

The Economic Alliance

Board Meeting

March 24, 2021
Zoom Meeting

Attending Board Members:

Chris Branch, Chairman, Okanogan County Commissioners
Lael Duncan, 1st Vice Chairman, No County #1, OCCAC
Kurt Danison, 2nd Vice Chairman, City Rep. #1, City Planner
Anna Dalbey, Secretary, South County #2, Coldwell Banker
Aaron Kester, No. County #2, Tonasket Natural Food Co-op
Justine Salazar for Kristi O’Neill, Central County #1 Rep., WorkSource

Jon Culp, Mayor of Okanogan, City Representative #2
Alan Fisher, Central County #2 Rep., CEO Mid Valley Hosp
Maria Lassila, Treasurer, Omak Mirage Theater
Amanda Jackson-Mott, Arts Comm. Rep., MAA
Rachelle Haven, Nespelem/Grand Coulee #2, GCD Chamber

Absent Board Members:

Lanie Johns, Ok Co. Rep., clerk of the Brd
George Brady, Pt Chair, So Co Rep #2, Cascade Biological Sply
Stacy Luckensmeyer, At-Large Representative #2, WVC
Michael Porter, At Large #1, Omak School Superintendent
Ted Piccolo, Nespelem/Coulee Dam Rep. #1, NNDF

Sally Ranzau, Mayor of Winthrop, Methow Valley #1
Don Linnertz, MV #2, Twisp Works & Winthrop Chamber
Mayra Pamatz, Community Finance Rep., Umpqua Bank
Jonnie Crossland, CTFC Representative
John St. Pierre, Colville Planning, CCT Rep

Guests/Staff:

Roni Holder-Diefenbach, Ex. Director
Carolyn Davis, Admin Assistant

Mike Mauk, Brewster Chamber
Don Meseck, Employment Security Department

Chairman Chris Branch called the meeting to order.

Addition or Changes to Agenda: None

Consent Agenda: Kurt Danison made a motion to approve consent agenda (minutes 2/24/21) and (minutes from March Executive Session). Alan Fisher seconded. Motion passed.

Guest Speaker

Don Meseck is a Labor Market and Economic Analysis for the Washington Employment Security Department. His area of responsibility is Adams, Chelan, Douglas, Grant, Kittitas, Yakima, and Okanogan Counties. Mr. Meseck discussed long term employment and wage trends in the county. In Okanogan County total covered employment fell 4.9% from 2009 to 2019 (1,260 jobs). The job losses in the agricultural sector have been severe during this same period. Total covered wages in Okanogan County are \$594.0 million and average unemployment is 16,794. Health services shows gains because it was moved from “other services” Average annual wage is \$35,368, which is 50.8% of Washington’s average annual wage in 2019. Okanogan County’s labor force has shrunk for the past nine months. Okanogan County’s non-farm economy has not yet recovered from the recession in 2009 – 2013. Average annual unemployment rate in 2020 (9.1%) and the state rate was 8.4%. This is still less than the rate in 2010 (10.7) during the peak of the recent recession. The average annual nonfarm job loss rate of -4.9% countywide in 2020 is worse than the -3.8% loss rate in 2009. Agriculture lost jobs at an annualized loss rate of -2.5% (down 1,260 jobs) from 2009 – 2019, but transportation and warehousing added jobs at a rate of 15.5% (up 306 jobs). Unemployment rate rose from 6.7% in 2019 to 9.1% in 2020 due to Covid related layoffs. Sectors gaining employment in 2020 are federal government (up 40 jobs) and manufacturing (up 10 jobs). Leisure and Hospitality has seen the greatest job loss over the past year. For any questions, Mr. Meseck can be reached at dmeseck@esd.wa.gov Labor market and economic analysis website is <https://esd.wa.gov/labormarketinfo>

Reports

Executive Director Report: (see attachment #1) Roni Holder-Diefenbach reported that she recently participated in the ADO Best Practice meeting and the WEDA Conference. She facilitated a breakout session on Destination

Tourism, and one on Inclusive Economic Development. She also participated on two panels for the Apple Stem Network and Okanogan Coalition for Health Improvements.

Legislation to increase funding for ADOs is being considered, which would be an additional \$75,000 for each ADO. She sent a letter of support to our legislators.

She has also been working on grant applications. One application is to the Central Washington Foundation for \$20,000 to increase capacity to provide services. Should hear back by the end of May. There are also two USDA grants for capacity building for the Economic Alliance to create a small business resource and technical center. This one is for \$60,000 and no cash match is required, but in-kind services is accepted. The other USDA is a feasibility study to continue the Broadband study and provide costs to bring into homes.

