

# City and Urban Renewal Economic Development Retreat Topics

## January 24, 2022

(Approved March 2, 2022)

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

**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:**

<b>G1</b>	Enhance and grow our diverse economy through innovation, partnerships, and relationships, to capitalize on our existing strengths while seeking new opportunities.
<b>G2</b>	Take full advantage of the benefits of our thriving educational community, anchored by Eastern Oregon university.
<b>G3</b>	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.
<b>G4</b>	Showcase La Grande as a culturally-rich city with a strong sense of identity, pride, and environmental awareness that preserves our heritage.
<b>G5</b>	Foster a family-oriented community with high quality amenities, including excellent parks, safe neighborhoods, and outstanding schools.
<b>G6</b>	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
- ii. Continue to respond to all inquiries and leads regardless of industry sector.  
*Staff is not recommending any changes in the above strategies at this time.*
- iii. Small scale manufacturing and micro production.
  - 1. Explore adding small scale manufacturing and micro production as a targeted sector for recruitment, retention and expansion. Use this strategy to potentially fill gaps in the local supply chain and attract small manufacturers that can utilize existing smaller sites or buildings

throughout the community. This can increase our opportunities to showcase products “Manufactured in La Grande,” as a recruitment strategy to attract additional manufacturers for larger sites like the Business Park and other larger manufacturing sites as they are added.

*This is a new strategy Staff is intending to pursue.*

iv. 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 not recommending exploring any new incentive programs at this time.*

v. 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.*

vi. 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. In order to address this shortage, we need to pursue conducting a Commercial Land Needs Analysis and Comprehensive Plan Goal 9 Update to increase our inventory to allow for new development.
  - c. Currently there aren't any grant opportunities to fund such an update.
  - d. Based on our inability to add new Commercial property without an update, Staff is recommending the City Council support moving forward and fund this effort using City General Fund dollars given we cannot accommodate any significant new projects at this time.

**b. Retail Recruitment and Downtown Redevelopment:**

- i. Retail recruitment.
  1. Continue proactive recruitment using existing leads previously generated by Buxton.
  2. Focused efforts in concert with La Grande Main Street Downtown.
- ii. Downtown redevelopment—(See Call for Projects).

*Staff is not recommending any changes in the above strategies at this time.*

**c. Business Assistance, Retention, and Expansion:**

- i. Resume large employer visits once COVID-19 restrictions allow.
- ii. Business Retention and Expansion (BR&E) Survey.
  1. The Survey is complete. Based on the 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. While a small percentage of surveyed businesses indicated a risk of closing nearly 30% of responses indicated potential expansion in the next three years.

***The Agency will conduct a Work Session to discuss more specific elements of the Economic Development Strategy to include receiving more detail regarding the small scale manufacturing and micro production.***

**d. Create a culture of entrepreneurialism.**

- i. Ignite has received a second \$60,000 grant from Business Oregon for the Rural Opportunity Initiative (ROI) program, which funds entrepreneurial support programs and activities. 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.

*Staff is not recommending any changes in the above strategies at this time.*

***Staff will provide the Agency with a copy of the grant documents.***

**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 also included limited City funded Materials and Services budget amounts to allow for funding these efforts. Staff is not requesting any revisions to this allocation.*

***The Agency did not request any changes regarding this cost allocation.***

**2. Urban Renewal Programs**

*Historically we have budgeted \$250,000 for Call For Projects (CFP) and \$50,000 for the Façade Program in new funding each year. Recently we have added a separate \$100,000 CFP allocation for projects at the La Grande Business and Technology Park. In addition, we have maintained \$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 unexpended balances for these programs, excluding Facade:*

<i>CFP non-Business Park</i>	<i>\$350,000 budgeted, \$200,000 remaining</i>
<i>CFP Business Park</i>	<i>\$200,000 budgeted, \$125,000 remaining</i>
<i>Traded Sector</i>	<i>\$200,000 budgeted, \$200,000 remaining</i>
<i>Agency Initiated</i>	<i>\$300,000 budgeted, \$300,000 remaining</i>
<i>Budget:</i>	<i>\$1,050,000</i>
<i>Unexpended:</i>	<i>\$825,000</i>

*Historical “New” Funding:*

<i>CFP non-Business Park</i>	<i>\$250,000</i>
<i>CFP Business Park</i>	<i>\$100,000</i>
<i>Traded Sector</i>	<i>\$0</i>
<i>Agency Initiated Project</i>	<i>\$100,000</i>
<i>Total:</i>	<i>\$450,000</i>

*Staff contemplating proposing:*

<i>CFP non-Business Park</i>	<i>\$350,000 (\$200,000 carried forward from prior year)</i>
<i>CFP Business Park</i>	<i>\$225,000 (\$125,000 carried forward from prior years)</i>
<i>Traded Sector</i>	<i>\$200,000 (All carried forward from prior years)</i>
<i>Agency Initiated Ignite Project</i>	<i>\$500,000 (\$300,000 carried forward from prior years)</i>
<i>Total:</i>	<i>\$1,275,000 (\$825,000 carried forward from prior years)</i>

*(This represents a \$225,000 increase in capital costs over prior year for under levy purposes)*

