

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: June 10, 2025

Approx. Start Time: 2:00PM

Approx. Length: 30 min

Presentation Title: Office of Economic Development Business Development Grant Program Year 2

Department: Transportation & Development - Office of Economic Development

Presenters: Dan Johnson, Director; Laura Edmonds, Manager Office of Economic Development

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Board review and approval of Year 2 Business Development Grant (FY 2026) program criteria and funding level totaling \$600,000.

EXECUTIVE SUMMARY:

FY2025 was the first year of the OED Business Development Grant program. The success of the program, as demonstrated by the accomplishments of the awardees, supports the County continuing this important economic development funding program. Below is background on how the initial process was developed.

On April 17, 2024, the Board directed OED to develop a Business Development Grant program awarding \$600,000 annually, to invest in local businesses to ensure their ongoing success in the County. OED staff developed a competitive grant program providing funding to existing traded sector businesses to relocate to or expand operations in Clackamas County. Funding was to support Capital Investments and/or Workforce Development projects, with a maximum award of \$100,000. The program received 34 total applications, representing \$1,942,447 in total funding requests. A Review & Recommendation Committee was formed to evaluate eligible applications and make final project funding recommendations to the Board.

On December 11, 2024, the Board approved the R&RC's funding recommendations for 11 projects totaling \$600,000 (Attachment A). The Board directed staff to create Funding Agreements for final approval, which were completed on February 13, 2025 and March 6, 2025. Due to unforeseen circumstances, the 11th grantee was unable to move forward. The unspent funding (\$50,000) will be included, for one time only, in the next round of grants, if the Board chooses to move forward.

Due to the high demand for funding in Year 1 of this program and the current economic climate, OED staff recommends maintaining the already established funding criteria for Year 2 (See Attachment B). This funding will help meet the needs of an additional cohort of traded sector businesses in the county. Staff will utilize learnings from both program years alongside OED's annual Economic Landscape Analysis and the Board's direction, to review possibly proposed adjustments to the funding criteria for Year 3.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? ☒ YES ☐ NO

What is the cost? \$600,000

What is the funding source? Lottery Revenue

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals?
September 13, 2023 the Board supported OED's Strategic Priorities and Goals and within the structure of that program, indicated the importance of those goals that support business retention, expansion, growth, as well as workforce development.

- How does this item align with the County's Performance Clackamas goals?
These items align with the Board of Commissioners Performance Clackamas strategic priorities to "Grow a Vibrant Economy".

LEGAL/POLICY REQUIREMENTS:

Oregon Revised Statute (ORS) 461.540 stipulates these funds are to be utilized for the following public purposes:

- A. Creating jobs;
- B. Furthering economic development in Oregon; or
- C. Financing public education.

"Furthering economic development" includes, but is not limited to, providing:

- A. Services or financial assistance to for-profit and nonprofit businesses located or to be located in Oregon;
- B. Services or financial assistance to business or industry associations to promote, expand or prevent the decline of their businesses; or
- C. Services or financial assistance for facilities, physical environments or development projects, as defined in ORS 285B.410 (definitions for ORS 285B.410 to 285B.482) that benefit Oregon's economy.

PUBLIC/GOVERNMENTAL PARTICIPATION:

Public & Government Affairs will continue to be a key partner in development of marketing plan and promotion of the grant program. The Review & Recommendation Committee roster will continue to include staff from multiple County departments.

OPTIONS:

Option 1: Direct staff to advance of the Business Development Grants with the proposed criteria and funding as presented.

Option 2: Direct staff to advance the Business Development Grants, with Board recommended modifications.

Option 3: Direct staff to not advance the Business Development Grants program at this time.

RECOMMENDATION:

Staff respectfully recommends Option 1: Direct staff to advance the Business Development Grants with the proposed criteria and funding as presented.

ATTACHMENTS:

Attachment A: FY24/25 Grantee Project Updates

Attachment B: Year 1 Grant Program Criteria

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

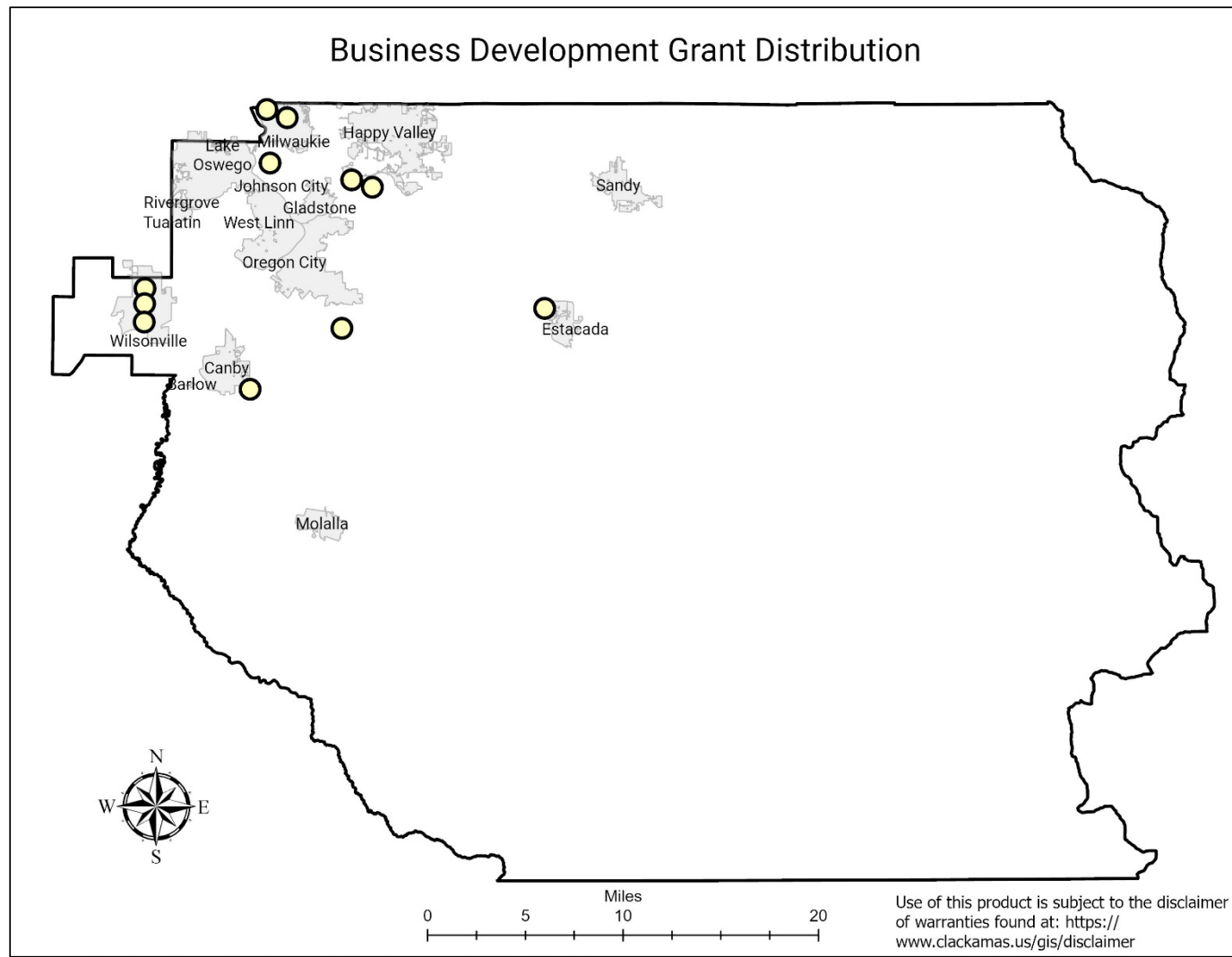
County Administrator Approval _____

For information on this issue or copies of attachments, please contact Laura Edmonds 503-742-4366

Year 1 Grantee Project Updates

Business Name	Industry	Grant Award	Brief Grant Project Summary	Project Updates as of May 1, 2025
Stumptown Coffee Corp	Coffee / Food & Beverage Manufacturing	\$100,000	Upgrading current bare warehouse into cold brew manufacturing facility	Some equipment purchased and installed, 1 of planned new employees hired
Bridgetown Mushrooms	Agriculture / Mushroom Production	\$90,000	Relocating mushroom 'farm' from Washington County to CC. Upgrading a warehouse to production facility, massive expansion in production	Major equipment ordered, awaiting delivery
Overland Van Project	Motor Home Manufacturing	\$75,000	Hiring welder and assembler (high wage jobs) + equipment to move out-of-county contracted labor in-house	Both new employees hired, 1 out of 2 pieces of equipment purchased
Zenner's Quality Meat Products	Sausage and similar cased products made from purchased carcasses	\$62,000	Purchasing new smokehouse to complete move of entire cooked meat production line from outside county to CC	Finalizing internal infrastructure for new equipment, scheduling out purchase and installation of new equipment
Cranston Machinery Co	Manufacturing for the Pulp and Paper Industry	\$51,000	Replacing failing equipment with upgraded machine to increase efficiency and expand product offerings	Monitoring market for equipment purchase (tariff-impacted)
QB Fabrication & Welding Inc	Fabricated Structural Metal Manufacturing	\$50,000	Purchasing new equipment to decrease lead time and increase output	Equipment ordered, awaiting delivery and install
Allied Technologies International	Advanced Manufacturing	\$50,000	Purchasing new equipment and software to increase quality assurance and expand product offerings	Software systems have been upgraded, under negotiation for equipment purchase
Trails End Distilling	Distillery	\$50,000	Unable to move forward with project	N/A
Steve Locke Construction	Prefabricated Wood Building Manufacturing	\$26,000	Purchase of and custom upgrades to new delivery truck to increase delivery range and meet high out-of-state demand	Truck purchased
Miles Fiberglass & Composites	Laminated Plastics Plate, Sheet	\$26,000	Purchase of and staff training on new Enterprise Resource Planning software + additional hardware	Software purchased, full transition and employee training in progress
Photo Solutions	Encoder (Advanced Manufacturing)	\$20,000	Purchase of new manufacturing equipment and hiring minimum of 3 workers to increase production efficiency and output	4 new employees hired, received and installed 1 of 2 major equipment purchases

