

SENATE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

January 18, 1999 Hearing Room B

3:00 p.m. Tapes 3 - 4

MEMBERS PRESENT: Sen. John Lim, Chair

Sen. Avel Gordly, Vice-Chair

Sen. Verne Duncan

Sen. Tony Corcoran

Sen. Bill Fisher

MEMBER EXCUSED:

STAFF PRESENT: Carol Rives, Administrator

Gary Roulier, Administrative Support

MEASURE/ISSUES HEARD: SB 106 Public Hearing

SB 106 Work Session

Overview of the Economic Development Department

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
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TAPE 3, A

004	Chair Lim	Opens meeting at 3:17 p.m. and opens public hearing on SB 106. Asks Carol Rives to explain SB 106.
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SB 106 PUBLIC HEARING

013	Carol Rives	Committee Administrator. Explains that SB 106 deals with advertising signs on highways. Adds that SB 106 authorizes the Travel Information Council to collect a reinstallation fee.
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033	Cheryl Gribskov	Director of Travel Information Council. Introduces Council members Frankie Bell and Brian Dougherty. Presents (EXHIBIT A) and summarizes support for SB 106, (page 1 of exhibit).
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063	Sen. Fisher	Asks whether these are the signs we see on the highway prior to the exit.
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067	Gribskov	Answers that they are.
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070	Sen. Fisher	Asks for actual costs.
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071	Gribskov	Responds that the fees are based on traffic volume.
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072	Sen. Fisher	States that he assumes that the fee is not based on the actual costs incurred in putting up the signs.
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075	Gribskov	Answers that is true, the annual fee covers maintenance costs.
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088	Sen. Fisher	Asks where the crews are based, whether the Council uses contractors, and if freeway traffic is impeded during maintenance.
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094	Gribskov	Answers that the crews that work in and around Southern Oregon and the coast are from Salem. Traffic control is contingent upon which exit, and whether it is necessary.
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104	Sen. Fisher	Asks how long the average sign lasts.
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108	Gribskov	Answers that the big backboards last 15 to 20 years. States that the advertising signs now in use last five years. Adds that the Council advises customers to get warranties from their sign manufacturers.
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116	Sen. Fisher	Asks what a backboard costs, and what sizes are available.
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	Gribskov	States that the United States government regulates size and materials. Adds that the average sign the Council builds holds six logos and costs \$10,000, which includes digging the concrete bases and installing the steel breakaway posts.
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131	Sen. Fisher	States that on a five year basis, one backboard would realize \$2,400. Asks Gribskov to confirm that the Council has only 13 people a year who do not pay the annual renewal fee.
145	Gribskov	Responds that the Council has only 13 people a year who do not pay the fee but want to renew their advertising on the sign. Points out that the Council has many more that are removed for nonpayment or closure, but does not have those figures available. Adds that the biggest financial effort is replacing all of the boards built in the 1970s and 1980s, and expanding boards already in place so that the Council can add more customers. Remarks that the Council has a \$600,000 financial plan for the next two years to begin that effort of expansion.
157	Chair Lim	Asks if the Council has a grace period when someone does not pay.
161	Gribskov	Responds that the Council sends invoices two weeks prior to the beginning of the month they are due. States that if the bill is not paid by the end of the month, the Council waits a further two weeks and then sends a certified letter. Adds that the Council calls the customer two weeks after sending the certified letter. Concludes that it is approximately a two-month process before a sign is removed.
168	Chair Lim	Asks for confirmation that the Council removes a sign upon expiration.
171	Gribskov	Answers that the customer will have two weeks after receipt of the certified letter before removal of a sign.
175	Chair Lim	States that even after expiration, the customer would still have a month.
180	Sen. Duncan	States that this fee could be an incentive for the customer to pay.
181	Sen. Fisher	States that instead of paying this fee, the customer should pay a penalty.
193	Sen. Corcoran	Thanks the Council for help in his district.
196	Chair Lim	Thanks the Council for help with his constituents. Asks for additional testimony. Closes public hearing on SB 106 and opens work session on SB 106.

SB 106 WORK SESSION

207	Sen. Fisher	States that follow-up by the Council is excellent. Asks what the costs are for removal of the signs.
228	Sen. Duncan	States that he supports a reinstallation fee, rather than a penalty.
234	Sen. Fisher	Comments that costs may not be as stated.

235	Chair Lim	States that it is a "fee" for reinstallation.
240	Sen. Fisher	States that \$200 does not seem to reflect the actual cost.
251	Sen. Duncan	States that the fee would be an incentive for the customer to pay on time.
256	Sen. Fisher	States that he would like to know what the actual costs are.
260	Chair Lim	Asks Gribskov what the actual costs are to remove and reinstall signs.
264	Gribskov	Responds that the cost varies, depending on whether it is a public crew or a private contractor. Adds that because costs vary, the Council averages costs.
287	Chair Lim	Asks whether the Council is trying to recoup costs rather than make money with the fee.
288	Gribskov	Answers they are.
291	Chair Lim	Requests a motion on SB 106.
293	Sen. Gordly	MOTION: Moves SB 106 to the floor with a DO PASS recommendation.
301	Sen. Fisher	Asks whether this bill has a \$200 per sign limit.
305	Chair Lim	Responds that the bill does not specify a limit. Supports giving the Council the authority to set the fee.
312	Chair Lim	Asks how many members are on the Council, and the makeup of the Council.
324	Gribskov	Responds that the Council has 11 members appointed by the Governor. Adds that any decision of the Council regarding fees goes out to a wide variety of customers for comment before the decision becomes administrative rule.
340	Sen. Duncan	Supports leaving the designated fee to the council.
351	Sen. Fisher	Asks if the fees for signage are the primary source of the Council funds.
361	Gribskov	Answers they are. Adds that it is primarily an incentive for people to pay.
391	Sen. Fisher	States that he cannot see the difference between this fee and a penalty.

