

MINUTES  
**Veneta Economic Development Committee**  
**Wednesday, May 11, 2016 – 2:00 p.m.**  
Veneta Administrative Center, 88184 8th Street, Veneta, Oregon

Present: Jason Alansky, Linda Boothe, Thomas Cotter, Dave D’Avanzo, Ryan Frome, Len Goodwin (Chair), Herb Vloedman (Vice Chair).

Absent: Gina Haley-Morrell, Charles Ruff.

Others: Ric Ingham, City Administrator; Jay Bozievich, Lane County Commissioner.

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**1. Call to Order**

- a. Chair Len Goodwin called the meeting to order at 2:05 p.m.

**2. Public Comment**

- a. No public comment.

**3. Administrative**

- a. Approval of Minutes:

**Motion: Tom Cotter made a motion to approve the minutes from April 13, 2016. Dave D’Avanzo seconded the motion which passed with a vote of 7-0.**

**4. Implementation of Action Plan**

- a. System Development Charges (SDC fees)

Ric Ingham presented Claudia Denton’s SDC fee research, which was based off of a 2014 study by the League of Oregon Cities. Compared to a selection of other cities in the Southern Willamette Valley or of similar size, Veneta’s SDC fees are 74% higher than average for water, 5% higher than average for sewer, 35% higher than average for parks, 12% higher than average for streets, and 75% below average for stormwater, making Veneta about 26% higher than average total per Single Family Residential Dwelling Unit (also known as Single Residence Units). Ric Ingham made a note that park SDCs are not applied for commercial development.

In response to a question by Ryan Frome, Ric Ingham explained that the rates are for Single Residence Units (SRUs). A single family home equates to one SRU, and Commercial development is calculated by number of SRUs, depending on calculations for requirements like size of pipes required for water infrastructure, transportation trip generation, etc.

Ryan Frome said that since the fees are structured by number of Single Residence Units (SRUs) they don’t show what commercial developments pay. Ric Ingham said that this is the standard process and set-up around the state. Ryan Frome said the fee research document does seem to show the relative costs from one community to the next.

Len Goodwin said it would be possible for staff to sample calculate a commercial scenario, like a 10,000 sq. ft. supermarket or 5,000 sq. ft. professional office

building, to see what a commercial development might cost. He also said that transportation SDCs are the most sensitive to the type of business, and tends to most affect the development. Ryan Frome said that for the Veterinary Hospital that is relocating, the SDC fees are around \$80,000, which is quite a bit higher than a Single Residence Unit. Ric Ingham said that unlike new development, when a business moves into an existing building the SDC fees have been paid for by previous tenant or owners, but unfortunately Veneta does not have a lot of vacant buildings. This is a challenge that can cause businesses to locate elsewhere in a vacant building that will not cost any SDC fees.

Ric Ingham said that Veneta has received a variety of outside funding over the years, including from the USDA Rural Development fund, which have requirements for updating the Capital Improvements Plan and setting calculated SDC fees to ensure ability to repay loans. He also said these calculations reflect the city's ability to build infrastructure and capacity for new development. He said many cities are likely to be revisiting their SDC calculations and raising their rates to ensure they reflect the needs and abilities of the communities. He asked what the city should do in the interim when Veneta's SDC fees are a bit higher than the average.

Len Goodwin asked if the city's SDC project list included an estimated contribution to state projects. Ric Ingham said he thought the earlier methodology did, but the current methodology does not. He said the commercial transportation rate is currently reduced by 50% by resolution. Dave D'Avanzo asked if the residential fees being 26% higher than average was comparable to the commercial fees. Ric Ingham said it's hard to say without knowing the specific use. Dave D'Avanzo asked how Veneta might compare in future years when other cities increase their rates. Len Goodwin said Springfield's rates will be going up, and Eugene's has already in 2015, he also said Creswell's have likely gone up already. Len Goodwin also said Springfield's fees were temporarily reduced during the recession but as of 2015 are at actual rates.

Ric Ingham said both Cottage Grove and Junction City have very low rates. Junction City in particular has had a lot of capital improvements completed through the construction process for the incoming State prison. He also said Cottage Grove has not updated their master plan in probably 10-15 years, so their plans and expenses have not been reviewed lately. Tom Cotter said that he feels that Veneta is cleaner and more responsible through the passage of SDC fees, and he has been around for most of the recent updates to the SDC fee structure and plans, and feels that Veneta is in a better place for development because of what has been done in the last several years. There was general agreement that Veneta is being responsible and proactive.

Herb Vloedman said Veneta still has a problem with a *perception* that fees and charges are high. He said this may cause businesses and developers to not contact staff to begin with, and it may be important to publicize that Veneta's infrastructure is reliable and will not cause utility rates to go up, among other things.

