Fred Stockwell Photography

The challenge for the years ahead is to furnish the City with adequate resources of land, educated and skilled people, and finance for development of an appropriately large and diverse economic base.

7.01 General

INTRODUCTION (7.01.01)

The purpose of this chapter is to assure that the comprehensive plan and updated land-use code provide adequate opportunities for a variety of economic activities in the City, while continuing to reaffirm the goal of Ashland's citizens. This goal, articulated in the 1982 Ashland Comprehensive Plan, is that economic development should serve the purpose of maintaining or improving the local quality of life rather than become, of itself, the purpose of land-use planning[1]. The challenge for the years ahead is to furnish the City with adequate resources of land, educated and skilled people, and finance for development of an appropriately large and diverse economic base. This base will provide the necessary tax and income sources to maintain the city's civic, social and environmental character and stability. At the same time, the community's quality of life must be maintained. Ashland's quality of life, those factors which provide for a safe, non-polluted, comfortable and affordable environment, and its people are its greatest economic assets.

This chapter will examine Ashland's economy, and using local, state, and national trends, project the most likely areas of economic growth. Using these projections, it will determine the quantity and quality of land necessary to sustain this economy. The existing vacant land resource will be examined, and sufficient land will be identified to meet the land needs of the City. Finally, policies that will guide the City's economic plans will be developed.

PUBLIC ATTITUDES AND CONCERNS (7.01.02)

The Future-Plan Festival hosted by the Ashland Citizens' Planning Advisory Commission and held on Saturday, June 10th, 1989, identified several issues of top concern to Ashland residents. Those issues of greatest concern were as follows: water supply and quality, air quality, housing affordability, open space, traffic flow and congestion, jobs and the economy, preserving the small town feeling of Ashland, and a number of other concerns.[2]

A poll of citizens selected at random from the list of registered voters revealed similar concerns, although in different order of importance. Significantly, results of the random survey placed concern with growth management and jobs and the economy, ahead of water quality. This result is important, as it is more likely to reflect the concerns of the population at large. As almost all of these concerns are directly affected by the quality and quantity of economic growth in Ashland, they are all addressed either directly or in passing in this chapter of the comprehensive plan.

DEVELOPMENT OF ASHLAND'S ECONOMY SINCE 1980 (7.01.03)

Table VII-1 reports the number of firms and total employment in major business sectors as a percentage of 1980 for Oregon and Jackson County. The table demonstrates that Oregon's economy has recovered from the recession it was entering when the last Ashland Comprehensive Plan was written, and that Jackson County's economy has grown more rapidly than the Oregon economy as a whole. In all sectors the recovery was accompanied by a more rapid increase in the number of firms than in employment. This means that firms in both Oregon and Jackson county are smaller, more efficient in their use of labor, and more specialized than they were before the recession of the early 1980's. The bulk of this growth has been in retail trade, transportation and utilities, and services. The extraordinary growth of transportation and utilities and of retail trade explain most of the excess in Jackson County's growth relative to the State.

Reflecting a national trend, Ashland's rising share of employment is tied to increased numbers of small, innovative firms.

TABLE VII-1
INDICES OF CHANGE, OREGON AND JACKSON COUNTY
MAJOR BUSINESS DIVISIONS, OREGON AND JACKSON COUNTY
(1980=100)

	Oregon				Jackson County			
	# Firms		# Employees		# Firms		# Employees	
	1982	1986	1982	1986	1982	1986	1982	1986
Agriculture	99	144	82	113	106	–	42	64
Construction	75	91	66	67	73	97	49	65
Manufactur	99	116	84	88	92	119	77	106
of which								
Wood Products	92	109	72	86	84	94	68	100
Trans. & Utilities	102	127	94	120	120	172	106	138
Wholesale	102	110	93	100	95	104	83	88
Retail	104	116	94	101	105	127	94	106
F.I.R.E	95	101	94	95	94	112	101	103
Services	111	140	102	123	112	139	105	123
of which Hotels	103	113	84	94	110	108	112	78
Total	**97**	**123**	**90**	**100**	**97**	**133**	**89**	**108**

Quality of life is a major factor in attracting Ashland's tourists who provide the "export" market for its services and retail businesses.

The growth of services in Jackson County has been essentially identical to the State pattern. Some of Jackson County's relative strength has also come from non-timber manufacturing and real-estate and financial services. The number of firms and employees in the timber industry has stagnated since 1980.

ASHLAND'S ECONOMY AND STATE AND NATIONAL TRENDS (7.01.04)

Reflecting a national trend, Ashland's rising share of employment is tied to increased numbers of small, innovative firms. While a significant proportion of this employment has shifted to the retail and service sectors, the economy has become more diverse over the last decade. While on the one hand this implies successful adjustment to a changing economy, it also implies that a larger share of the workforce is taking greater personal risk in setting up businesses than was the case in 1980. These risks include, for example, the loss of health care and retirement benefits formerly provided by large employers.

ASHLAND'S PRINCIPAL ECONOMIC RESOURCES (7.01.05)

Ashland has built its economy on a resource base of timber, favorable climate, attractive landscape, cultural attractions, a well-educated labor force, and education. In addition, Ashland's location on Interstate 5 and the Southern Pacific Railroad, and its proximity to the Medford Airport give it market access that is more favorable than usual for a rural town.

The timber resource is expected to decrease in importance in the future, thus Ashland's remaining resources for growth are its people and quality of life. These factors have been identified by economic geographers as essential to attracting the small, relatively non-polluting, "footloose" industries that are expected to provide the motor of growth for the future. (Footloose industries are businesses that, because the raw material required is small, and the product is of high value and light weight, are not constrained by either resources or markets to a location, but are free to locate in many areas.) Quality of life is a major factor in attracting Ashland's tourists who provide the "export" market for its services and retail businesses.

ECONOMIC MAKE-UP (7.01.06)

The attempt to predict the future growth needs of Ashland's economy is seated in two assumptions: that the future economy will, for the most part, grow organically from the present economy and that the local economy will inevitably respond to external trends. Consequently, an accurate description of the kind of businesses that provide employment in Ashland is one of two essential footings for understanding the City's economy; the second is knowledge of the internal and external trends affecting the city.

TABLE VII-2
ASHLAND EMPLOYMENT BY BUSINESS SIZE

# of Employees	# of Firms	Employment Total	% of Total Employment	Cumlative % Total Employ
1	533	533	8.7	8.7
2-5	432	1153	17.1	25.8
6-10	107	831	13.7	39.5
11-15	48	600	9.9	49.4
16-20	14	251	4.1	53.2
21-30	19	466	7.7	61.2
31-50	18	718	11.9	73.1
51-100	2	160	2.6	75.7
101-150	4	514	8.3	84.0
151-400	1	284	4.5	88.5
>400	1	539	8.9	97.4

Employment in Ashland's businesses is described by size and kind in Tables VII-2 and VII-3. These tables were compiled from data gathered in July 1989, in a special inventory of Ashland businesses, based on records from the State Employment Division, Ashland Business Licenses, and the local Polk's and U.S. West directories.

Total employment in the City in 1989 was 6,049, a 7.7% increase from 1980, when the employment total reported in the 1982 Economic Element was 5619. During the same period, population increased in Ashland by 12%. The goal of the 1982 plan was for the increase in jobs to be slightly higher than the population increase. The employment goal of the 1982 plan was missed by about 300 jobs.

TABLE VII-3
NUMBER OF FIRMS AND EMPLOYMENT
BY INDUSTRIAL DIVISIONS — ASHLAND, 1989

	Number of Firms		Number of Employees	
	#	%	#	%
Agriculture, Forestry, Fishing	38	3.2	124	2.0
Contract Const.	122	10.3	289	4.8
Manufacturing	56	4.7	508	8.4
of which Wood Products	17	1.4	245	4.0
Trans, Comm, Utilities	26	2.2	85	1.4
Wholesale	39	3.3	127	2.0
Retail	301	25.5	2081	34.0
Finances, Insurance, & Real Estate	100	8.5	228	4.0
Services	467	40.0	2424	40.0
Public Admin.	2	0.2	159	2.6
Non Classified	15	1.3	23	0.4
Total	**1179**	**100.0**	**6049**	**100.0**

7.02 The Major Economic Sectors

RETAIL TRADE (7.02.01)

Ashland's retail trade consists of local sales to the resident population, retail sales made to the regional shopper, and retail sales to the tourist population. The percentage of retail sales to tourists is difficult to determine, and varied by business type, time of year, and location in the city. However, it can be estimated by sector, as was done in Table VII-4. The 1987 Census of Retail Trade and estimates of tourist trade in the various segments indicate that about 19% of all retail trade is tourist based.