Summary of Grant Awards: Project Locations



Locations within city jurisdictions:

- *Milwaukie (2 projects)*
- *Wilsonville (3 projects)*
- *Estacada (1 project)*

Locations within unincorporated county:

- *Canby (1 project)*
- *Oak Grove (1 project)*
- *Oregon City (1 project)*
- *Clackamas (2 projects)*

Attachment B

Clackamas County Office of Economic Development (OED) Business Development Grant Program June 10, 2025

Clackamas County Office of Economic Development is pleased to introduce the new Business Development Grant Program proposal. Funded through State of Oregon lottery funds¹, with intentions of expanding with other grants sought by staff, this program is designed to provide the opportunity for eligible entities to apply for resources to support business improvement and expansion efforts that further economic development across the county.

Program Overview:

Business Development Grant: provide funding for capital investments to various sized traded sector businesses looking to relocate, expand or retain their operations in Clackamas County.

Funding/Maximum Award:

- Initial Total Program Funding: FY 25/26 \$600,000 - Reallocation of current non-competitive grant program
- Additional funding will be sought by staff via local, state and federal grants to provide matching funds when and where appropriate

Who is eligible for Business Development funding?

- Traded sector industries, already established, that are located in or move to Clackamas County are eligible to apply for consideration of funding
- Eligible business costs include only costs to carry out a project as determined in the application process
 - Project shall meet the criteria of the grant program and be achievable
 - Businesses may only apply once and may only receive one-time funding
 - All funding agreements approved by the Board

Business Development Grant Program: Maximum award: \$100,000

Awards may be situational in nature and may be awarded based on the businesses unique needs to establish, maintain or grow a business in Clackamas County. Awards may be less, but not more than \$100,000.

Businesses may apply if they are:

- Interested in establishing a new location or relocating an existing business in Clackamas County and would benefit from additional support for capital infrastructure improvements or
- Already located in Clackamas County and in need of matching funds for local, state or federal grants to leverage larger investments to support the expansion and overall health of their business or

¹ According to state statute, "Furthering economic development" includes, but is not limited to, providing Oregon;

- (A) Services or financial assistance to for-profit and nonprofit businesses located or to be located in Oregon;
- (B) Services or financial assistance to business or industry associations to promote, expand or prevent the decline of their businesses; or
- (C) Services or financial assistance for facilities, physical environments or development projects* that benefit Oregon's economy (*as defined in https://oregon.public.law/statutes/ors_285b.410 (definitions for ORS 285B.410 to 285B.482))

- Already located in Clackamas County and in need of financial support to expand operations and increase their employee count to add production capacity.

Criteria for a Grant Award:

- Must increase production of locally-sourced goods and services
- Must increase employee count by 10%
- Matching funds must equal, if not exceed, the amount applied for (*we would specify in greater details the rules associated with matched funding when the business is applying for Federal or State grants that require the business to come up with a specific amount i.e.; 10% of the total grant*)
- Verification of investment in improvements are required within one year of funding and if not received or proven, company must return all grant funds received.
- Business must be able to demonstrate impact of funding in **one or more** of the following ways:
 - Must support capital improvements
 - Must support capacity improvements
 - Must support workforce growth, development and retention
 - Must leverage other funding that multiplies investment in business
 - Must expand offerings to enhance market share
 - Must support retention of business in Clackamas County
 - Must support relocation of business to Clackamas County
 - Must be an established business, existing for at least 2 years

Details for consideration of awards:

- Competitive grants available to established traded industry sector businesses that are located in or re-locating to Clackamas County
- Annual funding cycle based on availability
- Committee reviews applications and recommends a slate of awards to Board of County Commissioners
- The Board of County Commissioners will approve all final funding awards
- All awardees will be required to enter into a funding agreement with Clackamas County. The Funding agreements will specify appropriate project expenditures, reporting structure for deliverables and outcomes