

2014

# SCOEDD Annual Performance Report



# ANNUAL PERFORMANCE REPORT

SOUTH CENTRAL OREGON ECONOMIC DEVELOPMENT DISTRICT

JULY 1 2013 TO JUNE 30 2014

ECONOMIC DEVELOPMENT ADMINISTRATION PLANNING GRANT  
07-83-06867-01

PREPARED BY  
BETTY RILEY, EXECUTIVE DIRECTOR

JULY 2014

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 following is a brief synopsis of activities fulfilling the 2013/2014 EDA Planning grant scope of work during the grant year.

### **Economic Development Partnerships and Planning**

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

The 2013 to 2018 Comprehensive Development Strategy was completed in September 2013 and circulated for review and comment. At the November 2013 full board meeting, the SCOEDD board adopted the plan as a working document. Over the past few months action teams have been developed to implement the priority areas of the plan.

Based on the opportunities identified in the Opportunities for Growth and Investment section of this plan the following goals have been adopted:

- Create economic opportunities by maintaining and improving our public infrastructure and capitalizing on our natural and cultural assets
- Work with existing industries to retain and expand quality jobs in the region, resulting in increased jobs, capital investment, and wealth retention
- Attract new private sector investment to the region through:
  - Targeted recruitment and assistance to businesses wanting to locate in the region;
  - Support for renewable energy and energy generation projects;
  - Development of revitalization strategies for downtowns;
  - Facilitation of timely maintenance and improvements to public infrastructure that supports increased economic opportunities.
- Work with industry, entrepreneurs, and public entities to ensure workforce training opportunities are aligned with the needs of regional employers
- Expand new business formation in the region by focusing on entrepreneur development programs.

Some key strategies for the region include:

- ✓ Expansion of assistance programs and resources for the region's entrepreneurs.
- ✓ Develop initiatives to help early stage companies and new ventures with access to experts, business planning, investors, and other capital needs
- ✓ Partner with Lake County Resources Initiative (LCRI) on using the Innovation and

- ✓ Learning Center to expand on renewable energy innovation
- ✓ Identification of land for industrial development and the implementation of a targeted industry recruitment program.

### **Work with TEAM Klamath on development of targeted industries recruitment and expansion program**

Oregon Health Science University (OHSU) has received \$50,000 from the Oregon Community Foundation to look at the feasibility of locating a rural health care campus in Klamath Falls that would house both administrative and education functions. They are also looking at a partnership with OIT to look at new technology applications that can be used to deliver services to rural areas. There are potential spin offs in medical equipment and medical services type companies. TEAM Klamath has supported this project.

A comprehensive Aviation Technology program is in the formation stages. A partnership between Klamath Community College, Precision Aviation, and Guimbal Helicopters will make the proposed program at KCC the only helicopter training program in North America to feature the Guimbal Cabri helicopter, which is widely regarded as the premier training helicopter in the world.



Once state approval is secured, KCC and Precision expect to begin offering aviation training in the fall of 2014. The school plans to build a comprehensive aviation program at KCC that will attract students from all over the world.

As the college receives approval for fixed wing and rotor programs, they will also pursue development of certification in A&P licensing and Unmanned Aerial Vehicle operation, also known as drones.

By having a well-educated, well-trained workforce TEAM Klamath plans to attract aviation related industries to the area.

### **Serve on steering committee for Innovation and Learning Center in Lakeview Oregon**

The vision for the ILC is to provide access to expanded learning to meet the needs of individuals, families, businesses, and communities, recognizing that schools need families and communities that are involved in the education of students and communities need schools to provide innovative education. The project provides additional dual-credit offerings for secondary students and college level courses for all age groups. Distance learning opportunities are achieved through video-conferencing and remote access courses.

Because of the partnership a new two-year degree in Registered Nursing (RN) will soon be available to students in Klamath and Lake Counties, following a recent agreement between

Klamath Community College and Lake Health District. Once completed, program curriculum would specialize in rural nursing.

Lake Health District will provide budgetary resources of up to \$225,000 for three years, make available a clinical site, and provide classroom space, including up to two beds at Lake District Hospital or at the Innovation and Learning Center. Lake Health District will also assist in coordinating housing for students who may need to relocate.

The Regional Solutions Team Advisory Committee has been approved for \$500,000 in RST funding for the ILC which constitutes approximately 14% of the total project costs. Federal, county, private and philanthropic contributions are covering the remaining 86% of the project cost.

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

The site at [www.scoedd.org](http://www.scoedd.org) includes links to the regions CEDS and Demographic Profile, recent publications, business loan applications and the Dream saver Program. The site also links to the Klamath County community portal site <http://www.klamathcommunity.com/>.

