

2018

**SCOEDD Annual
Performance Report**



ANNUAL PERFORMANCE REPORT

SOUTH CENTRAL OREGON ECONOMIC DEVELOPMENT DISTRICT

OCTOBER 1, 2017 TO SEPTEMBER 30, 2018

ECONOMIC DEVELOPMENT ADMINISTRATION PLANNING GRANT

ED17SEA3020042

PREPARED BY
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SEPTEMBER 2018

Since 1999 the South Central Oregon Economic Development District (SCOEDD) has served as the primary conduit for regional economic development resources for Klamath and Lake Counties.

SCOEDD has established three focus areas:

- 1) Economic Development partnerships and planning
- 2) Infrastructure and community development - providing assistance to local jurisdictions and committees in researching funding resources, developing funding strategies, and providing grant assistance for economic development projects, infrastructure needs and essential community services
- 3) Provide development planning and support to new and existing businesses

ECONOMIC DEVELOPMENT PARTNERSHIPS AND PLANNING

Initiate the Comprehensive Economic Development Strategy (CEDS) process for the 2018 to 2023 CEDS by holding community outreach meetings

The Comprehensive Economic Development Strategy (CEDS) is a locally initiated planning process designed to create employment opportunities and foster a more stable and diversified “local economic community”. The CEDS aims to improve local economic conditions and identifies opportunities for creating and retaining jobs, raising income levels, diversifying the economy, and improving the quality of life to attract jobs.

Over the past year SCOEDD staff has held community outreach meetings, participated in strategy sessions with various groups and conducted an online SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the region. The results are listed in **Attachment 3**.

As the West continues to shift from a natural resource-based economy to a knowledge-based economy, the key to the future of the SCOEDD region’s competitiveness is increasingly the ability to cultivate and attract innovative companies and an educated workforce. Research shows that these companies and individuals are increasingly “footloose” and are drawn to the high quality of life, which includes outdoor recreational opportunities and attractive natural landscapes.

Areas of focus investments needed are:

- | | |
|--|---|
|  Talented leaders, skilled workers |  Branding for internal marketing |
|  STEM skills, innovation ecosystems |  Live/work/play places |
|  Entrepreneur networks |  Places talented workers and |
|  Business creation, expansion, reinvention |  entrepreneurs want to be |
|  Connecting academic institutions to local businesses and communities |  Public investments in community |

Specific Strategies and the implementation plan still need to be development and adopted.

Serve as local convener to plan and facilitate monthly Rural Tourism Studio, a community-based tourism development program that offered hands-on skill-building through eight interactive workshop sessions and networking events held in the fall of 2017.

In 2016, Rural Klamath Connects (RKC) communities of Merrill, Malin, Bonanza, Tulelake and Dorris-Butte Valley collaborated with SCOEDD and successfully applied for and received the Travel Oregon Rural Tourism Studio grant-professional development program designed to assist rural communities with development of tourism industry in a way that will help stimulate the economy, protect and enhance natural and cultural resources, and foster community pride. Travel Oregon (TO) delivered the Klamath Basin RTS workshops October- December 2017 as a bi-state initiative with over 50 community members from the region participating.

Action Teams were formed and have met over the last year focusing on Outdoor Recreation, Cultural/Historical Heritage and Agritourism, and Marketing projects to develop new family friendly tourism experiences to attract more visitors to the region and increase their stay. Maps and itineraries are being developed to showcase regional cycling routes and to create tour routes highlighting cultural/historical sites and Agritourism experiences. The Marketing Team is assisting with printed product and digital design and implementation of marketing plan.

To tap into Oregon's increasing popularity as a bicycling destination, the Outdoor Recreation Team is promoting our 'best of the best' road, mountain biking, gravel grinder, and family friendly cycling routes. Bicycle travelers in Oregon spend \$400 million annually. We will also be encouraging local business participation in the Bike Friendly Business program to better connect with this growing segment of the economy.

Our shared vision is to have businesses available locally that create job opportunities and provide needed services, attract more business into each community, provide welcoming services for our visitors and promote vibrant communities once again. Our hope is that some of our young people, who leave the area due to a lack of job opportunities, will stay and start new businesses or find jobs with those that expand to meet a greater need.