Ashland's auto sales area north of the City limits is in the Urban Growth Boundary, and is part of Ashland's commercial enterprises.

Ashland lacks sales of relatively expensive items, such as furniture, and major appliances. These tend to be located in Medford, as its location provides an advantage to this market segment. The exception is in auto sales. Ashland's auto sales area north of the City limits is in the Urban Growth Boundary, and is part of Ashland's commercial enterprises. It forms a strong regional retailing center in its own right, with total gross sales of $50 million in 1989 (It was about $35 million in 1987 when the last economic Census was taken.).[4]

TABLE VII-4
COMPOSITION OF RETAIL TRADE PERCENTAGE THAT IS TOURISM BASED

Category	Amount	% Tourist	$ Tourist
Building Materials	4,255	0%	0
Food Stores	25,876	10%	2,688
Gasoline Stations	8,071	20%	1,614
Apparel	4,209	50%	2,105
Furniture	2,916	0%	0
Eating & Drinking	12,638	50%	6,342
Drug Stores	2,609	10%	261
All Others	13,663	10%	1,366

Total Percentage based on Toursim: 19%

Retail Sales from U.S. Bureau of Census
1987 Census of Retail Trade
Percentage of sales to tourists based on Planning Division Estimates.

While auto sales was not reported as Ashland sales in the 1987 Census data because these areas are outside the City limits, some auto sale data may have been erroneously included as there was one firm listed as auto sales. The amount is unknown because of disclosure rules.

Using data from the 1987 Census of Retail Trade and comparing Ashland to other Oregon cities of similar size, Ashland's total retail gross seems low, even when accounting for the unreported auto sales. According to the Census, Ashland has only $75 million in retail sales, and a population 16,740 or about $4,500 dollars per capita, and about $110 million when accounting for the auto sales that are a part of our local market area. Grants Pass, on the other hand, has gross sales of $302 million, Roseburg has $301 million, and Klamath Falls has $223 million. All are of a similar size to Ashland, but have larger market areas. Other cities that have retail sales that are similar in size to Ashland's are Redmond ($81 million, population 7,000), Hood River ($72 million, population 4,640), Cottage Grove ($67 million, population 6,945), Lebanon ($77 million, population 10,485) and Forest Grove ($72 million, population 12,180). Ashland's total sales are similar to cities with smaller populations. Compared to the 1977 Census, Ashland's percentage of retail sales in Jackson County has fallen from 7.9% of total sales to 7.2%, while Ashland's total sales in proportion to retail sales in Medford, Grants Pass, Roseburg, Redmond, and Klamath Falls has risen.

The City's inventory accounted for 2,081 retail employees, and the Census reports only 1,278. While our survey also counted businesses that are within the Urban Growth Boundary but outside the City Limits, this does not account for the entire difference. There are other problems with the Census Data as well. For example, the Census reports that Ashland has a total gross of $12 million dollars for Ashland's 61 restaurants, or less than $200,000 annual gross average per restaurant. A city like Woodburn, that has only 27 restaurants and no tourism, reports a gross of $10 million, or almost $400,000 per restaurant average. This leads us to believe that there is significant under-reporting of Ashland's retail economy in the Census figures. However, this under-reporting probably takes place in small businesses because the Census directly surveys only large employers, and only samples small employers. As 35% of Ashland retail businesses employ less than 10 people, this may account for some of the difference between Ashland and other cities.

The conclusions that one could draw from this is that either the Census is erroneous, or that Ashland's retail trade is unusually low for a city our size. Probably there is some truth to both conclusions. Ashland appears to lack the type of retail trade that is characterized by high volume and discount pricing. While the Census appears suspect, Ashland has experienced very little new construction of retail buildings in the 1980's, the last major construction occurring in the late 1970's. One may conclude that there is room for growth of Ashland's retail sector.

SERVICE SECTOR (7.02.02)

Ashland's services has grown considerably in the past decade. Using Census figures, total sales in the service sector increased from $4.7 million in 1977 ($8.3 million when adjusted for inflation to 1987 dollars) to $30 million annually in 1987. Even in this Census of Service Industries there appears to be under reporting of data. The 1982 figure for lodging services was $5.2 million, and the 1987 figure was little more, only $5.5 million. During the same period, Ashland lodging units increased from 669 to 943 units. Income from the 6% lodging tax charged by the City increased from $200,000 annually to $300,000. As this five year period saw an increase of 50% in tax receipts and units in Ashland, it stands to reason that the lodging sector is under reported in the Census figures because, again, small businesses, like bed and breakfasts, are not well-represented. This leads us to believe that the entire services sector is under reported. However, Ashland's provides a greater proportion of County services than retail trade. While in 1987 Ashland accounted for about 7.2% of County retail trade, it accounts for 11.6% of County service trade, according to the Bureau of the Census.

TABLE VII-5
ASHLAND MANUFACTURING FIRMS

Manufacturing Type	Number of Firms		Number of Employees	
	#	%	#	%
Food & Related Products	10	13.7	28	5.0
Fabric & Textile	2	2.7	7	1.3
Industrial or Medical	7	9.6	59	10.7
Wood Products	17	23.3	285	51.8
Furniture	3	4.1	3	0.5
Publishing (Print, Video)	21	28.8	103	18.7
Plastics, Ceramics, Steel	6	8.2	19	3.5
Jewelry Manufacture	3	4.1	27	4.9
Other	4	5.5	19	3.5
Total	**73**	**100**	**550**	**99.9**

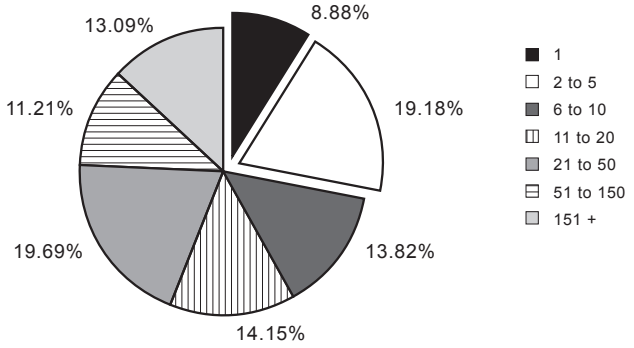
MANUFACTURING (7.02.03)

The composition of Ashland's manufacturing sector is displayed in Table VII-5. Ashland has some 65-70 firms engaged in manufacturing. About 70% of these firms engage in non-timber manufacturing; most are small and quite young. One-seventh produce food or related products, one-quarter produces wood products other than plywood or lumber and another quarter is engaged in publishing in printed or electronic media. The remainder are divided up among steel fabricators (3 firms), industrial supply, textile, medical supply manufactures and manufacturers of toys and consumer novelties. In addition, several firms which manufacture computer software or peripheral equipment have moved to Ashland in recent years. Together, these firms employ roughly 300 people, and have provided the major growth in Ashland's manufacturing sector, offsetting the loss of jobs in the wood products sector since 1980.

In 1980, Ashland's manufacturing sector employed 500 persons, 80% in wood products manufacturing. In 1989, the manufacturing sector employed 550 persons, or 10% more, but the wood products sector had dropped to 285, or only 55%. While the wood products employment in the City has shrunk by 115 jobs, non-wood products manufacturing has expanded by 165 jobs.

Of special note is that most of the City's manufacturing growth occurred on land that was set aside in 1980, and zoned "Employment". The two areas where this growth has provided the most employment, developed with City stimulation. It is probable that with an indifferent or passive City role, there would have been much less growth in this area.

ASHLAND EMPLOYMENT 1989 BY SIZE OF FIRM



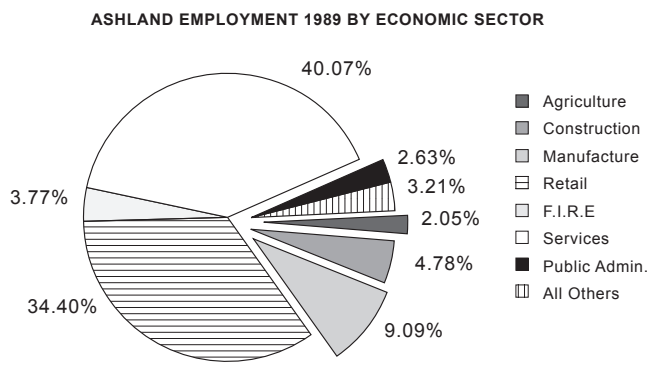
7.03 Ashland's Employment

EMPLOYMENT BY BUSINESS SIZE (7.03.01)

Table VII-2 illustrates Ashland's employment by business size. Exclusive of the education sector and employees of the City government, 28% of Ashland's employment is in firms of fewer than six employees, 16% in firms of six to ten employees, 22% in firms of 11 to 25, 17% in firms of 26 to 50, and 13% in firms of over 50 employees; fully two-thirds of employment is in firms of 25 or fewer employees. Southern Oregon State College (SOSC) employs some 539 people, Oregon Shakespeare Festival (OSF) employs over 400, public schools employ some 200, the Community Hospital employs 148, and the City government, 1597. The ten largest employers that are privately owned are fairly representative of Ashland's business variety: two in wood products other than furniture, a motel, two car dealerships, two grocery stores, a newspaper, a restaurant and a commercial bakery. Three of the ten largest private sector employers are locally owned. Except for the wood-products firms and the motel, these businesses cater primarily to local clients.

