

**COLUMBIA RIVER GORGE NATIONAL SCENIC AREA
OREGON INVESTMENT BOARD**

*******Wednesday, May 16, 2019*******

****** 10:00 A.M. ******

Hood River Library Meeting Room
501 State Street
Hood River, Oregon

<u>Topic</u>	<u>Time</u>	<u>Item</u>
Call to Order, Conflict of Interest Disclosures Introductions	5 minutes	Information
March 2019 Minutes	5 minutes	Approval
Financial Report	5 minutes	Acceptance
Grant Request <i>Columbia Gorge Community College</i>	10 minutes	Decision
Loan Requests <i>Thirsty Café, LLC</i> <i>Willow and Bark</i>	5 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Loan Actions	10 minutes	Decision
Funded Loans Report and Updates <i>Sage Creek</i> <i>Seufert Enterprises</i>	5 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Loan Actions	10 minutes	Decision
Open Board Positions	5 minutes	Discussion
Other New Business, Good of the Order		
Adjournment		

The meeting location is accessible to persons with disabilities. If you have a disability that requires any special materials, services or assistance please contact MCEDD at (541) 296-2266 at least 48 hours before the meeting so arrangements for appropriate accommodations can be made.

Executive Session Protocol Oregon Investment Board

After discussion agenda items are presented in open session by OIB staff, the OIB Chair will state the following: "Pursuant to ORS 192.660(f), Exempt Documents, I call the Executive session of the Oregon Investment Board to order"

OIB Chair asks all non-staff and non OIB members to leave the meeting. Staff will explain to visitors where they can wait and that they will be invited into Executive Session when their agenda item will be discussed.

For each discussion item on the agenda for Executive Session, the OIB Chair will follow the following procedural steps:

1. Invite the loan applicant (or their representative) into the Executive Session for the presentation of their loan request. OIB Chair requests a brief presentation from OIB staff on a summary of the loan proposal or other discussion item.
2. After presentation of information by staff, the OIB Chair asks if there are any questions for the loan applicant or OIB staff.
3. Following questions and discussion by the OIB, the loan applicant (and/or their representative) is asked to leave Executive Session with instruction that they will be invited into the Open session when Executive Session is adjourned.
4. OIB Chair asks OIB members if there is any discussion related to loan request that needs to take place before inviting the next loan applicant or other persons in to Executive Session for the next discussion item.
5. Additional discussion between the OIB members takes place then Steps 1-5 are repeated for each following discussion item for Executive Session.

At the end of discussion, the OIB chair will close the Executive Session. The OIB moves back to open session. At this point, the OIB Chair can ask for a motion of the decision items in open session. Open session is when the OIB can make decisions on agenda items.

**COLUMBIA RIVER GORGE NATIONAL SCENIC AREA
OREGON INVESTMENT BOARD**

Wednesday, March 20, 2019
Hood River Library Meeting Room
502 State Street, Hood River, Oregon

ATTENDANCE

OIB Members: Jack Miller, Craig Bowder, Jorge Barragan, Jill Amery, John Kasberger (*teleconference*)
Staff: Amanda Hoey, Eric Nerdin, Lauren Hernandez, Siri Olson

CALL TO ORDER

Jack Miller called the meeting to order at 10:00 a.m. A quorum was present.

CONFLICT OF INTEREST POLICY AND INTRODUCTIONS

Jack Miller requested any board member disclose any conflict of interest for any of the topics to be reviewed. John Kasberger noted his relationship with Community Bank and stated he would abstain from voting on loan action regarding Seufert Enterprises, LLC.

FEBRUARY 2019 MINUTES

Craig Bowder moved to approve the minutes from February 20, 2019, as presented. Jill Amery seconded the motion. Motion carried unanimously.

FINANCIAL REPORT

Siri Olson reported that there are currently no pending loans. Columbia Gorge Community College submitted a \$4,806.16 reimbursement request. The remaining balance of the \$5,000 grant will be de-obligated. Accounts Payable is \$8,124.42, which includes legal fees, filing fees, and the contract payment to MCEDD. Accrued Loan Interest for February is \$8,433.11. This total does not include loans currently in bankruptcy or litigation. The Financial Summary shows an audit expense adjustment, as OIB was charged \$3,000 for a portion of the audit in error. Audit services are covered under MCEDD contractual services, so this charge was corrected. As of February 28, the total available to grant or loan is \$986,075.96

Discussion: Craig Bowder asked where the interest coming from loans in litigation or bankruptcy falls on the financial statement. Siri answered the totals are not included in the financials, as OIB cannot depend on the payments, but the Trial Balance report lists each loan individually, as well as the interest earned.

Jill Amery moved to accept the financials as presented. Jorge Barragan seconded the motion. Motion passed unanimously.

SEUFERT ENTERPRISES, LLC

Amanda Hoey noted discussion would focus on the defaulted loan to Seufert Enterprises.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:07 a.m.

Regular Session reconvened at 11:15 a.m.

LOAN ACTIONS

Craig Bowder motioned to approve of staff moving forward with a maximum bid amount as directed by the board in the commercial property foreclosure. Jorge Barragan seconded the motion. Motion carried with one abstention (John Kasberger).

Craig Bowder motioned to approve an interfund agreement between OIB and MCEDD subject to agreement by legal counsel. Jill Amery seconded the motion. Motion carried with one abstention (John Kasberger).

LOAN UPDATES AND REPORTS

Amanda Hoey noted discussion would focus on defaulted loans.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 11:21 a.m.

Regular Session reconvened at 11:34 a.m.

LOAN ACTIONS

No action necessary.

REVIEW OF THE PILOT PROGRAM

Amanda Hoey explained the OIB initially set aside \$250,000 for the pilot loan program. The purpose at the pilot program's creation was to increase the balance of available funds and to provide a tool that would help promote the OIB and attract new clients. The program offered additional flexibility and terms, most significantly regarding collateral. Shortly after its creation, the Eagle Creek Fire started. Due to the fire, paired with a challenging winter, most clients using the program used it as an emergency loan fund. To accommodate additional business loans, the OIB increased the FY19 allocation, expending a total of \$265,395. Amanda noted that while the board requested the status and progress of loans under the pilot program, most have recently been funded and are too new to provide performance information. Some under the program perform well above expectation and some do not, but none are currently on the delinquent list. Amanda stated the OIB may want to consider setting aside resources for the pilot program in FY20.

Discussion: Jack Miller stated the available amount to loan is down substantially since the creation of the pilot program. He stated the OIB may need to wait to see how many new loans come down the pipeline before determining if the program needs to be re-implemented. John Kasberger stated that approximately \$57,000 of the pilot program funds have been paid back. He suggested this amount can be repurposed for the pilot program to loan back out again. Amanda stated the fund was not set up as a replenishment, but the amount can be reallocated to the pilot program. Craig Bowder asked if there is a negative to repurposing the funds, as there are limited funds to loan out. Amanda stated the pilot program loans have a potential increased risk. Craig noted the pilot program loans do not seem to be much higher risk than the overall portfolio of loans. Amanda stated if the OIB reallocates the \$57,000, that amount will only cover one or two loans. She noted that Tammy Miller communicated to her that Tammy agrees with reallocating funds to the pilot program and would like to see performance information on the loans in the program. John asked if the OIB could increase the allotment in the future. Amanda replied yes, and the board can decrease the amount if necessary as well. Jill Amery noted the pilot program fills the gap where businesses might otherwise seek predatory loans with high interest. Jack recommended the OIB release a press release highlighting what the pilot program is, that funds were loaned and are now returning, and that the program has successfully done what it intended to do.

Jorge Barragan motioned to approve two loans up to \$40,000 from the pilot program. The motion died for lack of second.

Discussion: Craig Bowder asked if the motion could be amended to allocate \$80,000 to the pilot program without specifying the number of loans. Jill Amery asked if the board wanted to reallocate only what has been paid back or to increase the allocation to \$80,000. Craig stated the \$80,000 will include the \$57,000 paid back and an additional \$23,000.

Jorge Barragan motioned to allocate \$80,000 to the pilot program. John Kasberger seconded the motion. Motion carried unanimously.

OIB BUDGET AND CONTRACT

Amanda Hoey explained the allocation to the pilot program will come out of the carry over amount and will be included as loans specific to the pilot program balance. The beginning fund balance may be modified depending on action taken in relation to Seufert Enterprises, LLC. The budget will be included as part of MCEDD's overall budget, but the OIB has the opportunity to give input.

