

PORTLAND ENTERPRISE ZONE WRITTEN AGREEMENT
BETWEEN THE
PORTLAND DEVELOPMENT COMMISSION
AND
[INSERT COMPANY NAME]

This Portland Enterprise Zone Written Agreement (“Written Agreement”) is entered into this (DAY) day of (MONTH, YEAR) (the “Effective Date”) by and between the (COMPANY) and affiliates and subsidiaries (“Company”) and the City of Portland (“City”), acting by and through the **Portland Development Commission** (“PDC”).

RECITALS

- A. Pursuant to the Oregon Enterprise Zone Act established under Oregon Revised Statutes 285C.050 to 285C.250 (“Act”) and the City’s *Portland Enterprise Zone Policy*, the City has the authority to establish, and has established, conditions under which it may certify qualified companies for an extended five-year property tax abatement as authorized by the Act.
- B. The City sponsors the Portland Enterprise Zone which is generally located west of I-205, east of Forest Park, north of I-84 and south of the Columbia River in Portland, Oregon (“Portland E-Zone”).
- C. The City has designated PDC as the manager of the Portland E-Zone.
- D. Company desires to participate in the Portland E-Zone tax abatement program in exchange for meeting to certain program goals of the Act and of the City which may include making real property improvements and/or making a financial community contribution.
- E. In consideration of the mutual benefits accorded each party under this Written Agreement, the Company and PDC agree as follows.

AGREEMENT

The parties agree as follows:

1. DEFINITIONS.

- 1.1. Administrative Rules** means the Oregon Administrative Rules (OAR) of the Oregon Economic and Community Development Department applicable to the Act filed with the Oregon Secretary of State, Oregon State Archives, as may be updated from time to time.
- 1.2. Business and Workforce Equity Policy** means the PDC Business and Workforce Equity Policy, duly adopted by the PDC Board of Commissioners that is in effect as of the Effective Date of this Written Agreement.

- 1.3. City’s General Fund Revenues** means the City’s General Fund revenues in any given City fiscal year, generated by Company’s Qualified Facility and are the sum of:
- 1.3.1. City Business License Fees attributable to the Qualified Facility and paid during the City’s fiscal year;
 - 1.3.2. City Utility Franchise Fees resulting from the Company’s Qualified Facility activity during the City’s fiscal year (calculated as utility charges times City utility franchise fee rate); and
 - 1.3.3. Any other City General Fund revenues documented as generated by the Company’s Qualified Facility.
- 1.4. City’s Basic Service Costs** means thirty percent (30%) of the City share of property taxes abated annually during the period of abatement for a Company’s Qualified Facility.
- 1.5. Covered Position** means all of the Company’s full time jobs at its Qualified Facility as described under the Company’s First Source Agreement.
- 1.6. Eligible business firm** means a firm engaged in an activity described under ORS 285C.135 that may file an application for authorization under ORS 285C.140
- 1.7. Estimated Investment** means the Company’s intended investment as stated in the Authorization Application in the following amounts:
- | | |
|--------------------------|-----------------|
| CONSTRUCTION: | \$ _____ |
| EQUIPMENT: | \$ _____ |
| TOTAL INVESTMENT: | \$ _____ |
- 1.8. E-Zone Manager** means the staff position at PDC established by PDC to manage the E-Zone.
- 1.9. First Source Hiring Agreement (“FSA”)** means the agreement, as required by the Act, between a Company and WorkSource Portland Employment Department (WSED) whereby WSED refers qualified candidates to the Company for new jobs and job openings in the Company.
- 1.10. Non-Governmentally Mandated Benefits** means employee benefits offered to all regular full-time employees at the Qualified Facility after one year of Company employment, which are not mandated by any government as of the Effective Date of this Written Agreement. Non-Governmentally Mandated Benefits for purposes of this Written Agreement exclude (1) social security contributions, (2) worker’s compensation insurance, (3) unemployment insurance, (4) shift pay, and (5) premium pay. All other documented Non-Governmentally Mandated Benefits are included. In cases where the benefit contribution by the Company is determined based on employee participation, the benefit level used for calculations in this Written Agreement will include the Company’s maximum liability in providing such benefits to employees. In cases where the employee benefits offered increase with length of employment, the benefit level used for calculations in this Written Agreement are the benefits as of three years of employment greater than 32 hours per week.

