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Memorandum Date: April 18, 2007
Order Date: May 2, 2007

TO: Board of County Commissioners

DEPARTMENT: CAO, Community and Economic Development

PRESENTED BY: Mike McKenzie-Bahr, C&ED Coordinator

AGENDA ITEM TITLE: ORDER/IN THE MATTER OF AWARDING CONTRACTS FOR PROJECTS SELECTED THROUGH THE 2007 ECONOMIC DEVELOPMENT RFP OPEN CYCLE, TRANSFERRING \$95,000 FROM THE SPECIAL REVENUE FUND OPERATIONAL CONTINGENCY TO MATERIALS AND SERVICES WITHIN GENERAL EXPENSE AND AUTHORIZING THE COUNTY ADMINISTRATOR TO SIGN CONTRACTS RELATED TO THE PROJECTS.

I. MOTION

Move to recommend approval of the following projects for video lottery funding at the following amounts and authorize the County Administrator to sign contracts related to the projects

- Heli-Tech – \$25,000
- Arma Coating – \$20,000
- Eugene Sign and Awning - \$50,000

II. AGENDA ITEM SUMMARY

Each year, the Board of Commissioners makes video lottery funds available through the Strategic Investment fund for job creation and work force development projects. Awarding is done in three cycles: the Initial Cycle, the Open Cycle and the General Allocation Cycle.

The Economic Development Standing Committee is requesting the Board of Commissioners approve three awards totaling \$95,000 in the Open Cycle. There is currently \$100,000 available in the Strategic Operating Reserve Fund for Open Cycle projects.

The three projects are as follows.

Heli-Tech - \$25,000 to be used to purchase manufacturing equipment at their facility in Lane County. The County's money would be used to leverage a

\$25,000 forgivable loan from the Governor's Strategic Reserve Fund, which has been approved contingent upon this \$25,000. The \$25,000 from Lane County and the \$25,000 from the Governor's Strategic Reserve Fund will be used to help buy a \$200,000 piece of equipment: a computer aided mill and lathe used to manufacture parts. This project will create 5 new jobs.

Arma Coating - \$20,000 to be used to purchase manufacturing equipment at their facility in Lane County. This request for \$20,000 is matched by a business loan for \$250,000; an Oregon Business Development Fund loan of \$200,000; and Company cash investment of \$50,000. An additional match is expected in the form of a \$30,000 or \$40,000 loan from the City of Eugene's small business development loan program. This project will create 3 new jobs.

Eugene Sign and Awning - \$50,000 to be used to purchase manufacturing equipment at their facility in Lane County. The \$50,000 would be matched by a \$50,000 grant from State of Oregon's Strategic Reserve Fund. Additionally, ES&A may acquire a low-interest flexible loan from the City of Eugene's Business Development Fund. This project will create 5-10 new jobs.

The Lane Metro Partnership is assisting with each of these projects.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

The Economic Development Grant Open Proposal Cycle for the award of video lottery strategic funds officially began with the Board of Commissioners action on December 12, 2006 to award funding in the Economic Development Grant Initial Cycle. That action closed the Initial Cycle and allowed grant applications to come forward in the Open Proposal Cycle.

Following the meeting, staff placed an announcement in the Register-Guard newspaper notifying potential applicants that funding is available in the Open Proposal Cycle. The announcement sought letters of interest from businesses, organizations or agencies that were interested in applying for up to \$200,000 in funding to deliver the economic development services of job creation or workforce training.

Under the Open Proposal Cycle guidelines, letters of interest were due by January 2, 2007. The county received one request for funding of \$100,000 and the Board awarded that project funding.

