

MINUTES
Troutdale City Council – Work Session
Troutdale City Hall – Council Chambers
104 SE Kibling Avenue
Troutdale, OR 97060-2099

Tuesday, July 31, 2007

1. ROLL CALL

Mayor Thalhofer called the meeting to order at 7:45pm.

PRESENT: Mayor Thalhofer, Councilor Kight, Councilor Ripma, Councilor Thomas, Councilor Canfield, Councilor Kyle and Councilor Daoust.

ABSENT: None.

STAFF: John Anderson, City Administrator; Rich Faith, Community Development Director and Debbie Stickney, City Recorder.

GUESTS: Joe Mollusky and Chad Tippin.

2. Discussion: Discuss criteria for the Enterprise Zone and finalize the resolution authorizing application to the State of Oregon Community and Economic Development for establishment of an Enterprise Zone.

John Anderson, City Administrator stated the purpose of this meeting is to work on the draft resolution that will accompany the application for an enterprise zone. That application is due September 21st. We have been working jointly with the City of Fairview to put that application together. In terms of the resolution, we have listed the minimum direction that needs to be worked out tonight for the draft resolution that will be on the August 28th agenda for Council approval. There are four items listed under the minimum direction: **1)** Areas zoned industrial to be included in the two city Enterprise Zone (EZ); **2)** Hotel/motel option inclusion or exclusion; **3)** Name for the two city joint application; and **4)** EZ manager.

John Anderson stated today the Mayor asked the question, how would this work with two cities? I exchanged some emails with Art Fish and he answered the following questions that I sent to him: **1)** If we form a joint EZ can we set it up so that each city council only votes on the projects within their city boundaries, or do both city councils have to vote on each project? His answer was, yes you can set it up so that each city only votes on their projects. In addition to that, in talking to Sarah Garrison, she said that you can set the EZ up so that you delegate most of the decision making for routine applications to the EZ manager. **2)** Can we name a joint EZ manager rather than just one? Their answer was that they do allow for co-managers. We could include in the resolution, for example, my name as the manager in Troutdale and I would have the ability to delegate that to whomever, and I think that Joe Gall would like to have his Community Development Director be the manager for Fairview. If you

set it up with co-managers, each manager would be making decisions in their community only. **3)** Can the EZ contract with another agency? The answer is yes. The sponsor (which is the two cities) can contract with any number of third parties to serve as the local zone manager or to provide support for the local zone manager. So if I was appointed the local zone manager for the first project, since we are under the gun for this FedEx project, we could contract with Gresham since they have some experience and we can learn from them on the first one and thereafter do it on our own.

Mayor Thalhoffer stated I am not sure that we need to do that. I talked to you this morning and raised this issue.

John Anderson stated we don't have to decide that tonight.

Mayor Thalhoffer stated I think that Mr. Fish could give us all of the information that we need to set this up and we could do it ourselves.

John Anderson stated we can discuss this at a future meeting. I can show you the checklist that Gresham uses and if I recall correctly it is about six pages of items that you have to check off. Remember you are dealing with each applicant that comes in who thinks that they may want to entertain this. Gresham's experience is that you are lucky if one out of three or five actually follow through and become part of the EZ. So you can't look at the workload for only the ones that actually get approved.

John Anderson stated Joe Gall and I talked today about Item #3 under the Minimum Direction, which is the potential neutral name for the EZ. Troutdale-Fairview or Fairview-Troutdale? We thought that calling it the Columbia-Cascade EZ might be a good choice. At the staff level the City of Wood Village has talked to us about expanding the EZ to include them, just like we were considering having Gresham expand theirs. This name fits in with the Columbia-Cascade River Plan and it helps reinforce the marketing effort.

Council agreed to the name Columbia-Cascade EZ.

John Anderson stated Item #1 under the minimum direction, areas to be included in the EZ. The map is located in your Exhibit B of the July 10th staff report. The areas shown in orange are in Troutdale and the areas shown in lavender are in Fairview. When we looked at the original criteria for eligibility, Troutdale as a whole could not be eligible so we needed to use the census tracts in the northern part of the community, so that means we would not be able to include the area shown as #5, which is the back forty. With your guidance tonight we would exclude the area shown as #5 and the rest would be included. The area identified as #4 is the pig farm property.

Councilor Thomas stated my preference would be to restrict it to #1 only.

Councilor Kyle, Councilor Canfield and Councilor Ripma agreed.

Mayor Thalsofer asked who is in favor of excluding the area identified as #4 (pig farm property) on the map?

Those in favor of eliminating area #4 included: Councilor Thomas, Councilor Ripma, Councilor Canfield, Councilor Kyle and Councilor Kight.

John Anderson asked do we want to include the hotel/motel option?

All Councilors agreed to include the option for hotel/motel.

John Anderson stated I now have direction for items 1-4 under the minimum directions. #1 – eliminate area #4; #2 – include the hotel/motel option; #3 – name of the zone will be Columbia-Cascade EZ; #4 – EZ manager.

