



**CORVALLIS
CITY COUNCIL WORK SESSION AGENDA**

**August 16, 2010
7:00 pm**

**Downtown Fire Station
400 NW Harrison Boulevard**

COUNCIL ACTION

I. ROLL CALL

II. VISITORS' PROPOSITIONS

III. UNFINISHED BUSINESS

- A. Economic Development Policy Review [information]

IV. ADJOURNMENT

For the hearing impaired, a sign language interpreter can be provided with 48 hours' notice prior to the meeting. Please call 541-766-6901 or the Oregon Communications Relay Service at 7-1-1 to arrange for TTY services.

A LARGE PRINT AGENDA CAN BE AVAILABLE BY CALLING 541-766-6901

A Community That Honors Diversity

Louie, Kathy

Subject: RE: Economic development

From: Gazeley, Dave [mailto:DGAZ@xxxx]
Sent: Wednesday, August 11, 2010 4:26 PM
To: Louie, Kathy
Subject: Economic development

Kathy,
I am writing to express my hope that the City council acts with our City's future economic vitality in mind as it considers the various economic development proposals before it, including expansion of the enterprise zone and streamlining the development approval process.

Expansion of existing local businesses and the addition on new business enterprises are critical to family-wage job growth and the retention of families in our community.

The increases in value to both real and personal property which occur when local businesses improve their buildings, expand their operations and acquire additional equipment helps create the future property tax revenue that our city will need to balance annual budgets.

Our council has the opportunity to set the stage for the creation of new family-wage jobs and future additional property tax revenues by making smart decisions today.

Thank you for the opportunity to provide input.

Dave

David M. Gazeley
Sr. Vice President & Manager
Main Office
Circle Blvd Office

Citizens Bank
P O Box 30
Corvallis, Oregon 97339

Phone 541-766-2285
Fax 541-766-2281

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Louie, Kathy

Subject: RE: Economic Development

From: B. Bond Starker [mailto:bond@xxxxxx]
Sent: Wednesday, August 11, 2010 5:27 PM
To: Louie, Kathy
Cc: John Sechrest; lyle Hutchens
Subject: Economic Development

Hello Ms. Louie,
Please forward these thoughts to the city council for consideration regarding economic development, for their August 16 work session.

I suggest we have an explicit goal for the next 3-5 years of replacing the jobs lost at HP, and providing new jobs for Corvallis citizens entering the work force upon graduation. Many of the strategies and tactics for accomplishing this are in existing consensus documents such as the 2020 Vision. Prosperity That Fits plan, Economic Vitality Partnership, Sustainability coalition, etc.

The backbone of economic development is "traded sector jobs". That is jobs in industries whose customers are outside of the area so the sales of those products and services bring "new" money to the area. This is where we should spend our time and money in economic development. Other service sector jobs will grow themselves to meet the needs of these industries and their employees. I suggest it would be a better use of energy resources if most employees could find housing and employment within ten miles of each other. We may need to facilitate more local housing options to reach that goal, which would also help in capturing more of our payroll dollars in the local retail economy.

I am in full support of local business association (CBCC-EDP, BEC, DCA, CIBA, etc) economic development efforts. I am hopeful that those efforts can be better coordinated going forward. Please endorse those efforts, especially those directed at the "traded sector" even if you are unsure where the funds might come from. A strong endorsement and pledge of support and cooperation will invigorate private sector participation.

Thanks,

B. Bond Starker
Starker Forests, Inc.
P.O. Box 809
Corvallis, OR 97339-0809

8/12/2010

Louie, Kathy

To: Kevin Gartner

Subject: RE: City of Corvallis and Economic Development

From: Kevin Gartner [mailto:kevingartner@ xxxx]

Sent: Thursday, August 12, 2010 6:16 AM

To: Louie, Kathy

Cc: Katherine Cleland

Subject: City of Corvallis and Economic Development

Kathy,

I understand that the City is evaluating whether and to what degree it should play an active role in economic development.

I would like to add my voice to those who think that the City, and Jon Nelson specifically, must not assume that our recent prosperity will continue without a climate that encourages the creation of wealth, balanced of course by local appreciation of our quality of life.

Economic development is a big issue for me. OSU, in its current charter, does not create wealth as I had once hoped it might - their culture does not test or critically analyze ideas for their commercial significance. HP wealth may continue to deflate or even disappear. Retirees create only service jobs, usually low-paying.

The citizens of this town need the City's resources to help avert a wider economic deflation in Benton County.

Kevin

8/12/2010

CURTIS WRIGHT

, CORVALLIS, OR 97330 (541) 738-6525

August 12, 2010

Honorable Mayor and Councilors:

I applaud this Council's decision to review prior Council's accumulation of Economic Development goals and policies. And I fervently hope this Council will make the hard decisions that will put our City on a path to long-term, sustainable prosperity.

Actually, the decisions should be easy ones.

Why would a City Councilor not want to continually increase the breadth and depth of services the City provides to its citizens? A well focused and effectively executed economic development plan will deliver the property tax revenues needed to maintain, and ever enhance, our quality of life.

Why would a City Councilor not want to avoid imposing more fees and higher taxes on the residents? A well focused and effectively executed economic development plan will significantly increase property tax revenues, negating the need to keep nickel and diming users with fees, and coercing homeowners into paying higher property taxes.

