

W. 8.b.

Memorandum Date: January 30, 2008
Board Order Date: February 13, 2008

TO: Board of County Commissioners
DEPARTMENT: CAO/Economic Development Standing Committee
PRESENTED BY: Mike McKenzie-Bahr, Community and Economic Development Coordinator

AGENDA ITEM TITLE: ORDER/IN THE MATTER OF AWARDING CONTRACTS FOR STRATEGIC INVESTMENT PROJECTS SELECTED THROUGH THE 2008 ECONOMIC DEVELOPMENT RFP OPEN PROPOSAL CYCLE AND AUTHORIZING THE COUNTY ADMINSTRATOR TO SIGN PROJECT CONTRACTS

I. MOTION

It is moved that we award contracts to the following projects, and authorize the County Administrator to sign project contracts. The projects to be funded and the amount of funding for each are as follows:

Enterprise Rent A Car: \$50,000
Newood Display Fixture Mfg. Co: \$50,000.
Eugene Pipe \$100,000
South Lane Mental Health: \$100,000

II. AGENDA ITEM SUMMARY

The Lane County Economic Development Standing Committee (EDSC) has started reviewing proposals received during the 2008 Economic Development Request For Proposal Open Proposal Cycle.

After reviewing the initial applications, the EDSC has made the following recommendations regarding the spending of video lottery funds:

Enterprise Rent A Car: \$50,000
Newood Display Fixture Mfg. Co: \$50,000.
Eugene Pipe \$100,000
South Lane Mental Health for \$100,000

The EDSC is recommending that the award to South Lane Mental Health be contingent upon South Lane Mental Health being awarded a Community Development Block Grant from the State of Oregon. South Lane Mental Health is applying for a \$800,000 CDBG grant in March and must raise \$400,000 in matching from the local community.

The total amount of video lottery funds recommended for award is \$300,000.

The projects pledge to create the following number of jobs:

- Enterprise Rent A Car: 250
- Newood Display Fixture Mfg. Co: 25
- Eugene Pipe: 40
- South Lane Mental Health: 12

The total amount of video lottery funding currently available is \$1,300,000, comprised of \$150,000 in the strategic investment fund and \$1,150,000 in the strategic opportunity reserve fund.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

Each year, the Board of Commissioners makes video lottery funds available through the Strategic Investment fund for job creation and work force development projects.

As the Board is aware, under the Initial Proposal Cycle RFP rules, the strategic investment funds are initially allocated in the following categories of development in these amounts: Business Development, \$100,000; Workforce Development, \$100,000.

In December 2007 as part of the Initial Cycle, the Board awarded \$42,000 of the strategic investment funds and \$50,000 of strategic opportunity reserve funds.

According to the Video Lottery award criteria, any strategic investment funds not awarded in the initial proposal cycle, may be awarded in the Open Proposal Cycle, if the Board so wishes. In addition, the strategic opportunity reserve account funds may be awarded by the Board at anytime it chooses to do so.

At each of its monthly meeting during the Open Cycle: January – March, the EDSC will review the Video Lottery grant requests received that month and decide whether the projects merit the Board of Commissioners consideration for funding.

At its January meeting, the EDSC voted to recommend to the Board of Commissioners that they fund the following projects at the following levels:

Enterprise Rent A Car: \$50,000
Newood Display Fixture Mfg. Co: \$50,000.
Eugene Pipe \$100,000
South Lane Mental Health (SLMH): \$100,000

As stated above, the EDSC is recommending that the award to South Lane Mental Health be contingent upon South Lane Mental Health being awarded a Community Development Block Grant from the State of Oregon.

A summary of each project is as follows. (Fuller project descriptions are attached).

Enterprise Rent A Car

The Enterprise Rent A Car project is a 250 seat customer – care call center in the former Symantec Building in downtown Eugene. This will be a significant downtown redevelopment opportunity. The Company will plans to create 250 – 500 new higher than average wage jobs to Lane County within its first two years of operations.

