#1

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Mayor Gussie M. Roberts

ADDRESS 1333 NW Eastman

STREET Pkwy

Gresham OR

CITY **_ZIP_**

I WISH TO SPEAK ON AGENDA ITEM NO.

SUPPORT X **_OPPOSE_** amendment

SUBMIT TO BOARD CLERK

#1 + 2 + 3

SIP

#2

PLEASE PRINT LEGIBLY!

MEETING DATE 4-11-95

NAME Jack GALLAGHER

ADDRESS 3899 NE 5th Ct

STREET

Gresham 97030

CITY ***ZIP***

I WISH TO SPEAK ON AGENDA ITEM NO. PH-1

SUPPORT x ***OPPOSE***

SUBMIT TO BOARD CLERK

City of Gresham Councilor

#3

PLEASE PRINT LEGIBLY!

MEETING DATE 4-11-95

NAME Debbie Noah

ADDRESS 732 SW Sleret Ave
STREET

Gresham OR 97080
CITY ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # SIP

SUPPORT X as is OPPOSE

SUBMIT TO BOARD CLERK

#4

PLEASE PRINT LEGIBLY!

City Council Gresham

MEETING DATE 4/11/95

NAME ROYAL HARSHMAN

ADDRESS 2837 NE EVELYN St

STREET

GRESHAM OR 97030

CITY **ZIP**

I WISH TO SPEAK ON AGENDA ITEM NO. PH-1

SUPPORT X **OPPOSE** ____

SUBMIT TO BOARD CLERK

#5

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME JIM FRANCESCONI

ADDRESS 2230 N.E. Alameda

STREET

PDX, OR 97212

CITY ***ZIP***

I WISH TO SPEAK ON AGENDA ITEM NO.

SUPPORT ***OPPOSE*** ✓

SUBMIT TO BOARD CLERK

#6

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME JERRY GILLHAM

ADDRESS ~~2968~~ 150 W. POWELL

STREET

GRESHAM 97030

CITY ***ZIP***

I WISH TO SPEAK ON AGENDA ITEM NO. S1P

SUPPORT X ***OPPOSE***

SUBMIT TO BOARD CLERK

#7

PLEASE PRINT LEGIBLY!

MEETING DATE April 11, 1995

"NOVOTNEY"

NAME Cary Novotny

ADDRESS 3750 S.E. Madison

STREET

Portland, OR 97214

CITY ***ZIP***

I WISH TO SPEAK ON AGENDA ITEM NO. ph-1

SUPPORT ________ ***OPPOSE*** X

SUBMIT TO BOARD CLERK

#8

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Micky Ryan

ADDRESS 2817 NE. 20th

STREET

Portland 97212

CITY **ZIP**

I WISH TO SPEAK ON AGENDA ITEM NO. PH 1

SUPPORT ______ **OPPOSE** ______

SUBMIT TO BOARD CLERK

☆ I support a housing set aside.

#9

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Diane Luther

ADDRESS ~~2316~~ 2606 NE 16th
STREET

Portland 97212
CITY ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # PH-1

SUPPORT ✓ OPPOSE

SUBMIT TO BOARD CLERK

#10

PLEASE PRINT LEGIBLY!

MEETING DATE APRIL, 11th, 1995

NAME PAMELA STERN

ADDRESS 18699 N. MARINE DRIVE

STREET

PORTLAND, OR 97230

CITY ***ZIP***

I WISH TO SPEAK ON AGENDA ITEM NO. PH 1

SUPPORT ______ ***OPPOSE*** X

SUBMIT TO BOARD CLERK

#11

PLEASE PRINT LEGIBLY!

MEETING DATE 4-11-95

NAME CHIP Laziure "LAJOUR"

ADDRESS 150 W. Powell

STREET

Portland, OR. 97030

CITY ZIP

I WISH TO SPEAK ON AGENDA ITEM NO. SIP

SUPPORT X OPPOSE

SUBMIT TO BOARD CLERK

#12

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Bob Robison

ADDRESS 1211 SW 5th

STREET

Portland 97212

CITY **ZIP**

I WISH TO SPEAK ON AGENDA ITEM NO. PH-1

SUPPORT x c STEIN AMENDMENT **OPPOSE** X

SUBMIT TO BOARD CLERK

* At 7:30 if no Gretchen K.

#13

PLEASE PRINT LEGIBLY!

MEETING DATE April 11, 1995

NAME Amy Bracken

ADDRESS 5111 S.E 44th Avenue

STREET

Portland, OR 97206

CITY ***ZIP***

I WISH TO SPEAK ON AGENDA ITEM NO. PH-1

SUPPORT ______ ***OPPOSE*** X

SUBMIT TO BOARD CLERK

#14

PLEASE PRINT LEGIBLY!

MEETING DATE April 11, 1994

NAME James E Stilwell

ADDRESS 2336 NE 36th

STREET

Portland OR 97212

CITY **ZIP**

I WISH TO SPEAK ON AGENDA ITEM NO. PH-1

SUPPORT X **OPPOSE**

SUBMIT TO BOARD CLERK

#15

PLEASE PRINT LEGIBLY!

MEETING DATE APRIL 11th, 95

NAME SANDY WILLOW

ADDRESS 2936 NW SAVIER ST

STREET

PORTLAND, OR 97210

CITY **ZIP**

I WISH TO SPEAK ON AGENDA ITEM NO. PH1

SUPPORT ______ **OPPOSE** X

SUBMIT TO BOARD CLERK

#16

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Alan Jones

ADDRESS 17650 NE Davis

STREET

Gresham 97230

CITY ***ZIP***

I WISH TO SPEAK ON AGENDA ITEM NO. PH1

SUPPORT X ***OPPOSE***

SUBMIT TO BOARD CLERK

#17

PLEASE PRINT LEGIBLY!

MEETING DATE April 11

NAME Leslie Kochan "COACHING"

ADDRESS 822 NE Shaver

STREET

Ptld OR 97212

CITY **ZIP**

I WISH TO SPEAK ON AGENDA ITEM NO. PH 1

SUPPORT ______ **OPPOSE** ✓

SUBMIT TO BOARD CLERK

#18

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Maxine Fitzpatrick

ADDRESS PCRI executive Director

STREET

CITY ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # PH-1 SIP

SUPPORT ✓ OPPOSE

SUBMIT TO BOARD CLERK

#19

PLEASE PRINT LEGIBLY!

MEETING DATE 4-11-95

NAME Carolyn Morrison

ADDRESS 1509 SE 122nd St

STREET

Portland 97233

CITY ***ZIP***

I WISH TO SPEAK ON AGENDA ITEM NO. S1P

SUPPORT x c study ***OPPOSE***

SUBMIT TO BOARD CLERK

Comments - Childcare issue - study.

#20

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Winnie Francis

ADDRESS 622 NE Tillamook

STREET

PORTLAND 97212

CITY ZIP

I WISH TO SPEAK ON AGENDA ITEM NO. PH-1

SUPPORT ____ OPPOSE X

SUBMIT TO BOARD CLERK

#21

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Julie Metcalf

ADDRESS 4406 N. Mississippi

STREET

Portland, 97217

CITY **ZIP CODE**

I WISH TO SPEAK ON AGENDA ITEM # PH-1 (SIP)

SUPPORT X **OPPOSE** ______

SUBMIT TO BOARD CLERK

#22

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME DAVE MAZZA

ADDRESS POB 9012

STREET

PDX 97207

CITY **ZIP**

I WISH TO SPEAK ON AGENDA ITEM NO. 51P

SUPPORT ______ **OPPOSE** ✓

SUBMIT TO BOARD CLERK

#23

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Rob Fussell

ADDRESS City of Gresham

STREET

CITY ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # PH-1

SUPPORT OPPOSE √ STEIN AMENDMENTS

SUBMIT TO BOARD CLERK

#24

PLEASE PRINT LEGIBLY!

MEETING DATE April 11, 1995

NAME Frank Gearhart
ADDRESS 2103 NE 24th Ct.
STREET
Gresham 97030
CITY ***ZIP***

I WISH TO SPEAK ON AGENDA ITEM NO. PH-1
SUPPORT ______ ***OPPOSE*** X
SUBMIT TO BOARD CLERK

#25

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME JEFF MERKLEY - HUMAN SOLUTIONS

ADDRESS 5311 NE 15th Av

STREET

Portland, OR 97211

CITY ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # S.I.P.

SUPPORT HOUSING PROPOSAL - STEIN AMENDMENT

SUPPORT ____________ OPPOSE ____________

SUBMIT TO BOARD CLERK

#26

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Bill Resnick

ADDRESS 1615 SE 35th Pl.

STREET

Portland, OR 97214

CITY ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # PH-1

SUPPORT ______ OPPOSE ✓

SUBMIT TO BOARD CLERK

#27

PLEASE PRINT LEGIBLY!

MEETING DATE 4/11/95

NAME Tasha Harmon

ADDRESS 802 SE 27th
STREET

ptld 97214
CITY ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # SIP

SUPPORT ______ OPPOSE ✓

SUBMIT TO BOARD CLERK

#28

PLEASE PRINT LEGIBLY!

MEETING DATE 4·11·95

NAME Erik K. Sten

ADDRESS 2626 NE 26th

STREET

Portland OR 97212

CITY ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # SJP

SUPPORT ____________ OPPOSE X

SUBMIT TO BOARD CLERK

#29

PLEASE PRINT LEGIBLY!

MEETING DATE 19 April '95

NAME Regina Merritt

ADDRESS 522 SW 5th #1050

STREET

97204

CITY ZIP CODE

I WISH TO SPEAK ON AGENDA ITEM # PH-1

SUPPORT ____ OPPOSE ✓

SUBMIT TO BOARD CLERK

#30

PLEASE PRINT LEGIBLY!

MEETING DATE April 11, 1995

NAME Teri Duffy

ADDRESS 2814 NE 7th Ave.

STREET

Portland OR. 97212

CITY **ZIP**

I WISH TO SPEAK ON AGENDA ITEM NO. SIP

SUPPORT X **OPPOSE**

SUBMIT TO BOARD CLERK

ANNOTATED MINUTES

Tuesday, April 11, 1995 - 1:30 PM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

BOARD BRIEFINGS

B-1 Discussion on Proposed Recommendation Regarding Regional Partnership for Expansion of Juvenile Detention Capacity Due to Ballot Measure 11 Implementation. Presented by Bill Farver and Elyse Clawson.

BILL FARVER, ELYSE CLAWSON, BILL MORRIS, LINDA NICKERSON, DAVE MAERTENS, RICK JENSEN AND BOB NIELSEN PRESENTATION, COMMENTS AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION. BOARD CONSENSUS THAT STAFF OBTAIN SPECIFIC INFORMATION, INCLUDING FINANCING COSTS AND OPTIONS FOR CONSTRUCTION OF TWO 32 BED PODS AT COUNTY DETENTION FACILITY AND FEASIBILITY OF STATE ASSISTANCE WITH CONSTRUCTION, OPERATING AND/OR PROGRAMMING COSTS OF PODS IN EXCHANGE FOR LEASE PRIVILEGES, TO BE PRESENTED FOR CONTINUED BOARD DISCUSSION NEXT WEEK.

B-2 Presentation of Audit Entitled Involuntary Commitment: Improving County Investigations. Presented by Gary Blackmer.

GARY BLACKMER PRESENTATION. MR. BLACKMER, REX SURFACE AND BILL TOOMEY RESPONSE TO BOARD QUESTIONS AND DISCUSSION.

Tuesday, April 11, 1995 - 6:30 PM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

PUBLIC HEARING

Chair Beverly Stein convened the meeting at 6:35 p.m., with Vice-Chair Sharron Kelley, Commissioners Gary Hansen, Tanya Collier and Dan Saltzman present.

PH-1 Public Hearing on Proposed Multnomah County Strategic Investment (Tax Abatement) Program Policy.

CHAIR STEIN ANNOUNCED THE FORMAT FOR TONIGHT'S HEARING AND ADVISED THE BOARD WOULD HOLD AN ADDITIONAL HEARING AND VOTE ON THE PROPOSED POLICY THURSDAY, APRIL 13, 1995.

COMMISSIONERS KELLEY, SALTZMAN AND STEIN COMMENTED IN SUPPORT OF PROPOSED POLICY AMENDMENTS THEY WILL BE PRESENTING THURSDAY.

ETHAN SELTZER REPORTED ON RECOMMENDATIONS OF THE EXPERT REVIEW PANEL, ADVISING WRITTEN COMMENTS WILL BE DELIVERED TO THE BOARD BEFORE THURSDAY.

GRESHAM MAYOR GUSSIE MCROBERT AND COUNCIL MEMBERS JACK GALLAGHER, DEBBIE NOAH AND ROYAL HARSHMAN TESTIFIED IN SUPPORT OF THE PROPOSED POLICY AND KELLEY AMENDMENTS AND EXPRESSED CONCERN WITH SOME PROPOSED STEIN AMENDMENTS.

JIM FRANCESCONI TESTIMONY IN OPPOSITION TO PROPOSED POLICY. JERRY GILLHAM TESTIMONY IN SUPPORT OF PROPOSED POLICY. CARY NOVOTNY TESTIMONY IN OPPOSITION TO PROPOSED POLICY. MICKY RYAN AND DIANE LUTHER TESTIMONY IN SUPPORT OF PROPOSED STEIN AMENDMENT REGARDING A SET ASIDE FOR A HOUSING TRUST FUND. PAMELA STERN TESTIMONY IN OPPOSITION TO PROPOSED POLICY. CHIP LAZIURE TESTIMONY IN SUPPORT OF PROPOSED POLICY. BOB ROBISON READ AND SUBMITTED WRITTEN TESTIMONY FROM PORTLAND COMMISSIONER GRETCHEN KAFOURY IN SUPPORT OF PROPOSED STEIN AMENDMENTS. AMY BRACKEN TESTIMONY IN OPPOSITION TO PROPOSED POLICY. JAMES STILWELL TESTIMONY IN SUPPORT OF PROPOSED POLICY. SANDY WILLOW TESTIMONY IN OPPOSITION TO PROPOSED POLICY. ALAN JONES TESTIMONY IN SUPPORT OF PROPOSED POLICY. LESLIE KOCHAM TESTIMONY IN OPPOSITION TO PROPOSED POLICY. MAXINE FITZPATRICK TESTIMONY IN SUPPORT OF PROPOSED POLICY AND STEIN AMENDMENTS. CAROLYN MORRISON

TESTIMONY IN SUPPORT OF ADDITION TO POLICY REQUIRING SIP APPLICANTS TO PROVIDE A CHILD CARE SUPPORT SERVICES STUDY. WINNIE FRANCIS TESTIMONY IN OPPOSITION TO PROPOSED POLICY. JULIE METCALF TESTIMONY IN SUPPORT OF PROPOSED POLICY AND STEIN AMENDMENTS. DAVE MAZZA TESTIMONY IN OPPOSITION TO PROPOSED POLICY. ROB FUSSELL TESTIMONY IN SUPPORT OF PROPOSED POLICY AND IN OPPOSITION TO PROPOSED STEIN AMENDMENTS. FRANK GEARHART TESTIMONY IN OPPOSITION TO PROPOSED POLICY. JEFF MERKLEY TESTIMONY IN SUPPORT OF PROPOSED STEIN AMENDMENT REGARDING A SET ASIDE FOR A HOUSING TRUST FUND. BILL RESNICK TESTIMONY IN OPPOSITION TO PROPOSED POLICY. TASHA HARMON AND ERIK STEN TESTIMONY IN OPPOSITION TO PROPOSED POLICY AND IN SUPPORT OF PROPOSED STEIN AMENDMENTS SHOULD POLICY BE ADOPTED. REGINA MERRITT TESTIMONY IN OPPOSITION TO PROPOSED POLICY. TERI DUFFY TESTIMONY IN SUPPORT OF PROPOSED STEIN AMENDMENTS.

There being no further business, the hearing was adjourned at 8:37 p.m.

OFFICE OF THE BOARD CLERK
for MULTNOMAH COUNTY, OREGON

Deborah L. Bogstad

Deborah L. Bogstad

Thursday, April 13, 1995 - 9:00 AM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

EXECUTIVE SESSION

E-1 The Multnomah County Board of Commissioners and Legal Counsel Will Meet in Executive Session Pursuant to ORS 192.660(1)(h) for the Purpose of Consultation Concerning Legal Rights and Duties Regarding Current Litigation

EXECUTIVE SESSION HELD.

Thursday, April 13, 1995 - 9:30 AM

Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

REGULAR MEETING

Chair Beverly Stein convened the meeting at 9:32 a.m., with Vice-Chair Sharron Kelley, Commissioners Gary Hansen, Tanya Collier and Dan Saltzman present.

AT THE REQUEST OF COMMISSIONERS COLLIER AND HANSEN, CHAIR BEVERLY STEIN WAS WISHED A HAPPY BIRTHDAY.

CONSENT CALENDAR

UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER HANSEN, THE CONSENT CALENDAR (ITEMS C-1 THROUGH C-4) WAS UNANIMOUSLY APPROVED.

DEPARTMENT OF ENVIRONMENTAL SERVICES

C-1 ORDER in the Matter of the Execution of Deed D951181 for Repurchase of Tax Acquired Property to Former Owner Leaha Wells

ORDER 95-72.

NON-DEPARTMENTAL

C-2 In the Matter of the Appointments of Jim Francesconi, Gregory Taylor and James Williams to the COMMUNITY AND FAMILY SERVICES CITIZEN BUDGET ADVISORY COMMITTEE

AGING SERVICES DIVISION

C-3 Ratification of Intergovernmental Agreement Contract 103705 Between the City of Portland and Multnomah County, Providing Funds for Administering the Area Agency on Aging, District Senior Centers, SE Multi-Cultural Center and Gatekeeper Programs, for the Period July 1, 1994 through June 30, 1995

C-4 Ratification of Intergovernmental Agreement Contract 103985 Between the City of Portland and Multnomah County, Providing Funds for Portland/Multnomah Commission on Aging for General Advocacy Review, Comment and Specialized Review, Comment and Advocacy for Ethnic, Medicaid, and Adult Care Home Programs, for the Period July 1, 1994 through June 30, 1995

REGULAR AGENDA

PUBLIC COMMENT

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

EUGENE GUILLAUME COMMENTED IN OPPOSITION TO THE PORTLAND FIRE BUREAU PROVIDING AMBULANCE SERVICES.

NON-DEPARTMENTAL

R-2 RESOLUTION in the Matter of Expressing Opposition to Oregon House Bill 2933, and Similar Legislation Denying Undocumented Immigrants Access to Health Care, Education, and Social Services

COMMISSIONER KELLEY MOVED AND COMMISSIONER COLLIER SECONDED, APPROVAL OF R-2. COMMISSIONER KELLEY EXPLANATION. METROPOLITAN HUMAN RIGHTS COMMISSION MEMBERS ALICE PERRY AND LOWEN BERMAN TESTIFIED IN SUPPORT OF PROPOSED RESOLUTION. RESOLUTION 95-73 UNANIMOUSLY APPROVED.

R-3 RESOLUTION in the Matter of Participation in Funding Activities of the Dispute Resolution Commission

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-3. COMMISSIONER KELLEY EXPLANATION. RESOLUTION 95-74 UNANIMOUSLY APPROVED.

R-4 Budget Modification NOND 10 Requesting Authorization to Transfer $3,870 from Capital Outlay to Materials and Services Within Commission District 3 Budget; and to Appropriate $2,579 into General Fund to Reflect Receipt of Revenue from State of Washington Higher Education Intern Program to be Used for Temporary Personnel Services

UPON MOTION OF COMMISSIONER SALTZMAN, SECONDED BY COMMISSIONER KELLEY, R-4 WAS UNANIMOUSLY APPROVED.

COMMUNITY AND FAMILY SERVICES DIVISION

R-5 Request for Approval of a Notice of Intent to Apply for a $12,000,000 Three Year U.S. Department of Housing and Urban Development Supportive Housing Program Grant to Fund Gaps in the Continuum of Care for Homeless

Families, Singles, Displaced Youth, Pregnant and Parenting Teens, and Homeless Adults in the Acute Care System of Adult Mental Health

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER COLLIER SECONDED, APPROVAL OF R-5. BARBARA HERSHEY EXPLANATION AND RESPONSE TO BOARD QUESTION. NOTICE OF INTENT UNANIMOUSLY APPROVED.

R-6 Request for Approval of a Notice of Intent to Apply for a $200,000 Twelve Month U.S. Department of Health and Human Services Family Support Center Program Grant to Fund Homeless Family Prevention Services

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER COLLIER SECONDED, APPROVAL OF R-6. MS. HERSHEY EXPLANATION AND RESPONSE TO BOARD QUESTION. NOTICE OF INTENT UNANIMOUSLY APPROVED.

DEPARTMENT OF HEALTH

R-7 Budget Modification MCHD 11 Requesting Authorization to Increase Appropriations in the Information and Referral Program Budget to Reflect Receipt of an Increase in the State Information and Referral Contract

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

DEPARTMENT OF ENVIRONMENTAL SERVICES

R-8 Ratification of Intergovernmental Agreement Contract 301895 Between Multnomah County and the City of Troutdale, Providing City Maintenance of a Planted Median Strip Located in the Center of NE 257th Drive, Troutdale

COMMISSIONER KELLEY MOVED AND COMMISSIONER COLLIER SECONDED, APPROVAL OF R-8. BOB THOMAS EXPLANATION. AGREEMENT UNANIMOUSLY APPROVED.

R-9 ORDER Setting April 27, 1995 as a Hearing Date in the Matter of Approving a Request for Transfer of Tax Foreclosed Property to the City of Portland for Low Income Housing Use

COMMISSIONER COLLIER MOVED AND

COMMISSIONER KELLEY SECONDED, APPROVAL OF R-9. RICHARD PAYNE EXPLANATION AND RESPONSE TO BOARD QUESTION. ORDER 95-75 UNANIMOUSLY APPROVED.

R-10 RESOLUTION for the Purpose of Authorizing Execution of a Memorandum of Understanding (MOU) Regarding Conformity of Portions of the Air Quality Maintenance Area Outside of Metro's Boundaries

COMMISSIONER COLLIER MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF R-10. ED ABRAHAMSON EXPLANATION. RESOLUTION 95-76 UNANIMOUSLY APPROVED.

<u>NON-DEPARTMENTAL</u>

R-11 RESOLUTION in the Matter of Adopting a County Policy for the Strategic Investment Program

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER COLLIER SECONDED, APPROVAL OF R-11. CHAIR STEIN ANNOUNCED THE FORMAT FOR CONSIDERATION OF THIS ITEM.

BOB ROBISON TESTIMONY IN SUPPORT OF PROPOSED STEIN AMENDMENTS. NICK SAUVIE AND TASHA HARMON TESTIMONY IN OPPOSITION TO PROPOSED POLICY. JAN SAVIDGE AND JOHN RODGERS TESTIMONY IN SUPPORT OF PROPOSED STEIN AMENDMENTS.

COMMISSIONER KELLEY READ AND COMMENTED IN SUPPORT OF HER PROPOSED POLICY AMENDMENT ADDING LANGUAGE TO THE BACKGROUND SECTION. FOLLOWING BOARD DISCUSSION AND SUGGESTION OF CHAIR STEIN, AND UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER SALTZMAN, IT WAS UNANIMOUSLY APPROVED THAT <u>PAGE 1, SECTION I. BACKGROUND, BE AMENDED BY SUBSTITUTING COMMISSIONER KELLEY'S BACKGROUND STATEMENT</u>.

UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER SALTZMAN, IT WAS UNANIMOUSLY APPROVED THAT <u>PAGE 2, PARAGRAPH TWO OF SECTION III. LIMITS, BE</u>

AMENDED TO INCLUDE "OR BECAUSE THE EXTENT TO WHICH IT MEETS THE GOALS DOES NOT JUSTIFY THE VALUE OF THE ABATEMENT".

COMMISSIONER SALTZMAN READ AND COMMENTED IN SUPPORT OF HIS PROPOSED POLICY AMENDMENT ADDING LANGUAGE TO PAGE 5, SECTION IV.(C) SEQUENCE AND TIMELINE FOR REVIEW. FOLLOWING BOARD DISCUSSION, COMMENTS, SUGGESTIONS AND CONSENSUS AND UPON MOTION OF COMMISSIONER SALTZMAN, SECONDED BY COMMISSIONER COLLIER, IT WAS UNANIMOUSLY APPROVED THAT PAGE 5, SECTION IV.(C) BE AMENDED TO INCLUDE THE FOLLOWING PARAGRAPH: "DURING THE PERIOD OF NEGOTIATION BETWEEN THE NEGOTIATING TEAM AND THE APPLICANT, THE BOARD OF COUNTY COMMISSIONERS WILL RECEIVE A PROGRESS REPORT NO LESS THAN ONCE A WEEK DURING THE COURSE OF NEGOTIATIONS."

