

ECONOMIC DEVELOPMENT COMMISSION
THURSDAY February 2, 2017
McMENAMINS GRAND LODGE – ALICE INKELY ROOM
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Meeting Minutes

ATTENDEES: James Draznin, Chair; Hope Kramer, Vice Chair; Tim Budelman; John Hayes; Bruce McVean; Steve Krautscheid; Tom Raabe; Lois Hornberger; Mark Nakajima; Justin Norman; Mark Meinecke; Guy Storms; Howard Sullivan; Javier Urenda

CITY STAFF: Jeffrey King, ED Program Manager; Brandi Walstead, Program Coordinator

ALSO ATTENDING: Patrick O'Brien, O'Brien Constructors LLC

1. CALL TO ORDER:

The meeting was called to order at 12:11 p.m. by EDC Chair James Draznin.

2. CITIZEN COMMUNICATION:

None

3. APPROVAL OF DECEMBER 1 , 2016 SUMMARY MINUTES:

Ms. Hornberger moved to accept the meeting minutes as presented. Mr. Sullivan seconded. The minutes passed unanimously.

4. ADDITIONS/DELETIONS & STAFF SUMMARY:

A. STAFF BUSINESS UPDATES: NONE PRESENTED

5. BUSINESS:

A. McMENAMIN'S -HOST UPDATE:

Ms. Prickett was not present for a host update; Mr. King informed the commission that McMenamins would be hosting a celebration for the opening of the newest guestrooms. He stated he would send the announcement out via email.

B. FOREST GROVE CHAMBER OF COMMERCE UPDATE:

Mr. Sullivan gave the update for the Chamber:

On February 10, 2017 there will be a ribbon cutting for Yellow Llama, a new Peruvian restaurant in Forest Grove; it will take place at 4:00 p.m. February 18th will be the 4th Annual Stars in the Grove, proceeds will go to Ballet Forest Grove. The Chamber will be launching a new web page in order to get away from Word Press. The key

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change to the website will be a change in how the Chamber Calendar is updated. Updates will now need to be submitted to the Chamber via the “Submit Your Event” selection on the website or via email. Mr. Sullivan was to attend a meeting the day of the commission meeting, Forest Grove High School and Pacific University will be hosting the 4A/OSWA state basketball championships. The dates for that is March 9-11. The meeting was with Doug Thompson, the Athletic Director at the High School; it is an important time to highlight the significant areas of our community. On March 11th, the Forest Grove/Cornelius Chamber will be holding the 30th Annual Dinner and Silent Auction. It will be held at St Anthony’s from 5:30-10 p.m.

Ms. Kramer suggested providing a tablet of tear sheets to Mr. Thompson for visitors during the championships.

C. COUNCIL UPDATE:

Councilor Uhing provided the Council Update:

February 4 - City Council yearly retreat

February 3-5, Aquatics will be closed

February 8 - City of Forest Grove will be at the Capital to speak to Legislatures

February 14 - Red Cross Blood Drive, former Councilor Richard Kidd is in need of blood and you are able to give blood and designate that to Mr. Kidd.

February 27th - Forest Grove/Cornelius State of the City address which will take place at the Chamber Luncheon with Mayor Truax and the mayor of Cornelius, Mayor Jeff Daly.

We will be working with Clean Water Services looking to do a franchise fee with them due to Right of Way property that is used by them; we will begin a conversation on fee structure.

The Annual Townhall Meeting took place last week on Saturday, with conversation in regards to the tax levy which will be expiring. We want to ensure that we have it on the pamphlet and in the voters hands come November, we will be bringing forward a rough draft presentation to the team for input and then give it over to the Council. This is a key bond levy, we will need to step up as a community and to support the services that are provided. Being a full service city was also discussed at the ATM, we are one of the last full service cities in Oregon and specifically in Washington County.

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The new city webpage has gone live, please visit the page and let us know if you find any issues with it.

Tom Gamble, Forest Grove Parks & Recreation Director was nominated to Oregon State Parks Department as the statewide Comprehensive Outdoor Recreational Program Advisor.

Library is reintroducing Tech Sessions for Microsoft, iPad, Kindle etc.

D. Overview of Development, Patrick O'Brien, Founder of O'Brien Constructors, LLC:

Chair Draznin provided an introduction to the guest speaker, Mr. O'Brien. Mr. O'Brien worked on the City/University collaborative projects, Lincoln Park.

Mr. King: There is currently a lot of growth happening and with that comes challenges with both industrial and residential lands. The timing is good because we are out of industrial space and have the need to develop industrial land. Mr. O'Brien may be able to explain what makes a project in general attractive to a developer or contractor.

