

MEETING: LANE ECONOMIC COMMITTEE DATE: Monday, March 19, 2018

TIME: 11:30 a.m. – 1:00 p.m.

LOCATION: Lane Council of Governments
859 Willamette Street, Suite 500
Eugene, Oregon 97401

CONTACT: Steve Dignam, 541-682-7450, sdignam@lcog.org

Lunch will be ordered for LEC Members unless you notify us of your inability to attend.

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1. Agenda And Minutes

Documents:

LEC 180226.PDF
MARCH 19 AGENDA.PDF

MINUTES

Lane Economic Committee

Lane Council of Governments (LCOG), Fifth Floor Conference Room

859 Willamette Street -- Eugene

February 26, 2018

11:30 a.m.

PRESENT: Robert Scoggin, Chair; Steve Dignam, Paul Berger, John Milandin, Larry Brice, Mark Bodie, Mike Galvin, Jacob Clifton, Susie Johnston, Julie Fischer, Ric Ingham, Anne Fifield, Matt Michel, Karen Hyatt, Jesse Dolin, Bob Ehler, Barry Miller, Kari Westlund

GUESTS: Maia Hardy, Dan Betschart, Caroline Cummings, Marc Manley, Brett Rowlett, Howard Schussler, Darby Giannone

1. Welcome/Introductions/Changes to the Agenda

Robert Scoggin convened the Lane Economic Committee (LEC) at 11:34 a.m. Those present introduced themselves.

2. Public Comment

Mr. Berger commended a recent performance by the Eugene Symphony, co-sponsored by Travel Lane County and McKenzie River Trust.

3. Comments from the Members, Chair & Staff

Mr. Dignam announced again his retirement as of April 1, 2018.

4. Review minutes from January 22, 2018

Action item: Approve minutes

Mr. Galvin moved, seconded by Ms. Johnston, to approve the January 22, 2018 minutes. The motion carried unanimously.

Mr. Dignam passed out flyers from Ellen Teninty about the Airport Master Plan Open House on March 14th and encouraged LEC members to attend.

5. Update from Oregon RAIN

Mr. Dignam introduced Caroline Cummings, Venture Catalyst for Oregon RAIN (Regional Accelerator and Innovation Network).

Ms. Cummings explained that RAIN'S primary goal is to advance the formation of high-growth traded-sector companies in Lane, Linn, Benton, and Lincoln Counties. RAIN matches high-growth companies with people, programs, and capital. People are mentors, co-founders, talent, or anyone else looking to bring wealth and jobs from out of state and into this area. RAIN partners frequently with SBDC (Small Business Development Center). The programs are the accelerators supported by RAIN. Capital refers to investors in the local startup economy.

Ms. Cummings posited that any healthy economic development strategy includes all three of the following components: Recruitment and Marketing; Entrepreneurship and Innovation; and Business Retention and Expansion. RAIN fits into the middle component of Entrepreneurship and Innovation. Ms. Cummings elaborated that RAIN supports four accelerators in the region: RAIN Lincoln County, RAIN Florence, RAIN Corvallis at OSU (Benton & Linn Counties), and RAIN Eugene (Lane County). Florence and Newport are pre-accelerators. RAIN has to be invited into a community, and it also refers people to programs at SBDC.

Ms. Cummings listed RAIN's funding partners for 2018, including Business Oregon through the state, Benton County, Lincoln County, Oregon Community Foundation, USDA, EDA, Ford Family Foundation, and Lane County. Business Oregon gives grants for rural community initiatives, and the Ford Family Foundation has matched at least one of them. The EDA (Economic Development Administration) gave a very competitive grant of \$300,000 to put capital into startups, which allowed RAIN to create Willamette Valley Capital to fund staff to raise up to \$10 million. Lane, Linn-Benton, and Lincoln counties are the primary emphasis of the companies in which to invest due to the two research universities in the area.

Ms. Westlund asked if the capital fund has an overlap with the Willamette Angel Conference. Ms. Cummings replied that the Willamette Angel Conference picks one or two companies each year in which to invest. Several individual angels wanted to put more money in, and after a survey, a new fund was started called Willamette Valley Capital. Willamette Angels and WVC are sister funds. Ms. Cummings asserted that several previous funding partners have invited RAIN back for more funding.