## **INFRASTRUCTURE DEVELOPMENT & IMPROVEMENT**

### **PROVIDE PROJECT DEVELOPMENT ASSISTANCE TO SMALL COMMUNITIES FOR INFRASTRUCTURE IMPROVEMENTS TO SUPPORT ECONOMIC AND COMMUNITY DEVELOPMENT INCLUDING:**

**Assist Cornerstone Minerals and Fremont Sawmill in bringing natural gas to their facilities.**

Several meetings have been held with both Cornerstone Minerals and AVISTA Utilities to determine the feasibility of bringing natural gas into Lakeview to both meet the needs of Cornerstone Minerals and other businesses within the community.

AVISTA estimates the total cost estimate to bring the line into the community is over \$5 million dollars and their revenue estimate to cover costs is approximately \$1.6 million. This leaves a \$3.6 million gap and AVISTA is not allowed to charge other Oregon customers for this variance.

Cornerstone Minerals conducted some research on the cost of bring a pipeline directly into their plant using High Density Polyethylene Pipe instead of steel pipeline and there was considerable savings however the pipe would not meet standards required to serve other customers.

Bringing in natural gas to the edge of town has also been part of the discussions with Red Rock Energy on the potential siting of a Bio-refinery in Lakeview. The refinery will need up to 10,000 mmBTUs per day. Red Rock Biofuels is proposing to bring a natural gas transmission line approximately three miles from the Ruby Pipeline to their project site located on the southern edge of the town of Lakeview. Red Rock has requested a term sheet from Kinder-Morgan to construct and operate the pipeline to the project site. If this option is not acceptable, then Red Rock Biofuels will build the line and take delivery at the Ruby pipeline. The proposed route will follow and be

located in the Lake County Railroad right-of-way. Lake County has entered into an agreement allowing Red Rock Biofuels to conduct a NEPA study and report on the proposed route.

**Work with Town of Lakeview and LCRI on funding for expanding the geothermal heating district to downtown businesses.**

Using geothermal heating could help to offset adverse air impacts due to wood smoke, and could prove to be one of the community's long term solutions to address air quality.

Local Lake County investors purchased 600 acres which includes the Hamersley geothermal well. In the early 80's this well produced electricity, pumped 1,000gal/minute at around 213 degrees. A DEQ General Permit was issued for a geothermal pump test and DEQ worked with Darryl Anderson of Anderson Engineering regarding the then proposed test and method of discharge of the pump test geothermal waters. The testing went well but the cost was determined to be \$2 million to pipe the hot water to town limits which is not economically viable for them to pursue it further. Two other wells have potential but no funds were identified to conduct further research.

**Identify opportunities to work with the West Coast Infrastructure Exchange. The partnership is being launched to create and develop innovative new methods to finance and facilitate development of the infrastructure needed to improve the region's economic competitiveness, support jobs and families, and enhance our shared quality of life.**

On January 2<sup>nd</sup>, the West Coast Infrastructure Exchange released the final version of "Infrastructure Project Certification –Principles and Framework" which was developed by the WCX Standards Committee. The effort to develop these standards was initiated in 2013 based on feedback from the market that the lack of standards and consistency was a problem that was inhibiting the growth of the US market for "investable infrastructure."

The principles and project standards are the first-ever attempt by multiple US states to jointly define the types of public infrastructure projects that would be most suitable for engaging private capital and to lay out a framework for how best to structure such investments to maximize public benefits while addressing the needs of investors. Based on experience in other jurisdictions with extensive experience with private investment in public infrastructure, the standards highlight the importance of such factors as transparency, high quality analysis, political support, competitive bidding, community labor standards, appropriate risk allocation, and efficient processes.

In April 2014 Oregon established the Public Infrastructure Commission to identify Oregon's public infrastructure funding needs and to research and analyze financing and procurement methods for public infrastructure projects. The commission is required to submit a report, which may include recommendations for legislation, to Legislative Assembly no later than November 21, 2014.

House Bill 4111 requires units of government undertaking certain large-capital public infrastructure projects to submit descriptions of projects to State Treasurer for screening.

It also directs State Treasurer to screen projects for certain characteristics to determine whether projects would benefit from private capital and innovative procurement methods.

**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.**

**Crescent Waste Water Treatment:** The Crescent Sanitary District has been working for several years to resolve public health concerns related to their failing waste water treatment plant. Due to technical and funding assistance from the Department of Environmental Quality and Business Oregon's Infrastructure Finance Authority, the Crescent Sanitary District (CSD) has made remarkable progress this past year. The Regional Solutions Team provided feedback on scope of work for consultant. The Sewer District has hired an engineer to complete needed updates. The update is in progress and draft expected in July, 2014.