In response to a question by Ryan Frome, Ric Ingham said that SDC fees are used to implement the Capital Improvements Plan in order to accommodate future growth, and water/sewer utility charges go toward operations and maintenance of the system. He said the SDC fees are the same for residential development for

both commercial entities and home builders. He said if the development is related to manufacturing jobs or traded sector there are often regional and state incentives available. Commissioner Bozievich said residential SDC fees are generally stable, but commercial development SDC fees can range greatly depending on the use, from tens of thousands to several hundred thousand dollars.

Len Goodwin asked if the study from League of Oregon Cities that Claudia Denton used for her research included examples of typical commercial development. He said this would give the Committee a better understanding on if the rates are high or if it truly is a perception problem. Ric Ingham said he didn't know, but would work on that. He said the next few meeting agendas would include presentations on the various incentive programs available which could be used to reduce SDC fee burdens.

b. Highway 126 Update

Ric Ingham informed the Committee that after the April 13<sup>th</sup> Committee meeting with the Governor's Regional Solutions Team, team coordinator Jackie Mikalonis had agreed to pull together a Highway 126 Summit, starting with a smaller working group. The group had met earlier in the month and collected information about current ODOT projects and funding, discussed audience, a potential coastal conference, and looking at the broader Highway 126 issues from Interstate 5 to the Oregon coast in order to raise visibility and profile to legislators. Commissioner Bozievich said he thinks the best approach is to work collaboratively and regionally to gain visibility, support, and funding, and then get started on various sections between Eugene and Veneta as funding allows.

Len Goodwin said that the section of highway between Mapleton and Florence is probably the least "meaty" of any of the projects, and by comparison, Mapleton to Badger Mountain is relatively good compared to the neck through the Fern Ridge Reservoir. He said if you focus on where the real bottleneck is between Florence and Eugene, you probably come to the conclusion that it's the two-lane stretch between west Eugene and Veneta. Commissioner Bozievich said that a 10-mile stretch of highway west of Badger Mountain has the highest fatality and injury rate, however, because of the wider lanes and shoulders, vehicle traffic is generally still able to get through when there is an incident, unlike the stretch from Eugene to Veneta. He said he'd had a meeting with a fellow commissioner who was an hour late due to an incident on the highway east of Veneta requiring a tow truck, which had stopped traffic in both directions. He said the stretch west of Badger Mountain is a safety issue, and the stretch from Veneta to Eugene is what makes it an unreliable transportation route and freight corridor.

Ric Ingham said he is working on gaining support from state legislators and others, and said the more voices of support the better.

c. Business Assistance Fund

Ric Ingham presented Claudia Denton's draft update to the Business Assistance Fund (BAF). Denton is looking to the Committee to provide comment on six specific policy questions for the BAF. Ingham said that the City is not well equipped to be the primary lender, but could be a secondary or tertiary resource to make a loan a reality for a local business, working with Lane Council of Governments or one of Veneta's local banks.

The Committee's policy responses/recommendations were as follows:

1. Microloans, pgs. 2-3
  - a. Currently: "Must be participating in a federal, state or locally recognized entrepreneurial development program."
  - b. Policy question: "Must be participating in a federal, state or locally recognized **business assistance or** entrepreneurial development program."

Discussion: Len Goodwin asked what providers are available for these programs. Ric Ingham said options include NEDCO and the Small Business Development Center based out of Lane Community College. Dave D'Avanzo and Len Goodwin recommended adding business assistance programs.

Recommendation: Add business assistance programs as an option, to read "Must be participating in a federal, state or locally recognized **business assistance or** entrepreneurial development program."

2. Project Assistance Grants, pgs. 2-3
  - a. Currently: "Nonprofits, startups, and catalyst projects given priority. Grants are unlikely to be given to for-profit businesses and would require a compelling reason/project."
  - b. Policy question: May want to remove in order to open up to for-profit businesses to receive grants. May want to suggest that projects that create jobs are given priority (or similar).