Our long-term plan is to develop sustainable tourism experiences and marketing materials that increase family friendly visitor opportunities and encourage longer visitor stays in rural Klamath.

VISION STATEMENT

The Klamath Basin is a nationally recognized destination that attracts visitors and residents to its natural experiences, including lakes, lava beds and world-class parks. The visitor experience focuses year-round on abundant ecotourism and outdoor recreation opportunities (birding, fishing, mountain biking, hiking, canoeing, snowshoeing, skiing, golfing, etc.). Visitors also enjoy exploring charming rural towns with thriving, revitalized downtowns, unique shopping and dining opportunities, and lively arts, culture and entertainment opportunities.

Community outreach and partnerships with local economic development organizations will provide start-up support and resources to small business and entrepreneurs, fostering more Agritourism, cycling, and tourism related businesses and unique lodging opportunities.

We are also building relationships with business owners and civic groups established to promote new visitor experiences and tourism goals set during the Rural Tourism Studio. Providing a good customer experience is a critical piece to ensuring our region's success as a tourism destination and promoting tourism assets to encourage longer visitors stays. And we anticipate that ongoing efforts to sustain a diverse rural economy through a strong tourism sector, in turn fuels the area's ability to recruit and retain businesses and skilled employees.



Conduct a Housing Study for Lakeview that includes strategies for rehabilitation of existing housing, promotion and access to energy efficiency funding for housing, identification of housing project needs for contractor/developers.

SCOEDD has been awarded an EPA Brownfields Coalition Grant which will focus on sites in Lakeview, Paisley and unincorporated Lake County that have the potential for hazardous substances and petroleum contamination. These sites include former lumber mills and processing plants as well as former gas stations. These same sites, once assessed, and if necessary cleaned up, will lend to redevelopment projects that have the potential to bring jobs and community resources with the use of sustainable redevelopment practices, such as the reuse of existing infrastructure while preserving the natural beauty of the area.

Through this project we intend to improve the economic viability of existing businesses as well as attract new commercial and light industrial activities that increase employment opportunities and pay sustainable wages. The Coalition will work toward community revitalization by returning abandoned properties to the active tax rolls, which will increase tax revenues to support public infrastructure. And, as the Coalition seeks to improve the tax rolls, it is critical that property improvements include new housing options which is a critical issue in the area. The renewable energy market is fast growing in the County, successfully creating jobs and simultaneously bringing new residents to the area; however, existing livable housing has been occupied, and now a housing shortage exists.

With part of the grant funding the consulting team will provide a housing market analysis that evaluates population forecast projections based on demographics tied to age and income. As any study or analysis must address local concerns, we anticipate that the Coalition will help define the existing condition, challenges, opportunities and strategies to build housing. Public opinion and input will be sought through meetings with housing industry stakeholders and developers. Visioning with the public in the form of charrettes will be held early on.

The study will evaluate growth trend in comparison to the existing housing supply and the gap of new housing needed to meet demand. Additionally, utilizing information derived from CoStar real estate data and interviews with local brokers and developers, the team will consider housing development factors of available product, rents/prices and construction costs to discern the viable type of new construction for the community. Finally, a plan of action will be created that outlines tactical solutions with designated responsible parties, deliverables, metrics and timeframes to ensure the housing need will be addressed and not just analyzed. The results of the housing analysis will likely be presented at the second community meeting to be held the first part of 2019.



Work with KCC on identifying 'Work Pathways' for regional employees to address the issue of underemployment in the region

SCOEDD staff applied for funding through Oregon Community Foundation (OCF) for a workforce training program for seasonal farm worker. Although not funded, this program was conceived to provide Computer Skill Training for seasonal farm workers during the "off season" to break the cycle of working in the fields and creating a positive image for family members. The proposal was a partnership with Klamath Community College and WorkSource Klamath to provide the trainings and assisting the participants in obtaining "living wage" employment.

