

Central Oregon Community Investment Board
3:00 to 5:00 p.m.
October 6, 2005
COIC Administration Building
Redmond

Minutes

Members Present:

Crook County: Scott Cooper and Larry Henderson
Deschutes County: Susan Ross, Mike Daly, Eric Sande, Mike Schmidt and Judy Trego
Jefferson County: Bill Bellamy, John Curnutt, Sal Sahme, and Jim Wilson

Staff: Andrew Spreadborough (COIC)

Guests: Robert Raimondi (OECDD) and Roger Lee (EDCO)

Call to Order

Judge Cooper called the meeting to order at 3:00 p.m.

Minutes of Meeting

Ms. Orcutt moved to approve the minutes of the July 14, 2005, Board meeting.

M/S/U Schmidt/Wilson/Unanimous

Financials

Mr. Spreadborough reviewed the 2003-2005 biennium financials, noting that the Epic Air Phase I project has drawn all funds and is complete and closed out. The Children’s Residential Treatment Center project is also completed, with retainage being held until all documentation has been provided. The Child Treatment Center has exceeded all job creation requirements with 20.33 actual jobs created.

Mr. Spreadborough also noted the unobligated 03-05 funding amount of \$11,679.13 that must be obligated by June 30, 2006 and spent by June 30, 2007.

OECDD Report

Mr. Raimondi provided an overview of the Oregon Economic and Community Development Department’s restructuring. He began by providing background context on the recent history of the department. Governor Kulongoski placed a high priority on economic development during his gubernatorial campaign, and appointed Marty Brantley as OECDD director in 2003. The primary objective of Governor Kulongoski was to put Oregonians back to work – a move that was in response to Oregon’s high unemployment rates. Mr. Brantley eliminated the regional team concept at OECDD and went to a three division organization: business and industry (delivery of state resources to business), capital projects, and community projects. After two years Mr. Brantley resigned. The Governor appointed Mike Salsgiver as interim director. Mr. Salsgiver has re-structured the department again – in response to statewide

concerns that the metro areas of the state were receiving a disproportionate share of OECD D resources. Business and Industry will remain as a stand-alone division, and capital projects and community project divisions will be combined. Under this new structure, the Business Development Officers will be the new point persons for Regional/Rural programs, meaning Mr. Raimondi will be COCIB's liaison to OECD D. Andrea Carlson is no longer with OECD D, having chosen not to relocate when her position was moved to Salem. Other changes include adding staff to the contracting team – from two staff persons to five. Jim Zelenka will handle all contractual responsibilities out of the Salem office, and Mr. Raimondi will be the staff point person. Mr. Raimondi pointed out that this is an “interim” arrangement, and he explained that the restructuring has not yet been completed or finalized. A “visioning” process is under way.

Chair Cooper added information about the legislative interim work group that is reviewing OECD D structure. He went on to say that the process is ongoing, and revisions are not yet complete. He explained that the board should keep in mind that regional economic development programs are delivered through regions, and that a region can show success if a city within that region is thriving – even if other rural and distressed communities in that region are not thriving. Chair Cooper is looking for an OECD D strategy that ensures that all communities in Oregon are thriving, regardless of how the regions are performing. He said that he will continue to raise the issue.

Chair Cooper mentioned Governor Kulongoski's recent speech in Bend, noting that the Governor said that education is economic development and that he will place 60% of state's resources in education. Previously, about 53% of the state's budget has gone to education. Chair Cooper noted that board members may want to watch the budget making process to see how the changes effect economic development.

Strategy Review and Approval Process

Chair Cooper noted that COCIB's strategy will be reviewed by the Economic Development Commission on November 18, and that Chair Cooper and Mr. Spreadborough will be presenting the strategy to the Commission. Chair Cooper plans to discuss the success of COCIB in funding job creation projects, and will also bring up the issue of the importance of community development for economic development in rural and distressed communities.