Siri Olson explained other areas of the budget may be adjusted, including projected new loans for principal and interest. There are currently no pending loans. Projected loans are estimated based on a four year average of lending. This is shown in the budget as the potential to disburse \$77,000 from now until the end of the fiscal year. This could change depending on actuals. Current loan principle and current loan interest amounts are booked through June 30. Loans in litigation or bankruptcy are not included in these totals. Loan fees were calculated based on past history and actual revenue. The invested fund interest is calculated based on what the current interest is, though this could go down if cash funds are reduced.

Siri explained that expenses were determined using historical figures as well as projected expenses for the rest of the fiscal year. Staff recommends legal fees remain the same, as some loan clients could potentially require OIB to use legal counsel. Amanda explained the potential allocation for grants is \$25,000. Staff looks at revenue outside of principal repayments to see if the budget can support expenses, return back to principal, and still have enough to support grants. Once the grant amount is determined, it cannot be adjusted, as it is the only grant source in MCEDD's budget and is not flexible.

Discussion: Jack Miller asked if the grant amount will increase back to 25,000 this fiscal year now that CGCC has submitted a reimbursement request and been paid. Amanda stated there are only \$20,000 of grant funds remaining this year, and next year, the amount could increase back up to \$25,000. Jack noted there have not been many grant requests and leaving the amount at \$25,000 is agreeable.

The new loans total is based on a four year average of actuals and includes projected loans for the final quarter of this fiscal year. Siri noted the new loans total could change. Amanda stated using the historical average still gives a sizable balance in carry forward, though staff is cautious in not overstating the amount of new loans. Board input is welcome if any member would like to modify this. The budget can be adjusted in the future through supplemental budgets if necessary.

Amanda explained the contractual total includes the contract with MCEDD. MCEDD contracts with the State of Oregon to provide service to the OIB. The OIB is not an entity, so all accounts are housed at MCEDD. It is time for the biennial contract renewal, and Amanda stated she would like the contract amounts in the budget so staff can work with the state team to move forward with the contracting process. The projected contract amount for MCEDD shows no changes in FY20 but shows a 2% increase in FY21. These amounts are provisional upon the totals in the OIB fund.

Discussion: Craig Bowder asked if the contract is negotiated annually. Amanda stated the

contract is biennial. The first year of the next biennium will remain the same, and the next year in the biennium will increase by 2%. Jack stated the increase was reasonable. Craig asked how many Oregon Investment Boards were in Oregon. Amanda explained the OIB is one of a kind.

Amanda noted prior fiscal years included marketing under expenses, which allowed the OIB to develop a bi-state website and brochures. This year, no marketing budget was included aside from what is already included in the staffing contract through MCEDD.

Discussion: Jill asked if the marketing budget included the brochures put out for the pilot program. Amanda explained staff made the brochures at no additional cost. Marketing is typically used in relation to needing more professional materials to push to get additional funds loaned out. The OIB cannot compete with traditional lenders, and services are not marketed in the same fashion. Jack stated most clients come by referral from banks or the Small Business Development Center. Craig added that Eric Nerdin, Loan Fund Manager, does outreach to promote OIB programs. Amanda explained past budgets have included between \$500 and \$1,000 for marketing, though last year's amount was \$0. Jack stated he is fine with \$1,000. Jorge Barragan stated some advertising or outreach to the chamber of commerce would be beneficial to educate small businesses about the OIB.

Jorge Barragan motioned to approve \$1,000 to be allocated to marketing. Craig Bowder seconded the motion. Motion carried unanimously.

Amanda noted staff will move forward with the budget and will make modifications depending on what happens between now and the presentation to the MCEDD Budget Committee.

Craig Bowder motioned to approve the contract between MCEDD and State of Oregon as presented. Jorge Barragan seconded the motion. Motion carried unanimously.

OTHER NEW BUSINESS

Amanda Hoey explained Carolyn Meece, Regional Development Officer with Business Oregon, has accepted a position in central Oregon. There will be a planned transition after a hire is made to fill her current position. Carolyn's departure means there is not much staff historical knowledge at the state level, and there will not be a high level of familiarity with OIB and how it impacts the state. Amanda and Carolyn discussed conducting a training for new staff and all Business Oregon staff about the Oregon Investment Board.

ADJOURNMENT: The meeting was adjourned at 12:13 a.m.

Respectfully submitted by Lauren Hernandez, Office Administrator

OIB FINANCIAL SUMMARY

REPORT PERIOD: April 2019

	TOTAL YEAR TO DATE	PREVIOUS REPORT	CURRENT ACTIVITY
CASH BALANCE AS OF 06/30/18	1,138,023.35		-
Less Payables	(7,711.90)		-
Plus Accounts Receivable	(1,510.04)		-
Plus Interest Receivable (Less Unrecorded Accr'd Int)	7,738.95		-
ADJUSTED CASH BALANCE 06/30/18	1,136,540.36	-	-
INCOME			
Interest	111,026.56	99,513.36	11,513.20
Loan Processing & Fees	5,953.44	5,953.44	-
Loan Late Fees	1,420.84	1,212.10	208.74
Invested Interest	450.20	408.09	42.11
TOTAL INCOME	118,851.04	107,086.99	11,764.05
PRINCIPAL REPAYMENTS	154,523.09	143,719.98	10,803.11
REVENUE BEFORE DISBURSEMENTS	273,374.13	250,806.97	22,567.16
EXPENSES AND PAYMENTS			
Grants Disbursed FY19	4,806.18	4,806.18	-
Loans Disbursed	293,000.00	293,000.00	-
Converted to Principal	-	-	-
Miscellaneous Expenses (Bad Debt Expense)	1.00	1.00	-
Professional Services	79,858.39	71,502.98	8,355.41
TOTAL EXPENSES AND PAYMENTS	377,665.57	369,310.16	8,355.41
ADJUSTED CASH BALANCE	1,032,248.92	(118,503.19)	14,211.75
LESS:			
Approved Grants not Disbursed	-		
Encumbered Pilot Program Funds	-		
Approved Loans not yet Disbursed	-		
Interest Receivable at Period End	(11,547.36)		
AVAILABLE TO GRANT/LOAN	1,020,701.56		
LOANS RECEIVABLE BALANCE	1,908,532.27		
PROOF:			
Cash Balance After Reconciliations, 04/30/2019	1,028,639.81		
Deposit on Hold			
Less Payables	(7,938.25)		
Plus Interest Receivable	11,547.36		
ADJUSTED CASH BALANCE	1,032,248.92		

REPORT GENERATED BY: Siri Olson

**Mid-Columbia Economic Development District
Balance Sheet
As of April 30, 2019**

		April 30, 2019
ASSETS		
Current Assets		
Checking/Savings		
1000 · Bank Demand Deposits		
1070 · National Scenic Fund	1,028,639.81	
Total 1000 · Bank Demand Deposits	1,028,639.81	
Total Checking/Savings	1,028,639.81	
Other Current Assets		
1200 · Receivables & Accruals		
1202 · Accounts Receivable	0.00	
1222 · Year or Grnt End Receivables		
1227 · Accrued Loan Interest	11,547.36	
Total 1200 · Receivables & Accruals	11,547.36	
1300 · Loans Receivable		
1370 · OIB Loans Receivable	1,908,532.27	
Total 1300 · Loans Receivable	1,908,532.27	
1475 · OIB Holding	0.00	
1500 · Allowance for Doubtful Loans		
1575 · OIB Allowance	-47,404.77	
Total 1500 · Allowance for Doubtful Loans	-47,404.77	
Total Other Current Assets	1,872,674.86	
Total Current Assets	2,901,314.67	
TOTAL ASSETS	2,901,314.67	
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2010 · A/P General	7,938.25	
Total Accounts Payable	7,938.25	
Total Current Liabilities	7,938.25	
Total Liabilities	7,938.25	
Equity		
3100 · Fund Balances	2,859,190.95	
Pilot Program Fund Balance	0.00	
Net Income	34,185.47	
Total Equity	2,893,376.42	
TOTAL LIABILITIES & EQUITY	2,901,314.67	

Mid-Columbia Economic Development District

Profit & Loss

April 2019

	<u>TOTAL</u>
Ordinary Income/Expense	
Income	
4600 · Loan Interest	11,513.20
4700 · Loan Processing Fees	0.00
4710 · Loan Late Fee	208.74
4750 · Investment Interest	42.11
Total Income	<u>11,764.05</u>
Gross Profit	<u>11,764.05</u>
Expense	
6400 · Professional Services	
6410 · Legal Services	108.00
6450 · Contractual	7,837.41
6470 · Filing Fees	410.00
Total 6400 · Professional Services	<u>8,355.41</u>
Total Expense	<u>8,355.41</u>
Net Ordinary Income	<u>3,408.64</u>
Net Income	<u><u>3,408.64</u></u>

Staff Report

Date: May 8, 2019

To: Oregon Investment Board

From: Amanda Hoey, MCEDD Executive Director

Re: Columbia Gorge Community College Kitchen- Hospitality Program

Project Description

The Columbia Gorge Community College is seeking a \$25,000 grant from the Oregon Investment Board to purchase equipment and complete building improvements for the kitchen incubator. Staff met with Rick Leibowitz to better understand the request, given the limited information provided in the application. Rick indicated two routes for potential utilization of the grant funds:

- 1) Restructure the kitchen space from a single cook station to four small kitchen areas with one shared space to improve the space as a teaching area; or
- 2) Shift the shared use kitchen to be more useful for contracted business use. Could include purchasing items such as a blast freezer or packaging line.