Maria Lassila made a motion to authorize the Economic Alliance to apply for and administer the RBDG/RBOG grant and authorize Roni Holder-Diefenbach, Executive Director, to sign grant documents. Kurt Danison seconded. Motion passed.

Letters of support are also needed, and Roni Holder-Diefenbach asked if Board members could send a letter. One grant will be to hire a new staff member to work with our underserved populations and to create the Small Business and Technology Center, where businesses can come in or check out equipment purchased by this grant to help market their businesses and develop an online presence. Businesses will be able to take product pictures, shoot videos, make commercials using a drone and we will also be able to utilize the technology to provide virtual small business training videos.

The other grant is to continue the feasibility study work for our Okanogan County/CCT Broadband Action Team to get the cost for fiber to the premise and to work with the industries sectors to identify funding opportunities so that they can access the technology they need and why it is important to them. Separate letters of support for both applications. For the Small Business Technology Center letters are needed from private businesses to show how having this source available could help them retain and create new jobs. Need letters of support back by Monday, March 29th.

Financial Report: Roni Holder-Diefenbach reported that the Economic Alliance is doing well. Balance Sheet and current Income Statements were sent out prior to the meeting. Roni Holder-Diefenbach also reported that the problems with the SBDC billings have been figured out and invoices should start coming in on time. The Economic Alliance's PPP loan was forgiven.

Roni Holder-Diefenbach also reported that she has been working with the auditor to get our audit done before September. She (auditor) should be able to start the audit in April/May. We have sent her a Trail Balance for 2019 and 2020 to help her get started. We need to make sure we have all the internal controls in place and the Employee Handbook is up-to-date and we will need to formalize some of the policies. Roni Holder-Diefenbach will be working on getting these things all in order.

Board Policies Annual Update: The Conflict of Interest and Code of Ethics statements were sent out with the agenda and minutes and we need to have each Board member and their alternates read, sign, and send back to Carolyn Davis at the office. cdavis@economic-alliance.com

Business Education: No report.

Infrastructure Committee: Roni Holder-Diefenbach reported the RBDG special appropriation grant applications are due by the end of March. She has been reaching out to local projects ranked through our infrastructure process to make sure they are aware of funding for projects and she is currently working with two entities to help them get grant applications done.

Covid-19 Response: We still have PPE at the office to distribute to local Chambers and businesses if needed. Roni Holder-Diefenbach has continued to work with businesses that have had questions on PPP or EDIL. She has been meeting biweekly with the Small Business Working Group, which is led by Representative Cindy Ryu and Representative Noel Frame.

Discussion:

Roni Holder-Diefenbach reported that the Okanogan County/Colville Tribes BAT has continued to meet and next month will have someone from K-12 give a presentation about their need for and use of broadband. Future meeting will include discussion with the agriculture community. They will be having a meeting tomorrow with the providers and will share the plan with them. The cost of providing Broadband is a huge issue for the IPS.

Contracts:

No updates.

Other Business, News, Member Updates:

Lael Duncan reported that OCCAC has funds to assist those in need of funds to pay back rent, back mortgage payments, and utilities that were behind due to COVID. At the present time they are finalizing funding for \$2.8mm in funds for rent and utilities that will run through December.

Roni Holder-Diefenbach reported that the NCW Economic Development Forum is scheduled for April 15 and if you have not registered yet, there is a link on the Economic Alliance Facebook page. This should be a great event.

The next meeting is scheduled for April 28, 2021.

Kurt Dansion made a motion to adjourn the meeting. Anna Dalbey seconded. Motion passed.
Meeting adjourned at 12:30 p.m.

Respectfully submitted,
Carolyn Davis, Administrative Assistant



March 2021

Overview:

This month I had the opportunity to attend the ADO Best Practice Meeting, and the WEDA Conference where I facilitated breakout sessions on Destination Tourism, and Inclusive Economic Development. I also was asked to participate on 2 panels for the Apple Stem Network, and Okanogan CHI to share the current challenges to our local economy and the services and programs that we are working on.

State Policy Issues

WEDA is working on sponsoring legislation to increase funding to the ADO's from the General Fund.

