



CITY OF ALBANY
CITY COUNCIL WORK SESSION
Council Chambers
Monday, January 26, 2015
4:00 p.m.

OUR MISSION IS

*"Providing quality public services
for a better Albany community."*

OUR VISION IS

*"A vital and diversified community
that promotes a high quality of life,
great neighborhoods, balanced
economic growth, and quality public
services."*

AGENDA

4:00 p.m. **CALL TO ORDER**

4:00 p.m. **ROLL CALL**

4:05 p.m. **BUSINESS FROM THE PUBLIC**

4:10 p.m. **LINN-BENTON COMMUNITY COLLEGE/ALBANY INDUSTRY REQUEST FOR
ECONOMIC DEVELOPMENT FUNDS**

Action Requested: Continued discussion from July 7, 2014, City Council Work Session.

6:15 p.m. **COUNCILOR COMMENTS**

6:25 p.m. **CITY MANAGER REPORT**

6:30 p.m. **ADJOURNMENT**

Rules of Conduct for Public Meetings

1. No person shall be disorderly, abusive, or disruptive of the orderly conduct of the meeting.
2. Persons shall not testify without first receiving recognition from the presiding officer and stating their full name and residence address.
3. No person shall present irrelevant, immaterial, or repetitious testimony or evidence.
4. There shall be no audience demonstrations such as applause, cheering, display of signs, or other conduct disruptive of the meeting.

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation, advance notice is requested by notifying the City Manager's Office at 541-917-7508, 541-704-2307, or 541-917-7519.



TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Kate Porsche, Economic Development & Urban Renewal Director
DATE: January 23, 2015, for the January 26, 2015, City Council Work Session
SUBJECT: Albany Industry Request for Economic Development Funds

RELATES TO STRATEGIC PLAN THEME: ● Goal III – A Healthy Economy

RELATES TO:

- Prosperity: – Maintain and grow the income levels with a focus on living-wage jobs, training and education opportunities of Albany residents, consistent with Oregon and national trends. Work to increase the community's assessed value while working to achieve a healthy balance of housing and jobs.

Action Requested:

Roundtable discussion and deliberation of the Albany Industries' **revised** request for funding partnership through the Economic Development Funds.

Discussion:

Background

The goal of this work session is to bring together the full City Council with industry representatives in a roundtable format to discuss the final revised funding request to support workforce development in Albany. Following work and feedback from the ad hoc subcommittee along with various meetings, the industry group has honed in their request to the specific items necessary for this partnership. Industry representatives, led by Jim Merryman, CEO of Oregon Freeze Dry, Inc., will present information and be available to discuss the proposal and answer Council questions.

As you may recall, formulation of this request came out of an industry and community-driven approach to solving the very real problem of skilled workforce availability in our community. Conversations around skilled workforce availability have been underway for some time, over 18 months. The Albany Area Chamber of Commerce (Chamber) has been a leader in this effort as their members and industry leaders identified the need for a trained and highly skilled workforce as a top priority and need for Albany and the region. The Workforce Development Taskforce was formed and has brought together partners including Greater Albany Public Schools, Linn-Benton Community College (LBCC), numerous industry leaders, government, and partner organizations.

This industry-led solution focuses on education and meeting the needs of local business through the creation of a skilled workforce. This proposal is a part of the greater effort to develop a training pathway for the 70 percent of K-14 students that will not go on to four-year institutions. Skilled workforce challenges are not unique to Albany—this is a statewide and national issue and priority.

Through numerous meetings and discussions, our industry leaders – including ATI Specialty Alloys and Components, ATI Cast Products, Oregon Freeze Dry, Viper Northwest, Selmet, L&R Fabrication, WR Grace, National Frozen Foods, and recent new potential businesses

wanting to locate in our area – have consistently indicated that one of the most critical pieces for their success in Albany is an educated, skilled workforce.

Jim Merryman has worked with industry and LBCC representatives to refine the original request to represent the minimum amount of equipment needed to meet the education that the local industry is requesting LBCC provide.

As part of the ad hoc subcommittee work, local industry invited Councilor Rich Kellum to tour several industry locations, including LBCC, in order to better understand the request. Each business discussed the demand for educated workers at their sites. When we talk about the need, this is a continuing demand for workforce as all of the local businesses have an aging workforce and retirements for many years to come. At the same time, these businesses also have growth happening, creating even more ongoing demand for skilled, educated workers for the next five to ten years. Additionally, as new businesses locate here, (which, with the economy picking up, we have had numerous inquiries lately) the demand will be even higher. To underscore this point, I would tell you that in my dealings with companies of all sizes (Fortune 100 to small start-ups) one of the top priorities is the answer to this question: Does Albany has access to the skilled workforce they need?

