

Jackson-Josephine 2007-2013 Regional Investment Strategy

Prepared and adopted by the Jackson-Josephine Regional Investment Board

November 15, 2007

With assistance from:

Southern Oregon

Regional Economic Development, Inc. (SOREDI)

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EXECUTIVE SUMMARY

The 2007-2013 Jackson-Josephine Regional Investment Strategy provides an updated six year outlook for economic development opportunities and barriers for Southern Oregon. This strategy has been developed with the assistance of the Jackson-Josephine Regional Investment Board, which meets all statutory requirements and includes representatives from cities, counties, and educational institutions, as well as persons representing rural communities; it takes into account comments provided by 13 incorporated cities, two counties, numerous community and non-profit organizations, and citizens within the region. The board membership is approved by the two county commissions to provide assurance that the goals and objectives of the Regional Investment Strategy are implemented and that the Board performs as the fiscally responsible agent for the regional investments outlined in the strategy.

The collective goals of the region are to:

- ◆ Promote the creation of quality jobs paying above the regional average;
- ◆ Assist existing local businesses with growth and expansion;
- ◆ Diversify the economic base of the region through promoting new businesses to start, grow or locate to provide economic resiliency;
- ◆ Promote the global competitiveness of the region's business clusters and consortia
- ◆ Increase the supply and availability of funding for business start-ups and expansion;
- ◆ Provide an educated, trained, highly qualified workforce matching the needs of regional business sectors; and
- ◆ Ensure availability of industrial lands and needed public infrastructure is in place to promote economic growth.

Once heavily dependent on a traditional timber based economy, with many family-wage jobs available across the region, the region's economy has given way to a more diverse economy based on many sectors. Retail and medical services and non-timber related manufacturing is increasing which has stabilized the lifestyle enjoyed by the residents of Southern Oregon. The region grew 25% in population between 1990 and 2006 and this growth trend is expected to continue at similar rates for the next 20 years. Our region's public infrastructure is in fairly good shape with some exceptions primarily in the areas relating to matching population growth and basic infrastructure capacities. As examples, the City of Shady Cove lacks a public water system to meet the City's existing and future population, while the City of Rogue River's water system needs significant expansion to support the community's expected growth in the near future. Community facilities are for the most part in good shape but the region has been challenged due to the loss of federal timber harvest funds which has caused closure or reductions in support for libraries, historical societies and support for public safety. Southern Oregon is well known for its tourist attractions such as the Rogue River, Crater Lake, Oregon Caves, Oregon Shakespeare Festival, Britt Festival, and numerous wineries along with its abundant fishing, hunting, and other recreational activities.

The area is blessed with many abundant natural and man-made resources; electricity, natural gas, water and sewer services, good transportation and a well-developed land and industrial

base to attract and keep business and industry. Land use planning and other environmental issues are being addressed across the region to ensure a proper balance between economic development opportunities and environmental concerns. Stable and adequate funding for K-12, community college and regional university education continues to be a concern and poses a long term threat to our region's ability to provide a well education and skilled workforce for today and into the future.

One of the major strengths for the Southern Oregon region, frequently noted by the term "State of Jefferson", is the number of quality organizations who aggressively partner with and provide complementary services for community and economic development. These collaborative organizations include private businesses large and small, local, state and federal entities, and regional private and non-profit organizations. An assessment of the region in terms of demographics, geography, infrastructure, economic sectors, and other factors affecting economic growth is presented in a later section of this regional strategy report.

Also included is a regional inventory covering the state of the regional economy in terms of strengths, weaknesses, growth sectors (including projections), external trends and global market changes. This is accompanied by a recap of region's partners and resources for community and economic development.

The long-term economic and community development priorities which highlight the region's need to create both short and long-term job opportunities take into account air shed limitations, availability of ready-to-use certified industrial lands, project permitting processes, housing availability balanced with affordable housing options, as well as workforce development and training.

The Jackson-Josephine Regional Investment Board, in collaboration with local economic development agencies and the Oregon Economic and Community Development Department, has established economic development priorities for the period 2007-2013 as follows:

- ◆ Quality job creation and retention.
- ◆ Maximizing the leverage of private and public investments.
- ◆ Increasing the availability and readiness of additional industrial lands.

The Regional Investment Board will annually review the Strategy, investment commitments made, and the outcomes achieved from those investments to assure the Strategy remains properly focused to achieve overall economic growth and stability in the region. Changes to the priorities and objectives will be made in the Strategy by the Board to conform to periodic shifts in the region's economic status.

The Regional Investment Strategy includes specific focus on the remotely rural communities in the region who have not benefited from the overall economic growth and stability experienced during the recent economic recovery period. A number of additional challenges face the region's remotely rural communities, including loss of worker-aged population, limited workforce skills, and the creation of jobs in these communities. The Rural Action Plan calls for targeted investments to promote and grow small businesses, to improve the skills capacity of the

resident workforce meeting the demands of local businesses, and to promote high-value tourism and recreational activities that leverage the natural assets of the region's remotely rural communities.

The final section of this 2007-2013 Strategy delineates the region's benchmarks and performance measures. The Jackson-Josephine Regional Investment, in cooperation with Southern Oregon Regional Economic Development Inc., which provides staff support to the Board, annually reviews and updates as necessary its strategy and evaluates its performance based on regular staff reports, and semi-annual reports provided to the Oregon Economic and Community Development Department.

JACKSON-JOSEPHINE REGIONAL INVESTMENT BOARD MEMBERS

Name	Business/Affiliation	End of Term
1. Dennis Alexander	Rogue Valley Workforce Development Council	06/30/08
2. Alex Pawlowski	Liberty Bank	06/30/08
3. Kelly Madding	Jackson County (appointee) Development Services Director	N/A
4. Rich Fahey	Retired Citizen, Josephine County Former Grants Pass City Councilor	06/30/08
5. Joel Frasier	LTM, Inc.	06/30/08
6. Joseph Graf	Southern Oregon University	06/30/08
7. Brian Bayley	Josephine County (appointee)	N/A
8. Wendy Siporen	Thrive, Community Non-profit	06/30/09
9. Matt Stephenson	Rogue Federal Credit Union	06/30/09
10. Cliff Kuhlman	Windermere Grants Pass	06/30/08
11. Howard Wagner	Retired Citizen, Josephine County Former Veterinarian	06/30/09
12. Dr. Peter Angstadt	Community College President	06/30/09
13. Ted Risser	Retired Citizen, Josephine County Former SBDC Director	06/30/08
14. Connie Saldana	Rogue Valley Council of Governments	06/30/08
15. Steve Vincent	Avista Utilities	06/30/08
16. Vacancy	(currently soliciting candidates)	
17. Vacancy	(currently soliciting candidates)	

NEEDS EXAMINATION AND RESOURCE ANALYSIS

ORS 285B.236(4) and ORS 285B.239(1)(b)

Regional Assessment

A. Background Information

The Southern Oregon region, just north of the California border on Interstate 5, is a rare blend of mountains and forests, rivers, lakes and green farmland. This inland valley (about 50 miles from the coast) is bounded by the Siskiyou Mountain Range to the south (the California border), the Coast Range to the west, and the Cascade Range to the east. Rugged forests and four mountain passes (elevation 1800 to 2000 ft) separate Southern Oregon from the Umpqua Valley to the north. This route is easily traversed by Interstate 5 and poses little barrier to trade and commerce.

Similar to other parts of the Pacific Northwest, Southern Oregon enjoys the benefits of four distinct seasons. Southern Oregon summers are bright, dry and warm. Fall and spring have moderate weather. Winter sometimes brings brief snowfalls to the valley floor.

The average rain fall is surprisingly low - about 19 inches in the Medford area and just over 25 inches in the Grants Pass area. This is in sharp contrast to the 37 to 50 inches normally seen in other parts of the Pacific Northwest.

Josephine and Jackson Counties, Figure 1, are located in southern Oregon adjacent to the California border, approximately midway between Portland (277 miles) and San Francisco (366 miles). Jackson County is the 13th largest county in Oregon, with an area of 2,812 square miles. Josephine County is smaller in size, with 1,625 square miles.

The urban centers for the region are located on the Interstate 5 corridor running basically north from the California border or south from Portland or Seattle. The primary urban center in Jackson County is the City of Medford, population 73,960 and in Josephine County the City of Grants Pass, population 30,930. The total population in the region is 278,759 (Portland State University, 2006 Estimates).

The Federal Government owns and controls over 72% of the total land area in Josephine County (Bureau of Land Management - BLM, National Forests and the Oregon Caves National Monument), and over 48% of the total land area in Jackson County (BLM and National Forests).



Jackson and Josephine Counties are located in Southern Oregon, bordered on the south by California.

Figure 1

1. Demographics

The population of the region grew steadily from 1970 - 2000, increasing from 130,279 in 1970 to 256,995 in 2000 based on 2000 US Census data. This is an average of 3.3% per year for this 30-year period. From 1990 to 2000 the region's population grew by over 47,950 which reflect an increase of about 2.15% per year. On a county basis, Jackson County has been increasing at a rate of approximately 2.34% per year while Josephine County has averaged slightly less than 2.05% per year. The region's population has continued to grow since 2000 with PSU Population Research Center projecting the combined population in 2006 at 279,740.

In Jackson County both the 25 - 44 and 45 - 64 age groups each account for more than 25% of population. The 45 - 64 age group is the largest in Josephine County at 25.4% with the 24 - 44 age group coming in a close second with 23.3% of the population. Josephine County's 65+ age group also accounts for more than 20% of the population. The median age is 39.2 in Jackson County and 43.1 in Josephine County according to the 2000 census. The minority population accounts for 8.4% of the population of Jackson County and 6.1% of the Josephine County population. This minority figure is probably understated due to a number of factors.

Jackson County's PCPI income was \$30,239 up 4.2 percent from 2004. The county had the sixth-highest PCPI of all Oregon counties. Jackson County's rank was up from 10th place in 1995. Jackson County's per capita earnings were 14 percent below the statewide average. Josephine County's per capita personal income was \$25,198 in 2005. Josephine County's per capita income ranked 30th among Oregon's 36 counties. Josephine's PCPI rose 4.1 percent from 2004, close to the percentage increase of Oregon and the nation. Despite the gain, Josephine County's per capita personal income was just 78 percent of the Oregon average and 73 percent of the U.S. average in 2005. A decade earlier, Josephine County had the 28th-highest PCPI of Oregon's counties. The county's annual average growth rate in per capita personal income from 1995 to 2005 was 3.7 percent, slightly slower than Oregon or the U.S. rate.

The unemployment figures for Jackson County decreased during the period 1980 - 2006 to approximately 6.0% for 2006. Unemployment in Josephine County also decreased during the period 1980 - 2006 to approximately 6.7% in 2006. Seasonally adjusted unemployment rates for Jackson and Josephine Counties, as of September 2007, stood at 5.7% and 7.2% respectively. Both counties are higher than the current Federal unemployment rate of 4.7%.