- 1.11. **Procurement Plan** is a City requirement with the goal of increasing ancillary business opportunities for local businesses in supportive services.
- 1.12. **Project** means **[INCLUDE A DESCRIPTION OF THE PROJECT]**.
- 1.13. **Qualified Facility** means the real property the Company [*plans to acquire/has acquired or plans to lease/has leased*] located at _____ Portland, Oregon 97_____, also identified by the following R#(s): _____/_____.
- 1.14. **Recruited Position** means a job that the Company creates to fulfill of the First Source Agreement.
- 1.15. **Regular Full-time Job** means a non-seasonal or non-temporary job directly with Company exceeding an annual average of 32 hours per week.
- 1.16. **Total compensation costs** means the total amount of Company costs for direct compensation of employees (not including overtime) as defined by the U.S. Bureau of Labor Statistics Employment Cost Trends, U.S. Department of Commerce (<http://stats.bls.gov/news.release/ecec.t14.htm>).
- 1.17. **WorkSystems, Inc. (WSI)** is the administrator of all federal Workforce Investment Act funds for Multnomah County and the City.
- 1.18. **WorkSource Portland - Employment Department (WSED)** is the publicly funded job-training provider designated by the State of Oregon as the labor exchange agency for the Portland Metro Area.

2. PDC OBLIGATIONS.

- 2.1. PDC will work with the Company for the duration of the period of tax abatement in order to foster the success of all parties in this undertaking.
- 2.2. PDC shall file the Enterprise Zone Application form in a timely manner with all relevant state and local entities.
- 2.3. PDC will work with WorkSource Portland to provide technical assistance to the Company related to the hiring and screening of employees as required under the terms of this Written Agreement and the First Source Agreement.
- 2.4. PDC will coordinate all parties necessary to achieve real property tax abatement on the Company's Qualified Facility.

3. COMPANY OBLIGATIONS

In consideration for the property tax abatement granted pursuant to the Act, the Company shall perform the obligations set forth in this Written Agreement. The Company's obligations are based on the terms of the investment and hiring requirements as described in the E-Zone Policy, the Authorization Application, and the Act.

- 3.1. **Application Fee** Prior to the PDC entering into the Written Agreement and the Enterprise Zone Manager signing the Authorization Approval form. The Company has paid its Application Fee of \$_____ on _____ in full.

- 3.2. First Source Hiring Agreement** Prior to or concurrently with the execution of this Written Agreement, Company shall enter into a FSA with WorkSource Portland–Employment Department (“WESD”) for all employees hired at the Qualified Facility throughout the project’s construction and tax exemption period. The Company shall report on a quarterly basis to WSED all hires made based on referrals through the WorkSource System using the spreadsheet provided by WSED. Any hires made prior to entering into the FSA will not count towards any hiring requirements.
- 3.3. Employment Qualifications** Company will comply with all requirements stated in ORS 285C.200, which states, among other things;
- 3.3.1. that the employment level of the Company, no later than the date the exemption is claimed under ORS 285C.220 or April 1 following the year in which the investment is made, whichever is earlier, is not less than the greater of: 1) 110 percent of the annual average employment of the Company; or 2) the annual average employment of the Company plus one.
- 3.3.2. that the firm does not diminish employment outside the enterprise zone as described in 285C.200 (4) and (5).
- 3.4. Minimum Employment Goal** The Company will endeavor in good faith to hire no fewer than **INSERT ESTIMATED EMPLOYMENT**, which is the estimated total number of new employees specified in the Oregon Enterprise Zone Authorization Application.
- 3.5. New Hire Job Retention** Fifty percent (50%) of all employees that have made it through the Company’s probation period must continue to be employed for a minimum period of two (2) years following, and inclusive of the Company’s probationary period.
- 3.6. Job Quality Commitments** All full-time jobs at the Company’s Qualified Facility must meet a minimum quality level during the period of exemption as described below:
- Eighty-five percent (85%) of jobs’ basic wages must exceed one hundred fifty percent (150%) of Oregon minimum wage after one year of employment; or
 - Employee benefits must meet the national average of Non-Governmentally Mandated Benefits for the size and type of company based on information supplied by the U.S. Department of Labor (www.bls.gov/news.release/ecec.t06.htm) for the year in which compliance is checked.
 - The Company shall not materially diminish the training support and advancement opportunities for its regular full-time employees at the Qualified Facility from those that exist as of the Effective Date of the Written Agreement or as made in representations to PDC during the Pre-Authorization Consultation.
- 3.7. Primary Point-of-Contact** The Company will designate a contact person who shall be accessible by the PDC during normal hours of operation. The primary contact shall be informed about the nature of the Written Agreement between the PDC and the Company and shall be prepared to take responsibility for representing the

