



**DOUGLAS COUNTY  
INDUSTRIAL DEVELOPMENT BOARD**

522 SE Washington Ave. Suite 111A  
Roseburg, Oregon 97470  
(541) 672-6728 Fax (541) 672-7011

**Minutes**

**September 20, 2016**

**10:30-11:30**

**Room 310**

**Douglas County Courthouse**

**1036 SE Douglas**

**Roseburg, OR 97470**

**I. Welcome & Introductions**

Melony Marsh called the meeting to order and announced a quorum was present. Attendees introduced themselves, see attachment A.

**II. Approval of Minutes – August 16, 2016 Meeting**

Stephen Mountainspring motioned to approve the minutes of the August 16, 2016 meeting as presented. Ron Doan seconded. The motion carried.

**III. New Business:**

**A. Capt. Ken's Fresh Fish \$6K Grant Request– Melony Marsh**

Melony Marsh stated an application was received from Capt. Ken's Fresh Fish for \$6k to run electricity to Dock F. She said there are a lot more questions than answers for this request. She stated Capt. Ken has a boat and leased dock space.

Wayne Patterson explained Capt. Ken has a floating store tied to a public dock in Winchester Bay. He said he has spoken with the City of Reedsport and Salmon Harbor and there are questions about running electricity on that dock. He said information has been requested from Capt. Ken and based on that we will either defer or ask him to reapply.

Melony stated they will probably ask him to reapply because when reading the application it does not fit within the IDB mission statement, goals or ordinance. He is asking for electricity to be run to a public dock for his own use and he is not matching any funds. She said he would need to submit a business plan, something more than what he did provide, which was marginal.

Wayne stated he spoke with Jonathan Wright and the Harbor and as he understands, running electricity to the dock for an individual doesn't fit very well but if it was possible to run electricity to the dock that would be available for a variety of other people because it is a public dock then it would create an income stream. When people dock up they are charged for power and that would take a different view from the IDB rather than someone just running power down the side of a public dock for their own personal use.

Commissioner Chris Boice stated he isn't sure if everyone here is familiar with the way the dock is set up. He said this particular dock is in the East Basin, adjacent to the parking lot where the pizza place and ice cream shop is. He explained Capt. Ken wants electricity there specifically because of public traffic. In that same facility there are also a lot of other docks that already have electrical service for people who spend part of the year living on their boats. The request is to put electricity on the public dock that people tie up to temporarily when in reality if he wanted to rent a dock slip that is there with power and put his business there, he would have what he needed.

Commissioner Boice stated Salmon Harbor currently has an inexpensive lease with Capt. Ken to tie up to the public dock and leasing or renting one of the dock facilities that has electricity is much more expensive.

Melony Marsh stated it doesn't fit in with the IDB mission statement, goals or ordinance.

Charmaine Vitek asked how this gentleman knew to come to the IDB.

Wayne Patterson stated he met Capt. Ken when he was at the coast on other business. He said he asked him that question and Capt. Ken said he'd knocked on as many doors as he could and the answer was to come to the IDB.

Commissioner Boice explained Paul Stallard, Director of Salmon Harbor came to him and asked about whether or not the County would be interested in spending the money for Salmon Harbor to do that work to bring electricity to the dock and the answer was no. When asked where he could send him he responded the only other avenue to get what he is asking for from the county is through this board.

Ron Doan motioned to reject Capt. Ken's Fresh Fish \$6k grant request. Bob Ragon seconded. The motion passed unanimously.

#### **B. Backside Brewing \$40k Match Funds Request– Wayne Patterson**

Wayne Patterson explained this request is for an expansion opportunity which would enable Backside Brewing to open up the bottling side of business, purchase equipment, deliver products and expand the workforce with 8 new jobs over the next 18 months. He explained this is a match request; K.C. McKillip, owner, is putting in \$40k and is requesting \$40k from the IDB.

K.C. McKillip stated in the plan and letter, it gives more detail. He said they currently distribute their product in the area by kegs as far north as Eugene and as far south as the Jacksonville, Medford and Ashland area. They have been distributing their beer via kegs for the past three years and are already out there in the draft beer keg market. It has provided a lot of opportunity to network and reach out and talk to people about bottles and it is something they have been working on for a while.