UPON MOTION OF COMMISSIONER SALTZMAN, SECONDED BY COMMISSIONER HANSEN, IT WAS UNANIMOUSLY APPROVED THAT THE COMPLETE APPLICATION DEFINITION ON PAGE 15, SECTION X. GLOSSARY OF TERMS BE AMENDED TO STATE: "THE BUDGET AND QUALITY OFFICE DIRECTOR WILL DETERMINE WHETHER THE APPLICATION IS COMPLETE."

COMMISSIONER SALTZMAN MOVED AND COMMISSIONER COLLIER SECONDED, TO ELIMINATE THE LAST SENTENCE IN THE NEGOTIATING TEAM DEFINITION ON PAGE 16, SECTION X. GLOSSARY OF TERMS. FOLLOWING DISCUSSION, THE SENTENCE REFERRING TO THE NUMBER OF MEMBERS WAS UNANIMOUSLY DELETED.

FOLLOWING DISCUSSION AND SUGGESTION BY CHAIR STEIN, COMMISSIONER COLLIER MOVED AND COMMISSIONER HANSEN SECONDED, A PROPOSED AMENDMENT TO ADD THE FOLLOWING LANGUAGE TO THE POLICY: "PERFORMANCE MEASURES CORRESPONDING TO THE POLICY BENCHMARKS WILL BE ESTABLISHED AND USED TO INSTRUCT THE

NEGOTIATING TEAM." BOARD DISCUSSION. MOTION UNANIMOUSLY APPROVED.

COMMISSIONER COLLIER MOVED AND COMMISSIONER SALTZMAN SECONDED, AN AMENDMENT TO THE SECOND PARAGRAPH ON PAGE 7, SECTION VII. PROCESS FOR ESTABLISHING USE OF COMMUNITY SERVICE FEE, TO READ AS FOLLOWS: "THE COUNTY BOARD WILL AGREE TO ESTABLISH A CRITERIA AND PROCESS FOR ALLOCATING THE COMMUNITY SERVICE FEE AFTER CONSULTATION WITH ELECTED OFFICIALS FROM ALL CITIES WITHIN THE COUNTY. CRITERIA WILL INCLUDE HOUSING AS A PRIORITY ALLOCATION." AND AN AMENDMENT TO SUBSECTION C. HOUSING AND TRANSPORTATION ON PAGE 11, SECTION VIII. SIP GOALS AND STANDARDS, ADDING THE FOLLOWING PARAGRAPH: "THE COUNTY WILL PLACE A PERCENTAGE OF THE COMMUNITY SERVICE FEE ASIDE TO ADDRESS THE NEED FOR ASSISTANCE WITH HOME OWNERSHIP AND THE CREATION OF LOW AND MODERATE RENTAL UNITS." COMMISSIONER COLLIER COMMENTED IN SUPPORT OF HER MOTION AND RESPONDED TO CONCERNS OF COMMISSIONER KELLEY.

COMMISSIONER KELLEY MOVED AND COMMISSIONER COLLIER SECONDED AN AMENDMENT TO COMMISSIONER COLLIER'S AMENDMENT TO THE SECOND PARAGRAPH ON PAGE 7, SECTION VII. PROCESS FOR ESTABLISHING USE OF COMMUNITY SERVICE FEE, TO READ AS FOLLOWS: "THE COUNTY BOARD WILL AGREE TO ESTABLISH A CRITERIA AND PROCESS FOR ALLOCATING THE COMMUNITY SERVICE FEE AFTER CONSULTATION WITH ELECTED OFFICIALS FROM ALL CITIES WITHIN THE COUNTY. CRITERIA WILL INCLUDE HOUSING, TRAINING AND CHILD CARE AS A PRIORITY ALLOCATION."

CHAIR STEIN COMMENTED IN SUPPORT OF HER PROPOSED AMENDMENT TO REQUIRE THAT APPLICANT CONTRIBUTE FIVE PERCENT OF 75 PERCENT OF THE TOTAL PROPERTY TAXES ABATED BE DEDICATED TO A HOUSING TRUST

FUND FOR THE COMMUNITY WHERE THE BUSINESS IS LOCATED. AT CHAIR STEIN'S REQUEST, COMMISSIONER COLLIER MOVED AND COMMISSIONER HANSEN SECONDED, CHAIR STEIN'S PROPOSED AMENDMENT. BOARD DISCUSSION. SANDRA DUFFY AND SHARON TIMKO RESPONSE TO BOARD QUESTIONS. BOARD COMMENTS. STEIN AMENDMENT FAILED, WITH COMMISSIONERS HANSEN AND STEIN VOTING AYE, AND COMMISSIONERS KELLEY, COLLIER AND SALTZMAN VOTING NO.

FOLLOWING DISCUSSION, COMMISSIONER COLLIER WITHDREW HER SECOND TO COMMISSIONER KELLEY'S MOTION AMENDING COMMISSIONER COLLIER'S MOTION FOR APPROVAL OF AN AMENDMENT TO THE SECOND PARAGRAPH ON PAGE 7, SECTION VII. PROCESS FOR ESTABLISHING USE OF COMMUNITY SERVICE FEE. COMMISSIONER KELLEY COMMENTED IN SUPPORT OF HER MOTION. KELLEY MOTION WITHDRAWN.

COMMISSIONER SALTZMAN COMMENTED IN SUPPORT OF COLLIER MOTION. COLLIER MOTION AMENDING <u>SECOND PARAGRAPH ON PAGE 7, SECTION VII. PROCESS FOR ESTABLISHING USE OF COMMUNITY SERVICE FEE, TO READ: "THE COUNTY BOARD WILL AGREE TO ESTABLISH A CRITERIA AND PROCESS FOR ALLOCATING THE COMMUNITY SERVICE FEE AFTER CONSULTATION WITH ELECTED OFFICIALS FROM ALL CITIES WITHIN THE COUNTY. CRITERIA WILL INCLUDE HOUSING AS A PRIORITY ALLOCATION." AND AMENDING SUBSECTION C. HOUSING AND TRANSPORTATION ON PAGE 11, SECTION VIII. SIP GOALS AND STANDARDS, ADDING THE FOLLOWING PARAGRAPH: "THE COUNTY WILL PLACE A PERCENTAGE OF THE COMMUNITY SERVICE FEE ASIDE TO ADDRESS THE NEED FOR ASSISTANCE WITH HOME OWNERSHIP AND THE CREATION OF LOW AND MODERATE RENTAL UNITS."</u> UNANIMOUSLY APPROVED.

COMMISSIONER KELLEY MOVED AND COMMISSIONER HANSEN SECONDED, AN

AMENDMENT TO THE SECOND PARAGRAPH ON PAGE 7, SECTION VII. PROCESS FOR ESTABLISHING USE OF COMMUNITY SERVICE FEE, ADDING THE FOLLOWING LANGUAGE: "CRITERIA WILL INCLUDE HOUSING, CHILD CARE AND TRAINING AS PRIORITIES." FOLLOWING BOARD COMMENTS AND DISCUSSION, CONSENSUS TO WITHDRAW PREVIOUS MOTION. UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER HANSEN, IT WAS UNANIMOUSLY APPROVED THAT "CRITERIA WILL INCLUDE HOUSING AS A PRIORITY ALLOCATION." BE ELIMINATED FROM THE SECOND PARAGRAPH ON PAGE 7, SECTION VII.

AT THE REQUEST OF CHAIR STEIN, COMMISSIONER COLLIER MOVED AND COMMISSIONER HANSEN SECONDED, APPROVAL OF AN AMENDMENT TO BULLET TWO ON PAGE 8, SECTION VIII. SIP GOALS AND STANDARDS, SUBSECTION B., HIRING, WAGES, BENEFITS, TRAINING, AND RETENTION, ADDING THE FOLLOWING LANGUAGE: "THE COMPANY WILL DO A CHILD CARE IMPACT STUDY AND RESPOND BY PROVIDING SUPPORT FOR ALL PARENTS NEEDING CHILD CARE, ESPECIALLY ENTRY LEVEL PARENTS." CHAIR STEIN COMMENTS IN SUPPORT OF HER AMENDMENT AND RESPONSE TO CONCERNS OF COMMISSIONER SALTZMAN. MOTION APPROVED, WITH COMMISSIONERS HANSEN, COLLIER AND STEIN VOTING AYE, AND COMMISSIONERS KELLEY AND SALTZMAN VOTING NO.

AT THE REQUEST OF CHAIR STEIN, COMMISSIONER COLLIER MOVED AND COMMISSIONER HANSEN SECONDED, APPROVAL OF AN AMENDMENT TO PAGE 10, SECTION VIII. SIP GOALS AND STANDARDS, SUBSECTION B, STANDARDS, TO READ AS FOLLOWS: "THE APPLICANT WILL DESCRIBE BY CATEGORY (e.g., ENTRY-LEVEL PRODUCTION, SKILLED PRODUCTION, TECHNICAL AND PROFESSIONAL, MANAGEMENT, ADMINISTRATIVE AND SUPPORT, SALES, CLERICAL, MAINTENANCE, SECURITY, SHIPPING AND RECEIVING, FOOD SERVICE, ETC.) THE NUMBER OF JOBS AND WAGE SCALES OF

<u>THOSE JOBS THAT THE PROJECT WILL CREATE AT THE FACILITY. THE APPLICANT ALSO WILL SPECIFY WHICH OF THESE ARE REGULAR FULL TIME, PART TIME, TEMPORARY, OR CONTRACT POSITIONS."</u> CHAIR STEIN RESPONSE TO QUESTIONS OF COMMISSIONERS SALTZMAN AND KELLEY. COMMISSIONERS COLLIER AND HANSEN COMMENTS IN SUPPORT. COMMISSIONER SALTZMAN COMMENTS. MOTION UNANIMOUSLY APPROVED.

AT THE REQUEST OF CHAIR STEIN, COMMISSIONER HANSEN MOVED AND COMMISSIONER SALTZMAN SECONDED, AN AMENDMENT TO <u>PAGE 7, SECTION VI. COMPLIANCE AUDITING, ENFORCEMENT, REPAYMENT, AND CHANGES TO THE CONTRACT, TO READ AS FOLLOWS: "SPECIFIC TERMS FOR REPAYMENT WILL BE NEGOTIATED FOR EACH STANDARD AND CONDITION AND INCLUDED IN THE ABATEMENT CONTRACT. IN ANY CASE, TOTAL REPAYMENT FOR NON-COMPLIANCE WILL NOT EXCEED 75 PERCENT OF THE TOTAL ABATEMENT FOR THE YEAR THE PENALTY IS CITED."</u> MS. TIMKO EXPLANATION. AMENDMENT UNANIMOUSLY APPROVED.

AT THE REQUEST OF CHAIR STEIN, COMMISSIONER COLLIER MOVED AND COMMISSIONER HANSEN SECONDED, AN AMENDMENT TO THE REVIEW LANGUAGE ON PAGE 4, SECTION IV. PROCEDURES FOR REVIEW AND NEGOTIATION, SUBSECTION C, SEQUENCE AND TIMELINE FOR REVIEW, TO SUBSTITUTE <u>FOURTEEN</u> DAYS RATHER THAT SEVEN DAYS FROM THE DATE THE APPLICATION IS DEEMED COMPLETE. CHAIR STEIN COMMENTS IN SUPPORT. BOARD COMMENTS AND DISCUSSION. MOTION FAILED WITH COMMISSIONERS COLLIER AND STEIN VOTING AYE, AND COMMISSIONERS KELLEY, HANSEN AND SALTZMAN VOTING NO.

AT THE REQUEST OF CHAIR STEIN, COMMISSIONER HANSEN MOVED AN AMENDMENT TO THE REVIEW LANGUAGE ON PAGE 5, SECTION IV. PROCEDURES FOR REVIEW AND NEGOTIATION, SUBSECTION C, SEQUENCE AND

TIMELINE FOR REVIEW, TO READ THAT "NO LESS THAN SEVEN DAYS AFTER PUBLIC NOTICE, A PUBLIC HEARING WILL BE HELD. AFTER THE HEARING, THE BOARD WILL GIVE DIRECTIONS TO THE NEGOTIATING TEAM." MOTION FAILED FOR LACK OF A SECOND.

COMMISSIONERS SALTZMAN, HANSEN, COLLIER AND KELLEY PRESENTED STATEMENTS AND COMMENTS IN SUPPORT OF POLICY. CHAIR STEIN COMMENTED IN OPPOSITION TO POLICY.

<u>RESOLUTION 95-77 APPROVED, AS AMENDED</u>, WITH COMMISSIONERS KELLEY, HANSEN, COLLIER AND SALTZMAN VOTING AYE, AND CHAIR STEIN VOTING NO.

Thursday, April 13, 1995
<u>IMMEDIATELY FOLLOWING REGULAR MEETING</u>
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

<u>BOARD BRIEFING</u>

B-3 Presentation of the Results of the Multnomah County Animal Control Budget Study. Presented by David Flagler, Heidi Soderberg and Keri Hardwick.

BRIEFING RESCHEDULED TO <u>THURSDAY, APRIL 27, 1995</u>.

There being no further business, the meeting was adjourned at 11:55 a.m.

OFFICE OF THE BOARD CLERK
for MULTNOMAH COUNTY, OREGON

Deborah C 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

APRIL 10, 1995 - APRIL 14, 1995

Tuesday, April 11, 1995 - 1:30 PM - Board Briefings . . . . *Page 2*

Tuesday, April 11, 1995 - 6:30 PM - SIP Public Hearing . . . . *Page 2*

Thursday, April 13, 1995 - 9:00 AM - Executive Session . . . . *Page 2*

Thursday, April 13, 1995 - 9:30 AM - Regular Meeting . . . . *Page 2*

Thursday, April 13, 1995 - Board Briefing . . . . *Page 4*
IMMEDIATELY FOLLOWING REGULAR MEETING

*****PROPOSED 1995-96 BUDGET DELIBERATION SCHEDULE ATTACHED*****

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, April 11, 1995 - 1:30 PM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

BOARD BRIEFINGS

B-1 *Discussion on Proposed Recommendation Regarding Regional Partnership for Expansion of Juvenile Detention Capacity Due to Ballot Measure 11 Implementation. Presented by Bill Farver and Elyse Clawson. 1 HOUR REQUESTED.*

B-2 *Presentation of Audit Entitled Involuntary Commitment: Improving County Investigations. Presented by Gary Blackmer. 30 MINUTES REQUESTED.*

Tuesday, April 11, 1995 - 6:30 PM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

PUBLIC HEARING

PH-1 *Public Hearing on Proposed Multnomah County Strategic Investment (Tax Abatement) Program Policy.*

Thursday, April 13, 1995 - 9:00 AM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

EXECUTIVE SESSION

E-1 *The Multnomah County Board of Commissioners and Legal Counsel Will Meet in Executive Session Pursuant to ORS 192.660(1)(h) for the Purpose of Consultation Concerning Legal Rights and Duties Regarding Current Litigation*

Thursday, April 13, 1995 - 9:30 AM
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

REGULAR MEETING

CONSENT CALENDAR

DEPARTMENT OF ENVIRONMENTAL SERVICES

C-1 *ORDER in the Matter of the Execution of Deed D951181 for Repurchase of Tax Acquired Property to Former Owner Leaha Wells*

NON-DEPARTMENTAL

C-2 *In the Matter of the Appointments of Jim Francesconi, Gregory Taylor and James Williams to the COMMUNITY AND FAMILY SERVICES CITIZEN BUDGET ADVISORY COMMITTEE*

AGING SERVICES DIVISION

C-3 *Ratification of Intergovernmental Agreement Contract 103705 Between the City of Portland and Multnomah County, Providing Funds for Administering the Area Agency on Aging, District Senior Centers, SE Multi-Cultural Center and Gatekeeper Programs, for the Period July 1, 1994 through June 30, 1995*

C-4 *Ratification of Intergovernmental Agreement Contract 103985 Between the City of Portland and Multnomah County, Providing Funds for Portland/Multnomah Commission on Aging for General Advocacy Review, Comment and Specialized Review, Comment and Advocacy for Ethnic, Medicaid, and Adult Care Home Programs, for the Period July 1, 1994 through June 30, 1995*

REGULAR AGENDA

PUBLIC COMMENT

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

NON-DEPARTMENTAL

R-2 *RESOLUTION in the Matter of Expressing Opposition to Oregon House Bill 2933, and Similar Legislation Denying Undocumented Immigrants Access to Health Care, Education, and Social Services*

R-3 *RESOLUTION in the Matter of Participation in Funding Activities of the Dispute Resolution Commission*

R-4 *Budget Modification NOND 10 Requesting Authorization to Transfer $3,870 from Capital Outlay to Materials and Services Within Commission District 3 Budget; and to Appropriate $2,579 into General Fund to Reflect Receipt of Revenue from State of Washington Higher Education Intern Program to be Used for Temporary Personnel Services*

COMMUNITY AND FAMILY SERVICES DIVISION

R-5 *Request for Approval of a Notice of Intent to Apply for a $12,000,000 Three Year U.S. Department of Housing and Urban Development Supportive Housing Program Grant to Fund Gaps in the Continuum of Care for Homeless Families, Singles, Displaced Youth, Pregnant and Parenting Teens, and Homeless Adults in the Acute Care System of Adult Mental Health*

R-6 *Request for Approval of a Notice of Intent to Apply for a $200,000 Twelve Month U.S. Department of Health and Human Services Family Support Center Program Grant to Fund Homeless Family Prevention Services*

DEPARTMENT OF HEALTH

R-7 *Budget Modification MCHD 11 Requesting Authorization to Increase Appropriations in the Information and Referral Program Budget to Reflect Receipt of an Increase in the State Information and Referral Contract*

DEPARTMENT OF ENVIRONMENTAL SERVICES

R-8 *Ratification of Intergovernmental Agreement Contract 301895 Between Multnomah County and the City of Troutdale, Providing City Maintenance of a Planted Median Strip Located in the Center of NE 257th Drive, Troutdale*

R-9 *ORDER Setting April 27, 1995 as a Hearing Date in the Matter of Approving a Request for Transfer of Tax Foreclosed Property to the City of Portland for Low Income Housing Use*

R-10 *RESOLUTION for the Purpose of Authorizing Execution of a Memorandum of Understanding (MOU) Regarding Conformity of Portions of the Air Quality Maintenance Area Outside of Metro's Boundaries*

NON-DEPARTMENTAL

R-11 *RESOLUTION in the Matter of Adopting a County Policy for the Strategic Investment Program*

Thursday, April 13, 1995
IMMEDIATELY FOLLOWING REGULAR MEETING
Multnomah County Courthouse, Room 602
1021 SW Fourth, Portland

BOARD BRIEFING

B-3 *Presentation of the Results of the Multnomah County Animal Control Budget Study. Presented by David Flagler, Heidi Soderberg and Keri Hardwick. 30 MINUTES REQUESTED.*

1995-2.AGE/7-10/dlb

****PROPOSED AS OF 4/6/95****
MULTNOMAH COUNTY 1995-96 BUDGET DELIBERATIONS
PUBLIC HEARING/BOARD WORK SESSION SCHEDULE

9:30 am	Tuesday, 4/25/95	Chair Stein Presentation of 1995-96 Budget Message
9:30 am	Thursday, 4/27/95	Consideration of Resolution Approving Budget for Submittal to Tax Supervising and Conservation Commission
1:30 pm	Tuesday, 5/2/95	Public Testimony/Budget Revenue Overview/Budget Work Session
9:30 am	Wednesday, 5/3/95	Public Testimony/Department of Environmental Services CBAC Report/Budget Work Session
9:30 am	Tuesday, 5/9/95	Public Testimony/Aging Services Division CBAC Report/Budget Work Session
9:30 am	Wednesday, 5/10/95	Public Testimony/Department of Library Services CBAC Report/Budget Work Session
1:30 pm	Tuesday, 5/16/95	Public Testimony/Juvenile Justice Division CBAC Report/Budget Work Session
9:30 am	Wednesday, 5/17/95	Public Testimony/District Attorney CBAC Report/Budget Work Session
9:30 am	Tuesday, 5/23/95	Public Testimony/Sheriff's Office CBAC Report/Budget Work Session
9:30 am	Wednesday, 5/24/95	Public Testimony/Department of Community Corrections CBAC Report/Budget Work Session
10:00 am	Tuesday, 5/30/95	Public Testimony/Community and Family Services Division CBAC Report/Budget Work Session
1:30 pm	Wednesday, 5/31/95	Public Testimony/Non-Departmental (Commissioners, Auditor, Management Support Services and Non-County Organizations) CBAC Report/Budget Work Session

9:30 am	Tuesday, 6/6/95	Public Testimony/Health Department CBAC Report/Budget Work Session
7:00 pm	Tuesday, 6/6/95	Budget Hearing - Multnomah County Sheriff's Office Auditorium, 12240 NE Glisan
2:00 pm	Wednesday, 6/7/95	Public Testimony/Budget Work Session
9:30 am	Tuesday, 6/13/95	Public Testimony/Budget Work Session/If Needed
7:00 pm	Tuesday, 6/13/95	Budget Hearing - Courthouse Room 602, 1021 SW Fourth
9:30 am	Wednesday, 6/14/95	Public Testimony/Budget Work Session/If Needed
1:30 pm	Wednesday, 6/14/95	Public Testimony/Budget Work Session/If Needed
9:30 am	Thursday, 6/15/95	Possible Consideration of Resolution Adopting Budget
10:30 am	Tuesday, 6/20/95	Public Testimony/Budget Work Session/If Needed
9:30 am	Wednesday, 6/21/95	Public Testimony/Budget Work Session/If Needed
1:30 pm	Wednesday, 6/21/95	Public Testimony/Budget Work Session/If Needed
9:30 am	Thursday, 6/22/95	Possible Consideration of Resolution Adopting Budget

MEETING DATE: April 11, 1995

AGENDA NO: PH-1

(Above Space for Board Clerk's Use ONLY)

AGENDA PLACEMENT FORM

SUBJECT: Public Hearing on Proposed Strategic Investment (Tax Abatement) Program Policy

BOARD BRIEFING Date Requested: ______

Amount of Time Needed: ______

REGULAR MEETING: Date Requested: Tuesday, April 11, 1995

Amount of Time Needed: 6:30 p.m.

DEPARTMENT: Non-Departmental DIVISION: Chair Beverly Stein

CONTACT: Sharon Timko TELEPHONE #: 248-3960

BLDG/ROOM #: 106/1515

PERSON(S) MAKING PRESENTATION: Stakeholders, Sharon Timko, Public Testimony

ACTION REQUESTED:

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

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

Public Hearing on Proposed Strategic Investment (Tax Abatement) Program Policy

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

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Multnomah County Strategic Investment Program

I. Background

Oregon has many natural advantages that make it attractive to firms seeking to locate a new facility. For firms in capital-intensive industries such as semiconductors and metals, however, Oregon's property tax system has made locating in Oregon less attractive relative to locating in another state or outside the U.S. Firms in capital-intensive industries generally are especially desirable to a region because they tend to invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of the region.

A highly capital-intensive production facility would pay many times more in property taxes than an otherwise-identical facility with average capital intensity, but would impose the same costs on local government service providers. If the property tax burden on a typical production facility is a fair burden, then the burden on a highly capital-intensive facility is excessive.

The 1993 Oregon legislature sought to provide a means for rectifying this inequity and enjoy additional investment and employment within the state by capital-intensive firms. With the passage of House Bill 3686, counties and cities may elect, under certain conditions, to exempt portions of projects funded by Economic Development Revenue Bonds from property-tax assessments. This program for abating property taxes for capital-intensive firms is called the Strategic Investment Program (SIP).

House Bill 3686 specified that the governing body of an Oregon county may impose additional reasonable requirements on an applicant. Multnomah County seeks to implement its SIP in a way that promotes attainment of the County's goals. To ensure that abatements are granted only to firms that share the County's goals, this policy document describes in detail the things a successful applicant will do, knowing that firms eligible to apply probably would do most or all of them anyway.

II. Purpose

The purpose of this Implementing Policy is to ensure that:

- the SIP is implemented in a fair and open manner

- only projects that would not otherwise locate in Multnomah County receive property tax abatements under the SIP

- benefits are enjoyed by current county residents, especially those who are unemployed or underemployed, and the region as a whole benefits

- the implementation of the County's SIP results in the creation of a reasonable number of long-term jobs that lead to economic self sufficiency in relation to the amount of taxes abated

- the implementation of the County's SIP is consistent with the County's land use, development, and environmental goals and promotes progress as measured by the County's Urgent Benchmarks.