Southern Oregon's unemployment rates have usually exceeded those for Oregon and the United States. This is due in part to the highly seasonal and cyclical nature of the area's basic industries - wood products manufacturing, agriculture, and tourism. A large part of the area's economy, including logging, forestry, trucking, construction, agriculture, entertainment, and recreation, is affected by changes in the seasons. Joblessness is usually highest in January or February and lowest in August and September.

Between 1970 and 2000, the region's covered civilian labor force grew from 30,993 to 107,904. This occurred primarily because women entered the labor force as primary or secondary wage earners and because of the increased number of young persons in the labor force, resulting from the increase in the birthrate which took place between 1945 and the early 1960's. By December 2006 the work force increased to 138,171 with 74.8% coming from within Jackson County.

Between 1970 and 2000, the education level for people 25 years and older improved significantly. The population with less than a 9th grade education for both counties is 4.1%. Eighty-five percent of the population 25 years and older in Jackson County and 81.8% in Josephine County have a high school diploma or equivalent. These figures reflect a continuing need for an expanded emphasis on education and technical training to assure the existing workforce capacities match up with the advancing skill requirements of the region's growing businesses.

2. Geography

The Rogue Valley's geography and natural resources have been central to the area's economic development. The heavily forested hills and rugged mountains which cover much of the region provide raw timber for manufacturing into value-added wood

products, watershed, recreation, wilderness areas, grazing for livestock, habitat for fish and wildlife, and scenic beauty. The Rogue River is world renowned for its "white water rafting", fishing and wild and scenic sections. The Oregon Caves National Monument and Crater Lake National Park (just north of Jackson County) attract hundreds of thousands of tourists each year.

The geography in the Medford and Grants Pass areas contributes to the overall air quality features for the region. This is primarily due to 1) the relatively high mountain passes and limited natural air movements, and 2) the seasonal temperature inversions which encourage stagnation in the air shed. This is a health issue as well as a factor constraining economic development strategies and prospects. However, work has been accomplished in the past few years to alleviate much of this problem. Automobile inspection and maintenance has been mandated in the air shed, as well as mandatory wood stove burning restrictions on stagnant air days. Municipals in the region have also set requirements for replacement of non-compliance wood stoves upon transfer of property thereby further reducing the negative impacts of wood stove use in the airshed.

The climate of the Rogue Valley is relatively moderate to hot. Average monthly high temperatures range from 45 degrees in the winter to 90 degrees in the summer. Average lows range from 30 degrees in winter to 55 degrees in summer. Rainfall varies from 10 inches annually (Whetstone area in Jackson County) to 25 inches in Grants Pass. Little if any snow falls on the Valley floor during the winter. The Rogue River and numerous springs, fed by rainfall and winter snow in the surrounding mountains, currently provide adequate water for agriculture, industry and drinking water. Other water sources include the Rogue River (primary source for region), Lost Creek Reservoir, wells, smaller creeks and Big Butte Springs (Medford Water Commission primary source). The City of Cave Junction utilizes the Illinois River for brief periods during the summer and the City of Shady Cove is on individual wells (the largest city in Oregon not on a central water system).

3. **Infrastructure**

a. Sewage Treatment Facilities

Sewage treatment for the region is supplied by three major installations (Ashland, Grants Pass, and Medford Regional) and six minor facilities located in the smaller rural communities. With the exception of Medford Regional which has a 17.5% growth capacity, the other facilities are operating at or near maximum capacity. All are operating within regulatory standards.

The largest facility in the region is the Regional Wastewater Reclamation Facility, which serves the cities of Medford, Central Point, Eagle Point, Talent, Phoenix, Jacksonville, and White City and portions of unincorporated Jackson County. The City of Medford operates and manages this treatment facility for the region. The interceptor system was paid for by the regional group and is operated by Rogue Valley Sewer Services. Rogue Valley Sewer Services also manages the collection systems for Eagle Point, Central Point,

Phoenix, Talent, Jacksonville, White City and portions of Jackson County and Medford. The City of Medford operates its own collection system which is connected to the treatment plant through the Regional Interceptor.

The Regional sewer treatment facility utilizes primary and secondary treatment and an advanced secondary treatment composed of a coupled trickling filter/activated sludge process. Average dry weather design flow is 20 MGD (million gallons per day) and current average dry weather design flow is 16.5 MGD. System and facility expansion are based on demand and an ongoing program of system development fees ensure unlimited ability to expand in the near future.

The Grants Pass treatment facility and collection system is the second largest facility in the region and serves the Grants Pass area only. This facility has a capacity of 6.2 MGD and a current load of 5.4 MGD. System and facility expansions are based on a self financing system supplemented by system development fees.

The Ashland treatment facility and collection system is the major system serving the City of Ashland. It has a design capacity of 3.1 MGD and a current load of 2.0 MGD. System and facility expansion are also based on system development charges and user fees; city planners/engineers aggressively pursue Special Public Works Fund and DEQ grants.

The effluent from the sewage treatment plants has historically been discharged into the local streams. This practice has come under scrutiny in the ecologically sensitive areas under the endangered species program. One such area is the Rogue River system. Environmentalists are pointing out that the treated effluent from the sewage plants that is being directed into the streams has the potential to raise water temperature. Elevated stream temperatures may negatively impact fish and aquatic life. This realization has led to discussions on how to dispose of the effluent without raising the water temperature within the streams in the region. One suggestion has been to reuse the effluent as a secondary water source for irrigation. Once the Oregon Department of Environmental Quality establishes temperature limits for the Rogue River, agricultural reuse, as well as other temperature reducing measures, will be evaluated and implemented to meet those limits.

b. Water-Surface or Subsurface Sources

The Rogue River and numerous springs, fed by rainfall and winter snow in the surrounding mountains, currently provide adequate water for agriculture, industry and drinking water. Several municipalities in the region are experiencing mild to serious water-related problems. Long range plans are underway to develop a strategy to handle the expected decline in water supply and potability. All but one incorporated city in the region have municipal water systems. All incorporated cities in the region have municipal sewers. Many of these systems require up-grading and in all areas, constant pressure is applied to expand services to newly developed sections.

Water-intensive industries, like food processing, wood products and electronics, have found the Southern Oregon water supply to be exceptionally dependable. A primary

source of high quality water for Medford (Big Butte Springs), easily meets residential, commercial and industrial needs. The Rogue River assures industry that water critical to their operations is always available.

The Medford Water Commission is working on long range plans to try and stay ahead of the need for water in the area. However, the water sources enjoyed are not unlimited and can be affected by natural issues such as long term weather patterns, disasters, etc. as well as age old issues of competing water rights, fish passage, endangered species, and other uses for water such as recreation and agriculture. Assuming water rights can be obtained, long range plans seem to indicate a doubling of population served and a time span of 30 to 50 years as general limitations to what can be served with future available water.

c. Solid Waste Handling and Disposal

Solid waste is contracted by four area-wide waste disposal companies. Rogue Waste Systems (Medford and surrounding area), Southern Oregon Sanitation (rural Josephine and Jackson Counties), Grants Pass Sanitation (Grants Pass) and Ashland Sanitation (Ashland).

There were a total of five landfills operating to meet the needs of the two-county region. The Kerby Landfill in Cave Junction and Prospect Landfill were closed in 1994. Both the Kerby and Prospect sites are being used as transfer stations at this time. The Ashland Landfill closed in 1998 and the South Stage Landfill closed in 1999. The Merlin site closed in 2001. The Dry Creek Landfill, located in Jackson County appears to be the only landfill that will remain open in a three to four county region. Currently, Dry Creek is the only site that meets the Federal subtitle D Resource Conservation and Recovery Act requirements. The life expectancy of the Dry Creek Landfill is approximately 100 years. The Dry Creek Landfill recently installed a methane gas to electricity generation facility costing approximately \$6 million at the landfill and will have the ability to convert the methane gas created in the landfill to electricity to serve the region.

d. Transportation

Air transportation is provided by a regional airport with expanding commercial airline service at the Rogue Valley International - Medford Airport, formerly Medford/ Jackson County Airport, and fixed base operators at the Ashland Airport, Grants Pass Airport (Josephine County Airport), and Cave Junction Airport. Other airstrips exist throughout the region, but are mostly unmanned and offer few, if any, services.

Interstate 5 is the main highway transportation system for the region and is adequate for moving commerce and people within the region and north toward Portland and south toward San Francisco. Current improvements, funded through the Oregon Transportation Improvement Act, OTIA, are improving bridge and interchange capacities to enhance the capacity of the I-5 system to carry the region's transportation demands to and from markets. The only other Federal highway is Route 199 from Grants Pass to Crescent City, California on the coast.

A series of State highways crisscross the region and include State Highway 140 (from Medford to Klamath Falls), State Highway 62 (from Medford to Crater Lake), State Highway 234 (from Gold Hill to highway 62), State Highway 238 (from Medford to Grants Pass), State Highway 227 (from Shady Cove to Canyonville), State Highway 66 (from Ashland to Klamath Falls), State Highway 99 (from Grants Pass through Medford to Ashland) and State Highway 45 (from Cave Junction to the Oregon Caves National Monument).

Several county roads access the more remote sections of both counties. The road system is considered reasonably adequate, with the exception of a direct route to the west (the Oregon coast) and significant needed improvements to State Highways 62 and 140.

The nearest deep draft port is at Coos Bay (170 miles) on the Oregon coast. Rail freight service is available for most businesses in the region, from Grants Pass south along the I-5 corridor to Ashland. Passenger service via Amtrak bypasses the region because of the twisty route over the Umpqua and Siskiyou mountains and runs from Eugene over the straighter Willamette Pass and down through Klamath Falls and then into California. The Central Oregon and Pacific Railroad, which currently leases the Southern Pacific Railroad system in southern Oregon, passes through all the major population centers in the region (Ashland, Talent, Phoenix, Medford, Central Point, Gold Hill, Rogue River and Grants Pass) with a spur serving the industrial area of White City; however, there remains many areas not adequately served by this rail service. Significant improvements are needed on the rail line serving the region, both north from the valley to its intersection with the mainline rail services in Eugene and south to the intersection of the rail line with the mainline service at Weed, California. The costs and revenue recovery for the necessary rail line capacity and safety improvement issues pose a serious challenge to current and future usage by regional businesses needing to ship their goods via an economical rail system.