EMPLOYMENT BY BUSINESS TYPE (7.03.02)

Table VII-3 which is compiled from City inventory data, describes the proportion of Ashland's employment in each business sector. Ashland had a total



employment of 6,049 in 1989, compared to 51,670 for Jackson County (Total wage and salary, March 1989). Ashland accounts for about 11.7% of County employment, slightly above our percentage of County population (11.5%). According to this inventory, three-quarters of Ashland's employment come from the services and retailing sector, with services at 40%, and retail trade at 34%. This proportion is high compared to both the State and the County pattern, where in 1986 (the most recent year for which the statistics are available) these sectors represented 26.7% (services) and 23.2% (retail) for the State, and 25% (services) and 29% (retail) for the County.

Normally, such high percentages of employment in these sectors would be a source of concern because these businesses sell relatively small proportions of their products outside the region. Consequently they

Ashland's overall employment varies throughout the year, with peak employment occurring in September and the lowest levels of employment in January.

Fewer Ashland workers drive to work alone, and many more carpool, walk, bike, or work at home.

stimulate few imports and thus limit the variety of goods in the region. However, the situation in Ashland is not average, as the College accounts for 12% of total employment in the City, or about one third of the service sector employment. The non-college service sector employment, 28%, is close to both State and County norms. The college employment can be considered export employment, since most of the money for the college comes from outside the region, and is similar in its economic effect to a manufacturing facility that markets its product outside the region.

SEASONALITY OF EMPLOYMENT IN ASHLAND (7.03.03)

Ashland's employment figures were checked for annual variation using State of Oregon Employment Division figures. Ashland's overall employment varies throughout the year, with peak employment occurring in September and the lowest levels of employment in January. The lowest month was 11% less than that of the peak month. Jackson County shows a greater seasonal variation, with the lowest month being 21% less than the peak month. Therefore, while some tourist related jobs are seasonal, the City's total employment picture is fairly stable year round, and is more stable than Jackson County as a whole.

RESIDENCY OF ASHLAND EMPLOYEES (7.03.04)

In 1980, 64% of persons in the workforce who lived in Ashland worked in Ashland. Most of the rest worked in Jackson county. This seems to have changed little by 1990. While the 1990 Census will give the definitive answer as to whether Ashland employment has moved out of the City, two recent surveys of home owners by Southern Oregon Regional Services Institute (SORSI) indicate that the percentage of persons who both live and work in Ashland has not changed dramatically. The first survey, of persons who purchased homes in Ashland in 1987 and 1988, showed that 64% worked in Ashland. The second survey, a random sample of all homeowners in Ashland, again showed that 64% worked in Ashland. While the fact that the percentages are exactly the same in all three data sources is coincidental, the data suggest that new residents, Ashland home-owners, and the population at large are similar in the location of their employment.

MODE OF TRAVEL TO WORK BY ASHLAND EMPLOYEES (7.03.05)

One fact that is unusual about Ashland is the method of travel to work by Ashland workers. Table VII-8 shows Ashland workers compared to Medford workers. It shows that fewer Ashland workers drive to

work alone, and many more carpool, walk, bike, or work at home. This is significant, as this factor contributes to a host of related subjects, such as traffic density, air pollution, and the importance of pedestrian and bikeways to the local population.

The pattern of metropolitan areas developing suburbs which provide housing, but little employment, and central cities which provide jobs but house only the poorest residents, and the pattern of choosing to travel to work in a single-occupancy vehicle is the cause of many urban problems and national problems, ranging from pollution, dependance on foreign oil, and the balance of trade deficit. Ashland has largely avoided this pattern, and the trend of employees choosing to travel to work by means other than private, unshared cars should be encouraged. In fact, if the 36% who commute is removed from the data, 30% of the people who live and work in the City either walk or bike to work.

We believe this is the result of three major factors. First, Ashland is compact in form, with residences and places of employment closely juxtaposed in much of the City. Second, it is hard to find parking downtown and at the College, two of Ashland's major sources of employment. For many, it is simply quicker and less expensive to walk or bike to work. Third, many Ashland citizens are environmentally conscious and are willing to change to a less energy consuming and polluting lifestyle when it is made reasonably convenient. Therefore, the City should pursue policies that make these alternatives convenient.

TABLE VII-6
MODE OF TRAVEL TO WORK
ASHLAND AND MEDFORD, 1989

	Ashland		Medford	
	#	%	#	%
Drive Alone	3640	57.26%	11900	75.55%
Carpool	1148	18.06%	2100	13.33%
Public Transit	88	1.38%	78	0.50%
Walk	926	14.57%	850	5.40%
Other (Bike)	321	5.05%	557	3.54%
Work at Home	234	3.68%	267	1.70%
Total	**6357**		**15752**	

7.04 Land Use and the Economy

LOCATION OF ASHLAND'S ECONOMIC SECTORS (7.04.01)

Ashland enjoys a diversity of locations for economic activity. The Downtown area, the first and most important area of economic activity for the City, is the heart of the City. It provides a variety of retail goods and services, and also serves as the center of tourist activity in the City. The Ashland Downtown Plan, adopted by the City in 1988, provides a guiding document for development of this area.

Adjacent to this area is the Railroad District, another historic commercial center that has declined with the

Siskiyou Boulevard has scattered commercial and institutional development from the City limits to the downtown. Like North Main, the mix of residential use with limited commercial development enhance the community's appearance.

railroad's importance. The commercial area along A Street has had a resurgence of activity in recent years, as this area offers the same convenient location as downtown, but substantially lowers land costs and rents. It is a mixed use area, providing a variety of retail, service, industrial, warehouse, and residential uses, sometimes in the same building!

North of the railroad district is the Hersey Street industrial area, which extends from Laurel Street to Ann Street. This area features mostly manufacturing and service related industries. Hersey Street here forms a border between a residential area and a manufacturing and commercial area, so uses at the edges sometimes cause conflicts, such as complaints of noise and dust. New uses should be encouraged to be relatively quiet, and this border is a favorable location for mixed uses to ease the transition between the commercial and residential uses.

North Main, from the downtown to the north City limits, is an area of mixed development. Some commercial development has occurred and additional commercially zoned land exists. Restrictive zoning has prevented contiguous strip commercial development from occurring along Main Street, but older buildings have been renovated and new structures built under conditional use permits. Further north, the Valley View commercial area provides important retail activity. It is outside the City limits, but inside the Urban Growth Boundary. The strongest activity in this area is automobile sales. This area is well located for its market, convenient to the freeway, away from the downtown, and allows a land intensive use in an area which does not disrupt the rest of the City. Because of its location on County land, site review standards similar to Ashland's are enforced by the County, and the appearance of developments in this area has improved in the past 10 years. This area has one of the largest retail grosses in Ashland, reportedly accounting for $50 million in sales in 1989[8].

Siskiyou Boulevard has scattered commercial and institutional development from the City limits to the downtown. Like North Main, the mix of residential use with limited commercial development enhance the community's appearance. A major center of activity is the College and associated motel and retail development across the street. South of Ashland Street extending to Walker Street is a commercial retail area. South of Walker a mixture of neighborhood retail and residential development dominate the landscape.

Ashland Street is Ashland's "other" commercial area. Once just the highway to Klamath Falls, the road began developing in earnest with the completion of

the I-5 freeway and the interchange at the intersection of Highway 66 and I-5. This area has continued to develop, and now represents much of the newer commercial area of the City. Located here are small commercial businesses interspersed with three small shopping centers, some office uses, a major convention center in this corridor, and traveler's services clustered around the freeway interchange. The major employers are traveler's accommodations, restaurants, and retailers.

