

MINUTES

Lane Economic Committee

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

859 Willamette Street -- Eugene

March 9, 2020

11:30 a.m.

PRESENT: Mark Bodie, Vanessa Ringgold, Kelli Weese, Jacob Clifton, Paul Berger, Jenna Cusimano, Robert Killen, Anne Fifield, Raymond Hardman, Rick Wiemholt, Matt Michel

GUESTS: Howard Schussler, Eric Lind

1. Welcome/Introductions/Changes to the Agenda

Mark Bodie, Chair, convened the Lane Economic Committee (LEC) at 11:38 a.m. Those present introduced themselves.

2. Public Comment

None.

3. Comments from the Members, Chair & Staff

Mr. Bodie announced a change to agenda: Eric Lind will make a presentation from Small Business Development Center of Lane County.

4. Review minutes from February 10, 2020

Action item: Approve minutes

Mr. Killen moved, seconded by Mr. Hardman, to approve the February 10, 2020 minutes. The motion carried unanimously.

5. SBDC of Lane County - Eric Lind

Eric Lind, Capital Access Team Advisor for the Lane Small Business Development Center (SBDC), spoke about his background as a commercial and business lender, and he provided a refresher about what the SBDC does. There are 19 SBDC's around the state, each affiliated with a community college. Each has advisors and instructors who help small businesses in its respective geographic area. The Lane SBDC is housed at LCC, with Robert Killen as its current Director.

The 6 advisors at Lane SBDC Advisors meet with existing businesses or new businesses starting up, and they offer an hour of free counseling. The SBDC also holds many different types of classes for fees.

Mr. Killen added that a new cohort starts in September every year in the 3-year Small

Business Management Program.

Mr. Lind explained that as a Capital Access Team Advisor, he is part of the Capital Access Team, which began in 2010. He is housed in Eugene and reports to someone in Portland. The CAT has 9 or 10 Advisors, and they find funding for businesses through referrals from banks, credit unions, advisors, or anyone in the community. Mr. Lind spends 6-10 hours with a business looking at its financials, business plan, etc., and he then assesses it and puts together a package to try to find funding. There is no charge to the business for this service.

Mr. Lind has recent work experience with Selco as an investor in commercial real estate, and he has prior experience in operating companies. He therefore has a lot of experience with the SBA (Small Business Administration), the State of Oregon, the City of Eugene, and LCOG. Part of his role is to find funding, and he can do so with a bank, a credit union, or another program.

Mr. Lind shared that the statistics show a 77% success rate for businesses that go through CAT advising.

Mr. Berger wondered if the SBDC is beginning to see small businesses that did not previously need funding now asking for funding due to the proposed stimulus. Mr. Lind responded that he does not yet know when the SBA will be involved in programs to help small businesses affected by COVID-19. He spoke about 2008 when the credit markets caved, and he was with Umpqua. At that time the SBA came up with a program to help that was not enough and was way too late.

Mr. Berger shared his story about his business that publishes behavioral health education materials. He explained in detail how his business is now affected by COVID-19. They provide printed products, and printing costs have increased locally, so they have printing done in China. Now they cannot get the product off the shelves in China, and clients are having issues because public health is focusing on COVID-19 rather than behavioral health.

Matt Michel arrived at 11:59 am.

Mr. Berger also volunteers with a school garden project, and he wondered what will happen with people who work in schools if the schools are shut down and how kids will get nutrition. He suggested thinking about community resiliency as a whole.

Mr. Killen shared that the SBA has a robust disaster recovery program, which will provide low-interest or no-interest loans to small businesses to rebuild in certain situations (typically physical disasters). The SBA has not yet determined how to apply this to COVID-19 related effects.

Mr. Killen returned to speaking about the SBDC, stating that lack of access to capital is the top reason why businesses fail. However, organizations are always looking for businesses to fund, and the SBDC tries to assure that businesses throughout Lane County know that there are resources available to meet their needs. Bringing Mr. Lind on as a CAT Advisor is part of that strategy.

Ms. Fifield asked how businesses find the SBDC. Mr. Killen replied that most of them Google how to start businesses and are pointed to the local SBDC, or they are participating in the Small Business Management Program. However, businesses that have already been

running for a few years that need help do not know how to find the SBDC, so they are trying to get the word out.

Ms. Fifield wondered if the SBDC uses the Eugene Library as a resource, as it is on the front line of economic development. Mr. Killen replied that they are in contact with the library, but they could use it more.

Mr. Berger observed that new entrepreneurs are always coming to Eugene, but we have a retention problem. Twenty years ago, the various Chambers of Commerce did an outreach program with a survey of small businesses in the community, so the SBDC might want to talk to the Chamber of Commerce.

Howard Schussler left at 12:06 pm.

