

# **SOUTH CENTRAL OREGON ECONOMIC DEVELOPMENT DISTRICT**



**ECONOMIC DEVELOPMENT ADMINISTRATION PLANNING GRANT  
07-83-06237**

**ANNUAL PERFORMANCE REPORT  
JULY 1, 2008 TO JUNE 30, 2009**

**PREPARED BY  
BETTY RILEY, EXECUTIVE DIRECTOR**

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## **ORGANIZATION AND ADMINISTRATION**

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The South Central Oregon Economic Development District, formed in 1999, serves as the primary conduit for regional economic development resources for Klamath and Lake Counties Oregon. It provides the professional staff to support economic development planning on a regional basis and the individual economic development efforts of Lake County and Klamath County. SCOEDD also manages and administers regional grant and loan programs.

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** is 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. During the past grant year of July 2008 through June 2008, the following members served on the Executive Committee:

### **District Executive Board Members**

Dan Shoun, Chair	Al Switzer, Vice-Chair
Frank Villagrana, Treasurer	John Elliott, Immediate Past Chair
Jeff Ball	Ray Simms
Tom Chester	Mark Douglas
LH "Trey" Senn, Ex Officio	Lake County Community Dev., Ex Officio

During the timeframe of this report, five in-house professional staff served the SCOEDD Board of Directors plus provided administrative support to the South Central Oregon Area Commission of Transportation (SCOACT), Regional Investment Board (RIB), and the 501 c-3 Klamath-Lake Center for Community Renewal formerly the Klamath Lake Regional Housing Center (KLRHC).

In September 2008, Christina Ingram was promoted from Administrative Assistant to Community Development Specialist. In her new position she is responsible for assisting with grant and contract administration, including CDBG administration, for the South Central Oregon Economic Development District, and the South Central Oregon Area Commission on Transportation. The end of April 2009, Pamela Ruddock was hired part time to fill the Administrative Assistant position.

### **District staff:**

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Betty Riley  
Executive Director

Deanna Wilson  
Business Development Coordinator

Shilo Spurlock  
Accounting Specialist

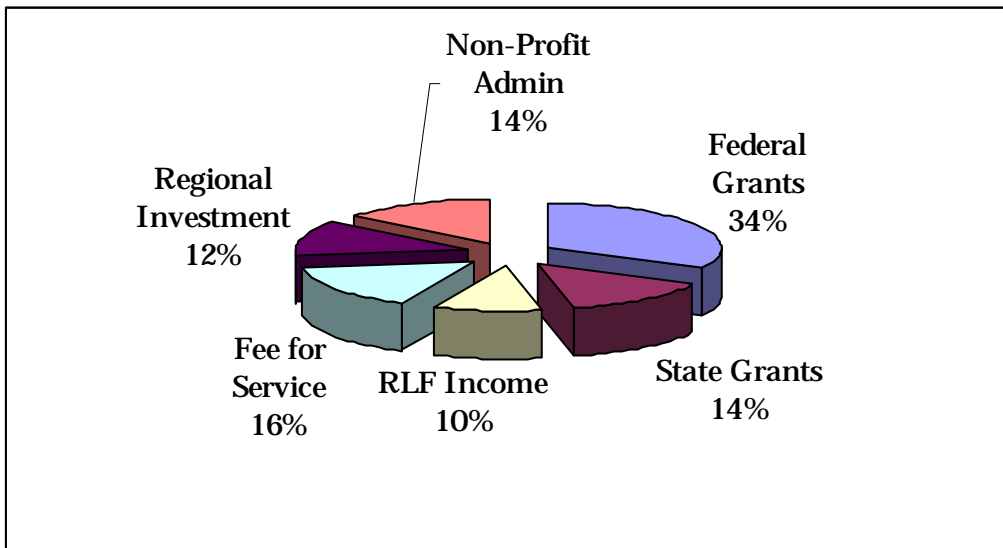
Christina Ingram  
Community Development Specialist

Pamela Ruddock  
Administrative Assistant

In addition to in-house staff, SCOEDD contracts with the Oregon Renewable Energy Center (OREC) located at Oregon Institute of Technology (OIT) to provide engineering services for the City of Paisley Geothermal Feasibility study.

