Discussion Summary
Northeast/Eastern Oregon Region
Pendleton, Oregon

Input from economic development organizations, local government, business groups, employers and education leaders on ways to support and strengthen the regional economy.

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Report prepared by:
The Center for Public Service, Portland State University
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Input Summary—Northeast/Eastern Oregon Region

Pendleton, August 13, 2014

On August 13, 2014, approximately 70 economic development, government, business and education leaders gathered in Pendleton to discuss regional economic opportunities and the programs and policies needed to grow and strengthen the region’s business and industry base. This write-up highlights the perceptions of and ideas from participants; they may or may not reflect how current programs operate.

KEY OPPORTUNITIES FOR BUSINESS AND ECONOMIC GROWTH

The first part of the forum identified key opportunities that would strengthen and diversify the economy. This discussion described a vision of what would be different in 2020, and where job growth was likely to occur.

As a region, attendees noted a unique combination of industries that offered opportunities for increasing jobs and incomes. These included:

- A mix of value-added natural resources markets in agriculture and wood products
- New opportunities in unmanned aerial systems and
- The growth of an arts/culture economy.

To achieve growth in traditional and new markets, the forum attendees identified a supporting set of outcomes that needed to be in place. These included:

- Increased utilization and capacity of ports to move goods,
- Coordinating with education and workforce organizations to ensure a qualified talent pool,
- Addressing workforce housing as a recruitment and infrastructure issue,
- Coordinating infrastructure financing and establishing more predictable revenue streams.

The forum participants also noted a cohesive attitude and culture toward economic development, including:

- Existing partnerships that shared a common vision and worked well together, as illustrated by an array of collaborative efforts that exist in the region.
- An entrepreneurial spirit toward economic development and the willingness to try new ideas.

SMALL GROUP DISCUSSIONS

Participants chose one of six groups to further explore economic development opportunities in region. Groups included business development of natural resource and emerging industries, local government support, infrastructure, talent and workforce, business support and coordination of economic organizations.

Business Development: Natural Resources Industries

This discussion in this group focused on what was needed to have a more viable natural resource industry base in Eastern Oregon that included forest and wood products and value-added agriculture.

This group examined the outcomes and projects that will be instrumental in supporting natural resource industry development. These included:

- The regional water plan fully implemented.
- A more steady timber supply and an adequate market for biomass to support the forest restoration goals.
- Greater land-use flexibility for adaptive farms (e.g., wine and other value added agriculture opportunities).
- An adequate supply of housing at all income levels for the region. Rational regulations implementing the new FEMA flood maps.
- A regional slaughter facility in place and operational.
To achieve these five-year goals the region needs to build on what is working. This includes:

- Continued work and support from local and state organizations on regional water plans.
- The stewardship contract in the Malheur National Forest.
- The continuation in support of forest collaboratives.
- The state and local partnership for Army Depot redevelopment.
- The support for outdoor recreation and tourism economies.

What is missing or what the region needs to do differently to support the growth and health of natural resource industries include:

- Governor’s support for the position on the Blue Mountain Forest plan revision;
- Stewardship contracts for the Umatilla and Wallowa Whitman national forests;
- Incentives for biomass energy at the same level as wind and solar;
- Ecosystem services incentives for the environmental benefits that land owners create.
- Local flexibility in land-use boundaries to allow for diversified supply including housing and business development needs.
- Streamlining the “go below” process and safe harbor for 10 acres.
- Reforming/revising slaughter disposal regulations.
- Educating Westside communities and leaders about the unique challenges opportunities and solutions of Eastern Oregon.

Business Development: Emerging Opportunity in Unmanned Aerial Systems & Vehicles (UAS/UAV)

Northeast Oregon has a unique opportunity to develop an industry around UAS/UAVs. The discussion of this group focused on what was required to move this opportunity forward in a more coordinated fashion.

Seizing a unique opportunity

There is a clear vision in the eastern Oregon region to have an active UAV/UAS industry, and that includes an array of vertical markets from sensors to materials to manufacturing.

- It is the goal of this region to have a Center of Excellence that is tied to university and national lab research.
- The Center of Excellence is a responsive career technical education system that fully supports the skills and jobs needed in the industry.

