

- > Chair and Committee members, my name is Kristin Retherford and I am co-chair of OEDA's Governmental Affairs Committee and Urban Development Director for the City of Salem. I am here in opposition to the requirements of HB 2408 subjecting Enterprise Zone benefits to prevailing wage.
- >
- > In the last few years we have seen local food processing companies acquired by national conglomerates, and have lost permanent jobs in the community as canning and other production lines have relocated out of state to the mid-west and southeast to benefit from a larger labor pool and to be closer to markets.
- >
- > Last year at this time I was working closely with Oregon Fruit, which has been employing people in Salem for about 84 years. Their facility in West Salem had reached functional obsolescence and needed to be replaced. Their options were to stay in Salem, leave Salem but stay in Oregon, or move out of state. We were able to help them relocate to another site in the City and retain 80 permanent jobs, and the Enterprise Zone benefit was a big part of what kept them here.
- >
- > In the last couple of years, Henningsen Cold Storage constructed a new facility in the Mill Creek Corporate Center, bringing over \$20 million dollars in new assessed value onto the tax rolls on property previously owned by the State and producing no property tax revenue. This project was dependent on the Enterprise Zone incentive for it to be viable.
- >
- > Food manufacturing and cold storage businesses operate on low profit margins and incentives like the Enterprise Zone can be the make it or break it deciding factor in retention and expansion deals like these two.
- >
- > The permanent jobs resulting from the Enterprise Zone benefits, like the 80 Oregon Fruit jobs retained in Salem, do benefit our communities and our citizens long term. However, if companies like Oregon Fruit or Henningsen would have had to pay prevailing wage to obtain the Enterprise Zone benefit, and had been forced to hire a contractor with the additional staff and expertise needed to comply with prevailing wage requirements, they may have made entirely different decisions and over 80 of our friends and neighbors would have been unemployed.
- >
- > Not all construction contractors are experienced with prevailing wage requirements or interested in hiring and dedicating staff to these compliance efforts. This creates a smaller pool of contractors for businesses to work with in an already tight construction market, and that in and of itself will further drive up construction costs and make these kinds of projects less feasible.
- >
- > This local tool is working well in our communities to help us attract new investment and jobs and retain existing ones. This bill will be to the detriment of bringing and keeping permanent jobs to our communities.
- >
- > Please don't apply prevailing wage requirements to this incentive and negate one of the few resources we have to help keep legacy Oregon manufacturing companies in our state.

Kristin Retherford
Urban Development Director
City of Salem, Oregon
503-540-2486