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W. S. B.

Memorandum Date: October 15, 2008
Board Order Date: October 29, 2008

TO: Board of County Commissioners

DEPARTMENT: CAO/Economic Development Standing Committee

PRESENTED BY: Mike McKenzie-Bahr, Community and Economic
Development Coordinator

AGENDA ITEM TITLE: ORDER/IN THE MATTER OF AWARDING A CONTRACT
FOR A VIDEO LOTTERYY STRATEGIC INVESTMENT PROJECT TO MONACO
COACH FOR \$150,000 AND AUTHORIZING THE COUNTY ADMINSTRATOR TO
SIGN PROJECT CONTRACTS

I. MOTION

Move to award a video lottery contract to Monaco Coach for \$150,000 from the strategic opportunity reserve account and authorize the County Administrator to sign project contracts.

II. AGENDA ITEM SUMMARY

The Lane County Economic Development Standing Committee (EDSC) on August 28, 2008 voted to recommend that the Board of Commissioners award a \$150,000 video lottery grant to Monaco Coach to assist the company train new workers for its Coburg manufacturing plant.

The total amount of video lottery funding currently available is \$1,300,000, comprised of \$200,000 in the strategic investment fund and \$1,100,000 in the strategic opportunity reserve fund.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

Each year, the Board of Commissioners makes video lottery funds available through the Initial and Open cycles.

In addition, the Board holds video lottery funds in the strategic opportunity reserve account. The Board has traditionally award those funds when it felt it was prudent to do so.

In late June, the County became aware that Monaco Coach was considering closing its Coburg facility. At its July 10, 2008, the EDSC was given a given a quick overview of a financial package to be offered as part of an incentive package to get the firm to stay in Lane County.

The EDSC gave its conditional approval to recommend awarding funds to this project, pending Monaco Coach's commitment to keep its Coburg facility open.

That commitment was made by Monaco, as they have decided to keep the Coburg facility open and close three facilities in Indiana effecting 1,400 people. With that commitment, the EDSC voted on August 28, 2008 to formally recommend approval of the funding.

A summary of the project is as follows. (A fuller project description is attached).

Monaco Coach Corporation

Monaco Coach Corporation is headquartered in Coburg and has been part of the community since 1968. Monaco manufactures luxury recreational vehicles and is recognized as one of the world's leading manufacturers. Confronted with a soft economy and challenging market conditions, Monaco faced the dilemma of closing manufacturing facilities in Oregon or Indiana. Monaco is invested heavily in both states, Oregon is their headquarters and produces its high-end, diesel-powered vehicles; Indiana has an excellent recreational vehicle and automobile manufacturing workforce.

This investment from Lane County will help train new and current employees for the production lines being moved from Indiana as well as the existing lines.

B. Policy Issues

The Board has the following policy issue to consider:
Should video lottery funds from the strategic opportunity reserve account be made available to fund this project?

C. Board Goals

The awarding of video lottery funds for job creation and training meet the Board's goal to "Work for a strong regional economy to expand the number of family-wage jobs available in Lane County."

D. Financial and/or Resource Considerations

The total amount of video lottery funding currently available is \$1,100,000 in the strategic opportunity reserve fund.

If the Board of Commissioners chooses to fund the project in this agenda item, as recommended by the EDSC, it would leave \$950,000 in the strategic opportunity reserve fund.

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

E. Analysis

This project meets the goal for the video lottery funding: to create living wage jobs. This project retains 1,900 jobs and over time and creates 200 new jobs.

F. Alternatives/Options

The Board may:

- 1) Approve the ORDER awarding the grant as recommended by the EDSC, or
- 2) Determine not to award any funds at this time.

IV. TIMING/IMPLEMENTATION

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

V. RECOMMENDATION

The EDSC recommends awarding funding to Monaco Coach.

