

Senate T&E Committee
June 5, 1991
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SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

June 5, 1991Hearing Room 343
3:00 P.M.State Capitol
Salem, OR

Tapes 138-140

Special Public Works Fund Modifications
Regional Strategies Program Modifications

MEMBERS PRESENT: SEN. WAYNE FAWBUSH, CHAIR
SEN. SCOTT DUFF
SEN. JEANNETTE HAMBY
SEN. JIM HILL
SEN. PEG JOLIN
SEN. EUGENE TIMMS

MEMBERS EXCUSED:

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER
TAMIRA MILLER, POLICY ANALYST
JERI CHASE, OFFICE MANAGER

WITNESSES:TOM THROOP, DESCHUTES COUNTY COMMISSIONER
ED LINDQUIST, CLACKAMAS COUNTY COMMISSIONER
GORDON FULTZ, ASSOCIATION OF OREGON COUNTIES
TOM RUEDY
DAVE LOHMAN, SENIOR DEPUTY DIRECTOR,
ECONOMIC DEVELOPMENT DEPARTMENT
LISE GLANCY, MANAGER, REGIONAL STRATEGIES
PROGRAM, ECONOMIC DEVELOPMENT DEPARTMENT

NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 138, SIDE A

000 CHAIR FAWBUSH convenes the meeting at 3:10 p.m.

HB 2340 (Regional Strategies) - Public Hearing and Work Session

002 TAMI MILLER: Submits HB 2340A Proposed Amendments, June 4, 1991
(EXHIBIT A) and Regional

Strategies Program Amendments (Summarization) (EXHIBIT B).

005 TOM THROOP: Testifies in support of HB 2340A. Counties and regions support a shortened implementation schedule, with a caveat. The counties and EDD are both concerned about the capacity to meet the shortened timelines if staff is inadequate. The proposed amendments address two specific issues to facilitate the ability of counties and EDD to meet these timelines. 1) to extend the date of the final award of grants from July 1 to August 1 (effectively lengthens the timeframe from 12 to 13 months). This allows EDD 90 days instead of 60 to review all of the strategies. We do believe the EDD couldn't meet their responsibilities within the current 60 day timeframe. 2) reduce by 30 days the amount of time available to counties to present a preliminary strategy. We support that if that month could be transferred to EDD to review the preliminary plans, which will facilitate the process at a later time at the regional level. The local officials advisory committee recommends that additional funds be made available for those counties with insufficient staffing and expertise for technical assistance - both to EDD and the local level. The objective is for no counties to miss deadlines merely because of inadequate support. This, then, is our caveat for support of these amendments - that there be additional technical assistance money available. Currently the amount allocated for that is at \$850,000 and we are recommending that amount be increased by \$500,000 to \$1,350,000. We believe that the additional \$500,000 would go to aid regions in doing the work at the local level. We are concerned that if the state continues to retain their \$850,000 - which they have used beneficially - it could leave us in a bad position to meet the timeframes.

074 CHAIR FAWBUSH: What do you mean by "technical assistance at the local level"?

077 ED LINDQUIST: Testifies in support of HB 2340A. We need staff in the field in the smaller, rural areas to help with grant development.

091 CHAIR FAWBUSH: You are essentially saying that you need these funds to "buy some people" to get through that grant process. Would these staff be contractual or local or how would it work?

098 LINDQUIST: Most of it would be contractual.

103 CHAIR FAWBUSH: There is a concern. There is rationale for this, but I would be reluctant to see a fund of money to reimburse local government employees. Can we set this up as truly contractual, not as a backfill for local government payroll?

112 THROOP: That would work in Central Oregon. Our intent would be to contract with resources

outside to do regional, economic, and industry assessments, to assist in getting through the process, and putting the materials together. I don't see that as backfilling existing resources, but bringing new resources to the project. We would have no problem with an amendment to do that.

124 CHAIR FAWBUSH: That is what the wording on the second page is aimed at. We need to clearly establish that we don't want those funds going into local government budgets as backfill for a local employee's salary. As long as we all clearly understand - and EDD agrees - that is the intent.

140 SEN. TIMMS: Most counties have an economic development employee that takes care of this stuff. Is there an example of small counties using these funds and how they will do that?

149 GORDON FULTZ: There will need to be some staff locally to arrange the meetings, gather the information, etc. I don't see this as a consultant as much as a facilitator. We will need a lot of that in the shortened timelines.

156 THROOP: Another example is Harney/Lake Counties contracting with COIC to administer their strategy. COIC actually administered that process.

174 THROOP: I think it comes down to two straight-forward issues: 1) the timeframes; 2) the amount of funds available for technical assistance - at the state and local level. We believe these two issues are completely linked.