Mr. Wiemholt reported that he has been talking to the Oakridge Chamber of Commerce to help set up an innovation center in Oakridge and reach out to new and existing small businesses, since not everyone can come to Eugene. For now, he is directing people to the SBDC.

Mr. Bodie wondered about the size of businesses served by the SBDC in terms of revenue, and Mr. Lind said there is a range of \$100,000 - \$5 million. Some have existing relationships with financial institutions and need to expand or make changes. Usually people go straight to their bank or credit union.

6. Roundtable discussion

Mr. Bodie began the roundtable discussion, focusing on the economic effects of COVID-19. He mentioned that from the commercial banking side, when there are natural disasters, a lot of federal funding goes through to help businesses who are existing customers.

Mr. Hardman mentioned that the federal government is giving \$8.2 billion in emergency funding, and Mr. Berger said that most of that will go to public health agencies. Mr. Hardman added that a small portion is carved out for businesses impacted.

Mr. Berger said that if funding is coming, we should plan for how Eugene will receive it, as it is this Committee's job to think about the economic impact of COVID-19. Mr. Bodie added that it would be a good idea to add this into the CEDS.

Mr. Hardman opined that this goes beyond disaster recovery to a business continuity plan. Businesses need to plan how to continue providing base operations while there's a disaster occurring. Most of the population does not realize everything that has to happen so that they can go about life (getting water, utilities, etc.).

Mr. Killen stated that a small amount of funds will go through the SBA, and there will be a small window of time to get those funds. His role with SBDC will be to communicate to businesses about how to access the funds as quickly as possible. He wondered how to expand their reach to get the word out.

Mr. Bodie noted that in the banking world, there is no shortage of capital anywhere in the market. There is funding for businesses at any level, but this might be adjusting shortly due to COVID-19. Mr. Berger mentioned that many smaller businesses might not have collateral built up so they may not be loan ready, even if there is a big pot of money available. The

City of Eugene gives small loans with creative collateral for small businesses.

Mr. Hardman stated that within the \$8.2 billion of federal funds, there are specific funds allocated for small businesses for relief. This will be scheduled for immediate distribution, so organizations need to be following this and filing for relief as soon as possible.

Mr. Berger asked Mr. Killen about a class he was holding for food truck businesses and whether or not those businesses were asking for relief. Mr. Killen responded that they have not been asking yet.

Mr. Killen mentioned the Emergency Program Manager at Lane County and wondered if she had an outreach mechanism that would be broader than any of ours. Mr. Michel noted that she has been broadcasting to the City of Veneta about resources. Mr. Killen said he might reach out to her.

Mr. Hardman reported that the biggest impact on his broadband business is switching to suppliers that are not dependent on China. Their major manufacturers are looking to bring in other suppliers for networking electronics. It will slow down his company's ability to build new networks. However, if people are working from home, they will rely on their home connections.

Mr. Berger mused that with a big change in the world like this, there are also opportunities. Mr. Bodie agreed that some of his clients who are domestic producers are seeing opportunities in the COVID-19 situation, specifically specialty wood products manufacturers who make items such as high-end plywood and hardwood. These products have historically come from China, and now companies are looking here since it is a big timber area.

Mr. Berger shared that there's a dearth of money coming into public agencies, so an opportunity on the other side will be a new-found appreciation of public health. There's been a dearth of money coming into public agencies. NIH grants to the UO have slowly dried up over the last few years, and this is an important turning point. Opportunities will increase.

Mr. Killen said that he has been sharing with his SBDC clients that they should use COVID-19 as an opportunity. He wants to improve remote access to the program, and they could theoretically run the entire program through Zoom.

Ms. Fifield wondered if connectivity on the residential side is adequate for accessing remote programming, and Mr. Killen replied that many people have problems, especially in Oakridge. Ms. Fifield suggested they should reach out to local elected officials and utility commissioners about the importance of good connectivity.

Mr. Berger mentioned that Oakridge is at the epicenter of connectivity. Mr. Hardman elaborated that a large portion of the fiber for the whole West Coast runs along Highway 97. Mr. Hardman wants to know that he is investing money in something that will always be there. They leverage EWEB assets because they are there. The incentives for building a fiber network in Oakridge are there, and the desire to make money from being associated with it is there, which drives up the cost of building. If his company facilitates the construction themselves, they can build at one-fourth the cost of contracting it out. His company's goal is to make sure they get physical infrastructure in place that is leverageable

by any form of internet technology.

Mr. Hardman added that with two major universities and several smaller colleges in the area, a lot has been built over 20 years, but it takes a lot of infrastructure and they cannot look at it for profit. A computer is something that everyone has, and we do not have proper infrastructure to support that.

Mr. Berger mentioned that young people coming out of university have a sense of public service and want to do mission-driven business.

