

Business Oregon Commission Meeting

July 13, 2018
Portland, Oregon



WELCOME, INTRODUCTIONS, AND MINUTES

KANTH GOPALPUR

INNOVATION QUADRANT

ERIN FLYNN

SIP COMMUNITY SERVICE FEES / RESOLUTION APPROVAL

ART FISH

SIP Special Resolutions

- Two more Strategic Investment Program (property tax abatement) projects require Commission attention.
- This follows on briefing from previous meeting, at which two Morrow County projects were addressed.
- Community Service Fee distribution formula needs to be established by Commission:
 - Wheatridge Wind Energy Farm – Umatilla County (2017)
 - Vadata Data Centers – City of Umatilla and Umatilla County (2017)

OREGON CAPITAL ACCESS PROGRAM TRANSFER

JOHN SARIS

BREAK

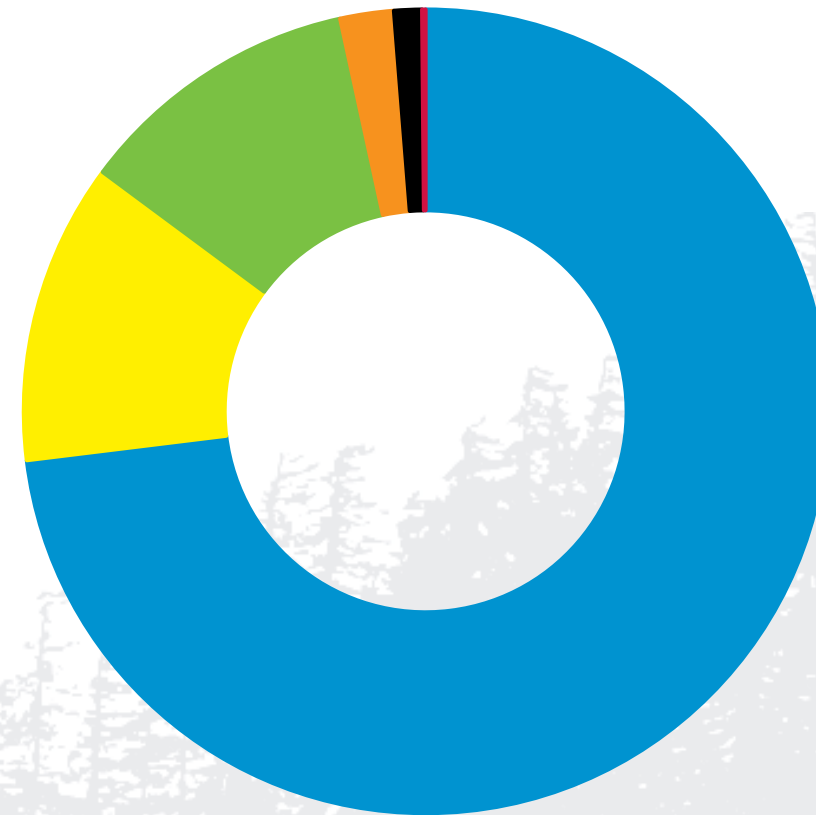
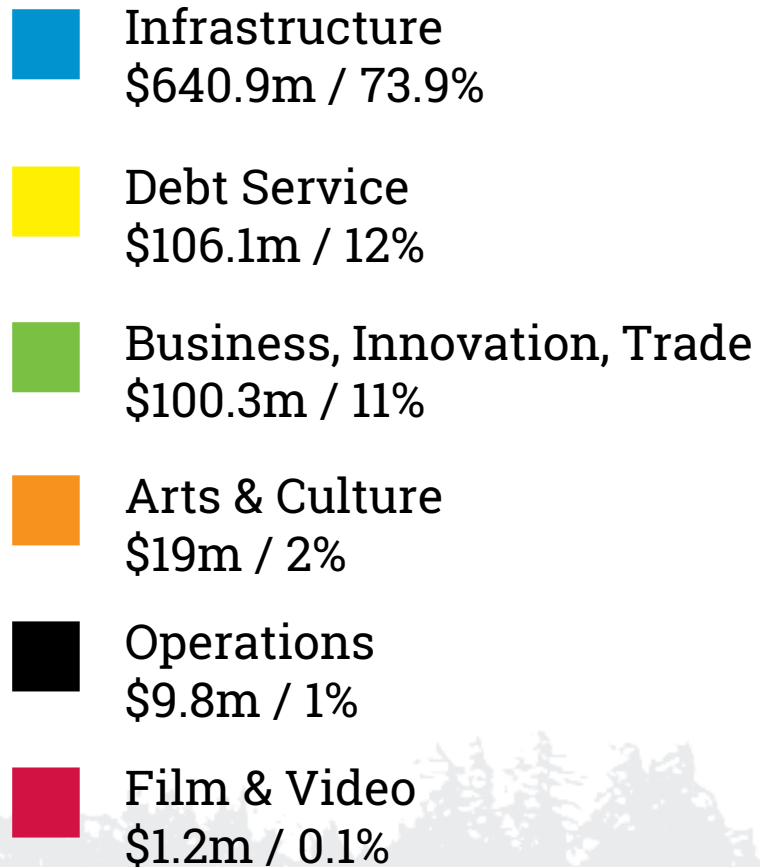
'19-'21 BUDGET & POLICY OPTION PACKAGES