Ms. Cummings presented RAIN metrics: How much revenue have all the companies in the RAIN network created in their own businesses? Starting in the end of 2014 for Corvallis data and 2015 for Eugene data, they have raised \$28.8 million in capital, 122 accelerator companies have been served, 381 jobs have been created, and 987 companies have been assisted. 4889 students have been engaged in workshops, as mentors, interns, etc. 251 mentors have participated, and 75 Angel Investors have been engaged. Ms. Cummings further explained, using Nike as an example, that companies take several years to hit revenue. Ms. Cummings also showed specific numbers for RAIN Eugene. She talked further about the communities where RAIN goes to meet with people and listen, such as Albany, Lebanon, Oakridge, Sweet Home, Lincoln County, etc., and she spoke specifically of a Pitch and PubTalk event at a brewery in Oakridge. Entrepreneurs have a chance to pitch, people pretend to be investors, and they give fake money to their favorite entrepreneurs and explain why they're investing.

Ms. Cummings then gave several specific examples of RAIN's success, including two businesses in Florence. Ms. Cummings also mentioned a demo day in Florence, showcasing the entrepreneurs, as well as an award RAIN also won recently from the Florence Chamber of Commerce.

Ms. Cummings spoke about what is next for RAIN. She talked about Willamette Valley Capital and the fact that it includes mentoring as well as money. The 10th anniversary of the Willamette Angel Conference will be hosted in partnership with the Eugene Chamber of Commerce in May. The WVC fund is growing and is seeking investors. The Venture Catalyst model is expanding into more communities. The first startup weekend is being launched on the mid-coast, and the first ever "scalerator" is being launched on the mid-coast (in which people who went through the accelerator last year come in to work on their next steps). Also, RAIN events in the Lowell-Oakridge and Eugene-Springfield areas can be found on meetup.com.

Mr. Milandin asked when RAIN makes an award, what rates have to be maintained to obtain the investment. Ms. Cummings responded that when Willamette Angels or WVC makes an investment, the company must present very detailed financial projections for the next three years. The goal of the

investors is to get 10 times their money back in 7-10 years.

Mr. Berger remarked that he had requested the RAIN presentation because he had concerns about funding, and he asked if there is any concern about funding for core programs in the short term, specifically 1-3 years. Ms. Cummings replied that for every dollar raised, RAIN has raised \$1.40 matched from foundations, local communities, corporations, individual entrepreneurs, etc. From the \$1 million the state has given, RAIN has raised \$420,000 on top of that. They are constantly bringing in new revenue sources, and if a startup performs, they can come back and ask for more money. Also, startups are responsible for net new job creation. Mr. Berger continued that his other concern had to do with Eugene and U of O centric issues, in that many traded-sector businesses are not venture ready, but that concern was addressed by the presentation.

Ms. Cummings recommended the book *Startup Communities* by Brad Feld for those who want to read more about entrepreneurial ecosystems.

Mr. Dignam thanked Ms. Cummings for her presentation.

6. The Economic Impact of Lane Community College

Ms. Johnston introduced Brett Rowlett, Director of Public Affairs at Lane Community College.

Mr. Rowlett presented the results of an Economic Impact Study on LCC, conducted by Emsi, a provider of economic impact and market data for educational institutions. He began by explaining that LCC is one of 17 community colleges in Oregon, all of which function as local, independent colleges. The Council of Presidents decided 12 years ago to authorize an economic impact study of community colleges, and that has been done three times. The full report can be downloaded from the LCC website, but since methodology is continuously updated, it is important not to compare this year's study to previous years' study or to the returns of other community colleges in the state. Mr. Rowlett further explained that the study includes an Economic Impact Analysis and an Investment Analysis.

Mr. Rowlett then presented a series of slides showing the number of jobs in Lane County (200,000), the number of students at LCC in 2015-16 (just over 20,000 credit and non-credit students), and the amount spent on payroll in that year at LCC (\$69.9 million) for 911 employees. In 2015-16, LCC spent just under \$55 million on goods and services in day-to-day operations, which spreads spending to other business. 90% of the funds spent as a result of a bond were kept in our region through the use of local contractors. Mr. Rowlett continued with an Overview of Results, which showed that in 2015-12, LCC generated a total of \$857.4 million income in the county, supporting 13,614 jobs.

Mr. Scoggin and Mr. Miller both asked what is included in those numbers, and Mr. Rowlett responded that the amount of income added to the economy is calculated to be the equivalent of supporting 13,614 jobs.

Mr. Brice asked a question regarding the details of the numbers representing income and jobs.

Mr. Rowlett continued by saying that the payroll and benefits for day-to-day ops is just under \$70 million, combined with the ripple effect in the economy equals \$83.7 million. About 5% of LCC students originated from outside of Lane County, and the spending of students who relocate and stay, plus the ripple effect equals \$27.8 million.

Mr. Berger asked if there has been any impact on international students lately. Mr. Rowlett replied that nationally, international programs have been devastated, but LCC international programs have remained

steady.

