



Proposal for Contracted Economic Development Services to the City of Bend for the 2019-21 Biennium

BACKGROUND

The City of Bend and Economic Development for Central Oregon have enjoyed a long working relationship that dates back to the founding of EDCO in 1981. In the early years, this consisted of financial support through membership in EDCO that was pooled with other private and public funding across the tri-county area to support a regional economic development organization exclusively focused on recruitment of new companies an industry to the region.

More recently, the City of Bend, like other public entities across Central Oregon, have entered into MOUs or contracted services agreements for management and oversight of comprehensive (not just recruitment) local economic development programs covering specific geographic areas of the region. In essence, these comprehensive programs equate to outsourced economic development departments for cities and counties in Crook, Deschutes and Jefferson – specifically for business and industry development efforts. Local governments find that contracting with EDCO saves limited resources while producing a higher ROI in terms of results. Since its inception, EDCO has employed a private-public funding model that leverages support from private businesses so that public entities do not have to pay the full cost of high-quality economic development services. It is a model employed in other metro regions in Oregon (Portland, Salem, Medford) and across the U.S.

In the current 2018-19 fiscal year, EDCO receives \$105,000 from the City of Bend for a comprehensive suite of economic development professional services. A breakout of that funding is included in the table below, which includes proposed services for the coming biennium.

Program Elements	Current FY
Bend Economic Development Program (move and grow)	\$90,000
Venture Catalyst Program (start)	\$10,000
EDCO Regional Support to Bend Program (move, start, grow, and business climate)	\$5,000
TOTAL	\$105,000

Proposed 2019-21 Biennium Contract

Program Elements	FY2019-20	FY2020-21
Bend Business & Industry Development (move. start. grow.)	\$105,000	\$110,000
Work-Ready Talent	\$10,000	\$10,000
Setting the Table for Economic Development in Bend	\$6,000	\$7,000
TOTAL	\$111,000	\$117,000

These program elements represent a material shift in the type of effort and deliverables for what we expect to be doing in the next two years from what we have done in the past two years. Business development will continue to be the foundation of our services and value to the City of Bend, however we are seeing headwinds to success on this front that must be tackled head-on to meet future job growth and industry diversification goals. From our daily interaction with traded-sector businesses, we know that workforce (skills, training and quantity), employment land and buildings (office, light industrial) housing (supply, mix, cost) and business climate (regulatory, employment laws, tax structure) are top on the list of concerns for either choosing Bend for relocation or remaining in the city for growing firms. EDCO will look for the greatest possible leverage of our limited time, resources and expertise to change these underlying challenges to successful job growth and industry diversification.

PROGRAM ELEMENTS - DETAIL

BEND BUSINESS & INDUSTRY DEVELOPMENT

EDCO's business and industry development work is grouped into three primary areas of focus:

- Move** – recruitment of traded-sector companies new to Bend
- Start** – support of startups and entrepreneurs in Bend
- Grow** – helping Bend companies stay and grow here

The purpose and primary mission of the organization and Bend program is to provide more and better paying jobs for our residents and a mix of traded-sector industries that can, together, withstand changes in the national business cycle. There are many elements to each focus area, which are outlined broadly below (objectives) and specifically (activities) in the attached Scope of Work (*See Appendix B*).

MOVE PROGRAM ELEMENTS

Lead generation and conversion for new companies and industries is at the heart of EDCO's core competency since its inception. In this next planning cycle this program element will face some continuing headwinds that have become more apparent in the last few years. These include land and built space inventory constraints; a shortage of available workforce, a lack of infrastructure serving much of our Greenfield development land and redevelopment areas, and finally the high cost of what is available for both bare land and existing space. These constraints have changed the composition of the companies that are well-positioned to move to Bend. Recruitment projects tend to be smaller, have higher skilled jobs and require less capital investment to make them viable. This program element

combines the joint efforts of EDCO's Bend Manager, Director of Marketing & Communications and CEO.