Transit System: The Rogue Valley Transportation District is the major provider of public transportation services in Jackson County. The District includes the municipalities of Ashland, Central Point, Jacksonville, Medford, Phoenix, and Talent as well as the unincorporated area of White City. RVTD is currently reviewing a long range transit system plan to address current and future transit system demands and improvements.

e. Telecommunications

The region's telecommunications network is state of the art technology. Qwest, and Embarq are the primary providers of local telecommunications services. The region is Fiber Optic served with T-1 (DS1) and T-3 (DS3) carriers. Sonet Ring technology is also available. Single line ISDN service is also available in Medford. Medford is a Point of Presence for four long distance carriers, including Qwest, AT&T, MCI and Embarq. DSL service is available and there are currently nine local ISP's providing internet and DSL service to Southern Oregon. The City of Ashland has installed a full fiber network to

Region 8 (Jackson & Josephine Counties)

SECTORS	2006		2000		1990		1980		1970	
	Ave. Employed	% of Payroll								
Agriculture/ Forestry	3,490	3.2%	2,786	2.1%	1,791	1.7%	1,066	1.2%	186	0.7%
Mining	970	0.9%	247	0.3%	159	0.3%	143	0.3%	73	0.3%
Construction	5,940	5.5%	4,587	5.5%	2,633	4.0%	2,580	6.2%	1,040	5.3%
Manufacturing	10,010	9.3%	12,681	16.4%	12,792	22.2%	11,212	25.7%	8,602	39.6%
Lumber/Wood	3,030	2.8%	5,511	7.4%	7,194	13.3%	7,139	18.1%	6,398	30.3%
Other	2,170	2.0%	7,170	9.0%	5,598	8.9%	4,073	7.6%	2,204	9.3%
Trans. & P. U.	3,080	2.9%	4,566	5.9%	3,427	6.4%	2,755	6.9%	1,822	8.7%
Wholesale/Retail Trade	20,140	18.6%	27,206	21.4%	20,990	21.4%	15,787	20.6%	8,533	24.1%
Financial/Ins. & Real Estate	5,480	5.1%	3,412	4.4%	2,680	4.1%	2,226	3.7%	992	3.4%
Services	38,720	35.8%	26,131	24.9%	15,976	19.7%	9,773	13.5%	3,767	8.2%
Government	15,110	14.0%	14,354	19.1%	11,896	20.2%	12,199	21.9%	2,021	9.7%
TOTAL	108,140	100.0%	95,970	100.0%	72,344	100.0%	57,741	100.0%	27,036	100.0%

serve business and residential customers. Charter and AT&T have had cable data service available since early 2000.

4. Major Economic Sectors

Historically, manufacturing - primarily lumber and value-added wood products - has been the main economic thrust of the region, accounting for nearly 40% of payroll in 1970.

During the period from 1970 to 2000, manufacturing as a percent of payroll decreased from 39.6% to 16.4%; lumber/wood products manufacturing, as a sector, decreased 22.9%. During this same period, the services sector increased from 8.2% to 24.9% of payroll and the government sector increased from 9.7% to 19.1% of payroll.

The wholesale/retail sector maintained a fairly constant role in the economy, as a percentage of income, increasing only slightly from 24.1% in 1970 to 24.9% in 2000.

The continued decline of manufacturing jobs and increased importance of service and government sector jobs is apparent by examining the period from 1990 to 2000. In 2000 manufacturing ranked fourth (as a function of average employment) behind government at 19.1%, wholesale and retail trade at 21.4%, and services at 24.9%.

A negative side to this growth pattern is the relatively small number of high wage jobs available in the service sector. The financial and insurance sectors continued a slow growth pattern both in average employment and as a function of percent of payroll.

There is concern regarding the rate at which the aging population is increasing relative to other population segments. This rapid growth may account significantly for the increase in service jobs. By 2006, the service sector jumped another 10.9% in only six years to fully 35.8% of payroll, clearly the highest of all sectors, followed by wholesale/retail at 18.6%, government at 14%, and general manufacturing at 9.3%.

5. Relationship with larger region

Jackson and Josephine Counties have a special cultural and economic relationship with the broader Southern Oregon and Northern California region. The economic and demographic changes occurring in Jackson and Josephine Counties represent similar trends occurring in the neighboring five counties in Southwest Oregon and the three counties of Northern California.

The two-county region also represents the trends occurring in other rural parts of Oregon, including those rural areas located throughout the Willamette Valley. The urban Interstate 5 corridor of the Willamette Valley has exhibited a slightly different growth pattern than the rest of Oregon. The gap in per capita income and average payroll per worker between rural parts of the state and the Interstate 5 urban corridor continue to widen.

In 1987 the gap in **per capita income** between Josephine County and Washington County (Portland area) was \$4,924, a differential of 42%; between Josephine County and Jackson County the differential was 13%. By 2005 the differential increased to 50% and 20% respectively.

Between Josephine and Washington counties, the gap in **average payroll per worker** was 37%; between Josephine County and Jackson County the differential was 13%. By 2006 the differential in average payroll per worker increased to 69% when comparing Josephine and Washington counties; however, between Josephine and Jackson County the differential decreased slightly to 11%.

Per Capita Income	1987	2005
Jackson	\$13,568	\$30,239
Josephine	\$12,013	\$25,198
Lane	\$13,808	\$29,841
Linn	\$12,613	\$26,870
Benton	\$14,432	\$36,685
Lincoln	\$13,545	\$29,445
Multnomah	\$16,937	\$37,798
Washington	\$17,055	\$34,626

Source: Bureau of Economic Analysis

Average Payroll per Worker	1987	2006
Jackson	\$17,398	\$31,677
Josephine	\$15,394	\$28,458
Lane	\$17,647	\$33,234
Linn	\$19,254	\$33,486
Benton	\$19,442	\$40,475
Lincoln	\$15,178	\$27,877
Multnomah	\$21,091	\$43,013
Washington	\$20,725	\$48,140

Source: Oregon Employment Dept.

6. Factors affecting economic development and growth

a. Financial Resources/Access to Capital

Southern Oregon is very well represented by national, regional and local financial institutions. Bank of America, Bank of the Cascades, Evergreen Federal Saving and Loan, Home Valley Bank, Key Bank, Liberty Federal Bank, Peoples Bank of Commerce, PremierWest Bank, Rogue Federal Credit Union, Southern Oregon Federal Credit Union, South Valley Bank & Trust, Sterling Bank, Umpqua Bank, U.S. Bank, Washington Mutual,

and Wells Fargo provide ample financial institutions from which to borrow money for business opportunities. Numerous investment and securities firms also provide a source of revenue for business ventures.

Local economic development organizations like **SORED**I and CCD Business Development Corporation can assist in making financing available for land, buildings and equipment for prospective industrial or commercial endeavors.

The State of Oregon has several financing programs available through the Oregon Economic & Community Development Department to include Oregon Lottery-funded business loan programs, Industrial Revenue Bonds, Community Development Block Grants, Water & Wastewater, and Special Public Works Grants and loans. The Oregon Department of Energy administers the Low Interest Energy Loan program for energy conservation and renewable energy projects.

The U.S. Government participates in financial assistance to private industrial and commercial investment through the Housing and Urban Development Grant Program, Rural Development Grant and Loan Program, Small Business Administration and the Economic Development Administration Grant, Loan and Technical Assistance Programs. Cities and counties can issue general obligation bonds.

b. Industrial Sites

SOREDI maintains a web-based data system of land and building availability for business use throughout Jackson and Josephine Counties via **SORED**I *Prospector*. By working closely with our private sector members from the real estate brokerage and development community, **SORED**I is able to rapidly facilitate matching of business location inquiries to suitable sites available in the region. **SORED**I *Prospector* – a GIS-based land and building on-line data base also provides access to a wealth of demographic and economic data which can be tied to a radius area surrounding any listed parcel or building.

Across our two-county area of Jackson County and Josephine County, over 1500 acres of properly zoned industrial property exists, some fully project ready but other sites will require significant investments for adequate public infrastructure to meet business needs. Fully served parcels range in size from less than one acre to sites approximately 100 acres.

While current inventory varies across the region, the general availability of commercial and industrial rentals typically range from upper \$0.40's to lower \$0.70's per square foot; office space lease rates ranges from \$1.25-\$2.00 s/f. New construction will typically range from \$30-58 per sq. ft. for industrial and/or warehouse space, and \$120-150 per sq. ft. for finished office space.

Selected major industrial locations include, but are not limited to, the following:

<u>SITES</u>	<u>ACRES</u>
Burrill Mill Site – White City	100

Airport Breeze, Certified Site – Medford	90
Avenue G, Certified Site – White City	75
Spaulding Industrial Park – Grants Pass	75
Croman Mill Site – Ashland	60
Orchard Airport Certified Site – Central Point	34
North Valley Industrial Park - Merlin	25
Illinois Valley Airport – Cave Junction	25
Agate/Antelope Road – White City	23
Kirtland/Table Rock Road – White City	21

There exist several other industrial sites of considerable size throughout the region that require improved transportation access or infrastructure improvements. Some properties also currently exist outside urban growth boundaries. These properties will be a focus area of consideration as growth continues and suitable, appropriately-zoned acreage decreases. Currently, SOREDI staff participates on the Grants Pass Urban Planning committee and the White City Vernal Pools Advisory committee, and provide input to the Regional Problem Solving process in the greater Medford area regarding industrial lands.

c. Energy Costs

Southern Oregon receives its electric services from the Pacific Power Division of PacifiCorp except for the City of Ashland which has its own municipal service division. Electricity in southern Oregon is among the least expensive in the western United States. Natural Gas service is provided by Avista Utilities across most communities in the region. Avista Utilities is expanding gas distribution system capacity to additional residential and commercial areas within the region.

Oregon has the lowest gas rates of the three Pacific states. We have an extremely abundant and reliable source from the Canadian gas fields. (Also, BTU cost comparisons between natural gas and electricity still put both sources of energy in a very competitive position.) Transportation of customer-owned gas is available to industrial clients. This agreement, referred to as "open-access transportation", allows industrial clients to purchase natural gas directly from source suppliers.

d. Workforce

The region has a workforce of 140,544 with a current seasonally adjusted unemployment rate of 5.7% in Jackson County and 7.2% in Josephine County (September 2007). The existing workforce is in a skills transition from a lower-skills to a technical-skills based economy needed to meet the needs of a diversified economy. The fastest growing sectors, linked to the region's rapid population growth, have been in commercial/retail and service related businesses. National retail businesses such as Albertsons, Wal-Mart, Lowe's, Home Depot, Costco and numerous small retail chains have expanded into the area. This change toward a higher percentage of retail and service sector employment has been accompanied by a decrease in the average hourly wage rate within the region.

Covered payroll employment in Region 8 increased 50.6% from 1990 to 2006; Jackson County increased 54.1% while Josephine County increased 40.3%. The average pay per worker (nominal values, without an inflation adjustment) increased by 67.5% in Jackson County and 65.7% in Josephine County during the same time period.

