

**SECTION 1.0: MORROW AND UMATILLA COUNTY SOCIAL AND
ECONOMIC ASSESSMENT
BACKGROUND INFORMATION & ANALYSIS**

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EXECUTIVE SUMMARY

The LRA has an opportunity unique to all of Oregon—planning for the development and preservation of 20,000 “new” acres. Never before has this amount of land become instantly available for planning and reuse.

The Dana Mission Support Team is assisting the LRA by utilizing a proprietary methodology to assess the development assets at UMCD, and to prioritize redevelopment strategies based upon their greatest likelihood of success.

This approach, referred to as Building Communities, analyzes 85 key success factors essential for advancing one or more of 25 alternate land reuse strategies. Both social and economic factors are considered in this analysis.

This Social and Economic Assessment begins by summarizing the relative comparative advantage of UMCD with respect to the 85 key success factors. These factors include social factors such as health care and quality neighborhoods as well as economic factors such as infrastructure and a quality labor force. For each of the factors, a score of between ‘0’ and ‘4’ is identified, and a brief synopsis explaining the key success factor score is presented.

This Assessment continues by using the key success factor scores from the Building Communities model to present a prioritized list of the 25 strategies based on their likelihood to succeed.

For each of the 25 reuse strategies, the following is provided:

- Description of the strategy
- Summary of the key success factors
- Identified activities and initiatives
- Special considerations
- Reuse recommendations from the public (if relevant)

The top strategies prioritize by key success factor results include (and scored on a scale of 0-100):

- Energy Development 91.3 points
- Telecommunications Businesses 83.8 points
- Transportation Distribution Center 77.5 points
- Attracting Government Funding 75.0 points
- Environmental Restoration 73.8 points
- Business Recruitment 73.0 points

These are the strategies with the highest likelihood of success from which planning and zoning decisions should be determined. Notably, strategies that do not meet a threshold of 70 points may also be considered in the event that one or more constituencies demonstrates a willingness and ability to “overcome the odds” through effort and perseverance.

Opportunity for Reuse of UMCD: One of the most significant findings of the overall report is that the top three reuse strategies identified by the Building Communities methodology, which match the assets of UMCD, precisely match the top three industries identified by the State of Oregon as having the greatest potential for significant investment and anticipated growth. Specifically, there are:

- Energy development,
- Telecommunications businesses, and
- Transportation distribution centers

Regional Economic Trends: Business investment in Oregon dropped dramatically beginning in August 2008, and is only beginning to rebound. 2010 and 2011 are expected to have increased business investment activity, and UMCD may be well positioned and timed for such investment.

- Eastern Oregon is becoming more competitive with Western Oregon for business recruitment opportunities. The primary reason for Eastern Oregon's increased competitiveness stems from the fact that most of the large-scale Western Oregon industrial sites have been built out. Communities with very large sized industrial parcels will have a substantial advantage in the future. This portends well for industrial reuse at UMCD.
- In addition to looking at the specific reuse opportunities at UMCD, this Assessment also examines the key success factors for Northern Morrow County and Northwestern Umatilla County. The 85 key success factors for each of these two geographic areas were analyzed, and the top 25 economic development strategies for Northern Morrow County and Northwestern Umatilla County are presented.
- For Morrow County, most of the top development strategies relate to traditional industrial development. For Northwestern Umatilla County, a broader array of community development and business development opportunities also exist. For both areas, tourism development strategies rank low.
- Potential loss of jobs from the shutdown of UMCD has fostered a climate of cooperation in the region by county, ports, cities and tribal leaders to mitigate the impacts. This creates an opportunity for developing a regionally supported plan for economic development that can potentially benefit all in the region.

Maintenance Costs Associated with Preservation of the UMCD Resources: The DMST is working with the Army to identify the current maintenance costs at UMCD. While additional information may be forthcoming, it can now be summarized that the Army does not possess a detailed maintenance cost accounting system to identify the historic maintenance costs on a building- by-building basis. As further information becomes available related to maintenance costs, an addendum to this report will be issued.

Potential Impacts of Job Losses Due to Closure of UMCD: An analysis completed by WorkSource Oregon (also known as the Oregon Employment Department) identified the economic reliance and impact of UMCD on adjacent communities and counties.

- In total, 635 employees work at UMCD that reside in Morrow and Umatilla Counties. The total estimated payroll of the depot workers for the two counties is \$44,654,000. In addition to the direct employment, an additional 252 induced jobs are supported in the region. In total, therefore, an estimated 907 jobs representing total labor income of \$52 million annually will be lost at UMCD upon closure if mitigating actions are not taken.
- Industries that will be most impacted by the decline in household spending resulting from the closure of UMCD include food and services drinking places, offices of physicians/dentists/health practitioners, real estate establishments, private hospitals, retail, and wholesale trade.
- It is estimated that 515 people work at UMCD and live in Umatilla County while 120 people work at UMCD and live in Morrow County. The Oregon communities with the greatest prospective job losses include Hermiston (346), Umatilla (80), Irrigon (73), Pendleton (38), Boardman (27), and Stanfield (26).
- In general, the closure of UMCD will not have a significant impact on property tax income to Morrow and Umatilla Counties. Currently, the land at UMCD is not on the tax rolls so private-

sector redevelopment can actually have a positive impact on property taxes for the two-county region. On the downside, the loss of jobs in the region could have a slight deflationary effect on land and homes in certain communities.

Regional Real Estate Trends: In general, recent property valuation trends have been positive in Northern Morrow County and flat in Northwest Umatilla County. The eventual closure of UMCD will have an impact on property tax valuations, but will not likely have a substantial effect with the possible exception of highly-impacted communities such as Irrigon, Hermiston, and Umatilla. These three communities will see job losses that could depress property values for a period of a year or two after closure.

Short-term reuse opportunities: Finally, this Assessment identifies 19 specific short-term reuse opportunities designed to generate immediate cash flow for the LRA. For each of the 19 opportunities, the Dana Mission Support Team offers its assessment as to the likelihood of implementing the short-term reuse opportunity as well as the overall likely benefit to the LRA and the region in general. Specific recommendations such as rail car storage and rental income from igloo storage opportunities can assist the LRA with short-term income.

Overall Conclusion: The overall conclusion of this report is that while the closure of UMCD presents a risk to the local economy, it also offers a significant opportunity for recovery and improvement for the regional and state economy through the successful implementation of reuse strategies identified in this Plan.

The LRA has an opportunity to meet its overarching goals of economic development, environmental restoration, and use by the Oregon National Guard through the continued planning and subsequent implementation phase of this Plan.

ASSESSMENT OVERVIEW

This Morrow and Umatilla County Social and Economic Assessment primarily utilizes the Building Communities methodology in order to identify major constraints and reuse opportunities at UMCD. Per the request for proposals, this analysis is delivered in six sections as follows:

- Section One: Social and Economic Development Assets and Real Estate Trends
- Section Two: Major Regional Economic Development Trends
- Section Three: Facilities and Conditions Beyond the Boundaries of UMCD
- Section Four: Other Job Creation Opportunities in Umatilla and Morrow Counties
- Section Five: Current Maintenance Cost of UMCD Facility
- Section Six: Degree of UMCD Economic Reliance; Further Impacts of Closure; Likely Short Term Impact on Tax Revenue; and Strategy To Mitigate Impacts

SECTION ONE: ECONOMIC DEVELOPMENT ASSETS/STRATEGIES AND REAL ESTATE TRENDS

SECTION ONE-A1: ECONOMIC DEVELOPMENT ASSETS

The Dana Mission Support Team used the Building Communities Methodology to identify the social and economic development assets and challenges of UMCD and the surrounding area.

The Building Communities approach uses a Key Success Factor Test to identify respective economic development comparative advantages. Members of the LRA and the Dana Mission Support Team completed the Key Success Factor Test on November 12, 2009.

Each of the attending LRA and DMST members were asked to consider whether or not UMCD—or in some circumstances the communities that surround UMCD—have a comparative advantage compared to communities of the size of Hermiston within 150 miles. For each of the 85 key success factors, therefore, each participant ranked the comparative advantage of UMCD on a scale of ‘0’ (has a substantial comparative disadvantage) to ‘4’ (has a substantial comparative advantage).

Key Success Factor Scoring
4 = Major Comparative Advantage
3 = Slight Comparative Advantage
2 = No Comparative Advantage
1 = Slight Comparative Disadvantage
0 = Major Comparative Disadvantage

The Building Communities approach determines the comparative advantage with 85 key success factors in order to rate and rank 25 potential economic development strategies. Each of the key success factors relate to one or more of the respective strategies.

Table 1: Key Success Factor Scoring

There are seven categories of key success factors:

- Assets
- Capital
- Expertise
- Government
- Infrastructure
- Labor
- Location

The table on pages 10 - 13 summarizes the assessment of the relative comparative advantage for each of the 85 key success factors in their seven respective categories as determined by the LRA and DMST experts. The results of this analysis are then applied by the Building Communities model to characterize the potential success of each of the strategies. The strategies most likely to be successful are then discussed in succeeding sections.



Key Success Factor Test Scores by Category		
Key Success Factor	Score	Description
Accurate, long-term analysis of infrastructure needs and costs	3	The DMST will complete a very comprehensive analysis of the existing status of the infrastructure. The specific investment in infrastructure improvements will be dependent upon specific reuses.
Availability of energy resources	4	Virtually every form of potential energy development has the primary resource available at UMCD.
Available, desirable housing	0	With the exception of the Administrator's Headquarters home, there is very limited quality housing on site.
Desirable climate	3	In general, the region has a desirable.
Existence of recreational amenities	1	The area has a competitive disadvantage with respect to recreational amenities.
Existing or prospective cultural attraction	1	With the exception of a prospective development related to a World War II-era attraction, there are limited cultural attractions.
Expandable educational institution	3	BMCC is currently in the process of expanding into the area. BMCC, however, is not expressing a specific redevelopment interest at UMCD. Other educational institutions may have an interest.
Financially-sound existing health care facility	0	The UMCD does not have an on-site health care facility. (i.e. hospital.)
High availability of urban services	0	Urban services do not exist at UMCD.
Local recreational and visitor attractions	0	Existing recreational and visitor attractions do not currently exist at UMCD.
Proximity and access to forests and forest products	0	Although forest fiber is currently grown with great proximity to UMCD, it does not represent a redevelopment opportunity for UMCD.
Proximity to fisheries commodities	0	UMCD does not have good proximity to fisheries commodities.
Proximity to large volumes of agricultural commodities	3	Umatilla and Morrow Counties are among the state leaders in agricultural commodity production.
Proximity to nationally-recognized attractions	0	There are no nearby nationally-recognized attractions.
Proximity to raw materials and minerals	1	The solitary raw material is aggregate. There is some question as to the accessibility of the aggregate resource given the subsurface rights of the Bureau of Land Management.
Proximity to travel routes	0	UMCD is not proximate to scenic byways or All-American Roads.
Proximity to urban population and workforce centers	2	UMCD is approximately 30 minutes from the Tri-Cities.
Quality residential neighborhoods	0	There are no quality residential neighborhoods at UMCD.
Recognizable central business district/downtown	0	Aside from the core Administrative Area, there is no central business district or downtown.
Sufficient base of local businesses	0	Aside from the military and chemical demil operations, there is not other business activity at UMCD.
Sufficient local entrepreneurial base	0	Aside from the opportunity to develop entrepreneurial enterprises by depot-based employees and contractors, there are not entrepreneurial activities currently underway in UMCD.
Absence of industrial business activity	0	There is significant industrial activity at UMCD.



Capital	Ability to secure long-term contracts for forest materials	0	There is no optimism that long-term contracts for forest materials could be secured to benefit business activity at UMCD.
	Ability to secure purchase power agreements	4	The area has considerable sophistication to assist in the development of power purchase agreements.
	Access to capital	3	The area has a slight comparative advantage in providing capital to businesses.
	Access to large-scale capital	3	The region has the sophistication to utilize state and federal programs to finance large-scale operations.
	Access to long-term infrastructure loans and grants	3	The region has sophistication in working with state and federal agencies to attract funding for infrastructure.
	Availability of appropriated funds	3	Even in challenging fiscal times, the region has demonstrated capability to identify the availability of appropriated funds.
	Competitive recruitment incentives	4	Oregon maintains a competitive advantage with respect to recruitment incentives for businesses.
	Dedicated local financial resources for staffing recruiters	3	Both port districts as well as the counties and cities allow their economic development professionals to focus upon business recruitment.
	Local funding for downtown development	0	Downtown development at UMCD has never been a priority.
	Sufficient marketing, promotion, or public relations budget	0	There never has been a marketing or promotion budget associated with UMCD.
Expertise	Ability to build a team comprised of energy-development experts	4	Given the successful development of energy projects in the past, a team is already in place with expertise to support energy development projects.
	Ability to compete in a global market	3	In particular, the port districts recognize the importance of competing in a global market.
	Ability to identify product and service gaps	0	Given that there are no businesses providing none military or chemical Demil products and services, this question was deemed irrelevant given that there are no businesses providing products and services at UMCD.
	Ability to network and attend relevant trade shows	2	The region has attended industrial tradeshow in the past, but it is not a significant priority.
	Ability to successfully market materials	0	It was concluded that there are no materials to market at UMCD.
	Ability to understand industry trends and opportunities	2	The region has a moderate capacity to identify industry trends and opportunities.
	Capable, experienced economic development professionals	4	The team of economic development professionals in Morrow and Umatilla Counties is highly regarded.
	Competent strategic minded hospital and health-care executives	3	The region's hospital and health care executives are generally well regarded.
	Cooperation of economic development and education organizations	4	There is a strong network and teamwork in place between education and economic development in the region.
	Cultural development and advocacy organization	0	There is no cultural advocacy organization associated with UMCD.
	Dedicated business coaching staff	0	The region is not currently engaging in a business coaching program.
	Downtown organization and staff	0	There is no downtown development organization associated with UMCD.
	Existing excellence in local health care	2	The quality of area health care is considered adequate.
	Implementation of National Main Street Four-Point Approach™	0	This approach is not utilized in the area.
	Local ability to identify and advance a funding proposal	3	The region has demonstrated very respectable capacity to advance a funding proposal.



