



City Manager's Office
Economic Development
501 SW Madison Avenue
Corvallis OR 97333

Economic Development Advisory Board
October 10, 2016, 3:00 – 5:00 p.m.
Madison Avenue Meeting Room
500 SW Madison Avenue
Meeting Agenda

Item

- I. Call to Order
- II. Approval of September 12, 2016, Minutes (Attachment 1)
- III. Community Comments
- IV. IC-2040 Update – City Councilor Penny York / Sarah Johnson
- V. Sarepta Building Update – Jackie Mikalonis
- VI. OSU Advantage Accelerator Update – Mark Lieberman / Karl Mundorff
- VII. Strategy/Business Activity Reports (Attachment 2)
 - A. Business Activity update
 - B. EDO Activity
- VIII. Other Business
- IX. Future Agenda Items
- X. Adjournment
- XI. Next meeting, November 14, 2016?

Attachments:

- 1 – September 12, 2016, Draft Minutes
- 2 – Strategy/Business Activity Reports (September)

CITY OF CORVALLIS
ECONOMIC DEVELOPMENT ADVISORY BOARD
DRAFT Minutes – September 12, 2016

Present

Skip Rung, Chair
 David Becker
 Elizabeth French
 Pat Lampton
 Josh Kvidt
 Frank Hann, City Council Liaison
 Jay Dixon, Benton County Liaison

Absent/Excused

Jason Bradford
 Nick Fowler
 Brian Wall
 Tim Weber

Staff

Tom Nelson, Economic Development Manager
 Amy Jauron, Economic Development Officer
 Terry Nix, Recorder

Visitors

Jackie Mikalonis
 Sean Stevens
 Marc Manley
 Charlie Mitchell
 Alison Hart

SUMMARY OF DISCUSSION

	Agenda Item	Summary of Recommendations/Actions
I.	Call to Order	
II.	Approval of August 8, 2016 Minutes	Approved
III.	Community Comments	None
IV.	Serepta Building Update – Jackie Mikalonis	Information
V.	Business Oregon Update – Sean Stevens	Information
VI.	SBDC Update – Marc Manley / Charlie Mitchell	Information
VII.	Strategy/Business Activity Reports	Information
VIII.	Ballot Measures Update	Information
IX.	Other Business	Information
X.	Future Agenda Items	Information
XI.	Adjournment	Adjourned at 5:00 p.m.
XII.	Next Meeting	October 10, 2016, 3:00 p.m., Madison Avenue Meeting Room

CONTENT OF DISCUSSION

I. CALL TO ORDER

Chair Rung called the meeting of the Economic Development Advisory Board (EDAB) to order at 3:00 p.m., at the Madison Avenue Meeting Room, 500 SW Madison Avenue.

II. APPROVAL OF AUGUST 8, 2016 MINUTES

Ms. French moved to approve the August 8 minutes as presented. Mr. Lampton seconded the motion, and it passed unanimously.

III. COMMUNITY COMMENTS – None.

IV. SEREPTA BUILDING UPDATE

Jackie Mikalonis from the Governor's Office gave an update on a sublease opportunity at the Serepta building on Technology Way. The committee heard preliminary information about the opportunity at the last meeting. The bioscience industry is thriving and is recognized as having great growth potential in the Willamette Valley. One of the challenges has been finding space, particularly wet lab space, and there have been regional discussions about this issue. With Serepta moving, there is an opportunity to secure ready-made space in Corvallis. Discussions are in progress regarding a potential sublease agreement, as well as a collaborative entity to manage an anchor tenant and incubator space.

In response to questions from the board, Economic Development Manager Nelson and Ms. Mikalonis provided additional information about the building space, existing conditions and potential tenants. Discussion followed regarding potential funding, contributions and partnerships. Chair Rung asked that the committee receive an update at the next meeting.

V. BUSINESS OREGON UPDATE

Sean Stevens, Business Development Officer, distributed and reviewed an update of Business Oregon activities. Highlights include the issuance of a Request for Proposals for a consultant to guide the development of a strategic plan, continuance of the Grow Our Own strategy, addressing staff vacancies, and streamlining the Strategic Reserve Fund process.

Mr. Stevens reviewed the 2017-2019 proposed budget of \$640 million, as detailed in the handout. He reviewed Policy Option Packages (POPs) contained within the budget and prioritized as follows: Rural Entrepreneurship Development Initiative, Data Warehouse Migration, Special Public Works Funds, Certification Office for Business Inclusion & Diversity, Seismic Rehabilitation Grant Program, Cultural Trust Loan Program, Cultural Resources Economic Fund, Solar Incentive Program Coordinator, Seismic Administration. Additional information is available on Business Oregon's website. Brief discussion followed.

