

W. G. C.

## AGENDA COVER MEMO

**DATE:** November 14, 2005 (Date of Memo)  
**November 30, 2005** (Date of Meeting)

**TO:** Board of County Commissioners

**FROM:** LCOG, Milo Mecham, Principal Planner

**TITLE:** Order No. 05—\_\_\_\_\_ IN THE MATTER OF ORDERING THE  
APPROVAL OF THE REGIONAL INVESTMENT BOARD 2005-2007  
IMPLEMENTATION PLAN FOR THE BENTON, LANE, LINCOLN, LINN  
REGIONAL INVESTMENT BOARD

### I. MOTION

MOVE TO ADOPT ORDER NO. 05—\_\_\_\_\_ IN THE MATTER OF  
APPROVAL OF THE REGIONAL INVESTMENT BOARD 2005-2007  
IMPLEMENTATION PLAN FOR THE BENTON, LANE, LINCOLN, LINN  
REGIONAL INVESTMENT BOARD

### II. ISSUE OR PROBLEM

The Benton, Lane, Lincoln, Linn Regional Investment Board (BL3) must have an investment strategy each biennium to receive funds from the state. The proposed Investment Strategy continues the program in nearly identical form from the previous biennium. The major criteria of one job for each \$3000 for RIB funds expended, and \$5 of matching funds for each \$1 of RIB funds remains the same. In addition, the RIB wishes to support jobs that are at or above the average wage for the County where the project is located. Twenty-five percent of the RIB funds are allocated to projects that pay an above average wage.

### III. DISCUSSION

#### A. Background

The Oregon legislature allocates funds for regional and rural investment funding by the Regional Investment Boards around the state. This biennium the BL3 Region will receive almost exactly the same amount as last biennium: \$866,000. Working with its Policy Committee, and then the entire BL3 Board a strategy was

developed to govern the use of the funds. The strategy closely mirrors the strategy of the last biennium. The funds are to be used primarily to support projects that have an immediate prospect of job creation and meet the other eligibility requirements.

The state policies governing Regional Investment Boards, and the BL3 bylaws require a public hearing on the proposed strategy in each county. The strategy must be approved by the participating county commissioners before it can move forward for implementation.

The Lane County BL3 Policy Committee representative was Mike Gavin. The other members of the BL3 delegation from Lane County include Commissioner Stewart (commissioner Morrison is the alternate); Jim Ramsayer and Hal Reed. Sue Bond, the Mayor of Oakridge is the City representative.

Last biennium the BL3 established targets of one job created or retained for each \$3,000 of RIB investment (289 jobs for the biennium) and \$5 of matching funds for each \$1 of RIB investment (\$4.5 million in matching funds). They also set a target that 25 percent of the jobs created or retained would be above Average County Wage (ACW) for the county in which the job is located.

These same criteria are in place in this biennium's strategy.

Last biennium was very successful. From the commitments in the 14 project contracts, it is estimated that 773 jobs will be created or retained and that over \$28 million in matching funds will be invested and leveraged. To this point in time, 190 jobs have been created or retained and 76 of those jobs are above ACW for the appropriate county. Over \$26 million has already been invested from other sources, which means that leverage will ultimately exceed the \$28 million dollar standard.

Once approved, the next step will be to develop a contract for the funds from the state. This, and the strategy that it is based on will need to be approved by the Oregon Economic Development commission. When it is, funds will be released to the BL3 RIB quarterly. Last biennium, the BL3 RIB relied mostly on the County economic development agencies (Lane Metro Partnership in Lane County) to recruit applicants. This biennium, the RIB decided to spread the news more broadly. The counties and especially the cities will be informed of the project and encouraged to support applicants.

B. Analysis

The proposed 2005 – 2007 Regional Investment Strategy continues nearly untouched the policies of the last biennium. These policies were very successful in job creation.

A copy of the Regional Investment Plan is attached. This strategy is a part of a larger Comprehensive Economic Development Strategy that describes the overall conditions and concerns of the four county regions. The larger Strategy serves not only as the background for the RIB Plan, it also serves as a guide for the Economic Development District. The full CEDS can be downloaded from <http://www.bl3rib.org/invstr.html> .

