



Mid-Columbia Economic Development District

MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT



ANNUAL PERFORMANCE REPORT

JULY 1, 2007 TO JUNE 30, 2008

**Mid-Columbia Economic
Development District**
515 East Second Street
The Dalles, OR 97058
www.mcedd.org

ORGANIZATION AND ADMINISTRATION

Mid-Columbia Economic Development District (MCEDD) is composed of five counties bordering the Columbia River: Hood River, Wasco and Sherman counties in Oregon and Skamania and Klickitat counties in Washington. These five counties established MCEDD in 1969. The founding members realized that the sharing of a common workforce, a common geography and common demographics bound together their economic fates. They believed that joining together would benefit them through better access to economic development loans and grants, pooled technical assistance, marketing, and administrative resources. Most importantly, by joining forces they would bring a regional approach to their economic development efforts.

Today MCEDD retains the distinction of being the only regionally-focused economic development agency in the Mid-Columbia, and therefore, the agency most appropriate to serve as lead agency for the Economic Development Administration. MCEDD is organized as a government non-profit in Oregon as an ORS-190 and in Washington as a RCW 39.34.010.

A 20 member board of directors governs MCEDD with a representative from each of the five counties of the district, the cities of each county, the ports, chambers of commerce and six private sector representatives.

<u>Board of Directors</u>	<u>Appointed</u>	<u>Represents</u>
Harold Haake, Executive Committee	1987	Private Business-Utilities
Lorena Lowell	2002	Private Business-Childcare
Rodger Ford	2002	Private-Washington Ports
Howard Houston	2002	Cities of Skamania County
Jan Brending	2003	Cities of Klickitat County
Chuck Daughtry	2003	Oregon Ports
Dan Ericksen, Sec/Treas, Exec Committee	2003	Wasco County
Cliff Jett	2004	Cities of Sherman County
Doris Schmidt	2004	Private-Oregon Chambers
Steve Burnet, Executive Committee	2005	Sherman County
Paul Pearce, Chair, Executive Committee	2005	Skamania County
Bruce Edwards	2006	Washington Chambers
Ken Bailey	2006	Private Business-Agriculture
Dianne Storby	2006	Private Business-Healthcare
Dr. Susan Wolff, Executive Committee	2006	Private-Higher Education
Barbara Briggs, Vice-Chair, Exec Comm	2007	Hood River County
Bill Dick	2007	Cities of Wasco County
Nancy White	2007	Private Business-High-Tech
Randy Holmstrom	2008	Cities of Hood River County
Rex Johnston, Executive Committee	2008	Klickitat County

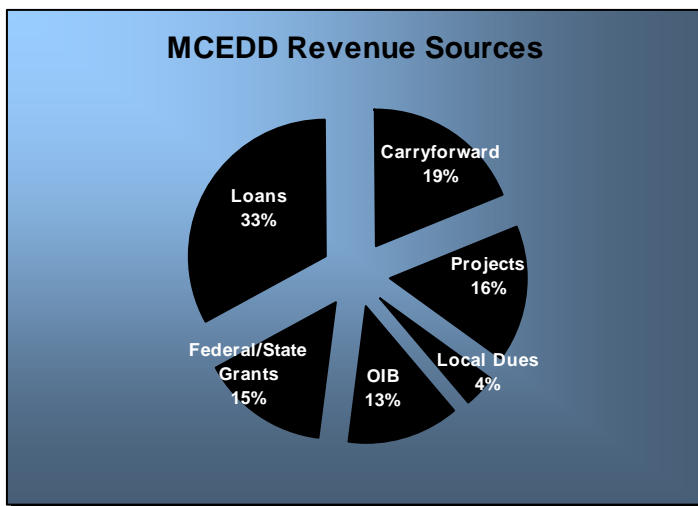
MCEDD's mission is to promote the creation of family-wage jobs, the diversification of the economic base, and the growth, development and retention of business and industry within the five-county district. MCEDD has six professional staff members who serve the region and meet the organization's mission.

To help the organization continue to offer positive economic assistance to the region, MCEDD will be expanding its staff by hiring an additional project manager in July 2008. The increase in staff is keeping pace with increased services now available to MCEDD's service area and members.