The College concludes its agreement with Class Act Catering on June 30, 2019. Rick stated that the College is not completely certain if there will be some gaps in the equipment as some of what is existing in the space may be Class Act's equipment. They should have a full inventory after the end of that lease.

The College hired a program manager who has a great deal of experience in the restaurant industry. They anticipate three FTE's (including the program manager) to operate the café, with priority hiring preference provided to students. In addition to operating the café, the College is taking catering orders for the summer. Finally, the College will offer community education courses beginning in the fall. They subsequently anticipate rolling out a program (determination on if it is certificate or non-certificate program is not yet settled). Rick anticipates leveraging from a number of curriculums including Fresh Starts, the curriculum currently used by North Wasco County High School and a National Restaurant Association curriculum.

Project Budget:

Expenses	
Equipment and Building Improvement	\$ 25,000
Total Expenses	\$25,000
Income	
OIB Grant Request	\$25,000
Total Income	\$25,000

The project will be supported by \$200,465 from the College in program investments (staff, supplies, advertising) as reflected in the applicant-submitted budget. These are ineligible items for OIB funding and are not part of the core project (equipment/building improvements), so are noted as a reflection of additional program supports.

Relevant Prior Funding Awards

The OIB has a history of support for the College's programs, including the incubator. The College has received a number of grants from the OIB, with the following specifically directed to the kitchen incubator:

- \$100,000 OIB grant in 1998 for a kitchen remodel. Project description: "The project is a nonprofit shared use commercial kitchen facility located on the campus of Columbia Gorge Community College. The kitchen was developed in partnership with the Oregon State University Extension Service and the Mid-Columbia Medical Center to establish a business incubator for the development of specialty food companies and use as a training center. The kitchen helps small business owners develop a product in a cost effective facility that will enable business growth. New businesses have a better opportunity for a successful enterprise and business development."
- \$25,127.50 OIB grant in 2000 for marketing and equipment for the kitchen incubator so "New businesses will have a better opportunity for a successful enterprise and business development."
- \$5,000 OIB grant in 2017 to conduct a feasibility study to inform the College's "academic and facility planning with a focus on the food and beverage industry and its supply chain sectors." The College leveraged significant matching funds (a federal grant). In addition to program recommendations, the study included a facilities analysis which identified a number of potential upgrades to the kitchen.

Available OIB Grant Funds

There is a little over \$20,000 remaining in this FY in spending authority for grants. It is unlikely the applicant would be seeking reimbursement this year. The OIB included \$25,000 for FY20 (July 1, 2020 to June 30, 2019) for grant making authority. If approved as presented, the College's application would take up all available grant dollars in FY20.

Reminder: Budgeted grant funds are not a goal level of granting, but a maximum level. The budget provides the OIB the ability to make grants for projects that the OIB believes will significantly support the economy of the National Scenic Area.

Staff Review and Recommendation

The feasibility study identified opportunities for programs and highlighted the kitchen incubator as an underutilized space with potential for becoming a more significant asset, if appropriate investments were made into the management, marketing and improving the space. The OIB (given past investments) has clearly viewed the kitchen incubator as an important resource. The College is making strides in the anticipated investment to management and marketing. Staff has confidence in the management (Rick Leibowitz). However, the application from the College presents a few challenges in staff analysis for an OIB grant. There is no match identified- other than programmatic resources- and there is no defined plan on the equipment to be purchased or upgrades to be made.

Given the uncertainty of how grant funds would be used, OIB staff talked to the applicant about positioning a request to the OIB as a challenge/matching grant to leverage additional dollars for completing the necessary improvements/equipment purchases. In staff's view, it would allow assurance on completion of an entire project. The applicant stated that pathway is not their preference and they want to have flexibility in the use of dollars immediately for purchases.

Recommendation: Staff believes there is significant opportunity in the project the College proposes, but is concerned with the lack of non-programmatic match for the project and lack of detail to sufficiently assess how OIB grant dollars will be used or the ability to complete the project. Staff recommends ***conditional approval of partial grant funding in the amount of \$10,000.***

Special conditions

- Applicant will provide details to the OIB on equipment to be purchased/ building improvements to be made prior to expenditure.

Standard conditions:

- Prior to use of these funds, the grant must be certified by the Columbia River Gorge Commission.
- OIB funds cannot be used for administration or staffing.
- Confirmation of all matching funds committed must be received in advance of disbursement of OIB funds.
- Reimbursements of OIB grant funds are to be done on a percentage basis.
- The College will report semi-annually to the OIB until project completion. Reports are due January 31 and July 31 of each year.
- The College will provide the OIB with a final report within thirty (30) days after completion of the project.
- The College will recognize the Columbia River Gorge National Scenic Area funds in literature, press releases, signage and news coverage when appropriate.

Staff recommends a deadline for project completion of June 30, 2020. As per our usual protocol in writing contracts, we generally recommend providing a buffer in the timeline to allow for full completion of the project. However, in this case we are trying to retain the project within a fiscal year for budgeting purposes. The OIB can always approve grant extensions.

Alternative Options:

- 1) Approve the grant request as submitted, dependent on available funds. Subject to the standard conditions.
- 2) Approve full funding of the \$25,000 grant request with flexibility in use for equipment/ facility improvements to the kitchen incubator, but set as a matching grant, requiring the College to raise at least \$25,000 from outside sources for equipment/facility improvements. Subject to the standard conditions.
- 3) Approve partial funding as noted in the staff recommendation, but at a different amount.
- 4) Deny the request but encourage the applicant to reapply with firm plans for the project (eg detail on the equipment to be purchase, facility improvements to be made).
- 5) Deny the request.

Attachments:

- CGCC grant application with attachments
- Facility Use study

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA ECONOMIC DEVELOPMENT PROGRAM



APPLICATION FOR ECONOMIC DEVELOPMENT GRANTS

The Oregon Investment Board (OIB) is responsible for the administration of the Columbia River Gorge Economic Development Program within the Oregon geography of the Columbia River Gorge National Scenic Area (NSA) in Multnomah, Hood River, and Wasco counties. The program includes opportunities for both loans and grants to strengthen and diversify the Columbia River Gorge economy.

Application Process

Applications for grants are available from the Mid-Columbia Economic Development District (MCEDD) and online at www.mcedd.org/oib.htm. Funding awards will be based on application information.

1. Contact MCEDD staff to discuss whether the proposal fits OIB criteria.
2. Submit the OIB Project Proposal Form (Pages 3-8) and Columbia River Gorge Commission Certification Form (Pages 9-10) to MCEDD. Please complete and sign both forms, then email to loanmanager@mcedd.org and mail one hard copy to the following address:
**Mid-Columbia Economic Development District
515 East Second Street
The Dalles, OR 97058**
3. MCEDD reviews all applications to determine whether OIB eligibility requirements have been met (see Mandatory Criteria and Plan Goals below).
4. Completed applications are presented to the OIB Board at the next regular meeting for preliminary board review. The OIB meets on the third Wednesday of each month. Applications received by the third Wednesday of the month are reviewed at the next regular meeting.
5. Applications given preliminary approval are forwarded to the Columbia River Gorge Commission to determine if the project complies with the purposes of the National Scenic Area Act, Management Plan, and land use ordinances. If certified, the application will return to the OIB for final approval.
6. Applicants receiving final approval will be asked to sign a contract that includes performance standards and requirements for reports.
7. Applicants can expect a final decision approximately six weeks after submitting an application.

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA ECONOMIC DEVELOPMENT PROGRAM

Prior to applying for funding, please review the Mandatory Criteria and Plan Goals noted below.

