



CITY OF REDMOND
REDMOND URBAN RENEWAL AGENCY
Community Development Department

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DATE: February 13, 2012
TO: Redmond Urban Renewal Board
THROUGH: Heather Richards, Community Development Director
FROM: Jon Williams, Economic Development Project Manager
SUBJECT: Industrial Opportunity Fund: Policies for Use of Staffing Agencies

Addresses Council/Agency Goals:

7. URBAN RENEWAL

Invest resources to encourage new business investment in designated blighted areas that will grow the job base and strengthen and diversify the tax base in that area.

3. ECONOMIC DEVELOPMENT

Encourage economic development by continuing to utilize business location incentives, ensuring an adequate supply of planned industrial, commercial and residential land, and supporting workforce development programs.

Report in Brief:

This Report recommends new policies for the treatment of employees hired through staffing agencies in determining an employer's eligibility for loans or loan forgiveness under the terms of the Urban Renewal Agency's Industrial Opportunity Fund ("IOF").

Background:

In September 2011, DURAC approved program criteria for an Industrial Opportunity Fund ("IOF"). The IOF was authorized by the 12th Amendment to the Redmond Downtown Urban Renewal Plan and is intended to support family wage employment in Redmond by defraying construction costs associated with the expansion or relocation of industrial firms within the Downtown Urban Renewal District. Industrial companies located within the Urban Renewal District and bringing new family wage positions to Redmond may apply for funds based upon the value of their expansion costs and the number of new family wage positions created in Redmond.

After the establishment of the program, Redmond Economic Development, Inc. ("REDI"), asked for clarification as to the circumstances under which employees hired through a staffing agency could count as new positions for the purposes of qualifying for program funds. At the January DURAC meeting, Staff recommended a policy that allows positions filled through staffing agencies to qualify when the staffing agency is utilized as part of a short term (90 day or shorter) probationary period and the employee is then converted to regular employment by the firm benefitting from the IOF program. This approach is intended to provide employers flexibility in their hiring while ensuring that positions supported by the IOF create stable long term positions that allow employees to support their families and plan for the future. This also eliminates a situation by which employers could inflate their employment numbers by counting contracted workers employed by other companies as "newly created" Redmond jobs— such as consultants, security staff, etc.

DURAC requested confirmation of REDI's comfort with Staff's recommendation and information as to how staffing was handled by the Enterprise Zone program. Staff has confirmed that the Enterprise Zone Program has no restrictions on the use of staffing agency employees. REDI reviewed the

proposed staffing policy with its board and has suggested a minor modification to simplify payroll administration associated with the policy. The proposed modification would allow the conversion to occur at the end of the next pay period following the 90 day probationary period provided that the pay period ends no more than 7 days after the end of the probationary period.

Reflecting REDI's suggestion, Staff proposes the following rules with regard to the eligibility of staffing agency employees:

- 1) Only staff directly employed by the Employer may count as "new to Redmond" positions for purposes of calculating an applicant's eligibility for funds under the Industrial Opportunity Fund. As an example, janitorial, security workers, or administrative workers employed by a third party contractor shall not count in calculating the eligibility for funds under the Industrial Opportunity Fund.
- 2) In annually certifying employment, the Employer may count the service of regular direct employees of the Employer who were initially hired through a staffing agency but who have since been converted to regular employee status or are still employed by a staffing agency as part of a probationary hiring period which shall not exceed 90 days. In order to count this position, the employer must convert the employee from staffing agency employment status to regular direct employee status within 90 days of starting work on site.
- 3) In order to facilitate payroll administration, a seven day grace period for conversion shall be extended to the employer whereby the conversion may occur at the end of the next pay period following the 90 day probationary period, provided that this pay period ends no more than 7 days after the end of the 90 day probationary period. If the staff position is not converted after 90 days plus the seven day grace period, that position shall not count for that year.
- 4) The City of Redmond may request payroll records from Employers where a staffing agency has been used to hire employees in order verify employment and wages under the program. Failure to provide adequate documentation when requested shall result in disqualification of that position for that year.

Discussion:

Staff invites DURAC discussion on this proposed change including the following items:

- Do you agree with the proposed policy in concept?
- Do you believe the 90 day limit for converting temporary workers to regular status is appropriate?
- Do you have other questions or suggestions?

Fiscal Impact:

The proposed policy changes have no direct fiscal impact.

Alternative Courses of Action:

1. Approve the proposed policies for the Industrial Opportunity Fund;
2. Request more information; or
3. Decline at this time to approve the proposed policies for the Industrial Opportunity Fund.

Recommendation/Suggested Motion:

I move to approve the proposed policies for the Industrial Opportunity Fund.