Extensive work was completed by the Sanitary Sewer District Board to complete its own legal requirements and pursue a path forward recommended by the Regional Solutions Center.

**Air Quality Improvement Project:** In an effort to reduce barriers to economic development and public health exposures from violations of the air quality standard for particulate in Lakeview and Klamath Falls, SCOEDD implemented a second phase of the Woodstove Changeout Program. Partners included DEQ, OHCS, ODOE, OHA, SCOEDD, Lake County, Klamath County, City of Klamath Falls Town of Lakeview, Klamath Lake Community Assistance Service, Oregon Human Development Corporation, Lake County Resources Initiative, and private businesses. \$233,000 in funding was received from Oregon Department of Energy and as of December 2013 27 woodstoves were removed in Lakeview and 25 were removed in Klamath Falls using these funds. This included homes where uncertified stoves were replaced with certified stoves.

Another \$82,000 in Supplemental Environmental Project (SEP) funds were used to assist 25 projects in Lakeview. 9 of the projects funded with SEP funding were for the installation of ductless heat pumps and one for a propane furnace. The remaining fifteen projects replaced uncertified free standing woodstoves and/or fireplace inserts with certified stoves.

**Lakeview Head Start:** SCOEDD staff wrote and submitted a \$1.5 million Community Development Block Grant application for the Town of Lakeview in support of a new building for Klamath Family Head Start, an independent nonprofit 501(c)(3) organization that serves both Klamath and Lake Counties. The Lakeview site serves approximately 40 (100% Low-Mod) children ages three to five for three and a half hours per day (Two shifts at 20 students each).

The Lakeview Head Start is currently leasing a building that is 1943 square feet that is inadequate for current services. The new building will support two classrooms, a parent resource room and a conference room. The second classroom will support daily large motor skills activity during winter months. The room will also be used to hold monthly parent meetings, having child care in the other classroom.

The application was approved by Oregon Business Development Department for \$1.73 million and SCOEDD has entered into an Intergovernmental Agreement with the Town of Lakeview to provide grant administration.

**Town of Bonanza:** Betty Riley met with representatives of the Town of Bonanza to discuss their wastewater improvement project and potential funding resources. The Town is out of compliance with discharge requirements and is working on a plan to expand their existing facility.

**Klamath Falls BESTCARE** – after more than two years of working with the City of Klamath Falls and Best Care on a CDBG application to expand their residential treatment program to include a detox facility, Best Care decided to not move forward with CDBG funding. The plan had been to develop a ten-bed medically supervised Recovery Center in a little-used wing, moving the current lease payments over to a significant portion of a detoxification program sustainability. Partners integral to the success of this program included Sky Lakes Medical Center and the Klamath Falls Police Department.

## **BUSINESS DEVELOPMENT PLANNING AND SUPPORT**

### **EXPAND ENTREPRENEURSHIP IN THE REGION THROUGH IMPLEMENTATION OF A COORDINATED AND MULTI FACETED APPROACH THAT INCLUDES:**

- 1) Enhance access to business support services**
- 2) Provide more training opportunities targeted specifically for aspiring entrepreneurs**
- 3) Enhance access to capital including creation of a Entrepreneur Development fund that fronts the money to make student loan repayments if the student starts a business in Klamath County**
- 4) Develop a business plan competition for OIT and KCC students**
- 5) Expand the availability of entrepreneurial coaches**

SCOEDD took the lead on development of a new program called “Tips and Tools for Business Success”. The radio show was prerecorded in half hour segments and aired on a local AM Talk Radio station. The 16 shows were developed to encourage entrepreneurship and provide economic benefit to potential and existing business owners. The programs purpose was to provide interactive training, technical assistance, and advisory services for enterprise development in Klamath and Lake Counties. SCOEDD’s Executive Director co-hosted the show with Jamie Albert of the Small Business Development Center.

**Klamath IDEA**

On June 25, 2014 twenty supporters of the Klamath IDEA signed a Declaration of Cooperation for the Klamath IDEA (Inspire Development - Energize Acceleration) pledging support and assistance to entrepreneurs for start-up, business expansion, product development and commercialization with the long term goal of sustainable job creation in Klamath County. The Declaration of Cooperation provides commitments to align resources among the supporting private and public interests in order to initiate a healthy sustainable program and support its growth.

