

W. C. A.

AGENDA COVER MEMO

DATE: June 7, 2006 (Date of Memo)
June 21, 2006 (Date of Meeting)

TO: Board of County Commissioners

FROM: LCOG, Milo Mecham, Principal Planner

TITLE: Order No. 06 _____ IN THE MATTER OF ORDERING THE
ACCEPTANCE OF THE RECOMMENDATIONS OF THE BENTON,
LANE, LINCOLN, LINN REGIONAL INVESTMENT BOARD
REGARDING FUNDING PROJECTS FOR THE FY 2005-2007 BIENNIUM

I. MOTION

MOVE TO ADOPT ORDER NO. 06-_____ IN THE MATTER OF
ORDERING THE ACCEPTANCE OF THE RECOMMENDATIONS OF
THE BENTON, LANE, LINCOLN, LINN REGIONAL INVESTMENT
BOARD REGARDING FUNDING PROJECTS FOR THE FY 2005-2007
BIENNIUM

II. ISSUE OR PROBLEM

The Benton, Lane, Lincoln, Linn Regional Investment Board will receive just over \$866,000 during this biennium. The BL3 RIB has established criteria for distribution of the funds that emphasizes promoting job creation and seeks to maximize the leverage of the money available. The program funds became available earlier this year, when all the required agreements with the State were in place. The RIB has begun to receive and process applications for funding. Thus far five applications have been reviewed and approved by the RIB. The County Boards of Commissioners must approve the projects before contracts can be signed and the projects initiated.

III. DISCUSSION

A. Background

The RIB funds are to be used to support projects that have an immediate prospect of job creation and meet the other eligibility requirements. The basic eligibility requirements are that the

project have an overall investment of five dollars (\$5) for each dollar of RIB money and will spend no more than \$3000 of RIB money for each job created. The program also aims to support as many jobs above the average County wage level as possible.

The RIB has reviewed and approved the five projects listed on Attachment 2. The proposed amounts of funding and the scoring on the important criteria are set forth on Attachment 2. Pursuant to a new requirement of the RIB, financial investigations, including a credit report, have been done, or will be done on each of the entities receiving funds from the RIB. This does not guarantee that each project will be successful, but it provides assurance that, at the start of the project a due diligence investigation will be done to confirm that the recipient, including indirect recipients of RIB funds can offer some assurance of financial stability.

The Linn County Business Development Center project will use the funds to supplement other available funds to support three enterprises. The Chalet RV Company would receive support to develop production of a new line of collapsible pickup camper shells. This would add ten new jobs. The Scio Poultry company would be supported in its development of a poultry processing plant. This plant would serve not only Linn County, but also Lane, Benton, Marion and Polk counties. It would develop a projected ten additional jobs, plus improved economic conditions for poultry producers in the area. The Absolute Water Fun company is also proposed for support as it starts operations. The company will rent personal watercraft on Foster Lake, near Sweet Home.

The loan fund requests from both LCOG and Cascades West will be used to fund projects similar to the small businesses described above. In fact, the Cascades West loan programs are using existing funds to support at least two of the Linn County projects. The requested funds for Cascades West will be combined with funds from banks and from the federal government to create a loan program for small businesses, especially in rural parts of Linn, Benton and Lincoln counties. The projections of job creation and wage levels are based on past performance.

The LCOG IRP request will be used as the matching funds for a new \$500,000 loan from the USDA Rural Business Services. All of the funds including the loan from the USDA plus the grant from RIB will be lent to small businesses in the rural portion of Lane County. Previous loans in this program have been used by a variety of small businesses. These loans have gone to start restaurants, to rebuild professional offices and a variety of other

uses. These small business loans are a key to helping support small entrepreneurial projects in the rural areas.

The Bow Tech project is focused on the manufacturer of archery equipment located on Highway 99 near the Eugene airport. The firm manufactures a variety of archery hunting equipment. The business has limited space and cannot add additional employees even though demand for the product is growing. The funds from the RIB would be combined with an additional \$2 million to construct additional manufacturing space. This space will allow an expansion of product lines and additional manufacturing. The company expects to be able to add an additional 20 employees.