180 SEN. DUFF: Will decreasing the timeframe limit public input?

184 THROOP: There will be a significant number of limitations in development. We have taken more time in some strategy development because we have had that luxury - held more hearings than required, etc. I don't think any of those important elements of the process will be eliminated. The process may have to be managed tighter at the local level. Public input will not be cut out and may even be expanded as much as possible. We appreciate the department's amendments that allow for broader participation from the public and private sectors and will be trying to expand that.

207 SEN. DUFF: Will you need as much grant-writing skills for the next round? Hasn't a pattern been established?

209 THROOP: I would not say we have established a pattern. There may be a number of regions that may change their industry, the program's standards have changed, needs at the local level have changed, etc. There is some built-in expertise, but some of the people/institutions that were involved in assembling past strategies may not be involved in the next round. I would say this

would be an individual, case-by-case base.

219 SEN. DUFF: I am concerned that by hiring more staff to assist counties we are not spending the money on economic development, but staff.

222 THROOP: We're concerned about the timeframes too. We would probably go with something closer to the current system if we had our choice because of the flexibility. But, if the state makes it more prescriptive, it will require additional resources at the local level. There is a balance there. Some of the criticisms about the slowness of some of the strategies is justified and these changes are probably not an over-reaction. But if the procedures are tightened up and the timeline is shortened, we will have to have temporary additional resources with specific technical expertise.

248 SEN. DUFF: In my district this program is perceived as one of the state's most successful projects. Any changes concern me. Will changes to it actually improve the program's quality or are the changes just going to make it more structured, less flexible, and more dictatorial from the state level?

255 FULTZ: We have been responding to a request to deal with new guidelines that are outlined in HB 234 0 as well as a desire to shorten the timeframe. We came back with this set of amendments. The trade-off has been outlined. If it merely up to us, we liked it the way it was - but it was a slower process with a lot more involvement and review. With the focus and timeline changes, we may find things changing. Regions taking on different things. We want to keep the public involved and get all the input necessary and in order to do that we will need more local staff.

274 THROOP: Also, it has been a two-year program with all of the strategies not coming in during one year, but staggered over two years. The intent of the amendments is to get all of the strategies in and adopted in the first year and then implement them in the second year. That does increase the workload during that first year for the department.

284 SEN. TIMMS: This came from House and they are looking to tighten up these timelines. I am not sure about this. I am nervous about moving timeframes up just for the sake of moving it up. We have had carry-over, but sometimes carry-over can be good because it shows they are assuring the projects are good before the money is expended. I would like to see the projects given even more time than August 1. The counties are here testifying that they will work with this proposal, right?

314 THROOP: We understand the rationale behind the changes and are willing to accept them as long as we can get the kinds of modifications to allow the process to work rather

than having it stagnate or
having the demands so onerous that smaller counterparts cannot cope.

327 SEN. TIMMS: That is what I am nervous about. Some of my counties are going to have big problems meeting these timeframes and I am afraid we are going to hurt the smaller counties.

331 CHAIR FAWBUSH: When the session started, the House Chair and myself met with EDD on this issue to try and figure out what to do now that Regional Strategies is here to stay. Right now, we have two years in the pipeline. How much of this biennium's money has been spent? About one-third.

343 SEN. TIMMS: So you are concerned because it is backing up?

344 CHAIR FAWBUSH: Yes. It seems reasonable to set some schedules so that at least they understand by one year into the biennium what the funds will be spent on. If this thing just keeps backloading, the Legislature is going to say no. That's why we wanted to set the schedules. The counties have requested a couple of changes that have been worked out by the counties and EDD.

359 SEN. TIMMS: Did EDD say there was a problem because the funds have kept backlogging? What is the reason for this? I think they have done a good job. When I talk to my counties, they are happy with Regional Strategies. Now if we change the program and hire more staff people, that concerns me. If these people here are representing the counties and they are testifying that everyone is on board, I'll be satisfied to a degree. I need to also look at the department's side.

387 LINDQUIST: We are concerned about the criticism's of the program because we believe in the program and think it is a good one. But some of those criticism's about that long pipeline also affect us. That is why we have sat down with EDD and agreed to shorter timeframes, but we need the technical staff for those smaller areas. We are the chairs of those two committees. The committees are mostly made up of commissioners from the smaller counties and they chose us to come and testify. We do represent them.

