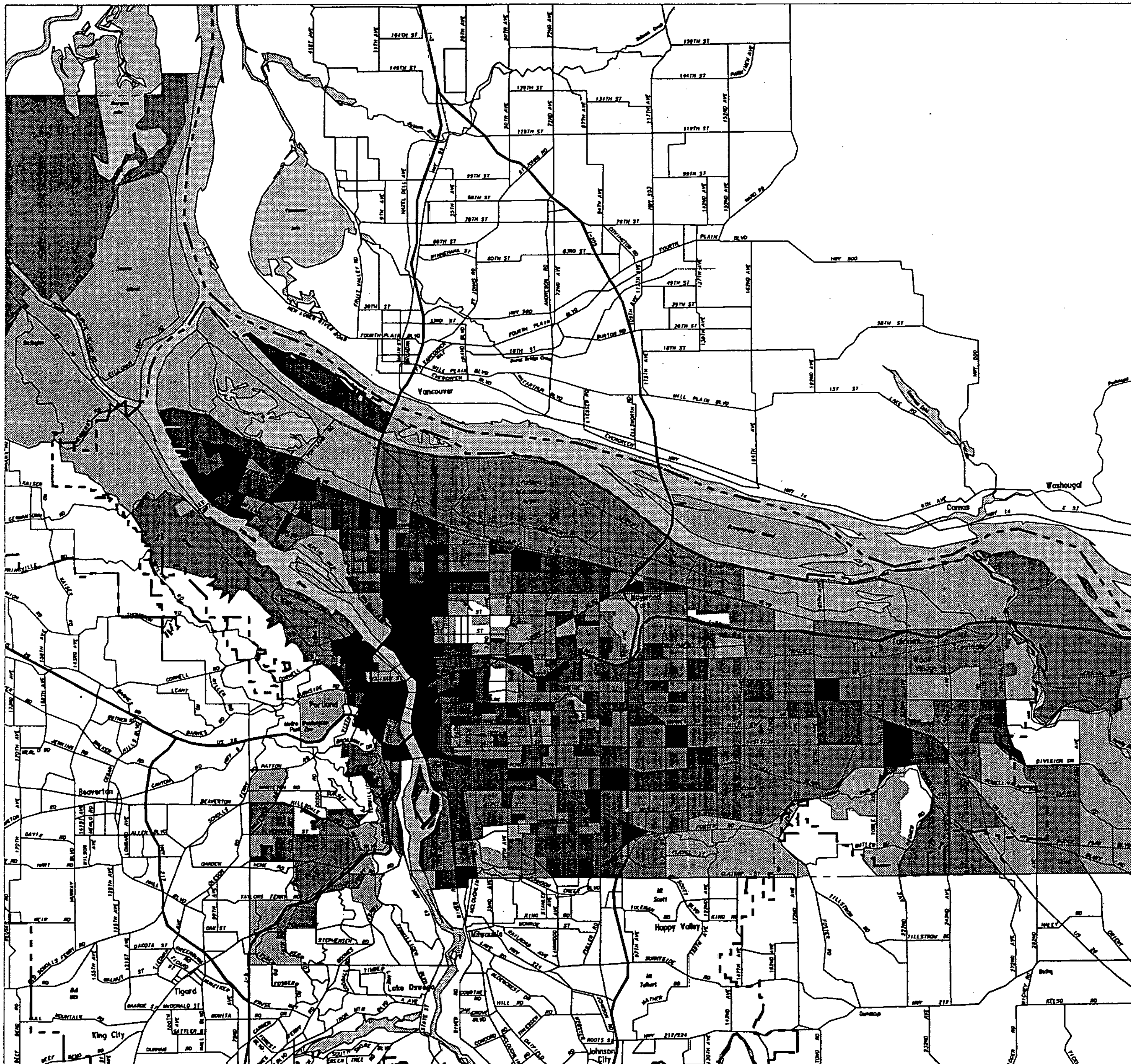

R L I S

Median Income

By 1990 Census Block Group

Expressed as a percent of Regional Mean
Median Household Income = $31,071

- > 150%
- 121% - 150% ($46,606)
- 80% - 120% ($37,285)
- 60% - 80% ($24,856)
- <60% ($18,643)

SOURCES:
TIGER Line File
US Bureau of the Census
Population Data
PL94 1990 Census
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Oregon Department of Transportation
1988

Region = Clackamas, Multnomah, Washington, and Clark Counties
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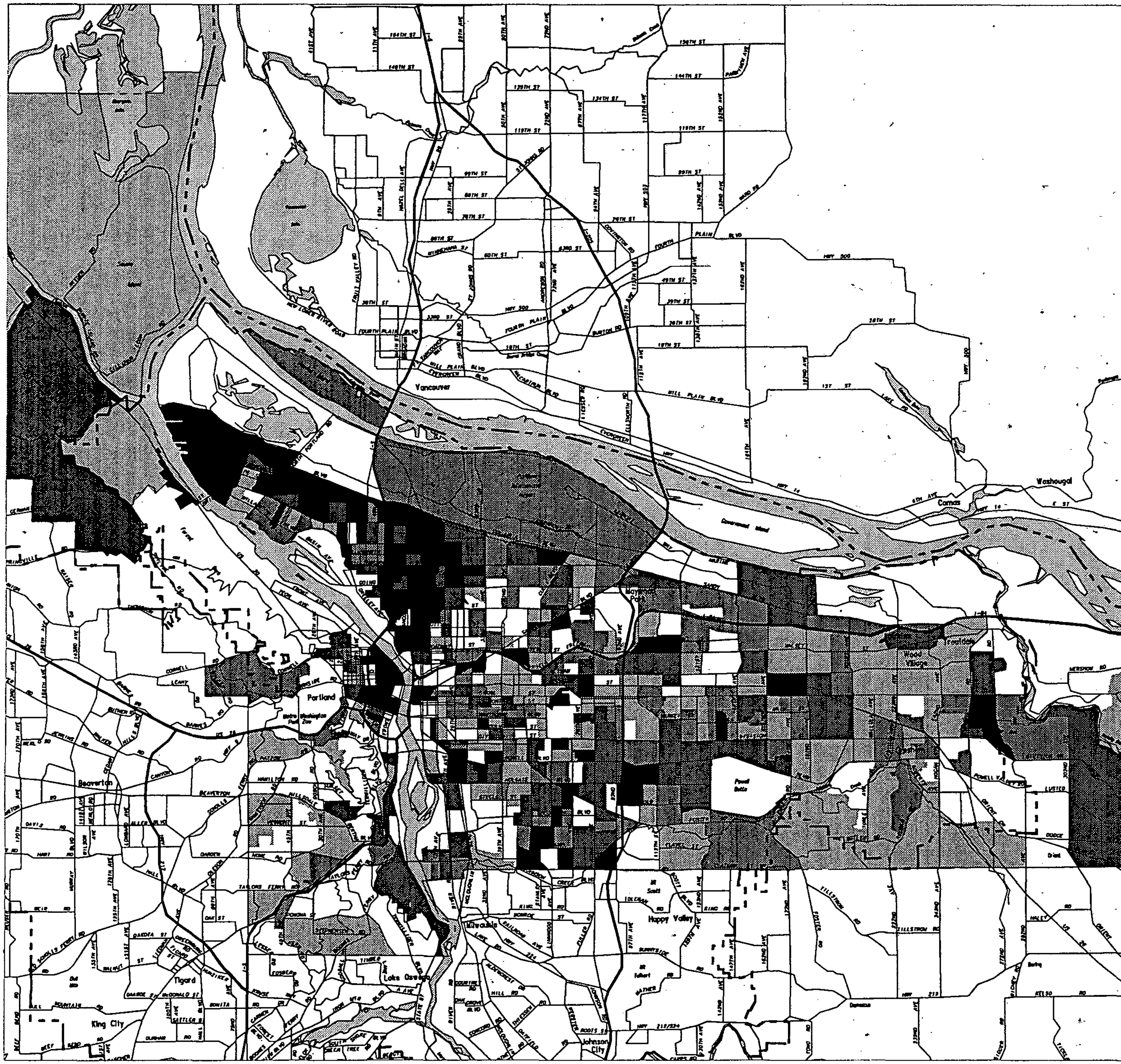

R L I S

Percent Unemployed

By 1990 Census Block Group

Expressed as a percent of Work Force

- < 2.9%
- 2.9% - 4.7%
- 4.7% - 6.7%
- 6.7% - 9.6%
- > 9.6%

SOURCES:
TIGER Line File
US Bureau of the Census
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1988

Work Force = Persons 16 years or older who reported in the 1990 census that they were either employed or unemployed and seeking work.

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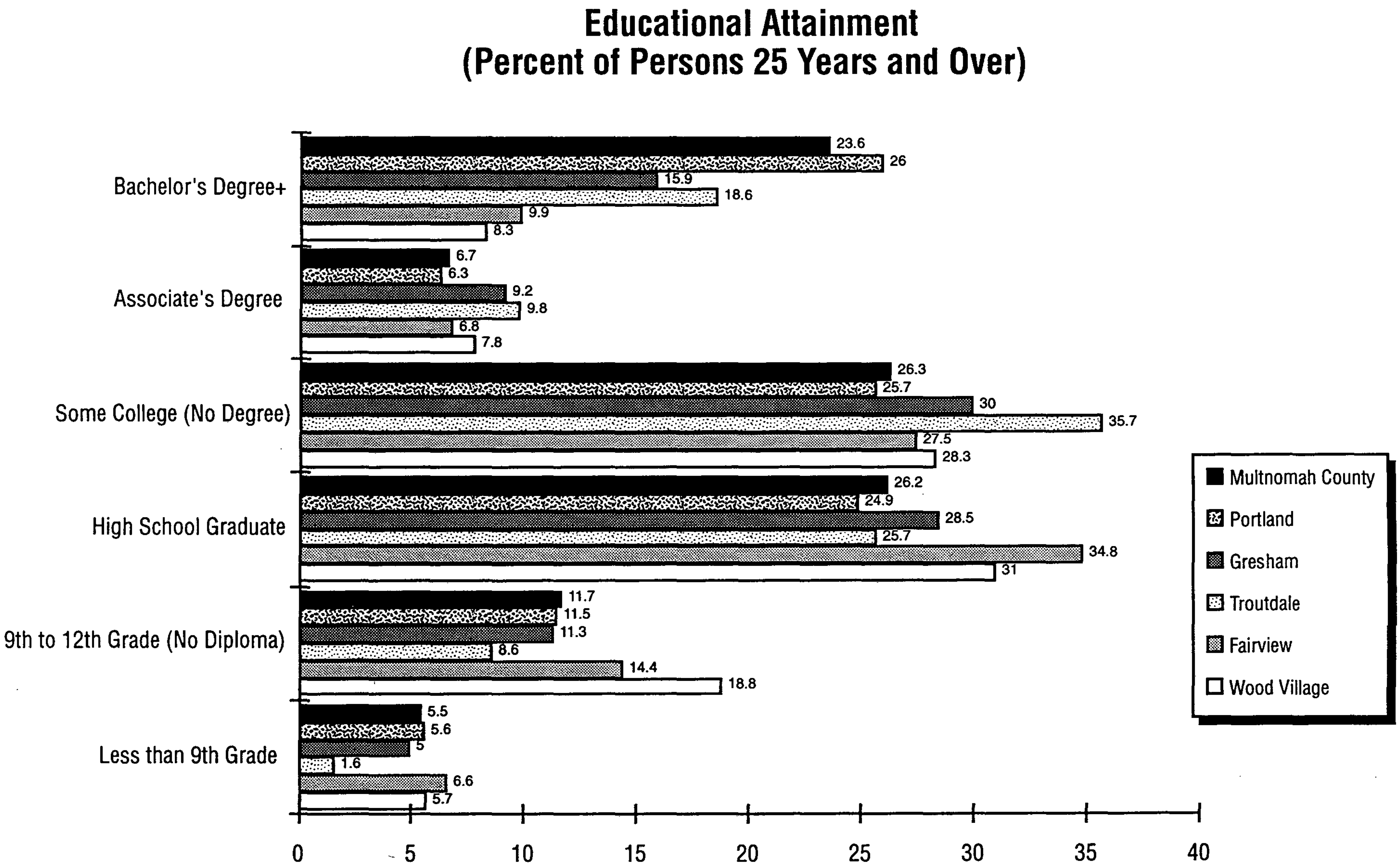
EDUCATIONAL ATTAINMENT

PERSONS 25 YEARS AND OVER

	Multnomah County	Portland	Gresham	Troutdale	Fairview	Woodvillage
Less than 9th Grade	21,464	16,721	2,151	73	102	102
9th to 12th Grade No Diploma	45,629	34,199	4,836	391	224	336
High School Graduate	102,543	74,134	12,185	1,175	541	555
Some College No Degree	102,905	76,551	12,824	1,635	427	506
Associate's Degree	26,280	18,872	3,939	449	106	140
Bachelor's Degree +	92,601	77,259	6,791	852	154	149

Source: 1990 Census.



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HOUSING AFFORDABILITY
LOW AND MODERATE INCOME HOUSEHOLDS

	Multnomah County	Portland	Gresham
Very Low Income*	61,526	51,298	4,775
% with cost burdens above 30%	72%	72%	79%
% with cost burdens above 50%	39%	37%	44%
Low Income*	48,098	37,341	5,102
% with cost burdens above 30%	30%	29%	42%
% with cost burdens above 50%	3%	3%	5%
Moderate Income*	22,955	17,657	2,479
% with cost burdens above 30%	13%	12%	22%
% with cost burdens above 50%	1%	1%	2%
Total Low/Moderate Income	132,579	106,296	12,359
% with cost burdens above 30%	47%	47%	52%
% with cost burdens above 50%	19%	19%	20%
Total Households	242,320	187,262	25,870

*Note Very Low Income = households 50% of median family income or below
Low Income = households 51 to 80% of median family income
Moderate Income = households 81 to 95% of median family income

Source: City of Portland, City of Gresham, Multnomah Couonty *CHAS Community Provile/Needs Assessment/Annual Investment Plan*, December 1993. 1990 Census.

What is Affordable Housing?

Single Person			Four Person Household		
Annual Income[1] (% Area Median Family Income)	Converted to Hourly Wage/Full-time (2080 hrs per year)	Affordable Housing Cost (rent + utilities = 30% of monthly income)[2]	Median Income Level (MFI)/ Annual Wage	Converted to Hourly Wage/Full-time (2080 hrs per year)	Affordable Housing Cost (rent + utilities = 30% of monthly income)
$8,880 (30% MFI)	$4.26	$222	$12,690 (30% MFI)	$6.10	$317
$14,800 (50% MFI)	$7.11	$370	$21,150 (50% MFI)	$10.16	$529
$23,700 (80% MFI)	$11.40	$592	$33,850 (80% MFI)	$16.27	$846
$29,600 (100% MFI)	$14.23	$740	$42,300 (100% MFI)	$20.34	$1,057

1. Based on FY 94/95 area median income levels determined by HUD.
2. HUD defines housing as affordable if all housing costs (rent or mortgage, utilities, property taxes, and insurance) do not exceed 30% of total household income.

Everything You Need To Know...To Buy Now

MONTHLY PAYMENT

How Much Can You Afford? Find Out Here...

Lenders will usually allow you to spend up to 28% of your total ("gross") monthly income to make mortgage payments. The table below shows how much 28% equals at various income levels to qualify for an affordable monthly payment. Different loan plans allow you to borrow more or less for the same monthly payment.

