

**Program # 10016 - Strategic Investment Program Contractual Obligations**

**Version 7/13/2006 s**

**Priority:** Thriving Economy

**Lead Agency:** Strategic Investment

**Program Offer Type:** Existing Operating

**Program Contact:** Rob Fussell

**Related Programs:**

**Program Characteristics:**

**Executive Summary**

The Strategic Investment Program (SIP) provides a property tax abatement to businesses that require a large capital investment, that provide their employees with opportunities for career advancement, and that are willing to meet additional "Exemplary Corporate Citizen" requirements as established by the County.

**Program Description**

SIP Administration assures legal, contractual and performance compliance, executes contracts and IGA's, monitors company performance, produces reports required by state statute and by agreements with the qualifying companies.

SIP Direct Service Programs enhance the social service infrastructure in outer southeast Portland and east Multnomah County. These programs improve employment opportunities by providing high school and community college students with training that is useful in high-tech fields. Also, the County contracts with two federally-approved One-Stop Career Centers to provide recruitment and screening services to unemployed and underemployed individuals for the jobs created by participating SIP companies.

Finally, SIP Community Service Fees are shared with the City of Gresham in accordance with IGAs required by state statute and adopted by the Board of County Commissioners.

**Program Justification**

This program links to the Thriving Economy Priority by training and developing a qualified workforce for potential employment at high-tech firms in the region. These are high wage jobs that lead to career paths and living wages. Combined employment of the two participating SIP companies exceeds 900 FTE. Additionally, these employers create a significant number of second-level/spin-off jobs (suppliers, contractors etc.) Annual reports inform the community that resources are being used both wisely and as planned; therefore, this program also links to the Accountability Priority. It also links to the Economic Independence factor in the Basic Living Needs Priority.

**Performance Measures**

| Measure Type | Primary Measure | Previous Year Actual (FY04-05) | Current Year Purchased (FY05-06) | Current Year Estimate (FY05-06) | Next Year Offer (FY06-07) |
|--------------|-----------------|--------------------------------|----------------------------------|---------------------------------|---------------------------|
| Output       |                 | 0                              | 0                                | 0                               | 0                         |
| Outcome      |                 | 0                              | 0                                | 0                               | 0                         |

**Performance Measure - Description**

Each company submits an annual report demonstrating SIP contract compliance, specifically around 1/Job creation 2/Local procurement 3/Community service fee payments 4/First source hiring 5/Environmental management. Staff analyzes the findings and prepares a report to the community validating compliance. Both companies are in full compliance with their SIP commitments for the most recent required reporting year.

### Legal/Contractual Obligation

County responsibility for administration of the program is established by state statute. The funds allocated for this purpose are governed by contract with the participating SIP companies and by an intergovernmental agreement (IGA) with the City of Gresham.

### Revenue/Expense Detail

|                           | Proposed General Fund | Proposed Other Funds | Proposed General Fund | Proposed Other Funds |
|---------------------------|-----------------------|----------------------|-----------------------|----------------------|
| <b>Program Expenses</b>   | 2006                  | 2006                 | 2007                  | 2007                 |
| Personnel                 | \$0                   | \$65,793             | \$0                   | \$78,455             |
| Contracts                 | \$0                   | \$13,836             | \$0                   | \$450,226            |
| Materials & Supplies      | \$0                   | \$19,300             | \$0                   | \$7,123              |
| Internal Services         | \$0                   | \$16,071             | \$0                   | \$28,037             |
| Cash Transfer             | \$0                   | \$0                  | \$0                   | \$100,000            |
| Subtotal: Direct Exps:    | <b>\$0</b>            | <b>\$115,000</b>     | <b>\$0</b>            | <b>\$663,841</b>     |
| Administration            | \$0                   | \$0                  | \$0                   | \$0                  |
| Program Support           | \$0                   | \$0                  | \$0                   | \$0                  |
| Subtotal: Other Exps:     | <b>\$0</b>            | <b>\$0</b>           | <b>\$0</b>            | <b>\$0</b>           |
| Total GF/non-GF:          | <b>\$0</b>            | <b>\$115,000</b>     | <b>\$0</b>            | <b>\$663,841</b>     |
| Program Total:            | <b>\$115,000</b>      |                      | <b>\$663,841</b>      |                      |
| Program FTE               | 0.00                  | 0.00                 | 0.00                  | 0.60                 |
| <b>Program Revenues</b>   |                       |                      |                       |                      |
| Taxes                     | \$0                   | \$115,000            | \$0                   | \$438,397            |
| Other / Miscellaneous     | \$0                   | \$0                  | \$0                   | \$225,444            |
| Program Revenue for Admin | \$0                   | \$0                  | \$0                   | \$0                  |
| <b>Total Revenue:</b>     | <b>\$0</b>            | <b>\$115,000</b>     | <b>\$0</b>            | <b>\$663,841</b>     |

### Explanation of Revenues

Participating SIP companies pay fees to the program in lieu of property taxes.

### Significant Program Changes

✔ Significantly Changed

#### Last year this program was:

This program offer combines FY 2006 program offers numbered 10020, 10021, and 10049.

Due to the downturn in the microelectronics industry, emphasis in the Direct Service Programs during the past three years has been on investing in education and training through the Mount Hood Community College's (MHCC) Pathways Project. For the past four years this project has funded mathematics programs in East County middle schools and high schools. However, in FY 06 we are experiencing a significant increase in hiring by Microchip and also some hiring by LSI Logic. It is anticipated that in FY 07 the emphasis will shift to Community Resources projects and First Source Hiring efforts. The final \$38,000 remaining in dedicated funding for education & training will be contracted through the MHCC Microelectronics Training Center for mathematics projects in middle and high schools.