Company during Annual Compliance. Because the primary contact is the person the E-Zone Manager contacts for general information requests as well as invoicing, the Company will notify PDC within 60 days if this person is replaced or changed.

Company's designated **Primary Point-of-Contact's** information:

NAME: _____
TITLE: _____
ADDRESS: _____
CITY: _____ **STATE:** _____ **ZIP:** _____
EMAIL: _____
PHONE: _____
FAX: _____

3.8. City of Portland Business License The Company must maintain a current and active City of Portland Business License as of the date of the Written Agreement and during the entire tax abatement period.

3.9. Workforce Training and Business Development Fund Company shall pay to PDC an amount equal to fifteen percent (15%) of the total abatement, which amount shall be contributed to the Workforce Training and Business Development Fund. PDC shall invoice the Company for 15% of the Company's previous year's annual abatement as determined by the Multnomah County Assessors Office. The Workforce Training and Business Development Fund payments will be due and payable to PDC within sixty (60) days after receiving an invoice. Beginning the first day of the month following the end of the sixty-day period, Workforce Training and Business Development Fund payments will be subject a one percent (1%) per month late fee.

3.10. Business Procurement Plan Company shall create and execute a Procurement Plan with the goal of increasing local purchases by a minimum of five percent (5%) per year from businesses located within Portland, with exceptions for periods of slow growth and/or recessions. The Company shall submit its Procurement Plan to PDC within 60 days after the Effective Date of this Written Agreement. The Procurement Plan shall be effective thereafter throughout the period of the tax abatement. At a minimum, the Procurement Plan shall include the following.

3.10.1. Numeric or percentage goals to be used as a means of evaluating the effectiveness of the Procurement Plan.

3.10.2. A list of the products and services that the Company currently purchases or anticipates purchasing, which have the potential for being purchased from enterprise zone companies. To the extent possible, PDC, in conjunction with local Community-Based Organizations, will work with the Company to identify firms located within the City of Portland that may be able to provide said products and/or services. However, PDC should not be the only resource used by the Company to identify potential suppliers.

3.10.3. Companies with existing operations in the E-Zone shall also provide a

breakdown of products and services currently purchased from companies located in the City of Portland, and an estimated dollar amount of those purchases.

- 3.10.4. A description of how the Company will increase the amount of goods and services purchased from businesses within the City of Portland.
- 3.10.5. A description of the specific actions that the Company will undertake such as outreach strategies, vendor open houses, or other methods, which will provide increased ability for local firms to capture increased sales while fulfilling Company procurement needs.
- 3.10.6. The Company shall reach out to industry associations, including the Oregon Association of Minority Entrepreneurs, Columbia Corridor Association, purchasing agents or other organizations that represent or are associated with small businesses in the E-Zone and if available participate in at least one vendor related fair a year.

3.11. Business and Workforce Equity Policy The Company shall comply with the Business and Workforce Equity Policy. The Company shall make arrangements to comply with the Business and Workforce Equity Policy obligations before construction begins at the Qualified Facility.