III. Limits

This implementing policy will sunset after two years. The County Board will appoint an independent body to evaluate the effectiveness of this implementing policy and to recommend its continuation, reform, or elimination. The duration of the sunset review will be limited to 60 days and review may be initiated up to 60 days prior to sunset.

The Board will not approve abatement contracts based upon applications that fail to meet the Standards set forth in this Implementing Policy. The Board also may refuse to ratify an abatement contract that, in its judgment, would not meet the Goals set forth in this policy. Section IV of this policy describes the process by which the Board reviews and makes decisions on SIP abatements.

The Board will grant abatements only to companies that have demonstrated a commitment to obeying all applicable laws and regulations including, but not limited to, environmental laws, labor laws, laws requiring notice before layoffs, land use laws, and tax laws.

Each and every provision of an abatement contract entered into under this policy is binding on any and all successors-in-interest to the applicant by virtue of sale, lease, assignment, merger, or any other transfer of any interests in the applicant corporation t any other person or entity.

In the event of a corporate dissolution or a bankruptcy proceeding under Chapter 7, the full real market value of the development project shall be placed on the tax roll as taxable property.

IV. Procedures for Review and Negotiation

A. Application fee and deposit

A deposit of $10,000, to cover the full cost of review and processing by all public agencies and consultants will be collected at the time of application. The deposit will be collected by the Multnomah County Budget and Quality Office. Any amount collected in excess of actual cost will be reimbursed. Actual costs in excess of the deposit collected will be billed and paid by the applicant.

B. Summary of the application procedure

A pre-application exchange of information between prospective applicants and relevant agencies is expected. State and local economic development agencies may facilitate this exchange. The better prepared the review agencies are in advance of application, the more quickly the application may be reviewed. The identity of potential applicants may be kept confidential until the consultant's report is submitted to the Board. If the original application was not submitted through the Oregon Economic Development Commission or the Oregon Economic Development Department, however, it is a public record and subject to public disclosure..

Multnomah County will retain, with approval from the City in which the proposed project will be located, independent consultants to coordinate the review of the application for compliance with this Implementing Policy. State and local agencies will contribute information and analysis as appropriate. With direction from Multnomah County, the independent consultants will coordinate negotiations with the applicant. Local agencies may evaluate the application in light of the consultants' reports and make recommendations to the Board.

This process can be completed within approximately 42 days of application if the application is complete when presented, not including the time required for negotiations.

C. Sequence and timeline for review

Pre-application (begins two weeks or more in advance of application)

- The prospective applicant will become informed about the process, necessary participants, and information requirements of review agencies and will use that information to draft the application in a way that expedites review. County and City personnel will become familiar with the applicant's proposed project and will begin to identify issues and information requirements associated with that project.

- The prospective applicant will inform Multnomah County as soon as possible of the date it intends to submit an application.

- The prospective applicant may choose to expedite the review process by paying the deposit in advance of making application, thereby permitting the County to retain the consultants and the County Chair to recommend and the Board to approve a negotiating team.

Application

- Applicant submits 20 copies of application to the Multnomah County Budget and Quality Office and pays deposit (if not already paid)

- The Multnomah County Budget and Quality Office distributes the copies and, if it has not already done so under the expedited process, begins hiring the consultants. The contract document will follow the process for a Class II contract as outlined in the County's Administrative Manual except that Board Approval will be required.

- If a negotiating team has not already been appointed under the expedited process, the County Chair will recommend and the Board will approve one.

Review (approximately 21 days plus time for negotiations)

- The County will have retained the consultants within seven days of receipt of the deposit. The consultants will make a determination of completeness within seven days of the date of application. If an application is deemed incomplete, the County and applicant will be advised as to what additional information is needed.

- Within seven days from the date the application is deemed complete, the consultants will submit a report to the Board on the compliance of the application with this Implementing Policy including the findings of the fiscal and economic impact studies.

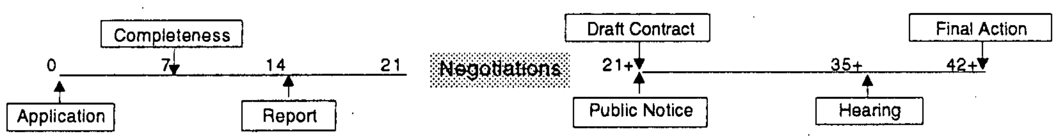
- Negotiations may begin at any time after the date of application, but no later than seven days after the County receives the consultants' report.

- When negotiations are complete, the negotiating team will submit a draft of the contract between the County and the applicant, along with the consultants' report, to the County Board. The County Board will forward a copy to the City Council of the affected city. Public notice will be given.

Public Review and County Approval (approximately 21 days)

- No less than 14 days after public notice, a joint City/County public hearing will be held. The County Board will take action on the contract within seven days after the hearing. The Board may vote to

  - accept the contract as submitted
  - accept the contract with conditions that, if agreed to by the applicant, will not require further negotiations
  - refer the contract back for further negotiation with instructions to the negotiators
  - reject the contract and provide reasons for rejection



D. Negotiating Team

The County's negotiating team will be recommended by the County Chair and approved by the Board. The City in which the project will be located will appoint a representative who will be a part of the negotiating team.

The negotiating team will have access to and will make use of the consultants and parties.

V. Contents of Application

A. General Information

The applicant will describe itself and the proposed project

B. Compliance with Standards and consistency with Goals

Section VIII of this policy lists for each of several categories Goals and related Standards. The Standards are clear and measurable and must be met in advance of an application being approved. The Goals are less clearly defined and, in many cases, progress toward their attainment cannot be measured until after a project is operational. The Abatement Contract will contain negotiated terms and conditions that specify measures of attainment appropriate to the applicant's operations as well as repayment terms should agreed-upon performance not be achieved.

The applicant will demonstrate that it meets every Standard by including sufficient evidence in the application. For each Standard, this implementing policy describes a repayment provision in general terms, which will be defined more specifically during negotiations.

The applicant will describe how the proposed project will advance each of the County's Goals. Statements made in the application regarding the applicant's commitment to meeting these Goals may become a part of the Abatement Contract, which will contain negotiated terms and conditions that specify measures of attainment appropriate to the applicant's operations as well as repayment terms should agreed-upon performance not be achieved.

C. Past practices

Multnomah County is interested in encouraging the location of companies that will help the County to achieve its goals and will bring benefits to the community. Learning about the applicant's experience in other communities will allow Multnomah County to have confidence that the applicant will be a beneficial addition to the community.

The applicant will report any sanctions or consent agreements related to violations of U.S. federal or state laws or rules relating to environmental protection, worker safety, or labor relations. The applicant also will report all prior and existing tax abatement agreements in other U.S. jurisdictions so that the County may verify that the applicant has upheld the terms of those agreements.

VI. Compliance Auditing, Enforcement, Repayment, and Changes to the Contract

Once an Abatement Contract is in place, the applicant will report annually on how it is meeting each of the terms and conditions of the contract. Measures of attainment for each of these will have been agreed to as part of the contract and the contract will describe a specific format for annual reports that will include a high degree of specificity for each of the terms and conditions. If the County receives information indicating a potential violation of the contract terms, it may ask the applicant for a written response. In the event that the applicant's written response fails to satisfy the County, the County may retain an outside firm or the County Auditor to verify compliance. The City in which the project is located may also investigate complaints. The applicant will provide access to necessary records.

In the event a violation is found, the costs of such verification would be billed and paid by the applicant, over and above the application fee and community service fee. If no violation is found, the County and City will pay for the investigation.

In the event of non-compliance, repayment of abated taxes (i.e. penalties) must be equal to or greater than the savings the company would realize by not meeting the requirement. Specific terms for repayment will be negotiated and included in the Abatement Contract. In any case, total repayments will not exceed 75% of the total abatement. Repaid funds will be directed to the area of public policy most directly related to the failure to comply.

Conditions beyond the control of the parties may lead to renegotiation of the contract upon agreement of both parties.

VII. Process for Establishing Use of Community Service Fee

Consistent with State law, a Community Service Fee equal to the lesser of $2 million or 25 percent of abated taxes will be paid to the County by the applicant or its successors each year abatement is in effect.

The County Board, after consultation with elected officials from all cities within the County, will decide how to use the Community Service Fee. The fee may be used for:

- mitigating potential impacts of the project
- collaborative efforts among City agencies, County agencies, school districts, and community groups to achieve progress as measured by Portland-Multnomah Benchmarks

- other uses in the interest of the community

In addition to the Community Service Fee, the County may ask for financial contributions from the applicant to address the goals of this policy as part of the terms and conditions of the contract negotiated under this policy.

VIII. SIP Goals and Standards

The following goals and standards fit within the framework of related Portland-Multnomah Benchmarks.

A. Need for the exemption

Multnomah County Goal:

- Abatements will be granted to secure investments that would otherwise not take place within Multnomah County

Standard:

- Applicant will describe why an abatement is needed and state that they would not locate here otherwise

B. Hiring, Wages, Benefits, Training, and Retention

Multnomah County Goals:

- The creation of long-term jobs with family wages, benefits, and working conditions for residents of Multnomah County **or** the creation of a full spectrum of jobs for residents of Multnomah County who are unemployed or under-employed, with a clear career track from entry-level jobs to family-wage jobs.

- Provide support for all parents needing child care, especially entry-level parents

- Provide educational opportunities to enhance upward mobility for both technical and management roles

- Minimize the number of contracted on-site jobs that pay low wages

Standards:

Multnomah County wishes to attract firms that will pay especially high wages and will employ large numbers of area residents who are unemployed or underemployed, but understands that jobs that pay especially high wages generally require skills that large numbers of unemployed or underemployed area residents are unlikely to possess. In recognition of the fact that projects eligible for the SIP are likely to fall into two broad categories—research-oriented facilities that pay high wages but are unlikely to employ large numbers of current area residents and production-oriented facilities that can employ significant numbers of current area residents but at wages that are high only in relation to other production jobs—this policy provides two parallel sets of standards.

The following standard will be met by an applicant offering primarily high-wage jobs:

- The applicant will make assurance that 75 percent of regular employees (counted on an FTE basis) will be paid more than the mean covered payroll per employee in Multnomah County.

The following standards will be met by an applicant offering a full spectrum of jobs (an applicant not meeting the above standard):

- The applicant will agree to a minimum number of jobs to be created through the project as part of the terms and conditions of the abatement contract

- The applicant will demonstrate that a clear path exists for advancement from entry-level positions to positions that provide higher pay, including positions that pay more than the mean covered payroll per employee in the county

- The applicant will describe its wage scale for occupations with entry-level positions and describe how an entry-level employee might typically move through pay levels and job classifications

- The applicant will agree to negotiate contract terms and conditions appropriate to its operations and to the local labor market that will specify minimum percentages for hiring current residents of the region

- The applicant will describe how their employment practices facilitate the retention of employees and will agree to negotiate contract terms that specify appropriate measures and standards for employee retention.

- The applicant will describe a credible program to assist employees who need child care, taking into account the hours and shifts that employees will work, and will make assurance that such a program will be implemented. This standard applies only to employers that will be offering a substantial number of below-family-wage jobs.

The following standards will be met by all applicants:

- The applicant will describe by category (e.g., entry-level production, skilled production, technical and professional, management, administrative and support, sales, etc.) the number of jobs it will create. The applicant also will specify which of these are regular full time, part time, temporary, or contract positions.

- The applicant will agree to enter into an exclusive Full Service First Source Agreement to use Job Net or an equivalent sourcing arrangement.

- The applicant will describe training and education programs available to entry-level employees and training and education programs available to other employees. In-house programs, tuition assistance for job-related training and education, or contracts directly with community colleges or universities would meet this standard.

- The applicant will describe the benefits offered to employees, making clear what the employer's contribution is and which employees qualify

- The applicant will demonstrate its commitment to all full-time, long-term employees by describing employer-paid benefits, which may include: health insurance, dental insurance, life insurance, accidental death insurance, disability insurance, retirement, profit sharing, employee ownership/stock purchase, educational assistance, day care, and transportation assistance. As a part of these benefits, the applicant must provide employer-paid health insurance equal to or better on the whole than the Oregon Health Plan, and must allow other employees and members of employees' families to purchase health insurance at or below cost, to the extent that the applicant's health-insurance carrier will write coverage for such persons

Repayment:

- Payment to the County of $1.00 for every $1.00 saved by not meeting the standard.

C. Housing and Transportation

Multnomah County Goals:

- Provide assistance securing affordable housing

- Encourage employees to use transit, car pools, van pools, or alternative modes of transportation

Standards:

- The County will work with the City in which the project will be located, other cities in the region, and Metro to assess the applicants impact on the availability of affordable housing in the region and, if an adverse impact is predicted, the applicant will agree in negotiations to fund an appropriate company- or community-operated program.

- The applicant will describe a credible program to encourage employees to use transit, car pools, van pools, or alternative modes of transportation and will make assurance that such a program will be implemented

Repayment:

- Payment to the County of $1.00 repayment for each $1.00 saved by not meeting standard.

D. Infrastructure and Public Services

Multnomah County Goals:

- No unmitigated adverse impacts on the level of services provided to existing residents of Multnomah County and the region

Standards:

As part of its application, the applicant will describe impacts in the following areas and what it has committed to do to mitigate negative impacts. The applicant will provide statements from the relevant agencies that there will be no unmitigated adverse impacts on the level of service or infrastructure or that describe what unmitigated adverse impacts will result from the project. Remedies for unmitigated adverse impacts will be negotiated as part of the terms and conditions of the contract.

- Transportation infrastructure (including traffic and congestion, transit, port, rail, air, multi-modal)
- Utility infrastructure (water and sewer capacity; solid and hazardous waste disposal)
- Public safety (police, fire, emergency medical services, disaster preparedness)

Repayment:

- Payment to the County of $1.00 repayment for each $1.00 saved by not meeting standards.

E. Environmental Protection

Multnomah County Goal:

- To grant abatements only to firms that demonstrate a commitment to environmental protection.

Standards:

The applicant will describe credible programs in each of the following areas, will present verification by the relevant regulatory authorities that these programs are reasonable, and will demonstrate a commitment to ongoing monitoring.

- Reducing the use of toxic and hazardous materials
- Water conservation, reuse, and waste water discharge
- Air quality
- Waste reduction and recycling

- Energy conservation

Repayment:

- Payment to the County of $1.00 repayment for each $1.00 saved by not meeting standards.

F. Stimulation of Local Economy

Multnomah County Goal:

- To encourage the purchase of goods and services produced or sold by businesses in Multnomah County and the region.

Standards:

- The applicant will have a plan to identify for procurement locally-produced or sold goods and services and to solicit bids from local suppliers

Repayment:

- Payment to the County of $1.00 repayment for each $1.00 saved by not meeting standard.

IX. Impact analysis

The impact analysis will be assembled by the consultants primarily from components provided by other agencies and included in the application. It will address the following points:

A. Fiscal Impacts (impacts on revenues and capacity constraints). This analysis will show property-tax revenues under each of three scenarios and will calculate their differences from each other: (1) without the project, (2) with the project without abatement, and (3) with the project with abatement. Community service fees will be shown separately and will not be counted as property tax revenue.

1. Education Districts

2. County

3. City

4. Special Districts

5. Impacts on existing property tax payers (tax bills relative to no development and relative to no abatement)

6. Cumulative fiscal impacts including those of SIP abatements already granted

B. Economic Impacts

1. Labor market impacts (number and types of jobs; incomes; impacts on other employers)

2. Indirect and induced business activity (additional demand for locally-produced goods and services; resulting changes in employment and income)

3. Competitive impacts on existing businesses (would abatements give new firm unfair advantage over direct competitors already located here?)

4. Dollars of abated taxes per job created

5. Jobs per acre

X. Glossary of Terms

Abatement of Taxes means the exemption of real or personal property from taxation for key industry development projects under ORS 307.123.

Abatement Contract means the contract between the applicant and the County that specifies the terms and conditions under which property taxes will be abated.

Abatement Value means the amount of property taxes projected to be abated over the repayment period of the revenue bonds issued to finance a particular project as determined by the Division of Assessment and Taxation of Multnomah County

Actual Cost of Review and Processing includes the cost of administrative time expended by personnel of relevant agencies (defined below) to investigate, review, and report on the applicant's compliance with adopted County policies. Those costs are to be calculated based on the number of hours expended by each employee at a rate representing actual gross salary per hour plus benefits at the time the service is provided. Other costs, including but not limited to reproduction, fax, telephone, and experts, are to be calculated at the actual cost to the relevant agency.

Benchmarks are long-range, measurable quality of life goals. The benchmarks referred to in this policy were adopted by the Portland-Multnomah Progress Board.

Complete Application means an application that addresses each and every policy in this policy document as adopted by resolution by the Board of County Commissioners. The application must identify each goal separately and describe with particularity how the proposed project is consistent with that specific goal. Additionally, every standard which is set out in the policy document which is designed to meet a specific goal must be addressed in the application. A County representative will determine whether the application is complete, i.e., if every policy, goal, and standard has been addressed and whether it is supported by sufficient detail or documentation to allow an analysis of compliance with the policies. The County representative can request additional information upon the sole discretion of the consultant and will notify the applicant in writing of the date the application was determined to be complete.

County Board means the Multnomah County Board of Commissioners.

Covered Employment means the number of employees covered by unemployment insurance and is defined by federal law and reported by the Oregon Employment Division.

Covered Payroll means the total wages earned by employees who are covered by unemployment insurance and is defined by federal law and reported by the Oregon Employment Division.

Full Spectrum of Jobs means that an applicant will be hiring employees with wages higher than the mean covered payroll per employee in Multnomah County, as well as production and entry-level employees with lower wages.

Mean Covered Payroll per Employee in Multnomah County currently means $27,298 per year as reported by the Oregon Employment Division for calendar year 1993. This figure will be adjusted annually to reflect the most current-available statistics. The mean covered payroll for a year is calculated by dividing the total covered payroll in the county for that year by average covered employment in the county during that year.

Negotiating Team means those persons appointed by the Chair of the Board of County Commissioners pursuant to section IV(C) of the County's adopted SIP policy and approved by at least two other commissioners plus one person appointed by the City in which the project will be located. The applicant's negotiating team is limited to no greater number of members than the County's negotiating team.

Offering Primarily Higher-Wage Jobs means that at least 75 percent of the employees operating the applicant's project will be paid more than the mean covered payroll per employee in Multnomah County as defined below.

Relevant Agencies are those agencies identified by the County or the City in which the applicant's project is proposed to be located.

Repayment means the payment due by the applicant to the unsegregated property tax fund of Multnomah County on account of a breach of the negotiated agreement setting the special provisions which induced the County's, and City's, if any, approval of and request for applicant's project to be funded by revenue bonds pursuant to ORS 285.330, resulting in property tax abatement.

Meeting Date: APR 1 3 1995

Agenda No.: R-11

(Above Space for Board Clerk's Use *ONLY*)

AGENDA PLACEMENT FORM

SUBJECT: Resolution Adopting a Tax Abatement Policy

BOARD BRIEFING: Date Requested:
Amount of Time Needed:

REGULAR MEETING: Date Requested: April 13, 1995
Amount of Time Needed: ______

DEPARTMENT: Nondepartmental DIVISION: Chair's Office

CONTACT: Delma Farrell TELEPHONE: X-3953
BLDG/ROOM: 106/1515

PERSON(S) MAKING PRESENTATION: Sharon Timko

ACTION REQUESTED:

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

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

See staff report supplement.

SIGNATURES REQUIRED:

ELECTED OFFICIAL: Beverly Stein
OR
DEPARTMENT MANAGER: ______

1995 APR -6 PM 12:00
MULTNOMAH COUNTY OREGON
BOARD OF COUNTY COMMISSIONERS

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions? Call the Office of the Board Clerk at 248-3277 or 248-5222.

F:\DATA\CHAIR\WPDATA\FORMS\AGENDA.BCC 4/6/95

MEMORANDUM

TO: BOARD OF COUNTY COMMISSIONERS
FROM: Sharon Timko, Staff Assistant
TODAY'S DATE: April 6, 1995
REQUESTED PLACEMENT DATE: April 13, 1995

RE: Resolution Adopting a Property Tax Abatement Policy

I. Recommendation/Action Requested:

II. Background/Analysis:

The Board has received several staff reports on property tax abatements. A public hearing was held to receive public input on whether the County should advance a tax abatement policy. A group of experts gave brief presentations on the various issues regarding tax abatements at the first public hearing.

The Board agreed to advance the development of a tax abatement policy. A technical advisory team was convened with representation from the Chair's Office, City of Gresham, Portland Development Commission, Gretchen Kafoury's Office, Oregon Economic Development Department, and Portland State University/Institute for Metropolitan Studies. The technical advisory team complied and distributed a background report on tax abatement issues for review.

The Board invited the mayors of Troutdale, Gresham, Portland, Fairview, Wood Village and the Metro Presiding Officer to be involved in a goal setting session and a session to review a draft tax abatement policy presented by the technical advisory committee.

A public hearing on the final draft property tax abatement policy is scheduled for Tuesday, April 11, 1995.

III. Financial Impact:

There will be no financial impact to the County as long as the County is not in compression. If the County is in compression, the County may not be able to collect its full levy.

IV. Legal Issues:

None

V. Controversial Issues:

Property tax abatement is controversial.

VI. Link to Current County Policies:

Promotes progress towards some of the County's Urgent Benchmarks.

VII. Citizen Participation:

A public hearing was held to receive comments on whether the County should advance a tax abatement policy. Another public hearing is scheduled for April 11, 1995 to receive comment on a final draft property tax abatement policy.

VIII. Other Government Participation:

A technical advisory committee was convened by the Board to develop a draft property tax abatement policy. The committee included participation from other governments, including the cities of Gresham and Portland, Portland State University/Institute for Metropolitan Studies, State of Oregon Economic Development Department, Portland Development Commission.

The Board invited the mayors of Troutdale, Gresham, Portland, Fairview, Wood Village and the Metro Presiding Officer to be involved in the development and review of a property tax abatement policy.

SHARRON KELLEY
Multnomah County Commissioner
District 4

Portland Building
1120 S.W. Fifth Avenue, Suite 1500
Portland, Oregon 97204
(503) 248-5213

REVISED

M E M O R A N D U M

TO: Board of Commissioners

FROM: Commissioner Sharron Kelley

RE: Proposed Revisions to Background Statement for the Implementing Policy of the Multnomah County Strategic Investment Program

DATE: April 7, 1995

Deletions are [bracketed]; additions are underlined.

I. Background

On a nationwide basis, there is a growing gap in incomes between households: the lower 80 percent of households by income have received only two percent of income growth over the past 15 years. The Secretary of Labor has stated that this gap can be addressed nationally through the adaptation to a new economy driven by advanced technologies and global competition in which productive skills are the key to success. This adaptation will require job training in technical skills and the encouragement of companies that treat their workers not as costs to be cut but as assets to be developed: training workers, providing responsibility and job security.

In Oregon, wages are currently only 88 percent of the national average. As part of its Workforce Development plans, the State of Oregon has submitted the vision that it will have the best educated and prepared workforce in the nation by the year 2000 and a workforce equal to any in the world by the year 2010. This vision includes the goals of quality employment for all Oregonians through investments in education, training and experience in the workforce.

Locally, within the Portland metropolitan area, the per capita income of Multnomah County residents has not kept pace with income growth in the neighboring counties. In the manufacturing sector in Multnomah County, the number of jobs has declined over the last 15 years while it has grown in neighboring counties.

Among the Community Goals set forth in the January 1995 Report of the Portland-Multnomah Progress Board are the following:

*Attract internationally competitive companies that support well compensated jobs with long-term potential.

*Build a world-class workforce skills 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.

*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, 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.

Among its Urgent Benchmarks, the Progress Board has adopted the following measures for which improvement is sought:

*Average annual payroll per non-farm worker;

*Percentage of citizens with incomes above 100 percent of the poverty level;

*Percentage of children 0-17 living above 100 percent of the poverty level;

*Percentage of citizens who have economic access to basic health care.

The characteristics of the semiconductor and metals industries make them desirable as part of the strategy to achieve these goals. These characteristics include: high investment per job; 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. Firms in capital-intensive industries generally are especially desirable to a region because they tend to invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of the region.

Oregon has many natural advantages that make it attractive to firms seeking to locate a new facility. For firms in capital-intensive industries such as semi-conductors and metals, however, Oregon's property tax system has made locating in Oregon less attractive relative to locating in another state or outside the U.S. [Firms in capital-intensive industries generally are especially desirable to a region because they tend to invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of the region.]