John Anderson stated I would now like to review Exhibit A – snapshot comparison of EZ criteria by jurisdiction. The left-hand column shows the requirements and the next column over shows the Oregon minimum requirements. We have provided you with examples of the EZ from Gresham, Hillsboro, Milwaukie/North Clackamas and Forest Grove.

Council discussed what the minimum investment criteria should be for Troutdale. Some of the issues discussed included: Setting the minimum per square foot price to ensure that FedEx qualifies; setting the criteria with only a minimum investment and not include a minimum per square foot price; if we are going to have an EZ we need to set the criteria so that businesses can actually be eligible for it; attract quality businesses.

Council directed staff to follow-up on the following issues with regard to the minimum investment criteria: Research the \$75 per square foot minimum investment that Gresham used (examples of the types of businesses that would meet that requirement); and does the minimum per square foot include personal property.

Councilor Canfield asked under First-Source Agreement, what is the definition of a local job training provider?

John Anderson replied First-Source is a hiring firm and for example one of the west county areas they used is Work Source Systems Inc. What that means is that the applicants, in this case FedEx, could choose one of two plans. They could take specific jobs and every time one of those jobs opens up they go to the first work supplier and they advertise for a minimum of ten days there. They don't have to hire anyone but they are just required to start there. Or they could take a shotgun approach and use all of the jobs. That job provider just gets the first opportunity to advertise.

Councilor Canfield asked is Work Source a private company?

John Anderson I am not sure.

Councilor Canfield asked John Anderson to follow-up on that.

Councilor Kyle stated I would also like to know if Mt. Hood Community College has a job placement.

Councilor Daoust stated there are private recruiting companies in Gresham.

Councilor Canfield stated that is my concern. I understand that Work Source is a government agency and I would prefer a private organization. I haven't heard good things about Work Source.

Mayor Thalhoffer stated my understanding is that jobs would be advertised in Troutdale first, I thought I read that somewhere.

John Anderson stated I would have to look into that. I will bring you more information on this requirement.

John Anderson stated the next requirement is a procurement plan. Joe and I talked about the fact there would probably be no reason to try and require the recipient of an EZ to first see if they could buy materials in Troutdale or Fairview. Gresham has commented that it is an administrative nightmare to track all of that.

Mayor Thalhoffer suggested having the requirement is East County.

Councilor Kight thought that was a good idea. If we are giving the company a tax break there needs to be some benefit to E. County.

John Anderson stated this adds to the administrative monitoring.

Councilor Kight stated but it also adds to the economy.

Councilor Canfield stated I would like more information on the following: the history of what success Gresham has had with this; what possible benefit we would get; how realistic it is; and what it will cost to administer it.

Councilor Daoust stated East County makes sense to me.

Councilor Kyle agreed.

John Anderson stated I will provide more information on this at the next meeting. The next requirement is hotel/motel and you have all agreed to include that.

John Anderson stated the next item is job quality. John reviewed the requirements that Gresham established.

Councilor Canfield asked what is minimum wage?

John Anderson replied according to this flyer we have on the bulletin board in the lunchroom, it is \$7.80 an hour.

Councilor Kight stated I like Gresham's criteria.

Mayor Thalhoffer asked for input from FedEx on this issue.

Joe Mollusky stated FedEx has expressed some concerns on the job quality criteria of 75% of the full-time employees paid at least 200% of minimum wage. They would like you to consider the Hillsboro criteria, which is an average of all hourly full-time wages being at least 150% of minimum wage, so that they would have an easier time qualifying for this criteria.

Council discussed the issue of what percentage of employees should be required to meet at least 200% of the minimum wage, 150% of the minimum wage, or some other figure. Council discussed what is considered to be a family wage. Council did not make a decision on this criterion.

John Anderson stated the last two requirements are the application fee and the community service fee. Three of the four cities we have for comparison use .1% of the value of the investment, two of those have a cap on the amount. Gresham said they thought it was a mistake to have a cap on theirs.

Councilor Ripma asked what would that be for FedEx?

John Anderson replied roughly \$80,000.

The majority of the Council believed that we shouldn't have a cap.

Mayor Thalhoffer asked does FedEx have any additional input on these requirements?

Joe Mollusky stated they are okay with the minimum investment levels. We did have a question on whether the \$75 per square foot included personal property and equipment. The first-source hiring agreement, they routinely use local job banks so they are okay with that. They don't want restrictions on their hiring but they are certainly willing to offer those jobs on a first case basis to the locals. On the procurement plan, they typically try to buy local products. They wanted to know what area the Troutdale vicinity included, but they don't want hard requirements if they are not competitive with the marketplace. The job quality is where they have the biggest concern. The 75% of the full-time employees being paid at least 200% of the minimum wage would create problems.

Councilor Thomas asked if we kept it at 200% of minimum wage and that included the benefits, would they be able to meet that?