Klamath IDEA (Inspire Development – Energize Acceleration) will provide support to entrepreneurs for start-up, business expansion, product development and commercialization—with the long term goal of sustainable job creation in Klamath County. IDEA supports the entrepreneurial spirit, particularly when it leads to new jobs and enriches the community and its economy. The IDEA is meant to provide the starting point for a venture to grow, mature, and ultimately move on to become a successful member of the greater business community.

Klamath IDEA is both an assessment process and a support mechanism for a small number of start-up businesses or expansion concepts to be selected each year on a competitive basis. There will be no wrong door for entry to business in Klamath County. Whether the entrepreneur makes first contact with the Chamber of Commerce or the City of Klamath Falls, Klamath IDEA partners will be connected to support entrepreneurship.

Klamath IDEA will focus on a small number of start-up businesses or expansion concepts annually through a competitive application process. The IDEA retains the right to alter the criteria based on the current program support and other factors as identified by the Governing Board.

Candidates need to meet the majority of these qualifiers:

- ✓ A new, early stage, or product/service expansion for existing businesses. The business should be either a start-up business, an early stage company, or an existing business with a successful history seeking to expand into new products, services, or new markets. Preference will be given to companies focused on new or improved technologies, renewable energy development, value-added exportable products utilizing a local resource, and services or products supporting high tech and knowledge based industries.
- ✓ A specific, and realistically viable business concept, and not simply a general goal to “own my own business.”
- ✓ A business concept which is likely to survive and grow into a sustainable local company and has the potential to employ others.
- ✓ Intent to remain in Klamath County after “graduation.”
- ✓ A business concept which is generally compatible with Klamath IDEA goals, and exhibits a willingness to support and promote the IDEA concept. Does not weaken or alter the IDEA’s image or purpose, nor negatively impact other participants’ business operations.

- ✓ An entrepreneur who is willing to conduct business in an open, collaborative and cooperative fashion, including regular advising and status reports to the Governing Board or designated staff.
- ✓ A business concept which does not create duplication - New businesses that closely resemble existing IDEA participants will be judged on a case-by-case basis to rule out potential conflicts. Also, the presence of a significant number of identical/similar businesses already in the community may be a limiting factor.

During the initial phase of the project, the Klamath IDEA will be housed under the organizational structure of the Klamath County Chamber of Commerce. The IDEA Executive Committee will function as an ad-hoc committee of the Chamber of Commerce.

The **Executive Committee** made up of private sector entrepreneurs, successful business owners, training providers and economic development representatives will set strategy and policy for the project.

An **Assessment Team** will be formed by the Executive Committee to vet applications and refer applicants to appropriate resources.

**Business Advisors** made up of qualified experienced entrepreneurs, subject matter experts, business professionals, and educators will be hosted through the Small Business Development Center. Other resources outside the area may be identified when local capacity does not exist.

An **Investor/Capital Group** will be formed and supported by the South Central Oregon Economic Development District.

**SEEK ADDITIONAL FUNDING AND COMPLETE A MORE DETAILED INVESTIGATION OF STRUCTURAL, SYSTEMS (MECHANICAL, ELECTRICAL AND PLUMBING, POSSIBLY FIRE SPRINKLERS), ENVELOPE (I.E. WALLS AND ROOFS) AND OTHER ASPECTS OF MAKING THE BALSIGER AND EAST BUILDING SAFE, CONDITIONED AND HABITABLE INTERIOR SPACE.**

EPA's Brownfield program assistance was acquired through the Oregon Department of Environmental Quality (DEQ) to identify and evaluate potential environmental issues that may impact or need to be factored into redevelopment plans for the Balsiger Building. Funding was received for a Phase 2 site assessment to be performed to determine what, if any, contamination issues will need to be addressed prior to or during redevelopment of the property.

In late July 2013 a team of people consisting of a local engineering firm, DEQ, DEQ's contractor, the building owner's contractor, the City Manager, a real estate representative, and SCOEDD walked through the Balsiger Building.

There are some definite structural issues (evident from other portions of the building collapsing) with the existing building. The primary concern is the quality of concrete and

general lack of reinforcing. In several areas the existing concrete has deteriorated greatly (the decorative portion of the building above the main entry). We could see the ends of the exposed walls and columns where the building had previously collapsed. Those exposed wall/column ends only have a few pieces of reinforcing steel. Based on our discussions with the owner's contractor there are still areas that are "stressed" which have caused several of the perimeter windows to crack.

It is unknown if it would be more cost effective to refurbish the building or build a "new" building that looks like the current building. This type of analysis would need to be performed in order to determine the best way to proceed. However, based on the basic lack of structural integrity the City of Klamath Falls decided to not pursue redevelopment of the building.