The City's largest area of manufacturing employment is the Mistletoe-Washington Street area. This large area, bounded by the freeway on the east, the Railroad tracks and Tolman Creek Road on the west, Ashland Street on the north, and Siskiyou Boulevard on the south is the largest area of private sector non-retail employment in the City. In addition, it contains ample land to support development of this kind for the foreseeable future. Major employers in the area are Croman Corp., Ashland's largest manufacturing employer and the only remaining sawmill, the Forest Service's Ashland Ranger District, and a variety of small specialty firms.

In addition, significant economic activity occurs in the form of home occupations throughout the City. Many of Ashland's most successful firms began as home occupations, and when they outgrew their homes, moved to larger facilities. Others are content to remain at a size that is appropriate to the residential districts within which they are located. The policy of permitting home occupations provides an important opportunity for small businesses to start up with a minimum of cost and risk, and can be thought of as an incubator for new ideas and concepts in Ashland's economic life.

Many of Ashland's most successful firms began as home occupations, and when they outgrew their homes, moved to larger facilities.

SURVEY OF COMMERCIAL, EMPLOYMENT AND MANUFACTURING LANDS (7.04.02)

Jackson County Tax Assessor records were examined to provide information on the size and value of Ashland's economic areas. Ashland presently has three zones mostly devoted to economic enterprises. They are Commercial, used mostly for retail and services, Manufacturing, for industrial uses, and Employment, a combination of the two that allows for a wide variety of uses while providing for site review to ensure neighborhood compatibility and aesthetic design.

The 72 acres of developed commercial land contain the largest amount of building improvements and building value. There are 1,156,000 square feet of commercial buildings in Ashland in 1989, according to the Jackson County Assessor. The improvements are valued at $39 million and the land at $17 million.

The City's regulations should strive to provide clear guidance, and assure that most decisions are predictable, clear, and based on objective, measurable criteria.

As of July, 1990, there were 31 acres of vacant land zoned C-1, and 0.4 acres of vacant land zoned C1-D, which is a special downtown overlay zone. Twelve of the vacant C-1 acres are contained on hilly land north of Ashland Hills Inn, which has limited potential for many retail and service uses. All the vacant land has access to adequate public services.

The City has 45 acres of developed Manufacturing areas, but only 61,000 square feet of buildings are reported in the Jackson County Assessor's office. There are many special purpose structures, such as wood kilns and some manufacturing buildings which are not included in these totals. Manufacturing lands are assessed at $8.6 million, and the improvements at $1 million. The only area of vacant land zoned M-1 is a 21 acre parcel of land south of Hersey Street which is owned by the Southern Pacific Railroad, but is currently for sale. The property has access to services but has limited transportation access at present.

While 79 acres have been developed in Employment uses, the total building square footage is only 400,000 square feet. The buildings are valued at $9.5 million, and the land at $7 million. As of July 1990, 90 acres zoned E-1 remained vacant within the City limits. Fifty-two acres have immediate access to services, 16 acres can be provided services within one year, and 22 acres are associated with the Ashland Airport and have development potential only for airport specialized uses. Details of the City's vacant land survey are contained in the report "Vacant Land in Ashland, July 1990".

GENERAL LAND USE PHILOSOPHY (7.04.03)

Zoning should encourage a heterogenous mixture of uses, including, where appropriate, residential uses. While residential uses are appropriate in some areas, those areas reserved for heavier industrial uses should be identified exclusively for economic activities. In addition to the existing centers of economic activity, small, neighborhood scale retail areas, and small employment uses should be permitted to mix with high density residential uses in areas that are impacted with heavy traffic.

It is important for the City's overall economic health that a high standard of architectural design, sign control, and landscaping be required of new developments. While this is most important in areas that are highly visible or in buffer residential areas, it can also be applied to industrial parks and similar areas.

Finally, Ashland's private sector functions best when there are clearly defined rules stating what can and cannot be done. The City's regulations should strive to provide clear guidance, and assure that most decisions are predictable, clear, and based on objective, measurable criteria.

Ashland's current regulations can be characterized as rigorous, and the public process for achieving approval can be daunting. While most would agree that Ashland's land use regulations should protect the public interest and assure quality development, the current process is in need of reform. What is needed is clearer, more objective standards that involve less discretion, especially in the realm of land use approvals in the planning process. The uncertainty of the planning process is more harmful to economic development than even a rigorous set of definitive regulations. Entrepreneurs are already beset with a large risk in starting or moving a business, and uncertainty in the City's process will chill the expansion of business in the City. The City should revise its regulations and develop standards which clearly delineate the proper realm for public regulation, and to provide a predictable outcome to the approval process when standards are met.

What is needed to encourage the location of new firms or the expansion of existing firms is the availability of reasonably priced, fully serviced lots with flexible zoning regulations. A quick and relatively certain approval process assures that projects can develop rapidly, taking advantage of market opportunities in a timely fashion. This can be accomplished without compromising Ashland's high standards for development. Therefore, the continued annexation, subdivision, and development of Commercial and Employment land is essential to the continued health of the local economy. The City can do much to assist in this process.

7.05 The Future

ASHLAND'S FUTURE POPULATION AND THE LABOR FORCE (7.05.01)

Changes in Ashland's population structure projected in Chapter Five of the Comprehensive Plan indicate that between now and 2005, the greatest proportionate population increase will occur in the 35-65 year old age group, that is, the mature work force. This increase of about 1,200 people among that segment of the population in its' most productive years could, of itself, raise Ashland's income levels. This is especially likely if they are encouraged to take advantage of the economic opportunities presented by the changing national and regional economy as these become more internationalized and more dependent upon the rapid flow of reliable information and its timely interpretation and analysis.

A large percentage of Ashland's population has long been college students aged 18-22 years. Over the next several years college enrollments are expected to grow less rapidly than the city's population, both because of enrollment caps and because of a declining number of high school graduates in the college's traditional service area[9]. The student population is also expected

One of the most important things that the community can do, both to assure the retention of its mature workers and to enhance their productivity and earnings, is to foster communication and innovations that take advantage of developing economic opportunities.

to include an increasing share of mature students returning to college after a period of time in the workforce. Therefore, student population can be expected to depress average earnings less in the future than has been the case in the past. Because the student population is likely to be a smaller proportion of the total and because more students will be earning family wages, Ashland's mean household income should rise over the next few years due to demographic changes alone. Failure to observe such a rise in the future should be a matter of concern.

The increase in numbers of mature workers (ages 35-65) implies that the economy will need to offer both a variety of satisfying jobs and a continued high quality of life in order to retain its workforce. One of the most important things that the community can do, both to assure the retention of its mature workers and to enhance their productivity and earnings, is to foster communication and innovations that take advantage of developing economic opportunities. In this process, SOSC could be an invaluable asset, and so will the best possible facilities for transportation and communications, both within the region and to other parts of the world.

Table VII-7 projects Ashland's retiree population and compares expectations for Ashland to those of Medford and the rest of the county. There are three reasons not to expect retirees to become a major force in Ashland's economy over the next fifteen years. First, over the last thirty years, the percentage of Ashland residents who are retired has not increased, but remained constant; or perhaps even decreased.[10]

TABLE VII-7
RETIREE POPULATION PROJECTIONS

Year	Jackson County		Ashland		Ashland (Fergo & Reid)	
	Total	Retiree	Total	Retiree	Total	Retiree
1985	137,900	19,975	15,860	1,982	NA	NA
1990	148,100	20,962	16,630	2,078	17,172	2,146
1995	161,500	22,468	17,507	2,188	18,164	2,270
2000	175,000	23,576	18,384	2,298	19,056	2,382
2005	NA	NA	19,261	2,407	19,995	2,499

Note: Jackson County projections are from "Oregon and Its Counties: 1980-2000, "Center for Population Research and Census, School of Urban and Public Affairs, Portland State University. Ashland projections are derived from the present research and assuming percentage retiree to be 12.5%.

Second, the cohort that appears to be responsible for most of Ashland's growth in the past ten years, the "baby boomers", will not yet be entering retirement age by the end of this planning period. Third, the erosion of Ashland's retirement population relative to Medford and the rest of Jackson county can be expected to continue in light of the rapid increases in real-estate values expected for Ashland, especially if these increases continue to be greater than the increases in the rest of the county.

FUTURE EMPLOYMENT DISTRIBUTION (7.05.02)

If there were to be no change in Ashland's employment structure between now and 2005, additional jobs would be distributed in the same proportion as currently, with three-quarters of the growth in Services and Retail trade.

