

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 01-129

Authorizing Participation in the Community Partnership Agreement Between Multnomah County, the City of Portland, Association for Portland Progress, Portland Metropolitan Chamber of Commerce, and the Portland Development Commission

The Multnomah County Board of County Commissioners Finds:

- a. The Board supports a comprehensive review of actions to support the County's economic health to generate revenues necessary for services to County citizens and businesses.
- b. Significant changes to the economy in the last decade require a comprehensive assessment of the local economy and make County and City of Portland competitiveness a necessity.
- c. Multnomah County last undertook a comprehensive assessment of its economic competitiveness in the local, regional, national and global economies in February 1977.
- d. It has been eight years since the County Business Income Tax has undergone a comprehensive review.
 - The Business Income Tax is the second largest General Fund revenue (\$30.4 million in fiscal year 2001), representing about 12.8% of the total General Fund revenues.
 - The Business Income Tax revenue declined 6.67% between fiscal year 1999 and fiscal year 2000, declined 12.16% between fiscal year 2000 and fiscal year 2001. It has become increasingly more difficult to forecast.
- e. Moody's Investors Service, the rating agency, has expressed concern about the volatility of the Business Income Tax and its impact on the General Fund.

The Multnomah County Board of County Commissioners Resolves:

1. The County will participate in a "Competitive Position Analysis" to examine the County's economic assets and liabilities and review economic opportunities and constraints. The "Competitive Position Analysis" will identify industries or industry clusters for which Portland and Multnomah County are (or could be) competitively positioned, and industries or industry clusters for which Portland and Multnomah County are not (and cannot be) a competitive location.

2. The County will participate in an in-depth evaluation of the City of Portland Business License Fee and County Business Income Tax, and consider changes that may be needed to achieve a predictable tax system that is equitable in allocation, efficient in collection, and that furthers the missions of the City of Portland and Multnomah County **without reducing the revenues**.
3. The attached Community Partnership Agreement between Multnomah County, the City of Portland, Association for Portland Progress, Portland Metropolitan Chamber of Commerce and the Portland Development Commission will guide the County's participation.
4. The County will have active participation on the Project Steering Committee and The Technical Project Team.
 - Overall coordination for implementing this agreement will be the responsibility of a 13-member Project Steering Committee.
 - An 11-member Technical Project Team will coordinate staff work for review and feedback to the Project Steering Committee.
5. The County representatives on the Project Steering Committee are:
 - Co-chair, John Rakowitz, Chair's Office
 - Maria Rojo de Steffey, Board of County Commissioners
 - Dave Boyer, Finance Director
6. The County Representatives on The Technical Project Team are:
 - Co-chair, Dave Boyer, Finance Director
 - Thomas Sponsler, County Attorney
 - Budget Office Fiscal Analyst
 - Betty Hopkins, Finance Office

ADOPTED this 4th day of October, 2001.



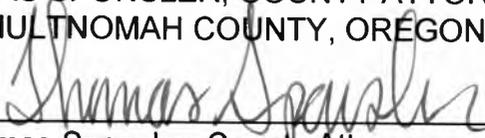
BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON



Diane M. Linn, Chair

REVIEWED:

THOMAS SPONSLER, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 

Thomas Sponsler, County Attorney

COMMUNITY PARTNERSHIP AGREEMENT

To Assess the Economic Competitiveness of the City of Portland and Multnomah County and to Review the Business License Fee and Business Income Tax

The purpose of this Community Partnership Agreement is to outline the City, County and community partnership that has come together to complete a review of the Business License Fee and Business Income Tax and assess the economic competitiveness of the City of Portland and Multnomah County.

Partners

City of Portland

Multnomah County

Portland Development Commission

Association for Portland Progress

Portland Metropolitan Chamber of Commerce

Recitals

- A. Mayor Vera Katz has called for a comprehensive update to Prosperous Portland, the City's 1994 economic development strategy.
- B. County Chair Diane Linn is committed to supporting a comprehensive assessment of the actions necessary to support our community's economic health in a manner that generates the revenues necessary to provide services to our community's citizens and businesses.
- C. The update to Prosperous Portland must be based on a thorough assessment of our economic competitiveness in the regional, national and international economies, including an analysis to compare factors that influence the decision of firms to expand, locate or stay in a given location.
- D. Any thorough assessment of our economic competitiveness must include a comprehensive review of the City of Portland's Business License Fee (BLF) and Multnomah County's Business Income Tax (BIT).
- E. Significant changes to the economy in the last decade, including the growth of technology, new environmental rules and regulations, the rapid decline in abundant inexpensive power and clean water, and changing job growth patterns, make a far reaching assessment of the local economy and the city/county's competitiveness a necessity.