INFRASTRUCTURE AND COMMUNITY DEVELOPMENT

In July 2018 The Red Rock biofuels project held its official groundbreaking ceremony in for its



Continue to work with Lake County and the Town of Lakeview on bringing natural gas to the community of Lakeview

\$177 million biofuels plant in Lakeview. The refinery will need up to 10,000 mm BTUs of natural gas per day. Red Rock Biofuels is proposing to bring a natural gas transmission line to their project site located on the southern edge of the town of Lakeview. As part of the siting negotiations RRB has agreed to offer spare capacity to future natural gas users at RRB's cost.

Currently Lake County and SCOEDD are in discussions with AVISTA Utilities to determine how to provide natural gas into the core community.



Work with Lake County on retention and maintenance of the Lake County Rail

Lake County submitted a \$5,600,000 BUILD grant as the pivotal source of funding to rehabilitate Lake County Railroad from an “Excepted” rail line to a Class I standard rail line. The total project costs \$10.6 M and includes rail, tie, ballast and bridge work along 55 miles of 100-year old rail line. The Lake County Railroad is in critical need of rail improvements to safely, efficiently, and economically transport natural resource products to markets outside of Lake County as well as importing necessary manufacturing materials. Specifically, railroad infrastructure improvements are needed to allow for the safe transport of biofuel generated from the newly sited Red Rock Biofuels plant in Lakeview, Oregon. This project will upgrade rail to Class 1 track standards, and bridges will be increased to a 286,000lb load rating, which will allow the train to transport modern, industry standard, safe, HAZMAT cars to meet supply and demand projections from Red Rock Biofuels.



Complete a Great Northern Basin Broadband Exploration Project to determine existing availability and quality of broad band, identify funding opportunities and realistically outline steps to funding to expanded broadband services to remote communities.

The small towns of Plush and Adel in the Warner Valley to the East of Lakeview each have elementary schools, a vibrant ranching/home based businesses and Hart Mountain Wildlife Refuge. Access to reliable internet and speeds necessary to conduct reasonable business is not available through the current T1 lines. Satellite service is expensive and often unreliable as well. Ranchers and farmers are unable to stream important market and sales events that are broadcast seasonally, teachers and children are unable to access web based curriculum and required testing modules, small businesses and home based entrepreneurs have inadequate bandwidth to upload and download state and federal payroll information, business documents, and access to online banking and point of sale transactions are almost non-existent. In addition, communication and internet services for the federal Hart Mountain Wildlife Refuge (located in the Warner Valley) are compromised by the lack of services. These problems directly affect the overall economic climate by restraining job retention (supporting current business and educational services) and further creation of jobs by restricting access to the internet services necessary for their success.

The lack of fiber linkage between Paisley and Christmas Valley creates the same rural ranch and agricultural business and educational issues that are found in the Warner Valley. Midway between Paisley and Christmas Valley there is an Oregon Fish and Wildlife Station at Summer Lake that also lacks adequate services to be of viable service. Lack of adequate internet services hinders prime economic development as well as access for educational needs of students and opportunities for Telehealth Networks. The Warner Valley and the Paisley to Christmas Lake

linkage has an important economic development value for recreationists and tourism which is lacking potential development for jobs and business opportunities.

Currently, there is work being done by fiber and microwave engineers to provide cost estimates, mapping and construction strategies that will be dictated by geography as well as financial realities. At this time, exact solutions are "soft" as experts are developing their final plans. To this point the following progress has been made:

- ✓ Lake County Educational Service District in the early Spring of 2017 applied for a USAC grant to bring fiber to the two Warner Valley communities for their elementary schools. Hunter Communications bid on the project to build out the fiber system from Lakeview to Plush and Adel. This company has committed to providing additional fiber in this build out to service those communities. Microwave infrastructure to develop an adequate system would be a necessary next step in providing services to approximately 120 households, businesses and the Hart Mtn. Wildlife Refuge. The USAC funding was approved and now the community is fundraising for the required matching funds.
- ✓ A basic draft engineering plan for microwave and tower construction is being finalized for the Warner Valley that would be dependent on the success of the USAC E-Rate grant bringing fiber into Plush and Adel. However, this engineering plan could be revised for bringing microwaved services to that area from Lakeview rather than fiber if necessary. This last option is the least desirable for optimum bandwidth but would drastically improve services to the area.
- ✓ Construction of fiber from Paisley to Christmas Valley would provide services to the Summer Lake, Silver Lake and frontier populated areas to Christmas Valley.