	Relationship with site selectors	4	The region enjoys a very positive working relationship with Oregon's National Business Development Officer.
	Relative sophistication in coordinating and marketing local events	0	Event promotion has not been relevant at UMCD.
	Sophisticated tourism development & promotion	1	Compared to other areas of Oregon, tourism marketing has not been a priority for the region.
	Sophisticated use of the internet for marketing	2	The region utilizes the internet for business development promotion, but could enhance its capabilities.
	Staff focused on recruitment objectives	3	In general, the region does have economic development professionals focused upon business recruitment.
	Support from local education professionals at all levels	4	There is good teamwork at all levels of education to support economic development.
	Supportive post-secondary education training program	4	BMCC can come to the table with a very business-specific program.
	Team approach to infrastructure finance	4	A strong network of local, state, and federal officials is in place to advance infrastructure projects.
Government	Active engagement of downtown building and business owners	0	Generally considered irrelevant.
	Community acceptance of the visitor industry	3	Although the community does not have a strong focus on tourism development, there is general support for the advancement of the visitor industry.
	Community support for needed infrastructure rate increases	0	The LRA has not yet determined if efforts to direct funding for infrastructure development is a priority.
	Favorable state policies with respect to office locations	0	It is not anticipated that UMCD offers a desirable location for state agencies.
	Local focus on revenue from visitors	1	In general, tourism development is considered a lower priority in the overall economic development context.
	Local government support	4	All local government supports positive development opportunities.
	Local pro-business climate	3	In general, the region is pro-business.
	Projected growth in government budgets	0	During these recessionary times, it is not anticipated that government budgets will grow (especially state and local).
	Strong community support	3	The population of the two-county region is generally pro-development.
	Strong relations between economic development organization and local businesses	4	Local economic development efforts continue to make outreach efforts to foster positive relationships with area businesses.
	Strong state and/or federal legislative delegation	3	Both the state and federal delegation are considered to be above average in terms of supporting development projects.
	Support for attracting retirees	0	Retiree attraction is simply not a priority.
	Support from local businesses	4	Local businesses support local economic development efforts.
	Supportive local government policy and focus	0	This factor has to do specifically with a Bedroom Community strategy, which is not considered a viable strategy by the LRA.
Supportive state energy policies and incentives	4	Oregon is considered to be a national leader in terms of supporting energy development.	
Infrastructure	Adequate housing for labor force	2	The communities around UMCD have an "average" housing stock and pricing level.
	Adequate telecommunications bandwidth	4	The region, including UMCD, has an outstanding comparative advantage with respect to telecommunications bandwidth.
	Availability of brownfield sites	2	Although the area clearly has a brownfield site (ADA area), in question is the willingness and ability to do substantial clean-up
	Availability of industrial-zoned land	4	UMCD represents an unprecedented opportunity with 20,000 acres of redevelopment potential.
	Availability of local land, buildings, and infrastructure	1	The buildings and infrastructure are in poor condition.



	Excess water and sewer infrastructure capacity	0	Water and sewer capacity is extremely limited at UMCD.
	High-speed telecommunications	4	All aspects of telecommunications capability are and exceptional at and near UMCD.
	Land/Buildings/ Campus for education development	2	The administrative area may hold some promise for education development.
	Proximity to transmission lines with excess capacity	2	Although there are substantial transmission line projects “on the drawing boards”, the new capacity may only serve the existing need, and not provide additional capacity opportunities.
Labor	Available local labor force	3	Especially when considering the prospect of existing UMCD and military (civilian) employees, the area has a competitive advantage in supplying a quality labor force.
Location	Advantageous location for government or education expansion	1	In general, UMCD probably does not afford significant opportunities for government or educational expansion.
	Prospect of an expanded geographic market for health care	0	It is not anticipated that UMCD relates to the opportunity to expand the geographic market for health care.
	Proximity and access to markets	4	UMCD is strategically positioned in the middle of the Pacific Northwest with substantial interstate access.
	Proximity to scheduled air service	2	Scheduled air service is provided approximately 30 miles away in Pasco, Washington and Pendleton, Oregon.
	Strategic location for distribution centers	4	Without question, UMCD provides an outstanding strategic location for a distribution center.

Table 2: Key Success Factor Scores by Category

SECTION ONE-A2: ECONOMIC DEVELOPMENT STRATEGIES

The Dana Mission Support Team applied a proprietary process called *Building Communities* to help the LRA identify a path forward for reuse of the UMCD. Building Communities is an economic development strategic planning methodology that presents 25 alternate viable economic development strategies for communities that possess the required key success factors for strategy advancement.

During the October 2009 and November 2009 LRA meetings, members of the LRA and invited subject matter experts considered all of the 85 key success factors relevant for the successful advancement of one or more of the 25 respective strategies.

All of the participants in the process were asked to rate each of the 85 key success factors on a scale of '0' (substantial comparative disadvantage) to '4' (substantial comparative advantage) compared to comparison communities.

Comparison communities were generally recognized as communities of between 5,000 and 75,000 population within two hours of UMCD.

Input from the LRA members and invited subject matter experts was then entered into the Building Communities database, and the 25 strategies were scored and ranked as shown in the table to the right. The strategies that are most likely to succeed are highlighted by a green background in the table. These are the priority strategies that the LRA should consider for reuse planning because these are the most supportable in the current situation. The LRA should expend its resources developing these alternatives. Planning for these strategies does not exclude alternative uses that are from the lower priority strategies.

There may be proposed reuse projects which, on a case by case basis, are viable and more desirable reuses for particular UMCD assets. The purpose of Building Communities is to help focus resources not to exclude emergent alternatives. Specific proposals that would be classified under other strategies can still be considered within the context of the strategies being pursued by the LRA.

The narrative below provides the following specific information for each of the 25 strategies:

- Description of strategy
- Summary of the viability of the strategy based upon the key success factor analysis
- Specific identified activities and initiatives
- Unique considerations for each strategy
- Additional specific ideas and initiatives advanced through the various processes to collect public opinion

The general prioritization of strategies plus the specific projects and initiatives relevant to each strategy will inform the overall reuse plan on the type of zoning and potential public benefit conveyances consistent with this planning process. A description of each of the 25 strategies, presented in the prioritized order based upon the key success factor test, is presented immediately below.

Strategies Prioritized by Key Success Factor Results	
Strategy	Score
Energy Development	91.3
Telecommunications Businesses	83.8
Transportation Distribution Center	77.5
Attracting Government Funding	75.0
Environmental Restoration	73.8
Business Recruitment	73.0
Education Development	70.0
Infrastructure Development	62.5
Value-Added Agriculture	61.3
Business Retention & Expansion	55.6
Business Cultivation	53.8
Value-Added Mining	47.5
Entrepreneurial Development	45.0
Attracting Government Jobs	43.8
Attracting Lone Eagles	40.0
Value-Added Fisheries	37.5
Destination Tourism	33.8
Attracting Retirees	30.0
Value-Added Forest Products	27.5
Health Care	27.5
Cultural Tourism	20.0
Pass-Through Visitor Services	20.0
Bedroom Community	17.5
Downtown Development	10.0
Local/Regional Tourism	7.5

Table 3: Strategies Prioritized by Key Success Factors

Energy Development

The current and forecasted shortages in energy resources, and more specifically renewable energy resources, present communities with an opportunity to recruit or locally establish new energy production facilities.

Renewable energy options include wind, solar, biomass, bio-energy, geothermal, and hydropower.

Both the federal government and many states have approved new policies and incentives to foster the development of the renewable energy industry.

While larger, established companies may have an edge in capitalizing on many of these business opportunities, viable start-up options exist based upon proximity to renewable energy supplies and local market demand.

Key Success Factor Analysis

Consistent with its top score of 91.3 points, six of the eight key success factors scored a perfect '4', and the remaining two key success factors scored at average or better. In short, UMCD is well positioned—and has the right energy assets—for an energy development strategy.

Energy Development	
Strategy Score	91.3
Rank	1
Is Strategy Desirable?	100%
Can Strategy Succeed?	87.5%

Table 4: Energy Development

Energy Development – Key Success Factor Scoring	
Key Success Factor	Score
Local Government Support	4
Availability of energy resources	4
Supportive state energy policies and incentives	4
Capable, experienced economic development professionals	4
Ability to secure purchase power agreements	4
Ability to build a team comprised of energy-development experts	4
Access to large-scale capital	3
Proximity to transmission lines with excess capacity	2

Table 5: Energy Development – Key Success Factor Scoring

Identified Activities and Initiatives Umatilla and Morrow Counties have long-established a reputation as a significant location for energy development. The land at UMCD, therefore, poses an additional opportunity for energy development—especially renewable energy development activities.

Specific energy-related development possibilities include:

- Wind farm
- Solar energy farm
- Biomass-to-energy facility
- Nuclear energy
- Energy transmission HUB
- Synergistic opportunities such as the proximity of poplar trees/biomass to support wind energy development (Balancing)

On two occasions members of the general public advanced an idea to either burn garbage or biomass to generate energy.

Considerations Along with a Transportation Distribution Center strategy, Energy Development was given a unanimous vote of support as a viable opportunity for redevelopment by the LRA and the invited subject matter experts. Fully 17 out of 17 responses indicated that energy development should be considered as a viable opportunity.

Virtually all forms of renewable energy development can be seriously considered at UMCD. Obtaining approval for any energy generating facilities is a complex and lengthy process but creates good jobs and contributes revenue to the local communities. It should be noted however that to build a nuclear energy power plant would require a state-wide vote amending current Oregon laws that prohibit nuclear energy development. However, concerns over carbon emissions have perhaps reduced opposition to nuclear power within Oregon. It is during the implementation phase of the UMCD redevelopment where detailed analysis will be conducted to make the determination of a specific project's viability.

Umatilla Electric Cooperative (UEC) has indicated a willingness to be a positive partner in exploring energy development opportunities at UMCD. UEC's industry expertise is a valuable asset for pursuing this strategy.

Telecommunications Businesses

As a basic community infrastructure, telecommunications has gained in importance as a requirement for business development strategies.

Communities without sufficient bandwidth will be immediately eliminated by corporations and site selectors as they evaluate alternate business locations.

Existing businesses can be constrained in their growth, or even motivated to relocate due to the lack of sufficient telecommunications capacity.

Alternatively, communities that develop and promote a bandwidth comparative advantage may foster the expansion of existing companies and even recruit new businesses.

Key Success Factor Analysis Fully seven of the eight key success factors for this strategy scored '3' or higher. The widespread recognition of the superiority of the existing telecommunications infrastructure related to UMCD and (Chemical Stockpile Emergency Preparedness Program) CSEPP allows this strategy to be ranked in the Top Two for viability.

Telecommunications Businesses	
Strategy Score	83.8
Rank	2
Is Strategy Desirable?	93.3%
Can Strategy Succeed?	92.8%

Table 6: Telecommunications

Telecommunications Businesses- Key Success Factor Scoring	
Key Success Factor	Score
Capable, experienced economic development professionals	4
Support from local businesses	4
Adequate telecommunications bandwidth	4
Access to large-scale capital	3
Dedicated local financial resources for staffing recruiters	3
Strong community support	3
Available local labor force	3
Availability of local land, buildings, and infrastructure	1

Table 7: Telecommunications Businesses - Key Success Factors

Identified Activities and Initiatives The combination of the region's excellence with respect to wireless communications and the fact that the existing communications system at UMCD can handle 1,000

phone lines (with expansion capabilities to 69,000 lines) forms the basis for widespread support for the attractiveness and viability of a telecommunications business strategy.

The region has already established wireless telecommunications superiority in conjunction with the emergency management system and CSEPP. There is interest in the region in further expanding upon this significant business comparative advantage.

The expansion or recruitment of businesses that seek telecommunications capacity superiority is a viable strategy for UMCD.

The Port of Morrow has begun expanding fiber optic lines and improving overall systems, it may become viable to expand the infrastructure improvements to UMCD.

The LRA could assume ownership and operations of the telecommunications system, thereby creating a marketable asset.

Considerations It may be worthwhile to further study the opportunities for job creation through a telecommunications business strategy given the superiority of the existing infrastructure. Identification of specific businesses and industries that could capitalize on this infrastructure could set the stage for successful business attraction.

Transportation Distribution Center

As American business continues to be increasingly dominated by large corporations, such corporations need to locate large-scale distribution centers in strategic locations throughout the nation.

These companies take a very calculated, strategic approach to siting such facilities. Factors, such as proximity to their network of stores/outlets, proximity to the Interstate system, and sometimes proximity to rail and ports, factor greatly in their siting decisions.

For communities located along these strategic transportation corridors, recruiting distribution centers can have very large payoffs.

Communities must be prepared with large tracts of industrial land with superior access to freeways/highways, and available infrastructure (power, water, sewer, etc.).

Communities pursuing a distribution center recruitment strategy should be well connected with appropriate industry trade associations, and consider regularly attending annual trade shows.

Large-scale corporate investments in distribution centers are frequently advised by business development site selectors. Fostering business relationships with such site selectors is therefore a competitive advantage in pursuing distribution centers.

Key Success Factor Analysis Fully six of the nine key success factors for this strategy scored a '4', thus positioning a Transportation Distribution Center strategy in the top three for viability.

Without question, UMCD is in an extraordinary geographic position for a transportation distribution center. If ever a key success factor could score more than '4', this would be it.

The only key success factor that scored lower than a '2' relates to the quality of the buildings and infrastructure. Given the huge financial investment that would need to be made in such a facility, it is likely that the development of infrastructure and facilities would be a viable investment.