Mandatory Criteria (required for project eligibility):

- Projects are within the Oregon geographic boundary of the National Scenic Area.
- Funds must not be used for moving business from one area to another.
- Projects must comply with the National Scenic Area Act and county land use ordinances.
- Funds cannot be used for program administration, such as funding of staff or related expenses unless the expenses demonstrably contribute to the outcome of the grant or loan.

Plan Goals (one or more required for project eligibility):

- Expand and diversify the economy
- Create and retain jobs, especially family wage jobs
- Increase the region's tax base
- Provide support for adequate public infrastructure

Contact Information
Loan Fund Manager, loanmanager@mcedd.org
Phone: (541) 296-2266
Fax: (541) 296-3283
Website: <http://www.mcedd.org/oib.htm>

OREGON INVESTMENT BOARD GRANT PROJECT PROPOSAL FORM

**C/O Mid-Columbia Economic Development District (MCEDD)
515 East Second Street
The Dalles, Oregon 97058
Email: loanmanager@mcedd.org**

Applicants are encouraged to read the summary information, together with the review criteria noted on Page 1-2, prior to applying for funding. Funding awards will be based on application information.

Project Name: Columbia Gorge Community College Community Kitchen - Hospitality Program

OIB (Scenic Act Economic Development Program Funds) Requested Amount \$ \$25,000.00

I. APPLICANT INFORMATION

Name: Rick Leibowitz, Executive Director of Enterprise & Public Programs
Organization Name: Columbia Gorge Community College
Type of Organization: Educational Institution
Address/Zip code: 400 E. Scenic Dr; The Dalles, OR 97058
Federal EIN (if applicable): 93-0700843
Project Contact Person: Rick Leibowitz
Phone: 541-508-6120
Fax: _____
E-Mail: rleibowitz@cgcc.edu

II. PROJECT DESCRIPTION – Please answer each question.

Description of project to be funded:
Modification of existing shared use kitchen to have more benefits to the community and the development of hospitality certificates/customize training programs in areas such as:
- Culinary skills (moving from dishwasher prep - line cook)
- Hospitality financial management
- Food & Beverage Management
- Human resource management/customer service training
- Revenue management (hotel)

Project Location: The Dalles and Hood River

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA ECONOMIC DEVELOPMENT PROGRAM

III. PROJECT OWNER INFORMATION

Management: List management, proprietors, officers, or partners.

<u>Name</u>	<u>Title</u>	<u>Address</u>
Rick Leibowitz	Executive Director	400 E. Scenic Drive, The Dalles, OR 97058

**Enclose key management resume(s)*

IV. PROJECTED COSTS AND FUNDING

Projected Costs: In the table below, please list your project expenses and sources of income, including the OIB funding request amount. In addition, please show the total cost of the project and total income.

Expenses		Amount
Personnel		\$137,000.00
Other Personnel Expenses		\$41,865.00
Instructional Supplies		\$12,000.00
Program Advertising		\$9,600.00
Equipment and Building Improvements		\$25,000.00
Total Expenses:		\$225,465.00
Income Sources		Amount
Columbia Gorge Community College		\$200,465.00
Oregon Investment Board		\$25,000.00
Total Income:		\$225,465.00

What specific activities will the Oregon Investment Board grant fund?

Leasehold improvements and updated equipment for the shared use kitchen

V. PROJECT PROCESS AND TIMELINE

When will Oregon Investment Board funds be needed?

July 2019

Are activities still required before the project can proceed, or are there any other unique characteristics of the project?

Project will move forward without OIB funding. This resource will help make the kitchen ready for more community education, customized training and private business use on a quicker timeline. If funds not received, it would probably take a year to develop enough program income to proceed with these improvements.

What is the implementation plan and project timeline for the project?

Project will begin in July 2019. Basic timeline:

July - August - begin food service operations and acquisition of some shared use equipment

September - December - begin first offering of community education and customized trainings

December - January - complete some building improvements

February - June - acquire more equipment as needed

When is the project expected to be complete? June 30, 2020

How will you measure the success of this project? (i.e. create four family wage jobs; bring a new product to market that will add value to locally produced agriculture products, etc.)

–Trainings will help prepare entry level workers to develop skill that will increase employability potential at family wage jobs

- Business incubation - business owners in the food & beverage and food manufacturing industries will have a low cost option to lease facilities by hour vs. larger commitment and use savings from avoiding large capital commitments until they have developed some success with their business models

- College can supplement guided pathways training for business administration program with customized training in geared specific to skills necessary in the hospitality industry

- Customized training can help improve workforce development and support businesses with challenging season training needs

Success metric will include program participants, CEUs/Certificates awarded and post program success of participant (i.e. increase in average wage in hospitality sector in region)

How much of this project will have an impact on development in the National Scenic Area?

Improvements in the hospitality and food manufacturing industries will allow for economic development in fields that have a vested interest in maintaining the scenic value and conservation of resources of the Columbia River Gorge National Scenic Area.

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA ECONOMIC DEVELOPMENT PROGRAM

VI. GOALS

Projects submitted for funding will be evaluated based on the following 10 goals. If you answer yes to a goal please expand.

Goal	Yes/No
<p>1) Creates jobs, emphasizing family wage jobs <i>Project increases local employment. Project could increase median income/wages.</i></p> <p>If yes, how? Entry level workers can develop new skills to increase their employability. Line cooks are in such demand in this region and would pay wages above the median wage (\$20-\$25hr)</p>	<u>Yes</u>
<p>2) Focuses on workforce training and development <i>Project provides or enhances education and training programs for existing businesses as well as new industries targeted for recruitment.</i></p> <p>If yes, how? As an educational institution, Columbia Gorge Community College is well positioned for the training. The business incubation component provides opportunities is geared to support value added ag product manufacturing.</p>	<u>Yes</u>
<p>3) Expands the economy <i>Project helps to expand the region's traditional economic base.</i></p> <p>If yes, how? Tourism makes up a large part of the regions economic base and having better trained workers and an enhanced business support network with help expand that base.</p>	<u>YES</u>
<p>4) Diversifies the economy <i>Project helps to diversify the region's traditional economic base such as tourism, light industrial industries, and projects that are environmentally compatible and consistent with the goals of the NSA.</i></p> <p>If yes, how? The business incubation component for value added food product manufacturing is light industrial and environmentally compatible. The Tourism component was noted above.</p>	<u>Yes</u>
<p>5) Increases the regions tax base <i>Project aids in the construction or purchase of assets that will be added to the property tax base.</i></p> <p>If yes, how? A bit of reach here, but if a manufacturer incubates, it could lead to the development of a value added food manufacturer or hospitality establishment that adds to the tax base.</p>	<u>Yes</u>

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA ECONOMIC DEVELOPMENT PROGRAM

- 6) Sells area's products outside the region Yes
Project assists with marketing and promotion of the region's products and services outside the local market area.
If yes, how?
Value added food manufacturing would be a traded sector industry. Enhanced tourism also brings more external dollars to the community.
- 7) Adds value to region's products Yes
Project increases the potential for adding value to the region's traditional resource-based industries (agriculture and forest products).
If yes, how?
Value added manufacturing.
- 8) Helps develop new products Yes
Project helps develop and promote new value-added enterprises and products that increase local employment and incomes.
If yes, how?
Noted above
- 9) Provides support for adequate public infrastructure No
Project provides the gap financing necessary to complete required planning projects or construct public infrastructure.
If yes, how?
Project will proceed without funding. just may be a bit slower getting traction.
- 10) Leverages use of available resources Yes
(a) Leverages use of available funds
Project provides the needed matching funds to leverage other grants and loans as the final financing piece.
If yes, how?
Existing facilities at CGCC would be enhanced.
- (b) Provides internal resources* Yes
Project offers in-kind time and the use of internal resources to insure project success.
If yes, how?
Project is being managed by existing staff.

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA ECONOMIC DEVELOPMENT PROGRAM

VII. APPLICATION NECESSARY ATTACHMENTS

Attachments are to be sent with OIB Project Proposal Form as part of OIB Application Packet.

- Resume(s) of key project management.
- Copy of licenses, permits, etc. from any governmental agency, or any other agency, this project requires. (Originals may be requested by the Columbia River Gorge Commission at the time the Oregon Investment Board gives preliminary approval for the project.)