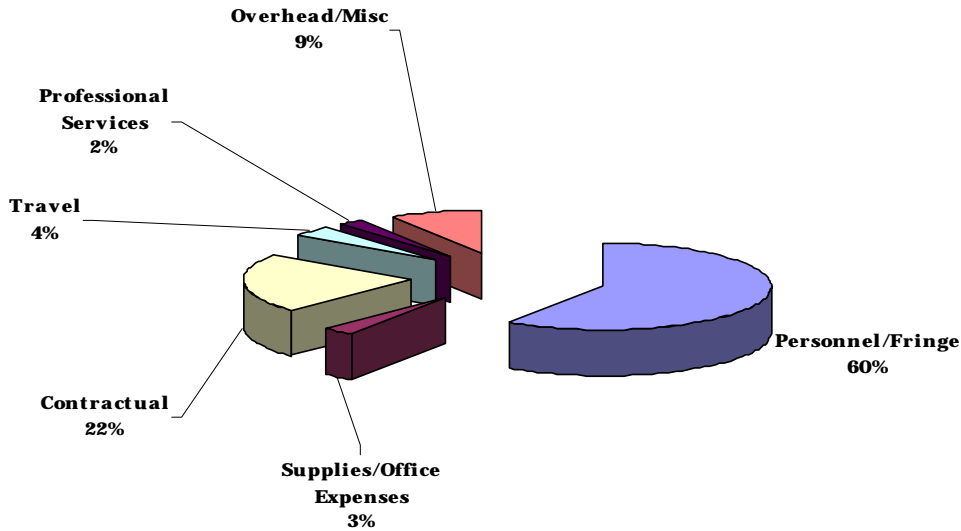
SCOEDD's total revenue for FY2007/2008 was approximately \$472,275. As shown in **Chart 1**, SCOEDD's largest source of funds was from Federal Grants (34%). Fee for Service income accounts for 16% of Revenue; State Regional Investment and State Grants (primarily CDBG) combines for a total of 26% of Revenue; Non-profit administration provides another 14% with the balance of 10% coming from Loan Program administration.

**Chart 1**  
**Source of Revenue**  
**FY 2008/2009**



**Chart 2** depicts the actual expenses for Fiscal Year 2008/2009 as a percentage of the total. In house Salaries/Wages plus Payroll taxes and benefits is the largest expense at a combined 61%. The second largest portion of funds (\$96,819.51 or 22%) was spent on Contracts for Renewable Energy Projects including geothermal development in Lakeview and Paisley. Professional Services (2%) includes auditor expenses plus loan program administration costs such as attorney fees and escrow costs. Overhead expenses including rent, telephone and mailing expense plus insurance is just 5% of the total use of funds. Interest Expense is the interest paid on the Intermediary Relending Program (IRP) funds received from USDA – 1.5% over forty years.

**Chart 2**  
**Uses of Funds**  
**FY 2008/20098**



SCOEDD manages five regional revolving loan funds – EDA, IRP, CDBG, Drought Relief and Regional Investment for a total current portfolio of 33 outstanding loans totally \$1,412,898.

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## **PLANNING ACTIVITIES AND THE WORK PROGRAM**

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The following is a brief synopsis of activities fulfilling the EDA Planning grant scope of work during the past six months.

***Facilitate the update to the District Comprehensive Economic Development Strategic (CEDS) planning process and work with individual counties on their economic development strategies and project priorities.***

Since the November 2007 publication of the 2007 – 2013 SCOEDD Comprehensive Economic Development Strategy (CEDS) the economy in Klamath and Lake Counties has declined in parallel with state and national economies. The combined employment for both counties peaked in June 2007 at 27,120 and has dropped to 26,130 in June 2009. Employment in the region is down about 760 jobs from last year. Industries hurting the most include construction (14.4% decline), manufacturing (20.3% decline), leisure and hospitality (5.2% decline), and professional and business services (3.8% decline). Regional unemployment rates for June 2009 averaged about seven percentage points over the prior year for Klamath County (15.3%) and more than four percentage points above for Lake County (12.1%) compared to a statewide increase of 6.3 percent (12.2% in June 2009) and national rate increase of 3.9 percent (9.5% in June 2009).

In response to the proposed Economic Stimulus Programs, SCOEDD identified 15 projects in the region totaling more than \$46 million that might qualify for ready-to-go projects. These projects are estimated to retain 170 jobs, create 625 jobs and/or train 375 individuals annually for higher skilled, high demand employment opportunities. Seven of these projects have applied for and/or are preparing applications for American Recovery and Reinvestment Act:

- City of Klamath Falls Police Department & Visitor Center Solar – applied to Oregon Department of Energy and USDA Community Facilities program
- City of Klamath Broadband Expansion – joint application to Department of Commerce Broadband
- City of Merrill Water System Upgrades – CDBG application submitted
- Keno Water System Renovation and Expansion – funded through USDA community facility loan/grant
- Lake County Railroad – looking at US DOT Transportation
- Lakeview Geothermal Heating District – applied for DOE Geothermal Technologies and Oregon Department of Energy
- Paisley Geothermal Development – Oregon Department of Energy funding

An update to the CEDS was prepared and adopted in June 2009. A copy is available on our website at [www.scoedd.org](http://www.scoedd.org).