CHRIS HARDER

Budget / By Division

2019-21 Current Service Level

Total budget: \$877.3m

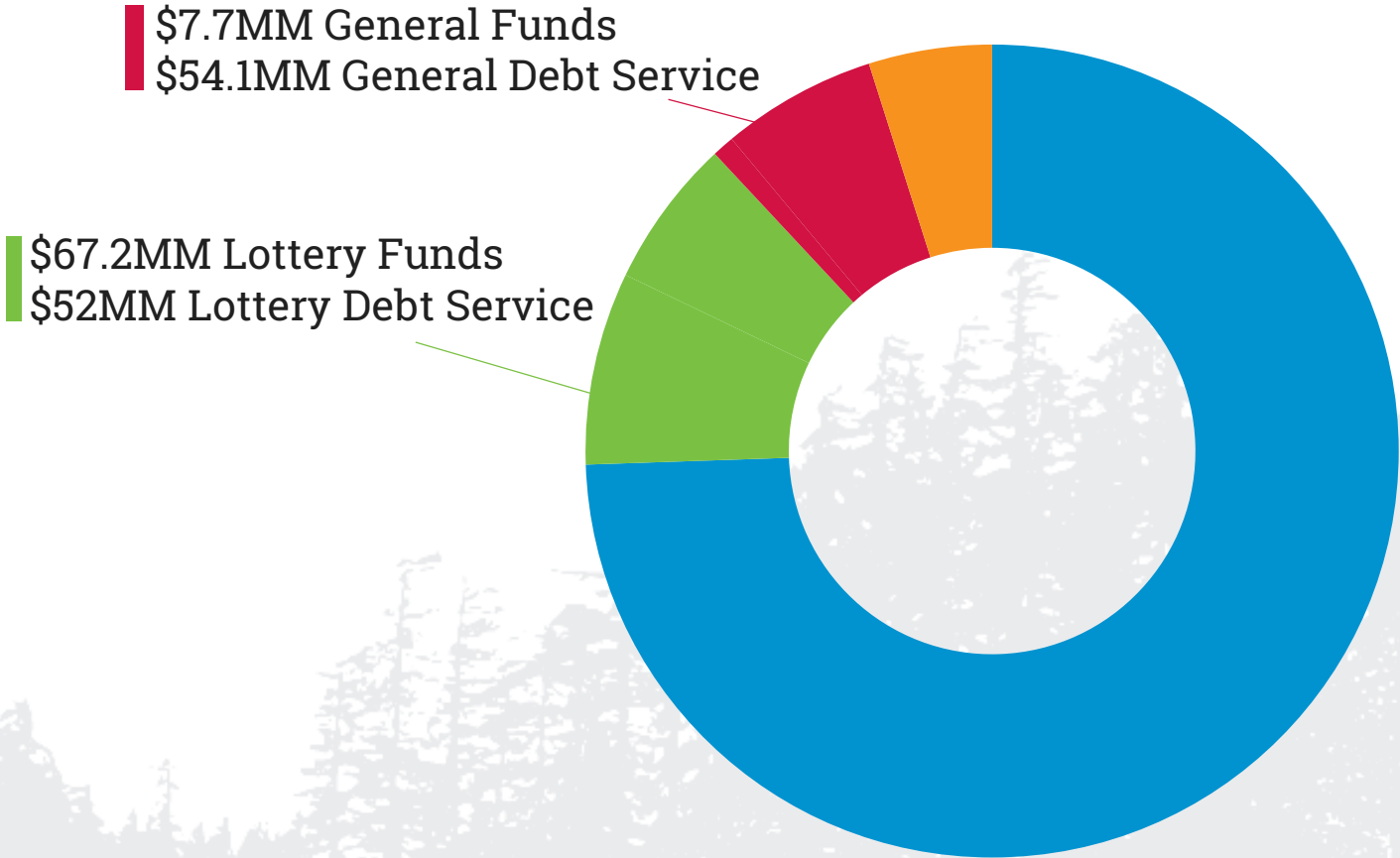


Budget / By Fund Type

2019-21 Current Service Level

Total budget: \$877.3m

- Other funds
\$653.3MM / 74%
- Lottery funds
\$119.2MM / 14%
- General funds
\$61.8m / 7%
- Federal funds
\$43m / 5%



