

W. 7.b

AGENDA COVER MEMORANDUM

AGENDA DATE: May 12, 2004

TO: LANE COUNTY BOARD OF COMMISSIONERS

FROM: Economic Development Standing Committee, Don Hampton, Chair

PRESENTED BY: Peter Thurston, Community and Economic Development Coordinator

AGENDA ITEM: ORDER/IN THE MATTER OF AWARDING CONTRACTS FOR STRATEGIC INVESTMENT PROJECTS SELECTED THROUGH THE 2003 ECONOMIC DEVELOPMENT RFP OPEN PROPOSAL CYCLE

I. MOTION

IT IS MOVED THAT THE ORDER BE ADOPTED IN THE MATTER OF AWARDING CONTRACTS FOR STRATEGIC INVESTMENT PROJECTS SELECTED THROUGH THE 2003 ECONOMIC DEVELOPMENT RFP OPEN PROPOSAL CYCLE

II. ISSUE OR PROBLEM

Shall Lane County contract for economic development services that were rated, ranked, and recommended by the Economic Development Standing Committee (EDSC)? Shall \$190,000 be committed from FY03-04 economic development strategic investment funds to: Western Shelter Systems (\$90,000) and the Lane County Business Development Loan Fund, managed by Lane Council of Governments (\$100,000), subject to certain conditions?

III. DISCUSSION

A. Background.

Based on Order 03-5-14-2, the Economic Development Standing Committee to the Board of Commissioners released a request for proposals (RFP) on June 2, 2003 to implement the Economic Development Strategic Investment Program, described in Lane Manual Chapter 4.110(2). Attachment A includes the specific selection criteria, process and RFP/Open Proposal Cycle schedule. Attachments B and C are applications for the projects recommended by the Economic Development Standing Committee for award: Western Shelter Systems, and Business Development Loan Fund, respectively. The full RFP, LOI

Publication, and all applications received in the Open Proposal Cycle are available from the Board Secretary.

The Request for Proposal (RFP) provides for an Open Proposal Cycle that allowed applications to be received after the Initial Proposal Cycle – until the closing date of December 31, 2003. Four proposals were received in the Open Proposal Cycle and the subsequent LOI publication period, including: 1) Oregon Crafted marketing program, 2) Junior Olympics Workforce Development Project, 3) Lane Workforce Partnership – Jobs Now-Western Shelter Systems proposal, and 4) the Business Development Revolving Loan Fund proposal from Lane Council of Governments. The proposals from Oregon Crafted and Junior Olympics were reviewed by the EDSC and determined not to be eligible for funding because they did not reach threshold requirements.

The Open Proposal Cycle process described in the RFP (please see attachment A) calls for a Letter of Interest (LOI) to be published before a project is recommended for funding. Based on review of the Western Shelter Systems proposal in February 2004, the EDSC found that the Western Shelter Systems proposal was eligible for funding, and a request for letters of interest was published on March 18, 2004, with the due date of April 1, 2004. One response was received, from Lane Council of Governments for the business development revolving loan fund. The EDSC reviewed, rated and ranked these two eligible projects on April 22, 2004, and recommends they be funded, with specific conditions, described below.

B. Analysis

The EDSC followed a deliberate process rating and ranking proposals against the criteria described in the request for proposals (RFP), in accordance with the Open Proposal Cycle and Letter of Interest processes. The point scores arrived at by averaging project raters' scores is: 110 points for Western Shelter Systems proposal and 102 points for the Business development Revolving Loan Fund proposal. The threshold described in the RFP Open Proposal Cycle for recommending projects is 102 points. The EDSC took the following steps to rate and rank each project: 1) committee members and an appointee by the County Administrator rated the proposals using the point structure described in Part 12 of the RFP. The total points available are 120, and the number of points in each category are shown in Attachment A. The points were added and averaged, based on the number of committee members that rated each project.

Funding of two projects is recommended by the EDSC, with the following conditions: 1) the Western Shelter Systems grant will be executed only after the Forest Service contract described in their proposal is awarded and signed, 2) the EDSC will review quarterly the status of the Western Shelter Systems award and may recommend withdrawal of the grant if the contract award by the Forest Service is not made expeditiously, 3) the grant funds from Lane County are committed initially for loans to businesses, 4) for the business

development loan program annual reports on job creation will be required in the contract, and 5) Both grants should recognize contributions by "Lane County government" in the promotional materials and public information of the contractors. Chuck Forster removed himself from the scoring and voting on the Western Shelter Systems proposal due to a conflict of interest. The management/administrative level evaluation of the project proposals was completed by Peter Thurston, Community and Economic Development Coordinator. A minor difference in the scoring process description in the RFP (Attachment A) is that the new citizen member of the EDSC, Janice Mackey, participated in the scoring process. This is viewed as beneficial in providing a more diversified scoring process.

The Lane Economic Committee (LEC) is identified in the Lane Manual provisions as a review committee for projects that are recommended for award. The LEC has reviewed and recommends the business development revolving loan fund project. The LEC is scheduled to review the Western Shelter Systems proposal on May 17. The Order is written to require LEC recommendation of the project as a condition of executing the grant contract.

The current fiscal year budget for the video lottery reserve is \$143,643. In addition to this is \$111,844 unanticipated video lottery revenue received in this fiscal year, after the budget was prepared. Lane Manual directs that all unspent and uncommitted revenues be placed in the strategic investment reserve. If the Board of County Commissioners approves both of these awards the FY 03-04 Strategic investment reserve will still hold a reserve of \$65,487. This is 12-percent of the strategic investment project commitments (\$545,153) in the budget, and is consistent with maintaining a 10-percent prudent person reserve. The proposed FY 04-05 video lottery budget for strategic investment projects and reserve funds will be reduced by \$190,000 to a total of \$434,914 available for strategic investment economic development projects, or to be retained as reserve.

The Open Proposal Cycle has provided opportunities for projects to be considered over most of the fiscal year, instead of being restricted to a single deadline. The process has been open and responsive to business needs and timing of certain contract and grant requirements.

C. Alternatives/Options

The Board may:

- 1) Approve ORDER awarding grants for the Western Shelter Systems and Business Development Loan Revolving Fund , or
- 2) Determine to award only one grant, or
- 3) Decide not to award strategic economic development funds at this time. Economic development project funds not awarded at this time are retained in the

economic development strategic opportunity reserve for future award by the Board of Commissioners.

D. Recommendations

The EDSC recommends Number 1, to award both grants.

E. Timing. Contracts will be processed as soon as conditions of each grant are met.

IV. IMPLEMENTATION/FOLLOW-UP.

Upon approval of the Board, and compliance with the condition of award, contracts will be prepared and processed in substantial conformance with the proposals submitted and after County Counsel review.

ATTACHMENTS

ORDER

A – Request for Proposals process and schedule description

B – Project application – Jobs Now – Western Shelter Systems

C – Project Application – Lane Business Development Loan Fund

Note: The board secretary has copies of all proposals, as submitted, and the RFP/LOI documents.

