

CITY of LA GRANDE

JOINT CITY COUNCIL/URBAN RENEWAL AGENCY RETREAT

Wednesday, January 25, 2023

6:00 p.m.

Council Chambers
La Grande City Hall
1000 Adams Avenue
La Grande, Oregon

You can view the Council Retreat on Facebook Live at the following link:
www.facebook.com/CityofLaGrande

AGENDA

The purpose of the Annual Agency/Council/Staff Retreat is to exchange ideas with Staff and establish Goals and Priorities for the upcoming year. The Goals/Manager Priorities then become the focal point of budget development for the 2023 ~ 2024 Fiscal Year. Council/Agency decisions are not made during a Council Retreat; but, rather, direction is provided to Staff in connection with the identification of the Goals to be scheduled for adoption during the February 1, 2023, Regular Sessions of the City Council and the Urban Renewal Agency. While the Annual Retreat is open to the public, public comments will not be entertained during the Retreat. Members of the public are routinely provided with an opportunity to engage the Mayor and Council/Agency during the Public Comments portion of each Regular Session Agenda. Per ORS 192.670(1), some Councilors/Agency Members and/or Staff may be participating in this Work Session by electronic communication.

1. CALL to ORDER/WELCOME 6:00 p.m.
~Justin Rock, Mayor

2. CITY AND URBAN RENEWAL ECONOMIC DEVELOPMENT RETREAT TOPICS/SEQUENCE
(Please Refer to Attached)
~Robert A. Strope, City/District Manager

3. ADJOURN 8:30 p.m.

Stacey M. Stockhoff
Acting City Recorder

City and Urban Renewal Economic Development Retreat Topics Wednesday, January 25, 2023

(Note: Items in **blue** are changes from prior year’s topics. Text in **green** is supplemental/background information that may be helpful.)

Vision Statement: The City of La Grande is the economic, educational, recreational, and cultural hub for eastern Oregon, with a family oriented, small-town character. (City’s current Vision Statement with the goals specifically related to Economic Development **highlighted** below)

Goals to support our vision:

G1	Enhance and grow our diverse economy through innovation, partnerships, and relationships, to capitalize on our existing strengths while seeking new opportunities.
G2	Take full advantage of the benefits of our thriving educational community, anchored by Eastern Oregon University.
G3	Promote the natural beauty and resources of the Grande Ronde Valley, which provide recreational opportunities and quality of life benefits that complement our economic development objectives.
G4	Showcase La Grande as a culturally-rich city with a strong sense of identity, pride, and environmental awareness that preserves our heritage.
G5	Foster a family-oriented community with high quality amenities, including excellent parks, safe neighborhoods, and outstanding schools.
G6	Champion public involvement and civic leadership that values economic, ecological, and social stewardship, while maintaining our small-town character.

1. Economic Development Strategy

a. Recruitment/Business Attraction:

- i. Continue proactively pursuing our current priority industry sectors:
 - 1. Recreational Manufacturing and Retail
 - a. Anything tied to the outdoors to maximize our assets
 - 2. Timber Industry
 - a. Mass Timber (Cross Laminated Timber)
 - b. Woodgrain (Supply Chain)
 - c. Other wood product related manufacturers
 - 3. E-Commerce
 - a. Businesses that rely on the Internet and work from home
 - b. Distribution
 - 4. Small scale manufacturing and micro production.
 - a. Small scale consumer products.
 - b. Locally produced /packaged food & beverages.
 - i. Staff is proposing that the Agency work with a consultant to develop a strategy to grow existing and attract new small scale manufacturers. The Commercial Needs Analysis will impact the timing of engaging a consultant in this effort and may be included in the FY 2023-24 Proposed Budget for consideration.
- ii. Continue to respond to all inquiries and leads regardless of industry sector.

Staff is recommending adding item 4 above as an additional priority sector at this time.

iii. Incentives

1. Current incentives are limited to Call for Projects and Traded Sector programs in the Urban Renewal District (URD) and the Enterprise Zone for Urban Growth Boundary (UGB) expansion area.

Staff is recommending a change to the Traded Sector programs which is discussed below.

iv. Industrial development/recruitment:

1. La Grande Business and Technology Park
2. UGB Expansion Area
 - a. Large lot industrial with Enterprise Zone incentives

Staff is not recommending any changes in the above strategies at this time. We may want to consider the impacts of change of ownership from UCEDC to a private party on our Business Park marketing efforts and incentives.

v. Commercial development/recruitment.