Applicant Signature: RL [Signature] Date: 4/24/19

Please send completed OIB Application by email to loanmanager@mcedd.org. Please mail one hard copy to:

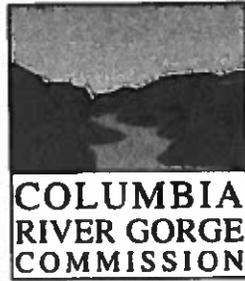
Mid-Columbia Economic Development District
515 East Second Street
The Dalles, Oregon 97058

Completed Application Checklist

The following is required to complete your application:

- Project Proposal Form completed and signed. Include necessary attachments.
- Columbia River Gorge Commission Certification application completed and signed (begins on the next page).
- Copies of local, state, and federal permits or application materials if the permit has not yet been received (if applicable).
- Copy of a Scenic Area land use ordinance decision or letter stating why review is not necessary (for projects outside urban area boundaries only).

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA ECONOMIC DEVELOPMENT PROGRAM



**COLUMBIA RIVER GORGE COMMISSION
ECONOMIC DEVELOPMENT GRANT/LOAN CERTIFICATION APPLICATION**

The Columbia River Gorge National Scenic Area Act created a fund to provide grants and loans for economic development in the Gorge. Each state administers its portion of the fund and determines what projects are eligible for grants and loans. The Columbia River Gorge Commission certifies that activities supported by Scenic Area grants and loans are consistent with the purposes of the Scenic Area Act, the Management Plan, and applicable county Scenic Area land use ordinances. See Commission Rule 350-120 for more information.

Applicant information:

Business or Organization: Columbia Gorge Community College
Applicant name: Rick Leibowitz
Contact name (if different): _____
Mailing address: 400 E. Scenic Drive; The Dalles, OR 97058
Phone number(s): 541-506-6120
Email: rleibowitz@cgcc.edu

Landowner information (if different):

Property owner: _____
Mailing address: _____
Phone number & email: _____

Project Location: Please list the location, or locations, where your project will be located.

Township: 1 N Range: 13E Section: 9 Tax Lot(s): 100
Parcel Address: 400 E. Scenic Drive; The Dalles, OR 97058
Existing use of parcel: Community College

Existing structure Proposed new structure Addition/remodel

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA ECONOMIC DEVELOPMENT PROGRAM

Project Summary: Briefly describe your proposed project and the proposed use of Scenic Area funds. Include information on any new construction if applicable. You may also attach a more detailed project description unless this is already included in the OIB Project Proposal application materials.

Modification of existing shared use kitchen to have more benefits to the community and the development of hospitality certificates/customized training programs in areas such as:

- Culinary skills (moving from dishwasher prep - line cook)
- Hospitality financial management
- Food & Beverage Management
- Human resource management/customer service training
- Revenue management (hotel)

Scenic Area Information: Please describe how your project protects or enhances scenic, cultural, natural, or recreation resources in the Scenic Area or how your project supports the economy of the Gorge.

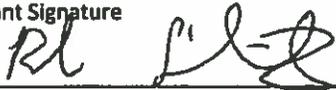
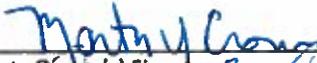
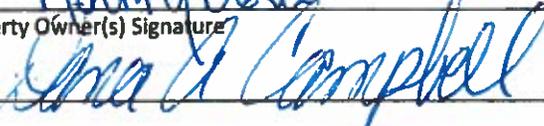
Participants in the program would be involved in hospitality or value added food manufacturing industries. They have a vested interest to preserve the beauty and resources in the Columbia Gorge Scenic Area to sustain the natural resources and economic vitality in this region.

Other Agency Permits: If your project requires any local state or federal permits please list these along with their status. (Please attach copies of all permits or application materials for pending permits.)
NA

If the applicant does not own the property on which the proposed project is to be located, the property owner(s) signature is required.

Signature of the property owner(s) indicates that the property owner(s) is/are aware that an application is being made on the subject property.

Signature of the property owner(s) also authorizes the Gorge Commission or the Commission's designee(s) reasonable access to the site in order to evaluate the application.

Applicant Signature		Date	4/25/19
Property Owner(s) Signature		Date	4/30/19
Property Owner(s) Signature		Date	5/1/19

For additional information about the certification by the Columbia River Gorge Commission, please call the Gorge Commission office at 509-493-3323.



6. CGCC FACILITY REVIEW

During an on-site visit by the consulting team in November 2018, Northwest Food Solutions conducted a comprehensive analysis of existing CGCC assets related to food and beverage production and education. Assets analyzed included a commercial and teaching kitchen and four science/technical labs. Though these labs are currently used for a variety of science classes, they possess some capacity and equipment that could be used for food and beverage workforce instruction.

Teaching Laboratory Review

Four teaching labs were observed during the Facility Review. Each lab is equipped with lab benches (including water, air, vacuum and gas at each bench), a fume hood, and chemical storage facilities (including facilities for flammable and corrosive chemicals). A detailed outline of the laboratory equipment and specifications are included in Table 50.

Table 50: Existing Teaching Laboratory Equipment and Facilities

Equipment	Additional Specifications
Fume Hoods	One in each classroom
Microscopes	
Dissolved O2 Meters	Vernier (range not known)
Spectrophotometer	Vernier
pH meters	
Pressure cooker	
Balances	Low weight
Refrigerator/freezer	Stand alone
Chemical Storage Area	
Flammable Chemical Storage Room	
Incubators	
Hot plate/stirrers	

Source: NW Food Solutions, October 2018

The teaching labs are more than adequate to teach basic food chemistry and microbiology. There is capability within the labs to run tests that are common within the food industry. Additionally, it is feasible to conduct the examination, identification, and propagation of yeast and bacteria cultures that are commonly used in the Food and Beverage industries.

Teaching Laboratory Gaps

The consulting team assessed gaps based on lab equipment for two additional uses selected based on feedback from local employers, and local and non-local industry experts. Though in the long-run CGCC's level of engagement could increase, these were found to be acceptable starting points for engagement with the Food and Beverage industries.

- a) A fermentation/food science teaching program and;
- b) A commercial kitchen or pilot facility.

A short, but non-exhaustive list of gaps is listed in Table 51.

Table 51: Equipment Needs for Additional CGCC Facility Usage

Fermentation /Food Science Teaching Program	Commercial Kitchen / Pilot Brewery Testing
Hydrometers	Hydrometers
Refractometers	Refractometers
Hemocytometers	Hemocytometers
Autoclave	Industry specific dissolved O2 and CO2 meters
	UV Spectrophotometer
	Autoclave

Source: NW Food Solutions, October 2018

Hydrometers, refractometers, and hemocytometers (for yeast cell counting) are inexpensive to purchase and easy to obtain. Industry specific dissolved oxygen and CO2 meters and a UV spectrophotometer are more expensive and should be considered "nice to have" assets but not necessary to teach. Alternate methods including calculation are less expensive. In these cases, more manual equipment may be used instead.

An autoclave could be purchased for sterilization of instruments and media. Currently professors are using either a pressure cooker or pre-sterilized instruments and media. An autoclave is another "nice to have" asset as it could make sterilization tasks easier, safer, and, over time, save on the cost of purchasing disposable pre-sterilized instruments.

Commercial Kitchen Review

The commercial kitchen is a 4,000 square foot facility which includes a teaching kitchen, a packaging room, a dishwashing room, a commercial kitchen, three storage rooms, and a walk-in cooler. It is adjacent to a commissary kitchen and parts of the commercial kitchen are used by the commissary staff to store and prepare food. From the records obtained by the consulting team, our understanding is that the commercial kitchen was originally instituted in 1999 as a business incubator for developing companies producing emerging and specialty foods. The facility had buy-in from the President's office and was run by CGCC through the Small Business Development Center (SBDC). At that time, the teaching section of the kitchen was also licensed to operate as a restaurant. As late as 2002, 17 companies were operating out of the kitchen, including one company from Portland. In 2018, 13 companies operated out of the kitchen.

The history of the kitchen is a major positive indicator in its feasibility to be used for additional purposes. As will be explained in this report, some aspects of the kitchen need to be updated or maintained. But the fact that it was originally established for this purpose means that it possesses the basic structure and



many of the assets required to operate it in this way. Table 52 contains a summary of specs for the Commercial Kitchen and Table 53 contains a list of Commercial Kitchen equipment.

