



Baker County Economic Development Department 2006 Annual Report

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Background

The Baker County Economic Development Department operates within a budget funded with dollars from transient lodging tax receipts. Oversight of the budget is the responsibility of the Economic Development Council. The five-person Council is also responsible for guiding the activities of the Economic Development Coordinator.

Economic Indicators

After what appears to be another growth year, the local economy is stable at year's end with the November unemployment rate at 5.8 percent¹; October's rate of 5.1% was the lowest Baker County had seen since August of 1991. Last year Baker County's average annual unemployment rate was 7.5 percent, this year that figure should be at or below 7 percent. November also saw an increase in the civilian labor force of ninety-eight individuals over the previous twelve month period. The number of employed individuals increased from 6,596 in November of 2005 to 6,771 for November 2006. The largest employment gains were in the construction, manufacturing, and educational and health services sectors. The government sector experienced the largest loss, shedding fifty jobs; financial services followed with a loss of ten jobs.

New housing construction and remodels look steady, somewhat unusual this time of year, with several projects evident throughout the county. A recent article in the *Baker City Herald* reported that 2006 sales at a majority of downtown businesses were at or above levels experienced during 2005. Transient lodging tax revenues rose approximately 5.6% during the last fiscal year, from \$301,069 to \$317,798; this would suggest an upsurge in tourism, and consequently, a rise in visitor expenditures. The Portland State University Population Research Center recently released their 2006 certified estimate for Baker City: 10,035 residents, an increase of seventy-five persons from 2005. The county population, however, is estimated at 16,470; thirty fewer individuals than the previous year. The average pay per job was up slightly at \$27,015, yet far below the state average of \$36,591.

Department Assistance

This department witnessed a persistent interest in Baker County by real estate developers, retail and traded sector business owners, and those individuals interested in relocating to the area and searching for a job. A combined total of sixty-eight leads and requests for assistance by both existing and new business interests were received by the Economic Development Department.

¹ November data is the most recent available from the Oregon Employment Department.

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Assistance included providing information on available commercial/industrial lands and buildings; aid with grant and loan applications (for both new and existing businesses); providing demographic information; delivery of Baker County information packets; response to state leads generated by the Oregon Economic and Community Development Department; workforce related issues; and continued work on business recruitment projects already in progress.

Business Attraction, Expansion, and Retention

The Department was actively involved in the recruitment of several businesses during the course of the year: five remain viable prospects. Cutters Edge, a manufacturer of fire rescue saws, announced in December their intention to relocate their facility to Baker City. Their plans call for the purchase of land at the Elkhorn View Industrial Park and subsequent construction of a new building. They intend to commence operations by March of 2008, employing between nine and fifteen people. The recruitment of Cutters Edge began in the summer of 2005; Baker County was competing with locations in four other states at that time. After three due diligence visits and continued dialog, the owner was convinced that Baker County would make an ideal location for his business. This company will be a welcome addition to our community and we look forward to their arrival. The Department assisted with applications for the Enterprise Zone, Oregon Investment Advantage, and a grant provided by the governor's Strategic Reserve Fund. The Department also acted as a liaison in the purchase of property in the Elkhorn View Industrial Park.

Blue Mountain Workshops was purchased by a local couple, thus retaining what could have become jobs lost to the Treasure Valley. Since its purchase, Lean Manufacturing principles have been introduced and the workforce has increased to as many as twenty-four. The Department helped the company secure a workforce training grant to provide the Lean Manufacturing training.

The Baker Truck Corral was also acquired by local individuals and remains a hub of activity near the freeway.

Expansions at both Natural Structures and Marvin Wood Products are under way, which have created additional construction work for the area. Both companies qualify for the Enterprise Zone exemption.

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Big Mountain Systems is beginning aggressive marketing of its products and currently employs three. Big Mountain received assistance with a grant through the Baker-Morrow Regional Partnership and a loan provided by the Northeast Economic Development District.

Blue Mountain Fine Arts continues to do well. This company received a grant through the Baker-Morrow Regional Partnership as well as rent subsidy from the Baker County Economic Development Council as incentives for relocation from Walla Walla, WA.

Behlen Manufacturing, experiencing a shortage of welders, worked with Baker High School to hire several welding students to work after school and during the summer. The program has seen great success. A customized training program was specifically developed for their employees. Behlen currently employs ninety-two and may surpass one hundred during 2007.

Work continues on the Integrated Wood Utilization Center concept after notification that the county had received a federal appropriation earmark of \$565,000.

On the retail and service front: Domino's Pizza, Prospectors Chocolate Company & Bistro, Flashback Antiques, Lil Britches, Classic Consignment Furniture, All In One Wireless, Scott's Heating & Air Conditioning and the Scrapbook Emporium are just a few of the new additions to our community; we wish them much success.

2006 saw the creation of the Business Innovation Center, designed to be a one-stop source for entrepreneurs and small business owners in need of assistance. Individuals can call to set up an appointment with either the Small Business Development Center counselor or the BEGIN facilitator. In this "idea to jobs" model, entrepreneurs can discuss their business idea with a counselor and get help with areas such as writing a business plan, marketing, choosing the right management team, and information on loans and grants. Housed at the Blue Mountain Community College campus at 14th and Baker streets, the Center has a host of business-specific manuals that can be checked out to allow an individual to conduct how-to research prior to starting a business venture. The Center can be reached at (541) 523-9842.

A collaborative effort involving this department, Blue Mountain Community College (BMCC), and Baker High School facilitated the reintroduction of welding classes offered through BMCC. It is believed that these classes will help alleviate the shortage of welders mentioned by Behlen, Natural Structures, and Big Mountain Systems as potential barriers to expansion.

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The Connecting Oregon for Rural Entrepreneurs (CORE) program continues to provide informative workshops for those interested in owning their own business. Baker City is scheduled to hold its first PubTalk® on January 25th. This program, part of the Oregon Entrepreneurs Forum, provides an environment for entrepreneurs to meet with one another to discuss business ideas and connect with resources. The first PubTalk® is being sponsored by the Northeast Oregon Economic Development District in conjunction with CORE.

In April of 2006, an Economic Mini Summit was held. Larry Patterson and Andy Parks, formerly with the City of Bend, were on hand to provide a “Lessons Learned” discussion regarding the initial growth surge experienced in Central Oregon. The importance of planning for growth in areas such as transportation and sewer and water services were the main areas highlighted.

The Business Leaders Roundtables also began in 2006. These no-host breakfast meetings for traded sector business owners and managers serve as a forum for discussion regarding the “state of business” and also provide an opportunity to address any local issues that may present barriers to business development.

The Department conducted several face-to-face business visitations during the last year to check the pulse of the business environment and to offer assistance where needed. The visitations were well received and continuation of this program should be expected.

Summary

This year brought much of what we observed during 2005: sustained interest in doing business in Baker County. We continue to see people eager to put money to work in the form of land acquisitions, commercial and residential remodels, new home construction, and industrial expansion. Growth of the area’s population is something that has been expected by many for some time and now appears to be occurring, albeit slowly. As business interest increases, ***a continued focus on workforce education and training will become increasingly important*** if we are to be competitive in new business attraction, and more importantly, in order to provide an adequate supply of quality workers for our existing employers.

We look forward to 2007 with a great deal of enthusiasm; as in the past two years, we believe Baker County will continue to experience modest growth and on-going business development.