Approximate Project Budget

Company / Private	\$3 million (renovations & equipment)
City of Eugene	\$50,000 low interest flexible loan for tenant improvements
City of Eugene	\$40,000 annual parking discounts
Lane County	\$50,000 economic development opportunity grant
GSTF	\$50,000 workforce training grant (LCC's call center curriculum)
SRF	\$50,000 forgivable loan

Anticipated Project Cost: \$3.24 million

Newood Display Fixture Mfg. Co

NEWOOD, a secondary, value-added sustainable wood products company builds retail store display fixtures - from wine cabinets for liquor and grocery stores to bookcases to shelving for clothing outlets - for markets throughout the United States and abroad. A 16,600sf south-bay expansion project at the NEWOOD Display Fixture Mfg. Company in west Eugene will allow the 28-year-old firm to consolidate three operations in one location. Having everything in one location will bring greater efficiency for the company by not having to move

materials back from three different locations – the expansion equates to the retention of 68 jobs and the new product line brings the promise of 25 or more newly created wood products jobs to Lane County.

Approximate Project Budget

South Bay Building Construction	\$600,000
Finishing Department / Install	\$100,000
New Equipment / Install	\$ 50,000
Administration Office Construction	\$250,000
Anticipated Project Cost	\$1,000,000

Eugene Pipe

PW Eagle merged with J.M. Manufacturing and collectively became known as JM Eagle in June of 2007. As they integrated their systems they reached a difficult business decision to shut down the operations in Springfield Oregon, thereby terminating 40 highly skilled employees. A group of local investors known as Eugene Pipe will be starting-up operations in the same building (after renovations) and will hire back many of the former employees. Eugene Pipe will offer re-employment to JM Eagle's terminated employees. There are approximately 40 (+) skilled employees who will return to work and earn \$16.00 an hour, with benefits the average annual wage will be \$ 50,000.

Approximate Project Budget

Acquisition: Not Applicable – Facility is being leased.

Equipment Purchase: \$8.0 million

Equipment Installation: \$1.0 million

South Lane Mental Health

Each year, South Lane Mental Health provides medication management, counseling, supported housing for adults with severe mental illness, case management and crisis response to nearly 1,000 low-income and uninsured South Lane County residents. Since 1994, South Lane Mental Health has operated an outpatient counseling clinic in an aging 2,000-square-foot turn-of-the-century rental house. The facility is too small to accommodate its 23 staff members and clients, so several counselors have offices across town in rented space offering little privacy and no lobby. A larger facility is urgently needed to allow the agency to hire additional staff and continue its track record of successfully serving low-income and uninsured residents.

With more space, SLMH would create a dozen new jobs with wages and benefits ranging from \$27,524 per year to \$47,892 annually and increase federal and state revenues by another \$350,000 each year because demand for mental health services is on the rise.

Because of the agency's clientele demographics, SLMH is eligible for an \$800,000 federal Community Development Block Grant to purchase and renovate the building. So far, they have raised \$180,000 of their \$400,000 match and expecting another \$50,000 grant to be awarded by mid-February, leaving a balance to raise of \$170,000. The grant from the County would leave them only \$70,000 to raise.

Approximate Project Budget

Property Acquisition \$ 500,000
Appraiser \$ 5,000
Remodeling \$ 545,000
Fees & Permits \$ 90,500
Other/Contingency \$ 59,500
CDBG-Eligible Subtotal \$1,200,000

B. Policy Issues

The Board has the following policy issue to consider:

- 1) Should all of the projects be funded as recommended by the EDSC?

C. Board Goals

The awarding of video lottery funds for job creation and training meet 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

The total amount of video lottery funding currently available is \$1,300,000, comprised of \$150,000 in the strategic investment fund and \$1,150,000 in the strategic opportunity reserve fund.

If the Board of Commissioners choose to fund the projects in this agenda item, as recommended by the EDSC, it would leave \$1,000,000 in the strategic opportunity reserve fund.

If the Board approves the above projects as recommended by the EDSC, \$150,000 will have to be moved by Board Order from the Strategic Opportunity Reserve Fund (General Expense Operational Contingency) to the Strategic Investment Fund (Agency Payments) within the Special Revenue Fund Operational Contingency budget line so that the expenditure can be made. (This is standard procedure each time strategic opportunity reserve fund dollars are allocated).

E. Analysis

The projects being recommended for funding meet the goals for the video lottery funding: to create living wage jobs. These four projects would create 327 jobs.

In addition, the County funds would leverage \$6.4 million dollars in project funds.

The contingent award to the South Lane Mental Health meets the requirements of the Community Development Block Grant guidelines. Project applicants are allowed to include letters of funding match that make that match contingent upon the CDBG award. If funded, applicants have 120 days to secure the contingent funds.

