

South Central Region (Klamath and Lake Counties)

South Central Advisory Committee

Convener	Jane O’Keeffe, O’Keeffe Family Ranch
Philanthropic Representative	Charles Massie, Klamath County Chamber of Commerce
Business Representative	Bridgette Griffin, Washington Federal
LOC Representative	Councilor Trish Seiler, City of Klamath Falls
AOC Representative	Commissioner Bradley Winters, Lake County
Committee Appointment	Commissioner Jim Bellet, Klamath County
Committee Appointment	Ray Simms, City of Lakeview
Committee Appointment	Ed Case, Klamath Tribes
Committee Appointment	Betty Riley, South Central OR Economic Development District
Committee Appointment	Christy Tveit, Lake County Resources Initiative
Committee Appointment	Peter West, Energy Trust of Oregon

South Central Team

Governor’s Coordinator	Annette Liebe
Business Oregon, Business Development Officer	Larry Holzgang
Business Oregon, Infrastructure Finance Authority	Mary Baker
Energy, Department of	Rob Del Mar
Environmental Quality, Department of	Kelly Potter
Housing & Community Services	Kenny La Point
Land Conservation & Development, Department of	Jon Jinings
State Lands, Department of	Lanny Quackenbush
Transportation, Department of	Butch Hansen

South Central Priorities

HIGH FOCUS PRIORITIES

- 1) Infrastructure
 - a. Water systems (Chiloquin, Malin, Bonanza, Merrill)
 - b. Sewer (Crescent)
 - c. Natural gas (Lakeview)
 - d. Broadband
- 2) Availability and marketability of employment land
- 3) Business retention, expansion and attraction
 - a. Support entrepreneurship and small businesses
 - b. Renewable energy and energy efficiency
 - c. Food processing/value added agriculture
 - d. Remove air quality impediments to economic development
- 4) Regulatory integration/streamlining

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“High Focus Priorities” – the committee, coordinator and team will actively engage in seeking solutions and projects that contribute to successful outcomes for the priority.

SUPPORT PRIORITIES

- 1) Water storage for agriculture
- 2) Transportation (rail, highways, airports, and local roads)
- 3) Workforce training
- 4) Workforce housing
- 5) Downtown revitalization
- 6) Improve forest health and access federal timber resources

“Support Priorities” - the committee, coordinator and team will monitor, engage, and support as needed and requested. The coordinator/team will continue working with communities opportunistically to address these priorities and to serve as a catalyst for their successful accomplishment.

South Central Projects

- 1. Crescent Waste Water Treatment System:** The Crescent Sanitary District (CSD) has been working for several years to resolve public health concerns related to their failing waste water treatment plant. The RST (DEQ, OBDD/IFA, ODF, and DLCD) have been meeting consistently with the CSD since January 2015 to make recommendations on their facilities planning, advise on the best strategy for locating their facility on ODF-owned property (including a process to transfer the land and subsequent zoning applications), and on project financing. Due to technical and funding assistance from the Department of Environmental Quality and Business Oregon’s Infrastructure Finance Authority, the CSD has made remarkable progress. The district now has an approved facilities plan. An accompanying environmental report has been completed and reviewed by state agencies. These two reports were funded by a \$40,000 grant from IFA and was matched with \$19,000 of local funds.

Extensive work has been completed by the CSD Board to fulfill its own legal requirements and pursue a path forward recommended by the RST. IFA also funded an income study with a \$7,500 grant. The district contracted with PSU to conduct an income survey to determine eligibility for a variety of funding programs including a Community Development Block Grant. The PSU Population Research Center made two visits to Crescent in spring 2016. There were 23 residences they were unable to survey; goal is to survey those residences using local residents who have been trained by PSU. On June 8th the Oregon Board of Forestry voted to permit the sale of 200 acres of Gilchrist State Forest lands to the Crescent Sanitary District. Next steps are to explore financing opportunities.

