

BEFORE THE BOARD OF COMMISSIONERS OF LANE COUNTY, OREGON

ORDER AND RESOLUTION
NO: 18-02-06-08

IN THE MATTER OF AUTHORIZING THE
COUNTY ADMINISTRATOR TO SIGN
AGREEMENTS WITH CITY OF
SPRINGFIELD AND THE UNITED STATES
BAKERY D/B/A FRANZ FAMILY BAKERIES
TO APPROVE A THREE-YEAR
ENTERPRISE ZONE PROPERTY TAX
EXEMPTION AND TO EXTEND THE
ENTERPRISE ZONE PROPERTY TAX
EXEMPTION AN ADDITIONAL TWO
YEARS FOR A TOTAL OF FIVE YEARS FOR
AN INVESTMENT AT ITS
MANUFACTURING FACILITY IN
SPRINGFIELD OREGON

WHEREAS, the Board of Commissioners would like to encourage investment in Springfield manufacturing and high technology facilities and has identified the food and beverage sector as a target sector;

WHEREAS, the City of Springfield and Lane County established and are the sponsors of the Springfield Community Enterprise Zone;

WHEREAS, the United States Bakery d/b/a Franz Family Bakeries (Franz Bakery) is located in the Springfield Community Enterprise Zone and is an eligible business under Oregon Enterprise Zone statutes;

WHEREAS, Franz Bakery plans to make a \$20 million capital investment in its Springfield facility and anticipates it will complete construction of the project upgrades in 2018;

WHEREAS, Franz Bakery has applied for an Enterprise Zone property tax exemption for a total of 5 years;

WHEREAS, as part of its application Franz Bakery agrees to execute an agreement with the sponsors of the Springfield Community Enterprise Zone consistent with this Resolution; to comply with all applicable requirements of Oregon's Enterprise Zone statutes and reasonable requests from the Springfield Community Enterprise Zone sponsors;

WHEREAS, the agreement with the sponsors will include a commitment from Franz Bakery to compensate during the entire Enterprise Zone tax exemption period all new employees at an average rate of not less than 150 percent (\$62,285) of Lane County's prevailing average annual wage (\$41,523) at the time of applying for authorization;

WHEREAS, Franz Bakery will negotiate a First Source agreement with the Oregon Employment Division for referring qualified candidates to Franz Bakery for new job openings within the Springfield Community Enterprise Zone until the end of the five-year exemption period;

WHEREAS, the Board of Commissioners desires to increase both the number of family wage jobs and the wages paid to its citizens in new and existing economic sectors, assist in the diversification of manufacturing and high technology in the local economy, ensure competitiveness of future Springfield businesses, and provide for the long-term operation of existing employers like Franz Bakery;

NOW, THEREFORE, BE IT RESOLVED by the Lane County Board of Commissioners as follows:

Section 1: The Board of Commissioners, as the governing body of one of the sponsors of the Springfield Community Enterprise Zone, approves the three-year Enterprise Zone abatement and extending the property tax benefits of the Springfield Community Enterprise Zone for an additional two years to Franz Bakery, as requested in Exhibit A and incorporated herein by reference, for a proposed \$20 million expansion in its existing facility, adding building square footage and machinery and equipment;

Section 2: Franz Bakery through a signed agreement with the sponsors must meet the terms outlined below:

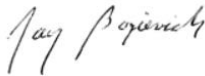
- a. Invest approximately \$20 million in Enterprise Zone eligible equipment and buildings in the Springfield plant;
- b. Pay all its new employees, on average, compensation that will exceed the 150% of the Lane County average annual wage where the most recent data on prevailing Lane County average annual wage at the time of applying for authorization was \$41,523 and 150% of that figure is \$62,285;
- c. Enter into a First-Source Agreement with the Oregon Employment Division effective with approval of the Enterprise Zone authorization until the end of the five-year extended Enterprise Zone abatement period; and
- d. Maintain a mandatory minimum level of full-time employees equal to or greater than 110% of its annual average full-time employment of 214 at the time of authorization application at all times during the time from the authorization application until the end of the Enterprise Zone Exemption Period; and
- e. Pay to the City of Springfield \$100,000 in \$20,000 annual installments to be paid by July 1st in each year of the five years of Enterprise Zone Exemption as a reasonable offset to general government agencies to support ongoing administration of economic development efforts, including Enterprise Zone management.

Section 3: The County Administrator is authorized to sign agreements with City of Springfield and Franz Bakery including but not limited to the terms described herein provided that Franz Bakery meets the terms of ORS 285C;

Section 4: The County Administrator is authorized to take appropriate action to facilitate the extension of the Property Tax Exemption as described herein;

Section 5: This Resolution shall take effect upon adoption by the Board of Commissioners.

