

MULTNOMAH COUNTY STRATEGIC INVESTMENT PROGRAM POLICY

I. Background

The Strategic Investment Program (SIP) is an economic development instrument created by the Oregon Legislature in 1993 for the purpose of attracting large-scale industrial and commercial investments that help ensure long-term employment opportunities for residents. Competition between jurisdictions for attracting such large-scale investment is strong both within our national borders and at the global level, and the SIP is one of the most powerful tools available to help maintain Oregon as an attractive location for these investments.

Although SIP was established by State statute, its implementation occurs at the county level through an abatement of property taxes for up to fifteen years on qualifying investments. Accordingly, the 2004 Multnomah County Strategic Investment Program Policy (2004 SIP Policy) reflected a considered and responsible need to mitigate the impact of these foregone tax revenues on the County's larger goals of serving its residents by requiring SIP recipients to help achieve those goals as a condition of receiving the SIP.

With the creation of the Shared Services Fund (Gain Share) in 2007, the Oregon Legislature strengthened the SIP by using half of the income tax revenue that the State receives as a result of jobs created or retained by the SIP to mitigate the impact of foregone property tax revenues on counties and other local jurisdictions when a SIP is granted. In light of how Gain Share mitigates the impact of foregone tax revenues, the County decided to review the mitigation measures identified in the 2004 SIP Policy and update the County's approach to evaluating new SIP projects.

II. Purpose

The purpose of revising and restating the Strategic Investment Program Policy is to ensure that:

- the County can more effectively advance its goals for serving County residents while aligning the County's SIP application requirements with the requirements of the State of Oregon;
- a consistent set of standards and criteria are employed when the County considers any application by a business (Applicant) for a SIP relating to a particular project (Project);

- County residents and Applicants have a clear understanding of the procedures to be followed when applying for a SIP, how the County will proceed with evaluating an application and determining the terms on which the County will forward the application for processing by the State of Oregon, and that this process is undertaken in a fair and open manner;
- the County receives relevant information to be used in the County's evaluation of a SIP application and any decisions about how best to maximize the benefits of a Project while minimizing the Project's impacts on the delivery of public services for all County residents;
- a SIP is only awarded to Projects that would not otherwise locate in Multnomah County; and
- the appropriate deliberation and formal analysis of the potential impacts to the County are made.

III. Application Process

A. Discussions with Multnomah County

The application process for a SIP commences when a business communicates to the Chair of the Board (Chair) its intention to pursue a SIP designation for a project, or upon submission of an application to the Chair, whichever occurs first. The Chair, together with any County employees designated by the Chair (SIP Staff), will enter into discussions with the Applicant and review and evaluate any materials submitted by the Applicant, including the Applicant's application described below. Due to the sensitive nature of such discussions, SIP Staff will not disclose any information about the Applicant or the Project to other County employees without the written approval of the Chair.

B. Confidentiality

Unless expressly waived by the Applicant, Multnomah County will maintain strict confidentiality during the application and negotiation process regarding the Project until the County gives notice of its intent to take official action on the application. Accordingly, and in keeping with ORS 285C.620, during the period of confidentiality, it is the policy of Multnomah County never to confirm or deny whether a business has approached the County for a SIP.

C. Application Contents

Except for information that is expressly indicated below as information that an Applicant *may* provide, all applications must contain the following information:

1. Applicant Narrative

- a. Brief narrative of Applicant's business, history, global and state operations, and financial strength. In this narrative, Applicant should also provide a break out of Applicant's estimated full-time equivalent (FTE) employees, as approximately based on a 2,080-hour year, that Applicant currently has:
 - i. Worldwide;
 - ii. In the United States;
 - iii. In Oregon; and
 - iv. At the Project location.
- b. Disclosure of 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.
- c. Disclosure of prior and existing tax abatement agreements in other U.S. jurisdictions and a description of any disputes between Applicant and any such jurisdiction regarding the agreement.
- d. Applicant *may* provide any other general (i.e., not related to the Project) information about Applicant that Applicant feels would be relevant in the Board's review of the Project.

2. Project Narrative

- a. Description of the Project, with site map, construction phases, information about major buildings (total square feet, foot print, height, etc.), other metrics relating to the size of the Project (total acreage, expansion plans, production capacity, etc.), the extent to which Applicant expects to use local trades and contractors for construction, any demands that the Applicant expects the project will create on local public services during construction, and any other information about innovative technologies or approaches that will be used at the Project.
- b. Description of the business operations that will take place at the Project and how those operations will relate to selling goods or services for which national or international competition exists.
- c. Description of why the SIP is needed in order for the Project to go forward as planned and an explanation of Applicant's plans with respect to the Project if the SIP is not approved.
- d. Description of any property that is or will be part of the Project and that prior to receiving approval by Multnomah County and the State of Oregon on the SIP, will be or already has been
 - i. Acquired by Applicant,
 - ii. Part of a previous project that received exemption under SIP, or

- iii. Part of a project that received an exemption under the Oregon Enterprise Zone.
- e. Description of Applicant's intention to hire locally or regionally for operations at the Project, Applicant's estimated impact of the new workforce on public services, and any other information or analysis conducted by Applicant related to the impacts or benefits of the Project on local public revenues or the local economy. In addition to any other information Applicant deems responsive to this requirement, Applicant *may* provide a description of:
 - i. How the Project will create long-term jobs with competitive wages and benefits and excellent working conditions for residents of Multnomah County,
 - ii. Educational opportunities that Applicant currently provides to employees to enhance upward mobility, and
 - iii. How Applicant plans to minimize the number of contracted on-site jobs, particularly those performing core business functions.