The updated revenue forecasts were the significant news from last week. A brief summary of the operating budget forecast and the transportation budget forecasts are provided below. The bottom line is that the general fund forecast was positive, and the transportation forecast was not. Now that each chamber has updated forecast information, they will begin releasing budget proposals. Here is the schedule for budget releases this week:

- The Senate Transportation chair will release his current law budget proposal at 10 am tomorrow. The current law budget proposal demonstrates how the budget would look without any new transportation funding. The public hearing on that budget will be at 4:00 pm on March 23rd and it is scheduled for a committee vote on March 25th.*
- The House Transportation chair will release his current law budget proposal after 10 am tomorrow. The public hearing on that budget will be at 3:30 pm on March 23rd and it is also scheduled for a committee vote on March 25th.*
- The Senate Democrats will release the general fund operating and capital budgets on March 25th. A hearing on the capital budget is scheduled for the same day and a hearing on the operating budget is scheduled for March 26th. A committee vote on both budgets is scheduled for March 27th.*
- The House Democrats have not publicly announced the timing of the House operating or capital budget releases, but the expectation is it is likely to be on March 26th or 27th.*

REVENUE FORECASTS

General Fund Forecast

- The federal stimulus legislation passed in December and March is expected to lift GDP growth this year and in 2022.*
- Forecast risks continue to relate to COVID-19, such as the potential for more contagious variants that would result in an increase in containment measures.*
- The forecast of funds subject to the budget outlook is increased by \$1.3 million for the 2019-21 biennium and \$1.9 million for the 2021-23 biennium.*
- Although revenue has increased since June of last year, from February of 2020 to March of 2021, the total forecast is down \$356 million for the 2019-21 biennium and up \$298 million for the 2021-23 biennium.*
- Revenue collections are up 5.5% over last year.*
- You can find the full revenue forecast report here: [Revenue Review Meeting \(wa.gov\)](https://www.wa.gov)*

Transportation Forecast

- *The 2019-21 biennium revenue is expected to be down \$356 million or 5.5% over the last biennium and a 1.6% decrease since the last forecast in November of 2020.*
- *The 2021-23 biennium revenue is forecast to be down by another \$220 million since the November 2020 forecast.*
- *The 2019-21 revenues are \$216 million lower than they were in February 2020. Overall, the 2021-23 revenues are higher than the amount forecasted in February of 2020 by \$230 million or 3.6%. The Washington State Supreme Court decision invalidating Initiative 976 and restoring vehicle license fee revenue is a factor for the overall revenue calculations in both biennia. For 2019-21, the COVID-19 impacts are still more significant than the restoration of revenue from I-976. But the additional revenue that results from the Court's decision on I-976 is larger than the COVID-19 impacts in the outer biennia.*
- *It is worth noting that the COVID-19 revenue impacts will likely last over several years. A return to the level of gas consumption from February 2020 levels is not anticipated for at least 10 years.*
- *Ferry passenger ridership is not anticipated to return to previous levels until 2028 and traffic on tolling facilities is not anticipated to return to previous levels until 2024.*

OTHER SIGNIFICANT BILLS OF INTEREST

SHB 1170—*An Act Relating to Building Economic Strength through Manufacturing, is sponsored by Representative Boehnke (R-Kennewick). The legislation establishes a goal to double the state's manufacturing employment base in 10 years, requires the Department of Commerce to prepare a biennial report to the Legislature on the state of manufacturing in Washington and requires the Department to convene a manufacturing council to advise and consult on the development of the report and recommendations. The House passed the bill on a vote of 96-0 and has a hearing in the Senate Business, Financial Services and Trade Committee on March 23rd.*

HB 1406—*An Act Relating to Improving the Equity of Washington State's tax code is sponsored by Representative Frame (D-Seattle). The bill establishes a one percent wealth tax on intangible financial assets of more than \$1 billion. The House Finance Committee considered the bill on February 2nd.*

ESSB 5115—*An Act Relating to Establishing Health Emergency Labor Standards is sponsored by Senator Keiser (D-Des Moines). This legislation includes the following provisions:*

- *Creates an occupational disease presumption for frontline workers during a public health emergency for the purposes of workers' compensation.*
- *The presumption may be rebutted by a preponderance of the evidence that the exposure occurred from non-employment activities; and*
- *The costs of the payments under the presumption do not affect the experience rating of the employers insured by the state fund.*

This bill passed the Senate on a vote of 48-1 and had a hearing in the House Labor Committee on March 12th.

