BOARD OF COMMISSIONERS

MINUTES OF THE BOARD SESSION - Regular Session

Wednesday, January 28, 2015 9:00 a.m.

Senator Hearing Room 555 Court Street NE Salem, OR 97301

PRESENT:

Commissioner Kevin Cameron and Commissioner Sam Brentano. Also present

were John Lattimer as chief administrative officer, Gloria Roy as legal counsel

and Kim Hulett as recorder.

ABSENT:

Commissioner Janet Carlson

Commissioner Cameron called the meeting to order at 9:00 a.m.

PRESENTATION

Video Time: (00:01:28)

SEDCOR 2014-15 Second Quarter Report – Chad Freeman

Summary of presentation: (Attachment A)

- Second quarter of 2014-15 has built on momentum from previous year;
- Recovery from the recession being seen in the Mid-Willamette Valley and throughout the state:
- Companies are expanding and a number of new projects are looking at this region;
- There is noticeable growth in business investment and hiring in this region;
- Investments continue to be led by local companies looking for ways to expand their business and grow in this region;
- As of December 30 there are 15 active retention and expansion projects continuing;
- Retention work has a much higher probability of success in bringing jobs to the region; and
- Strategic Initiatives for year include the Large Lot Recruitment Project, Workforce Efforts, and Business Retention and Expansion.

Board discussion:

- Opportunities for large lot projects are Mill Creek Corporate Center and the Woodburn project, both of which are ideally situated;
- Woodburn is a great place for business in terms of access to I-5 and to help support the community as it looks to grow; and
- SEDCOR will continue to be involved in the Urban Growth Boundary of Woodburn.

PUBLIC COMMENT

None.

CONSENT

Video Time (00:17:34)

TAX COLLECTOR

Approve an order designating the Woodburn Independent as the newspaper for publication of the 2015 tax foreclosure list.

MOTION: Commissioner Brentano moved approval of the consent calendar. Seconded by Commissioner Cameron; motion carried. A voice vote was unanimous.

ACTION

Video Time (00:17:58)

BOARD OF COMMISSIONERS

- 1. Consider approval of a five-year lease agreement with the Oregon Farm Bureau for office space at 1320 Capitol Street NE, Salem. John Lattimer, Bruce Armstrong
- Summary of presentation: (presented Action items 1 and 2)
 - Health Department needs major renovation and the Oregon State University (OSU) Extension Service will need to move;
 - Oregon Farm Bureau has property to lease at 1320 Capitol Street NE, Salem;
 - Marion County will lease the space from the Oregon Farm Bureau; and
 - OSU Extension Service will sub-lease the space located at 1320 Capitol Street NE Salem.
 - Lease is for 4,000 sq. ft. of space and will expire December 2019:
 - Allows the county to terminate lease at 36 or 48 months if needed;
 - Also allows for two five-year renewals;
 - o Rent is \$5,660 per month or \$1.40 per sq. ft.;
 - o Farm Bureau to pay all utilities and janitorial services with exception of kitchen; and
 - o Parking is provided through lease.
 - Oregon Farm Bureau to make tenant improvements:
 - o Tenant improvements not to exceed \$55,000; and
 - o Landlord's failure to provide necessary repairs could be paid by county and deducted from rent.
 - Intergovernmental Agreement (IGA) to hold OSU Extension Service accountable to comply with the arrangements within lease;
 - Appropriate use of premises and if damaged, OSU Extension Service would be liable for those expenses;
 - IGA ties the lease and sub-lease together;
 - IGA is for five years and can be renewed for two additional five-year terms;

- If county lease with Oregon Farm Bureau is terminated, the IGA between the county and OSU Extension Service is terminated also; and
- IGA protects the county.

Board discussion:

- Oregon Farm Bureau waiting for approval and will begin tenant improvements immediately; and
- No rent obligation until building can be used for intended purpose.

MOTION: Commissioner Brentano moved approval of a five-year lease agreement with the Oregon Farm Bureau for office space at 1320 Capitol Street NE, Salem. Seconded by Commissioner Cameron; motion carried. A voice vote was unanimous.

2. Consider approval of an intergovernmental agreement with OSU Extension for sub-lease of office space at 1320 Capitol Street NE, Salem. – John Lattimer, Bruce Armstrong

MOTION: Commissioner Brentano moved approval of an intergovernmental agreement with OSU Extension for sub-lease of office space at 1320 Capitol Street NE, Salem. Seconded by Commissioner Cameron; motion carried. A voice vote was unanimous.