The region has many things working in its favor to develop this industry. These include:

- Having an affordable test range.
- Weather/climate that works in favor of a test range.
- Good relationship with the Army National Guard.
- A shared strategy and investment in a consultant that has helped to focus resources and identify opportunities.

The next steps in developing this industry opportunity will be to fill some missing elements. These include:

- Having a full-time point person, or continuing the support of a contractor to coordinate and move forward both the test range and the UAS cluster plan.
- Funding infrastructure development for the test range including radar, command center, communication equipment and T hangers.
- Furthering the development of a career technical education program at Blue Mountain Community College and securing the funds to support that program.
- Establishing a business incubator to support and attract start-ups within the industry.

There also was a brief conversation about expanding value-added agriculture opportunities in the region. This included more conversations between producers and companies about changes in the industry and the development of new products and services in value-added agriculture.
Talent & Workforce Development

Growing markets in value-added agriculture, manufacturing, UAS and other industries requires the region to keep current on education and training programs for both existing and new workers. The collaboration among business, the community college and university provides a foundation on which to expand programs and services.

There were specific suggestions for enhancing the workforce efforts in the region. These included:

Connecting education & training to regional industries
Developing a region-wide marketing campaign that shows the career opportunities with local industries, and the education and training pathways for both students and adults to enter these jobs.

- **A campaign will require a coordinator**—if it is not someone's day job, it gets put on the back burner.
- This information about regional industries and local careers needs to be **communicated to students at a much earlier age**.
- Economic and business groups can play a convening/coordinating role in **getting businesses into schools to talk directly with students, teachers and counselors**.
- The new **WorkSource focus on sector strategies** can provide an opportunity to gather information in a useable format.

Keeping existing employees up to date with skills is equally important. To help train incumbent workers, the group suggested:

- Enhancing the infrastructure and use of distance learning and flexible schedules at the workplace and educational institutions to take advantage of available on-line and modular training.
- **Dual training opportunities for using this infrastructure**. For instance, if a worker at a regional employer is receiving OHSA training, then such training could be streamed to an educational institute to also train students.
- To fully implement distance learning in the region, two things are required: a) **better fiber optics and broadband**, and 2) a **mapping of dual training opportunities** between industry and education and someone to coordinate the effort.

Encouraging creative solutions
As a rural region, support resources for workforce development can be limited. Childcare is an example, and some businesses have developed their own solution. For example, Boardman Foods has a **afterschool program for its employees' children, which takes kids from their school and brings them to the facility for afterschool care**. The group suggested:

- A regional approach to share practices with other businesses, and to **reduce the red tape it takes to establish these creative solutions**. The region's economic development organizations could play a role in convening businesses that had found creative ways to retain their workforce.

Fully fund career technical education and establish a comprehensive regional strategy to support it
Employers in the region believe that funding of career technical education (CTE) is not only critical for vocational related occupations, but for all occupations; as it provides strong problem-solving skills. The group further defined this recommendation as:

- Not just **better funding for CTE**, but a **coordinated strategy** among educational institutions and the business community **to ensure maximum use and value** of CTE.
- The need to examine the funding formula for community colleges and higher education—basing funds on outcomes, rather then enrollments.

Funding summer youth programs
To support this, it is important that youth have an understanding of and experience in a wide array of industries including manufacturing. It was suggested that:

- **State partners address BOLI restrictions** currently prevent students from getting early work experience if they are not at least 18 years of age. **Without some flexibility or modifications** to current policies it is difficult to interest youth in manufacturing, trades and other occupations or industries that use machinery and equipment.
Modify unemployment assistance to help workers re-enter jobs
Employers are having a difficult time finding employees for lower wage jobs because certain unemployment and support benefits abruptly end when they are hired.
- Explore a phase out period for the benefits so it is easier for unemployed individuals to reenter the workforce.

Infrastructure
The group on infrastructure discussed specific projects needed to enhance regional economic opportunities.