2SHB 1263—*This bill, sponsored by Representative Abbarno (R-Centralia), creates a rural infrastructure assistance account and establishes a competitive grant program to award funding to local governments located in rural counties for public facilities, including broadband. The Appropriations Committee passed a 2nd substitute version of the bill on February 19th. The bill did not pass out of the House by last Tuesday's cut-off.*

SHB 1333—*Sponsored by Representative Tharinger (D-Sequim), extends the expiration of the local sales and use tax for public facilities in rural counties until December 31, 2054. The extension only applies to those counties that imposed the full capacity of the tax prior to August 1, 2009. The Finance Committee passed a substitute version of the bill on February 19th. The substitute bill clarifies that the extension of the expiration of the tax rate applies to those counties that no longer meet the definition of a rural county but met the definition as of August 1, 2009. The bill passed the House on a vote of 97-0 and had a public hearing in Ways and Means on March 16th.*

EHB 1386—*Sponsored by Representative Wicks (D-Everett), expands the targeted urban area property tax exemption to allow any city or town to use the program. Under current law, certain cities are authorized to grant a 10-year local property*

tax exemption for new industrial or manufacturing facilities in designated urban areas. The legislation allows any city or town to use the tax exemption and makes some other changes to the eligibility for the program. The bill passed the House 97-0 and had a hearing in the Senate Ways and Means Committee on March 15th.

SHB 1323—Sponsored by Representative Tharinger (D-Sequim) pertains to the Long-Term Trust Program. Washington State created a Long-Term Services and Supports Trust Program in 2019. Beginning January 1, 2022, a premium of 0.58 percent will be assessed on the wages of all employees of Washington who have worked at least 500 hours during the year. Employees who attest to having long-term care insurance may apply to the Employment Security Department for an exemption from the premium assessment. The legislation requires that the exemption only applies to those employees who have purchased long-term care insurance prior to the effective date of this act, which is 90 days from adjournment of this legislative session. The practical impact is that those employees who do not attest that they have separate long-term care insurance by late July of this year, would be automatically enrolled in the program. The bill passed the House on a vote of 56-41. The bill has a hearing in the Senate Health and Long-Term Care Committee on March 22nd.

Washington Small Business Resources Mobilization Campaign:

Organizations that serve small businesses and non-profit organizations are working together to maximize the amount of federal aid that will come to our state through the Washington Small Business Resources Mobilization Campaign, which WEDA is helping coordinate. We are committed to working proactively to provide accurate information about the relief opportunities and to connecting people to technical assistance should they want help navigating the process and forms/requirements. This group has a major focus on reaching and serving small businesses and non-profit organizations in underserved communities and areas of the state, including rural. The scale of the challenge is enormous, the needs are unprecedented. We are continuing to receive emails from the SBA about what's happening on the new round of PPP and other resources such as EIDL and the Shuttered Venues grants and attending weekly webinars to receive updates to the programs. The landing webpage www.SmallBizHelpWA.com is intended to be a relatively simple portal/hub for resources such as the SBA and SBDC.

Federal Policy issues

We have continued to work with Senator Murrays office to communicate the NOFO's that are coming out at this time. We have also continued to promote the SBA's small business resources to our local business community!

LOCAL/REGIONAL:

Economic Recovery Dashboard: I am working with a group to develop a Okanogan County specific Economic Recovery Dashboard. It still has not been formalized, as we are waiting for the Tribe to provide us with their input before we finalize it. We are also working with the EDD on a regional dashboard.

Downtown Academy- Okanogan County has 2 communities, Brewster and Oroville who are participating in this project if funded through the USDA.

Small Business Working Group-Led by Representative Cindy Ryu, MBA, (D-32nd)

Community and Economic Development Committee Chair and Representative Noel Frame, 36th Legislative District, Chair of the House Finance Committee and I will be representing small businesses and rural communities we will meet biweekly through the session.

Washington Recovery Group- The Washington Recovery Group (WRG) is a cabinet level group which includes leaders from state agencies, boards, commissions, tribal partners, local agencies, and members of the public. The WRG was established by Governor Inslee to bring bold, high-impact initiatives and solutions that address state government service gaps accentuated by the pandemic (see news release). The group is responsible for recommending strategies to transition from pre-pandemic ways of operating to new methods that increase resilience and improve state preparedness to better address future events.

The recovery group has spent the past several months developing a short list of recovery objectives that will enhance the State's resilience. Three themes emerged from this work including a need for:

- 1) better access to state services by individuals, communities, and small businesses,*
- 2) a robust safety net capable of meeting expanding needs during times of crisis, and*
- 3) increased access to workforce training.*

Okanogan County/CCT Broadband Action Team:

We will continue to meet on a monthly basis and are scheduling presentations from the different industries directly impacted by COVID-19 and how lack of broadband access has affected their business and industry. We are applying for a USDA grant with the assistance of ACRS.

External Board of Directors: *Currently I am representing the Economic Alliance on the following boards:*

NCW Economic Development District

NCW Career Connect Leadership Team

NCW Workforce Development Council

Family Health Centers Board

CFNCW Helping Hands Grant Committee

Washington Economic Development Association