

MINUTES

Lane Economic Committee

Lane Council of Governments – 5th Floor Large Conference Room
859 Willamette, Suite 500 – Eugene

March 2, 2009 – 11:30 A.M.

PRESENT: Rob Scoggin, Chair; John Sullivan, Vice Chair; Jacque Morgan, Greg Rikhoff, John Tamulonis, Ellen Teninty, Warren Weathers, Lynette Wikstrom, *members*; Jay Bozievich, Deb Schmidt, *ex officio members*; Lawrence Brice, Lou Christian, Howard Schesser, *alternate members*.

Steve Dignam (LCOG), Mike McKenzie-Bahr (Lane County).

ABSENT: Pat Albright, Tim Black, Mike Blommé, Denny Braud, DeAnn Cherbas, Chuck Forster, Mike Galvin, Phillip Hudspeth, Faye Stewart, *members*; Kari Westlund, *ex officio member*; Betsy Boyd, Scott English, Ric Ingham, Don Lindsey, Robin Onaclea, Hal Reed, Jack Roberts, Mike Sullivan, Brett Yancey, *alternate members*.

GUESTS: Karmen Fore

1. WELCOME / INTRODUCTIONS / CHANGES TO THE AGENDA

Chairperson Rob Scoggin called the meeting of the Lane Council of Governments (LCOG) Lane Economic Committee (LEC) to order at 11:34 a.m. He noted there was not a quorum present at that time. Mr. Scoggin welcomed Jacque Morgan from the City of Florence as a new LEC member and invited those present to introduce themselves.

2. PUBLIC COMMENT

None

3. COMMENTS FROM THE CHAIR

None

4. STAFF COMMENTS

Steve Dignam mentioned that he had attended a meeting for commercial bankers in Portland about a month ago, and heard John Mitchell, formerly the chief economist at US Bank, speak about the current recession. One of Mr. Mitchell's comments particularly caught his attention. Mr. Mitchell reminded the audience there had been 32 recessions in the United States since 1776 - and that each one of them had ended. Mr. Dignam encouraged LEC members to keep this in mind as we struggle with our current difficulties.

5. MINUTES OF 1/12/09 MEETING

Chairperson Scoggin passed over this agenda item, because of the absence of a quorum.

6. 2009 ECONOMIC DEVELOPMENT PROJECT LIST

Mr. Dignam reviewed the process he had followed in implementing the decision taken at the January LEC meeting to ask local governments for lists of their shovel-ready development projects. LCOG sent letters to all local governments on January 22 with a short reporting form and asked that the forms be returned by February 19. Mr. Dignam said only 5-6 completed forms had been returned so far. He said some incomplete forms were submitted and several local governments indicated they were still working to complete their development lists or coordinating with regional agencies to do so. Mr. Dignam noted that Florence had provided a very comprehensive response and that the City of Eugene had used its own format in submitting its response. He asked if LEC members wanted him to communicate to the local governments that had not responded yet that LCOG would be glad to have their list of projects in whatever format worked for them. The consensus was clearly that he should do so.

Howard Schesser said the City of Cottage Grove was working on their list, which was up to four pages. John Tamulonis said the City of Springfield has a very long list of possible projects and was working to shorten it before submitting their form. Warren Weathers said the City of Lowell was developing a list and offered to check on its status. Mike McKenzie-Bahr offered to follow up with Lane County and several smaller communities he has been in contact with on this subject.

John Sullivan asked several questions about this project, since he had not been able to attend the January LEC meeting. Mr. Dignam and Mr. Tamulonis provided further explanation.

Jay Bozievich asked if agencies such as Lane ESD or EPUD had received the mailing asking for a list of their potential economic development projects. Mr. Dignam said he believed they had not been included and indicated he would send the form to them, if that turned out to be the case.

Chairperson Scoggin suggested that the review sub-committee, which had been selected at the January LEC meeting, be called together as soon as Mr. Dignam had received a satisfactory number of responses from local governments and agencies. That sub-committee includes Pat Albright, Mike Blommé, Lawrence Brice, DeeAnn Cherbas, Rob Scoggin, and John Tamulonis. Lynette Wikstrom volunteered to serve on the sub-committee and was added to it. Mr. Dignam explained that the purpose of the sub-committee is to review the proposed projects and develop a draft list for the LEC to consider. LCOG could use such a list to respond to future requests from state and federal agencies about potential places to invest economic stimulus funds or to actively encourage such investments. Ellen Teninty noted that the LEC has already adopted criteria for evaluating such projects and noted that the sub-committee needs to follow those criteria, rather than develop new ones.