398 THROOP: As an example to support the department's point of view. Round I in Central Oregon (Crook, Deschutes, and Jefferson) has still not been closed out. We are hoping to get it closed before the end of this fiscal year, but that is where we are - still working on Round I after four years in the process (and we are hoping it won't be a fifth). I can see EDD's point of view. We also don't want to see the criticism of the program harm it. We also feel there could be additional appropriate standards. It is not a question of current program/no staff or new program/staff. We are going to have some technical assistance/staff at the local year - even taking four years to

put a strategy. There are some regions than cannot do it on their own. The issue is not staff vs. no staff, but a question of the level.

428 SEN. JOLIN: I had concerns about the bill with its original deadlines, but the proposed amendments seem more reasonable. The second issue is one of technical assistance. Even though Lane County has a metropolitan seat, things haven't gotten done and there have been delays. The second round of that program is the critical component for the county outside of the Eugene metropolitan area. What kind of criteria is there for assigning these dollars for the purpose of contracting for staff?

455 THROOP: We are not yet to that level. That will probably be an administrative function of EDD, the details of which are not yet known. You may want to ask them that.

470 FULTZ: What we are looking at, in terms of technical assistance, is someone to arrange the meetings, be a logistical facilitator. That is what we would anticipate the additional funds (above \$850,000) would be dedicated to for the smaller jurisdictions. The state has another type of technical assistance (the \$850,000) that they can respond to.

490 SEN. JOLIN: I am concerned about Lane County in that Eugene can take care of itself, but there is often no assistance for communities outside of that metroplitan area. I would not want to preclude that assistance for those types of areas.

TAPE 139, SIDE A

027 THROOP: That is also why we want the state to have the ability to assist with those kinds of problems.

033 FULTZ: We are here on behalf of those jurisdictions that do not have the staff to do the job. If it is a rural area of Lane County that does not have the staff, that should qualify.

040 THROOP: Another problem area could happen if you have a very populated county in a region with unpopulated county(ies). In that instance there would be the potential for the populated county to roll right over the unpopulated one(s) in the process. The technical staffing capabilities for the smaller areas would be one way of avoiding that.

045 LINDQUIST: We are now into those second rounds. Those seem to be more rural projects - that need more technical assistance. This has been a good program and we don't want to see it destroyed. A couple of failures (because of a lack of technical assistance) could do that.

055 THROOP: We are supportive of this direction. We believe that this program has been very

constructive at the local level and don't want to risk losing the consensus that has been built.

064 SEN. DUFF: You state that you are still distributing Round I funds. If the timeline was compressed, would that damage the effectiveness in the local community? Are we going to get into the type of program where the funds are spent by the end of the year, regardless of the worth of the projects?

069 THROOP: In Central Oregon, the timeframe was open-ended, there were no set deadlines. Closure will be achieved when it naturally emerges. No one was pushing those issues to meet any timeline. The problem we had locally could have been resolved if we had timelines. I know that timelines could have been met. The projects that are not yet completed should have been completed one or two years ago.

079 SEN. HAMBY: Regional Strategies has been funded since 1987. Is this going to be a permanent line-item lottery-funded program?

083 THROOP: We hope so. The program has worked well at the local level. It has given us the capability and critical mass to accomplish things we have wanted to do but lacked the resources for.

090 SEN. HAMBY: I am a strong supporter of the program. I am just wondering if a commitment has been made that Regional Strategies will continue to be a dedicated fund in the future.

092 THROOP: Today, we have been concentrating on Round III. We all hope that there will be additional rounds.

096 LINDQUIST: Changes continue to happen. Regional Strategies answers the problems that occur because of those changes - in timber dependent communities, etc.

104 SEN. HAMBY: I support additional technical assistance funds and the concept of a strict evaluation of projects. Are you prepared to be evaluated?

106 THROOP: We are prepared to be evaluated, but we want to have the resources to do the process. We are concerned that if the resources for technical assistance are not available, some of the smaller jurisdictions will not have good projects.

118 SEN. HAMBY: I will withhold support for this as a dedicated line item of lottery funds until I see the outcome of an evaluation of this program this biennium.

122 THROOP: I would like to caution you that there is some risk inherent in some projects in the program. There is a certain failure rate that accompanies this risk. If everything is perfect, we probably are not taking the risk we should to achieve the potential. There may be some

losses.

136 MILLER: Summarizes EXHIBITS A and B and the Staff Measure Summary on HB 234 0A (EXHIBIT C).

195 SEN. DUFF: Haven't regional economic analyses already been done? EDD may not have done that, but other entities have done this.

204 MILLER: There may have been entities that have done economic analyses, but they may not have been done for the regions as defined by the Regional Strategies program. EDD will be drawing on what analysis already exists in their development of regional strategies specific analyses.