Joe Mollusky replied yes, but the nature of the benefits constantly changing would be an administrative burden for your staff to measure. They have a concern using a percent of the

full-time jobs versus the total jobs. They felt that the total wages was a fairer measure, that is where they come in at \$17/hr. and would like to use that as the criteria.

Councilor Thomas stated I can live with 100% of the wage, but I would like a higher percentage, say 175% versus 150%. The EZ will go well beyond FedEx and we want to make sure other folks bring quality jobs.

Councilor Daoust stated it sounds like they were trying to capture the type of employees that would be counted.

Joe Mollusky replied right. I don't know the spread between the managers and the package handlers; I only know the overall average. To meet that 75% was an issue with them.

Councilor Daoust stated but you said they wanted to use an average of all the employees.

John Anderson stated the Hillsboro criteria is an average of all hourly full-time wages must be at least 150% of minimum wage. North Clackamas requires that they pay the new full-time employees at least 150% and Forest Grove requires that they pay the new full-time employees an average of 150% of minimum wage. There are a couple of different ways to come up with a formula.

Council continued discussing the Job Quality criteria. Council did not reach a decision.

John Anderson stated looking at the last item, community service fee, what a number of the communities have done is in years 4 and 5 they establish a community service fee which basically reduces the 100% abatement to 75%, and the city receives 25%.

Councilor Ripma asked when do we have to decide about years 4 and 5? Can we just say that we are not going to go beyond 3 years?

John Anderson replied you could say that.

Councilor Daoust stated basically if we have a community service fee of 25%, we basically get almost all of the taxes we would have gotten...

Councilor Kight interrupted and stated but no other tax entity will, such as the schools.

Councilor Daoust stated right. If we have a 3 year term then after that everyone would get their taxes.

Councilor Ripma asked how many of us want to go beyond 3 years?

Mayor Thalsofer asked does FedEx have a position on this?

Joe Mollusky replied they really have not commented specifically on the duration.

Councilor Thomas stated my thoughts are to go 3 years and the only way I would go beyond that is with that 25% so we at least recover some of the revenue for the city.

Councilor Ripma stated so you are in favor of 5 years.

Councilor Thomas stated no, 3 year tax abatement and the only way I would go beyond that is if we have a way to recoup the money for the city.

Mayor Thalhoffer stated I favor 3 years with an option to go to years 4 and 5. We can make that decision later.

John Anderson stated you don't have to make a decision tonight but you have to decide what criteria you are going to set.

Mayor Thalhoffer asked after 3 years you can't extend it to year 4 and 5?

John Anderson replied not if you decide that you are not going to do it.

Councilor Kyle stated isn't there a certain amount of time that we have to change our mind, like three or six months.

John Anderson replied I think it is 60 or 90 days.

Joe Mollusky stated when FedEx walks in the door you are going to have to have set criteria to measure them against. You can modify that criteria in the future but it will only apply to new applicants, you can't apply it to an existing applicant.

Councilor Canfield, Councilor Daoust, and Councilor Ripma prefer to limit it to 3 years.

John Anderson stated those are the primary criteria that we will work on. The items on page one of the staff report have to be included in the resolution. The criteria outlined in Exhibit A, optional criteria, some of them could be put in the resolution/application and other items may have to wait.

Joe Mollusky stated I know that everyone has goals for quality, jobs and investment and you are focused on Fed Ex, but just consider when you are setting this criteria that you don't want to ignore the small business investment and they may have problems meeting some of these criterion.

Councilor Thomas stated we need to decide what we want the base salary to be inside the EZ.

Councilor Kyle stated I was looking at the Milwaukie criteria where they have 150% for the new full-time employees. What if we just did 200% for the new full-time employees? I am sure that they will be transferring some employees here.

Councilor Canfield stated I would rather have several jobs at 150% of the minimum wage than no jobs.

John Anderson stated we will try to provide you with more information at the next meeting.

Joe Mollusky stated the cost per square foot becomes the economy of scale. The bigger the facility that you build it becomes cheaper per square foot. Be considerate when you are setting the criteria.

Councilor Ripma stated couldn't we have a sliding scale.

Mayor Thalhofer stated I am in favor of making it possible for FedEx to come here and not create criteria that will turn them away.

Councilor Thomas stated we need to look well beyond FedEx.

Councilor Daoust stated I am not getting too hung up on this minimum wage. FedEx is going to pay their employees what they are going to pay them and I am not really too hung up on the City Council telling FedEx what they should pay their employees.

Councilor Ripma stated but we do get to tell them whether they get the tax break or not. I agree that if we are going to do this then FedEx has to qualify.

3. Adjournment:

MOTION: Councilor Ripma moved to adjourn. Seconded by Councilor Kight. Motion passed unanimously.

Meeting adjourned at 8:50pm.

Paul Thalhofer, Mayor

Dated: Approved Aug. 28, 2007

ATTEST:

Debbie Stickney, City Recorder