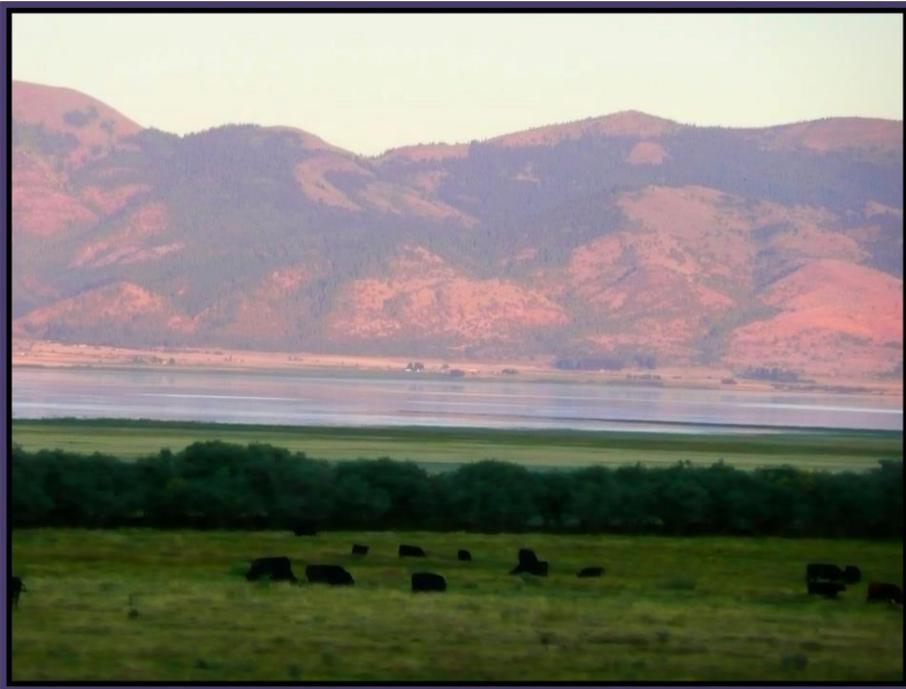


2016

SCOEDD Annual Performance Report



ANNUAL PERFORMANCE REPORT

SOUTH CENTRAL OREGON ECONOMIC DEVELOPMENT DISTRICT

JULY 1 2015 TO JUNE 30, 2016

ECONOMIC DEVELOPMENT ADMINISTRATION PLANNING GRANT
07-83-07216

PREPARED BY
BETTY RILEY, EXECUTIVE DIRECTOR

JULY 2016

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 2015/2016 EDA Planning grant scope of work during the past 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. Below are activities that SCOEDD staff has participated in during the reporting period.

Serve on technical committee for Joint Land Use Study being developed for Kingsley Field which is working to preserve the long-term land use compatibility between Kingsley Field and the surrounding communities;

Kingsley Field is an important asset to the regional economy, as it is the third largest employer in Klamath County with approximately 900 military personnel and state employees providing roughly \$114 million to the local and regional economy through various direct and indirect activities. While Kingsley Field provides important economic, social, and security contributions to the local communities, national guardsmen provide numerous community services to surrounding area, including mutual aid and community services.

The goal of the Kingsley Field JLUS is to protect the viability of current and future training operations, while simultaneously guiding community growth, sustaining the environmental and economic health of the region, and protecting public health, safety, and welfare.

This JLUS intends to establish and preserve long-term land use compatibility between Kingsley Field and the surrounding communities. By doing so, this JLUS will enhance protection of the health, safety, and welfare of surrounding communities and Kingsley Field. The JLUS is representative of collaboration between Kingsley Field and the local municipal governments for the purpose of planning for compatible land use, while ensuring the continued presence of the military.

SCOEDD's Executive Director served on the JLUS Technical Committee (TC) which was responsible for identifying and studying technical issues, providing feedback on report development, and assisting in the development and evaluation of implementation strategies and tools. Items discussed by the TC were brought before the Policy Committee for consideration and action. The final plan was completed in March 2016.

Enlist employers who would benefit by supporting and preferring their applicants take the National Career Readiness Certificate test;

In September 2015, the Klamath County Economic Development Association (KCEDA) had a presentation by WorkSource on the National Career Readiness Certificate. Based on the regions goal we needs to have 82 employers in the area support NCRC testing; currently there are 50.