Mr. O'Brien: First project was in 1976 and in the early 2000's was involved with the construction of the library and the library renovation after that. We were happy to be involved with the City Council Chamber construction. Of course then the Lincoln Park Athletic Complex, which was likely one of the most challenging projects I have ever been involved in simply because of the liaison requirements between the City and Pacific University. It was a large project and was constructed in a short time frame. Without the cooperation of all parties it would not have happened, I have never seen better collaboration between a public and private entity.

I was asked to speak about Development; however, I am not a developer. I am involved with development projects a lot. I would certainly put the Pacific University/City of Forest Grove Lincoln Park Complex into a development type of environment because we had to put together all of the nuts and bolts to get the end product. I am currently involved in a project with DMH Manufacturing; their permit is ready for pick up. All of the projects that I have mentioned and DMH in particular really speaks well to the City of Forest Grove. We do a lot of projects in the metro area and heavily involved in the winery industry throughout Yamhill County. Between

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Yamhill county and the City of Forest Grove, I do not know a public agency that does a better job at delivering a building permit to the project contractor or developer. That is the key to the success of a project. We do a lot of work in Portland, you don't know when your project will be permitted, we are talking years not months, and you don't know if your project will be permitted or what you will end up building. That is not the case in Forest Grove, the owners dream is usually what gets built. That is very important. In the case of DMH, we started brand new a year ago. Their growth is exponential I think this is huge for the City of Forest Grove because I know that there are other companies throughout Forest Grove doing the same thing. So how do we get a building, that a year ago was a figment of the owner's imagination to a building permit that I will be picking up today? That is 12 months. The permitting process itself: I submitted the building plans in late November and here we are the first of February picking up the permit. That tells me that if I ever want to build anything, if there is any land left, I should go to Forest Grove. It is very simple to do, as is Yamhill County. I have manufacturing owners that I have traditionally done a lot of work for, that is thinking of moving out of the city. They do not want to deal with the building bureaucracy. It is almost fundamental decision making for the owner to exit the city and come to somewhere like Forest Grove, Oklahoma, or Texas.

If I had one more thing to say it would be that I hope the City of Forest Groves Planning Department stays as is. As user friendly as it is, they are very unique. Probably because of the size of Forest Grove and that they do use a lot of private sector Engineers to do their plan reviews and look at their projects. There are not a lot of people on City staff to work on this; they are working with licensed and trained professionals to get these approvals done. I think they are doing everything right.

Mr. King: inquired what the opportunities in the market right now, are they in any particular sector? Is there a lack of land or financing?

Mr. O'Brien: the entire industry is on fire. There are not enough people in the metro area to construct the number of projects that are still on the table to be permitted and constructed. We are all challenged to find workforces, subcontractors to do the work. We have to say no a lot. It doesn't matter what sector you choose, except maybe academic.

Mr. King: since there are more projects than you can handle, what makes a project attractive to you?

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Mr. O'Brien: First, we don't like to competitively bid the project. We would rather get in on the ground floor with the owner when the project is still in its infancy and work with the owner from that point. Those are most appealing because we have a vested interest and even when we turn it over to the owner, we have the sense of pride that we helped to build that. We didn't throw down the bottom line number, get low and try to get the project done. We have been part of the planning process.

Mr. Budelman: What type of architects do you like to work with?

Mr. O'Brien: Architectural firms come in all shapes and sizes. We find that the smaller firms are more receptive to working with the owner and essentially providing the owner with a design that is acceptable to the owner. I see that the bigger firms are less likely to be responsive to the owner.

Mr. Krautscheid: I have heard that construction prices have gone up about 20% in the last year, is that what you are finding?

Mr. O'Brien: What is interesting is that people will pay anything to get labor. Trades that were \$25/hr. a couple of years ago are now \$40-50/hr. Steele, lumber, plywood, is all staying pretty consistent. Timing and labor are really what is driving costs right now and 20% is pretty reasonable.

Mr. King: do you think that the labor shortage will continue for quite a while?

Mr. O'Brien: We lost about 80% of our construction labor in the recession and we are thinking that if we are really lucky about half of them came back. That is electricians, plumbers, HVAC, carpenters and laborers. Thank goodness for our Hispanic community. They are providing a labor force that is skilled, smart about what they do; they are filling what would have been a huge gap in our traditional labor pools.