This appears to be the inevitable case. The Bonneville Power Administration 1990 Coordination Agreement Forecast has projected that in the Pacific Northwest Region, total job growth will be 21% between 1988 and 1998—somewhat faster than what Ashland has projected for our local economy (16% in the same period). Only 7% of the regional job growth was projected to come from manufacturing. 3.1% was to come from construction, 33% from services, 32% from wholesale and retail, and 25% from other non-manufacturing. Therefore, it seems likely that in the year 2005, Ashland will have the same or even greater proportion of jobs in services and retail.

TABLE VII-8
SORSI/SOVA TOURISM DATA AND MODEL

Accomodation Type for those who stayed in Ashland:	
Hotel or Motel	54.4%
Bed & Breakfast	13.7%
Camping	6.2%
Friends or Relatives	16.2%
Other	9.1%
Toursim Model and Estimates (benchmark year: 1989)	
Total Rooms Rented to Tourists:	
Summer (June - Sept.)	91,800
Non Summer	80,850
Total Hotel Rooms	172,650
Number of Hotel Visitor Days	
Summer (Party 2.5)	229,500
Non Summer (Party 2.0)	161,700
Total Hotel Visitor Days	391,200
Total Hotel Visitors	
Summer (3 days)	76,500
Non Summer (2 days)	80,850
Total	157,350
Total Ashland Visitors	
Summer (31% Non-hotel)	110,870
Non Summer (25% Non-hotel)	107,800
Business & Other Visitors	40,000
Total Annual Visitors	**258,670**

All of Ashland's commercial and industrial land resource either has or has access to adequate sewer, water, transportation, and storm drainage.

The tourist sector, unlike other divisions of the economy, is defined not by product, but by market. Consequently, a large variety of activities cater, at least in part, to tourists.

7.06 Future Growth and Development of Ashland's Economic Bases

GENERAL (7.06.01)

While Ashland has qualities that make it attractive to many businesses, it is not a suitable location for some industries. Businesses, such as fruit packing plants which consume large quantities of water, plants which produce large amounts of air pollution, or petrochemical plants which produce toxic wastes, would not be welcome, and could cause disruption of public services.

With the exception of these types of industries, Ashland can provide for the lands set aside for commercial and industrial development, all key public facilities. All of Ashland's commercial and industrial land resource either has or has access to adequate sewer, water, transportation, and storm drainage.

TOURISM (7.06.02)

Ashland has a large number of visitors every year. Some of these are tourists, but not all. Visitors include tourists, persons attending conventions held in the City, business travelers here on business activity, persons visiting relatives, and travelers simply spending the night before heading on their way. The tourist industry, therefore, may concentrate on the tourist as many people assume they are, but also serve the other visitors in varying degrees.

From 1981 to 1989, OSF increased attendance by 30%, from 264,000 in 1980 to 344,000 in 1990. During the same period, total hotel rooms sold in Ashland increased by 173% — from 90,753 in 1981 to 247,624 in 1989. The increase in hotel rooms was much greater than the increase in attendance at OSF. Some of the possible reasons that this occurred was that many patrons for OSF were previously staying in other accommodations in Jackson County, and also, a growing percentage of tourism is independent of OSF.

In 1990, the Southern Oregon Visitor's Association (SOVA) contracted with the Southern Oregon Regional Services Institute (SORSI) to conduct research on tourism in Jackson County. Rebecca Reid was the primary researcher for this project. The results shed some new light on the nature of tourism in Jackson County and Ashland.

Extensive interviews were conducted with 434 visitors to the area in Lithia Park from the period from June through September in 1990. Of the persons interviewed, only 227, or 52%, were staying the night in Ashland. Off these, 15% stayed with friends or relatives, 7% were camping, 9% stayed at other accommodations (such as the youth hostel), 13% stayed at a bed and breakfast inn, and 56% were in motel or hotel lodging.

Using this data, and other data gathered from the survey, Reid built a model of visitor census in Ashland. The model's results are contained in Table VII-8. It shows that Ashland has a total visitor population of 258,670, with about one half occurring during the summer months.

For the past 20 years, increases in the annual sales of tickets to OSF performances has been considered the primary reason more tourists were coming to Ashland. However, as the tourism industry and OSF matured, this correlation has become looser. In the plan period, OSF plans only minor increases in total annual sales, on the order of 5% or less. In addition, other attractions in the area have increased, and will continue to cause the tourist census to increase, albeit at a slower rate than the last 20 years. Richards and Pirsadeth[11], in their study of the Ashland economy, estimated that Ashland tourism would increase by 42% by the year 2005 independent of increases in ticket sales at OSF. Therefore, total tourist census projected in the year 2005 would be 310,000 annually[12].

Actual tourist activity will depend equally on what is done in Ashland to attract and accommodate tourists. Inevitably, programs implemented successfully to maintain the local quality of life will also attract tourists, but independent of policies designed for the benefit of residents, the city's community and government can act both to promote tourism and to maintain adequate city services and resources. Projects such as the proposed Pacific Institute of Natural Sciences or "off-Shakespeare" theater productions will go a long way toward supplying the tourist attraction required to meet the projected demand[13].

Since they are almost 1,000 rooms in Ashland and the immediately surrounding area, an additional 420 rooms would be needed to meet this demand, if no steps are undertaken to expand the length of the tourist season or otherwise alter today's occupancy rates. At about 950 square feet of gross land area per room, including amenities such as laundry and parking, this implies an additional 9.5 acres for hotels and motels. Different densities of land use resulting from different architectural design in the industry would, of course, lead to different land requirements.

The tourist sector, unlike other divisions of the economy, is defined not by product, but by market. Consequently, a large variety of activities cater, at least in part, to tourists. The tourist proportion of a community's trade is significant because it allows the community to "import" goods and services from beyond its boundaries. Tourism can also be beneficial because tourists patronize a wide variety of establishments and consequently contribute to diversification of the goods and products produced locally. Tourism thus promotes

When businesses that cater substantially to tourists are examined, it is immediately apparent that the proportion of an establishment's trade that is due to tourism varies significantly both with business type and with individual establishments in a given trade.

The future economy will rely on information services as much as raw and finished materials, and Ashland, with its highly educated work force, will be in an excellent position to capitalize on this expanding market.

specialization in production and consumption of a greater variety of goods than the community itself can efficiently produce. When businesses that cater substantially to tourists are examined, it is immediately apparent that the proportion of an establishment's trade that is due to tourism varies significantly both with business type and with individual establishments in a given trade.

Among establishments associated with the tourist trade, those that cater most nearly exclusively to tourists are the hotels, motels and inns. There are no exact figures, but it is likely that 85% or more of their business can be classified as tourist trade. This proportion can be expected to be lower, but still substantial in the entertainment, restaurant and retail trades.

To test the popular notion that Ashland, due to heavy tourist traffic, has more than its share of restaurants, Table VII-9 compares the number of restaurants in Ashland to the number in other Oregon cities of comparable size. In fact, Ashland has fewer restaurants per resident than Grants Pass, Roseburg, or Klamath Falls. Cities of comparable size with equal or fewer restaurants per person are the suburban towns in the Portland metropolitan area, Milwaukie and Oregon City. The reasons for Ashland's position in this comparison should be investigated, as the logical conclusion, that Ashland residents eat out less often than people elsewhere, invites explanation. This could be explained by the large proportion of relatively expensive restaurants which could invite opportunities for inexpensive restaurants directed at the local resident.

TABLE VII-9
RESTAURANTS IN ASHLAND AND COMPARABLE CITIES

Town	Population	Restaurants	Restaurants per Capita
Grants Pass	16,930	94	.0056
Bend	18,970	96	.0051
Roseberg	16,240	76	.0047
Klamath Falls	17,430	81	.0046
Oregon City	15,030	59	.0039
Ashland	16,310	63	.0039
Milwaulkie	18,435	62	.0034

Restaurant managers were also asked to calculate or estimate the percentage of their total receipts earned in each month of the year. The difference between the minimum month and each of the other months was then calculated and summed, to derive the total seasonality of demand. Seasonal demand was derived in the same way using national statistics for restaurant sales.

The difference between national seasonal variation and local seasonal variation was then calculated and assumed to be attributable exclusively to tourism. This yielded the result that about half of total restaurant sales are due to tourists. Because only 13 of 60 ques-

tionnaires were returned, the survey was unable to prove that the importance of tourists to restaurants varies according to the restaurants' location. However, questionnaires were coded according to area and it appears that downtown restaurants and those north of downtown get about half their business from tourists, those on Siskiyou Boulevard south of the library or near the College depend on tourists for only a tenth of their business, and those on Highway 66 beyond the freeway are even more heavily dependent upon the tourist trade than those downtown.