Why would a City Councilor not want the residents to have good-paying jobs, young people to have local employment opportunities, and local businesses to be successful? A well focused and effectively executed economic development plan will fuel the economic engine of local commerce and industry, so it can grow jobs, provide employment opportunities at all skill levels, and boost prosperity across all kinds of local businesses.

It has taken years and years of economic development failure (plus other faulty decisions, and things outside of Corvallis beyond our control) to take us down the line on the "jobs" graph in Councilor Dan Brown's economic development White Paper. It is going to take us years and years of doing the right things right to recover, via well focused, effectively executed economic development.

All the near-term pain and suffering of budget cuts, probable layoffs, and possible tax increases we are soon to undergo is why it is critically necessary to put in place --NOW-- a fully-funded, outcomes-focused, economic development program with measurable accountability / responsibility, delivering on all strategies -- startup eco-system, business incubation, comprehensive economic gardening, targeted recruiting, and regional collaboration -- if we are ever to be better off in the long-term.

Rec'd 8/12/10 from Curt Wright for



Visual courtesy of The Edward Lowe Foundation

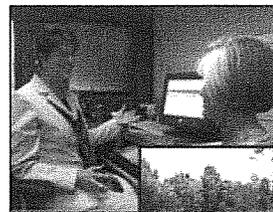
Economic Gardening

A key focus of our city's economic development plan, *Prosperity That Fits*, is to "Strengthen and Expand Existing Business and Industry." It makes good sense to do all we can to help businesses already here grow and do more of what we know and value them for. It makes equally good sense to do all we can to help start-ups stay here as they reach maturation. Implementing an Economic Gardening program would enable us to do just that, for the good of all us, here in Corvallis.

What Economic Gardening Is

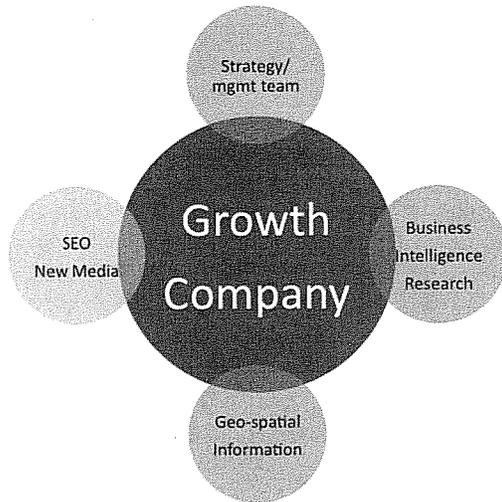
In contrast to traditional recruitment strategies, economic gardening supports local businesses to boost economic activity and create jobs within a community. The three main components of economic gardening are:

- Business-critical information—Giving local businesses access to sophisticated data about markets, customers and competitors typically available only to larger firms; helping them thrive and grow.
- Infrastructure—Building and supporting the development of community assets, both physical and intellectual, essential to commerce and overall quality of life; a city where entrepreneurs want to live and people want to do business.
- Connections—Fostering interaction among business owners and vital resources, such as trade groups, peer roundtables, academic institutions, and service providers. Networks of advice and support that can help CEOs grow their businesses.



Visual courtesy of Chris Gibbons, City of Littleton, CO

How Economic Gardening Works



Visual courtesy of The Edward Lowe Foundation

The program provides tactics and tools delivered by a team of highly experienced analysts functioning much like an extension of the business.

Informational services can include database research, search engine optimization, GIS, network mapping, and social media. Use of decision-making tools is also part of the program, and can include core strategy analysis, understanding management temperaments, and capital and labor referrals.

In a typical engagement, the team will employ databases such as ESRI Business Analyst, Claritas, Dialog, and Lexis-Nexis; competitor and prospect intelligence such as Hoovers, Duns, MarketPro, and IBISWorld, as well as targeted marketing resources.

The team works fast — in hours or days at the most.

Who Economic Gardening Serves

Most cities' economic gardening programs offer their services to businesses of any size, as long as they operate within city limits. But the greatest opportunities come from serving the specific needs of Stage II companies, which usually employ 10 to 99 people and generate annual revenues of between \$1 million and \$50 million. Research indicates that second-stage firms typically create more jobs than companies at other stages of development.

Economic Gardening Makes A Real Difference

In 1987, in Littleton, CO, the city's major employer, an aerospace company, laid off thousands of employees. The city council expressed displeasure at having the city's future being dictated by out-of-state corporations and directed staff "to work with local businesses to develop good jobs." From that simple directive, economic gardening was born. In the two decades since, jobs have increased twofold, from 15,000 to over 30,000, while the population grew less than 25%.

Economic Gardening programs are underway in the states of Washington, Wyoming, Georgia, Michigan, North Carolina, Colorado, and Pennsylvania. This past November, the state of Florida launched its GrowFL program. You'll find the strategy working successfully as nearby as Beaverton and as far away as Australia. And two months ago, our governor signed HB 3644, creating an Economic Gardening Task Force to develop a program for Oregon.