Discussion: Len Goodwin suggested "grants are unlikely to be given for existing or on-going for-profit businesses." Linda Boothe said some emerging businesses may appear to be on-going but are actually in the start-up phase as they have not been able to launch properly. Len Goodwin said those types of businesses would qualify, but it's still a question if they should receive a grant or a loan. Ric Ingham said the BAF is one of the few pots of funding that can potentially be used for SDC fee reductions and similar incentives, and therefore the less exclusionary the language could be the more options the City has to help a variety of businesses. He said he hopes that the Economic Development Committee could be one of the first reviewers for BAF requests, although City Council makes final decisions. Len Goodwin proposed one option to be removing grants entirely, but enabling City Council to forgive debt of the loans as deemed appropriate. Commissioner Bozievich said there are a several reasons grants are important within economic development; one is they can be used for equity that leverages loans. A \$25,000 grant could be used as 20% equity for a \$100,000 loan (for a \$125,000 project) or to purchase infrastructure components. He mentioned a grant to bring fiber optic internet to the First Call Resolution call center, and how even if the call center had not been completed or if they are to leave one day, the fiber optic infrastructure remains for the benefit of the community. He said he would recommend

keeping grants flexible and open to a variety of recipients, but have guidelines on how to prioritize. Ryan Frome said he did not see why it would matter if the recipient was for-profit or nonprofit. Ryan Frome and Dave D'Avanzo both said that job-creation should be the driver. Len Goodwin said he thought one reason nonprofits are favored is due to a general view that government funding should not subsidize a private business, even though in reality it can be a good idea. Commissioner Bozievich said one downside to giving government grants to nonprofits is that there will be no taxes generated in the future since nonprofits do not pay taxes. Ryan Frome said that if loans are used for SDC fees, it would be like taking money from one pocket and putting it into another pocket, but the money stays in the community. Len Goodwin asked the Committee if they were ready to make a recommendation for option b. Tom Cotter, Linda Boothe said it was a good idea. Ric Ingham asked if in addition to opening up grant funding to for-profit businesses, if the Committee would like to specifically recommend that projects that focus on job creation are given priority. Dave D'Avanzo said yes. Jason Alansky said he recommended changing the sentence to "projects that create jobs are given priority". Commissioner Bozievich suggested adding the words "create or retain jobs", as in some cases funding may allow for a business to stay in the area rather than move. Len Goodwin and Dave D'Avanzo agreed. There was general consensus.

Recommendation: Remove "Nonprofits, startups, and catalyst projects given priority. Grants are unlikely to be given to for-profit businesses and would require a compelling reason/project" and replace with "Projects that create or retain jobs are given priority", regardless of nonprofit or for-profit status.

3. Eligible Costs, pg. 4
  - a. Currently: "Building costs, such as real estate, engineering, architectural, legal, and related costs associated with acquisition, construction, and rehabilitation of buildings."
  - b. Policy question: To explicitly include or exclude permit fees and System Development Charges fee reductions?

Discussion: Tom Cotter said he thinks SDC fees should be explicitly included. Commissioner Bozievich and Len Goodwin both said that it seems like the current language would already allow funding to go toward SDC fees, as well as permit fees. Ric Ingham said it would be better to be as explicit as possible. Len Goodwin asked the Committee if anyone felt there was a risk of leaving anything out by calling out SDC fees and permit fees. No one had any objections to explicitly including permit fees and System Development Charges fees as eligible costs.

Recommendation: Explicitly include permit fees and System Development Charges fee as eligible costs.

4. Job/Loan Ratio, pg. 6
  - a. Currently: “One full time equivalent job will be created for each \$50,000 of BAF loan/grant.”
  - b. Policy question: figures from other cities/entities range from \$15,000 - \$50,000. It may be favorable to lower the amount to one job per \$25,000 or other suggested amount.

Discussion: Ric Ingham and Dave D’Avanzo both suggested lowering the amount to \$25,000. Commissioner Bozievich said that with the County’s Video Lottery funding, they have averaged one job per \$11,000 and aim for one per \$5,000-\$10,000. Len Goodwin said he would not want to set the bar too high as different industries have varying job creation needs and expectations. Ric Ingham asked if anyone was in favor of going lower than \$25,000. Tom Cotter said he wouldn’t mind a lower amount as he wouldn’t mind funding going toward several part-time jobs. He said he would like to see the funding be flexible to “create or retain” jobs. Dave D’Avanzo said that since it is less expensive to retain an existing one than to attract a new one, allowing funds to go toward retaining jobs makes sense, as it would be more expensive and difficult to replace lost jobs. Tom Cotter asked if a good applicant came along that did not project creating or retaining one job with \$25,000, would the applicant still be eligible? Ric Ingham said in such cases, it might be better to piecemeal a variety of funding sources available through the City, including the Redevelopment Tool Kit.

Recommendation: “One full time equivalent job will be created **or retained** for each \$25,000 of BAF loan/grant.”

5. Funding Leverage Ratio (Match), pg. 6
  - a. The current BAF does not require a match for microloans or grants.
  - b. Policy question: “Grants of any amount and microloans of less than \$5,000 require a funding leverage ratio of 1:1, or \$1 of private investment to every \$1 of BAF funding.”