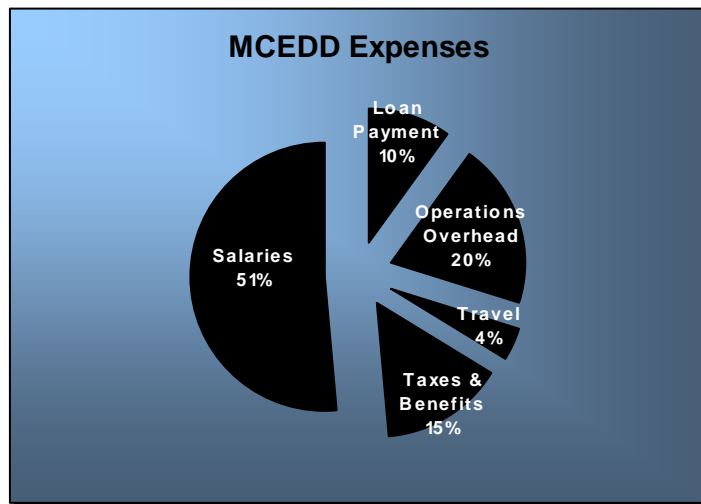
<u>District Staff</u>	<u>Joined Us</u>	<u>Title</u>
Pat Hoffman	1975	Office Administrator
Amanda Remington	2006	Executive Director
Link Shadley	2006	Project Manager
Sherry Wickert	2007	Finance Manager
Layne Sylvester	2007	Assistant Project Manager
Eric Nerdin	2008	Loan Fund Manager

2007-2008 OPERATIONS BUDGET OVERVIEW

As shown in the **MCEDD Revenue Sources Chart**, MCEDD's largest source of funds in FY 2007/2008 was from loan revenues (33%). Projects, including Oregon Investment Board (OIB), accounted for 29% of MCEDD's income, with the balance coming from carry forward, local dues and federal/state grants. These percentages are based on total income of \$678,303.00.



The **MCEDD Expenses Chart** depicts the expenses for FY 2007/2008 as a percentage of the total operational expenses of the organization \$678,303.00. Nearly two-thirds of the funds (67%) covered the cost of salaries plus payroll taxes and benefits. Operational overhead expenses account for 20% with the balance going to travel and loan payments.



PROGRAM UPDATE

MCEDD staff and board members are actively involved with several local, regional and statewide economic development efforts. The following is a brief synopsis of activities.

Revolving Loan Fund Programs

One of MCEDD's most successful economic development strategies over the years is the revolving loan fund programs. In 1980, MCEDD received a \$300,000 grant from EDA to start its first revolving loan fund. Over the past fifteen years, MCEDD continued to expand the programs and successfully acquire a total of \$4,285,252 in Federal and State grants and loans for the Mid-Columbia region. This amount, combined with \$197,500 in local matching dollars, equals a total capitalization of \$4,482,752.

These revolving loan fund programs use repayments from the loans to continually relend, creating the potential for additional job growth. Since 1980, MCEDD has made 157 loans to businesses totaling \$9,759,016. Those businesses have created or retained 983 jobs.

In fiscal year 2007-08, MCEDD made three (3) loans totaling \$365,430. These loans will help retain or create 20 new jobs in the region. MCEDD's participation in these projects made it possible for these businesses to invest in the Mid-Columbia region.

The current fiscal year welcomes new Loan Fund Manager, Eric Nerdin. He joined the MCEDD staff in June as the new Loan Fund Manager. Since 1978, Eric has lived and worked in the region. He brings diversified experience and background as a former small business owner in The Dalles. Eric has worked in the banking industry for over seven (7) years; most recently as a branch manager and a commercial loan officer. During this time, he has worked with banks and businesses in the five counties MCEDD serves.

Building on the strong foundation and success of the loan programs, Eric plans to market these programs by developing a vibrant referral network with financial institutions and their commercial loan officers, real estate professionals and business and civic organizations throughout MCEDD's geographical area.