The existing workforce in the region is composed of people with excellent work ethics and a base level of basic job skills. The diversifying manufacturing and value-added sector of the region's economy are being challenged to find adequately skilled workforce to meet their current and future workforce demands. The transition from "baby boomers" to younger generations of workers has caused many area businesses to sound an alarm regarding the future capacity of the region's workforce to meet both the replacement and expansion needs of the businesses. Southern Oregon University, Rogue Community College, The Job Council and SOREDI provide direct outreach services to area businesses as well as specialized employee training programs for many business clients in the area. Power Up, a new program established across the region, links the workforce demands of targeted business sectors with potential training for under-skilled or under-employed workers currently in low skill/low wages jobs. The region's large percentage of current workers with only a high school diploma or equivalent represents a serious challenge to fully addressing the skilled workforce needs of the region's businesses. Workforce development programs can be custom designed for almost any company's need, building on the educational and technical curriculum available from Rogue Community College and Southern Oregon University. The Oregon Employment Department also provides start-up services to recruit, screen, test, and refer potential employees. Federal tax credits are available for targeted new jobs.

e. Land Use Patterns

Land use regulations establish minimum requirements and standards necessary for the efficient, safe, and attractive land division and development consistent with the physical characteristics of the region. They establish procedures to be followed in the development and approval of land divisions, related maps and plats, and provide penalties and notice of violations. Land division is the most important factor in establishing the physical character of a growing community. Improperly designed and executed development wastes the intrinsic value of the land and can become a costly burden to the community.

Zoning regulations are established for the purpose of promoting the health, safety, and general welfare of the people of Jackson and Josephine Counties. Zoning regulations are adopted to achieve the following objectives:

- * To implement the Statewide Planning Goals.
- * To implement the County Comprehensive Plans of land use.
- * To provide a guide for the growth and development of unincorporated areas of the two Counties.
- * To establish zoning districts within which the needs of agriculture, forestry, commerce, industry, residences, and other land uses can be appropriately met.
- * To provide minimum standards within zoning districts for the uses of land, location and height of buildings, density of population, signs, and off-street parking facilities.

* To facilitate adequate provisions for services and facilities, such as water, sewer, schools, parks, transportation, utilities, and other public requirements.

Zoning Districts include forest resource, woodland resource, open space reserve, exclusive farm use, farm residential, rural residential, suburban residential - 2.5, suburban residential - 1, urban residential - 10, urban residential - 8, urban residential - 6, urban residential - 4.5, and urban high density residential.

Also included are interchange commercial, rural service commercial, neighborhood commercial, general commercial, rural limited industrial, light industrial, general industrial, airport development-mixed use, aggregate resource, destination resort overlay, limited use, airport approach overlay, airport concern overlay, floodplain overlay, green way and future annexation.

7. Other factors affecting community and economic development

a. Public and private school system:

A broad system of ten publicly funded school districts in Jackson County currently serves both urban and rural county K-12 students. Medford has the largest school district with 14 elementary schools, two junior high schools, and two high schools. Twenty-one elementary schools, nine junior high schools and seven high schools serve the rest of Jackson County. Josephine County district has three high schools, three middle schools, and nine elementary schools. Grants Pass District has one high school, two middle schools, and five elementary schools. Current statewide budget issues are challenging each school district, forcing school closures in some communities and shortened school years in nearly all districts. Student/teacher ratios will vary considerably as schools deal with funding issues.

More than a dozen private schools operate within southern Oregon. These range from pre-school to the traditional grades kindergarten through 12 (grade school, junior high/middle school, high school) and post high school. Several traditional private schools compete with the public schools in academics as well as sports.

b. College and University Opportunities:

Rogue Community College (RCC) is an open admission, public institution offering one-year certificates and two-year associate's degrees in career and technical training, as well as college transfer courses. Rogue serves Jackson and Josephine counties and has campuses in Medford, White City, and Grants Pass, and a learning center in the Illinois Valley. RCC provides educational access to more than 16,000 students annually with programs that range from electronics, construction, and fire science, to nursing, early childhood education and emergency medical technology.

The RCC Table Rock Campus in White City, supported by state-of-the-art technical classrooms, labs and equipment, provides one of the best career and technical training facilities on the West Coast. The Riverside Campus in downtown Medford and the

Redwood Campus in Grants Pass also offer career and technical training and focus on transfer courses – from art to psychology – for students interested in pursuing a baccalaureate degree.

RCC is fully accredited by the Northwest Commission on Colleges and Universities. Courses and programs are approved by the Oregon Department of Education.

Southern Oregon University (SOU), located in Ashland, is distinctive in the State University System in being Oregon's principal small public institution with a primary mission of providing excellent and thorough instruction in the business school, liberal arts, and sciences; these complement the University's selected professional and graduate programs. The campus combines many of the best features of both the private and public university: small enrollment classes, teachers who know and work directly with their students, and a faculty and staff fully committed to education, both in and beyond the classroom, on and off campus. Southern Oregon University is designated as a center of excellence in the fine and performing arts.

In addition to programs in the fine and performing arts, SOU's programs in Computer Science, Environmental Studies, Materials Science, Pre-Engineering, Education, Languages, land-use planning (to name but a few), and a comprehensive suite of science, social science and humanities prepare graduates to make significant contributions to our region's economy and quality of life. SOU's partnership in the Deer Creek Center, located in Selma, will enhance field-based programs such as environmental studies, biology, geology and archeology as well as encourage expansion of SOU programs to the Illinois Valley.

SOU's School of Business prepares future leaders, managers and employees who are flexible, well-educated team players. Students in Business Administration at SOU interact with outstanding teaching faculty, many of whom are industry veterans. Team projects develop collaborative skills and case studies hone critical thinking and analytical skills. Internships offer hands-on experience in diverse businesses and nonprofit organizations, and international exposure comes from students from around the world and study abroad programs in Germany, Mexico, England, Australia, Japan, and France.

The School's curriculum has been fine-tuned as a result of research into regional industrial clusters conducted by the School of Business in 2006. The School of Business serves the region's demand for highly trained managers and executives through its part-time Master in Management (MiM) and MBA programs. Both programs meet the needs of working professionals, with MiM courses offered in the evenings and the MBA presented as a Saturday cohort program. The School also builds the region's economic capacity through its outstanding accounting program, recently expanded to online delivery, and its hospitality and tourism curriculum.

Online courses and evening classes in Medford make it possible for working adults to earn a degree in Business Administration with minimal disruption to their personal and professional lives. Students may focus on accounting, marketing, management, small business management, nonprofit management, or hospitality and tourism.

RCC/SOU Higher Education Center

SOU's partnership with Rogue Community College (RCC) in the new Higher Education Center in downtown Medford will enhance the efforts of both institutions in the region. The 68,700 square foot facility will open in August of 2008. Co-location of the two institutions will allow for a seamless transition of transfer students and will provide a dynamic learning environment with well-equipped science and computer labs. The educational opportunities the Center will provide represent a pivotal force in developing the region's workforce and economy.

The Center will also feature a comprehensive Business Center that will offer the following services: "Bridge" Mentoring Program, Executive Lecture Series, Small Business Development Center, Customized Training, and Business Communication Institute

c. Services for Low Income Population:

There are over 51 organizations or agencies that provide services for the low income and aged within Jackson and Josephine Counties.

A listing of the types of services provided for low income families include, but are not limited to: child care, clothing, counseling, emergency assistance, energy assistance, family planning, financial aid, food, foster care, health screening, home weatherization, housing, legal services, medical assistance, medical/dental care, parenting support, and part-time employment.

A listing of the types of services provided for the aged include, but are not limited to: utility bill payment assistance, medical assistance, financial aid, employment, foster care, transportation, adult foster care, residential care, legal services, advocacy, health screening, heating assistance, recreational services, counseling, education, vocational rehabilitation, clothing, emergency assistance, food, housing, disabled, part-time employment, nursing care, program monitoring, libraries, and support groups.

d. Condition of Central Business Districts:

The condition of central business districts in the smaller communities has deteriorated somewhat over the past several years. Several cities including Ashland, Grants Pass, Medford, and Talent are investing in improvements to the central business districts and these investments have made significant improvements in the downtown core. The City of Medford and the Medford Urban Redevelopment Authority recently announced substantial public and private investments for their downtown area, involving the development of the Commons Area and the construction of a ten-story corporate headquarters facility for Lithia Motors, the sixth largest retail auto dealership in the USA. Urban redevelopment is a long process, but well worth the time and money if cities are to attract and encourage businesses to expand and occupy their business districts.

The cities of Jacksonville, Phoenix, and Talent, along with portions of White City under the jurisdiction of Jackson County also have approved Urban Renewal Districts.

The smaller communities are having difficulty developing the enthusiasm and appetite required to generate the funding necessary to improve their central business areas. Even considering that a limited amount of grant money is available, small cities cannot generate the funds necessary to match and obtain these limited funds.

e. Roads and Utilities:

Roads and utilities need constant improvement and are being expanded into areas as new development occurs. Both incorporated and unincorporated areas are implementing, or have already put in place, system development charges to offset development costs for their future road and utility needs.

f. Hospitals and Clinics:

Josephine County: The Asante Campus, in Grants Pass is a full service hospital. It provides 144 beds, a Birthing Center, and the Helen K Spears Cancer Center. Some medical services are also provided by the Josephine County Health Department, the Siskiyou Community Health Center, and the Deer Creek Clinic in Selma.

Josephine County has approximately 70 physicians, 40 dentists, 15 chiropractors and 10 optometrists. There is one retirement center and 11 nursing homes serving the area plus several care homes for the elderly and disabled.

Jackson County: The most comprehensive medical care between San Francisco and Eugene is found in Medford. Medford is a distinguished medical community providing intensive healthcare services to the population of southern Oregon and northern California. Asante's Rogue Valley Medical Center in Medford provides in/out patient medical services and 305 beds. The staff includes 1,500 employees with 225 physicians available representing specialists in all areas. Special services include Neonatal Intensive Care Nursery, Radiation Oncology, Sleep Lab, Optomology, Cardiology, Mental Health Services, Senior Citizen Services, and more are also available. Asante is currently undergoing a \$76 million renovation and expansion and made the list of 100 Best Companies to Work For in Oregon by Oregon Business Magazine. Asante's Cardiovascular Care Unit has been ranked nationally in the top 100, 4 out of the last 5 years.

Providence Medford Medical Center also located in Medford provides in/out patient facilities, 168 beds, and a medical and dental staff of more than 200 physicians representing specialists in all areas. Providence also supports a major Rehabilitation Center with more than 1000 employees.

Ashland Community Hospital in Ashland is a full service hospital providing 58 beds.

Some medical services are also provided by the Jackson County Health Department. Jackson County has over 225 physicians, 125 dentists, 45 chiropractors and 50 optometrists. There are more than a dozen retirement centers, the largest being the Rogue Valley Manor, plus over a dozen nursing homes.

Jackson County has five ambulance services as well as Mercy Flights, an air/ground ambulance service based at the Medford/Jackson County Airport. All of the services can be reached by dialing 9-1-1. Josephine County has two ambulance services. Each county has Search and Rescue, Fire Department Rescue and Civil Air Patrol services available.

g. Fire Stations:

Grants Pass City Public Safety Department provides both police and fire protection. The concept of a Public Safety System allows police and fire personnel to provide mutual support. The Public Safety Department has 48 personnel in field services (police patrol officers and fire fighters) and 20 support personnel. The City currently has sufficient equipment and personnel to hold an ISO-3 insurance rating.