C. Alternatives/Options

The options before the Board are as follows:

1. The Board may take no action. This would result in at least a delay in approval of the BL3 RIB strategy, and a delay in the disbursement of funds.
2. The Board may choose to approve the BL3 RIB Strategy. This will allow the BL3 RIB to move forward with an agreement with the state and disbursement of funds to applicants when the applications are made.
3. The Board may choose to reject the proposed BL3 RIB Strategy. This would require renegotiation of the Strategy before any projects could be eligible for support from the RIB.

D. Recommendation

Staff recommends that the Board adopt the proposed Order.

**IV. IMPLEMENTATION/FOLLOW-UP**

If the Board adopts the proposed Order, staff will communicate that action to the fiscal agent, CWCOC, and the fiscal agent will initiate contract discussions with the State.

**V. ATTACHMENTS**

1. Board Order No. 05—\_\_\_\_\_ in the Matter of Ordering the Approval Of The Regional Investment Board 2005-2007 Implementation Plan For The Benton, Lane, Lincoln, Linn Regional Investment Board
2. Brief Description of Regional Investment Board Projects Recommended for Funding

|                  |   |                                   |
|------------------|---|-----------------------------------|
| <b>ORDER No.</b> | ) | <b>IN THE MATTER OF ORDERING</b>  |
|                  | ) | <b>THE APPROVAL OF THE</b>        |
|                  | ) | <b>REGIONAL INVESTMENT BOARD</b>  |
|                  | ) | <b>2005-2007 IMPLEMENTATION</b>   |
|                  | ) | <b>PLAN FOR THE BENTON, LANE,</b> |
|                  | ) | <b>LINCOLN, LINN REGIONAL</b>     |
|                  | ) | <b>INVESTMENT BOARD</b>           |

APPROVED AS TO FORM  
Date 11/21/05 Yakima county  
Teresa J. Smith  
OFFICE OF LEGAL COUNSEL

## ATTACHMENT 2

# **Regional Investment Board 2005-2007 Implementation Plan**

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## **Legal Framework**

The Regional, and Rural, Investment program was initiated by the 1999 Oregon State Legislature, as an update to the previously existing Regional Strategy program. The Regional Investment program was made into law through Oregon Revised Statutes 285B.230-.269 and its implementing rules are found and formalized in Oregon Administrative Rules (OAR) Chapter 123. All references to specific requirements of the law are listed by ORS number.

This section of the Regional Investment Strategy meets State Program requirements for the Regional and Rural Investment Funds made available to the Benton-Lane-Lincoln-Linn (BL<sup>3</sup>) Region:

- ♦ ORS 285B.239(4): "A long-term plan to implement the regional investment strategy,"
- ♦ ORS 285B.239(5): "A two-year investment strategy that describes projects and activities to be undertaken..."
- ♦ ORS 285B.257(2): Including the "... rural action plan consistent with the purpose and objectives of the Rural Investment Fund."

As described in ORS 285B.239(5) and (7), the BL<sup>3</sup> Regional Investment Board (RIB) has designed an investment strategy to focus on the performance measures of "long-term and short-term job creation and retention activities," "leveraging long-term investments," and "maximizing moneys leveraged with short-term investments."

An outline of where ORS requirements are met in this Regional Investment Strategy document is provided in Appendix D.

## **Organizational Structure and Board Membership**

Benton, Lane, Lincoln, and Linn Counties have entered into an Intergovernmental Agreement (IGA) establishing the BL<sup>3</sup> Regional Investment Board to oversee the State's Regional Investment and Rural Investment Programs in the four counties. The responsibilities of the Board, its membership, and operational guidelines are specified in the IGA (Appendix) and the RIB Bylaws (Appendix).

The Board consists of 21 members with each county appointing five members plus a representative from the Confederated Tribes of Siletz Indians. These members represent the broad community and economic development interests of the region, and include representatives from cities, counties, ports, special districts and Native American tribes and significant representation from the private economic sector and rural interests. See Appendix for a list of Board members.

