



**DOUGLAS COUNTY  
INDUSTRIAL DEVELOPMENT BOARD**

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

**Minutes**

**February 21, 2017**

**10:30-11:30**

**Room 310**

**Douglas County Courthouse**

**1036 SE Douglas**

**Roseburg, OR 97470**

**I. Welcome & Introductions**

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

**II. Approval of Minutes – January 17, 2017 Meeting**

Bob Ragon motioned to approve the minutes of the January 17, 2017, meeting as presented. Dave Sabala seconded. The motion carried.

**III. New Business:**

**A. Officer Elections – Alex Palm**

Alex Palm gave an update on the election committee's recommendations for the 2017 IDB officers. 2 weeks ago the election committee met and made officer recommendations for the board. The nominations were Melony Marsh for President and Stephen Mountainspring for Vice President. No other nominations were forthcoming.

Dave Sabala motioned to elect Melony Marsh, President and Stephen Mountainspring, Vice President. Bob Ragon seconded. The motion passed unanimously.

**B. Commissioner Directive – Alex Palm**

Alex Palm gave an update on the Commissioner's directives for the types of recommendations they are looking for. Alex stated 2 weeks ago he and Dave Sabala met with Commissioner Boice to discuss the direction the Commissioners want to see the IDB go. In the meeting, Commissioner Boice expressed concern about the number of recommendations coming from the IDB that are specific to only one business. The Commissioners would like to see more umbrella projects for industries and infrastructure projects which raise up an entire industry and not just a single business. The IDB and the Commissioners would both like to identify more defined lines as to what proposals are recommended to the Commissioners. Alex said Commissioner Boice will be attending the DCIDB meetings more regularly because scheduling conflicts are coming to an end for him.

Discussion Ensued.

The consensus of the IDB was to better define grey areas for recommendations with the Commissioners.

### **C. Budget – Brandi Whelchel**

Brandi Whelchel gave an update on the upcoming 2018 FY budget. The next scheduled budget committee meeting will be held in the Umpqua Business Center teleconference room on March 8, 2017, at 10:00 a.m. Brandi said she will be getting the budget numbers within the next month.

Alex Palm said after the finance meeting and the approval of a draft budget by the IDB, it will then be presented to Douglas County Management and Finance for final approval.

## **IV. Reports/Old Business:**

### **A. Terra Firma OJT Proposal \$20K – Wayne Patterson/Susan Buell**

Wayne Patterson presented a proposal for the Terra Firma OJT. The total amount for the project is \$52K. The proposal to the DCIDB is for \$20K. Terra Firma is matching the \$20K and UT&E is matching another \$12K. This proposal is for on the job training to meet the needs of the customers they supply. The Partnership has received and circulated documentation from Terra Firma which supports the need for the training. Wayne says he believes this is a perfect fit for the DCIDB, especially with the matching funds.

Paul Meyer stated it was first brought up to the IDB on February 19, 2016, and the minutes reflect it was not approved for recommendation to the Commissioners.

Brandi Whelchel said she has researched back through the minutes to find more information on the Terra Firma OJT proposal. It was proposed around the time Alex Campbell was leaving as a possible retention/expansion project, but it never went any further. It was the consensus of the board they were interested in it, but there was never a formal proposal to the board.

Paul Meyer said he and Wayne Patterson have been talking about this project for the past 6 months, wondering what happened to it.

Wayne said since nothing had been done since the first talks of the project, they have decided to submit a formal proposal to the DCIDB for approval. He said he has a letter from Ryan Beckley stating the need for the training to better serve their customers.

Discussion ensued.

Paul Meyer said Terra Firma was weighing options at one point last year whether to move their headquarters to Tualitin from Roseburg. It may have been a reason it wasn't approved for recommendation at first.

Wayne Patterson states that this is another company, like FCR, where the county can reach out and keep them in Roseburg.

Steve Mountainspring motioned to recommend \$20K funds for the Terra Firma OJT. Dave Sabala seconded. The motion passed unanimously.