EDUCATION (7.06.03)

Although the State Board of Higher Education has placed a cap on enrollments at Southern Oregon State College, it is likely that this institution will remain a motor of economic growth for the city through generation of payroll, local purchases by employees and students, enhancement of student abilities to find or make jobs for themselves in Ashland, and as an incubator for innovations and as a favorable attraction for education-intensive firms that may, be considering the move to Ashland. If the College is to become an active force in attracting new industry from outside the region, it needs to develop greater capacity for post-graduate education and research, but only a few such developments can be anticipated in the near future because of limited state resources.

RETAIL SALES AND SERVICES (7.06.04)

Research by John Richards and Hassan Pirsedeth, projected retail sales as a function of population, personal income of residents and tourist census. The results indicate that there could be an increase in retail sales volume of 31% between 1987 and 1992. For every $1000 increase in gross income, Ashland residents increase their retail spending by $249 in Ashland. The average tourist spends $237 in Ashland. Increases in the number of tourists, personal income and the non-student population contribute more to retail sales than do increases in college enrollments[14].

Based on the 1987 Census figures for Retail trade, and the lack of retail construction during the 1980's it appears that Ashland may experience an increase of retailing activity in the next few years, especially retailing directed at the local population. If this happens, it will increase the turnover of local dollars earned from such sources as tourism or manufacturing. Without a significant retail market aimed at local residents, any beneficial growth in manufacturing, for example, will primarily benefit the external retail markets where Ashlanders go to shop. The lack of availability of a sufficient quantity and quality of goods locally has adverse affects in local employment, and increases transportation problems, both locally and regionally. While it is unrealistic to expect that Ashland will capture all local retail sale demand, the

example of other, similarity sized cities in close proximity to major retailing centers indicate that Ashland could expand its local retail market.

Services are well represented in Ashland. While some are low paying, such as the hotel industry, others, such as software services, offer better pay and increasing demand. Many services, such as software development, have markets out of the area, and are essentially exporting their commodities. The future economy will rely on information services as much as raw and finished materials, and Ashland, with its highly educated work force, will be in an excellent position to capitalize on this expanding market. Information essentially has no bulk, transportation costs of the product are insignificant, and it is feasible to conduct a national or international business from a small, rural city. This has as much potential for export based job creation as has light manufacturing.

Another basic need for local retailing is to form traditional retailing centers for neighborhoods. One way to reduce traffic flows on major arterials is to provide local stores oriented to specific neighborhoods. These small centers provide basic goods and services, and also form the focus of neighborhood development. An analysis of Ashland's neighborhoods indicates that three are without neighborhood retailing within convenient walking distance, Quiet Village, North Main/Wimer, and East Main/North Wightman. The Plan and Zoning map should be modified to accommodate more local retail services at locations that are convenient to these neighborhoods.

MANUFACTURING (7.06.05)

There is one mill remaining in Ashland, Crowman Corporation, which produces primary timber products such as lumber. It employs about 130 people. A second mill, Parson's Pine, specializes in remanufacturing odd-cuts of lumber and employs some 90 people. Ashland timber-based manufacturing appears largely to have stabilized since the shake-outs of the early part of the decade. The trend now appears to be for the large resident firms to continue to diversify their product lines and markets without growing rapidly. At the same time, the number of small firms using wood as the basic raw material has been slowly increasing in Ashland over the last ten years.

This information indicates that Ashland-based wood products manufacturers are using inputs more efficiently, diversifying their product lines, adding more value to the products sold, and perhaps reaching broader markets. All of these are healthy trends which should help insulate the local economy from economic shocks in the future. In addition, these trends

should allow moderate growth to continue in the wood products industry, despite gradual timber harvest decline, due to product and process innovations.

Non-timber manufacturing, on the other hand, is one of the few areas where job creation can occur with wages above the county average. For this sector to expand, Ashland needs to encourage the development of flat, inexpensive land that is fully serviced, and to ensure that regulatory involvement is kept simple and predictable in these areas, as business decisions often must be made quickly. The best way to encourage the growth of this sector is by ensuring a high quality of life, and good and efficient provision of city services.

FUTURE LAND NEEDS AND EMPLOYMENT DISTRIBUTION (7.06.06)

Estimating future land needs is both necessary for a Comprehensive Plan, and somewhat risky. The land needs estimate is usually based on the number of employees per acre, and this varies greatly among uses. In addition, there is no standardized database to use for projections, and planners have relied on rules of thumb based on limited surveys. With the knowledge that the land needs can only be estimated, a projection can however be based on future employment.

In the 1982 Comprehensive plan, a figure of 10 employees per acre was used, and it appears to have reasonably served the City as a method of projecting gross land needs. It is similar to figures used by other Oregon cities for industrial needs, as Roseburg uses 8.5 employees per acre, and Albany uses 9.5 in their land needs projections. Commercial land needs are often projected using population, and again, Roseburg uses 1.3 acres per 100 persons, and Albany 1 acre per 100 persons.

Ashland's land use appears to be more intensive than these two cities. Ashland has a total land area of 196 acres developed for commercial and industrial use. This is land solely in private ownership, and an adjustment needs to be made for public roads, easements, and parking lots. As this is about 40% of land use in commercial areas, the total land used by Ashland's economy is 274 acres. This land supports about 4500 employees — Ashland's employment total, not including public sector, non profit, and Valley View Road employees. The resulting ratio is about 16 employees per acre. While this is higher than the projection estimate, it includes areas such as the downtown, which has taken years to develop to its current intensity. Therefore, using 10 employees per acre is a prudent projection assumption.

By applying the present proportion of employed people in Ashland to the projected population in 2005, we can get a general idea of the number of jobs

The exact mix of retailing, services, wholesaling, and manufacturing is impossible to predict and difficult to control, so forecasting should err on the side of allowing ample, rather than restrictive policies for land availability.

that will be needed by 2005. Two estimates can be derived for this proportion, one from State Employment figures for Jackson county, and one from the comprehensive employment data bank compiled for this study. For Ashland, City figures yield 37%, and countywide, the ratio is 39%. Applying these proportions to the expected population of 19,995 for 2005 predicts that employment in Ashland will grow by between 1,350 and 1,750 additional jobs over the next 16 years, representing a yearly growth of less than 2% of the 1989 base. For the projections for land use in the City, the assumption is that Ashland will be close to the countywide employment to population ratios.

An additional 1,750 new jobs translates into a need for about 175 acres of new land area for all commercial, employment, and industrial needs. In addition, 9.5 acres of land would be needed to accommodate tourism needs in the planning period, for a total of 185 acres. However, the employment densities vary tremendously. Retail employment can be from 20 employees an acre in shopping centers to 200 an acre in an employment intensive, downtown use. Industrial needs can range from a high of 35 to 40 employees an acre for labor intensive uses to 1 employee an acre or less for land intensive activities, such as warehousing or transportation related activities. The exact mix of retailing, services, wholesaling, and manufacturing is impossible to predict and difficult to control, so forecasting should err on the side of allowing ample, rather than restrictive policies for land availability. The City should ensure that the Comprehensive plan includes at least 184 acres of land, and also that it include land that is suitable for a range of economic activities, such as retailing, office uses, warehousing, and manufacturing.

Currently the City has 31 acres of Commercial land, 101 acres of land zoned Employment, and 21 acres of vacant Manufacturing land, for a total of 152 acres. This leaves a deficit of 32 acres of land to be provided in the Urban Growth Boundary. With a few minor exceptions, the major area of vacant land is the area bounded by the railroad and the freeway, between Ashland Street (Highway 66) and Crowson Road. This area contains 66 vacant acres. In addition there are another 10 acres vacant in the Urban Growth Boundary (UGB), mostly in the vicinity of Ashland Street and the 1-5 freeway. The total of vacant land in the Urban Growth Boundary, is 106, more than the required 32. Therefore, there is ample land in Ashland's UGB to sustain the local economic expansion anticipated.

While the "extra" 74 acres of land is not needed in an absolute sense, it is all committed to urbanization by the existing land use pattern and the extension of services. For example, most of the vacant land is in the

area bounded by Siskiyou, Crowson, East Main, and Ashland Street. Most of the rest is in theValley View area. Specific uses will need to locate on these lands, and annexations should occur not only because other land is not available in the City, but also because land proposed for annexation meets the specific site requirements of the proposed new use.

ECONOMIC DIVERSIFICATION AND WAGE TRENDS (7.06.07)

Economic diversification is considered essential for the general economic health of a community as it insulates the workforce from cyclical trends in the national economy while helping to maintain a broad base for egalitarian access to amenities.