In addition, Lake County lacks redundancy in any of the areas served by telecommunications companies. This includes public/private businesses or local government agencies. In 2017-2018, there were seven separate incidences of internet "blackouts" due to severing of fiber optics at road construction sites and telecommunication company equipment failures. These failures interrupted service from a few hours up to 3 days crippling retail POS access, banking, telephone communications as well as internet access.

The economic losses to small businesses, ranching/farming and home based businesses affects current success and future expansion. Unavailable and inadequate service due to failing systems, poor connectivity and lack of redundancy has created a vulnerable environment throughout the county. This extends to educational needs of school aged children with need for at home internet services in isolated areas as well as safety issues for families and travelers.

An application was submitted but not funded for Regional Solutions funding to develop a review of the several possibilities to increase reliability of service through redundancy to the Town of Lakeview and as much of Lake county as feasible. In addition, other portions of Lake County currently grossly underserved for basic internet/broadband services would have the opportunity to link into the "fiber ring" developing infrastructure necessary for reliable microwave broadband. Specific featured route would be Paisley to LaPine. The proposed study would include

final engineering and financial review of the several possible routes to be considered to identify the most viable options and provide justified prioritization of those options for the end goal of identifying funding and resource options for building redundant capacity for Lake County. The plan would also review the long term value of the proposed services, measured in terms of the number of persons who might be able to gain access to service if particular routes are selected, and the value of the improved reliability of service (redundancy) to Lakeview.



Identify program funding for a regional wide façade improvement program

Beautification and revitalization of downtowns was highlighted as a priority for the region in both the Rural Tourism Studios and the branding report completed for the small rural communities in Klamath County. One source of funding identified is the Oregon Main Street program. The Rural Klamath Connects communities also received some funding from the Ford Family Foundation for façade and building updates.

In the City of Klamath Falls, the City is adopting a Spring Street Urban Renewal District. Included in the Urban Renewal Plan is a Façade Improvement Program which will focus on rehabilitating unsightly building exteriors and may be set up as a low or no-interest loan program or may include grant elements. The program's purpose is to encourage leveraged private investment to improve publicly visible building façade and storefronts and improve the overall aesthetics of the Area. Any Agency grant match ratios will be determined but not exceed 50%. The Building Improvement Program project will focus on facilitating building reuse and occupancy and may be set up as a low or no-interest loan program or may include grant elements. Reusing or changing uses in a building often triggers building code requirements, seismic updates, and environmental remediation issues whose costs may derail projects before they start. The program's purpose is to encourage leveraged private investment to complete improvements that result in higher and better use of and increased building occupancy levels within the URA. Any Agency grant match ratios will be determined but not exceed 50%.

PROVIDE DEVELOPMENT PLANNING AND SUPPORT TO NEW AND EXISTING BUSINESSES**Work with Klamath County Economic Development Association on an Ecommerce Zone application and renewal of the Klamath Falls/Klamath County Enterprise Zone**

In February 2018, SCOEDD staff initiated the renewal of the Klamath Falls/Klamath County Enterprise Zone. The municipal corporations, school districts and special service districts that receive operating revenue through the levying of ad valorem taxes on real and personal property in any area of this enterprise zone were sent notice and invited to a public meeting held in April 2018 regarding its designation. The final application was submitted the first part of June 2018 and was approved by Business Oregon.

The enterprise zone exempts only new, incremental value, property that a job-creating business might build or install in the enterprise zone at some future time. Also, an enterprise zone exemption is temporary, usually lasting only three years, after which time the real and personal property induced by these incentives is assessed and property taxes levied. An extension to four or five years in total is possible in some cases. For rather exceptional investments, longer-term incentives might be available in a rural enterprise zone, but only if our county meets certain economic criteria; these longer-term incentives also may include a state tax credit, which triggers annual payments to local taxing districts by the state government.