**SERVE AS A FACILITATOR AND CATALYST FOR THE SUPPORT OF EXISTING AND NEW EMPLOYERS THROUGH EXTENSION OF APPROPRIATE SERVICES, INCLUDING, BUT NOT LIMITED TO:**

- ✓ **ASSISTANCE IN LOCATING SUITABLE EXPANSION FACILITIES**
- ✓ **ASSISTANCE IN IDENTIFYING APPROPRIATE FINANCIAL RESOURCES AND INCENTIVES**
- ✓ **ASSISTANCE IN ACCESSING LABOR TRAINING RESOURCES**
- ✓ **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**REVOLVING LOAN FUND ASSISTANCE**

In April 2014 Basin Martini received funding to purchase the building they were renting. Project financing consisted of \$125,000.00 from the EDA RLF, \$100,000 from Lewis and Clark Bank and \$25,000 from owner equity. The purchase price of the building was \$250,000.00. The EDA loan is for permanent, term financing on the project.

The building located on Main Street in downtown Klamath Falls is approximately 15,000 square feet. Basin Martini Bar currently occupies 2,400 sf. and intends to expand into available space vacated by Murphy Dogs – formerly MC on Main - for a banquet/ meeting space facility. Eventually they plan to convert the upstairs to a full event space to accommodate wedding receptions, etc. About one third of the building is currently rented as retail space.

SCOEDD staff facilitate a \$200,000 financing package to provide funds to **Oregon Outback Mining Company LLC** to purchase faceting (gem cutting) machines and for working capital to start a light manufacturing facility in Plush, OR. The financing also provided funds to purchase a large inventory of rough and finished gemstones that will help the company market the product in larger quantities and provide near term cash flow to support business operations. The inventory was appraised for \$ 1,000,000 and OOMC has lined up several buyers for the raw uncut gems, while the finished gems will go into retail sales

either as stand-alone gems or further processed into jewelry. The inventory includes over 330 kilos of rough and over 6200 cut gems.

The project financing included \$50,000 from EDA revolving funds, \$35,000 from Lake County Community Loan Fund,

\$25,000 from Craft3 Bank, \$50,000 from Oregon Business Development Department Entrepreneur fund and \$40,000 in owner equity.



This project has a number of impacts including job creation in a rural part of Oregon and increasing the value of a natural resource that is indigenous to Oregon. The potential to create a market for Oregon Sunstone will directly benefit OOMC, but have a broader impact on jewelers, miners, and the tourist industry in the region.

Lake County is one of the only places in the world that some of the more unique sunstones can be found. In fact, the only other places to boast that same feat are Africa, Sweden and Norway. Sunstones, which are known locally as the “Plush Diamond,” are available for mining in the Plush-Adel area.

Based near the beautiful forests of Klamath Falls, OR, **Cook Woods** has been helping woodworkers and craftspeople from all over the world find the exotic woods they need for art gallery pieces, fine furniture, guitars, and more. They bring in the finest lumber and exotic hardwoods from all across the world, as well as beautiful hardwood logs, slabs and boards grown right here in the Pacific Northwest. From Asian woods like Afzelia and Amboyna burl and African Waterfall figured Bubinga, to California Claro Walnut, you can always find a great selection of quality exotic wood at competitive prices that you simply won't find anywhere else. They deal in exotic woods and domestic species of all different shapes and cuts which we are able to produce on the sawmill located here at Klamath Falls facility.

In November 2013 Christopher and Catherine Cook of **Cook Woods LLC** applied to SCOEDD for an IRP loan to complete their financing package for the expansion of their business in Klamath Falls. The project request consisted of \$180,000.00 from IRP funds and \$137,200 from owner equity. In addition Cook Woods secured and disbursed funds from Sterling Bank for the purchase of a new Wood-Mizer saw. The Wood-Mizer WM1000 is designed to saw large logs including hardwood, softwood, and tropical species. Durable and easy to use,



this mill features a saw head with a massive throat opening that moves along a twin-rail frame.

IRP funds were approved in December 2013 and are to be used to construct a new building with loading dock to house the new equipment and for storage of product.

A loan of \$200,000 was also approved in December to Rebecca Meek (co-signed by William Nash) to purchase the existing **Klamath Women's Clinic LLC** from the owner who was retiring. A purchase agreement was been signed and the purchase price for the business was set at \$30,000 which includes a patient chart database of over 2,000 along with existing furnishings, medical equipment and supplies. The purchase agreement also includes another \$50,000 which will be used as payment for 75% of outstanding accounts receivable on the date of purchase. The rest of the project includes capital purchases and working capital to cover the first three months of transitioning the business. By March 2014 the existing business had expanded to a new location at 1803 Main Street which includes a freestanding birth center.