Oregon Investment Board

Since 1998, MCEDD has coordinated the Oregon Investment Board's grant and loan program for Oregon counties in the Columbia River Gorge

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National Scenic Area. Project funding awarded through OIB helps to strengthen and diversify the economy of the region. A seven-member board approves projects and the Gorge Commission certifies that projects are consistent with the National Scenic Act, the management plan and land use ordinances. MCEDD also hosts and maintains OIB's website (www.mcedd.org/oib.htm). Awards for FY 2007-2008 include \$71,190 in grants and \$275,000 in loans.

A sampling of projects funded in that timeframe includes support to develop Gorge Artists Open Studios, leveraging funds to complete the Hood River Waterfront Park, providing equipment for a pre-engineering program, providing start-up costs for a new child care center, and offering funds for infrastructure assistance for the cities of Mosier and Cascade Locks. OIB funding available for grants and loans is approximately \$780,000. In addition, MCEDD works with the Washington Investment Board (WIB) staff to coordinate bi-state advisory council meetings between the OIB and WIB. This year, the OIB and WIB jointly funded a regional project, the Gorge Grown Food Network's Mobile Farmer's Market, which will provide fresh produce to rural communities and an opportunity for local farmers to sell produce on consignment. OIB has awarded \$1,396,391.54 in grants and \$4,283,926.52 in loans since 1990.

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Comprehensive Economic Development Strategy (CEDS)

MCEDD takes pride in being the region's primary representative for the Economic Development Administration (EDA). Each year MCEDD creates a Comprehensive Economic Development Strategy for EDA in collaboration with community representatives throughout the region. This document identifies strategies based on current trends and areas best suited for growth to sustain the region's economy and reduce unemployment. The document includes demographic information specific to the five-county, bi-state region. In preparation for the CEDS, each of the counties prepares a project priority list of technical assistance and public works projects that need funding. The MCEDD board combines the lists and then picks the top five projects in each category for Oregon and Washington. This list serves as an action plan for MCEDD activities.

Community Development Block Grant Administration

Washington Community Trade and Economic Development Department awarded Klickitat County a \$389,000 Community Development Block Grant in 2006. This funding will construct a new fire hall and community center in High Prairie, Washington. MCEDD works closely with representatives from the Klickitat County Fire District #14 and High Prairie Community Council to implement this project. To date, this project has completed an environmental review, gone to bid and is in the process of developing a second bid package with construction planned for 2008.



Cascade Locks Fire Station, Under Construction

Oregon Economic and Community Development Department awarded the City of Cascade Locks a \$500,000 Community Development Block Grant in 2006. This funding will construct a new fire station at 100 SE WaNaPa Street to replace the existing station which is structurally unsound and too small to hold all of the City's emergency vehicles. MCEDD provides grant administration services and works closely with the City to implement this project. This project is currently in the construction phase.

Industry Cluster Development

MCEDD obtained funding for Phase II of the cluster project with a grant from the Economic Development Administration. This funding paid for the implementation of various work items identified in the five-year strategic plans of the arts, wine, renewable energy, alternative healthcare and high-tech clusters. In October, MCEDD hosted 45 international business leaders on a Gorge cluster tour in conjunction with The Competitiveness Institute's annual conference.

Additional highlights of cluster activities include the second annual Gorge Artists Open Studios Tour last spring which drew tourists to the area, provided workshops for artists, and demonstrated the work of 35 area artists. Columbia Center for the Arts increased educational opportunities for artists through the cluster funds with an artist-to-artist development fair. Highlights from the wine cluster include a redesigned visitor-friendly wine map, professional displays for trade shows, and educational courses including a QuickBooks accounting course targeted specifically at vineyard and winery owners. MCEDD also engaged in cluster discussions, hosting a round table at the Oregon Business Plan Summit.

Gorge Technology Alliance

The Gorge Technology Alliance (GTA) contracts with MCEDD to provide project management assistance. MCEDD works with the board of the GTA to promote growth of the technology cluster by providing networking and educational opportunities for high-tech entrepreneurs as well as branding the Gorge for high-tech. With more than 50 dues-paying members and 200 participants, the GTA is increasingly becoming an avenue for those new to the area to connect with established businesses and for those seeking employment to meet potential employers. MCEDD assisted the GTA in hosting:

- Growing (or Starting) an Online Sales Channel. Presented in conjunction with SAO, this interactive workshop helped participants learn how to maximize their companies' websites and leverage online resources.
- Connect to Your Career event designed to bring together employers in the high tech industry with potential employees, this networking series highlighted high tech firms in the



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Columbia River Gorge. As a result, employers were able to hire new employees to fill job openings in high tech occupations.

