

## AGENDA COVER MEMO

**DATE:** March 24, 2004 (Date of Memo)  
April 7, 2004 (Date of Meeting)

**TO:** Board of County Commissioners

**FROM:** LCOG, Milo Mecham, Principal Planner

**TITLE:** Order No. 04-\_\_\_\_\_ IN THE MATTER OF ORDERING THE  
ACCEPTANCE OF THE RECOMMENDATIONS OF THE BENTON,  
LANE, LINCOLN, LINN REGIONAL INVESTMENT BOARD  
REGARDING FUNDING THE FIRST SET OF PROJECTS FOR THE FY  
2003-2005 BIENNIUM

### I. MOTION

MOVE TO ADOPT ORDER NO. 042-\_\_\_\_\_ IN THE MATTER OF  
ORDERING THE ACCEPTANCE OF THE RECOMMENDATIONS OF  
THE BENTON, LANE, LINCOLN, LINN REGIONAL INVESTMENT  
BOARD REGARDING FUNDING THE FIRST SET OF PROJECTS FOR  
THE FY 2003-2005 BIENNIUM

### II. ISSUE OR PROBLEM

The BL3 Regional Investment Board has completed its review of several project applications for funding from FY 2003-05 funds. The BL3 RIB is recommending funding five projects.

### III. DISCUSSION

#### A. Background

The Oregon legislature allocated funds for regional and rural investment funding by the Regional Investment Boards around the state. This biennium the BL3 Region was allocated approximately \$867,000. The BL3 board developed a strategy, approved by Lane county and the other members of the BL3 RIB, related to the criteria for funding projects this biennium. The criteria emphasize immediate job creation with a maximum amount of leverage for the use of BL3 funds. The BL3 wants to fund projects that will be

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Regional Investment Board Regarding Funding Projects for FY 2003-05

ready to go in six months or less, will use at least five dollars (\$5) for each dollar of RIB money and will spend no more than \$3000 of RIB money for each job created.

The BL3 RIB set up a projects committee to review pre-applications and make recommendations to the BL3 RIB. Lane County commissioner Don Hampton and Lane County RIB member Hal Reed serve on the projects committee. The projects committee has reviewed a number of applications, and has sent five on to the RIB Board with recommendations.

At its February 27, 2004 meeting the BL3 RIB met to consider the projects committee recommendations. The RIB reviewed and discussed the project committee recommendations, discussed the applications, and then voted (unanimously) to approve five projects and recommend these projects to the County Commissioners.

The BL3 RIB continues to receive and process applications. The BL3 RIB is scheduled to meet to consider additional applications on March 29, 2004.

B. Analysis

The five projects, which are listed and described on attachment 2 to this memorandum, will use \$600,000 of the RIB allocation. For that amount the funds are anticipated to create between 410 and 420 jobs during the biennium. To obtain that level of job creation, the proposed projects will use a combined total of \$9,598,635 in matching contributions. This amounts to a ratio of almost \$16 of matching funds for each RIB dollar spent, and creates one job for \$1,429 to \$1,463 of RIB money spent. These projects easily exceed the threshold criteria established by the BL3 of a \$1 to \$5 outside match and with less than \$3000 of RIB funds being used to create each job. Due to a State requirement, one of the projects (the Albany call center) does not give full credit to the BL3 RIB because State OECDD funds are also being made available. If these impacts are carried through the Total calculated on the attached form, the match is reduced to \$8,431,968 and the ration of matching funds to RIB funds is reduced to \$14.05. This still far exceeds the BL3 RIB threshold for support.

Of the five projects, three are projects to support new or expanded operations by private employers in the three county area. Two of these employer support projects will be based in Lane County. Two of the projects involve support of business loan programs.