Table 52: Existing Commercial Kitchen Infrastructure

Item	Quantity	Additional Specifications
Refrigerated Storage Room		Walk-in cooler
Dry Storage Rooms	3	Three dry storage rooms
Chemical Storage Area		No separate locked storage for chemicals
Janitorial Closet		2 sink janitorial closet
Teaching Kitchen area	1	
Packaging room	1	
Ware washing area	1	
Commercial Kitchen area	1	
Tables	5	
Rest Rooms		Available outside the area
Waste / Garbage Areas		Available outside the area
Fresh Water Supply/Sinks	3 sets	1 double sink and 1 triple sink for dishwashing and 1 single sink
Hose Bibs		None
Water Heater		Not observed
Drains		Floor drains throughout
Walls/Floors		Tile floors, tile and sheetrock walls
Hand washing sink	1	
Lighting		Fluorescent with plastic covers
Doors		Metal fire doors
Compressed Air		Independent unit
Receiving/Shipping		Loading dock located below the kitchen level with freight elevator to kitchen
Hood/Ventilation	4	4 Avtec ventilation hoods
Steam		Not observed
Filtered air		Not observed
Ice	1	Ice maker in the commissary kitchen
220 Electric		Yes
Fire suppression		Wet chemical fire suppression system
Exit lighting		Yes
Certifications		Oregon Department of Agriculture

Source: NW Food Solutions, October 2018

Table 53: Existing Commercial Kitchen Equipment

Equipment	Qty	Additional Specifications
Convection oven	3	Blodgett Mark V
Mixer	2	Kitchen aid commercial
Mixer	1	Hobart 30-quart dough mixer
Food Processor	1	Robot coupe
Cooker/Mixer	1	Groen steam jacketed floor kettle - 60 gallon with lightnin mixer
Mixer	1	ABM 20-gallon kettle with lightnin mixer
Refrigerator	2	Avantco / Delfield double door
Refrigerator/Freezer	1	Delfield double door
Freezer	1	Delfield double door



Equipment	Qty	Additional Specifications
Linear Scale	1	Weigh Pack
Scale	1	Hobart 75 Lb. capacity
Single Piston Depositor	1	Hinds Bock
Labeler	1	
Package Sealer	2	Midwest Pacific / Heat Seal
Dishwasher	2	CD Commercial Dishwasher Model L10 / CMA Commercial Dishwasher
Cookware		Assorted
Gas Stove	1	Wolf Regency
Grill	1	Star Mfg
Utensils		Assorted
Shelving		Assorted
Microwave	1	Amana Commercial
Fire extinguishers	1	

Source: NW Food Solutions, October 2018

Condition of Existing Equipment and Infrastructure

The kitchen is very well appointed and includes much of the equipment that is seen in commercial kitchens throughout the Pacific Northwest. Some of the equipment is functional but older. Furthermore, the consulting team did not test each individual piece of equipment and we were therefore not able to tell which pieces of equipment are functioning vs. non-functioning. No equipment was observed to be tagged as “not functioning.” Facilities are large and appear to possess adequate space for storage. Utilities including gas, water, electric, air, and safety equipment (e.g.: fire suppression and exhaust fans) are installed and available. At the time of inspection, the equipment and surfaces were adequately clean.

The most obvious gap was the condition of the kitchen itself, as it has significant wear in places, particularly the floor. In places, floors are pitted and tiles are chipped. Ceiling HVAC vents are discolored and appear to require cleaning. Several pieces of equipment in the packaging area could use detailing to remove baked on, cooked on, or settled food and dust. Kitchen utensils in cupboards, like cutting boards, spatulas, pans, measuring devices, etc., are well worn. Interiors of cupboards do not appear to be labeled or organized. The observation of wear on the kitchen likely means it has been well used and may need some upgrades to the infrastructure.

Commercial Kitchen Gaps

The consulting team assessed gaps between Commercial Kitchen current facilities and the needs of the community. As with the gaps addressed for the Teaching Laboratories, only a handful of the most pressing needs are assessed, based on the consulting team’s interviews with multiple community members. Gaps between what is offered and what is needed of the commercial kitchen were assessed for the following three categories:

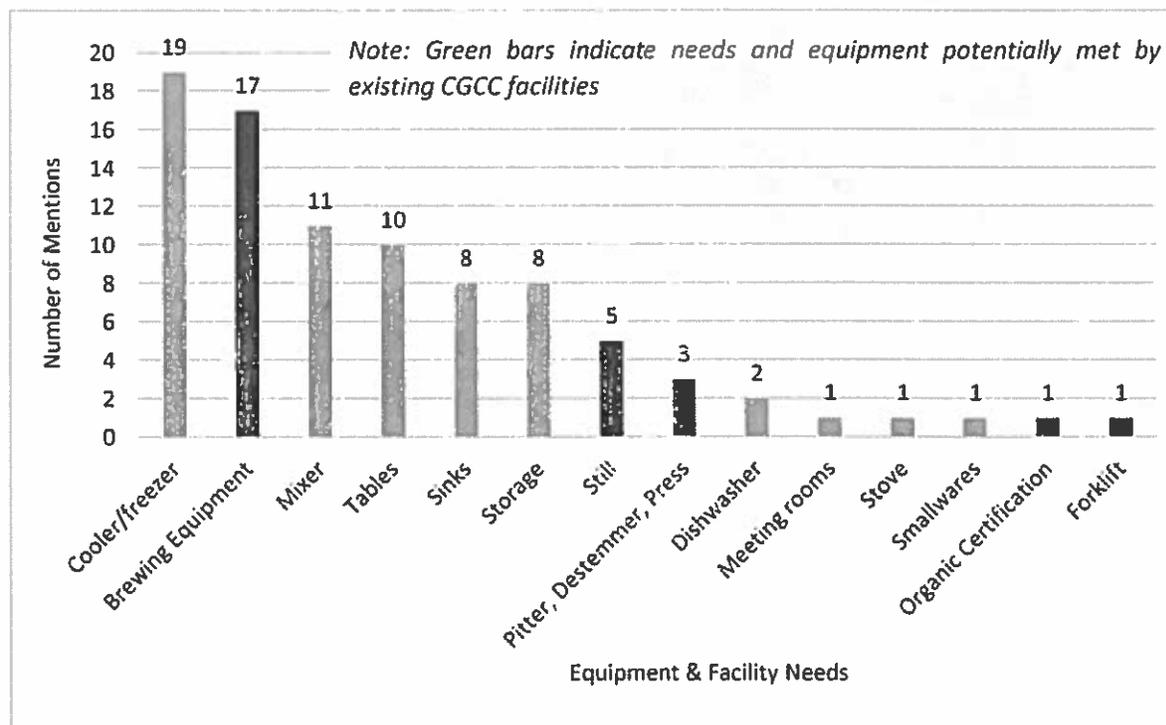
- a) Broader business and community use;
- b) Supporting workforce training; and
- c) Partnership with the Fermented Food and Beverage industries

Feasibility of Broader Business & Community Use

Figure 19 contains a summary of equipment and facility needs from interviews and surveys performed by the consulting team.¹⁹ The two largest requests were for brewing equipment and cooler/freezer space, followed by storage, sinks, tables, and mixers. The items with green bars below are facilities and equipment that are already satisfied by CGCC’s commercial kitchen. Purple bars represent needs that are not currently fulfilled. It is important to note that green bars do not necessarily indicate that those respondents are currently using CGCC’s facilities. In fact, it is very likely that these businesses are not using the facilities. Based on comments via interviews and survey responses, it appears that many (if not most) of the regional companies are unaware of CGCC’s commercial kitchen facilities.

The results of our analysis indicate that there is strong demand for broader community use of the commercial kitchen. Some equipment may need to be updated and some finishes may need to be replaced to make the kitchen appealing and useable to these audiences. By and large, however, the greater need is in the area of marketing the availability of the facility.

Figure 19: CGCC Commercial Kitchen Assets Compared to Regional Business Needs



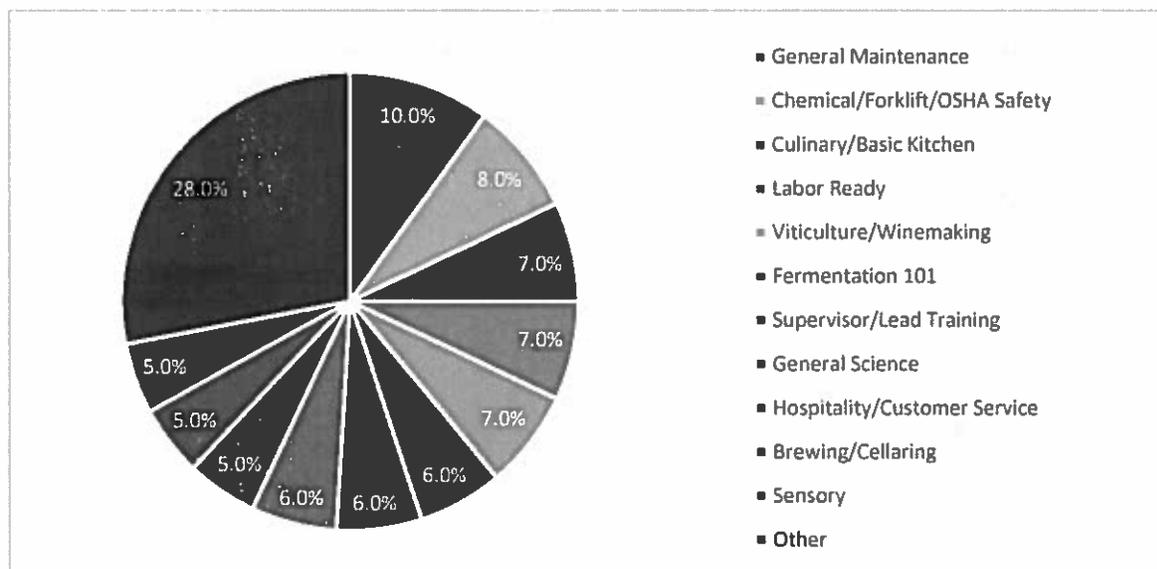
Source: TPMA & NW Food Solutions, November 2018

¹⁹ Please note, this information is also included in Chapter 3. Employer Demand. But it is also summarized here due to its parallels related to the Commercial Kitchen.