A review of the sectoral allocation of employment in Ashland (Table VII-3), as stated earlier, demonstrates that the retail trades and services employ an unusually high percentage of job-holders in Ashland, at 34% and 40%, respectively. While these are the sectors that have been growing fastest throughout the county, state and country over the last decade or more, they are the lowest paying sectors outside of agricultures at 64% and 91% of average wage respectively. However, these sectors also contain employment categories that are relatively high on the wage scale, such as the financial, insurance, medical and legal fields, or that provide a fairly good wage and good benefits, such as employment at Southern Oregon State College or a general merchandise department store.

Also, while the retail and service sectors do not always provide a high wage rate, it is beneficial to the community to encourage local retail and service spending, both from an economic and an overall planning perspective. While Ashland has room for growth in this area, these sectors should not be depended upon to provide large numbers of high wage jobs, but rather to provide a few highly paid jobs and a large number of middle to lower income jobs, beneficial to entry level workers, second income earners, students and others who need part time work.

It is evident from wage trends in Jackson County that the services sector enjoyed a slow but steady rise in wages relative to other sectors from 1980 to 1987, and that the wage rate may have stabilized at approximately 90% of average. This has occurred despite the fact that wages in the lodging industry have remained near 40% of the average and it suggests that the service sector has itself been evolving towards higher-value activities. This impression is reinforced by a review of wage growth in finance, insurance and real estate (the “business services” sector), where there has been a generally constant increase in relative wages from below average in 1980 to roughly 10% above average today.

It appears that the City’s best strategy is to anticipate that the majority of job creation will be in the services and retail sector.

Businesses, such as doctors and other medical specialists, and specialty sales such as pharmacies are best located in proximity to the Hospital.

The major employment sectors offering above-average wages are contract construction, manufacturing including wood products, wholesale trade, and transportation, communications and public utilities, in declining order of total employment. Manufacturing wages dropped from 144% of average in 1980, remaining at roughly 130% since 1982, largely as a result of a similar but somewhat more pronounced drop in wood-products wages. The difference between wood products wages and total manufacturing wages has declined considerably over the decade.

Wages have been less stable in the construction industry over the decade than in any other sector outside of agriculture or mining. While employment in the construction industry is currently high, this is a very volatile sector, and depends largely on increased immigration for expansion. Thus construction cannot be considered as a target sector for economic development except to the extent that local firms can compete for jobs elsewhere or replace non-local firms in local construction.

It appears that the City's best strategy is to anticipate that the majority of job creation will be in the services and retail sector. Ashland should work to encourage job creation in the manufacturing sector as well. However, there will not be many of these jobs available in the planning period, and there will be a lot of competition from other communities for them. The best strategy is to encourage service and retail jobs, as well as manufacturing jobs, which pay wages equal to or higher than the County average.

It is important to note, however, that little economic change can occur by discouraging economic activity that is not as desireable as others. While the City may not wish to encourage or give incentives to businesses with low paying jobs, it is counter productive to actively discourage the enterprises that do not desire City help. If such jobs are created, the market place should decide the wage rate. Land use policies that discourage low wage jobs will have little impact, and may prevent start-up operations that eventually would contribute a great deal to the local economy.

SUITABILITY OF VACANT LAND FOR ANTICIPATED USES (7.06.08)

Considering where the job creation is projected to occur, the City's land inventory needs to be analyzed to determine if sufficient land, with the right characteristics, exists for the projected uses. Ashland's vacant land inventory show that the following three general categories exist:

1) Flat land (less than 10% slopes), existing or suitable for creation of large parcels, (greater than

1 acre). Total acreage that fits this category is 133 acres in the city limits, and 103 acres in the urban growth boundary. Of the land in the city limits, 15 acres are zoned commercial, 97 acres are zoned employment, and 21 acres are zoned for manufacturing. Of the land in the urban growth boundary, 103 acres are designated for employment uses, and 4 acres are designated for commercial uses. This type of land is suitable for manufacturing, large office, services, retail, and large scale tourism, with mixed residential uses as an ancillary use.

Some of the large parcels in specific locations should not be permitted to develop for tourism use, as they are more suitable for higher wage service and retail uses. An example would be that the downtown area and the freeway zones are well suited to tourism development, but the Ashland Street Corridor from Washington Street to Siskiyou Boulevard should be reserved for retail, service, and mixed uses. This should be specifically outlined in the zoning for the sites.

2) Flat land, (less than 10% slopes), small parcels (less than 1 acre). Total acreage is 6 acres in 18 sites, all in the city limits. Of these, 2.25 acres are zoned commercial, 0.4 is zoned C1-D, and 3.52 acres are zoned employment. These are suitable for the location of Service and Retail needs, as well as some tourism.

3) Sloping land (greater than 10% slope). Total acreage is 17 in three sites, 13 acres zoned commercial and 4 acres in employment. This land is generally unsuitable for manufacturing, large scale retail, and large scale service sector development. It is better suited to office use, tourism, and mixed commercial and residential uses, where a variety of small scale buildings can be accommodated on the slope without large scale cutting and filling.

4) There also exists a need to permit some conversion of residential land surrounding Ashland Community Hospital to take the best advantage of medically related jobs. Such businesses, such as doctors and other medical specialists, and specialty sales such as pharmacies are best located in proximity to the Hospital. This not only encourages the growth of these well paying service sector jobs, it also enhances medical services in the community, and reduces traffic by placing similar facilities within walking distance of each other. This area already has a commitment to the Hospital, as a conversion from residential to commercial has taken place over the last 20 years. The needs of the

The major focus for diversification of Ashland's economy over the present planning period should be diversification of markets.

medical community to expand in this area must be evaluated, and an area designated with zoning that will allow medical uses outright, retaining a higher degree of landscaping than commercial areas, and facilitating the pedestrian communication between uses in this area and the hospital.

7.07 Conclusion

GENERAL (7.07.01)

Ashland will see as many as 1750 new jobs created by the year 2005, mostly in the services and retail sector. Up to 184 acres of land will be needed to accommodate this expansion, but this could vary significantly due to variations in employment needs within the different economic sectors.

Ashland's economy is more specialized in services and retail sales than is either the State or Jackson County. Part of the local specialization is due to SOSC, which accounts for one-quarter of Service industry employment, and part is due to the tourist trade. In the past nine years, Ashland appears to have conformed to the national, state and county trends of adding more small businesses, especially in the services and retail sectors. However, this trend is very pronounced in Ashland and a large number of these firms employ only one or two people, indicating that they are not entrepreneurial but merely self-supportive in nature.

Tourist counts could increase by nearly 50% by 2005 if adequate levels of services, accommodations and entertainment facilities are supplied. This projection is largely independent of short-term fluctuations in the national economy. This change will require an expansion of public facilities, especially parks, streets, and parking, or innovative programs to reduce traffic through non-structural alternatives such as the provision of mass transit services for both local residents and visitors.

More hotel-motel accommodations can be supported by the additional tourists. If no additional rooms are built, more people will stay in nearby communities and come to Ashland by car, causing additional traffic and parking problems. Building motels and hotels in Ashland will allow the city to encourage the use of public transport or shuttle services in town, and will provide additional employment and tax base. At present occupancy rates, however, it would take an additional nine and one half acres to provide the number of rooms that will be demanded at the peak month in the year 2005.

The City should encourage those tourism-related facilities that increase the variety of services offered and wages paid, such as new theaters and scientific exhibits. The City should accommodate new hotel rooms sufficient to allow tourists whose primary destination is Ashland to stay in the City limits.

The major focus for diversification of Ashland's economy over the present planning period should be diversification of markets. There is such a risk in depending upon any one economic sector, such as tourism, as the major export market for locally produced goods and services. Establishment of light manufacturing firms with high value-added components should be especially encouraged. Sophisticated services catering to a geographically dispersed clientele and retailing targeted to local residents should be encouraged as well.

Demand for real estate in Ashland may continue to drive prices up. This may make it more difficult to attract independent small business people to Ashland, and more difficult to attract highly educated personnel to Southern Oregon State College. Either of these circumstances could reduce Ashland's ability to diversify its economy. However, it is apparent that nationwide, quality-of-life factors tend to outweigh cost factors in the establishment of new, "footloose" enterprises, as long as business costs are not prohibitive. Therefore, an aggressive affordable housing policy will be a key to Ashland's long term economic health, as the economy can diversify only as long as it is supplied by a local labor market. It is not realistic to assume that Ashland wages can be raised to the level required for the average worker in Ashland to be able to afford the average new home in Ashland in 1990.