A highly capital-intensive production facility would pay many times more in property taxes than an otherwise-identical facility with average capital intensity, but would impose the same costs on local government service providers. If the property tax burden on a typical production facility is a fair burden, then the burden on a highly capital-intensive facility is excessive.

The 1993 Oregon legislature [sought to] provided a means for rectifying this inequity and enjoying additional investment and employment within the state by capital-intensive firms. With the passage of House Bill 3686, counties and cities may elect, under certain conditions, to exempt portions of projects funded by Economic Development Revenue Bonds from property-tax assessments. This program for abating property taxes for capital-intensive firms is called the Strategic Investment Program (SIP).

House Bill 3686 specified that the governing body of an Oregon county may impose additional reasonable requirements on an applicant. Multnomah County seeks to implement its SIP in a way that promotes attainment of the County's goals. [To ensure that abatements are granted only to firms that share the County's goals, this policy document describes in detail the things a successful applicant will do, knowing that firms eligible to apply probably would do most or all of them anyway.]

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

In the Matter of Adopting a	)	RESOLUTION
County Policy for the Strategic	)	95-
Investment Program	)	

WHEREAS, capital-intensive industries are especially desirable to a region because they tend to invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of a region; and

WHEREAS, such industries have purportedly been reluctant to locate in Oregon because of the reliance on property taxes to fund schools and local governments which burden capital-intensive industries more than a typical production facility but impose the same costs on local government service providers; and

WHEREAS, the 1993 Oregon Legislature passed House Bill 3686 in order to encourage additional investment and employment within the State by capital-intensive firms; and

WHEREAS, House Bill 3686 allows counties and cities to elect, under certain conditions, to exempt portions of projects funded by Economic Development Revenue Bonds from property tax assessments under the Strategic Investment Program (SIP) set out in ORS 285.330 et seq.; and

WHEREAS, House Bill 3686 specified that the governing body of an Oregon county may impose additional reasonable requirements on an SIP applicant, the County has created a policy setting out those additional requirements which will ensure that abatements of taxes are granted only to firms that share the County's goals; now therefore

IT IS HEREBY RESOLVED that the attached **MULTNOMAH COUNTY STRATEGIC INVESTMENT PROGRAM POLICY** be the guiding document to be used by the County to review applications from firms seeking tax abatements under the SIP; and

IT IS FURTHER RESOLVED that applications for tax abatements only be approved for firms that demonstrate that their developments will promote the policies set out therein.

ADOPTED this ________ day of April, 1995.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

____
Beverly Stein, Chair

REVIEWED:

LAURENCE KRESSEL, COUNTY COUNSEL
MULTNOMAH COUNTY, OREGON

Sandra N. Duffy
Sandra N. Duffy, Deputy Counsel

Multnomah County Strategic Investment Program

I. Background

Oregon has many natural advantages that make it attractive to firms seeking to locate a new facility. For firms in capital-intensive industries such as semiconductors and metals, however, Oregon's property tax system has made locating in Oregon less attractive relative to locating in another state or outside the U.S. Firms in capital-intensive industries generally are especially desirable to a region because they tend to invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of the region.

A highly capital-intensive production facility would pay many times more in property taxes than an otherwise-identical facility with average capital intensity, but would impose the same costs on local government service providers. If the property tax burden on a typical production facility is a fair burden, then the burden on a highly capital-intensive facility is excessive.

The 1993 Oregon legislature sought to provide a means for rectifying this inequity and enjoy additional investment and employment within the state by capital-intensive firms. With the passage of House Bill 3686, counties and cities may elect, under certain conditions, to exempt portions of projects funded by Economic Development Revenue Bonds from property-tax assessments. This program for abating property taxes for capital-intensive firms is called the Strategic Investment Program (SIP).

House Bill 3686 specified that the governing body of an Oregon county may impose additional reasonable requirements on an applicant. Multnomah County seeks to implement its SIP in a way that promotes attainment of the County's goals. To ensure that abatements are granted only to firms that share the County's goals, this policy document describes in detail the things a successful applicant will do, knowing that firms eligible to apply probably would do most or all of them anyway.

II. Purpose

The purpose of this Implementing Policy is to ensure that:

- the SIP is implemented in a fair and open manner
- only projects that would not otherwise locate in Multnomah County receive property tax abatements under the SIP
- benefits are enjoyed by current county residents, especially those who are unemployed or underemployed, and the region as a whole benefits
- the implementation of the County's SIP results in the creation of a reasonable number of long-term jobs that lead to economic self sufficiency in relation to the amount of taxes abated
- the implementation of the County's SIP is consistent with the County's land use, development, and environmental goals and promotes progress as measured by the County's Urgent Benchmarks.

III. Limits

This implementing policy will sunset after two years. The County Board will appoint an independent body to evaluate the effectiveness of this implementing policy and to recommend its continuation, reform, or elimination. The duration of the sunset review will be limited to 60 days and review may be initiated up to 60 days prior to sunset.

The Board will not approve abatement contracts based upon applications that fail to meet the Standards set forth in this Implementing Policy. The Board also may refuse to ratify an abatement contract that, in its judgment, would not meet the Goals set forth in this policy. Section IV of this policy describes the process by which the Board reviews and makes decisions on SIP abatements.

The Board will grant abatements only to companies that have demonstrated a commitment to obeying all applicable laws and regulations including, but not limited to, environmental laws, labor laws, laws requiring notice before layoffs, land use laws, and tax laws.

Each and every provision of an abatement contract entered into under this policy is binding on any and all successors-in-interest to the applicant by virtue of sale, lease, assignment, merger, or any other transfer of any interests in the applicant corporation t any other person or entity.

In the event of a corporate dissolution or a bankruptcy proceeding under Chapter 7, the full real market value of the development project shall be placed on the tax roll as taxable property.

IV. Procedures for Review and Negotiation

A. Application fee and deposit

A deposit of $10,000, to cover the full cost of review and processing by all public agencies and consultants will be collected at the time of application. The deposit will be collected by the Multnomah County Budget and Quality Office. Any amount collected in excess of actual cost will be reimbursed. Actual costs in excess of the deposit collected will be billed and paid by the applicant.

B. Summary of the application procedure

A pre-application exchange of information between prospective applicants and relevant agencies is expected. State and local economic development agencies may facilitate this exchange. The better prepared the review agencies are in advance of application, the more quickly the application may be reviewed. The identity of potential applicants may be kept confidential until the consultant's report is submitted to the Board. If the original application was not submitted through the Oregon Economic Development Commission or the Oregon Economic Development Department, however, it is a public record and subject to public disclosure..

Multnomah County will retain, with approval from the City in which the proposed project will be located, independent consultants to coordinate the review of the application for compliance with this Implementing Policy. State and local agencies will contribute information and analysis as appropriate. With direction from Multnomah County, the independent consultants will coordinate negotiations with the applicant. Local agencies may evaluate the application in light of the consultants' reports and make recommendations to the Board.

This process can be completed within approximately 42 days of application if the application is complete when presented, not including the time required for negotiations.

C. Sequence and timeline for review

Pre-application (begins two weeks or more in advance of application)

- The prospective applicant will become informed about the process, necessary participants, and information requirements of review agencies and will use that information to draft the application in a way that expedites review. County and City personnel will become familiar with the applicant's proposed project and will begin to identify issues and information requirements associated with that project.

- The prospective applicant will inform Multnomah County as soon as possible of the date it intends to submit an application.

- The prospective applicant may choose to expedite the review process by paying the deposit in advance of making application, thereby permitting the County to retain the consultants and the County Chair to recommend and the Board to approve a negotiating team.

Application

- Applicant submits 20 copies of application to the Multnomah County Budget and Quality Office and pays deposit (if not already paid)

- The Multnomah County Budget and Quality Office distributes the copies and, if it has not already done so under the expedited process, begins hiring the consultants. The contract document will follow the process for a Class II contract as outlined in the County's Administrative Manual except that Board Approval will be required.

- If a negotiating team has not already been appointed under the expedited process, the County Chair will recommend and the Board will approve one.

Review (approximately 21 days plus time for negotiations)

- The County will have retained the consultants within seven days of receipt of the deposit. The consultants will make a determination of completeness within seven days of the date of application. If an application is deemed incomplete, the County and applicant will be advised as to what additional information is needed.

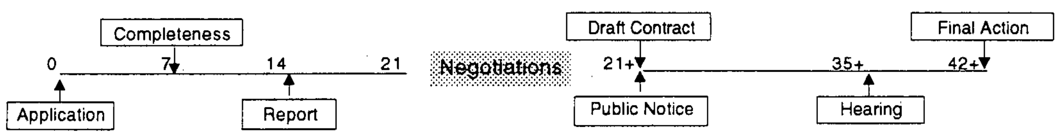
- Within seven days from the date the application is deemed complete, the consultants will submit a report to the Board on the compliance of the application with this Implementing Policy including the findings of the fiscal and economic impact studies.

- Negotiations may begin at any time after the date of application, but no later than seven days after the County receives the consultants' report.

- When negotiations are complete, the negotiating team will submit a draft of the contract between the County and the applicant, along with the consultants' report, to the County Board. The County Board will forward a copy to the City Council of the affected city. Public notice will be given.

Public Review and County Approval (approximately 21 days)

- No less than 14 days after public notice, a joint City/County public hearing will be held. The County Board will take action on the contract within seven days after the hearing. The Board may vote to
  - accept the contract as submitted
  - accept the contract with conditions that, if agreed to by the applicant, will not require further negotiations
  - refer the contract back for further negotiation with instructions to the negotiators
  - reject the contract and provide reasons for rejection



D. Negotiating Team

The County's negotiating team will be recommended by the County Chair and approved by the Board. The City in which the project will be located will appoint a representative who will be a part of the negotiating team.

The negotiating team will have access to and will make use of the consultants and parties.

V. Contents of Application

A. General Information

The applicant will describe itself and the proposed project

B. Compliance with Standards and consistency with Goals

Section VIII of this policy lists for each of several categories Goals and related Standards. The Standards are clear and measurable and must be met in advance of an application being approved. The Goals are less clearly defined and, in many cases, progress toward their attainment cannot be measured until after a project is operational. The Abatement Contract will contain negotiated terms and conditions that specify measures of attainment appropriate to the applicant's operations as well as repayment terms should agreed-upon performance not be achieved.

The applicant will demonstrate that it meets every Standard by including sufficient evidence in the application. For each Standard, this implementing policy describes a repayment provision in general terms, which will be defined more specifically during negotiations.

The applicant will describe how the proposed project will advance each of the County's Goals. Statements made in the application regarding the applicant's commitment to meeting these Goals may become a part of the Abatement Contract, which will contain negotiated terms and conditions that specify measures of attainment appropriate to the applicant's operations as well as repayment terms should agreed-upon performance not be achieved.

C. Past practices

Multnomah County is interested in encouraging the location of companies that will help the County to achieve its goals and will bring benefits to the community. Learning about the applicant's experience in other communities will allow Multnomah County to have confidence that the applicant will be a beneficial addition to the community.

The applicant will report any sanctions or consent agreements related to violations of U.S. federal or state laws or rules relating to environmental protection, worker safety, or labor relations. The applicant also will report all prior and existing tax abatement agreements in other U.S. jurisdictions so that the County may verify that the applicant has upheld the terms of those agreements.

VI. Compliance Auditing, Enforcement, Repayment, and Changes to the Contract

Once an Abatement Contract is in place, the applicant will report annually on how it is meeting each of the terms and conditions of the contract. Measures of attainment for each of these will have been agreed to as part of the contract and the contract will describe a specific format for annual reports that will include a high degree of specificity for each of the terms and conditions. If the County receives information indicating a potential violation of the contract terms, it may ask the applicant for a written response. In the event that the applicant's written response fails to satisfy the County, the County may retain an outside firm or the County Auditor to verify compliance. The City in which the project is located may also investigate complaints. The applicant will provide access to necessary records.

In the event a violation is found, the costs of such verification would be billed and paid by the applicant, over and above the application fee and community service fee. If no violation is found, the County and City will pay for the investigation.

In the event of non-compliance, repayment of abated taxes (i.e. penalties) must be equal to or greater than the savings the company would realize by not meeting the requirement. Specific terms for repayment will be negotiated and included in the Abatement Contract. In any case, total repayments will not exceed 75% of the total abatement. Repaid funds will be directed to the area of public policy most directly related to the failure to comply.

Conditions beyond the control of the parties may lead to renegotiation of the contract upon agreement of both parties.

VII. Process for Establishing Use of Community Service Fee

Consistent with State law, a Community Service Fee equal to the lesser of $2 million or 25 percent of abated taxes will be paid to the County by the applicant or its successors each year abatement is in effect.

The County Board, after consultation with elected officials from all cities within the County, will decide how to use the Community Service Fee. The fee may be used for:

- mitigating potential impacts of the project
- collaborative efforts among City agencies, County agencies, school districts, and community groups to achieve progress as measured by Portland-Multnomah Benchmarks

- other uses in the interest of the community

In addition to the Community Service Fee, the County may ask for financial contributions from the applicant to address the goals of this policy as part of the terms and conditions of the contract negotiated under this policy.

VIII. SIP Goals and Standards

The following goals and standards fit within the framework of related Portland-Multnomah Benchmarks.

A. Need for the exemption

Multnomah County Goal:

- Abatements will be granted to secure investments that would otherwise not take place within Multnomah County

Standard:

- Applicant will describe why an abatement is needed and state that they would not locate here otherwise

B. Hiring, Wages, Benefits, Training, and Retention

Multnomah County Goals:

- The creation of long-term jobs with family wages, benefits, and working conditions for residents of Multnomah County **or** the creation of a full spectrum of jobs for residents of Multnomah County who are unemployed or under-employed, with a clear career track from entry-level jobs to family-wage jobs.
- Provide support for all parents needing child care, especially entry-level parents
- Provide educational opportunities to enhance upward mobility for both technical and management roles
- Minimize the number of contracted on-site jobs that pay low wages

Standards:

Multnomah County wishes to attract firms that will pay especially high wages and will employ large numbers of area residents who are unemployed or underemployed, but understands that jobs that pay especially high wages generally require skills that large numbers of unemployed or underemployed area residents are unlikely to possess. In recognition of the fact that projects eligible for the SIP are likely to fall into two broad categories—research-oriented facilities that pay high wages but are unlikely to employ large numbers of current area residents and production-oriented facilities that can employ significant numbers of current area residents but at wages that are high only in relation to other production jobs—this policy provides two parallel sets of standards.

The following standard will be met by an applicant offering primarily high-wage jobs:

- The applicant will make assurance that 75 percent of regular employees (counted on an FTE basis) will be paid more than the mean covered payroll per employee in Multnomah County.

The following standards will be met by an applicant offering a full spectrum of jobs (an applicant not meeting the above standard):

- The applicant will agree to a minimum number of jobs to be created through the project as part of the terms and conditions of the abatement contract

- The applicant will demonstrate that a clear path exists for advancement from entry-level positions to positions that provide higher pay, including positions that pay more than the mean covered payroll per employee in the county

- The applicant will describe its wage scale for occupations with entry-level positions and describe how an entry-level employee might typically move through pay levels and job classifications

- The applicant will agree to negotiate contract terms and conditions appropriate to its operations and to the local labor market that will specify minimum percentages for hiring current residents of the region

- The applicant will describe how their employment practices facilitate the retention of employees and will agree to negotiate contract terms that specify appropriate measures and standards for employee retention.

- The applicant will describe a credible program to assist employees who need child care, taking into account the hours and shifts that employees will work, and will make assurance that such a program will be implemented. This standard applies only to employers that will be offering a substantial number of below-family-wage jobs.

The following standards will be met by all applicants:

- The applicant will describe by category (e.g., entry-level production, skilled production, technical and professional, management, administrative and support, sales, etc.) the number of jobs it will create. The applicant also will specify which of these are regular full time, part time, temporary, or contract positions.

- The applicant will agree to enter into an exclusive Full Service First Source Agreement to use Job Net or an equivalent sourcing arrangement.

- The applicant will describe training and education programs available to entry-level employees and training and education programs available to other employees. In-house programs, tuition assistance for job-related training and education, or contracts directly with community colleges or universities would meet this standard.

- The applicant will describe the benefits offered to employees, making clear what the employer's contribution is and which employees qualify

- The applicant will demonstrate its commitment to all full-time, long-term employees by describing employer-paid benefits, which may include: health insurance, dental insurance, life insurance, accidental death insurance, disability insurance, retirement, profit sharing, employee ownership/stock purchase, educational assistance, day care, and transportation assistance. As a part of these benefits, the applicant must provide employer-paid health insurance equal to or better on the whole than the Oregon Health Plan, and must allow other employees and members of employees' families to purchase health insurance at or below cost, to the extent that the applicant's health-insurance carrier will write coverage for such persons

Repayment:

- Payment to the County of $1.00 for every $1.00 saved by not meeting the standard.

C. Housing and Transportation

Multnomah County Goals:

- Provide assistance securing affordable housing
- Encourage employees to use transit, car pools, van pools, or alternative modes of transportation

Standards:

- The County will work with the City in which the project will be located, other cities in the region, and Metro to assess the applicants impact on the availability of affordable housing in the region and, if an adverse impact is predicted, the applicant will agree in negotiations to fund an appropriate company- or community-operated program.
- The applicant will describe a credible program to encourage employees to use transit, car pools, van pools, or alternative modes of transportation and will make assurance that such a program will be implemented

Repayment:

- Payment to the County of $1.00 repayment for each $1.00 saved by not meeting standard.

D. Infrastructure and Public Services

Multnomah County Goals:

- No unmitigated adverse impacts on the level of services provided to existing residents of Multnomah County and the region

Standards:

As part of its application, the applicant will describe impacts in the following areas and what it has committed to do to mitigate negative impacts. The applicant will provide statements from the relevant agencies that there will be no unmitigated adverse impacts on the level of service or infrastructure or that describe what unmitigated adverse impacts will result from the project. Remedies for unmitigated adverse impacts will be negotiated as part of the terms and conditions of the contract.

- Transportation infrastructure (including traffic and congestion, transit, port, rail, air, multi-modal)
- Utility infrastructure (water and sewer capacity; solid and hazardous waste disposal)
- Public safety (police, fire, emergency medical services, disaster preparedness)

Repayment:

- Payment to the County of $1.00 repayment for each $1.00 saved by not meeting standards.

E. Environmental Protection

Multnomah County Goal:

- To grant abatements only to firms that demonstrate a commitment to environmental protection.

Standards:

The applicant will describe credible programs in each of the following areas, will present verification by the relevant regulatory authorities that these programs are reasonable, and will demonstrate a commitment to ongoing monitoring.

- Reducing the use of toxic and hazardous materials
- Water conservation, reuse, and waste water discharge
- Air quality
- Waste reduction and recycling

- Energy conservation

Repayment:

- Payment to the County of $1.00 repayment for each $1.00 saved by not meeting standards.

F. Stimulation of Local Economy

Multnomah County Goal:

- To encourage the purchase of goods and services produced or sold by businesses in Multnomah County and the region.

Standards:

- The applicant will have a plan to identify for procurement locally-produced or sold goods and services and to solicit bids from local suppliers

Repayment:

- Payment to the County of $1.00 repayment for each $1.00 saved by not meeting standard.

IX. Impact analysis

The impact analysis will be assembled by the consultants primarily from components provided by other agencies and included in the application. It will address the following points:

A. Fiscal Impacts (impacts on revenues and capacity constraints). This analysis will show property-tax revenues under each of three scenarios and will calculate their differences from each other: (1) without the project, (2) with the project without abatement, and (3) with the project with abatement. Community service fees will be shown separately and will not be counted as property tax revenue.

1. Education Districts

2. County

3. City

4. Special Districts

5. Impacts on existing property tax payers (tax bills relative to no development and relative to no abatement)

6. Cumulative fiscal impacts including those of SIP abatements already granted

B. Economic Impacts

1. Labor market impacts (number and types of jobs; incomes; impacts on other employers)

2. Indirect and induced business activity (additional demand for locally-produced goods and services; resulting changes in employment and income)

3. Competitive impacts on existing businesses (would abatements give new firm unfair advantage over direct competitors already located here?)

4. Dollars of abated taxes per job created

5. Jobs per acre

X. Glossary of Terms

Abatement of Taxes means the exemption of real or personal property from taxation for key industry development projects under ORS 307.123.

Abatement Contract means the contract between the applicant and the County that specifies the terms and conditions under which property taxes will be abated.

Abatement Value means the amount of property taxes projected to be abated over the repayment period of the revenue bonds issued to finance a particular project as determined by the Division of Assessment and Taxation of Multnomah County

Actual Cost of Review and Processing includes the cost of administrative time expended by personnel of relevant agencies (defined below) to investigate, review, and report on the applicant's compliance with adopted County policies. Those costs are to be calculated based on the number of hours expended by each employee at a rate representing actual gross salary per hour plus benefits at the time the service is provided. Other costs, including but not limited to reproduction, fax, telephone, and experts, are to be calculated at the actual cost to the relevant agency.

Benchmarks are long-range, measurable quality of life goals. The benchmarks referred to in this policy were adopted by the Portland-Multnomah Progress Board.

Complete Application means an application that addresses each and every policy in this policy document as adopted by resolution by the Board of County Commissioners. The application must identify each goal separately and describe with particularity how the proposed project is consistent with that specific goal. Additionally, every standard which is set out in the policy document which is designed to meet a specific goal must be addressed in the application. A County representative will determine whether the application is complete, i.e., if every policy, goal, and standard has been addressed and whether it is supported by sufficient detail or documentation to allow an analysis of compliance with the policies. The County representative can request additional information upon the sole discretion of the consultant and will notify the applicant in writing of the date the application was determined to be complete.

County Board means the Multnomah County Board of Commissioners.

Covered Employment means the number of employees covered by unemployment insurance and is defined by federal law and reported by the Oregon Employment Division.

Covered Payroll means the total wages earned by employees who are covered by unemployment insurance and is defined by federal law and reported by the Oregon Employment Division.

Full Spectrum of Jobs means that an applicant will be hiring employees with wages higher than the mean covered payroll per employee in Multnomah County, as well as production and entry-level employees with lower wages.

Mean Covered Payroll per Employee in Multnomah County currently means $27,298 per year as reported by the Oregon Employment Division for calendar year 1993. This figure will be adjusted annually to reflect the most current-available statistics. The mean covered payroll for a year is calculated by dividing the total covered payroll in the county for that year by average covered employment in the county during that year.

Negotiating Team means those persons appointed by the Chair of the Board of County Commissioners pursuant to section IV(C) of the County's adopted SIP policy and approved by at least two other commissioners plus one person appointed by the City in which the project will be located. The applicant's negotiating team is limited to no greater number of members than the County's negotiating team.

Offering Primarily Higher-Wage Jobs means that at least 75 percent of the employees operating the applicant's project will be paid more than the mean covered payroll per employee in Multnomah County as defined below.

Relevant Agencies are those agencies identified by the County or the City in which the applicant's project is proposed to be located.

Repayment means the payment due by the applicant to the unsegregated property tax fund of Multnomah County on account of a breach of the negotiated agreement setting the special provisions which induced the County's, and City's, if any, approval of and request for applicant's project to be funded by revenue bonds pursuant to ORS 285.330, resulting in property tax abatement.

SHARRON KELLEY
Multnomah County Commissioner
District 4

Portland Building
1120 S.W. Fifth Avenue, Suite 1500
Portland, Oregon 97204
(503) 248-5213

1995 APR -7 PM 1:42
MULTNOMAH COUNTY
OREGON

REVISED
M E M O R A N D U M

TO: Board of Commissioners

FROM: Commissioner Sharron Kelley

RE: Proposed Revisions to Background Statement for the Implementing Policy of the Multnomah County Strategic Investment Program

DATE: April 7, 1995

Deletions are [bracketed]; additions are underlined.

I. Background

On a nationwide basis, there is a growing gap in incomes between households: the lower 80 percent of households by income have received only two percent of income growth over the past 15 years. The Secretary of Labor has stated that this gap can be addressed nationally through the adaptation to a new economy driven by advanced technologies and global competition in which productive skills are the key to success. This adaptation will require job training in technical skills and the encouragement of companies that treat their workers not as costs to be cut but as assets to be developed: training workers, providing responsibility and job security.

In Oregon, wages are currently only 88 percent of the national average. As part of its Workforce Development plans, the State of Oregon has submitted the vision that it will have the best educated and prepared workforce in the nation by the year 2000 and a workforce equal to any in the world by the year 2010. This vision includes the goals of quality employment for all Oregonians through investments in education, training and experience in the workforce.