Transportation Distribution Center	
Strategy Score	77.5
Rank	3
Is Strategy Desirable?	100%
Can Strategy Succeed?	100%

Table 8: Transportation Distribution

Transportation Distribution Center- Key Success Factor Scoring	
Key Success Factor	Score
Competitive recruitment incentives	4
Capable, experienced economic development professionals	4
Relationship with site selectors	4
Local government support	4
Availability of industrial-zoned land	4
Strategic location for distribution centers	4
Available local labor force	3
Ability to network and attend relevant trade shows	2
Availability of local land, buildings, and infrastructure	1

Table 9: Transportation Distribution - Key Success Factors

Identified Activities and Initiatives The number one reuse opportunity is the transformation of a portion of the UMCD assets to a large-scale transportation distribution center or logistics center.

The combination of 20,000 acres, outstanding infrastructure, and the position of the UMCD in the context of the Pacific Northwest yields an obvious conclusion: significant comparative advantages exist for the promotion of UMCD as a distribution center.

In the mid-1990s, WalMart concluded that the Hermiston area was the most strategic location in the Pacific Northwest. With this analysis in place, it is clear that UMCD has significant locational advantages.

The second most frequent reuse idea from the general public related to the development of a transportation distribution center.

Considerations The region and the City of Hermiston in particular, have focused on a transportation distribution center strategy for years. The implementation of this strategy requires expertise and relationships in the field of logistics that have been developed by the City. Coupled with strategic alliances with ports creates an outstanding opportunity for the recruitment of such a logistics center.

Currently of significance is the national state of the economy. With the national economy only in the early stages of rebounding from recession, businesses that would invest in large-scale logistics centers may be challenged to accumulate the capital necessary for such an investment in the near term.

On the other hand, a national marketing campaign promoting “the Pacific Northwest newest 20,000 acres.” would likely capture the interest of any facilities manager making long-term plans.

Attracting Government Funding

Communities can create jobs and improve their overall quality of life through either a onetime or consistent approach of attracting government appropriations and grants.

Hundreds of state and federal agencies manage grant programming and/or legislative earmarks (funding directives) that can be used to complete projects for a wide variety of purposes. States or localities with congressional or legislative representatives participating on powerful appropriations committees are particularly well positioned to benefit from this strategy.

Attracting Government Funding	
Strategy Score	75.0
Rank	4
Is Strategy Desirable?	100%
Can Strategy Succeed?	100%

Table 10: Attracting Government Funding

While the vast majority of such funding either goes to formula-based entitlement programs or for competitive grant processes, a small percentage of the funding is directed by state and federal appropriators, thus bypassing the formula or competitive approach.

Often maligned as “pork barrel spending”, this strategy may face local opposition by individuals that are principled against such redistribution of government funding.

Key Success Factor Analysis All four of the Attracting Government Funding key success factors scored a ‘3’, causing this strategy to be ranked fourth overall with a score of 75.

Attracting Government Funding - Key Success Factor Scoring	
Key Success Factor	Score
Availability of appropriated funds	3
Local ability to identify and advance a funding proposal	3
Strong community support	3
Strong state and/or federal legislative delegation	3

Table 11: Attracting Government Funding - Key Success Factors

Identified Activities and Initiatives Every LRA member and subject matter expert agreed that attracting government funding is not only an attractive strategy, but is a viable strategy.

The mere fact that Oregon has only one military base/depot presents an attractive argument to secure government funding for future reuse. Added to this, the fact that 12% of the nation’s chemical weapons have been stored and destroyed at the Depot makes a compelling case for continuing government investments in the region.

Attracting funding could go toward investments in infrastructure, training facilities, and other investments.

Considerations The potential shift from a *planning* LRA to an *implementation* LRA may set the stage for UMCD to continue to receive funding assistance from the Office of Economic Adjustment. An implementation LRA with intention to utilize Economic Development Conveyances may justify future investments by the OEA in order to ensure that the LRA is making prudent reuse decisions.

According to the Dana Mission Support Team BRAC Specialist Tim McAnarney, an additional compelling case might be able to be made to federal appropriators for funding of planning and infrastructure improvements.

Environmental Restoration

Communities have the opportunity to “turn lemons into lemonade” by focusing on derelict industrial buildings and sites for redevelopment.

Frequently, communities may have industrial sites from a bygone era that are not currently in use. These sites relate to natural resource-based extraction industries that may have utilized chemicals or compounds that have left the industrial land unusable for future use without first completing clean-up activities.

The benefits of this strategy are twofold: 1) jobs can be created initially by clean-up activities; and 2) the residual industrial site becomes available for promotion and development thus creating jobs in the long-term.

First and foremost, communities must have an eligible site for an environmental restoration strategy. One or more former industrial sites that have environmental contamination preventing future

Environmental Restoration	
Strategy Score	73.8
Rank	5
Is Strategy Desirable?	88.2%
Can Strategy Succeed?	92.8%

Table 12: Environmental Restoration

redevelopment are essential to advance this strategy. These sites are frequently referred to as brownfield sites.

A community must then mobilize itself by first assessing the condition of the property, and then developing a specific action plan to remediate the environmental problem. Of critical importance is the formation of a local team that can network with state and/or federal contacts to attract the funding necessary to assess and address the environmental problem.

Finally, communities must have the local sophistication to redevelop and market the restored site for future use.

Key Success Factor Analysis Environmental Restoration strategies require a very capable and experienced team at the local, state, and federal level to define the project and to seek necessary funding. Key success factors related to this “human capital” score very high. One key consideration is the priority that local leaders would give to seeking environmental restoration funding for this project.

Environmental Restoration - Key Success Factor Scoring	
Key Success Factor	Score
Local government support	4
Capable, experienced economic development professionals	4
Strong state and/or federal legislative delegation	3
Access to large-scale capital	3
Availability of brownfield sites	2

Table 13: Environmental Restoration - Key Success Factors

Identified Activities and Initiatives During the August 2009 session of the LRA, a Values Mapping™ discussion concluded that environmental restoration is a high priority for UMCD. In fact, 40% of the overall reuse value should be focused on environmental restoration (with another 40% focused on economic development and the remaining 20% focused upon military reuse).

Specific environmental restoration activities might include (but not be limited to):

- Preservation of the Shrub Steppe habitat
- Wildlife preservation
- Igloo removal
- Parks and recreation
- Appropriate agricultural practices
- Bio remediation efforts toward environmental restoration
- Unexploded ordnance removal
- Maintenance of the critical ground water area
- Consideration of recharge project to restore aquifers

One of the most frequent recommendations from the general public related to the preservation of Shrub Steppe and use by the CTUIR for gathering and medicinal purposes.

Considerations The paramount concern expressed to date is the preservation and support for the Shrub Steppe habitat. Significant leadership by the CTUIR, potentially supported by the U.S. Fish and Wildlife Service, could ensure that some of the last large-tract remaining areas of Shrub Steppe could be preserved for generations.



Business Recruitment

Perhaps the most widely recognized economic development strategy relates to business recruitment. Business recruitment is the act of proactively soliciting existing businesses located out-of-region to expand or relocate into a community.

Business Recruitment	
Strategy Score	73.0
Rank	6
Is Strategy Desirable?	88.2%
Can Strategy Succeed?	94.1%

Table 14: Business Recruitment

Business recruitment can be substantially advantageous for local communities desiring to establish new jobs, focus on family wage jobs, expand the local tax base, and generally enhance community vitality.

Business recruitment can have drawbacks. Communities that do not have the desire or infrastructure capacity for growth may view business recruitment negatively.

Communities that rely on business recruitment as a substantial component of their economic development strategy should view their effort as a long-term endeavor. Frequently, communities can go months (even years) without tangible results. This does not necessarily mean that the community's efforts are poorly planned or executed. The fact is, there are far more communities chasing new businesses than there are businesses looking for new communities.

Key Success Factor Analysis Business Recruitment has more key success factors—15—than any other strategy. In general, the key success factors are above average (11 of the 15 key success factors score either a '4' or a '3'). Only the current condition of the buildings and infrastructure score a below-average mark. This underscores the need to advance a business recruitment strategy along with an infrastructure development strategy.

Business recruitment efforts can also be costly. Efforts such as advertising, public relations, attendance at industry trade shows, website development and maintenance, and informational and promotional materials are expensive.

Business Recruitment - Key Success Factor Scoring	
Key Success Factor	Score
Local government support	4
Capable, experienced economic development professionals	4
Support from local businesses	4
Competitive recruitment incentives	4
Proximity and access to markets	4
Relationship with site selectors	4
Available local labor force	3
Strong community support	3
Access to large-scale capital	3
Dedicated local financial resources for staffing recruiters	3
Ability to compete in a global market	3
Sophisticated use of the Internet for marketing	2
Ability to network and attend relevant trade shows	2
Proximity to scheduled air service	2
Availability of local land, buildings, and infrastructure	1

Table 15: Business Recruitment - Key Success Factors

Identified Activities and Initiatives Morrow and Umatilla Counties, led by the Ports of Morrow and Umatilla, have a long-standing record of successful business recruitment activities. In fact, the business recruitment capability of the two-county area generally exceeds that of the rest of the Eastern Oregon region.

The specific Business Recruitment targets (specific industries and targeted regions) will likely stem from the location and transportation access advantages of UMCD. Simply stated, 20,000 acres of developable property at the intersection of two Interstates presents significant business recruitment advantages.

While it is beyond the scope of this analysis to identify specific target industries, a dialogue between all of the LRA partners would not only identify targeted industries, but also place such specific strategies in the context of existing business recruitment efforts that have been targeting existing Port and other-industrial infrastructure and land.

A significant number of members of the general public recommended business recruitment ideas such as the attraction of manufacturing businesses, reuse of the UMCD facility for business development purposes, and the establishment of incentives for business development.

Considerations Perhaps the most significant consideration with respect to a Business Recruitment strategy is the realization that the region is already rich in business recruitment assets. That is, the Ports of Morrow and Umatilla hold significant industrial land currently available (and marketed) for development. The development of additional industrial capacity at UMCD, therefore, needs to be placed in this broader context.

For example, why should the existing Ports develop a new industrial park when they have existing industrial capacity already available?

One potential exception to this situation relates to the sheer magnitude of UMCD. That is, the availability of portions of 20,000 acres can bring a scale of industrial development beyond the existing capacities of port infrastructure. Given the existing significant port infrastructure, however, such a development would be of extraordinary large scale (probably of regional Pacific Northwest) importance.

Fully everyone during the strategy selector session indicated that a business recruitment strategy is desirable, and 16 of the 16 thought that it could be successfully implemented.

Education Development

The provision of educational services, particularly in rural communities, comprises a significant portion of the overall economy. As such, communities that are home to post-secondary education institutions, such as community colleges and especially large universities, usually derive a much higher economic benefit from their educational services and offerings. As the ability to earn a family wage becomes ever more dependent upon educational attainment, counties, states, and regions that have a more educated population will likely compete better in the 21st-century marketplace.

The combination of these two dynamics (local economic benefit and a competitive workforce) may inspire a community to pursue an education development strategy, which is the expansion of existing—or development of new—educational institutions. A stated objective, for example, of this strategy on the basic end might simply entail the augmentation or expansion of an existing university. An education development strategy could also be much more ambitious, however. For example, a community may pursue the creation of an institute dedicated to a specific technology or discipline, or perhaps the establishment of a brand-new four-year educational institution.

Education Development	
Strategy Score	70.0
Rank	7
Is Strategy Desirable?	76.9%
Can Strategy Succeed?	70.0%

Table 16: Education Development

Ultimately, a successful education development strategy may significantly increase a community's economic well-being on multiple levels, as jobs are created locally both during and after expansion, and as better-educated individuals enter the marketplace upon graduation from the resulting expanded educational offerings.

While Union County is well served by being the home of a four-year educational institution, specific opportunities for vocational training are emerging. The expansion of services—or development of an additional educational institution (perhaps a community college district)—would meet the needs of this segment of the population.

Key Success Factor Analysis Overall, Education Development scored relatively high based upon comparative advantages with respect to local government support and partnerships between education and economic development organizations. A comparative disadvantage exists with respect to the specific location being well positioned for the delivery of educational services.

Education Development- Key Success Factor Scoring	
Key Success Factor	Score
Local government support	4
Cooperation of economic development staff and educational community	4
Expandable educational institution	3
Land/Buildings/Campus for education development	2
Advantageous location for government or education expansion	1

Table 17: Education Development - Key Success Factors

Identified Activities and Initiatives A broad variety of Education Development initiatives were brainstormed by the LRA:

- National Guard training center
- Firing range training
- Law enforcement training center
- Trucking company training
- University extensions for agriculture and other research programs
- Vocational and technical training school
- Junior training program such as Job Corps (the closest Job Corps training centers are in Moses Lake, Washington and Hood River, Oregon)
- Expansion of existing colleges and universities

The concept of developing an educational campus was advanced by one member of the general public.

Blue Mountain Community College has recently developed the plans and received funding for the expansion of their educational offerings in Hermiston. As such, BMCC is making this their priority investment and expansion in the immediate vicinity of UMCD. Currently, BMCC does not see an immediate expansion opportunity at UMCD.

Considerations The top Education Development strategy priorities will likely revolve around military and law enforcement training. The specific plans of the Oregon National Guard have been known to the LRA, and may form the basis for a broadening of that initiative.

Infrastructure Development

The term infrastructure describes all of the basic utilities and public services needed by communities and businesses. Infrastructure includes, but is not limited to, power, water, sewer, storm sewer, street/roads, and telecommunications.

Although “infrastructure development” is an economic development strategy, it is typically viewed as a means-to-an-end in terms of providing the necessary input for other strategies to be successful.

Infrastructure development is considered an economic development strategy in-and-of-itself in that it is a long-term commitment to the betterment of communities and the businesses that they support.

Communities need to examine the infrastructure requirements both of their current residents, as well as their projection of future residential, commercial, and industrial demands.

The federal government—and most state governments—provide long-term, low-interest debt financing to advance eligible infrastructure projects. At times, particularly when immediate job creation opportunities arise, grant funding is available for infrastructure development.

Communities pursuing an infrastructure development strategy should strategically assess their needs, and engineer solutions consistent with long-term projections.