\\BCC AGENDA MEMO-ORDER 2003-04 OPEN CYCLE AWARDS.doc

IN THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

ORDER NO.) IN THE MATTER OF AWARDING CONTRACTS FOR
) STRATEGIC INVESTMENT PROJECTS SELECTED
) THROUGH THE 2003 ECONOMIC DEVELOPMENT
) RFP OPEN PROPOSAL CYCLE

WHEREAS, by Order 02-1-2-1, 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, Order 03-5-14-2 authorized release of a request for proposals (RFP) for the Economic Development Strategic Investment Program, and

WHEREAS, the Economic Development Standing Committee has completed rating and ranking proposals received in the Open Proposal Cycle described in the RFP, and

WHEREAS, sufficient funds are available in the FY 03-04 Strategic Investment Reserve, and

WHEREAS, the Lane County Board of Commissioners has reviewed the ranked list of projects and determined that it is in the public interest to fund the recommended projects, NOW, THEREFORE,, IT IS HEREBY ORDERED that the following Lane County Strategic Investment Projects are awarded in the amounts indicated, and subject to the listed conditions of award:

- a) Western Shelter Systems, \$90,000, subject to: 1) the Western Shelter Systems grant will be executed only after the Forest Service contract described in their proposal is awarded and signed, 2) the contractor shall recognize contributions by "Lane County government" in promotional materials and public information that relate to this project , and 3) the contract will be executed after a favorable recommendation by the Lane Economic Committee, and
- b) Lane Business Development Loan Fund, managed by Lane Council of Governments, \$100 ,000, subject to: 1) the grant budget, contributing to the business loan program, commits all grant funds initially for loans to businesses, 2) the contractor shall make annual reports on business loan fund job creation for a period of three years, and 3) the contractor shall recognize contributions by "Lane County government" in promotional materials and public information that relate to this project .

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

Signed this 12 day of May, 2004.

Bobby Green Sr., Chair
LANE COUNTY BOARD OF COMMISSIONERS

APPROVED AS TO FORM
Date 5/3/04 Lane
County
Jessie Smith
OFFICE OF LEGAL COUNSEL

RFP Open Proposal Cycle/LOI Descriptions and Schedule

Proposal evaluation and award process

Initial Proposal Cycle. Each proposal will be reviewed by the Economic Development Standing Committee to the Board of County Commissioners, plus a County Administrator designee at management/administration level. Proposals will be preliminarily scored based on the criteria detailed in Parts 11 and 12. Proposals will be initially rated and ranked against other proposals submitted in the same category. Individual committee members' scores will be totaled and then averaged for each rating criterion. Proposals receiving at least seventy (70) percent of the total points available (70% = 84 points) will be considered for final rating and ranking by the committee. A seventy-percent (70) or higher score does not assure a project will be recommended or funded. Rating and ranking of proposals will be completed by the Economic Development Standing Committee, comprised of: Commissioner Bill Dwyer, Commissioner Tom Lininger (or County Commissioner assigned to replace him), County Assessor, Jim Gangle, and Chuck Forster, Lane Workforce Partnership Executive Director, and a County Administrator designee at management/administration level. The initial proposal cycle under this RFP is complete when the selection committee sends notice of recommended award(s) to all applicants who submitted a proposals by the initial proposal cycle deadline.

Open Proposal Cycle. Rating and ranking of Open Proposal Cycle projects may begin when the Initial Proposal Cycle is complete, as shown in Part 9. After the Initial Proposal Cycle is complete, the EDSC may reconsider, clarify, request and collect additional information about projects, negotiate with applicants and re-rate and re-rank proposals under the more stringent Open Proposal Cycle requirements of 85-percent (or more) score. Eight-five (85) percent equals 102 points. Upon receipt of a proposal, it will be rated and ranked using the selection criteria and Open Proposal Cycle evaluation process described in the RFP. Upon receipt of a proposal, Lane County may then place an ad in a newspaper of general circulation soliciting letters of interest for any other projects. Letters of interest (LOI) will be received from potential applicants for a period of two weeks from the publication of the notice. If a LOI is received in the designated period, all interested parties 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. The same process as in the initial proposal cycle for rating, ranking and recommending awards will be followed for the open proposal cycle. If funds remain available for strategic opportunity reserve at the end of the Open Proposal Cycle (shown in Part 9), then an advertisement in the form shown in Attachment H will be published providing notice that the Open Proposal Cycle deadline will be extended to June 1, 2004, following the same LOI process described above.

In order to complete the final ranking in the initial proposal and open proposal cycles, the committee may call applicants for interviews to clarify the written proposals, seek additional written information or ask follow up questions. Information derived from this additional inquiry will be used in the final rating and ranking of proposals. The committee will use its

good faith judgment and discretion based on the criteria described in this RFP. The Board of County Commissioners will then receive recommendations from the Economic Development Standing Committee, in accordance with the schedule in Part 9, above. The committee will specify an allocation for each project that is recommended for award. Applicants may not receive all funds requested. EDSC may choose not to recommend any awards in the Initial Proposal Cycle process.

All awards will be made to those proposals that best meet the requirements set forth in this RFP and that are in the best interest of Lane County. Lane County reserves the right to waive minor irregularities and may reject any proposal not in compliance with all prescribed public bidding procedures and requirements, and may reject for good cause any or all proposals upon a finding that it is in the public interest to do so. Lane County also reserves the right to negotiate the scope of work based on any additional clarification or follow up responses and on the proposed budget as it is affected by negotiating the scope of work. If a proposal is submitted for professional services, the contract form (Attachment E) may be modified to appropriately reflect the applicant's labor standards requirements.

Evaluation criteria

- 1) Opportunities for future development (15 points) – Evaluates the degree to which the results of the program will promote future development of industrial, commercial, and residential facilities, expands global economic opportunities, produces local products, increases the tax base and reduces future responsibilities of government.
- 2) Leverage of other funds (15 points) – Measures the commitment of other agencies and organizations to work toward the project goals by the degree to which they are willing to commit funds and other resources to the project.
- 3) Readiness to proceed (25 points) – Will the project begin immediately upon funding award.
- 4) Partnerships (10 points) – Evaluates how many public or private sector organizations are working in partnership to develop new and innovative ways of accomplishing economic development goals, and the relevance of the proposal to a strategic plan or regional economic development goal to create or retain jobs.
- 5) Increases work readiness (15 points) – Measures the degree to which the capacities of workers will be enhanced and improved to work in the changing economy.
- 6) Addresses Lane County Strategic Plan economic development goals and Oregon economy benchmark(s) (20 points) – Measures the degree to which the project will improve Lane County's net job growth, per capita income, wages, and employment factors.
- 7) Budget presentation (10 points) – The budget, and budget narrative, thoroughly discuss the project costs and the budget is reasonable and consistent with the proposal as a whole.
- 8) Audit and accounting adequacy (10 points) – Measures the extent to which the applicant accounts for project funds separately from other programs, minimizes overhead costs, and provides a clear method of reporting project expenses and related results.

Economic Development Letter of Interest Publication (March 18, 2004)

Lane County will receive letters of interest (LOI) until April 1, 2004 at 5 p.m. for projects that address economic development objectives described in the 2003-04 Economic Development Request for Proposals (RFP), including: (1) Business Development. Programs that encourage business growth and investment such as business attraction, retention and expansion, tourism, and start-up and emerging businesses. (2) Workforce Development. Partnerships between business, education and government that build the skills of the local workforce. LOI procedures are described in Lane Manual Chapter 21.108, available on Lane County's Web site at:

http://www.lanecounty.org/LaneManual%5Cdocuments%5CManualChapterx21sept29_03.pdf

The Open Proposal Cycle described in this RFP states that when a project is determined to meet the 85-percent points threshold requirement, an advertisement will be published soliciting letters of interest for any other projects. Letters of interest (LOI) will be received 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 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. A proposal for \$90,000 has been recommended for funding of specific job training activities for Western Shelter Systems, through Lane Workforce Partnership, with support from seven other partner organizations.

