

BEFORE THE BOARD OF COMMISSIONERS OF LANE COUNTY, OREGON

ORDER AND RESOLUTION  
NO: 13-08-06-01

IN THE MATTER OF WAIVING  
EMPLOYMENT INCREASE  
REQUIREMENT ON STANDARD TAX  
DEDUCTION, BASED ON RISE IN  
PRODUCTIVITY AND DEDICATED  
CONTRIBUTIONS TO WORKFORCE  
TRAINING, IN THE COTTAGE GROVE,  
CRESWELL AND SOUTH LANE COUNTY  
ENTERPRISE ZONE

**WHEREAS**, the City of Cottage Grove, City of Creswell and Lane County have jointly sponsored the Cottage Grove, Creswell and South Lane County Enterprise Zone; and

**WHEREAS**, the Weyerhaeuser NR Company, Cottage Grove Sawmill has applied for authorization in the enterprise zone and is qualified as an eligible business; and

**WHEREAS**, the Weyerhaeuser NR Company operates the Cottage Grove Sawmill located at 77629 Hwy 99 South, Cottage Grove, Oregon that is located in Lane County and is within the boundaries of the enterprise zone noted above; and

**WHEREAS**, Weyerhaeuser NR Company intends to invest \$3 Million in capital improvements at the Cottage Grove Weyerhaeuser Sawmill in 2013; and

**WHEREAS**, under ORS 285C.155, 285C.200(2) and 285C.205 the enterprise zone sponsors may provide by resolution 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**, Weyerhaeuser NR Company has agreed to meet conditions (a) through (d) listed above.

**WHEREAS**, Weyerhaeuser NR Company has 231 full-time employees as averaged over the past 12 months at the Cottage Grove sawmill.

**NOW, THEREFORE**, the Board of County Commissioners of Lane County **ORDERS and RESOLVES** that Weyerhaeuser NR Company is hereby qualifies under 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 the Cottage Grove Weyerhaeuser sawmill, labor/unit productivity as stipulated in Exhibit A attached to and forming a part of this resolution, rises to at least 110% of the base level, by no later than July 1<sup>st</sup> 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.

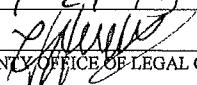
2. As specified in Exhibit B attached to and forming a part of this resolution, Weyerhaeuser NR Company deposits funds equal to 25 percent of the property tax savings resulting from the exemption on qualified property, to be used for workforce training or retraining in association with the above productivity increase, such that surplus funds (after 2 ½ years) are transferred to local publicly funded job training providers.

3. The number of full-time, year-round employees of Weyerhaeuser Cottage Grove Sawmill in the Cottage Grove, Creswell, and South Lane County Enterprise Zone is maintained at or above 231 on average, for each calendar year of the exemption period (which is not less than 100 percent of the annual average existing level prior to authorization).

**IT IS FURTHER ORDERED**, that the zone sponsors shall maintain as confidential the information provided to it by Weyerhaeuser NR Company according to ORS 285C.145(4).

**ADOPTED** this 6<sup>th</sup> day of August, 2013.

  
\_\_\_\_\_  
Sid Leiken, Chair  
Lane County Board of Commissioners

APPROVED AS TO FORM  
Date 7-29-13  
  
\_\_\_\_\_  
LANE COUNTY OFFICE OF LEGAL COUNSEL

**Exhibit A**  
**Resolution No \_\_\_\_\_**

**Ten-Percent Increase in Productivity**

For purposes herein:

**BLP** = "Base level of productivity" – OT/LT for or averaged over 12 months directly prior to first placing any qualified property in service at Weyerhaeuser Cottage Grove Sawmill.

**LT** = Number of hours of labor performed by number of workers in producing output over the same period (T) year.

**OT** = Output of Weyerhaeuser Cottage Grove Sawmill at in terms of million board feet per (T) year.

**W** = Number of persons working in the Cottage Grove, Creswell & South Lane County Enterprise Zone and engaged in operations that generate OT, Whether part-time, full time, temporary, seasonal or permanent (at least year-round).