Key Success Factor Analysis Overall, an Infrastructure Development strategy ranks high (eight out of 25) due to the need for infrastructure improvements at UMCD combined with the capabilities of the local economic development community to secure funding for such improvements. The solitary competitive disadvantage relates to the priority for infrastructure investment at UMCD as compared to other key development sites owned by existing ports and cities.

Infrastructure Development	
Strategy Score	62.5
Rank	8
Is Strategy Desirable?	80%
Can Strategy Succeed?	80%

Table 18: Infrastructure Development

Infrastructure Development - Key Success Factor Scoring	
Key Success Factor	Score
Team approach to infrastructure finance	4
Accurate, long-term analysis of infrastructure needs and costs	3
Access to long-term infrastructure loans and grants	3
Community support for needed infrastructure rate increases	0

Table 19: Infrastructure Development - Key Success Factors

Identified Activities and Initiatives As noted in the work being compiled by the Dana Mission Support Team, a significant infrastructure investment will be necessary in order to utilize UMCD for industrial or commercial purposes. As such, an infrastructure development strategy is relevant.

Specific infrastructure investments relate to:

- Water system
- Sewer system
- Storm water system
- Rail
- Telecommunications
- Roads and access
- Electrical power

Two Infrastructure Development concepts advanced by the general public are improvements to the water system and enhancement to the rail yard for rail-related development.

As detailed in the Infrastructure Report, every aspect of the current infrastructure system would need improvements for most types of reuse opportunities. Multi-model investments, such as road to rail, also would require further investment.

A recent decision by the LRA to allow the Umatilla Electric Cooperative to begin planning for upgrades to the power system puts investment in electrical power on top of the list for early investment opportunities.

Considerations The transportation and access infrastructure, by virtue of the location of UMCD adjacent to two Interstates, makes the UMCD second-to-none in terms of potential redevelopment opportunities needing excellent access infrastructure to the Pacific Northwest.

The timing of an Infrastructure Development strategy will likely relate to a decision by the *planning* LRA to become an *implementation* LRA.

Specific business development opportunities also will impact the timing and scale of an infrastructure development strategy. Many infrastructure finance incentive programs, for example, are triggered by specific business development opportunities that generate family wage jobs.

The advancement of an Infrastructure Development strategy also relates to other strategies that are selected. For example, if a Transportation Distribution Center strategy were selected, improvements to infrastructure—particularly access—would be paramount. The need, for example, for an interchange at the Patterson Ferry road may become critical.

Notably, access infrastructure planning should be integrated with the Oregon Department of Transportation planning process. This planning process also integrates with the respective planning offices in Morrow and Umatilla Counties. Similar to access infrastructure, *basic* infrastructure such as sewer and water improvements will also be depended upon the specified reuse opportunities.

For example, if the LRA were to determine that an Infrastructure Development strategy should not be advanced until other existing industrial parks in the immediate region have been built out, then the infrastructure investment strategy could be significantly delayed.

The City of Irrigon has indicated an interest in improving and maintaining much of the infrastructure on all of portions of the UMCD. There would be advantages in having one entity (i.e. city or a port) complete a comprehensive upgrade of infrastructure. Such an undertaking for one small city (i.e. Irrigon) would be overwhelming without partnerships and state and federal incentives.

Finally, it should be noted that the existing airstrip on the UMCD has been condemned by the Federal Aviation Administration (FAA). Efforts to reestablish the use of the airstrip will likely prove unsuccessful given that the gas-fired power plant east of the UMCD is in the flight path of the existing airstrip.

Value-Added Agriculture

Counties—and frequently clusters of counties—may produce an inordinate amount of one or more agricultural products based upon competitive advantages such as soil types, climate, and elevation.

If sufficient volumes of individual raw materials are produced, communities may have an opportunity to “add value” to the raw commodities through processing. Examples include producing french fries from potatoes, sugar from sugar beets/sugar cane, steaks from cattle, and wine from grapes.

Advantages from value-added agricultural business include retaining profits and job-creation opportunities locally, providing jobs consistent with skill levels of the local labor force, and reinforcing the culture and economy of local communities.

Value-Added Agriculture	
Strategy Score	61.3
Rank	9
Is Strategy Desirable?	100%
Can Strategy Succeed?	61.5%

Table 20: Value-Added Agriculture



Drawbacks from a value-added agriculture strategy typically include a high demand on local utilities (typically water, sewer, and power), frequently below-to-average wage levels, and sometimes undesirable wastewater and air emissions.

Key Success Factor Analysis Key Success Factors for Value Added Agriculture range evenly from zero to four.

Value-added Agriculture- Key Success Factor Scoring	
Key Success Factor	Score
Proximity and access to markets	4
Proximity to large volumes of agricultural commodities	3
Available local labor force	3
Access to large-scale capital	3
Ability to understand industry trends and opportunities	2
Availability of local land, buildings, and infrastructure	1
Excess water and sewer infrastructure capacity	0
Ability to Successfully Market Materials	0

Table 21: Value-Added Agriculture Key Success Factors

Identified Activities and Initiatives There was broad consensus among the LRA that a Value-Added Agriculture strategy is a very viable option, notwithstanding potential significant limitations related to the availability of water.

Specific activities included the use of the igloos for growing mushrooms, storing wine, developing ethanol from poplar waste, bagging facilities for potatoes and onions, and land applications for agricultural waste.

Several members of the general public recommended farming and value-added agriculture as reuse recommendations. On one occasion, mushroom farming was recommended.

Considerations The designation of the region as a critical groundwater area does provide substantial limitations to Value-Added Agriculture activities that have a high demand on water supply. Two possible mitigating measures related to the availability of water relate to the water permit held by the Port of Umatilla and the regional initiative to recharge the groundwater based upon storage opportunities of permitted Columbia River water captured during the off season.

Another notable consideration is the existing infrastructure in place at nearby industrial parks including those owned and managed by the Port of Morrow and the Port of Umatilla. Local public policy and advocacy will likely prioritize the development of existing industrial parks before the build-out of new industrial capacity at UMCD for these types of uses.

In general, the region does produce large volumes of a wide variety of agricultural products, most notably potatoes. Increasingly, the region is recognized for the excellence of technology as well as research and development related to agricultural production.

The remaining strategies are discussed in Appendix A (Strategies that are Less Appropriate to UMCD Redevelopment). The analysis of strategies that are less likely to be successful are still included because there may be redevelopment alternative proposals that are justifiable by these strategies even though the LRA will not be pursuing these strategies in the planning process. In addition, over time, one or more of these strategies may emerge as superior to those strategies that are currently believed to be most viable.



SECTION ONE-B: REAL ESTATE

The Dana Mission Support Team contacted real estate professionals and County Assessors in the two-county region in order to determine recent real estate trends.

Set against a backdrop where many Oregon communities have seen substantial property devaluation over the past 18 months, the Morrow/Umatilla region has been relatively stable.

In general, real estate values in northern Morrow County have increased over the past two years while real estate values in northwestern Umatilla County have remained relatively flat.

Also relevant for predicting property tax values, it should be noted for both Morrow and Umatilla Counties that employment levels are anticipated to remain stable at UMCD and UMCDF for a period extending beyond the current anticipated closure date of April 2011. Substantial efforts are made both by the Department of the Army as well as private contractors to retain employees throughout the chemical demil operations. Employee retention is essential to complete the demil mission.

Northern Morrow County Realtors in Morrow County report that property values in Irrigon—and especially Boardman—have increased between 15% - 20% over the past two years combined. In general, property values have increased by between 5% - 10% each year.

Property values in the Boardman area are likely to remain relatively strong, as there were only five residences available for sale in the entire community in October 2009. Continued successful business development activity by the Port of Morrow will continue to set the stage for stable and slightly-improving property values in Boardman and perhaps Irrigon.

As noted in this report, Morrow County Assessor Greg Sweek also notes that property tax values have been increasing in Northern Morrow County. Sweek's estimate is that such values have increased by approximately 10 - 15% over the two-year period.

Sweek also notes that northern Morrow County has consistently seen moderate property value escalation over the past decade.

Northwestern Umatilla County Recent trends in property valuation in Morrow County are more favorable than the state as a whole, but not as favorable compared to northern Morrow County.

Umatilla County Assessment and Taxation Specialist (and County Assessor) Paul Chalmers reports that property valuations in Northwestern Umatilla County—generally the area encompassed by the Hermiston School District—increased at an annual rate of 2.1% for the year ending October 31, 2009.

Chalmers predicts that property values will fall slightly—probably between 3% - 5% for the 2009/2010 tax year ending September 30, 2010.

SECTION TWO: MAJOR REGIONAL ECONOMIC DEVELOPMENT TRENDS

Ted Werth, Business Development Specialist for Business Oregon (formerly the Oregon Economic and Community Development Department) manages the bulk of business development leads for the State of Oregon. Businesses that are seeking expansion locations typically contact Business Oregon, and Ted Werth is frequently on point to ensure that proper information reaches the business development prospects.

Current Top Industries The top three industries seeking to expand or relocate into Oregon include renewable energy, distribution centers, and telephone call centers (significantly, these are the top three prioritized strategies through the Building Communities process). Werth estimates that between 50-70% of the business development activity is in the renewable energy sector. Combined with distribution centers and telephone call centers, the top three industries comprise over 90% of the business development activity in 2009. Other sectors with some business development activity include food processing and miscellaneous manufacturing.

Pace of Business Development Activity Prior to the recession which began in the fall of 2008, Oregon was experiencing significant business development activity. In fact, from January 2007 through August 2008, Oregon's business development activity was near record pace. Significantly, international trade and investment was responsible for about 50% of the overall activity. Distribution centers and renewable energy development were the top sectors in 2007 and 2008.

Currently, with the national recession, most of the business development activity is focused upon business retention and expansion efforts. Communities, lacking significant business development leads, are ensuring that they "hold their own" with respect to local business activity.

Improving Situation for Eastern Oregon According to Business Development Specialist Ted Werth, increasingly, Eastern Oregon is in a stronger position vis-à-vis Western Oregon for business development opportunities. This primarily stems from the build out of industrial sites and utility capacity in Western Oregon. Eastern Oregon remains very competitive with respect to the availability of industrial land as well as, in general, the capacity of the utilities serving such industrial land.

Werth anticipates that the national economic rebound will bring a continuation of transportation distribution center opportunities. Of particular importance will be industrial sites that have "large lot sizes" such industrial parcels are largely built out in Western Oregon.

Two other major trends are impacting business development opportunities in Oregon. First, many businesses are in a wait-and-see mode related to the impact of potential changes in healthcare costs and benefits. The healthcare legislation considered by Congress is having an impact on businesses looking to expand into the future. Until such certainty is determined with respect to the passage and implementation of the healthcare reform, many businesses may simply sit on the sidelines.

Second, international investment in Oregon is likely to rebound as the national and world economies rebound. As noted earlier, international investments accounted for approximately 50% of the business development activity in 2008 before the economic recession. Upon the stabilization of the economic market and conditions, such international investment is likely to resume in Oregon. Oregon continues to be well positioned for international investment.

Finally, Werth notes that Oregon is well positioned to effectively and efficiently respond to business development leads based upon the State of Oregon's industrial property website, Oregon Prospector. Oregon prospector is also managed by the non-profit Oregon Economic Development Association (OEDA). Notably, the economic development professionals in the Morrow/Umatilla region make use of Oregon Prospector.

SECTION THREE: FACILITIES AND CONDITIONS BEYOND THE BOUNDARIES OF UMCD

One representative from the Port of Morrow and one representative from the Port of Umatilla was contacted in order to complete the Key Success Factor (KSF) Test for northern Morrow County and northwestern Umatilla County respectively to gain a broader perspective of the facilities and conditions beyond the immediate boundaries of UMCD.

Lisa Mittelsdorf of the Port of Morrow and Kim Puzey of the Port of Umatilla completed the respective KSF Tests, and the results of those tests are contained on the following two tables. The key success factors are presented by category (assets, capital, expertise, government, infrastructure, labor, and location).

Summary of Key Success Factor Categories by Sub-region		
Key Success Factor Category	North Morrow	Northwestern Umatilla
Assets	1.7	3.2
Capital	3.0	2.5
Expertise	2.4	3.1
Government	2.4	2.4
Infrastructure	3.3	3.4
Labor	4.0	4.0
Location	2.4	3.2

Table 22: Summary of Key Success Factors by Sub-region

Per the table above, there are some significant similarities as well as differences in terms of the relative ranking of Key Success Factors by sub-region in the various categories.

Similarities include the very high ranking for labor force and infrastructure. A similar mid-point ranking for governmental support exists.

The most significant dichotomy falls in the “Assets” category. Whereas many of the prospective assets in Morrow County are ranked a ‘0’, all of the assets in Northwestern Umatilla County are ranked average or better. This significant difference relates to two factors: 1) the fact that Northwestern Umatilla County has more population and urban services, and potentially 2) a difference in the scoring perspective related to assets.

A fairly significant difference in the scoring for “Expertise” and “Location” exists, with Northwestern Umatilla County scoring higher than Northern Morrow County. Once again, this differential may result as much from the scoring perspectives of the participants as it does the actual comparative advantage/disadvantage.

Despite potential differences in scoring methodologies, the overall rating and ranking of the two counties remains statistically significant.

In short, the area surrounding UMCD has significantly greater overall development potential than UMCD itself. Nonetheless, UMCD holds some comparative advantages to the surrounding land with certain opportunities for large-scale industrial development.

The raw data for each of the two sub-regions is on the following pages (pgs. 30 – 33).