- R&R Sytech- The owner presented a sales prospectus of his company, R&R Sytech, to potential buyers.
- Down into the Deep movie and talk by world renowned microbiologist, Dr. Reysenbach.
- Business Intelligence (BI) seminar which covered the techniques and technology needed to implement successful BI programs to make timely, data-driven business decisions.
- Hood River Valley Robotics presentation. Instructor Jeff Blackman provided information about ways the GTA could assist in developing a Gorge-wide Robotics competition.
- Presentation regarding autonomous robotic research in the University of Idaho laboratory, and discussion of Forest Robots, a startup that is developing remote control equipment for logging and forest operations. Forest Robots was seeking technology and capital partners.
- Presentation by the Portland US Export Assistance Center which helps small and medium sized Oregon and Southwest Washington companies develop international markets.
- Entrepreneurs Foundation of the Northwest assistance for local companies with the implementation of a community involvement program that matches their corporate culture and philanthropic interests with the many needs in the local community.
- CenterPointe Bank prospectus presentation.
- “The Connected Executive” demonstration, including a demonstration of new cell phone technology.



HRVHS students model their robotics project.

MCEDD assisted the GTA in creating a partnership with SAO (Software Association of Oregon) to increase opportunities for engaging speakers and connecting with statewide initiatives. Through SAO, the GTA also began exploring healthcare resources for small technology employers.

To further support workforce development, MCEDD engaged in discussion with Columbia Gorge Community College regarding starting a Fundamentals of Applied Core Technologies (FACT) course of study. MCEDD conducted a survey of GTA members to better understand the workforce needs. The survey indicated that GTA members require 37 entry to senior level technicians immediately and an additional 33 technicians annually after this year.

Employment remained a key target for GTA marketing with website improvements focused on connecting employment resources. MCEDD also helped promote the GTA in various publications including Oregon Business Magazine: The Gorge Effect, Oregonian: Gorge' High Tech High Life, Executive Decision Magazine, and Consumer Electronic Association.

MCEDD assisted the GTA to increase connection to statewide initiatives.

Sherman County Economic Development

Since July 2005, Sherman County has contracted with MCEDD to provide economic development services. MCEDD provides business recruitment and relocation, support and training to businesses, long-range planning, grant writing and grant administration assistance for the county. MCEDD works closely with county employees and community members on projects ranging from the development of a race track in Grass Valley to the county's new investment strategy for revenue from wind farms.

MCEDD provided assistance for a unique Value Added Producer Grant to begin a wool and meat production business that focuses on local sustainable and environmentally healthy production methods. This business will contract with farmers, spinners and weavers in the area to provide products that adhere to strict environmental, quality and conservation practices.

Other projects include assisting new owners to restore and open the only market in the small town of Grass Valley (75 households), removal of a collapsed building in Moro (133 households) to allow repair of Moro's only market, wastewater system planning in Grass Valley and Moro, and assistance to the Sherman County Historical Museum. MCEDD also worked with the County to host the first successful Shooting Star motorcycle rally to expand utilization of the Sherman County fairgrounds.

Housing has been a major concern in Sherman County as over 150 new jobs have been created with little or no housing to accommodate new families. MCEDD put substantial effort in helping two housing developments, a 30 unit plan in Moro and a 13 unit plan in Wasco, and is working with other landowners and contractors to create new housing.

Gorge TransLink

MCEDD continues to actively work with Gorge TransLink, an alliance of public transportation providers in the five counties, to increase inter-city connectivity. In this fiscal year, MCEDD assisted the group in completing a project providing the technical support of Community Transportation Association of America and a consultant, Nelson/Nygaard and Associates. The project helped the group move forward with regional, bi-state intercity transportation goals and identified both mobility management and vanpooling as key focus areas. Translink is currently seeking sources to increase MCEDD's involvement as their mobility manager.