F. Alternatives/Options

The Board may:

- 1) Approve the ORDER awarding grants as recommended by the EDSC, or
- 2) Determine to award only some grants, at either full or reduced funding levels
or
- 3) Decide not to award any funds at this time.

IV. TIMING/IMPLEMENTATION

Upon Board approval of funding for projects, staff will work with project applicants to get contracts in place. Once prepared, contracts will be sent through County Counsel review process and prepared for signing by the County Administrator.

V. RECOMMENDATION

The EDSC recommends awarding funding to the four projects at the recommended amounts with the award to South Lane Mental Health be contingent upon the agency being awarded a Community Development Block Grant from the State of Oregon.

VI. FOLLOW-UP

Staff will keep the EDSC updated on all project elements. Any issues needing Board attention will be brought to the Board in a timely manner.

VII. ATTACHMENTS

- A: Board Order
- B: Enterprise Rent A Car Economic Development Project
- C: Newood Display Fixture Mfg. Co Economic Development Project
- D: Eugene Pipe Economic Development Project
- E: South Lane Mental Health Economic Development Project.
- F: The full Video Lottery RFP

IN THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

ORDER NO.) IN THE MATTER OF AWARDING CONTRACTS FOR
) STRATEGIC INVESTMENT PROJECTS SELECTED
) THROUGH THE 2008 ECONOMIC DEVELOPMENT
 RFP OPEN PROPOSAL CYCLE AND AUTHORIZING
 THE COUNTY ADMINISTRATOR TO SIGN PROJECT
 CONTRACTS.

WHEREAS, the Lane County Board of Commissioners established a policy for distributing video lottery economic development funds that is adopted in Lane Manual Chapter 4, and

WHEREAS, the Lane County Board of Commissioners authorized release of a request for proposals (RFP) for the Economic Development Strategic Investment Program, and

WHEREAS, the Economic Development Standing Committee has reviewed project applications received in accordance with the RFP, and

WHEREAS, the Lane County Board of Commissioners has reviewed the ranked list of projects and determined those that are in the public interest to fund, now, therefore,

IT IS HEREBY ORDERED that the following Lane County Strategic Investment Projects are awarded in the amounts indicated,

Enterprise Rent A Car: \$50,000
Newood Display Fixture Mfg. Co: \$50,000.
Eugene Pipe \$100,000

FURTHER ORDERED that a grant award for \$100,000 be made to South Lane Mental Health contingent upon South Lane Mental Health being awarded a Community Development Block Grant from the State of Oregon, and

FURTHER ORDERED that \$150,000 is moved from the Strategic Opportunity Reserve Fund (General Expense Operational Contingency) to the Strategic Investment Fund (Agency Payments) to be used to fund the above projects, and

FURTHER ORDERED that the County Administrator is authorized to sign the contracts authorized under this Order.

Signed this 13th day of February, 2008.

APPROVED AS TO FORM
Date 2/5/08 Lane


County
OFFICE OF LEGAL COUNSEL

Faye Stewart, Chair
Lane County Board of Commissioners

Lane County Economic Development Project
Proposal Cover Page

Grant Amount Requested: \$50,000 Match Amount proposed: \$ 3.24 million

Please select the appropriate box for this application: [X] 2007-08 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: STARSHIP

Principal Project Organization: ENTERPRISE RENT-A-CAR
Address C/O Lane Metro Partnership
 1401 Willamette 2nd floor
 Eugene, OR 97401

Project Contact Person: Jack Roberts or Glenda Poling

Phone: 541-242-2371 Fax: 541-686-2325

E-mail: Jack@lanemetro.com or glenda@lanemetro.com

Person/Agency preparing fiscal reports Glenda Poling

Title: Lane Metro Partnership

Address 1401 Willamette St, 2nd Floor

Eugene, OR 97401

Phone: #541-242-2370 Fax: #541-686-2325

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

Signature of Applicant

October 23, 2007

Signature

Date _____

Jack Roberts, Executive director

Lane Metro Partnership

Typed name/Title

Applicant Organization

Background:

Enterprise Rent-A-Car was established in 1957 with world headquarters in St. Louis Missouri. Enterprise is the largest rental car company in North America with more than 16,000 offices in the United States and more than 900 offices in Canada, United Kingdom, Germany, and Ireland. In fiscal 2006 its worldwide revenue was \$9 billion. Enterprise ranked in Business Week's top 10 list of Customer Service Champs – and ranked number 5 as one of the 50 best places to launch a career due company beliefs in promoting from within. Enterprise is a true meritocracy with ample opportunities for growth. Most of their highest ranking management team members began as customer service agents. Worldwide more than 65,000 employees know Enterprise to be a great fit for career-minded individuals to reach their goals and aspirations. On August 1, 2007 Enterprise Rent-A-Car completed the purchase of Vanguard Car Rental and its National Car Rental and Alamo Rent A Car businesses. Today Enterprise operates in more communities than any other car rental company in the nation, reaching more than 90% of all Americans. The company's founding values are to take care of its customers and its employees first.