Key Success Factor Test Scores by Category – Northern Morrow County		
	Key Success Factor	Score
Assets	Accurate, long-term analysis of infrastructure needs and costs	4
	Availability of energy resources	4
	Available, desirable housing	0
	Desirable climate	3
	Existence of recreational amenities	3
	Existing or prospective cultural attraction	2
	Expandable educational institution	2
	Financially-sound existing health care facility	1
	High availability of urban services	0
	Local recreational and visitor attractions	3
	Proximity and access to forests and forest products	3
	Proximity to fisheries commodities	0
	Proximity to large volumes of agricultural commodities	4
	Proximity to nationally-recognized attractions	0
	Proximity to raw materials and minerals	3
	Proximity to travel routes	0
	Proximity to urban population and workforce centers	2
	Quality residential neighborhoods	0
	Recognizable central business district/downtown	0
Sufficient base of local businesses	3	
Sufficient local entrepreneurial base	3	
Absence of industrial business activity	0	
Capital	Ability to secure long-term contracts for forest materials	0
	Ability to secure purchase power agreements	4
	Access to capital	3
	Access to large-scale capital	4
	Access to long-term infrastructure loans and grants	4
	Availability of appropriated funds	3
	Competitive recruitment incentives	4
	Dedicated local financial resources for staffing recruiters	4
	Local funding for downtown development	2
	Sufficient marketing, promotion, or public relations budget	2
Expertise	Ability to build a team comprised of energy-development experts	4
	Ability to compete in a global market	4
	Ability to identify product and service gaps	2
	Ability to network and attend relevant trade shows	1
	Ability to successfully market materials	2
	Ability to understand industry trends and opportunities	2
	Capable, experienced economic development professionals	4
	Competent strategic minded hospital and health-care executives	3
	Cooperation of economic development and education organizations	3
	Cultural development and advocacy organization	0
	Dedicated business coaching staff	2
	Downtown organization and staff	0
	Existing excellence in local health care	1
	Implementation of National Main Street Four-Point Approach™	0
	Local ability to identify and advance a funding proposal	4
	Relationship with site selectors	4
	Relative sophistication in coordinating and marketing local events	1
Sophisticated tourism development & promotion	1	
Sophisticated use of the internet for marketing	1	
Staff focused on recruitment objectives	4	
Support from local education professionals at all levels	4	



	Supportive post-secondary education training program	4
	Team approach to infrastructure finance	4
Government	Active engagement of downtown building and business owners	0
	Community acceptance of the visitor industry	3
	Community support for needed infrastructure rate increases	2
	Favorable state policies with respect to office locations	0
	Local focus on revenue from visitors	3
	Local government support	4
	Local pro-business climate	3
	Projected growth in government budgets	1
	Strong community support	3
	Strong relations between economic development organization and local businesses	4
	Strong state and/or federal legislative delegation	3
	Support for attracting retirees	0
	Support from local businesses	4
	Supportive local government policy and focus	2
Supportive state energy policies and incentives	4	
Infrastructure	Adequate housing for labor force	0
	Adequate telecommunications bandwidth	4
	Availability of brownfield sites	4
	Availability of industrial-zoned land	4
	Availability of local land, buildings, and infrastructure	4
	Excess water and sewer infrastructure capacity	4
	High-speed telecommunications	4
	Land/Buildings/ Campus for education development	2
	Proximity to transmission lines with excess capacity	4
Labor	Available local labor force	4
Location	Advantageous location for government or education expansion	0
	Prospect of an expanded geographic market for health care	3
	Proximity and access to markets	4
	Proximity to scheduled air service	2
	Strategic location for distribution centers	3

Table 23: Key Success Factor Test Scores - Northern Morrow County



Key Success Factor Test Scores by Category – Northwestern Umatilla County		
	Key Success Factor	Score
Assets	Accurate, long-term analysis of infrastructure needs and costs	3
	Availability of energy resources	4
	Available, desirable housing	4
	Desirable climate	4
	Existence of recreational amenities	3
	Existing or prospective cultural attraction	3
	Expandable educational institution	4
	Financially-sound existing health care facility	4
	High availability of urban services	3
	Local recreational and visitor attractions	2
	Proximity and access to forests and forest products	3
	Proximity to fisheries commodities	3
	Proximity to large volumes of agricultural commodities	4
	Proximity to nationally-recognized attractions	3
	Proximity to raw materials and minerals	4
	Proximity to travel routes	3
	Proximity to urban population and workforce centers	3
	Quality residential neighborhoods	2
	Recognizable central business district/downtown	2
	Sufficient base of local businesses	2
Sufficient local entrepreneurial base	2	
Absence of industrial business activity	3	
Capital	Ability to secure long-term contracts for forest materials	3
	Ability to secure purchase power agreements	3
	Access to capital	3
	Access to large-scale capital	2
	Access to long-term infrastructure loans and grants	3
	Availability of appropriated funds	2
	Competitive recruitment incentives	3
	Dedicated local financial resources for staffing recruiters	2
	Local funding for downtown development	2
	Sufficient marketing, promotion, or public relations budget	2
Expertise	Ability to build a team comprised of energy-development experts	2
	Ability to compete in a global market	4
	Ability to identify product and service gaps	2
	Ability to network and attend relevant trade shows	4
	Ability to successfully market materials	2
	Ability to understand industry trends and opportunities	2
	Capable, experienced economic development professionals	3
	Competent strategic minded hospital and health-care executives	4
	Cooperation of economic development and education organizations	3
	Cultural development and advocacy organization	2
	Dedicated business coaching staff	3
	Downtown organization and staff	3
	Existing excellence in local health care	4
	Implementation of National Main Street Four-Point Approach™	2
	Local ability to identify and advance a funding proposal	3
	Relationship with site selectors	2
	Relative sophistication in coordinating and marketing local events	3
	Sophisticated tourism development & promotion	3
	Sophisticated use of the internet for marketing	2
	Staff focused on recruitment objectives	2
Support from local education professionals at all levels	4	
Supportive post-secondary education training program	4	



	Team approach to infrastructure finance	2
Government	Active engagement of downtown building and business owners	2
	Community acceptance of the visitor industry	3
	Community support for needed infrastructure rate increases	2
	Favorable state policies with respect to office locations	2
	Local focus on revenue from visitors	2
	Local government support	2
	Local pro-business climate	3
	Projected growth in government budgets	2
	Strong community support	3
	Strong relations between economic development organization and local businesses	3
	Strong state and/or federal legislative delegation	3
	Support for attracting retirees	2
	Support from local businesses	2
	Supportive local government policy and focus	3
Supportive state energy policies and incentives	2	
Infrastructure	Adequate housing for labor force	3
	Adequate telecommunications bandwidth	3
	Availability of brownfield sites	2
	Availability of industrial-zoned land	4
	Availability of local land, buildings, and infrastructure	4
	Excess water and sewer infrastructure capacity	3
	High-speed telecommunications	4
	Land/Buildings/ Campus for education development	4
	Proximity to transmission lines with excess capacity	4
Labor	Available local labor force	4
Location	Advantageous location for government or education expansion	4
	Prospect of an expanded geographic market for health care	2
	Proximity and access to markets	3
	Proximity to scheduled air service	3
	Strategic location for distribution centers	4

Table 24: Key Success Factor Test Scores - Northwestern Umatilla County

SECTION FOUR: OTHER JOB CREATION OPPORTUNITIES IN UMATILLA AND MORROW COUNTIES

As a result of the completion of the Key Success Factor Test for northern Morrow County and northwestern Umatilla County above, the tables below list the most viable development strategies for the region based upon the Building Communities approach.

Northern Morrow County - Strategies Prioritized by Key Success Factor Results	
Strategy	Score
Energy Development	100.0
Telecommunications Businesses	98.8
Environmental Restoration	97.5
Value-Added Agriculture	90.0
Transportation Distribution Center	88.8
Business Retention & Expansion	87.5
Infrastructure Development	87.5
Business Cultivation	86.9
Value-Added Mining	85.0
Attracting Government Funding	85.0
Business Recruitment	84.9
Entrepreneurial Development	75.0
Value-Added Forest Products	72.5
Local/Regional Tourism	60.0
Attracting Lone Eagles	57.5
Value-Added Fisheries	55.0
Attracting Government Jobs	53.8
Education Development	50.0
Health Care	50.0
Cultural Tourism	45.0
Attracting Retirees	45.0
Destination Tourism	37.5
Pass-Through Visitor Services	35.0
Bedroom Community	30.0
Downtown Development	20.0

Table 25: Northern Morrow County – Strategies Prioritized

Northwestern Umatilla County - Strategies Prioritized by Key Success Factor Results	
Strategy	Score
Education Development	90.0
Transportation Distribution Center	87.5
Health Care	87.5
Value-Added Mining	85.0
Value-Added Agriculture	81.3
Entrepreneurial Development	77.5
Attracting Lone Eagles	76.3
Business Retention & Expansion	75.6
Energy Development	75.0
Value-Added Fisheries	75.0
Pass-Through Visitor Services	75.0
Business Recruitment	74.1
Telecommunications Businesses	73.8
Value-Added Forest Products	73.8
Business Cultivation	73.1
Destination Tourism	73.1
Attracting Retirees	71.9
Attracting Government Funding	70.0
Cultural Tourism	67.5
Attracting Government Jobs	67.5
Bedroom Community	66.3
Infrastructure Development	62.5
Local/Regional Tourism	57.5
Environmental Restoration	56.3
Downtown Development	52.5

Table 26: Northwestern Umatilla County – Strategies Prioritized

The results of the key success factor test show differing priorities and possibilities in the two areas.

While the top strategies for Morrow County are more traditional business development strategies, the top strategies for Northwestern Umatilla County are broader including strategies that are more focused upon community development and quality of life (education development and health care, for example).

For both areas, tourism strategies tend to score low in terms of being viable and a priority.

It should be emphasized that the tables above are generated by gaining information from only one respondent. In both cases, however, the respondent is very knowledgeable about the assets and possibilities of their respective community.

This analysis lays the groundwork for a more in depth economic development strategic plan for one or both of the areas. Such a plan would further analyze the prioritization of strategies, identify specific action items to implement viable strategies, and establish a series of benchmarks to ensure follow-through.



The overarching message of this section is simply to recognize that the implementation of this plan should not be done in a vacuum. Morrow and Umatilla Counties have existing economic developing efforts that should compliment—or at least not inhibit—the execution of this Reuse Plan and Implementation Strategy.

In general, it should be anticipated that the Counties, Cities, Ports, and Tribes will have a preference to implement economic development strategies outside of UMCD except where UMCD offers a unique development advantage. For example, should a large-scale transportation distribution center/reload opportunity surface that is beyond the infrastructure and land capabilities of the existing organizations, development should be targeted at UMCD.

Yet another example would be related to tourism development. As noted in this report, the top recommendation from members of the general public is for the development of an interpretive facility specific to the history, buildings, and wildlife of UMCD. This would be yet another opportunity to develop a project unique to the attributes of UMCD.

SECTION FIVE: CURRENT MAINTENANCE COSTS OF THE UMCD FACILITY

On of the key considerations by the LRA for reuse is the annual maintenance costs for UMCD. Should the LRA, for example, take on the responsibility of being an *implementation* LRA, then the burden of meeting the short-term, long-term, and periodic maintenance requirements would be a vital consideration.

The DMST is working with the Army to identify the current maintenance costs at UMCD. While additional information may be forthcoming, it can now be summarized that the Army does not possess a detailed maintenance cost accounting system to identify the historic maintenance costs on a building- by-building basis.

As further information becomes available related to maintenance costs, an addendum to this report will be issued.



SECTION SIX: DEGREE OF UMCD ECONOMIC RELIANCE; FURTHER IMPACTS OF CLOSURE, LIKELY SHORT TERM IMPACT ON TAX REVENUES, AND STRATEGY TO MITIGATE IMPACTS

This final section of the Morrow and Umatilla County Social and Economic Assessment applies the information from the above five sections to summarize the economic impacts and suggest approaches to such impacts.

SECTION SIX-A: ECONOMIC RELIANCE ON UMCD BY ADJACENT CITIES/COUNTIES

The Dana Mission Support Team contacted WorkSource Oregon (also known as the Oregon Employment Department) for a specific analysis on the economic reliance and impact of UMCD on adjacent communities and counties.

WorkSource Oregon prepared the following *Economic and Employment Impacts of the Closure of the Umatilla Chemical Depot* document.

This statement relates to an employment and economic impact analysis of the closure if the Umatilla Chemical Depot site. Estimates are derived using a 2008 IMPLAN model of Oregon and a combined model of Morrow and Umatilla counties. IMPLAN (Impact Analysis for PLANning) is a widely use input-output modeling software program that is produced by the Minnesota IMPLAN Group, Inc. (www.IMPLAN.com)

The analysis considers the effects that reduced spending by households with workers residing in the area will have on the local economy after the closure of the Depot. Worker residence locations are based on a January 2009 report from Umatilla Chemical Depot Public Affairs Office. The effects caused by Depot workers who reside in Washington are not included in the analysis.

Residential spending estimates are based on national average expenditure patterns for households with annual incomes in the \$75,000 to \$100,000 range. According to IMPLAN estimates, the average household income in Oregon was \$90,454 per year and \$77,774 in the Morrow/Umatilla area.

The analysis below includes only the effects of the loss of payroll from the closure of the Depot and does not include other possible direct or indirect local expenditures associated with the Depot, such as purchases of local supplies.