E. INDUSTRIAL LAND IN FOREST GROVE:

Mr. King: we are currently out of industrial space in Forest Grove with only very limited or specialty spaces remaining such as Henningson's Cold Storage seasonal space and some office space on the second of the former Merix building on 24th Ave. We are looking now at pivoting to available industrial land. On February 13th we will be giving an update to City Council on where we are at and look at the economic overview. Our Median household income is \$48,411 up from \$47,000. We are back over pre-recession numbers as far as jobs are concerned. Our unemployment rate is 3.3% and we are tied with Hillsboro that is also in relation to Washington County at

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3.8%. We are the 4th fastest growing city in Oregon for towns/cities over 1,000 in population.

Industrial lands, are classified into three different tiers by the state. Tier 1 is the most shovel ready, meaning that permits can be pulled within 180 days. Forest Grove has a number of sites that are on the market. To the south there is the 38 acres of Hayworth land; adjacent to the Woodburn 21 acres site ; there are also 1 or 2 smaller acre areas, adding up to about 86 acres in the state of readiness. The next tier, Tier 2 there is the annexation of land north of 24th at about 15.5 acres. There are two large sites, that are Tier III or 30 months or longer to development –the Oak street east and west. The next step is finding funding to do an area plan to understand what the cost for infrastructure would be and how it could be developed. The presentation on the 13th will include challenges and needs are in industrial land, tourism, small commercial sites and small businesses.

F. EDC Board Members/2017 Priorities:

Mr. King: some priority goals are industrial site readiness; Downtown Storefront design improvements, development of larger commercial sites, small/new business development and tourism- we embarked upon a study group around a transit lodging tax. There have been a couple of meetings of this group with a third coming up next week to look at existing resources, various websites. We need to look at something that balances needs of consumer as well as hotels but creates the opportunity to sustain some tourism efforts. The TLT group looks at whether we move forward with a TLT and reports back to the City Council and then also look at what types of projects could come from that. Ms. Uhing stressed that these types of dollars are very project oriented and do not go into a random funding pool.

The other project is that we still have the Store Front Assistance program with four businesses that are currently working with the consultant with designs. That will roll over to the Urban Renewal grant that was approved by the City Council.

We need to continue with retention and expansion of the businesses in our community and the importance of our small businesses doing well.

We have filled all but one last position on the EDC board, which will be a downtown business owner. The Board previously recommended Kevin Yamada with Kama 'aina.

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Ms. Uhing: we do not have a senior citizen representative on our team. I would like us to think on if there is a way to implement them into a partnership as a voice as ad hoc or sub-committee.

6. COUNCIL LIAISON COMMUNICATIONS:

See item 5C

7. STAFF & BOARD MEMBER COMMUNICATIONS:

Ms. Hornberger: Lincoln Field will be getting a new turf field this year after 10 years. That will start after Pacific University Commencement. We just did a new facelift for McCready Hall, which is rated 14th in the United States within university performance halls. It has beautiful red chairs, new LED light system and carpet. On the 11th of February we will have Craig Fuller and Son performing.

Mr. Hayes: Governor's bill budgets \$8 billion for schools for the next biennium stating that it would level fund schools. The truth is that it is about 400-500 million short. In Washington County alone if the governor's budget passes, we will be cutting 300 teaching positions. We were supposed to report on the Oregon Business Plan, it was the first time that they acknowledged that there is need for tax reform, which is a step forward. Unfortunately, it was addressed by the governor and senate president that they are expecting the business community to lead this reform. We need to put pressure on the governor and legislature to fix the school funding; we are not doing right by kids. Mr. Meinecke asked if the shortfall takes into account Prop 98. Mr. Hayes responded that it does, it is within the \$8 billion, and any money that goes into that will take away from K-8 education. It is not being funded beyond that \$8, if we fully funded Prop 98 out of the \$8 billion we would see class sizes in K-8 go up by 20%. Mr. Meinecke further asked if there is an opportunity of the private sector to bridge that gap. Mr. Hayes informed that Forest Grove uses the private sector in a major way such in the Viking House project, which is looking at the possibility of moving to two Viking Houses a year. The projects prepare kids for jobs. If we were able to mount a full cabinet program, there would need to be extra space but the skills that they would learn would be amazing.

8. ANNOUNCEMENT OF NEXT MEETING:

The next meeting was not announced, but will be on Thursday, March 2, 2017 at 12:00 pm in the Alice Inkley Room at McMenemy's Grand Lodge.

9. ADJOURNMENT:

The meeting was adjourned at 1:34 pm by consensus.

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Respectfully submitted by: Brandi Walstead

Approved by the Forest Grove Economic Development Commission:

Date: March 2, 2017