Annual Income	Gross Monthly Income	Affordable Monthly Payment	Annual Income	Gross Monthly Income	Affordable Monthly Payment
$20,000	$1,667	$ 467	$55,000	$4,583	$1,283
$25,000	$2,083	$ 483	$60,000	$5,000	$1,400
$30,000	$2,500	$ 700	$65,000	$5,417	$1,517
$35,000	$2,917	$ 817	$70,000	$5,833	$1,633
$40,000	$3,333	$ 933	$75,000	$6,250	$1,750
$45,000	$3,750	$1,050	$80,000	$6,667	$1,867
$50,000	$4,167	$1,167	$100,000*	$8,333	$2,333

LOAN AMOUNT

How Much Can You Borrow? Check It Out...

Once you know the loan amount you can borrow, simply add your available down payment to estimate the price you can afford.

Monthly Payment**	5%	6%	7%	8%	9%	10%	11%
$ 467	86,995	77,892	70,194	63,645	58,040	53,215	49,038
$ 583	108,603	97,240	87,630	79,454	72,457	66,434	61,219
$ 700	130,399	116,755	105,216	95,399	86,998	79,766	73,505
$ 817	152,194	136,269	122,802	111,344	101,539	93,098	85,791
$ 933	173,803	155,617	140,237	127,153	115,956	106,317	97,971
$1,050	195,598	175,132	157,823	143,098	130,497	119,649	110,257
$1,167	217,393	194,646	175,409	159,043	145,038	132,981	122,543
$1,283	239,002	213,994	192,845	174,852	159,454	146,199	134,724
$1,400	260,797	233,509	210,431	190,797	173,995	159,532	147,009
$1,517	282,592	253,024	228,017	206,742	188,536	172,864	159,295
$1,633	304,201	272,371	245,453	222,551	202,953	186,082	171,476
$1,750	325,996	291,886	263,039	238,497	217,494	199,414	183,762
$1,867	347,791	311,401	280,625	254,442	232,035	212,747	196,047
$2,333	434,599	389,126	350,668	317,950	289,951	265,848	244,980

* For incomes over $100,000, simply add together the two appropriate columns.

** Principal and interest only; does not include taxes, insurance, or homeowners association/condominium fee. These will raise your monthly payment and reduce the amount of principal and interest—and the total loan amount—you can afford. Loan amounts are based on a 30-year fixed-rate mortgage.

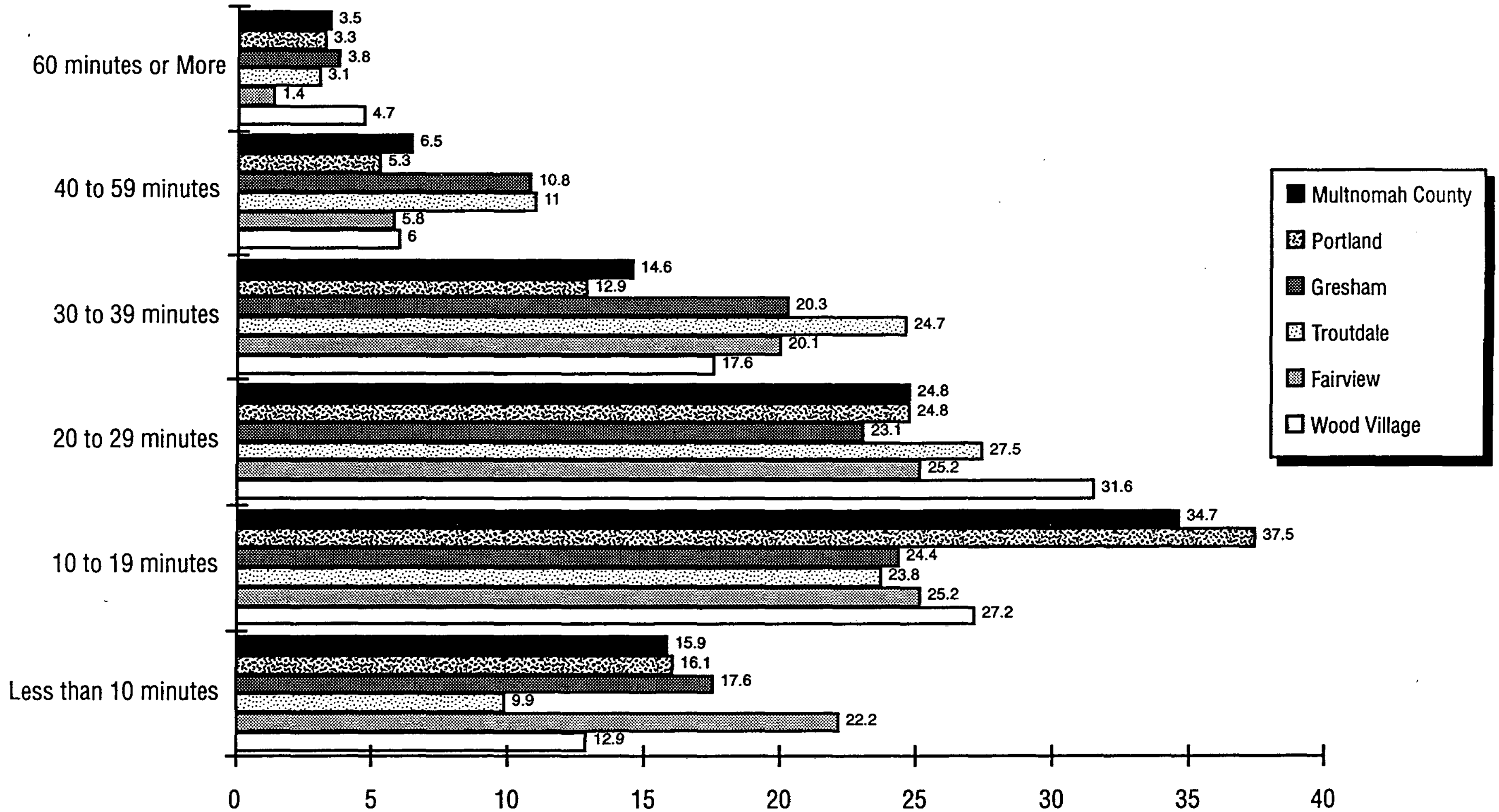
TRAVEL TIME TO WORK

PERSONS 16 YEARS AND OVER

	Multnomah County	Portland	Gresham	Troutdale	Fairview	Woodvillage
Less than 10 minutes	45,501	34,589	6,028	389	248	194
10 to 19 minutes	99,465	80,391	8,357	937	282	410
20 to 29 minutes	71,208	53,192	7,883	1,086	282	476
30 to 39 minutes	41,912	27,542	6,940	975	225	265
40 to 59 minutes	18,567	11,445	3,680	434	65	91
60 minutes or More	9,947	7,111	1,318	124	16	72

Source: 1990 Census (includes persons working at home).

Travel Time to Work
(Percent of Persons 16 Years and Over)



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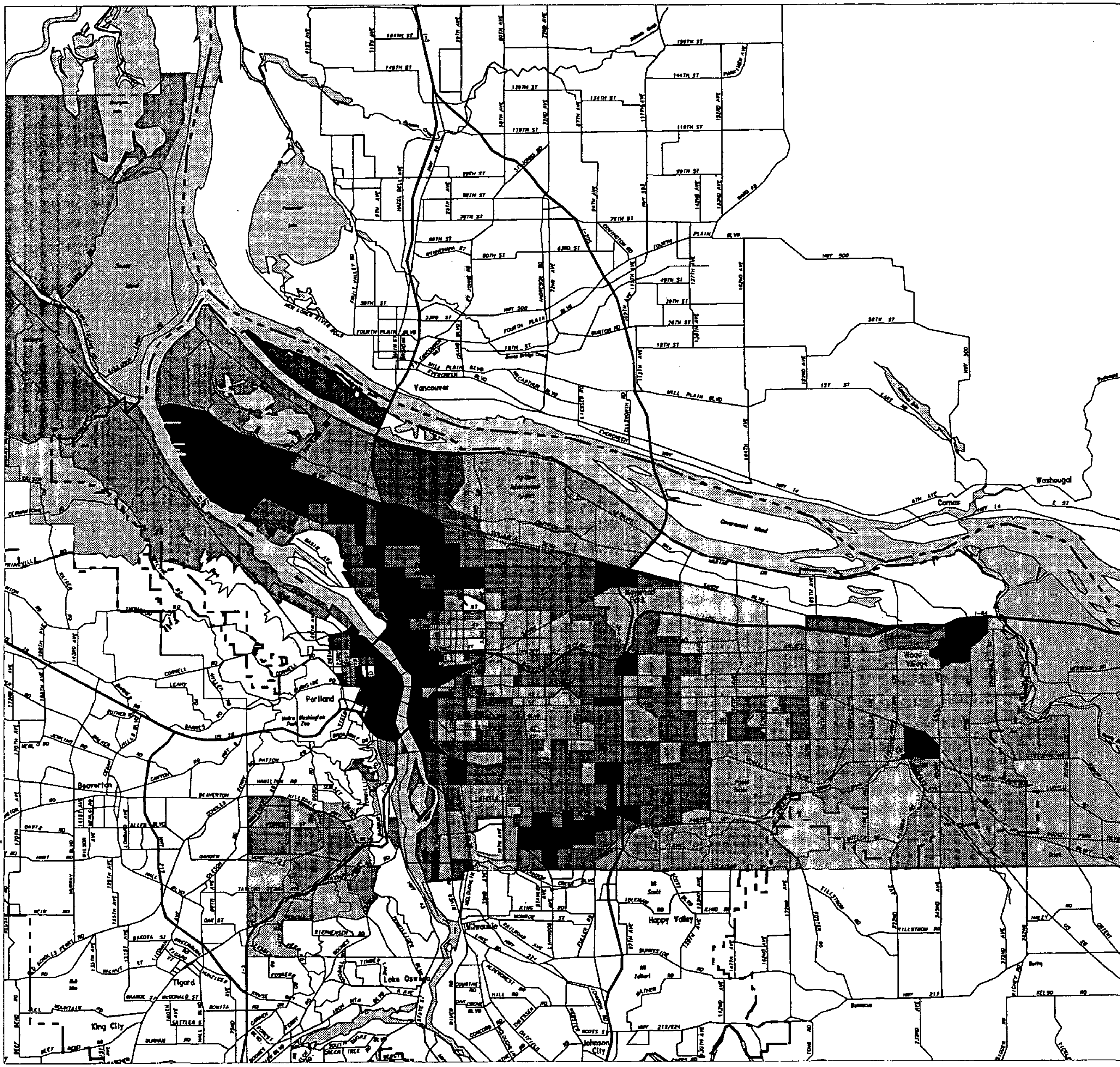
R L I S

Median Housing Value

By 1990 Census Block Group

Expressed as a percent of Regional Mean Median House Value = $69,978

- > 150%
- 121% - 150% ($104,967)
- 80% - 120% ($83,973)
- 60 - 80% ($55,982)
- < 60% ($41,987)



SOURCES:
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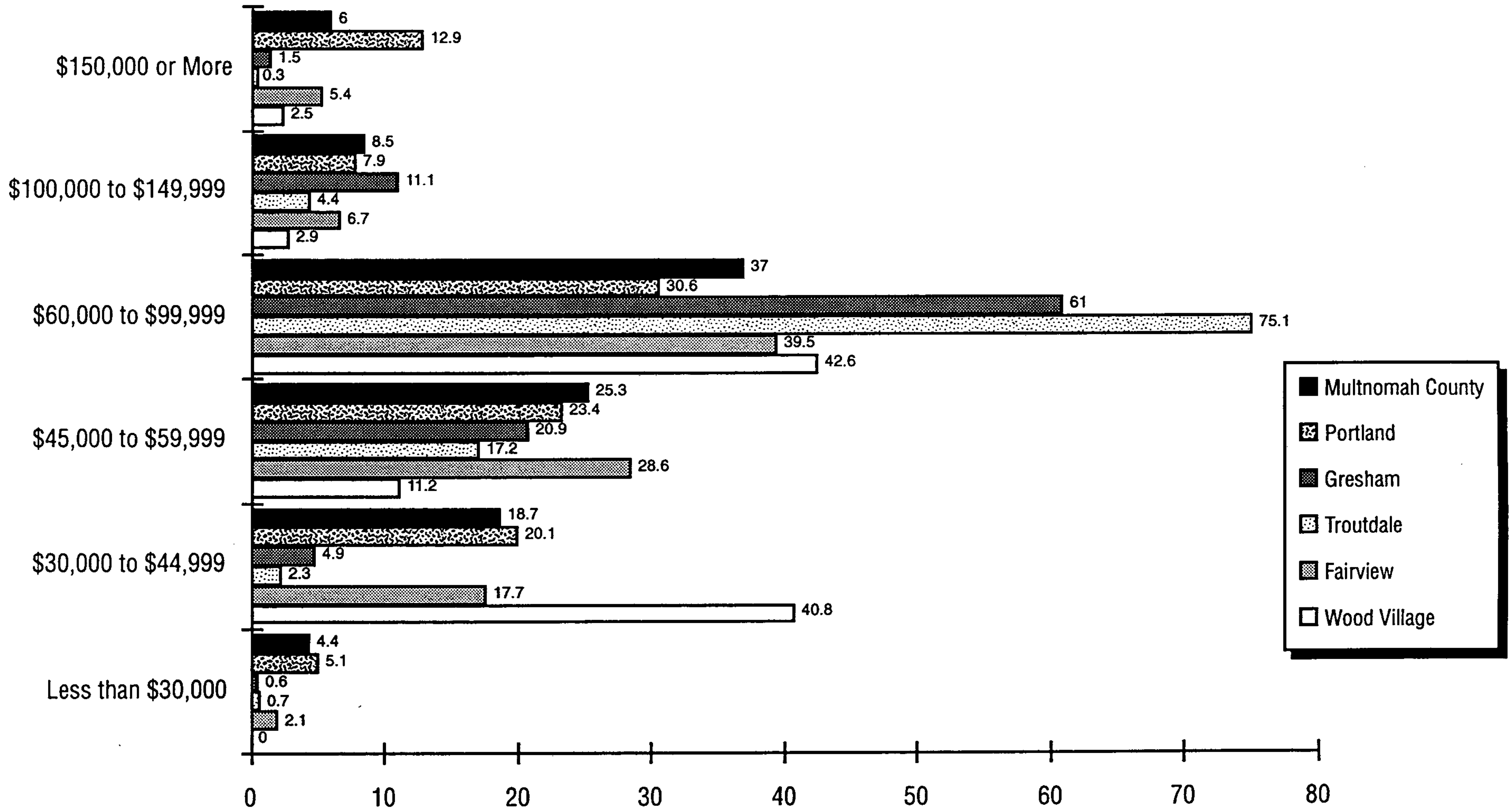
HOUSING VALUE
OWNER OCCUPIED UNITS

	Multnomah County	Portland	Gresham	Troutdale	Fairview	Woodvillage
Less than $30,000	5,309	4,975	71	11	8	0
$30,000 to $44,999	22,411	19,759	643	39	68	113
$45,000 to $59,999	30,199	22,990	2,714	291	110	31
$60,000 to $99,999	44,278	30,101	7,898	1,269	152	118
$100,000 to $149,999	10,215	7,789	1,433	75	26	8
$150,000 or More	7,150	12,711	193	5	21	7

Source: 1990 Census.