Employment and Economic Impacts of Umatilla Chemical Depot Closure		
	Oregon (statewide)	Morrow/Umatilla
Number of Depot Workers in Region	674	655
Total Payroll of Depot Workers in Region	\$46,062,000	\$44,694,000
Number of Induced Jobs in Region	494	252
Induced Labor Income Loss in Region	\$18,413,000	\$7,348,000
Total Job Loss in Region	1,168	907
Total Labor Income Loss in Region	\$64,475,000	\$52,042,000

Table 27: Employment & Economic Impacts of Umatilla Chemical Depot Closure ~
source WorkSource Oregon IMPLAN

The following listing depicts the industries most affected by the decline of household spending. The specific percentages are unknown to the DMST. (Source: WorkSource Oregon IMPLAN)

Industries Most Affected by Decline in Household Spending
<ul style="list-style-type: none">• Food and services drinking places• Offices of physicians, dentists, and other health practitioners• Real estate establishments• Private hospitals• Retail<ul style="list-style-type: none">○ Food and beverage stores○ General merchandise stores○ Motor vehicle and parts stores○ Non-store retailers• Private household operations• Wholesale trade

Table 28: Industries Affected by Decline in Household Spending ~ Source: WorkSource Oregon IMPLAN

SECTION SIX-B: IMPACT OF CLOSURE TO THE LOCAL ECONOMY/EMPLOYMENT

The table at right lists the number of employees that live in the respective Morrow County communities. As the table indicates, 120 of the 1,173 employees at UMCD (and UMCDF) reside in Morrow County. *Note: 538 of the employees live out-of-Oregon.*

Morrow County UMCD Residents	
Location	Jobs
Boardman	27
Echo	11
Heppler	3
Ione	5
Irrigon	73
Lexington	1
TOTAL	120

Table 29: Morrow County UMCD Employed Residents

The community most impacted by the prospective job losses is Irrigon with 73 jobs. Second to Irrigon is Boardman with 27 jobs associated with UMCD.

In total, the nonfarm payroll employment for Morrow County in October 2009 was 3,520. As such, the 120 positions at UMCD represent 3.4% of the total workforce. Jobs at UMCD are amongst the highest-wage jobs in Morrow County.

A total of 515 people live in Umatilla County and work at UMCD. Of this total, the greatest impact will be felt in Hermiston with 346 jobs followed by Umatilla with 80 jobs.

Umatilla County UMCD Residents	
Location	Jobs
Adams	2
Athena	1
Hermiston	346
Meacham	1
Milton Freewater	2
Pendleton	38
Pilot Rock	17
Stanfield	26
Umatilla	80
Weston	2
TOTAL	515

Table 30: Umatilla County UMCD Employed Residents

Other communities with a significant impact include: Pendleton (38 jobs), Stanfield (26 jobs), and Pilot Rock with 17 jobs.

The 515 positions at UMCD represent 1.8% of the total Umatilla County workforce of 27,870 jobs.

Note that the analysis in this section shows a total of 635 jobs in Morrow and Umatilla Counties as compared to 655 jobs in the state analysis. The reason for the difference is not known.

The overall impact of losing 635 jobs underscores the need for the full-scale implementation of the Reuse Plan. Morrow and Umatilla Counties have one advantage over communities that lose, for example, a lumber mill: the closure date is generally known and a plan is in place to mitigate negative consequences.

SECTION SIX-C: SHORT-TERM IMPACT ON LOCAL TAX REVENUE

Property Tax Impact to Morrow County

According to Morrow County Assessor Greg Sweek, the property tax impact of the closure of UMCD will be minimal in Morrow County.

Property tax evaluation in northern Morrow County has recently been more stable than the rest of the state. In fact, counter to property valuation trends in many parts of the state, property values in northern Morrow County (Boardman and Irrigon) have not dropped over the past two years. Sweek estimates that property tax values have increased approximately 10% total over the past two years (this is comparable but more conservative than the estimate by the local real estate professionals who estimate that the values have increased 15-20% over the past two years).

Sweek confirmed the statement of local real estate professionals that the Hayden Homes development that was constructed in Boardman in 1999 at an initial sales price of \$69,000 has increased in value to \$115,000. Sweek indicates that because local construction companies indicated that they could not build

new comparable homes at a cost of \$69,000 in 1999, the new homes that were constructed in Boardman at that time were assessed at a value higher than the initial sales price. This is illustrative of property valuation trends in the area.

Assessor Sweek did concede that although home values had not dropped in northern Morrow County, the resale time (period of time in which residences are on the market) has increased. Morrow County is particularly well suited to benefit from the implementation of this Reuse Plan, as the top industries that could be supported at UMCD (and the Port of Morrow) are the same industries that the state of Oregon determines to be likely growth industries.

Property Tax Impact to Umatilla County

Paul Chalmers, Director of Assessment and Taxation for Umatilla County, provided an estimate of value for the land that is currently not on the tax rolls in Umatilla County. It was noted that there are approximately 8,000 acres not currently on the Umatilla County tax rolls associated with UMCD.

- The value of non-irrigated agricultural land at UMCD is estimated to be \$500 per acre for parcels up to 200 acres (parcels of greater than 200 acres would likely be discounted in value per acre).
- Irrigated acreage utilized for agricultural purposes would be valued at approximately \$1,500 to \$1,800 per acre.
- The soils at UMCD are assumed to be Class 4, Class 5, and Class 6 soils.
- The value of light industrial property at UMCD would be \$15,000 to \$20,000 per acre for parcels of up to 100 acres. (Acreage substantially larger than 100 acre parcels would be discounted significantly).
- The evaluation estimates are based upon standard sizes of typical parcel sales.

Compared to property values in northern Morrow County (i.e. Boardman and Irrigon), northwestern Umatilla County has not seen recent property tax evaluation increases.

Chalmers predicts that property tax values for 2009/2010 year will be flat or potentially will fall between 3-5%. This compares to the most recent taxation year (completed September 30, 2009) which had a valuation increase of approximately 2.1%.

Utilities are of great significance to property tax valuation in Umatilla County. For example, the total valuation of the Hermiston School District is approximately \$1.3 billion, with \$322 million of the total valuation being associated with utilities. (This also underscores an additional benefit of an energy development strategy.)

Implementation of the reuse plan will benefit Umatilla County, particularly given that the facilities that are in relatively better condition are on the Umatilla County side. Opportunities to mitigate property tax losses off of the UMCD land can be addressed by creating a tax base on the UMCD land.

SECTION SIX-D: STRATEGY TO MITIGATE SHORT-TERM NEGATIVE IMPACTS

A number of short-term projects and initiatives have been identified to mitigate some of the short-term negative impacts of UMCD closure. These suggested short-term strategies are listed and summarized below. Note that none of the short term strategies are designed to immediately replicate the eventual loss of 1,173 jobs. Nonetheless, the strategies can have beneficial economic impacts.

The table below presents 19 reuse ideas based upon the specific assets available at UMCD. The table also presents the likelihood (high, medium, or low) that such a reuse idea could be successfully implemented within the first year as well as the relative benefit (high, medium, or low) to the LRA. Finally, the table presents relevant comments or caveats for each of the respective reuse opportunities.

Potential Short-Term Reuse Opportunities at UMCD								
Asset	Reuse Opportunity	Likely to Succeed			Likely Benefit			Comments/Caveats
		H	M	L	H	M	L	
Buildings and Structures that are determined not to be reusable.	Building Demolition	X					X	A wide variety of structures have been Determined not to be Reusable. Of particular significance is the building reuse (or demolition) with respect to UMCD.
Igloos	Miscellaneous Storage	X				X		Given that the igloos are already being used for storage, it is highly likely that this reuse opportunity will grow in the short term.
Rail	Railroad Car Storage		X		X			This may be a very significant short-term opportunity for the LRA.
Warehouses	Warehouse storage		X			X		Several of the existing warehouses have been upgraded and could be immediately used for storage.
Firehouse	Fire hall		X			X		Outreach to existing rural fire departments may prove beneficial.
Administrative Buildings	Office and Business Rental		X			X		A strategic plan for this opportunity may be necessary in order to maximize long-term use of these structures.
Maintenance Shops	Education and Training		X			X		It is possible that an educational institution would desire to utilize the maintenance and vocational buildings for training opportunities.
Maintenance Shops	Private Sector Maintenance Use		X			X		Many of the maintenance structures are immediately reusable by private industry.
Warehouse Buildings	Warehousing and industrial business activity		X		X			Most of the large industrial structures are not reusable, but some are.
RV Storage Building	RV Storage		X			X		Simply maintaining the existing RV storage use of one structure may prove beneficial.
Motor Pool Shop	Automotive Business Activity			X		X		It may be worthwhile to reach out to automotive dealerships and repair shops.



Barracks	Dormitory for Education Facility			X		X	If an educational institution were serious about a campus-style development, the Barracks could be converted into dormitories.
Carpenter Shop	Carpentry Business			X		X	The carpentry shop is “ready to go” for this specific reuse opportunity.
Locomotive Maintenance Facility	Locomotive Maintenance			X	X		While an existing building is designed for this reuse opportunity, there will be limited specific opportunities for reuse.
Medical Clinic	Medical Clinic			X	X		It is likely that the medical clinic will not be put to substantial similar reuse given the distance to other medical and hospital facilities.
Houses and Duplexes	Housing			X		X	The existing conditions of the houses combined with the distance to services makes housing an unlikely reuse at UMCD.
Offices	Office Space			X		X	Although much of the office space at UMCD does not “look like office space on the outside”, substantial well-finished offices exist. The overall location, however, may prove detrimental.
Dining Hall	Restaurant			X		X	The Dining Hall has all of the assets for reuse as a restaurant. This reuse would be more likely as a part of a much larger overall redevelopment plan than a stand-alone use.
Recreation Center/Swimming Pool	Recreation Center/Swimming Pool			X		X	May nearby communities already have superior facilities?

Table 31: Potential Short-term Reuse Opportunities at UMCD

Of the 19 short-term reuse opportunities presented above, two appear to be highly likely to succeed, eight have a moderate chance for success, and nine may be very difficult to experience short-term success with. Four of the options (rail car storage, rental of warehouse buildings, use of the locomotive maintenance facility, and potential use of the medical clinic) have significant potential for benefit.

The LRA should evaluate each of the above opportunities based upon their perception of its “likeliness to succeed” and the overarching probable benefit.

From the perspective of the DMST, significant short-term opportunities seem to exist with storage in igloos, rail car storage, warehousing storage, use of the fire house, use of the administrative buildings for office and business rental, use of the maintenance shops for education and training, and other forms of warehousing and storage. Additionally, short-term construction/demolition jobs may be created through the demolition of structures that are deemed not worthy of reuse.

APPENDIX A: STRATEGIES LESS APPROPRIATE TO THE UMCD REDEVELOPMENT PLAN

Business Retention & Expansion

It is widely agreed by most economic development professionals that opportunities for job retention and job expansion with existing companies exceed the number of opportunities for recruiting new businesses to their respective communities.

Business Retention & Expansion	
Strategy Score	55.6
Rank	10
Is Strategy Desirable?	73.3%
Can Strategy Succeed?	78.5%

Communities can employ a variety of approaches to foster the expansion of existing companies. One of these methods is to conduct a Business Retention & Expansion (BR&E) program. The BR&E approach utilizes a systematic outreach to existing companies to identify their needs, challenges, and opportunities. Several programs exist that can be adapted for the specific needs of a particular community.

Benefits of the BR&E approach include:

- Identifying opportunities to encourage the expansion of new companies;
- Identifying opportunities to avert pending job losses or business closures;
- Ability to take a community-wide approach to addressing business needs;
- A systematic way to collect information
- Ability to immediately identify solutions for businesses
- Opportunity to engage civic groups or volunteers to partner in the work
- Building good public relations for municipalities and economic development organizations; and
- Identifying vendor and subcontractor business networking opportunities.

By meeting the needs of existing businesses, the stage is also better set for successful business recruitment efforts. Potential new businesses to a new community may investigate the satisfaction of existing businesses, and base a portion of their business location decision on such satisfaction levels.

Key Success Factor Analysis At first glance, the key success factors look strong for this strategy. Seven of the nine key success factors scored a '3' or higher. The key success factor with the greatest weighting, however, "sufficient base of local businesses", scores a '0', dragging the viability of this strategy down significantly.

Business Retention & Expansion - Key Success Factor Scoring	
Key Success Factor	Score
Capable, experienced economic development professionals	4
Support from local education professionals at all levels	4
Strong relations between economic development organization and local businesses	4
Available local labor force	3
Local pro-business climate	3
Access to capital	3
Ability to compete in a global market	3
Availability of local land, buildings, and infrastructure	1
Sufficient base of local businesses	0

Identified Activities and Initiatives Other than civilian military activity, the only current business activity to "retain or expand" at UMCD relates to the chemical demil operations at UMCDF.

The issue of “retaining” jobs associated with the reuse of the UMCDF facility, is the only logical “business retention and expansion” strategy at UMCD.

The retention or establishment of jobs associated with environmental clean-up might require a permit modification from the Oregon Department of Environmental Quality in order to retain many if not most of the UMCDF structures.

Although more fitting in the “Attracting Government Jobs” strategy, the retention of military activity in the form of the proposal by the Oregon National Guard to develop a training center is a consideration for this strategy.

Considerations In general, because there is not a lot of business development activity at UMCD, this strategy seems somewhat marginal in the context of other strategies. This strategy ranked 10th of the 25 strategies, and yet still received fairly significant support by the LRA.

Finally, possibilities for business retention and expansion should be integrated into existing economic development initiatives being advanced in Umatilla and Morrow Counties.

Business Cultivation

Opportunities for business expansion and business recruitment can evolve from the concept and methodology of import substitution. Import substitution is the process of identifying goods and services that are “imported” into the city/county/region that have the potential to be produced/provided locally.

Business Cultivation	
Strategy Score	53.8
Rank	11
Is Strategy Desirable?	81.2%
Can Strategy Succeed?	86.7%

One example would be the provision of cabinetry for the recreational vehicle industry. If a community has one or more recreational vehicle manufacturers that are purchasing cabinetry out of the county/region in large quantities, there may be a business case for an existing or new company to fill that need. Many other examples exist in many industries.

By identifying products and services that are imported into the area in large volumes, business development strategies can be created. Similarly, industrial clustering recognizes that many communities have a variety of businesses that operate within the same industry (or serve as suppliers to a common industry). By bringing together the cluster of businesses within an industry, many opportunities and benefits occur:

- Efficiencies can be gained by understanding and advancing the needs of an entire industry rather than simply one business at a time;
- Frequently new business relationships between individuals in the same community generate advantages simply by getting to know one another;
- Communities can “adopt an issue.” That is, a group of business leaders can identify a problem or issue that can best be addressed and advanced by local government or economic development organizations. Goodwill is built, and jobs can be retained or created;
- Import Substitution opportunities can be realized. A group of similar businesses may be able to identify new business opportunities (suppliers, professional services, etc.) that may generate business activity and create jobs by producing locally what has been “imported” into the county/region.