Oregon Association of Economic Development Districts

MCEDD staff facilitated communication of this informal association in 2007. The Association is a way for the Oregon federally designated economic development districts' staff to keep in touch with each other and

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MCEDD put substantial effort into helping two housing developments.

tap into resources from across the state. The Association has met quarterly to receive legislative updates, discuss OECDD's reorganization, collaborate on joint projects, and further develop an operational structure. The Association received a technical assistance grant from the Economic Development Administration in 2007 to enhance the structure, marketing, and skills development for Association members. In 2008 MCEDD continued to actively participate in the Association and facilitate electronic communication.

Columbia Gorge Bi-State Renewable Energy Zone

MCEDD worked with members of the five counties to establish the Columbia Gorge Bi-State Renewable Energy Zone (CGBREZ). This self-declared zone was created to reduce the region's dependency on federal subsidies, bring economic vitality to the region, establish a national model for energy self-sufficiency, and provide a model of self-reliance for other rural economies in the 21st Century. CGBREZ resolutions have been passed by all five counties, a logo has been developed, and the group is currently working on setting priorities. Monthly CGBREZ meetings provide a forum for county leaders to discuss potential collaborations in renewable energy projects and developments.

Financial Services

MCEDD provided financial services for the Columbia Gorge Commission's Future Forum, Columbia Gorge Economic Development Association, and Sherman County's Shooting Star Bike Rally. Fiscal administration included the managing of funds and financial reports. Other services provided by MCEDD included training and consulting services for non-profit businesses in the use of QuickBooks.

Lower John Day Watershed

Since 2007, the National Policy Consensus Center has contracted with MCEDD to bridge the gap between farmers, landowners and local governments, and natural resource and environmental organizations doing work in the Lower John Day Basin. MCEDD works to restore communication and build trust among these organizations and the local citizens. MCEDD meets with farmers, land owners and local governments to develop a list of projects to present to the various organizations for funding and support. MCEDD anticipates that this new endeavor will result in projects that are compatible with agricultural and cultural practices of people who live in the basin and create common ground for locals and environmental groups.

**MCEDD works
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As a result, a successful Lower John Day Conservation Conference was hosted in May by the Gilliam County Soil and Water Conservation District with assistance from MCEDD staff. The purpose of this conference was to

provide a forum for increased understanding and dialog, form an ongoing working group to coordinate needs, and identify and procure additional resources for specific projects. Over 60 people from Wheeler, Gilliam and Sherman counties gathered with conservation organizations, foundations and agencies to begin this new era of cooperation. Twenty initial projects have been identified that are acceptable by both landowners and conservation groups through the consensus process.

Lower John Day Partnership Strategic Plan

MCEDD completed the development of a six year strategic plan for Gilliam, Sherman and Wheeler counties as part of an OECD effort to restore full funding for Rural Regional Investments.

Infrastructure Inventories

MCEDD completed the Infrastructure Inventory for Wheeler and Wasco counties, a formal process in Oregon for cataloging infrastructure needs and issues of local government.

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EVALUATION OF 2007-2008 ACTION PLAN

MCEDD is in its third year of a reorganization project to be more responsive to client needs and has hired project managers to provide additional assistance to businesses, organizations, and governments. With the assistance of new staff, MCEDD accomplished the following work items outlined by the MCEDD Board for 2007-2008:

Market MCEDD and its services, especially in Washington

One of the best marketing tools has been the continuation and expansion of a region-wide newsletter keeping people informed of economic development activities across the five-county area. This year, MCEDD reinforced its relationships with partners in Washington and offered assistance with projects. MCEDD's outreach efforts have been especially fruitful in the special projects area of our work plan.

Establish long-term funding strategies for MCEDD

Increase private memberships- MCEDD established a 501(c)4 for an Oregon MCEDD Center and is working on establishing a similar organization for a Washington MCEDD Center. At this time MCEDD does not offer private membership in the organization. However the board consists of multiple private business interests.