Agreement

1. Purpose

1.1 This Community Partnership Agreement memorializes the good will that the partners bring to completing this project in a collaborative and consultative manner. This is not a legally binding agreement.

1.2 The purpose of the project described in this Community Partnership Agreement is to:

Complete a Competitive Position Analysis that assesses local economic assets and liabilities and identifies economic opportunities and constraints and recommend private- and public-sector changes to increase the economic competitiveness of the City and County. The study will include a comparative analysis among similar cities and states of those factors which affect expansion, location and retention decisions on the part of businesses. It will also compare the degree to which the City and County and competing jurisdictions “fit” with the needs of targeted and existing firms and industries.

1.3 A companion effort that will serve to inform the Competitive Position Analysis is to:

Complete an in-depth evaluation of the BLF and BIT, and to consider changes that may be needed in order to achieve a predictable tax system that is equitable in allocation, efficient in collection, and that furthers the mission of the City and the County without reducing the revenues available to these local governments.

2. Scope of Analyses

2.1 This analysis should identify those industries or industry clusters for which Portland and Multnomah County are (or could be) competitively positioned, and those industries or industry clusters for which Portland and Multnomah County are not (and cannot be) a competitive location. The scope for completing Competitive Position Analysis described in Section 1.2 of this agreement will include analytical elements such as:

Existing building stock, by type, occupancy, vacancy and turnover rates; vacant available land supply by type and parcel size; facility development costs including land, construction and infrastructure costs, permits, fees and regulatory requirements; facility operating costs including rent, parking, operating taxes and fees, and utilities; transportation functionality, costs and infrastructure capabilities, capacities and reliability, including parking, gas, electricity, telecom, water, and sewer needs; labor availability and costs by occupation and skills types; capacity and performance of existing training and education systems to meet the labor and skill needs and expectations of firms, and perceptions of public schools; housing costs and availability, local transit functionality, quality of life elements; impact of local, state and federal regulations; impact of local, state and federal taxes.

2.2 The review of the BLF and BIT described in Section 1.2 of this agreement will include the following analytical elements:

Research the legislative history and legislative intent governing the BLF and BIT; determine if and how the relative obligations of the BLF and BIT taxes on the various businesses and industries have changed over the last decade; through a quantitative analysis of all BLF and BIT payers over the last decade, determine how the tax collections have fluctuated, how the composition by number and type of payers has changed and how the amounts paid by all industry categories have been distributed over that same period of time; compare the quantitative trends by industry categories with real job creation in each industry category during the last decade; determine the impact of changes in federal and state tax laws; and review of the multi-year revenue that the BLF and BIT have provided to the City and the County.

3 **Key Deliverables and Timelines**

- 3.1. BLF/BIT Initial Research: The Technical Project Team will complete its initial research for evaluating the BLF and BIT as called for in Sections 2.2. of this agreement by December 19, 2001.
- 3.2. Competitive Analysis Report: PDC will complete the Economic Competitive Analysis called for in Section 1.1 by April 17, 2002.
- 3.3 Preliminary Principles: The Steering Committee will recommend to the Portland City Council and the Multnomah County Board of Commissioners preliminary principles for the BLF and BIT by May 14, 2002.
- 3.4 The City Council and County Board will consider preliminary principles by June 28, 2002.
- 3.5 Strategy Update: The City Council will consider an update to the City's economic development strategies on the basis of the recommendations from the Economic Competitive Analysis and the audit of the BLF and BIT within 60 days of the completion of the City and County consideration of preliminary principles under Section 3.4.
- 3.6 BLF/BIT Audit: The partners in this Agreement will determine based upon a recommendation from the Steering Committee whether it is appropriate to initiate an outsider audit of the existing BLF and BIT provisions. If an audit is initiated it will review the BLF and BIT against the preliminary principles adopted by the City Council and County Board provided in Section 3.2 and the data collected. The audit carried out in conjunction with the Economic Competitive Analysis may be conducted by the outside auditor employed for the Economic Competitive Analysis. If an outside audit is to be conducted, it will be initiated within 90 days of the City and County's consideration update to the City's economic development strategy under Section 3.5.
- 3.7 Consideration of Changes to BLT/BIT:

- 3.7.1. The City Council will consider the recommendations of the outside auditor regarding any changes to the BLF as part of considering the 2002 update to the City's economic development strategy.
- 3.7.2. The County Board will consider the recommendations of the outside auditor regarding any changes to the BIT by a date that is not later than 120 days after the completion of the audit.

4. **Oversight**

4.1. The Portland City Council and the Multnomah County Board of Commissioners are the final decision-makers for their respective governments regarding any issues related to this Agreement.