Ms. Ross agreed that the region's needs go beyond job creation projects - there are community development and community facility needs that are as important. Mr. Spreadborough distributed an OECD D report on statewide performance, noting that although our region's job creation numbers are high – the report does not fully reflect all jobs created by the region. Mr. Spreadborough will be working with EDCO to fully document all jobs on subsequent reports. Mr. Raimondi noted that all jobs reported in our region are direct jobs, where in other areas the jobs may be indirect.

Regarding the strategy review process, Mr. Spreadborough noted that the board approved the strategy in July. Through OECD D's legal sufficiency review several changes have been requested by OECD D. Mr. Spreadborough distributed a handout that summarized the requested changes, and he requested board approval of the changes. Mr. Spreadborough reviewed in detail each of the following requested modifications:

1. Add specific short-term regional economic development priorities to Section III.
2. Revise the Evaluation Plan (Section XII) for measuring and monitoring performance of the Regional Investment Strategy.

3. Add to Rural Action Plan: "Projects benefiting principally residents within the urban growth boundary of Bend are not eligible to receive Rural Investment Fund awards."
4. Add periodic submission of performance reports to Section XIII – Management Plan.
5. Revise "Long Term Plan to Implement Regional Investment Strategy" to include actions by local government, the private sector, state government, and federal government.
6. Move roster of board members from Section II (Background Narrative) to Section XIII (Management Plan). Rename Management Plan section to "Capacity of Overall Strategy Management."
7. Add terms and conditions for fixed asset acquisitions for private businesses to Section XI Specially Proscribed Uses of Funds.
8. Project selection criteria for Business Development Opportunity Fund must be identified in the Strategy.

Mr. Schmidt moved approval the Central Oregon Community Investment Strategy, as modified in Handout #1.

M/S/U Schmidt/Sande/Unanimous

05-07 Biennium Funding Level and Implementation Timeline

Mr. Spreadborough distributed a second handout that summarized recommended funding levels for the 2005-2007 biennium. He stated that OECDD will recommend to the Economic Development Commission that the funding level remain unchanged from the 2003-2005 biennium levels. The program will be funded at \$7.1 million – which is the same level as the 2003-2005 biennium. About \$519,000 will be available for Central Oregon. The Economic Development Commission will review the recommendation and make a funding decision in November. COCIB will have about \$467,000 to allocate to projects, plus the \$11,000 or so in unobligated 2003-2005 biennium dollars.

Mr. Spreadborough reviewed the timeline for public hearings in each county, administrative agreement approval, presentation to the Economic Development Commission (November 18), and strategy review and approval by the Governor. Mr. Schmidt asked when the project dollars will be available. Mr. Spreadborough explained that once the region is under contract with the state dollars will be available. This could be as early as January, 2006.

Business Development Opportunity Fund Allocation

Mr. Spreadborough reminded the board that COCIB's strategy states that a funding allocation will be made to Economic Development for Central Oregon (EDCO) for the Business Development Opportunity Fund project, and that the remainder of the funds will be made available through the Immediate Opportunity Fund for projects proposed or supported by local governments. He asked if the board wanted to make those allocations today, or wait until the next meeting. Chair Cooper suggested that the board wait to make allocations until the Commission approves the strategy since there is no rush to make allocations.

EDCO Marketing/Administrative Funding Request

Mr. Spreadborough explained that at the July COCIB meeting EDCO had requested additional funds to offset some of their administrative costs associated with the Business Development Opportunity Fund. COCIB had asked Mr. Lee to return at this meeting to present more detail on this request, and specifically to present a marketing plan. Mr. Lee stated that although he did not come with a marketing plan, he did state that EDCO is currently working with communities throughout the region on identifying Business Development Opportunity Fund projects – and the process is consistent throughout the region. He acknowledged that more projects are funded in Deschutes County. He assured the group that there is no bias on the part of EDCO, and explained that this condition is a result in the interest of businesses to locate or expand in Deschutes County. He said that the client drives the process.