1. Limited available lands for larger commercial/retail development.
 - a. No large lot commercial in URD and recent sales/development has depleted our available lands inventory.
 - b. The Agency budgeted to conduct a Commercial Land Needs Analysis and Comprehensive Plan Goal 9 Update to increase our inventory to allow for new development. This work is in progress and Staff is reviewing proposals from consultants at this time.

Staff will be seeking Council/Agency approval of the agreement with the consultant and will keep the Agency informed as the process continues.

b. Retail Recruitment and Downtown Redevelopment:

i. Retail recruitment.

1. Continue proactive recruitment using existing leads previously generated by Buxton and new leads when identified.
2. Focused efforts in concert with La Grande Main Street Downtown utilizing the recently adopted Main Street Refresh Plan.

ii. Downtown redevelopment—(See Call for Projects).

Staff is recommending the minor additions in blue above at this time.

c. Business Assistance, Retention, and Expansion:

i. Resume large employer visits.

ii. Business Retention and Expansion (BR&E) Survey.

1. Based on the 2022 survey data, we are looking at 4 key points of focus including:
 - a. Workforce challenges and the ability to recruit, and retain labor/talent.
 - b. Minority business owner support and outreach.
 - c. Business support and training particularly marketing and expanding online presence.
 - d. Business retention and expansion assistance, with an emphasis on assisting start up and micro businesses transition from home and internet based, to brick and mortar locations.

d. Create a culture of entrepreneurialism.

- i. Ignite is utilizing a \$60,000 grant from Business Oregon for the Rural Opportunity Initiative (ROI) program, which funds entrepreneurial support programs and activities including recent Business Foundations, and Co.Starters trainings. This grant is being administered by Northeast Oregon Economic Development District (NEOEDD) and since the money does not come directly to the City/Agency, it does not show up in City or Agency budgets.
- ii. The department has also been conducting entrepreneur outreach to identify small business needs including potential training and incentives.
- iii. The lease for the existing space will end this year and Staff is exploring options for continuing to provide services. We are also continuing to work with EOU and are in preliminary discussions about what a collaborative partnership with Ignite and the REV Center's proposed Innovation Hub might look like and if the historic Firehouse might be the best location for this partnership.

Staff is not recommending any specific changes in the above strategies at this time but will be seeking guidance regarding the Ignite Center in a later section.

e. Continuation of non-URA Funded Economic Development efforts

- i. Validate intent to continue to dedicate funds and resources to marketing non-URA industrial properties.
 1. UGB large lot industrial site.
 2. Large lot commercial efforts.

The current percentage of the Economic Development Director's salary is 70% URA and 30% City General Fund and we have limited City dollars included in the Materials and Services budget to allow for funding of non-URA efforts. Staff is not requesting any revisions to this allocation.

f. Partnerships

- i. We currently work closely with all local and regional partners in the Economic Development and Tourism industry. Timothy is a La Grande Main Street Downtown Board Member and Robert is a member of the Northeast Oregon Economic Development District (NEOEDD) and the Northeast Oregon Business Development District (NOBD) Boards.
- ii. Staff coordinates monthly meetings with key local economic development partners including The Union County Chamber of Commerce, La Grande Main Street, Union County (Commissioner Beverage), Eastern Oregon Visitors Association, and OTEC.
- iii. The City has been working with BTI (Baker Technical Institute) and EOU's SRS (Sustainable Rural Systems) program to assess brownfield issues for a number of properties along Jefferson Avenue and potentially help position those properties for future redevelopment.

2. Urban Renewal Programs

Historically we have budgeted new funding of \$250,000 to \$350,000 for non-Business Park Call For Projects (CFP), \$100,000 for Business Park CFP, and \$50,000 to \$75,000 for the Façade Program each year. In addition, we have maintained the \$200,000 of one-time funding for the Traded Sector program and have added \$100,000 a year to the Agency Initiated project program we have not accessed yet. The current fiscal year budget has the following uncommitted, remaining balances for these programs, excluding Façade and carried over CFP funding:

<i>CFP non-Business Park</i>	<i>\$350,000 budgeted, \$35,287 remaining</i>
<i>CFP Business Park</i>	<i>\$225,000 budgeted, \$225,000 remaining</i>
<i>Traded Sector</i>	<i>\$200,000 budgeted, \$200,000 remaining</i>
<i>Agency Initiated</i>	<i>\$500,000 budgeted, \$500,000 remaining</i>
<i>Total Budget:</i>	<i>\$1,275,000</i>
<i>Remaining:</i>	<i>\$960,287</i>

Staff contemplating proposing:

CFP non-Business Park	\$350,000 (\$35,287 carried forward from prior year)
CFP Business Park/Traded Sector	\$425,000 (\$225,000 carried forward from prior years)
Traded Sector	\$0 (\$200,000 carried forward from prior years added to new Business Park/Traded Sector program)
Agency Initiated Project	\$500,000 (\$500,000 carried forward from prior years)
Total:	\$1,275,000 (Less \$960,287 carried forward from prior year for \$314,713 of “new” funding)

a. Traded Sector

i. Funding (\$200,000 of one-time funding in current year’s budget)

1. Staff recommends retaining the key provisions of this program but making the award amount discretionary up to the available Business Park Call for Projects total budget amount in any given fiscal year. This would allow for the continued advertising of the incentive as a recruitment tool. The current \$200,000 of funding would be combined with the unused Business Park CFP funds making \$425,000 available for both programs, all carried forward dollars. The use of the funds could be allocated to projects within the Business Park, or potentially in other locations in the District which meet the current Traded Sector investment and job creation requirements. Another potential change would be to remove the Business Park projects from the CFP cycle and allow for funding consideration at any time during the fiscal year as a stand-alone program to allow for more flexibility in responding to development opportunities. Any changes would require an updated policy that the Agency would approve.

b. Call for Projects:

i. Funding (\$350,000 Non-Business Park + \$225,000 Business Park funding in current year’s budget):

1. Non-Business Park Projects: \$350,000 per year has been allocated for this program the past two years based on revenues to URA with an under levy. Current year all \$350,000 was awarded.
2. La Grande Business and Technology Park Projects: The recommendation is to retain the existing \$225,000 of unused CFP funds and combine them with the unused Traded Sector funds as discussed above.

ii. Policy revisions.

1. Staff would schedule an Urban Renewal Advisory Commission (URAC) meeting to discuss the merging of the Traded Sector policy with the CFP policy for this year’s funding cycle if the Agency supports the change in use of the Traded Sector Program funds. Once the URAC meets and finalizes a recommendation, the Agency will be asked to approve an updated policy.

c. Agency Initiated Funding Program

- i. Funding (\$500,000 of one-time funding in current year's budget)
- ii. The intent for the past two years has been to leverage these funds to receive significant capital grant funding to renovate the Fire Museum to provide an expanded space for Ignite. The project would provide dedicated space for partner organizations such as Eastern Oregon University (EOU), NEOEDD and the Small Business Development Center (SBDC) to allow for a downtown presence. The project would also include increased opportunities for Side A Brewing to utilize increased space that currently is inaccessible. At this juncture we are not optimistic about receiving significant grant funding. We are looking for Agency guidance on two potential uses for these funds:
 - 1. Move forward with a reduced project scope to make significant improvements to the Historic Fire House to address systems and access issues with the building using only URA funding. The space would become the new location for the Ignite Center and though useable, not ideal. The intent would be to continue to seek funding for future interior improvements.
 - 2. Enter into a public/private partnership to fund \$500,000 towards the installation of an elevator in the Bohnenkamp building (\$700,000 total cost) to facilitate development of additional upper floor housing. The project currently has \$200,000 in Oregon Main Street funding and \$75,000 of Agency CFP funding for the first phase of the renovations. If fully funded, the project value would be over \$2 million and provide 11 downtown housing units on upper floors.

d. Façade Program

- i. \$75,000.

Staff is not recommending changes to the Façade Program or funding level.

3. Capital Projects

- a. Should the Agency consider moving forward with additional Streetscape projects:
 - i. Elm to Greenwood?
 - ii. Greenwood to Island Ave?
 - iii. Only Adams Avenue?

4. Budget Related Issues/Fiscal Management

- a. Continue to implement the Urban Renewal Plan with base-line funding for full-time Economic Development position and core URA Programs.
 - i. Current Goals from Agency approved Economic Development Strategy:
 - 1. Ensure programs are achieving goals and needs of business.
 - 2. Continue business recruitment efforts.
 - 3. Continue business retention and expansion efforts.
 - 4. Create a vibrant Central Business Zone (CBZ).
 - 5. Encourage Entrepreneurial and small business development as a key strategy.

The Agency approved the updated goals shown in blue after the 2022 Retreat.

- b. Validate continuation of Urban Renewal Agency (URA) Under Levy—Agency perspective.
1. As of this writing, and assuming the Agency supports the program funding levels suggested above, the under levy amount would be very similar to the current fiscal year.
 2. Should the Agency seek to reduce or suspend the under levy for any of the following reasons?
 - a. Increase program funding for Call for Projects or the Agency Initiated Funding Program?
 - b. Increase URA Fund balance?
 - i. This could allow for funding of larger projects in the future without incurring debt.
 - ii. The amount of an Under Levy drives both the City General Fund and URA Budgets.