Locally, within the Portland metropolitan area, the per capita income of Multnomah County residents has not kept pace with income growth in the neighboring counties. In the manufacturing sector in Multnomah County, the number of jobs has declined over the last 15 years while it has grown in neighboring counties.

Among the Community Goals set forth in the January 1995 Report of the Portland-Multnomah Progress Board are the following:

*Attract internationally competitive companies that support well compensated jobs with long-term potential.

*Build a world-class workforce skills 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.

*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, 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.

Among its Urgent Benchmarks, the Progress Board has adopted the following measures for which improvement is sought:

*Average annual payroll per non-farm worker;

*Percentage of citizens with incomes above 100 percent of the poverty level;

*Percentage of children 0-17 living above 100 percent of the poverty level;

*Percentage of citizens who have economic access to basic health care.

The characteristics of the semiconductor and metals industries make them desirable as part of the strategy to achieve these goals. These characteristics include: high investment per job; 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. Firms in capital-intensive industries generally are especially desirable to a region because they tend to invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of the region.

Oregon has many natural advantages that make it attractive to firms seeking to locate a new facility. For firms in capital-intensive industries such as semi-conductors and metals, however, Oregon's property tax system has made locating in Oregon less attractive relative to locating in another state or outside the U.S. [Firms in capital-intensive industries generally are especially desirable to a region because they tend to invest heavily in developing the skill levels of their employees, pay their employees well, and contribute in other ways to the economic development of the region.]

A highly capital-intensive production facility would pay many times more in property taxes than an otherwise-identical facility with average capital intensity, but would impose the same costs on local government service providers. If the property tax burden on a typical production facility is a fair burden, then the burden on a highly capital-intensive facility is excessive.

The 1993 Oregon legislature [sought to] provided a means for rectifying this inequity and enjoying additional investment and employment within the state by capital-intensive firms. With the passage of House Bill 3686, counties and cities may elect, under certain conditions, to exempt portions of projects funded by Economic Development Revenue Bonds from property-tax assessments. This program for abating property taxes for capital-intensive firms is called the Strategic Investment Program (SIP).

House Bill 3686 specified that the governing body of an Oregon county may impose additional reasonable requirements on an applicant. Multnomah County seeks to implement its SIP in a way that promotes attainment of the County's goals. [To ensure that abatements are granted only to firms that share the County's goals, this policy document describes in detail the things a successful applicant will do, knowing that firms eligible to apply probably would do most or all of them anyway.]

SHARRON KELLEY
Multnomah County Commissioner
District 4

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1120 S.W. Fifth Avenue, Suite 1500
Portland, Oregon 97204
(503) 248-5213

REVISED

TO: Board of County Commissioners

FROM: Commissioner Sharron Kelley

RE: Resolution In Opposition to House Bill 2933

DATE: April 11, 1995

AGENDA DATE: April 13, 1995

I. <u>Recommendation/Action Requested</u>

Adopt Resolution

II. <u>Background/Analysis</u>

HB 2933 and similar proposed legislation to deny services to undocumented immigrants is detrimental to the health and well-being of our community. It undermines County principles of responsibility for basic services and jeopardizes the credibility of County staff and other professionals who provide human services and education by making them quasi-agents of the INS. California Proposition 187 faces constitutional challenges and Oregon HB 2933 contains similar restrictions on individual rights to due process and childrens' rights to education.

III. <u>Financial Impact</u>

None

IV. <u>Legal Issues</u>

Currently, federal case law prohibits the County from using documented status as a basis for the denial of social services. Passage of the bill would create conflicting mandates on County government, resulting in litigation.

V. Controversial Issues

This bill parallels Proposition 187 which received majority support in the 1994 election. A similar initiative might appear in Oregon in the future. The extent of popular support in Oregon for such a measure is known.

VI. Link to Current County Policies

Supports County Benchmarks, particularly those in the categories of Children and Families and Access to Services. This also supports County/School partnerships, addresses County policies related to pre-natal care, healthy babies, children who are ready to learn when they enter school, assisting at risk-juveniles and making sure all young people graduate high school.

VII. Citizen Participation

This resolution was initiated by the Metropolitan Human Rights Commission.

VIII. Other Government Participation

The City of Portland is acting on a similar resolution.

Beverly Stein, Multnomah County Chair

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MEMORANDUM

TO: Board of County Commissioners

FROM: Commissioner Beverly Stein

DATE: April 11, 1995

RE: Proposed Amendments to the Strategic Investment Policy

I am interested in the following four amendments to the draft Strategic Investment Policy (proposed amendments in italics). As a courtesy, I hope that members of the Board will move and second these amendments for discussion purposes.

Amendment #1 Public Comment
(page 4, last bullet under Review)

> Within *fourteen* days from the date the application is deemed complete, the consultants will submit a report to the Board on the compliance of the application with this Implementing Policy including the findings of the fiscal and economic impact studies *and proposed contract terms and conditions. The application along with the consultants' reports will be made public at this time and public notice will be given that a hearing will be held on the application and consultants' reports.*
>
> *No less than 7 days after public notice, a public hearing will be held. After the hearing, the Board will give directions to the negotiating team.*

Rationale:

1) Policy Standards are General

Several policy standards are very general in nature and do not have specific requirements. The stakeholders argued that specific requirements will be negotiated for each contract. This approach was favored by the stakeholders because of the perceived uniqueness associated with each application. However, the general nature of policy does not enable the public to be fully involved.

Public comment is valuable and would be very useful to the Board when the specifics of the application and consultant's reports are submitted. For example, local community groups such as neighborhood associations would have an opportunity to comment on the impacts of the proposed project on schools, housing, and roads. The Board would have the benefit of reviewing the overall project prior to negotiations not just from the applicant's perspective but from a community's perspective.

In addition, the consultant's report will identify the strengths and weaknesses of the application. The public could then comment on the costs and benefits of the proposed property tax abatement.

2) Public Records Law

County Counsel has advised the Board that the application can be kept confidential if it is submitted through the Oregon Economic Development Commission or Oregon Economic Development Department. However, once the County-hired consultant submits the application as part of the overall report to the Board, the application and report are no longer confidential. At that point, the report is a public record and subject to public disclosure.

Therefore, holding a public hearing prior to negotiations would not infringe upon the applicant's confidentiality.

3) Identify Key Issues at Beginning of Process

The proposed review process in the draft policy allows for public comment and possible contract changes at the end of the process. However, if time is a major factor (as was conveyed at the stakeholders meeting) then it makes more sense to identify all the issues at the beginning of the process through an initial public hearing. Convening the only public hearing at the end of the process increases the likelihood of extending the overall timeline to address new issues raised at the public hearing.

Furthermore, it will become more difficult for the Board to change its position after lengthy negotiations have occurred prior to the public hearing. We owe it to the public to provide a review process that truly engages them. Publicly subsidized industrial expansions will have positive as well as negative impacts on taxpayers' quality of life, neighborhoods, and wallets. The public deserves to be an integral part of the discussion.

4) Extend the County's Review Time

The Budget and Quality Office staff (charged with policy implementation) have raised concern about the review time frame. They feel that the County and/or consultant will be put at a disadvantage because there will be insufficient time to review the application. The applicant has all the time necessary to prepare the application. If our staff responsible for implementing the policy asserts that more time is needed, I support their judgment.

I proposed a seven day extension from when the application is deemed complete to when the consultants will submit a report to the Board.

Amendment #2 Provide a Viable Affordable Housing Standard
(page 11 (C) Housing and Transportation, first bullet under Standards)

Applicant will agree to contribute five percent of the total property taxes abated minus the community service fee to a County Housing Trust Fund. In addition, 5 percent of the community service fee will also go to a County Housing Trust Fund. The funds will be paid into a County Housing Trust Fund to address the needs of home ownership, creation of low and moderate rentals and other diverse low cost housing needs.

Rationale:

1) Region is Experiencing a Severe Affordable Housing Crisis

The Portland Metropolitan area has become one of the most unaffordable regions in the United States when median income is compared to median rent and home prices. According to the a recent study, the region is considered less affordable than upscale communities such as Orange County and Santa Barbara, California.

The County through the Strategic Investment Program has an opportunity to assist in addressing this regional housing crisis.

2) The Proposed Assessment Strategy Is Unpredictable

The current draft proposal could be an onerous assessment that could cost the applicant millions of dollars it does not specify what standards will be used to assess the applicant's impact on housing.

Using the Integrated Device Technology (IDT) application from Washington county as an example and the generally accepted figure of $10,000 per unit as an affordable housing subsidy and 60 percent of median income as a low income standard, we get an estimated $6 million figure for the applicant's contribution under the current standard. It could be a deal breaker.

A more fair and conservative approach to addressing the affordable housing crisis would be to require an up-front dedication of funding.

3) County Needs to Drive a Hard Fair Bargain

The County is in the driver seat to craft a policy that garners the best deal for the residents of Multnomah County. The regional economy is healthy and growing. Multnomah County is a highly attractive community that offers many amenities to the high technology industry.

Since Measure 5, businesses already have received a significant reduction in their property taxes. Portland Organizing Project estimates that 150 county-based corporations have together saved $49.6 million in property taxes since the passage of Measure 5.

For these reasons, I believe it is appropriate to require half of the housing fee be above and beyond the community service fee.

Amendment #3 Increase the Number of High Wage Jobs
(page 9 under "The following standards will be met by an applicant offering a full spectrum of jobs")

At minimum of 50 percent of the employees filling new jobs created as a result of the property tax abatement should earn equal to or greater than the average annual covered wage in Multnomah County.

Rationale:

1) Clearly defines the County's position and creates parallel language to the standard required for applicants creating high-wage jobs.

The draft policy lacks precise language in this area. This language assists in defining the County's intent on what types of jobs are desirable under this program.

2) Companies agreed to this condition in Washington County

Washington County has this as a goal in their policy and was agreed upon by each of the firms receiving property tax abatements.

Amendment #4 Repayment

Modify Section VI. (page 7)

Specific terms for repayment will be negotiated *for each standard* and included in the Abatement Contract. In any case, total repayment *for non-compliance* will not exceed

75 percent of the total abatement for the year the penalty is cited.

Delete the following phrase from Section VIII B., C., D., E., and F:

Repayment

Payment to the County of $1.00 repayment for each $1.00 saved by not meeting the standard.

Rationale:

1) Difficult if Not Impossible to Calculate in Advance

It may not be possible for the parties to accurately calculate in advance or retrospect what may be the cost savings of not meeting an standard. Washington County had a much simpler approach. The proposed amendment is consistent and similar to the Washington County policy. They merely agreed with the applicant during the negotiation process on a fair amount of the abatement that will be returned for each of the contract areas not meet.

The proposed language in Section VI. (page 7) clarifies that the contract will include repayment provisions for all terms and conditions of the contract, and that this will not exceed 75 percent of the total abatement received for the year the penalty is cited. This is sufficient guidance to the negotiator.

cc: Mayor Vera Katz
Mayor Gussie McRobert
Mayor Don Robertson
Mayor Paul Thalhofer
Mayor Roger Vonderhar

4/11/95 MICKY RYAN
SUBMITTAL

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

c/o Bureau of Community Development
808 SW Third Avenue • Room 600
Portland, Oregon 97204-1966

Testimony for the Hearing on the Strategic Investment Program
Submitted by the Advocacy Committee of HCDC

Before the
Multnomah County Board of Commissioners
6:30 pm, Tuesday, April 11, 1995
Multnomah County Courthouse

Summary of Main Points

- The Housing and Community Development Commission (HCDC) has been charged by Multnomah County and its cities to advise the jurisdictions on housing issues that affect low and moderate income citizens.

- HCDC has generated a wealth of information concerning the needs of these citizens for affordable housing as part of the Comprehensive Housing Affordability Strategy (CHAS) planning process.

- HCDC has also committed itself to the formation of a local housing trust fund that is dedicated to Countywide and regional needs.

Housing Role of HCDC

The interest HCDC takes in this issue reflects the original charge by the County to speak for low and moderate income housing needs and propose ways to meet these needs. HCDC represents not only Portland concerns, but those of the City of Gresham, unincorporated Multnomah County, and the smaller cities.

This hearing provides us the opportunity to place on the record HCDC's consistent position that housing for all citizens is part of any strategy addressing the welfare of the community. The linkages between economic development programs and housing strategies have been apparent throughout our analysis of the region's housing market. This linkage has been bolstered by the public response to our planning activities.

The Documented Need

The CHAS (now the Consolidated Plan) points to the numbers of low and moderate income households who pay more than a reasonable share of their income for housing, who live in physically substandard conditions, and who exist in overcrowded conditions. Examples of these findings are attached to this testimony. Current production levels do not begin to address these needs.

While most of us enjoy comfortable living conditions, we know that, among the lowest income groups, there is a need to assist the market, and sometimes offer an alternative to the market, so that affordable housing can be preserved and new housing can be produced. Even in an up-and-down housing market, the indications are clear: the Portland area will continue to grow and there will be greater competition for a limited supply of housing if we do nothing.

A Local Housing Trust Fund

HCDC established the Task Force on Affordable Housing Resources two years ago to examine new ways to fund affordable housing. A major recommendation of their March 1994 Report was to establish a local housing trust fund. This recommendation influenced the direction of the Livable City Housing Council as well as the subsequent resolution on the housing investment fund by the City of Portland. For this reason, HCDC cannot allow the opportunity to pass without placing on the record it's strong recommendation for a dedicated share of the SIP tax abatement to go to a housing trust fund.

The time is coming when we cannot assume that federal housing programs will constitute the primary source of assistance. The time has past when we could direct a share of tax increment financing to low income housing. The current battles underway within the River District over a limited amount of federal tax credits shows the need for a new locally controlled source of dollars.

The City of Portland has recently indicated its support for a housing fund. We at HCDC urge the County and suburban cities to join in the effort to make this fund a reality. The creation of a countywide funding pool would mark an important step in addressing a regional need. Therefore, we would support an up front and specific dedication to a fund from the amount of abated taxes either within or beyond the statutory twenty-five percent Community Service Fee.

Our final point: we must begin *now* to prepare for the increasingly tight situation low income people will face in our housing market in the years to come. A long term perspective must guide our present planning for an uncertain future.

Attachments

Attachments to HCDC Testimony on the Strategic Investment Plan
April 11, 1995

- Worst Case Housing Needs
  Renter Household Data from the CHAS

- Home Buyer Affordability Gap
  Portland Area 1994

- What Is Affordable Housing?
  Single and Four Person Households

WORST CASE HOUSING NEEDS
Renter Household Data From the CHAS

Severe Cost Burden:
According to the 1990 Census, there were **22,737** renter households in Multnomah County earning less than 30% of the area median income (very low income).

Of these very low income households, **2,800** or 45% of elderly had >50% cost burden.

Of these very low income households, **4,333** or 72% of small related (2-4 persons) had >50% cost burden.

Of these very low income households, **916** or 62% of large related (more than 5 persons) had >50% cost burden.

Of these very low income households, **5,775** or 64% of all other renter households had >50% cost burden.

Housing Problems:
Of these very low income households, **3,918** or 63% of elderly renter households had housing problems.

Of these very low income households, **10,143** or 87% of small related renter households had housing problems.

Of these very low income households, **2,605** or 90% of large related renter households had housing problems.

Of these very low income households, **13,300** or 81% of all other renter households had housing problems.

Housing problem means those units which 1) meet the definition of physical defect (lacking complete kitchen or bathroom facilities); 2) meet the definition of overcrowded (more than one person per room); and 3) meet the definition of 30% cost burden.

Home Buyer Affordability Gap

Explanation of Table
The following table displays what we call an "affordability gap" for potential home buyers of varying income groups. The second column lists the average sales price for 1994 for single family homes sold in different city and suburban districts of the Portland metro area. The next three columns show whether families at the median, low, or very low income level are able to afford the average priced home in each of the districts.

The affordability gap is the difference between the home that would be affordable to each of the income groups, as shown at the bottom of the table, and the cost of the average priced house in each district. The notes at the bottom of the page describe the assumptions used in determining the maximum price of housing each income group could afford.

The affordability gap is a negative number shown in parentheses and shaded.

The table indicates that a low-income family (defined as 80 percent or less of the area median income) could afford the average housing price only in North and Southeast Portland. For a very low-income family (defined as 50 percent or less of the area median income) the average priced home in each district is beyond the reach of this income level.

Applying this analysis to the average priced home sold within Portland ($107,640) in 1994, we find that a median income family could comfortably afford this price level. However, for low- and very low-income families, such a house remains unaffordable.

From the Portland, Gresham, Multnomah County Consolidated Plan, 1995

Home Buyer Affordability Gap
Portland Area 1994

District	Average Single Family Home Price for 1994	Median Income 100% MFI ($42,700)	Low-Income 80% MFI ($34,160)	Very Low-Income 50% MFI ($21,350)
North Portland	$72,400	$75,725	$27,030	($10,120)
SE Portland	$96,600	$51,525	$2,830	($34,320)
NE Portland	$102,700	$45,425	($3,270)	($40,420)
Hillsboro/ Forest Grove	$122,600	$25,525	($23,170)	($60,320)
Gresham/ Troutdale	$128,000	$20,125	($28,570)	($65,720)
Beaverton/ Aloha	$130,900	$17,225	($31,470)	($68,620)
Milwaukie/ Clackamas	$134,000	$14,125	($34,570)	($71,720)
Oregon City/ Canby	$134,700	$13,425	($35,270)	($72,420)
Tigard/ Wilsonville	$166,100	($17,975)	($66,670)	($103,820)
West Portland	$192,400	($44,275)	($92,970)	($130,120)
Lake Oswego/ West Linn	$219,200	($71,075)	($119,770)	($156,920)
City of Portland	$107,640	$40,485	($8,210)	($45,360)

Income Level	Affordable Monthly Payment	Affordable Loan	Interest Rate	Affordable Price
100% MFI-$42,700	$890*	$118,500	8.25%	$148,125
80% MFI-$34,160	$712**	$94,458	8.25%	$99,430
50% MFI-$21,350	$445***	59,166	8.25%	$62,280

* Based on conventional 30 year loan, 8.25% interest, 20% down, 25% of income
** Based on FHA 30 year loan, 8.25% interest, 5% down, 25% of income
*** Based on FHA 30 year loan, 8.25% interest, 5% down, 25% of income

Source: Regional Report–12/94 (Realtors Multiple Listing Service); Multnomah County Assessment and Taxation

What is Affordable Housing?

Single Person			Four Person Household		
Annual Income (% Area Median Family Income)	Converted to Hourly Wage/Full-time (2080 hrs per year)	Affordable Housing Cost (rent + utilities = 30% of monthly income)	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)
$8,970 (30% MFI)	$4.31	$224	$12,810 (30% MFI)	$6.15	$320
$14,950 (50% MFI)	$7.19	$374	$21,350 (50% MFI)	$10.26	$534
$23,920 (80% MFI)	$11.50	$598	$34,160 (80% MFI)	$16.42	$854
$29,900 (100% MFI)	$14.38	$747	$42,700 (100% MFI)	$20.52	$1,067

1. Based on revised (December 1994) 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.

4/11/95 SUBMITTED BY BOB ROBISON

CITY OF

PORTLAND, OREGON

Gretchen Kafoury, Commissioner
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Strategic Investment Tax Breaks

Commissioner Gretchen Miller Kafoury
City of Portland

April 11, 1995

I strongly support creating family wage jobs for people who now live in the Portland area. I am not convinced that giving tax breaks to large, high-profit companies is the best way to do this.

I want to be very clear that my concerns are not about Fujitsu, Samsung, Intel, or any other firm that may apply for the abatement. I frankly don't know whether they are -- or are not -- the type of corporate neighbor with which local governments should be partners.

I have three concerns about the SIP policy:

1. These tax-breaks encourage growth at the same time they limit local tax funds needed to carefully manage growth.

The Portland economy and population are growing plenty fast enough without giving away tax breaks. If our economy were lagging and people were leaving our area, this policy might make more sense.

I laud your effort to see that new good jobs in the computer industry go to people who are here now. But our own Portland Development Commission (PDC) tells us that their are not enough Oregonians qualified for the good paying jobs.

Our unemployment rate is now lower than it has been in several decades. Some current residents will get the new lower paying jobs. More people will come to the area to take the service jobs that then open up.

So this policy will bring people to our area at the same time it limits the taxes their new employers pay. These are tax revenues that could be used for the roads, libraries, parks, schools, and social services that keep our area such a great place to live.

Tax abatements are only one of the reasons companies decide where to build. Of course the companies will tell us they must have the abatement. I am not convinced they wouldn't come anyway because of our clean water, quality of life, proximity to other computer manufacturers, and our position on the Pacific Rim.

2. Housing prices are now out of reach for too many Portlanders. We don't need more studies -- we know this is fueled by growth!. If you grant these abatements, I encourage you to ask the companies to help solve the housing crisis in exchange for an attractive tax break.

There is a clear link between new companies, population growth, and housing costs. Just last month the National Association of Homebuilders declared Portland to be one of the least affordable housing markets in the nation. Prices have increased 50% in the last 5 years. Wages have not kept pace.

According to PDC, many of the new jobs created through the SIP will pay salaries that are below 80% of the median income. This leaves the employees eligible for subsidized housing. It doesn't make sense to first give the company a tax subsidy, and then also have to subsidize their employees' housing.

The draft Policy now calls for a study of the housing impact of each new company. I assure you this will merely lead to economists and advocates arguing among themselves over what assumptions to use, and how to do the study.

I recommend a more straight-forward approach. We should recognize the housing crisis and ask these companies to help finance affordable housing. This is help they can afford in exchange for a hefty tax break.

The City Council recently adopted a formal goal of increasing the Housing Investment Fund to $15 million each year. The Fund will address the affordable housing crisis. I invite Multnomah County, if you are interested, to join us and make this a County-wide Housing Investment Fund. We can follow-up on this after the hearing.

3. Counties should not compete to see who can land the next big company by giving away the most. We need a regional policy.

The competition has already begun among the Metro area counties and cities that want to land these big investments with tax breaks. I am very concerned that this will lead to a "race to the bottom" to see who can offer the sweetest deal.

I recommend that you, Chair Stein and the Multnomah County Board, provide the leadership to invite Washington and Clackamas Counties to develop a regional policy.

4/11/95 SUBMITTED BY BOB ROBISON

THE WALL STREET JOURNAL.
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Growing Pains

Rio Rancho Wooed Industry and Got It, Plus Financial Woes

Big Tax and Other Incentives Leave New Mexico Town Short of School Money

Costly Coup: the Intel Plant

By ROBERT TOMSHO
Staff Reporter of THE WALL STREET JOURNAL

RIO RANCHO, N.M. – Strewn across a high desert mesa, this burgeoning Albuquerque suburb bills itself as a business-minded oasis of vision and growth.

At first glance, that is hard to dispute. Rio Rancho has attracted a stream of relocating or expanding companies, most notably Intel Corp. Construction crews are swarming over new shops and hotels. Adobe mansions are popping up and replacing starter homes. Over a country-club lunch, Mayor Tom Swisstack marvels, "I'm not sure anybody expected the city to be as successful as it has been."

But while office parks sprout along its spotless cul-de-sacs, Rio Rancho has yet to build a high school. Some elementary and junior-high facilities are packed to twice capacity. Portable classrooms fill dusty playgrounds. "We have kids who are using outdoor toilets," says Karla Walker, the school-board president.

After handing out big tax breaks to attract employers, Rio Rancho can't afford schools. "The growth has been phenomenal," says Joseph Carraro, a state senator, "but we've seen it blow up in our faces."

A Common Pattern

By luring companies away from California and the East, onetime backwaters such as Chandler, Ariz., and Round Rock, Texas, are suddenly booming. But such communities are discovering that economic-development battles can exact a stiff price, even for the victors. A decade after Maury County, Tenn., won one of the biggest prizes – General Motors Corp.'s Saturn plant – its school district needs as many as 100 additional classrooms just to meet minimum state standards.

"When you give a tax abatement to the company coming in, either somebody else ends up paying higher taxes or the necessary public service isn't provided," says Kent Briggs, senior fellow at the Center for the New West, a Denver-based think tank. "And when you do it in a way that depletes your ability to build schools, that's not a good bargain."

That companies are eager to avoid supporting public schools seems ironic, considering how often executives decry American education. Even pro-business groups, such as the U.S. Chamber of Commerce, are beginning to criticize executives' tepid support for public schools.

A Failure to Look Ahead

"They are not worried about the next generation," says Martin Lefkowitz, a chamber economist who has studied job-creation costs. "They are not looking at it for the long term. They figure that the school system will take care of itself."

