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TO: Board of County Commissioners

DEPARTMENT: CAO/Economic Development Standing Committee

PRESENTED BY: Mike McKenzie-Bahr, Community and Economic Development Coordinator

AGENDA ITEM TITLE: **DISCUSSION: AUTHORIZING THE RELEASE OF THE REQUEST FOR PROPOSALS TO SOLICIT ECONOMIC DEVELOPMENT PROJECTS FOR VIDEO LOTTERY STRATEGIC INVESTMENT PROGRAM FUNDING.**

I. MOTION

Discussion on release of the Request for Proposals for the Video Lottery Strategic Investment Program.

II. AGENDA ITEM SUMMARY

Lane County annually receives Video lottery revenue from the State of Oregon as a transfer from the Oregon State Lottery Fund. The County's Video Lottery Allocation Policy states that video lottery receipts must be applied to programs and activities, which support economic development in Lane County. The funds are placed into two programs for distribution: the Strategic Investment Program and the General Allocation Program.

The purpose of Strategic Investment Program funding is to assist communities to pro-actively leverage video lottery dollars through public-private partnerships that will make a measurable difference in the economic growth and stability of Lane County.

This Request for Proposal (RFP) notifies the community that there is \$200,000 available in the 2006-2007 fiscal year for two categories of economic development: Business Development and Workforce Development. The RFP contains the guidelines for how to apply for the funding, how projects will be scored, the process for awarding funds and how projects will be tracked in regards to outcomes and outputs.

The RFP contains two funding cycles: the Initial Proposal Cycle and the Open Proposal Cycle. The Initial Cycle is proposed to start in mid-August and run for

one month, with awards being made in early to mid-October. The Open Cycle is proposed from October 20 to March 29, 2007.

Within the RFP cycle, projects will be reviewed and recommended by the Economic Development Standing Committee (EDSC) to the Board of County Commissioners (BCC). All funding awards must be made by a separate action of the BCC. The BCC and the EDSC also may choose not to make any awards.

The Request for Proposal project solicitation process begins with the publication of the RFP notice. Once the RFP is finished being reviewed by County Counsel's office, we will publish the RFP notice about mid-August.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

In May 2001, Lane Manual Chapter 4.100 took effect defining economic development practices and describing a process for distributing video lottery economic development funds through strategic investment and general allocation programs.

In the Strategic Investment Program, the County funds projects focused on business development and workforce development, through 1) an initial open proposal cycle to encourage time-sensitive proposals that create or retain family-wage jobs or increase workforce skill development for jobs with career paths; and 2) on open cycle that is less time sensitive. The proposals are solicited through a Request for Proposals process.

The last time the County released an RFP was in July 2004. The EDSC has recommended the release of a new RFP to incorporate new project criteria and give applicants a clear timeline for submitting project applications. The EDSC has reviewed the new RFP and is recommending the BCC approve the release of the document to start the process.

The focus of the 2006-07 RFP continues to be on the creation of family-wage jobs through business development and workforce development. The RFP does contain several changes from previous versions. The changes fall into several categories: user-friendliness, project consideration emphasis and scoring criteria.

Regarding user-friendliness, changes were made within the documents to help applicants directly correlate the forms they need to fill out with the information about those forms.

With regards to project consideration, the EDSC has added special consideration to applicants whose proposals 1) demonstrate a commitment to and application

of sustainable business practices and the development of sustainable businesses; 2) target any of the following Lane County Cluster industries: Natural Resources (value added); Recreation vehicles & sporting equipment; Life Technologies; Customer Contact Center and High Tech and 3) link rural areas of the County with Eugene and Springfield to meet economic development goals as items that will get an application higher consideration.

The scoring criteria has been changed to give fewer points to readiness to proceed (lowered from 25 points to 15 points), increase the points for projects that address Lane County Strategic Plan economic development goals (raised from 20 to 25 points) and increases points for Opportunities for Future Development (raised from 15 points to 20 points).

The Request for Proposal public solicitation process begins with the publication of the RFP notice. The plan is to release the RFP for the Video Lottery Strategic Investment Program and to publish the Request for Proposal notice by mid-August.