5. (continued) MINUTES OF 1/12/09 MEETING

Since a quorum is now present, Chairperson Scoggin revisited the matter of the minutes from the January 12, 2009 LEC meeting. Mr. McKenzie-Bahr asked that the minutes be corrected on Page 3 at the end of the fourth paragraph. The last phrase should read: "... , which might be *an additional* source of funding for LCC to pursue."

Jay Bozievich moved, seconded by Lou Christian, to accept the minutes of the January 12, 2009 meeting as amended. The motion was adopted unanimously, 13:0.

7. LOCAL GOVERNMENT, SMALL BUSINESS, AND THE CURRENT RECESSION

Mr. Tamulonis began the discussion about potential strategic action steps local governments could take to help small businesses survive the current downturn by noting one small step the Springfield City Council had recently taken. They voted to allow builders to delay payment of permit fees until the projects they are building are ready for occupancy, instead of prior to construction. The hope is that this will encourage more construction by reducing some of the up-front costs. The permit fees would only be delayed, not forgiven. This policy will be in effect until October 2009 and will be re-evaluated then. So far, Mr. Tamulonis said, the response has been positive. He said the city tried a similar approach during the recession in the 1980's by offering free permits for a year, but this didn't generate any construction activity. During this period, the City of Springfield laid off 25% of its employees and overall unemployment in Springfield reached 16-18%.

Mr. Tamulonis said he also worked with a non-profit organization during the 1980's to try to stimulate the local economy by running a "Buy Local" campaign. The approach they took, however, was to emphasize that local businesses could often provide a better quality product or service, could tailor it to the customer's needs, could provide it more cheaply, or could deliver it faster, so that buying local became a rational business decision. The program served as a matchmaker linking local customers with needs to local providers. For example, Chef Francisco, a producer of airline food with a plant in Eugene was connected to local farmers who were able to provide fresher food within their budget. They were also able to connect local printers up with Oregon banks to produce many of their standard forms. Locally, this created 250-350 jobs. Eventually, the State of Oregon funded about 10 of these Buy Local projects around the state.

Mr. Tamulonis emphasized the need to target such assistance programs. In the 1980's, this was much easier, since it was the wood products industry's problems that were most pronounced. Programs could be designed to assist unemployed workers in that industry. Now, unfortunately, the economic problems are much more widespread and program design is more problematic.

Mr. McKenzie-Bahr spoke about a grant fund the county runs for small businesses, which is funded by about \$700,000 each year in state video lottery money. Lane County businesses use these funds to purchase equipment. They then go out and hire more employees to operate the equipment. In recent years, these funds have created 100-150 local jobs each year. However, the state is proposing to take these funds away from all counties for the remainder of the current biennium, in an effort to deal with its own budget shortfall. The Association of Oregon Counties (AOC) is trying to prevent this. Mr. McKenzie-Bahr's bigger worry, though, is that the state will decide not to distribute these video lottery funds to counties during the coming 2009-2011 biennium. If that occurs, counties will lose a very effective tool for economic development and will not have match funds needed for federal grants.

Mr. McKenzie-Bahr also mentioned that the county had considered waiving construction permit fees, but decided against it. The Land Management Division is fee-driven and has already laid off 25% of its staff, because its revenue is 50% below budget projections for the year. A majority of the commissioners feel a fee waiver would be a subsidy to business and are opposed to taking that approach.

Mr. Bozievich described his recent experience securing a permit for an in-home business from the county and said it was a considerable hurdle. The permit was also costly – about \$2,610 to apply and then a \$300+ annual fee. He said he had followed all the rules, because he was committed to running his business legally, but he suggested others might not choose to do so once they learn what is involved or else they might decide not to operate an in-home business at all. Mr. Bozievich urged the county to make this process easier and cheaper, because he feels in-home businesses might be good options for those who have been laid off or had their hours reduced.