Housing Value
(Percent of Owner-Occupied Units)



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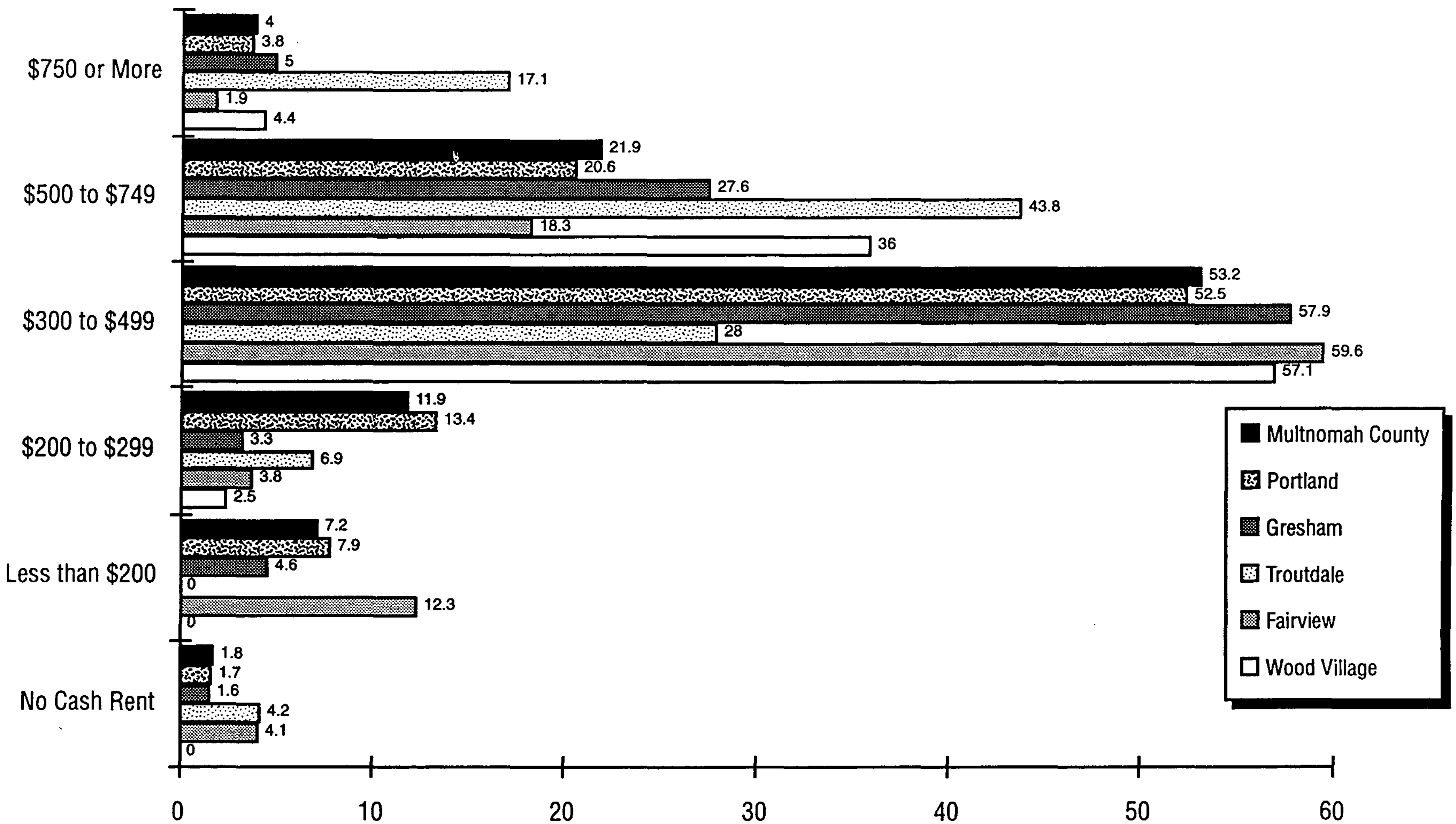
GROSS MONTHLY RENT

	Multnomah County	Portland	Gresham	Troutdale	Fairview	Woodvillage
No Cash Rent	1,918	1,491	174	26	13	0
Less than $200	7,791	6,929	495	0	39	0
$200 to $299	12,792	11,800	350	43	12	9
$300 to $499	57,382	46,139	6,177	174	189	208
$500 to $749	23,592	18,103	2,940	272	58	131
$750 or More	4,351	3,359	535	106	6	16

Source: 1990 Census.

Gross Monthly Rent
(Percent of Households by Gross Monthly Rent)



PAMELA WEV
PRESENTATION

LOCAL BENCHMARKS

The issues and concerns which were raised at the January 23rd public hearing were summarized in a section of the Background report. These issues cover a variety of concerns but were organized into six basic topic areas. The six topic areas and the existing Portland/Multnomah Progress Board Benchmarks which apply to them are presented below.

1. **Income and Wage Concerns**
   Both of the following have been adopted as urgent benchmarks.
   - Average Wages, measured as the average annual payroll per non-farm worker within the county;
   - Poverty, measured as the percentage of citizens with incomes above 100% of the federal poverty level.

2. **Employment and Workforce Issues**
   - Unemployment Rate, as compared to the metropolitan area, broken down by ethnicity;
   - Percent of 25 year olds with a certificate granted from education and training programs.

3. **Housing Issues**
   - Housing Affordability, measured as the percentage of home owners and renters below median income spending less than 30% of their household income on housing;
   - Proximity of Home to Work, measured as the percentage of people who commute (one-way) within 30 minutes between where they live and where they work.

4. **Infrastructure Concerns**
   No existing benchmarks were thought applicable for this topic area.

5. **Livability/Environment**
   - Water Conservation, measured as the annual usage per capita broken down by industrial, residential, and commercial categories;
   - Water Quality, measured as the percentage of samples per year the community's rivers and streams meet government in-stream water quality standards;
   - Transportation, measured as the percentage of people who commute to and from work and use multiple modes of transportation for commuting;
   - Air Quality, measured as the number of days per year the community meets the government ambient air quality standards, and;
   - Air Quality, measured as the carbon dioxide emissions as a percentage of 1990 emissions.

6. **Policy Administration**
   No existing benchmarks were thought applicable for this topic area.

PAMELA WEN
PRESENTATION

Portland-Multnomah Benchmarks

1994 ANNUAL REPORT

Portland-Multnomah Progress Board
January 1995

Portland-Multnomah Benchmarks

1994 Annual Report

Portland-Multnomah Progress Board
January 1995

Printed on recycled paper

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Honorable Vera Katz
Mayor

Gretchen Kafoury
Commissioner of Public Affairs

Charlie Hales
Commissioner of Public Safety

Mike Lindberg
Commissioner of Public Utilities

Earl Blumenauer
Commissioner of Public Works

Barbara Clark
City of Portland Auditor

Multnomah County Commissioners

Beverly Stein
Multnomah County Chair

Dan Saltzman
Commissioner, District 1

Gary Hansen
Commissioner, District 2

Tanya Collier
Commissioner, District 3

Sharron Kelley
Commissioner, District 4

Gary Blackmer
Multnomah County Auditor

1994 Portland-Multnomah Progress Board

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Mayor, City of Portland

John Bierwirth, Superintendent
Portland Public Schools

J.E. "Bud" Clark
Mayor, City of Portland 1985-1992

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Vernon Presbyterian Church

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Alternate: David Lohman,
Director of Policy & Planning
Port of Portland

Bill Wyatt, Executive Director
Oregon Business Council

Judy Wyers, Presiding Officer, 1993-1994
Metro Council

Sharon Wylie, State Representative
Wylie & Associates

Staff Members:

Pamela H. Wev
Project Director

Kathleen A. Harris
Research and Information Analyst

Mary J. DiOrio
Staff Assistant

Liora B. Berry
Graduate Intern

Table of Contents

Introduction

This is the annual report of the Portland-Multnomah Progress Board for the 1994 program year. It is intended for wide distribution throughout Multnomah County. We hope it will be an important tool for citizens to understand the benchmarking process, and to participate in the achievement of the benchmarks.

Several hundred people participated in half day work sessions convened around benchmark topics during 1994. We hope that this edition of the benchmarks reflects well on their hard work, and that they will continue to be a part of our program in the future. We would also like to thank the members of the Progress Board. They devoted long hours to difficult discussions of data and statistical process, and their commitment to our program of telling the benchmarks story has inspired us all.

As benchmarking becomes a more practiced art, we develop important relationships with others in the community committed to the implementation of the Portland-Multnomah benchmarks program. We would like to thank the following organizations that have given us cordial and timely assistance during 1994: the Oregon Criminal Justice Council, Portland State University, the Tax Supervising and Conservation Commission, the City of Portland Auditor's Office, Multnomah County Office of Audits, the State Department of Education, the Oregon Employment Department, and Multnomah Commission on Children and Family. Special thanks go to Debbie McCabe, project manager for the Portland-Multnomah Progress Board through August, 1994.

We are working closely with the Oregon Progress Board to make their data collection efforts meaningful to those using benchmarks at the local level. The state Progress Board staff has been extremely helpful to us in every aspect of our program, and we appreciate the resources they have shared with us this year. We look forward to being advocates throughout Oregon for local use of the state's award winning approach to measuring community and government performance.

Statistical information for the benchmarks has proved to be more difficult to gather, verify, and use on an ongoing basis than was anticipated in our earlier report. We have emphasized the establishment of data bases for the Urgent Benchmarks this year; in 1995 we will systematically build our data network so that we have the necessary information for as many of the benchmarks as possible. We have not included targets in this report, because we believe they should be carefully developed after we have a better understanding of our data bases.

The data gathered for this, and future, reports comes from a wide variety of sources. We attempt to include as much comparative data as possible (national, state, regional, county, city, and neighborhood). We sometimes combine different data sources where we feel it is statistically sound to do so. Because we want our data to be sound *over time*, we try to ensure that all data is consistent and comparable for as long a time period as possible. In the interest of affirming the integrity of data used in benchmarking, and as a public agency, we are anxious to share the technical aspects of our information with anyone interested. We welcome inquiries and suggestions about this important work.

Readers from outside the Portland-Multnomah area may want to note that the City of Portland is wholely contained in Multnomah County. In recent years areas of the county have been annexed by the city, and so comparative data over past time can be misleading.

The benchmarks listed in this report have been arranged in cluster groups. This is intended only to aggregate the benchmarks into subject areas for ease in location and discussion; it does not imply priority or weight in any way. During 1994 there were seven additional benchmarks added by the Portland-Multnomah Progress Board, bringing the total to 104. The eleven urgent benchmarks have been annotated with representative symbols indicating that they belong to others in addition to the Portland-Multnomah Progress Board. Benchmarks adopted by the State of Oregon are represented by the State Seal, and refer to the 1995 Progress Board Report to the State Legislature. Benchmarks adopted by Multnomah County are represented by the county's logo, and refer to the Multnomah County Benchmarks document for 1994-95.

The Benchmarks Story

What is a benchmark?

A *milepost* along the way...a *measure* of where we are...an *indicator* of how we are doing. Benchmarks check the community's "vital signs" of its social, economic, and environmental health.

Prosperous communities require public-private collaboration; businesses, educational institutions, congregations, and individuals must work with government to achieve the vision the community has for its future. Benchmarks that supply information on the community's overall health measure everyone's performance. Most important, benchmarks can be the *rallying point for collaboration* among governments and all of the stakeholders in the community.

Benchmarks focus on *results*. Traditional measures of program performance count process and input indicators such as person-hours devoted to tasks, number of meetings held, or number of beds available in institutions. Benchmarks, however, measure outcomes of programs...number of children immunized, relative air quality, academic achievement. Benchmarks are the ultimate evaluation of program success.

American government is under enormous pressure to become more *accountable* for its actions and for its expenditures. The 1990's have seen efforts at every level of government to innovate in order to deliver services more efficiently to "stakeholders" and "customers". The new language reflects the movement to "reinvent government" and change traditional ways of thinking about government services. Benchmarks are part of that new mind-set.

Portland and Multnomah County's benchmarks are the result of a five-year public-private process to define the future vision of our community. Thousands of citizens have spoken, and sometimes voted, on their values and expectations. The goals that follow are a way of pointing community stakeholders toward a shared vision; the benchmarks provide signposts along the way to measure progress toward those goals.

A shared vision for the future... Community Goals

Benchmarks must reflect the community's common vision for its future. Before developing benchmarks and targets for their achievement, Portland and Multnomah County citizens set forth goals for that vision. The goals describe the community that government, business, non-profit organizations, and citizens are willing to help build in the future.

Economy

- ❒ Grow and attract internationally competitive companies that support well compensated jobs with long-term potential.
- ❒ Build a world-class workforce that provides the full range of skills necessary to attract and sustain competitive, high performance companies.
- ❒ Ensure that all residents, particularly low-income and unemployed people, have the opportunity to benefit from business growth.
- ❒ Foster and create vital neighborhoods with affordable housing and healthy commercial districts.

Education, Children and Families

- ❒ Value children and help them achieve their full potential.
- ❒ Graduate all children from high school with skills enabling them to succeed in the work force and/or in post-secondary education, including the fundamental ability to read, write, compute, communicate, and reason.
- ❒ Establish stronger educational programs beyond the secondary level to meet the region's needs for accessible education, expanded graduate programs, high quality research, technology transfer, and economic development.
- ❒ Provide access to basic health care for all citizens.
- ❒ Enable citizens with special needs to live and receive a full range of services throughout the region.
- ❒ Make full use of the talents of the elderly and provide excellent human services for them.

Community Goals (Continued)

Environment, Quality of Life

- ❐ Preserve and expand the community's system of parks, open spaces, and natural areas.
- ❐ Provide an adequate variety and supply of safe, decent, affordable housing.
- ❐ Ensure that each neighborhood is healthy and vigorous.
- ❐ Enhance the community's quality of life through diverse arts and through cultural and community events that are accessible to all residents.
- ❐ Implement alternatives to the automobile in the region.
- ❐ Encourage the conservation of resources and energy.
- ❐ Retain and continue to develop the unique character of Portland as a major metropolitan area.
- ❐ Manage regional growth to provide effective public services at the lowest responsible cost, to improve environmental quality, and to enhance the quality of life.

Governance

- ❐ Create stronger, more innovative, more responsive citizen and elected leadership.
- ❐ Restructure government within the region to more effectively address regional and local needs.
- ❐ Restructure local government to provide needed services at lower cost.

Public Safety

- ❐ Reduce crime, especially violent crime, as well as the fear of crime, and increase city and community partnerships beginning in high crime areas.
- ❐ Develop and continue regional partnerships to increase emergency preparedness county-wide.

The Portland-Multnomah Progress Board

Created in September 1993, the Portland-Multnomah Progress Board is the culmination of long term strategic planning efforts by the State of Oregon as well as the City of Portland and Multnomah County. From a long range planning program begun by Governor Neil Goldschmidt in 1986, came *Oregon Shines*, a document challenging Oregonians to bring their communities into the Twenty-first Century prepared for changing economic and social conditions.

The State Legislature created the Oregon Progress Board in 1989 to monitor the State's implementation of *Oregon Shines*; the Progress Board then formulated the first benchmarks to tell the State how it was doing relative to the goals in *Oregon Shines*. Governor Barbara Roberts made the Progress Board a priority and tied the benchmarks closely to the state budgeting process. Governor John Kitzhaber has committed to continuing this important work.

Meanwhile, the City of Portland and Multnomah County each launched similar efforts. In 1991 Mayor Bud Clark introduced *Portland Future Focus*, an ongoing program to implement a strategic vision for the city. The 1989 *Visions* project, updated in 1992, expressed a long term plan for Multnomah County. *Future Focus* and *Visions* set the stage for the development of benchmarks.