The Medford Fire Department utilizes 68 personnel to provide protection to a 40 - 45 square mile area. The City maintains an ISO-3 rating for urban areas and rural areas with fire hydrants and an ISO-8 in rural areas without fire hydrants.

The rural areas of Jackson County and the small rural communities receive fire protection from either County Fire Districts or small community volunteer fire departments. The ISO rating for the fire service districts in these areas currently ranges from ISO-4 to ISO-9.

The rural areas of Josephine County receive their fire protection from community sponsored volunteer fire departments and Valley Fire Service, a for-profit subscription service. The ISO rating for these fire services ranges from ISO-5 to ISO-9.

h. Cultural and Recreational Facilities:

The *Oregon Shakespeare Festival* in Ashland draws devoted theater patrons to the alpine community each year. Shakespearean and contemporary productions are performed February through October. Ashland's outdoor theater was patterned after the Fortune Theater of the 16th Century London and is active nearly all year long. There is also a modern indoor theater, the Bowman, which is state-of-the-art and adds additional credibility to the entire Festival operation. Adjacent to the outdoor theater is Lithia Park, a 100 acre tract of rare and unusual flora.

In June through September each year, the famed *Peter Britt Music Festival* draws internationally known musicians to present open-air concerts in the sylvan Britt Gardens in Jacksonville. Jazz, bluegrass and classical musicians assemble in southern Oregon each summer to provide a remarkable series of concerts lasting several weeks.

The *Rogue Valley Symphony* offers full orchestra concerts throughout the year at varying locations including Grants Pass, Medford and Ashland.

The *Rogue Music Theater* is Rogue Community College's full production stage theater. The facility is an outdoor amphitheater set in a park like setting on the campus of Rogue Community College.

The *Rogue River* flows 215 miles from the edge of Crater Lake National Park to the Pacific Ocean. The scenic beauty of the river has thrilled many fishermen and white water rafters. The final 32 miles of the river, protected by the Wild and Scenic Rivers Act, is one of the most remote river courses in the United States. Boating, fishing, hiking trails, and a variety of commercial river tours all contribute to the Rogue River experience. The Rogue River, which flows through both Jackson and Josephine Counties, is one of the National Wild and Scenic River System streams.

The region also has outstanding fishing, rafting and recreational opportunities on the Applegate and Illinois Rivers, which are major tributaries of the Rogue River. *Crater Lake*, the deepest lake in the United States and Oregon's only National Park, lies on the crest of the Cascade Range at the 9,000 foot level, just 80 miles northeast of Medford. The park features a lodge and exhibit building at Rim Village, narrated boat trips on the lake (in the summer), rim bus tours, hiking, snow skiing, nature trails, picnic areas, campgrounds and naturalist programs. This high mountain lake fills the caldera of an ancient 12,000 foot volcano. The crater's walls abruptly rise 2,000 feet in places from the 25-mile shoreline. Crater Lake is known for its amazingly blue water color.

Mountain and valley lakes in the region provide wilderness experiences and the opportunity to enjoy water skiing, fishing, swimming and boating. Seven Lakes Basin, high in the Cascades south of Crater Lake, attracts backpackers in search of solitude, beauty and serenity.

The *Siskiyou National Forest* in Josephine County contains Oregon's first National Monument, the Oregon Caves. The Siskiyou Forest also contains two wilderness areas - the Kalmiopsis Wilderness and the Wild Rogue Wilderness (several hundred thousand acres). Both areas are excellent for hiking and backpacking in the spring and fall.

Jacksonville, a National Historic landmark, is five miles west of Medford. Shady, tree-lined streets, restored Victorian homes and a gold rush era cemetery assure nostalgia lovers a full day of exploring.

The *Boatnik Festival* in Grants Pass is held each year during Memorial Day weekend. This event starts off with a parade through downtown Grants Pass, followed by three days of activities centered in the city's Riverside Park. Highlights include arts and crafts shows, food booths, carnival rides, square dancing, water skiing demonstrations and an exciting fast pitch softball tournament. The festival's main event is the hydroplane boat race. Racers begin the 48 mile course in Riverside Park and go booming down the river at more than 70 miles per hour, pushing their sleek boats through rapids, riffles and the narrow chute formed by Hellgate Canyon. The racers turn around just before reaching Galice and roar back to the finish line in the park.

Mount Ashland dominates the Siskiyou Mountain Range (7,523 ft) and is just 34 miles south of Medford. The Mount Ashland ski area facilities are usually open in early December and operate through April. Facilities at Mount Ashland include a lodge and rental shop along with ski terrain to challenge every skier's ability from beginner to advanced, with four chair lifts serving 23 runs and bowl skiing. Night skiing is an

intriguing addition to the mountain. The resort also offers excellent instruction at its ski school.

Grants Pass Downs features pari-mutuel horse racing Memorial Day Weekend through the Fourth of July on a daily basis at the Josephine County Fairgrounds. Race horses including quarter horses, Appaloosa, Arabians, and thoroughbreds are entered and raced at all distances.

i. Prime or Unique Farmland

Federal and State designated prime or unique farmland in Jackson and Josephine Counties has been identified. Total acreage under these designations in Jackson County is 138,347. Josephine County consists of 80% Federal Forest Lands with other forest reserve properties held by state and private sources. Consequently their designated prime or unique farmland consists of considerably less acreage. According to records, total prime or unique farmland in Josephine County is 59,073 acres.

j. Conservation Areas

Various conservation areas exist within the two county region including the Oregon Caves National Monument, Siskiyou National Forest, Rogue River National Forest, small portions of the Klamath National Forest and the Umpqua National Forest, the Kalmiopsis Wilderness area, Rogue River Wilderness area, Valley of the Rogue State Park, TouVelle State Park, Casey State Park, Stewart State Park, the Illinois Scenic Waterway, the Rogue Scenic Waterway, and the Bureau of Land Management (BLM) lands. Several county parks dot the two county region and include: Pierce Riffle Park, Chinook Park, Schroeder Park, Whitehorse Park, Matson Park, Griffin Park, Indian Mary Park, Alameda Park, Wolf Creek Park, Fish Hatchery Park, Sportsman Park, Cathedral Hills Park, Lake Selmac Park, Agate Lake Park, Cantrall-Buckley Park, Emigrant Lake Park, Hoover Ponds Park, Howard Prairie Lake Park, Palmerton Park, Rogue Elk Park, Savage Rapids Park, Shady Cove Park, and Willow Lake Park. Other wayside, wildlife refuges, wildlife preserves and management areas exist throughout the region.

Vast areas of the two-county region are federal lands. The U.S. Forest Service maintains two national forests (the Rogue and Siskiyou) and the National Park Service maintains a national monument (the Oregon Caves), while the Bureau of Land Management (BLM) is responsible for thousands of additional acres in the region. Over 68% of the region is currently designated as forest land (1,933,440 acres).

k. Unique Habitat Areas

Several hundreds of thousands of acres of unique habitat are being set aside for the Northern Spotted Owl. Wildlife preserves, refuges and management areas exist for deer, elk and other big game animals. The Osprey has nesting areas along the Rogue, Applegate and Illinois Rivers that are also protected.

l. Ecological Sensitive Areas

Ecologically sensitive areas include the entire Rogue River system, several identified wetland areas and the Nature Conservatory parcels in Whetstone Industrial Park and atop upper Table Rock near White City. Numerous other small parcels exist in several locations throughout the region.

m. Historical Sites

Existing sites and structures on the National Historic Register, along with sites and structures eligible for listing on the National Historic Register, and sites of local significance have been identified. Comparing information obtained from the National Historic Register with additional information received from the Southern Oregon Historical Society there were 97 listings in Jackson County, and 25 in Josephine County as of May 2004.

n. Flood Plains and/or Wetlands

Access to Federal Emergency Management Agency (FEMA) Flood Plain Maps for the two-county region has been researched and information has been obtained from the Oregon Department of Land Conservation and Development (LCDC)-Oregon Flood Plain Management Program. We have on file agency names and costs to obtain these maps, but it has been suggested by FEMA in Baltimore, Maryland that the number of individual maps involved (93 for Jackson and Josephine Counties) would require a significant storage area, as well as a cost which would be prohibitive to SOREDI. We have the information on file where the maps may be obtained and other related information. It should be noted that the Jackson and Josephine Counties Departments of Planning and Development have indicated that maps are readily available for preview through insurance agents, real estate agents and lending institutions.

A State of Oregon Community Status list dated 3/27/90 showing related information for both Jackson and Josephine County, as well as every incorporated city within those counties is available.

Wetland Inventory and Wetland Conservation Plans (ORS 196.668 - 196.692, effective September of 1989) have been received from the Division of State Lands, Environmental Planning and Permits Section of the State of Oregon. Also on file are regulatory guidance letters pertaining to Cropped Wetland, fact sheets on FSA Wetland Determination and Agriculture, a list of environmental and wetland consultants, the U.S. EPA publication OPA-87-016 entitled America's Wetlands, and a Wetland's Inventory User's Guide for Oregon Wetlands published by the Division of State Lands Wetland Program - Publication 90-1.

Local, County, or State Regulations Controlling Activities within Flood Plains or Wetlands: Both Josephine and Jackson County comprehensive plans list what is allowed in flood plains and wetlands. The State of Oregon has state-wide goals that govern land use in general and specifically what is allowed in flood plains and wetlands. The State of Oregon Land Conservation and Development Commission (LCDC) rules on conflicts between land use issues appealed to them by local jurisdictions.

o. Threatened and Endangered Species

Species identified in Oregon as *protected state wildlife* include: All birds except game birds and unprotected birds, four fish species, 13 mammals, six amphibians, and four reptiles. *Endangered wildlife* includes the Aleutian Canada Goose, Peregrine Falcon, California Brown Pelican, Gray Wolf, California Condor, and the Columbian White-Tailed Deer. *Threatened wildlife* includes the Bald Eagle, Kit Fox, Northern Spotted Owl, Sea Otter, Western Snowy Plover, Western Spotted Frog, Wolverine and the Marbled Murrelet.

There are four species of plants identified in southern Oregon as *endangered* - Pink Sandverbena, Umpqua Mariposa-Lily, Western Lily, and Agate Desert Lomatium. There are no species of plants in southern Oregon listed as *threatened*. However, there are 25 species of plants that are on the federal candidate list.

Ashland is the home of the National Forensics Laboratory which is responsible for the examination of all endangered species of birds, animals and plants. It is also the national repository for evidence as it relates to violations of endangered species throughout the United States.

The State of the Regional Economy

As has been mentioned before, the regional economy continues its transition from a natural resource base to a diversified manufacturing, specialty food, software development and retail/service based economy. The further transition from natural resource-based employment creates the challenge of supporting businesses creating the new jobs which provide family wage jobs with the needed skilled workforce demanded in this new diversified regional economy.