Jacque Morgan described several steps the City of Florence is taking to assist the local economy. These include possibly allowing the library to take 10 years to pay off the system development charges for its expansion project at no interest; trying to revive the Windham timeshare project by offering the company \$250,000 in urban renewal money for street improvements and possible inclusion in the enterprise zone, which would let the company defer its property taxes for three years; and encouraging the contractors who will be working on two major bridge projects over the next two years to have their employees stay in Florence and spend money locally.

Warren Weathers said the City of Lowell has cut way back on its system development charges to try to encourage construction. They are also considering forming an urban renewal district, but there is opposition from the fire district, because of the impact such a district could have on their revenues. Mr. Tamulonis noted that the Goshen Fire District board supported the Glenwood urban renewal district, because they concluded such a district would have a very minimal impact on them. He also mentioned that legislation being considered in the State Legislature would allow fire and school districts to opt out of urban renewal districts.

Greg Rikhoff said construction on the University of Oregon's new basketball arena is underway. Contracts for \$55 million have already been awarded with 73% of them going to Oregon businesses. He said the school intends to hold an information session soon for local businesses on how to do business with the University of Oregon, in hopes of putting more money into the local economy. Mr. Rikhoff noted there are over 100 people on campus who have procurement authority up to \$25,000. While there is value to the university in this decentralization, he acknowledged this arrangement can make it difficult for local businesses to secure the proper connections.

Mr. Dignam noted that the loss of video lottery funds would also impact LCOG's loan funds for small businesses and make it more difficult to provide match funds for access to federal programs. He also pointed out that while many local government entities in Lane County are developing strategic economic plans, they tend to focus primarily on government and social goals and don't put enough concentrated emphasis on small businesses. The Eugene Area Chamber of Commerce, however, is currently promoting development of an economic plan that will focus on helping small businesses.

Mr. Tamulonis mentioned that the Springfield Chamber of Commerce recently held an information fair, which attracted 130 businesses to market themselves. He suggested that the City of Eugene, City of Springfield, Lane County, the University of Oregon, Peace Health, and others could hold a similar information fair about how companies can do business with their organizations. Mr. Dignam offered to follow up on this concept with Mr. Rikhoff.

8. FEDERAL ECONOMIC STIMULUS PLAN AND LANE COUNTY

Chairperson Scoggin introduced Karmen Fore, the chief aide for Congressman DeFazio, to provide an update on the federal economic stimulus program. Ms. Fore confirmed that the stimulus money

will be distributed through existing state and federal agencies. She provided a link to Congresswoman Betty Sutton of Ohio's website where there is an agency by agency breakdown of how all the stimulus funds will be distributed. She noted there will be a period of rulemaking before money is released. She also referred LEC members to an article in yesterday's "The Oregonian" that describes how federal stimulus money will impact the state budget.

Ms. Fore confirmed that a good deal of the stimulus money is dedicated to transportation. She noted that, in addition, the Surface Transportation Act is up for reauthorization this year, so there will be a separate appropriation of transportation money coming into Oregon and Lane County. She said Congressman DeFazio is working with the Oregon Transportation Commission to encourage a fair distribution of funds between urban and non-urban transportation projects.

Deb Schmidt said the federal stimulus money for her agency, the US Forest Service, will be spent primarily on the four economically hardest hit states, which includes Oregon. Mr. Sullivan asked that Congressman DeFazio find some way to ensure that rural states like Oregon get a larger share of the federal stimulus funds. Ms. Fore indicated that Congressman DeFazio is supportive of the needs of rural areas. She said Congressman DeFazio pushed the US Forest Service to dedicate funds for forest thinning, because it would mean more money for Oregon and rural communities.

Mr. Sullivan noted that transportation money is the least useful kind of funding for smaller communities, because they have to invest in their schools, hospitals, and businesses before their roads.

Mr. Tamulonis underscored the need for local governments to be prepared to begin their projects once the stimulus money begins to flow. He encouraged members to get their engineering work done early. Being prepared, he said, is one way to compete with the more urban states.

Ms. Fore reminded everyone there will be a normal appropriations cycle for the next fiscal year's budget following the current stimulus spending, so local governments will have another opportunity to secure funding for projects. She encouraged LEC members to focus their efforts on President Obama's stated priorities – health care, energy, and education.

The next LEC meeting will be April 20, 2009.

The meeting adjourned at 12:55 p.m.

(Recorded by Kurt Willcox)