

MINUTES

Lane Economic Committee

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

July 20, 2009 – 11:30 A.M.

- PRESENT:** Rob Scoggin, Chair; John Sullivan, Vice Chair; Pat Albright, Mike Blommé, Chuck Forster, Phillip Hudspeth, John Tamulonis, Lynette Wikstrom, *members*; Jay Bozievich, Deb Schmidt, *ex officio members*; Lawrence Brice, Mike McKenzie-Bahr, Jack Roberts, Howard Schesser, Robin Scott, *alternate members*.
- ABSENT:** Tim Black, Denny Braud, DeAnn Cherbas, Bill Fleenor, Mike Galvin, Jacque Morgan, Greg Rikhoff, Ellen Teninty, Warren Weathers, *members*; Kari Westlund, *ex officio member*; Betsy Boyd, Lou Christian, Scott English, Ric Ingham, Don Lindsey, Hal Reed, Mike Sullivan, Brett Yancey, *alternate members*.
- STAFF:** Steve Dignam (LCOG), Milo Meacham (LCOG), Andrea Riner (LCOG).
- GUESTS:** None.

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 11:35 a.m. He noted that a quorum was present at that time. Mr. Scoggin invited those present to introduce themselves.

2. PUBLIC COMMENT

Mike McKenzie-Bahr announced that Lane County and the City of Eugene were told recently that they will be receiving authority to issue recovery bonds as part of the federal economic stimulus program. Lane County will receive about \$22 million in recovery bonds of which about \$9 million will be available for businesses and about \$13 million for public or public/private use. The City of Eugene will be receiving an additional \$18 million in recovery bonds of which about \$7 million will be available to businesses. Mr. McKenzie-Bahr has already spoken to Steve Dignam from LCOG and others who operate business loan programs about ways to distribute these low-interest bonds. He expects it will take 3-4 months for the county to set up the recovery bond program and he is hoping there will be a market for the bonds when the program is in place. Funds from the bonds must be spent by January 1, 2011. There is an expectation that the bonds will be repaid in 20 years, but the federal program has a large default rate built in.

Steve Dignam noted that this program could be a great source of “gap financing” for small businesses. He said LCOG’s small business loan program, LCC’s micro loan program, and the Lane Metro Partnership could be very helpful in getting the recovery bonds into circulation. This is a sizeable pool of money at an attractive interest rate.

3. COMMENTS FROM THE CHAIR

None.

4. STAFF COMMENTS

Steve Dignam mentioned that the Eugene Symphony Orchestra (ESO) and its new conductor put on a wonderful free concert at the remodeled Cuthbert Amphitheater on Saturday night.

5. MINUTES OF 5/18/09 MEETING

Mr. Scoggin referred members to the minutes of the May 18, 2009 LEC meeting.

John Sullivan moved, seconded by Pat Albright, to accept the minutes of the May 18, 2009 LEC meeting as written. The motion was adopted unanimously, 13:0.

6. DEBRIEF OF SENIOR EXECUTIVE BANK PANEL FROM MAY 18 MEETING

Mr. Dignam asked for feedback from LEC members on the senior executive banker panel discussion from the committee's May 18 meeting.

John Sullivan said he thought Mr. Dignam summarized the discussion well in a follow-up email. Mr. Dignam's main points were: a) Public officials need to be more aware of the impact their comments can have on local economic activity; b) Banks are looking for access to federal loan programs, like those operated by the Small Business Administration, in order to mitigate their risk, as they operate under more restrictive FDIC rules; and c) Private lenders should be more actively involved in public affairs and in communicating with elected officials. Mr. Sullivan was concerned that most of the panel members did not see a wider role for themselves or their institutions in public affairs.

Mr. McKenzie-Bahr said that the bankers are clearly less interested in risk right now, despite the community's poor economy and need for investment. He noted that it was banks' "untraditional" lending practices that led to serious default problems, but now many banks are responding by tightening up on their "traditional" lending practices and making it difficult for people and businesses with good credit histories to get loans. Lawrence Brice said he was disappointed, too, in many banks' seeming willingness to accept only "gold-plated" loan applications.

Jack Roberts suggested that the comments of those on last month's banker panel are probably representative of their industry. The banking industry got too far afield, he said, and now, when we need their assistance, they are very concerned about how they appear to their regulators. They are not likely in the short term to take much risk in their lending practices. Mr. Roberts said business investors are feeling this same aversion to risk and that it will affect marketing of the federal recovery bonds.

Chairperson Scoggin asked if LEC members want to invite additional bankers to the next meeting to discuss the recovery bonds and ways to improve the local economy. After some discussion, it was agreed to do so.

8. LANE METRO PARTNERSHIP'S ROLE IN ECONOMIC DEVELOPMENT

Mr. Roberts thanked LEC members for advocating on behalf of the Lane Metro Partnership (LMP) with the Board of Commissioners (BOC). Instead of pulling funding entirely, the BOC agreed to a short-term contract with LMP at half the previous funding level. When this is combined with the usual funding levels from Eugene and Springfield and other contributors, LMP will continue to operate for at least the next budget year. This will allow the involved parties to have a more deliberate discussion of LMP's future.

There are other changes taking place in the ways local governments approach economic development. Lane County has re-constituted its Economic Development Standing Committee (EDSC), which used to have two county commissioners as members. In the future, there will be no commissioners on the EDSC, which means LMP will now have to connect directly with each commissioner to explain its activities. In addition, Lane County, Eugene, and Springfield have established a group that will explore ways for local jurisdictions to coordinate economic development activities more effectively.