Feasibility of Supporting Workforce Training

The consulting team's survey and interviews of employers generated a broad list of skills and training that employers commonly look for in employment candidates. It is notable that many of the skilled training needs could, in part, be served through access to the existing commercial kitchen. These skills are outlined in Figure 20. Top results with overlap to the commercial kitchen include: chemical safety, general maintenance, culinary/basic kitchen, Fermentation 101, winemaking, hospitality, brewing/cellaring, sensory, and packaging.

Figure 20: Top 10 Employer Skills Requested in Business Survey



Source: TPMA & NW Food Solutions, November 2018

Examples of ways the existing commercial kitchen could be used to support the employer skills requests include, but are not limited, to the following:

- Demonstrating chemical safety and lock out/tag out safety using commercial kitchen equipment
- Engaging students in a preventive maintenance program and maintain commercial kitchen equipment
- Teaching culinary science, basic kitchen skills and sensory science in the teaching kitchen
- Teaching packaging science in the packaging kitchen
- Using the commercial kitchen space to teach aspects of winemaking, brewing, or cider making
- Using the commercial kitchen to teach manufacture of fermented foods like sauerkraut, pickles, kombucha, etc.
- Utilizing students in a hospitality/management program to manage the commercial kitchen day to day use, marketing, and organization.

Some additional equipment and facility upgrades may be needed to accommodate these trainings in the existing commercial kitchen. However, most of these upgrades would include small wares, utensils, and materials.

Feasibility of Partnering with the Fermented Food & Beverage Industries

The Fermented Food and Beverage industry is growing nationally and with particular fervor in the Columbia Gorge region. Through prior relationships and through the contacts made with this Feasibility Study the network of businesses in this industry with CGCC is already fairly strong. Nearly 40% of the CGCC list of local food producers, manufacturers, and distributors are supporting or producing fermented food or beverage, including beer, wine, cider, yeast, mead, kombucha, kimchi, sauerkraut, bread, and cultured spreads. These factors point to the Fermented Food and Beverage industries being intriguing targets for partnership with CGCC.

In short, the consulting team finds that the commercial kitchen has the capability to support teaching of some aspects of fermented foods and beverages but lacks the full roster of equipment and facilities to support pilot production and hands-on teaching. Table 54 provides a list of equipment that would close the gap in augmenting CGCC's ability to create a pilot facility, along with a rough cost estimate for such equipment.

Table 54: Fermentation Equipment & Cost Estimates

Fermentation Production Equipment	Estimated Costs
<ul style="list-style-type: none"> • 1 to 3 bbl brewhouse • 1 to 3 bbl fermentation tanks • Heat exchanger • Pumps • Piping, clamps, valves • 1 to 3 bbl bright tanks 	\$11,000 to \$50,000 for pilot plant equipment depending on size and condition ²⁰
Assorted manual bottling and capping equipment	<\$200
Kegerator and kegs with taps and parts	\$500 to \$3,000 depending on size
Fruit press / Destemmer / Pitter	\$200 to \$1,500 depending on style and size
13 gallon still, mash pot, burner and accessories	\$1,500 to \$2,700 for a home kit
Vegetable slicers	under \$100
Small wares for fermenting (crocks, weights, airlocks)	under \$200

Source: NW Food Solutions, October 2018

Beyond additions of equipment, additional changes to the facility would also be required. Fermented food and beverage facilities would require some reconfiguration of the existing kitchen space to segregate an area for fermentation activities. It would also require enhanced management of the space to ensure cross contamination of bacteria and yeast species do not occur. Brewing and distilling pilot equipment may also require 3 phase power, steam, glycol, natural gas, CO₂, O₂, and access to hot water for cleaning. It appears that gas and hot water are available at the existing facility, but an assessment would be needed to determine full utility needs for any sort of pilot brewing or distilling equipment. Lastly, a pilot brewing facility would require staffing a manager or supervisor to run the equipment, train and teach others to use the equipment, repair equipment as needed, and maintain the equipment and facilities in working order.

²⁰ Please note, the fermenters and bright tanks in a pilot brewery could also be used for cider, wine, mead, or kombucha.



Commercial Kitchen Market Assessment

One of the key recommendations of this study is to enhance the usage of the commercial kitchen for broader business and community use. As such, it is important to understand the market for commercial kitchen rental facilities on the Gorge and in the Greater Portland area. Additionally, since Oregon State University's (OSU) Fermentation Science program is one of the national leaders in this field, the consulting team studied the operations of their organization in detail.

Facility Cost Comparison

The kitchen is currently managed by the community college facilities staff. An advertisement on Gorge Grown website shows that the CGCC commercial kitchen rents for \$15/hour (see Appendix B for advertisement).²¹ The consulting team's market review, demonstrated in Table 55, indicates that \$15 per hour is a competitive rate, at the lower end of rates in Portland and elsewhere in the state.

Table 55: Regional Commercial Kitchen Rate Comparison

Kitchen	Hourly Rate
Bohemian Kitchen – Portland	\$18/hour
Portland Mercado – Portland	\$14.5 to \$30/hour
Tabor Space – Portland	\$20 to \$25/hour
Kitchenhood Commissary – Portland	\$15 to \$25/hour
Stellaria Community Kitchen – Eugene	\$20/hour
Poa Café – Portland	\$20/hour
Renegade Kitchens – Salem	\$15 to \$24/hour
Divine Catering – Tigard	\$15/hour
Clearwater Plaza – Hood River	\$40/hour

Source: NW Food Solutions, October 2018

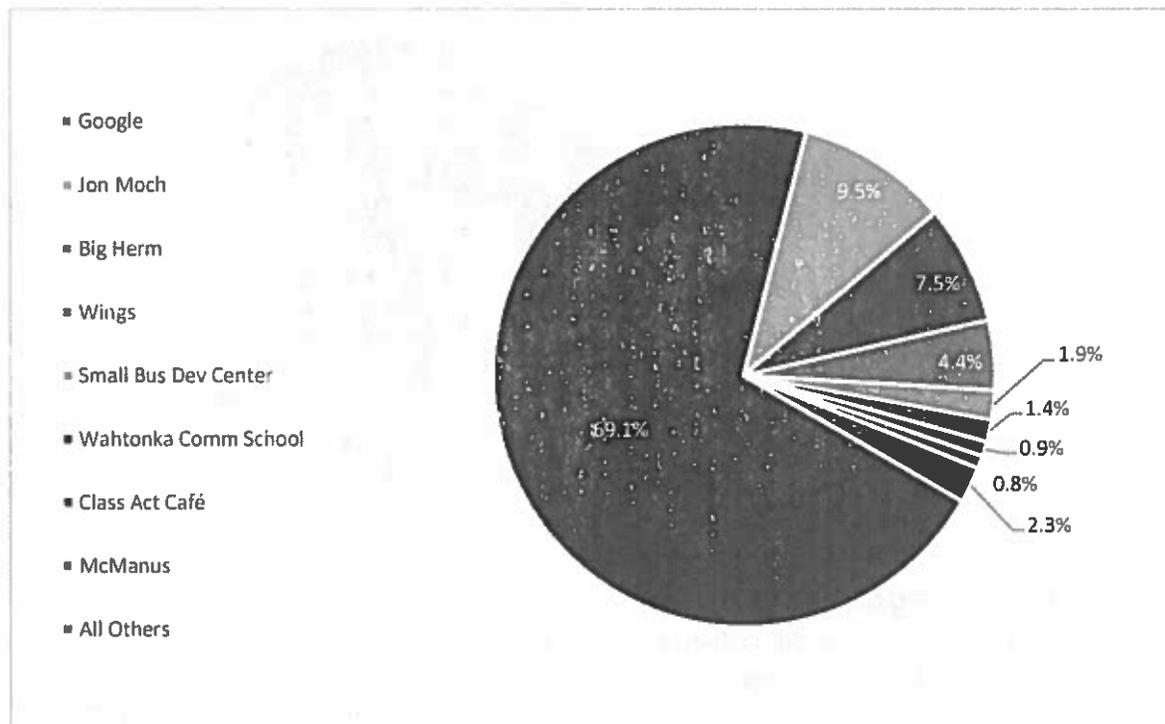
In the Gorge, the availability of commercial kitchen space is much lower, and compared with similarly equipped kitchen space in the Gorge, the CGCC kitchen hourly rate is low, (see Appendix B). In 2018, there were 13 companies who had utilized the kitchen. The primary use of companies using the kitchen in 2018 was to prepare meals for various commissaries (including the Google campus and the CGCC campus).