During the grant year SCOEDD staff participated in two Lake County Economic Development summits held in Lakeview (August) and Christmas Valley (October). The two events identified current activities within the county and priority efforts for the area. Both events pointed to the need for increased communication between partners and the need for strategic action. The highest priority for the south county group was to have an organized economic development effort that would coordinate ongoing efforts and act as a source of information and resources for both existing businesses and groups and any outside requests for information.

The group in North Lake County identified the need to coordinate a Community Development Task Force that would improve communication and assist the community in development of a Community Action Plan. The North Lake summit pointed out the need to define the community's vision and then establish priorities for action.

As a result of these meetings Lake County asked SCOEDD to submit a proposal for providing Economic Development Services for the county. The Attached Economic Development Action Plan (**Attachment 1**) was approved and the County allocated \$30,000 in Fiscal year 2009/2010 funding for SCOEDD to hire a Rural Development Specialist that will be based in Lake County and dedicate 60% time to implementing the plan.

Additionally, a letter was circulated to key stakeholders in North Lake County to identify potential task force members to work on a Community Action Plan. An initial task force meeting was held in May 2009 and the next steps will be development of a community survey.

***Act as convener and coordinator of the South Central Oregon Green Building Cluster Partnership to help organize the capacity of the regional cluster to increase competitiveness, address unmet or under-met workforce needs, and define and implement best practices in green building technology.***

The purpose of the Cluster Partnership is to establish a globally competitive Green Building and value-added wood product industry cluster in South Central Oregon. This will be accomplished by utilizing existing cohesive partnerships and developing new partnerships with business and industry, education, community development organizations, and state and tribal governments.

A 15 member steering committee comprised of representatives from industry, higher education, workforce development, economic development, and government sectors meets quarterly to guide the work of the region's green building cluster and define a strategy for cluster development.

SCOEDD staff worked with the task force to develop a Cluster Partnership Action Plan (**Attachment 2**). Activities to date are:

- Formalized the Klamath Panel Alliance made up of four primary wood manufacturing companies (Collins, Columbia, TPL and Down River). They have created a subcommittee to develop joint marketing material for their products.
- Several meetings were held to discuss opportunities for training energy auditors and certified energy performance review auditors.
- USDA Rural Business Enterprise Grant (RBEG) funds were received to train Energy Efficiency Administrative service providers.

Several community outreach activities were also held:

- The newly formed Klamath Leaf of Cascadia Green Build Council held a Library series of talks on Green Building
- A Green Energy Fair was held the end of May with over 30 vendors and several mini-workshops drawing more than 100 community participants;
- At the request of several community members, the Energy Trust of Oregon established regular office hours in downtown Klamath Falls and has increased their outreach into the community;
- Outreach to the Klamath Basin Homebuilders Association has resulted in up to 10 new Trade Ally's participating in ETO's incentive programs.

SCOEDD also began facilitating connections between businesses and OIT applied research. Specifically SCOEDD staff worked with Tom Chester Director of OREC and Sue Lurie from Institute for Natural Resources at Oregon State University on a workshop the held the end of January. The purpose of this invitation-only workshop is to be was an information-sharing forum that helps identify near-term research opportunities that Oregon Built Environment and Sustainable Technologies Center (BEST) could invest in to promote Oregon's rural economy. A copy of the Final Report can be found at [http://oregonbest.org/sites/default/files/FINAL\\_REPORT\\_Oregon\\_BEST.pdf](http://oregonbest.org/sites/default/files/FINAL_REPORT_Oregon_BEST.pdf)

***Partner with the Business Resource Network to outreach to businesses, including conducting one-on-one visits with existing businesses to access business assistance and labor force needs.***

SCOEDD conducted one-on-one site visits with several manufacturing firms in both Klamath and Lake County. The number one Labor Force need identified was employees that could pass a pre-employment drug screening test. One business requested assistance with air freight costs and the local air carrier change over. The business has been temporarily paired with the local Shuttle service for daily service to Medford International Airport. Several businesses have identified the need for financial assistance.

SCOEDD's Executive Director currently serves as chair of the Region 11 Workforce Response Team (WRT) which seeks applications and approves funding for individual company training. In November 2008, an award was made to Columbia Forest Products to fund a certification training program for Lean Manufacturing Principles plus Learning and Improvement Focused Transformation (LIFT) events which are employee project-based training activities. All will lead to improved competitiveness of the company, more secure jobs for the future, and a dramatic enhancement in productivity and quality for our company.