At Intel's headquarters in Santa Clara, Calif., Gerry Parker, a senior vice president involved in plant-siting, terms tax incentives a necessary cost-cutting tool in a highly competitive industry. With some foreign governments helping to build plants for competitors, he says locating and expanding plants in many U.S. communities would cost too much if Intel had to pay full property and sales taxes on its manufacturing equipment.

"To have to pay property tax the same as on your boat or your house, that starts to get pretty expensive," he says. "We take a look at what it costs to do business here, there, or somewhere else. That is all there is to it."

Whose Responsibility?

As for the needs of area schools, Intel executives say they try to be a good neighbor and help out whenever they can. But while the computer-chip maker gives some computers and scholarships, Bill Garcia, its external-affairs director in New Mexico, says paying for schools ultimately isn't its duty. "We think that the state has to step up to its responsibilities," he says.

State and local leaders deserve much of the blame, of course. To lure companies, they are forgiving property taxes for decades ahead and issuing low-interest bonds to finance construction of industrial buildings. Some states rebate state income-tax money withheld from employees. Some communities offer to recruit and train workers, move plants, and give relocating employees discounts on everything from home-loan fees to airline tickets.

Such gimmicks aren't cheap. A 1994 study by the Corporation for Enterprise Development, a Washington-based think tank, estimated that South Carolina effectively paid $68,000 per job in incentives to land a BMW auto plant in 1992. According to the same study, jobs at the Mercedes-Benz plant that Alabama won in 1993 cost the state as much as $200,000 each.

Even then, there isn't any guarantee a partnership will be long-lived or prosperous. The Volkswagen AG plant that Pennsylvania paid $70 million in incentives to land in 1976 never met its employment projections, and it closed after 11 years. Kentucky offered Columbia/HCA Healthcare Corp. major incentives to move there, but the hospital giant stayed only a year before Tennessee lured it away in January with a better deal. RJR Nabisco Holdings Corp. ultimately didn't build the cookie factory that led North Carolina to slash

Please Turn to Page A14, Column 1

Growing Pains: Rio Rancho, N.M., Wooed Industry And Got a Lot of It, Plus Vexing Money Problems

Continued From First Page

certain corporate income-tax rates in 1988.

Sometimes, communities pay out big sums for plants they would have got anyway. That is because some companies create false competitions by threatening to walk away from places where they have already decided to locate or expand. Rio Rancho was one of several cities competing for what was thought to be one prize—a $1 billion Intel plant. But after Rio Rancho won, three of the other finalists — in California, Arizona and Oregon — also got new Intel plants or plant expansions.

Mr. Parker says Intel tells losing bidders why they didn't get a plant, but does try to play them off one another during the bidding. "I certainly find that somewhat distasteful," he says, adding: "Some of our local people have a vested interest, and they will get a bit exuberant."

None of this deterred dozens of cities from battling for the $1.3 billion Micron Technology Corp. plant recently awarded to tiny Lehi, Utah. "People thought that this abatement and recruitment war was diminishing," says Bill Schweke, policy analyst at the Corporation for Enterprise Development. "Instead, it appears to really be accelerating."

Rio Rancho, whose population has exploded to 44,000 from about 8,000 in 1980, illustrates how a relatively small town can grow rapidly by luring industry—although its growth has been somewhat unusual because of the dominant role played by one major real-estate developer.

The town has attracted a lot of attention throughout the West for its industrial conquests. They include Intuit Inc., the California-based software concern, which recently opened an 800-job technical center. That followed Olympus Corp., U.S. Cotton Inc. and an accounting center of PepsiCo Inc.'s Taco Bell unit. "We're world-beaters," boasts Mark Lautman, a former Peace Corps volunteer who is point man for the city's economic-development drive.

The city pursues even tiny employers. Great American Stock Co. co-owner Holly Hitzemann heard about Rio Rancho while looking for a new home for her 13-employee photography concern in 1993. "They flew out to San Diego, just for little me, with building plans that they had paid to have done, and the banker that would provide the financing," she recalls. She went.

Quick Approvals

Because Rio Rancho's hard-charging recruitment team includes everyone from city planners to bankers and builders, a relocating company can frequently have its facility planned, approved and built in less than four months. If not free, the property is usually cheap, because most of it is controlled by Mr. Lautman's employer, Amrep Southwest Inc., a unit of Amrep Corp., a New York developer.

In addition to being Rio Rancho's biggest home builder, landowner and promoter, Amrep also served as its de facto government until 1981, when the town was incorporated. The development began in 1961, when Amrep purchased 92,000 acres of brushland northwest of Albuquerque. With free dinners and ads run relentlessly in New York and other East Coast markets, the lots were marketed as the ideal retirement spot. A few thousand retirees did make the move; others sued after seeing the isolated properties they had purchased. In 1977, three Amrep units and four executives were convicted of fraudulently marketing largely undeveloped land.

After the scandal, Amrep concentrated on building and selling inexpensive starter homes and trying to attract the kind of companies whose employees would buy them. Meanwhile, it put up Rio Rancho's first motel, launched police and fire departments and ran the local water utility.

But while the company plotted new subdivisions and built nearly 1,000 homes a year, it left education of the suburb's children to two school districts with little input into Amrep's growth plans.

Students on the north side of town were sent to the tiny Jemez Valley school district, whose high school was nearly 35 miles away. Most Rio Rancho children attended Albuquerque Public Schools, a sprawling urban district barely able to keep up with its own fast growth. When building new schools, the Albuquerque district didn't consider Rio Rancho a priority, especially after Rio Rancho parents began, in the late 1980s, lobbying to secede and start their own district.

Generous Promises

Even if Rio Rancho had had its own school district all along, however, Intel wouldn't have been much help. The 1980 Amrep proposal that initially persuaded Intel to build a plant on a 180-acre site in the middle of town included more than promises of low-cost labor, a business-friendly government, and the cheap and abundant water needed for chip making. The state and county also promised that Intel wouldn't have to pay any property taxes—the main source of school-construction money in New Mexico — for 30 years. The impact of such a deal "was really overlooked," says Rick Murray, director of community relations for the Albuquerque schools.

Rio Rancho kept growing during the 1980s, spurred on by Amrep, the local government and the state, which was becoming desperate to diversify a job base long dependent upon government employment and agriculture. When Intel announced that it was looking for another expansion site in 1992, all three entities scrambled to bring the plant here.

The plant was to be a 1.3 million-square-foot facility that would require 3,000 construction workers and eventually employ more than 1,000 permanent workers. And because it would manufacture the advanced chip that Intel now calls Pentium, it was also expected to spawn both public attention and secondary growth for the host community.

In April 1993, Rio Rancho and the state landed the $1 billion plant, along with an $800 million expansion of Intel's existing Rio Rancho facility. They did it with a $114 million package of incentives and tax breaks that was tailored to meet the "ideal incentive matrix" that Intel had circulated to officials in New Mexico, California, Arizona and other states.

In addition to lower corporate-income taxes, they agreed to grant Intel an exemption from property taxes and gross-receipts taxes on equipment purchases. They also agreed to recruit and train workers, guarantee rapid grants of permits and obtain deep discounts on everything from moving and storage fees to utility deposits for Intel employees.

New District Created

Meanwhile, after years of lobbying the state legislature, Rio Rancho finally created a fledgling school district last July. Its first superintendent, V. Sue Cleveland, admits that although winning Intel made national headlines for Rio Rancho, "there has not been an effort to keep up with the needs of the public schools."

Building new schools won't be easy so long as property taxes are the primary source of construction money.

New Mexico property taxes have long been low. In fiscal 1992, the latest year for which comparative data are available, New Mexico ranked 48th among the 50 states in property taxes, collecting $217 per capita, compared with a nationwide average of $699. However, the property taxes collected by Rio Rancho are among New Mexico's highest, at $7.65 a year per $1,000 of valuation—the maximum allowed by state law and more than triple those in Albuquerque and Santa Fe.

By law, the property taxes that a New Mexico school district can collect for construction projects are limited to about 6% of a community's overall valuation. By 3-to-1, Rio Rancho voters voted to go to that limit when they launched the new district. For Rio Rancho taxpayers who had been living in the Albuquerque school district, the move, in effect, increased their school property taxes 64%, to about $1,123 on a $100,000 home in 1994 from $684 in 1993.

Nevertheless, the tax increase raised only about $27 million, less than half the amount needed to build the five additional schools that are being proposed by the district and would immediately be filled to capacity. But if Intel's huge plant had been included on the property-tax rolls, "we could have borrowed 10 times that much," says Richard Herrera, facilities director for Rio Rancho schools.

Meanwhile, Rio Rancho's high-school students are bused to an overcrowded Albuquerque school that is threatening to disperse them to more distant schools. Most middle- and elementary-school students are taught in portable classrooms, and there is no room for any more on four of Rio Rancho's seven campuses.

Crowded Middle School

Nearly 1,600 students attend Lincoln Middle School, a facility designed for 750. Broom closets have been turned into offices. Lunch takes three hours because students must eat in shifts. And in a city that boasts of its high-tech industries, computer-science classes use 12-year-old Apple machines — and so few of them that half the students are taught with overhead projectors and transparencies.

"In good conscience, I don't know how we can continue soliciting new families and businesses to come here when the infrastructure clearly won't support it," Principal Katy Harvey says.

Now, more and more residents are grumbling about Rio Rancho's companies and saying Intel, with annual revenue exceeding $11 billion, could solve the school problems. "I don't think that they are paying their way," says Morris Gusowsky, president of the Rio Rancho Taxpayers Group.

Intel contends that it has created 4,400 local jobs paying an average salary of $35,000, nearly twice the state average,

4/11/95 CAROLYN MORRISON SUBMITTAL

CHILD CARE
SUPPORT SERVICES, INC.

April 11, 1995

Testimony to be presented at Multnomah County Public Hearing on Proposed Strategic Investment Program

Understandably, city and county officials are concerned about "deal killers" when negotiating with corporations who are considering locating plants in our county. Requiring consideration of child care benefits should not be construed as a deal killer. Quite the opposite is true. What we have learned, and should be concerned about, is the fact that the lack of quality child care in a community can be a deal killer.

Some believe that companies become more responsive to family issues when there is significant "pain;" that is, when family-related problems cause management concerns. There are a number of factors that are causing "pain" in today's workplace. Workforce 2000, the report commissioned by the U.S. Department of Labor, outlined the effects of a labor pool that is smaller and less prepared to deal with the demands of jobs requiring increased communications and technological skills. U.S. companies can no longer just hire more people and achieve greater economic growth, as they did historically. Slower labor force growth means we must now gain more productivity from the current labor pool.

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The composition of the labor pool has changed dramatically, and requires that companies re-examine their efforts to recruit and retain a productive workforce. The most profound change is the proportion of available workers who are female. Between the present time and the year 2000, about 2/3 of new entrants into the workforce will be women. About 3/4 of them will become pregnant at some point during their working years. More than 1/2 will return to work before their child's first birthday. Fifty-seven percent of all women with preschool children and 2/3 of women with school-age children will be employed outside the home.

The Association for Portland Progress' Business Development Task Force is charged with recruiting new businesses and retaining existing ones in the central city. In their 1992 Child Care Task Force Report, they noted that "affordable, quality child care . . . is a prerequisite to the continued economic development in our community." It was further stated that "the availability of quality, affordable child care will be a critical factor in determining whether employers are able to recruit and retain their future workforce. This was recently reinforced when a top national site selection firm indicated that child care is one of the top four criteria companies use in deciding where to relocate."

Rather than ignoring child care and assuming that corporations are averse to addressing their employees child care needs, it would be more judicious and appropriate to examine the existing child care available in the community and compare that to the potential impact of new developments on supply. We know that it is common for the production workforce of high-tech industries to work 10-12 hour rotating day shifts. This requires a 24-hour, 7-day a week child care service. This is a service that needs to be developed as child care businesses generally operate Monday through Friday, 6 AM - 6 PM. In all of east Multnomah County, there are 67 caregivers that provide extended hour (swing-shift, graveyard, overnight, weekend) child care, according to the child care database of Metro Child Care Resource & Referral. Of these, 33 will provide services on Saturday or Sunday; 17 are in Gresham and 9 are in Troutdale.

We have an opportunity and can learn from cities with similar development experiences. Many have implemented ordinances that require developers to mitigate the impact of their new development on child care services. Methods to calculate the impact have been in use since the mid-eighties and are usually based on a community's specific requirements.

While there is much more that can be said on this subject, I would simply like to say that, based on my experience, research and knowledge of the child care community in Multnomah county, I believe Strategic Investment Program applicants should be required to conduct a child care impact study and develop a plan to address identified needs. The resources exist within our community to assist applicants with such efforts.

Carolyn L. Morrison

Carolyn L. Morrison

Executive Director

Enlisting Developers as Partners in Child Care

A Survey of Current Practices

Caroline Eichman and Barbara Reisman

Today, more than ever, governments are looking to developers to assist with the construction or financing of key community services. Since the mid-1980s, government policy makers have looked for ways to encourage developers to build or help pay for a range of community services, child care facilities prominent among them.

The issue is doubly important, because the United States faces a crisis in child care. Today, 33 million children, or 61 percent of all children under 14 years of age, have working mothers. Since the 1970s, the number of children under age six with mothers in the labor force increased by 80 percent. According to Sandra L. Hofferth, writing in the July 1989 issue of Young Children, by 1995, nearly two-thirds of all preschoolers (15 million), and over three-fourths of all school-age children (28 million), will have mothers in the labor force.

Child care is clearly an issue of growing concern, for parents faced with the challenge of juggling their work and family responsibilities, for employers concerned with the quality of their labor force and the retention of experienced employees, and for government.

Public leaders, tying some of the increasing need for child care to commercial and residential development, are involving developers in child care. Two of the most popular approaches are linkage, a legislative mandate; and bonuses, a zoning incentive. These approaches either require developers to provide or finance child care facilities, or give them incentives for doing so.

To date, child care linkage and bonus programs have been implemented in 13 communities. An additional 14 communities and states are considering such initiatives (see Figure 1). Together, these programs have resulted in the construction of 42 child care centers, serving an estimated 2,179 children. In addition, developers have paid over $4.3 million in fees to local governments for child care.

Linkage

Linkage is a legislative mandate that directs developers to construct child care facilities on or near their development sites, or to pay a fee into a community fund established solely for child care purposes. Proponents argue that developers should bear some responsibility for the increased demand for public services that their projects generate, child care among them.

Linkage programs are far more common than bonus programs. In 1985, the California communities of Concord and San Francisco became the first to pass child care linkage legislation. Since then, linkage has been implemented in six other communities; 13 additional communities and states are considering it.

Linkage appears to have increased the child care supply, improved access, and in some instances improved the quality of child care where it has been implemented. It has resulted in the construction of 34 child care centers, serving over 1,700 children.

For linkage to be implemented successfully by a state or local government, two conditions must be met:

1) Linkage should be put in place before the growth in a community occurs, and the local economy must be strong enough so that developers will build, regardless of the extra requirements imposed upon them.

San Francisco's 1985 linkage ordinance was compromised one year later with the passage of Proposition M, which severely limited the number of newly proposed downtown office projects that could be approved in a given year. Between 1985 and 1989, no new office space was built subject to the child care linkage requirement. However, five projects subject to linkage requirements are pending and are expected to add over $900,000 in developer fees to the city's Affordable Child Care Fund within the next three to five years. The fund, established solely for the purposes of the linkage ordinance, is to be used to increase the supply of child care facilities.

2) A successful linkage argument must pass the "rational nexus" test. According to Abby Cohen, attorney with the Child Care Law Center and principal author of the San Francisco linkage ordinance: "There must be a direct connection between a new development and the need for additional community child care facilities and services, or else a community leaves itself open to legal challenges." Legally, linkage can address only the needs created by new development.

Governments typically implement linkage to address the supply or quality of child care, or to improve its accessibility to targeted groups (see Figure 2).

In **San Ramon, California,** linkage fees on commercial and residential development are funding four needed school-aged child care centers that accommodate nearly 400 children. **Boston's** ordinance linking commercial projects of 100,000 square feet or more to child care addresses the lack of child care facilities for downtown employees, low- and moderate-income families, and downtown residents. Five development projects that will create nearly 480 new spaces for child care have been approved for construction.

Concord, California, uses the $210,000 per year it collects in developer fees to subsidize child care at existing centers for approximately 26 children. Lydia DuBorg, director of the Urban Resources Division, says, "We have . . . a committed funding source for child care which would not have been there otherwise." In **San Francisco,** the linkage ordinance was written to encourage developers of large office and hotel projects to pay a fee, rather than provide space, to give the city more control over child care planning. Developers may set aside 2,000 square feet of floor space, free of rent and utility charges, for a nonprofit child care provider; or they may contribute $1 per square foot of space to the citywide child care fund.

Linkage: The Developer Perspective

Developers express a range of views about linkage, from hostile to supportive. But, preferring incentives to mandates, few really support linkage.

Some argue that linkage ordinances impose an unfair tax, and that their costs will be passed on to tenants and buyers. As Gregg Jordan, president of Hunneman Investment Management Company in Massachusetts, puts it: "We see linkage as an added cost to doing business. It's an additional tax imposed on developers."

Other developers feel that they have been singled out to solve the child care problem. Richard Carnaghi, senior vice president of the Heritage Development Group in Southbury, Connecticut, says: "The 'need' for child care should be generated by the developer's project. The developer should not be leaned on just to meet general community needs for these facilities."

Others argue that if there is truly a need for child care, mandates are unnecessary because market forces will induce them to offer child care in their projects. John Casazza, assistant vice president for education with the National Association of Office and Industrial Parks, states: "Developers do not like to have to do something because it is mandatory. The current market conditions are enough to serve as a strong incentive for developers to provide child care."

Marjorie Saltiel, former director of the Boston Building Owners and Managers Association's Private/Public Initiative for Child Care, stresses that

Figure 1
Developer Child Care Initiatives

Initiatives in Effect

	Linkage	Bonus
Cities		
Boston, MA	✓	
Clayton, CA	✓	
Cincinnati, OH		✓
Concord, CA	✓	
Danville, CA	✓	
Hartford, CT		✓
Irvine, CA		✓
Martinez, CA	✓	
Portland, OR		✓
San Francisco, CA[1]	✓	
San Ramon, CA	✓	
Seattle, WA		✓
Counties		
Contra Costa, CA	✓	

Initiatives under Consideration

	Linkage	Bonus
Cities		
Antioch, CA	✓	
Davis, CA	✓	
Los Angeles, CA		✓
Milwaukee, WI	✓	
Napa, CA	✓	
New York, NY	✓	
Pasadena, CA	✓	
Pittsburgh, PA	✓	
Sacramento, CA	✓	
Sunnyvale, CA	✓	
Vallejo, CA	✓	
Counties		
Santa Cruz, CA	✓	
States		
Massachusetts	✓	
New Jersey	✓	

[1]The initiative is being implemented in both the city and the county.
Source: Child Care Action Campaign.

In San Ramon, California, linkage fees on commercial and residential development are funding four needed school-aged child care centers that accommodate nearly 400 children. Boston's ordinance linking commercial projects of 100,000 square feet or more to child care addresses the lack of child care facilities for downtown employees, low- and moderate-income families, and downtown residents. Five development projects that will create nearly 480 new spaces for child care have been approved for construction.

Concord, California, uses the $210,000 per year it collects in developer fees to subsidize child care at existing centers for approximately 26 children. Lydia DuBorg, director of the Urban Resources Division, says, "We have . . . a committed funding source for child care which would not have been there otherwise." In San Francisco, the linkage ordinance was written to encourage developers of large office and hotel projects to pay a fee, rather than provide space, to give the city more control over child care planning. Developers may set aside 2,000 square feet of floor space, free of rent and utility charges, for a nonprofit child care provider; or they may contribute $1 per square foot of space to the citywide child care fund.

Linkage: The Developer Perspective

Developers express a range of views about linkage, from hostile to supportive. But, preferring incentives to mandates, few really support linkage.

Some argue that linkage ordinances impose an unfair tax, and that their costs will be passed on to tenants and buyers. As Gregg Jordan, president of Hunneman Investment Management Company in Massachusetts, puts it: "We see linkage as an added cost to doing business. It's an additional tax imposed on developers."

Other developers feel that they have been singled out to solve the child care problem. Richard Carnaghi, senior vice president of the Heritage Development Group in Southbury, Connecticut, says: "The 'need' for child care should be generated by the developer's project. The developer should not be leaned on just to meet general community needs for these facilities."

Others argue that if there is truly a need for child care, mandates are unnecessary because market forces will induce them to offer child care in their projects. John Casazza, assistant vice president for education with the National Association of Office and Industrial Parks, states: "Developers do not like to have to do something because it is mandatory. The current market conditions are enough to serve as a strong incentive for developers to provide child care."

Marjorie Saltiel, former director of the Boston Building Owners and Managers Association's Private/Public Initiative for Child Care, stresses that

Figure 1
Developer Child Care Initiatives

Initiatives in Effect

	Linkage	Bonus
Cities		
Boston, MA	✓	
Clayton, CA	✓	
Cincinnati, OH		✓
Concord, CA	✓	
Danville, CA	✓	
Hartford, CT		✓
Irvine, CA		✓
Martinez, CA	✓	
Portland, OR		✓
San Francisco, CA[1]	✓	
San Ramon, CA	✓	
Seattle, WA		✓
Counties		
Contra Costa, CA	✓	

Initiatives under Consideration

	Linkage	Bonus
Cities		
Antioch, CA	✓	
Davis, CA	✓	
Los Angeles, CA		✓
Milwaukee, WI	✓	
Napa, CA	✓	
New York, NY	✓	
Pasadena, CA	✓	
Pittsburgh, PA	✓	
Sacramento, CA	✓	
Sunnyvale, CA	✓	
Vallejo, CA	✓	
Counties		
Santa Cruz, CA	✓	
States		
Massachusetts	✓	
New Jersey	✓	

[1] The initiative is being implemented in both the city and the county.
Source: Child Care Action Campaign.

Figure 2
Key Elements of Established Child Care Linkage Ordinances

	Year Enacted	Commercial (C) or Residential (R) Projects Affected	Developer Space and/or Fee Contribution[2]	Targeted Child Care Beneficiaries	No. of Centers to Be Built[3]	No. of Spaces	Fees Collected
Boston, MA	1989	C: 100,000 sq. ft. or more	Space: between 2% and 12% of gross floor area Fee: determined by needs assessment	Building employees/ Boston residents	5	480	$500,000
Clayton, CA	1988	C: over 2,500 sq. ft. R: any units over 1 bedroom	Space: determined by needs assessment Fee: determined by needs assessment	Preschool/ school-aged	1	-	0
Concord, CA	1985	C: over $40,000 in value	Space: determined by needs assessment Fee: 0.5% of development cost	Not specified	1	50	$1,175,000
Contra Costa County, CA	1988	C: having 100 or more employees or 15,000 sq. ft. or more R: over 30 units	Space: determined by needs assessment	Not specified	12	289	$412,000[4]
Danville, CA	1989	C: all developments R: over 50 units	Space: determined by needs assessment Fee: for C: $.25/sq. ft. of net leasable area; for R: determined by needs assessment	Preschool/ school-aged	5	500	$250,000 contribution by town in anticipation of developer fees to be collected
Martinez, CA	1990	C: over 2,500 sq. ft. R: any units over 1 bedroom	Space: determined by needs assessment Fee: estimated fair market value of land and construction costs of needed child care facility	Infant/ school-aged	1	-	0
San Francisco, CA	1985	C: 50,000 sq. ft. or more	Space: minimum of 3,000 sq. ft. Fee: $1/sq. ft. gross area	Low-/ moderate-income households	5	60	$944,201, plus $650,000 pending
San Ramon, CA	1987	C: 2,500 sq. ft. or more R: Any units over 1 bedroom	Space: determined by needs assessment Fee: determined by needs assessment	School-aged	4	400	$50,531, plus $370,000 loan from other sources in anticipation of developer fees to be collected

[1]As of January 1991.
[2]*Determined by needs assessment* means that the locality requires developers to conduct a study to determine the child care needs that will be created as a result of their projects. Thus, the amount of space or money to be collected will be proportional to the need.
[3]Includes centers currently under construction as well as those now seeking approval.
[4]Money being spent by developers to comply with ordinance.
Source: Child Care Action Campaign.

"employers are a 'missing partner' in linkage, and are not being asked to carry their weight."

Conflicts sometimes emerge between developers and child care advocates over building codes and restrictions that the former say impede their ability to construct child care space and the latter say are important for safe, high-quality child care. According to Mark Appell, project manager for Stein & Company in Chicago, "Developers building in downtown settings may encounter regulations that require child care to be on the first floor, often a developer's most valuable space, and that require an outdoor play area, which may not be possible in a downtown high rise."