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Regional Investment Board Regarding Funding Projects for FY 2003-05

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The Cascades Microloan program provides financial support to very small businesses in the four county area. The LCOG EDA loan program project will provide required matching support for LCOG to establish a new loan program in Lane County, using EDA funds. An EDA loan program already exists for the four county area. Establishing a Lane County program will provide more loan funds for Lane County, and for the other three counties. Both loan programs have a high success rate in creating jobs.

C. Alternatives/Options

The options before the Board are as follows:

1. The Board may take no action. This would result in the Projects not receiving funding, at least at the present time.
2. The Board may choose to approve the BL3 RIB recommendations. After the final contract discussions are finalized with the State, CWCOG would negotiate contracts with the applicants and then begin to release funds to support the projects.
3. The Board may choose to reject the recommended project list. This would result in the BL3 RIB reconvening to consider other recommendations.

D. Recommendation

Staff recommends that the Board adopt the proposed Order.

**IV. IMPLEMENTATION/FOLLOW-UP**

If the Board adopts the proposed Order, staff will communicate that action to the fiscal agent, CWCOG, and the fiscal agent will proceed with contract negotiations.

**V. ATTACHMENTS**

1. Board Order No. 04—\_\_\_\_\_ in the Matter of Ordering the Acceptance of the Recommendations of the Benton, Lane, Lincoln, Linn Regional Investment Board Regarding Funding the First Set of Projects For the FY 2003-2005 Biennium.

2. List of Projects Recommended for Funding
3. Memorandum to Lane County Board of Commissioners from Drew Foster concerning the BL3 RIB Recommendations.



## Community and Economic Development

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March 22, 2004

TO: Boards of Commissioners of Benton, Lane, Linn and Lincoln Counties

FROM: Drew Foster, Regional Investment Program Coordinator  
CWCOG Community and Economic Development Program

SUBJECT: **Recommendations from the BL3 Regional Investment Board Regarding Funding of Projects for the FY 2003-2005 Biennium**

### RECOMMENDATION:

The BL3 Regional Investment Board met on February 27<sup>th</sup>, 2004 and unanimously voted to recommend funding for five (5) projects (see Attachment A). Each County Board of Commissioners must approve the project list in order for the projects to receive funding. The BL<sup>3</sup> Region is scheduled to receive \$866,904 in funding for the 2003-2005 biennium; the recommended projects total \$600,000. Additional pre-applications and full applications are being reviewed. Staff anticipates that the RIB will be recommending additional projects to be funded in the coming months.

### PROCESS FOR SELECTING PROJECTS:

In December 2003, the four Boards of Commissioners approved the *Benton, Lane, Lincoln and Linn Regional Investment Strategy 2003 –2005*. That document outlined the process and criteria to be used for the solicitation, review and selection of projects to receive funding from the BL3 allocation of state Regional Investment Funds and Rural Investment Funds.

Unlike the process used in previous biennia, for the 2003-2005 biennium there is not a single "call for projects;" project applications are reviewed as submitted. The Projects Committee of the Regional Investment Board reviews pre-applications to ascertain if they substantially meet the three Evaluation Criteria:

- Creates or retains 1 job for each \$3,000 of Regional Investment Funds committed
- Commits \$5 of matching funds for each \$1 of Regional Investment Funds committed
- Is ready to proceed with all other funding committed within two months of approval

These criteria were established in response to program performance measures set by the Oregon Economic and Community Development Department (OECDD).

If the pre-application indicates that the project substantially meets the Evaluation Criteria, the Committee asks that the project proponent complete a full application. The 21-member RIB reviews the full applications and forwards recommendations to the Boards of Commissioners of the four counties.

Following action by the Boards of Commissioners on the recommended list of projects, Cascades West Economic Development District (i.e. Cascades West and Lane Councils of Governments), as the fiscal agent for the BL3 Regional and Rural Investment Programs, will draft a contract with each project proponent.

According to the proposals, the five (5) projects recommended for funding would:

- Create or retain approximately 420-430 jobs during the 2003-2005 biennium (\$1,429-1,395 per job created or retained), and
- Leverage \$9,598,635 in matching funds for a \$15.48 match to \$1 RIB funding ratio.

