



ECONOMIC DEVELOPMENT FOR CENTRAL OREGON

Quarterly Report

Prineville/Crook County Economic Development

January, 2008

TRENDS

Business activity, and interest in the Prineville area, has not slowed despite the decline in commercial and residential permits within the city and out in the county. I have met with several developers who are showing a renewed interest in building spec and build-to-suit structures in the Baldwin and Tom McCall Industrial Parks.

There are also several local businesses that are gearing up for growth and expansion over the next six months. Based on what I've seen, I believe that in the short-term, a majority of job growth in the region will be coming from existing businesses that need to add employees and expand their facilities. This is a good indication that our local economy is healthy.

CRITICAL ISSUES

Contact Industries

The slowdown in the housing market has created some tough times for companies in the wood-products industry. Just recently, Contact Industries announced layoffs of 55 people from its Prineville facility. General Manager Bob Horton says this response is directly related to the national decline in new home starts.

While Oregon's unemployment rate remained flat for 2007 at 5.6%, most job losses were tied to the housing industry. 5,200 jobs construction jobs were lost in December along with over 2,000 jobs in the wood manufacturing industry.

I will be working with the Employment Department to help find replacement jobs for the 55 workers who were laid-off. I will also provide Contact with information about workforce training dollars may be of assistance during the housing slowdown.

BUSINESS DEVELOPMENT

DONE DEALS

- **Pyrotech** - This is a small manufacturing company that makes custom fire-resistant racing suits for professional and racing car drivers. I've been working with the company since July to relocate their operations from Oakland, California, to Prineville. The company is operating in the Baldwin Industrial Park, with five employees.

RECRUITMENT

- **Fontana** – Still working with this Redmond truss builder to relocate its business to Prineville. The company has been working with the county to get all of its proper permits. Most of the work is nearly complete, with the main steel structure still under construction. 120 jobs will relocate to Prineville, with Fontana estimating an additional 15 employees within three years. Total investment: \$950,000.
- **Lakota Trailers** - This is a small manufacturing company that makes custom built horse trailers. The company has several west coast retail locations, and does a lot of business in the Northwest. The company says it's costly to ship the trailers, and is considering expansion at some point in the future; however, company leaders are not ready to make any substantial moves at this time. Prineville is a consideration.
- **Empire Construction Services** – This is a Bend company that specializes in industrial painting projects. Owner Wade Watkins says his company is growing, and he's seeing more business in Prineville and other Central Oregon cities. Although the business may not meet the requirements for e-zone exemption, I'm helping Wade locate a proper building, and will help him through the permit/planning process. Wade plans to hire from Prineville, if possible. Starting wage is \$20 per hour.
- **Rendering/Bio-fuels Plant** - Earth by Design is a company that's looking to build a rendering and bio-fuels plant in Crook County. I've met with the stakeholders, Jim Gordon and Eric Marley, several times since this summer. They have also been dealing with Judge Scott Cooper about location, water and other issues. They recently went public with their proposal, and are now looking for financial help and incentives. The plant could employ 60-100 people, at above average wages.
- **Biomass Plant** - I recently met with another development company looking for a site to develop a biomass plant in Prineville. The company has already optioned land north of Prineville. Employment would start around 30 employees.
- **Data Center** – Not much information can be indulged here, but a Data Center, similar to the type of center that's located in The Dalles, is looking at several locations across Central Oregon, including Prineville. This company would be a huge power user, and job creation could be around 25-30, with very high wages.

RETENTION/EXPANSION

Pending Expansion Projects

- **MST Crop.** - This is a small company located in the Baldwin Industrial Park. Last month, I reached out to owner Troy Lackey, and discovered that the company is growing and plans to expand soon. MST Corp. refurbishes and manufactures parts for machines that are specifically designed for recycling purposes. The company currently employs 10 people, and would like to add 3 more, while adding on to its current facility. I'm working with Troy to complete an Enterprise Zone application, since he qualifies for program.

OTHER INITIATIVES & PROJECTS

BendBroadband Fiber Optics

BendBroadband is in the process of bringing in new fiber optic lines to Prineville. The project was initiated by the Crook County School District, as staff has wanted to upgrade its technology platform. This project will also be a big boon for local and prospective businesses, as the fiber optics allow for a much larger port for transferring data. While the school district is getting these services for free, BendBroadband is looking to lay conduit throughout the city for possible future uses. I met with company officials to help them better understand where commercial/industrial development will most likely be occurring in the city and inside the UGB.

Woodward Companies

Owner Craig Woodward spent \$700,000 and hired 15 new employees in a recent expansion. Craig did not apply for enterprise zone exemption due to what he believes was misinformation by city/county staff several years ago about the process. Oregon law allows for an appeal for e-zone exemption based on miscommunication or misinformation about the program. Letters have been submitted by EDCO, Woodward, and County Assessor Tom Green in support of the appeal. We should hear back within a few weeks.

Enterprise Zone Expansion

Roger and I will be working together to expand the Enterprise Zone in and around Prineville. There are several pockets of developable industrial land that exist outside of the e-zone boundaries. Our goal is to make sure the lands that are ripe for development, also include the tax breaks, which will help in our recruitment/expansion efforts. The City Council and County Court are both the "official" sponsors of the e-zone and will therefore have the final say on any expansion proposals. Public hearings will take place in the future before both jurisdictions.