Mr. Roberts agreed that we don't have a clear economic development strategy any more. Twenty years ago, we decided to pursue a "high tech" strategy – locally and on the state level - and we were quite successful with it. Here we attracted Sony, Hynix, HMT, and others and they provided good jobs for quite awhile. What we didn't foresee, he said, was the volatility of the "high tech" businesses. Thus, as CD's became obsolete and the memory chip manufacturing cycle changed, we have lost jobs in these industries.

Mr. Roberts acknowledged that we need to develop a new regional economic development strategy. This time, he says, we can't wait to come up with one major focus; we will likely need to go in several directions in the short-term and see if a major direction emerges. One possible immediate strategy, he said, would be to encourage the creation and development of businesses in the solar power industry. Whatever strategy we choose, Mr. Roberts said, local elected officials will need to be actively involved in developing and coordinating it.

Mr. Roberts is "very bullish" on our community and believes it has much to offer businesses – an excellent K-12 and higher education system, affordable energy, natural beauty, etc. We have the ability to build on these things, he said, and reinvigorate our economy. Mr. Roberts said the LMP is not going away, that it can adapt and change and will work with others to prepare for the coming economic turnaround.

Mr. Dignam said the community needs a strong LMP and is pleased they will continue to operate. John Tamulonis said this area has accomplished big things in the past 25 years by moving from a century-old timber-based economy to one focused on "high tech" businesses. He is confident we can accomplish a similar transition now. Mr. Sullivan said he too believes the local economy will recover, but he is concerned that unemployment will remain high for quite some time. He is particularly concerned that the public and private sectors find ways to talk with each other, in order to hasten the recovery and build a solid future.

Mr. Brice asked if the federal recovery bonds could be used to help develop "green" jobs locally. Mr. Roberts said that is certainly possible, but he suggested that is not the only direction to head. He believes there may still be a future for computer chips and the recreational vehicle industries.

Mr. McKenzie-Bahr, Mr. Sullivan, Mr. Scoggin, and Mr. Tamulonis raised concerns about how actively engaged local elected officials are in the economic development process and discussed strategies for reaching out and getting them constructively involved.

Mr. Albright expressed concern that too much emphasis is being put on the need to create "jobs" without specifying what kinds of jobs we need to create. Lane Community College would like to train people for the jobs of the future, but they need a better sense of what those will be. Robin Scott said the Lane Workforce Partnership has produced research on precisely that subject and would provide it to Mr. Albright. Mr. McKenzie-Bahr suggested this be a topic of discussion at the September LEC meeting, as well.

Mr. Dignam summarized the discussion by saying that LEC members are looking to become more engaged in the local economic development process. He said he would personally invite Commissioner Fleenor, Lane County's representative, to attend LEC meetings. He said he would also invite Eugene City Manager Jon Ruiz to discuss the upcoming economic "summit". Mr. Dignam said he would attempt to make connections with the county's new EDSC and that he would bring suggestions for further engagement to September's LEC meeting. Mr. Tamulonis added that he would arrange to have LEC representatives formally invited to participate in the economic "summit".

9. LCOG'S ROLE IN TRANSPORTATION PLANNING AND ITS RELATIONSHIP TO ECONOMIC DEVELOPMENT

Mr. Dignam noted that LCOG Executive Director George Kloeppe had asked him and Transportation Program Manager Andrea Riner to find ways to connect transportation and economic development within LCOG. They have begun doing this and Ms. Riner is here to meet LEC members and explain LCOG's activities in the area of transportation.

Ms. Riner explained that one of her section's key activities is staffing the federally-mandated Metropolitan Planning Organization (MPO), which coordinates transportation planning among several local jurisdictions. Transportation activities, she said, bring a great deal of money into the local economy, such as the recent influx of federal stimulus money. Ms. Riner sees a clear connection between transportation and economic development and wants to work with LEC members to increase coordination among those working in each area. One immediate opportunity is the Citizens Advisory Committee for the MPO. They are looking to add a business representative and would appreciate any help LEC members can provide in recruiting applicants.

Milo Meacham suggested another connection between LCOG's transportation section and economic development. The transportation section does a lot of modeling about the impacts of growth on vehicle movement and traffic patterns and uses the results to plan for the development of roads and other forms of transit. Mr. Meacham suggested these modeling tools could also be used to plan how and where economic development will occur.

7. DEBRIEF OF JUNE 5 REGIONAL INVESTMENT BOARD / CASCADES WEST ECONOMIC DEVELOPMENT DISTRICT MEETING

Those who attended this meeting offered very brief impressions of the event. Each of them expressed concern about the direction and effectiveness of this organization. Mr. Sullivan believes the RIB is off track, moving sideways, and not producing much that is useful for economic development. Mr. Scoggin sees no movement at all from the RIB and feels they need to be pushed by con-

stituent organizations. Mr. Tamulonis agreed that we should expect no economic development help from this group. Mr. Meacham mentioned that CWEDD wants to hold meetings several times a year, rather than annually, in order to determine how best to move forward economically as a region.

Mr. Dignam said he and Mr. Meacham would present some ideas at September's LEC meeting on how this group can move forward over the next year.

The next LEC meeting will be September 21, 2009.

The meeting adjourned at 1:00 p.m.

(Recorded by Kurt Willcox)