Mr. Rowlett stated that the accumulated impact of LCC alumni on Lane County is \$745.9 million. According to the Investment Analysis, after graduating from LCC, students will receive a present value of \$425.7 million in increased earnings, which is a 15.9% rate of return. The Investment Analysis also quantified the positive social impact of the increased tax based, improved lifestyles, savings, and future earnings. Oregon as a whole spent \$174.3 million investing in LCC in 2015-16 and in return will receive a present value of \$2.1 billion. Mr. Rowlett pointed out that the takeaway here is that LCC generates more tax revenue than it takes in (\$2.90 for every \$1.00); LCC retains and creates wealth; and overall, LCC is a better investment than the stock market, with at 15.9% return on investment. Mr. Rowlett also presented some general figures for Oregon community colleges as a whole in 2015-16.

Mr. Rowlett went on to explain that the LCC board would like to use the results of this study to help the community understand the importance of having a community college. LCC will share the results of this study with the community in many ways, including speaking engagements, local media, social media, and sharing the industry impacts with businesses. It is important for the community to understand that there is a return on investment when you invest in education.

Mr. Brice asked how much help LCC is getting from the state. Mr. Rowlett replied that state support has not kept up with higher education in general, and that universities are receiving much more support than community colleges. LCC representatives are communicating with legislators about this. Community colleges are expected to do more for students with less funding and fewer resources. The state has started the Oregon Promise program, which provides up to two years of community college for close to no cost for students with a certain GPA. However, that money goes directly to the students and not the institution. Tuition comprises only one-third of the cost for a student to be at LCC, and the college has to provide the rest, so more help from the state is needed.

Mr. Berger asked about CTE and whether there is an initiative for federal funding in this area. He pointed out that more federal funds are needed to transition at-risk students and wondered if there is a focus by grant writers on tapping into those federal funds. Mr. Rowlett responded that foster youth have only about a 2% chance of graduating from college, so LCC is trying to make sure that those students have as many financial resources for college, but much more is needed. Some of the proposed bills in Washington treat community colleges the same as other institutions, which leaves community colleges at a disadvantage.

Mr. Dignam asked why LCC scores higher than other schools in the state in some of the metrics. Mr. Rowlett replied that the strength of LCC is that 95% of the people trained there stay in the community. Salem is not funding LCC to be the comprehensive community college it is, so perhaps LCC may start to focus on specific things that it does incredibly well (such as advanced technology, health care, food sector, and transferring to 4-year school) and bolster those. The new President of LCC intends to use the college to continue driving the economy in any way it can.

Mr. Scoggin thanked Mr. Rowlett for his presentation.

7. Strategic Direction for LEC

Mr. Schussler addressed Mr. Dignam's retirement as an opportunity to take stock and see what LCOG is doing to support economic development in general in the community. He mentioned that Mr. Betschart will step in to LEC, and that other parts of the government services program will be brought in. For

example, LCOG supports many agencies on the South Coast and supports rural communities. Senior Planner Denise Walters will be brought in to LEC. Ms. Walters works with transportation planning, public safety, education, broadband efforts, and is a grant writer. Since this is a central place for implementation of CEDS in our region, Denise can help connect the dots. She can be an additional person who will see the overlap of different efforts and can check in and coordinate with the various players. Mr. Schussler concluded that there will be no major shake-ups in how LEC operates.

Mr. Betschart remarked that he is looking forward to the two-person format.

8. Set next meeting date: March 19, 2018

Mr. Scoggin said the next LEC meeting would be on March 19, 2018. The agenda will include the county's new customer relationship management system. Ms. Hyatt said that she is working on getting a U of O speaker for April or May.

Mr. Scoggin adjourned the meeting at 12:53 p.m.

(Recorded by Rachel Burstein)

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All individuals are expected to observe respectful behavior and decorum during this public meeting. Anyone acting in a disruptive, disorderly or threatening manner will be asked to leave, and may be precluded from participating in future opportunities for public comment. Please be courteous and respectful. Please turn off or mute all cell phones and pagers.

1. Welcome / Introductions / Changes to the Agenda (5 minutes) Rob Scoggin
2. Public comment (5 minutes) Rob Scoggin
3. Comments from the Members, Chair & Staff (2 minutes) Rob Scoggin
4. Review minutes from February 26, 2017 (2 minutes) Rob Scoggin
Action item: Approve minutes
5. Sector Strategy – Advanced Wood Products (30 minutes) Sarah Means/
Courtney Griesel/
Kristina Payne
6. SCALE Oregon / SCALE Express Programs (15 minutes) Barry Miller
7. CEDS Update (15 minutes) Phil Warnock
8. Update from Community Lending Works (15 minutes) Maia Hardy
9. Set next meeting date: April 16, 2018 Rob Scoggin

Adjourn