

**WORK SESSION MINUTES**

**January 24, 2014**

10:30 a.m.

Commissioners' Office Conference Room

**PRESENT:** Commissioners Mary P. Stern, Allen Springer, and Kathy George

**STAFF:** Laura Tschabold and Jeff Lorton.

**GUESTS:** Nathalie Hardy, News-Register; Chris McLaran, Economic Development Advisory Committee; and Frank Sheridan, Sheridan City Administrator.

**TOPIC:** Economic Development Policies

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Mary called the meeting to order at 10:35 a.m.

The group reviewed recent progress made in developing and implementing a strategic plan for economic development. Allen said that great strides have been made.

Kathy stated that she has never been comfortable with the county giving cash to businesses, although most of the cases where the Board has done so were situations where the county's contribution was part of a larger incentive package to get a business to stay in or come to Yamhill County, and was contingent on performance. She said that her view of the county's role in economic development is to support the establishment and growth of businesses by streamlining regulations and processes.

Mary stated that she supports investing in job creation, but the Board should set some clear parameters for awarding strategic reserve funds to ensure that the desired criteria is met and to make it easier and more clear for businesses, the commissioners, and other organizations. She said that she likes having those strategic funds separate from the grant program funds, and requests for the grant funds should be received prior to the budget process each year. She added that it would be good to have a request form.

There was general discussion about possible processes and parameters for the use of grant funds and strategic funds in the Economic Development Fund (see attached handouts), but no final decisions were made.

The meeting adjourned at 11:30 a.m.

Anne Britt  
Secretary

<b>Fund 26 Economic Development</b>		<b>Materials &amp; Services Expenses</b>			
2013-14		<b>Add'l Proj.</b>	<b>Yr to Date</b>	<b>Budgeted</b>	
BEGINNING BALANCE (CURRENT YEAR) Est.	\$ 181,089	PROFESSIONAL SERVICE	19,852	5,148	25,000
Add CURRENT REVENUE TO DATE	\$ 131,681	PUBLICATIONS/DUES	325	0	325
REVOLVING LOAN BEGINNING BALANCE	\$ 191,317	TRAVEL	0	1,597	1000
Add PROJECTED ADDITIONAL REVENUE	\$ 130,000	AUDIT	0	1,688	1600
Add TOTAL DISCRETIONARY RES. ALLOC	\$ -	MCMINNVILLE ECONOMIC	0	10,250	10,250
<b>TOTAL RESOURCES</b>	<b>\$ 634,087</b>	ASSOC MEMBERSHIPS	734	6,766	7,500
		BANK SERVICE CHARGE	150	10	500
SUBTRACT		GRANTS AWARDED	2,000	0	2000
EXPENSES TO DATE	\$ 132,405	DOWNTOWN ASSOCIATION	0	12,500	12500
PROJECTED REMAINING EXPENSES	\$ 330,077	REVOLVING LOAN	201,317	0	201,317
<b>TOTAL EXPENSES</b>	<b>\$ 462,482</b>	ADMIN OVERHEAD	1,306	1,306	2613
		CO INT EXPENSE	4,000	0	4000
TOTAL RESOURCES	\$ 634,087	INTERNAL FAIR	23,500	23,500	47,000
Subtract TOTAL EXPENSES	\$ 462,482	INTERNAL LEGAL	0	668	668
Initial ENDING BALANCE	\$ 171,605	INTERNAL PARKS	10,000	10,000	20,000
Contingency + Unallocated Other Expense	\$ -	INTERNAL TELECOMMUNICATIONS	0	295	350
<b>Final Ending Balance</b>	<b>\$ 171,605</b>	LOAN INTEREST PAYMENT	15,000	0	15,000
		<b>OTHER EXPENSE (276,535 Budgeted)</b>			162,535
		- Strategic Investment		8,000	
		- Misc., UAV Conf.	5,000	1,422	
		- Lorton Payment (52,000 Total)	29,250	22,750	52000
		- April Conference Sponsorship	2,000		
		- Marketing Plan (62,000)	35495	26505	62000
		<b>Totals</b>	<b>330,077</b>	132,405	628,158

**Category 1: YCEDP Implementation and Support**

Recommended use of economic development funds is that they be prioritized to support the services and work necessary to move the plan forward into its implementation. This would include support of staff, fiscal management of the contract, the meetings of the GROW committees, as well as to support deliverable-based projects outlined in the Action Plan for the various implementation phases of the YCEDP. While a very detailed grant process is outlined for category three, it is recommended that funds be granted for economic development projects only after ensuring that the GROW effort and YCEDP implementation are fully supported and the foundation to support the recommended grant process is in place and operational. For YCEDP Implementation Phase I, it is anticipated that approximately \$55,700 will be necessary to support Phase I of implementation to get the plan off the ground. It is also anticipated that the funds necessary to support ongoing implementation of the plan over the course of three years will diminish annually as capacity is increased to bring in funds from other sources and contributors.