Retirees are not expected to be a major influence in Ashland's economy over the next fifteen years. In fact, relative to Medford and the rest of Jackson County, Ashland's retirement population is expected to decrease due to rising real-estate values. These rising costs appear to have discouraged nearby non-locals from retiring to Ashland. Ashland residents seem able to retire here, but are concerned with rising property taxes once incomes are fixed.

Southern Oregon State College will continue to be an economic force in the community, but until it develops a stronger research capacity and graduate offerings, it is unlikely to increase its impact on the City's economy. A stronger educational component could serve both product diversification through a basic sciences component, and market diversification through the business and social sciences components.

These components could attract knowledge-intensive manufacturing such as computer software and medical specialty businesses to Ashland. Educational facilities and professional services are other types of businesses that could be expected to locate and flourish in Ashland. Establishment of an Asian Studies center, affiliated with the College or independent, is an important step toward educational enhancement of marketing potential.

The city needs to develop policy options which strike a balance between the growth of tourism and the growth of population and markets.

The role of the City in economic development is to encourage, but not lead nor to overly regulate, the marketplace.

The bulk of Ashland's manufacturing remains in the wood products sector, but several small firms are adding new lines of products in this sector. Overall, Ashland's manufacturing base has diversified somewhat over the last five years, but its diversity rests in large part on very small firms. The city might do well to consider the tenuous nature of the first few years for such firms, and to especially encourage entrepreneurial firms (those that provide employment for more than the owning household). While some of these can capitalize on the tourist market, a wiser strategy may be to encourage access to broader markets.

The city needs to develop policy options which strike a balance between the growth of tourism and the growth of population and markets. One possible option is to explore new markets for the City's manufacturers. Policies to attract businesses of 10-50 employees or to encourage existing manufacturers to grow to that size, might enable individual firms to expand the city's market area by penetrating more distant markets. The City should encourage local businesses to concentrate on increasing the value added in manufacturing, while encouraging new firms with high-value-added products to settle here. Markets should be the primary target of economic diversification efforts in Ashland over the present planning period. While marketing cooperatives may be an avenue to pursue, every attempt should be made to utilize the State's marketing resources available through the Oregon Department of Economic Development and the Federal resources available through the Small Business Administration and Foreign Trade Administration. The City and SORSI might cooperate to help make these resources more readily available to local entrepreneurs.

ASSUMPTIONS (7.07.02)

The employment to total population ratio within the City will approximately equal 39% by the year 2005. Ashland will add approximately 1,750 jobs during this time. Most of these jobs will be in the service and retail sectors. An additional 175 acres of land will be developed during this time to accommodate the increase in job creation.

Unemployment rates within the City will remain relatively constant throughout the planning period due to continued immigration.

Commercial and industrial activities are generally urban uses and, as such, shall occur within the urban growth boundary.

Non-urban, resource-based employment (i.e., forestry, fishing, mining and agriculture) will not provide significant employment growth in the future.

New development will consume about one acre of land for every 10 new jobs added to Ashland, although there will be a wide range on individual projects, from 0.1 jobs per acre to 100 jobs per acre and more.

There will be a need to accommodate substantial increase in tourism, which will require the addition of 420 hotel rooms over the planning period, and this will create a need for about 9.5 acres of development of hotel and motels.

The role of the City in economic development is to encourage, but not lead nor to overly regulate, the marketplace.

GOAL (7.07.03)

To ensure that the local economy increases in its health, and diversifies in the number, type, and size of businesses consistent with the local social needs, public service capabilities, and the retention of a high quality environment.

1) Policy – The City shall zone and designate within the Plan Map sufficient quantity of lands for commercial and industrial uses to provide for the employment needs of its residents and a portion of rural residents consistent with the population projection for the urban area.

2) Policy – The City shall design the Land Use Ordinance to provide for:
   a) Land division and development within employment and manufacturing districts, and continue the employment zoning district which will provide for service, retail, and light industrial uses consistent with specific performance standards relative to heavy truck traffic, noise, dust, vibration, and single-passenger vehicle trips.

   b) Controlled access along Ashland Street to ensure limited points of common access to businesses that are developing or undergoing development in this area.

   c) Specific development guidelines which will ensure that:
      1) New development or redevelopment in the Historic District will be compatible with the character of the district.
      2) Development along Siskiyou Boulevard and Ashland Street will not primarily be automobile-oriented, but will also include attractive landscaping and designs that encourage pedestrian, bicycle, and mass transit forms of travel.

3) Strong sign regulations exist which ensure that the number, size and placement of signs are the minimum required for recognition by the public of the business at the site.

d) Retail, office, traveler's accommodations and neighborhood shopping in residential areas, at development intensities that are appropriate to the area.

e) Commercial or employment zones where business and residential uses are mixed. This is especially appropriate as buffers between residential. and employment or commercial areas, and in the Downtown.

f) Medical uses as permitted uses in a designated, zoned area surrounding the Hospital and Maple Street.

g) Clear and objective standards for development reviews that provide for a quick and predictable approval process with a reduced amount of uncertainty.

3) Policy—The City shall develop and implement an economic development program which will attempt to increase the number, variety and size of retail, service, and light industrial activity employers within the urban area, with particular emphasis on employers who pay wages at or above the median County wage and employ from 5 to 100 people, or who are locally owned. The City shall work with regional economic development agencies on coordinating regional economic development activities.

4) Policy—In accordance with policies VII-2 and VII-3 above, the City shall take such actions as are necessary to ensure that economic development can occur in a timely and efficient manner. Such actions may include the following:

a) Use of the Local Improvement District process to reconstruct or install public facilities to commercial, employment, and manufacturing zoned lands. Land and buildings should be suitable for use by small service and manufacturing industries of about 10 to 50 employees. Two areas of the City that would benefit from this policy are those lands designated Employment served by Exit 14 of the I-5 freeway and Hersey Street and "A" Street.

b) Utilization of available grants and loans to finance the extension of public facilities to lands zoned or planned for commercial or industrial use.

c) Inclusion within the Capital Improvement programs facilities improvements which will help achieve long-range development goals and policies.

d) Creation of incentives for the private sector to develop and divide Employment and Manufacturing lands, making them available for commercial and manufacturing uses.

5) The City shall encourage economic development of the local resources and enhance employment opportunities for existing residents. The City's policy is that economic development shall always have as its primary purpose the enhancement of the community's economic health.

6) The City shall work with the College to encourage the growth of research and graduate programs. The City shall encourage the establishment of the Asian Studies facility, and other such facilities that provide a bridge to the international marketplace.

7) The City is clearly unsuitable for the following types of businesses:
   a) Businesses which use large amounts of water, especially when Ashland's water needs peak.
   b) Businesses that emit significant amounts of air pollution.
   c) Businesses that create toxic wastes that require specialized disposal techniques not available locally.
   d) The City shall include in the Land Use Ordinance specific list of businesses that are prohibited from operations in the City Limits, or specific performance standards that would define uses that are unacceptable because they meet one or more of the above criteria.

Footnotes

[1] City of Ashland, City Plan, 1980, pVII-9.

[2] FuturePlan Festival final report, October, 1989.

[3] Don Laws, Public Opinion Survey, Southern Oregon State College, Spring, 1989.

[4] Personal conversation with Chuck Butler, January, 1990

[5] Ashland Comprehensive Plan, Chapter VII, Table 2

[6] These figures are calculated from a list of employers and employment figures compiled from data supplied by City Business Licenses, the Oregon State Employment Division, and cross-checked against Polk's Ashland City Directory and the US West Yellow Pages. Employment data not supplied in government records were estimated and spot checked by telephone survey.

[7] City Government employment is as reported in the City's Comprehensive Financial Report for the fiscal year ending June 30, 1988, p132. The number given here combines Parks and Recreation Department personnel with other Municipal employees.

[8] Personal Conversation with Chuck Butler, January, 1990

[9] Oregon State System of Higher Education. Projections of High School Graduates, 1990-2005, Eugene, OR.

[10] Bureau of the Census, United States Census, 1960, 1970, 1980.

[11] Richards and Pirsedeth Study

[12] Mr. Paul Nicholson, Executive Director, OSF, Personal Interview, June 1989.

[13] Reid, Rebecca. "Projections of Attendance and Selected Revenues and Expenses" Exhibit 9 of the Pacific Institute of Natural Sciences' request for a conditional land use permit submitted to the Ashland City Council, 14 Nov, 1988.

[14] While retail sales have grown at an increasing rate over the last forty years, student enrollments have grown only linearly, and actually declined from 1972 to 1982, so that the relationship between student enrollments and retail sales appears to be negative overall. This is most likely an anomaly of the years for which data are available and should not be interpreted to mean that increasing enrollments lead to a reduction of retail sales.