Participate with Klamath IDEA on completion of an entrepreneurship strategy for the region.

Klamath IDEA is a community initiative dedicated to creating wealth and prosperity for the communities of South Central Oregon by developing a thriving entrepreneurial ecosystem poised to strengthen existing businesses and support the emergence of new businesses. Klamath IDEA combines local intellectual horsepower and economic development resources to support growth-minded entrepreneurs in moving from concept to launch to sustained success. Klamath IDEA then amplifies community expertise and connects entrepreneurs to one another by hosting IDEA Talks and the Center for Entrepreneurship (a business training classroom) as well as employing an Entrepreneur Concierge to assess and identify opportunities.

Klamath IDEA is one of eleven recipient communities that were selected through Business Oregon's competitive grant process for their ability to build local capacity and bolster broad and inclusive support within our community. The grants funds awarded will be used to:

Secure more broad and meaningful community leadership support for entrepreneurship as a viable economic development model.

- ✓ Bring Don Macke of the e2 Center for Entrepreneurship to be a keynote speaker at the 2018 Rural and Business Innovation Summit (RBIS).
- ✓ Involve Area Resource Partners in the visitation/assessment process of start-ups, early stage companies, and existing companies in the targeted categories.
- ✓ Host at least 14 IDEA Talks by March 30, 2020
- ✓ Redevelop the Klamath IDEA website
- ✓ Coordinate quarterly Resource Provider meetings

Actively engage economic development partners and entrepreneurs in crafting an entrepreneurship-based three-year economic development strategy that can be scaled to the outlying areas of the Region over time.

- ✓ Increase engagement of entrepreneurs in both the planning and leadership of the initiative and in growing the number of entrepreneurs circulating in ecosystem.
- ✓ Hire and train a half-time Entrepreneur Concierge (Coach)
- ✓ Ensure that 3-5 entrepreneurs are always represented on the eLeadership Team to provide their perspective on ecosystem needs, gaps, and progress.
- ✓ Design a visitation plan and following the hiring of the Concierge, begin the visitation/assessment process
- ✓ Provide sponsorships and support to events that encourage the entrepreneurial spirit such as Catalyze Klamath, RBIS, KFDDA Downtown Business Plan Competition, etc.

ORGANIZATION AND ADMINISTRATION

The District, an ORS 190, is governed by a 23-member board of directors that includes representation from the counties, cities, and private sector throughout the region. **Attachment 1** includes a listing of current board members and their economic representation.

The District appoints an executive board to directly oversee the staff and finances of the organization. Currently the following members serve on the Executive Committee:

District Executive Board Members

Derrick DeGroot, Chair	Dan Shoun, Vice Chair	Ernie Palmer, Treasurer
Nathan Cherpeski	Roberta Vanderwall	Jared Hall
Ken Kestner, Immediate Past Chair	KCEDA Executive Director, Ex Officio	

During the timeframe of this report, three full time professional staff served the SCOEDD Board of Directors plus provided administrative support to the South Central Oregon Area Commission of Transportation (SCOACT) and the Klamath Lake Regional Housing Center (KLRHC). Included as **Attachment 2** is a staff Organizational Chart.

