

Meeting Summary
Central Oregon Regional Solutions Committee

Nov. 13, 2017
10:00 am – noon
Sisters City Hall

Members present:

Mike Hollern, Governor's Convener
Bruce Abernethy, Bend City Council
Lonny Macy, Confederated Tribes of Warm Springs
Betty Roppe, Prineville Mayor
Mae Huston, Jefferson County Commissioner
Wally Corwin, JeldWen
John Gilbert, Pacific Crest Affordable homes
Julie Benson for Benny Benson, Energyneering Solutions
Dennis Scott, LaPine Mayor
George Endicott, Redmond Mayor
Becky Johnson, OSU Cascades
Tony De Bone, Deschutes County Commissioner
Roger Lee, EDCO
Erin Borla, Roundhouse Foundation

Regional Solutions Team:

Della Mosier, ODOT
Scott Edelman, DLCD
Ami Keiffer, Business Oregon (via conference call)
Greg Svelund, DEQ
Annette Liebe, Governor's Coordinator

Guests:

Caprielle Foote-Lewis, EDCO Sisters
Keith Witcosky, City of Redmond
Bill Duerden, City of Redmond
Gus Burrill, City of Madras
Jeff Hurd, City of Madras
David Campbell, Sisters Airport
Andrea Blum, Sisters City Council
Susanna Julber, City of Bend (via conference call)

1. Welcome to Sisters - Brant Kucera, Sisters City Manager

Brant welcomed everyone to the city of Sisters. Brant was hired several months ago as the new city manager; his prior experience included working in Pennsylvania, Michigan, Idaho and

Cannon Beach, Oregon. Brant gave an overview of key issues and opportunities in the city. The city of Sisters has quite a few additional housing units in the cue. Buildable land for housing is getting used up more quickly than had been planned for. Therefore, the city has applied to be one of the small city pilot projects for streamlined UBG expansion under HB 4079. Even with these additional housing units in the cue, there is still a shortage of “living wage” housing. Tourism is the primary economic driver and many of the residents work in this sector. The city’s demographic is trending older and there are smaller family sizes. With these demographic trends, there are concerns about maintain an adequate tax base to fund schools. Sisters is looking for ways to become more attractive to those who have, or will have, younger kids.

The 2017 fire season had a big impact on businesses in Sisters. While there were many people who overnighted in Sisters to view the eclipse, they went elsewhere to view the eclipse so town was pretty empty during the event and businesses did not realize the anticipated foot traffic. Currently the 66 acre Forest Service property within the city limits is for sale; asking price is around \$8M. Existing zoning is for open space and public facilities; this is a barrier to future development. In order for the property to be re-zoned, a master plan needs to be completed and the city council would need to approve. The city is also working on their Transportation Systems Plan. A key goal in this process is to look at ways to reduce truck traffic through town. Currently 25% of the traffic through town is heavy truck traffic. A roundabout at Locust and Hwy 20 would provide a bypass route for truck traffic. The city recently completed a sewer/water rate study and determined that a 2% per year increase will be fund these systems.

2. OSU Cascades Statement of Support

Committee reviewed the draft statement of support for OSU Cascades’ \$39 M 2018 bond funding request. There was some discussion about the type of bonds and the source of the repayment revenue. The request is for general obligation bonds that are repaid with personal income tax revenue. There was also a request to include a reference to ECONorthwest who conducted the economic analysis estimating a \$197 M statewide impact associated with OSU Cascades. Betty Roppe made the motion to approve the statement as revised; second by Bruce Abernethy. All present voted in support, Becky Johnson abstained. Additionally, Amy Tykeson, Karen Friend and Corey Schmid while not in attendance, conveyed their support prior to the meeting. Judge Crawford did not attend the meeting.

3. Regional Solutions Priority Projects Request for Information

The Committee reviewed the responses received from the Request for Information for Regional Solutions 2017-19 priority projects.

In 2017 the Oregon Legislature awarded \$4M in lottery bond revenue to fund Regional Solutions priority projects statewide. These bonds will be sold spring 2019. In order to provide information to the Governor’s Office, Business Oregon and the legislature about the projects that may be funded as well as, to assess the demand for additional funds, Regional Solutions issued a Request for Information (RFI) on October 1st; responses were due by October 31st. A

Request for Proposals will be issued in spring 2018, once there is certainty about the amount of funds available. In Central Oregon seven projects were submitted in response to the RFI.

The Central Oregon RST met to discuss the projects submitted and provided their review. The criteria used to review the projects are:

- 1) Addresses a regional priority identified by the Committee
- 2) Demonstrated community support
- 3) Project has sustainable business plan (i.e. won't result in a stranded investment)
- 4) Project is ready.....has other funding contributions, can get permits, etc..
- 5) Supports the retention/creation of jobs
- 6) Helps meet the sustainable community objectives.

They are: 1) Economy: a resilient economy that provides a diversity of good economic opportunities for all citizens; and workers whose knowledge and skills are globally competitive and supported by life long education. 2) Community: Independent and productive citizens, youth who are fully supported by strong families and communities, vital and active downtowns and main streets, efficient development that saves infrastructure investments and natural resources, quality affordable housing that is available to those who need it. 3) Environment: Healthy urban and rural environs, clean and sufficient water, and efficient use and reuse of resources and elimination of toxins

Annette reviewed the criteria and acknowledged that the team found some of the criteria to be more meaningful/relevant than others. Bruce Abernethy asked whether each of the criteria is weighted equally; Annette indicated that how the criteria are weighted is within the discretion of the committee. The team differentiated the projects into high, medium and low classifications for each of the criteria based on the strength of the request relative to each criterion. For example, where a project supports three or more regional priorities, the project was ranked "high" as meeting the regional priorities. Additionally, where a project was listed on the Comprehensive Economic Development Strategy, that was highlighted relevant to the "community support" criterion. Annette, along with the team and project applicants, provided an overview of each of the projects.