ADOPTED this 6th day of February, 2018.



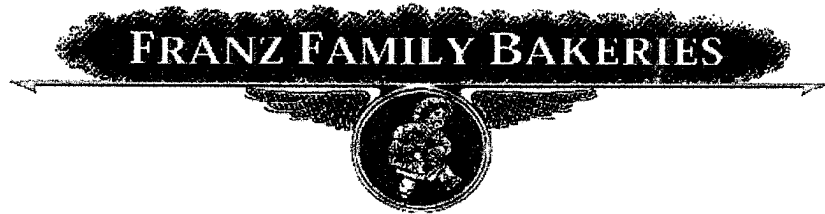
Jay Bozievich, Chair
Lane County Board of Commissioners



APPROVED AS TO FORM

Date _____

LANE COUNTY OFFICE OF LEGAL COUNSEL



January 23, 2018

Ms. Courtney Griesel
Economic Development and Springfield Community Enterprise Zone Manager
City of Springfield
225 5th Street
Springfield, OR 97477

Dear Courtney:

United States Bakery, d/b/a Franz Family Bakeries, is investing \$20 million into the expansion of our Springfield facility and respectfully requests the support of the City of Springfield and Lane County, Oregon for this expansion project. Franz Family Bakeries currently employs 214 full-time employees who are earning over two times the average wage of Lane County. We expect to create at least 45 new, full-time positions with similar average wages by August 2018 as a result of this project and investment. The positions being created are, with the exception of approximately three electricians, all union positions, with benefits packages that include health, dental, and vision coverage, as well as a pension.

We expect to fill these new positions through the hiring and recruiting of local employment resources. All positions will be posted to Franz's website and, consistent with our strong affirmative action policies, will be pushed out to a variety of other websites, including Indeed.com and State employment divisions in order to foster diversity in the candidate pool. We will also be attending the upcoming Veteran's Job Fair in Eugene to recruit for these positions, and we will be coordinating with WorkSource Oregon to set up a job fair specific to this project within the next several months. Production positions will be communicated to the Bakery, Confectionary, Tobacco Workers & Grain Millers Union, Eugene local. There are several non-production positions which, because of the necessary skill set, tend to be more difficult to fill. For these positions, additional recruiting measures will be taken in the interest of filling the positions locally, which is our preference. Electrician positions will be shared with Lane Community College to recruit directly from the College's apprenticeship program. Transport drivers, who must have commercial driver's licenses, will be shared with the local Teamsters.

The anticipated capital investment of \$20 million includes approximately \$10 million to expand the plant's footprint by 43,700 square feet (site work, building construction, and other real property improvements), and approximately \$10 million in new food processing machinery and equipment. The machinery and equipment is in addition to existing machinery and equipment and will not be replacing equipment already located at the facility . Our general contractor for this project, The Austin Company, will be using more than 20 local vendors for construction. The goal is for the line to be operational in August 2018.

The Springfield bakery is active in its support of the local Springfield community and we expect this relationship to strengthen as we add significantly to our workforce through this expansion. We routinely use over 100 local vendors (for maintenance and cleaning services, equipment, etc.) and we are a major supporter of many local organizations and initiatives. For example, Franz routinely donates product to Food for Lane County (212,985 pounds during 2017), is an annual sponsor for University of Oregon and Oregon State University (\$20,000 in 2017), and in 2017 sponsored the Brownsville and Country Crossings Music Festivals, the Eugene Marathon, and Fire Fighters' and Law Enforcement Days.

This expansion project is part of a long-term growth strategy for this operation and for the company. The investment will increase the facility's capacity with the addition of a new bread line, and will enable the company to produce in-house certain breads that are currently outsourced because of lack of internal capacity. All of Franz's facilities compete for internal capital investment dollars, and projects are pursued based on return on investment opportunity. Therefore, the costs associated with a locality are a critical part of this calculation and the ability to keep the costs as reasonable as possible is a key factor in the decision-making process. We view this project as an exciting opportunity to enhance our presence in the City of Springfield and Lane County. The five-year Enterprise Zone Agreement will be a very important component to the measurement of the bakery's financial performance related to this investment and will help position it for strong consideration as future investment decisions are made. We are therefore requesting that the City and County agree to a five-year Enterprise Zone Agreement in connection with this expansion.

Sincerely,

A handwritten signature in black ink, appearing to read 'RO', with a stylized flourish extending to the right.

Ron Ostrom
General Manager, Springfield Bakery