Thousands of people have come together during the past five years to formulate the vision and set the benchmarks. Through meetings, surveys, interviews, and individual comments, the citizens of Portland and Multnomah County have described their desired future and set forth the mileposts by which progress will be measured.

When Beverly Stein was elected chair of the Multnomah County Board of Commissioners, she and Portland Mayor Vera Katz collaborated on several innovative efforts to adjust city and county programs to the new realities of budget constraints, growth and population changes within the County. Each wanted to undertake a benchmarking program similar to the State of Oregon's, so they created a joint Progress Board to monitor the already articulated common vision shared by the city and the county.

The importance of their collaboration around benchmarks and in several other areas, won them a joint award as "Local Public Officials of the Year" from Governing Magazine in 1994, which cited their choice "to look for new ways to fuse city and county together", describing the results as "impressive".

The Portland-Multnomah Progress Board (Continued)

Collaboration among Governor Roberts, Chair Stein, and Mayor Katz resulted in another exciting first during 1994. They took a proposal to the federal government offering Oregon as a laboratory for the testing of innovative practices recommended in the President's "Reinventing Government" initiative.

On December 5, 1994, Vice President Al Gore signed a "Memorandum of Understanding" with Oregon that promises to form a partnership with Oregon and its local governments to simplify federal funding streams and regulations, so that resources can be concentrated on program results, defined by benchmarks. Dubbed *"The Oregon Option"*, this exciting experiment promises to test radical changes in the way government at all levels provides services to its customers.

The Portland-Multnomah Progress Board begins its second year in the spirit of this leadership. During 1994 both the City and the County adopted the benchmarks and are committed to their use as an intrinsic part of their budgeting and evaluation process. Now the Progress Board will "tell the benchmarks story" to others and initiate partnerships with other local governments and special districts in the county, the business community, and neighborhood groups. Those groups will be asked to adopt benchmarks as a way of doing business, and to sign on to the Portland-Multnomah Benchmarks as an expression of their commitment to the achievement of community goals. The Progress Board will also offer assistance in providing information on data and "promising practices" in innovative community problem solving.

Benchmarking is a new art...

Businesses have used benchmarking for a number of years; it has proven its worth in its application to manufacturing efficiencies and management improvements. However, benchmarking is a new art in public and nonprofit organizations. Oregon has been a leader in the use of benchmarks, but as former Governor Barbara Roberts states, "As far as we've come, and as hard as it's been, we are still only about six percent of the way toward where we want to be in benchmarking."

As we tell the benchmarks story, we are aware that we are on the cutting edge of a new approach to designing and evaluating management systems and public policy. We have found that it is very hard work. Once again, Oregonians find ourselves being pioneers in an exciting new area. There are, however, some lessons to be learned from our experience to date:

- **Leadership is the key to the effective use of benchmarks in any organization.** Commitment to their use, and to a change of mindset, must come from the top, and must be constantly exerted as the new standard of excellence.

- **Benchmarking is a new way of doing business.** It requires that all members of the organization understand that a "sea change" is underway. Refocusing on results rather than process is a drastic change. Collaboration, especially between private and public interests, can be an uncomfortable process. As with any innovative practice, benchmarking must be communicated early and often to staff through open communication with leadership and a significant commitment of training resources.

- **Benchmarking is embraced by members of both political parties.** It does not represent any particular political viewpoint. In the Oregon legislature, and in Portland and Multnomah County, benchmarking has received widespread bi-partisan support.

- **Reliable, credible information is intrinsic to the success of benchmarking.** Although it would seem that a great deal of data exists on most indicators, there is a lack of uniformity and comparability over time of that data. In addition, benchmarks often require data that is not available, particularly relating to citizen and customer satisfaction with services.

- **Benchmarking is hard work.** The process of institutional change necessary is sometimes painful. And the technical process is unproven. We are constantly challenged to be creative. It is truly a process of "reinventing" government, non-profit agencies, and private organizations.

How are we doing?

The benchmarks should be telling us how we are doing as a community in achieving our goals. So in early 1995, how are we doing?

The Economy

Oregon and Multnomah County continue to experience overall economic growth. However, we have not entirely recovered from the costly recession of the early 1980's. Although average annual payroll per worker increased 43% between 1984 and 1993, and remains above the Oregon average, Oregon wages are currently at 89% of the national average. Between 1980 and 1987 wages fell from 97% of the national average to 88%, so we still have a good bit of ground to make up. Although Oregon wages are expected to grow at a healthy 6% until the year 2000, they are expected not to exceed 90% of the national average by that time.

Portland area businesses have created nearly 20,000 new jobs since July 1993, primarily in the non-manufacturing sector, and most of them in suburban counties. Job creation is occurring faster than growth of the labor force, indicating a future need to import workers from other areas or train the existing workforce to compete for new jobs.

Other evidence of economic prosperity is the 11.7% increase in assessed value of property in Multnomah County from 1993 to 1994. Although regional housing starts have shown healthy increases in the past five years, housing starts in Multnomah County have remained stable. The surplus of commercial and industrial property that existed in the late 1980's has been absorbed in recent years, and by mid-1994 the vacancy rate in the urban core was the lowest of any large U.S. city.

The cost of living, as measured by the Consumer Price Index, has remained at a relatively stable 3% for the past three years; this trend is expected to continue except in the area of medical services.

The Portland metropolitan area is expected to continue to grow. Favorable "quality of life" factors continue to attract skilled and educated workers to the region. *The challenge to Portland and Multnomah County is to capture a fair share of that growth and to ensure that its benefits accrue to those citizens who need it most.*

Education

Educational institutions in Oregon have faced tremendous uncertainties in recent years. Statewide education reform is still being implemented, and changes have just now come into full sight at the elementary and secondary levels. Funding uncertainties as a consequence of Measure 5 have demoralized school personnel and students alike, although drastic predictions of doom have been avoided due to the expanding economy.

Program reductions in the post-secondary system have caused many students to look outside of Oregon for college and graduate schools, because of uncertainties concerning the long term stability of professional education programs. Community colleges continue to be challenged by demands that include university level instruction, continuing education, and workforce development.

It is too early to assess the impacts of educational reform measures, and probably too early to evaluate the long term effects of funding reductions. However, as the nation looks to Oregon once again for the results of innovative programs, we expect to shape and access statistical measures that will allow us to do so.

Healthcare

In 1992 fifteen percent (15%) of Oregonians did not have health insurance. Access to healthcare continues to be a priority in Portland and Multnomah County. The Oregon Health Plan began to address this issue in March 1994. However, it is too early to gauge its impact in the Multnomah County area.

The public interest in healthcare has gone beyond health insurance to emphasis on cost containment in recent years. This has led to recognition of the need to educate the public concerning prevention and early diagnosis of disease. The emphasis is on "wellness" programs such as exercise, nutrition, and safe sexual practices. Public attention must be further turned to the prevention and early detection of such diseases as AIDS, cancer, and heart disease. Through the *Oregon Option*, mentioned above, the State has made a commitment to increase the percentage of two year olds immunized against childhood diseases from 53% in 1994 to 90% by 1997.

Such change in focus from treatment to prevention has changed the way many healthcare services are delivered, with increases in membership of health maintenance organizations (HMOs) and preferred provider organizations (PPOs). This has brought a concentration of large institutional healthcare providers to the marketplace, reducing the number of individual practitioners. All providers now struggle to maintain quality services while containing costs.

Public Safety

Fear of crime has become an important consideration for most urban citizens. This fear, whether based on actual crime rates or not, is a major determinant of human actions within the urban setting. Crime statistics are usually reported in the ratio of reported crimes per 1,000 persons in the general population. Since 1989 there has been a drop in crimes against people (murder, robbery, rape, kidnapping, assault) in the City of Portland and Multnomah County. The rate per 1,000 dropped from 18.70 to 17.96 in the City of Portland, Similarly, the rate declined from 15.33 to 14.86 in Multnomah County. A similar decline (4%) has taken place throughout the State. The City of Portland's "against people" crime rate remains 72% above the State average.

Domestic violence is an increasing concern in all communities. Unfortunately, data on this issue are difficult to collect and verify. We will work hard during 1995 to find or construct a database for this important information.

Neighborhood Livability

Residents of Portland and Multnomah County live, work, and play in several "communities". The recreation community extends throughout the State. The work community extends from Salem, across the Columbia River into Vancouver. The residential community tends to be the area in which people live, shop, and educate their children. Citizens believe that a wide range of factors contribute to the livability of each of these communities. Because municipal boundaries do not always accurately define "community", assessments of community livability can be difficult.

However, Portland and Multnomah County now have an excellent tool to measure citizen attitudes toward community within the borders of the county, the City of Portland, and its neighborhoods. The Service Efforts and Accomplishments Report is an annual study of government performance which includes information from a survey of citizens concerning municipal services and community attitudes. The City of Portland has published the report since 1990.

The 1994 report indicates that a high proportion (78%) of residents rate their neighborhood livability as "good" or "very good." An even greater number (82%) felt safe walking in their neighborhoods during the day, but only 36% (City) or 38% (County) felt the same at night. As with many other factors in the area of community livability, there was wide disparity among the residents of city neighborhoods concerning the livability of their area, ranging from 64% in Northeast to 93% in Southwest.

Governance

The majority of citizens (54%) throughout urban Multnomah County feel that government is doing a "good" or "very good" job of providing services. In unincorporated Multnomah County the number falls slightly to 49%. There is a disparity in this indicator among neighborhood coalition areas in the City of Portland as well. In the North and East coalition area, only 45% and 44% respectively of residents rate government services "good" or "very good." Most satisfied with government services were the Northwest/Downtown area (63%) and Southwest (60%).

The cost of governance is of increasing importance to all citizens. One of our Urgent Benchmarks relating to governance describes the "dollars spent for City and County government", however, we present here several other measures of government cost and efficiency. The data shows that although per capita expenditures by the City of Portland and Multnomah County have increased over recent years, property tax as a percent of income has fallen throughout Multnomah County. Per capita property tax declined from 5.30% of personal income in 1984-85 to 4.22% of personal income in 1994-95. This is particularly notable since the decline has occurred mostly in the last three fiscal years.

Introduction:

We focus on the Urgent Benchmarks in order to address pressing problems or needs in the next few years. These eleven Urgent Benchmarks were selected from the list of 104 benchmarks. The benchmarks are numbered according to their order as presented in the January 1994 Annual Report. We kept this numbering system to maintain consistency with that report.

In the following pages, we present data on the Urgent Benchmarks. Each benchmark is identified by one to three symbols. The symbols represent benchmarks adopted by these government jurisdictions:

The Portland-Multnomah Progress Board

Multnomah County

State of Oregon

Urgent Benchmarks:

3. Average annual payroll per non-farm worker.

6. Percentage of citizens with incomes above 100% of the federal poverty level.

30. Percentage of children 0-17 living above 100% of the poverty level.

37. Percentage of students who achieve established skill levels.

44. Percentage of citizens who have economic access to basic health care.

61. Percentage of people who rate their neighborhood livability high.

76. Percentage of citizens who feel government is doing a good job at providing services.

82. Per capita dollars spent for city and county government.

84. Percentage of citizens who feel safe walking alone in their neighborhood during the day or night.

86. Number of reported incidents of domestic violence by age (children and elderly) including families repeatedly victimized.

87. Number of reported crimes against people per 1,000 population.

Average Annual Payroll

Urgent Benchmark #3: Average annual payroll per non-farm worker.

Purpose: This urgent benchmark measures the average amount paid to workers living in the City of Portland and Multnomah County. The benchmark serves as a measure of economic prosperity of employed workers.

Trends:

- Table 1 shows that the average annual payroll for Multnomah County workers increased 43% between the years 1984-1993. In comparison, the average annual payroll for workers throughout the State of Oregon increased by 38% during the same time period.

- As Graph 1 shows, the average annual payroll for Multnomah County workers has been higher than the State of Oregon over the past ten years.

Table 1
Average Annual Payroll Per Non-Farm Worker

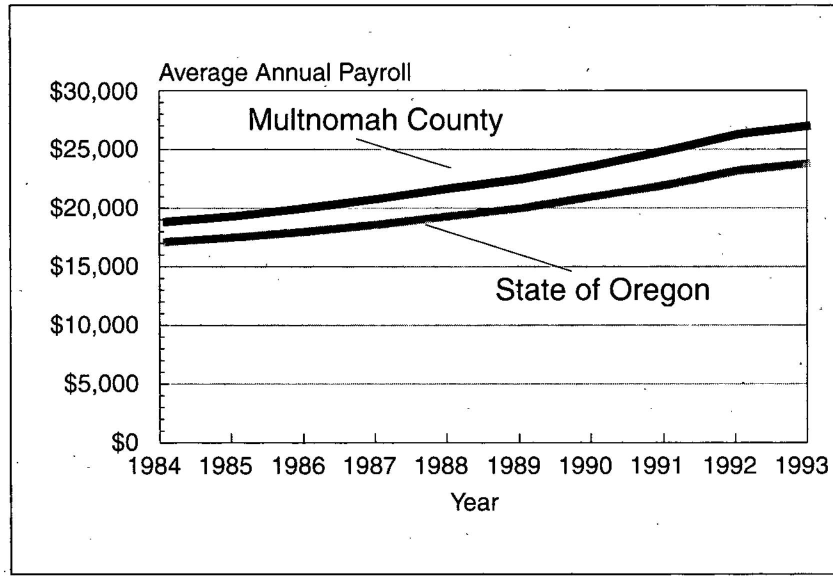
Area	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Multnomah County	$19,121	$19,657	$20,367	$21,080	$22,023	$22,878	$23,959	$25,230	$26,605	$27,298
State of Oregon	$17,399	$17,850	$18,311	$18,885	$19,637	$20,290	$21,321	$22,353	$23,517	$24,093

Source: Oregon Employment Department, Unemployment Insurance Tax Files, 1983-1993.

Data Description: The data represents all workers who are covered by unemployment insurance legislation. Well over 90% of all non-farm wage and salary workers fall under such coverage. The information presented does not distinguish between full-time and part-time workers and is not adjusted for inflation.

The data presented in Table 1 and Graph 1 only represents Multnomah County and the State of Oregon. At present, data is not available for the City of Portland.

Graph 1:
Average Annual Payroll per Non-Farm Worker by Year



Source: Oregon Employment Department, Unemployment Insurance Tax Files, 1983-1993.

Urgent Benchmark #6: Percentage of citizens with incomes above 100% of the federal poverty level.

Purpose: This urgent benchmark measures the percentage of citizens from the City of Portland and Multnomah County who maintain incomes above the Federal Poverty level. The purpose of this benchmark is to monitor the level of citizens who are economically disadvantaged.

Trends:

- ❒ Table 2 presents the percentage of citizens with incomes above 100% of the federal poverty level by ethnicity. Overall, little change is seen in the poverty level between 1980 and 1990 for citizens in the City of Portland, Multnomah County and the State of Oregon.

- ❒ Graph 2 presents the data according to ethnic groups. African-Americans have the lowest percentages of citizens who are above the poverty level. Whites, in comparison, have the highest percentages of citizens above the poverty level.