Project Mustang is a code name for a potential employer who seeks to remain anonymous until all arrangements are made. The employer is from out of state and is seeking to locate near Lebanon in Linn County. The manufacturer produces utility trailers of the type used at construction sites and other development projects. The manufacturer is a large company, seeking a west coast location. The manufacturer has been heavily recruited by the State Economic Development Department, which is participating in the support package for the company. When completed the manufacturer would have approximately 200 workers.

B. Analysis

The proposed projects fit the program criteria and goals set by the RIB and the Commissioners. The program is designed to meet the goals on an overall average basis. This allows some projects to occasionally move above one or other of the criteria, because other projects will be equally under the threshold.

While approval of these projects will use more than half the available funds, the fact that the funds are going in part to loan programs means that the money will remain available to help new or expanded employers for quite some time.

C. Alternatives/Options

The options before the Board are as follows:

1. The Board may take no action. This would result in at least a delay in disbursement of funds to these or other projects.
2. The Board may choose to approve the BL3 RIB recommendations. When the other counties have done the

same thing, the RIB staff will work out contracts reflecting the RIB requirements and the projects can get under way.

3. The Board may choose to reject the proposed projects.

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 initiate contract discussions with the applicants.

V. ATTACHMENTS

1. Board Order No. 06—_____ in the Matter of Ordering the Acceptance of the Recommendations of the Benton, Lane, Lincoln, Linn Regional Investment Board Regarding Funding Projects For The Fy 2005-2007 Biennium
2. Brief Description of Regional Investment Board Projects Recommended for Funding

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
) PROJECTS FOR THE FY 2005-2007
) 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 reviewed a number of project proposals focused on job creation and job retention; and

WHEREAS, after reviewing these project applications, the Regional Investment Board recommends five projects (see Attachment 2) for funding through the Regional and Rural Investment funds; and

WHEREAS, these recommended projects will advance the economic development objectives as defined in the Benton-Lane-Lincoln-Linn Regional Investment Strategy.

NOW THEREFORE IT IS HEREBY RESOLVED AND ORDERED that the Lane County Board of Commissioners does hereby approve the recommendations made by the Benton-Lane-Lincoln-Linn Regional Investment Board as shown in Attachment 2 and directs the fiscal agent for the Regional Investment Board, the Cascades West Economic Development District, to complete the necessary contracts to allow the projects to be carried out as planned.

DATED this 21st day of June, 2006

 Chair, Lane County Board of Commissioners

APPROVED AS TO FORM
 Date 6/13/06 lane county
Terese J. J. J.
 OFFICE OF LEGAL COUNSEL

Attachment 2

REGIONAL INVESTMENT BOARD – PROJECT FUNDING RECOMMENDATIONS

REGIONAL INVESTMENT BOARD - New Applications

Projects	Project #	Project Total Cost	Funds Requested	Matching Funds	RIB Recommendation	Matching Funds/ RIB Request	Jobs Created	Jobs Created/ RIB Funding	County Average Wage	Project Average Wage
Linn County Business Devel.		\$372,000	\$60,000	\$312,000	<u>\$60,000</u>	\$5.20	22	\$2,727	\$30,674 \$14.75	\$21,084
Lane COG IRP		\$1,250,000	\$125,000	\$1,125,000	<u>\$125,000</u>	\$9.00	25	\$5,000	\$30,315 \$14.57	<u>\$36,374</u> 17.1 above/10.3 below*
CWCOG EDA RLF Benton, Linn, Lincoln		\$1,350,000	\$150,000	\$1,200,000	<u>\$150,000</u>	\$8.00	50	\$3,000	\$30,674-Linn \$25,153-Lincoln \$37,317-Benton	\$32,240
Project Mustang		\$2,344,000	\$225,000	\$2,119,000	<u>\$150,000</u>	\$9.42	100**	\$3,000**	\$30,674	\$25,962
Bowtech		\$2,333,000	\$60,000	\$2,273,000	<u>\$60,000</u>	\$37.88	20	\$3,000	\$30,315	5 above, 95 below \$31,164 3 above, 17 below
TOTAL		\$7,649,000	\$620,000	\$7,029,000	<u>\$545,000</u>	\$11.34	217**	\$3,264		

* This list average wage information for the Lane COG RLF funded last biennium. It is a different program from the present IRP application

** This project will receive \$150,000 from OECDD, in addition to the BL3 RI funds, so our Region must share the job creation and will get credit for 50 jobs.