District staff

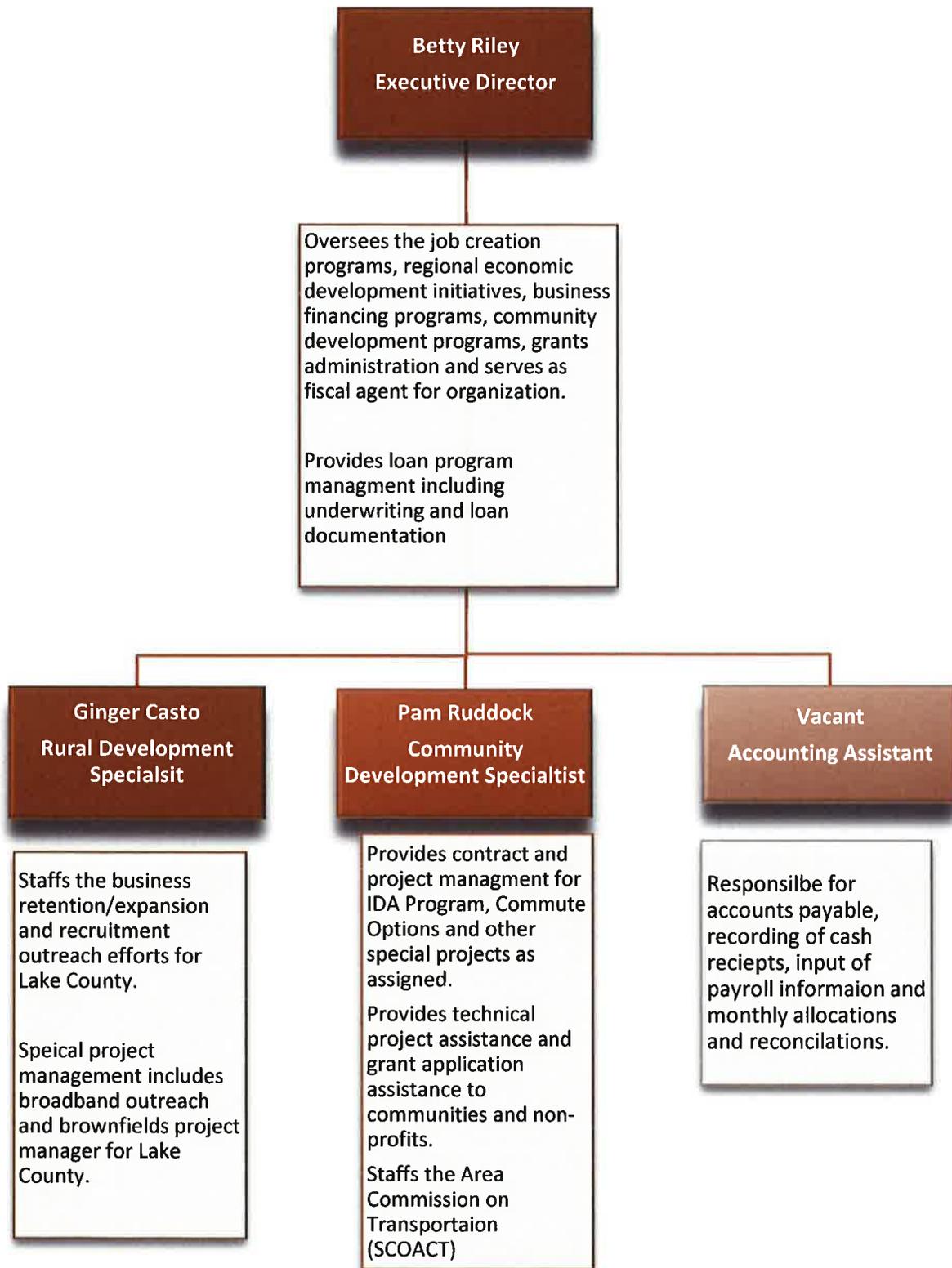
Betty Riley, Executive Director
Ginger Casto, Rural Development Specialist
Pamela Ruddock, Community Development Specialist

During the first part of 2017 SCOEDD migrated its bookkeeping/accounting records to Abila MIP Fund Accounting software which is a cloud based program that requires less staff time and reduced the requirement for full time accounting staff. The Accounting Assistant position is currently vacant.