3. Project Investment

- a. Amount
Estimated investment costs for the Project, broken out into the following categories
 - i. Real estate acquisition (land and existing structures)
 - ii. New construction/improvements
 - iii. Reconstruction, remodeling of existing buildings and structures
 - iv. Real property machinery and equipment
 - v. Personal property
 - vi. Total estimated investment
- b. Timing
Anticipated month and year that Applicant anticipates it will
 - i. Begin work on the Project
 - ii. Complete the Project
 - iii. Commence operations at the Project

4. Project Employment

- a. Estimated FTE jobs, as approximately based on a 2,080-hour year, that Applicant anticipates will be
 - i. Created by the start of operations at the Project
 - ii. Retained by the start of operation at the Project
 - iii. Created over the 15-year SIP exemption period at the Project
 - iv. Retained over the 15-year SIP exemption period at the Project

- b. Estimated average annual payroll of newly created and retained FTE jobs at the Project.

5. Application Fee

Applications shall be accompanied by an application fee, payable to "Multnomah County." The application fee shall be \$10,000, except that it shall be \$5,000 for projects located in a rural area. The application fee may be waived, in whole or in part, at the discretion of the Chair.

IV. Agreements

A. Community Benefits Agreement

The County will enter into an agreement (CBA) with the city, if any, in which a Project will be located and the Applicant pursuant to which the Applicant, each year during the SIP exemption period, will pay to the County a fee (CBF) equal to the lesser of \$2 million or 25 percent of the abated taxes. For Projects located in a rural area, the Applicant will pay to the County a CBF equal to the lesser of \$500,000 or 25 percent of the abated taxes. The CBA will provide for

1. the annual date that the CBF is payable,
2. the refunding or crediting of overpayments,
3. the interest on late payments or underpayments,
4. the manner in which any appeal of the assessed value of the property included in the Project will affect the CBF, and
5. any other requirements relating to the Project, the SIP or other matters that the County deems relevant based on its review of the application, the Project or the Applicant.

B. CBF Distribution Agreement

The County will enter into an agreement (Distribution Agreement) with the city, if any, in which a Project will be located and local taxing districts listed in ORS 198.010 or 198.180 that constitute at least 75 percent of the property tax authority of all such local taxing districts for the area where the Project will be located.

The Distribution Agreement will provide for the distribution of the CBF. The Distribution Agreement shall provide that, prior to distributing any CBF in any year, the County will (1) distribute the amount of the application fee for the Project that was waived, if applicable, until the County has recovered the total amount of the application fee that the Applicant would have paid and (2) the County will distribute five percent of the CBF to the County for the purpose of covering the County's administrative and monitoring costs associated with the CBA. The Distribution Agreement may, in the County's discretion, be combined with the CBA.

C. First Source Hiring Agreement

Applicant must enter into a First Source Agreement (FSA) with WorkSource Oregon that takes effect prior to any hiring by Applicant relating to the Project and ends no earlier than June 30 of the final year of the SIP abatement.

V. Public Review and Approval Process

A. After the SIP Staff, the Applicant and, if applicable, the city in which a Project will be located have agreed on the CBA to be submitted to the Board for consideration, and following no less than 14 days' public notice, the County will conduct a public hearing on the Project at a regularly scheduled Board meeting. At this hearing, the Board will take action on a resolution authorizing the Chair to enter into the CBA on behalf of the County. In making the determination regarding whether to authorize the Chair to enter into the CBA, the Board may consider factors it deems relevant, including:

1. How the construction and operation of the Project is expected to:
 - a. create or retain local jobs and the type of jobs that will be created or retained;
 - b. impact demand for local public services;
 - c. impact local public revenues;
2. The likelihood of the Project going forward without a SIP tax abatement;
3. Any obligations by Applicant under the CBA that will bring additional benefits to the community or the County;
4. Applicant's performance under prior and current tax abatement agreements in other U.S. jurisdictions;
5. Violations, if any, by Applicant of U.S. federal or state laws or rules relating to environmental protection, worker safety, or labor relations, and any responsive corrective action taken by Applicant.

B. At the next regularly scheduled Board meeting or duly-called special meeting following:

1. The execution of the CBA by all parties thereto,
2. The execution of the Distribution Agreement by all parties thereto, and
3. The execution of the FSA by all parties thereto,

the Board will take action on a resolution to forward the Project to the Oregon Business Development Department for processing. Notwithstanding the foregoing, the Board may take action on a resolution to forward the Project to the Oregon Business Development Department for processing prior to the execution of the Distribution Agreement or the FSA by the parties thereto if doing so will not, in the Board's discretion, unduly prejudice the County.