

MINUTES

Lane Economic Committee

Lane Council of Governments (LCOG), Fifth Floor Conference Room
859 Willamette Street -- Eugene

January 13, 2020
11:30 a.m.

PRESENT: Robert Scoggin, Dan Betschart, Mike Eyster, Mark Bodie, Kelli Weese, Ashley Espinoza, Greg Ervin, Gary Collins, Vanessa Ringgold, Raymond Hardman, Larry Brice, Paul Berger, Marilyn Cross, Mike Galvin, Courtney Griesel, Austin Ramirez

GUESTS: Dr. Margaret Hamilton, Howard Schussler, Brett Rowlett

1. Welcome/Introductions/Changes to the Agenda

Robert Scoggin, Chair, convened the Lane Economic Committee (LEC) at 11:36 a.m. Those present introduced themselves.

2. Electing Chair and Vice Chair to Lane Economic Committee

Action Item: Approve staff recommendations

Mr. Scoggin nominated Mark Bodie as Chair of LEC, and Mr. Eyster seconded the nomination. A vote was taken, and Mr. Bodie was unanimously elected Chair.

Mr. Bodie took over as Chair of LEC. Mr. Eyster nominated Greg Ervin as Vice Chair of LEC, and Mr. Berger seconded the nomination. A vote was taken, and Mr. Ervin was unanimously elected Vice Chair.

3. Comments from the Members, Chair & Staff

Mr. Betschart recognized Mr. Scoggin's service as Chair of LEC with a certificate.

Mr. Betschart announced two upcoming CEDS advisory group meetings: A Resiliency Group meeting on Tuesday, January 21, 9-10 am, at Halsey City Hall; and a CWEDD Board Resiliency Workshop on Thursday, February 13, 9am-12pm, in Lincoln County at a location TBD.

4. Review minutes from November 18, 2019

Action item: Approve minutes

Mr. Eyster moved, seconded by Mr. Ervin, to approve the November 18, 2019 minutes. The motion carried unanimously.

5. Nomination for Regional Award of Merit for Economic Enhancement

Action Item: Recommend Nomination to LCOG Board

Mr. Betschart presented three possible nominees to recommend to the LCOG Board to receive this year's Regional Award of Merit for Economic Enhancement: Len Blackstone, Palo Alto Software, and Nulia. Handouts were shared with descriptions of each suggested nominee.

Mr. Betschart explained that Palo Alto Software has been around for quite a while, while Nulia is a new Eugene-based tech startup with the potential to create a lot of jobs in the area. Mr. Schussler added that Jon Kubu is the General Manager of Nulia, which has 50 employees and is looking to add many more. Ms. Espinoza and Mr. Bodie explained the type of programs Nulia produces. Mr. Schussler mentioned that Nulia is committed to offering family-wage jobs.

Mr. Ervin asked for clarification about the criteria for the award, and Mr. Betschart said that they include job creation, development of a geographic area, and economic development in general.

Courtney Griesel arrived at 11:48 am.

Mr. Berger advocated in favor of recommending Nulia, due its commitment to gender equity and family wage jobs, and the fact that it has already created 50 jobs.

Mr. Collins advocated in favor of recommending Len Blackstone. He said that Nulia has other locations, and equity money behind a startup in this area is not indicative of their ability to stay in business. However, Mr. Blackstone's accomplishments in developing downtown Cottage Grove and adding housing are tangible.

Mr. Eyster agreed that the Committee should recommend Mr. Blackstone, having heard his presentation to this group and visiting the site four times. He mentioned that Mr. Blackstone refinanced his own home to buy the building in downtown Cottage Grove, and he is overseeing the work himself, which will make a real difference throughout the Cottage Grove community.

Ms. Ringgold advocated in favor of recommending Palo Alto Software. She noted that this company has made a commitment to stay in Eugene, and it has been a mainstay of downtown Eugene and the tech industry here. Ms. Griesel added that Palo Alto was one of the first companies to step up for CTE internship programs.

Mr. Scoggin noted that Len Blackstone's project is still in progress, while the other two companies are up and running, and next year Mr. Blackstone's company will be up and running.

Mr. Eyster agreed that Palo Alto Software is a good citizen in the community, and it is strong and established.

Mr. Eyster moved to recommend Celeste Peterson, Head of People of Palo Alto Software, to the LCOG Board to receive the award.