However, building codes can be altered to make them compatible with local initiatives. Gwen Morgan, policy consultant for Work/Family Directions in Boston, notes that in Massachusetts the statewide building code recently was changed to permit infant child care facilities above a building's first floor.

Bonuses

Child care bonuses allow developers to add square footage to their development projects in exchange for space for child care. Developers in essence are rewarded for including child care facilities.

Five communities offer child care bonuses to developers (see Figure 1); Los Angeles is considering adopting a similar program. In the cities with child care bonus plans, only eight child care centers, serving over 400 children, are expected to be built. Though bonus plans have yet to increase significantly the supply of child care in a community, some have helped raise developer and employer awareness of the merits of offering child care in their buildings.

Bonuses are most successful where the community has been heavily involved in planning and coordinating child care. Child care will be created, first, if developers select the bonus, and second, if the economic environment is conducive to development.

The primary goal of a child care bonus is to increase the supply of child care, most often in a downtown commercial district. Some bonuses specify who will benefit (employees, low- to moderate-income families) and whether the center should be operated by a for-profit or nonprofit entity (see Figure 3).

Seattle's downtown bonus rule has succeeded in generating space for child care. Although child care is one of many bonuses (such as atriums, parking, and parks) that developers may select, it offers the largest incentive. Billie Young, Seattle's child care coordinator, says, "Developers can't build the biggest building without including child care." Adopted as part of a larger comprehensive downtown plan, the Seattle bonus is the most specific of established bonus programs in its requirements for developers. It requires that a nonprofit organization operate the center for at least its first three years, rent and maintenance free. The center must give priority to children of low- and moderate-income employees working in the building, and must set affordable rates.

Irvine's bonus for child care, in existence since 1988, has been used by two projects expected to be completed by 1993. The one developer who has taken advantage of Portland's bonus plans to incorporate a 5,000-square-foot child care center in exchange for an additional 15,000 square feet of space in a project slated for completion this year.

The most successful bonus provisions are well marketed. In Seattle, where two developers have used the bonus, the provision was publicized widely by city officials. In contrast, after Cincinnati passed its bonus provision, it instigated virtually no follow-up with developers to encourage use of the bonus, and no developer has come forth with a proposal.

Bonuses: The Developer Perspective

In general, because they are voluntary, bonuses are more appealing to developers than linkage requirements. In fact, many developers welcome child care bonuses as an added incentive for doing something that may give them an upper hand in a competitive market. Steve Trainer, senior vice president with Wright Runstad & Company in Seattle, comments, "Child care provides a marketing benefit. The child care center may become the driving force behind our tenants' decision to remain in our building."

As with linkage, state or local building codes and licensing regulations can be incompatible with child care bonuses. In Cincinnati, Councilman Guy Guckenberger believes that such incompatibilities may explain the nonuse of the city's day care bonus: "The city requires a very strict license for child care. We require a play area attached to a center. In the downtown area, that's a difficult requirement to meet."

Trainer concurs: "Codes should be set to encourage development, particularly in a downtown setting, if child care is to be made easier to build."

A Verdict on Developer Initiatives

Developer initiatives have, in some communities, improved the child care situation by increasing the supply of, or access to, child care; raising local awareness of the child care crisis; creating a role for developers in financing child care; encouraging public and private leaders to form partnerships to expand and improve child care; and enabling communities to incorporate child care into their community planning.

In other communities, they have had only a limited impact on the child care situation. The success of de-

4/11/95 DAVE MAZZA SUBMITTAL

Labor-Environmental SOLIDARITY NETWORK

- working together -

Testimony of David A. Mazza,

Chair of the Labor-Environmental Solidarity Network,

before the Multnomah County Board of Commissioners

April 11, 1995

Chairperson Stein and Commissioners:

Thank you for this opportunity to comment once again on the county's efforts to develop a policy for utilizing tax abatements in pursuit of county economic development goals. The issue is one with which many cities, counties, and states are struggling, and your efforts are to be commended. Unfortunately, the fruits of your labor - the proposed Strategic Investment Program (SIP) Implementing Policy - fall short of the needs and expectations of county residents. In the brief time allotted tonight, I'll touch upon what our organization sees as significant flaws within the document.

Section II of the draft policy sets out a number of worthwhile goals as the purpose of this document. Open process, restrained use of abatements, support for low-income people, and so forth. These are positions which my organization, Portland Jobs with Justice, and the many others who have previously testified set out as some of the necessary components for a policy. This document, however, does not make the leap from intent to action.

The first goal of Section II is fair and open implementation of the SIP. Section IV of this document, however, ensures that public participation in the decision-making occurs only after pre-application meetings, the application process, negotiations, and the Board review. The public may not, furthermore, be privy to the identity of the applicant - according to Section IV.B - until the consultant report is delivered to the Board. Proponents of this secretive method will say that it is necessary to effectively negotiate with the private sector. We believe it creates an environment which spurns public participation, builds a sense of necessity for the project, and creates a situation that invites abuse and loss of accountability. These concerns are further aggravated by Section IV.D which dropped proposed checks and balances in the systems by maintaining a separation between those responsible for business recruitment and those on the negotiating team. **LESN believes that all aspects of the process should permit the greatest public access possible, including the names of those being approached or spoken with about abatements. We also believe that recruitment and negotiation should not share common participants, and that a citizen advisory board should provide oversight to both processes.**

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The best application process is one which contains clear, easily-understood criteria that identifies the best qualified applicant as early as possible. Sections V, VI, VII, and VIII, outlining the application and process, however, leaves much of that criteria in the hands of negotiators to be adjusted regardless of how strongly the public may feel. Section V.B for examples sets out that "...The Abatement Contract will contain negotiated terms and conditions that specify measures of attainment appropriate to the applicant's operations as well as repayment terms should agreed-upon performance not be achieved." Section VI, furthermore, limits repayment to 75% of the total abatement. Assuming that diligent screening takes place, why the need for unclear enforcement language or provisions which weaken the incentives for compliance?

Other jurisdictions have not found strong "clawback" language an impediment but rather an aid in seeing the public is served. Austin, Texas for example has instituted a clawback rule which requires the company to remain in the community for at least twice the length of the abatement period or the city may recapture all of the abatement. Vermont adopted similar enforcement language for companies which leave or partially transfer jobs to an out-of-state location. **LESN believes the application should contain clear, strong, clawback provisions for non-compliance with standards and goals established in the contract. These provisions should not be open to negotiation.**

Section VI of the draft policy, setting down guidelines for compliance auditing, enforcement, repayment, and contract changes, places the burden of these tasks upon the County, not the applicant. The additional cost of having county agencies perform these tasks will be born by the taxpayer. At a time when county services are already spread thin, this creates a situation in which accountability can be a victim of too few resources. In view of the amount of the tax abatements currently being sought, it is not unreasonable to expect the applicant to bear the additional burden the abatement creates. **LESN believes the policy should call for a non-refundable fee to be paid to the county by the approved applicant which will offset the cost of conducting vigilant oversight of all Abatement Contracts, including the establishment of a citizens advisory board with investigative powers.**

Section VIII should be the heart of this document. Instead, we find far too many goals and standards that are vague or even contrary to the public good.

Section VIII.A's standard, for example, requires applicants to "state that they would not locate here otherwise" to ensure abatements are used only as necessary. This encourages an already-disturbing trend where corporations, like Fujitsu, threaten communities with "abatements or else!"

The Hiring , Wage, Benefits, Training and Retention language in Section VIII.B., while addressing the problem of contracting out jobs at lower wages, fails to contain strong language. Applicants will be able to negotiate the job floor. The policy does not spell out specific minimum retention guidelines, either. The recipient, furthermore, will not be required to help provide retirement benefits, cutting employees loose after loyal service and expecting the community to shoulder the burden. Other communities have not found it burdensome to make such demands non-negotiable. The already mentioned abatement policies in Austin, Texas, and Vermont clearly spell out job-retention goals. Arlington, Texas required General Motors to guarantee at least 2,000 new jobs during the first five years or full recapture of the tax abatement.

Section VIII.E requires recipients to demonstrate a commitment to environmental protection. While water and air quality, toxics, waste reduction, energy conservation, and other goals are listed, the policy permits individual goals within these categories to be negotiated. This section, furthermore, does not require any analysis of the environmental impacts the recipient may have upon the county, metropolitan area, or state. In view of the size of the typical recipient, and the sort of processes in which they engage, this is a very serious omission. High tech firms like Fujitsu use a wide range of toxics in the manufacture of their products. Evidence of the devastating effects these processes can have on the environment have been presented to you in LESN's earlier testimony.

The Portland Water Bureau, the Oregon Department of Environmental Quality, and other agencies responsible for tracking our water resources, recognize that current water supplies may be able to handle one more high tech plant, however, two, three, or more will be forcing the entire metropolitan area to start looking at some very expensive (and potentially damaging environmentally) solutions. **LESN believes clear environmental goals must be set for all recipients which are not negotiable. These goals should significantly contribute to transition to a sustainable economy. A full environmental impact assessment should be made as a part of the initial application process.**

We recognize that the Board is under tremendous pressure from the private sector and from jurisdictions within the county which believe that unregulated subsidies to corporations is the key to economic growth. But we believe the criticisms and recommendations made here speak for a much more important constituency - the working people of Multnomah County. We also feel that what we ask is neither unrealistic or unreasonable.

Gresham Mayor Gussie McRobert has asked "How can we dictate to the private sector what they're going to do?" As elected officials, it is your duty to ask "How can we not demand that any corporation receiving public money not perform to the standards expected by our citizens?" I urge you to ask and act upon that question tonight by rejecting this draft policy.

Thank You.

The Labor-Environmental Solidarity Network (LESN) is a non-profit, state-wide organization dedicated to promoting an ecologically-sustainable, economically just Oregon. LESN believes those goals can best be attained

4/11/95 JEFF MERKLEY SUBMITTAL

Testimony
by
Jeff Merkley

representing
the Community Development Network

I am Jeff Merkley, ex–Director of Portland Habitat for Humanity and currently the Housing Development Coordinator at Human Solutions, Inc., a housing provider in East Multnomah County.

Tonight, however, I speak on behalf of the Community Development Network, of which I am a board member. The Community Development Network is an association of more than 20 nonprofit organizations dedicated to providing attractive and decent housing in our metro area.

The Community Development Network endorses the plan for a County Housing Trust Fund set forth at this meeting by Commissioner Beverly Stein.

The need for fair and decent housing is critical in our County. The County Housing Trust Fund has several excellent features that address that need:

-- This tool can simultaneously help assist homeownership and low and moderate rentals and deep subsidies for homeless families.

-- The Fund is flexible and its priorities can be adjusted as the needs change.

-- The Fund is a step toward a regional perspective on housing.

-- The Fund proposal drives a better bargain with the affluent corporations which will benefit from the tax abatement.

-- The Fund is not a deal killer, taking half of its revenues from the Community Service Fee the abatement beneficiaries would already be paying.

-- The financing structure for the Fund--10% of the value of the abatement--is a fair way to address the impact the abatement beneficiaries will have on the housing market. Because of the complexity of the impact on housing of any single corporation, this is a superior approach to trying to work out a company by company deal.

We encourage you as the leaders of Multnomah County to consider carefully this proposal for a County Housing Trust Fund and to give it the full weight of your backing.

4/11/95 JEFF
MERKLEY TESTIMONY

Growing Pains: Rio Rancho, N.M., Wooed Industry And Got a Lot of It, Plus Vexing Money Problems

Continued From First Page

certain corporate income-tax rates in 1988.

Sometimes, communities pay out big sums for plants they would have got anyway. That is because some companies create false competitions by threatening to walk away from places where they have already decided to locate or expand. Rio Rancho was one of several cities competing for what was thought to be one prize—a $1 billion Intel plant. But after Rio Rancho won, three of the other finalists – in California, Arizona and Oregon – also got new Intel plants or plant expansions.

Mr. Parker says Intel tells losing bidders why they didn't get a plant, but does try to play them off one another during the bidding. "I certainly find that somewhat distasteful," he says, adding: "Some of our local people have a vested interest, and they will get a bit exuberant."

None of this deterred dozens of cities from battling for the $1.3 billion Micron Technology Corp. plant recently awarded to tiny Lehi, Utah. "People thought that this abatement and recruitment war was diminishing," says Bill Schweke, policy analyst at the Corporation for Enterprise Development. "Instead, it appears to really be accelerating."

Rio Rancho, whose population has exploded to 44,000 from about 8,000 in 1980, illustrates how a relatively small town can grow rapidly by luring industry—although its growth has been somewhat unusual because of the dominant role played by one major real-estate developer.

The town has attracted a lot of attention throughout the West for its industrial conquests. They include Intuit Inc., the California-based software concern, which recently opened an 800-job technical center. That followed Olympus Corp., U.S. Cotton Inc. and an accounting center of PepsiCo Inc.'s Taco Bell unit. "We're world-beaters," boasts Mark Lautman, a former Peace Corps volunteer who is point man for the city's economic-development drive.

The city pursues even tiny employers. Great American Stock Co. co-owner Holly Hitzemann heard about Rio Rancho while looking for a new home for her 13-employee photography concern in 1993. "They flew out to San Diego, just for little me, with building plans that they had paid to have done, and the banker that would provide the financing," she recalls. She went.

Quick Approvals

Because Rio Rancho's hard-charging recruitment team includes everyone from city planners to bankers and builders, a relocating company can frequently have its facility planned, approved and built in less than four months. If not free, the property is usually cheap, because most of it is controlled by Mr. Lautman's employer, Amrep Southwest Inc., a unit of Amrep Corp., a New York developer.

In addition to being Rio Rancho's biggest home builder, landowner and promoter, Amrep also served as its de facto government until 1981, when the town was incorporated. The development began in 1961, when Amrep purchased 92,000 acres of brushland northwest of Albuquerque. With free dinners and ads run relentlessly in New York and other East Coast markets, the lots were marketed as the ideal retirement spot. A few thousand retirees did make the move; others sued after seeing the isolated properties they had purchased. In 1977, three Amrep units and four executives were convicted of fraudulently marketing largely undeveloped land.

After the scandal, Amrep concentrated on building and selling inexpensive starter homes and trying to attract the kind of companies whose employees would buy them. Meanwhile, it put up Rio Rancho's first motel, launched police and fire departments and ran the local water utility.

But while the company plotted new subdivisions and built nearly 1,000 homes a year, it left education of the suburb's children to two school districts with little input into Amrep's growth plans.

Students on the north side of town were sent to the tiny Jemez Valley school district, whose high school was nearly 35 miles away. Most Rio Rancho children attended Albuquerque Public Schools, a sprawling urban district barely able to keep up with its own fast growth. When building new schools, the Albuquerque district didn't consider Rio Rancho a priority, especially after Rio Rancho parents began, in the late 1980s, lobbying to secede and start their own district.

Generous Promises

Even if Rio Rancho had had its own school district all along, however, Intel wouldn't have been much help. The 1980 Amrep proposal that initially persuaded Intel to build a plant on a 180-acre site in the middle of town included more than promises of low-cost labor, a business-friendly government, and the cheap and abundant water needed for chip making. The state and county also promised that Intel wouldn't have to pay any property taxes—the main source of school-construction money in New Mexico — for 30 years. The impact of such a deal "was really overlooked," says Rick Murray, director of community relations for the Albuquerque schools.

Rio Rancho kept growing during the 1980s, spurred on by Amrep, the local government and the state, which was becoming desperate to diversify a job base long dependent upon government employment and agriculture. When Intel announced that it was looking for another expansion site in 1992, all three entities scrambled to bring the plant here.

The plant was to be a 1.3 million-square-foot facility that would require 3,000 construction workers and eventually employ more than 1,000 permanent workers. And because it would manufacture the advanced chip that Intel now calls Pentium, it was also expected to spawn both public attention and secondary growth for the host community.

In April 1993, Rio Rancho and the state landed the $1 billion plant, along with an $800 million expansion of Intel's existing Rio Rancho facility. They did it with a $114 million package of incentives and tax breaks that was tailored to meet the "ideal incentive matrix" that Intel had circulated to officials in New Mexico, California, Arizona and other states.

In addition to lower corporate-income taxes, they agreed to grant Intel an exemption from property taxes and gross-receipts taxes on equipment purchases. They also agreed to recruit and train workers, guarantee rapid grants of permits and obtain deep discounts on everything from moving and storage fees to utility deposits for Intel employees.

New District Created

Meanwhile, after years of lobbying the state legislature, Rio Rancho finally created a fledgling school district last July. Its first superintendent, V. Sue Cleveland, admits that although winning Intel made national headlines for Rio Rancho, "there has not been an effort to keep up with the needs of the public schools."

Building new schools won't be easy so long as property taxes are the primary source of construction money.

New Mexico property taxes have long been low. In fiscal 1992, the latest year for which comparative data are available, New Mexico ranked 48th among the 50 states in property taxes, collecting $217 per capita, compared with a nationwide average of $699. However, the property taxes collected by Rio Rancho are among New Mexico's highest, at $7.65 a year per $1,000 of valuation—the maximum allowed by state law and more than triple those in Albuquerque and Santa Fe.

By law, the property taxes that a New Mexico school district can collect for construction projects are limited to about 6% of a community's overall valuation. By 3-to-1, Rio Rancho voters voted to go to that limit when they launched the new district. For Rio Rancho taxpayers who had been living in the Albuquerque school district, the move, in effect, increased their school property taxes 64%, to about $1,123 on a $100,000 home in 1994 from $684 in 1993.

Nevertheless, the tax increase raised only about $27 million, less than half the amount needed to build the five additional schools that are being proposed by the district and would immediately be filled to capacity. But if Intel's huge plant had been included on the property-tax rolls, "we could have borrowed 10 times that much," says Richard Herrera, facilities director for Rio Rancho schools.

Meanwhile, Rio Rancho's high-school students are bused to an overcrowded Albuquerque school that is threatening to disperse them to more distant schools. Most middle- and elementary-school students are taught in portable classrooms, and there is no room for any more on four of Rio Rancho's seven campuses.

Crowded Middle School

Nearly 1,600 students attend Lincoln Middle School, a facility designed for 750. Broom closets have been turned into offices. Lunch takes three hours because students must eat in shifts. And in a city that boasts of its high-tech industries, computer-science classes use 12-year-old Apple machines – and so few of them that half the students are taught with overhead projectors and transparencies.

"In good conscience, I don't know how we can continue soliciting new families and businesses to come here when the infrastructure clearly won't support it," Principal Katy Harvey says.

Now, more and more residents are grumbling about Rio Rancho's companies and saying Intel, with annual revenue exceeding $11 billion, could solve the school problems. "I don't think that they are paying their way," says Morris Gusowsky, president of the Rio Rancho Taxpayers Group.

Intel contends that it has created 4,400 local jobs paying an average salary of $35,000, nearly twice the state average.

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Growing Pains

Rio Rancho Wooed Industry and Got It, Plus Financial Woes

Big Tax and Other Incentives Leave New Mexico Town Short of School Money

Costly Coup: the Intel Plant

By ROBERT TOMSHO
Staff Reporter of THE WALL STREET JOURNAL

RIO RANCHO, N.M. – Strewn across a high desert mesa, this burgeoning Albuquerque suburb bills itself as a business-minded oasis of vision and growth.

At first glance, that is hard to dispute. Rio Rancho has attracted a stream of relocating or expanding companies, most notably Intel Corp. Construction crews are swarming over new shops and hotels. Adobe mansions are popping up and replacing starter homes. Over a country-club lunch, Mayor Tom Swisstack marvels, "I'm not sure anybody expected the city to be as successful as it has been."

But while office parks sprout along its spotless cul-de-sacs, Rio Rancho has yet to build a high school. Some elementary and junior-high facilities are packed to twice capacity. Portable classrooms fill dusty playgrounds. "We have kids who are using outdoor toilets," says Karla Walker, the school-board president.

After handing out big tax breaks to attract employers, Rio Rancho can't afford schools. "The growth has been phenomenal," says Joseph Carraro, a state senator, "but we've seen it blow up in our faces."

A Common Pattern

By luring companies away from California and the East, onetime backwaters such as Chandler, Ariz., and Round Rock, Texas, are suddenly booming. But such communities are discovering that economic-development battles can exact a stiff price, even for the victors. A decade after Maury County, Tenn., won one of the biggest prizes – General Motors Corp.'s Saturn plant – its school district needs as many as 100 additional classrooms just to meet minimum state standards.

"When you give a tax abatement to the company coming in, either somebody else ends up paying higher taxes or the necessary public service isn't provided," says Kent Briggs, senior fellow at the Center for the New West, a Denver-based think tank. "And when you do it in a way that depletes your ability to build schools, that's not a good bargain."

That companies are eager to avoid supporting public schools seems ironic, considering how often executives decry American education. Even pro-business groups, such as the U.S. Chamber of Commerce, are beginning to criticize exec-

A Failure to Look Ahead

"They are not worried about the next generation," says Martin Lefkowitz, a chamber economist who has studied job-creation costs. "They are not looking at it for the long term. They figure that the school system will take care of itself."

At Intel's headquarters in Santa Clara, Calif., Gerry Parker, a senior vice president involved in plant-siting, terms tax incentives a necessary cost-cutting tool in a highly competitive industry. With some foreign governments helping to build plants for competitors, he says locating and expanding plants in many U.S. communities would cost too much if Intel had to pay full property and sales taxes on its manufacturing equipment.

"To have to pay property tax the same as on your boat or your house, that starts to get pretty expensive," he says. "We take a look at what it costs to do business here, there, or somewhere else. That is all there is to it."

Whose Responsibility?

As for the needs of area schools, Intel executives say they try to be a good neighbor and help out whenever they can. But while the computer-chip maker gives some computers and scholarships, Bill Garcia, its external-affairs director in New Mexico, says paying for schools ultimately isn't its duty. "We think that the state has to step up to its responsibilities," he says.

State and local leaders deserve much of the blame, of course. To lure companies, they are forgiving property taxes for decades ahead and issuing low-interest bonds to finance construction of industrial buildings. Some states rebate state income-tax money withheld from employees. Some communities offer to recruit and train workers, move plants, and give relocating employees discounts on everything from home-loan fees to airline tickets.

Such gimmicks aren't cheap. A 1994 study by the Corporation for Enterprise Development, a Washington-based think tank, estimated that South Carolina effectively paid $68,000 per job in incentives to land a BMW auto plant in 1992. According to the same study, jobs at the Mercedes-Benz plant that Alabama won in 1993 cost the state as much as $200,000 each.

Even then, there isn't any guarantee a partnership will be long-lived or prosperous. The Volkswagen AG plant that Pennsylvania paid $70 million in incentives to land in 1976 never met its employment projections, and it closed after 11 years. Kentucky offered Columbia/HCA Healthcare Corp. major incentives to move there, but the hospital giant stayed only a year before Tennessee lured it away in January with a better deal. RJR Nabisco Holdings Corp. ultimately didn't build the cookie factory that led North Carolina to slash

Please Turn to Page A14, Column 1

4/11/95 Bill Resnick
Submittal

A WORKING PAPER BY
PORTLAND JOBS WITH JUSTICE'S
COMMITTEE FOR SUSTAINABLE ECONOMIC DEVELOPMENT

TAX BREAKS ARE BAD ECONOMICS AND WILL HURT THE ECONOMY, THE WORKING MAJORITY MOST OF ALL

Let's assume tax breaks spectacularly succeed in luring high tech companies to the Portland area - maybe another 25 to 50,000 jobs from Intel, IDT, Samsung, Fujitsu, etc. Would Portland's unemployment fall to near zero? Would working people's income rise? Would housing affordability, traffic congestion, or air/water quality improve? No to all of them. Indeed each would worsen.

Why unemployment will worsen. Because no city can reduce unemployment to much less than the national average, which the Federal Reserve keeps at 6% by raising interest rates (seven times in the past year) to slow the economy and slow job creation whenever the economy heats up. More jobs in already low unemployment Portland will draw more desperate people from around the country, and there's lots of desperate people - 6% official unemployment means maybe 25% poverty when you count "discouraged," involuntary part time, and very low paid workers. At best faster job creation here will briefly lower Portland unemployment. But when all is said and done, the more jobs lured, the more people lured, the larger the city, and in fact the higher the absolute number of unemployed.

Why poverty will worsen. In fact, tax breaks increase poverty by exacerbating the fundamental disease of the U.S. economy - the polarization of income. The U.S. is getting slowly richer, but all the increased wealth is flowing to the top 20% of families. The rest are working harder for less, and the bottom 20% are sinking deeper into poverty.

This income polarization is not for a lack of jobs. A higher percentage of Americans and Oregonians are in paid labor than ever before, and they are working longer hours. The problem is that family wage jobs are disappearing for working people, being replaced by low end jobs.