TAPE 4, A

109

VOTE: 4-1

AYE: 4 - Corcoran, Duncan, Gordly, Lim

NAY: 1 - Fisher

024

Chair

The motion CARRIES.

SEN. GORDLY will lead discussion on the floor.

044

Chair Lim

Closes the work session on SB 106 and opens an informational meeting.

INFORMATIONAL MEETING

046

Bill Scott

Director of Economic Development Department. Presents (**EXHIBIT B**) and discusses history of department, (pages 1-3 of the exhibit).

091

Scott

Remarks that in 1987, the department reached the height of economic development. Adds that in 1993, the department began discussions to define the modern Economic Development Department.

119

Scott

States that the Economic Development Commission initially adopted a simplified mission statement of "More and Better Jobs for Oregonians."

143

Scott

Points out that in the 1997 Legislative Session, there was a major decrease in the department budget, and that near the end of session, an interim workgroup was formed on economic development.

184

Brett Wilcox

Chair, Economic Development Commission and Chair, Economic Development Workgroup. Presents (**EXHIBIT C**) and discusses "New Directions" and workgroup recommendations (on pages 1-3 of the exhibit). States that the department has developed a new mission statement to implement the details of the "New Directions": to assist rural communities; to build livable Oregon communities; to improve the state business climate; and to accomplish these goals through cooperation of local and federal government, private, and non-profit partners.

216

Wilcox

Emphasizes the effort and high quality of members of the workgroup and lists members. Summarizes that the workgroup wanted to solve problems and not run

programs. Points out that the workgroup recommendations create flexible state structures to meet local needs, use partnerships, demonstrate accountability, and efficiently invest public resources.

- 252 Wilcox Adds that other recommendations are to build partnerships, and realign state resources/programs to address local and regional priorities. Remarks that the workgroup believes they have created a system that will make economic development work.
- 276 Wilcox States that regional partnerships are designed to allow and encourage communities to work together to decide priorities. Adds that the Governor's office has reorganized into community assistance teams.
- 297 Sen. Fisher Asks how the partnerships backup regional strategies.
- 303 Wilcox Answers that the partnerships are an evolution of the regional strategies and are broader than regional strategies, which were limited to certain key industries. Adds that a key change is that the state agencies are involved on the front end of planning.
- 316 Sen. Fisher Asks whether these partnerships have supplanted regional strategies.
- 319 Wilcox Answers they have, and there will be a successor to regional strategies in the legislation that the department requests, (page 1 of (EXHIBIT D))
- 323 Scott Remarks that the department has reorganized. States that the department had previously been organized around programs. Adds that the department is now organized into regional teams, and staff will become specialists in the communities that they support.
- 374 Scott Demonstrates that the department is now organized into five regional teams.
- 389 Scott Points out that the department has a number of affiliated boards and commissions.
- 398 Scott Gives overview of budget, which is approximately \$331.2 million, (page 4 of (EXHIBIT C)).

TAPE 3, B

- 021 Scott Reviews the Community Development fund, which is divided into five sections: statewide investments; regional investments; immediate opportunities; community assistance; and small business assistance.
- 048 Scott Outlines a summary of recent financial investments. States that the department participated in 2,054 projects. Points out that the largest projects were concerned with infrastructure, while the next largest were community facilities such as

community centers, daycare centers and other projects, (page 5 of (**EXHIBIT C**)).

078	Sen. Duncan	Asks what the State has lost because of less budget in the Industry and Business Development Fund.
085	Scott	Responds that in Business Development, the drop has been a result of less manufacturing investment rather than a drop of contribution from the fund.
098	Sen. Duncan	Explains his concern that lower investment could mean lower overall financial benefit to the State.
104	Scott	Continues that 75% of investment goes to community customers, and approximately 25% to business.
114	Scott	Remarks that in 1997, the legislature directed the department to prioritize grants to distressed communities. Points out that from 7/96 to 6/97, grants were apportioned: 25% to distressed; 25% to a mixed distressed/non-distressed; and 50% to non-distressed communities. Demonstrates that in the following year, grants were awarded: 41% to distressed; 40% to mixed; and 19% to non-distressed communities.
136	Scott	Reviews the results of a department customer survey completed in 1997, (page 6 of (EXHIBIT C)). Summarizes the results which demonstrate that the business finance customers are the happiest, customer expectations are high, and the department staff are seen as a key strength of agency.
154	Vice-Chair Gordly	Asks for an expanded explanation of customer expectations.
159	Scott	Responds that he did not mean that the department was falling short, but rather that expectations are high. Adds that customers stated that the important issues were information accuracy, reduction of red tape, streamlined procedures, and improved international lead generation and networking assistance.
191	Vice-Chair Gordly	Asks if there are implications for regional teams, i.e., does the department have expertise in those teams with international experience.
199	Scott	Responds that each regional team has one person assigned from the international division.
208	Scott	States that the department measures its performance in the number of jobs created.

253	Scott	Presents (EXHIBIT D) and summarizes department-sponsored legislation that will be introduced during this session, (pages 1-2 of the exhibit).
321	Chair Lim	Thanks Mr. Scott and Mr. Wilcox. Adjourns meeting at 4:35 p.m.

Submitted By, Reviewed By,

Gary Roulier, Carol Rives,
Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 106, written testimony, Cheryl Gribskov, 2 pp

B ñ Presentation of Oregon Economic Development Department, Bill Scott, 3 pp

C ñ History of Oregon Economic Development Department, Bill Scott, 8 pp

D ñ Department-sponsored Bills for 1999 Session, Bill Scott, 2 pp