Ms. Griesel shared that Jon Kubu of Nulia had been in a leadership position with Symantec. He identified Nulia as a company that had similar talent needs and some awareness of the region, and he helped bring former Symantec employees to Nulia.

Mr. Hardman noted that Palo Alto has been in Eugene for at least two decades, and Celeste Peterson has been heavily involved in the community

Mr. Hardman seconded Mr. Eyster's motion to recommend Celeste Peterson of Palo Alto for the award.

Ms. Griesel moved to recommend Jon Kubu of Nulia for the award, and Mr. Brice seconded the motion.

Votes were taken on both motions, with 8 votes in favor of Palo Alto, and 5 votes in favor of Nulia.

Mr. Bodie announced that the Committee will recommend Celeste Peterson of Palo Alto to the Board to receive the award.

6. Discuss 2020 Local Administration Committee (LAC) membership and officer appointments

Action item: Recommend nominations to LCOG Board

Mr. Betschart explained that the Loan Administration Committee is a local committee that approves loans for Lane County. He provided a list of people to recommend as the new board members for the LAC to replace some members who were stepping down. The proposed new members were: John Stacy, Robert Killen, Austin Ramirez, Patty Shulz, and John Doty. The LEC needs to recommend this list to the LCOG board for approval.

Mr. Eyster moved, seconded by Mr. Berger, to approve the slate of people presented on the list for recommendation to the LCOG Board. The motion carried unanimously.

7. Update on LCC Bond Measure

Mr. Eyster introduced Dr. Margaret Hamilton, President of Lane Community College. He noted that Dr. Hamilton has been at LCC for about 2.5 years, and the LCC Board has worked with her to develop the bond proposal, which will go to voters on May 19, 2020.

Austin Ramirez arrived at 12:01 pm.

Dr. Hamilton stated that here, she was speaking as a private citizen advocating for the bond, rather than as the President of LCC.

Dr. Hamilton first provided a background on LCC. She explained that it was one of the land grant colleges in Lane County in the 1960's. Its mission is similar to that of other community colleges: quality education, transfer, and work. It serves 20,000-25,000 students. Unlike other community colleges, LCC has a high proportion of students who are local; they stay here, pay taxes here, work in the community, and elevate the educational level of the citizenry in this area.

Dr. Hamilton then presented a slideshow with facts about LCC.

LCC prepares students to work in the emerging fields of cybersecurity, drone piloting, and energy management. It has an 80% course success rate, an 84% year to year retention rate, and 95-100% pass rates for industry credentialing. It has a 100% employment rate in health careers, which include dental hygienists and assistants, nurses and licensed practical nurses, paramedics and emergency responders. It provides training for pilots, aviation maintenance technicians, plumbers, electricians, diesel mechanics, welders, chefs, etc., all in the aviation industry.

Students can save as much as \$30,000 in tuition by starting at LCC and then transferring to a four-year university.

LCC's mission places importance on inclusion, equity, access, social justice, partnering with higher education and business, cultural competency training, and collaborating in the community with an equity lens.

LCC's impact on the local economy is to help it move away from just a degree to stackable industry-based credentials. For example, LCC might train someone to be a home health aide who can later train to become a Licensed Practical Nurse, and who can later become a Registered Nurse.

LCC has an \$857 million economic impact in Lane County. It has a workforce of 1,000+, with a payroll of \$70 million annually.

LCC's main challenge is funding. Its funding is different from that of a University, and it comes from the following:

- property taxes 26%
- state funding 28%
- student tuition and fees 31%
- other 10%

All 17 of the community colleges in Oregon received \$640 million from the state (for two years), but that does not allow enough for LCC to operate day to day at its current level of service.

Mr. Rowlett mentioned that LCC receives from the state the same amount of funding now as it did in 1990. Oregon had one of the strongest post-secondary systems in the country, but it is now in the bottom 5 of state funding for higher ed.

Dr. Hamilton explained that enrollment is a big part of a community college. When the economy is good, enrollment is bad, and vice versa. People go to community colleges to get re-trained for new jobs during a recession. Right now, employment is good, and enrollment is down. The state's contribution is based on enrollment, so when enrollment is down, the school receives less from the state. In response to a question from Mr. Berger, Dr. Hamilton noted that LCC is optimistic for steady enrollment in the next few years. While fewer high schoolers are graduating, more adult learners are returning to school.