A complete RFP, including rating and ranking criteria, is available by contacting Peter Thurston at (541) 682-4062. LOI must be sent by the above deadline to: Lane County Administration Department, 125 E. 8th Avenue, Eugene, Oregon, Attention: Peter Thurston, Community and Economic Development Coordinator. LOI received after the above stated deadline will not be accepted. To qualify for funding under this RFP, applicant must be licensed to perform the work proposed in the applicant's proposal and must be an equal opportunity employer. ###

2003 RFP Schedule

Issue Request for Proposals	6/02/03
Initial Proposal Cycle Pre-Proposal Conference, 1:30 p.m.	6/12/03
Initial Proposal Cycle Deadline, 2 p.m.	6/23/03
Initial Proposal Cycle rating, ranking and recommendations notice sent to all applicants – End of Initial Proposal Cycle	6/26/03
Letter of Interest (LOI) requested, as needed	6/26-12/31
Announce Contractor Awards from Initial Proposal Cycle	7/30/03
Negotiate and Finalize Contracts	8/31/03
Open Proposal Deadline	12/31/03



Attachment B

LANE WORKFORCE PARTNERSHIP
300 Country Club Road • Suite 120 • Eugene, OR 97401

January 13, 2004

Peter Thurston
Community and Economic Development Coordinator
Lane County Administration Department
125 East 8th Avenue
Eugene, OR 97401

Dear Peter:

In regards to the proposal submitted on December 31, 2003, it is necessary to amend the proposal and eliminate the portion requested for ece (excellent customer service). This company has had a change in their business plan and requested that they be removed from consideration for funding.

In relation to the proposal, the following changes will occur:

Proposal Cover Page-

- Grant amount requested is \$99,000 and the match is \$320,976
- Lane Community College, BL3 and ece will not be partners in this proposal and will not need signatures

Project Summary

- Total number of new workers created through this training is 60
- Please ignore item #2 describing ece

Project Narrative

- Please ignore the section describing ece under 1. Project Focus and Scope
- Specific outcomes now include 60 new jobs created and 60 workers receiving training assistance resulting in employment with benefits.

Project Goals, measures and Outcomes

- Goal of 160 workers is changed to 60 workers
- Please ignore aspects relating to ece

Selection and Involvement of Partners

- Delete the following partners: Lane Community College, BL3 and ece.

New Opportunities, Capacity and Readiness

- Please ignore topics relating to ece

Budget and Budget Narrative

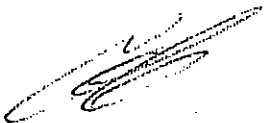
- Please ignore budget figures relating to ece

Project Performance Measures and Targets

- Outputs remain the same with the number of new employees/ jobs changed from 160 to 60.
- Benchmarks remain the same
- Project targets change the number of jobs from 160 to 60 and the partnerships change deleting Lane Community College, BL3 and ece

If you have any questions, please do not hesitate to telephone our contact Darrell Hames at (541) 682-7224 or e-mail Darrell.hames@co.lane.or.us.

Sincerely,



Chuck Forster
Executive Director

Lane County Economic Development Project

Section 1

Proposal Cover Page

Grant Amount Requested: \$ 134,200 Match Amount Proposed: \$ 468,610

Please select one: ☐ 2003 Initial Proposal Cycle (70% of points required to qualify for funding consideration); ☒ 2003/04 Open Proposal Cycle (85% of points required to qualify for funding consideration).

Project Focus (Required - select one category of economic development): ☐ Business development, ☒ Workforce development

PROJECT TITLE: Jobs Now Training Grant

Principal Project Organization: Lane Workforce Partnership

Address 300 Country Club Road, Suite 120
Eugene, OR 97401

Project Contact Person: Darrell Hames

Phone: (541) 682-3800 Fax: (541) 686-3570

E-mail: darrell.hames@co.lane.or.us

Person/Agency preparing fiscal reports Chuck Forster, Lane Workforce Partnership

Job Title: Executive Director

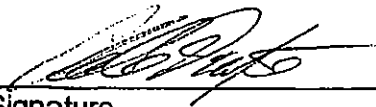
Address 300 Country Club Road., Suite 120
Eugene, OR 97401

Phone: (541) 682-3800 Fax: (541) 686-3570


E-mail: chuck.forster@co.lane.or.us

Our representative, Darrell Hames, attended the pre-proposal conference on behalf of this project. (name)

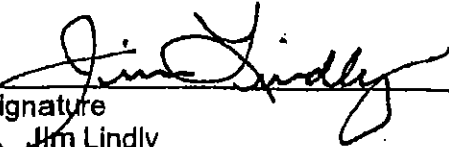
Signature of Applicant and each Partner included in Proposal (Copy and Use additional sheets as needed)


Signature
Chuck Forster, Executive Director
Typed name/Title

12/30/03
Date
Lane Workforce Partnership
Applicant Organization


Signature
Jack Roberts, Executive Director
Typed name/Title

12/30/03
Date
Lane Metro Partnership
Partner Organization

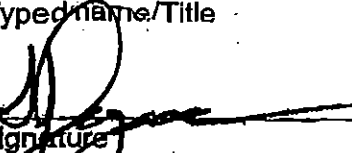

Signature
Jim Lindly
Typed name/Title

Dec. 30, 2003
Date
Lane Community College
Partner Organization

Signature to be obtained after the holidays

Signature
Drew Foster
Typed name/Title

Date
BL3
Partner Organization

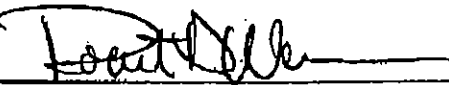

Signature
Steve Bigham
Typed name/Title

12/30/03
Date
Lane Council of Governments
Partner Organization


Signature to be obtained after the holidays

Signature
Stephanie Matthews
Typed name/Title

Date
Oregon Employment Department
Partner Organization


Signature
Bob Warren
Typed name/Title

12/30/03
Date
Oregon Economic & Community Development)
Partner Organization

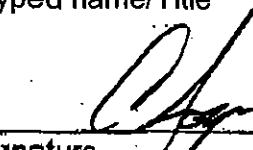

Signature
Paul Bennett
Typed name/Title

12.31.03
Date
Western Shelter Systems
Partner Organization

Signature to be obtained after the holidays

Signature
John Lively
Typed name/Title

Date
eace (Excellent Customer Experience)
Partner Organization


Signature
Casey Hogan, Senior Vice President
Typed name/Title

Date
Pacific Continental Bank)
Partner Organization

Project Summary

This project is a Workforce Development proposal. The proposal focuses on job creation through the development and training of 160 new workers in positions at two Lane County businesses: Western Shelter Systems and "ece" (excellent customer experience). This project will serve a total of 160 workers in Lane County and is a collaborative effort combining the resources of the Lane Workforce Partnership, Lane Metro Partnership, the regional economic investment board, (BL3), Lane Community College, the Oregon Employment Department, Lane Council of Governments, Oregon Economic and Community Development Department and the two companies (Western Shelter and ece). The program will be implemented immediately upon funding and will run for twelve (12) months. The projects will be self-sustaining beyond the life of the grant. The businesses are at a point where they can expand dramatically but the opportunity to expand is dependent on employees that can be hired and trained. Furthermore, the training will provide the skills required to be proficient at the jobs reducing turnover and increasing employee retention.

There are two companies involved in this training:

1) Western Shelter Systems constructs pants for wild land firefighters. Their commitment to the General Service Administration is for 8,000 pants per month for 24 months with three one-year options to follow. The company currently has 80 employees and will hire an additional 60 for a total of 140 permanent full time employees. The training component for this company is a highly skilled application that will involve one month of intensive training for the employees to become adequately proficient on the sewing machines. Production will be slowed during the training process, essentially equating to down time. This request is for minimal financial assistance to help offset the loss of production while the 60 employees are in training.

2) ece (excellent customer experience) is an in-bound telephone technical support facility servicing a variety of companies including Symantec and Disney games. The company wishes to establish customized training program at Lane Community College's Eugene Downtown Center to train 50 to 100 new hires. For its new services, ece's training programs will consist of 80 hours per employee. ece is in a position to ramp up its employee count at a rapid rate and anticipates adding 50 to 100 full time permanent jobs in the first two quarters of 2004, if it can get access to training facilities. The company is limited by space in their current location to accommodate an adequate internal training curriculum. Lane Community College will set up the computer lab with 25 workstations and be able to train and certify 25 employees at a time. When the training lab is established, ece will hire new employees and immediately send them for training. After the ece training is accomplished, the computer lab will remain as a vital workforce training center for other businesses for their job retention and creation needs.