### **Committees of the Board**

The Board established three on-going committees: an Executive Committee, a Projects Committee to review project applications, and a Planning Committee to recommend updates to the Regional Investment Strategy. The Regional Investment Board appoints committee members and all committees have members from each county. Each committee meets as often as necessary and reviews, refines, and recommends appropriate action to the Regional Investment Board. Other ad hoc committees may be appointed as necessary to assist with specific tasks such as budget development. All Board and committee meetings are open to the public, although closed Executive Sessions may be required on occasion.

The Regional Investment Board's Executive Committee has the responsibility to guide the policy and process for the Strategy, and provide oversight of the counties' contract with the Cascades West Economic Development District for the Regional Investment Program.

The Projects Committee reviews and recommends projects to be funded with Regional Investment and Rural Investment funding. The Projects Committee project review includes a determination of whether a project provides any possibility for coordination of efforts with other regions. The chair and vice-chair of the Regional Investment Board act as the BL<sup>3</sup> representative on the required approval body for any projects from the BL<sup>3</sup> Region attempting to access State Strategic Reserve Fund assistance.

The Planning Committee will review the existing document and recommends changes to the Strategy necessary to meet new statutes and rules developed by the Legislature.

### **Fiscal Administration**

Benton, Lane, Lincoln, and Linn Counties entered into an Intergovernmental Agreement with Cascades West Economic Development District (CWEDD) for administrative and fiscal management of the four-county Regional Investment and Rural Investment Programs. The responsibilities of the District are described in detail in the Intergovernmental Agreement (Appendix).

CWEDD was the fiscal agent for the BL<sup>3</sup> Regional Strategies Board, the predecessor of the RIB that served the four counties from 1993 through 1999 and has been the fiscal agent for the Regional Investment Board since the initiation of this program in 1999.

Both of the Councils of Governments will provide staff to work with the Regional Investment Board, their partners, and their projects. The Community Development Director for Cascades West Council of Governments will coordinate the services provided to the counties. Primary staffing will be provided by Drew Foster, CWCOG Community Development Planner; Brenda Mainord, CWCOG Business Officer; and Milo Mecham, Lane COG Senior Planner.

## **2003-05 Accomplishments**

The 2003 Oregon Legislature provided new guidelines for the 2003-05 Regional/Rural Investment program. The new guidelines specified job creation, both long-term and short-term, and leverage as the primary evaluation criteria for the program (ORS 285B.264). This allowed the BL<sup>3</sup> Board to target the Regional Investment Strategy's efforts and funds (\$870,000) on job creation, to an even greater degree than they had previously.

The Board established targets of one job created or retained (one job equals one FTE) for each \$3,000 of RIB investment (289 jobs for the biennium) and \$5 of matching funds for each \$1 of RIB investment (\$4.5 million in matching funds). They also set a target that 25 percent of the jobs created or retained would be above Average County Wage (ACW) for the county in which the job is located.

Fourteen projects were funded over the biennium, and when all projects are completed, they will far exceed the targets. From the commitments in the 14 project contracts, it is estimated that 773 jobs will be created or retained and that over \$28 million in matching funds will be invested and leveraged. To this point in time, 190 jobs have been created or retained and 76 of those jobs are above ACW for the appropriate county. Over \$26 million has already been invested from other sources, which means that leverage will ultimately exceed the \$28 million dollar estimate from the original contracts. The BL<sup>3</sup> RIB had a very successful biennium.

## **Long Term Plan**

The Regional Investment Board is a partner in implementing the Regional Investment Strategy. The RIB sets the stage by developing the Strategy with vision, goals, and approaches that help define the types of activities that the RIB will support. The primary partners in implementing the Strategy are local governments, special districts, ports, non-profit agencies, community colleges, and local economic development organizations. These entities undertake activities and implement projects that support the Strategy. The State and Federal government, private industry and individuals, private foundations, and local governments and agencies act as partners by providing additional funding sources.



In the 2005-2007 biennium, the RIB will focus on projects and programs that create and/or retain short-term and long-term jobs in the Region. The BL<sup>3</sup> Regional Investment Board also has a history of supporting loan programs, which provide an ongoing resource for business development. The Board recognizes that some loan programs are multi-regional and provide job creation in other regions.