1. Strengths

A look at the strengths of our region, which could serve as the basis for continued economic diversification, reveals the following strengths:

- o Abundant natural resources supporting manufacturing and tourism
- o Available, somewhat skilled workforce
- o Successful businesses creating new wealth and employment
- o Excellent K-12 education system; both public & private
- o Higher education and technical training system, RCC and SOU
- o International airport serving business and tourism needs
- o Jackson/Josephine County government cooperation
- o West coast location along the I-5 corridor with access to the Pacific Rim
- o Medical/retail service center serving a large consumer market
- o Strong public/private collaborative partnerships creating positive results
- o Quality of life which attracts and retains skilled workers and new citizens

2. Weaknesses

The strengths of the region are counter balanced by the weaknesses which may realistically limit the extent or speed with which economic diversification may occur and are identified as follows:

- Reduction in rail served industrial lands
- Limitation in skilled/technically prepared workforce
- Restricted air shed and air quality limits
- Work ethics and work readiness concerns for some of the workforce
- Lack of equity capital to businesses to fund growth or establishment
- Gaps in available curriculum for specialized technical and degreed workers
- Limited availability of worker-affordable housing in region
- Lack of sufficient growth of the 25 to 45 year old workforce population

3. Region's Significant Economic Clusters and Consortia

In November 2006, the Southern Oregon University School of Business completed an analysis of the industrial clusters of business operating or emerging in Jackson and Josephine County Counties. The regional cluster study was funded through a grant from US Commerce Department, Economic Development Administration with matching support from Southern Oregon University. The regional industrial cluster analysis, developed by a team from SOU, conducted interviews with businesses, analyzed available data and concluded the two-county region held at least eleven industrial clusters. The identified regional business clusters included:

- Food and Beverage Production, Sales and Manufacturing
- Logging and Support Activities for Forestry
- Wood Products
- Metals Manufacturing
- Wholesalers
- Electronic Shopping
- Freight Transport
- Headquarters facilities
- Elder/Health Care
- Creative Services
- Tourism and Recreation

The regional cluster assessment noted that two of the identified cluster groups, Elder/Health Care and Tourism/Recreation, each account for 10% of the regional total covered payroll. Eight of the identified clusters pay wages above the region's overall average annual wage rate of \$29,321 based on 2004 data. Additionally, these clusters average annual wage rates are pegged at 79% of national average for their counterparts across the USA.

Nearly three quarters of the business leaders interviewed identified the availability of skilled workers as an important, very important, or a critically important factor for their company's success. This indication of critical importance of available, trained workforce has also been supported by separate interviews with area businesses conducted as part of the region's Power Up workforce development initiative.

Work with individual clusters of businesses identified among the cluster grouping is well underway. Tourism and recreation have long established associations bringing these businesses together to create collaborative strategies to improve the overall competitiveness for these businesses in Southern Oregon. Many of the manufacturing businesses from several of the identified clusters have formed a competitiveness group, Southern Oregon High

Performance Enterprise Consortium, who work together to identify common concerns and build common solutions.

Moving forward, the regional strategy will also focus on opportunities to promote, establish, and foster additional business clusters and consortia efforts as a strategic approach to promoting the overall competitiveness of our regional businesses. Other clusters and consortia currently engaged in the region include, but are not limited to: Heavy Lift Helicopter Cluster, WorkDrugFree Consortium, Southern Oregon Healthcare Consortium, PowerUp Regional Workforce Development Consortium, and Business Sustainability Consortium.

a. Trends

Traded sector businesses use local components of production, including land, labor, and capital goods, to produce a product or service that is sold outside of the area, generating income for the area. Traded sector businesses in Southern Oregon include agriculture and manufacturing, as well as certain sectors of service-producing industries including education, health care, and tourism-related businesses.

In addition, Southern Oregon, and especially the Medford-Ashland area, has been a regional trade and service center for at least 30 to 40 years, drawing consumer dollars from a population base much wider geographically and more economically diverse in southern Oregon and northern California.

The number of wholesale and retail trade jobs rose by more than 6,100 between 1990 and 2000 representing 21.4% of jobs in 2000; however, dropped back to only 18.6% of jobs by 2006. Growth occurred in all areas of trade including restaurants, grocery stores, building supply, hardware and garden outlets, auto dealerships, home furnishing and office supply stores, apparel outlets, and non-store retailing. Growth was moderated by competition on a national scale which resulted in the closure of some retail outlets.

Employment in the services industry increased 55%, adding 22,750 jobs between 1990 and 2006. While health care jobs accounted for a large percentage of this growth, substantial employment growth was also realized in lodging establishments, entertainment and recreation, business and personal services, and social and professional services. Much of the growth in business services occurred in the help-supply industry. Business services expansion also took place in the computer software and data services sector. Within social services, growth was strong in day care, adult foster care, and assisted living facilities.

Construction employment, one of the fastest growing employment, increased by more than 3,300 jobs from 1990 to 2006, posting an increase of 72% within this time period; this industry is expected to see continued rapid growth linked to population growth and the expanding commercial/retail service sector. Expansion occurred among residential and general building contractors, heavy construction firms, and among plumbing, electrical and other specialty contractors.

Transportation and public utilities employment, including communications, increased by nearly 1,150 jobs between 1990 and 2000, but then decreased by nearly 1,500 jobs by 2006. While

Southern Oregon has become a dispatch and service center for trucking companies, numerous trucking positions remain unfilled in the region and may account for a portion of the decrease in jobs within this sector. In the past few years, growth in communications services and technology has been strong, primarily in call center activity; however, there have been job reductions in other parts of communications and utilities due to technological change, cost cutting measures, and mergers.

Finance, insurance, and real estate sector jobs have increased nearly 49% since 1990, adding 2,800 jobs. Mergers and acquisitions reduced overall growth in banking; however, the real estate industry thrived during the same period due to rapid population growth experienced in the region.

b. Projections

Jackson and Josephine counties are expected to add jobs across the region at a slightly faster pace than the rest of the state, increasing by 19.5 percent, gaining 19,820 jobs between 2004 – 2014, with covered payroll employment increasing by 20,790, or 25.4%. Three industry sectors are expected to account for most of the state's job growth, which will be somewhat applicable for the region: Professional and business services, educational and health services and trade, transportation, and utilities.

Employment in the rest of manufacturing is projected to increase by 860 between 2004 and 2014 (+8.6%), a rate which exceeds the statewide average, bringing the total for non-timber manufacturing to more than 8,610. Services jobs are projected to increase by 27 percent by 2014 largely because of population growth. More than three-quarters of the growth in non-manufacturing is expected to occur in trade and services. Employment in wholesale and retail trade is projected to rise by 18 percent. Together, they are expected to add more than 23,860 jobs in the coming decade. Construction jobs are projected to increase by 1,390 (+30%). Smaller increases are anticipated for transportation and public utilities; finance, insurance, and real estate; and government. Most growth in government is projected to occur at the local level in response to population gains.

4. External Trends and Forces

a. Opportunities

The identification of opportunities that represent “good bets” for immediate action as a means to generate additional community and/or economic benefits includes:

- Expanded foreign investment and trade
- High technology/bio-medical expansion
- Lone Eagles – telecommuting to global markets
- Software development
- Value added processing for food and wood products
- Metal fabrication across many sectors
- High value recreation/tourism
- Medical services

- o Small businesses growth in most industry sectors

b. Threats

Threats, which if unchecked could undermine local community and economic stability and should therefore provide greater incentive for action, include:

- o Uncertainty of the quality and quantity of workforce
- o Lack of clarity for forest products harvest levels from federal timber lands
- o Discontinuation of O & C timber receipts or federal subsidies to local jurisdictions
- o Lack of advanced technology development and infrastructure capacity
- o Unstable funding sources for K-12 schools, community college and regional university
- o Increased international competition in manufacturing technology
- o Decreased availability of affordable or workforce housing in region
- o Decreased expansion of properly zoned and serviced commercial and industrial lands
- o Severely limited property tax revenues to local jurisdictions to support essential public services
- o Inadequate transportation corridor (Cave Junction)
- o Potential for reduced rail freight services for moving goods to and from region

c. Positioning

The southern Oregon region has spent considerable time and resources in developing the infrastructure necessary to access both the national and international economic markets. The Medford/Jackson County International Airport received its international designation in 1995. Jackson County proposed a Foreign Trade Zone at the airport which was accepted and designated in 1997. The designation of the Foreign Trade Zone is accompanied by the presence of agricultural inspection, and immigrations and naturalization personnel on a permanent basis. Currently, Customs services are in an "On Call" as needed basis. This "On Call" status will remain in affect until there is sufficient local usage to funds customs on a permanent basis. Additional improvements have been made to the airport itself such as increased loading capacity, lengthening the runway to 8,000 feet and adding improved threshold lights to enable larger aircraft and larger capacity cargo loads to utilize the facilities. Currently Jackson County is building a new expanded airport terminal facility which will have the growth capacity for the next 20 years.

The future is also bright with regard to the region's ability to support telecommunications intensive business opportunities. As was mentioned earlier, Southern Oregon has excellent access to fiber optic from Qwest, AT&T, MCI and Embarq. We have route diversity as well as redundancy.

Moreover, the region's location on the I-5 corridor provides excellent and quick access to the major seaports for entry/exit on the west coast, Portland and San Francisco, as well as connectivity to Seattle and Los Angeles.

5. Partners and Resources for Community and Economic Development

One of the major strengths of the southern Oregon area is the public/private collaborative partnerships. SOREDI views itself as one of the most visible of the public/private partnerships; however, there are numerous partners that make up the whole delivery system for community and economic development.