Video Time (00:28:16)

COMMUNITY SERVICES

3. Consider approval of an order approving Video Lottery Funds for Economic Development Grants to the following companies: (Sarah Cavazos)

_	Forest River Manufacturing	\$50,000
_	GK Machines	\$50,000
-	Henningsen Cold Storage	\$50,000
	Murayne, Inc.	\$15,000
_	Oregon Pallet Repair, Inc.	\$25,000
-	Tree Frog Nursery, LLC	\$ 5,000

Summary of presentation:

- Economic Development Advisory Board (EDAB) recommends funding for the six companies listed above for economic development purposes; and
- These grants are for 2014-15 cycle for the Oregon Lottery Economic Development Program.
- Grant program is working to achieve three goals:
 - o Create and retain jobs in Marion County;
 - o Support companies in expanding a product or service; and
 - o Increasing outside sales revenue into Marion County.
- The grants target three specific industries:
 - o Manufacturing;
 - o Agriculture; and

- o Tourism.
- On August 15, 2014, EDAB released a Request for Applications (RFA) for the grants and closed the RFA process on October 15, 2014:
 - o Eleven proposals were received;
 - o Proposals went through a two-stage review process;
 - o All applications were individually scored and then reviewed by EDAB as a group;
 - o In December EDAB decided to recommend funding for the six applications listed above; and
 - o Budget is \$200,000 for the year and grants total \$195,000.

Board discussion:

- Tree Frog Nursery said it would create three jobs over a three year process;
- EDAB reduced grant amount to \$5,000 due to hiring only one employee this year;
- Criteria is based on \$5,000 per job created;
- Henningsen Cold Storage grant may go into next year; and
- Contract for this project begins July 1, 2015;
 - **MOTION:** Commissioner Brentano moved approval of an order approving Video Lottery Funds for Economic Development Grants to the following companies: Forest River Manufacturing \$50,000; GK Machines \$50,000; Henningsen Cold Storage \$50,000; Murayne, Inc. \$15,000; Oregon Pallet Repair \$25,000; and Tree Frog Nursery, LLC \$5,000. Seconded by Commissioner Cameron; motion carried. A voice vote was unanimous.

PUBLIC HEARING 9:30 A.M.

None.

Commissioner Cameron read the weekly calendar.

Commissioner Cameron adjourned the meeting at 9:39 a.m.

Attachments: (A) SEDCOR 2014-15 Second Quarter Report

Not Present at meeting

CHAIR

COMMISSIONER

COMMISSIONER

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January 26, 2015

Mayor and City Council

City of Salem

555 Liberty Street SE

Salem, OR 97301

Commissioners

Marion County

P.O. Box 14500

Salem, OR 97309

Commissioners

Polk County

850 Main Street

Dallas, OR 97338

RE: SEDCOR 2nd Quarter 2014 – 2015 Activity Report

Executive Summary:

The second quarter of 2014-15 has built on the momentum from the previous year, and we are seeing recovery from the recession here in the Mid-Willamette Valley. Firms we have worked with to expand are building out their new sites, and we see a growing number of new projects looking at our region. Forest River trailers is hiring new employees and finalizing their changes to the building in Silverton. Columbia Helicopter has moved into a new building in Woodburn, Garmin is completing a new building in Salem, and Fed- Ex has finalized its new expansion in Mill Creek Corporate Center.

At the halfway point of the 2014-2015 fiscal year, we are seeing noticeable growth in business investment and hiring in our region. These investments continue to be led by local companies looking for ways to expand their business and grow in our region.

Companies who have invested in our region in the last two years include:

NORPAC/Henningsen Cold Storage

GK Machine

Inventure/Willamette Valley Fruit

Garmin

Willamette Valley Fruit

Don Pancho

Hanard Machine

Wilson Construction

Pacific Building Systems

NW Fruit

Wandering Aengus Ciderworks

Turner Lumber

Diana Foods

West Salem Machine

Fed-Ex

Fiber-Fab

Kettle Foods

Truitt Family Foods

Columbia Helicopter

The cumulative impact of these investments is more than \$100 million and 1,300 new and retained jobs from traded sector companies in the last two years. We expect to see local firms leading our economic growth in the future.