VI. SBDC UPDATE

Marc Manley, Director, and Charlie Mitchell, Business Development Manager, gave an update on Small Business Development Center (SBDC) activities. Mr. Mitchell said the organization will do a business and industry needs assessment to become more responsive in the programs and services offered. The assessment will begin early next year and will likely start with manufacturing and/or health care segments. The goal is to determine needs such as workforce development, technical training, customized training and organizational development that SBDC has the skills and expertise to provide.

Mr. Manley expressed appreciation for the long-standing partnership with this group. He provides regular reports which show the SBDC consistently outperforms the established metrics. He reviewed changes at the organization which now includes customized training and professional development courses. The SBDC team includes 20 people with a range of backgrounds who bring a wealth of information to people who are considering starting or scaling a business, mid-range companies, and some larger employers.

In response to questions from the Board, Mr. Manley said the intent is to design the upcoming business needs assessment such that it is coordinated with all economic development partners and avoids duplication of efforts. Discussion followed regarding the importance of working with legacy business owners to prepare for successful transition of their businesses.

VII. STRATEGY/BUSINESS ACTIVITY REPORTS

The Monthly Business Activity and Metrics Reports were provided in agenda packets. Economic Development Manager Nelson and Economic Development Officer Jauron provided information about some of the activities and business visitations. Brief discussion followed. Ms. Jauron said the WiN Expo will be held on November 10, at Building 9 on the HP Campus.

VIII. BALLOT MEASURE UPDATE

Measure 97: Alison Hart, representing Defeat the Tax on Oregon Sales, distributed and reviewed information in opposition to Measure 97. She said that the 2.5% tax on sales is targeted at C Corps that make over \$25 million in sales, that it would pass through the supply chain from manufacturer to retailer in a way that would result in a compounding to the tax structure, and that about two-thirds of the tax would be passed on to consumers. Only five states have gross receipts sales tax and, should this pass, Oregon would have the highest such tax in the country. Four states have eliminated gross receipts sales tax because of the economic impact.

Discussion followed regarding the specifics of the legislation and the complexity around what would be included and who would be affected. Ms. Hart provided additional information, including the following:

- This is a very complex issue. Other states that have a gross receipts sales tax made that decision through a policy process rather than at the ballot.
- It is concerning that there are no exceptions for food, medicine or other necessities.
- Rural communities will be hit the hardest and working families will pay hundreds of dollars more per year because of how the tax goes through the tax structure.
- Fred Meyer is organized as a C Corp and would be subject to this tax while Safeway is organized as a S Corp and would not be subject. The tax would wipe out Fred Meyer's profit margin of 1.7% so prices would have to go up.
- Speaking for the opposition, she doesn't understand the Governor's support for this measure which would disproportionately affect local chains and small businesses. It isn't fair across the board for taxation and it would make Oregon uncompetitive in the national and global markets.
- The measure is written such that the money would go directly into the general fund and there is no guarantee that it would be used for health care, education and senior services as stated by the proponents.
- There needs to be a substantive policy conversation around an alternative solution to the state's budget deficit.

In response to a question from the Chair, Sean Stevens said Business Oregon hasn't examined the fiscal impact and, as a public agency, cannot take a position on the measure.

Measure 99: Mr. Nelson said that staff cannot take a position on measures but he will provide general information. He said that when the lottery was approved in Oregon in the 1990s, it was seen as a tool for economic development throughout the state. Funding problems through the years led to portions of lottery dollars being used for schools, prisons, watershed enhancement and infrastructure. Measure 99 would provide outdoor school for 5th and 6th graders at an estimated cost of \$40 million from lottery funds. He referred to budgetary information provided by Business Oregon and noted that passage of Measure 99 would likely result in reduced revenues to that organization unless Measure 97 also passes.

In discussion, board members shared concerns they have heard that the legislation may prevent some children from attending outdoor school due to school progress metrics requirements and that it doesn't adequately provide for special needs children.

Ms. Mikalonis agreed to provide contact information for policy advisors in the Governor's office to whom questions can be directed regarding why the Governor endorses Measure 99, how economic development funds would be protected, and what the plan is should Measure 99 pass and Measure 97 fail.

Measure 95: Chair Rung briefly reviewed the legislation which removes a restriction on universities around investing in stock. This is a legislative referral with healthy majorities on both sides of the legislature.

Additional information about all of the ballot measures is available at ballotpedia.org.

