

**CITY OF PRINEVILLE  
RESOLUTION NO. 1337**

**A Resolution Waiving Statutory Requirements to Increase Employment by Ten (10) Percent for Contact Industries, LLC based on the Rise in Productivity and Dedicated Contributions to Workforce Training within the Prineville/Crook County Rural Enterprise Zone**

WHEREAS, Contact Industries, LLC intends to invest an estimated \$4.9 million in capital improvements for its rough mill plant in Prineville, Oregon, starting in January 2020; and

WHEREAS, the rough mill plant is located within the Prineville/Crook County Enterprise Zone, which is sponsored by Crook County and the City of Prineville; and

WHEREAS, Contact Industries, LLC has applied for authorization in the enterprise zone for the aforementioned investment; and

WHEREAS, under ORS 285C.155, 285C.200(2), and 285C.205 the enterprise zone sponsor may provide by resolution for authorization of an eligible business firm, such that it may qualify for the exemption on qualified property in the zone without increasing zone employment as normally required, if:

- (a) The firm increases measurable (labor/unit) productivity by 10 percent or more,
- (b) Expends or donates workforce-training funds that the firm sets aside in an amount at least equal to 25 percent of tax savings,
- (c) Maintains a minimum number of full-time employees in the zone (as established by the zone sponsor) that is not less than the existing level, and
- (d) Satisfies other reasonable requirements as the zone sponsor may also establish; and

WHEREAS, Contact Industries, LLC has 222 full-time employees throughout the Prineville/Crook County Enterprise Zone as averaged over the past 12 months.

NOW THEREFORE, THE CITY OF PRINEVILLE RESOLVES AS FOLLOWS:

Contact Industries, LLC is hereby authorized to qualify in accordance with ORS 285C.200 for purposes of the exemption on qualified property under ORS 285C.175, provided that:

1. In relationship to the aforementioned investment at Contact Industries, LLC rough mill plant, labor/unit productivity as set out in Exhibit A rises to

at least 110 percent of the base level, by no later than July 1 of the second year of exemption on the qualified property, and as an annual average rate for each calendar year during the exemption period thereafter; and

2. As specified in Exhibit B, Contact Industries, LLC deposits funds equal to 25 percent of the property tax savings resulting from the exemption on qualified property, to be used for workforce training or retraining in association with the above productivity increase, such that surplus funds (after 2 ½ years) are transferred to local publicly funded job training providers; and
3. The number of full-time, year-round employees of Contact Industries, LLC in The Prineville/Crook County Enterprise Zone is maintained at or above 222, on average, for each calendar year of the exemption period

The zone sponsor shall maintain as confidential the information described in ORS 285C.145(4) to it by Contact Industries, LLC pursuant to this resolution.

Passed by the City Council this \_\_\_\_ day of January, 2018.

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Betty J. Roppe, Mayor

ATTEST:

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Lisa Morgan, City Recorder

**EXHIBIT A**

**Resolution No. 1337  
Ten-Percent Increase in Productivity**

For purposes herein:

**BLP = “Base level of productivity”- OT/LT for or averaged over the 12 months directly prior to first placing any qualified property in service at Contact Industries, LLC rough mill located in Prineville, Oregon.**

**LT = Number of hours of labor performed by W in producing OT over the same period (T).**

**OT = Output of the rough mill at Contact Industries, LLC in terms of the board feet produced per labor hour (T).**

**W = Number of persons working in the Prineville/Crook County Enterprise Zone and engaged in operations that generate OT, whether part-time, full-time, temporary, seasonal, or permanent (at least year-round).**

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- ❖ At the time that Contact Industries, LLC files the first exemption claim pursuant to the authorization allowed by the resolution, Contact Industries, LLC shall provide to Economic Development of Central Oregon (EDCO), with the copy of the exemption claim form for the zone sponsor, a statement that includes but is not limited to the following:
  - Earliest date on which any qualified property was first placed in service
  - **BLP**
  - Data for **W, LT, & OT** used to calculate **BLP**.
- ❖ With the next exemption claim – but not later than July 1, 18 months after January 1 of the first assessment year for exemption on any qualified property – Contact Industries, LLC shall provide to the zone sponsor a statement that includes but is not limited to all of the following:
  - Data for **W, LT, & OT**
  - Showing that **OT/LT ≥ 1.1 x BLP**
  - Affirmation/explanation that the above data corresponds to a regular time period (T), since use and occupancy of the qualified property began, such that if productivity is normally supposed to be measured over a year’s time, then data may be annualized based on at least a 30-day period.