- 2. Innovation and Learning Center in Lakeview:** In March 2013, the governor designated the Innovation and Learning Center (ILC), based at the Daly Middle School in Lakeview, as an

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Oregon Solutions project. This collaborative effort between the Lake County Renewable Energy Working Group, Klamath Community College, and the Lake County School District #7 is facilitating a wide range of innovative learning opportunities for both Lake and Klamath County residents. The ILC brings the advantages of distance learning—live, real time video connection between instructors and students—to residents of Lake County, allowing dual credit offerings for secondary students and college level courses for all age groups, as well as offering a 5th year degree for high school students through Klamath Community College. The remodeled Daly Middle School is also heated with Lake County's geothermal heat source, furthering energy efficiency and capitalizing on long-term energy cost savings. The ILC grand opening was in June 2014; over the past year, the ILC has been full to capacity with 60 full time students registered, working towards 5th year advanced degrees and Associate Degrees. This project was part of a Regional Solutions priority project funding request (\$500,000) from the South Central Regional Solutions Advisory Committee and meets the 40/40/20 goals for education as well as furthering workforce development. In June 2015, the ILC saw two graduates from Lakeview accepted into the RN Nursing program at OIT, and there are nine students in certified welding classes. The Lake County School District and IFA executed the agreement for the Regional Solutions funding in April 2015. District entered into contracts with AES engineering for program management, Pinnacle Architecture for interior finish design, and ZCS engineering for elevator design. Elevator construction contract advertised for bid December 15, 2015. Bid due date was extended to January 14, 2016, due to some difficulties receiving bids from sub-contractors. This innovative partnership is allowing students in this remote area, who may not earn advanced degrees otherwise, to gain valuable skills and degrees. As of June 2016, the elevator shaft, the elevator vault/utility room, and the building codes required downstairs exit were completed. Elevator parts were arriving and installation was to begin in mid-June 2016. Contracts were also opened for bids on the fire alarms and suppression systems.

- 3. Klamath Downtown Revitalization:** The RST is assisting the City of Klamath Falls and Klamath Falls Downtown Association with ongoing work with the Oregon Main Street Program, Ford Family Foundation, and RDI to improve downtown economic opportunities, housing, bicycle and pedestrian circulation, and aesthetics. The team is working with the city and the Blue Zones project to identify funding opportunities for public outreach regarding downtown pedestrian safety amenities.
- 4. Klamath Falls Brett Way Extension:** RST has been working to identify and secure state permits/approvals needed for construction of a new road to increase safety and serve future industrial uses. ODOT has been working closely with the City of Klamath Falls to encourage the city to install wet utilities in the right of way. DEQ, DLCD, and ODOT worked to address land use issues and federal Clean Air Act requirements.
- 5. Klamath Falls Trail Plan:** The City of Klamath Falls has been seeking opportunities to increase biking trails throughout their area. In 2015, ODOT and DLCD worked to provide a transportation growth management grant to develop a trail plan for Klamath Falls. Partners

include the Klamath Trail Alliance and the City of Klamath Falls. The urban bicycle master plan was approved by the city council in June 2016.

- 6. Lake and Klamath Counties - Reduce Economic Development Barriers by Improving Air Quality:** Through this project, uncertified wood stoves will be replaced (and energy efficiency in homes in Lake and Klamath Counties increased) in order to reduce barriers to economic development and public health exposures from violations of the air quality standards. Because of the region's status as non-attainment for air quality standards, businesses have issues obtaining air quality permits for new business and expansions. One of the primary sources for the poor air quality are uncertified wood stoves. The RST assisted the project partners to establish a woodstove replacement and energy efficiency/weatherization program through the South Central Oregon Economic Development District (SCOEDD) and Klamath Lake Community Assistance Service, with guidance from DEQ, ODOE, and OHCS. Additional partners include the Oregon Health Authority, Lake County, Klamath County, City of Klamath Falls, Town of Lakeview, Lake County Resources Initiative, and private businesses. The South Central Regional Solutions Advisory Committee acknowledged the need for assistance to the region in order to advance business and workforce and improve housing stock, and prioritized the project for Regional Solutions priority funding by allocating \$1.5 million to the project. Regional Solutions and IFA negotiated the project scope of work and agreement for the funds with SCOEDD, DEQ, ODOE, and local partners. Due to feedback from residents in the Town of Lakeview, SCOEDD, DEQ, ODOE, and IFA worked together to modify eligible equipment for the program in Lakeview and ensured that weatherization was a component where appropriate. As of June 2016, 84 woodstoves were changed out in Klamath Falls and 20 in Lakeview. Home weatherization is also performed on these residences.
- 7. Lake Ewauna Trail:** The RST is working with EPA on brownfield issues at the site; DEQ is using EPA funds to do soil testing and analysis; and ODOT is acquiring a right-of-way and working with the city on design. The design for the trail is nearly complete, and acquisition of the final permits are nearly complete. The project is planned to be out for proposals in November, and construction in the spring.
- 8. North Ridge Estates Superfund Site Interagency Land Exchange, Klamath Falls:** North Ridge Estates is a subdivision in Klamath County, developed with approximately 22 homes and a small apartment complex. The site was developed with a number of uses in the past, including the Oregon State Hospital and the former Oregon Technology Institute (now Oregon Institute of Technology). Like many buildings constructed prior to 1970, the buildings and associated underground steam heating pipe were asbestos-laden, and when the property was developed as a subdivision the asbestos abatement was handled improperly. In August 2010, the State of Oregon exercised its one lifetime option to nominate a contaminated property to the National Priorities List (NPL). In March 2011, the Environmental Protection Agency (EPA) proposed listing the North Ridge Estates site to the NPL, and it became officially listed on September 16, 2011.