**Category 2: Strategic Reserve Fund (SRF)**

It is recommended that a strategic reserve fund be established in Phase II of implementation as part of the YCEDP. The purpose of the SRF is to support business retention, expansion and recruitment efforts by the Business Development Team (described in the organizational structure section of the plan). Many factors come into play when working with a company in this capacity: 1) confidentiality—often nothing can be publicly said regarding the project and all details must be held in the strictest confidence; 2) agility—often resources are needed in a matter of days in order for the project to move forward; 3) flexibility—no business development project is alike and the funding resources must be flexible enough to meet the needs of the company to grow or relocate. With these factors in mind, it does not make sense for business development projects to go through the competitive grant process recommended for category three. It makes more sense to establish the SRF category and apply standard criteria for access to those funds as described below. It is recommended that the SRF be established in Phase II and that the amount of money set aside in that fund increase annually over time.

CRITERIA

1. The request comes from the Yamhill County Business Development Team.
2. The project is for retention, expansion, or recruitment of a traded-sector business.

PROCESS

The recommended process to access SRF funds is that a written proposal be provided to the Board of Commissioners and County Administrator that:

- a. Identifies whether it is a business retention, expansion or recruitment project.
- b. Describes the current situation and why funds are needed.
- c. States the amount of funds needed.
- d. Outlines the number of jobs that will be created or retained as a result of the project.
- e. Requests the funds as matching funds to access the Governor's Strategic Reserve Fund, if applicable to the project.
- f. Outlines a general timeline for the project and potential milestones.

It is recommended that by the time the plan is operational in 2016, \$100,000 or not less than half of economic development funds be retained in the SRF annually. The other funds would be allocated to funding for economic development grant program in accordance with the phased approach described for Category 3.

### **Category 3: Economic Development Grant Program**

As stated earlier, it is recommended that economic development funds not be allocated via this grant program until YCEDP implementation Phase II, at the earliest. This will give the GROW committees and contracted support staff time to establish the foundation of the organizational structure to support the grant program, as well as develop all of the grant program documents. Once the regional strategy committees are established in Phase II of implementation of the YCEDP, the grant program process recommended below could begin to be implemented.

It is strongly recommended by the GROW Workgroup that grant funds are offered only after implementation Phases I-III for YCEDP implementation are fully funded. As the capacity of the GROW committees increase, the reliance on support from the economic development funds will diminish and that would result in an increase in the amount of funds available through the grant process. Once implementation phases are complete and the plan is fully "operational," it is reasonable to project that the majority of funding would be allocated to the SRF and grant program categories.

#### PROGRAM ELEMENTS

For the purposes of developing a competitive grant process, it is necessary to address various grant program elements. In a competitive grant program, a grant solicitation is available for **eligible** persons/organizations to apply to for funding. The types of projects allowed under the grant program are defined, if more than one exists. **Criteria** are typically outlined so the applicant knows what project elements are required in order to be considered. These criteria are generally **weighted** or a scoring matrix described so that the applicant knows which of these criteria are the most important to the funder.

These conditions and criteria are developed in a grant program so that the funder gets the desired outcomes or impact with the funds. In other words, they are designed to ensure a positive return on investment for the funder.

The GROW Workgroup had a discussion at the February 2013 meeting about return on investment. The group developed a list of what factors would imply a positive return on investment for economic development funds. From that list, the group voted to determine which factors were most important. This information is reflected in the grant criteria included in the recommended process. Based on the input of the group, the ideas were refined and developed into the recommended process below. The recommended process would ensure broad accessibility, equitable distribution of funds, and funded projects that are in alignment with the YCEDP vision, strategies and goals.

#### CRITERIA

Eligibility: Eligible applications must come from private or non-profit businesses, associations, industries, educational institutions, or government entities operating in Yamhill County.

The applicant must explain how their project will address the criteria listed in the project criteria activities section below.