On February 22, 2007, the EDSC received an another request for funding under the Open Proposal Cycle from Heli-Tech, which was submitted by the Lane Metro Partnership. As per Open Cycle guidelines, that request led to County staff placing an announcement in the Register-Guard newspaper notifying potential applicants

that \$100,000 of funding was still available in the Open Proposal Cycle. (The announcement is attached). The deadline for Letters of Interest from project applications was April 2, 2007. Two additional projects were received by the deadline, Arma Coating and Eugene Sign and Awning. Each of those applications was also submitted by the Lane Metro Partnership on behalf of the businesses seeking funding.

At its April 12, 2007 meeting, the EDSC reviewed the three project applications and found that each met the criteria for funding. The EDSC unanimously voted (5-0) to send a request to the Board of Commissioners to consider funding all three projects.

B. Policy Issues

The Board of Commissioners must decide: are these projects worthy of funding from Lane County's Video Lottery Strategic Operating Contingency?

C. Board Goals

The awarding of video lottery funds for job creation meets the Board's goal to "Work for a strong regional economy to expand the number of family-wage jobs available in Lane County."

D. Financial and/or Resource Considerations

Currently there is \$100,000 available in the Strategic Operating Contingency fund. Awarding funding to each of the projects would take \$95,000 of those available funds. Any funds not expended in the 06-07 FY will be carried over into the 07-08 FY.

E. Analysis

Retention and creation of family wage jobs is one of the two priorities for the use of the video lottery funds. (The other priority is job training).

The cost per job for each of the three projects, and the rate of pay by the project applicants, appears to be consistent with goals for achieving the creation of new median family income jobs.

The Video Lottery Strategic Operating Contingency Fund is designed to be used when projects with merit arise. All three projects meet the goals of the fund, leverage additional dollars and will create family wage jobs in Lane County.

Lane County Economic Development Project

Section 1

Proposal Cover Page

Grant Amount Requested: \$20,000

Match Amount Proposed: \$425,000 to \$500,000

Please select the appropriate application box: ☐ 2006-07 Initial Proposal Cycle

☒ 2006-07 Open Proposal Cycle Eighty percent (80%) of points is the minimum required to qualify for funding consideration.

Project Focus (Required - select one category of economic development):

☒ Business development, ☐ Workforce development

PROJECT TITLE: Arma International, Inc. (Arma Coatings)

Principal Project Organization: Lane Metro Partnership

Address 1401 Willamette Street 2nd Floor Eugene OR 97401

Project Contact Person: Glenda Poling or Jack Roberts

Phone: (541) 242-2370 Fax: (541) 686-2325

E-mail: glenda@lanemetro.com jack@lanemetro.com

Person/Agency preparing fiscal reports: John Woodrow **Arma International, Inc.**

Title: Chief Operating Officer

Address: 5555 West 11th Avenue

Phone: 541 688-3500 Fax: 541-688-0519

E-mail: jwoodrow@armacoatings.com

Signature of Applicant and each Partner included in Proposal (Copy and Use additional sheets as needed)

Signature

Jack Roberts, Executive Director

Typed name/Title

March 16, 2006

Date

Lane Metro Partnership

Applicant Organization

Project Summary

Incorporated in 1988, Arma Coatings is headquartered in Eugene, Oregon, with a fast-growing network of highly satisfied dealers across the USA and worldwide.

- Originator of the heated, high-pressure application process.
- Distributor of the highest quality, environmentally-friendly products in the industry.
- Original Equipment Manufacturers of advanced application systems.

Arma Coatings offers the most diverse range of polyurethane & polyurea products in the spray-on protective coatings industry. Arma Coatings are environmentally friendly — no solvents are used and no volatile organic compounds are released into the environment.

Arma International Inc. (Arma Coatings) is expanding their operations to include the purchase of an existing facility in West Eugene. To complete this expansion beyond the property and facility purchase, the company needs to purchase some new equipment for the manufacturing component which enables the company to build and distribute the product delivery systems from their headquarters in West Eugene.

This request for \$20,000 is matched by a business loan for \$250,000; an Oregon Business Development Fund loan of \$200,000; and Company cash investment of \$50,000. An additional match is expected in the form of a \$30,000 or \$40,000 loan from the City of Eugene's small business development loan program.