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As part of a Superfund cleanup action, the state is required to pay a 10% match of the actual cleanup costs. The EPA has estimated the total cleanup effort at North Ridge Estates to be approximately \$29.9 million. Instead of a hard match, the RST executed a land exchange between ODOT and DSL that will provide for the clean-up and serve as a substantial portion of the state's in-kind match under the Superfund rules. The RST worked to locate the state owned lands and substantiate the volumes of material that are available on the property. The RST also worked to facilitate the use of up to approximately 320,000 cubic yards of clean fill material for the remediation. Because of regulations governing disposal and use of DSL-owned property, the agency needed to transfer the site to other ownership. ODOT was interested in obtaining jurisdiction of the site. In 2013 the phase 1 agreement between ODOT, DEQ, and DSL was signed. DEQ and EPA successfully negotiated the use of the site for much of the remediation, which will allow this and related in-kind contributions to meet a portion of the state's 10% match liability, and the RST worked with the three agencies to complete the land exchange. The State Land Board approved the exchange on June 10, 2014. The kick off for the remediation is in September 2016; DEQ continues to work with EPA on the elements of the remediation plan. The RST continues to facilitate the details surrounding use of the property (easements, road construction, etc.). DEQ and ODOT worked together to construct the access road to the borrow site and worked with the county on the Old Fort Road weight limit.

The project will clean up a public health issue, put properties back on the tax rolls for the county, and save the state funds. The actual remediation will also employ approximately 300 construction workers over approximately three construction seasons. In 2016, DEQ worked with EPA to provide federally funded worker training to ensure that local workers will have needed federal certifications to work on the clean up. EPA conducted a Super Job Training Initiative in Klamath Falls. In June 2016, there were 18 Klamath Falls workers that graduated from the program with hazardous waste and asbestos training, as well as life skills training. This training program will make these workers highly employable in the cleanup effort.

- 9. Red Rock Biofuels:** Red Rock Biofuels (RRB) is a Colorado company constructing a \$200 million biofuels refinery in Lakeview, funded with a \$70 million federal Department of Defense grant and private investors. Once operational, the facility will employ 25-30 full time, with 55-60 indirect jobs created in the nearby Fremont-Winema National Forest; 250 jobs are estimated for construction. RRB intends to convert 140,000 BDTs of woody biomass (along with juniper and other sources) into 14 million GPY of renewable jet fuel, diesel, and naphtha fuels. In order to construct the facility in Lakeview, the RST is coordinating RRB's state permits, including DEQ Air Quality Permit; DSL wetland permits (2 applications needed - one is approved, and RRB will submit 2nd permit app to DSL and Army Corps in August); and UGB Exchange/Amendment with guidance from DLCD (initial land use application approved Jan. 2015. RRB intends to annex to the Town of Lakeview and use city water/sewer. The RST has been convening regular calls with the company, town, county, and state agencies to ensure good coordination on the various state approvals. The land use application was filed by the town and county with DLCD December 2015; the town also filed

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a pre-application for Special Public Works Funds for sewer and water to the site. After reviewing the pre-application, the town was invited to submit an application. The Environmental Assessment was published for public review and comment December 2015. The town and county approved the Enterprise Zone Agreement December 2015. In June 2016, the joint town and county planning commission recommended approval of a land exchange that will bring the proposed Red Rock site into the Urban Growth Boundary and allow it to be served by sewer and water. The RST continues to work with the town, the county, and Red Rock to provide assistance on state approvals and incentives (air quality and wetland permitting, transportation/jobs incentives). They are on target to begin land clearing in late 2016.

- 10. "Tech Hills" Employment Lands, Klamath Falls:** The RST is reviewing inventories of employment lands in the south central region and identified high priority sites for focused interaction with local partners. Tech Hills is a site in Klamath Falls adjacent to the Oregon Institute of Technology. ODOT has provided feedback on transportation issues and we are working with the Klamath County Economic Development Association to certify one or more of the parcels.