Ms. Ross asked if EDCO markets the fund in such a way that encourages businesses to locate in Crook and Jefferson counties. Mr. Lee explained EDCO's general marketing efforts are broad and encourage businesses to locate and expand in Crook and Jefferson counties when appropriate. However, the Business Development Opportunity Fund is not marketed directly to businesses because EDCO views the funding as deal-making dollars that are used as an incentive. The COCIB dollars, along with state funding, are useful tools for economic development. He stated that EDCO could get the dollars out quickly if they marketed them to businesses, but that would not be the best use of the grant dollars.

Ms. Ross asked if EDCO is requesting an additional allocation of grant dollars to cover EDCO's administrative costs. Mr. Lee confirmed that he is requesting funds outside of the dollars set aside for projects – and suggested that rather than taking project dollars that the board obligate an “amount not to exceed” from interest earnings.

Commissioner Bellamy asked what EDCO is doing or plans to do in Crook and Jefferson counties to market the availability of the funds. Mr. Lee stressed that EDCO is not currently marketing the funds because EDCO chooses to be strategic with investments, though he ensures that EDCO connects with local economic development groups (Redmond Economic Development, chambers of commerce) and community leaders to discuss business recipients.

Susan asked for clarification on EDCO's request. Mr. Lee re-stated his request for an allocation from COCIB to cover EDCO's administrative expenses. Ms. Ross said that COCIB has a long-standing policy of not granting administrative dollars to projects. Chair Cooper stated that he believes that COCIB should be provided an administrative allocation because EDCO has taken on a significant amount of administrative responsibilities that formerly were borne by the board. Chair Cooper agreed that there is a need for better marketing of the Business Development Opportunity fund, with regular reports back to COCIB – summarizing contacts made by EDCO with community groups or economic developers.

Ms. Ross agreed with Chair Cooper, but pointed out that EDCO already takes on these activities as a function of their organization – coordinating with economic development groups, working with businesses – and that COCIB has provided additional funding for these established activities. Mr. Lee agreed that the dollars are extremely valuable, though pointed out that they would not have the contracting, reporting, and payment processes without the Business Development Opportunity Fund. He said that EDCO proposed this project originally absent any administrative funds, and that they are prepared to continue without an administrative allocation if that is the will of COCIB.

Mr. Lee asked for suggestions from the board to improve marketing of the fund to communities. Commissioner Bellamy stated his concern that he wants to know EDCO's efforts in Jefferson County to let the business community know about the availability of the fund. Mr. Lee explained that EDCO's plan is to know all of the manufacturing and primary employers in the county, and to understand opportunities for expansion. They work with businesses interested in locating in the region, and help them evaluate all of the communities.

Chair Cooper said that he would be happy if EDCO would provide an annual report to city, county and tribal governments telling what EDCO has done to date, and commit to quarterly reports to economic development groups providing an update and discussing the Business

Development Opportunity Fund. He said the presentation can be simple – but allows an opportunity for these groups to understand EDCO’s roles and activities.

Commissioner Bellamy said that he wants to ensure that there is regional awareness of the program to ensure that the region is not missing opportunities. He stated a desire for one point of contact in the region for recruitment and expansion project.

Mr. Schmidt stated that he believes an administrative allocation to EDCO is reasonable, but in his experience administrative allocation result in the need of the organization to fully document how the funding is used (documentation of contacts, programs, etc.).

Ms. Ross moved to allocate \$2,500 per year of interest earnings for the two year biennium to EDCO for administrative expenses.

M/S/U Ross/Wilson/Unanimous

Commissioner Bellamy confirmed that he wants to be updated regarding the effort to outreach in Jefferson County. Ms. Ross said she would like to see a report of outreach activities. Chair Cooper clarified that the marketing should be to “gatekeepers” of information related to economic development, rather than directly to businesses.

Next Meeting

The next COCIB meeting will be Thursday, January 5, 2006.

The meeting adjourned at 4:45.