PROJECT DESCRIPTION:

Enterprise has been recruited by the Lane Metro Partnership since June 2007 – this company is in a rapid growth mode with several recent large acquisitions. Enterprise has found its preferred location for a 250 seat customer – care call center in the former Symantec Building in downtown Eugene. This will be a significant downtown redevelopment opportunity. The Company will create 250 – 500 new higher than average wage jobs to Lane County within its first two years of operations. The pay scale is higher than most call center jobs, averaging \$13.50 to \$14.00 per hour after initial training. A full benefit package and career advancement opportunities beyond normal call center jobs begins on day one.

Project Investment: (Estimates)

Company / Private	\$3 million (renovations & equipment)
City of Eugene	\$50,000 low interest flexible loan for tenant improvements
City of Eugene	\$40,000 annual parking discounts
Lane County	\$50,000 economic development opportunity grant
GSTF	\$50,000 workforce training grant (LCC's call center curriculum)
SRF	\$50,000 forgivable loan

Anticipated Project Cost: \$3.24 million

REQUEST:

The Lane Metro Partnership requests an Economic Development Grant from the Video Lottery Opportunity Reserve Account in the amount of \$50,000 to help Enterprise Rent-A-Car off set the costs of renovation to the HVAC system and other associated costs at the former Symantec building

RESULTS:

This will be a significant downtown redevelopment opportunity. The Company will create 250 – 500 new higher than average wage jobs to Lane County within its first two years of operations. The pay scale is higher than most call center jobs, averaging \$13.50 to \$14.00 per hour after initial training. A full benefit package and career advancement opportunities beyond normal call center jobs begins on day one

Lane County Economic Development Project
Proposal Cover Page

Grant Amount Requested: \$50,000 Match Amount Proposed: \$900,000+

Please select the appropriate box for this application: ☒ **2007-08 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: NEWOOD

Principal Project Organization: NEWOOD DISPLAY FIXTURE MFG. CO.

Address PO BOX 21808
EUGENE, OR 97402-0412

Project Contact Person: Avis Dininio

Phone: 541-342-4481 *Fax:* 541-342-8039

E-mail: avis@newood.com

Person/Agency preparing fiscal reports Glenda Poling

Title: Lane Metro Partnership

Address 1401 Willamette St, 2nd Floor
Eugene, OR 97401

Phone: #541-242-2370 *Fax:* #541-686-2325

E-mail: glenda@lanemetro.com

Signature of Applicant

Signature Date

Jack Roberts, Executive director
Typed name/Title

Lane Metro Partnership
Applicant Organization

Project Description:

A 16,600sf south-bay expansion project at the NEWOOD Display Fixture Mfg. Company in west Eugene will allow the 28-year-old firm to consolidate three operations in one location. The building construction will cost at least \$670,000 and they hope to have this phase of the expansion complete by March 2008. An expanded finishing department is on tap next for a new product line, as is a new administration office. Construction of the new south-bay building, the expanded finishing department along with new equipment and install costs is a company investment of more than \$1,000,000.

NEWOOD, a secondary, value-added sustainable wood products company builds retail store display fixtures - from wine cabinets for liquor and grocery stores to bookcases to shelving for clothing outlets - for markets throughout the United States and abroad. Locally, NEWOOD has done fixtures for Market of Choice, Hartwick's in the Fifth Street Public Market as well as the UO Bookstore and the Duck Store at Valley River Center.

NEWOOD has entered the Research and Development and Marketing stage of a shelving design to fill a void in the market when a large firm discontinued the manufacture of Lundia style shelving used for backroom and retail display. This shelving is typically made from Pine, Hemlock and Alder. In addition, NEWOOD's will also offer their shelving in red birch and white Poplar. They expect the new product line to take a year to be well developed.