214 SEN. TIMMS: We are lessening the timeframe but giving them more to do.

220 MILLER: Continues presentation of EXHIBIT C.

265 SEN. HAMBY: I have concerns about focusing on a particular industry; the feelings of other industries within that region that are not chosen as a focus. This is a new concept.

287 MILLER: The concept is slightly new. Current statutes require the program be focused on industry development. Regions were required to only select one.

299 SEN. DUFF: Should the public also be included as representatives?

300 MILLER: The Committee could make that more specific; it is implied.

307 MILLER: Continues presentation of EXHIBIT C.

367 SEN. HILL: We need to assure that the administrative costs are not too high.

371 MILLER: The Committee on Ways and Means is currently reviewing that issue.

382 MILLER: Presents EXHIBITS A and B.

425 TOM RUEDY: I originally came here to testify in support of HB 2340 - unamended.

458 MILLER: HB 2340, completely unamended, was the baby loan bill and has been incorporated into HB 225 1 - part of the timber response package.

468 CHAIR FAWBUSH: The programs included in HB 2251 should be of assistance to you.

481 RUEDY: What is the status of HB 2251?

482 MILLER: HB 2251 is scheduled for hearing on Friday.

TAPE 138, SIDE B

027 RUEDY: Begins testimony. Submits written testimony in support (EXHIBIT

D). Because the provisions of the statute that this testimony addresses has been incorporated into HB 2251, this testimony will also be entered into the record for HB 2251.

068 DAVE LOHMAN: We agree with the testimony that was presented by the local officials. EDD agrees that there is a need to be timelines. There is concern about the tightness of these timelines, especially given the severe consequences of not meeting them - the possibility of a region not being allowed to participate. With the additional 30 days, additional staffing, and the ability to use the technical assistance funds. We do have concerns about some of the smaller counties - particularly those that have difficulty finding good economic opportunities to pursue. In Round I, the average time for turning in strategies was 18 months; it ranged from 7 to 22 months. And a number of counties began work on this early, prior to passage of the bill (some in February 1987). Three regions came in very quickly - Central Oregon, OTA, and Baker County. Other counties, usually the smaller, rural areas with the least opportunities, were the last ones completed - Harney/Lake, Union/Wallowa, Hood River, North Central, and Klamath. The average for Round II will be 20 1/2 months, with a range of 10 - 24 months. The same three regions that turned theirs in first in Round I were also first in Round II. The last ones in will be Klamath, Malheur, Union/Wallowa, and Hood River. I am concerned that some of the counties that we most want to help may be hurt by these timelines. You may want to create a safety valve that would allow EDD to grant a waiver for a length of time if the counties can prove it is necessary.

120 SEN. TIMMS: As the statute currently reads, how could a county form a new region? Could Crook County drop out from the region they have participated in and form their own strategy?

125 LOHMAN: They could do this now; this bill makes it clearer in statute.

129 SEN. TIMMS: The big push was originally for counties to join with another county. Now you are saying there can be individual county regions?

135 LOHMAN: We want groups of counties to the maximum extent possible. We recognize that some counties may not be able to do that and may need to be alone. But we will be very disappointed if we end up with more regions because more counties are doing it alone.

143 SEN. TIMMS: It bothers me that a small county interfacing with a big county does not get the same benefits. This has been a problem in the Central Oregon Region. I am nervous about this process. I understand the concern about the backlog. But I don't want to shove some of these counties out of

the process. I think this will work worse.

159 CHAIR FAWBUSH: I think it will work better. Counties and regions are going to have to work on this, dedicate time and effort to it, and get it accomplished. The problems that are occurring are indications that something is not working. The program and concept are good, but it needs improvement.

174 SEN. TIMMS: Most of my counties have been able to work with this. If we speed the process up, I am nervous.

180 SEN. DUFF: I want to review how this will work. The first thing a county will do is appoint a committee (assuming the region stays the same). The next step is review the regional assessment. After that they develop their strategy.

195 LISE GLANCY: They work to develop a preliminary plan with project ideas and then work with the state to make those project ideas tighter (doable).

200 LOHMAN: That preliminary plan will be due on February 1.

202 GLANCY: Then they go through project development. Our assessment is that takes approximately three months. Then they would submit a final strategy with fully-developed projects to EDD for their review/approval.

209 SEN. DUFF: And they are supposed to complete this in 13 months?

212 LOHMAN: With these amendments, the regions would have ten months to submit their final strategy and then EDD would have three months to work with them and achieve final approval.

217 SEN. DUFF: How many regional areas are there?

218 GLANCY: Fifteen.

219 SEN. DUFF: How many staff people do you have?

220 GLANCY: Three field staff people.

221 SEN. DUFF: So this would take a complicated process and compress it into 13 months. Then you will have 15 final plans to evaluate within a three month period. What is the average amount of time you need to spend on a plan.