In response to a question from Mr. Brice, Dr. Hamilton said that LCC has a 1-year operational budget of \$90 million. The state numbers are based on 2 years. Mr. Rowlett added that LCC takes a bigger hit if its enrollment drops more than enrollment at other community colleges in Oregon.

Mr. Ervin asked about data regarding high schoolers, and Dr. Hamilton replied that there is a slow but steady decline of high school graduates coming to LCC because the younger population is continuing to decrease.

Mr. Berger wondered if high school students can take LCC classes as part of an acceleration program, and Dr. Hamilton responded that there are many versions of that for high schoolers. The eventual goal is to have high school kids do their senior year at LCC.

Mr. Berger asked if any revenue from the K-12 system is flowing to LCC. Dr. Hamilton explained that she is talking to superintendents about ways to have the school districts pay all or a portion of the tuition for high schoolers, so that it does not go to the parents. Since the school district is receiving funding for a high schooler's senior year, that money should flow to the community college to pay their tuition if they take courses at the college.

Mr. Collins wondered who sets tuition rates for LCC, and Dr. Hamilton responded that the Board of Trustees sets tuition. LCC tuition is at a high end for community colleges in the state, because it has the most CTE in the state, including the airplane maintenance program, for example.

Dr. Hamilton then explained that LCC's continuing success all depends on infrastructure. The campus is not seismically safe; 4 more buildings need to be altered in case of earthquake. Labs are old. Infrastructure needs include:

- safety, security, seismic remediation
- technology and laboratory upgrades
- renovation of aging buildings
- program growth limited by space

The best option to fund the infrastructure improvements is to go for a bond. It is a \$145 million bond, which will be on the ballot in May 2020. The bond would add \$27-42 per year to property taxes for homes valued \$200-\$300K. They have been approved for an \$8 million match that will expire in 2021.

The ask for the bond and the math are based on 4 pillars:

1. Safety and security for students, employees, and community visitors
2. Access to 21st century education to keep graduates competitive in work and transfer - best equipment, etc.
3. Training and retraining for in-demand careers
4. Affordability

Mr. Berger inquired about funds paid by employers who require their employees to take courses at LCC for more training. He wondered where that money is reflected in the revenue to LCC. Dr. Hamilton explained that it shows up in the 10% (“other”), and that the only way to increase that amount is to offer cutting edge training to those employers.

Ms. Ringgold wondered if LCC’s mission is diverting from its original mission of preparing students to eventually obtain a 4-year degree to an emphasis on industry certification and training. Dr. Hamilton responded that LCC’s mission has always been employability, education, and training. Training is key in every community. It has not shifted, but employers are taking advantage of the training aspect. Other colleges have dropped CTE programs, but LCC has not. Mr. Berger asked if more students from other areas are coming to LCC as a result of other community colleges dropping certain CTE programs. Dr. Hamilton replied that they are, with the Physical Therapy Assistant program as an example.

Mr. Berger inquired whether there are other sources for money if the bond does not pass or has to change the amount. He wondered if more people can be recruited from other areas where programs are being dropped in order to increase income from tuition. Mr. Rowlett explained that programs such as nursing, dental hygiene, and flight training will never make money. LCC will never raise the tuition level to pay for 100% of those programs, therefore they need other sources of funds to run those programs.

Dr. Hamilton stated that about \$100 million of the bond funds will go to deferred maintenance, and the remainder will go to replacements, e.g. building a new building if something is not fixable.

Dr. Hamilton proceeded to explain why this bond is being sought now, and why the amount sought is \$145 million. The reasoning includes:

- 6 locations - main campus, downtown center, Cottage Grove, Florence, and the airport, leased location for dental hygiene
- 38 buildings on 50+ year old main campus
- need for seismic remediation
- need for new roofs, HVAC, etc.

Additionally, there are needs for the following:

- manufacturing training in Florence
- health professions training in Cottage Grove
- improvement of technology infrastructure and protection against cyber attacks
- expansion of EMS and paramedics program
- support for cybersecurity program, drone program, and science labs

In 2016, \$8 million in capital funds were approved by the state to build a health professions building at LCC. We are now in the last year in which that \$8 million can be used (this is the match that expires in 2021), so the rest of the funds need to come in now.

LCC’s mission remains the same: open access, quality education, workforce training and

retraining, readiness to transfer to 4-year university, serve adult learners, and provide services and support. Dr. Hamilton stated that LCC is both the first opportunity and last chance for many students, and LCC is committed to meeting all students where they are and teaching at all levels.