The new addition and the new product line will allow Newood to operate more efficiently and improve their national and local market share for both their existing fixture lines and this new value-added wood products line. Recently they have worked out of three locations; Junction City, Cross Street (in Eugene) and a West Eugene site on Seneca. The Junction City employees have already been moved to the Seneca manufacturing facility, so space is very tight until the new building is complete. Having everything in one location will bring greater efficiency for the company by not having to move materials back from three different locations – the expansion equates to the retention of 68 jobs and the new product line brings the promise of 25 or more newly created wood products jobs to Lane County.

Approximate Project Budget

South Bay Building Construction	\$600,000
Finishing Department / Install	\$100,000
New Equipment / Install	\$ 50,000
Administration Office Construction	\$250,000
TOTAL	\$1,000,000

EMPLOYMENT:

NEWOOD currently employs 68 full-time employees, most of whom are production workers earning an average of \$15 - \$16 per hour including benefits. Once the south bay building expansion is complete and the new product line fully developed, NEWOOD expects to create 25 new jobs. The company officials anticipate by June 31, 2010 they will have 90+ full time employees.

REQUEST:

The Lane Metro Partnership requests an economic development grant from the Video Lottery Opportunity Reserve Account in the amount of \$50,000 to help NEWOOD off set the costs of construction, consolidation and re-alignment of manufacturing space, and equipment installation costs for its first phase of expansion described above as the south bay building.

RESULTS:

Wood Products, secondary, value-added and sustainable are considered a targeted cluster industry in Lane County and in the State of Oregon. There are 68 higher-than-average wage jobs which will be retained as a result of this expansion and then followed by the creation of an additional 25 higher-than-average wage jobs.

Lane County Economic Development Project

Proposal Cover Page

Grant Amount Requested: \$100,000 Match Amount Proposed: \$9.0 Million

Please select the appropriate box for this application: ☒ **2007-08 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: NEWOOD

Principal Project Organization: Eugene Pipe

Address Springfield, OR 97477

Project Contact Person: Andy Storment

Phone: 541-338-8722 *Fax:*

E-mail: astorment@comcast.net

Person/Agency preparing reports Glenda Poling

Title: Lane Metro Partnership

Address 1401 Willamette St, 2nd Floor

Eugene, OR 97401

Phone: #541-242-2370 *Fax:* #541-686-2325

E-mail: glenda@lanemetro.com

Signature of Applicant



December 21, 2007

Jack Roberts, Executive director
Typed name/Title

Lane Metro Partnership
Applicant Organization

Project Description:

PW Eagle merged with J.M. Manufacturing and collectively became known as JM Eagle in June of 2007. As they integrated their systems they reached a difficult business decision to shut down the operations in Springfield Oregon, thereby terminating 40 highly skilled employees. A group of local investors known as Eugene Pipe will be starting-up operations in the same building (after renovations) and will hire back many of the former employees. This is a multi-million dollar project that includes facility renovations and retrofits as well as new equipment purchases. New equipment will include installing six new production lines and infrastructure support.

Prior to closing the facility, JM Eagle manufactured pipe products for agricultural, irrigation, potable water and sewer applications. Eugene Pipe will narrow the focus to manufacture a complete line of PVC conduit, duct, and fittings for the electrical power and communication applications – including fiber optics.

The availability of experienced personnel in the Springfield area is a major draw for this project. Experienced personnel are available in all disciplines, from equipment design and installation to production, sales and management. The sales management personnel for this project are experienced in managing nationwide sales for the 2nd largest PVC producer in the United States. Eugene Pipe will be positioned to become a leader in the production and sale of PVC conduit in the northwest.

Approximate Project Budget

Acquisition: Not Applicable – Facility is being leased.

Equipment Purchase: \$8.0 million

Equipment Installation: \$1.0 million

EMPLOYMENT:

Eugene Pipe will offer re-employment to JM Eagle's terminated employees. There are approximately 40 (+) skilled employees who will return to work and earn \$16.00 an hour, with benefits the average annual wage will be \$ 50,000.

REQUEST:

The Lane Metro Partnership requests an economic development grant from the Video Lottery Opportunity Reserve Account in the amount of \$100,000 to off set the costs of equipment purchase and installation.

RESULTS:

This project addresses both Business Development and Job Creation. Eugene Pipe is a valued traded-sector industry in Lane County and in the State of Oregon. The opportunity exists for 40 or more skilled employees of the former PW Eagle operation to step into these new higher than average wage jobs.