### **B. Oak Creek Industrial Property Sale Update – Alex Palm**

Alex Palm gave an update on the Oak Creek Industrial Property Sale. The IDB had recommended to sell 5 acres of the Oak Creek Industrial Property to Key Line Construction for \$40K an acre. He said the 5 year extension on the wetland delineation granted by the Department of State Lands did not get approved by the Army Corps of Engineers or DEQ. Those two agencies are saying the wetland delineation expired in 2011 and the property must be re-delineated. After the wetlands being re-delineated, and what was once a .20 acre of wetlands, has grown to 1.8 acres. Key Line

Construction's estimate from DSL to buy wetland credits was \$128,000 for the additional 1.6 acres to be mitigated. With the subtraction of the cost of mitigation, Key Line Construction would pay \$80,000. Alex states they have still not received their fill/removal permit and are waiting on that.

Paul Meyer states on February 16, 2017, the county received a copy of Keyline Construction's purchase/sale agreement signed for \$67K. Paul said he does not know how it was refined from \$80K to \$67K. The original consensus of the IDB was to sell the property for \$80K. He says Commissioner Boice asked him how it went from \$200K to \$80K and he feels he explained it adequately to him, but he is not sure how the price went from \$80K to \$67K.

Melony Marsh states that at a meeting she thinks it was dropped to a reduced price to cover additional fees.

Paul Meyer says that at the same meeting the consensus of the board was to sell at a reduced price of approximately \$80K. He says the paperwork he did on behalf of the county was for \$67K. Discussion ensued.

Paul Meyer states that the Army Corp of Engineers and DEQ didn't sign off on the delineation extension in which DSL had.

Dave Sabala said that in the future the DCIDB needs to keep in mind the three entities of the delineation process and stay on top of things with them.

## **V. Open Discussion**

Johnathan Wright gave an update on how well the IDB recommendations and investments the Commissioners have made are doing in the coastal region of Douglas County. Johnathan says the Reedsport Commerce Park, owned by new owner George Hargate [sic], is looking into a mixed use scenario for the old International Paper property. He has not spoken with the owner in a month or so but is actively seeking out numerous small leases instead of one big one. It will be at least 1 to 1.5 years before operations begin. Fred Wahl Marine is up to 105 employees, which is a 25% growth. It has just put its 41<sup>st</sup> vessel in the water and are working on number 42 and 43. Johnathan said he is here to give out information to help protect these small businesses by bringing up House Bill 2902 in which it will allow public agencies to enter into the boat repair world. This could deeply impact the private boat/marine businesses, such as Fred Wahl Marine and North River Boats. Normally the City of Reedsport will not take a political stance on any issues, however, Reedsport City Council did take a position on this. It is the City Council's opinion that it should not be a competitive thing and they would like the word "operate" stricken from the bill but allow them to own shipyards, allow them to maintain shipyards, but not allow them to operate. A public agency would not pay property taxes and have a subsidized operation, unlike the private boat/marine industry which operates on their own revenues. There is a distinct economic impact if a public agency operates a shipyard. Jonathan said a number of Ports already have shipyards, but most are non-operational. If Ports started operating their shipyards it will have a significant impact on the coastal region's small businesses, such as Fred Wahl Marine. Fred Wahl Marine is the only operation building boats of any size. The fleets are aging out and there are less clients than before. Private investment could never match what the Ports could do. It would not only take business away from private industry, but could potentially take away from the employment base. The private industry could not compete with a subsidized entity.

Bob Ragon asked who is the the Oregon Public Ports Association?

Charmaine Vitek stated there are 23 ports in Oregon that the Oregon Public Ports Association represents. They are representing the Port of Toledo that wants this House Bill 2902 to pass. She says that there are 4 other ports that own their own shipyards, but most ports lease them out to private companies. Toledo is the only one actually operating their own shipyard.

Johnathan Wright said there has already been an impact on Fred Wahl Marine because the Port of Toledo is operating. He stated the writing is on the wall, if this bill were to pass, for the private boat repair/manufacture industry. He says some ports have weighed in on the bill and the Port of Bandon has invited him down for a meeting. The Port of Toledo purchased Fred Wahl's old operation. Because of the amount of investment it would have taken, Fred Wahl walked away from the old site. The Port of Toledo is also the smallest port with only a 10' draft. The Port of Toledo has since received millions of dollars in Connect Oregon grants and \$2.5 million in dredging. There has been significant state and federal resources expended to make it a viable operation. Yaquina Boat Yard was supposed to be operating the Port of Toledo shipyard, but it did not pencil out. Having a private company operate the facility would have leveled the playing field. But now having a public agency hiring for their shipyard, private industry cannot compete. Private industry cannot pay as much as a subsidized public agency. Johnathan states that finding a workforce is difficult enough for coastal region and with the Port of Toledo opening, they have lost some of the workforce to it. Discussion ensued.