### **Eligible Activities**

The BL<sup>3</sup> RIB will consider four categories of activities for funding in the 2003-2005 biennium:

- ♦ **Business Development** - opportunities that encourage business growth and investment such as business marketing, retention and expansion, and support for start-up and attraction of businesses through both grants and loans;
- ♦ **Site Development** – opportunities that include industrial/business parks, speculative buildings, and public/private partnerships that have a direct role in helping create jobs;
- ♦ **Workforce Development** – opportunities that build the skills of the local workforce through partnerships between business, education, and government; and
- ♦ **Capacity Development** – opportunities that address the economic development needs of a community, including technical assistance to various partners who can demonstrate specific and definable needs.

## **2005-2007 Two-Year Investment Strategy**

### **Project Funding Process**

The Regional Investment Board will hold all funds in an Opportunity Fund. This will enable the RIB to respond quickly with funding commitments to projects that will provide short-term job creation/retention.

Generally, only proposals of up to \$100,000 will be considered for funding. Proposals over \$100,000 may be considered at the discretion of the full Regional Investment Board.

The RIB will rely on economic development partners within the Region to identify projects and refer project proponents to the program. The partners include existing business lending entities in the public and not-for-profit sectors, county commissioners, business development centers, port districts, and State and local economic development entities.

An application will be available on the RIB's website ([www.bl3rib.org](http://www.bl3rib.org)). A copy of this application may be put forward by any of the economic development partners mentioned above. RIB staff will review the application for completeness and forward it to the Projects Committee of the RIB. The Projects Committee will review each project and make a recommendation to the full Regional Investment Board concerning project approval and a

recommended funding level. The Regional Investment Board will review each projects that it receives from the Projects Committee and will then send projects that the full RIB recommends to each of the four counties Boards of Commissioners for final approval.

At each quarterly meeting, the RIB will review the project funding process to ascertain that a sufficient number of projects are being received and that funding is being committed in an expeditious manner. After this review, the RIB maintains the right to make changes to the program in order to meet the performance targets. If the review shows that the funding process has been successful in achieving the targets, the RIB may implement an amended funding process that would attempt to seek projects with a more long-term focus on job creation/retention.

Within six months of award decisions by the Counties, all projects will be reviewed to determine whether they have met all contracting requirements and are moving forward. Any projects that have not met all contracting requirements could be liable for loss of funding.

The Board reserves the right to propose partial funding for any project or to propose their own challenge grants for a project. The Board retains the right to request projects that support a specific outcome or outcomes.

### **Project Review Considerations**

The Board will review projects based on the following limitations, criteria, and considerations. These review considerations are based on and consistent with ORS requirements.

No project may fund ineligible activities (ORS 285B.260(3)). Those ineligible activities include:

- ♦ Retire any debt;
- ♦ Reimburse any person or municipality for expenditures or expenses incurred prior to the approval of this plan by the Oregon Economic and Community Development Commission;
- ♦ Substitution for available budgeted resources supporting ongoing public services or infrastructure that already exist;
- ♦ Maintain existing staff of public or private entities, except to administer this Strategy, or for new or augmented efforts consistent with this Strategy;
- ♦ Assist in the relocation of a business from one labor market area to another within the state;
- ♦ Award a grant or loan to a private business, unless the award is consistent with an activity specified in this Strategy.

The Benton-Lane-Lincoln-Linn RIB may support loan programs to private businesses. Any and all loan programs would have to meet the following parameters (ORS 285B.264(4)):

- ♦ Job creation or retention;
- ♦ Private sector participation;
- ♦ Correlation between the nature of the project and the collateral required and the terms of the loan (length of loan and interest rate);

- ♦ Collateral is required for all loans (except for a venture capital/equity purchase loan program).

Any grants or loans made by the Benton-Lane-Lincoln-Linn RIB to a private business will include a first-source hiring agreement. The first-source hiring agreement requires “a good faith effort to hire and retain as employees low-income individuals who have received job training assistance from publicly funded job training providers.” (OAR 461.740(1))

The Benton-Lane-Lincoln-Linn RIB may support direct grants to private businesses for asset acquisition. Any and all grants would have to address the following parameters (ORS 285B.263(4)):

- ♦ Create or retain one job for each \$3,000 of investment;
- ♦ Private sector participation of at least \$5 per \$1 of RIB funding;
- ♦ RIB Grant would be the final source of funding. A commitment for all other funding for the total project must be in place before RIB funds would be released.