Table 2
The Percentage of Citizens with Incomes Above 100% of the Federal Poverty Level by Year

Ethnic Groups	City of Portland		Multnomah County		State of Oregon	
	1980	1990	1980	1990	1980	1990
African-Americans	71%	69%	71%	70%	72%	70%
American-Indians	76%	68%	76%	72%	78%	74%
Asians	73%	78%	76%	79%	78%	80%
Hispanics	78%	74%	80%	74%	79%	71%
Whites	89%	88%	90%	89%	90%	89%
All Ethnic Groups	**87%**	**83%**	**89%**	**87%**	**89%**	**88%**

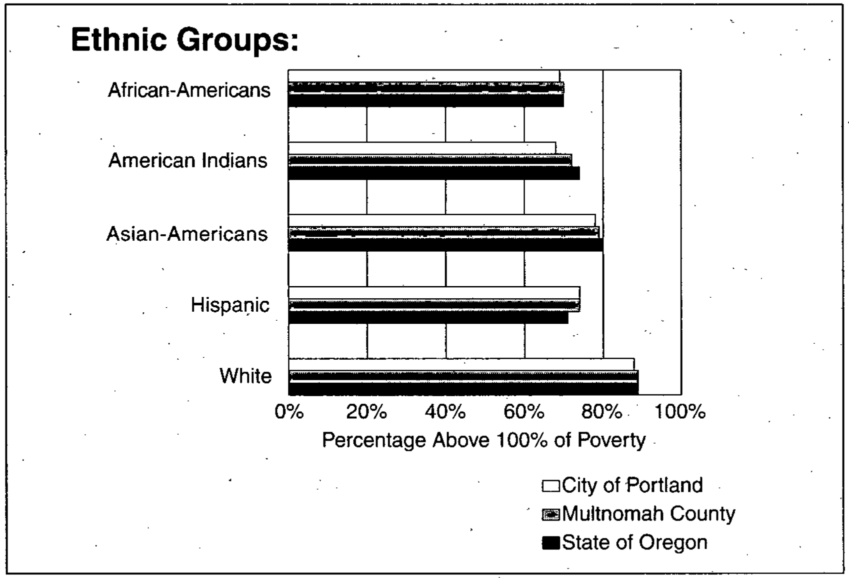
Source: 1980 and 1990 U.S. Census of Population.

Note: In the 1980 census, a greater percentage of citizens of Spanish origin were categorized as "other". Therefore, the reader should use caution in interpreting the percentages for Hispanics.

- The City of Portland and Multnomah County have greater percentages of Hispanics above the federal poverty level compared to the State as a whole.

Data Description: Data for 1980 and 1990 was derived from the U.S. Census. The percentages are based on persons which are the sum of the number of persons in families with incomes above the poverty level and the number of unrelated individuals with incomes above the poverty level. The census excludes inmates of institutions, persons in military group quarters, in college dormitories, and unrelated individuals under 15 years old.

Graph 2:
Percentage of Citizens with Incomes Above 100% of the Poverty Level in 1990



Source: 1980 and 1990 U.S. Census of Population.

Children in Poverty

Urgent Benchmark #30: Percentage of children 0-17 living above 100% of the poverty level.

Purpose: This urgent benchmark measures the well-being of families living in the City of Portland and Multnomah County. By monitoring this benchmark, we understand the impact of efforts to increase the percentage of children living above the poverty level.

Trends:

- For all children between the ages of 0-4 and 5-17, the percentage above poverty fell between 1980 and 1990 (see Table 3). This means that slightly more children are living in poverty today compared to a decade ago.

- When looking at ethnic groups, the percentage of children 0-17 living above poverty remained the same or declined between 1980 and 1990 with one exception (see Table 3). The exception is Asian-American children (0-17) which increased in percentages for all three government jurisdictions.

- Graph 3 shows a breakdown of poverty status according to ethnic groups in 1990. The percentage of white children who are above the poverty level is greater

Table 3
The Percentage of Children 0-17 Living Above 100% of the Poverty Level by Year

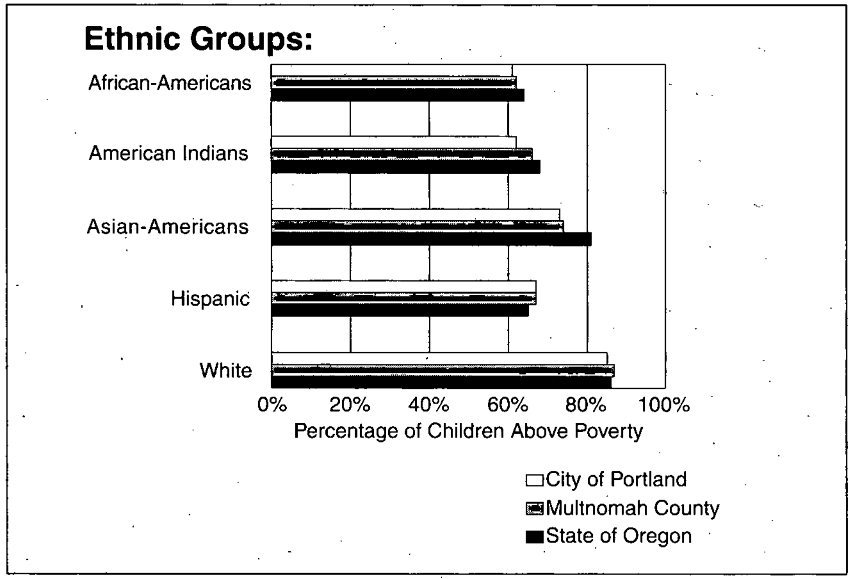
Age and Ethnic Groups	City of Portland		Multnomah County		State of Oregon	
	1980	**1990**	**1980**	**1990**	**1980**	**1990**
0-4 years old	81%	79%	83%	81%	85%	80%
5-17 years old	85%	82%	88%	84%	89%	86%
African-Americans	64%	61%	63%	62%	66%	64%
American-Indians	80%	62%	77%	66%	76%	68%
Asians	65%	73%	69%	74%	75%	81%
Hispanics	74%	67%	77%	67%	78%	65%
Whites	89%	85%	90%	87%	89%	86%
All Ethnic Groups	**84%**	**81%**	**86%**	**83%**	**88%**	**84%**

Source: 1980 and 1990 U.S. Census of Population.

than other ethnic groups. This means that white children are less likely to be in poverty compared to other ethnic groups.

Data Description: The data from this benchmark is derived from the 1980 and 1990 U.S. Census of Population and Housing. See Benchmark #6 for a description of citizens excluded from the census.

Graph 3:
Percentage of Children 0-17 Living Above 100% ot the Poverty Level in 1990



Source: 1990 U.S. Census of Population.

Urgent Benchmark #37: Percentage of students who achieve established skill levels.

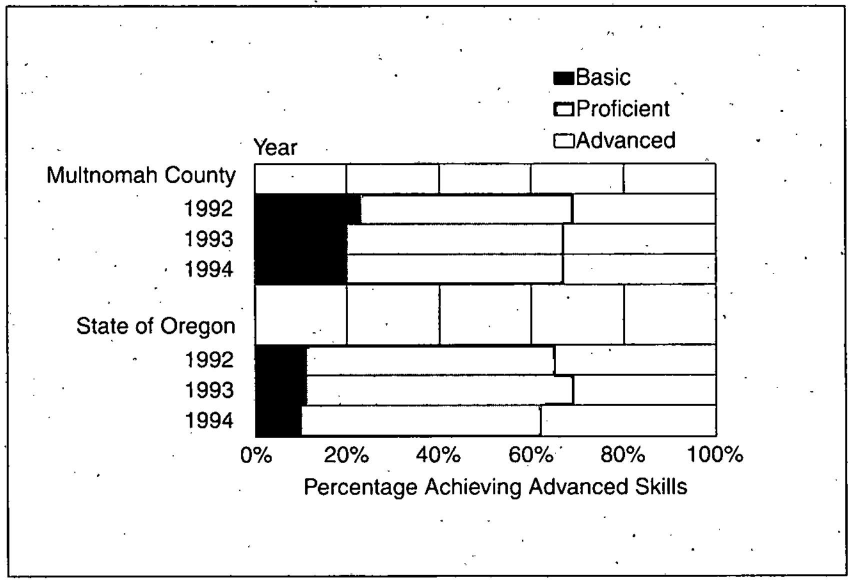
Purpose: This urgent benchmark focuses on how well our children are learning the basic skills they need to prepare themselves as adult citizens. Efforts to better educate children will advance our goal of attaining the best educated citizens in the nation.

Trends:

- Graph 4 shows the percentage of third grade students achieving advanced skills in reading. In 1992 and 1994, students statewide fared better than Multnomah County. In 1993, a greater percentage of students in Multnomah County achieved advanced skills when compared to the State of Oregon.

- For most grades tested, Multnomah County students lag behind Oregon students for advanced reading proficiency when examining the past three years. Table 4 (on page 28) shows that, however, third and eighth graders from Multnomah County had slightly higher percentages of advanced reading skills when compared to students statewide.

Graph 4:
Percentage of Third Grade Students Achieving Advanced Skills in Reading



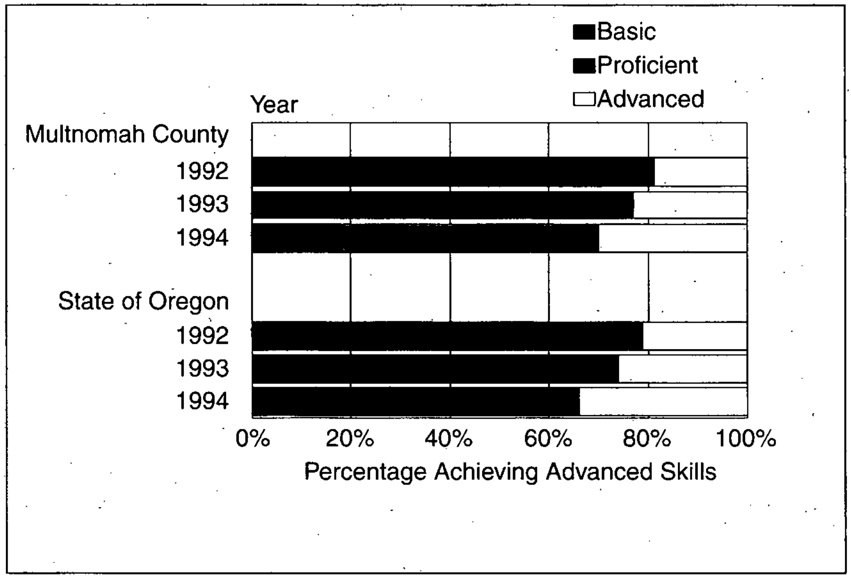
Source: Oregon Statewide Assessment, Department of Education, State of Oregon, 1992-1994.

- In the future, it will be important for us to analyze this information by ethnicity.

Data Description: Table 4 (on page 28) presents the data according to three established skill levels: basic, proficient, and advanced. There are various definitions of skill levels. However, the 1993 Oregon Statewide Assessment defines established skill levels as follows:

> **Basic:** "This level denotes only partial mastery of the Essential Learning Skills and the Common Curriculum Goals at their grade level. Students at this level are most likely not making satisfactory progress for their grade and probably functioning below grade level expectations."
>
> **Proficient:** "This level denotes solid, strong, acceptable mastery of the Essential Learning Skills and Common Curriculum Goals at their grade. Students at this level are making satisfactory progress and are well prepared for the next grade level of schooling."
>
> **Advanced:** "This level denotes very high, superior performance and students at this level are probably functioning above grade level expectations."

Graph 5: Percentage of Eleventh Grade Students Achieving Advanced Skills in Reading



Source: Oregon Statewide Assessment, Department of Education, State of Oregon, 1992-1994.

Youth Education (Continued)

Table 4
Percentage of Students Who Achieve Established Skill Levels

Skill Level by Grade	Multnomah County									State of Oregon								
	1992			1993			1994			1992			1993			1994		
	Basic	Pro	Adv	Basic	Pro	Adv	Basic	Pro	Adv	Basic	Pro	Adv	Basic	Pro	Adv	Basic	Pro	Adv
Third Grade:																		
1. Reading	23%	46%	31%	20%	47%	33%	20%	47%	33%	11%	54%	35%	11%	58%	31%	10%	52%	38%
2. Math	20%	57%	23%	20%	54%	26%	20%	52%	28%	16%	66%	18%	15%	64%	21%	16%	63%	21%
Fifth Grade:																		
1. Reading	22%	50%	28%	20%	55%	25%	19%	54%	27%	16%	55%	29%	16%	58%	26%	12%	55%	33%
2. Math	22%	58%	20%	21%	55%	24%	24%	52%	24%	20%	67%	13%	21%	64%	15%	22%	64%	14%
Eighth Grade:																		
1. Reading	22%	52%	25%	21%	54%	25%	18%	53%	29%	16%	60%	26%	18%	60%	22%	13%	52%	35%
2. Math	27%	50%	23%	23%	51%	27%	21%	51%	28%	16%	64%	20%	17%	65%	18%	17%	63%	20%
Eleventh Grade:																		
1. Reading	24%	58%	19%	23%	54%	23%	18%	52%	30%	18%	61%	21%	17%	57%	26%	14%	52%	34%
2. Math	32%	55%	12%	39%	50%	11%	42%	48%	10%	29%	58%	13%	35%	52%	13%	39%	52%	9%

Source: Oregon Statewide Assessment, Department of Education, State of Oregon, 1992-1994.

Urgent Benchmark # 44: Percentage of citizens who have economic access to basic healthcare.

Purpose: This urgent benchmark focuses on the economic barriers to accessing healthcare services in the City of Portland and Multnomah County. Without adequate health insurance, citizens are likely to delay or forego needed healthcare services.

There are many factors that affect a person's access to healthcare, several economic factors among them. We will work to better define and analyze these factors. At the present time, we have chosen health insurance as a proxy for those factors.

Trends:

- Table 5 shows the percentage of citizens in 1992 who have health insurance. Whites and African-Americans have the highest percentages of citizens with health insurance.
- Citizens who are less likely to have health insurance are Hispanics when comparing all ethnic groups statewide. In Multnomah County, American-Indians are less likely to have health insurance.

Table 5
Percentage of Citizens Who Have Health Insurance By County and State in 1992

Ethnic Group	Multnomah County	State of Oregon
	1992	1992
African-Americans	85%	84%
American-Indians	69%	74%
Asians	78%	81%
Hispanics	80%	67%
Whites	84%	86%

Source: Oregon Population Survey, Oregon Progress Board, 1992.

Data Description: The data was derived from a question on the 1992 Oregon Population Survey conducted by the Oregon Progress Board. The question is as follows: "Are you presently covered by some kind of health insurance plan?" Respondents answered yes or no to this question.

Urgent Benchmark #61: Percentage of people who rate their neighborhood livability high.

Purpose: This urgent benchmark addresses how the City of Portland and Multnomah County citizens perceive the quality of living in their neighborhoods.