- 3.11.1. **Minority, Women, and Emerging Small Businesses (“M/W/ESB”)** The Company shall comply with the PDC M/W/ESB Program in effect at the time of submitting the Oregon Enterprise Zone Authorization Application to the E-Zone Manager.
- 3.11.2. **Workforce Training and Hiring Program (“WTHP”)** The Company shall comply with the PDC WTHP Program in effect at the time of submitting the Oregon Enterprise Zone Authorization Application to the E-Zone Manager.
- 3.11.3. **Equal Employment Opportunity (“EEO”)** The Company shall provide documentation that the Company and its general or prime contractor associated with the Project at the Qualified Property was certified within 30 days of the Project’s start date. City of Portland EEO certification can be obtained online or by contacting the City of Portland Bureau of Purchases.

Bureau of Purchases can be contacted at the following:

Bureau of Purchases
1120 SW Fifth Avenue, Room 750
Portland, OR 97204
Website: www.portlandonline.com/omf/
Phone: 503.823.5047

3.12. City’s Basic Service Costs To ensure that the City is able to supply basic services to the Project, the Company will be required to provide sufficient revenue to the City to cover the City's Basic Service Costs during the abatement period. If the Company’s revenue contributions to the City are not equal to or greater than the City’s Basic Service Costs, the Company shall make a payment to the City in an amount equal to the difference between the Company’s eligible revenue contributions and the City’s

Basic Service Costs. The Company’s eligible revenue contributions to the City include the following:

- 3.12.1. City Business License Fees attributable to the Qualified Facility and paid during the City’s fiscal year;
- 3.12.2. City Utility Franchise Fees resulting from the Company’s Qualified Facility activity during the City’s fiscal year (calculated as utility charges multiplied by the City utility franchise fee rate); and
- 3.12.3. Any other City revenues allocated to the City General Fund documented as generated by the Company’s Qualified Facility.

During the first 90 days of the year following a tax abatement year, PDC will calculate the City’s Basic Service Costs for the Company’s Qualified Facility and the City’s General Fund revenues generated by Company’s Qualified Facility. Company shall assist PDC in performing the calculation by providing to PDC accurate and relevant information regarding the Company’s eligible revenue contributions to the City. Upon Company’s receipt of the calculation statement from PDC, Company will pay to the City of Portland, Bureau of _____ a fee equivalent to the shortfall between the City’s Basic Service Costs for the Qualified Facility and the General Fund revenues generated by the Qualified Facility. Company shall provide proof of payment to PDC during the annual compliance process.

3.13. Childcare Support Company will make childcare support available to all regular full-time employees upon their first day of work beginning with the first year of tax exemption at the minimum levels described in the Policy.

Summary Table Percentage of MFI and Child Age and Number of Children to qualify:

Monthly payment per employee earning less than:	Employees earning less than 30% MFI	Employees earning less than 50% MFI
<i>Full-time shift</i>		
1 child 0-5 years old	\$375/month	\$275/month
2 or more children 0-5 years old*	\$475/month	\$375/month
1 child 6-12 years old	\$225/month	\$175/month
2 or more children 6-12 years old	\$325/month	\$275/month
<i>Shifts with more than 50% work hours between 6AM-7AM or on weekends or holidays</i>		
1 child 0-12 years old	\$375/month	\$275
2 or more children 0-12 years old	\$525/month	\$375
Note all amounts increase each yr of exemption based upon the Consumer Price Index		

3.12. Transit Support Transit support will be available beginning the first day of work for all employees earning 80% MFI or below (based on single household). Company will make public transit support available for all regular full-time and part-time workers no matter their annual earnings who have passed the Company’s probationary period at the Qualified Facility throughout the exemption period. In

either case, the minimum transit support required is a Company payment of seventy-five percent (75%) of the monthly transit pass costs for all employees who choose to utilize public transit for transportation to and/or from the Company's Qualified Facility.

PDC encourages the Company to develop efforts and programs to breakdown transit related barriers to employment, such as rideshare and vanpool programs.

4. ANNUAL COMPLIANCE REVIEW

Beginning in June of each year, PDC will perform an annual compliance review to assess the Company's performance of its obligations under the Act, the E-Zone Policy and this Written Agreement. As part of the annual compliance review, PDC will provide the Company with compliance documents prior to the annual compliance meeting. The Company shall complete the compliance documents and gather supporting documentation prior to the annual compliance meeting. Representatives from the County Assessors Office, WorkSource Portland Employment Department, and Worksystems will be invited to participate in these annual compliance meetings and may attend. In order to facilitate this compliance review, the Company shall provide or make available to PDC information, in a form and substance acceptable to PDC, which shall include, without limitation, the following. PDC may request additional information as it deems reasonably necessary to complete the annual compliance review.