Through this training the two companies will hire and train a total of 160 new employees that will be employed. This project will provide:

- Job Creation- 160 new employees will be hired and trained.
- Job Retention- Turnover will be reduced through skill training and confidence.
- Wage Progression: The positions pay market wages immediately and benefits are provided. As the employees gain experience and proficiency, they will have the opportunity for increased wages.

Project Narrative

1. Project Focus and Scope

The Workforce Development activities related to this project include the hiring and training of a 160 workers. Both of these training programs have been designed by the businesses.

Western Shelter Systems

Western Shelter Systems will hire and train 60 workers to sew firefighting pants for the US government. The addition of 60 new workers will bring the total number of permanent employees to 140. The company has a commitment to the General Products Acquisition Center to produce 8,000 pants per month for 24 months with three one-year options to follow. The company currently has 80 employees and will hire an additional 60 for a total of 140 permanent full time employees. In order for the company to create 60 new jobs in this endeavor they must acquire 60 industrial type sewing machines, which is expected to be provided through grant funding from the regional investment board (BL3). The funding for the hardware provided by BL3 will be combined with the funding from this Video Lottery Grant to assist with the training for these workers. The training component for this company is a highly skilled application that will take six months for the employees to reach the desired production level. Production will be slowed during the training process, essentially equating to down time.

There is a demand for workers with the skills necessary to produce the products for Western Shelter Systems. The workers will enter a training program, which has been designed and will be implemented by the business. The outcomes of training are easily measured to the level of proficiency in sewing and production of fire fighting products.

The Oregon Labor Market Information System (OLMIS) describes the outlook for employment in this occupation as "average and not expected to grow within the next decade". OLMIS further states that "there are limited opportunities in this occupation and growth in this job will mainly be replacement of current workers rather than growth in the occupation". Therefore, this opportunity at Western Shelter Systems is a unique opportunity to add workers in this occupation as the company experiences a growth mode. Workers who receive the training at Western Shelter Systems will have a competitive advantage in this labor market according to the OLMIS report.

With the increased staff, Western Shelter Systems will be able to produce the products required for the new contract with the US government. The business will be able to maintain these contracts as well as seek out additional contracts. This will result in increased opportunities for the incumbent workers, job retention and the ability to bring in new workers as contracts increase.

ece

ece will hire and train 100 new workers to work at their in-bound telephone technical support operation located in downtown Eugene. The addition of these positions will allow ece to not only service the existing contracts but to acquire additional contracts. The company is limited by space in their current location to accommodate an adequate internal training curriculum; therefore a state of the art computer lab with a customized training program will be developed at

Lane Community College's Eugene Downtown Center. The lab will be created to train 100 new workers. ece is located about three walking blocks from the LCC downtown center in a downtown revitalization area. ece is in a position to ramp up its employee count at a rapid rate and projects adding 100 full time permanent jobs in the first two quarters of 2004, if it can get access to training facilities. For its new services, ece's customer care and technical training programs will consist of 80 hours per employee. Upon receiving grant funding from BL3, the regional investment board, Lane Community College will set up the computer lab with 25 workstations and be able to train and certify 25 employees at a time. The funding from the regional investment board, BL3, will compliment the funding from the Video Lottery grant to establish the computer lab and provide the training. When the training lab is established, ece will hire new employees and immediately send them for training. After the ece training is accomplished, the computer lab will remain as a vital workforce training center for other businesses for their job retention and creation needs.

The 2002 Oregon Labor Market Information System (OLMIS) report notes that employment for Computer Support Personnel is estimated to be higher than average with an expedient growth over the next ten years and a higher than average total number of jobs available. As there is an incredible amount of job opportunities available, it is imperative that the incumbent and anticipated employees receive adequate training to be proficient in their jobs. This results in a reduction of frustration, burnout and turnover.

The wages for Computer Support Personnel as listed on the OLMIS web site range from \$11 to \$20 per hour. As employees develop the skills to be successful in this occupation, they will realize very decent wages with benefits.

Specific project outcomes include:

- 160 new jobs will be created.
- 160 workers will receive training assistance resulting in employment with benefits.

2) Project Goals, Measures and Outcomes

The nature of this project is job creation and retention through workforce development. The primary objective is to train 160 new workers. The project addresses the following goals:

- Job Creation: 160 workers will be immediately hired.
- Job Retention: As the skills are achieved the workers will realize increased job security and confidence to remain employed.
- Training Programs will be sustained after the life of the grant.

Goal	Performance Measure	Outcome	Methodology
160 employees hired.	New Employees (trainees) Hired	100% of participants who complete training will be employed.	1) Coordinator to track number of placements. 2) Coordinator to document wages. 3) Report quarterly.
160 employees trained	60 employees will begin training at Western Shelter Systems. 100 employees will start training at LCC computer lab.	Western Shelter Systems will have 60 trained sewing workers. ece will have 100 trained computer support personnel.	1) Coordinator to track number of advancements. 2) Coordinator to document wages. 3) Report quarterly.

Barriers to skill development include a lack of current workers with the required skills and experience to start work immediately. Both company's employees are required to participate in lengthy and detailed training programs in order to be proficient in their jobs.

If this project is not funded the companies will not be able to grow as quickly as desired.

3. Selection and Involvement of Partners

This project is result of the outreach to businesses in our community by several organizations in Lane County. These partners include:

- 1) **Lane Workforce Partnership:** (Regional Workforce Investment Board)
Lane Workforce Partnership will provide the coordination of resources and communications to ensure the success of the initiative. Lane Workforce Partnership will act as the fiscal agent for this initiative.
- 2) **Lane Metro Partnership.** (Regional Economic Development Agency)
Lane Metro Partnership will act as the administrator of this grant and has been instrumental in the outreach to the business partners. Furthermore, they have committed \$5,000 per company as matching funds for project management.
- 3) **Oregon Employment Department**
The Oregon Employment Department will participate through the Jobs Plus program to recruit workers for Western Shelter Systems.
- 4) **Lane Council of Governments**
Lane Council of Governments will provide consultation and financial packaging services and advice.
- 5) **BL3** (Regional Investment Board)
The Regional Investment Board (BL3) will commit \$160,000 to Western Shelter Systems for the purchase of 60 sewing machines and training for 60 employees at \$1,000 per employee. Additionally, a Regional Investment Board grant will purchase state of the art computer equipment for the computer lab at Lane Community College's downtown business development center.
- 6) **Lane Community College**
Utilizing the resources of Lane Community College's Business Development Center, a new computer lab will be created to train employees to work at ece. Lane Community College will work with ece to select program instructors. This training lab will service 100 new employees initially for ece. It will be maintained after the initial training for additional employees of ece as well as other companies.
- 7) **Pacific Continental Bank**
Pacific Continental Bank is Western Shelter Systems local banking institution and has agreed to extend this client's line of credit by \$1 million for working capital.
- 8) **Western Shelter Systems**
This company has committed to hiring and training 60 new employees to work in the production of firefighting apparel for a US government contract.
- 9) **ece**
Ece has committed to hiring and training 100 new employees to work at their inbound computer support center in downtown Eugene.

The partners have met in cooperative planning sessions to discuss the proposal, implementation of training and resources required. Partners have reviewed the responsibilities of their departments. The administrator will continue to coordinate the partner's efforts to maximize the efficiency of this proposal.

4. New Opportunities, Capacity and Readiness

- a) This proposal will result in an increase in employment for 160 workers.

The average wage for Sewing Machine Operators in Lane County, as reported through the Oregon Labor Market Information System (OLMIS), is \$9.24 per hour while the average wage for computer support personnel is \$15.44 per hour. The focus of this project is to create training curriculums for the new workers in these entry-level positions and to provide training pathways for these individuals.