Trends:

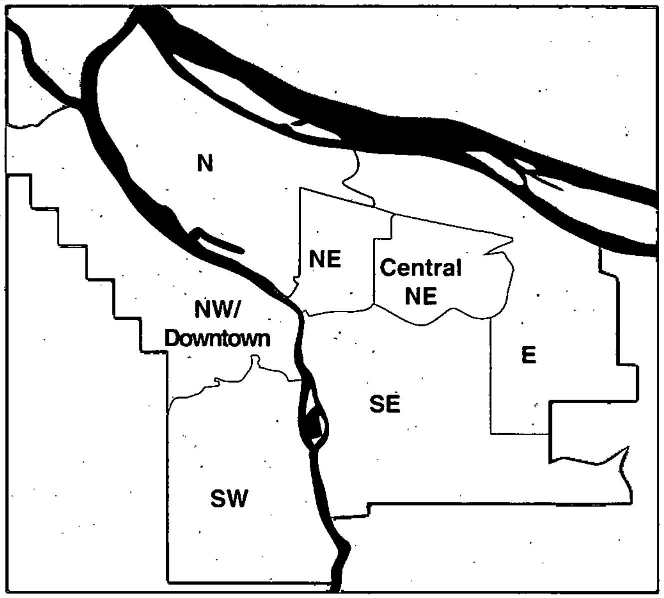
- In general, citizens rate their neighborhood livability high. As Table 6 shows, 78% of all Multnomah citizens surveyed rate their neighborhood livability as "good" to "very good." Table 6 also shows that City of Gresham citizens give the highest ratings for livability (86%).
- Table 7 compares neighborhood livability for Portland citizens in 1993 and 1994. Little change is seen between years in how Portland citizens rate their neighborhood livability.
- Graph 7 shows the percentage of citizens who rate their neighborhood livability high in 1994 according to neighborhoods and other areas. Southwest citizens give the highest ratings (93%).

Table 6
Percentage of Citizens Who Rate Their Neighborhood Livability High in 1994

Rating	City of Portland	City of Gresham	Remainder of Multnomah County	Total Multnomah County
High Livability (very good + good)	**77%**	**86%**	**80%**	**78%**
Very good	25%	28%	31%	25%
Good	52%	58%	50%	53%
Neither bad nor good	18%	12%	14%	17%
Bad	4%	1%	4%	4%
Very bad	1%	1%	1%	1%

Source: 1994 Portland/Multnomah County Citizen Survey (Joint City and County Auditors).

Graph 6: Geographical Boundaries of Portland Neighborhood Coalitions and Other Areas in Multnomah County



Source: City of Portland Auditor's Office, 1994.

Geographical Boundaries of Neighborhoods and Other Areas:

As Graph 6 shows, the City of Portland is divided approximately into seven neighborhoods. Also included is the City of Gresham and the remainder of Multnomah County:

NW/Downtown - borders the Willamette River to the north and east, Patton, Highway 26, and I-405 to the south.

Southwest - borders Patton, Highway 26, and I-405 to the north, and the Willamette River to the east.

Central Northeast - borders Columbia Blvd and Sandy Blvd to the north, 33rd and 42nd to the west, the Banfield Highway to the south, and I-205 to the east.

Northeast - borders Columbia Blvd to the north, Albina to the west, the Banfield Highway to the south, and 33rd to the east.

Southeast - borders the Banfield Highway to the north, the Willamette River to the west, I-205 to the east, Holgate and 40 Mile Loop Trail.

North - borders the Columbia River to the north, Willamette River to the west, Albina and the Peninsula Drainage Canel to the east.

East - borders the Columbia River to the north, the Peninsula Drainage Canal to the west, Columbia Blvd. to the south, and 162nd to the east.

City of Gresham

Remainder of Multnomah County - includes unincorporated areas and these smaller cities: Fairview, Maywood Park, Troutdale, and Wood Village.

In contrast, Northeast citizens have the lowest percentage (64%) who give high ratings for neighborhood livability.

Data Description: The data from this benchmark is derived from the annual Citizen Survey conducted by City and County Auditors. In 1993, data was collected from the City of Portland only. In 1994, the sample included Multnomah County and the City of Portland.

A random selection of residents was asked the following question: "Overall, how do you rate the livability of your neighborhood?" Respondents were given five choices in answering the question ranging from "very good" to "very bad." The data was weighted according to Housing Unit counts by census tracts.

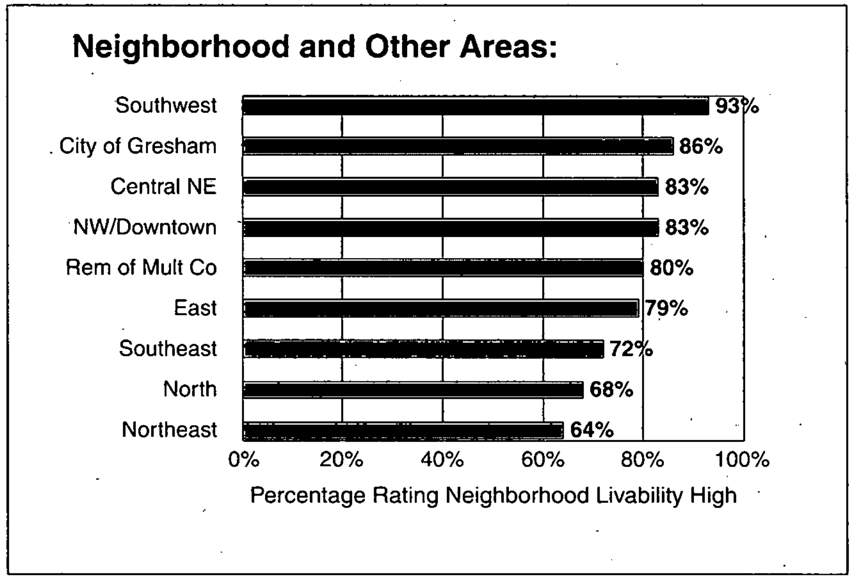
Table 7
Percentage of Portland Citizens Who Rate Their Neighborhood Livability High in 1994

Rating	City of Portland	
	1993	1994
High Livability (very good + good)	**77%**	**77%**
Very good	25%	25%
Good	52%	52%
Neither bad nor good	17%	18%
Bad	5%	4%
Very bad	1%	1%

Source: 1993 Portland Citizen Survey (City Auditor). 1994 Portland/Multnomah County Citizen Survey (Joint City and County Auditors).

As Graph 7 shows, the data is presented according to seven neighborhood coalitions. Neighborhood coalitions are groupings of neighborhoods throughout the City of Portland. The neighborhoods coalitions are approximated by grouping census tracts together. Graph 6 displays the boundaries for neighborhood coalitions.

Graph 7:
Percentage of Citizens in 1994 Who Rate Their Neighborhood Livability High



Source: 1994 Portland/Multnomah County Citizen Survey (Joint City and County Auditors).

Urgent Benchmark # 76: Percentage of citizens who feel government is doing a good job at providing services.

Purpose: This urgent benchmark evaluates the City of Portland and Multnomah County citizens' perception of government performance.

Trends:

- Table 8 displays ratings of government performance in three areas of Multnomah County: City of Portland, City of Gresham, and the remainder of Multnomah County. In addition, the entire area of Multnomah County is presented in the Total Column. According to the table, 52% of all citizens in Multnomah County feel the government is doing a good job.

- Graph 8 provides a breakdown of the data according to neighborhood coalitions and other areas in Multnomah County. The greatest percentage of citizens (63%) who feel government is doing a good job reside in the Northwest/Downtown area. In contrast, only 43% of citizens from the East give the City and County government high marks.

Table 8
Percentage of Citizens Who Feel Government is Doing a Good Job in 1994

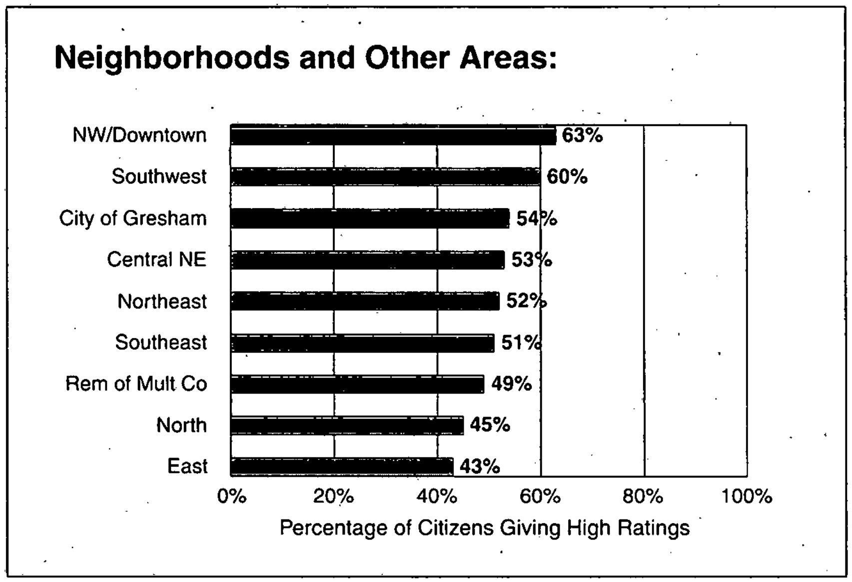
Rating	City of Portland	City of Gresham	Remainder of Multnomah County	Total Multnomah County
Job of Government: (very good + good)	**52%**	**54%**	**49%**	**52%**
Very good	5%	5%	4%	5%
Good	47%	49%	45%	47%
Neither bad nor good	37%	38%	36%	37%
Bad	8%	5%	11%	8%
Very bad	3%	3%	4%	3%

Source: 1994 Portland/Multnomah County Citizen Survey (Joint City and County Auditors).

Data Description: Data from this benchmark comes from the annual Citizen Survey conducted by the City and County Auditors. Data is presented for 1994 only.

Citizens were asked the following question on the survey: "Overall, how good a job do you think the City and County are doing at providing government services?" Citizens were given five categories of responses ranging from "very good" to "very bad". See Benchmark #61 for a description of the sampling areas and weighting characteristics.

Graph 8: Percentage of CitizensWho Feel Government is Doing a Good Job at Providing Services in 1994



Source: 1994 Portland/Multnomah County Citizen Survey (Joint City and County Auditors).

Dollars Spent for Government

Benchmark #82: Per capita dollars spent for City and County government.

Purpose: This data is intended to indicate a certain level of efficiency in the delivery of local government services. Measurement of government efficiency is difficult, because of the various factors involved in computing expenditures and services. Although this benchmark speaks only to City and County government, we have included data for some other taxing entities in Multnomah County.

There are forty (40) local and regional governments and special districts with taxing and expenditure authority in Multnomah County. Citizens throughout the county are taxed by two or three governments and up to six special districts, depending on the location of their residences. As the benchmarks program evolves, with local jurisdictions in the county targeted for our first outreach efforts in 1995, we will strive to more clearly define efficiency within the county.

Trends:

- ❒ Although per capita expenditures of Multnomah County and City of Portland governments have risen in the past decade, increases since 1990 have slowed significantly. Tables 9 and 10 represent recent histori-

Table 9
Per Capita Expenditures
City of Portland Government

Fiscal Year	City of Portland
1994-95 (Budgeted)	$1,228
1993-94 (Revised)	$1,228
1992-93 (Actual)	$1,259
1991-92 (Actual)	$1,104
1990-91 (Actual)	$1,108
1985-86 (Actual)	$806

Source: City of Portland, Office of Finance and Administration, 1994.

cal expenditures of the city and county. Table 11 presents the 1993-94 expenditures for the other larger taxing jurisdictions in the county.

- As a percent of income, property tax in Multnomah County has actually shown a marked decrease since 1990. Table 12 details that reduction.

Data Description: These data are drawn from two sources: the City of Portland, Office of Finance and Administration, and the Tax Supervising and Conservation Commission (TSCC). The later is a legislatively mandated entity that reviews and assists the financial activities of all local governments within Multnomah County. Because the basis for their data is slightly different, numbers from the two sources are not always comparable.

Table 10
Per Capita Expenditures
Multnomah County Government

Fiscal Year	Multnomah County
1993-94 (Budgeted)	$699
1992-93 (Actual)	$555
1991-92 (Actual)	$519
1990-91 (Actual)	$471
1985-86 (Actual)	$239

Source: Tax Supervising and Conservation Commission, 1994.

Dollars Spent for Government (Continued)

Table 11
Per Capita Expenditures By Selected Multnomah County Taxing Authorities 1993-94

For Residents of City of Portland	Expenditures
Tri-Met	$148
Port of Portland	$107
Metro	$99
Portland Community College	$140
Educational Service District	$73
Portland Public Schools	$920

Source: Tax Supervising and Conservation Commission, 1994.

Table 12
Per Capita Property Tax as a Percent of Income Multnomah County

Fiscal Year	Overall Per Capita Tax	Per Capita Tax as % of Income
1994-95	$919	4.22%
1993-94	$957	4.39%
1992-93	$1,013	4.66%
1991-92	$1,047	5.33%
1990-91	$1,151	6.04%
1989-90	$1,068	5.88%
1988-89	$1,002	6.01%
1987-88	$969	6.22%
1986-87	$895	5.96%
1985-86	$843	5.81%
1984-85	$739	5.30%

Source: Tax Supervising and Conservation Commission, 1994.

Urgent Benchmark #84: Percentage of citizens who feel safe walking alone in their neighborhood during the day and night.

Purpose: This urgent benchmark evaluates citizens' perception of safety in their neighborhoods. By monitoring this benchmark, we will learn if citizens feel threatened or secure in their community.

Trends:

- The perception of safety improved slightly from 1991 to 1994 for City of Portland citizens. As Table 13 shows, 77% of citizens feel safe walking during the day in 1991. This percentage increased to 81% in 1994. Similarly, the percentage of citizens feeling safe walking during the night increased from 34% in 1991 to 36% in 1994.

- Graph 9 shows a breakdown of the data according to neighborhood coalitions and other areas in Multnomah County in 1994. Southwest citizens have the highest percentage (92%) of citizens who feel safe walking during the day in their neighborhood. In contrast, 70% of Northeast citizens feel safe walking alone

Table 13
Percentage of Portland Citizens Who Feel Safe Walking in Their Neighborhood During the Day and Night

Rating	City of Portland			
	1991	1992	1993	1994
Feeling Safe During the Day (Very Safe + Safe):	**77%**	**81%**	**80%**	**81%**
Very safe	32%	36%	34%	35%
Safe	45%	45%	46%	46%
Neither safe nor unsafe	15%	13%	14%	14%
Unsafe	6%	5%	5%	4%
Very Unsafe	2%	1%	1%	1%
Feeling Safe During the Night (Very Safe + Safe):	**34%**	**38%**	**35%**	**36%**
Very safe	8%	10%	9%	8%
Safe	26%	28%	26%	28%
Neither safe nor unsafe	24%	22%	23%	25%
Unsafe	26%	26%	27%	26%
Very Unsafe	16%	14%	15%	13%

Source: 1991, 1992, 1993 Portland Citizen Survey (City Auditor). 1994 Portland/Multnomah County Citizen Survey (Joint City and County Auditors).

during the day. When night falls, however, this percentage drops to 22%.

- Table 14 shows the percentages of citizens who feel safe during the day for the City of Portland and other areas in Multnomah County. In addition, the entire county of Multnomah is presented in the "total" column. In Multnomah County, 82% feel safe walking during the day. This percentage drops to 38% at night.

