

4-24-2017

Judge Shaffer called a special session of the Gilliam County Court to order at 11 a.m. The meeting was held at the Gilliam County Grain Lab, Shutler Station Industrial Park. The purpose of the meeting was to meet with representatives of the Economic Development Administration to discuss issues and options regarding the Grain Lab, including ownership and alternative uses.

Present were Judge Steve Shaffer, Commissioner Michael Weimar, Commissioner Leslie Wetherell, Court Administrator Leanne Durfey, Recorder Mary Dyer and Port of Arlington Economic Development Officer Peter Mitchell.

Also present were Brian C. Alvis, Project Manager, U.S. Department of Commerce Economic Development Administration; David R. Porter, U.S. Department of Commerce Economic Development Representative; Susan Christiansen, GEODC Director; Scott Fairley, Regional Solutions Greater Eastern Oregon Region Coordinator; Pendleton Airport Manager/Economic Development Director Steve Chrisman and Rock Creek resident Les Ruark.

IN THE MATTER OF GILLIAM COUNTY GRAIN LAB

Judge Shaffer opened the special meeting, noting that the meeting had been publicly noticed. He presented a brief history of the Grain Lab, which was first budgeted in 2004-05 in order to accept funds, purchase equipment and construct the building. The EDA grant the County received for the Grain Lab was \$920,000. Judge Shaffer distributed a handout showing from FY 2004-05 through FY 2014-15 the County spent \$1,351,174 subsidizing operations of lab, plus an initial capital outlay of \$230,000. In contrast, revenue received from the Lab over that same period of time is \$170,063. The facility was intended to be a central hub of a larger operation, but further plans were dropped due to fluctuations in the grain industry. Staff included a lab manager and lab tech until 2014, when the manager was elected as Gilliam County Treasurer. The position wasn't filled and the facility continued to lose money in spite of cost-cutting measures. Discussions of possible closure began two years ago.

Peter Mitchell explained that the Port of Arlington assumed operation of the lab for a year in hopes of growing and expanding the marketing base to create other avenues of income. Although the lab acquired equipment that would provide more robust analysis and open up possibilities for growth, the facility had already run out of money.

Judge Shaffer said that several potential customers expressed interest, but smaller companies were looking for a subsidy, while many larger companies have the capability to test highly proprietary formulas in-house. He said that the County can no longer subsidize the facility. Commissioner Weimar responded that some subsidy is acceptable if jobs are provided, but not at the current level.

David Porter discussed possible options and said that the worst case scenario is to vacate federal interest in the property, which should be considered a last resort. He also said that the equipment, which has outlived its lifespan according to EDA guidelines, could be sold or used to enhance the building's value.

Porter also explained that if the County decided to vacate federal interest, the EDA would receive payment at 60 percent of the building's value. In response to a question from Court Administrator Leanne Durfey, Porter clarified that the payment would be based on current value, and that appraisal must be done by a third party – not by the County assessor. He also

said the EDA prefers to see the building used for its original purpose, which is job creation, and that there might be other purposes for the building.

Durfey also asked if the 60 percent figure is negotiable, and Alvis responded that he has never seen such a negotiation. Peter Mitchell asked if the County could put the building up for adoption and sell it outright. Alvis responded that such a possibility is highly doubtful, and that even if it were possible, the EDA would still receive 60 percent of the value.

When asked about the possible timeline, Porter said the EDA is willing to wait if the County is making a good faith effort, but he would like to see something happening within six months. Judge Shaffer responded that six months is likely too soon, and that a year is more realistic.

Potential uses for the building were discussed, including the following:

- Judge Shaffer reported that Gilliam County Soil and Water Conservation District (SWCD)/Natural Resources Conservation Service (NRCS) approached him earlier in the day about the possibility of using the building, since the bids for a new building in Condon came in over budget.
- David Porter said that the Organic Seed Alliance, in conjunction with Washington State University, might be interested in using the lab for research. The Alliance conducts professional plant breeding and seed production research, and advocates for national policies that strengthen organic seed systems.
- Porter's suggestion that area Tribes might be interesting in the facility gained little traction.
- Brian Alvis said that community colleges or high schools might be willing to partner with the County on training opportunities. The matter was discussed, and it was noted that in the past, certain training and educational opportunities have taken place in the lab and at Arlington High School.
- Judge Shaffer also reported that Campbell Crane has expressed interest in setting up a training program for equipment maintenance.
- Susan Christiansen suggested that the Deschutes River Alliance, a non-profit conservation organization that seeks solutions to situations that threaten the health of the Deschutes River and its tributaries, might be interested.
- Christiansen also suggested that malting is a growing business, and that the facility might be of interest to small companies.
- Steve Chrisman explained that Eastern Oregon Regional Airport in Pendleton is working to attract drone technology to Pendleton. He suggested that the Arlington Airport might be of interest to drone companies, and may be of great interest to the federal government due to the government's requirement for restricted airspace.
- Scott Fairley commented that there may be ways to do a County-assisted enterprise that allows the public sector to be involved.

- Judge Shaffer reminded those present that Gilliam County residents have indicated they want to pursue marijuana operations, including growing, processing and retailing.

IN THE MATTER OF QUESTIONS BY LES RUARK

Les Ruark noted that EDA flexibility provides avenues not previously realized, but he asked why the EDA can't find a way to write off the debt since the County's investment has already been considerable. Porter responded that the EDA doesn't have the authority to write off a government debt, and that doing so would be irresponsible to taxpayers. Peter Mitchell said that the County has provided sites for things that "nobody else wanted in their backyards," including windmills and waste, and that rural America has been "hammered" in its ability to create jobs. Leanne Durfey agreed, saying that the County has gone above and beyond financially to try and make the project work. Porter said that if the County writes off the amount due on the grant, there would be little expectation of attaining future federal grants. Ruark asked if there is any sort of waiver provision in the Code, and also inquired if Representative Greg Walden has been informed of the situation. Porter responded that he has no knowledge of that, and as a government employee, he abstains from commenting on any political action.

IN THE MATTER OF MEETING ADJOURNMENT

Judge Shaffer thanked EDA representatives and others for attending, reiterating the Court's intention to keep the building and that he appreciates that the EDAs flexibility in the matter. Commissioner Weimar agreed, saying that because a grain tie-in isn't required, the County can now begin to think about a wider range of options.

At this point, the Court agreed that the next step is to seek a third party appraisal. Judge Shaffer adjourned the meeting at 12:30 p.m.

IN THE MATTER OF THE NEXT COURT MEETING

The next regular meeting of the Gilliam County Court will be held on Wednesday, May 3, 2017 beginning at 10:00 a.m. at Gilliam County Courthouse in Condon, Oregon.

It appearing to the Court that there was no further business to be conducted at this time and no additional matters to be considered, Judge Shaffer adjourned the special meeting at 12:30 p.m.

GILLIAM COUNTY COURT

By _____

Steve Shaffer, Judge

By _____

Michael Weimar, Commissioner

By _____

Leslie Wetherell, Commissioner

Mary H. Dyer/Recorder