Discussion: Jay Bozievich asked if the business match had to be private funding or can be leveraged from any source. Ric Ingham said any source of leveraged funding counts toward the match. Jason Alansky said the City likely would not want to be the sole provider or funding for a project, so a match makes sense. Len Goodwin suggested a one-to-one match. There was a consensus for a one-to-one match for both microloans and grants, regardless of the source of the matched funding.

Recommendation: “Grants of any amount and microloans of less than \$5,000 require a funding leverage ratio of 1:1, or \$1 of investment to every \$1 of BAF funding” regardless of the source of the leveraged investment.

6. Activities to be Financed, pg. 7
  - a. Currently: “Loans/Grants from the BAF will be available to small, private, for-profit businesses or nonprofit entities for the purpose of startup, expansion, and **maintenance of existing operations.**”
  - b. Policy question: Maintenance of operations is not typically included. May want to remove in order to focus on startups and expansions.

Discussion: Len Goodwin said he is comfortable with funding being used in order to retain a business in the area, but not toward maintenance of a business that is struggling. Jay Bozievich said he would recommend funding go toward improvement of an existing business, but not maintenance. There was brief discussion followed by a consensus.

Recommendation: “Loans/Grants from the BAF will be available to small, private, for-profit businesses or nonprofit entities for the purpose of startup, expansion, or **improvement** of existing operations.”

Ric Ingham said the Committee would get to review the Business Assistance Fund document one more time before going to City Council for review, and that Claudia Denton will make the recommended changes. Dave D’Avanzo asked if staff would make changes to have the document generally reflect the focus on “creating *or retaining* jobs”. Ric Ingham said all comments would be carried forward.

## 5. Program/Project Updates

- a. Veneta Business Connect

Ric Ingham gave a summary update of the Veneta Business Connect program since all business interviews have been completed. Most of the target goals were reached or very close. A total of 23 businesses were interviewed (target: 20-25), with 14 out of 22 businesses (excluding one closed business) located inside city limits equaling 64% (target: 70%). Only three out of the four large employers were interviewed (target: all four). Ric Ingham and Dave D’Avanzo said Bi-Mart would be interviewed at a later time. Jason Alansky and Dave D’Avanzo said West Lane Fitness could also be interviewed at a later time.

Ric Ingham said Michael Held, staff with partners RDI, would be using the data to produce a report. Ric Ingham confirmed the Community Presentation would be held on Thursday, June 23<sup>rd</sup>, which would showcase the Veneta Business Connect program and have a market analysis presentation by Tom Hogue from the Department of Land Conservation and Development, inviting program participants, the community, and area businesses to attend. He said he was hoping to host the event at Domaine Meriwether Winery but had not gotten confirmation yet.

Ric Ingham said that he was scheduled to meet with Roque Barros, Director of the Ford Institute for Community Building, the following week to showcase the good work that is being done with the Ford Family Foundation’s assistance. He said he hopes to secure funding to continue the contract with RDI for a second year.

Len Goodwin asked if Michael Held would be able to provide a draft of the report

by the next Committee meeting. Ric Ingham said most likely not. Len Goodwin asked if the Committee could receive a list of the major issues that were raised by the businesses, so that between June 8<sup>th</sup> – 23<sup>rd</sup>, the Committee could prepare some material to address the issues. Ric Ingham said that some businesses with more immediate needs are already receiving follow-up assistance. Ric Ingham and Len Goodwin both said it would be good for the Committee to at least have some sort of comment to the general issues that were raised. Len Goodwin supported the idea that the community presentation should be as inclusive as possible.

## **6. Other**

- a. Len Goodwin described a social networking website called Nextdoor. He said it is based on your neighborhood, and there is one for West Fern Ridge and one for the Cheshire area, and he has been posting the Economic Development Committee meeting materials onto the website. He said he received positive comments after sharing.
- b. Ric Ingham said that at the last Fern Ridge Chamber of Commerce meeting, he had heard about a new business called Veneta Business Network. It is a home-based startup that creates business network opportunities.
- c. Ric Ingham discussed Claudia Denton's projects and work items, and said she is working on getting the Business Assistance Fund completed quickly. He also said she is working on an inventory of available commercial space. He said in order to have a complete inventory of available space, it may be necessary to have a complete inventory of *all* commercial space and have the availability be updated regularly. He said this method would take a little longer. He said the other option is simply to inventory what is currently available, and asked the Committee which approach they supported. Tom Cotter said the more thorough the inventory is now the easier and more accurate it would be later on.

## **7. Next Meeting**

- a. The next meeting was confirmed for Wednesday June 8<sup>th</sup>, 2016 at 2 p.m. with a regular meeting schedule of the second Wednesday of the month.

## **8. Adjourn**

- a. Chair Len Goodwin adjourned the meeting at 3:40 p.m.