Jon Williams,
Economic Development Project Manager



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DOWNTOWN URBAN RENEWAL ADVISORY COMMITTEE

Meeting Minutes

Monday, January 9, 2012

City Hall Conference Room A, 716 SW Evergreen Avenue, Redmond, Oregon

Advisory Members: Chair Tory Allman, Vice Chair Steven Boothroyd, Robert Gomes, Ginny McPherson, Carol Nelson, Brad Smith, Ken Streater, Rachel Winkler (*absent:* Will Van Vactor)

City Staff: Heather Richards, *Community Development Director*; Jon Williams, *Economic Development Project Manager*; Cameron Prow, TYPE-*Write II*

Visitors: Trish Pinkerton, *Redmond Spokesman*

(scribe CP's note: The minutes were created from an audio recording and notes taken at the meeting. The three digits after the motion title show the number of members voting in favor/against/abstaining.)

CALL TO ORDER – INTRODUCTIONS

Chair Allman called the meeting to order at 5:03 p.m. with a quorum present.

DISCUSSION AND ACTION ITEMS

A. Discussion/Update

1. Introduction of New DURAC Members

All members present identified themselves and explained their interests in serving on DURAC.

2. Election of Chair and Vice Chair

Motion 1 (8/0/0): Mr. Smith nominated Mr. Allman to serve as Chair for 2012. Mr. Allman agreed to serve. Ms. Winkler seconded the motion which passed unanimously.

Motion 2 (8/0/0): Mr. Streater nominated Mr. Boothroyd to serve as Vice Chair for 2012. Mr. Boothroyd agreed to serve. Mr. Smith seconded the motion which passed unanimously.

3. Update on Business Medical District Master Plan and Development Strategy

Mr. Williams said that the consultant team will meet with property owners, stakeholders, and the advisory committee this week. He'll report on the results of those meetings at the next DURAC meeting. DURAC members Allman, Gomes, and Streater are serving on the advisory committee. DURAC members are welcome to attend the stakeholder and advisory committee meetings.

B. Action Items

1. Approve DURAC 2012 Work Plan

Mr. Williams presented (via PowerPoint) the 2012 work plan which incorporated discussion points from the December 2011 meeting. Ms. Richards explained the rationale behind scheduling studies and construction projects on parallel tracks.

Motion 3 (8/0/0): Ms. Nelson moved that DURAC adopt the 2012 Work Plan as presented. Mr. Streater seconded the motion which passed unanimously.

2. Approve Temporary Worker Policy for Industrial Development Fund

Mr. Williams discussed (using PowerPoint) the rationale behind the proposed policies. Ms. Richards said that the purpose of the Industrial Development Fund is to create new permanent jobs (full-time equivalents). The policies recommended were proposed by the City's Human Resources Director following review of state law.

Following discussion of *business models*, DURAC members agreed **by consensus** to table discussion to their next meeting so staff can research similar provisions in the enterprise zone.

C. Approval of Minutes

Motion 4 (5/0/3): Mr. Smith moved that DURAC approve the minutes from the November 14, 2011, meeting as written. Mr. Streater seconded the motion which passed with Mr. Allman, Mr. Boothroyd, Ms. Nelson, Mr. Smith, and Mr. Streater voting in favor and Mr. Gomes, Ms. McPherson, and Ms. Winkler abstaining due to their absence from that meeting.

Motion 5 (5/0/3): Mr. Streater moved that DURAC approve the minutes from the December 12, 2011, meeting as written. Ms. Nelson seconded the motion which passed with Mr. Allman, Ms. Nelson, Mr. Smith, Mr. Streater, and Ms. Winkler voting in favor and Mr. Boothroyd, Mr. Gomes, and Ms. McPherson abstaining due to their absence from that meeting.

LIAISON COMMENTS (None)

CITIZEN COMMENTS (None)

STAFF COMMENTS

Mr. Williams welcomed new DURAC members Bob Gomes and Ginny McPherson.

Ms. Richards said that the Public Works Director position has been posted for two weeks. City Engineer Mike Caccavano is serving as interim director. Discussion is starting on the City's draft budget and goals for 2012. She will send these to DURAC for feedback via e-mail. The ice rink is popular with citizens of all ages, making attendance five times higher than expected. Downtown business owners are generally positive about the rink's impact and few complaints have been received. The Park District is proving to be a good partner in this community project.

DURAC COMMENTS

Following discussion of the proposed agenda for the February 2012 meeting, DURAC members agreed **by consensus** to start the public workshop at 6 p.m. A short debriefing session will follow.

ADJOURN

With no further business, Chair Allman adjourned the meeting at 6:12 p.m.

APPROVED by the Downtown Urban Renewal Advisory Committee and SIGNED by me this _____ day of _____, 2012.

ATTEST:

Tory Allman, Chair

Heather Richards, Community Development Director