Numerous important organizations/entities provide assistance in the delivery of community and economic development; the effort is headed by the Board of Commissioners for Jackson and Josephine Counties along with the cities of Grants Pass and Medford. All thirteen incorporated communities in the two-county region are vital to the delivery of services within their respective communities, as well as the surrounding unincorporated areas. Partners who provide complementary community and economic development services include, but are not limited to:

<u>Organization</u>	<u>Service Area</u>
City of Ashland	Municipality
City of Grants Pass	Municipality
City of Medford	Municipality
The Job Council	Local WIA provider
Adult and Family Services	Assistance to Low Income Families
Oregon Employment Department	Employment Services
Business Response Team	Employer/Employee Services
Small Business Development Centers	Business Counseling
Rogue Valley COG	Senior Services/Community Development
Chambers of Commerce	Commercial/Retail Business Connectivity
Southern Oregon University	Higher Education
Rogue Community College	Specialized Training
County Library Systems	Business Reference
Rogue Valley Workforce Development Council	Workforce Issues
Rogue Valley Area Commission	Regional Transportation on Transportation
TRADCO	Regional Transportation
Land Conservation and Development	Land Use
Oregon Department of Transportation	Regional Transportation
Oregon Housing and Community Services	Housing Issues
Department of Environmental Quality	Environmental Issues
Community Development Corporations	Low Income Housing
Oregon Economic and Community Development Department	Economic Development
Community Response Teams	Community Planning
Upper Rogue Education Consortium	Specialized Education
Pacific Power	Regional Planning
Avista Utilities	Regional Planning
Qwest	Regional Planning
Embarq	Regional Planning
Grants Pass Redevelopment Agency	Business Financial & Infrastructure Assistance

Medford Urban Renewal Agency	Business & Infrastructure Assistance
White City Urban Renewal	Business & Infrastructure Assistance
Jacksonville, Phoenix, and Talent Urban Renewal Districts	Business & Infrastructure Assistance
Enterprise Zones, Cave Junction, Grants Pass & Medford	Business Assistance
Community Response Team	Individual Leadership & In-Kind contribution
U.S. Dept. of Commerce, EDA	Community & Economic Development Funding
USDA Rural Development	Community & Economic Development Funding
USDA Forest Service	Community & Economic Development Funding

6. Unique/Significant Resources

- Abundant natural resources
- Available workforce
- Economic development capacity at city/county/regional level
- Inventory of industrial land in some locations
- International airport with expanding flight options
- Jackson/Josephine County cooperation
- Location on I-5 and Pacific Rim
- Regional Medical/Retail center
- Proximity to California markets
- Public/private collaborative partnership
- Quality of life
- Supportive financial institutions

7. Development/Implementation barriers

- Declining utilization of federal forest resources
- Inadequate “certified ready” industrial sites
- Lack of local public funding for essential services
- Large federal/state land ownership
- Too many jobs with low skill/low wages
- Reduction in rail-served industrial lands
- Restricted air shed and air quality limitations
- Rail/air/truck transportation access limited to the east
- Work ethics/skills limitation of workforce

IDENTIFIED PRIORITIES: LONG-TERM AND SHORT-TERM

Long-term Economic and Community Development Priorities: 2007-2013

The following Regional and Rural Investment Fund Economic and Community Development priorities have been established, based on our regional assessment, resource inventory and barrier identification, for the Region:

- Diversify the region's economic climate by promoting the creation of jobs with wages and benefits higher than the regional average.
- Support the region's communities which have been left out of Oregon's economic expansion and diversification.
- Help companies that are starting up or are already in business in our region to compete globally.
- Ensure strategies are developed to enhance economic and community development in the region to reinforce the Region's long-term prosperity and livability.
- Communicate and promote regional efforts for economic and community development, education, workforce development, and other civic activities.
- Increase the supply and availability of capital for business start-up and expansion.
- Improve and expand physical infrastructure of rural areas to support existing demands and new economic growth.
- Foster the growth of locally-based businesses that utilize locally produced goods and services to meet the needs of local businesses and residents.
- Improve community facilities in rural areas to enhance the rural community viability.
- Coordinate and expand rural programs that market or develop a clearly defined geographic area or its products.
- Increase the work-related skills of the rural emerging, current and transitional workforce.
- Improve transportation and telecommunications infrastructure in and to rural areas.

Short Term Economic and Community Development Priorities: 2007 - 2013

The Jackson/Josephine Regional Investment Board intends to use funds from the 2007 – 2013 biennial allocations of State Lottery Funds to focus on economic development and regional projects and identified activities recommended as follows:

1. Long and short-term Job Creation and Retention
 - a) Direct job creation activities for jobs above regional wage average
 - b) Diversify region through promoting new businesses to start, grow and locate
 - c) Promote global competitiveness of regional businesses
 - d) Increase supply of funding for businesses
 - e) Provide skilled regional workforce to meet business needs
2. Maximize the leverage of private and public investments
3. Increase the amount/quality of the Industrial & Non-retail Commercial land availability
 - a) Industrial site development
 - b) Non-retail commercial business park development
 - c) State Industrial Lands Certification completion

SIX–YEAR INVESTMENT STRATEGY & IMPLEMENTATION PLAN 2007 - 2013
ORS 285B.239(1)(e)

2007 - 2013 Implementation Strategy

- A. The Jackson/Josephine Regional Investment Strategy and Rural Action Plan will encourage projects and activities that diversify the local and regional economies. In addition, the Board has determined that Regional Investment funds will be targeted to broader cross-regional and multi-community projects that have greater impact, while the Rural Action Plan will be targeted to specific community projects in remotely rural communities in the region. Regional Investment funds will be used to focus on the implementation of projects and activities that directly impact short-term job creation and retention and long term economic growth potential for the region. The focus on jobs will be on existing and new jobs that pay wages above the Annual Average Wage by county. Some projects will work to start and attract new businesses by maximizing the regional long-term investments and other public or private money leveraged through short-term investments from the Regional Investment Strategy. These potential projects or activities will be achieved through the collaborative support and cooperation of state and local governments, non-profits and private businesses.

Examples of Potential Projects and Activities for Short Term Objectives:

- Attract new business investments creating new, full time jobs
- Retain existing jobs at established businesses
- Promote entrepreneurial business development and start-up businesses
- Promote expansion of existing businesses which add new jobs
- Promote the development of clusters and consortia focused on improved competitiveness
- Add targeted curriculum to train workers to meet business defined needs
- Promote existing workers to improve technical and job-specific skills
- Promote readiness of zoned industrial or non-retail commercial sites
- Encourage industrial sites to complete OECD Certification

Examples of Potential Projects and Activities for Long Term Objectives:

- Promote growth of key regional business clusters
- Invest in community infrastructure and capacity projects to support economic growth and diversification
- Invest in the development of skills for the emerging and existing workforce in the region to meet business demands
- Promote the development of high-value tourism or recreational opportunities for remotely rural communities
- Promote community vitality and stability through community development investments

- B. See Appendix 7 for detailed information on the Regional Business Revolving Loan Fund.

RURAL ACTION PLAN

ORS 285B.239(1)(D)

The Rural Action Plan component of the Regional Strategy will focus on remotely rural communities located in Jackson and Josephine Counties which have not benefited from the overall economic growth and stability experienced during the recent economic recovery period. Remotely rural communities have not seen the economic diversity and job creation experienced by the larger urban and suburban communities in the Region and face unique challenges in economic and community development success. These remotely rural communities continue to experience loss of population, especially in the working ages of 19 to 55, while some have seen population increases among retirees locating to their communities.

The skills capacity of the worker-aged population have not advanced sufficiently to meet the new demands of area businesses which leads to lower average incomes in the region's remotely rural communities. The remotely rural communities enjoy the proximity to the region's natural resources, timber and recreational assets but generally have not seen an improvement in economic success indicators such as per capita income or skilled employment opportunities. Remotely rural communities in the region include, but are not limited to:

- Applegate
- Butte Falls
- Cave Junction/Illinois Valley
- Wolf Creek/Sunny Valley
- Prospect
- Shady Cove

Potential projects to improve remotely rural community economies include:

- Promote development, formation and expansion of local small businesses as key employers, including micro-enterprise development
- Promote skills training of workers to meet job demands of local businesses
- Promote high value tourism and recreational activities to improve economies
- Promote investments in community facilities to improve overall economic health
- Promote adequate housing options for worker/affordable housing needs
- Encourage improvements in essential public infrastructure to support economic stability

BARRIERS TO IMPLEMENTATION

ORS 285B.239(1)(c)

Analysis of Barriers to Implementation of the Regional/Rural Investment Strategy

Specific barriers to implementing the action strategy, contained within the Regional/Rural Investment Strategy, revolve around identifying regional issues and integrating those issues with high priority projects identified within our local communities.

A. Identifying Issues

Identifying regional issues was addressed through the efforts of the Jackson/Josephine Regional Partnership. The Partnership included some forty local organizations, communities, and interested persons, in addition to the regional Governor's Economic Revitalization Team representing the State or Oregon. Potential barriers to economic growth were identified through numerous community meetings conducted in coordination with our Jackson/Josephine Regional Partnership and Regional Investment Board. The identified issues or barriers are broad in scope and affect our entire region and their nature is not easily solved. The primary barriers to economic growth within our region are as follows:

- Air shed considerations/limitations which constrain expansions or new business investments
- Limited industrial land supply and certified project-ready sites
- Lack of available industrial buildings greater than 15,000 square feet
- Lack of streamlined processes for project permitting
- Imbalance between jobs and housing, affordable housing, and public transit services
- Inadequate workforce development/training for current workforce

The Scope of Work for the Regional/Rural Investment Strategy addresses the solution, or movement towards the solution, to some or all of these regional issues.

B. Integrating Issues

Integrating regional issues with high-priority community issues is the second part of addressing the barriers to implementation of the Strategy. The method identified to integrate regional issues with community-based issues will be to solicit input and invite input to the Regional – Rural Investment Board for suggested solutions to achieve a holistic solution to the regional and community-based issues

C. Actions to Coordinate Work with Federal Agencies

An integral part of the method for integration of regional and community issues is to conduct a lead agency meeting within the region to discuss priority issues and projects and, if feasible, assign potential funding agencies to particular projects or issues. The lead agency meetings combines representation from state agencies, federal agencies and the Jackson/Josephine Regional Investment Board and allows for the integration of state, federal and local funds. This ensures that high-priority issues and projects move forward in addressing local community needs, as well as regional concerns. The federal agencies normally attending these lead agency meetings include, but are not limited to:

- U. S. Dept. of Commerce - Economic Development Administration
- U.S. Department of Agriculture – Rural Development
- U. S. Dept. of Agriculture Forest Service and Rural Development
- Environmental Protection Agency

PLAN FOR INVOLVEMENT OF DISADVANTAGED AND MINORITY GROUPS

The Regional Board solicited comprehensive input during the development of the 2007-2013 Regional-Rural Investment strategy from rural and urban areas of the region. Input was solicited from the Native American and Hispanic communities, as well as from limited income representatives. Additionally, the Board and staff have made extensive outreach efforts to disadvantaged and minority individuals, groups and organizations with regards to the availability of the program, how it applies to their situations and a detailed coverage of the application process. Minority representation for the Regional Board membership has been solicited and includes minority representation currently.

SORED I, as staff for the Regional Investment Board, has made presentations to all of the communities within the region, explaining the Regional Investment/Rural Investment Fund program and the application process. There will be additional outreach efforts during the period of 2007-2013 to elicit additional input to needs and required solutions. Staff and board members will be traveling to different communities and areas to provide information, brainstorm with communities, provide application preparation assistance, and if applicable, identify additional or more appropriate funding sources. Mailings will also be made to all past applicants for both the Regional Investment and Rural Investment Fund programs.

The region's Hispanic workforce, approximately 8.5% of the workforce in Jackson County and approximately 4% in Josephine County, represents an important asset for the region's businesses. While many Hispanic workers are employed in the region's agricultural enterprises, many are finding full time employment in the construction, manufacturing and retail/services sectors of the region's economy. Training, including English as a second language, is a critical need for this important minority group to be ready and successful in filling better paying, full time jobs available in the region.