Four more small training grants were made in June 2009:

1. \$3,000 to Smith Bates Printing and Design to train employees on new product/service offering to be introduced summer 09
2. \$8,100 to MCX to train new business development and marketing approach
3. \$10,000 to REACH to train employees on new local business service to recycle paper and destroy documents
4. \$4,000 to REACH to provide training on implementing a new pallet line.

As manager of the Klamath Falls/Klamath County Enterprise Zone, SCOEDD staff processed two new applications for existing businesses adding equipment and expanding their employment base. The process was also started to designate Klamath County as a Renewable Energy Development Zone through Oregon Community and Economic Development Department (OECDD). This is a three year property tax exemption for new, incremental value property that a renewable energy generating business might build or install within the county.

***Partner with the Oregon Renewable Energy Center and OIT on demonstration projects and research and development of new renewable energy technologies.***

In addition to the Oregon BEST workshop discussed in the section on the Cluster Partnership project, SCOEDD is partnering with OREC on the Paisley Geothermal Feasibility study.

Paisley School is the community hub for the town of Paisley, Oregon. Economic conditions have threatened the continued operation of the school. Paisley would not be an effective rural community, as it now is, if the school was not operating.

Because of these circumstances, a grant was sought to evaluate geothermal heating opportunities for the school and was expanded to support an energy audit that would evaluate Energy Efficiency Measures (EEM) as well as fuel oil heating system conversions to a less expensive technology.

Five items were considered as opportunities to significantly reduce energy consumption in the Paisley school.

1. Geothermal hot water heating for the school from the existing Paisley geothermal well;
2. Evaluation of the school building structure and materials for energy conservation.
3. Evaluation of the current school boiler heating and HVAC system.
4. The identification of significant energy efficiency measures (EEM) which could be achieved economically in the building envelope.
5. Evaluation of alternative heating mechanical systems to convert from fuel oil to a less expensive and more environmentally sound technology.

The results of this energy audit identified four EEMs that are cost effective, including insulation of the roof, the floor and the walls and replacing the windows with double pane. The mechanical system conversions include the opportunity to use geothermal water from the Callaghan geothermal power project or the use of geothermal heat pumps.

The geothermal heat pump was identified as the next viable economic opportunity. The geothermal heat pump works by circulating water through irrigation pipe buried in trenches 5 feet deep that are connected to geothermal heat pumps. These heat pumps then either heat or cool the building by heating or cooling water circulated through a building hydronic system or by using air handlers to blow hot or cold air through the building.

***Identify suitable areas for industrial development and assist in industrial site certification process.***

The Oregon Economic and Community Development Department broadcasts expansion or relocation inquiries from national site selectors and business representatives through a statewide website [www.oregonprospector.com](http://www.oregonprospector.com). Communities around the State have access to the website to review recruitment projects, fill out and submit community response forms to the State that then get passed along to the inquiring businesses. In an effort to increase the number of sites available for the state recruitment efforts, SCOEDD trained five Klamath County realtors on uploading their industrial listing onto the Oregon Prospector website. The City of Klamath Falls asked SCOEDD to manage and keep up-to-date information on the website for the Airport Industrial Park, College Industrial Park and the Memorial Drive sites. Since October 2008, we have increased Klamath County sites listed on the Oregon Prospector from three sites to twenty.

Working with the City of Klamath Falls and Johnson Gardner on an Economic Opportunities Committee, SCOEDD staff helped to identify and analyze available industrial lands within the Urban Growth Boundary. Once the study is complete

the City and all Economic Development staff will have a comprehensive list of available developable land.

***Work with the Klamath Tribes on development of Wood Utilization Business Center Plan.***

The Tribe has recently purchased the 108 acre Crater Mill Site 25 miles north of Chiloquin, Oregon. This facility was formerly used as a lumber mill and had a 2 megawatt co-generation facility located on the site. With assistance from SCOEDD staff, the tribe has been awarded \$250,000 in EDA Economic Adjustment Technical Assistance funds to complete a feasibility study/business plan (including environmental review) for developing a state-of-the-art biomass gasification facility that will be able to integrate a range of feedstocks including woody biomass, municipal solid waste, and other high-density waste streams. We anticipate that the initial facility will generate up to 10 MWe of electricity and over 50 million btu/hr of heat for use both on the facility and for sale into the local energy network.

In addition to the biomass facility, the project will provide both electrical and thermal energy for a number of co-locating tribal and private enterprises that will also be developed at the site. It is anticipated that this project will catalyze small business development efforts among the tribe and generate regional economic development opportunities for both tribal members and other non tribal enterprises.