Our portfolio of recruitment and retention projects is experiencing steady growth. We currently have 16 active expansion projects, impacting an estimated 695 jobs in the region. A more detailed breakdown of these numbers is illustrated in the table below. It is important to note that while the numbers include an estimated \$226 million in recruitment projects and \$77 million in retention projects, these are all long-

term projects. We have found that the likelihood of a project being completed is significantly higher with retention and expansion than with recruitment.

We continue our work on the Make it in the Willamette Valley initiative. In partnership with the Mid-Willamette Valley Council Of Governments, SEDCOR was among only ten recipients in the nation to receive a federal Make It In America grant to help manufacturers invest and grow jobs in the U.S. We are working with the Mid Willamette Valley Council of Governments to do an in depth supply chain analysis, studying all manufacturing firms in the region to learn where they buy their materials and how we can help them grow. We have conducted one-to-one meetings with local manufacturers to determine their needs and opportunities, and there is an in-depth quantitative research component as well. In the last quarter we received our final report from this project and look forward to sharing this with the county commissioners. We have received additional support for this project from Marion County, Yamhill County, PGE and Pacific Corp.

Retention/ Expansion Efforts:

While some of the interest has been from recruitment activities, we are seeing continued interest in local company expansion and retention efforts. As of December 30 we are working on over 16 active retention and expansion projects, representing more than \$77 million in investment and an estimated 695 new or retained jobs. The majority of these projects can be categorized as either advanced manufacturing or food processing entities.

While we're seeing an increase in recruitment projects, our experience demonstrates that the retention work has a much higher probability of success in bringing jobs to the region. These local companies are pursuing opportunities to grow their business through careful investment and hiring. It is important to note that many of these are long-term projects.

	Retained & New Jobs	Total Cap Ex	
Recruit	1254	\$226,000,000	
Retain/ Expand	695	\$77,500,000	
	1949	\$303,500,000	
Announced	285	\$12,150,000	
TOTAL	2234	\$315,650,000	

Recruitment Efforts:

The pace of recruitment activity has slowed somewhat from last year. In the 2013-14 year we saw a total of 56 Requests for Information on buildings or projects in our region. Since July 2014, we have received 22 RFPs from firms interested in our region. This is still quite a bit higher than we saw during the recession and the first years out of the recession, however the pace is held down by the lack of available buildings in our region. The small slowdown was expected as we began to see a shortfall in building inventory late last year. While there has been a small decrease in the overall RFPs, firms that are interested in this area are showing more interest in building new buildings.

To grow and improve our recruitment efforts we are working in partnership with the private sector, with Business Oregon and through regional efforts to understand and market the opportunities we have. We

have a recruitment portfolio of approximately \$226 million in investment, representing 1,254 potential new jobs to the region.

Forest River continues their expansion work in Silverton. As we reported last quarter, this firm maintained their plant in Independence and purchased one of the few remaining buildings in Silverton. The company is now up and running and has begun hiring. This is expected to bring more than 50 jobs to the region and strengthen this company's footprint in the Willamette Valley. We appreciate the support of this project from Marion County and the Economic Development Advisory Board as this exceptional company expands in Silverton.

Strategic Initiatives:

- 1) <u>Large Lot Recruitment Project</u> Working with owners and representative of large lot (over 50 acres) industrial land to find out the industries and companies who need this size of parcel for their next expansion, as well as learning what these firms need to be successful. This project has helped give nationwide exposure to Mill Creek Corporate Center, as well as to help identify our role in the larger regional market.
- 2) <u>Workforce Efforts</u> We continue to advance the IMOM program, helping companies document the skill sets of their aging workforce. Also, we are using this skills intelligence to work with local school districts, private schools, trade schools and community colleges to provide industry-driven skill development in the future workforce. We are seeing an increased demand in the interest and support for workforce efforts.
- Business Retention and Expansion (BR&E) SEDCOR is leading the development of a two-county BR&E project that will benefit communities as a whole by helping community members conduct interviews with businesses. SEDCOR has been working with the communities of Stayton, who are taking the first step in the compiling a task force to help with this project. The county has been a great support on this project, and we look forward to working with the county, as well as their new RARE intern, to advance this program. The intention of BR&E projects such as these is to help communities address issues businesses have, build networks and community capacity, educate and informs the community about local business, and bring communities together to demonstrate that a community cares about local business.

In the new year we have seen ongoing interest in our region from local companies, as well as potential new investment into the region. With your assistance and guidance we will continue to improve the economy of the Mid-Willamette Valley, one project at a time. We thank you, once again, for your continued support.

Sincerely/

Chad Freeman, President

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