Wayne explained K.C. has already invested \$20k in bottling equipment they currently own. This is taking what he already has and commercializing it.

K.C. stated they purchased the bottler about three months ago.

Melony asked if there were any questions.

Ron Doan stated it is a match, essentially a grant and not a loan. Wayne responded we could make it a forgivable loan based on his accomplishment of job creation, which would be his suggestion and providing performance criteria. He said K.C. would need to come back to the IDB based upon the use of the proceeds understanding that if you don't comply with the terms of the agreement the money would be owed.

Stephen Mountainspring asked if the IDB is discussing or making a decision today. Wayne responded he would like a decision today, if anyone has any issues they should bring them up now. Stephen responded Wayne has a lot of documents that he hasn't shared with the IDB and would like a chance to review them before making a decision. He said when there is more detail he would like a chance to study it ahead of time.

Wayne explained he accepts responsibility for not delivering the materials to the IDB. It was completed in time to be distributed. He said he is raw right now with information that has been shared during the DCIDB meetings that makes it to the press. He stated it is somehow manipulated

and twisted and ends up creating damage control when the intent is pure and clean. He stated he has to figure out a way to address that issue because he is still a little raw from a couple specific issues.

Stephen responded he understands what he is talking about which could be a bigger problem. He said looking at the little problem here is he is being asked to exercise public trust in voting yes or no and has not seen anything but one line of information. He said he thought it would just be discussed at this time. He said looking at it through the view of the public he will vote no unless he has a chance to read it and think about it.

Wayne explained he felt because it is a match, a forgivable loan and required performance criteria it would be something he could present verbally.

Ron Doan asked Paul Meyer if he had a chance to review the request. Paul responded he just now hearing the same thing the IDB is.

Melony Marsh stated IDB members need an opportunity to review the materials.

Ron Doan asked if it creates issues if the request waited. He stated he agreed and needs to have as much information as possible to consider the request. He stated he takes Wayne's word for it but has seen nothing on it as well. He asked what happens if it is deferred for a month.

Wayne asked K.C. McKillip if there is a timeline of when the funding is needed. K.C. responded they would like to get going as soon as possible, there are some P.O's for bottles that have come up. The order has not been placed and no promises have been made but there are bottles that are already sold. The two major pieces of equipment the funding will be used for are the labeler and a cooler. He explained they could get by with what they have for now until they start bottling more but the labeler is something they need right away. If it is pushed back a month they will have to make it work. K.C. said the sooner the better because there is product they could be selling right now.

Melony explained we could send out the information to the IDB.

Brandi Whelchel explained any IDB discussion by five or more quorum members is subject to the public meeting laws. The information could be sent to the IDB once provided to staff for distribution but there could not be any discussion unless it was in a public forum.

Melony stated it looks like this needs to be deferred.

Stephen Mountainspring motioned to table the Backside Brewing \$40k match funds request until the October 18<sup>th</sup> meeting. Bob Ragon seconded.

Bob Ragon explained he is not casting any presumptions about the request but would like a chance to review it first.

Melony asked if there was further discussion. None was forthcoming. Melony called the question.

Stephen Mountainspring and Bob Ragon voted Aye; no Nay votes were forthcoming, Charmaine Vitek, Ron Doan and Melony Marsh abstained.

Commissioner Chris Boice stated he has a procedural question; with only two members voting and three abstaining, there was not a majority vote in favor. He asked if that passes. Paul Meyer asked how many voting members were present. Brandi Whelchel responded there are five. Paul stated a majority of the vote is needed, three votes to pass the motion to defer. Commissioner Chris Boice said there is still a possibility of another motion.

Charmaine Vitek announced she votes Aye on the motion to defer this request until the October 18<sup>th</sup> IDB meeting.

Melony called the question. The motion passed with 3 Ayes; Stephen Mountainspring, Bob Ragon and Charmaine Vitek and 2 abstentions; Ron Doan and Melony Marsh.

Stephen stated normally the Chair would have the discretion to table an item.

Commissioner Chris Boice stated he just wanted to be sure the procedure was done right.

Stephen explained he does not see anything wrong with Wayne's presentation but would like to read what he is asking to approve. Commissioner Boice agreed.