Both of these ratios substantially exceed the performance measures established by OECDD.

IN THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY OREGON

ORDER No.

) IN THE MATTER OF ORDERING  
) THE ACCEPTANCE OF THE  
) RECOMMENDATIONS OF THE  
) BENTON, LANE, LINCOLN,  
) LINN REGIONAL INVESTMENT  
) BOARD REGARDING FUNDING  
) THE FIRST SET OF PROJECTS  
) FOR THE FY 2003-2005  
) BIENNIUM AND COMPLETING  
) ACTION FOR THE FY 2001-2003  
) BIENNIUM

WHEREAS, the Lane County Board of Commissioners has formed a Regional Investment Board as a partnership between Lane County and Benton, Lincoln and Linn Counties, and

WHEREAS, the Regional Investment Board of Benton, Lane, Linn, Lincoln Counties (the BL3 RIB) has established criteria for project funding as set forth in the Regional Investment Strategy 2003-2005, reviewed and approved by the Lane county Board of Commissioners, and

WHEREAS, the Regional Investment Board has received a number of applications for funding and selected a list of projects that meet the established criteria and appear to advance the economic development purposes identified in the Regional Investment Strategy 2003-2005, and

WHEREAS, the Regional Investment Board has reviewed its remaining funds from the prior biennium, and has reviewed available projects, and has recommended disposal of the remaining FY 2001-2003 funds, and

WHEREAS, the Regional Investment Board has approved the projects described in Attachment 2 and has recommended to the Lane County Board of Commissioners that those projects be approved for funding, and

WHEREAS the Lane County board of Commissioners, having reviewed the information and recommendations made by the Regional Investment Board, and having found that the recommended projects meet the criteria for project approval set forth in the Regional Investment Strategy 2003-2005.

NOW THEREFORE IT IS HEREBY RESOLVED that the Lane County Board of Commissioners does hereby approve of the BL3 Regional Investment Board recommended projects and directs the Fiscal Agent for the BL3 Regional Investment Board to take action appropriate for approved Regional Investment Board projects.

DATED this 7<sup>th</sup> day of April, 2004

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

APPROVED AS TO FORM  
Date 4/1/04 Lane County  
[Signature]  
OFFICE OF LEGAL COUNSEL