Key Success Factor Analysis While this strategy has six of nine key success factors scoring above average, the fact that there are virtually no UMCD-based businesses to “cultivate” significantly lowers the viability of this strategy.



Business Cultivation - Key Success Factor Scoring	
Key Success Factor	Score
Capable, experienced economic development professionals	4
Strong relations between economic development organization and local businesses	4
Proximity and access to markets	4
Available local labor force	3
Local pro-business climate	3
Access to capital	3
Availability of local land, buildings, and infrastructure	1
Sufficient base of local businesses	0
Ability to identify product and service gaps	0

Identified Activities and Initiatives /Considerations The *import substitution* technique of Business Cultivation was fully discussed by the LRA and subject matter experts. In general, the LRA discussed an effort to better understand the needs of area (Umatilla and Morrow County) businesses, and how their expansion or attraction of similar industries could be accommodated at UMCD.

One specific scenario was discussed (it should be emphasized that this is only a hypothetical example). If it were determined, for example, that the Wal-Mart distribution center in Hermiston needed additional space for its operations, a proactive effort should be conducted to investigate such needs and opportunities.

Business Cultivation also includes the concept of *industrial clusters*. For the UMCD area, the most significant potential industrial cluster may be in the arena of transportation distribution centers and logistics. A specific analysis of logistical opportunities at UMCD is therefore relevant under this strategy.

One recommendation from the general public that fits the broad definition of Business Cultivation was to coordinate with all relevant universities to inventory the potential use of the igloos for document storage and preservation.

Value-Added Mining

A variety of materials and minerals are extracted from the Earth. Generally, these raw products become the basis for commercial products through a variety of procedures such as crushing, heating, pressure, and other procedures.

Value-Added Mining	
Strategy Score	47.5
Rank	12
Is Strategy Desirable?	21.4%
Can Strategy Succeed?	20%

Value-added mineral processing such as steel and aluminum smelting and refining operations are very capital-intensive operations. A sampling of products includes: 1) rolled, cast, forged, and extruded products, 2) wire and wire products, 3) nonmetallic mineral products, 4) motor vehicle parts, 5) fabricated metal products, and 6) cable for energy and communications firms.

Key Success Factor Analysis As noted below, the only mining or mineral resource at UMCD relates to the availability of aggregate which may be compromised somewhat by rights held by a federal agency.



Value-added Mining- Key Success Factor Scoring	
Key Success Factor	Score
Proximity and access to markets	4
Available local labor force	3
Access to large-scale capital	3
Ability to understand industry trends and opportunities	2
Availability of local land, buildings, and infrastructure	1
Proximity to raw materials and minerals	1

Identified Activities and Initiatives The primary Value-Added Mining opportunity relates to the significant deposits of aggregate resources on site. The Oregon Department of Geology and Mineral Industries (DOGAMI) indicates that property at the UMCD contains some of the most significant aggregate resources in the state.

Aggregate resources appear to be the only mining or mineral product that may have value for this strategy.

Considerations Much, if not all, of the aggregate resources needed in order to construct the UMCD facilities were extracted on the UMCD site. In general, these aggregate resources are associated with the area of the land generally referred to as Coyote Coulee.

One significant consideration in terms of extracting aggregate is the potential environmental impact on the landscape. Consideration of impacts to shrub steppe should be made, for example.

Finally, it should be noted that discussions with the Bureau of Land Management (BLM) may be necessary in order to access the aggregate resource.

Entrepreneurial Development

Small businesses represent over 99% of all employers in the United States. People establish businesses based upon unique skills, passion, or a perceived market opportunity.

Frequently missing in a community-based economic development strategy is a concerted approach to facilitating the start-up and growth of entrepreneurial ventures.

Often referred to as microenterprise development, some programming exists to assist businesses with access to capital, resources for labor force improvement, business coaching, and/or partnerships by local educational institutions (on all levels).

One approach advanced by several communities across the United States is Enterprise Facilitation® advanced by the Sirolli Institute. Ernesto Sirolli presents the Trinity of Management approach that recognizes that individuals have passions (and therefore business ability) either with their product/service or marketing their product/service or financial management. Sirolli asserts that no one individual possesses all three skills/passions and very few possess two of the three skills/passions. Enterprise Facilitation engages an Enterprise Facilitator advised by a local board to respond to the passion and interests of local entrepreneurs to facilitate their successful establishment and expansion.

Key Success Factor Analysis Similar to Business Cultivation, key success factors for Entrepreneurial Development score high in terms of the expertise available to implement the strategy, but are

Entrepreneurial Development	
Strategy Score	45.0
Rank	13
Is Strategy Desirable?	76.9%
Can Strategy Succeed?	83.3%

significantly hampered by the lack of known existing entrepreneurs at UMCD. As such, this strategy is largely not viable.

Entrepreneurial Development - Key Success Factor Scoring	
Key Success Factor	Score
Supportive post-secondary education training program	4
High-speed telecommunications	4
Access to capital	3
Local pro-business climate	3
Sufficient local entrepreneurial base	0
Dedicated business coaching staff	0

Identified Activities and Initiatives The LRA and the subject matter experts envisioned opportunities for a successful Entrepreneurial Development Strategy based upon some of the unique assets currently available at UMCD:

- Igloos
- Warehouses
- Freight platforms
- Wine storage opportunities
- Small business incubators

Considerations An Entrepreneurial Development strategy should be advanced in the broader context of Business Development initiatives underway in Umatilla and Morrow Counties. One specific initiative could be to talk with individuals working at UMCD that desire to continue working within the region and perhaps start a new business when their employment ends. Specific efforts to identify interests and aptitudes could successfully yield new business start-ups in the region.

Attracting Government Jobs

In most communities, particularly rural communities, government job wage levels far exceed median (often also referred to as “family wage”) income levels. As such, increasing the number of government jobs can provide a local economic stimulus.

Attracting Government Jobs	
Strategy Score	43.8
Rank	14
Is Strategy Desirable?	82.3%
Can Strategy Succeed?	87.5%

In general, federal jobs pay more than state jobs; state jobs pay more than local government jobs; and local government jobs pay more than the community’s average wages.

One significant factor in considering a government job attraction strategy is the attitude of the local community toward such a strategy. Communities with a more conservative political viewpoint may shun such a strategy as being inconsistent with core beliefs.

Another key consideration is the trend line for the total number of government jobs. In times of economic recession, for example, many government jobs may be eliminated. On the contrary, during good economic times—or perhaps when a state is responding to a policy change that increases government jobs in one or more specific departments—communities can benefit by targeted government office recruitment strategies.

Communities should also consider their strategic location with respect to the Federal Government’s (or State’s) desire to locate jobs in a key geographically-strategic manner.

Key Success Factor Analysis While many comparative advantages exist for an Attracting Government Funding strategy, the key success factors related to Attracting Government Jobs are much more



challenging. Specific opportunities, however, to emulate the success at Hanford in creating government-funded jobs to stabilize the local economy may still hold some promise.

Attracting Government Jobs - Key Success Factor Scoring	
Key Success Factor	Score
Capable, experienced economic development professionals	4
Local government support	4
Strong community support	3
Availability of local land, buildings, and infrastructure	1
Advantageous location for government or education expansion	1
Projected growth in government budgets	0
Favorable state policies with respect to office locations	0

Identified Activities and Initiatives The attraction of government-sector jobs is considered a very probable scenario by the LRA and subject matter experts. Similar to the long-term creation of government-related jobs at Hanford, the opportunity to reuse the UMCD, and most probably the assets of the UMCDF, for the basis to attract government jobs is very likely.

Specific initiatives identified by the LRA and subject matter experts include expanding the military presence, environmental cleanup, energy-sector government jobs, and the general acknowledgement that there are many high-scale employees that would form an attractive work force for government related jobs.

One of the most frequent recommendations from the general public related to the proposal by the Oregon National Guard to establish a training facility at UMCD.

Considerations Yet another arena of creating government jobs relates to the corrections industry. The twofold effect of: 1) Oregon not currently seeking sites for new correctional institutions, and 2) public sentiment that might lean to a “we have enough of a prison presence in the region” may make this form of government job attraction unlikely.

Attracting Lone Eagles

With improvements to the speed and ever-presence of telecommunications, small business owners that are location-independent can operate their business virtually anywhere. Individuals that typically work alone and are highly dependent upon telecommunications are increasingly known as lone eagles.

Attracting Lone Eagles	
Strategy Score	40.0
Rank	15
Is Strategy Desirable?	6.3%
Can Strategy Succeed?	7.1%

Attracting lone eagles to communities, particularly rural areas, has the advantage of bringing high-income, high net worth individuals into the community. Typically, these individuals have very low impact on infrastructure and other public amenities.

Similar to retirees, lone eagles look for quality of life factors such as access to recreation, historic and cultural attractions, local shopping, quality restaurants, and business services.

A challenge for communities is to employ a public relations and marketing strategy that is cost effective. Lone eagles are everywhere, and the cost of mass marketing is typically prohibitive for communities. Targeted approaches are most cost-effective, but miss the broader market.



Key Success Factor Analysis Despite an attractive climate and the availability of telecommunications capabilities, many significant comparative disadvantages with respect to a Lone Eagle Attraction strategy cause this strategy to be ranked low.

Attracting Lone Eagles - Key Success Factor Scoring	
Key Success Factor	Score
High-speed telecommunications	4
Desirable climate	3
Staff focused on recruitment objectives	3
Proximity to scheduled air service	2
Existence of recreational amenities	1
High availability of urban services	0
Available, desirable housing	0
Sufficient marketing, promotion, or public relations budget	0

Identified Activities and Initiatives No specific activities to attract Lone Eagles were deemed viable or attractive by the LRA and the subject matter experts.

Considerations While it may be viable to attract lone eagles to surrounding communities, there should be no direct strategy to locate Lone Eagles at UMCD because of an obvious lack of amenities.

Value-Added Fisheries

Value-Added Fisheries	
Strategy Score	37.5
Rank	16
Is Strategy Desirable?	13.3%
Can Strategy Succeed?	14.3%

Although similar to other natural resource-based industries with respect to the challenges of availability and volatility of the base commodity, coastal communities have opportunities for adding value to fish products. Adding value to fish products can mean improvements to the distribution channel to increase the availability of fresh fish, utilization of fish processing by-products such as fertilizer, production of fish oil, and altering existing processing methods to increase value.

Key Success Factor Analysis The lack of proximity to a fisheries resource basically eliminates this strategy from serious consideration.

Identified Activities and Initiatives No activities were identified.

Considerations The LRA determined that this is not a viable strategy for UMCD.

Value-added Fisheries- Key Success Factor Scoring	
Key Success Factor	Score
Proximity and access to markets	4
Available local labor force	3
Access to large-scale capital	3
Ability to understand industry trends and opportunities	2
Availability of local land, buildings, and infrastructure	1
Proximity to fisheries commodities	0

Destination Tourism

Destination Tourism is simply what its name implies: visitor attractions and destinations that have established a favorable and widespread reputation. Such destinations can exist due to unusual geographic beauty or historic significance, or they may be man-made facilities such as resorts, amusement parks, and casinos.

Destination Tourism	
Strategy Score	33.8
Rank	17
Is Strategy Desirable?	12.5%
Can Strategy Succeed?	20%

Frequently, community advocates have an inflated perspective on the reputation of their community as a visitor destination. If the community is not blessed with existing natural, cultural, or historic assets, the community may be challenged to establish itself in the mindset of the traveling public.

Still other communities are able to build new facilities and attractions that position the community to attract travelers from hundreds—if not thousands—of miles away.

Destination travelers tend to expend more discretionary income every day than pass-through travelers. As such, destination travel is a more significant contributor to local economies.

Key Success Factor Analysis Distance from nationally-recognized attractions, insufficient local marketing capacity and the lack of proximity to scheduled air service were all considered by the LRA to be significant comparative disadvantages for this strategy.

Destination Tourism- Key Success Factor Scoring	
Key Success Factor	Score
Local government support	4
Community acceptance of the visitor industry	3
Available local labor force	3
Adequate housing for labor force	2
Sophisticated tourism development and promotion	1
Proximity to scheduled air service	0
Proximity to nationally-recognized attractions	0
Sufficient marketing, promotion, or public relations budget	0

Identified Activities and Initiatives LRA members and subject matter experts identified several specific developments that might qualify as destination attractions:

- Eastern Oregon state fair grounds
- Six-Flags type amusement park
- Drag strip
- Golf course
- Water park
- Large RV park

Considerations As noted immediately above, a Destination Tourism strategy is not considered a priority by the LRA or subject matter experts. Perhaps the most significant exception to this would relate to a 1940s-style attraction that could make use not only of the administrative area, but perhaps some of the igloos as well.

Attracting Retirees

The aging of America presents a larger demographic of older, financially-independent individuals looking for high quality of life in their communities.

These individuals may be looking for a new permanent place to live, or perhaps a location for a vacation home in which they may reside for multiple months per year (i.e. “snow birds”).

High-amenity communities can employ marketing strategies to attract such retirees.

Key amenities include a desirable climate, available cultural and educational resources, quality housing, nearby scheduled air transportation, urban services, proximity to recreational opportunities, local business services and restaurants, and an extraordinary quality of life.

Advantages of this strategy include increasing disposable income within a community without significantly increasing the demand on local services (education, infrastructure, etc.).

Key Success Factor Analysis In general, it was concluded that UMCD simply does not have the assets needed in order to attract retirees to the area. Over half of the key success factors show a comparative disadvantage.