Company agrees and acknowledges that PDC may disclose this information to the Portland City Council and the PDC Board of Commissioners for reporting purposes. PDC agrees to use good faith efforts to limit such disclosure to such information PDC determines is reasonably necessary for reporting purposes. PDC further agrees not to disclose information to any other parties without the prior written consent of Company, except to the extent such information has been made part of the public record or as required by the Oregon Public Records Law (ORS 192.410 – 192.505).

- 4.1.** Company shall provide documentation to show that the conditions found in the FSA have been met and tracked appropriately and in a timely manner.
- 4.2.** Company shall provide the Form 132 UI Employee Detailed Wage Report to use as documentation for tracking all employment-related obligations. Additional and alternative information may be request to provide names, employment dates, duration of employment, wages and benefits.
- 4.3.** Company shall provide documentation of its compliance with the City's Business License requirements.
- 4.4.** The Company may be obligated to supply documentation evidencing its Workforce Training and Business Development Fund payment.
- 4.5.** Company shall provide documentation relating to the Company's Procurement Plan, including, without limitation, a spreadsheet listing annual local vendor purchases.
- 4.6.** Company shall provide sufficient documentation to evidence its compliance with the PDC Workforce and Business Equity Policy obligations and reporting requirements.

- 4.7. Company shall provide documentation evidencing its compliance with the requirements pertaining to the City's Basic Service Costs payment.
- 4.8. Companies that have triggered the Childcare Support obligation shall track and provide documentation regarding Childcare Support or authorized alternative benefits provided.
- 4.9. Companies that have triggered the Transit Support obligation shall track and provide documentation regarding Transit Support or authorized alternative benefits provided.

5. REMEDIES

If Company fails to perform its obligations under this Written Agreement, PDC may, at its discretion, pursue one or more of the remedies provided by the Act or described in this Written Agreement, as well as any other remedy available under law or equity. PDC's failure to exercise its remedies does not waive PDC's claim(s) for breach of contract or Company's duty to fulfill its obligations under this Written Agreement. Under no circumstances will the total of monetary remedies, application fees, fees for the City's Basic Service Costs, or costs associated with providing Childcare, Transit passes or meeting the monetary requirements of the Productivity clause by Company exceed the property tax savings resulting from the property tax exemption granted to the Company's Project.

- 5.1. **Disqualification from exemption.** PDC and the Company shall comply with and be subject to the provisions contained in ORS 285C.240, as may be amended.
- 5.2. **Remedy for non-performance of New Hire Job Retention obligations.**
 - 5.2.1. During the first ninety (90) days of the fourth year of Company's tax exemption, PDC and Company shall measure the success of Company in retaining First Source Agreement Covered Position hires through the third year of tax exemption. If Company has not retained at least 50% of its Covered Position hires for two consecutive years of employment, Company shall pay to PDC damages in the amount of \$10,000 times the number of hires the Company is short of the 50% level. For example, if Company has 100 Covered Position hires but only 45 were retained for two consecutive years, Company's fee would be $5 \times \$10,000 = \$50,000$. Company shall pay the damages to PDC by the end of the fourth year of tax exemption. The maximum amount of damages under this section shall be 50% of Company's property tax exemption during the fourth year of exemption.
 - 5.2.2. During the first ninety (90) days of the fifth year of Company's tax exemption, PDC and Company shall measure the success of Company in retaining Covered Position hires through the fourth year of tax exemption. If Company has not retained at least 50% of its Covered Position hires for two consecutive years of employment, Company shall pay to PDC damages in the amount of \$10,000 times the number of hires the Company is short of the 50% level. For example, if Company has 100 Covered Position hires but only 45 were retained for two consecutive years, Company's fee would be $5 \times \$10,000 = \$50,000$. Company shall pay the damages to PDC by the end of the fifth year of tax exemption. The maximum amount of damages under this

section shall be 50% of Company's property tax exemption during the fifth year of exemption.