It is projected that, if feasible, this project will lead to 20 to 25 new direct jobs, up to 50 indirect jobs (logging and biomass collection) and up to \$10-15 million dollars in private investment over the next five years as a result of the project.

***Continue outreach efforts in North Lake and North Klamath counties with and emphasis on enhancing access to information and implementing community leadership development programs.***

As previously noted, the North Lake economic summit pointed out the need to define the community's vision and then establish priorities for action. The purpose of a community visioning process and action plan is to:

- Improve livability
- Avoid unintended consequences and unplanned growth
- Develop priorities, short and long term
- Plan for community development and business development
- Complete an implementation plan with timeline reflecting who, what, where, when, how

SCOEDD staff have committed to helping with this process.

***Assist 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.***

During the past grant year, SCOEDD's Community Development Specialist provided the following assistance:

- Worked with the executive director for Habitat for Humanity on a grant partnership effort with the City of Klamath Falls, Habitat, and the Klamath-Lake Regional Housing Center (SCOEDD) to obtain HUD foreclosed homes to rehabilitate.
- Prepared an \$800,000 Community Development Block Grant application on behalf of with Klamath Family Head Start to purchase the building they are leasing.
- Assisted Klamath Lake Community Action Services with the public notice for their CDBG application for the Klamath Lake Homeownership Center.
- Worked with Klamath Falls Gospel Mission, Klamath Crisis Center, and Klamath Open Door clinic on project planning for potential submissions for CDBG funding.
- Received a call from Lake County's Chamber of Commerce regarding the Sunshine child care center in Lakeview needing emergency funding. Christina did a search of all of the programs we work with and suggested that they contact PacifiCorp Foundation since they will fund operational deficits. PacifiCorp was able to fund the agency allowing the center to stay open until anticipated funding was received.

Additionally, SCOEDD has received requests from the Chiloquin Rural Fire Protection District, Klamath County Fire District I, and Thomas Creek Westside Fire District, for assistance in applying for funds for new fire station construction.

SCOEDD contracted with the Association of Oregon Counties (AOC) to work with both Special Transportation Districts within our service area and the Klamath Tribes to secure funding from the state through correction and updating of required Special Transportation Plans.

We have provided grant application assistance and administration for Chiloquin on their wastewater compliance upgrade projects and assisted Klamath County as grant administrator on the Phoenix House mental health treatment facility. We assisted Lake County Mental Health in applying for their "Work Drug Free" grant and provided them with a location to hold one of the classes.

***Maintain and market gap financing programs.***

SCOEDD staff sent to over 100 recipients in a broadcast email reminder and announcements for RLF availability throughout the year.

We conducted presentations at the Klamath Basin Home Builders and Soroptimist meetings. We held a training session for Title Company employees about revolving loan fund programs. We made announcements at the Christmas Valley Chamber meeting.

Herald and News published a business review article about local businesses that were helped by SCOEDD's RLF in October 2008.

The Klamath County Chamber of Commerce sent weekly email announcements of loan funds available, and published an article in the Herald and News, Basin Business section in a Saturday paper. Over 20 business owners responded to the article.

During the grant year, SCOEDD processed fifteen loan applications, four of which were funded, four loans restructured, one declined and six applicant withdrawals because of economic issues.

The loans funded were:

- Gone Fishing – Total loan funding of \$28,072 for working capital and equipment purchases to begin processing Tilapia. This working capital will allow Gone Fishing to begin processing 300,000 pounds per year which equates to \$450,000 in sales per year. For the past ten years, Mr. Barnes worked diligently with the Oregon Department of Fish and Wildlife for an agreement to grow the fish. The 82 acre farm is the first and only property in Oregon licensed by ODFW for the culture of these animals. Gone Fishing has 30,000 pounds of Tilapia in their ponds ready to be processed. This project will create at a minimum two full-time equivalent positions.
- Melita's - \$200,000 loan for needed repairs on their septic system and funds necessary to expand the restaurant to include pizza. These funds will allow Melita's to continue serving the sit-down dining needs of the community and meet the needs of the most recent city survey that listed a pizza parlor as their most desired restaurant business to locate in Chiloquin. Seventeen (17) full-time equivalent positions will be saved with the retention/ expansion of this business.
- Enlightened Hospitality Group Inc.: The principal partners of Enlightened Hospitality, purchased Waldo's Bar and Grill in 2004 and have since expanded with two new start-up restaurant operations. In 2005, with investors support, the Kings, purchased land and building and opened Bel Tramonto in 2006. In June 2007, they opened Tobiko, the first Asian/Fusion Sushi restaurant in Klamath Falls. \$125,000 in funding assisted the owners in restructuring debt thereby retaining these restaurants and saving 33 full-time equivalent positions.
- Big Pines RV Park: An RV Park, laundry mat, and a mobile home park, in Crescent, Oregon. With \$25,000 loan funds the owners will expand the RV Park to include an additional eight full hook-up RV sites, five pull-thru and 3

back-in's. This represents a 38% increase in capacity. The property to locate these additional sites was purchased by the owners in 2003.