*The District Manager shared that the intent would be to include the funding amounts above in the upcoming Proposed Budget which would require Budget Committee approval and Agency adoption before the funding would be included in the 2022-23 Budget. He noted that the funding amounts would result in a lower under levy of property taxes which would increase revenues to the Urban Renewal Agency and reduce revenues to the other taxing districts, including the City of La Grande as compared to last year. The main purpose would be to bring an additional \$200,000 to the Agency Initiated program to either serve as match for a federal funding request or, if the federal funding was not approved, could be used to do a reduced project scope at the Historic Fire Museum. It was emphasized that including the above funding amounts provides the flexibility to approve actual funding, but that the Agency would need to approve a specific project.*

**a. Traded Sector**

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

1. Staff recommends retaining this funding level for at least one more year.

*The Agency discussed the merits of retaining the Traded Sector incentive. (Staff confirmed after the meeting that the program was approved in September 2014) It was noted that the program was recently revised to allow expansion and relocation of Union County businesses provided they meet the project cost and job creation requirements. The program is a tool that is identified on the City's website and also the new Golden Shovel Economic Development website. It is identified as a funding source for qualifying State leads that La Grande responds to as well and during trade shows and when responding to inquiries. The District Manager advocates retaining the program at least one additional year. The Agency expressed the importance of publicizing the incentives available to help attract/recruit businesses to La Grande.*

**b. Call for Projects:**

i. Funding (\$350,000 Non-Business Park + \$200,000 Business Park funding in current year's budget):

1. Non-Business Park Projects: \$250,000 per year is typically allocated for this program based on revenues to URA with an under levy. Current year was \$350,000 with \$150,000 funding awarded.
2. La Grande Business and Technology Park Projects: \$100,000 is typically allocated, with \$125,000 carried over from prior years as the current amount for projects at the Park.

ii. Policy revisions.

1. Staff is planning to schedule an Urban Renewal Advisory Committee (URAC) meeting to discuss minor changes to the CFP policy for this year's funding cycle. Once the URAC meets and finalizes a recommendation the Agency will be asked to update the policy.

*The URAC should be meeting prior to the March Agency Regular Meeting to discuss potential policy revisions. The most notable suggested revision identified last fall by a member of the Agency was to address the potential for a commercial or retail property to receive funding as a for-profit project to have the use converted to a property tax exempt use. Currently the policy states if a project is funded and the property owner receives a property tax abatement or credit within 5 years of*

*project completion, the Agency must be repaid. The suggested revision would clarify the intent to include any property tax reduction in this provision.*

**c. Agency Initiated Funding Program**

- i. Funding (\$300,000 of one-time funding in current year’s budget)
- ii. The intent 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. If we are unsuccessful in our efforts to receive grant funding, Staff will seek Agency approval to move forward with a reduced project scope to make significant improvements to the building using only URA funding.

*The Agency discussed the merits of such a project and inquired regarding whether or not the City or Agency would receive any increased revenues related to such a project. Assuming Side A receives additional access and use of the property, who would receive those increased revenues? Who would receive rental income from the co-working space? Currently the City owns the building and leases it to La Grande Volunteer Fire Department with a sublease to Side A. The proceeds from Side A are paid to the La Grande Volunteer Fire Department, who in turn, is responsible for the maintenance and upkeep of the building and for maintain the Eastern Oregon Fire Museum property. The intent regarding proceeds from the rental of the co-working space and meeting areas would be to help fund the operation of Ignite. Specifics of how a project would impact Side A and their rental rates and who would receive any increases would be determined based on the actual project that is completed.*

**d. Façade Program**

- i. \$50,000 per year budget historically with \$75,000 for current year.

**3. 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 target consumer.
    2. Create a vibrant Central Business Zone (CBZ).
    3. Attract new business growth to the City of La Grande.
    4. Create a culture of entrepreneurialism.
    5. Market and educate about Urban Renewal Programs.
- b. Validate continuation of Urban Renewal Agency (URA) Under Levy—Agency perspective.
  - i. Based on current City General Fund ending Fund Balance for 2020-2021, the City could forego or significantly reduce an Under Levy in 2022-2023.
    1. This would impact other taxing jurisdictions, so if the Council decides not to under levy or significantly reduce the amount of the under levy, the Agency would want to notify the other jurisdictions immediately following the February Council Meeting.
    2. What would the Agency do with increased funding if the under levy is suspended or significantly reduced?
      - a. Increase program funding for Call for Projects?
      - b. Increase URA Fund balance to allow for larger projects or increased program funding in future budgets?
      - c. Expand marketing and promotion efforts to sell La Grande Business Park properties?

ii. Amount of an Under Levy drives both the City General Fund and URA Budgets.

*The Agency briefly discussed the under levy. It was noted that the under levy amount is based on the amount of funding needed by the Urban Renewal Agency to fund the core Economic Development programs including staffing and the various incentives, fund debt service, and maintain a \$250,000 ending fund balance. The total amount of property tax revenues required to meet these needs is then identified and levied, with any additional property tax revenues that would have otherwise gone to Urban Renewal being allocated to the other taxing jurisdictions. The Agency asked about the amount of the under levy based on the prior year and the increased \$225,000 of capital funding discussed.*