And tax breaks exacerbate that process. First, because when firms drawn by inducements relocate, they usually pay lower wages to the new workers. Second, because tax breaks subsidize some firms at the expense of competitors who must cut costs (usually worker salaries) to compete. Thus when Portland gave a tax exemption to Kantu Chemical, it put pressure not just on Great Western and Ashland Chemical, both Portland firms, but also on competing companies throughout the Northwest. And when Los Angeles or Boise give tax breaks, that puts wage pressure on firms in Portland.

Finally, tax breaks subsidize new low pay industries like microprocessors at the expense of older high pay industries like auto. For these three reasons tax breaks contribute to the decline of working class income. That's why city and state competition to lure companies through tax breaks is called "the race to the bottom."

To be sure, a few unemployed will get jobs through tax breaks. But economic well being for workers depends less on getting a job (poor people are constantly in and out of jobs, sometimes jobs that pay moderately well) than on the general state of employment and wages. The increasing polarization of income and destitution of low pay workers, which tax break strategies generate, will ultimately engulf even those few who got jobs in the first place. All lose in the long run.

Why more congestion and pollution and higher housing prices. If tax breaks don't alleviate poverty or unemployment, they do generate growth - more people, more congestion, more competition for homes and thus housing cost increases, degradation of air, stress on water supply, and reduced public resources. In this process some few Oregonians would get richer - developers, vendors to the new firms - but most Portlanders would continue to experience income decline, and all would live worse. San Jose, California, major city of Silicon Valley, is big, polluted, blighted, high rent, congested, surrounded by ultra rich suburbs.

Tax breaks are a substitute for real needed action. Tax break strategies have not succeeded anywhere; the scholarly research is uniformly critical. Why then have so many jurisdictions adopted strategies of industrial attraction through tax breaks? Because voters want action in response to economic decline, and tax breaks are an easy way for public officials to satisfy the powerful while claiming to be helping the working majority.

An economic program for Portland and the U.S. If tax breaks worsen problems, what would work? The answer is to recreate locally and globally the economic structures that underlay the rapid development and general prosperity in post World War II Western Europe and the U.S. This would require:
- privileging productive investment over speculation and financial paper transactions.
- progressive taxation and its proceeds used to fund jobs in environmental restoration, affordable housing and infrastructure repair, thus stimulating the economy.
- maintenance of low interest rates and inflation control through an "incomes policy" rather than raising interest rates.
- high minimum wages and enforcement of worker rights so that workers everywhere receive their share of rising productivity.

Portland and Multnomah County have a choice. They can go along with tax breaks that enrich the rich and hurt everybody. Or they can begin crafting policy and working with other political leaders around the United States to reverse income polarization and to create the conditions of real economic development.

Portland Jobs with Justice supports worker rights to a decent standard of living, job security, and union organization. For information on Jobs with Justice, contact Leslie Kochan at 503-282-2911. For comments and discussion of this paper, contact Bill Resnick at 503-234-2306.

4/11/95 Bill Resnick
Submittal

A WORKING PAPER BY
PORTLAND JOBS WITH JUSTICE'S
COMMITTEE FOR SUSTAINABLE ECONOMIC DEVELOPMENT

NO MORE CANDY STORE!

WHY TAX BREAKS WILL WEAKEN THE PORTLAND AND OREGON ECONOMY, AND HURT THE WORKING MAJORITY MOST OF ALL

A POSITION PAPER FROM PORTLAND JOBS WITH JUSTICE

Let's assume a tax break strategy sensationally succeeded in luring high tech companies to the Portland area—maybe another 25,000 jobs from Intel, IDT, Samsung, Fujitsu, etc. Would Multnomah County's unemployment fall to zero? Of course not. No metropolitan area can sustain unemployment rates at much less than the national average which the Federal Reserve sustains at 6% or greater. More jobs in already low unemployment Portland just draws more people from areas with greater unemployment.

The consequences of publicly subsidized high tech expansion would be that Portland would grow bigger and dirtier with no less unemployment. Public services would decline, congestion would increase, housing costs would rise, and water resources would be strained. Some relatively few Oregonians would get richer, most would continue to experience income decline, and all would live worse.

Unless the companies are much higher waged than any who have so far presented themselves, more high tech fabrication plants represent a net loss to Portland. Tax break induced industrial attraction in fact substitutes for real and effective ways of dealing with the fundamental economic problems of Portland and this country—declining incomes for the majority and destitution of the poor. Indeed tax break strategies exacerbate this process.

SUMMARY

1. Creating more jobs in Portland through tax breaks will reduce Portland's unemployment rate only for a very short time. In the long run tax breaks will accelerate city expansion and increase the absolute number of unemployed.

As long as it is U.S. Federal Reserve policy to maintain unemployment at 6% (thus 25% poverty and more among children), and as long as poor people are free to move, no U.S. city's unemployment rate will go much below 6% no matter how many jobs the city can lure. Unemployment tends to equalize across the U.S. While fast job creation may lower Portland unemployment for a short time, the more jobs Portland attracts through tax breaks and inducements, the more people will in-migrate. And since unemployment will hover near 6% (or higher in recessionary periods), the more jobs lured, the more people come, the larger the city, and the higher the absolute number of unemployed.

2. Few microprocessor production jobs are family waged. And the firms do not offer stable long-term employment.

Even Intel is on average only a moderate wage firm in Portland, and only because it engineers and designs as well as produces here. But Intel and all the others (a) hire entry level machine operators at $7-11 per hour, and (b) employ large numbers of contracted janitors, guards, warehouse workers, and many others at near minimum wage salaries and negligible benefits. Further the industry is highly competitive, with firms quickly gaining and losing market share, and products may have effective lives of less than two years. Compared to the auto, aircraft, chemical, or heavy manufacturing industries, high tech jobs are low waged and unstable.

3. Tax breaks increase poverty by exacerbating the fundamental disease of the U.S. economy—the polarization of income.

Because when firms relocate they usually pay lower wages to the new workers. Because tax breaks subsidize some firms at the expense of competitors who must cut costs (usually worker salaries) to compete. And because tax breaks subsidize new low pay industries like microprocessors at the expense of older high pay industries like auto. Therefore tax breaks contribute to the decline of working class income.

4. Tax breaks will help some poor people for a temporary period, but tax break strategy impoverishes many more people than it helps and thus creates poverty, which ultimately engulfs even those few who got jobs in the tax break attracted firms.

The economic wellbeing of working class people depends less on getting a job (poor people are constantly in and out of jobs, sometimes jobs that pay moderately well) than on the general state of employment and wages. Since tax breaks contribute to income polarization, even those workers who get a job in a tax break attracted industry, will likely lose in the long run.

5. Tax breaks expand population and stress public services, infrastructure, housing, and the environment while reducing public resources needed to meet the increased needs. The microprocessor industry particularly strains water resources.

A careful look at San Jose, California, the big city of Silicon Valley—big, polluted, blighted, high rent, and congested—is very instructive.

6. Tax break induced industrial development has no success around the country and has so far proven a failure in this area.

The scholarship on tax break induced industrial development is almost entirely skeptical and critical of the practice. Tax breaks are unimportant factors in locational decisions and usually cost far more than they gain. And Portland's experience—especially Nabisco, PAMCO, and Kantu—has been adverse, partly because the responsible agencies are under great pressure to make any sort of deal.

7. Tax break strategy substitutes for real economic analysis and program. Portland and Multnomah County should instead craft an economic development strategy that reverses polarization of income and stimulates economic development.

An effective economic development strategy would combine

- local action to reverse polarization of income (raise the minimum wage, support labor union organizing, strengthen contracting standards, create a decent safety net) and stimulate the economy (progressive taxation with the proceeds used to fund jobs in environmental restoration, encourage local business through capital availability), with
- [redacted] national policies to generate balanced growth (lower interest rates and control inflation through other means, than raising interest rates, discourage purely speculative and unproductive financial transactions, work for international policies that guarantee workers their share of the fruits of increasing productivity).

CONCLUSION ON TAX BREAK POLICY

Since tax break strategies intensify polarization of income, the preferable course of action is rejection of tax breaks. Very tight restrictions within an overall real and effective economic development policy is acceptable.

Tight restrictions on tax breaks would include considerations of unemployment levels, wages, tax gains and needed services, clawbacks, enforcement, environmental and labor practices.

NO MORE PORTLAND CANDY STORE!

ARGUMENTS IN FULL

1. Creating more jobs in Portland through tax breaks will reduce Portland's unemployment rate only for a very short time. In the long run tax breaks will accelerate city expansion and increase the absolute number of unemployed.

How can more jobs in a city not reduce the city's unemployment? For two reasons: First because U.S. unemployment is maintained, deliberately by the Federal Reserve, at around 6% by raising interest rates whenever unemployment threatens to go lower. And second because poor people flood towards jobs and no U.S. city can control in-migration. Therefore it's an absolute fact of U.S. life that no city can reduce unemployment much below 6% for any sustained period. (Counting "discouraged workers, involuntary part-timers, and very low waged people 6% unemployment means about 25% destitution, more of course among children.)

How can more jobs raise the absolute number of unemployed? If Portland had high unemployment, new jobs would soak up some unemployment without attracting job seekers. People avoid and leave high unemployment areas; indeed even beautiful Oregon lost population during the severe downturn of the early 1980's. But low unemployment cities attract in-migrants. And the more jobs Portland lures, the more people will arrive. No matter how many jobs Portland gains, it will maintain 25% destitution as long as U.S., regional, and city macroeconomic policy doesn't change.

Indeed the more Portland grows, the higher the absolute number of unemployed. Simple arithmetic shows why. Start with a city of 400,000 people, 200,000 in the workforce, and 6% unemployment or 12,000 unemployed (which means 100,000 poor). Assume very fast growth, 20,000 new jobs, and 100,000 new people. After this growth the city will then have 500,000 people, 250,000 in the workforce, 5.8% unemployment (poor people don't flow quite as fast as jobs), and 14,500 unemployed (about 125,000 poor). So at the end of the period of rapid growth there will be 2,500 more unemployed and many more poor.

2. Few microprocessor production jobs are family waged. And the firms do not offer stable long-term employment.

If Ford or GM or Boeing or DuPont wished to locate here, bringing thousands of $15-30 per hour (and good benefits) mostly unionized jobs, they would provide family wage jobs in Portland. In contrast high tech manufacturing is not high wage manufacturing. Of the high tech companies that have expressed interest (Intel, Samsung, IDT, NEH, Wacker, Sumitomo etc), Intel has and will have the most high paid jobs in Oregon. That's because Intel is engineering and designing as well as manufacturing here.

But Intel is at best partly a high wage firm and mostly a low wage firm. Intel sustains the myth of high pay by refusing to acknowledge the considerable low pay portion of its workforce. For example, Intel's applications for tax abatements (a) overstates the pay of "operators" who start well below the Oregon median wage, and (b) wholly omit mention of hundreds of low paid janitors, shippers, receivers, clerks, groundskeepers, guards, food servers and many others who work full time in their plants. Though these workers are on the official payrolls of temp agencies or other contractors, they must be included in any calculation of Intel's total added employment. Doing this changes the picture of Intel, revealing it to be both a high pay employer for some, and a below median employer for most, with many near the minimum wage. Even wealthy Intel is not a family wage company. The rest of the fabrication firms are substantially worse.

Not only are microprocessor industry pay levels generally low but the jobs are unstable. Microprocessor manufacturing and their suppliers are in a boom and bust industry. As industry guru Michael Slater pointed out in 1992: "Microprocessor design is a lot like Russian roulette, except you pull the trigger, put the gun to your head and then wait two years to find out whether or not you've blown your brains out." And the effective life of even successful products is now very short, even less than two years. Intel itself laid off more than half its workers in the mid 1980's when demand for its chips fell. The microprocessor industry is highly competitive and very risky; firms have and will be regularly consolidating and failing. While the industry is growing fast, while some firms will increase market share and do very well, the profits go to the corporate investors, while losses—in jobs and closed plants among the failing firms—will be borne by workers and community. Should the metropolitan area be investing (tax breaks and other inducements) in a relatively low wage and risky industry?

3. Tax breaks increase poverty by exacerbating the fundamental disease of the U.S. economy—the polarization of income.

U.S. growth has been slow for the past twenty years. Still twenty years of slow growth adds up to the U.S. being 50% richer than in 1973. The problem is that for the past twenty years average wages have declined, the working and unemployed poor have been devastated, and wealth has concentrated at the top. More people are in paid labor for more of their lives than ever before—Americans are "working harder for less."

Tax breaks and other public inducements (generous and cheap loans, infrastructure building, assuming training costs) accelerate this ruinous polarization of income as follows:
a) Because public inducements enhance corporate mobility, and generally when firms move they leave higher paying senior employees in one city for lower paid younger workers in the next.
b) Because every new firm with tax breaks forces competitors without tax breaks to lower their labor costs. Thus when Portland gave tax breaks to the Kantu Chemical Company, it put great pressure on Ashland Chemical and Great Western Chemical (both located in Portland) to lower their wages to meet competition. This process is not confined to Portland; when Boise, Salem, Vancouver, or Los Angeles favor some hometown firm, it puts pressure on competing companies around the country. That's why competition among cities to give tax breaks is "a race to the bottom."
c) Because tax breaks are now going to mostly non-union firms, some who like Intel pay very high wages to some workers and low wages to most, and some like Kantu and IDT which are mostly low waged. When these firms expand, national unemployment rates decline, which trigger a raise in interest rates by the Federal Reserve. The firms hardest hit by higher interest rates are construction, building materials, consumer durables, and auto—all high wage unionized industries. While the impact is not huge, it is also not negligible. In effect giving tax breaks to the new industries represents public subsidization of a shift of employment from high wage unionized industry to low wage non-unionized industry, without [redacted] increasing the total number of jobs.

4. Tax breaks will help some poor people for a temporary period, but tax break strategy impoverishes many more people than it helps and thus creates poverty, which ultimately engulfs even those few who got jobs in the tax break attracted firms.

Tax break advocates claim to be speaking for the poor. While acknowledging the low pay of most tax break gained jobs, advocates argue that these low pay jobs present entry to manufacturing employment. Advocates ask, "Isn't any job, even if low paid, better than no job at all for Portland's unemployed?" And finally advocates point to those relatively few people who do get jobs in subsidized firms.

Of course the workers who got jobs (and the organizations that do job referral and training) also speak highly of tax breaks. But for every one person who escapes dire poverty through tax break strategies, several people are pushed into poverty. Tax breaks hurt the majority of Americans: (1) Because in a country that maintains 6% unemployment, tax breaks don't appreciably expand the number of jobs, they mostly operate to shift jobs around and keep the poor moving. (2) And because the whole tax break strategy contributes to the decline of working class wages and income.

Even for those relatively few people who get jobs, the gains are highly exaggerated and impermanent. Because it is the rare worker today, especially in low wage non-unionized production, who stays at one firm for a whole career. Most people frequently switch jobs seeking to better themselves. Thus the fate of poor people depends not on getting one job but on the generalized employment and wage pattern.

During the period 1945 to 1973 working class wages were increasing along with increasing productivity. Most people did much better. Indeed the U.S. created a relatively comfortable Black middle class in the large industrialized cities, people able to afford college for their children. Today, with wages declining even as productivity and wealth rises, the working class is getting stressed and the poor devastated. Tax breaks contribute to that process. And even the few people who get tax break created jobs ultimately fare little better.

So to the question: "Isn't any job, even if low paid, better than no job at all?" the answer is: Sure, for a brief time a few people make small gains. But tax break strategies ultimately hurt the unemployed and poor, even those who may get one of the jobs. This of course does not mean that Portland can't create jobs and raise income to the poor. It means that tax break induced industrial development will not do it. We need a different strategy.

5. Tax breaks expand population and stress public services, infrastructure, housing, and the environment while reducing public resources needed to meet the increased needs. The microprocessor industry particularly strains water resources.

Rapid city expansion puts great stress on city services, housing, and the environment. More people and cars means more congestion and increased loads on all services. Since housing growth lags behind population growth in fast growing cities, the result is that more people (low income families and the unemployed) pack into the city's poor neighborhoods whose rental costs rise.

More industrial plants mean more pollution and more resource use, especially water use by the microprocessor industry. Bull Run is already at the point of insufficiency. Greatly expanded demands for water would require vast expenditures on filtration plants using secondary water sources like the Columbia or Willamette.

"A Report to the Joint Legislative Committee on Trade and Economic Development" of the Oregon legislature explains the fiscal and public service costs of any job paying less than $30,000 per year:
"Adding more jobs won't solve our fiscal problems for two reasons. New jobs attract new residents to the state, increasing the cost of public services. While new growth in jobs and population would increase total revenue, the trend towards lower wages and lower wage jobs means that tax revenues won't increase as fast as the cost of providing services. In 1990, for example, the state spent $680 per person in income tax receipts; while only persons in families with incomes over $30,000 paid at least that much per capita in taxes. Persons in families with lower incomes paid less in taxes than the average cost of providing services." (From the Executive Summary of the report dated January 23, 1992). The expansion of low wage jobs in Portland will adversely impact all public services.

While tax break advocates claim to speak for the unemployed and poor, all benefits go to the already affluent. Some local firms do benefit in the initial construction. Some do get on-going contracts. And in rapidly growing cities housing costs do rise, particularly benefitting those with rental properties. But the benefits for some are at great expense to most, and nearly all ultimately lose.

This process is best displayed in San Jose, California, part of Silicon Valley, where the microprocessor industry first concentrated. San Jose rapidly grew in size and rapidly declined in public services and livability. To be sure some groups enormously prospered. But San Jose has become high rent, highly congested, and seriously blighted in many areas, while retaining typically high U.S. rates of unemployment and poverty. And San Jose got there without offering tax breaks. Should Portland be accelerating this process with public subsidies?

Tax breaks for new jobs accelerates growth. Portland will wind up bigger, with more rich people, and a lot more poor people. It's a recipe for blight and congestion, the road to becoming a wet Tucson or San Antonio or San Jose.

6. Tax break induced industrial development has no success around the country and has so far proven a failure in this area.

The scholarship on tax break induced industrial development is uniformly skeptical and critical of the practice. Portland's Bureau of Financial Planning surveyed the literature:

"The articles repeat the familiar litany that economists and researchers know amazingly little about the efficiency and effectiveness of investment incentives. Study after study shows that incentives have little impact and at best create few jobs at enormous cost...incentives probably effect the composition of investment as opposed to the overall level...the explosion of incentives at the local level is a zero sum game."

In discussing perhaps the "definitive article," the review summarizes:
"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 [factors] that vary among jurisdictions. The majority of studies conclude that state and local business taxes do not significantly influence business location decisions."

"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 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 are 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."

Portland's experience with tax breaks provides numerous examples that confirm this critique. The Portland Development Commission (PDC) and State Department of Economic Development have spent considerable sums trying to attract companies using tax breaks and other public incentives. The record so far is mostly failure:

- -The Portland Enterprise Zone has produced few jobs, mostly low waged, with the Nabisco deal particularly egregious.
- -The much heralded PAMCO company has gone bankrupt, costing the State Public Employment Retirement System perhaps $20 million and wasting lesser but substantial investments by the City of Portland and the PDC.
- -As Great Western Chemical's Don Aultman remarked: The Kantu deal "will not create any new jobs" but will put his higher waged company at a disadvantage. But it did cost Portland some money.
- -The firms attracted to Washington County are not family wage companies. As noted the best of them is Intel, with many high waged workers and even more low waged workers.

The high failure rate of tax breaks in this area is partly because the agencies responsible for investigating the wisdom of the tax breaks also make the deals. The PDC and the State Economic Development Department are rewarded for approving tax breaks, not for asking hard questions. In fact none of the above arrangements were carefully scrutinized. Referring to Intel's application for revenue bonds and tax abatements, the State Economic Development Department stated: "Figures for new employment, salaries, and profits are those supplied by the applicant and are believed but not guaranteed to be accurate. Neither the Department nor the Finance Committee has undertaken an independent verification of these data." Neither has the PDC nor Washington County investigated Intel claims. (The quotation is from a publicly disseminated "Interoffice Memo" from John Fink, Finance Officer, to the Economic Development Commission of the Department of Economic Development on the subject of Intel's abatement application, dated December 7, 1994.)

7. Tax break strategy substitutes for real economic analysis and program. Portland and Multnomah County should instead craft an economic development strategy that reverses polarization of income and stimulates economic development.

Portland could pursue policies to reverse polarization of income and stimulate sustainable economic development. This could be done through a combination of local action and coalition with other localities to change national policy:

Local and State Action:

- -raise working people's incomes through raising the minimum wage, encouraging trade unions, high contracting standards.
- -increase support for those unable to work or find work. create with ~~the~~ unemployed affordable housing,
- -use the proceeds of growth and a progressive income tax to ~~hire~~ youth in ecosystem restoration and to stimulate industrial retooling towards environmental sustainability.
- -support local entrepreneurship, particularly in poor neighborhoods, including improving access to reasonable cost capital.

Advocacy to Change National Policy:

- -lower interest rates; control inflation through some other means than deliberately creating 6% unemployment through high interest rates.
- -restrict speculation, currency manipulation, markets in company ownership, and other parasitical paper shuffling which transfers wealth from producers to financial interests.
- -work for an international economy in which worker wages rose to reflect their increased productivity, so that Mexican and Indonesian workers who assemble computers and shoes can someday purchase what they and U.S. workers make.

Tax breaks amount to a substitute for these real policies. While tax break based job inducement appears to respond to popular economic anxieties by creating some jobs, it ultimately hurts the economy and reduces city livability. Multnomah County need craft policy and program that generate real economic and social development.

CONCLUSION ON TAX BREAK POLICY

Since tax break strategies intensify polarization of income and weaken the economy, the preferable course of action is rejection of tax breaks as a tool for attracting industry. Very tight restrictions within an overall real and effective economic development policy is acceptable.

Tax breaks do not work and hurt the national and local economy. The strategy should be publicly rejected, as a way of supporting other jurisdictions contemplating a similar rejection and as a way of strengthening the movement against tax break strategies.

While some sectors of business and the business press recognize the fallacy of tax breaks, other parts will label Portland as anti-business. If the Multnomah County Commissioners wish to avoid this attack, then they might develop a tight policy on tax breaks within a larger real economic development policy as outlined in Section 7.

Any policy on tax breaks and other inducements should include the following practices and criteria:

1. **Tax breaks will not be considered unless county unemployment is above the national average, or there is good reason, because of imminent loss of jobs, to believe that county unemployment will rise above the national average.**
2. **Three-fourths of the jobs must be above the county median wage and include full benefits. In making these calculations all regularly employed plant workers, including those denominated "temporary" or "contracted," must be considered.**
3. **Resources derived from taxes (property and income) resulting from the development must be greater than public costs, including expenditures needed to maintain public services and improve and expand infrastructure.**
4. **Clawback provisions—for reimbursement of county and city expenditures and tax abatements should the company default on promises—must have teeth and be enforceable.**
5. **Independent auditors will be established to review applications and enforce clawbacks.**
6. **The company will use best environmental practices.**
7. **The company will pledge to recognize a labor union should the workers indicate by 50% of signed cards that they seek to form one.**

Multnomah County has a choice. It can go along with tax breaks that enrich the rich and hurt everybody. Or it can begin crafting policy and working with other political leaders to reverse polarization of income. Even if Multnomah County crafts a tight policy on tax breaks, it should make a priority the development of policy and program that reverses income polarization and creates the conditions of real economic development.

WHAT IS PORTLAND JOBS WITH JUSTICE?

Portland Jobs with Justice is the local affiliate of Jobs with Justice, a national non-profit organization dedicated to supporting workers' rights to a decent standard of living, job security, and the right to organize. Jobs with Justice pursues these goals through direct action on behalf of struggling workers, coalition-building within communities, and through public education efforts such as Prosperous Portland - The Alternative That Would Work.

The Committee for Sustainable Economic Development (CSED) is a working committee of Portland Jobs with Justice. CSED is involved in researching economic alternatives that will promote sustainable growth and living wages for working people. CSED is co-chaired by Leslie Kochan and Bill Resnick. Its members include labor, environmental, community, academic, and social justice activists. CSED is seeking comment, critique, and suggestions on Prosperous Portland - The Alternative. For comments, more information, or more copies, please call Bill Resnick at (503) 234-2306.

For additional information on Portland Jobs with Justice contact Leslie Kochan at (503) 282-2911 or Harold Brookins at (503) 238-6666; or write Portland Jobs with Justice, c/o CWA 7901, 2950 SE Stark St., Portland, OR 97214.

An injury to one is an injury to all. Through united action, we can win justice for all.