227 LOHMAN: That is hard to estimate because so many are being worked on at once. Generally it has taken 60 days from the time we get it in, evaluate it, meet with the region, etc.

237 SEN. DUFF: This is too much work to accomplish in too short a period of time.

238 CHAIR FAWBUSH: EDD has agreed to this. I need to know if EDD wants this or not.

245 LOHMAN: We think it is useful to have deadlines. But we think it is unrealistic to expect some of the counties to get all of this done in a 10 month period.

251 SEN. J. HILL: What kind of timelines do you favor?

255 LOHMAN: We think that the more rural counties may need up to three additional months.

257 SEN. DUFF: That would mean that one group would have a 10 month deadline for one group of counties and a 13 month deadline for another group.

266 LOHMAN: That would be one way to accomplish it. The other way, that I suggested earlier, is to keep the pressure on all of them, but if it looks like there is a justified problem, we could grant a waiver.

273 CHAIR FAWBUSH: What criteria would you use to determine which counties were eligible for a longer time period?

277 LOHMAN: The best thing we have been able to think of is to just say "east of the mountains". I do not like splitting the state that way.

283 CHAIR FAWBUSH: Are you saying that any county from the east side would be on a schedule three months later than this proposed schedule?

288 LOHMAN: It could be done that way. My preference would be to keep them all on this schedule, but grant the possibility of a delay for some. That would keep the pressure on them.

297 MILLER: I do not believe that the criteria "east of the mountains" would work. Lane County has had significant problems in developing their strategy. There may be unforeseen circumstances that force a slow-down.

311 SEN. HILL: All counties should be treated the same and there should be no distinctions. There needs to be a deadline, but any region could have problems.

319 SEN. JOLIN: That is the only way I be in favoring of altering a deadline formula - on a case-by-case basis. Not a blanket statement. Lane County has had unforeseen problems with the person who worked on Round II that has slowed the process. What criteria would you use for this propose amount of technical assistance funds? Would this money be available to a county, like Lane, that has large urban areas, but the remainder is rural if the project was specifically applicable to the rural portions?

351 LOHMAN: This has not been discussed yet at all. We would want to set up some type of criteria that is based on need, set a limit (which depends on the amount of money available), we would want to see matching regional funding, and we would want to have a work plan. This is all what we would need before granting the funds.

375 SEN. JOLIN: I want to assure that the technical assistance funds are available under the circumstances I outlined.

400 LOHMAN: This is not a great deal of money. If a region can justify their need and they cannot find the resources for it, I think they should have a chance to get some of these funds.

411 SEN. JOLIN: While there are some (relatively-speaking) urban areas with the county, the rest of the county may not be in that condition. Would a county under those circumstances be eligible for some assistance?

427 LOHMAN: Yes. But we would also be asking Lane County to work with the outlying communities. That is part of their responsibility.

441 SEN. HILL: Please summarize the discussions you have had in the Committee on Ways and Means regarding administrative costs for this program.

452 LOHMAN: This morning we testified that direct administration of the Regional Strategies program assumes that an additional 2.5 field staff are approved. The amount for administration would then be approximately \$870,000, represents approximately six percent of the fund. I know that four percent has been discussed before, but the administrative costs of each different program varies. This is a program that requires intensive field staff and, because of that, is a more costly program to administer. This would be a dollar figure cap.

TAPE 139, SIDE B

027 SEN. HILL: Would you renegotiate that as long as the program continues?

031 LOHMAN: Yes. Like any other program this would need to be reviewed every session. For instance, if the amount of funds were doubled, we would not need a doubling of the administrative costs. Thus, the six percent number would not be appropriate.

034 SEN. HILL: In terms of evaluation, what plans do you have for evaluating the effectiveness of the program? Would that be part of what you do with the additional staff?

039 LOHMAN: No. That would come from the \$850,000 technical assistance. We would like to set aside \$50,000 of that for program evaluation.

043 GLANCY: An evaluation needs to be done by someone outside of the department. The regions have varying capacity to evaluate their own strategies and obviously have an interest in making themselves look good. So we need a form of evaluation that measures the regions the same, but takes into consideration the fact that different industries will need to be measured in different ways.

053 LOHMAN: We would hire an outside contractor, not associated with EDD, that hopefully has some kind of national experience doing this type of evaluation.

057 SEN. HILL: Would this be done by administrative rule or is this requirement included in the bill?

062 LOHMAN: It is not a line item in any bill, but we have told both this Committee and the Ways and Means Committee that if we get the \$850,000 of technical assistance, we plan to spend up to \$50,000 for an evaluation.