Jim Merryman will lead the discussion for the Industries, but representatives from many different companies and representatives from LBCC will be available to participate in the conversation and answer questions. They will come prepared to discuss answers to the following questions that have been raised along the way including:

- What is industries' specific need related to jobs and skills?
- Is this a one-time need or ongoing?
- What is industries' commitment to this partnership?
- What sorts of contributions has industry made?
- How are the high schools connected?
- Why didn't LBCC simply include funding for this program in their bond?
- What is the resource allocation timeline?
- Why isn't the request structured as a repayable loan?
- How will this partnership benefit business, the community, and citizens of Albany?

Request from Albany Area Manufacturing Industries – Our local industries, educators (LBCC/K-12), Chamber, and Albany-Millersburg Economic Development Corporation (AMEDC) alike agree that we have a great need for skilled manufacturing education. This package has been honed in to include only the top-priority items; and the industries have conveyed that it is an all or nothing request, i.e., a lesser contribution will not be enough to create the types of education training programs that local businesses need.

Instead of individual businesses requesting economic development funds, this is a collaborative effort that will help all businesses, as well as the citizens of Albany. While the request is from Albany industries, LBCC would house the equipment and administer the program.

If approved, the package would be a “not to exceed” number and any funds would be paid out on a reimbursement basis. Additionally, once the investment is made, LBCC President Greg Hamann indicates that enrollment will cover ongoing costs of the program including staffing, maintenance, as well as an equipment replacement fund.

Original Request: \$4,365,863

Revised Request

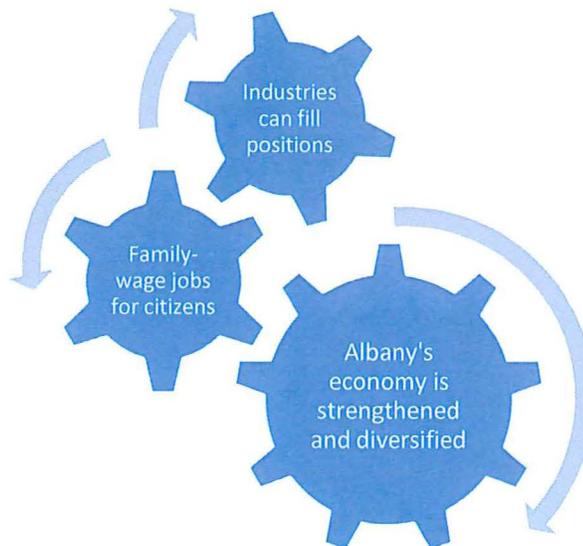
Item	Description	Cost
Non Destructive Testing	Implement 2-year degree and four 1-year certificates. Request includes funding for the following programs: Ultrasonic Testing, Penetrant Testing, Radiographic Testing , Mag Particle Testing, Visual Testing .	\$1,391,195.00
Welding	Implement titanium welding, modify and increase pipe welding, increase fabrication capacities.	\$ 310,233.50
Machine Tool	Modify and increase Computer Numerical Control (CNC); coordinate Measuring Machine (CMM) capacities.	\$ 587,500.00
Mechatronics	Modify and increase mechanical, electrical, controls: multidisciplinary field of engineering capacity.	\$ 612,293.40
Total	(see attachment A for detailed breakout)	\$2,901,221.90

Benefits

The investment of these economic development funds focuses on education, but the main benefit is ongoing job creation and business retention in Albany.

You have before you a request from a strong and diverse cross-section of Albany manufacturing businesses. These companies and those looking to locate in Albany have told us their greatest need is *a skilled workforce*. This partnership will help our existing Albany businesses and sets the stage to attract companies in the future—to expand and diversify Albany’s economy. Albany has an opportunity to jumpstart and overcome the local and national challenge related to workforce and manufacturing.

While this request is from our local industries, it truly is a triple net win: our industries are able to fill their positions with skilled workers, our economy becomes stronger and more prosperous, and our citizens have more opportunities for work in our community with great educational opportunities and strong wages through manufacturing jobs.