Ms. Cross asked how to explain LCC and the need for a bond to people in rural areas on the McKenzie in terms of how they will benefit, since those voters will be needed to help pass the bond. Dr. Hamilton responded that many people relocate closer to Eugene to take advantage of the programs. Ms. Cross emphasized that they want to keep young people in the McKenzie area to grow businesses and opportunities there, so she wondered how to create a dialogue about how a rural community can gain better access short of telling people to move to Eugene.

Mr. Rowlett added that bonds can help with upgrading facilities in remote locations, such as LCC's facilities in Florence which were upgraded thanks to the 2008 bond. Also, bond funding helps upgrade technology for online courses. Much of the growth of LCC's enrollment is through online courses, and that includes rural communities such as the McKenzie area. Ms. Cross reported that there is a goal to make a school in Blue River a hotspot for bandwidth that rural residents cannot get at home so that they can go there to do online courses. Dr. Hamilton said she feels strongly that the future is in online programs.

Mr. Berger inquired about LCC's outreach to the homeless community. Dr. Hamilton responded that adult ed programs need to continue downtown. They hope to partner more with community agencies. Mr. Eyster added that many LCC students are right on the edge of homelessness, living in cars, using the food pantry, etc. Mr. Berger emphasized the importance of putting out a message that addresses issues such as homelessness and to make sure the funds get to the right people, and this includes helping people with basic needs. Mr. Rowlett mentioned that many LCC students - whether housed or unhoused - qualify for additional services from the county and state. LCC invites those services to visit campus so that students can take care of applying for all of the services while they are there.

In response to a question from Mr. Brice, Dr. Hamilton clarified that bonds pay for bricks and mortar, i.e. infrastructure. They do not pay for people (positions, operations, etc.).

Mr. Brice also asked about declining enrollment and whether LCC can look at the pillars of revenue and make some cuts. Dr. Hamilton replied that they have been doing that and have learned how to create revenue. For example, food service on campus operated at a loss. LCC has transformed food service by bringing in local vendors to sell food on site, so LCC is no longer losing money this way.

Mr. Brice opined that most people in the community want to support LCC, but they will be more responsive to hearing about programs such as dental hygiene and nursing, which contribute to the community, rather than subsidizing pilots for major airlines. He suggested focusing on the "first opportunity, last chance." Mr. Hardman suggested educating the public on the constraints of the revenue model the school deals with, as it is different from that of private businesses. Many people do not understand what a bond can and cannot pay for.

Mr. Ramirez asked if there was anything in data gathered that helped decide the timing for the

bond. Dr. Hamilton replied that there was polling on this topic. Mr. Rowlett added that they chose 2020 because this election will have good participation from voters, and also because of the 2021 expiration of the \$8 million match from the state. They picked May instead of November, because if the bond does not pass, they still have time to request a new window for matching funds from the state. Dr. Hamilton noted that in polling, the longer a person spoke on the phone and the more questions they had answered about the college, the more likely they were to support a bond.

Mr. Berger wondered if there is a way to structure a bond that is more weighted toward the business community, such as a commercial property tax. Mr. Schussler responded that cities or states might have more flexibility, but that is not available to a separate taxing district such.

Ms. Ringgold opined that for a bond to be successful, it should speak to the core values of the people voting. For example, training in the trades is very important, as her father became a plumber and supported a family of four after attending community college. Dr. Hamilton mentioned that many people do not realize that LCC trains almost all the dental and health care workers in Eugene.

In response to a question from Berger, Dr. Hamilton and Mr. Rowlett said that local advertising companies are helping with marketing for the bond.

Mr. explained that the LCC Board sets tuition. The Board gives final approval for tuition, but the state legislature sets expectations to keep tuition increases below a certain percentage. LCC has kept tuition down by ignoring deferred maintenance, and they will have to increase tuition quite a bit if the bond does not pass. Many LCC students stay here, so we want them to have less debt and be able to spend their money in Lane County.

Mr. Ervin posited that if starting wages are high in certain trades, students can be saddled with debt. Dr. Hamilton responded that LCC likes to consider both high wage careers and lower wage careers, such as childcare and home health aides. They want to keep lower wage job training at lower fees for those programs.

Ms. Weese left at 1:02 pm.

8. Set next meeting date: February 10, 2020

Mr. Scoggin adjourned the meeting at 1:03 pm.

(Recorded by Rachel Burstein)