Data Description:

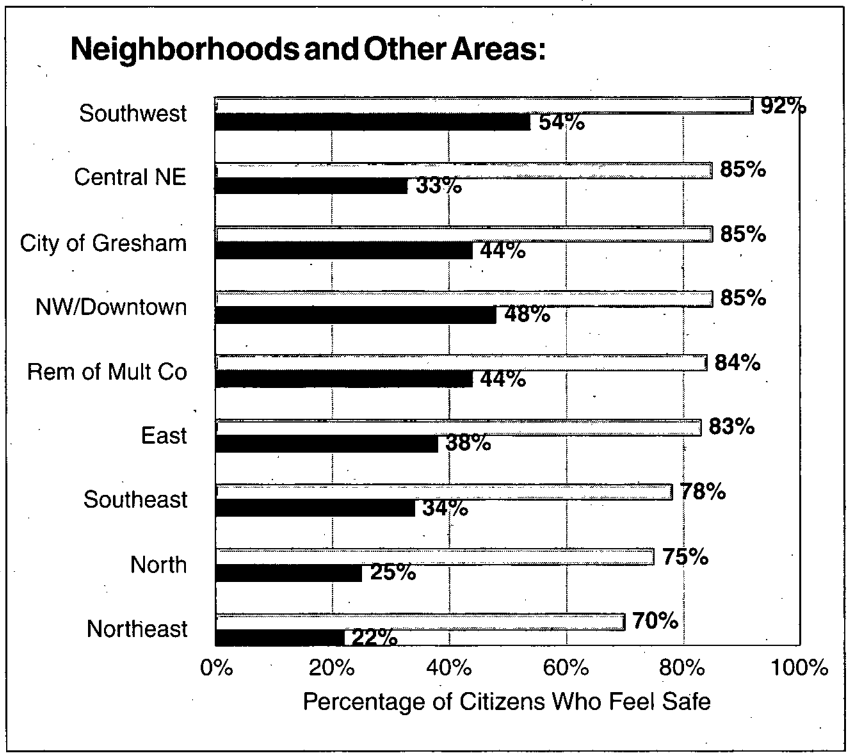
The Citizen Survey conducted by the City and County Auditors has two questions relating to this benchmark. The questions are as follows:

- How safe would you feel walking alone during the day in your neighborhood?

- How safe would you feel walking alone at night in your neighborhood?

The response for this question ranges from "very safe" to "very unsafe." See Benchmark #61 for a description of the sampling areas and weighting characteristics.

Graph 9:
Percentage of Citizens in 1994 Who Feel Safe Walking in Their Neighborhood During the Day and Night



Source: 1994 Portland/Multnomah County Citizen Survey (Joint City and County Auditors).

Table 14
Percentage of Citizens Who Feel Safe Walking in Their Neighborhood During the Day and Night in 1994

Rating	City of Portland	City of Gresham	Remainder of Multnomah County	Total Multnomah County
Feeling Safe During the Day (Very Safe + Safe):	**81%**	**84%**	**84%**	**82%**
Very safe	35%	36%	42%	35%
Safe	46%	48%	42%	47%
Neither safe nor unsafe	14%	11%	13%	13%
Unsafe	4%	4%	2%	4%
Very Unsafe	1%	1%	1%	1%
Feeling Safe During the Night (Very Safe + Safe):	**36%**	**43%**	**44%**	**38%**
Very safe	8%	6%	14%	8%
Safe	28%	37%	30%	30%
Neither safe nor unsafe	25%	23%	24%	25%
Unsafe	26%	25%	23%	25%
Very Unsafe	13%	9%	9%	12%

Source: 1994 Portland/Multnomah County Citizen Survey (Joint City and County Auditors).

Domestic Violence

Urgent Benchmark #86: Number of reported incidents of domestic violence by age (children and elderly) including families repeatedly victimized.

Purpose: This urgent benchmark measures the emotional health and well-being of citizens in the City of Portland and Multnomah County. By examining the incidence of family violence, we can better target support to the family unit.

Data Description: This data has four components described as follows:

A. Children abused and neglected per 1,000 people under 18.
B. Spouses or domestic associates abused per 1,000 people.
C. Elderly abused per 1,000 people.
D. Families repeatedly victimized by such incidents.

Currently, there are several organizations which collect data on family abuse. However, we are unable to verify the most representative data.

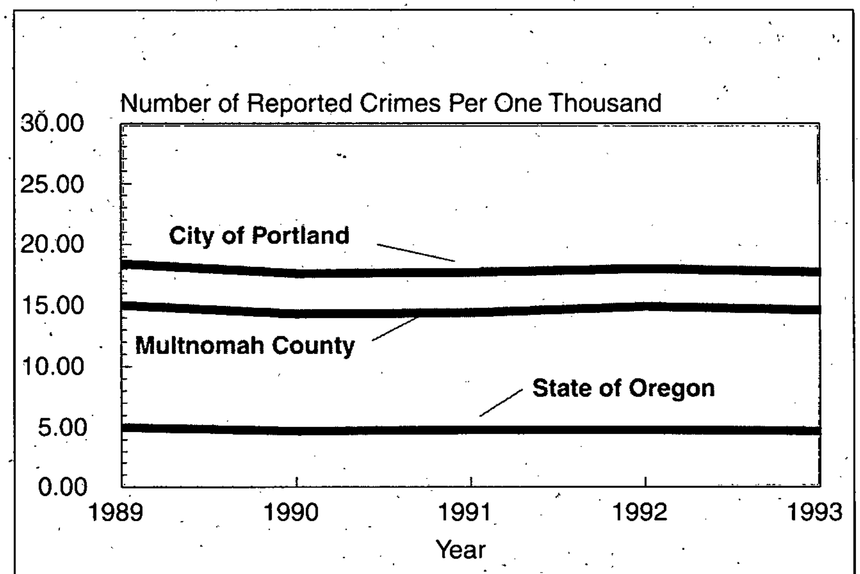
***Urgent Benchmark #87:* Number of reported crimes against people per 1,000 population. (These crimes include murder, rape, robbery, kidnapping, assault.)**

Purpose: This urgent benchmark focuses on the extent of serious crimes in the City of Portland and Multnomah County. By monitoring this benchmark of public safety, we can assess the distribution of resources intended to reduce serious crimes.

Trends:

- ❒ As seen in Graph 10, there are more crimes against people per 1,000 population in the City of Portland compared to Multnomah County and the State of Oregon.
- ❒ Table 15 shows that crime rates in the City of Portland are roughly three times higher than the State of Oregon.
- ❒ The crime rate per 1,000 population has declined for all three government jurisdictions in the five year period (1989-1993).

Graph 10:
Number of Reported Crimes Against People Per 1,000 Population



Source: Oregon Law Enforcement Data Systems (LEDS).

Crimes Against People (Continued)

Data Description: Data is provided from the Law Enforcement Data System (LEDS). Each month, the number of reported crimes and arrests from each police department throughout Oregon are submitted to LEDS. Data is then reported on a quarterly basis. We looked at the following crimes for data on this benchmark: willful murder, forcible rape, robbery, and aggravated assault. In the future, kidnapping will be included as a measure of this benchmark.

Table 15
The Number of Reported Crimes Against People per 1,000 Population

	City of Portland					Multnomah County					State of Oregon				
	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993	1989	1990	1991	1992	1993
Willful Murder	38	29	50	46	58	48	42	56	46	61	128	110	129	137	141
Forcible Rape	415	424	464	490	479	499	489	535	575	564	1,311	1330	1,552	1,566	1,544
Robbery	2,699	2,556	2,746	2,706	2,323	2,891	2,712	2,938	2,923	2,485	4,306	4,130	4,404	4,518	3,945
Aggravated Assault	4,932	4,838	4,881	5,167	5,603	5,467	5,273	5,305	5,669	6,028	8,859	8,832	8,671	8,917	9,579
Total	**8,084**	**7,847**	**8,141**	**8,409**	**8,463**	**8,905**	**8,516**	**8,834**	**9,213**	**9,138**	**14,604**	**14,402**	**14,756**	**15,138**	**15,209**
Total Population	432,175	437,319	453,065	458,275	471,325	581,000	583,500	600,000	605,000	615,000	2,791,000	2,884,000	2,930,000	2,979,000	3,038,000
Rate per 1,000 population	**18.70**	**17.94**	**17.97**	**18.35**	**17.96**	**15.33**	**14.60**	**14.72**	**15.23**	**14.86**	**5.23**	**4.99**	**5.04**	**5.08**	**5.01**

Source: Oregon Law Enforcement Data Systems (LEDS), *Report of Criminal Offenses and Arrests, 1989, 1990, 1991, 1992, and 1993.*

1995 Benchmarks

In this section, we present the 1995 Benchmarks according to eight clusters. The clusters are categories intended to arrange the benchmarks into similar subject areas. Each benchmark is numbered according to its placement in the January 1994 Annual Report. In addition, the benchmarks are cross-referenced with the State of Oregon (as listed in the 1993 Report to the Legislature) and Multnomah County.

Disadvantaged Citizens:

6. **Urgent Benchmark:** Percentage of citizens with incomes above 100% of the federal poverty level broken down by ethnicity. *(State of Oregon 191, Multnomah County 34)*

30. **Urgent Benchmark:** Percentage of children 0-17 living above 100% of the poverty level broken down by age and ethnicity. *(State of Oregon 3, Multnomah County 35)*

31. Percentage of children who were homeless at some time in the last year. *(State of Oregon 6)*

47. Percentage of citizens who are mentally ill living in housing of their choice with adequate support. *(State of Oregon 99, Multnomah County 14)*

48. Percentage of citizens who are mentally ill who are employed. *(State of Oregon 100, Multnomah County15)*

49. Percentage of citizens who are mentally ill living above the poverty level. *(State of Oregon 101, Multnomah County 16)*

50. Percentage of citizens with developmental disabilities living in the housing of their choice with adequate support. *(State of Oregon 102, Multnomah County 17)*

51. Percentage of citizens with developmental disabilities who are employed. *(State of Oregon 103, Multnomah County 18)*

52. Percentage of citizens with developmental disabilities living above the poverty level. *(State of Oregon 104, Multnomah County 19)*

53. Percentage of citizens with physical disabilities living in housing of their choice with adequate support. *(State of Oregon 105, Multnomah County 20)*

54. Percentage of citizens with physical disabilities who are employed. *(State of Oregon 106, Multnomah County 21)*

55. Percentage of citizens with physical disabilities living above the poverty level. *(State of Oregon 107, Multnomah County 22)*

Disadvantaged Citizens - (Continued):

56. Percentage of elderly living in the least restrictive setting, either in their own home or in an alternative home setting. *(Multnomah County 13)*

58. Percentage of home owners and renters below median income spending less than 30% of their household income on housing (including utilities: gas, electric, water, garbage, sewer, phone). *(State of Oregon 143,144, Multnomah County 25)*

59. Number of citizens who were homeless at some time in the last year. *(State of Oregon 145, Multnomah County 24)*

98. Number of very-low income homeowners in Multnomah County spending 30% or more of total monthly income for housing. *(State of Oregon 144)*

99. Percentage of households living above 125% of the Federal Poverty level. *(State of Oregon 192, Multnomah County 37)*

Economic Prosperity:

1. Per capita income as a percentage of U.S. real per capita income. *(State of Oregon 185)*

2. Per capita income as a percentage of Oregon's real per capita income broken down by ethnicity. *(State of Oregon 186)*

3. **Urgent Benchmark:** Average annual payroll per non-farm worker. *(State of Oregon 190, Multnomah County 33)*

4. Per capita income.

5. Annual total payroll.

6. **Urgent Benchmark:** Percentage of citizens with incomes above 100% of the federal poverty level. *(State of Oregon 191, Multnomah County 34)*

7. Total employment (in thousands) broken down by ethnicity.

8. Unemployment rate (as compared to the Portland Metropolitan area) broken down by ethnicity. *(State of Oregon 197)*

9. Percentage of income from goods and services sold outside of the United States.

10. Percentage of income from goods and services sold outside the Portland Metropolitan region.

11. Number of small business that fail in one year, two years, and five years.

12. Percentage of employer payroll dedicated to training and education.

13. Percentage of 25 year olds with a certificate granted from education and training programs.

14. Percentage of employees working in firms which train over 50% of their workforce 20 hours or more annually in work skills or work processes.

15. Percentage of high school students who are engaged in Certificate of Advanced Mastery programs that involve work place experience.

Economic Prosperity - (Continued)

16. Number of U.S., Canadian and Mexican metropolitan areas (over 1 million population) served by non-stop flights to and from any Oregon commercial airport. *(State of Oregon 238)*

17. Number of international cities of over 1 million population (outside Canada & Mexico) served by direct or non-stop flights to and from any Oregon commercial airport. *(State of Oregon 239)*

18. Portland transpacific container export rates compared to those in Seattle & Tacoma (percent greater or less than). *(State of Oregon 241)*

19. Percentage of government permits issued within the target time period or less including business licenses, building permits, water, plumbing/electrical/heating & ventilating, parking, street use, and conditional use/zoning/variances. *(State of Oregon 257, Multnomah County 79)*

20. Percentage and number of industrial site acreage identified in comprehensive plans that is actually suitable for development.

21. Total taxes per capita as percentage of U.S. average. *(State of Oregon 250)*

22. Total taxes per $1,000 income. *(Multnomah County 253)*

23. Percentage of federal, state & local business taxes and fees per dollars of business income.

24. Real per capita capital outlays for public infrastructure. *(State of Oregon 255, Multnomah County 78)*

73. Percentage of total non-manufacturing jobs in the Portland Metropolitan area located in downtown Portland.

75. Annual per capita public and private financial support for the arts in the region including libraries, museums, visual arts, and performing arts.

100. Average wages per employee in firms with fewer than twenty employees in Multnomah County.

Educated Citizens:

25. Percentage of children entering kindergarten meeting specific development standards for their age. Development includes cognitive, language & literacy, physical well-being, and social/emotional development. *(State of Oregon 16, Multnomah County 40)*

37. **Urgent Benchmark:** Percentage of students who achieve established skill levels broken down by ethnicity and grade level. *(State of Oregon 18-22)*

38. High school graduation rate. *(State of Oregon 47, Multnomah County 38)*

39. Percentage of adults who have completed at least one year of educational programs after secondary school broken down by ethnicity. *(State of Oregon 48)*

40. Percentage of adults who completed a certified apprenticeship program. *(State of Oregon 52)*

41. Percentage of adults who have completed an associate degree in professional-technical education broken down by ethnicity. *(State of Oregon P49)*

42. Percentage of people leaving post-secondary coursework that possess skill sets to match work force needs. *(Multnomah County 39)*

43. Percentage of adults who possess English literacy skills broken down by prose, document, quantitative, and information/technology literacy. *(State of Oregon 56-59, Multnomah County 10)*

Family Support:

28. Percentage of infants whose mothers did not use the following: Illicit drugs during pregnancy, alcohol during pregnancy (self-reported by mother), and tobacco during pregnancy (self-reported by mother). *(State of Oregon 11, Multnomah County 3)*

32. Percentage of child care facilities which meet established basic standards. *(State of Oregon 182, Multnomah County 27)*

33. Number of identified child care slots available for every 100 children under age 13. *(State of Oregon 183, Multnomah County 28)*

34. Percentage of students free of involvement with alcohol in the previous month broken down by the eighth and eleventh grades. *(State of Oregon 31, Multnomah County 29)*

35. Percentage of students free of involvement with illicit drugs in the previous month broken down by the eighth and eleventh grades. *(State of Oregon 32, Multnomah County 30)*

36. Percentage of students free of involvement with tobacco in the previous month broken down by the eighth and eleventh grades. *(State of Oregon 33)*

86. **Urgent Benchmark:** Number of reported incidents of domestic violence by age (children and elderly) including families repeatedly victimized. These include the following:

A. Children abused and neglected per 1,000 peopleunder 18. *(State of Oregon 4a, Multnomah County 45)*

B. Spouses or domestic associates abused per 1,000 adults. *(State of Oregon 5, Multnomah County 46)*

C. Elderly abuse per 1,000 people. *(State of Oregon 97, Multnomah County 47)*

D. Families repeatedly victimized by such incidents.

101. Number of identified subsidized child care slots available for every 100 children under age 13 who are financially eligible.