January 17, 2008

Lane County Economic Development Standing Committee
Attention: Mike McKenzie-Bahr
County Administration Office
125 E. 8th Avenue
Eugene, OR 97401

Dear Lane County Economic Development Standing Committee Members,

Thank you for this opportunity to tell you about South Lane Mental Health (SLMH) and our \$1.5 million project to buy and renovate a new facility in order to expand services to better meet the mental health needs of the greater Cottage Grove area.

South Lane Mental Health is the linchpin provider of a wide array of psychiatric and psychological health services to a predominantly rural, lower-income area with a total regional population of 36,500. Each year, SLMH provides medication management, counseling, supported housing for adults with severe mental illness, case management and crisis response to nearly 1,000 low-income and uninsured South Lane County residents.

SLMH has also assumed a critical role in the local healthcare continuum by responding to mental health emergencies at Cottage Grove Hospital and successfully diverting hundreds of individuals from costly psychiatric hospitalizations to more appropriate office-based assistance. In addition, SLMH fosters community understanding of mental health issues by providing mental health training to police officers, firemen, and other government staff. The agency works closely with the South Lane Family Relief Nursery, South Lane School District, and the local Head Start. While SLMH collaborates with other organizations, it is the only one of its kind locally providing the range and depth of mental health services that meet the unique needs of the population it serves.

The agency's services and client base have grown steadily since its grass-roots inception 20 years ago, but many client groups — including children, senior citizens and families — remain under- or un-served because the non-profit agency has run out of room and therefore cannot hire additional staff. Since 1994, South Lane Mental Health has operated an outpatient counseling clinic in an aging 2,000-square-foot turn-of-the-century rental house. Here, 17 staff members share 11 rooms. Counselors coordinate appointment times to ensure that clients are seen privately. The reception area seats just five people, with spillover onto an exterior porch. Sometimes, traumatized children fearfully share the cramped lobby with psychotic adults wary of active children. The facility is too small to accommodate all staff and clients, so several counselors have offices across town in rented space offering little privacy and no lobby.

A larger facility is urgently needed to allow the agency to hire additional staff and continue its track record of successfully serving low-income and uninsured residents.

During its first few years, South Lane Mental Health was a non-profit like many others, relying on generous donors and volunteers as well as proceeds from bake sales. Today, however, the

agency is an economic powerhouse of sorts, annually receiving more than \$1 million in federal, state and county reimbursements to help low-income and uninsured members of the community. Using this funding, the agency provides 23 competitively paid jobs, many in professional-grade careers such as counseling and medication management. Without SLMH, this federal and state funding would not flow to the South Lane County area.

With more space, SLMH would create a dozen new jobs with wages and benefits ranging from \$27,524 per year for a .75 FTE administrative position (2) to \$40,892 per year for a full-time counselor (5) to \$47,892 annually for a full-time supervisor (1), and increase federal and state revenues by another \$350,000 each year because demand for mental health services is on the rise. One reason for this trend is a well-established link between poverty and mental illness. The lower a community's income, say experts, the higher the prevalence of mental illness and the greater the need for services. Studies have shown the rate of mental illness to be anywhere from two to nine times higher in poor communities than in well-off communities. South Lane County is a lower-income, higher-poverty area compared to the state and nation, according to the 2000 U.S. Census. In Cottage Grove, 15.3 percent of individuals and 12.1 percent of families are below the federal poverty level, compared with 11.6 percent and 7.9 percent, respectively, in Oregon; and 12.4 percent and 9.2 percent, respectively, for the nation. Per capita income in Cottage Grove is \$16,255, compared to the state's \$20,940 and the nation's \$21,587.

Local residents, particularly those who work at minimum-wage jobs with no medical benefits and barely enough income to meet daily living expenses, cannot afford much-needed mental health services. South Lane Mental Health does not turn away anyone who asks for assistance. However, there are far more calls for help from area residents than the agency can accommodate because the number of people who request services but have no insurance is on the rise.

Better access to mental health services in the Cottage Grove area can be provided in a larger facility with additional staff. In mid-2007, after six years of searching, SLMH administrators found an appropriate-size building that could accommodate growth of the agency staff and programs. This \$1.2 million expense (to purchase and renovate the long-vacant former Mt. David Medical Center at 1345 Birch Avenue in Cottage Grove) is the cornerstone of our total \$1.5 million project to not only move but also strengthen the organization through program expansion, staff training, and regular fundraising.