069 CHAIR FAWBUSH: Then, the only issues left in the bill are the deadlines. One alternative would be to allow additional time, under circumstances to be defined, for counties to complete strategies.

075 SEN. HAMBY: I would propose a conceptual amendment "that would allow any local entity to request a waiver of three months additional time should some obstacle appear".

081 SEN. JOLIN: Do we want to lock it into a time period or do you want to say "up to three months additional time" or how specific should it be?

085 SEN. HAMBY: I support the effort of the Chair in setting some guidelines, recognizing that obstacles do appear - no matter where the county is located.

089 CHAIR FAWBUSH: During discussions, the initial deadline was what they were concerned about and they said they needed an additional month, which we put in for them. There must have been a misunderstanding. We thought their major concern had been taken care of. The difficulty in allowing an opt-out is that there may then be no need for the standards.

101 MILLER: Perhaps this language would be acceptable. On page 5, add a line that reads: "The Department may allow regions that cannot meet the eight or ten month deadlines for strategy submittal for reasons beyond their control to have up to 90 additional days to submit their strategies for final review." That would extend the entire deadline process from ten to thirteen months for the regions. Then, including EDD review, the entire process would be sixteen months.

124 SEN. DUFF: I have serious concerns about these timelines.

131 CHAIR FAWBUSH: What was the sense of the working group? I thought the counties were willing to go along with the deadlines. Are we forcing you to do something you don't want to do?

136 FULTZ: The Local Officials Advisory Committee (LOAC) to EDD met and we went over the timelines that were presented to the House in this bill with the understanding that something had to be done to clear the pipeline. It was our understanding that this was the track and we were concerned about those timelines. We came up with this compromise which we felt we could support. We thought EDD was in agreement on this. There was concern - both at the state and county level - about the expedited timelines, but we thought it could be done. Obviously, we like 90 days leeway. It is critical that we have the funds sufficient - at the state and local levels - to accomplish the process. That needs to be emphasized. The ideal process would be to leave it as it is. But we do understand that there has been criticism, state and locally. Timelines do help the process and we are trying to cooperate and find a reasonable time. I cannot tell you whether 13, 16, or 24 months is best. But we do need some timelines.

159 CHAIR FAWBUSH: To be clear, the recommended deadlines in EXHIBITS A and B were what you had agreed to.

161 FULTZ: Yes.

152 CHAIR FAWBUSH: If we add a 90 day extension to that . . . ?

162 FULTZ: It becomes even more attractive.

163 SEN. JOLIN: If I understand the proposed amendment to the amendments, the only entity that can ask for this timeline extension is the county or the regional committee - not EDD?

172 MILLER: It could be written any way you like.

173 SEN. JOLIN: I don't want the department to have that ability.

174 MILLER: It just says "the department may allow a region". The region would have to come to the department say they couldn't do it and request 90 more days.

175 MOTION: CHAIR FAWBUSH MOVES the amendment as stated by MILLER (see Tape Count 101, above).

VOTE: There being no objection, the above amendment is adopted.

177 MOTION: CHAIR FAWBUSH MOVES the adoption of the Amendments to the Deadlines (proposed in EXHIBIT A), as amended above.

187 SEN. TIMMS: I agree with the objections raised by SEN. DUFF to the deadlines.

202 VOTE: Passes, 5-1. Voting AYE: SEN. HAMBY, J. HILL, JOLIN, TIMMS, and FAWBUSH.
Voting NAY: SEN. DUFF.

212 CHAIR FAWBUSH: The next issue is the amount of funding for technical assistance. We can send the bill to the Committee on Ways and Means with a recommendation or leave the amount blank. Does EDD have a recommendation?

222 LOHMAN: In our discussions with the LOAC, they asked for \$500,000 in addition to the \$850,000.

228 FULTZ: As we understand it, the \$850,000 is state-handled technical assistance funds. The \$500,000 that we have requested is for local persons to do the coordination and other technical work in the regions.

238 SEN. HILL: There are apparently two different kinds of technical assistance. We need to know what those are before we decide anything.

242 GLANCY: The \$850,000 all ends up going to local communities except for the \$50,000 we have requested to use for program evaluation. The breakout of the \$1.35 (as proposed by the LOAC and EDD) includes \$50,000 for program evaluation, project evaluation technical assistance (which happens in the region to develop projects)

259 SEN. HILL: I don't understand. If \$800,000 is actually going to go to the regions, what is the other \$500,000 for?

260 GLANCY: The funds are to do different things. \$50,000 for program evaluation, \$350,000 for project development technical assistance

263 LOHMAN: That is site-specific projects - determining the project's feasibility, etc.

267 GLANCY: Engineering, architectural, project development costs. The next piece that Gordon is talking about is the staff assistance to actually help facilitate the process at the local level. The last piece is \$450,000 for regional assessments and industry assessment models.