Partnering with public land managers on the sustainable utilizations of our forest resources in an effort to prevent catastrophic wildfires in the region;

SCOEDD's Rural Development Specialist has been working with Lake County Resources Initiative and the US Forest Service to provide training to local contractors on doing business with the government. In November 2015, six Lake County contractors attended a workshop that went through Request for Quotes (RFQ's), using examples of responses from contractors and providing detailed instructions about "how to do it", etc. At least three of the contractors attending do not use computers much or email so both the forest service and the instructor got a good dose of what Lakeview contractors are really like. It was almost worth all of it for just that one point being made. We hope to do this again in the spring.

SCOEDD has subcontracted with Sustainable Northwest to help support the Western Juniper Alliance and stimulate market and supply chain improvements for the growing juniper industry in Oregon. SCOEDD's tasks include:

1. Work with ranchers, farmers, harvesters public land managers and others to increase and regularize harvest levels of quality, merchantable Western Juniper.
2. Increase the competitiveness of existing, and cultivate the development of new companies that harvest, mill or produce products manufactured with Western Juniper.

This effort also contributes to Sage Grouse habitat improvement and water yield increases in the Klamath Basin watershed.

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 includes links to the regions CEDS and Demographic Profile, recent publications, business loan applications and the Dreamsaver Program. The site also links to the Klamath County community portal site <http://www.klamathcommunity.com/>.

INFRASTRUCTURE DEVELOPMENT & IMPROVEMENT

SCOEDD provides 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. During the 2015/2016 grant year we will:

Provide follow-up support to the small communities in the Klamath and Lake Counties with ways to incorporate Main Street programs in their communities and address issues of community revitalization.

The Klamath Basin Revitalization Network started nearly two years ago following a regional economic development summit that identified downtown development and regional branding/marketing as priorities. The five small communities of Bonanza, Dorris, Malin, Merrill and Tulelake each formed volunteer team members that have led the charge in identifying local improvement projects such as beautification, façade improvement, community building activities, parks improvements, wayfinding signage, etc. Each of the participating communities are interested in increasing engagement in these improvement activities, particularly of youth, young families and the Latino population. Team leaders include citizens, government representatives and local business owners active in a wide variety of projects and initiatives.

On behalf of the Revitalization Network SCOEDD applied for and was approved to work with Travel Oregon on a Rural Tourism Studio program. Promoting nature based tourism and/or cultural tourism will help promote the area while respecting the natural environment and allowing the smaller communities to participate. We also see an increase interest in our area for Bike Tourism and specifically building on the Art of Survival Century bike event to include some other events like a RUN, TRIATHLON, etc.

Another opportunity is “destination shopping”. There are several shops in the Klamath Basin/County that people specifically migrate to from out of the area like the Tater Patch and County Cork in Merrill. They are small gems tucked into the streetscape that sometimes go unnoticed in a “drive by” but word of mouth and advertising brings attention to them.

SCOEDD also applied for and was approved to host a Resource Assistance for Rural Environments (RARE) AmeriCorps participant to assist the rural communities in their revitalization efforts. The RARE participant will start in September 2017.

Identify feasibility of providing expanded broadband services to remote communities by exploring the siting of towers or equipment to service the target areas.

SCOEDD’s Rural Development Specialist applied to and was approved by USDA Rural Development for 2016/2017 grant funding to expand Broadband to remote areas of Lake and Modoc Counties. The purpose of the Northern Great Basin Broadband Exploration

Project technical assistance funding is to address access, affordability and capacity of broadband internet in remote areas of Lake County Oregon and Modoc County California. The scope of work includes:

- Determine the existing availability of service, quality of service, and identification of areas without service
- Access the proficiency and capacity of existing service providers to bring the proper service systems to the affected areas
- Determine creative affordable long and short term strategies to address the current complex geographic and distance barriers including research for government grants, private foundations and corporate funding as well as promotion strategies for use of broadband systems.
- Assess the number and potential of Ecotourism broadband needs for current and future businesses such as Hart Mt Refuge, existing Bed and Breakfast/Host Ranches, Hunting and Fishing Guide Outfitters, etc.
- Produce a final report with findings.

The benefits of the project will expand the entrepreneurial nature of living in a rural area and improve the economy and educational and health care options.