Restructured 4 loans included:

- Lakeview Lockers lowered interest rate, including a provision if a payment is more than 30 days late, interest rate will revert back to original interest rate.
- Mountain Valley Gardens was approved for 2 months payment deferral.
- Integrated Building Solutions lowered interest rate and extended the term of the loan to prepare for their future expansion goals.
- Cascade Roof lowered interest rate and extended the term of the loan to help with cash-flow during the economic slowdown.

***Continually update District web page to provide a current synopsis of projects and information and resources pertinent to the region.***

SCOEDD has used our website to publish the Comprehensive Economic Development Strategy, Business Resource guide, and other publications. The site has also been changed for easier access to the loan application page and updated Resource guide. The site is located at [www.scoedd.org](http://www.scoedd.org).

[Attachment 1](#)

[Economic Development Action Plan for Lake County](#)

[Goal 1: Implement an active economic development program that supports the retention and expansion of Lake County's existing employers.](#)

**Objective 1:**

Serve as a facilitator and catalyst for the support of local employers through extension of appropriate services, including, but not limited to:

- Assistance in identifying appropriate financial resources
- Assistance in accessing labor training resources
- Government advocacy
- Assistance in locating suitable expansion facilities
- Industry recognition
- Demographic and economic information

**Objective 2:**

Provide direct assistance to local employers, with an anticipated outcome of an average of ten new jobs per year.

**Strategy 1:** Conduct a minimum of 36 visits to local employers annually, to assess industry and company trends, collect information about successes and challenges, and explore opportunities to provide assistance.

**Strategy 2:** Work in collaboration with local government, business, education and nonprofit organizations and Oregon Business Department Business Development Officer to provide services to local employers.

**Strategy 3:** Serve as an advocate to local government partners on behalf of local employers to identify opportunities and to address potential and real barriers to job creation.

**Strategy 4:** Collaborate with local government partners in the planning and financing of physical infrastructure including rail improvements.

**Objective 3:** Assist local government in assessing and implementing policies and regulations that promote the opportunity for employers to compete effectively in their respective industries.

[Goal 2: Increase the local employment base by attracting targeted new product export employers.](#)

**Objective 1:**

Provide direct service to relocating employers, with a targeted outcome of 10 new jobs per year.

**Strategy 1:** The Oregon Economic and Community Development Department broadcasts expansion or relocation inquiries from national site selectors and business representatives through a statewide website [www.oregonprospector.com](http://www.oregonprospector.com). We will input information on Lake County, City of Paisley and Town of Lakeview property onto the website, plus train Lake County realtors on uploading their industrial listing onto the Oregon Prospector website.

**Strategy 2:** Develop web based resource guide with links to business services, education and community resources, and targeted industry profiles.

**Strategy 3:** Implement a computerized client tracking program that allows for efficient client management and follow up.

**Objective 2:**

Expand awareness of Lake County as a desirable business location for targeted industries by effective positioning the county.

**Strategy 1:** Develop a targeted industry strategy and implementation plan for an effective

- marketing program directed toward these industries.
- Strategy 2:** Pursue opportunities to publicize local business stories throughout our region, statewide and nationally.
- Strategy 3:** Leverage resources by participating in regional economic development marketing efforts through partnerships with Lake County organizations, e.g. chambers of commerce.

**Goal 3: Increase the local job base by supporting entrepreneurial startup activity.**

**Objective 1:**

Implement support activities that assist local emerging companies in developing a firm foundation for future success.

- Strategy 1:** Identify new emerging companies by effectively marketing services throughout the community, using local media and speaking opportunities.
- Strategy 2:** Develop partnerships and cultivate a network of appropriate referral resources for emerging companies, including those that provide assistance with basic business planning, marketing, finance; intellectual property protection; management team assemblage; access to debt and equity financing and other key needs.
- Strategy 3:** Develop networking opportunities that bring emerging companies in contact with a variety of service providers that will facilitate their development into viable companies.