Mr. Hardman emphasized that we need to push through the wall to bolster and spark the community forward. He has encountered interesting roadblocks. Public space has put an effort into Oakridge, but the private sector has not. The infrastructure for fiber optics in Oakridge is partially there, and everyone agrees that it is needed, but it is not being used.

Ms. Fifield pointed out that the Downtown Eugene fiber project also had a lot of hurdles; if you build it, they don't necessarily come. You need to make connections and talk to the right people.

Mr. Hardman shared that twenty years ago, someone from LCOG approached Veneta and the Country Fair and let them know they could get fiber optics hooked up for \$5,000, but they declined. This shows that the private side isn't stepping up.

Mr. Berger talked about working at schools in the mentor program and school garden project. He noted that many people who volunteer in this capacity are retired but have 10-15 good years left to work and they really want to volunteer and help. He observed that there is a disconnect between the amount of high caliber volunteers here and the opportunities made available.

Mr. Hardman agreed that he does not see an incumbent private sector; there is a lack of involvement, many things made available that are not utilized, and there is some kind of gap. This is less of a problem in Springfield. Mr. Berger noted that there is a slow-moving bureaucracy here, especially with the University. Mr. Hardman added that there is a fear of competition. There is a lack of competition for his business as a service provider on both a national and local scale. This is a problem.

Mr. Berger spoke about the legacy of the wood products industry; it is an extraction mentality. The attitude toward software being used to automate sawmills in the past was that since there was plenty of wood, there was no need to be efficient. Mr. Killen added that he has worked with several of the mills in the area, and the extraction mentality is an old narrative that does not actually exist within those companies anymore. They are now long-term sustainable organizations.

Mr. Killen shared that in response to this discussion, he will create an online business continuity workshop or training. He will find the right experts and offer it online through Zoom. When it is put together, he will get that out to this group. It will also be recorded and offered as a link that anyone can access.

Ms. Ringgold spoke on behalf of UO, saying that it's not a fear of competition or laziness, but it's lack of motivation. Faculty and staff of the University live off grants. If it's a matter of profit-making, a lot of things are not as profitable as not engaging.

Mr. Bodie mentioned that if managers of big duties break their fiduciary duties by doing something for the public benefit that costs product, there could be serious ramifications.

Ms. Ringgold noted that the “me” generation is not making the business decisions anymore.

Mr. Hardman agreed that the issue is a lack of motivation around competition; not fear, but a tepidness to compete. Mr. Killen opined that to be able to see that requires looking at the whole ecosystem from afar, but most people are on the ground. Mr. Hardman noted that if his company had more competition, they would probably grow faster. In areas that have competing broadband service providers, they have gained more customers.

Mr. Berger said that since he is involved in nonprofit entities as a volunteer, he is looking at the staff of these agencies. A lot of non-profit agencies hire people coming out of UO with good degrees, and they have lots of debt and are taking very low-paying jobs. We can't get more people to come here and work for grad student and postdoc salaries because they can't live on those amounts. The quality of life here is fine, but for very few people. Mr. Hardman interjected that this area has a cultural problem with competition and with paying people what they are worth.

Mr. Berger concluded that there are plenty of things to do to improve the community. People should be paid decently. Software companies he worked for back in the day came here from Silicon Valley because they would work for less here and there was a lower cost of living. Mr. Hardman said that Symantec was not paying the same as other places; they received waivers for cost of living adjustments. This is a cultural problem in Lane County.

Mr. Wiemholt mentioned that in Oakridge, 65% of working adults work in Eugene or Springfield. Mr. Hardman added that a gas price hike will lead to lower employment. Mr. Wiemholt said that the cost of homes in Oakridge is less than in Eugene, so people buy houses in Oakridge and work in Eugene or Springfield, but people would prefer not to have to commute. 65% of its citizens working elsewhere is not good for Oakridge. He is trying to attract businesses to Oakridge and set up an innovation center so that people can start businesses there. He shared that in the Industrial Park on Oakridge, not all of the lots are shovel ready, whereas in Bend and Veneta the lots are shovel ready. They are trying to change this, but it will take time and money. With COVID-19, there are only two clinics in Oakridge, and he has tried to find out if they are ready to deal with the virus. People traveling to Eugene to work could be dragging the virus to Oakridge. They are trying to figure out if any of the medical industry in Lane County is prepared for this. Mr. Hardman noted that there are many elderly citizens in Oakridge, and they will be more susceptible to the virus.

Mr. Berger said that the good news is the \$8.2 billion from the federal government, and that Oregon has very good public health agencies.

7. Set next meeting date: April 13, 2020

Mr. Bodie set the next meeting for April 13, 2020 and adjourned the meeting at 1:02 pm.

(Recorded by Rachel Burstein)