Attachment 1**SCOEDD BOARD MEMBERSHIP ROSTER****June 2018**

Dan Shoun, Vice Chair	Lake County (elected commissioner)
Brad Winters	Lake County (elected commissioner)
Ken Kestner	Lake County (elected commissioner)
Derrick DeGroot, Chair	Klamath County (elected commissioner)
Kelley Minty Morris	Klamath County (elected commissioner)
Donnie Boyd	Klamath County (elected commissioner)
Roberta Vanderwall	Lakeview, Town (Community Leader)
Ralph Paull	Paisley, City (elected mayor)
Betty Tyree	Bonanza, Town (elected mayor)
Mark Cobb	Chiloquin, City (elected mayor)
Nathan Cherpeski	Klamath Falls, City (Community Leader)
Gary Zieg	Crater lake Specialty Food (Value added Ag)
Bill Carlson	Merrill, City (utility)
Jessica Bogardus	Lake County Chamber (Business)
Heather Tramp	Klamath County Chamber of Comm. (Business)
Catherine Callaghan	US Forest Service (Forestry)
Jim Walls	Lake County Resources Initiative (renewal energy)
Vacant	
Ernie Palmer, Treasurer	Retired Citizen
Stan Gilbert	KBBH (Community Leader)
Roberto Gutierrez	Klamath Community College (Higher Ed)
Randall Norris	Worksource Oregon (Job Training)
Jared Hall	Klamath Tribes Economic Dev. (minority)
Randy Cox	Klamath County Economic Development Association (Business)

**Attachment 2
ORGANIZATIONAL CHART**



ATTACHMENT 3**SWOT**

Strengths - Our Region's Comparative Advantages	Weaknesses - Our region's competitive disadvantages?
Access to public lands	Age gap - lack of 20 year olds
Affordable housing	Aging housing
Agency collaboration	Broadband
Available lands	Deteriorating roads
Connections – people	Distance from markets
Conservative population	Education – need apprenticeship opportunities
Elevation	Distrust of government
Entrepreneur Spirit	Hesitation to include youth
Geothermal resource	Labor infrastructure
Health Care	Lack of activities for all ages
High quality of living	Lack of adequate housing
Higher education	Lack of airline
Independence	Lack of AP classes (Lakeview)
Isolation	Lack of employable workforce
Klamath Tribe	Lack of Marketing
Landscape	Lack of mentorship
Lower property and labor costs;	Lack of technical resources/people
Natural resources	Lack of willingness to change
OIT and KCC	Less diverse industry base
Peace of mind	Location
Quality of life	Need workforce willing to work
Rural Values	Racism/classism
Scholarships	Relatively small labor pool

Strengths - Our Region's Comparative Advantages	Weaknesses - Our region's competitive disadvantages?
Self Sufficiency	Smaller family businesses
Small-town 'can-do' attitude and friendliness.	State representation
Solar opportunities	Utility costs
Very far away from Portland	We are remote, so supply chain issues can be significant;
Weather	We are small, so the workforce is also small and that can provide challenges for business growth

Opportunities	Threats
Aviation related businesses	"Brain-drain"- losing our young, educated workforce to bigger cities.
Better take advantage of the smart, young graduates from OIT/ KCC	Cascadia subduction zone has the potential to cause wide spread destruction
Better use of the region's geothermal resources	Competing priorities and "old thinking" stifle a concerted forward thinking focus on growth.
Bring natural gas resources into town to reduce energy costs (Lakeview)	
Build up area to attract retiree residents.	Drought - water for ag
Community power	Drugs are a major issue amongst our workforce, and limits the already small talent pool. We need increased mental health, standard health and social development resources to combat this problem.
Develop Timber Mills Shores	Fire
Expand variety of careers	Forest fires have potential to devastate the area.
Extend runway at airport	Human disease
Forest industry - increase utilization	Insect/disease
High energy tourism	Isolation
High speed internet;	Lack of road funding
Housing resources	Lack of taxes to upgrades
Internet based businesses	Loss of FS/BLM presence
Large hospital, but medical quality should be improved and costs lowered.	Potential loss of the National Guard and Air Force training at Kingsley Field.
Niche markets	Ongoing dispute with water supply.

Opportunities	Threats
Organic Markets	Regulatory - state and fed Food supply
Other dry land crops	Threats to power grid
Red Rock and other major job creation for family wage jobs Remote Training	Volcanos
Resource utilization expansion	
Small business operators are the likely opportunities for business growth	
Soil amendments	
Solar/energy production	
Tap university resources	
Trades training	