### **C. Country Club Hotel - \$20,500 Fund Request – Wayne Patterson**

Wayne explained previously Leland Consulting Group was hired and completed a feasibility study and project scope to develop a boutique hotel and they have put together a package for the Safeway and Rite Aid properties. Potential opportunities in our area are not the same as other opportunities for potential investors and the proposal is being pushed down. There are a couple interested groups and progress is being made. The potential isn't dead but it has slowed more than expected.

Wayne explained to help create an interim step showing the validity of the rack rate (average cost of a room) needed to create a better proforma showing a greater return for the proposal on the Safeway/Rite Aid properties, he'd like to move forward with a feasibility study and development strategy for a boutique hotel on the Roseburg Country Club property. He said the County Club Board of Directors has given approval and a release and are interested in having the feasibility project showing them what the boutique hotel would encompass, how it all would work and where it would be located. Wayne said Leland has all of the data needed already done so the feasibility work would not have to be redone but it would need to be repackaged specific to this site. He explained there is about \$10k left in the account from the previous project and the ask today is for \$20,500 to pick up the difference on the \$30,500 feasibility study to be done for the Roseburg Country Club.

Melony Marsh explained there has been a correction; the agenda listed the request as \$20k ask when in fact it is a \$20,500 ask. Wayne confirmed the correction.

Bob Ragon asked what the Country Club Board of Directors had to say. Wayne responded they love the idea. He explained they are in a challenged position on how they will develop a positive revenue model and be self-supportive.

Stephen asked what a rack rate is. Wayne responded it is the average cost of a room in the area at any given time. He said in Roseburg in June you'd have a rack rate of \$125 and in off season the rack rate can get as low as \$80-\$85 on any given night.

Bob asked if the Country Club would supply land and that is all. Wayne responded that was correct, and they would supply infrastructure. Bob asked where the hotel would be located. Wayne responded the Country Club owns a lot of land along the river front and have plenty of space.

Wayne stated they have a plan that Alex Palm put together showing some large residential home type of places located around that they were going to build instead of lodging; they were going to rent homes out on the property.

Wayne explained lodging is a category needed to grow the wine industry and a variety of other industries. He said we have to find someplace for these people to stay. There is data that supports and shows people are driving to Ashland or Eugene and they aren't staying here in Douglas County.

Stephen asked if the plan was to move away from the Rite Aid and Safeway sites and onto the Country Club for this proposal. Wayne responded as an option, a plan B. Plan A won't be stopped but the struggle will continue with what we have and we won't be able to develop plan A. He explained he'd like to move forward with plan B which makes more financial sense and is something for which capital could be raised within our own community. Plan B also takes an existing facility with infrastructure currently within our community and updates it.

Stephen asked if the County would be a party to the contract. Wayne responded the consultant is contracted with UEDP. Stephen stated there would be no third party. Wayne responded that is correct.

Charmaine Vitek asked if this comes to fruition would what happens at the Country Club improve the rack rate to then help prove the other sites are viable. Wayne responded yes, that is the business strategy part of it. He explained support is needed to show we can have that rack rate and occupancy. Then we could come back and alter the proforma and turn it into something that could be much more investment-orientated creating a more attractive opportunity for investors. Right now we don't have that current plan because we don't have support of that rack rate. He said it is very much a financial model showing proof. He said it is a great way to utilize what we already have within the community and has infrastructure facilities and quite a bit of what is necessary to pull this off.

Stephen asked if you put this in, would it begin to solve one of the identified issues in developing the local wine industry and lodging, would you then hope the rack rate would also support additional such facilities? Wayne responded yes and there is also a corporate retreat part of this.

Melony stated we are losing revenue by people leaving and going to Ashland and other areas.

Bob Ragon stated in no way would this be competing with the New Hampton Inn that will be building soon. Wayne responded no, it would not. He said the Hampton Inn will help because it is a step above what is currently available within the community.

Wayne explained he is trying to figure out ways to help the wine industry grow which is a great asset that we have and is one of the core competencies. Looking into where they have events, how to get people to come from out of town for tasting and have an actual event for their wines.