**Goal 4: Support efforts to provide local employers with appropriately skilled workforce**

**Objective 1:**

Identify local employer skill set needs through on-site employer visits, and communicate these needs to representatives of local workforce and education institutions.

**Objective 2:**

Enhance employer access to labor and labor training resources by partnering with local, state and national organizations

- Strategy 1:** Establish and strengthen Lake County relationships with Workforce Response Team, COIC, Worksource Oregon, Regional Workforce Investment Board, Treasure Valley Community College Customized Training Program and others in order to secure maximum benefits for Lake County employers

**Objective 3:**

As appropriate, encourage those enhancements in local educational system intended to increase skill levels and employment “soft skills”

**Objective 4:**

Support efforts to expand the range of housing opportunities available to local wage earners

**Goal 5: Work in partnership with organizations to enhance Renewable Energy and Tourism projects and programs in Lake County**

**Objective 1:**

Work in partnership with Lake County Resources Initiative to promote renewable energy projects in Lake County

**Objective 2:**

Support the efforts of local chambers of commerce to promote tourism, particularly as they might relate to the attraction of new businesses and talent to the area.

***Attachment 2***

**South Central Oregon Cluster Partnership  
Action Plan  
March 2009**

***Why Develop the Green Building Cluster in Southern Oregon***

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As one of the most dynamic and growth-oriented sectors of the economy, the Green Building industry offers tremendous opportunities for economic development. Overall, the green building materials market grew 45% between 2003 and 2008, from \$39.2 billion. A report released by research firm *The Freedonia Group* estimates the U.S. market for green building materials will exceed \$80 billion by 2013, with a predicted 7.2% annual increase from \$57 billion in 2008.

An update to *The Commercial & Institutional Green Building*, a McGraw-Hill Construction study from 2006, reveals the market size and activity in green commercial and institutional building. The report has the latest research, combined with McGraw-Hill Construction proprietary data which indicates that green building has grown dramatically over the last three years. Furthermore, owners are reporting tremendous benefits from green building, an indicator of further expansion of the market.

Results for the study show that green market opportunity is growing even in today's economy:

- The Commercial and Institutional Green Building Market size is expected to be 10% to 12% of construction value in 2008, translating to a \$24-\$29 billion marketplace.
- By 2013, the market is expected to grow to 20% to 25% of new construction starts by value. This equates to a \$56-\$70 billion marketplace.
- The education sector is estimated to have a larger share of green building than average at an estimated at 15%-20% of new construction by value in 2008 and growing to as much as 30% by 2013.

Additionally, residential construction and building retrofitting opportunities are expected to be a large job-growth area. Studies suggest that 10 on-site jobs will be created per \$1 million invested in a typical retrofitting project. These estimates do not include additional jobs created from indirect economic activity such as producing building materials, or environmental controls.

Green jobs in clean energy sectors span a variety of skills, educational backgrounds, and occupations. Regional opportunities exist for electricians who install solar panels; plumbers who install solar water heaters; farmers engaged in organic agriculture and some bio-fuel production; and construction workers who build energy-efficient green buildings, wind power farms, and solar farms.

### *Cluster Initiative Objective*

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The purpose of the South Central Oregon Cluster Initiative is to establish a globally competitive Green Building and value-added wood product industry cluster in South Central Oregon. This will be accomplished by utilizing existing cohesive partnerships and developing new partnerships with business and industry, education, community development organizations, and state and tribal governments. The Initiative helps architectural and building product manufacturers and service providers grow their share of the green building market.

The objectives of the project are to:

- Organize the capacity of a cluster partnership to increase the competitiveness of the primary employment sector of the region – Lumber and Wood product manufacturing.
- Work with the Oregon Renewable Energy Center (OREC) to define university research, education, and technology transfer efforts that will best address industry needs.
- Work with the regional cluster on the expansion of best practices related to green certification and utilization of The Natural Step framework.
- Address an unmet or under-met workforce need in the region by working with representatives from within the industry and from within associated industries to develop tailored workforce programs.
- Facilitate cultural change within the region leading to the community embracing “Green” concepts and sustainability.

To accomplish these goals a steering committee has been formed to with representative from industry, university and government sectors to define a strategy and action plan for moving forward.

### *Cluster Initiative Action Steps*

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***Objective 1: Organize the capacity of a cluster partnership to increase the competitiveness of the primary employment sector of the region – Lumber and Wood product manufacturing.***

#### Opportunity

Several regional primary manufacturers have developed green product lines that are used in institutional construction. They include:

- Columbia Forest Products – Formaldehyde free hardwood plywood
- Collins Companies – FreeForm FSC Certified particleboard
- Thermo Pressed Laminates - FreeForm Plus green Melamine

These companies have joined together with other Southern Oregon businesses to jointly market and brand their products.