Anticipated Results

This request meets the criteria for Lane County's Open Proposal Cycle under the category of Business Development by initially creating three new jobs (1st year) as a direct result of increased manufacturing related to new equipment purchase and installation. In the company's expansion mode it has grown to 10 full time employees and 1.5 part time employees. New jobs that will be created include three machinists who will earn in the range of \$20 to \$25 per hour including benefits. The Company anticipates creating another two jobs in the next 2 – 3 years that will pay between \$14 and \$18 per hour with benefits.

Project Summary

ES&A Sign and Awning Co. provides sign and awning design, fabrication and installation for small, medium and large businesses throughout Oregon, Washington and Northern California. ES&A is the largest company of its kind in Oregon and second largest in the Pacific Northwest.

Founded in 1965 as a commercial sign shop, ES&A has grown to become a leading fabricator of business signage. Since 1990, the main office and production facility have been located at 1210 Oak Patch Road. Their employee count and revenue has outpaced the size of their current facility. As a result, they are planning to expand into a larger manufacturing facility with additional office space that will accommodate future growth. This property and facility is the former Elkhart Plastics company and is located within the West Eugene Enterprise Zone.

ES&A currently employs 52 people with an average wage of \$24.38 hr including benefits. They anticipate hiring 5-10 people within the 12 months following the expansion into the new facility and an additional 5-10 people 13 to 24 months after that.

ES&A is spending roughly \$4 million dollars on this expansion, property / facility purchase and renovation. There is a need to purchase more than \$500,000 worth of new state-of-the-art manufacturing equipment. As much as possible the new machinery will be purchased from local vendors.

The Lane Metro Partnership requests \$50,000 from Lane County's Video Lottery Opportunity Fund contingent on approval for a matching \$50,000 grant from State of Oregon's Strategic Reserve Fund. Additionally, ES&A may acquire a low-interest flexible loan from the City of Eugene's Business Development Fund.

Anticipated Results

This request meets the criteria for Lane County's Open Proposal Cycle under the category of Business Development by initially creating 5-10 new jobs (1st year) as a direct result of increased manufacturing related to its expansion and new equipment purchase. In the company's projected two-three year growth plan it expects to add additional 5-10 new jobs. Overall in three years the company expects to create 10-20 new positions.

Legal Notice

Date of Publication: March 18, 2007

Contact: Mike McKenzie-Bahr 541-682-4118 for Credit Card info

REQUEST FOR PROPOSALS

The Lane County Administration Department, Community and Economic Development Program is seeking respondents interested in applying for up to \$100,000 in funding to deliver the economic development services of job creation or workforce training. Letters of interest (LOI) describing the project will be accepted from potential applicants for a period of two weeks from the publication of this notice. If a LOI is received in the designated period, all interested parties who responded to the LOI will be sent notice that two additional weeks from the date of the letter will be allowed to submit their complete proposal(s) under the Open Proposal Cycle guidelines in the RFP.

To qualify for funding, respondent must be an equal opportunity employer and must be licensed to perform the work proposed in the applicant's proposal. In the event a proposal includes public improvements as defined in Oregon Revised Statutes ORS 279A.010 (aa), the applicant must comply with all applicable provisions of ORS 279A and ORS 279C.

Proposal packets have been available at the below address since December 18, 2006 and at the web at http://www.lanecounty.org/CAO_EconDev/default.htm. Lane County may reject any proposal not in compliance with all prescribed public selection procedures and requirements and may reject for good cause, any and all proposals upon a finding that it is in the public interest to do so. For further information contact Mike McKenzie-Bahr at (541) 682-4118.

Letters of interest can be delivered to the following address: 2007 Open Proposal Cycle: Lane County Administration Department, 125 E. 8th Avenue, Eugene, Oregon, Attention: Mike McKenzie-Bahr, Community and Economic Development Coordinator.