Our Goal: Move 10 traded-sector businesses to Bend. Elements include:

- Objective 1.1** Deploy a variety of targeted marketing recruitment strategies to generate interest in Bend as a preferred business location for small companies and saleable startups.
- Objective 1.2** Generate new leads annually for new recruitment prospects via diverse sources (i.e. tradeshows, domestic and international recruitment missions, qualified lead purchases, leads from industry cluster/development work, primary research, referrals, etc.)
- Objective 1.3** Develop new and creative local recruitment incentives for Bend
- Objective 1.4** Achieve industry critical mass targets identified in EDCO's strategic plan (see page __

START PROGRAM ELEMENTS

From hosting among the largest angel conferences in the U.S. (Bend Venture Conference) to Oregon's most successful monthly event series for startups (Central Oregon PubTalks), EDCO is widely recognized as a leader in Oregon and the Pacific NW for successful development of an entrepreneurial ecosystem capable of creating the next generation of scalable, young companies. EDCO Venture Catalyst Brian Vierra is dedicated full-time to this effort which focuses primarily on two key elements: expert mentorship of startups and access to equity and other non-standard (equity or debt) business capital.

Our goal: Make Bend a top 10 location in the U.S. to start a scalable business. Elements include:

- Objective 1.5** Continue success of Venture Catalyst Program*
- Objective 1.6** Maintain portfolio of at least 60 promising Bend startups that raise \$26 million of investment capital, realize \$60 million in revenue and create 250 jobs.
- Objective 1.7** Grow key financial and human assets dedicated to helping young companies, specifically attracting 15 new equity (seed, angel, venture) investors
- Objective 1.8** Assist growth of co-working spaces, accelerators and other collaborative models for young companies

**It should be noted that services provided to startups in Bend via the Venture Catalyst Program are financially supported by Deschutes County, private foundations, non-profit organizations and net income from the Bend Venture Conference and PubTalks. This additional funding provides great leverage and value for this program element.*

GROW PROGRAM ELEMENTS

It is a well-established fact that a majority of new jobs in any community comes from existing employers. Given rising costs in Bend and other challenges with workforce (quality, quantity) and housing, creative and sustained work to retain and grow Bend traded-sector businesses is critical to a successful economic development program. While the Bend Manager leads most of these efforts, support is provided by EDCO's CEO and other EDCO regional staff to capitalize on every opportunity.

Our Goal: Grow our existing traded-sector companies and continue industry diversification. Elements include:

Objective 1.9 Realize goal for 663 new jobs in 10 key industries as outlined in EDCO’s Strategic Plan (see page ___).

Objective 1.10 Meet with at least 200 local traded-sector companies per fiscal year to identify opportunities to expand and challenges to staying and growing in Bend.

Objective 1.11 Effectively manage incentive programs that help Bend’s traded-sector companies. (i.e. the Bend Enterprise Zone, Bend Airport portion of the Rural Deschutes County Enterprise Zone, Deschutes County Rural Renewable Energy Development Zone, Deschutes County Economic Development Fund, federal Opportunity Zones, etc.)

Objective 1.12 Facilitate development of new or affiliation with existing industry groups and associations as needed.

WORK-READY TALENT

For much of the past three decades, in-migration has outpaced job growth in Bend and the Central Oregon labor shed area. This presented a favorable environment for employers to hire the best talent and a very competitive cost. That advantage has changed in recent years as job growth has soared to among the highest rates anywhere in the country. In-migration has also been strong but is now lagging job growth. Strategies for addressing this macro issue under this contract with the City of Bend will be focused on the following:

Objective 2.1 Cultivate the regional Youth Career Connect into a top internship program in the country.

In Bend, this effort is led by the Bend Chamber, however EDCO has been and will continue to work behind the scenes to build the needed infrastructure and systems for regional program that efficiently and effectively connects the needs of employers with the interests of high school, college and university students.

Objective 2.2 Develop a robust trailing spouse employment network for Bend and the Central Oregon region.

For years EDCO has connected trailing spouses/significant others for its recruitment projects in a ‘one-off’ fashion as that issue arises. This effort would focus around creating a network of employers that opt-in to talking with trailing spouses about employment opportunities at their respective organizations.

Objective 2.3 Partner with other organizations to develop industry-relevant training and education.

Again, this has been an activity that EDCO has engaged on a case-by-case basis over the years which was driven by specific company needs. The effort in this two-year contract period will be to focus training/education on groups of companies or industries that have similar needs to create a pool of work-ready talent.

Any success on this front will require working closely with partners within the existing workforce system (i.e. East Cascades Works, WorkSource Oregon, COIC, etc.) while at the same time drawing on best practices from private sector.