To Learn More About Economic Gardening:

Chris Gibbons, City of Littleton, CO. www.littletongov.org/bia/economicgardening/
The Edward Lowe Foundation. www.edwardlowe.org/index.elf?page=ss&function=eg
SBA: *Balanced Approach to Economic Growth*. www.sba.gov/advo/research/sbe_06_ch06.pdf
University of Western Washington. www.cbe.wvu.edu/sbdc/small-business.asp?wid=24
Florida Economic Gardening Institute. www.growfl.com/index.html
City of Beaverton. www.businessbeaverton.com/content/businessServices/business-services-expansion-retention.php
And if you Google "Economic Gardening," you'll get about 695,000 hits to explore

Louie, Kathy

Subject: RE: Economic Development Aid

From: Tom Gerding [mailto:tgerding@]
Sent: Thursday, August 12, 2010 9:12 AM
To: Louie, Kathy
Subject: Economic Development Aid

Hello Kathy,

I am writing your office for the sole purpose to strongly urge the City to support local economic development. There are a number of ways in which the City can accomplish this. These include monetary support, creating enterprise zones, relaxing planning regulations, as well as others.

I urge you to use this time of severe economic hardship, to instill changes that will provide a "friendlier" place to develop projects that fit our community. The City must invest financially towards economic development as this will pay many times greater in the future via an increased tax base in local jobs and property values.

I do believe the City is positively engaged and has been in times past as well. I do thank you for this.

Sincerely,



Tom Gerding
President
T. Gerding Construction Co.
Work:(541) 753-2012 x211
Mobile: (541) 230-0224
www.tgerding.com

Louie, Kathy

Subject: RE: Letter to Corvallis City Council re: Economic Development

From: Mike D. Corwin [mailto:MCorwin@xxxxxx]
Sent: Thursday, August 12, 2010 10:14 AM
To: Louie, Kathy
Subject: Letter to Corvallis City Council re: Economic Development

August 11, 2010

Dear Councilors:

I was the chair of the Economic Vitality Partnership and co-chair to the Prosperity That Fits plan when our city accepted the document as a viable direction for our city's economic development future in 2006. Now, almost four years later, there has never been a more crucial and opportune time for our City Council to act upon its role in that plan's progress.

One of the most important initiatives within the plan was that of the Blue Ribbon and DR2 Committees and their work with the public sector toward making our city and its surrounding area more welcoming to "the Prosperity That Fits" and a path toward inviting economic vitality. That committee addressed you earlier this month with some well-stated recommendations that could go a long way toward significant progress.

Some highlights from those recommendations include the expansion of the Enterprise Zone concept in key parts of our city, bylaw changes that could get us closer to the boost that urban renewal could provide Corvallis, and assertively striving to amend our currently untenable phase of land code.

I have worked on a daily basis with local business people and prospective out-of-town developers who look to consider Corvallis. The stories borne out of their experiences have firmly positioned our city as having a reputation that is far from business friendly. Not only are we understandably having a difficult time attracting new business to our area, but we are extremely close to losing several existing local businesses -- grown here, sustainable and providing family-wage jobs -- to neighboring cities or leaving our area entirely.

It is time for action as you know only too well that you have faced reductions in funding this year and are staring at even further budget shortfalls in the next couple of years. Will such changes be an instant solution? No. However, the study, research and discussion by local private and public sectors has already been exhaustive when it comes to the subject of our economic development. It's time to act. Make the changes necessary for the future of a brighter and more vital Corvallis as prescribed in the Vision 2020 which you have also accepted.

Thank you for your past service and your future work on this vital priority to Corvallis and its people.

Sincerely,

Mike Corwin
Corvallis, OR 97333

Mike Corwin
Asst. Vice President-Public Relations and Business Development
OSU Federal, Your Community Credit Union
PO Box 306, Corvallis, Oregon 97339
541-714-4286, 541-714-4182 (fax), 541-760-6132 (cell)
www.osufederal.com <<<http://www.osufederal.com/>>>

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8/12/2010

Louie, Kathy

To: Skip Rung

Subject: RE: Message to Corvallis City Council re: economic development

From: Skip Rung [mailto:skip@xxxxx]

Sent: Thursday, August 12, 2010 10:36 AM

To: Louie, Kathy

Subject: Message to Corvallis City Council re: economic development

Dear City Council Members,

I am President and Executive Director of a state-funded non-profit devoted to innovation-based economic development. Our objectives are to increase Oregon's "market share" in all links of the innovation pipeline from research (which produces both ideas and local talent) to commercialization (which creates traded sector businesses and high/family-wage jobs). We have been quite successful, and much of the reason for this has been the outstanding research, collaborative culture, and desire to contribute beyond the ivory tower that we find at Oregon State University. ***The most recent tangible examples of this are the \$50M investment in Home Dialysis Plus and the completion of the Phase II buildout of the Microproducts Breakthrough Institute in HP's building 11.*** I hope you will all be able to join OSU, Pacific Northwest National Laboratory (which also has a growing presence here), ONAMI, HD+ and others at our Grand Opening and ONAMI mixer on August 27.

Prior to co-founding (with Ron Adams of OSU, among others) ONAMI, I was director of advanced research at HP. I retired after 25 years with HP in late 2001 in part because of my concern that Corvallis (our family's home) was unprepared for the inevitable negative economic impacts of the maturity (which would result in reduced R&D and capital investment in Corvallis) of HP's inkjet technology. As Corvallis public process veterans know, HP began warning the City about this more than 15 years ago, arguing the Corvallis was too complacent about its lack of economic diversity and couldn't simply assume "HP would always be there" to provide jobs and tax revenue.