Alex Palm asked Paul Meyer if it was appropriate to send this to the County Commissioners.

Paul Meyer stated it is not part of the IDB mission to do that.

Johnathan Wright said they also have a letter from the Port of Umpqua who has taken a position on House Bill 2902. The Port of Umpqua owned a ship facility who leased it to Fred Wahl Marine and then increased the infrastructure in support of that. They then sold the property to Fred Wahl Marine. Johnathan Wright believes the model works well and there is no need for ports to get into the ship building business.

Alex asked Johnathan Wright if he has made the Commissioners aware of this and Johnathan stated yes, but has not seen anything back in writing. Discussion ensued.

Bob Ragon says if this bill passes it will undo what the IDB and Commissioners have been doing. He suggests the IDB communicate with Commissioners that this bill will put impediments on the activities the IDB has promoted in the coastal region, as well as, the North River Boats business.

Stephen Mountainspring supports communicating with the Commissioners, as long as they offer a friendly amendment to the bill by striking the word "operate" from parenthesis 8 and have the board go on record by saying they support the amendment by deleting the word "operate" from parenthesis 8. He would like the board to take a position of opposition of House Bill 2902 which could be used in the legislature to show there is concern on that particular wording.

Bob Ragon motioned to recommend the Commissioners take a position to oppose House Bill 2902. Stephen Mountainspring seconded with the friendly amendment. The motion passed unanimously.

Johnathan Wright invited the DCIDB to come over to Fred Wahl Marine and see what their investment is doing.

Wayne Patterson stated to Johnathan Wright he should go to the Commissioners Meeting and make a presentation or ask to be put on the agenda. Wayne said he will speak for the Partnership and endorse the situation and get a letter of support for him.

Melony Marsh stated she is willing to represent the IDB on the matter of House Bill 2902.

Charmaine Vitek said she wonders why some proposals or recommendations have been lost in the DCIDB. Discussion ensued.

Paul Meyer stated that the DCIDB only makes recommendations.

Alex Palm stated that the board only makes recommendations and it is up to the Commissioners whether or not it gets on their agenda.

Alex Palm gave an update on the Back 9 Industrial site. The IDB is already involved in a grant to assist with the construction of a sewer lift station and public sewer infrastructure to open up the 100 acres. There was a meeting 2 weeks ago to discuss the development of a public road to access all 100 acres of the site. Alex Campbell and Sean Stephens are assisting on preparing a grant application for an Immediate Opportunity Fund grant. This is an Oregon Department of Transportation grant. At the meeting there was discussion of that grant paying for up to 50% of road construction costs. Alex stated the question is, how do you come up with the other 50% to fund the road? The DCIDB was mentioned as a possibility to help assist with additional funding for the road and this may be on the agenda in the near future.

Wayne Patterson gave an update on the South County Industrial property. The contract with DK Reed Investments, LLC is set to expire March 1, 2017, and Wayne would like a 120 day extension of the contract due to a current project on that land which will involve DK Reed Investments, LLC. The extension will give some breathing room while they work on a deal with the current interested party. They need a little time to work with the individuals who want to put a building on the property. This deal is currently underway.

Dave Sabala asked Wayne Patterson if Commissioner Boice was aware of the extension.

Wayne Patterson said he doesn't think so. Discussion ensued.

Melony Marsh said 120 days is a good amount of time for the project because 90 days would be too short.

Dave Sabala Motioned to extend the DK Reed Investments, LLC contract 120 days. Bob Ragon Seconded. The motion passed unanimously.

## **VI. Adjourn DCIDB Business Meeting**

Respectfully submitted,

Douglas County Industrial  
Development Board

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Cale Morgan, Staff

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President/Vice President

## **Attachment A**

**A recording of the meeting is available at the CCD office, 522 SE Washington, Suite 111A, Roseburg, Oregon 97470.**

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

Dave Sabala, Alex Palm, Melony Marsh, Bob Ragon, Charmaine Vitek, and Steve Mountainspring.

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

Lance Colley, Jonathan Wright, Mike Baker, and Kristi Gilbert.

**County Representatives:**

Paul Meyer, County Counsel.

**Staff:**

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

**Ad Hoc Committee Members:**

Melony Marsh, Alex Palm, and Dave Sabala.

**Guests:**

Jim Zimmer, Fred Wahl Marine; Stuart Cowie, City of Roseburg.