Agenda

- **Policy Option Packages:**

- Themes guided by our Strategic Plan:
 - Innovation
 - Rural Economic Stability
 - Agency Efficiency

- **Reduction options:**

- Required by statute
- Options at the 5% and 10% levels
- By fund type: General, Lottery, Other, and Federal

POPS / INNOVATION

- **Oregon Growth Fund (OGF) capitalization**

- \$3.5MM Lottery Funds
- Invests in funding partners (loan funds, venture capital funds, angel conferences, etc.) that mentor and provide capital for small businesses and entrepreneurs.
- Fills capital gaps in underfunded or emerging sectors.
- Social impact focus: rural areas; businesses led by underrepresented entrepreneurs.

POPS / INNOVATION

- **Rural Opportunity Initiative (ROI) program expansion**
 - \$2MM Lottery Funds
 - Ground up, community-driven approach.
 - Elevates entrepreneurship-based economic development in Oregon's rural communities.
 - Additional funding would allow the program to help contracted communities scale their work, expand to new rural communities, and increase local capacity.

POPS / INNOVATION

- **University Innovation**

- **University Innovation Research Fund: \$10MM Lottery Funds**

A Business Oregon-managed fund to provide the state match required for federal applied research grants.

- **Oregon Corps: \$5-7MM Lottery Funds**

Invest in university tech transfer and affiliated accelerator programs to further align university researchers and entrepreneurs with business and industry.

POPS / Rural Economic Stability

- **Special Public Works Fund capitalization**

- \$85MM Lottery Bonds
- Capitalize the Special Public Works Fund. Includes funding for general SPWF, Levees, CDBG (fed match), Safe Drinking Water (fed match), Water/Waste Water, Broadband, & FEMA match.
- Below market rate loans for publically owned infrastructure.

POPS / Rural Economic Stability

- **Regionally Significant Industrial Site (RSIS) loan fund capitalization**
 - \$5MM Lottery Bonds
 - This program was created by the legislature in 2013 and updated in 2017. This would be its first capitalization.
 - The RSIS loan fund capitalization will enable Business Oregon to help expand the supply and readiness of shovel-ready industrial sites, particularly in smaller and rural communities.

POPS / Rural Economic Stability

- **Marine Port System Plan funding**

- \$750K Lottery Funds
- Creation of a Marine Modal Transportation Plan (MMTP) to assist with identifying global needs, issues, and opportunities related to efficient use of Oregon's marine and port system.
- Additionally, the MMTP will allow the state to build a comprehensive investment strategy consistent with statewide planning goals for the 20-year planning horizon.

POPS / Rural Economic Stability

- **Marine Navigation Improvement Fund Capitalization**
 - \$5MM Lottery Bonds
 - This request is for Lottery Bond funds necessary to replenish the Marine Navigation Improvement Fund (MNIF) for future emergency dredging in federal channels.

POPS / Rural Economic Stability

- **Asia Trade Representative**

- \$500K Lottery Funds
- Partnership with Oregon Department of Agriculture and Port of Portland
- Expand Oregon's in-market footprint by providing representative professional services in both China and Vietnam.
- Focus on getting rural Oregon commodities and products to market

POPS / Rural Economic Stability

- **Brownfield Redevelopment Fund capitalization**
 - \$10MM Lottery Bonds
 - Capitalization of the Brownfield Redevelopment Fund will allow the agency to continue providing loans and grants to communities in need of brownfield mitigation.

POPS / Rural Economic Stability

- **Seismic Rehabilitation Grant Program capitalization**
 - \$120MM-200MM General Obligation Bonds
 - Grants to K-12 schools, community colleges and emergency services buildings (first responders) to retrofit their building to life safety/immediate occupancy standards.
 - All funding for this program within the past two biennia has been fully utilized.

POPS / Rural Economic Stability

- **Regional Infrastructure Fund**

- \$20MM Lottery Bonds
- Grants to local governments to support capital construction projects that help create and retain jobs.
- More flexible than traditional programs; grants, not loans; eligible beneficiaries include universities, non-profits, and private businesses.
- Focus on projects not eligible for other existing state infrastructure programs or where additional leverage needed

POPS / Rural Economic Stability

- **Local Economic Opportunity Fund (LEOF)**

- \$500K Lottery Funds
- Provides rural communities with assistance in economic resilience planning.
- This fund complements Department of Land Conservation and Developments (DLCD) land use planning support to rural communities.
- Leverages matching dollars from the federal Economic Development Administration.