321 SEN. HILL: Is any of this going for staff?

324 GLANCY: \$500,000 would go to contract staff at the local level.

325 FULTZ: The \$850,000 consists of \$50,000 for program evaluation, \$350,000 for site-specific project development technical assistance, \$450,000 for assessments. None of that \$850,000 includes local staff. Our request for local staff for the rural areas is for \$500,000 above the

\$850,000.

343 SEN. JOLIN: I was under the impression that we were looking at 2 or 2.5 full time persons at EDD.

351 LOHMAN: Yes. That would come out of the six percent administrative costs.

358 SEN. HILL: So the total is \$850,000 plus \$500,000 for technical assistance, plus \$870,000 for administration? That is \$2.2 million out of the \$13.5 million for the program. That is a large chunk. The Regional Strategies program in some areas has been a success. How much have you used for technical assistance in the program up to now?

380 GLANCY: During the first biennium, we had no technical assistance funds and that was a problem. We asked for and received \$500,000 in the next biennium.

385 SEN. HILL: You used all of the \$500,000. Now we are talking about two and one-half times that now.

389 GLANCY: The difference in those amounts is that we are asking to do program evaluation, which is new

390 SEN. HILL: That is only \$50,000.

391 GLANCY: We are also asking for funds to do these regional assessments because during workshops across the state they asked for that hard information that we could not provide. Those two items are a \$500,000 add-on. We are also asking for locals to have staff assistance.

401 SEN. HILL: What do the local areas need that staff assistance for?

402 FULTZ: We are looking for staff to help us at the local level. None of the \$850,000 results in additional staff for us. We particularly need staff capabilities in the rural areas. Especially to meet these timelines.

415 SEN. HAMBY: I sense some discomfort on the part of the Committee because this \$500,000 request has not yet had any review (as to how many staff this would pay for, etc.).

438 CHAIR FAWBUSH: It is very difficult to determine an accurate cost for this. I personally think \$500,000 is too high.

441 SEN. HILL: What have the counties done to this point? The Marion/Polk/Yamhill Region has what is considered to be a model program. What technical assistance was given to them?

449 GLANCY: They had technical assistance which included some staff assistance in the process.

454 SEN. HILL: How much?

458 GLANCY: This information is broken out by classes, not by regions.

486 FULTZ: The LOAC felt that they needed to do this in order to make these projects successful. The staffing is a key component.

TAPE 140, SIDE A

035 CHAIR FAWBUSH: These funds would not just go to administration of the program. The economic assessments are technical work.

041 SEN. TIMMS: But it is part of the costs of making the program work, which I call administration, or at least, implementation.

042 CHAIR FAWBUSH: We don't have a lot of evaluation in the Regional Strategies. What this \$850,000 would provide is an up-front analysis. I think it is necessary that we have that.

052 SEN. HILL: Do you have those numbers yet for Marion County?

053 GLANCY: They received \$15,800.

053 SEN. HILL: What was the Regional Strategy allocation? Approximately \$1.3 million. \$15,000 is not a very large percentage of the total allocation. This request seems like a lot of money. \$2.2 million out of \$13.5 million. I know that these numbers could be different in different parts of the state, but Marion/Polk/Yamhill is a good mix of urban and rural.

070 LOHMAN: Marion/Polk/Yamhill's COG also put a lot of staff time into their strategy. They had that ability. Some counties do not have that ability.

075 SEN. HAMBY: I hear this committee asking for dollar figures. If you want \$500,000 for local staff, what exactly that will provide - where they will be, what they will be paid, etc. We need assurances that we know where these funds would be spent.

082 FULTZ: The \$500,000 would be split so that about \$30,000 would be allocated per strategy. There is nothing magical about \$500,000. Our only concern is that we receive an item for that and that no more would be allowed. We would assume that we would have to make our case to EDD for anything needed. We were considering this as an amount of funds that could be applied for, depending upon the individual strategies needs.

098 SEN. JOLIN: I am uncomfortable with the additional \$500,000. LOHMAN testified that he was talking about grants that had a match that were in the neighborhood of \$15,000 or \$20,000.

107 SEN. JOLIN: I would recommend an additional \$200,000 instead of the

\$500,000. The \$500,000 just seems to be too high.