The RFP process will have two cycles, the Initial Proposal Cycle, which is a set time period during which project proponents must submit applications; and the Open Proposal Cycle, which will start after the Initial Proposal Cycle.

Project applications will be accepted in the Initial Proposal Cycle from the time the RFP notice is published to 30 days following that publication. The project ranking process then follows with recommendations for project funding being brought to the Board on October 18, 2006.

The Open Proposal Cycle will start upon completion of the Initial Cycle. The Open Proposal Cycle will end on March 29, 2007. Between those dates applications can be turned in for evaluation, consideration and possible funding.

The process for ranking the proposals in both cycles is the same. Applicants must receive 80% of the possible scoring points available to be eligible for funding consideration. The scoring categories are as follows: Addresses Lane County Strategic Plan economic development goals (25 points); Increases work readiness (15 points); Readiness to proceed (15 points); Opportunities for future development (20 points); Leverage of other funds (15 points); Partnerships (10 points); Budget presentation (10 points); Audit and accounting adequacy (10 points); Promotes sustainable use of resources and energy (10 points).

During either of the processes, the EDSC has the discretion to also recommend to the BCC allocating funds from the strategic opportunity reserve account, which currently is approximately \$560,000. Conversely the EDSC and the BCC also have the discretion to decide to award only some or none of the current funds and roll the \$200,000 into the strategic opportunity reserve account.

B. Policy Issues

The BCC previously established the “Economic Development Strategic Investment Program” for awarding video lottery funds to enhance business and workforce development in Lane County. The County has a formal process for soliciting proposals and making awards. However, because the release of the last RFP update was in 2004, the submission process has become less formal as the application process timeline in the 2004 process has long since expired. In addition, the EDSC’s criteria for judging projects has evolved since then. By releasing a new RFP, the Board is returning to a more formal process for the awarding of video lottery funds and is incorporating into written form the updated criteria so project applicants can use them when structuring their projects.

C. Board Goals

The Economic Development Strategic Investment Program meets the Board goal of working for a strong regional economy to expand the number of family-wage jobs available in Lane County.

D. Financial and/or Resource Considerations

This program is capitalized annually with a minimum of 50% of the new video lottery revenue received each year from the Oregon State Lottery Commission’s transfer to counties for economic development activities. Funding for the Economic Development Request for Proposal is from the Video Lottery Allocation Policy Strategic Investments category. Currently there is \$200,000 in that budget line item.

In addition, all revenue unspent in previous years is added to this category. Currently there is \$560,000 in the reserve fund.

Under County policy, the EDSC recommends projects to the BCC, which then has final say over project approval. Within the RFP process, the EDSC and the BCC reserve the right not to make any awards if they so choose. If not all of the \$200,000 is awarded, the unallocated funds will be placed into the Strategic Investments reserve fund.

E. Analysis

In addition to the previously stated reasons to release the RFP and return to the more formal process, it is also anticipated that this process may assist the EDSC in working with project applicants to ensure that chosen projects clearly meet the criteria of the funds. By using the RFP as both project application and project management guidelines, it is anticipated it will be easier for the applicants and

the County to track project goals and applicant performance.

Not releasing the new RFP and continuing with the more informal process is problematic in at least two major ways. First it is difficult for applicants to know when to apply for funding and second, the criteria for judging projects has evolved since the last RFP. Without a new RFP, applicants do not have a document that clearly defines the new criteria.

F. Alternatives/Options

None needed.

IV. TIMING/IMPLEMENTATION

An ad announcing the availability of funds should be published by mid-August. That publication begins the application acceptance process. Project applications will be accepted in the Initial Proposal Cycle until 30 days following the publishing of the notice. The project ranking process then follows with recommendations for project funding being brought to the Board on October 18. On October 20, the Open Cycle begins with applications accepted until March 29.

V. RECOMMENDATION

N/A

VI. FOLLOW-UP

The RFP notice will be published upon completion of County Counsel review of the RFP document. Under the RFP timeline, the next Board action is to bring potential applications for funding to the BCC on October 18, 2006.

VII. ATTACHMENTS

None