- 5.3. Remedy for non-performance of the Business and Workforce Equity Policy obligations.** If the Company fails to comply with the Business and Workforce Equity Policy, the Company shall be subject to the remedies provided for in the Business and Workforce Equity Policy.
- 5.4. Remedy for non-performance of Procurement Plan obligations.** If Company does not perform the requirements of Section 3.8 of this Written Agreement, Company shall pay to PDC damages in an amount equivalent to five percent (5%) of the tax exemption during each tax exemption year of non-performance. The payment of damages shall be due to PDC by December 31 of the tax year following the tax year in which the failure to perform occurred.
- 5.5. Remedy for non-performance of Workforce Training and Business Development Fund obligations.** If the Workforce Training and Business Development Fund payment is not paid to PDC in accordance with this Written Agreement, Company will pay to PDC the amount owed plus an additional late fee equivalent to the amount of tax exemption in the fifth year of the tax exemption period.
- 5.6. Remedy for non-performance of City's Basic Service Costs obligations.** If Company does not perform the obligations contained in Section 10 of this Written Agreement, Company shall pay to PDC damages in an amount equivalent to the amount of City of Portland taxes exempted during the tax year in which the failure to perform occurred. The payment of damages shall be due to PDC by December 31 of the tax year following the tax year in which the failure to perform occurred.
- 5.7. PDC AND THE COMPANY AGREE THAT IT WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO DETERMINE THE AMOUNT AND EXTENT OF DETRIMENT TO PDC SHOULD THE COMPANY FAIL TO PERFORM CERTAIN OBLIGATIONS CONTAINED IN THIS AGREEMENT. PDC AND THE COMPANY THEREFORE AGREE THAT IF THE COMPANY FAILS TO PERFORM CERTAIN OBLIGATIONS CONTAINED IN THIS AGREEMENT, THEN THE SUM EQUAL TO THE AMOUNTS DESCRIBED IN PARAGRAPHS 5.2, 5.4, AND 5.6 ARE REASONABLE ESTIMATES OF PDC'S DAMAGES AND PDC SHALL BE ENTITLED TO SAID SUMS AS LIQUIDATED DAMAGES.**

6. MISCELLANEOUS

- 6.1. Partial Invalidity.** If any term or provision of this Written Agreement or its application to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Written Agreement, or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Written Agreement shall be valid and be enforced to the fullest extent permitted by law.
- 6.2. Waivers.** No waiver of any breach of any covenant or provision contained herein shall be deemed a waiver of any preceding or succeeding breach thereof or of any

other covenant or provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

- 6.3. Successors and Assigns.** This Written Agreement shall be binding on and shall inure to the benefit of the successors and assigns of the parties to it. Company may not assign its interest in this Written Agreement and the Property to any other person or entity without the written consent of PDC. In the event that an assignee assumes the obligations of Company hereunder, Company shall not be released of its obligations under this Written Agreement.
- 6.4. Amendments.** This Written Agreement may not be waived, altered, modified, supplemented, or amended in any manner except by written instrument signed by all parties.
- 6.5. Headings.** The section headings in this Written Agreement are included for convenience only, do not give full notice of the terms of any portion of this Written Agreement, and are not relevant to the interpretation of any provision of this Written Agreement.
- 6.6. Time of Essence.** PDC and Company hereby acknowledge and agree that time is strictly of the essence with respect to every term, condition, obligation, and provision.
- 6.7. Counting of Days.** All periods of time referred to in this Written Agreement shall be deemed calendar days, which includes Saturdays, Sundays, and legal holidays recognized by the federal government or the state of Oregon. If the last day of any period falls on a Saturday, Sunday, or legal holiday, then the period shall be extended to include the next day that is not a Saturday, Sunday, or legal holiday.
- 6.8. Governing Law.** The parties acknowledge that this Written Agreement has been negotiated and entered into in the state of Oregon. The parties expressly agree that this Written Agreement shall be governed by and interpreted in accordance with the laws of the state of Oregon

The City of Portland acting by and through
the **PORTLAND DEVELOPMENT COMMISSION**

By: _____
Bruce A. Warner, Executive Director

[Company Name] , an Oregon [Insert entity type]