These warnings were, and continue to be, largely unheeded. The predictions of job and tax base losses were accurate, but the prediction that Corvallis would feel most of the pain of its own failure were not – it turns out that the pain is mostly experienced in the Corvallis/HP/OSU "commute shed" in Linn and other counties. Corvallis has more or less succeeded, so far, with a default "doughnut" business model: OSU students and research, a traded sector "hole" in the middle, and wealthy retirees who can afford to live in a desirable but expensive location. This is the default trajectory if nothing is done, ending in a great university surrounded by memory care facilities and funeral homes. This can work, I guess, but you should think hard about what it means for the school district (falling enrollment) and opportunities for citizens' children to remain in Corvallis. We should not look like a dying rural town, but strangely, we almost do.

Corvallis stands out in many people's minds (i.e. that I have talked to, including industry, state officials and more) as having incredible potential but not effectively capitalizing on it. Economic Development is an important function at municipal, regional, state and federal levels, but elected officials in Corvallis/Benton County seem oddly uninterested in the topic and have instead operated in a reactive mode – entertaining citizen proposals and often wanting to be 'supportive', but providing little in the way of vision or leadership. And as recent turmoil and looming budget crises illustrate, this isn't working very well.

I could suggest specific courses of action (related to the standard economic development categories of startups, organic growth, retention and recruiting) but – in view of the above comment - will not do so. Instead, I strongly urge the Corvallis City Council to take a specific and proactive stance on economic development. In order to be serious, this stance will also need to include meaningful resources.

One hopeful sign is the excellent report prepared by Dan Brown. For all our sakes, I hope it is being taken seriously.

Sincerely,

Skip Rung

Robert D. "Skip" Rung
President and Executive Director
Oregon Nanoscience and Microtechnologies Institute
541.713.1331
541.231.4883 mobile
www.onami.us

8/12/2010



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OREGON NANOSCIENCE AND
MICROTECHNOLOGIES INSTITUTE

Please join us for the MBI Grand Opening and Open House August 27, 2010
<http://mbi-online.org/august-27-2010-mbi-open-house-and-grand-opening-celebration>

	Microproducts Breakthrough Institute	Friday, August 27, 2010 MBI Phase II Grand Opening ONAMI Move-Over 2010	Activities begin at noon
Building 11	Hewlett Packard Campus	Corvallis	

MEMORANDUM

DATE: August 10, 2010

TO: Mayor and City Council
Benton County Commissioners

FROM: Jon Nelson, City Manager 
Ken Gibb, Community Development Director 

RE: Economic Development Policy Review

I. Background

The City Council has held several recent discussions regarding economic development and specifically the review of the City's economic development policy. At the July 6, 2010 meeting, the Council discussed the process to update the economic development policy. The minutes of that meeting are attached (#1). Attachment # 2 includes the June 30, 2010 staff memorandum that includes minutes of the June 14, 2010 work session on economic development and the City's current economic development policy.

At the July 6 City Council meeting, Council gave the following direction regarding the economic development policy update:

- The update process should be completed by the end of December 2010.
- The Administrative Services Committee will conduct a series of meetings to review the policy, solicit feedback from the public, economic development allocation recipients and other stakeholders. ASC will not be expanded to include citizen or stakeholder members.
- The Council should conduct a work session to provide ASC with initial direction regarding a variety of issues such as future funding levels, eligible activities, and the funding process.
- Following completion of the ASC review, the Council will schedule a discussion of the draft policy and provide a final public comment opportunity.

II. Discussion

The City Council is interested in collaboration opportunities regarding economic development and invited County Commissioners to attend this work session.

Staff is suggesting that the Council consider a series of basic questions/issues that ASC could use to frame the review of the economic development policy. Council feedback is sought on whether these are the right questions and issues for ASC to address rather than trying to answer these questions at this time.

Prior to this exercise, Staff believes that the following question should be addressed:

Does the Council believe that the review and update of the economic development policy is the driver for the Council's discussion on economic development?

If the answer is yes, then it is appropriate to continue with the issue identification process related to the existing Council policy as outlined below.

If the answer is no, then the Council should identify an alternative process for the community discussion regarding economic development.

Questions/Issues Related to the current Council Economic Development Policy CP 96-6.03

6.03.010 Purpose

The purpose statement discusses economic stability, sustainable economic opportunities and a balanced program that includes job creation, infrastructure and support services such as housing and employment training.

Does this statement reflect the City's purpose for engaging in economic development activities. Is it too broad? Are there additional areas that should be identified?

6.03.021 Mission

The mission statement includes six different components of a comprehensive economic development program ranging from environmental protection to increases wages and benefits and encouraging economic diversification.

Should the mission statement be more focused?

6.03 Goals

The current policy includes twelve different goals for the economic development program

(applicants for funding must address at least two of these goals in their application). These goals cover a wide variety of areas such as retention, expansion and development of business, supporting the downtown area, attracting visitor dollars, supporting housing development and supporting education and training programs. In December 2009, a goal relating to supporting the “Prosperity That Fits” Action Plan was added.

Should the number of goals be reduced and/or more focused to reflect the priorities for the City’s economic development program?