Training Positions and Wages		Targeted Positions and Wages	
<i>Position</i>	<i>Average Wage</i>	<i>Position</i>	<i>Average Wage</i>
Sewing Machine Operators	\$7.50/hr	Sewing Machine Operator	\$10.00/hr + benefits
Computer Support Specialist	\$8.50/hr	Computer Support Specialist	\$16.00 + benefits

- b) This proposal will enhance the local economy and add tax revenues by increasing the number of people employed as well as providing family incomes (with benefits) for this new workforce. By opening the opportunities for these entry-level workers the possibility that these candidates will apply for welfare assistance is reduced.

Funding of this grant will assist in the development of 160 new jobs at the following pay rates and total annual payroll:

<i>Company</i>	<i>Grant Funds Requested</i>	<i>Average Wage After Training</i>	<i>#New Jobs Created</i>	<i>Annual Payroll</i>
Western Shelter	\$99,000	\$9.50/hr	60	\$1,185,600
ece	\$35,200	\$10.00/hr	100	\$2,080,000
Total	\$134,200		160	\$3,265,600

- c) The participants of this program will gain valuable knowledge and will develop transferable skills that will enhance the skill level of the community. The training will open opportunities for the new workers. The skills and knowledge gained through this proposal creates valuable transferable skills that the worker may take with them globally as they advance in their careers.
- d) This proposal addresses the strategic plan of Lane County by increasing work readiness, increases the per capita income and individual wages. It increases jobs and creates long-term family wage employment opportunities

Lane County Economic Development Standing Committee

Budget Proposal and Narrative

Project Title: Lane County Jobs Now!

Section 4

Proposed Expenses:

Western Shelter Systems

Budget Item	Description	Grant funds	% Grant Funds	Totals
Training	60 Workers @ \$1500 per employee	90,000	90.0	90,000
Administration*	Lane Workforce Partnership	9,000	10.0	9,000
Total Matching funds	Western Shelter Systems Lane Metro Partnership BL3 Funding			155,976 5,000 160,000
TOTALS	—	99,000	100.0	419,976

ece

Budget Item	Description	Grant funds	% Grant Funds	Totals
Training	Lane Community College	32,000	90.0	32,000
Administration*	Lane Workforce Partnership	3,200	10.0	3,200
Total Matching funds	ece Matching Funds Lane Metro Partnership BL3 Funding			92,480 5,000 50,154
TOTALS	—	35,200	90.0	182,834

Budget Narrative

Training- Western Shelter Systems

Western Shelter Systems will hire 60 new workers at a beginning training wage of \$8.50 per hour. Upon completion of training the employees will receive \$9.50 per hour and \$10.00 per hour after one year if work is satisfactory. These positions will receive benefits in addition to wages.

The total cost for the training of the 60 new Western Shelter employees is as follows:

Budget Item	Explanation	Grant Funds	Voluntary Funds	Total
Training	60 new workers and 25 Trainers	\$ 90,000	\$ 131,600	\$ 221,600
Fiscal Agent	Lane Workforce Partnership	9,000	0	9,000
Employee Benefits	Calculated at 36%		29,376	29,376
Materials and Supplies	Materials, cloth and supplies		5,000	5,000
Facilities	Use of facility, tables, chairs, lighting and utilities		50,000	50,000
Grant Administration	Lane Metro Partnership		5,000	5,000
Sewing Machines	Machines furnished by grant from Regional Investment Board (BL3)		100,000	100,000
Total		\$ 99,000	\$ 320,976	\$ 419,976

- 1) **Training:** The total expense for training is \$221,600.
 - a) **Trainers:** The expense for trainers is estimated on utilizing one trainer for every two trainees. Trainers are estimated \$35 per hour. Therefore, 25 trainers x 160 hours each @ \$35 per hour is equivalent to \$140,000. The grant covers \$90,000 of the expense for the trainers with a match of \$50,000 from Western Shelters.
 - b) **Trainees:** Expenses for 60 trainees is calculated at \$8.50 per hour in wages for 160 hours per trainee. This equates to \$81,600. This amount will be paid as a match from Western Shelters.
- 2) **Fiscal Agent:** Lane Workforce Partnership will be the fiscal agent for this grant. 10% of the grant funds will be set-aside for the fiscal agent.
- 3) **Employee Benefits:** Benefits are calculated at 36% and are reflective of the trainee's wages.
- 4) **Materials:** The cost for materials and supplies includes cloth, thread and related supplies.
- 5) **Facilities:** The facility expenses for this training include the use of tables, chairs, equipment containers, lighting grids and utilities.

- 6) **Grant Administration:** The Lane Metro Partnership will provide the reporting duties for this grant. The Lane Metro Partnership for this responsibility has assigned \$5,000 in matching funds.
- 7) **Sewing Machines:** These machines will be purchased using grant funding from the regional investment board (BL3). The machines will be used during training and then utilized for the production of firefighting products for the General Service Administration.

Training – ece

Ece will utilize the grant funds to set-up a new computer lab at Lane Community College and to pay for the trainers to train 100 new employees. The total cost for training is broken down as follows:

Line Item	Description	Grant Funds	Matching Funds	Total
Training	Four 80-hour classes	\$ 32,000	\$ 68,000	\$ 100,000
Fiscal Agent	Lane Workforce Partnership	3,200	0	3,200
Employee Benefits	Calculated at 36%		24,480	24,480
Grant Administration	Lane Metro Partnership		5,000	5,000
Computer Equipment	Computers furnished by grant from Regional Investment Board (BL3)		50,154	50,154
Total		\$ 35,200	\$ 147,634	\$ 182,834

- 1) **Training:** The training expenses are computed as follows:
 - a) **Trainers:** The expense for trainers covers four 80-hour training sessions serving 25 employees per session. This equates to \$32,000.
 - b) **Trainees:** This expense is for wages for 100 trainees calculated at \$8.50 per hour in wages for 80 hours per trainee. This equates to \$68,000.
- 2) **Fiscal Agent:** Lane Workforce Partnership will be the fiscal agent for this grant. 10% of the grant funds will be set-aside for the fiscal agent.
- 3) **Employee Benefits:** Benefits are calculated at 36% of wages for the trainees.
- 4) **Grant Administration:** The Lane Metro Partnership will provide the reporting duties for this grant. The Lane Metro Partnership for this responsibility has assigned \$5,000 in matching funds.
- 5) **Computer Equipment:** The computers will be purchased using grant funding from the regional investment board (BL3). The computers will be used during training for ece. After the initial ece training, the computer lab will be available for additional ece training as well as for use by other companies for computer training.

Lane County Economic Development Standing Committee

Project Performance Measures and Targets

Project Title: Lane County Jobs Now!

Section 5

What are your proposed outputs and outcomes that will be used to measure success in meeting or exceeding the goal to create or retain jobs? Please see Attachment B for description of sample outputs and outcomes, and Attachment C for suggestions on creating performance measures for your proposed program. Which Oregon Benchmark (Attachment C) does the output or outcome related to? What is the project target for each output or outcome and when will results be reported?

Outputs (amount of frequency of project activity)	Oregon Benchmark	Oregon Benchmark	Project Targets	Reporting Timeframe
<u>Training</u> 160 new employees will achieve new skills required for employment	Per Capita Income	Jobs Created	160 new employees	Per Year Tracked quarterly
<u>Partnerships Created</u> This proposal will create partnerships with the businesses, local government, community colleges and economic development agencies.	Partnerships Created	Jobs Created	2 Businesses, Community College, Workforce Development, Economic Development, Regional Investment Agencies.	Per Year Tracked quarterly

Whenever possible list outcomes that will result from the project, even if these outcomes are measured after the proposed project contract term. The logic model in Attachment C further explains how to describe outputs and outcomes.