POPS/ AGENCY EFFICIENCY

- **Technology Modernization**

- \$1.48MM Lottery Funds

- The goals of the Modernization Program are to:

- *Enhance customer experience.* Deliver improved services, such as online self-service, automation, access to data, and integration with partners.
 - *Modernize technology.* Replace Portfol, the agency's aging financial management system, that supports loans, grants and bond tracking and develop web-based applications for more than 70 programs.
 - *Transform business processes.* Leverage modern system capabilities to provide improvements and efficiencies in business processes.
 - *Improve security.* Improve our ability to anticipate and respond to security threats, and manage risks.

POPS/ AGENCY EFFICIENCY

- **Dedicated DOJ Attorney & Contracts Specialist**

- \$912K Lottery Funds
- Establish a specific attorney position that still reports to the Department of Justice (DOJ), but located at Business Oregon and is dedicated to completing Business Oregon projects.
- Increases our ability to access legal services in a timely manner, while directing the workflow toward high priority projects and contracts.
- Increase contracting staff to help manage growing workload.

POPS / HOUSEKEEPING

- **OGF Accounting Transfer**

- Transfer accounting functions from DAS to Business Oregon per Secretary of State audit recommendation.

- **Budget Reconciliation**

- Aligns budget structure and position placement with organizational structure implemented in 2017.

REDUCTION OPTIONS / GENERAL FUND

- **5% Reduction = \$375,677**

- Reduces the Oregon Arts Commission's Operating Support program by \$106,320 and eliminates a vacant Support Specialist.
- Decreases funds available for the Solar Incentive Program by \$181,924

- **10% Reduction = \$751,353**

- Reduces the Oregon Arts Commission's Operating Support program by an *additional* \$152,753
- Reduces the Arts Builds Communities program by \$41,000.
- Decreases funds available for the Solar Incentive Program by an *additional* \$181,923

REDUCTION OPTIONS / LOTTERY FUND

- **5% Reduction = \$3,453,237**

- Eliminates the Oregon Metals Initiative (\$1.6MM)
- Eliminates \$50K out of the Industry Competitiveness Fund for Oregon Sports Development
- Reduces funding to Small Business Development Center's by \$804K
- Reduction of \$500K from the Regional Accelerator and Innovation Network (RAIN)
- Eliminates a vacant Public Relations Position
- Reduces vacant Seismic Program project manager position to .5 FTE

REDUCTION OPTIONS / LOTTERY FUND

- **10% Reduction = \$6,906,474**
 - *Additional* \$880,349 reduction to Small Business Development Centers
 - \$2.5MM reduction to Oregon InC base budget
 - Eliminates vacant Information Technology Position

REDUCTION OPTIONS / OTHER FUND

- **5% Reduction = \$16,428,546**

- Reduces the Arts Acquisition Grant funded by the Ford Family Foundation by \$50K
- Reduces the Career Opportunity Grant program funded by the Ford Family Foundation for individual arts by \$17K
- Reduces Cultural Trust Grants to Oregon Communities by \$600K
- Reduce BITD fund limitation by \$615K
- Reduce Seismic Rehabilitation Program grants by \$15MM

REDUCTION OPTIONS / OTHER FUND

- **10% Reduction = \$32,857,093**
 - Eliminates the Arts Acquisition Grant program by decreasing funding by another \$75K
 - *Additional* \$532,802 reduction to Cultural Trust Grants for Oregon communities
 - Reduces the Career Opportunity Grant program for individual arts by an additional \$59,397
 - Reduce BITD fund limitation by an additional \$384,586
 - *Additional* \$15MM reduction of the Seismic Rehabilitation Program Grants

REDUCTION OPTIONS / FEDERAL FUND

- **Reductions to Federal Funds reduce the department's ability to receive and spend federal grants for:**
- **5% = 2,058,649 / 10% = \$4,117,297**
 - Credit Enhancement Fund for Small Business Credit Initiative
 - 5% - \$263,097 / 10% - additional \$263,067
 - Community Development Block Grant
 - 5% - \$443,983 / 10% - additional \$1.2MM
 - Community Development Block Grant Administration
 - 5% - \$500K / 10% - N/A
 - Brownfields Cleanup Fund
 - 5% - \$750K / 10% - additional \$443,983
 - National Endowment for the Arts grant
 - 5% - \$101,599 / 10% - additional \$101,599

PUBLIC COMMENT, CLOSING, ADJOURN

KANTH GOPALPUR