SETTING THE TABLE FOR ECONOMIC DEVELOPMENT

We've called this work other things in past strategic plans – business climate improvements, strategic projects, economic development infrastructure, capacity building – but it all distills down to preparing the region for economic success. Usually these efforts don't directly create jobs but are essential for paving the way for employment growth, diversification and capital investment that are the underpinnings for a healthy and vibrant economy.

For most of this work, EDCO plays a supporting role to other organizations to positively influence outcomes rather than taking the lead. Yet, where there is a bottleneck to progress, EDCO is quick to stand in the gap and catalyze action and forward motion.

For the 2019-21 fiscal biennium, EDCO will be focused on five objectives:

- Objective 3.1** Facilitate construction of 200,000 new office and industrial space in Bend.
- Objective 3.2** Add 3 new, daily non-stop flights and 2 new non-stop destinations for commercial air services through the Redmond Airport.
- Objective 3.3** Advocate for businesses with public policy makers.
- Objective 3.4** Work with private and public utilities on industrial land readiness.
- Objective 3.5** Advocate for policies that expand the Bend and regional housing supply.

The contract for services with the City of Bend includes much more than one full-time economic development professional dedicated to the Bend area. Rather than a one-person office and program, the Bend Area Director for EDCO enjoys significant operations, event planning, marketing and communications, press relations, IT services, and strategic planning support from the EDCO regional team also located in the Bend office.

Appendix C:

Assigned EDCO Staff for the Bend Program

Kip Barrett, EDCO's **Bend Area Director**, is now in his second year with EDCO, during which he's quickly up to speed on all aspects of economic development. Kip's past experience with Tesla, Solar City where he was a mergers and acquisitions (M & A) Transition Lead has provided him with a unique skill set to manage many complicated projects simultaneously. He is consistently leads all EDCO local directors for the highest number of local traded-sector business meetings to seek out challenges and opportunities. Kip has also co-founded a startup in the energy sector and been a longtime accredited investor so has experience with evaluating young companies and emerging technology. He is a graduate of University of Wisconsin-Madison in Economics and has his MBA from Portland State University.

Brian Vierra is the **Venture Catalyst** for EDCO, where he works closely with early stage companies to connect them with capital, advisors, mentors and other resources. He is also an active angel investor, both individually and through professionally managed funds such as Oregon Angel Fund and Cascade Angels. Previously, Brian founded Embers Asia which was sold to Exo Travel in 2007. In 2001 he started one of the first Adventure Sports Outfitters in Vietnam, in which he still retains ownership. Brian developed his penchant for adventure (and risk) as a Peace Corps volunteer in Tanzania. He received his undergraduate degree from Whitman College and his Masters in International Management from Portland State. 100% of Brian's time and work at EDCO is dedicated to helping entrepreneurs and building a robust local infrastructure for young, scalable companies. Roughly 90% of that time and work is with Bend-based startups.

Roger Lee, EDCO's **CEO**, has 26 years of economic development experience - nearly of 20 of which has been leading EDCO. During that time, he has held volunteer roles in the industry including as President of the Oregon Economic Development Association (OEDA) and board member of the Pacific Northwest Economic Development Council, an association of organizations in six states and three Canadian provinces. Prior to work in this field, he held positions with Hewlett Packard and Idaho Power. He holds a bachelor's degree from University of Washington in Economics. Approximately 25% of Roger's time and work is dedicated to the Bend Program, supporting other team members, strategy, business recruitment, enterprise zone management and more complex business retention/expansion projects.

Elise Rossman is EDCO's **Director of Marketing & Communications**, where she is responsible for all online assets (websites, blog and social media), media relations, printed publications, and event multi-media marketing. She is also an active member of a team setting and implementing strategy for business recruitment, early-stage company pitch coaching, and event design. Elise's past work includes marketing and promotions roles with one of the largest Broadway venues (Playhouse Square – Cleveland, OH), Live Nation and House of Blues. About 15% of Elise's time at EDCO is allocated to the success of the Bend program.

Erin Reilly, EDCO **Director of Events**, is responsible for all aspects of EDCO's 50+ events it produces on an annual basis – most of which are hosted in Bend. This work includes securing sponsorships, vendor management, food and beverage coordination, registration and other event logistics. During her 6+ year tenure with the organization, event income as a total share of revenues has grown from less than 10% to more than 23%. Reilly is a native of Oregon but has spent much of her adult life in Hawaii where she was an entrepreneur, jewelry designer and photographer.