By: _____

Name: _____

Title: _____

CALCULATION OF EMPLOYEE NON-MANDATED BENEFITS

B.1. Measurement of the adequacy of employee benefits under Section 3.6 of this contract shall occur in the following way:

DEFINITIONS:

(1) “Non-mandated benefits” for the purpose of the Portland Enterprise Zone include paid leave (vacations, holidays, sick leave, other leave), company-provided insurance (health, life, sickness & accident, etc.), contributions to retirement or savings plans, severance pay or supplemental unemployment benefits, or other benefits consistently offered employees. Not included are (1) “mandated” benefits of worker’s compensation insurance, social security taxes and unemployment insurance or (2) supplemental pay (overtime or premium pay).

(2) “Entry-level wages” are the wages offered to employees at the time of hire as a regular employee after completing any company probation periods.

PROCESS:

Qualifying the company for Pre-certification under this contract will occur in the process detailed in B.1.1-B.1.4 below. If the company decreases its benefits offered to employees between the date of this contract and the end of the tax abatement period, the process in B.1.1-B.1.4 will again be used to determine if the company meets the requirements of this contract. If the company does not decrease benefits during the abatement period, this contract only requires annual written verification by a company executive that benefits have not decreased. The letter will be provided to PDC between July 1 and August 1 following a fiscal year of tax abatement.

The process below is designed to compare the hourly value of eligible company benefits to the average of hourly wages offered to regular full-time jobs covered by the First Source Agreement. (i.e. Covered Positions).

B.1.1. HOURLY WAGE AVERAGE: The average wages paid to Covered Positions shall be averaged in the following manner: The hourly wages of Company’s Covered Positions are averaged. No attention is given to how many Hiring Credits or Covered Position Hires are anticipated for each position.

EXAMPLE: Company has 4 Covered Positions; Average wages are \$12, \$13, \$14 and \$16. The average is $((12+13+14+16) / 4) = \$13.75$.

B.1.2. The eligible non-mandated employee benefits made available to these Covered Positions by Company are added together, using Company’s most recent annual costs of providing the benefits. The annual cost is divided by 1664 hours worked per year (32 hours per week) to determine the hourly value of the eligible non-mandatory benefits.

Non-production bonuses such as profit sharing are eligible but premium pay or shift pay is excluded. Optional benefits (such as tuition reimbursement) are included in the calculation as though the employee takes maximum advantage of Company's benefit programs.

EXAMPLE: EMPLOYEE BENEFITS - hourly average value:

1.	Medical	\$5,534	
2.	Ad&D	\$102	
3.	Disability	\$380	
4.	Days off (33 @ \$13.5/hr.)	\$3,564	(holidays, vacation, sick)
5.	Retirement	\$680	
6.	Profit Sharing	<u>\$500</u>	(average of last five years)
	TOTAL:	\$10,760	

HOURLY VALUE: \$10,760 / 1664 hours = \$6.47 / hour

B.1.3 The national average for non-governmental prescribed benefits is listed by the US Department of Labor through the agency's website. PDC uses the Percent of Average Employee Compensation by Major Industry Group table, column heading All Service Providing. This number is then reduced by the percentage amount of legally required benefits under the same table and column heading

B.1.4 The hourly value of Company's eligible non-mandated benefits (B.1.2 above) is divided by the average hourly wages of the Covered Positions (B.1.1 above). The ratio must equal or exceed the national average of Non-Governmentally Mandated Benefits for the size and type of company based on information supplied by the U.S. Department of Labor (www.bls.gov/news.release/ecec.t06.htm) for the year in which compliance is checked. In this example 32% is being used.

EXAMPLE: \$6.47/hr. benefits divided by \$13.75/hr. wages = **47%**

B.2. Measurement of the adequacy of employee wages under Section 3.6 of this contract shall occur in the following way:

B.2.1. Between July 1 and August 1 following a fiscal year of tax abatement, the company shall provide PDC with written documentation that 85% of all full-time (minimum 32 hours per week) jobs at the Zone facility, which are filled by employees of at least one year continuous employment, are, as of the date of the documentation, providing regular wages greater than or equal to 150% of Oregon's minimum wage at the time.