By way of illustrating the scope of benefit versus the cost of this partnership, the PepsiCo project would have seen the creation of around 400 jobs with a City contribution of \$45 million—a cost of \$112,500 per job. The industries have indicated that should this training program come to fruition, they, conservatively, could fill over 827 positions over the next five years. Moreover, they are willing to sign Partnership Commitment Forms (see attachment B) to solidify their commitment. These are not entry-level jobs—these high-skill positions are family-wage jobs. With a \$2,901,222 investment, that works out to a cost of only \$3,508 per job. I will let them bring forth the details Monday, but merely wanted to illustrate the scope of benefit in relation to other partnerships you have considered.

With this initiative being driven and supported across industries, the communitywide benefit, and solution to arguably our biggest barrier to economic development, staff strongly supports funding of the partnership.

Budget Impact:

The request before you is for a one-time investment of \$2,901,221.90. Funding may be paid out over time and specifics of the allocation timeline will be discussed Monday. Additionally, if approved, funds would be treated as a “not to exceed” number and payments would be made on a reimbursement basis for actual expenses incurred.

If you have an interest in moving forward with this partnership, staff would plan to work through the details that would become the foundation of an agreement between industries, LBCC, and the City (one example, industries and LBCC agreed that if any equipment is sold before the end of five years, any revenue would go to the City.) If there are specific items that you are concerned about, please be sure to bring them up so we can address them.

Based on an initial analysis of the Economic Development Fund and the timelines related to this proposal, the fund would be able to accommodate this request in addition to the amount recommended for Police and Fire Stations by the Public Safety Facilities Review Committee. A more detailed analysis will be available Monday.