IX. OTHER BUSINESS – None.

X. FUTURE AGENDA ITEMS

The following were identified as potential agenda items for October:

- An update on the Serepta building.
- An update on Imagine Corvallis 2040 and potential implications for EDAB as far as a strategy update.
- An update on the ballot measures and how things appear to be trending.
- Consider how to prepare for the upcoming City Council and align with the Imagine Corvallis 2040 goals.
- Invite city council and county commissioner candidates.

XI. ADJOURNMENT

The meeting was adjourned at 5:00 p.m.

XII. NEXT MEETING

The next meeting will be held on October 10, 2016, 3:00 p.m., at the Madison Avenue Meeting Room.

Monthly Business Activity and Metrics Report – July 31, 2016

Start-up:

- Responded to Project Cannabis
- Four follow-up visits with Start-ups

Expansion:

- Project 7
- Project Coffee
- Twelve follow-up visits with expansion clients

Recruitment:

- Responded to Business Oregon recruitment request – Project Falcon
- Responded to Business Oregon recruitment request – Project ROCHAMBEAU
- Responded to Business Oregon recruitment request – Project PINO VERDE
- Responded to Business Oregon recruitment request – Project CANADA

Assisted with September / 2016	Past Month	Past 12 Months	This Fiscal Year
Start-up	0	5	1
Start-up Follow-up visits	4	18	10
Expansion	0	3	3
Expansion Follow-up visits	8	68	22
Retention	0	0	0
Retention Follow-up visits	0	2	2
Recruitment	4	12	6
Recruitment Follow-up visits	6	22	8
Economic Development Officer visits (1st time)	3	52	12
Economic Development Officer visits (Follow-up)	10	168	55

Monthly Economic Development Advisory Board (EDAB) Strategic Plan Update

The following is a report of Economic Development Office activity to address the Strategies and Tactics over the past month.

2015 Strategies

- Support the development and deployment of resident and next stage capital, as well as identifying the likely financing sources for clients, when needed.
 - o *The EDO continues to assist clients with access to capital from a variety of sources.*
- Support business growth by providing properly zoned and serviced land, buildings, and development projects and by maintaining a timely and predictable development review process. Verify via benchmarking that Corvallis is best-in-class regarding comparable university towns across the U.S.
 - o *The EDO continues to assist businesses in access to property for location or expansion.*
- Collaborate locally, regionally, and statewide on long-term transportation plans, including access to markets, surface transit, and people travelling. Corvallis is well positioned for ground transportation, but lacks access to convenient aerial travel and foreign markets.
 - o *Cascades West Council of Governments staff is working with Regional Solutions staff and the EDO to continue a Regional Airport discussion.*

2015 Tactics

- Maintain and improve an effective communication plan that includes e-news, social media, and blog posts, as well as maintain a best-in-class information gateway portal that will provide resources to support business development with information about demographics and economics, technical and financial assistance programs, available land, and building resources.
 - o *The YesCorvallis and City websites continue to be updated with articles of interest connected with EDO work.*
 - o *The EDO posts social media updates weekly*
- Support programs sponsored by local and regional partners to facilitate innovation, entrepreneurship, and business investment. Examples include the Willamette Angel Conference (WAC) and Willamette Innovators Network (WiN).
 - o *The EDO contracts with the Small Business Development Center for business training and advisory services for all small businesses. The SBDC provides quarterly reports.*
 - o *The EDO continues to coordinate monthly board meetings and PubTalks for WiN. The EDO is working with the WiN Board to begin planning for WiN Expo to be held November 9th at HP – B9.*

- *The Oregon Cascades West Council of Governments – Community & Economic Development Director has Regional Economic Development meetings that include his office, City of Albany, and our office.*

- Build a strong relationship with the local business community through the account manager concept, and an ongoing Business Visitation program.
 - *The Economic development officer conducted 3 new company visits and 10 follow-up visits. In addition, she had 27 resource partner visits, attended 7 community events, and made 2 presentations.*

- Ensure that the City has an effective and productive relationship with Business Oregon, the State's economic development agency, for access and response to business development leads.
 - *The Economic Development Manager is on the Governmental Affairs and Conference Planning Committees, and the Board for the Oregon Economic Development Association.*
 - *The Economic Development Office is represented on the Pacific Northwest Manufacturing Partnership.*
 - *The EDO represents our office on Team Oregon-Advanced Manufacturing.*

- Provide a business-oriented welcoming program for key recruits of local employers.
 - *Our membership in Civic Outreach resulted in 9 new executive and 7 new business greets for the month.*