Find long-term special project revenues- Long term special projects include:

- Project management services for the Gorge Technology Alliance continue on a long-term basis to support high tech entrepreneurs.
- Sherman County economic development continues to be served.
- Wasco County economic development contract will begin July 1, 2008. Wasco County Court advertised for proposals in conjunction with advice from the Wasco Economic Development Committee.
- MCEDD continues to provide staffing services for the Oregon Investment Board for grant and loan management.
- Lower John Day Strategic plan. In developing this plan, MCEDD committed to a longer term relationship for implementation of issues surrounding the strategic plan.

Explore options in homeland security, fire protection, transportation, etc- MCEDD continues its relationship with the providers in the Gorge TransLink network, exploring options for creating a mobility management position.

Provide additional member services- GIS, economic gardening, etc- MCEDD engaged in discussions with planner, John Morgan, and Michele Dailey with the Gorge Commission regarding the potential for regional GIS services for small communities. MCEDD also hosted meetings to develop the Columbia Gorge Bi-State Renewable Energy Zone (CGBREZ).

Establish local match sources for grants/IRP loans- MCEDD received match from the Mount Hood Economic Alliance and Oregon Investment Board. These sources allowed MCEDD to receive a \$750,000 low-interest loan from the United States Department of Agriculture. MCEDD established a 501(c)4 for the Oregon MCEDD Center to have the option for accessing Oregon Community Development Block Grant funds for additional revolving loan fund dollars.

Establish regional economic development resource center

Grant Administration – MCEDD is in the process of administering two Community Development Block Grants. The City of Cascade Locks, Oregon received a CDBG for construction of a fire station which began in May 2008. The community of High Prairie, Washington was the sub-recipient for CDBG funds to construct a fire hall and community center.

Grant writing – MCEDD offers grant writing services and was recently approached by the Lone Pine development for assistance in writing grants for the completion of the Riverfront trail. The unincorporated community of Murdock, Washington approached MCEDD regarding grant writing services for a water system, but has yet to finalize their needs.

Communicate grant availability – As the staffing organization for the Oregon Investment Board, MCEDD regularly works with agencies in the National Scenic Area to promote economic development by strategically using grant funds. This year we participated in a grant roundtable to assist local groups in understanding the multitude of grant opportunities.

Project management- MCEDD's project managers actively pursued project management options to improve the region. These have included transportation initiatives, cluster initiatives, economic development services, strategic planning, and infrastructure assessments.

Business loans- This year MCEDD grew the loan fund program and contracted for loan fund management. A priority for MCEDD in supporting loan clients was to hire a full-time loan fund manager. Eric Nerdin was hired in June, 2008.

Improve organizational efficiency

Utilize volunteers/interns as possible – MCEDD chose not to apply for a RARE participant, but has been able to utilize the services of community volunteers to support the monthly newsletter and Gorge Technology Alliance.

Explore cost-reduction strategies – MCEDD staff has reduced costs whenever possible. We committed to a trial of a new Voice Over IP phone system to reduce phone bills. Following the trial, MCEDD determined that the quality of the service did not meet our standards and are looking at the option for utilizing cell phones. In our new lease agreement we worked with the landlord to install new windows to increase energy efficiency and reduce heating and cooling costs.

Many Thanks to the MCEDD Financial Supporters

Counties:

Hood River County
Sherman County
Wasco County
Klickitat County
Skamania County

Cities:

City of Antelope
City of Dufur
City of Maupin
City of Mosier
City of Shaniko
City of The Dalles
City of Stevenson
City of Hood River
City of Cascade Locks
City of North Bonneville

Ports:

Port of Hood River
Port of The Dalles
Port of Klickitat
Port of Skamania
Port of Cascade Locks

Other Funding Sources:

Economic Development Administration
Columbia River Gorge National Scenic Area Oregon Investment Board
U.S. Department of Agriculture Rural Development
Environmental Protection Agency-Lower John Day Partnership
Sherman County Economic Development
Columbia Gorge Economic Development Association
Gorge Technology Alliance
Oregon Economic and Community Development Department
Washington Community Trade and Economic Development
National Policy and Consensus Center
Mount Hood Economic Alliance

A special thanks to the MCEDD Board, especially Harold Haake and the Executive Committee, for their many hours of support during the transition of the Executive Director position.