The Benton-Lane-Lincoln-Linn RIB may support tourism and industrial marketing programs. If any tourism or industrial marketing projects are funded, they will complement and will not conflict with statewide marketing campaigns and efforts aimed at traveler/tourists or at industrial investors as they exist at the time the project is funded.

The Benton-Lane-Lincoln-Linn Regional Investment Board, in order to participate in the State’s Strategic Regional Investment Opportunity Fund (SRIOF), nominates the chair and vice-chair of the Projects Committee to act as the BL<sup>3</sup> representative on the required approval body for any projects from the BL<sup>3</sup> Region attempting to access SRIOF funding.

### **Project Evaluation Criteria**

There are three basic evaluation criteria applicable to both the Regional and Rural Investment Funds.

- ♦ **Job Creation/Retention** - The project creates or retains one job for every \$3,000 of Regional/Rural Investment Funds committed.
- ♦ **Leverage** - The project leverages \$5 in matching funds for every \$1 of Regional/Rural Investment Funds committed.
- ♦ **Readiness to Proceed** - The project will have all matching fund resources in place within six (6) months of commitment of Regional/Rural Investment Funds from the BL<sup>3</sup> Region.

In addition to the criteria and limitations listed above, the following factors will be considered during the selection of projects to be funded:

Wage level of jobs created retained, taking into consideration:

- ♦ County average wage
- ♦ Amount above minimum wage
- ♦ Benefit packages
- ♦ Growth potential of business and industry
- ♦ Diversification of local economy
- ♦ Project start and completion dates

- ♦ Other funding sources contacted and their response
- ♦ Funding gap which the Regional/Rural Investment Funds will address
- ♦ Partnerships and/or collaborations that support the project
- ♦ Extent to which this project serves the needs of minorities and the disadvantaged
- ♦ Capability of organization (ability of the organization to undertake a project of this type and administer the grant)
- ♦ Geographic dispersion of Regional/Rural Investment funding, location of the project and its sphere of influence

These considerations are not meant to act as a limitation to project proponents. A project does not have to meet all these considerations. These considerations are all reviewed equally and as a whole, no weight is given to any particular consideration.

## **Plan for Minorities and Economically Disadvantaged**

The District and the Regional Investment Board recognize the importance of devising and implementing a Strategy that addresses the needs of minority and disadvantaged persons (This section fulfills ORS 285B.239(6)).

The Confederated Tribes of Siletz Indians and the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw were invited by the County Commissioners of Benton, Lane, Lincoln, and Linn Counties to appoint a member to serve on the Regional Investment Board. A member of the Siletz Tribal Council was appointed as a member in 2001.

The goals, developed as part of the Strategy, are all applicable to the needs of minority, disabled, and economically disadvantaged groups as members of our communities. The work of the Workforce Investment Boards of Region 4 (Benton-Lincoln-Linn Counties) and Lane County, in the areas of dislocated and disadvantaged workers, has been integrated into the Regional Plan.

The project application process requires all applicants to provide information regarding how minorities and economically disadvantaged will be served by the project. In addition, all project contracts will include a first-source hiring agreement, as delineated in the project review sub-section above.

## **Program Evaluation**

The Benton-Lane-Lincoln-Linn Regional Investment program will focus its program evaluation and regional benchmarks on the basic criteria delineated in ORS 285B.239(7). The BL<sup>3</sup> region will provide reports to OECDD, in the format required, that supplies information on the basic program measurements for both individual projects and the overall program.

The performance measures for the BL<sup>3</sup> Region, along with the targets set by the Board, include:

- ♦ Create or retain 1 job for every \$3,000 invested.
- ♦ Leverage \$5 of other funds (cash or in-kind) for every \$1 of Regional/Rural Investment funds committed.
- ♦ 25 percent of all jobs created or retained will be at or above average county wage for the county where the project is focused.

Two regional benchmarks will be used to track change within the region:

- ♦ Job growth by industrial sector
- ♦ Average wage by industrial sector

All benchmarks will be tracked as actual numbers and percentage change on a yearly basis. Percentage change will also be tracked in comparison to percentage change at the state level for the same industrial sectors.