102. Average total family income in Multnomah County.

Government Performance:

74. Percentage of eligible citizens who vote. *(State of Oregon 172, Multnomah County 74)*

76. **Urgent Benchmark:** Percentage of citizens who feel government is doing a good job at providing services. *(Multnomah County 80)*

77. Percentage of citizen volunteers in a governmental advisory capacity who are satisfied that their recommendations were carefully and respectfully considered. *(Multnomah County 83)*

78. Percentage of citizens who volunteer at least 50 hours of their time per year to civic, community, or non-profit activities. *(State of Oregon 174, Multnomah County 82)*

79. Percentage of government organizations that adopt benchmarks, incorporate them into budget and/or planning processes, and collect supporting data. *(Multnomah County 85)*

80. Percentage of community organizations that adopt benchmarks, incorporate them into budget and/or planning processes, and collect supporting data.

81. General obligation bond rating (Standard & Poor's). *(State of Oregon 259, Multnomah County 77)*

82. **Urgent Benchmark:** Per capita dollars spent for city and county government. *(Multnomah County 76)*

83. Direct government service delivery expenses as a percentage of total government expenditures.

103. Percentage of median household income spent for taxes.

Healthcare:

26. Pregnancy rate per 1,000 females ages 10-17 broken down by ethnicity. *(State of Oregon 1, Multnomah 1)*

27. Percentage of healthy birthweight babies broken down by ethnicity. *(State of Oregon 10)*

29. Percentage of two year olds who are adequately immunized. *(State of Oregon 14, Multnomah County 4)*

44. **Urgent Benchmark:** Percentage of citizens who have economic access to health care. *(State of Oregon 177, Multnomah County 44)*

46. Annual percentage and number of people with early diagnosis of HIV. *(State of Oregon 75, Multnomah County 6)*

Neighborhood Livability:

57. Acres of parks and protected green space per 1,000 citizens. *(State of Oregon 127, Multnomah County 69)*

60. Percentage of population that lives within one half mile walk of all of the following: park/open space, transit service, elementary service, neighborhood commercial node, bike path, and walkways.

61. **Urgent Benchmark:** Percentage of people who rate their neighborhood livability high.

62. Percentage of people who commute (one-way) within 30 minutes between where they live and work. *(State of Oregon 136, Multnomah County 72)*

63. Percentage of people who commute to and from work and use multiple modes of transportation for commuting. *(Multnomah County 73)*

64. Percentage of streets rated acceptably clean. *(Multnomah County 68)*

65. Percentage of surfaces where there is little or no graffiti.

66. Number of days per year the community meets government ambient air quality standards.

67. Carbon dioxide emissions as a percentage of 1990 emissions. *(State of Oregon 109)*

68. Percentage of samples per year of the community's river and streams that meet government in-stream water quality standards. *(Multnomah County 66)*

69. Annual water usage per capita broken down by industrial, residential, and commercial categories.

Neighborhood Livability - (Continued)

70. Number of energy units used per capita broken down by industrial, residential, and commercial categories.

71. Pounds of solid waste landfilled per capita per year. *(State of Oregon 121, Multnomah 67)*

72. Percentage of Portland metropolitan area population growth since 1990 occurring within the City of Portland broken down by special needs.

104. Percentage of citizens who rate their streets acceptably clean. *(Multnomah 68)*

Public Safety:

84. **Urgent Benchmark:** Percentage of citizens who feel safe walking alone in their neighborhood during the day. *(Multnomah County 49)*

85. Number of reported crimes against people or property motivated by prejudice broken down by ethnicity, sexual orientation, religion and national origin. *(State of Oregon 91)*

87. **Urgent Benchmark:** Number of reported crimes against people per 1,000 population. Crimes include murder, rape, robbery, kidnapping, and assault broken down by age and neighborhood coalition. *(State of Oregon 155, Multnomah County 50)*

88. Number of reported crimes against property per 1,000 population. Crimes include burglary, larceny, motor vehicle theft, arson, and vandalism broken down by age and neighborhood coalition. *(State of Oregon 156, Multnomah County 51)*

89. Percentage of arrestees testing positive for alcohol or illicit drugs in Multnomah County. *(Multnomah County 57)*

90. Firearm injuries and fatalities rate per 1,000 population broken down by age. *(Multnomah County 52)*

91. Number of crime victims per 1,000 population broken down by type of crime (person or property), age status (juvenile or adult), and ethnicity. *(Multnomah County 60)*

92. Percentage of adults who use illegal drugs. *(Multnomah County 31)*

93. Percentage of felons who commit new felonies within three years of re-entry into the community. *(State of Oregon 159, Multnomah County 56)*

Public Safety - (Continued):

94. Percentage of diverted offenders who commit the same type of offense within one year after completing the diversion program broken down by substance abuse, alcohol, and domestic violence. *(Multnomah County 55)*

95. Percentage of residences, institutions, and businesses which are prepared for an emergency by being able to sustain themselves for 72 hours. *(Multnomah County 61)*

96. Property loss and fatalities, due to emergency/disasters broken down by number of lives lost per 1,000 and dollar value of loss as a percentage of structure/property exposed.

97. Percentage of emergency service agencies (defined in ORS 401) with emergency plans and emergency response procedures in place that are regularly exercised and updated per federal standards.

Goal #1: Tell the Benchmarks story in order to stimulate intergovernmental and private sector collaboration in the achievement of the Urgent Benchmarks.

Activities:

A. Conduct Benchmarks Data Network meetings around the five Urgent Benchmark Clusters.

- ❐ Governance
- ❐ Public Safety
- ❐ Health Care
- ❐ Nurturing Stable Families
- ❐ Livable Communities

B. Begin the Partnership Initiative, developing commitment to the Benchmarks process and undertaking responsibility for the accomplishment of the Benchmarks. In 1995 the following groups will be targeted:

- ❐ Local Governance Partnership Initiative
- ❐ Business Partnership Initiative
- ❐ Community Development Partnership Initiative

C. Represent Progress Board interests on the Oregon Option.

D. Institute the Annual Benchmarks/Government Innovation Awards Program.

E. Reexamine membership of the Progress Board.

Goal #2: Develop local capacity to implement benchmarking and other government innovations.

Activities:

A. Develop Progress Board staff expertise in promising governmental practices, particularly those relating to benchmarking.

B. Build and maintain resource materials and a bibliography on benchmarking.

C. Assist staff of Multnomah County cities and county in implementation of the Benchmarks.

Goal #3: Refine and revise the Benchmarks and their supporting data bases.

In 1994, the Portland-Multnomah Progress Board published 97 benchmarks for the City of Portland and Multnomah County. This listing has grown to 104. The following lists benchmarks added during 1994:

98. Number of very-low income homeowners in Multnomah County spending 30% or more of total monthly income for housing.

99. Percentage of household living above 125% of the Federal Poverty level.

100. Average wages per employee in firms with fewer than twenty employees in Multnomah County.

101. Number of identified subsidized child care slots available for every 100 children under age 13 who are financially eligible.

102. Average total family income in Multnomah County.

103. Percentage of median household income spent for taxes.

104. Percentage of citizens who rate their streets acceptably clean.

The wording of several urgent benchmarks was changed to reflect the data. The following listing shows the original wording as well as the change in wording for this report:

61. **Original wording:** Percentage of people who feel a sense of community in their neighborhood.
New wording: Percentage of people who rate their neighborhood livability high.

76. **Original wording:** Percentage of citizens who are satisfied that government services are necessary, responsive and cost-effective.
New wording: Percentage of citizens who feel government is doing a good job at providing services.

82. **Original wording:** Per capita cost of government.
New wording: Per capita dollars spent for city and county government.

84. **Original wording:** Percentage of citizens who feel safe and secure.
New wording: Percentage of citizens who feel safe walking alone in their neighborhood during the day or night.

Notes

Comment Card

We welcome your comments about this report. If you would like us to contact you, please include your address and telephone number below.

Name: ____________________

Company: ____________________

Address: ____________________

Phone: ____________________

Name: ____________________

Address: __________________

____

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Portland-Multnomah Progress Board
1220 S.W. 5th Avenue, Room 310
Portland, OR 97204

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Portland-Multnomah Progress Board ▫ 1220 S.W. 5th Avenue, Room 310 ▫ Portland, OR 97204 ▫ (503) 823-6990 ▫ FAX: (503) 823-6994

Benchmarks...
progress measured one step at a time.

Increasing the average annual payroll per non-farm worker. Increasing the percentage of citizens with incomes above the federal poverty level. Increasing the percentage of children living above the federal poverty level. Increasing the percentage of children who achieve established skill levels. Increasing the percentage of citizens who have health insurance. Increasing the percentage of people who rate their neighborhood livability high. Increasing the percentage of citizens who feel government is doing a good job at providing services. Decreasing the per capita dollars spent for city and county government. Increasing the percentage of citizens who feel safe and secure. Decreasing the number of reported incidences of domestic violence. Decreasing the number of reported crimes against people per 1,000 population.

1995

JANUARY

SUN	MON	TUE	WED	THUR	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

January 23, 1995 • Progress Board Meeting 3:30-6:30 p.m. • **January 31, 1995** • Joint City/County Commissioners Meeting, 9:30-11:30 a.m. Smith Center, PSU

FEBRUARY

SUN	MON	TUE	WED	THUR	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

February 27, 1995 • Progress Board Meeting 3:30-6:30 p.m. Smith Center, PSU

MARCH

SUN	MON	TUE	WED	THUR	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

March 20, 1995 • Progress Board Meeting 3:30-6:30 p.m. Smith Center, PSU

APRIL

SUN	MON	TUE	WED	THUR	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24	25	26	27	28	29

April 17, 1995 • Progress Board Meeting 3:30-6:30 p.m. Portland Building

MAY

SUN	MON	TUE	WED	THUR	FRI	SAT
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

May 22, 1995 • Progress Board Meeting 3:30-6:30 p.m. Smith Center, PSU

JUNE

SUN	MON	TUE	WED	THUR	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

June 19, 1995 • Progress Board Meeting 3:30-6:30 p.m. Portland Building

JULY

SUN	MON	TUE	WED	THUR	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

July 17, 1995 • Progress Board Meeting 3:30-6:30 p.m. Portland Building

AUGUST

SUN	MON	TUE	WED	THUR	FRI	SAT
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

No Progress Board Meeting

SEPTEMBER

SUN	MON	TUE	WED	THUR	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

September 18, 1995 • Progress Board Meeting 3:30-6:30 p.m. Portland Building

OCTOBER

SUN	MON	TUE	WED	THUR	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

October 16, 1995 • Progress Board Meeting 3:30-6:30 p.m. Portland Building

NOVEMBER

SUN	MON	TUE	WED	THUR	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

November 20, 1995 • Progress Board Meeting 3:30-6:30 p.m. Portland Building

DECEMBER

SUN	MON	TUE	WED	THUR	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

December 18, 1995 • Progress Board Meeting 3:30-6:30 p.m. Smith Center, PSU

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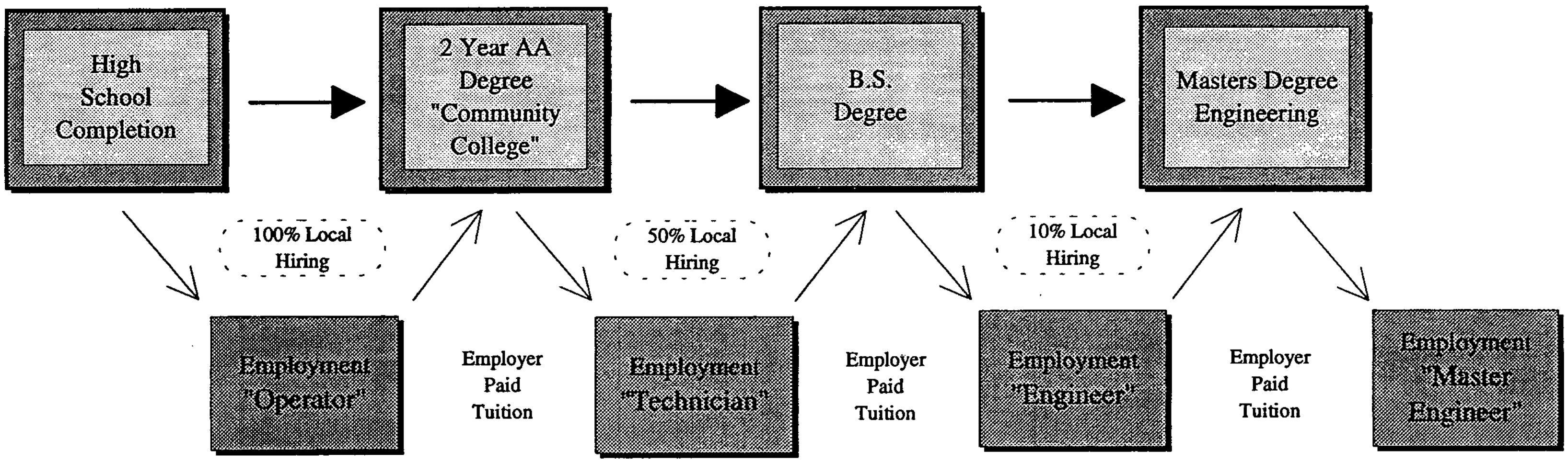
LISA WISENFELD PRESENTATION

EXISTING SEMICONDUCTOR TRAINING/EMPLOYMENT SYSTEM

EDUCATION ROUTE



EMPLOYMENT/OJT ROUTE

SCHOOL-TO-WORK BUILDING BLOCKS FOR THE SEMICONDUCTOR INDUSTRY

SKILLED, HIGH PERFORMANCE WORKFORCE

Suggested Implementation Strategies:	
■ Targeted training to meet changing workforce needs ■ Ongoing evaluation by industry and educators	⇑ **CAREER ADVANCEMENT** Upward Mobility and lateral mobility for employees within the industry. Industry based training; Skill upgrades; Retraining-New Skills
■ Ongoing training for employees (on-site & co-op) ■ Non-traditional training and education ■ Scholarships and tuition reimbursements	⇑ Postsecondary Education and OJT Includes 2nd year of 2+ 2; Operator Training/ Technician Training
■ Articulated curriculum between high schools and community colleges ■ Job retention/case management and support services.	⇑ **EMPLOYMENT** Industry hires graduates and sponsors scholarships and further training
■ Company-paid apprenticeships; paid and unpaid internships for students. ■ Simulated work environments: Hands on experiences in safe settings;'real tools; real problem-solving; real products for student portfolios. ■ Industry/school collaboration on specialized training programs, curriculum options, laboratories, equipment, etc	⇑ **12TH GRADE** Specialized training; CAM related Senior projects; complete 1st year of postsecondary programs (2+ 2 pgms)
■ Work-based student projects. ■ Summer work experience in companies ■ Employer commitments and partnerships with schools	⇑ **11TH GRADE** Students select CAM area; Microelectronic focused student projects, structured internships; paid summer internships
■ Teacher internships in companies; on-going curriculum development ■ Company connections with students and teachers: Many possibilities.	⇑ **10TH GRADE** Career explorations; Mentors; Tutors. Completion of CIM.
■ Industry/education curriculum development teams: Developing 9th,10th,11th,12th grade programs (similar to Cellular One model).	⇑ **9TH GRADE** Basic principles of microelectronics integrated into all relevant school curriculum (e.g. math, science, communications, Intro to Technology, etc.) **Job shadows in the industry available to all students**
■ Marketing industry concepts: Field trips, classroom projects, etc.	⇑ **ELEMENTARY AND MIDDLE GRADES** Exposure to industry.

INDUSTRY AWARENESS FOR ALL YOUTH