Are there currently cited areas that should no longer be considered as part of the core economic development policy?

6.03.030 Funding Allocation of Transient Room Tax Revenues

Current policy provides that 55% of Transient Room Tax (TRT) be allocated from the General Fund for City supported economic development activities. Corvallis Tourism receives 30% of total TRT. The remaining 25% of TRT is used to support the annual economic development process. Of this amount, 19% is available for applications that generally address the economic development policy, 4% is allocated to festivals and events and 2% is reserved for City staff time associated with managing the economic development allocation process including the development of metrics and program evaluation tools. Based on this formula and the \$ 1,028,084 in TRT collected in 2009, Corvallis Tourism was allocated \$308,425, \$195,336 was available for general economic development programs, \$41,123 for festivals and events and the City retained \$20,562 for program management. This leaves \$462, 638 for the General Fund. Please note that in FY10-11, funding for festivals and events and general economic development programs was reduced by 6.5% due to budget constraints.

In light of budgetary issues, should the current allocation of 45% of TRT to the General Fund be maintained or increased?

In light of economic conditions, should the current allocation of 55% to economic development activities be maintained or increased?

The current 30 % TRT allocation to tourism related programs cannot be reduced per State law. However, Staff has previously communicated that at least some of the festivals and event activities that are currently separately funded may qualify as tourism related activities. Should the City consider requiring that Corvallis Tourism set aside a portion of its allocation for festival and events?

6.03.033 Application Requirements

This section of the policy identifies nine indicators of economic health, e.g. housing cost and availability, average incomes, employee health insurance benefits, visitor spending,

unemployment rate , businesses embracing sustainability and five barriers to employment, e.g., access to child care, lack of transportation. Applicants must address one or more of the identified indicators or barriers.

Should these factors be reduced in order to focus economic development investments by the City? Are there areas currently not cited that should be added. Are there certain areas that must be addressed by applicants such as job creation?

This section of the policy also establishes leveraging requirements. The preferred ratio of City investment to non-City funding for applicants is 1:3. Although not specifically stated, this ratio has been interpreted to apply to operational expenditures related to the program.

Should this ratio be maintained? Should non-cash contributions, e.g. volunteer labor, continue to be eligible to meet this match requirement?

The policy also calls for a 1:10 ratio of City dollars to the generation of sales, payroll or property tax revenues through the activities that are funded by economic development allocations.

Should this ratio be maintained? Should the three cited areas be maintained, reduced or expanded or prioritized? For example, a job creation focus would give greater weight to payroll generated versus sales tax or property tax generated.

6.03.034 Funding Process

Currently, economic development funding is allocated by the City Council following a recommendation from an Allocations Committee consisting of the three ASC members and three citizens appointed by the Mayor. The Allocations Committee is convened once a year to review proposals and make a funding recommendation. City Council committees (ASC and HSC) review the quarterly reports required by agencies funded by economic development allocations.

Should the current system be maintained? Should the City consider a new commission to oversee the allocations process and the economic development program evaluation process?

Other Related Items

Metrics/Evaluation

As noted, the economic development policy was amended in 2009 to set aside dollars to develop metrics, evaluation tools and to review contracts to ensure that funded programs are addressing City economic development goals. Under the current policy, specific program focus areas and certain leverage ratios must be addressed. Staff does a review of proposals to assess completeness and a basic financial review but does not conduct a review or make a recommendation regarding the relative merits of a proposal.

What are the appropriate types of metrics and evaluation tools that should be applied to the process?

What should staff's role be in assessing proposals and reviewing progress reports?

Guiding Resources for Policy Review

The 2006 Corvallis - Benton County Economic Vitality Partnership "Prosperity That Fits" Plan is currently cited in the economic development policy. Council members have recently developed an economic development white paper for Council consideration.

Should these documents, in addition to public and stakeholder feedback, be used in guiding ASC review of the policy? Are there other sources that should be consulted?

Other Items

Are there other questions that ASC should consider in reviewing the policy?

Next Steps/Timetable

Consistent with previous Council direction, next steps in the process would be for ASC to facilitate a review of the economic development policy that includes stakeholder and community participation opportunities. The questions/issues identified at this work session can be used as a guide for the review process.

A series of meetings would be scheduled in October and early November with an ASC recommendation being forwarded to the City Council for review in late November/December. Because of other items on agenda, it is likely that there will be a combination of regularly scheduled and special ASC meetings.

III. Action Requested

Mayor facilitated discussion regarding the list of questions/issues identified in this memorandum in order to refine the list for ASC and staff use in conducting the economic development policy review.

Attachments: Excerpt of July 6, 2010, City Council minutes
June 30, 2010 Staff Report

proposed expansion moves forward. All proposed phase one properties should be noticed to ensure the public process continues forward.

Councilor Raymond said it is important for businesses wanting to develop in the EZ to prove how they will benefit the City since taxes will not be collected. She noted that the current EZ criteria includes job growth, and she opined that in some instances jobs have not increased. She made several inquiries:

- Is Council moving forward with policy before discussing requirements?
- What are the environmental benefits?
- Can businesses wanting to develop in the EZ pay for the cost to provide legal descriptions?