Project Criteria Activities: Applicants must describe the current circumstance and identify strategies in their project that may include:

- A highly collaborative effort among multiple organizations, associations, or groups that leverages funds and contributions from other sources.
- How the proposed project will support the retention or expansion of a business.

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- How the proposed project will support the retention of jobs or addition of new jobs.
- Addressing an infrastructure issue or other obstacle to economic development.
- How the skills of current workers or potential workers will be increased or adapted to meet the needs of business and industry; and/or the development of career pathways.
- Alignment with strategies and goals in the YCEDP.
- Support of targeted industry sectors.
- How the project will market and promote community assets for the purpose of increasing visitor traffic or recruiting a business opportunity.
- How the project supports a new business start, innovative entrepreneurial idea, or business incubation (include an attachment of business plan if operational less than one year).
- Will result in the reduction of vacant buildings or the renovation of vacant buildings, storefronts, or downtown areas.

Grants can range from \$2,500 to \$50,000. A minimum of a dollar-for-dollar cash and/or in-kind match is required.

### For Example:

A proposed project has a total cost of \$10,000 or more, the applicant would like to request \$5,000 in grant funding. Documentation of \$5,000 cash or in-kind match is required. Leverage in any amount exceeding that is allowable and desirable.

Criteria will be weighed and scored as follows:

1. 20% of total score will be awarded to projects that result in job retention or creation
2. 20% of total score will be awarded to a project that clearly describes a collaborative effort among multiple partners and/or includes leveraged funds and contributions above the required dollar-for-dollar match.
3. 15% of total score will be awarded to a project that results in the retention or expansion of a local business.
4. 15% of total score will be awarded to applicants who describe how the project will result in a more highly skilled workforce.
5. 10% of the total score will be awarded to projects that align with YCEDP strategies and goals.
6. 10% of the total score will be awarded to projects that support targeted industry clusters.
7. 5% of the total score will be awarded to projects that support new business start-up, entrepreneurial or incubator efforts.
8. 5% of total score will be awarded to projects that result in the reduction of vacant buildings or the renovation of vacant buildings, storefronts, or downtown areas.

In addition to applying the criteria rating described above, the evaluation committee will use its discretion to encourage the geographically equitable distribution of funds.

### PROCESS

Funds would be awarded two times per year, or more frequently at the discretion of the Board of Commissioners. Projects would be considered for scoring based on recommendations from the regional strategy committees. The GROW Executive Committee would score all applications and recommend projects for funding to the Yamhill County Board of Commissioners, which would give final approval for funding of recommended projects.

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### Proposal Review Process and Specifications

- Applications will be submitted to the appropriate regional strategy committee to confirm that it is aligned with priorities of that local area.
- If approved for submission, the regional strategy committee representative will submit the proposal to the GROW contractor by the due date for that period (according to an established grant program calendar). The GROW contractor will review proposals to ensure they meet the conditions of the RFP, all mandatory requirements, and include signed copies of all the required documents; then forward to the Executive Committee for scoring.
- The Executive Committee will review and score all applications for that quarter based on the criteria and weights described above.
- The geographic distribution of proposed projects will be considered by the Committee.
- An Executive Committee representative or GROW contractor will present the Executive Committee recommendations for funded projects to the Board of Commissioners for approval at the appropriate quarterly meeting.
- All applicants will be advised whether or not their application has been approved.
- Grant contracts would be developed that include project completion dates, deliverables, funded amounts, payment and reporting schedules, and other details necessary to carry out the agreed upon scope of work.

ATTACHMENT D

**Project Request Form**

<b>Project Name:</b>			
<b>Amount Requested:</b>	\$		
<b>Company Match:</b>	\$		
<b>Current State:</b>			
<b>Scope of Work:</b> Include specific information for any criteria selected below)			
<b>Applicable Criteria:</b>	<input type="checkbox"/> Collaboration	<input type="checkbox"/> Jobs Created/Retained	
	<input type="checkbox"/> Business Retention	<input type="checkbox"/> Business Expansion	
	<input type="checkbox"/> Addresses Infrastructure Issue	<input type="checkbox"/> Increases Skills of Workers	
	<input type="checkbox"/> Supports Targeted Industries	<input type="checkbox"/> Alignment with YCEDP	
	<input type="checkbox"/> Promotes Community Assets	<input type="checkbox"/> Supports Start/Entrepreneurs	
<b>Submitted By:</b>			
	<b>Name</b>	<b>Title</b>	<b>Company</b>
<b>Date Submitted:</b>			