BUSINESS DEVELOPMENT PLANNING AND SUPPORT

Provide Development Planning and Support to new and existing businesses by:

Coordinate with regional and statewide partners to provide education, outreach, and site assessments for water and energy efficiency to agricultural producers and irrigators and developing grant applications for Energy Efficiency

Sustainable Northwest has selected Klamath County as part of the “Making Energy Work in Rural Oregon” series of events and a workshop was held at Oregon Tech in February 2016. The focus of the workshop is energy savings and improvements in 4 local energy sectors: Residential – Agricultural – Small Business – Industrial

The workshop was hosted by the Klamath Watershed Partnership, SCOEDD, the City of Klamath Falls and the Chamber of commerce and supported by staff and resources from Sustainable Northwest, Lake County Resources Initiative and Wallowa Resources. The workshop provided an overview of the great work the city and county has already done in utilizing geothermal resources and solar and identified new opportunities for both energy efficiency and renewable energy. We learned from Lake and Wallowa County about how much potential there is by investing in local energy generation and efficiency and the additional local economic benefits that are returned to the community due to that investment.

There were a few top priorities identified that can be acted upon immediately, and then longer term goals we can continue to pursue together:

- *Attend the Water, Energy and Restoration workshop in Chiloquin on March 15th.* This was a great workshop with over 25 people in attendance, many of which were landowners who are looking for more support on energy and water efficiency upgrades.
- Help the community and landowners better understand landowner water rights. Dispel misinformation to better manage water for everyone.
- Increase awareness for home, business and commercial energy efficiency and renewable energy opportunities.
- Identify city and county wide objectives for increased energy planning. Identify and promote the why in energy efficiency and renewables. Seek opportunities for ordinances or other planning guidelines to take advantage of the regions energy resources.
- Engage with the Oregon Clean Power Coop on the feasibility of using the co-op model for solar on public facilities including irrigation districts.

Sustainable Northwest will continue to work in partnership with the Klamath Watershed Partnership, SCOEDD, the City and Chamber to meet the identified above action items.

Sustainable Northwest will also keep leaders apprised of policy opportunities to achieve natural resource and energy goals in the 2016 and 2017 legislative session, as well as at the federal level.

Expanding Entrepreneurship in the Region through implementation of a coordinated and multi-faceted approach that enhances access to business support services including:

Partnering with Small Business Development Center at Klamath Community College to provide more training opportunities targeted specifically for aspiring entrepreneurs;

SCOEDD's Executive Director worked with Kat Rutledge, KCC SBDC Director to develop a scope of services and complete an application to the USDA Rural Business Development Grant program. \$21,125 was received from USDA which will leverage \$10,000 each from the Oregon SBDC network and KCC to develop and offer a Small Business Management program from October 2015 to June 2016. Funds were used to hire a part time project coordinator that will coordinated the training and provided one-on-one advising during the program.

Klamath Community College's first cohort of seventeen students from eleven area businesses completed the Small Business Management I Program on June 14th. Business

owners and key employees invested approximately 5,600 hours over nine months in the classroom, in one-on-one confidential sessions with a professional business advisor, and in their businesses working on their individualized goals. Three-hour monthly class topics spanned a variety which included the following:

1. Business and Personal Skill Assessment
2. Strategic Planning and Leadership
3. Cash Flow and Forecasting
4. Using your Financial Statements as Helpful Management Tools
5. Traditional Marketing
6. Social Media Marketing
7. Human Resource Basics
8. Leadership Skills for Outstanding Customer Service
9. Lean Operations

Participating business owners varied in their length and depth of experience and industry, which added richness to the cohort learning that took place over the nine months. Represented businesses included:

Mia's and Pia's Pizzeria and Brewhouse, Brian Gailey Photography, Diamond S Meats, Family Chiropractic and Wellness Center, Klamath Falls KOA, Linkville Roofing and Siding, LLC., MCX Inc., Power Pac Rentals, and Tree of Life Christian Wilderness Expeditions.

Client validated economic impacts over the nine-month period include \$225,500 in capital accessed, 5 jobs created, 19 jobs retained, and \$58,000 in increased sales.

Working with Klamath IDEA to develop a SEED funding program that can be used by participants in the Klamath IDEA project

Funding requested by Klamath IDEA from the Regional Solution Priority project funding was not received. \$250,000 was requested for the creation of a community investment fund to support local start-up or expanding businesses.

In January 2016, SCOEDD staff worked with the E-Board to draft an application for the Oregon Business Development Department Rural Entrepreneur Development (REDI). The purpose of the Rural Entrepreneurship Development Initiative (REDI) is to ensure that all Oregon entrepreneurs have access to the resources needed to launch, grow, and scale a viable company that will strengthen Oregon's communities and economy.