Outcomes (impacts and long-term results from the project)	Oregon Benchmark	Oregon Benchmark	Project Targets	Reporting Timeframe
<u>New Jobs</u> 160 new long term jobs created	Per Capita Income	Jobs Created	160 new employees	Per Year Tracked annually
<u>Wage Increase</u> These new workers will have jobs with benefits	Per Capita Income	Jobs Created	160 new employees	Per Year Tracked annually
<u>Wage Increase</u> Current Workers will receive additional wages as they gain experience.	Per Capita Income	Jobs Created	All 160 employees will have received a wage increase by the end of year 2.	Per Year Tracked annually

Lane County Economic Development Standing Committee

Project Title: Lane County Jobs Now!

Section 6

Statement of Assurances and Proposal

The undersigned attests that the information provided to determine eligibility is true and accurate to the best of his/her knowledge. The undersigned further attests that he/she has the authority and/or responsibility to represent his/her organization in all phases of this Request for Proposal process. Finally, the undersigned understands that any false or substantially incorrect statement may disqualify this proposal from further consideration or be cause for termination of any further contract.

If this proposal is selected for funding, the undersigned provides assurances on behalf of his/her organization that the organization will comply with the General Conditions and Special Conditions in its subcontract with Lane County. The organization will also comply with all applicable federal, state, county and local statutes, rules and funding criteria governing service, facilities and operations. Finally, the organization will submit all required reports, documents and forms within the allotted time for their submission.

The undersigned, as applicant, declares that he/she has carefully examined the specifications and requirements of the Lane County Request for Proposal packet and that applicant agrees, if the proposal is accepted, that applicant will contract with Lane County to furnish the services as specified, in accordance with the proposal offered here.

The Applicant hereby certifies that he/she is a resident bidder as defined in ORS 279.029, of the state of Oregon.

By initialing this space [initials] applicant hereby certifies that he/she has not discriminated against minority, women, or emerging small business enterprises in obtaining any required subcontracts. By initialing this space [initials] applicant hereby certifies that to the best of applicant's knowledge, he/she is in compliance with all the Oregon tax laws described in ORS 305.380(4).

The applicant represents that the proposal is in all respects fair and without collusion.

Signature

[Signature]

Date

12/31/03

Printed or Typed Name and Title

Lane Insurance Partnership

Printed or Typed Agency Name

Subscribed and sworn to before me this 31, day of December 2003.

by

Marsha Sexton

Notary Public for the state of Oregon. My commission expires.



Attachment C

APR 08 2004

Lane County Economic Development Project
Section 1
Proposal Cover Page

Grant Amount Requested: \$100,000 Match Amount Proposed: \$1,566,000

Please select one: ☐ **2003 Initial Proposal Cycle** (70% of points required to qualify for funding consideration);
☒ **2003/04 Open Proposal Cycle** (85% of points required to qualify for funding consideration).

Project Focus (Required - select one category of economic development): ☒ **Business development,** ☐ **Workforce development**

PROJECT TITLE: Revolving Loan Fund

Principal Project Organization: Lane Council of Governments

Address 99 East Broadway, Suite 400
Eugene, OR 97401

Project Contact Person: Steve Dignam

Phone: 541-682-7450 *Fax:* 541-682-4099

E-mail: sdignam@lane.cog.or.us

Person/Agency preparing fiscal reports: Steve Dignam

Title: Program Manager

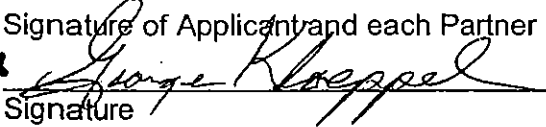
Address Same as above

Phone: NA *Fax:* NA

E-mail: NA

Our representative, NA, attended the pre-proposal conference on behalf of this project.
(name)

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


Signature

4-5-04
Date

George Kloeppel, Executive Director

LCOG

Lane County Economic Development Standing Committee

Project Title: Revolving Loan Fund

Section 6

Statement of Assurances and Proposal

The undersigned attests that the information provided to determine eligibility is true and accurate to the best of his/her knowledge. The undersigned further attests that he/she has the authority and/or responsibility to represent his/her organization in all phases of this Request for Proposal process. Finally, the undersigned understands that any false or substantially incorrect statement may disqualify this proposal from further consideration or be cause for termination of any further contract.

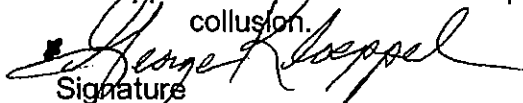
If this proposal is selected for funding, the undersigned provides assurances on behalf of his/her organization that the organization will comply with the General Conditions and Special Conditions in its subcontract with Lane County. The organization will also comply with all applicable federal, state, county and local statutes, rules and funding criteria governing service, facilities and operations. Finally, the organization will submit all required reports, documents and forms within the allotted time for their submission.

The undersigned, as applicant, declares that he/she has carefully examined the specifications and requirements of the Lane County Request for Proposal packet and that applicant agrees, if the proposal is accepted, that applicant will contract with Lane County to furnish the services as specified, in accordance with the proposal offered here.

The Applicant hereby certifies that he/she is a resident bidder as defined in ORS 279.029, of the state of Oregon.

By initialing this space _____ applicant hereby certifies that he/she has not discriminated against minority, women, or emerging small business enterprises in obtaining any required subcontracts. By initialing this space applicant hereby certifies that to the best of applicant's knowledge, he/she is in compliance with all the Oregon tax laws described in ORS 305.380(4).

The applicant represents that the proposal is in all respects fair and without collusion.


Signature

4-5-124
Date

George Kloeppel, Exec. Dir.
Printed or Typed Name and Title

LCOG
Printed or Typed Agency Name

Subscribed and sworn to before me this _____, day of _____
_____ 200__.

by _____

Notary Public for the state of _____. My commission expires.

SUMMARY of Business Loan Key Points

- **Budget:** \$833,333 Creation of a new revolving loan fund.

This includes the \$100,000 request from Lane County. All of the \$833,333 budget goes directly into the new revolving loan fund. None of the proposed budget is used for operating expenses. In future years, operating expenses will be funded out of the interest income charged on the loans to small businesses.

- **Reporting:** LCOG will report to Lane County regarding the status of the revolving loan fund on an annual basis for the first three years. This report will include the number and type of loans made and the number of new jobs created.
- **Match Requirements:** The grant from the US Economic Development Administration is predicated on all match being made in the forms of cash grants. In-kind match is not applicable nor is lent match allowed.
- **Match Status:**
 - \$100,000 LCOG - Committed for award in FY 04/05
 - \$100,000 RIB - Recommended by RIB board, awaiting BL3 County board approvals
 - \$100,000 Lane County - In-Process, Recommended by EDSC
 - \$ 33,000 Various local community contributions Awaiting commitment of local match.
- **Building Job Readiness:** This project builds job readiness because it helps people with investment ideas to obtain the gap financing necessary to start or expand businesses and add jobs. I have previously submitted data indicating historical job creation from other LCOG business loan programs. This new project will work in much the same way and will allow us to target a new group of potential small business applicants.



Lane Council of Governments

99 E. Broadway, Suite 400, Eugene, OR 97401-3111 (541) 682-4283 Fax: (541) 682-4099 TTY: (541) 682-4567 www.lcog.org

March 15, 2004

To: Lane County Board of Commissioners

From: Lane Economic Committee

Subject: U.S. Economic Development Administration Revolving Loan Fund (EDA RLF)

The Lane Economic Committee would like to call your attention to an outstanding economic development opportunity. Lane Council of Governments (LCOG) has received approval of its pre-application for a \$500,000 grant from the EDA for a new RLF. LCOG needs cash match of \$100,000 from Lane County in order to make this project work. Two other partners have stepped forward with similar amounts.