Actions

1. Initiate a joint marketing campaign for panel products which includes sharing a booth at the 2009 AWFS Fair in Las Vegas and developing a joint marketing brochure.
2. Develop a web based directory that itemizes the building products in the region to increase business to business opportunities and connect green building products manufacturers with green building specifiers including architects, engineers, designers, contractors, and other green building professionals.
3. Act as a matchmaker and networker—the association can help connect businesses and organizations and make them aware of opportunities. It can hold various events to bring industry representatives together to learn about trends and developments. One such event is inviting a LEED certified architectural firm to discuss ways the cluster can position itself for bidding on contracts.
4. Act as an advocate/interpreter for doing business with the government by holding workshops on government procurement, working with the SBA Small Business Development Center and the Government Contracting Assistance program to train businesses on registering with the CCR and OPRIN plus how to obtain status as a HUB Zone business.

***Objective 2: Work with the Oregon Renewable Energy Center (OREC) to define university research, education, and technology transfer efforts that will best address industry needs.***

Opportunity:

As part of the Oregon Built Environment and Sustainable Technologies (BEST) program, OIT and OREC have access to the Oregon University network of signature research around bio-based and green building products.

Actions:

1. On a project by project basis, OREC will facilitate contact between product developers and researchers within the University system including applied research available at OIT.
2. The cluster project will encourage collaborative partnerships between academic researchers and industry by researching and applying for funding for collaborative university/industry applied research projects, streamlining industry contracting, and designating an industry liaison.

**Objective 3: Work with the regional cluster on the expansion of best practices related to green certification and utilization of The Natural Step framework.**

Opportunity

Best practices related to LEED certification and utilization of TNS framework can lead to:

- Decreasing the use of toxic materials

- Decreasing the use of nonrenewable materials
- Establishing more energy efficient systems
- Promoting a culture of employee engagement in improvement activities
- Decreasing resource use
- Increasing recycle/reuse

Because both the communities of Klamath Falls and Lakeview are at or nearing non attainment for Air Quality standards, promotion of more sustainable and energy efficient heating systems can dovetail with the need to improve PM standards.

Actions:

1. Contact Oregon Manufacturing Extension Program (OMEP) to hold informational workshop on OMEP's services
2. Cosponsor with the Energy Trust of Oregon and Klamath County a "Energy" Fair that will have information, demonstrations and mini- workshops on energy efficiency.
3. Work with the newly formed "Leaf" of the Cascadia Green Building Council on bringing forums and trainings to Klamath.
4. Hold community workshop on the Natural Step Process.
5. Promote use of the NSP with local cluster businesses

**Objective 4: Address an unmet or under-met workforce need in the region by working with representatives from within the industry and from within associated industries to develop tailored workforce programs.**

Opportunity:

The current economic conditions have increased the unemployment numbers in the region substantially, with the highest numbers of unemployed among construction and manufacturing workers. The timing is right to look to develop programs preparing these workers for the new economic opportunities in green building.

Actions:

1. Work with industry task force and Regional WIB on identification of Career Clusters to serve as a tool for connecting an adult's existing skills with new and emerging job opportunities as well as identifying new skill sets that need to be added to existing skills.
2. Develop local expertise in conducting energy audits.
3. Develop local expertise needed in applying for the tax credits and incentives for renewable energy and energy efficiency programs.

4. Work with Klamath Community College on development of green technology curriculum.
5. Support OIT in funding request to develop geothermal ground source heat pump training center at the Klamath Campus.
6. Promote Oregon Drug Free Workplace programs and trainings to local businesses to improve productivity and safety in the workplace.

***Objective 5: Facilitate cultural change within the region leading to the community embracing “Green” concepts and sustainability.***

Opportunity:

As mentioned earlier in this plan, one of the most dynamic and growth-oriented sectors of the economy, the Green Building industry offers tremendous opportunities for economic development. Locally there is growing interest in finding ways to take advantage of this trend. The Cluster partnership can help facilitate this by:

Actions:

1. Convening community forums and educational opportunities to raise the level of interest in and knowledge about green building, and inform the community of the potential job opportunities that could be generated in as little as five years—and many of these jobs would be located in the community.
2. Promoting the image of Southern Oregon as a center for green building. The Klamath Green Building Council can help publicize, inform, and educate the public through the media and through the events and programs it sponsors.
3. Using KCC and/or OIT campus as showcase opportunities for LEED certified buildings that utilize local green products.
4. Sponsoring local media campaign profiling local companies that provide Green building products and/or services.