Mr. Nelson responded that this is a proposed expansion of an existing City/County EZ. It is the responsibility of the City and County to provide legal descriptions, and it would not be appropriate to require individual property owners to pay for this service. Providing legal descriptions for properties proposed in phase one is not a burden on staff. Criteria for Oregon's first sustainable EZ will not change. The existing EZ has proved to be successful as two businesses have added jobs and met the EZ building requirements. State statute allows for enterprise zones to be sunsetted if never utilized.

Councilor Hirsch said there is no downside to expanding the EZ. He encouraged Council to approve completing the expansion in phases and to act quickly on the phase one expansion.

Mayor Tomlinson announced that staff will schedule a joint meeting with the Commissioners on August 12 to discuss an EZ expansion phase one. The EZ Advisory Committee can begin the process to winnow the remaining industrial properties in the UGB.

B. Economic development policy review framework

Mr. Nelson requested Council direction for proceeding with the Council goal to continue to implement and refine Prosperity That Fits/Economic Vitality Partnership/Economic Development. Council previously received an economic development white paper prepared by Councilors Brown, O'Brien, and Hamby. Developing the metrics and monitoring system to track and allocate funds require additional discussions with staff. The staff memorandum includes a time line and review process. Initial discussions should include desired focus, future funding levels, application process, eligible activities, and metrics. Information that Council may find helpful to facilitate the discussion include the PTF Plan and economic development white paper previously mentioned. Mr. Nelson suggested the Administrative Services Committee (ASC) spend two or three meetings for discussions and development of elements for a new economic development policy. Due to the high number of stakeholder groups involved, it would be difficult to limit the number of additional committee members. An alternative is to allow for public comment during a related Council work session and all ASC discussions.

Councilor Brown stated support for the proposed process and time line.

Councilor Beilstein said public input is extremely important to the process and he trusts the ASC to decide whether they need to add citizens members to the committee for these discussions.

Councilor Brauner said the ASC will have opportunity to hear stakeholder testimony and agrees with not expanding the ASC. Councilor O'Brien concurred.

C. Council and staff committee regarding polling

Mr. Nelson said Council previously discussed conducting a poll relative to funding City services and options for the future. Council and staff believe it is important to begin the process prior to receiving the preliminary Fiscal Year 2009-2010 audit in September. Staff suggest appointment of one Councilor from each Standing Committee to collaborate with staff to develop the poll. Councilors Daniels, Brown, and Brauner volunteered.

V. MAYOR, COUNCIL, AND STAFF REPORTS – continued

A. Mayor's Reports – continued

Mayor Tomlinson referred to the Oregon Business Plan (OBP) slides included in the meeting materials. He said the Circle of Prosperity identifies how the economy should relate to public services and is the basis for the OBP perspective of State and local government economy. Slide 22 reveals how Oregon's income has fallen off the United States pace since 1997. This is a critical issue for Oregon due to the dependence of personal income tax for State funding. Slide 23 shows how Oregon has diverged from Washington State, related to net income; and slide 24 reveals a lower number of Oregonians working in 2008, compared to previous years. Fewer Oregonians contributing lower wages is not a good sign for Oregon or local government. Slide 28 indicates that citizens have provided approximately 16 percent personal income for government revenue during the last 30 years. Public sector revenues are impacted when the number of employed and wages decrease. The Circle of Scarcity slide (29) is the result of a 30-year revenue trend and the current lower wages and number employed. Slide 39 is an estimate of Oregon's General and Lottery Fund resources, expenditures, and deficits over the next four biennium (starting 2011). Corvallis' budget looks very similar.

Mayor Tomlinson said his point in sharing the OBP slides is the significant issue for State and local government revenues. He encouraged Council to take a more active role in economic development, and not the passive role that was described in the economic development white paper. In December, the OBP will host a meeting in Portland to further discuss this issue. He encouraged Council to attend to obtain a greater understanding of what the governor-elect, business, and education leaders are discussing.

Mayor Tomlinson added that another slide shows how Oregon jobs are not returning as quickly as they have during other recessions. Some Councilors have expressed concern about focusing on family wage jobs versus a broad-spectrum of wage categories. State and local governments are dependent on family wage jobs for economic vitality.

***** MEMORANDUM *****

JUNE 30, 2010

TO: MAYOR AND CITY COUNCIL

FROM: JON S. NELSON, CITY MANAGER 
KEN GIBB, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: ECONOMIC DEVELOPMENT REVIEW AND METRICS

BACKGROUND

Attached (#1) is the excerpt from the June 14, 2010, Council work session discussion on the economic development white paper and next steps. Additionally, the City Council goal is to "continue to implement Prosperity That Fits/Economic Vitality Partnership/Economic Development and refine as necessary."

The current Council Policy on economic development, which drives the City allocations and investments is also attached (#2).

DISCUSSION

The purpose of this discussion is to determine City Council's preference for proceeding. From past experience, it is anticipated that existing funding recipients will attend and want to provide feedback during the policy discussions. There may be other stakeholders, as well, that will engage in the discussion. The Fiscal Year 2010-2011 budget includes purchase of approximately one-fourth Community Development staffing support to facilitate the review. Expected outcomes include a revised economic development policy that will drive allocations and investments. Also anticipated as an outcome is the establishment of metrics to be used to measure success and help guide future investments. Staff thoughts:

Timeline –

July through December 2010. Completion prior to the Fiscal Year 2011-2012 economic development allocations budget cycle.