Please refer to the full agenda item which is attached for a detailed description. The benefits are summarized here:

1. 50 new jobs in only the first iteration
2. 16:1 leverage of Lane County funds
3. 100% pass through of funds to the end user
4. Ongoing benefits as repaid funds are used for additional loans.

The application is due back to the EDA by April 2, 2004. Your affirmative response is the key to winning this grant. We have a very narrow window of opportunity to secure these funds and assist Lane County businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "John Tamulonis", is written over a horizontal line.

John Tamulonis
Chairperson,
Lane Economic Committee

LCOG Loan Programs			
Jobs Created / Retained			
Loans Approved - Year ending 6/30/03			
	Loan Amount	Jobs	Location
M&J Restaurant - Arby's	\$305,000	9	Eugene
Creswell Dental Clinic - Dr. Page	\$351,000	6	Creswell
M&G Body & Fender	\$241,000	5	Eugene
Barnhart Associates Real Estate	\$221,000	7	Eugene
Willamette Pass	\$1,115,000	33	Oakridge
Izzy's	\$602,000	20	Eugene
Thurston Medical Clinic	\$661,000	27	Eugene
Bennett Marble & Granite	\$496,000	16	Eugene
Brothers Cleaning	\$100,000	8	Eugene
Lynden Mittleider	\$135,000	4	Springfield
Shine On 3, Inc	\$260,000	3	Florence
Oakridge Best Western	\$411,000	9	Oakridge
West Lane Rentals	\$75,000	4	Veneta
Shorty Campbell	\$72,000	3	Mapleton
Dollar Bonanza	\$50,000	4	CG
AutoCare Northwest	\$70,000	2	Creswell
Tomahawk, Inc	\$40,000	3	Marcola
Torex	\$61,000	2	Florence
Trailhead Coffeehouse	\$45,000	4	Oakridge
Creswell Dental Clinic	\$100,000	6	Creswell
Witts Hardware	\$100,000	3	CG
Leaburg Country Store	\$55,000	3	Leaburg
Salgado	\$75,000	4	Florence
Rosen Sunvisor Systems	\$1,350,000	35	Eugene
Witt's Home Center	\$884,000	5	Cott. Gr.
Home Comfort	\$300,000	20	Eugene
John Rude	\$50,000	3	Eugene
Ashford	\$100,000	2	Springfield
Creative Composites	\$67,000	4	Oakridge
Knit Shop - Jean Goodbar	\$67,000	1	Eugene
Debra Jackson	\$60,000	4	Eugene
Shoestrings, Inc.	\$40,000	1	CG
Primrose Excavation	\$100,000	5	Eugene
Sunsational	\$145,000	0	Eugene
Total		265	

**U.S. DEPARTMENT OF COMMERCE**

Economic Development Administration
 Jackson Federal Building, Room 1856
 915 Second Avenue
 Seattle, Washington 98174
 Fax: (206) 220-7669

March 2, 2004

Stephen J. Dignam
 Program Manager
 Lane Council of Governments
 99 East Broadway, Suite 400
 Eugene, Oregon 97401

Dear Mr. Dignam:


By this letter the Economic Development Administration (EDA) invites Lane Council of Governments to submit an application under the Economic Adjustment provisions of the Economic Development Act of 1998. The Council may request a \$500,000 grant for capitalizing a revolving loan fund, provided local cash match of at least \$333,333 is contributed to the project.

The application is due April 2, 2004, and is to be submitted to Anne Berblinger, Economic Development Representative for Oregon. Her postal address is Economic Development Administration, 121 SW Salmon Street (Suite 244), Portland OR 97204. Materials and instructions for the application are enclosed.

This invitation to submit an application is by no means an indication that EDA will approve your application. Such approval is contingent upon many factors, including, but not limited to, the availability of funding for Fiscal Year 2004, and meeting all appropriate statutory, regulatory, and policy requirements. Your application, therefore, will be in competition with others that similarly are worthwhile, and commitments that could be charged to a grant should not be made until, and if, you are successful in the competition.

Should you have any questions about the application, please call either Ms. Berblinger, in Portland at (503) 326-3078, or Darrell van Ness, Chief of Economic Adjustment in the Seattle Regional Office, at (206) 220-7676 for assistance.

Sincerely,


 A. Leonard Smith
 Regional Director

cc: A. Berblinger, EDR

Post-it® Fax Note 7671		Date 3/16	# of pages 1
To Peter Thornton		From Steve Dignam	
Co./Dept.		Co.	
Phone #		Phone #	
Fax #		Fax #	

Revolving Loan Fund Plan

For

Lane Council of Governments

99 East Broadway, Suite 400
Eugene, OR 97401

US Economic Development Administration RLF

March 11, 2004

Table of Contents

Part I Revolving Loan Fund Strategy

1. Goals, Strategies, and Anticipated Outcomes of RLF
2. Ability to Administer an RLF
3. Need for Loan Funds
4. Technical Assistance Provided

Part II Operational Procedures

1. Service Area
2. Eligibility Criteria
3. Loan Purposes
4. Rates
5. Proposed Fees and Charges
6. Terms
7. Collateral Requirements
8. Loan Limits
9. Priorities
10. Application Process
11. Method of Disposition of Funds to the
Ultimate Recipient
12. Reporting Requirements
13. Monitoring Requirements
14. Board of Directors

Part I Revolving Loan Fund Strategy

1. Goals, Strategies, and Anticipated Outcomes of RLF

LCOG will use the RLF funds to encourage business growth and job creation in Lane County. RLF funds will be used to provide gap financing and leverage private sources of financing.

General program goals are as follows:

- To attract new jobs and investment in Lane County.
- To diversify the economic base of Lane County.
- To support the creation and expansion of business enterprises that provide employment for people from families below the poverty line.
- To stimulate private lending.
- To strengthen communities by supporting projects that address critical community needs.

Anticipated program outcomes are as follows:

- Increase the number and diversity of new businesses.
- Increase employment.
- Improve the sustainability / viability of existing businesses.

This project directly addresses the CEDS for this economic development district: *"Foster economic activities that provide a range of employment opportunities."* This project will enhance access to capital. Therefore, the project will lead to specific and measurable results in terms of job creation and job savings. Job creation and retention are intermediate outcomes cited by the CEDS to evaluate the success of the region's strategy.

This project addresses EDA goals and strategies as follows:

- The project enhances regional competitiveness and supports long-term development of the regional economy by directly assisting the growth of both new and existing businesses. By improving access to capital, this project will allow small businesses to grow and succeed. Therefore, this project serves as an ideal mechanism to create the conditions in which jobs are created and in which people can find work.
- Gap financing projects receive significant regional support from local government and technical assistance partners. LCOG will work to implement a coordinated business financing strategy that encourages innovation and regional competitiveness.
- The proposed project will help Lane County communities to implement economic adjustment strategies in response to the shift away from a natural resources based economy.

2. Ability to Administer an RLF

- LCOG has been a local government planning and management organization in Lane County since 1944.

- LCOG has a broad background in successfully administering federal and state approved and funded grant and loan programs.
- LCOG has had a successful record with the US Department of Agriculture's Intermediary Relending Program since October, 1995. It has made 59 loans during that period. The total IRP loan portfolio is \$4.3 million.
- LCOG acts as agent for the local Certified Development Company to make Small Business Administration loans in Lane County. The SBA loan portfolio is in excess of \$11 million.
- LCOG packages business loans for the State of Oregon Economic and Community Development Department as well as several small city and local loan programs.
- LCOG has an experienced staff to administer the IRP program as well as other loan and financial assistance programs.

3. Need for Loan Funds

- Lane County's rate of unemployment significantly exceeds the national average.
- Lane County is specifically identified as a "distressed" or "impacted" community:
- According to State of Oregon, Lane County has seven cities which are considered "distressed areas".
- Lane County is also listed by State of Oregon as being a "Timber Impacted" community.