KP:de:ldh

Attachments 2

		QTY	COST PER ITEM	SUBTOTAL	ITEM COST
NDT TYPE TESTING	EQUIPMENT				
<i>ULTRASONIC TESTING</i>					
	WESTPRO UT IMMERSION TANK	1	447,098.00	447,098.00	
	OLYMPUS OMNISCAN MX2 PACKAGE	1	93,045.00	93,045.00	
	EPOCH 600	8	6,300.00	50,400.00	
	TRANSDUCERS	10	400.00	4,000.00	
	OLYMPUS 380L PLUS THICKNESS GAUGE	4	3,950.00	15,800.00	
	ECHOMAC FDS	1	33,500.00	33,500.00	
	TED CONSUMABLE QUOTE	1	37,272.00	37,272.00	
			SUB-TOTAL	681,115.00	
<i>PENETRANT TESTING</i>					
	MAGNAFLUX WATER WASH PEN LINE ZA1227	1	9,400.00	9,400.00	
	MAGNAFLUX WATER WASH PEN LINE ZA1663	1	18,300.00	18,300.00	
	MAGNAFLUX PE HYDROPHIL PEN LINE ZA1227	1	11,050.00	11,050.00	
	MAGNAFLUX PE HYDROPHIL PEN LINE ZA1663	1	22,400.00	22,400.00	
	INFINITEX - SPLITTER JR WASTE WATER RECYL	1	11,500.00	11,500.00	
	TED CONSUMABLE QUOTE	1	31,462.00	31,462.00	
			SUB-TOTAL	104,112.00	
<i>RADIOGRAPHIC TESTING</i>					
	TED SCHOOL 300KV X-RAY CAB	1	35,000.00	35,000.00	
	ERESCO 65 300 KV PORT X-RAY AC	1	56,105.00	56,105.00	
	ERESCO 65 300 KV PORT X-RAY WC	1	62,536.00	62,536.00	
	GEIT MECO FILM PROCESSOR	1	22,272.00	22,272.00	
	PROCESSOR ACC				
	BASE TABLE	1	488.00	488.00	
	REPLACEMENT TANKS	1	469.00	469.00	
	LIGHT TIGHT COVER	1	506.00	506.00	
	CARESTREAM CR	1	120,000.00	120,000.00	
	VIDISCO DR	1	174,000.00	174,000.00	
	X-RAY CONSUMABLE PACKAGE	1	40,033.00	40,033.00	
			SUB-TOTAL	511,409.00	
<i>MAG PARTICLE TESTING</i>					
	MAGNAFLUX A2030	1	34,000.00	34,000.00	
	MAGNAFLUX MAG KIT	1	10,770.00	10,770.00	
	TED CONSUMABLE QUOTE	1	13,889.00	13,889.00	
			SUB-TOTAL	58,659.00	
<i>VISUAL TESTING</i>					
	TI VS VIDEO SCOPE	1	22,700.00	22,700.00	
	ITI FLEXIBLE FIBERSCOPE 8MM/2M	1	10,950.00	10,950.00	
	ITI RIGID BORE SCOPE 8MM/13"	1	1,600.00	1,600.00	
	ITI WHITE LIGHT SOURCE	1	475.00	475.00	
	ITI LIGHT GUIDE 6'	1	175.00	175.00	
			SUB-TOTAL	35,900.00	
			NDT SUB-TOTAL	1,391,195.00	
WELDING					
	LC Technology Welding LCWC-801 Chambers with 4 station each	3	21,225.50	63,676.50	
	LC Technology Standalone LCWC-1 Chambers	6	10,000.00	60,000.00	
	Used Argon Welding Chambers	2	12,000.00	24,000.00	
	Miller Sycrowave 250 Welding Machines	8	2,849.00	22,792.00	
	Scotchman 65 ton Ironworker	1	17,790.00	17,790.00	
	Jet model 320033 radial drill press	1	12,000.00	12,000.00	
	Ellis model 9400 drill press	3	2,500.00	7,500.00	
	24" vertical bandsaw	1	10,750.00	10,750.00	
	Plasma Cutters	4	3,000.00	12,000.00	
	H&M pipe cutting machines with motor kit and shape cut attach/6 templates	3	4,975.00	14,925.00	
	SLUGGER Welding Positioner, vert load 200 lbs	1	2,800.00	2,800.00	
	Hot-Tap Machine	1	2,000.00	2,000.00	
	Startup Consumables	1	60,000.00	60,000.00	
			WELDING SUB-TOTAL	310,233.50	
MACHINE TOOL					
	Super Mini Mill, with options and simulators	1	55,000.00	55,000.00	
	Mori Seike Turning Center, no subspindle, with live tooling, NLX2500MC/700	1	180,000.00	180,000.00	
	Mori Seike Turning Center, with subspindle and live tooling, NLX2500SY/700	1	250,000.00	250,000.00	
	ROMER CMM with Interface and 10 seat remote sim software	1	75,000.00	75,000.00	
	Remote Digital Viewing and Distance System	1	27,500.00	27,500.00	
			MACHINE TOOL SUB-TOTAL	587,500.00	
MECHATRONICS					
	GE FANUC robots with controllers	3	45,000.00	135,000.00	
	Amatron Hydraulics Trainers	6	22,379.40	134,276.40	
	Amatron Level/Flow Process Trainers	4	22,069.25	88,277.00	
	Cisco Network Process Simulation Hardware/Software Control/Security/SCADA	12	15,000.00	180,000.00	
	Fluke Power Quality Meters	6	4,200.00	25,200.00	
	Festo Filtration Station 544253	1	30,000.00	30,000.00	
	Allen Bradley PLCs	12	848.00	10,176.00	
	Allen Bradley Device Net Scanners	12	247.00	2,964.00	
	Dell Station for use with PLCs	8	800.00	6,400.00	
			MECHARONICS SUB-TOTAL	612,293.40	
			TOTAL	2,901,221.90	

LBCC Employer-College Partnership Commitment Form

Industry:

Linn Benton Community College

Our Business commits to agree to work with Linn Benton Community College to do the following:

- Help design and implement program strategies and goals.
- Identify and map the necessary skills and competencies to include:
 Assist with designing programs and curriculum development through participation in the DACUM (Design a Curriculum) process with LBCC Faculty if necessary.
- Where appropriate, assist with the design of; or selection of (national/industry standard) assessment or credential that will address industry skill needs.
- Serve on Department Level Advisory Committees to provide guidance and advice on the status of the labor market, workforce specific and core skills, and design of facilities/necessary training equipment.
- Provide generic employment data on LBCC program completion new hires – number of hires, type of job, wage range, and level of completion.

Our Business will also engage in one or more of the following activities:

- Provide leveraged resources to support education/training (equipment, materials and supplies, monetary funds, scholarships, instructors)
- Commit to hire, promote, and/or retain qualified graduate participants
- On-site visits from the local high schools and community college to help in the marketing of community college programs and orientation to jobs available in the local community business/industry.

Business Name:	
Business Address:	
Name and Title:	
Signature:	