Attracting Retirees	
Strategy Score	30.0
Rank	18
Is Strategy Desirable?	5.9%
Can Strategy Succeed?	0%

Attracting Retirees - Key Success Factor Scoring	
Key Success Factor	Score
Desirable climate	3
Staff focused on recruitment objectives	3
Existing excellence in local health care	2
Proximity to scheduled air service	2
Existence of recreational amenities	1
High availability of urban services	0
Available, desirable housing	0
Sufficient marketing, promotion, or public relations budget	0
Support for attracting retirees	0

Identified Activities and Initiatives A strategy of Attracting Retirees scored at the absolute bottom of possibilities and probabilities for reuse.

Considerations The assets at UMCD simply do not lend themselves to retiree attractions

Value-Added Forest Products

A variety of products can be produced from our federal, state, and private forests. Most commonly, lumber is produced from timber. Additionally, forests produce other potential products including fuel for biomass energy, hardwood for furniture manufacturing and flooring, and miscellaneous forest products such as mushrooms.

Value-Added Forest Products	
Strategy Score	27.5
Rank	19
Is Strategy Desirable?	50%
Can Strategy Succeed?	35.7%

Policy changes on federal forests over the past 20 years have reduced the availability of the timber supply, causing the lumber production industry to be more centralized amongst fewer large-scale companies. Replacing these mill jobs with new jobs in a related industry can be an attractive strategy for communities.

In addition, the nation's increasing demand for renewable energy is increasingly making biomass-to-energy plants economically viable.

Value-added Forest Products- Key Success Factor Scoring	
Key Success Factor	Score
Proximity and access to markets	4
Available local labor force	3
Access to large-scale capital	3
Ability to understand industry trends and opportunities	2
Availability of local land, buildings, and infrastructure	1
Proximity and access to forests and forest products	0
Ability to secure long-term contracts for forest materials	0
Ability to successfully market materials	0

Key Success Factor Analysis The combination of a significant comparative disadvantage with respect to the proximity to forest materials and the inability to secure a long term contract for such materials basically eliminate this strategy as a viable consideration.

Identified Activities and Initiatives Opportunities for biomass processing—and potentially biomass cultivation—exists at UMCD. Additionally, value-added wood processing such as the production of door frames, window frames, and moldings may be conducted at UMCD.

Considerations Emerging climate control legislation may create credits for carbon sequestration, thus increasing the viability of hybrid poplar tree plantations and processing.

Health Care

Communities that have established notable centers of excellence for broad-based health care or specific health care specialties benefit from an unusually large cadre of well-paid professionals.

Health Care	
Strategy Score	27.5
Rank	20
Is Strategy Desirable?	33.3%
Can Strategy Succeed?	26.6%

Communities such as Rochester, Minnesota, home of the Mayo Clinic, for example, benefit substantially from having a high health care location factor. ("Location factors" are an economic term referring to a high density of employment in an industry within a specific region.)

National trends have a significant impact on health care, especially in rural communities. Mergers and acquisitions create a dynamic where there are fewer health care conglomerates controlling hospitals dispersed throughout the country.

Additionally, federal policies on Medicaid and Medicare reimbursements have created a significant financial challenge for rural hospitals.

Communities desiring to pursue a health care-based business development strategy should begin with a very objective analysis of the true competitive position of their local hospital and medical community. While every community likes to boast that they have competitive superiority with respect to health care professionals and facilities, a realistic assessment may prove otherwise.

It may be more realistic to target a specialty area of health care. For example, many rural hospitals have targeted orthopedic care based upon the superiority of one or more orthopedic surgeons and the investment in state-of-the-art orthopedic assessment and surgery equipment.

Key Success Factor Analysis Of all 25 strategies, the discussion around a Health Care strategy at UMCD was the most challenging. On one hand, the comparative advantages in this strategy may set the stage for the creation of jobs in the Health Care field in the *vicinity* of UMCD. Specific health care-related job creation at UMCD, however, was deemed highly unlikely.

Health Care - Key Success Factor Scoring	
Key Success Factor	Score
Competent, strategic-minded hospital and health-care executives	3
Available local labor force	3
Strong community support	3
Existing excellence in local health care	2
Financially-sound existing health care facility	0
Prospect of an expanded geographic market for health care	0
Sufficient marketing, promotion, or public relations budget	0

Identified Activities and Initiatives With the exception of the reuse of the laboratory at UMCD, the redevelopment of UMCD with a Health Care strategy is very unlikely.

Considerations Reuse of the UMCD laboratory might have aspects of a health care strategy while being more focused on other specific strategies.

Cultural Tourism

Many communities have capitalized on local culture to create jobs. Cultural opportunities based on dance, theater, music, food, or other human interests can stimulate the local economy.

In order to be successful in capitalizing on cultural tourism, a high standard of excellence must be set and pursued. People will travel from hundreds of miles away, for example, for an excellent Shakespearean Festival.

Cultural Tourism	
Strategy Score	20.0
Rank	21
Is Strategy Desirable?	53.3%
Can Strategy Succeed?	46.7%

The pursuit of a new cultural tourism attraction should not be undertaken without significant research into the prospective competitive advantages that the community would enjoy, and the long-term operational and marketing obligations required.

Key Success Factor Analysis A cultural tourism strategy was ranked as low viability due to distance to existing or prospective cultural attractions, the lack of an organization to advance such a strategy, and the insufficiency of existing marketing funding.

Cultural Tourism- Key Success Factor Scoring	
Key Success Factor	Score
Available local labor force	3
Existing or prospective cultural attraction	1
Cultural development and advocacy organization	0
Sufficient marketing, promotion, or public relations budget	0

Identified Activities and Initiatives The LRA and subject matter experts were split on the viability and attractiveness of a cultural tourism strategy. Nonetheless, some specific ideas that were mentioned include:

- Cultural interpretive center dedicated to a 1940s theme
- Wildlife parks/habitat area
- Walking/hiking trails
- ATV park
- Habitat interpretive Center
- Oregon Trail Center

Despite the list of potential development opportunities, in general the LRA did not believe that a destination tourism strategy would be viable.

More than any idea offered by the general public, the concept of an interpretive center dedicated to local wildlife, geology, and human history was offered.

Considerations It is interesting to compare the level of support of a Cultural Tourism strategy to a Destination Tourism strategy. In general, the LRA members and subject matter experts were split on the desirability and viability of a cultural tourism strategy, while they showed significantly less support on the prospects for a Destination Tourism strategy. It may be that a focus on history and the environment is seen as more logical than a typical large-scale amusement park development.

Pass-Through Visitor Services

Depending on a community's proximity to major interstates, highways, scenic byways, and other significant travel routes, communities can enjoy the benefits of non-destination visitor expenditures.

Travel expenditures can be categorized as destination travel expenditures or pass-through travel expenditures. Unlike destination travel, pass-through travel simply represents the activity that a traveler conducts on the way to their destination. These expenditures are typically fuel, meals, and sometimes lodging.

Generally, these expenditures happen regardless of efforts made by local communities. Certain targeted efforts, however, can have a modest impact on pass-through visitor expenditure patterns:

- Signage on travel routes (freeways, highways, etc.)
- Community entrance beautification efforts
- Low-frequency AM Radio transmitters
- Hospitality training educating front-line workers about local visitor destinations

Pass-Through Visitor Services	
Strategy Score	20.0
Rank	4
Is Strategy Desirable?	46.2%
Can Strategy Succeed?	45.4%

Key Success Factor Analysis In general, comparative disadvantages with respect to the strategy being a priority combined with distance to existing nationally-marketed travel routes caused this strategy to be ranked low.

Pass-through Visitor Services- Key Success Factor Scoring	
Key Success Factor	Score
Available local labor force	3
Local focus on revenues from visitors	1
Proximity to travel routes	0

Identified Activities and Initiatives The location of UMCD strategically located adjacent to two Interstates (with one separate interstate exchange each) presents an opportunity for a Pass-Through Visitor Services strategy. UMCD stands at the center of the traveling public as they traverse the Pacific Northwest. While Morrow and Umatilla Counties are generally not recognized as a visitor destination (with the significant exception of the Pendleton Round-Up), Happy Canyon, and recent improvements by the Confederated Tribes of the Umatilla Indian Reservation, the two-county region does sit at the heart of other significant destinations in the Pacific Northwest.

Specific development opportunities would relate to a large-scale truck stop or other convenience services for travelers.

One specific comment, the development of a “Travel America” public park, was advanced by an LRA board member.

Considerations Strategic locations near UMCD have been identified and developed for Pass-Through Visitor services over the past 15 years. The region may recognize that it has sufficiently capitalized on this economic opportunity.

LRA members and the subject matter experts were split both on the attractiveness and viability of this strategy.

Bedroom Community

Many communities, particularly suburbs, have established themselves—intentionally or not—as bedroom communities.

A “bedroom community” refers to a city that is largely void of industrial and other basic industry activity. “Basic industry” refers to businesses that sell their goods and services largely outside of the local market area. Basic industry businesses are typically pursued by economic development professionals because they do more than simply exchange money and income within a community.

Urban areas and their suburbs have outperformed the rest of the nation economically over the past three decades. Consequently, many communities proximate to urban centers have experienced extraordinary housing construction and residential growth. As these communities get established and grow, frequently public opinion forms that commercial and residential development is welcomed but industrial development is not. A not-in-my-backyard (NIMBY) attitude forms.

A “bedroom community” strategy is unlike virtually all of the other strategies in that it excludes the pursuit of some of the other strategies. For example, bedroom communities are unlikely to pursue business recruitment, distribution centers, value-added industry activity, and possibly even business retention and expansion strategies.

While a bedroom community strategy might optimize real estate values, there are relatively few other economic benefits other than the preservation and enhancement of local quality of life.

Bedroom Community	
Strategy Score	17.5
Rank	23
Is Strategy Desirable?	11.7%
Can Strategy Succeed?	12.5%



Key Success Factor Analysis Substantial comparative disadvantages for the development of a Bedroom Community caused this strategy to be ranked 23rd of the 25 strategies.

Bedroom Community - Key Success Factor Scoring	
Key Success Factor	Score
Proximity to urban population and workforce centers	2
Absence of industrial business activity	0
Quality residential neighborhoods	0
Sufficient marketing, promotion, or public relations budget	0
Supportive local government policy and focus	0

Identified Activities and Initiatives The LRA and the subject matter experts agreed that the UMCD does not hold the attributes to create a Bedroom Community.

Considerations It is highly unlikely that the future reuse of the UMCD will include substantial housing development.

Downtown Development

Most communities have a central business district commonly referred to as their “downtown.” Frequently, this area is recognized as the community’s business center, and can become the emotional heart of the community.

The National Trust for Historic Preservation created the National Main Street Center approach which recognizes a four-point method for downtown advocacy:

- Organization (volunteers, staffing, board of directors)
- Promotion (events, public relations, advertising)
- Design (building and amenity stabilization, preservation, beautification)
- Economic Restructuring (supporting existing businesses, promoting new businesses)

Often ignored is the large employment centers represented by downtowns. While most downtown business activity is in response to serving other businesses and residents, it still represents a vital economic sector for most communities.

By capitalizing on the four-point approach described above, jobs are created, communities have increased vitality, and a sense of pride and optimism is maintained.

Key Success Factor Analysis Five of the six key success factors for this strategy were scored a ‘0’, causing this strategy to be ranked in the bottom two of the 25 strategies.

Downtown Development	
Strategy Score	10.0
Rank	24
Is Strategy Desirable?	5.8%
Can Strategy Succeed?	12.5%

Downtown Development- Key Success Factor Scoring	
Key Success Factor	Score
Local government support	4
Implementation of National Main Street Four-Point Approach™	0
Recognizable central business district/downtown	0
Downtown organization and staff	0
Local funding for downtown development	0
Active engagement of downtown building and business owners	0

Identified Activities and Initiatives No activities or initiatives were identified by the LRA or subject matter experts in a Downtown Development strategy.

The development of a mall (or an outlet mall) was mentioned on a couple of occasions by members of the general public.

Considerations The only likely possibility for any strategy related to downtown development would be the reuse of the administrative area in a fashion that capitalized upon the nostalgia of a 1940s-era attraction. Should such a development begin to emerge, portions of the downtown development strategy could become relevant.

Local/Regional Tourism

While most communities do not have a destination attraction in their backyard, they may have sufficient recreational or historical amenities that can draw visitors within a one-day drive and thus stimulate the local economy.

Local/Regional Tourism	
Strategy Score	7.5
Rank	25
Is Strategy Desirable?	56.3%
Can Strategy Succeed?	46.7%

Many communities have successful weekend events designed to celebrate the community's history and/or culture. These events have potential to draw people from a county or two away.

By investing in the local tourism "product" and marketing efforts, tourism expenditures can be maximized.

Communities should understand that employing a local/regional tourism strategy is not an economic panacea. Such a strategy can have a modest economic impact, however, and bolster community pride.

Key Success Factor Analysis Although this strategy has a comparative advantage in terms of local community support, the lack of local attractions combined with the lack of an existing marketing organization with a competitive marketing budget caused this strategy to be ranked low.

Local/Regional Tourism- Key Success Factor Scoring	
Key Success Factor	Score
Strong community support	3
Local recreational and visitor attractions	0
Relative sophistication in coordinating and marketing local events	0
Sufficient marketing, promotion, or public relations budget	0

Identified Activities and Initiatives Local and Regional Tourism opportunities identified at UMCD relate primarily to history and wildlife.

One opportunity may be to restore and promote the administrative area as a 1940s-era destination. The uniqueness of such an attraction set in the context of 1940s buildings in a 1940s (WW II) setting may not only be successful in drawing regional visitors (within a 100 mile radius), but might also stop destination travelers if such development were brought to a high standard.

Bird and wildlife viewing continues to be a significant component of the overall visitor industry. UMCD offers an easily accessible setting to view wildlife unique to many environments.

The development of a community attraction or general recreational use was noted by several members of the general public. The most frequently-advanced concept is the development of a fairgrounds facility that would potentially serve all of Eastern Oregon.

Considerations Approximately one-half of the LRA members and subject matter experts find this strategy to be attractive and viable. Tourism product development and marketing should be done in the broader context of efforts currently being made by Chambers of Commerce and visitors associations.