Review Process –

1. Council Work Session for initial discussion and direction to Administrative Services Committee, including recipient and stakeholder visitors' propositions. Agenda items, based on existing policy, to include Council's desired starting point on:
 - a. Mission and goals focus, including Prosperity That Fits Plan

- b. Assumed future funding level
 - c. Eligible activities and application requirements
 - d. Funding process, including metrics and monitoring
 - e. Identification of resources to use in reviewing the policy (example, economic development white paper)
2. Administrative Services Committee - multiple meetings to develop a revised draft policy consistent with Council direction from the work session. ASC meetings to include opportunities for recipient and stakeholder input.
 3. City Council Evening Meeting - consideration of a "final" draft policy following one last visitors' propositions opportunity.

ALTERNATIVES

Many exist. Staff is suggesting the above approach, based upon the many different recipients and stakeholders and the difficulty in adding citizen members to ASC who will not have a perceived conflict of interest.

RECOMMENDATION

City Council provide a direction for proceeding.

- b. Council committee/staff to work on a poll.
- c. Possible levy on either the May or September 2011 ballot.
- d. Council liaisons will ask boards and commissions their appetite for new revenues.

4. Economic Development White Paper

Councilor Brown discussed the attached handout, as well as referencing the previously shared white paper. Councilors shared their perspectives on economic development, including opinions that the current system is generally working, partnerships are valuable, more criteria in the economic development policy is appropriate, and the Prosperity That Fits Plan is a community-wide asset. Next Step for City Council is a future Council meeting discussion on the framework (timeline, who is tasked, general expected outcomes) for continuing Council's economic development goal and discussion.

5. Relationships Using Self-Evaluation Tools

Mayor Tomlinson facilitated a discussion that focused on the written comments in the General Practices, Specific Practices, and Code of Conduct sections of the tool. Following the sharing, Mayor Tomlinson noted this would be the last self-evaluation conducted by the 2009-2010 City Council.

6. Other

There was no other business.

III. ADJOURNMENT

The work session was adjourned at 9:05 pm.

APPROVED:

MAYOR

ATTEST:

CITY RECORDER

2

CITY OF CORVALLIS
COUNCIL POLICY MANUAL

POLICY AREA 6 - COMMUNITY DEVELOPMENT

CP 96-6.03 Economic Development Policies

Adopted July 19, 1989

Amended June 4, 1990

Affirmed October 7, 1991

Revised April 17, 1995

Revised December 16, 1996

Reviewed November 5, 2001

Revised November 18, 2002

Revised May 5, 2003 (funding section only)

Revised December 17, 2007

Revised December 15, 2008

Revised December 21, 2009

6.03.010 Purpose

The primary purpose of the economic development policy is to preserve and support community livability by encouraging economic stability and sustainable economic opportunities for the citizens of Corvallis. In partnership with citizens, community, and regional organizations, this will be achieved through a balanced program that addresses retention and the creation of family wage jobs, infrastructure development, and the availability of support services such as housing and employment training.

6.03.020 Policy

In order to guide economic development organizations and City government in achieving the Council's economic development goals, the following mission statement, goals, and policies are adopted. These goals and policies may be amended or suspended by the City Council at any time after following existing procedural rules for public notice and participation.

Council Policy 96-6.03

6.03.021 Mission

To engage in a comprehensive Economic Development Program which:

- a. Increases the quality of wages and benefits and, thus, the quality of life for all Corvallis residents;
- b. Is consistent with our desire to protect and enhance the environment, natural resources, and our neighborhoods;
- c. Encourages participation in our prosperity by all members of our diverse community;
- d. Builds upon our unique resources, including our educational system and physical environs;
- e. Develops long-term strategies for our future economic health which support the sustainability of existing businesses and which encourage further diversification of the local economic base;
- f. Promotes a high level of communication and cooperation between public, non-profit, educational, and private sectors, in order to achieve economic vitality and community livability.

6.03.022 Goals

- a. Support retention, expansion, and development of professional service, commercial, and manufacturing firms which are compatible with the community and which provide for a diverse economic base.
- b. Support the role of Downtown Corvallis and the Riverfront District as a vital commercial, cultural, and social center of the community.
- c. Develop the Airport Industrial Park as an attractive business location which creates quality jobs, and provides resources necessary to support the operation and expansion of the Airport.
- d. Support business development by planning for appropriate amounts and locations of industrial and commercial land and by planning for the necessary public infrastructure.

Council Policy 96-6.03

- e. Attract dollars to the local economy through the expansion of the convention and visitor industry, and community activities, such as regional sporting events.
- f. Support programs, projects, and activities which encourage local spending, thereby sustaining the local economy.
- g. Support education and training programs that enhance the availability and productivity of the local work force.
- h. Support the development of a supply of adequate housing which is affordable to employees of existing and future businesses.
- i. Support financial and technical assistance programs that are available to business startups, small business development, local product development, and environmentally responsible modernization.
- j. Facilitate partnerships with public, non-profit, educational, and private sector organizations to maximize the effectiveness of economic development resources.
- k. Develop methods by which the success of the economic development program in addressing community livability and economic sustainability can be evaluated.
- l. Support activities that are identified in the October, 2006 Corvallis-Benton County Economic Vitality Partnership "Prosperity That Fits" Action Plan Matrix.