VI. FOLLOW-UP

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

VII. ATTACHMENTS

A: Board Order

B: Lane County Economic Development Project Project Description

IN THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

ORDER NO.) IN THE MATTER OF AWARDING A CONTRACT FOR
) A VIDEO LOTTERY STRATEGIC INVESTMENT
) PROJECT TO MONACO COACH FOR \$150,000 AND
) AUTHORIZING THE COUNTY ADMINISTRATOR TO
) SIGN PROJECT CONTRACTS

WHEREAS, Lane County receives video lottery funds from the state lottery program that are specifically dedicated to economic development; and

WHEREAS, the Economic Development Standing Committee (EDSC) to the Board of County Commissioners received a request for video lottery funds to address a workforce development; need at a local company to assist retaining workers in the community and training new workers; and

WHEREAS, the Economic Development Standing Committee voted unanimously to recommend that the Board of County Commissioners fund said workforce development project on the behalf of Monaco Coach; and

WHEREAS, the Board of County Commissioners has found that this project will meet the video lottery allocation policy to "Make a measurable difference in the economic growth and stability of Lane County." THEREFORE,

IT IS HEREBY ORDERED that the following Lane County Strategic Investment Project is awarded in the amount indicated: Monaco Coach for \$150,000, and

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

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

Signed this 29th day of October, 2008.

APPROVED AS TO FORM

Date _____ Lane

County

OFFICE OF LEGAL COUNSEL

Faye Stewart, Chair
Lane County Board of Commissioners

Lane County Economic Development Project

Proposal Cover Page

Grant Amount Requested: \$ 150,000 Match Amount Proposed: \$ 100,000 State of Oregon

Please select the appropriate box for this application: [X] 2008-09 Open Proposal Cycle Eighty percent (80%) of points is the minimum required to qualify for funding consideration.

Project Focus (Required - select one category of economic development):

[] Business development, [X] Workforce development

PROJECT TITLE:

Principal Project Organization: Monaco Coach Corporation

Address 91320 Coburg Industrial Way
Coburg, OR 97408

Project Contact Person: Jack Roberts or Phillip Hudspeth

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

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

Person/Agency preparing fiscal reports Phillip Hudspeth

Title: Lane Metro Partnership

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

Phone: #541-242-2372 *Fax:* #541-686-2325

E-mail: phillip@lanemetro.com

Signature of Applicant

Signature

Date

Jack Roberts, Executive director
Typed name/Title

Lane Metro Partnership
Applicant Organization

Project Description: Monaco Coach Corporation is headquartered in Coburg and has been part of the community since 1968. Monaco manufactures luxury recreational vehicles and is recognized as one of the world's leading manufacturers.

Confronted with a soft economy and challenging market conditions, Monaco faced the dilemma of closing manufacturing facilities in Oregon or Indiana. Monaco is invested heavily in both states, Oregon is their headquarters and produces its high-end, diesel-powered vehicles; Indiana has an excellent recreational vehicle and automobile manufacturing workforce.

Monaco ultimately decided to stay in Oregon. They will close three facilities in Indiana effecting 1,400 people. At this time, Monaco is retooling a portion their Coburg facility for production of items previously manufactured in Indiana. Monaco will add 100 new jobs to the 1,900 existing jobs here in Oregon. **Note:** Since the initial discussion with Monaco, they have been forced to lay-off 220 additional employees in Coburg, but 200 of these are temporary lay-offs only while they draw down the workforce in Indiana. Twenty jobs are administrative positions being permanently eliminated. Monaco's employment target after the consolidation in Coburg remains 2,100 full-time equivalent jobs.

Approximate Project Budget: Monaco has not yet been able to asses their full training needs. This proposal is to make available to them a bank of funds that may be drawn down to meet those needs as they arise over the next 24 months. Because federal training money is not being used, a 100% match is not required.

EMPLOYMENT: Current employment 1,900 (temporarily reduced to 1,680). Employment target is 2,100 jobs by the end of 2009.

REQUEST:

With economic downturns in the automobile and recreational vehicle industries, the Midwest has a surplus of available, experienced, trained workers in manufacturing industry. On behalf of Monaco Coach Corporation, the Lane Metro Partnership is requesting \$150,000 for workforce training. This investment from Lane County will help train new and current employees for the production lines being moved from Indiana as well as the existing lines.