Klamath IDEA was one of four new Centers for Entrepreneurship ("Centers"). A copy of the REDI Scope of work for REDI funds is included as **Appendix 2.**

Identifying and working with a steering committee to develop a Business Plan competition for OIT and KCC students – would involve raising funds from investors, organizing the competition, identifying mentors, plus managing the annual event.

Innovative, highly technical and eager student entrepreneurs at the Oregon Institute of Technology (Oregon Tech) came together on in May 2016 to compete for seed money to turn their product ideas and prototypes into real businesses. The winning team, called GO Possibilities, won based on their production of graphene oxide and development of 3-D printers that convert it into printable sheets used for energy storage in numerous applications.



This is the second annual Catalyze Challenge, which began with the concept of keeping Oregon Tech graduates in Klamath Falls to start entrepreneurial efforts after graduation, and help spur economic growth and stability in the region. Current undergraduate and graduate students as well as recent alumni who graduated in the last two years and live in Klamath Falls are eligible to enter the competition. Up from \$9,000 in 2015, this year the competition had a total prize pool of \$17,000, including donated space at the Gaucho Collective. With the theme of 'Innovation Close to Home,' three strong teams competed in the final round of judging on Tuesday, May 17. Seven volunteer judges, all from Oregon Tech's business, community and university connections, watched the presentations, asked many probing questions, and decided on the top winner. The distinguished judges determined which two runners up would receive \$5,000 and \$2,000, respectively for second and third places, and which winning plan and presentation would receive \$7,000 to invest in start-up costs and ignite project development.

The three winning teams were:

1. **GO Possibilities** (pronounced Jee-Oh), 1st Place Team: \$7,000 prize for their product concepts, which included producing graphene oxide -- a highly conductive fluid that is made of carbon, is stronger than steel but lighter than paper, is flexible and transparent -- at lower cost and using less toxic chemicals than currently available products; and producing 3-D printers that can print out sheets of the graphene that can be used for energy conduction and storage in numerous products, such as cell phones and electronics. The end-user will be able to design and produce structures made of graphene at a fraction of the current cost. GO Possibilities can also print custom graphene designs for customers. Team members include Matthew Stansbury, Eric Tipler, Ben Fawver, and Tate Orlik Hill, who are Electrical Engineering and Renewable Energy Engineering students.
2. **Shade 10 Industries**, 2nd Place Team: \$5,000 prize for producing affordable Ultra 4 off-road vehicle kits, which include all of the component parts and require the end-user to

weld the kit together. In total, Shade 10 is developing more than 100 parts that can be sold separately or within the kit; and they do custom fabrication work for customers. They will be selling their products online as well as in a physical location in Klamath Falls, where lower overhead will enable them to beat competitors' pricing. Team members include Cole Branham and Boden Gahringer, Civil Engineering and Manufacturing Engineering students.

3. **Wit-CLAP**, 3rd Place Team: \$2,000 prize for a uniquely designed Gorlov-type vertical wind turbine that is less expensive, smaller, and can be mounted almost anywhere, such as on roofs and telephone poles, to serve residential and public uses. It would be especially effective in areas such as Klamath Falls that are windy, and it is sustainable through use of affordable, clean energy. Team members include Cody Carmichael, Grant Gholston, Jessica Dela-Cruz and Reece Ishihara, all Mechanical Engineering students.

Throughout the two-and-a-half-hour event, finalists presented and defended their business plans to the panel of judges which included: John Lamy, Southern Oregon regional representative for the Oregon Manufacturing Extension Partnership; Johanna Scholer, an executive with JELD-WEN; Kelley Minty Morris, Klamath County Commissioner and Oregon Tech Trustee; Rich Wykoff, an investor with the Oregon Angel Fund and retired Intel executive; Bill Castle, President of Lewis and Clark Bank; and Senator Doug Whitsett, who came up with the Catalyze concept in 2014 and provided significant prize money in both years. Also in attendance was Johanna Brickman, Director of Collaborative Innovation at Oregon BEST, who presented an additional prize of \$500 to GO Possibilities for a clean tech project.

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 2015 through June 2015, the following members served on the Executive Committee:

District Executive Board Members

Ken Kestner, Chair	Jim Bellet, Vice Chair
Ernie Palmer, Treasurer	Nathan Cherpeski
Ray Simms	Jared Hall
Greg O’Sullivan, Ex Officio	

The SCOEDD board is served by a professional staff with offices in both Klamath Falls and Lakeview. Staff also provides 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	Vacant Accounting/Finance Specialist
Ginger Casto Rural Development Specialist	Pamela Ruddock Economic Development Associate

The Economic Development/Rural Development Specialist staffs the business retention/expansion and recruitment outreach efforts for Lake County and SCOEDD. The position is located in Lake County, Oregon.