- 1) Redmond South Industrial Area Water Pump Station (\$1,250,000 requested; \$1,250,000 match from the city). This project will provide water service to the large lot industrial area that the RST has been working to bring into the UGB under the large lot program established by the legislature and DLCD. This infrastructure will also increase available land for housing. A question was asked about whether the land served is currently in the city limits. City of Redmond Manager, Keith Witcosky indicated that while the land is not yet in the limits, it is being brought in using the large lot program collaboratively developed with 1000 Friends of Oregon and that the process is anticipated to be completed prior to Summer 2018 when project applications will be requested. The committee agreed that the site in Redmond will benefit the region as a whole.
- 2) Madras Hess St Sewer project – (\$160,700 requested; \$20,000 match.... \$10,000 of that pending from private landowner). The project provides sewer infrastructure in and

adjacent to the Madras industrial area. It serves existing residential development and opens up 40 acres of industrial land for development. The committee asked how this service would be provided in the absence of this funding. City Manager Jeff Hurd indicated that the project will just take longer to complete. The city's existing sewer/water rate (\$60-75/mo.) is relatively high given the average income and there is not capacity to raise rates. Jeff also indicated that the additional land to be served is in the city limits. A questions was asked about why the project scored "medium" under the project readiness criterion. Annette explained that the team considered the amount of match in differentiating among projects under this criterion because it was premature to evaluate whether permits/approvals were already in hand.

- 3) Confederated Tribes of Warm Springs Industrial Park Waste Water Project. (\$1,135,669 requested; \$283,917 match). Project is combined final design/construction of sewer service in the Warm Springs Industrial Area. Area is currently served by septic drain fields. This project has been identified as a priority for the tribes during each of the last two team outreach meetings. The land within the area can be used more efficiently with sewer treatment because drain fields won't be needed. There are 12 acres currently tied up for drain fields. Lonny Macy explained that the lack of wastewater treatment is a significant barrier to recruiting companies to the area. A question was asked about how much interest there is in the area. It wasn't clear how much demand there is for this industrial land. Pipe is needed from the industrial area to an existing road crossing.
- 4) OSU Cascades Biosciences Incubator Project. (\$647,770 requested, \$1,080,000 pending EDA grant match). Funding is for the design and renovation of approximately 1200 SF of shared and private wet lab space in the Innovation Center for Entrepreneurship. Includes lab benches, shelving, casework, and upgraded mechanical/electrical systems and equipment such as, fume hoods and water treatment systems. Annette reminded the committee that in the 2015-17 project proposal for the Innovation Center, OSU Cascades had partnered with OTRADI on this space. OTRADI however, was not successful in getting all the funding they had asked for from the 2015 legislature. A questions was asked why the team scored this project as "medium" for job retention and creation; Annette responded that the team viewed this project as retaining or creating fewer jobs than those projects scored "high". Roger Lee from EDCO indicated that while there may be less job retention/creation from this project, there was business support and demand for it.
- 5) North Madras Sewer Project. (\$1,685,000 requested, \$185,000 match). Project provides sewer service to two existing subdivisions who currently discharge to drain holes. Opens up additional land for housing (123 lots; 24 existing homes). Addresses DEQ enforcement issue. The committee asked what would happen if this funding was not awarded. Jeff Hurd responded that it will take longer to complete the project. The

city has an existing Clean Water State Revolving Loan/Grant from DEQ; the city will pursue this funding if Regional Solutions funding is not available.

- 6) Madras Industrial Zone Street Rehabilitation. (\$440,000 requested, \$40,000 match). Project reconstructs Earl and Conroy Streets to a thickness that can handle industrial traffic loading. These streets were originally in the county and were built with substandard thickness for industrial use. Annette noted that the city successfully obtained Immediate Opportunity Funds from the Oregon Transportation Commission for rehabilitating other streets in the industrial area (Type B). The main difference between IOF funds and Regional Solutions funding is the amount of the match. Type B IOF requires a 50% match.
- 7) City of Culver Stormwater Project. (\$471,000 requested, \$157,000 match). Project eliminates stormwater run off in the commercial core of Culver by installing a culvert below Highway 361 and Elbe Drive. This would open up property on the East side of the highway to commercial development. The RST has been working with the City of Culver on this project for many years. DEQ and ODOT have helped with outreach and runoff calculations; Business Oregon funded engineering and design. Overall the team and the committee assessed this project as not having a strong tie to job retention and creation.

The Committee by consensus ranked the projects in the following order:

- 1) Redmond South Industrial Area Water Pump Station
- 2) OSU Cascades Biosciences Incubator
- 3) Madras Hess Street industrial sewer
- 4) Warm Springs Industrial park sewer
- 5) North Madras sewer
- 6) Madras Industrial Zone Street Rehabilitation
- 7) Culver South Iris Lane Stormwater

The Committee requested that the entire project list be shared with the Governor's Office and Business Oregon.

Annette provided a brief update on the various project related to workforce housing.

The meeting adjourned at 12:02.