**Linkville Roofing LLC** received a \$93,000 loan from SCOEDD and another \$31,000 from Klamath Community Development Corporation (KCDC) to restructure debt which will increase net profit and operating capital. \$99,160.67 was owing to Rogue Pacific Lumber Company from an Account's Payable that was converted to a secured loan in 2009. The original amount of the loan was \$159,480. The balance of loan funds was used to pay off high interest credit card debt. The refinance allowed the company to retain 25 employees with estimated annual payroll of about \$650,000.

**Gino's Café and Sports Bar**- An Energy Efficiency Loan was made to Gino's to install three high efficient Trane XV95 gas furnaces, XR15 air conditioners with economizers. One system is for the lounge; one system is for the store and the third system is for the dining room. A Mitsubishi inverter drive air conditioner will be installed in the kitchen along with soffit vents for the attic. Furnaces are variable drive 2 stage 96% efficient with all new ducting system. The business also applied for USDA REAP grant funding to cover 25% of the project costs. Gino's Café and Sports Bar employs 22 full and part time employees.

#### **ASSISTANCE IN LOCATING SUITABLE EXPANSION FACILITIES**

Over the past year we have worked with the following either as part of TEAM Klamath or as the Economic Development lead for Lake County:

- ◆ Project Goddess – follow up on tour and additional information
- ◆ Project Alice – toured facilities, met with TEAM Klamath and follow-up information
- ◆ Project Flying and Project Railroad – responded to requests, identified facilities and follow-up

- ◆ Project Chris – Fed Ex – meetings with City and project staff on infrastructure needs at airport industrial park site identified for purchase. The City of Klamath Falls approved selling 4 acre site to company on January 5, 2014. The groundbreaking for this project was the first of May 2014.
- ◆ Worked with representatives of Red Rock bio-fuels and the party whose property they are interested in buying. They have reached a tentative agreement with a purchase of the property with a lease option first to ensure the zoning issues can move forward.
- ◆ KLM, out of New Jersey that build the faceting machines that Oregon Outback Mining is looking to purchase are looking at moving the operation from Korea to Lakeview. The representatives came to Lakeview and toured the incubator building with Oregon Outback Mining.
- ◆ Project Clark—provided potential sites and information on OIT to a site selection company representing a 3 D Printer Manufacturer.

### **ENTERPRISE ZONE BENEFITS**

SCOEDD serves as Enterprise Zone Manager for the Klamath County/Klamath Falls and the Lakeview/Lake County enterprise zones. Both counties also have a Rural Renewal Energy Development (RRED) zone overlay that covers all of the two counties. Commercial renewable energy projects in these zones are eligible for a 3 to 5 year local property tax exemption. Eligible property includes either wind, geothermal, solar, biomass, or other unconventional forms of electricity generation, or systems that produce, distribute or store bio-fuels.

During the past year two Klamath County solar projects were approved for RRED zone benefits:

- ▲ Bevans Point is a 2.6 MW (DC) photovoltaic solar project located near Malin in Klamath County, Oregon. The project will use single-axis tracking technology with crystalline panels. Estimated production in the first year exceeds 4,900 MWh. This project has completed all interconnection studies, has received a conditional use permit and is currently pending signature of interconnection and power purchase agreements with PacifiCorp. The online date is targeted to be no later than June 2015 (this is set conservatively to allow sufficient time for the utility to complete its work related to interconnection). Total capital investment is estimated \$5.6 to \$5.9 million with an additional \$2.9 to \$3 million anticipated over the 25+ year life of the project.
- ▲ The Old Mill Solar Project is a 5.6 MW solar facility on a site in Bly Oregon. The project will produce 12-14 million kWh of energy annually. The project will cost about \$15 million and will be the larger solar project in Oregon. During construction the project will employ 50 to 60 construction workers.

SCOEDD staff also worked on an expansion of the Lakeview/Lake County Enterprise Zone to add approximately 90 acres (.15 square miles) to the Zone. The co-sponsoring governments have decided to apply for an amendment to the Lake County/Lakeview Enterprise Zone to maintain the competitiveness in attracting new industry and to continue to assist existing industry to expand. This serves to create new job opportunities and to enhance the property tax base.

**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. During the period of July 2013 through June 2014, the following members served on the Executive Committee:

**District Executive Board Members**

Dennis Linthicum, Chair	Ken Kestner, Vice Chair
Ernie Palmer, Treasurer	Brad Winters, Immediate Past Chair
Nathan Cherpeski	Ray Simms
Mark Douglas	LH "Trey" Senn, Ex Officio

During the timeframe of this report, four 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) doing business as Klamath Lake Center for Community Renewal (KLCCR).