Because of the agency's clientele demographics, SLMH is eligible for an \$800,000 federal Community Development Block Grant to purchase and renovate the building. So far, we have raised \$180,000 of our \$400,000 match. We are expecting another \$50,000 grant to be awarded by mid-February, leaving a balance to raise of \$170,000. Other pending grant applications will not be decided in time to meet the CDBG deadline, so your support is crucial. South Lane Mental Health asks the Lane County Economic Development Standing Committee to consider awarding us a \$100,000 grant to be used as a match for the Block Grant. In the meantime, the agency — which has never done any active local fundraising — has begun soliciting small donations from Cottage Grove area individuals and businesses. Response thus far has been encouraging with many pledges of support contingent on winning the federal funds. These donations will be instrumental in future fundraising for program expansion and sustainability over the long term. Also, the Block Grant and potential Lane County Economic Development

funds will leverage funds from other private foundations and individuals.

In addition to these generous local dollars, this project will draw substantial new annual federal and state aid to the South Lane County area and will pave the way for creation of more high-paying staff jobs at SLMH in order to provide mental health services to the working poor. We view these goals as being consistent with the Lane County Economic Development Standing Committee's mission of job creation and economic enhancement.

Thank you for your consideration.

Sincerely,

Tom Wheeler
Executive Director

South Lane Mental Health • Comprehensive Campaign

Project Budget

	<u>Total</u>	<u>Committed</u>	<u>To Be Raised</u>
INCOME			
Federal CDBG Funds	\$ 800,000	\$ 0	\$ 800,000
Matching CDBG Funds	\$ 400,000	\$ 182,500	\$ 217,500
Foundation Grants	\$ 150,000	\$ 0	\$ 150,000
Individual Contributions	\$ 150,000	\$ 150,000	\$ 0
Total Income	\$1,500,000	\$ 332,500	\$ 1,167,500
EXPENSES			
Property Acquisition	\$ 500,000	\$ 0	\$ 500,000
Appraiser	\$ 5,000	\$ 0	\$ 5,000
Acquisition Subtotal	\$ 505,000	\$ 0	\$ 505,000
Remodeling	\$ 545,000	\$182,500	\$ 362,500
Fees & Permits	\$ 90,500	\$ 0	\$ 90,500
Other/Contingency	\$ 59,500	\$ 0	\$ 59,500
Remodeling Subtotal	\$ 695,000	\$ 182,500	\$ 512,500
CDBG-Eligible Subtotal	\$1,200,000	\$182,500	\$1,017,500
Program Expansion	\$ 230,000	\$ 150,000	\$ 80,000
Furniture & Equipment	\$ 50,000	\$ 0	\$ 50,000
Other/Contingency	\$ 20,000	\$ 0	\$ 20,000
Non-CDBG-Eligible Subttl	\$ 300,000	\$ 150,000	\$ 150,000
Total Expenses	\$1,500,000	\$ 332,500	\$ 1,167,500

South Lane Mental Health • New Staff

By the Numbers

Position	Wages	Benefits	Total
.75 FTE Billing/Receptionist	\$21,632	\$5,892	\$27,524
.75 FTE Fundraising Assistant	\$21,632	\$5,892	\$27,524
1 FTE Residential Caretaker	\$24,000	\$5,892	\$29,892
1 FTE Residential Caretaker	\$24,000	\$5,892	\$29,892
1 FTE Maintenance Worker	\$27,040	\$5,892	\$32,932
1 FTE Children's Counselor	\$35,000	\$5,892	\$40,892
1 FTE Children's Counselor	\$35,000	\$5,892	\$40,892
1 FTE Indigent Counselor	\$35,000	\$5,892	\$40,892
1 FTE Indigent Counselor	\$35,000	\$5,892	\$40,892
1 FTE Indigent Counselor	\$35,000	\$5,892	\$40,892
1 FTE Development Director	\$40,000	\$5,892	\$45,892
1 FTE Supervisor	\$42,000	\$5,892	\$47,892

TOTALS: 12 positions; 11.5 FTEs; wages and benefits = \$446,008; Equipment* = \$14,950

Expenses

\$460,958

Revenues

\$350,000 (additional reimbursements)

\$110,958 (local fundraising)

\$460,958

*Equipment = Computers (\$9,000); Office Furniture (\$3,000); Copy Machine (\$2,500); cell phones (\$450)