4.2. Overall coordination for implementing this Agreement will be completed by a thirteen-member Project Steering Committee.

4.2.1. The Project Steering Committee will be co-chaired by representatives from the Office of the Mayor and County Chair and will consist of a representative from each of the following: Office of the Mayor, City of Portland; Office of the Multnomah County Chair; Office of the Commissioner-in-Charge of the Bureau of Licenses; Multnomah County Board of Commissioners; City's Chief Administrative Officer; County's Chief Financial Officer; Association for Portland Progress; Portland Metropolitan Chamber of Commerce; Portland Development Commission Board; East County Chamber of Commerce; Office of Mayor/City of Gresham; the Chair of the Multnomah County Tax Supervising and Conservation Commission; and, Portland Neighborhood Business Association.

4.3. A thirteen-person Technical Project Team will coordinate staff work related to Section 2 of this Agreement for review and feedback to the Project Steering Committee.

4.3.1. The Technical Project Team will be co-chaired by a representative of the City Bureau of Licenses, a representative of Multnomah County's Finance Division and a representative of the Portland Development Commission and will consist of a representative of each of the following: City Bureau of Licenses; City Bureau of Financial Planning; City Attorney's Office; County Counsel's Office; County Finance Division; Gresham's City Manager's Office; Portland Development Commission; an outside consultant designated by the Association for Portland Progress; a private-sector independent Certified Public Accountant with public tax policy experience designated by Association for Portland Progress; a private-sector independent Certified Public Accountant with public tax policy experience designated by the Portland Metropolitan Chamber of Commerce; a private-sector independent Certified Public Accountant with public tax policy experience

designated by the East County Chamber of Commerce City economist; and,
County economist.

5. Roles and Responsibilities

5.1. In addition to supporting the work of the Steering Committee and the Technical Project Team, this agreement also establishes roles and responsibilities unique to some partners:

5.1.1 City of Portland

5.1.1.1. On behalf of the City and County, the Bureau of Licenses will provide lead staff work to complete Section 2.2.

5.1.1.2. In the event that the partners determine to initiate an outside audit under Section 3.5, all of the partners will work collaboratively in concurring upon the selection of the independent outside consultant. However, the City, along with the County, shall retain final responsibilities for contracting for the services of the consultant under Section 3.5.

5.1.2. Multnomah County

5.1.2.1. The County Chair's Office will act as liaison with and will represent the East County Cities.

5.1.2.2. In the event that the partners determine to initiate an outside audit under Section 3.5, all of the partners will work collaboratively in concurring upon the selection of the independent outside consultant. However, the County, along with the City, shall retain final responsibilities for contracting for the services of the consultant under Section 3.5.

5.1.3. Portland Development Commission

5.1.3.1. PDC will provide the lead staff work to complete the Competitive Position Analysis as described in Section 1.2 of this agreement.

5.1.4 Association for Portland Progress

5.1.4.1. APP will provide to the project team, at its cost, the services of a qualified economic consultant and an independent Certified Public Accountant with public tax policy experience.

5.1.4.2. APP will act as liaison with its members and will communicate to them the purpose and status of the project.

5.1.4.3. Upon the City and County completing their contracting responsibilities under sections 5.1.1.2 and 5.1.2.2 in a manner consistent with the recommendation of all the partners made pursuant to the collaboration in sections 5.1.1.2 and 5.1.2.2, APP, along with the Chamber,

will pay for the outside independent consultant to perform the audit of the BLF and BIT as described in section 3.5 above..

5.1.5. Portland Metropolitan Chamber of Commerce

5.1.5.1. The Chamber will act as liaison with its members and will communicate to them the purpose and status of the project.

5.1.5.2. Upon the City and County completing their contracting responsibilities under sections 5.1.1.2 and 5.1.2.2 in a manner consistent with the recommendation of all the partners made pursuant to the collaboration in sections 5.1.1.2 and 5.1.2.2, the Chamber, along with APP, will pay for the outside independent consultant to perform the audit of the BLF and BIT as described in section 3.5 above.

5.1.5.3. The Chamber will provide to the project team an independent Certified Public Accountant with public tax policy experience.

6. Agreement

We the undersigned pledge our goodwill to fulfill the purpose of this Community Partnership Agreement to review the BLF/BIT and assess Portland's economic competitiveness.

Vera Katz
Mayor
City of Portland

Kim Kimbrough
President
Association for Portland Progress

Jim Francesconi
Commissioner
City of Portland

Don McClave
President
Portland Metropolitan Chamber of Commerce

Diane Linn
Chair of the Board of Commissioners
Multnomah County

Don Mazziotti
Executive Director
Portland Development Commission

Maria Rojo de Steffey
Board of County Commissioners
Multnomah County