4. Technical Assistance Provided

- Promote the program to the business community at forums such as the Chamber of Commerce and various service clubs.
- Provide initial business counseling to potential applicants regarding the viability of business proposals.
- Consult with the applicant's bank.
- Refer potential applicants to other agencies such as Business Development Centers and S.C.O.R.E.
- Review specific loan applications.
- Monitor loan and business performance after the loan is made.
- Provide general financial guidance to borrowers.

Part II Operational Procedures

1. Service area your RLF will cover

- Lane County

2. Eligibility criteria of the applicant and business

- Applicants may be either new or existing businesses.
- A minimum of one full-time equivalent job must be created, on average, for every \$17,000 in RLF funds within two years of loan closing.
- RLF funds will not exceed 50% percent of the total eligible costs for any single project. Other project costs must be provided by private financing, borrower equity and other non-federal sources.

- Applicants must demonstrate that normal private sector financing is not available for their proposed project. This demonstration must be provided in the form of written evidence from a private lender turning down the project for financing or agreeing to participate only if there is subordinated financing such as RLF available to lessen their risk.
- Although the RLF loan program will target applicants who are otherwise unable to obtain financing from more conventional sources, the results of LCOG's thorough due diligence and credit analysis must indicate a high likelihood of full repayment from the borrower's operating cash flow

3. Loan Purposes

- Loans may be made for working capital, equipment or real estate or any other business purpose.

4. Rates

- The interest rate charged to ultimate borrowers will be based on the money center prime rate at time of closing as reported by the western edition of the Wall Street Journal as the highest prime rate published. Each loan will carry a spread of anywhere from 0 to 300 basis points over the prime rate. The minimum annual rate that may be charged for any loan is 6.0 percent.
- The loan rate will be fixed for the life of the loan at the time of funding.
- In determining the rates and terms for loans, LCOG staff will consider a number of factors including: the needs of the borrower, the particular details of each project, the private financial market conditions at the time the loan is made, terms and rates of other financing in the project, community impacts of the project, an appropriate reserve for bad debts, and LCOG's administrative costs and debt service requirements.
- The Loan Administrative Committee has the authority to charge any appropriate rate in a loan workout situation.
- The Loan Administrative Committee may choose from time to time to amend rates for existing borrowers. This decision will be based on the current interest rate environment, the historical payment performance of the borrower, collateral position and other factors.

5. List of Proposed Fees and Other Charges you will assess the Ultimate Recipient

- LCOG proposes to assess ultimate loan recipients some fees and charges that will allow the recovery of its administrative costs, provide for a loan reserve account, and generate some additional capital for re-lending. These proposed fees and charges are as follows:
 - Loan Application Fee: \$500. This is a non-refundable fee charged to loan applicants at the time they submit a completed loan application package, but before the loan is reviewed by the Loan Administration Committee. The purpose of this fee is to recover some of the costs of processing an application. Although the application fee is non-refundable, it will be credited to the 1.5 percent loan fee that is collected at closing.
 - Closing Fee: A loan fee of 1.5 percent of the loan amount is assessed at closing. This fee is designed to recover the costs of processing the application. Those costs typically include, clerical/secretarial time, professional staff time spent counseling the applicant and assisting them with the loan application package, staff time spent making the presentation to the Loan Administration Committee (LAC), staff time spent preparing environmental and other documentation for RBS, etc.

- Additional costs of the loan will be paid by the borrower at the time of closing. These cost may include but are not limited to appraisals, environmental reports, lien searches, auto titles, filings, and other costs associated with the loan.
- Late Fees. The program proposes to charge a late fee of 5 percent of the payment due or \$5 (whichever is greater) for payments fifteen days past due. This income will be used for administrative costs connected with collection and counseling.

6. Terms

- The term of a fixed asset loan will ordinarily not exceed the average useful life of the fixed asset in the project, and in no case will it exceed twenty years. The term of a working capital loan will not ordinarily exceed five years. Expected maturities are as follows:
 - working capital 1 – 3 years
 - Equipment 5 – 7 years
 - Real estate 10 – 15 years

7. Collateral requirements

- Security will be required, as necessary, to adequately collateralize RLF loans. In the case of fixed asset loans, security will usually be liens on the assets financed. Working capital loans will normally be secured by receivables, inventory and fixed assets. Assignments of lease will also be taken when appropriate.
- Personal guarantees will normally be required of all principals who hold more than a 20% ownership interest.

8. Loan limits

- Loans to ultimate recipients will be limited to a maximum amount of \$100,000.
- No minimum loan size.

9. Priorities

- Job Creation

10. Application process

- Preliminary discussion with LCOG staff to determine eligibility and discuss initial credit criteria and type of information that will be needed to make credit decision.
- If applicant or project is ineligible, or if credit appears to have too many weaknesses, LCOG staff will explain what would be required to make the project creditworthy and/or suggest other possible financing sources.
- Review with applicant in detail the RLF Application Checklist and all subsidiary forms and financial schedules determined necessary by staff representatives.
- Applicant submits formal Application and all supporting documents.
- Applicant principals authorize credit check and pay application fee.
- Environmental review by LCOG staff.
- Review by Staff for completeness and regulatory compliance; submission of additional information by Applicant, as appropriate.
- Acceptance of formal Application by staff representative.

- Detailed review and final recommendation to Loan Administration Committee by staff, based on loan criteria, strength of business and principals and all other factors. Recommendation will include what the terms and conditions should be.
- Submission of complete package, along with staff recommendations (i.e., credit memo), to the Loan Administration Committee.
- Loan Administration Committee decides whether to approve or decline the loan request and what terms and conditions shall apply.
 - Notify Applicant in writing. If declined, include reasons for denial.
 - If approved, send Applicant a letter of intent to commit funds, subject to final approval from RBS and other conditions for approval as determined by the Loan Administration Committee and RBS.

11. Method of disposition of the funds to the Ultimate Recipient

- Loan Administration Committee approves the loan.
- LCOG staff prepares loan documents with attorney review as necessary.
- Loan closing by staff.
- Disbursement of proceeds by bank, if applicable, and LCOG according to directions.

12. Reporting requirements

- Annual company prepared financial statements within 90 days of period end.
- Tax returns within 30 days of submission
- Quarterly financial statements may be required on a selective basis depending on credit issues.
- Employment reports on a periodic basis.

13. Monitoring Requirements

- Site visits, at least annually.
- Loan officer to review, analyze, footnote and sign all company financial statements within 30 days of receipt.
- All site visits and any significant customer conversations to be documented and kept with servicing file.

14. Loan Committee

- Direct oversight of the RLF program will be performed by a Loan Administration Committee (LAC) consisting of *eight* members appointed by the LCOG Board of Directors upon nomination from the Lane Economic Committee. The LAC will represent a cross section of community leadership with the following composition:
 - at least one commercial lender
 - an attorney
 - an elected official
 - at least two business and industry leaders
 - at least one at-large position
 - at least one LCOG employee
- Appointees may represent more than one category.

- The LAC will meet on an as-needed basis. A quorum shall consist of three members. A Committee member with commercial lending background must be present for final loan approval or for any major collection actions.
- The LAC shall have the following responsibilities:
 - Serve as the "Loan Committee" with authority to approve loans and establish terms, rates and other conditions of loans.
 - Provide oversight of the RLF program on behalf of the Board of Directors of the Lane Council of Governments.
 - Make policy recommendations affecting the RLF to the Lane Economic Committee for review and recommendation to the Board of Directors of the Lane Council of Governments.
 - Make final decisions regarding loan collection or administration issues on behalf of the Board of Directors of the Lane Council of Governments.
- The chair of the LAC or his/her designee may approve minor amendments to previously approved loans as well as loan collection actions.