- ❖ At the time that Contact Industries, LLC files an exemption claim after the third assessment year of the exemption, and after any such succeeding year (because of an extended tax abatement period or a subsequent exemption under the same authorization), Contact Industries, LLC shall provide to the zone sponsor a statement that includes but is not limited to the following:
  - Data for **W**, **LT**, & **OT** for the assessment year
  - Annual average figures for **LT** & **OT**
  - Showing (based on annual average figures) that **OT/LT ≥ 1.1 x BLP**
- ❖ For purposes of this Exhibit, information or data as provided to the zone sponsor by Contact Industries, LLC shall be evidenced or verified by the following documentation:

Financial information and production levels data at the Contact Industries, LLC rough mill plant verified and preferably audited to a generally accepted accounting principles standard to show the number of board feet produced per man hour as well as other documentation requested by the zone sponsor.

**EXHIBIT B**

**Resolution No. 1337**

**Dedicating 25 Percent of Tax Savings for Workforce Training**

For purposed herein:

**AVE = Estimated assessed value of the qualified property subject to exemption for the year, which equals the assessed value from the previous tax statement (or total cost of the investment if newly constructed, modified or installed), as adjusted only in accordance with written instructions from either the county assessor's office or the Department of Revenue.**

**AVA = Actual assessed value of the qualified property subject to exemption based on final tax statement for that year.**

**C = Total actual expenses incurred since authorization by Contact Industries, LLC for training or retraining of persons counted under E, to improve productivity, regardless if for new, ongoing or restored efforts, activities or investments in workforce development by Contact Industries, LLC.**

**E = Annual average number of full-time, year round employees of Contact Industries, LLC working in business operations subject to productivity measurement under Exhibit A of the resolution.**

**TRE = Estimated total tax rate levied on assessed value of the qualified property subject to exemption for the year, from the taxpayer's previous tax statement for property at the same location.**

**TRA = Actual total tax rate levied on assessed value of the qualified property subject to exemption based on final tax statement for that year.**

**W = Total amount of withdrawals by and to Contact Industries, LLC after April 1 and before October 1 (2 ½ years later) following one of three initial deposits.**

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**(I) Contact Industries, LLC shall make three deposits to an account as designated below, as follows:**

- On or before April 1 of each of the first three assessment years of the exemption on qualified property, Contact Industries, LLC shall initially deposit an amount =  $AVE \times TRE \times 0.25$

- Contact Industries, LLC may withdraw funds from the account, but only during the 30-month period following each of the respective April 1 dates
- Such withdrawals may be made only insofar as –
  - $W \leq \$3500 \times E$  – over the same 30-month period, and
  - $C \geq (W1+W2+W3)$ —cumulative amount drawn on all three deposits
- Contact Industries, LLC shall seek to reconcile each deposit, so that the final amount =  $AVA \times TRA \times 0.25$ , as necessary, such that Contact Industries, LLC either –
  - Adds money to the account within 18 months of initial deposit, or
  - Takes timely action to be reimbursed (within 18 months of initially depositing money) for any overestimation of tax savings.

**(II) The sponsor of the Prineville/Crook County Enterprise Zone establishes an account for the depositing and drawing of funds by Contact Industries, LLC for worker training, such that:**

- The account shall be established by the City of Prineville at a location it deems appropriate.
- Transactions are to be managed/overseen by the Economic Development of Central Oregon (EDCO).
- Contact Industries, LLC shall deposit or add money to the above-named account by April 1, 2020; April 1, 2021; and April 1, 2022.
- Contact Industries, LLC shall draw money (for C) from the above-named account by October 1, 2022; October 1, 2023; and October 1, 2024.
- Contact Industries, LLC shall seek reimbursement of excess deposits from, the above-named account by October 1, 2021; October 1, 2022; and October 1, 2023.

**(III) On or before April 1, of the first assessment year of the exemption and each of the next five consecutive years, Contact industries, LLC shall provide to EDCO, with the copy of the exemption claim form for the zone sponsor when applicable **an ongoing tabulation (cumulatively revised) that includes but is not limited to all of the following:****

- **AVE, TRE, AVA & TRA** for each year
- The monies comprising each of the three deposits, including adjustments for reconciliation, along with the respective figures for **E & W**
- **C** with brief notation of the training that has been undertaken
- Indication of satisfaction an compliance with elements in **(I)** above
- Evidence or verification of the above by the following documentation...

**(IV) The sponsor of the Prineville/Crook County Enterprise Zone shall with respect to unused or surplus deposits in the account established per (II) above:**

- Transfer any such amount to: the Central Oregon Intergovernmental Council (COIC) following the 30<sup>th</sup> month after each initial deposit, but not later than December 31 directly thereafter.
- Notify Contact Industries, LLC of the transfer and assume responsibility for obtaining assurances from and coordinating with the above-noted recipient, so that transferred funds are used in ways consistent with and complementary to the goals and purposes of relevant laws and public policies.