6.03.030 Funding Allocation of Transient Room Tax Revenues

6.03.031 Funding Source

- a. To provide a stable funding source, an amount equal to 55% of the transient room tax revenue collected and due to the City in the previous calendar year shall be allocated from the General Fund for City sponsored direct and indirect economic development activities.
- b. The Corvallis Convention & Visitors Bureau (CCVB) aka Corvallis Tourism, will be allocated, as a dedicated amount thirty percent (30%) of the total transient room tax collected and due to the City, from the prior calendar year.

Council Policy 96-6.03

- c. The remaining monies will be allocated to agencies, organizations, or entities requesting funding through the annual Economic Development Allocation Process. Such requests shall be consistent with the purpose, mission, and goals of the Economic Development Policy. The amount of this funding will be equal to 25% of the total transient room tax revenue collected and due to the City in the previous calendar year, of which 4% will be allocated to festivals and events; 19% will be allocated to other agencies, organizations, or entities; and 2% will be allocated to the City for the development of metrics, standard evaluation tools, and review of contracts for use by the City Council to assess the efficacy of programs funded by this allocation process.
- d. Applicants who are provided economic development monies shall meet the criteria for funding by addressing the Application Requirements in section 6.03.033 of this policy, which are intended to foster accountability and a demonstration of results derived from the City's investment.
- e. The economic development funding formula shall be modified, and may be suspended, during times of significant economic downturn, especially during years when the City's General Fund balance falls below 5% of revenues, or when other revenue sources for City government are significantly reduced. This also applies to the dedicated funding for CCVB.

6.03.032 Eligible Activities

- a. Applicants should refer to and also reference in their submittal the goals identified in section 6.03.022 above.
- b. Applicants may use City monies to fund economic development activities for the requested funding period. The funds may not be used to repay indebtedness or create a reserve.

6.03.033 Application Requirements

- a. Applicants shall provide organizational information which includes a listing of board members, a statement about the purpose of the organization, the address where the organization is housed, and the names of paid professional staff, if any.
- b. The applicant shall submit evidence that, for the two years preceding the requested period of funding, success has been achieved in at least two (2) of the economic development goals as defined in section 6.03.022.

Council Policy 96-6.03

- c. Applicants shall submit a work plan for the requested funding period ~~predicated on furthering at least two (2) of the economic~~ development goals defined in section 6.03.022 and one or more of the economic indicators listed below. The applicant's work plan should incorporate an anticipated budget for activities which include City funding. Work plans shall show direct linkages between proposed activities, policy goals, and economic indicators.

- d. Listed below are some indicators of community health. In addition to addressing the goals in section 6.03.022 of this economic development policy, applicants should state how their proposals for funding address one or more of the following indicators of economic health or barriers to employment:
 - 1) Indicators of economic health
 - a) Housing cost and availability
 - b) Business retention and expansion
 - c) Average family income levels
 - d) Commercial and retail vacancy rates
 - e) Unemployment rate
 - f) Percent of employees with health insurance
 - g) Percent of citizens underemployed
 - h) Visitor spending levels
 - i) Businesses embracing sustainability concepts

 - 2) Barriers to Employment
 - a) Lack of housing
 - b) Lack of access to child care
 - c) Lack of availability of transportation
 - d) Lack of health insurance
 - e) Lack of job skills

In any given funding year, where the indicators fall below acceptable levels, specific areas may be targeted by the City through the allocation process.

- e. Applicants shall submit a plan to leverage City monies to non-City funding sources, with a preferred goal of one City dollar to three other dollars. Leverage sources may include cash contribution or in-kind services. Applicants shall clearly identify all sources of income, direct or indirect, cash contributions, or in-kind services, including volunteer hours which shall be calculated at the current Corvallis living wage, and activities.

Council Policy 96-6.03

- f. Applicants shall address one or more of the following objectives: retaining or generating ten dollars of local business gross sales, payroll generated, or property tax revenues collected, for every dollar of funding support from the City.
- g. These requirements are not intended to preclude innovative proposals from organizations or preclude consideration of funding for new or "startup" organizations. Applications from new entities shall provide mission statements, goal statements, or other information on how the request furthers the City's economic development goals and is consistent with this policy.

6.03.034 Funding Process

- a. Economic development funding will be allocated by the City Council upon recommendation of the Administrative Services Committee joined by three (3) Mayor-appointed members chosen from a pool of nominees from the community-at-large. Nominees shall not be a current board member, officer, employee, or immediate relative of any organization requesting funds.
- b. All applicants, including CCVB, will present budgets and work plans for the coming year during the annual allocation process. This presentation will include the preceding year's activities and results.
- c. Recipients of City funding will be expected to provide work progress narratives with related financial information on a regular basis to City Council as stipulated by each agency agreement, if applicable, to be reviewed by the appropriate committee as determined by Council Policy 91-2.02.
- d. Efforts will be made to coordinate funding between the City and other public funding sources. Preferably, organizations will pursue public/private partnerships that will further extend the influence of public funds.
- e. Contracts shall be monitored and programs of the economic development providers evaluated.

6.03.040 Review and Update

Council Policy 96-6.03

These policies shall be reviewed every five years by Council, or sooner, upon request or significant change in the general and economic well-being and prosperity of the community.