## ATTACHMENT 2 REGIONAL INVESTMENT BOARD - PROJECTS FUNDING RECOMMENDATIONS

|  | Project             |                  | Matching Funds/    |                | Jobs Created   | Jobs Created/ Level of |                            |
|--|---------------------|------------------|--------------------|----------------|----------------|------------------------|----------------------------|
|  | Total Cost          | Funds Requested  | Funds Requested    | RIB Request    | Created        | RIB Request            | Wage Level of Jobs Created |
| <b>Pre-applications Received:</b>  |                     |                  |                    |                |                |                        |                            |
| <b>AMEDC* Call Center</b>  |                     |                  |                    |                |                |                        |                            |
| A customer service type call center will move into the existing facility. 300 jobs in the first two years, could go as high as 500 in the near future.   |                     |                  |                    |                |                |                        |                            |
| Other funds from OECD  | \$2,200,000         | \$150,000        | \$1,750,000        | \$3.89         | 100            | \$1,500                | \$9.13                     |
|  |                     | (\$300,000)      |                    |                | (300)          |                        |                            |
| <b>CWFSI Microloan</b>   |                     |                  |                    |                |                |                        |                            |
| Loan program would provide capital and technical assistance in our four-county region. RIB funds provide necessary match to obtain federal technical assistance funds and help move the program towards sustainability. Most loans are for start-ups of new businesses; program record supports estimate of 40-50 jobs created by December 2005. |                     |                  |                    |                |                |                        |                            |
|  | \$700,000           | \$100,000        | \$600,000          | \$6.00         | 40-50          | \$2,500-2,000          | \$8-12                     |
| <b>Lane COG EDA Revolving Loan Fund</b>  |                     |                  |                    |                |                |                        |                            |
| RIB funds will create a new loan program for Lane County and provide necessary match to obtain \$500,000 in federal funding. All loans available through this program require a 50% private match. With federal and private matching funds, program should create 50 jobs by May 2006.   |                     |                  |                    |                |                |                        |                            |
|  | \$1,666,000         | \$100,000        | \$1,566,000        | \$15.66        | 50             | \$2,000                |                            |
| <b>Lane Metro Legacy Coach</b>   |                     |                  |                    |                |                |                        |                            |
| Legacy Coach will manufacture luxury bus conversions in Coburg. Initially, in a leased facility, RIB funding would purchase equipment that would allow the firm to bring 160 new jobs into existence.  |                     |                  |                    |                |                |                        |                            |
|  | \$4,821,035         | \$150,000        | \$4,671,035        | \$29.47        | 160            | \$938                  | \$15                       |
| <b>Lane Metro Western Shelter Systems</b>  |                     |                  |                    |                |                |                        |                            |
| Firm would purchase 60 industrial sewing machines in support of a new contract with the federal government to construct pants for wildland firefighters. If WSS is successful in obtaining the contract, they would immediately create 60 new jobs. New employees would begin a 6 month training regime.   |                     |                  |                    |                |                |                        |                            |
|  | \$1,111,600         | \$100,000        | \$1,011,600        | \$9.51         | 60             | \$1,667                | \$10                       |
| <b>TOTALS</b>  | <b>\$10,498,635</b> | <b>\$600,000</b> | <b>\$9,598,635</b> | <b>\$15.99</b> | <b>410-420</b> | <b>\$1,429-\$1,395</b> |                            |
|  |                     | (\$300,000)*     |                    |                |                |                        |                            |

\* This project will receive other funding from OECD, so both job creation and match would have to be split among all OECD funding. Consequently, BL3 RIB would get credit for only 1/3 of the jobs and match.

**ATTACHMENT 2, Page 2**  
**REGIONAL INVESTMENT BOARD - FUNDING RECOMMENDATIONS FY 2001-2003 FUNDS**

| <b>Proponent/Name/<br/>Description</b>   | <b>Project</b> | <b>Grant</b> | <b>Project<br/>Cost</b> | <b>Outcomes</b>            |
|--|----------------|--------------|-------------------------|----------------------------|
| <b>Oakridge Industrial Park Building</b><br>An architect will complete preliminary design plans for a new building.  |                | \$15,000     | \$210,000               | Infrastructure Improvement |
| <b>Rogue Ale Spirit Line</b><br>The brewery will install a spirit line to process some of the spent grain from the brewing process into a new value-added product.   |                | \$15,000     | \$117,000               | 5 jobs                     |
| <b>Samaritan North Lincoln Hospital RN First Assistant Surgery</b><br>The hospital will provide Surgery Assistant training for two RNs, to replace the second surgeon presently needed and reduce costs to both the hospital and their clients |                | \$6,000      | \$58,000                | 2 jobs                     |
| <b>Linn County Business Development Center</b><br>The loan fund of the LCBDC will be recapitalized.  |                | \$19,577     | \$ 536,912              | 24 jobs                    |

**2001-03 Uncommitted Funds Expenditures**

**\$79,577**

**Amount**

**Funding Commitments**

**Amount**

|   |                 |
|---|-----------------|
| Oakridge IP Building project                    | \$15,000        |
| Rogue Ale Spirit Line project                   | \$15,000        |
| Samaritan North Lincoln Hospital project        | \$6,000         |
| Linn County Business Development Center         | \$ 19,577       |
| Contract administration for above four projects | \$4,000         |
| 2003-05 administration (planning and document)  | \$20,000        |
| <b>Total</b>                                    | <b>\$79,577</b> |