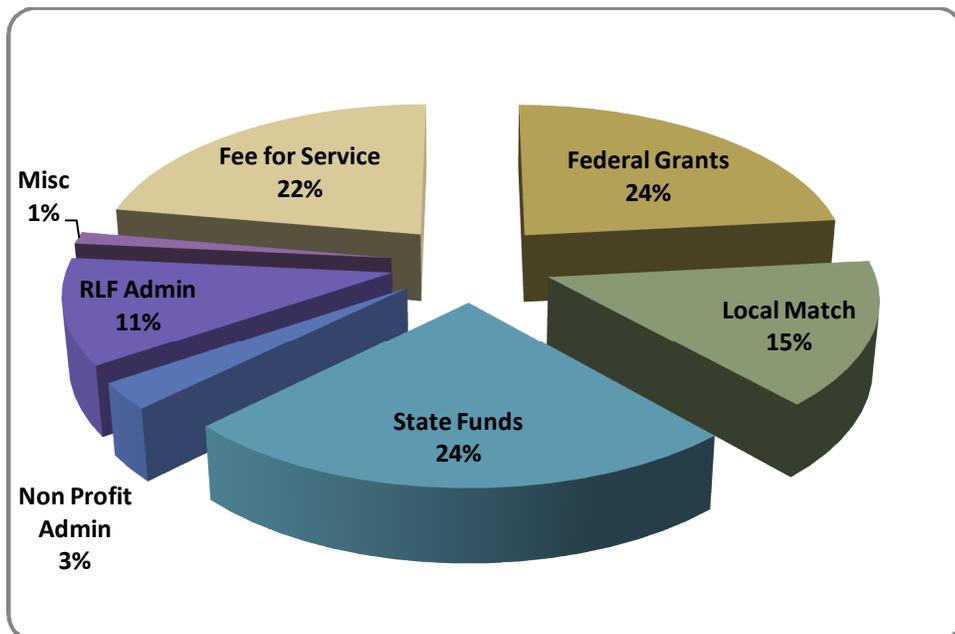
**District staff:**

Betty Riley Executive Director	Kay McCarty Accounting/Finance Specialist
Audrey Henry/Fred Smith Economic Development Specialist	Pamela Ruddock Economic Development Associate

The end of January 2014, Audrey Henry resigned her position as Lake County Economic Development Specialist to take a new position outside of the region. Fred Smith was hired the first part of May to fill the vacancy. The Economic Development Specialist staffs the business retention/expansion and recruitment outreach efforts for Lake County and SCOEDD. The position is located in Lake County, Oregon.

**Revenue**

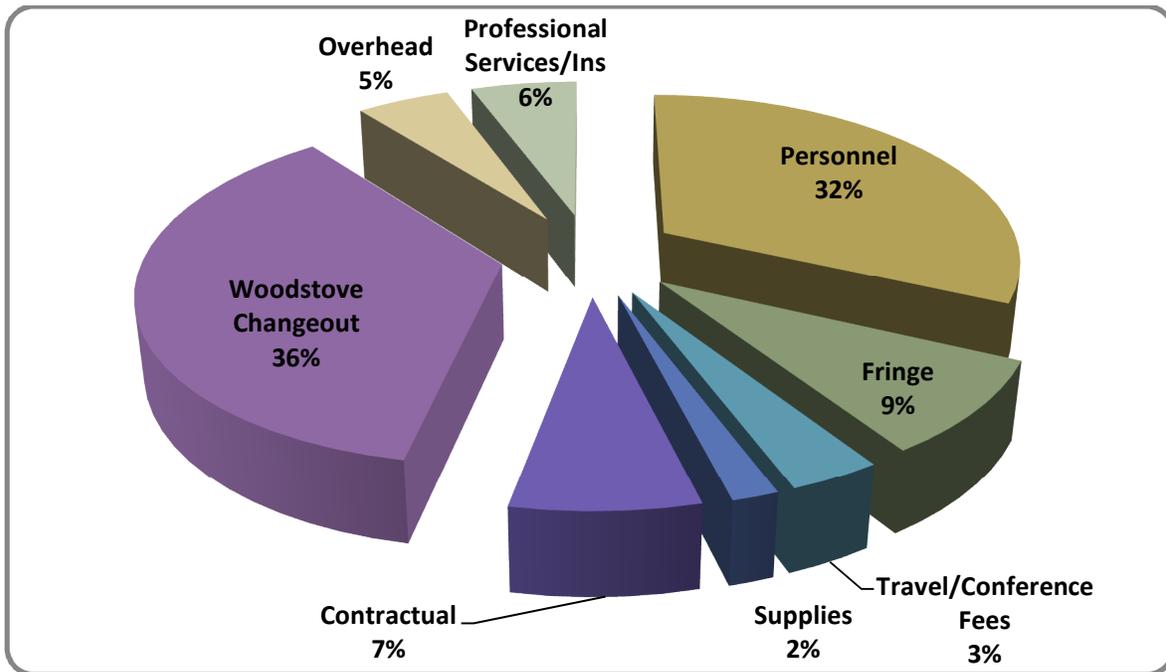
SCOEDD’s actual unaudited Revenue for FY2013/2014 was slightly less than \$553,000. As shown in Chart 1, SCOEDD’s revenues for administration were from State Grants (24%) which includes the Oregon Department of Energy funds for Woodstove Changeout. Federal Grants from EDA provided another 24% of Revenue of which \$50,000 was pass-through funding for Peer Review and Regional Training. Revolving Loan Fund program administration accounts for 11% of total revenues. Fee-for-Service contracts plus non-profit administration funded 25% of the organization and the balance (16%) is local matching funds received from Klamath and Lake County and the City of Klamath Falls plus miscellaneous income.



