



Deschutes County Economic Development Investment Initiative

Revised for 2015-16 Fiscal Year

EXECUTIVE SUMMARY

The following proposal is a revised and updated document that closely mirrors the program funded in the current fiscal year by Deschutes County. Per direction provided by staff and commissioners last year, the matrix and supporting narrative below represents a one year investment for comprehensive economic development services within Deschutes County, including the operation of programs and offices in all incorporated cities within the County's political borders.

Community/ Program	Deschutes County FY2014-15 Investment (current)	Deschutes County Funding for FY 2015-16 (proposed)	Local City and other Public Funding (proposed)	Private Sector Members & Other Earned Revenue (proposed)	Total FY15-16 Program Budget (inside Deschutes County borders)**
LOCAL ECONOMIC DEVELOPMENT CAPACITY					
Sunriver/La Pine	\$20,000	\$20,000	\$20,000	\$5,000	\$45,000
Sisters	\$20,000	\$20,000	\$60,000	\$5,000	\$85,000
Redmond (REDI)	\$10,000	\$10,000	\$80,000	\$62,200	\$152,200
Bend	\$10,000	\$10,000	\$90,000	\$500	\$100,500
SUPPORTING ENTREPRENEURSHIP & EARLY STAGE COMPANIES					
Venture Catalyst Program	\$22,500	\$30,000	\$10,000	\$70,000	\$110,000
REGIONAL ECONOMIC DEVELOPMENT CAPACITY					
EDCO Regional Office	\$132,200*	\$122,200	\$50,000	\$362,050	\$534,250
TOTAL:	\$214,700	\$212,200	\$310,000	\$504,750	\$1,026,950

*Included \$15,000 in pass-through to FoundersPad. No EDCO funding for FoundersPad is requested in FY2015-16.

**Excludes programs in Crook and Jefferson Counties

Funding from Deschutes County leverages (roughly 5:1 or \$5 of outside funding for every \$1 from the county) substantial investment from cities and other public entities (school districts, college, university) as well as from the private sector. In this way, public dollars are combined to achieve better results and measurably improve the local, county, and regional economy.

It is our understanding that through three quarters of the current fiscal year that disbursement of video-poker lottery proceeds to Deschutes County are down 1-2% from forecasts. In an attempt to be consistent with lottery funding dedicated to economic development, EDCO's proposal for the coming fiscal year similarly reflects just over a one percent decrease (-\$2,500) as well.

Strong Local Economic Development Capacity

A strong regional organization with equally capable economic development professional capacity at the local level is a model unique to EDCO in the Pacific Northwest. EDCO contracts to deliver comprehensive local economic development programs that are financially underwritten by the communities and Deschutes County. Local managers are assisted by local economic development advisory boards. In La Pine, that group is LED (La Pine Economic Development), an active, 12-member board comprised of city, county and local business leaders that meets monthly. In Sisters, a seven member advisory board with a similar structure meets bi-monthly to provide feedback on critical issues, projects and program activities. Sisters made a bold move this spring to invest further in their local economic development program by moving the position from a three-quarter time manager to full time for the final quarter of the fiscal year.

Most importantly, these local programs are producing results in the form of completed business development projects, new capital investment for the property tax base, and new, well-paying jobs.

Supporting Entrepreneurship & Early Stage Companies

Fostering entrepreneurship is an important component of the region's economic development strategy. The two critical components for establishing Deschutes County as a premier place to start and grow new companies are 1) a robust mentoring network and 2) access to equity/growth capital. Continued development of these key infrastructure assets will not happen without focused and sustained effort. EDCO's funding priorities for the coming fiscal year are to continue support for important work happening under the Venture Catalyst Program (VCP). Overseeing this program is our Venture Catalyst, Brian Vierra, whose leadership continues to set the bar high for both the quality and variety of assets available to young companies and entrepreneurs.

Gathering needed funding for the Venture Catalyst has continued to be a challenge for EDCO. As such, County support of this program is critical until we can raise adequate long-term funding.

EDCO has been working closely with the Regional Accelerator & Innovation Network (RAIN) in Corvallis and Eugene, The Oregon Entrepreneur's Network (OEN) based in Portland, Southern Oregon Regional Economic Development, Inc. (SOREDI) in Medford, and Business Oregon on a proposal to provide matching funds for similar Venture Catalyst programs in those areas. With dedicated resources directed by the Oregon Legislature through Business Oregon, this could provide a more sustainable funding source for this important element of the services and results that EDCO delivers within Deschutes County and across the region. This proposal is current being considered in the state capitol, with a hearing scheduled on April 29 that will include testimony from Brian Vierra, former EDCO Venture Catalyst Manager and current RAIN Executive Director Jim Coonan, Linda Weston, Executive Director of OEN, and other leaders.

Regional Economic Development Capacity

Deschutes County has been a statewide leader in funding economic development using video poker lottery proceeds distributed by the State of Oregon. Over the years, this investment has been a foundation for everything the organization does and everything it accomplishes. Without a strong regional organization at the Bend Office, local offices would enjoy little support for their efforts to measurably improve the economy in their community. The regional office provides support in the areas of media relations and PR, marketing, event production, professional mentoring, professional recruitment, incentive administration, website presence, lead generation and financial management and audit services. Adding oversight and support of programs in La Pine and Sisters is stretching regional staff even further, which is why we have

requested a modest increase in the coming fiscal year to help cover this added workload. The last increase for support of regional operations was \$2,200 four years ago in the 2011-12 fiscal year.

Return on Investment – Key Performance Indicators

Funding provided by Deschutes County, other cities and counties, and about 300 private sector members has yielded a solid return on its investment. Results in the past two calendar years compared to region-wide goals (derived from EDCO's 3-year Strategic Plan) include:

Calendar Year Results: 2013 & 2014

	 Companies	 Jobs	 Investment	 Payroll
3-Year Goal	96	2,000	\$350M	\$80M
Actual (24 months)	64	1,379	\$260.4 M	\$55.2M

In addition to these results, EDCO met one-on-one with more than 500 local traded-sector companies (roughly 80% of which were in Deschutes County) to proactively identify needs and opportunities. We provided assists (help that did not require significant time or resources) to an additional 450 companies, and conducted in excess of 300 consultations with early stage companies and entrepreneurs. By nearly every measure EDCO is achieving record outcomes which are “moving the needle” in a positive direction for the region’s economy.

Summary

EDCO’s board and staff applaud the Commission and the Deschutes County management team for your vision to sustain support for economic development services. We believe this proposal, which follows closely last year’s proposal, represents a well-planned and cost effective strategy that is broadly supported by the communities within Deschutes County and leverages greater investment in economic development at the local level – both private and public.