

CITY OF CORVALLIS
ECONOMIC DEVELOPMENT ADVISORY BOARD
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.	Sarepta 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. SAREPTA BUILDING UPDATE

Jackie Mikalonis from the Governor's Office gave an update on a sublease opportunity at the Sarepta 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 Sarepta 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 Sarepta 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.