

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Staff Presentation Worksheet

Presentation Date: March 30, 2010

Time: 10:30 pm

Length: 15 minutes

Presentation Title: ARRA Recovery Zone Update on Applicants and next steps

Department: Business and Community Services – Business and Economic Development

Presenters: Gary Barth, Renate Mengelberg, Scot Sideras

### POLICY QUESTION

Does the Board of County Commissioners support designation of an ARRA Recovery Zone and are they willing to award sub-allocation of bonding authority to three private sector and three public sector projects?

### ISSUE & BACKGROUND

The Business & Economic Development Division respectfully requests board direction on establishing Clackamas County as a Recovery Zone in order to access two bonding programs established by the American Recovery and Reinvestment Act (ARRA) intended to stimulate public infrastructure and economic development projects. Establishing a county wide recovery zone would enable the County, cities, special districts and private sector businesses to access low cost financing through taxable ARRA bonds with federal subsidies of 45% of the taxable interest amount. Clackamas County is eligible for a volume cap allocation of \$22.198 million in bonding authority.

In early February, the county solicited applications from private businesses and public sector agencies through press releases and e-mails to city and special districts. The county received ten applications for funding but only six met county and federal criteria and are being recommended for funding.

- **Recovery Zone Facilities Bonds** - \$13.319 million in bonding authority available for private sector investment. These bonds can finance private sector capital projects such as construction, renovation, reconstruction or acquisition of property that normally would not have access to tax exempt bonds. The county received six applications. Only three projects totaling \$6,940,000 met federal and county criteria and are recommended to move forward in the process. They include:
  - \$3 million for a new production and distribution center for Dragonberry Produce in Canby.
  - \$2 million for a one million square foot solar generation project on the roof of the Clackamas Town Center Mall.
  - \$2 million for the construction of the Turra mixed use office, retail, value added agriculture production and housing development in Sandy.

At this point, staff is working to find appropriate conduit issuers for these projects and project advocates are developing their projects, gathering additional information and finding financial partners. Staff recommends sub allocating the remaining \$6,940,000 of the counties allocation to Business Oregon to redistribute to worthy projects.

- **Recovery Zone Economic Development Bonds** - \$8.879 million in bonding authority available for public sector investment. Eligible projects include new capital projects and public infrastructure and construction of public facilities and working capital that promotes economic activity, job training and education programs. The county received three project proposals totaling almost \$47 million or \$38 million over the county's allocation. Applicants include:
  - \$2,899,000 to the Oak Lodge Sanitary District for a \$41 million wastewater treatment facility expansion.
  - \$3.48 million to the city of Estacada for infrastructure for a new 125 acre industrial park.
  - \$2.5 million to the Canby Urban Renewal District for a 1<sup>st</sup> Avenue redevelopment project.

Clackamas County's next steps in the process are to designate the entire County as Recovery Zone and pass a resolution sub allocating bonding authority to the six projects listed above. Staff would continue to assist projects in finding conduit issuers, respond to questions and report on progress to Business Oregon by April 16<sup>th</sup>. Local jurisdictions and businesses would initiate and be fully responsible for the bonding process. The bonds would need to be issued by January 1, 2011.

QUESTION(S) PRESENTED FOR CONSIDERATION

1. Should Clackamas County form an ARRA Recovery Zone?
2. Should the boundary encompass the entire County?
3. Should the County sub allocate its ARRA Recovery Zone bonding authority to the six applicants that met ARRA and County criteria for award?

OPTIONS AVAILABLE

A. On establishing the Recovery Zone Boundary:

1. Establish the Recovery Zone boundary county wide.
2. Establish a County Recovery Zone that only selects areas where applicants are located.
3. Do not establish a Recovery Zone boundary, and do not participate in the program further.

B. On sub allocating bonding authority:

1. Sub allocate bonding authority to all six candidates under the condition that they demonstrate progress in moving the project forward and identifying a bond issuer. Sub allocate unused Facility Bond authority to Business Oregon and unused Economic Development Bond authority to Oak Lodge Sanitary District first and Business Oregon next if not needed by the district.
2. Sub allocates bonding authority to some projects but not others.
3. Do not specifically identify any projects to sub allocate bonding authority to.

RECOMMENDATIONS

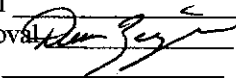
Staff respectfully recommends that the county pursue options A1 and B1 described above.

SUBMITTED BY:

Division Director/Head Approval

Department Director/Head Approval

County Administrator Approval



For information on this issue or copies of attachments, please contact Renate Mengelberg  
@ 503-742-4327