**T** = Year

1. At the time that Weyerhaeuser NR Company files the first exemption claim pursuant to the authorization allowed by the resolution, Weyerhaeuser NR Company shall provide to the Local Zone Manager for the Cottage Grove, Creswell and South Lane County Enterprise Zone, a statement that includes but is not limited to the following:

- Earliest date on which any qualified property was first placed in service.
- Base level of productivity (BLP): Output in Board Feet (OT) divided by labor hour (LT)
- Data for (W), LT & OT used to calculate BLP

2. With the next exemption claim – but not later than July 1<sup>st</sup>, 18 months after January 1st of the first assessment year for exemption on any qualified property, Weyerhaeuser NR Company shall provide to the Local Zone Manager a statement that includes but is not limited to all of the following;

- Data for W, LT & OT
- Showing that  $OT/LT \geq 1.1 \times BLP$
- 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.

3. At the time that Weyerhaeuser NR Company files an exemption claim after the third assessment year of exemption, and after any such succeeding year, because of a subsequent exemption under the same authorization, Weyerhaeuser NR Company shall provide the Local Zone Manager a statement that includes but is not limited to all of the following:

- Data for W, LT & OT for the assessment year
- Annual average figures for LT & OT

- Showing (based on annual average figures) that  $OT/LT = 1.1 \times BLP$

4 For purposes of this Exhibit, information or data as provided to the zone sponsors by Weyerhaeuser NR Company shall be evidenced or verified by the Local Zone Manager.

EXHIBIT B

RESOLUTION NO. \_\_\_\_\_

Dedicating 25 Percent of tax Savings for Workforce Training

For purposes 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 exemption based on final tax statement for that year
- C = Total actual expenses incurred since authorization by Weyerhaeuser NR Company for training or retraining of persons counted under E, to improve relevant productivity, regardless if for new, ongoing or restored efforts, activities or investments in workforce development by Weyerhaeuser NR Company.
- E = Annual average number of full-time, year-round employees of Weyerhaeuser NR Company working in business operations subject to productivity measurement under Exhibit A of the resolution
- TRE = Estimated total tax rate levied on assessed value of 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 exemption based on final tax statement for that year
- W = Total amount of withdrawal by and to Weyerhaeuser NR Company after April 1 and before October 1 (2 ½ years later) following one of three initial deposits.

1. Weyerhaeuser NR Company 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, Weyerhaeuser NR Company shall initially deposit an amount =  $AVE \times TRE \times 0.25$ .

Weyerhaeuser 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:  $W = \$3,500 \times E$  – over the same 30 month period, and  $C = (W1 + W2 + W3)$  is the cumulative amount drawn on all three deposits. Weyerhaeuser NR Company shall seek to reconcile each deposit, so that the final amount equals  $AVA \times TRA \times 0.25$ , as necessary, such that Weyerhaeuser either:

- a. Adds money to the accounts within 18 months of initial deposit, or
- b. Takes timely action to be reimbursed (within 18 months of initially depositing money) for any overestimation of tax savings.

2. The Local Zone Manager of the Cottage Grove, Creswell and South Lane County Enterprise Zone (CCSLC), shall establish an account for the depositing and drawing of funds by Weyerhaeuser NR Company for worker training, such that:

The account is held by the City of Cottage Grove as a separate line item in their Special Trust Fund. Transactions are to be managed and overseen by the Local Zone Manager for the CCSLC Enterprise Zone and the Finance Director for the City of Cottage Grove.

Weyerhaeuser NR Company shall deposit or add money to the above-named account by submitting the funds to the Finance Director for the City of Cottage Grove. Weyerhaeuser NR Company shall draw money from the above named account by making a written request to the Local Zone Manager for the CCSLC Enterprise Zone and providing the required documentation.

Weyerhaeuser NR Company shall seek reimbursement of excess deposits from the above named account by providing a written request to the for the CCSLC Enterprise Zone.

3. On or before April 1, of the first assessment year of the exemption and of each of the next five consecutive years, Weyerhaeuser NR Company shall provide to the Local Zone Manager an ongoing tabulation (cumulatively revised) that includes but is not limited to all of the following:

- a. AVE, TRE, AVA, & TRA for each year.
- b. The moneys comprising each of the three deposits, including adjustments for reconciliation, along with the respective figures for E & W.
- c. C with brief notation of the training that has been undertaken.

4. The Local Zone Sponsor of the Cottage Grove, Creswell, and South Lane County Enterprise Zone shall with respect to unused or surplus deposits in the account established per Item 2 above:

a. Transfer any such amount to the Lane Workforce Partnership following the 30 months after each initial deposit, but not later than December 31<sup>st</sup> directly thereafter, by notifying Weyerhaeuser NR Company of the transfer and assume responsibility for obtaining assurances from and coordinating with the above-noted recipient, so that transferred funds are use in ways consistent with and complementary to the goals and purposed of relevant laws and public policies.