Ron Doan stated he has a question; say the study has been put together and it winds up being a terrific opportunity for us here, would the next step would be to attract an equity investment group to come here and build the property? What would be the next step? Once the \$20,500 is put into this and it comes back with thumbs up, what is the next step? Wayne responded the management group would be the easy part; the difficult part is always the money part. The focus is to try to keep this project at a level where we could do it within our own community. He said conversations he had with stake holders indicate they feel maybe not all but half of the dollars required to do this could be raised within the local community. He stated he's had conversations with lenders in regards to their potential role in financing to be able to develop this. With the Country Club we wouldn't be looking for \$20m, we would be looking for significantly less with less risk.

Melony stated if you have a feasibility study in place, the homework has been done for the investor rather than them taking the time and doing all the research and spending the money up front. We would be doing it and basically be handing it to the investor.

Wayne said this is a great opportunity for our community to take that step towards filling a void and not having the full risk in building a free-standing, from scratch, facility, which brings a lot of risk with it. He said it would ramp up to create occupancy and there is a lot of marketing opportunities here. There is a variety of different ways to package this. He said he is looking at this from an economic

standpoint, helping our community grow the core competencies we have and diversify as a community.

Bob Ragon motioned to recommend the Board of Commissioners to contribute \$20,500 for the feasibility study and development strategy for a boutique hotel on the Roseburg County Club property as presented. Stephen Mountainspring seconded. Ron Doan called the question. The motion passed unanimously.

**IV. Reports/Old Business:**

**A. DCIDB Funding Application/Review Discussion – Melony Marsh**

Melony Marsh provided handouts of example grant and loan applications for other entities with similar funding. Discussion included amending the IDB ordinance and updating the application.

It was a consensus of the Board for Wayne Patterson, Melony Marsh, Alex Palm, Paul Meyer and Chris Boice to draft an updated application to be more user-friendly and easier to screen and present it at the October meeting for comments.

**B. Back Nine Sewer System Installation/ RUSA Grant Update – Melony Marsh/Wayne Patterson**

Melony Marsh, Wayne Patterson and Paul Meyer gave an update on the Back Nine Sewer System Installation/RUSA grant application. The first application has been completed but not yet submitted.

Paul explained the initial draft agreement was sent to RUSA. RUSA indicated the match on the Back Nine construction grant is \$88,235 (not \$75,000) and \$10,588 on the planning/engineering grant (not \$9000) as previously thought. The IDB was notified and the Commissioners were individually ok with those amounts. The agreement was revised and sent to RUSA. The RUSA Board was concerned what their liability is. Paul explained he told them to consult with their lawyer and granting agencies to sort that out. He said he doesn't know what the end result of that is yet. The County's piece was to furnish the match and RUSA's was to apply for the grants.

**V. Open Discussion**

Melony Marsh announced the Senior Center was able to secure a bank loan.

Charmaine Vitek announced the central coast now has ice available for the commercial fleet; the Port installed an ice machine last week.

Wayne Patterson updated the IDB and discussed the ½ day he spent with Fred Wahl Marine.

**VI. Adjourn DCIDB Business Meeting**

Respectfully submitted,

Copy with signatures on file

\_\_\_\_\_  
Brandi Whelchel, Staff

Douglas County Industrial Development Board

Copy with signatures on file

\_\_\_\_\_  
President/Vice President

## **Attachment A**

**A recording of the meeting is available at the CCD office, 522 SE Washington Suite 111A, Roseburg, Oregon.**

### **The following DCIDB members attended the meeting:**

Ron Doan, Bob Ragon, Melony Marsh, Charmaine Vitek and Steve Mountainspring

### **The following DCIDB Ex-officio members attended the meeting:**

Robb Paul, Lance Colley, Sean Negherbon, Carl Patenode and Kristi Gilbert

### **County Representatives:**

Paul Meyer, County Counsel, Commissioner Chris Boice

### **Staff:**

Wayne Patterson, The Partnership for Economic Development; Eileen Ophus, CCD Staff; Tracy Loomis, CCD Staff; and Brandi Whelchel, CCD Staff

### **Ad Hoc Committee Members:**

Melony Marsh

### **Guests:**

KC McKillip, Backside Brewing; Loran Waldron, Land and Water Environmental Services, Inc.; Paul Wilborn, Tri-City Water and Sanitary Authority; and Gary Leif, Commissioner Elect.