116 SEN. J. HILL: If a region sticks with its original strategy, why does it need the assessment process?

133 LOHMAN: That has been taken into account. We got the concept of doing assessments from the eleven regional workshops that we held throughout the state. A number of regions said they thought they would stay with their strategy, but they got into their current strategy without much background. Before we decide for sure we would like to have the bigger picture. We would agree that this look needs to be taken.

148 SEN. JOLIN: Are we assuming that every region will need this technical assistance?

152 CHAIR FAWBUSH: Could there be flexibility within the \$850,000 to deal with additional technical assistance at the local level? If we were to add \$200,000 to the \$850,000 would you be willing to try to accomplish all four of the objectives - without them necessarily being broken out into specific amounts for specific items?

268 LOHMAN: Yes.

170 MOTION: CHAIR FAWBUSH MOVES that \$200,000 be added to the \$850,000.

VOTE: There being no objection, the above motion passes.

174 FULTZ: Does that suggest that if assistance beyond \$200,000 was needed, that it could be applied for?

176 CHAIR FAWBUSH: Yes. This gives EDD flexibility to accomplish all four items.

183 SEN. DUFF: I would give a high priority to the local technical assistance. Some of these other things are less important.

197 SEN. TIMMS: Is the \$50,000 an adequate amount for a good evaluation of this program - region by region?

203 LOHMAN: It is our intent to present you with an objective evaluation of this program - region by region.

210 MOTION: CHAIR FAWBUSH MOVES the adoption of the Amendments to Technical Assistance Provisions (EXHIBIT A), as amended above. Additional language will be added that specify the Department will use up to \$350,000 for technical assistance to local regions.

220 VOTE: There being no objection, the above amendments, as further amended and amended

above, are adopted.

240 MOTION: CHAIR FAWBUSH MOVES HB 2340A, as amended above, to the Committee on Ways and Means, with a Do Pass recommendation.

245 VOTE: Passes, 4-2. Voting AYE: SEN. HAMBY, HILL, JOLIN, and FAWBUSH.
Voting
NAY: SEN. DUFF and TIMMS.

HB 2248A (Special Public Works Fund) - Public Hearing and Work Session

261 CORTRIGHT: Overviews HB 2248A. This bill makes three general categories of changes. 1) Expands the list of municipalities that are eligible to apply for funding by the SPWF to apply to sanitary districts, water supply authorities, and other related special districts. 2) Authorizes the use of bond financing proceeds for the costs of planning eligible public works projects that are financed through the system. That is not currently allowable, according to the Attorney General. 3) Expands the allowable use of funds in the SPWF for technical assistance to include a grant program for technical assistance and also authorizes loans for technical. It increases the amount of technical assistance loans up to 20,000. The total amount of technical assistance that could be provided in any one biennium would be \$250,000 (total grants and loans).

285 CORTRIGHT: This bill has been previously heard by the Committee but you had yet taken no action. At the last Committee hearing on this bill, you discussed the overall operation of the program, the balances in the fund, the allocation of the net proceeds by the Department to the Bond Bank Program, and the future direction of the fund - especially as related to potential demands on the fund to be used for safe drinking water compliance requirements. There were no amendments to the bill at that time.

325 CORTRIGHT: One still-to-resolve issue in this fund is the two different competing sets of policy issues. This is not a new debate. Should this be a narrow economic development tool for bird-in-hand projects and driven by opportunity or should this fund be used as a general-purpose effort to try to deal with a multi-billion dollar infrastructure problem in this state. Some of the changes this bill would make, in my opinion, increase the policy dichotomy of this program. It is getting into funding of more generic infrastructure area, while at the same trying to maintain its objective of economic development. Those are two distinct policy objectives being pursued in the same program.

352 CHAIR FAWBUSH: The generic activities are a result of the bond bank activities.

360 MOTION: SEN. JOLIN MOVES HB 2248A to the Senate Floor with a Do Pass recommendation.

365 VOTE: Passes, 4-0. Voting AYE: SEN. DUFF, JOLIN, TIMMS, and FAWBUSH.
EXCUSED: SENATORS HAMBY AND J. HILL.

380 CHAIR FAWBUSH: Adjourns the meeting at 5:35 p.m.

Submitted by,

Jeri Chase
Office Manager

EXHIBIT SUMMARY

EXHIBIT A -Proposed Amendments to House Bill 2340A, submitted by Tami
Miller, 2 pages

EXHIBIT B -Regional Strategies Program Amendments on HB 2340A
(summarization), submitted by Tami
Miller, 1 page

EXHIBIT C - Staff Measure Summary on HB 2340A, submitted by Tami Miller, 2
pages

EXHIBIT D - Written testimony in support of HB 2340A, submitted by Tom
Ruedy, 1 page