Among the region's largest category of disadvantaged groups are workers lacking adequate job skills to be hired by the region's successful businesses that have been creating new jobs to meet their expanding markets. In addition, emerging recent high school graduates or high school dropouts face similar skills limitations to be considered ready for many of the higher wage, higher demand jobs available with the region's expanding businesses. A recent survey of almost fifty area manufacturing and value-added businesses found a serious lack of necessary skills across the workforce to meet the demands of those businesses. The businesses surveyed indicated a future (over the next 24 months) hiring need of over 800 skilled or semi-skilled workers based on their total accumulative employment level of just over 3200! The employment opportunities across the region are excellent, but disadvantaged workers face a serious need for improved, targeted skills to become ready to fill the needs of area businesses.

The Regional Board will give special focus on future regional strategies and investment opportunities that would materially address improving the employment and general economic well-being for the region's minority and disadvantaged groups.

SPECIAL USES OF FUNDS

ORS 285B.245

Tourism or Industrial Marketing

The Jackson-Josephine Regional Investment Board highly values collaborative partnerships and regional efforts to market the benefits and advantages of Southern Oregon. As such it will continue to support multi-regional activities, such as the Southern Oregon Marketing Team (SOMT) which represents six counties: Jackson, Josephine, Douglas, Coos, Curry, and Klamath to promote the entire Southern Oregon region for new business investments. Representatives of the local natural gas and electric utilities, and OECD Business Development Officers, are also members of the team. The SOMT has worked since 2001 to design, implement, and follow up on direct mail campaigns targeting key markets primarily in California. In addition, the SOMT works in close collaboration with the Southern Oregon Visitors Association (SOVA) to distribute vacation guides to primary contacts in SOMT direct mail campaigns. The SOMT has pooled financial resources, as well as staff capacities, to attend targeted industry trade shows, provide follow up materials to business recruitment leads, and visit prospective businesses.

In addition, the Jackson-Josephine Regional Investment Board supports statewide marketing activities directed by the Oregon Economic Development Association (OEDA) and collaborates with this organization in targeted tradeshow and events. SOREDI Executive Director Ron Fox currently serves as Vice President on the OEDA board.

Regional-Rural Investment Funds for Private Enterprise Assets:

The Regional-Rural Investment Board has determined a policy to limit RRIF funds intended for acquiring fixed assets by a private sector enterprise; this will be limited to an allocation via a revolving loan managed through the established revolving loan program administered by Southern Oregon Regional Economic Development, Inc.

The established procedures and responsibilities for Regional-Rural Investment funded revolving loans to private sector businesses under the SOREDI Revolving Loan Fund program are outlined in Appendix 7, as attached to the document.

MANAGEMENT PLAN

ORS 285B.239(1)(j)

The Regional Investment Board believes a good management plan is important to ensure the success of the overall regional strategy. The Board has committed significant time to assessing current strengths, weaknesses, opportunities and threats for the region's economy and sees the potential for dramatic improvements with the necessary resources to fully implement the Regional Investment Strategy. The general implementation and management of the Regional Investment Strategy is assigned to Southern Oregon Regional Economic Development, Inc. (SOREDI) by the Regional Investment Board. SOREDI, established over twenty years ago as a region-wide partnership of local jurisdictions and private businesses, has been highly successful in implementing the previous biennial strategies on behalf of the Board. SOREDI is lead by a competent professional staff, supported by a seventeen member public-private board of directors, who represent many of the region's leading businesses and local jurisdictions. The

Regional Strategy is aligned with the mission, goals and objectives of SOREDI; the implementation of the Regional Investment Plan brings unity to the region-wide efforts to improve the overall economy of the region.

Vacancies on the Regional Investment Board are filled by the solicitation for potential new board members by various means, including posting public notices in the region's daily newspapers, outreach to economic and community development partners, as well as referrals from current and past board members. The potential new board members are interviewed by the Board and recommended board members are formally appointed by the combined County Commissions.

New board members receive an orientation from SOREDI staff which includes information regarding public meetings and records, and the ethics/standards required of board members. In addition, one-on-one meetings with existing Board members and key regional economic and community development organizations are arranged to provide essential and pertinent background information. Board travel expenses are reimbursed for out of region travel by the submission of an invoice of travel and related expenses from Regional Investment funds as administered by SOREDI.

SOREDI operates a \$6.6 million revolving loan fund which serves the funding needs of the region's businesses from funds provided by USDA Rural Development, EDA, Regional Strategies and locally raised amounts. SOREDI is the region's primary lead for outreach and assistance to the region's traded sector businesses and is the zone manager for the region's four Enterprise Zones. SOREDI also performs the accounting and financial/performance reporting for the Regional Investment Fund. The financial records for the Regional Investment Fund are maintained using Generally Accepted Accounting Principals and are annually audited with a copy of the annual audit report presented to the Regional Investment Board for review. Accounting functions for SOREDI are performed under contract by professional staff employed by The Job Council, Southern Oregon's regional WIA/workforce development organization; financial records are annually audited. Please refer to the attached Intergovernmental Agreement for the detailed functional responsibilities of the Board and its fiscal agency, SOREDI – Appendix #4.

SOREDI Staff include:

- Ron Fox, Executive Director
- Colleen Padilla, Business Development Manager and lead staff to the Jackson/Josephine Regional Investment Board
- Charlie Mitchell, Business Development Manager & lead staff for workforce development programs
- Reg Powell, Revolving Loan Manager
- Lori Mitchell, Office Manager
- Tatiana Resetnikov, Community Support Manager – administrative support for the Jackson/Josephine Regional Investment Board

Administrative Standards

The Jackson/Josephine Regional Board has developed and adopted the Regional Investment Strategy, 2005-2007, [Appendix 1](#). (Anticipate adoption by Regional Strategies Board of the 2007-2013 Regional Strategies Plan on November 14, 2007)

The Boards of Commissioners for Jackson and Josephine Counties have adopted the Regional Investment Strategy, [Appendices 2 and 3](#).

An Intergovernmental Agreement/Agreement between SOREDI, Jackson and Josephine Counties appears as [Appendix 4](#).

The Boards of Commissioners for Jackson and Josephine Counties have adopted ordinances to form an Economic Region, appoint a Regional Board and designate Southern Oregon Regional Economic Development, Inc (**SOREDI**) as staff, [Appendices 5 and 6](#).

The Regional Investment Board may provide direct grants to private businesses from either the Regional or Rural Investment Funds. [Appendix 7](#).

Definitions and methods of measurement appear as [Appendix 8](#).

2005-2006 Soredi Audit Report by Jones & Roth appears as [Appendix 9](#).

EVALUATION PLAN ORS 285B.239(1)(h)

Plan Evaluation Strategy

The Jackson/Josephine Regional-Rural Investment Board will evaluate the Regional-Rural Investment Strategy through the: 1) extent to which the projects create, retain or lead to short-term/direct or long-term/indirect jobs meeting the region's average private sector wages; 2) extent to which projects lead to the development or certification, as shovel ready, additional industrial/non-retail commercial sites/parks; 3) extent to which the projects deliver outcomes identified in the long and short-term regional priorities established in the strategy. Individual project evaluation criteria and performance measures will be established as the individual project contracts are developed utilizing the Strategy's short and long term priorities as outlined in the final plan.

Regional Benchmarks & Performance Measures for 2007 - 2013

The regional strategy developed by the Jackson/Josephine Region will support the regional vision and goals as outlined in Part III. The primary focus of the strategy is to:

- Increase the number of short-term/direct jobs created and/or retained – target XXX jobs created or saved. (actual number to be determined against RRIF funding available)
- Increase the number of long-term/indirect jobs created and/or retained – target XXX jobs

- created and/or retained. (actual number to be determined against RRIF funding available)
- Increase the number of acres/sites of certified ready industrial or non-retail commercial sites.
 - Focus on jobs that pay above the Annual Average Wage by county.
 - Increase the availability of capital (equity & debt) to support business start-ups and expansion
 - Improved the global competitiveness of the region's business clusters and consortia
 - Improve the overall economic health and stability of the region's remotely rural communities
 - Maximize the long-term/indirect investment (leverage) from the private and public sector – target \$5 of public/private for each \$1 of RRIF funds invested.
 - Maximize the short-term/direct investment (leverage) from the private and public sector – target \$5 of public/private for each \$1 of RRIF funds invested.

The Jackson/Josephine Regional Investment Board will use benchmarking, individual performance measures, and continuous project monitoring to evaluate the success of investments it will make in the region. Individual project performance measurements will be established as project contracts are developed and will be linked the region's vision and goals.

The Jackson/Josephine Regional Investment Board will make periodic performance reports in a form prescribed by the Economic and Community Development Department for regional-rural investment strategies, to the county governing bodies in the region, the Oregon Economic and Community Development Commission, the Governor and the Legislative Assembly.

The Regional Benchmarks and associated Performance Measures will include both short and long-term job creation/retention figures, wage levels, and leveraging of long-term assets. We fully expect the majority of long-term leveraging to be the results of funds invested in the Regional Investment RLF, funds provided for increased shovel ready industrial or non-retail commercial sites and investments made to address long term economic improvements in the region's remotely rural communities.

**Regional Benchmark 1:
Assist the private/public sector in creating or retaining over XXX jobs.**

Performance Measure

- a. *Save or create one full time job for every \$5,000 of RRIF funds expended.*

**Regional Benchmark 2:
Increase the average wage in the region through investments in higher wage jobs.**

Performance Measure

- a. *XX Percent of jobs created or retained exceed the annual Average Annual Wage for private sector by county. Current private sector Average Annual Wage by County: Jackson County \$30,693 and Josephine County \$27,593. (2006 base)*

**Regional Benchmark 3:
Maximize the investment from the private and public sector.**

Performance Measure

- a. *Leverage \$5 of private/public investment for each \$1 of RRIF funds invested.*

**Regional Benchmark 4:
Build capacity for long-term/indirect job growth.**

Performance Measures

- a. *Increase the number of fully served/Certified Ready industrial sites (Acreage) by XX acres.*
- b. *Increase the number of skilled workers capable of meeting the skill requirements of the regions high wage/high skill growth business sectors.*
- c. *Develop outreach activities which generate XXX new business leads for business expansion/recruitment opportunities in collaboration with local or regional partners*
- d. *The Plan shall set forth the method the board will use to obtain current data for each benchmark, the schedule for obtaining the updated data, and the board's plan and schedule to analyze the data and then make adjustments to its six-year Strategy and Implementation Plan, including its Rural Action Plan.*

Definitions and information on performance metrics to be used to measure performance outcomes is contained in Appendices #8

FIRST-SOURCE HIRING AGREEMENTS FOR BENEFITED BUSINESSES

OAR 123-057-0210(7)

The Regional Investment Board has established as a requirement for any private business receiving direct Regional Investment funds to agree and commit to utilizing a **first source hiring agreement** to give notice and access to the Region's first source hiring agency, Oregon Employment Department, for job openings resulting from the direct Regional Strategies investment. This requirement applies to businesses meeting the definition of a "benefited business" in OAR chapter 123, division 70 (ie, receiving more than \$50,000 as a grant, loan or substantial benefit (e.g. public works) but not for marketing or research)