Facility Utilization Rates

According to a report from the CGCC facilities group, current utilization of the commercial kitchen capacity is 12%, (see Appendix C for report). Total capacity, according to the report, is calculated at 6,086 hours. This capacity equates to the kitchen being available 7 days a week and 16 hours per day. Excess capacity in the commercial kitchen is 88%, which is equivalent to 5,347 hours for a yearlong period (see Figure 23).

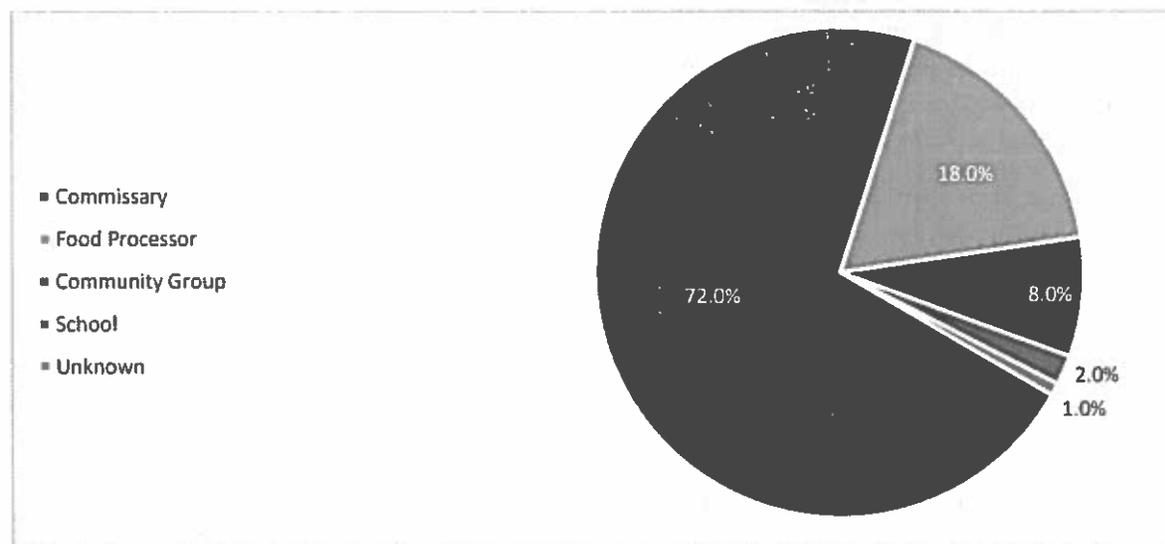
²¹ <http://www.gorgegrown.com/wp-content/uploads/2018/05/Commercial-Kitchens-in-the-Gorge.pdf>

Figure 21: Commercial Kitchen Time Utilization by Company in 2018



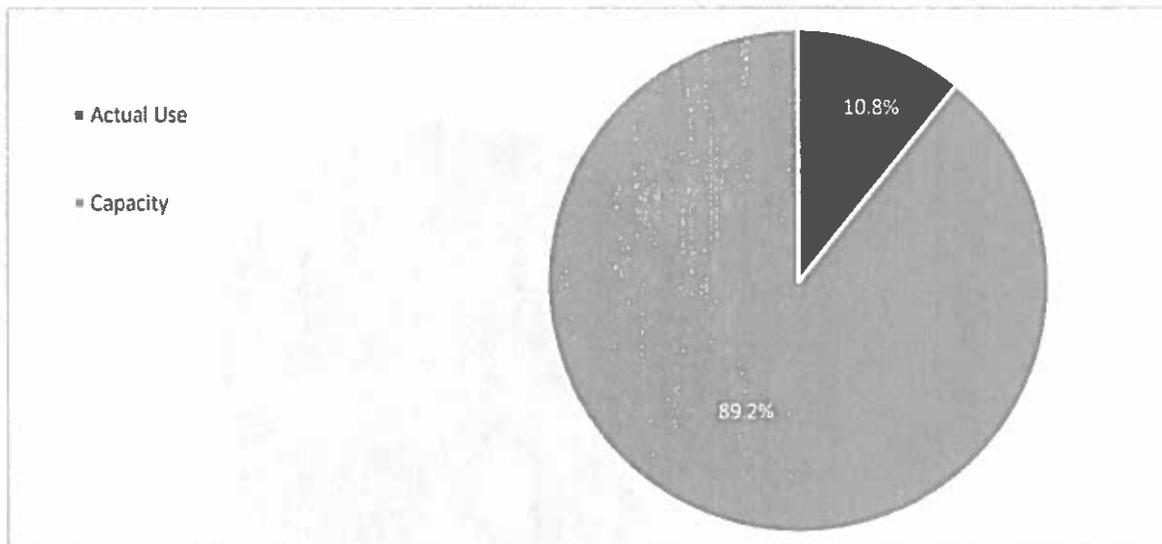
Source: NW Food Solutions based on data from CGCC, October 2018

Figure 22: Commercial Kitchen Time Utilization by Company Type in 2018



Source: NW Food Solutions based on data from CGCC, October 2018

Figure 23: Commercial Kitchen Excess Capacity in 2018



Lessons from Oregon State University

In order to compare CGCC commercial kitchen facilities to another local university with food pilot facilities, the consulting team spoke with Jeff Clawson of the OSU Fermentation Science department. Jeff manages the current brewing pilot plant facility and previously managed pilot facilities for the Food Science department. OSU also runs a pilot winery, creamery, juice processing plant, and baking lab and supports a sensory science lab. Each pilot facility is supported by a pilot facility manager. The OSU brewing pilot plant is dedicated 20% to teaching, 30% to research, and 50% to business contract work. Fees to businesses for contract work generate enough income to pay for equipment upkeep and undergraduate assistance in running the facility. According to Jeff Clawson, dedicated management of the pilot brewing facility is essential to ensure equipment is run and maintained properly and business and university needs can be prioritized and met.

Two companies currently using the kitchen, are licensed for food processing in the kitchen. The Oregon Department of Agriculture (ODA) licenses Big Herm BBQ to work out of the kitchen. And the CGCC Commissary, Class Act Café, which is also using equipment in the commercial kitchen, is licensed by the Local Health Department.²²

An important lesson for CGCC if it seeks to expand use of the Commercial Kitchen is to well understand the licensing requirements for different types of business entities. Depending on the situation, a pilot plant, commercial kitchen or the companies using such a facility can fall under either ODA or the local health department. If a business is primarily producing and serving food at a retail establishment, the local health department has jurisdiction. If the food is being produced, packaged, and sold at a later date, regulation falls under the Food and Drug Administration (FDA) and ODA. This means the facility likely needs to be registered with FDA and also have an ODA food plant license. There are exemptions for both FDA and ODA spelled out on their websites, such as non-profits entities. For mixed use facilities, the differentiation is dependent on the largest percentage of food production. ODA and the local health

²² Verified through searching of the ODA and the local health dept databases for licensing information



departments have an MOU (memorandum of understanding) and usually arbitrate unclear situations on a case by case basis.

For example, OSU's food processing pilot plant falls under ODA. But Portland Mercado, a commercial kitchen in Portland, falls under the local health dept. Also, each individual food processing company working out of the commercial kitchen has to register with FDA and ODA. If CGCC plans to increase use of the kitchen by food processors, it will likely need to register with FDA/ODA. Right now, it appears the primary purpose of the kitchen is as commissary, and the health department has jurisdiction. However, it is the responsibility of individual food processors to maintain their own licensing and relationship with relevant authorities.