The Northeast region is focused on accomplishing the following infrastructure goals over the next five years:
- Having the Northeast Oregon Water Association vision realized.
- Building out the UAV infrastructure.
- Fully developing industrial lands that have water, sewer and natural gas.
- Completing the Southgate interchange in Pendleton.
- Having a plan under way to address workforce housing issues.
- Expanding capacity at ports, and connecting those expansion plans with the Port of Portland.

To accomplish these goals the Northeast region of Oregon will need:
- Fully articulated water rights with strong regional support; along with grant or financing dollars to build out adequate water infrastructure.
- Infrastructure financing for the industrial site plans that are in place.
- Funding the interchange plans that are in place that connects highway access to the ports.
- Addressing Port of Portland shipping capacity that is limiting up river activity.
- Revision of regulations so that all commodities are treated equally with consistent permit treatment.

Local Government
This group discussed the tools that local government has to support the development of industrial lands, community infrastructure and broadband and business support services needed to grow the regional economy. (More specific ways in which the above infrastructure needs can be funded and implemented.)

While there are many programs already available to local government, the group identified some specific ways in which programs could be enhanced, and discussed how to fill some essential gaps.

Fully prepare industrial lands
The region has identified industrial lands throughout the region that are targeted for development. Many of these sites, however, are not fully served by utilities, which will require additional infrastructure financing. The group suggested:
- Conducting a region-wide inventory and prioritization of these infrastructure needs would help to develop a more systematic approach to preparing industrial sites.
- Enhancing the regional coordination of marketing for industrial lands.

More flexibility with Strategic Investment Program (SIP)
While rural SIP has a lower threshold than urban SIP, it can still be a significant hurdle for small and remote (frontier) communities. It was suggested that:
- More adjustments could be made to have the threshold for SIP and other state development assistance reflect the regional scale of a project. (Perhaps more than just two thresholds, but a threshold adjusted to the impact relative to community size.)

Broader use of gain share
Small and rural communities have a difficult time keeping basic operations and infrastructure funded/maintained.
- Adding a gain share program to the enterprise zone, as well as SIP would be beneficial to communities.
Strategic prioritization of infrastructure projects and rates

While the region has identified an array of infrastructure projects that are needed to support economic and community development, there does not appear to be a clear region-wide priority for these projects, or a clear vision on the revenue stream/rate structure needed to support these plans. The group encouraged:

- State agencies to **examine options for rates and funding streams** and assist regions with implementing practices aligned with area needs.

Enhance the ability to navigate permitting processes

Each state agency and local jurisdiction has their own set of guidelines. It would be helpful if:

- There was a **user guide that synthesized the various permitting requirements into a one-stop process**.

Business Support Services

This group examined the capital, technical assistance and promotional programs to support small businesses within the region. In addition to direct services, this group also addressed housing as a systemic issue inhibiting the growth of businesses in the region.

Their suggestions for having a strong business support system includes:

**Enhance small business services**

The region needs to **retain and strengthen their services to small businesses and entrepreneurs** including SBDC and community college services, and services offered by regional economic development organizations. It was suggested that:

- The state continues to fund and support operations of the SBDC.
- The region needs to aggregate information about programs and develop a joint marketing strategy among partners.

In addition to entrepreneurial and small business services, financing for small businesses needs to be strengthened, especially companies that have not been in business for a long time and cannot find traditional financing for operations or expansion. The group suggested:

- Right-sizing business financing programs to assist a wider range of business sizes and companies in earlier development stages.
- Supporting a new bill/administrative rules for non-accredited investors to provide **small amounts of funding to local businesses**.

**Provide adequate staff/capacity to support needed programs**

Serving businesses in rural parts of the state requires **boots on the ground**. Technology helps, however, someone still needs to make initial connections and coordinate efforts. The group strongly agreed that current staff is spread too thin; they suggested:

- Support a **business coordinator** in each county to work with businesses and support organizations to ensure the investment in financing and technical assistance is effective.

**Develop a regional housing strategy**

Housing is seen as a major issue in Eastern Oregon. It was suggested that state agencies and regional organizations:

- Develop a coordinated plan to address housing stock, including the evaluation of land use regulations and their flexibility to resolve housing challenges.