**Expenses**

**Chart 2** depicts the actual expenses for Fiscal Year 2013/2014 as a percentage of the total administrative costs of ~\$549,000. In house Personnel/fringe expense is at slightly more than \$223,578 (41% of expenditures). Contractual (7%) include payments for the EDA Training Conference fund plus Energy Audits. Professional Services/Insurance (6%) includes Auditor expenses, legal fees, liability insurance. Overhead expenses including rent, telephone and mailing expense is 5% of the total funds expended plus another 2% was expended for supplies. The Travel and Training expenses (including pass through reimbursements for EDA Peer Review travel) accounted for 3% of total budget. Woodstove Changeout expenditures were just under \$200,000 which includes equipment and labor expenses.

**Chart 2  
Uses of Funds  
FY2013/2014**



**Attachment 1**  
**SCOEDD BOARD MEMBERSHIP ROSTER**

**June 2014**

**1. GOVERNMENT REPRESENTATIVES (51-65%)**

*Elected officials and/or employees of a general purpose unit of state, local or Indian tribal government who have been appointed to represent the government.*

Name	Government	Position
Dennis Linthicum	Klamath County	Commissioner
Tom Mallams	Klamath County	Commissioner
Jim Bellet	Klamath County	Commissioner
Brad Winters	Lake County	Commissioner
Dan Shoun	Lake County	Commissioner
Ken Kestner	Lake County	Commissioner
Kenneth McCoy	Bonanza, Town	City Council, Mayor Appointee
Joe Hobbs	Chiloquin, City	Mayor
Nathan Cherpeski	Klamath Falls, City	City Manager, Mayor Appointee
Ray Simms	Lakeview, Town	Town Manager, Mayor Appointee
Gary Zieg	Malin, City	Mayor
Tim Saunders	Merrill, City	Mayor
Jared Hall	Klamath Tribes	Economic Development Staff

**2. NON-GOVERNMENT REPRESENTATIVES (35-49%)**

**A. Private Sector Representatives:** *Any senior management official or executive holding a key decision-making position, with respect to any for-profit enterprise.*

Name	Company / Enterprise	Position
Terry Utley	Arrow Realty	Owner, Manager
Mark Douglas	Colahan Enterprises	Co-Owner

**B. Stakeholder Organization Representatives:** *Executive directors of chambers of commerce, or representatives of institutions of post-secondary education, workforce development groups or labor groups. (At least one required)*

Name	Organization	Position
Charles Massie	Klamath County Chamber of Commerce	Executive Director
Talluah Chiono	Lake County Chamber	Executive Director
Roberto Gutierrez	Klamath Community College	President
Charlie Jones	Oregon Renewable Energy Center (OREC)	Director
Jim Walls	Lake County Resources Initiative	Executive Director
Randall Norris	Worksource Oregon	Manager

LH 'Trey' Senn	Klamath County Economic Development Association (ad Hoc)	Executive Director
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**3. AT-LARGE REPRESENTATIVES (0-14%)**

*Other individuals who represent the principal economic interests of the region. (No minimum required)*

Name	Area of Interest	Background
Mike Ramsey	Forestry – US Forest Service	District Ranger
Ernie Palmer	Public Transportation	Transit Director