In December 2015 SCOEDD moved its Klamath Falls office from its 7th Street location to 803 Main Street Suite 202. The new location is centrally located and adjacent to the Small Business Development Center.

Attachment 1

SCOEDD BOARD MEMBERSHIP ROSTER

June 2016

Name	Organization	Position
Kelley Minty Morris	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
Dale Blair	Paisley, City	Mayor
Jared Hall	Klamath Tribes	Economic Development Director
Terry Utley	Arrow Realty	Owner, Manager
Charles Massie	Klamath County Chamber	Executive Director
Talluah Chiono	Lake County Chamber	Interim Executive Director
Roberto Gutierrez	Klamath Community College	President
Dave Brillenz	Forestry – US Forest Service	District Ranger
Jim Walls	Lake County Resources Initiative	Executive Director
Randall Norris	Worksource Oregon	Manager
Ernie Palmer	Basin Transit	Director
Greg O'Sullivan	Klamath County Economic Development Association (ad Hoc)	Executive Director

The position formerly held by Charlie Jones, Oregon Renewable Energy Center is currently vacant.

Attachment 1
Klamath IDEA REDI GRANT

INITIATIVE OVERVIEW. The purpose of the Rural Entrepreneurship Development Initiative (REDI) is to ensure that all Oregon entrepreneurs have access to the resources needed to launch, grow, and scale a viable company that will strengthen Oregon’s communities and economy.

Oregon entrepreneurs suffer from a lack of cohesion amongst the technical resource system tasked with helping their businesses succeed. To solve this, REDI proposes to build a unique statewide strategy, beginning with rural Oregon that leverages local assets and incentivizes collaboration to increase outcomes and efficiency.

This strategy will not be another layer, centrally managed and located, but should result in local control, and greatly increased local capacity and visibility. This strategy will unite the various existing programs and networks around the state to help with service provision and impact in rural communities; using technology and by leveraging existing partnerships. This is a system for bringing people and networks together, one that creates clear advantage for the entire state, promoting a stronger entrepreneurship ecosystem.

This will be accomplished by fostering new Centers for Entrepreneurship (“Centers”) and developing new virtually delivered programs. The four Centers will be in:

- Klamath Falls, operated by Klamath IDEA,
- La Grande, operated by Northeast Oregon Economic Development District,
- Coos Bay, operated by South Coast Development Council Inc., and
- Baker City, operated by Hatch Baker

The two program partners are:

- Adelante Mujeres
- Hatch Innovations

OVERALL INITIATIVE TASKS. The initiative will include the following tasks:

- 1. Center for Entrepreneurship.** Recipient shall open and operate a Center for Entrepreneurship.
- 2. Steering Committee.** Recipient shall participate in a statewide steering committee to foster collaboration among Center partners. Participation shall include monthly teleconferences and semi-annual in-person meetings.
- 3. Regional Assessments.** Recipient shall: work with partners* to provide coordination of two local meetings, interviews with key informants, collection of self-assessment that is distributed to a target group of individuals through an online survey tool; and help to facilitate one local focus group meeting. Findings will inform Business Oregon about key investments necessary for continued development of Centers

and future Centers.

*OBDD will work with University of Oregon or other entities to provide research capabilities for these assessments.

- 4. Learning Platform.** Recipient shall participate in trainings facilitated by Hatch and other program partners to become familiar with the online platform and technology to be used by the Centers.
- 5. Participate in Multimedia.** Recipient shall work with Hatch and other program partners to be filmed and participate in producing multimedia to be used by all Centers.

PROJECT SUMMARY. The purpose of this Project is to support and encourage the entrepreneurial spirit in Klamath County, 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 business venture to grow, mature, and ultimately move on to become a successful member of the greater Klamath and Lake County business communities.

PROJECT DESCRIPTION. In addition to the overall initiative tasks, Recipient shall:

- a) Lease, furnish, and operate the Klamath IDEA Center for Entrepreneurship at 803 Main Street, Suite 103 in Klamath Falls.
- b) Staff the Klamath IDEA Center for Entrepreneurship from 9:00 am – 1:00 pm each day and run classes and various entrepreneurial programming in the Center in the afternoons and evenings., and
- c) Market, coordinate, and staff a monthly entrepreneurial gathering known as IDEA Talks.