

# Council Communication

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## Economic Development Strategy

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Meeting Date:	July 20, 2009	Primary Staff Contact:	Adam Hanks
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Secondary Dept.:	N/A	Secondary Contact:	Martha Bennett
Approval:	Martha J. Bennett	Estimated Time:	90 Minutes

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### Question:

What direction does Council wish to provide about Staff's suggestions for kicking off the Economic Development Strategy development for the City of Ashland?

### Staff Recommendation:

Staff recommends Council direct Staff to move forward with the complete development of a public involvement plan and timeline that will be based upon the conceptual agreement of the project starting point and ending point, i.e. what does the Council want to end up with at the completion of the project, and are we starting from scratch or are we building on existing plans and documents?

### Background:

The development and adoption of an Economic Development Strategy has been a Council goal for several years. In 2008, the City Council increased lodging tax rate from 7% to 9% to provide a funding source dedicated to economic development activities. Most recently, the Council included funds for the Economic Development Strategy in allocating transient occupancy tax revenue (February 17, 2009 and Resolution 2008-35) and in the FY 2010 Budget.

On June 17, 2009, the City Council formally adopted its 2009-2010 Goals. The theme of these goals was to improve Ashland's ability to be sustainable well into the future in six major areas. Under the "Economy" section, Council adopted the following goal:

*Develop and implement a comprehensive economic development strategy for the purpose of:*

- *Diversifying the economic base of the community*
- *Supporting creation and growth of businesses that use and provide local and regional products*
- *Increasing the number of family-wage jobs in the community*
- *Leveraging the strengths of Ashland's tourism and repeat visitors*

### Proposed Ending Point

Staff recommends that the City's economic development strategy include:

- A broad description of Ashland's vision for its economy. Staff recommends that the City begin with the draft vision statement developed by the City Council at its April 2009 retreat. This vision has broad statements related to the economy, and staff recommends that the Strategy include a refined, more detailed vision of the type of economy that Ashland is hoping to develop. Staff believes there is probably strong consensus about a desirable economic future for the community at the "macro" level, and that starting with the big picture will bring people together at the outset. This should make the specific decisions about strategies and actions



- (which could be more divisive) easier later in the process, as they will be measured against whether they move Ashland towards or away from its vision.
- A Traditional “Strengths, Weaknesses, Opportunities, and Threats” analysis to identify the boundaries of the strategy. As outlined below, much of this work was done as part of the Economic Opportunities Analysis done by the Community Development Department in 2007. The Strategy needs to clearly identify Ashland’s core advantages (e.g., strong, loyal visitor base, very high quality of life, high quality workforce) and constraints (e.g., limited land supply, limited water supply, etc.) and relate them to the type of businesses that we want to retain, attract, and turn away. The data from the 2007 EOA will need to be updated to reflect permanent changes in Ashland’s strengths and constraints due to the current recession and related long-term economic condition.
  - A limited set of specific goals for the economy. As with most strategic plans, the success of Ashland’s economic strategy will depend on our ability to agree on a short list of the most critical items that need to be achieved. These goals will likely not include everything that could be done, but rather will contain the actions most likely to have a positive effect.
  - A specific set of actions tied to each of the goals. These actions should be as specific as possible, and should include a timeline, a responsible entity, a proposed budget, and a description of the outcome desired by the action (what is “success?”). A specific outline of the roles of the various entities that are engaged in economic development in Ashland (e.g., City of Ashland, SOREDI, Ashland Chamber of Commerce, THRIVE, Southern Oregon University, Job Council, State of Oregon, Small Business Development Center, Rogue Community College, Jackson County, etc.) is also essential in achieving the intended results.
  - Performance Measures. The City needs to build measures into the strategy to track key economic trends. This will provide feedback about whether the action plan is taking Ashland towards its vision of its economy.
  - Update process. The strategy needs to clearly identify a timeline and process for updates.

### **Proposed Starting Point**

While there is a plethora of data available from various state, regional, county, city and partner agencies, the Economic Opportunities Analysis (EOA), completed in March of 2007 provides a great deal of information relevant to the economic status of our community, including demographic, housing, employment and land needs and availability. This document not only includes key data, but it also outlines the existing policies from the City’s Comprehensive Plan, includes the results of community outreach, and recommends a framework for a strategy.

Staff proposes that these documents, including the recommendations from ECONorthwest be the starting point. The key documents from the EOA process are available on the City’s website at [www.ashland.or.us/econdev](http://www.ashland.or.us/econdev) . Staff specifically suggests that Council review pages 14 through 27 of the Preliminary Implementation Plan memo dated June 28, 2007 from Bob Parker of ECONorthwest to the City. Staff will want to discuss whether this document provides a good launching point for Ashland’s strategy.

Staff strongly recommends that we use this document as a starting point. The work done on this project was thorough, included participation of over 300 people, has clear recommendations, and will also assist the City in complying with state land use regulations. . Even though two years have passed and the national economic landscape has changed significantly, the general categories and suggested strategies still seem very relevant to our current economic climate locally. Staff recommends that the



City contract with ECONorthwest to provide a white paper that updates the 2007 data and analyzes how changes in the economy in the world, nation, state, and region affect their recommendations. Otherwise, the seven strategies identified on pages 15 through 18 of the June 28, 2007 Preliminary Implementation Plan seem like a good first proposal for the economic strategy.

### **Process, Public Involvement & Timeline**

Staff has developed a proposed timeline that would have a draft strategy available for formal public and stakeholder review by March/April 2010.

To achieve this goal and ensure a high level of community, business and civic input and involvement, a clear understanding of the starting point and ending point is essential. The following are the primary components in the process with a draft timeline to meet the target date for the final draft document of spring 2010.

#### Governance Group

Staff recommends that the process be led by the formation of a governance group that would make decisions about the key elements of the Economic Development Strategy and would recommend the draft strategy to the City Council.

This group of no more than 15 people would include an appointed Council member, representatives of groups that the City expects to carry out the strategy when it is complete (Chamber, Thrive, SOU, RCC), other interest groups (such as the Planning Commission or Transition Towns Ashland) and other key stakeholders. Staff has included a list of interests that could be represented on this group as an attachment to this Council Communication.

#### Technical Advisory Committee

Staff recommends formation to of a technical advisory committee (TAC) to provide support for the Governance Group and “reality checks” to staff on the elements of the strategy. Staff recommends the TAC to get at some of the technical issues that affect the strategy. This group would be made up of various staff of the organizations that most likely would have formal actions and tasks assigned in the strategy.

Members of the eight to twelve member TAC would include staff from organizations such as the Chamber of Commerce, SOU, City of Ashland, THRIVE, SOREDI, Oregon Economic & Community Development Dept(OECDD), Jackson County, and Ashland School District.

#### Focus Groups

In addition to these formal groups with specific roles, staff recommends that the Council consider using focus groups as a specific public outreach method for this project. Staff has been contacted by several specific people with expertise one or more aspects in Economic Development. Some of these people have backgrounds in business. Others have theoretical or research expertise. Many of these people have particular ideas of what the strategy should contain. Staff believes it is very important to engage these people in the process and to capture their ideas. At the same time, they may not be the right people to put on the governance body or on the TAC as they may not have specific implementation roles. It is quite likely, too that some of these people have opinions in direct conflict with on another. Staff currently thinks that the proposed implementation document from ECONorthwest provides a structure to form focus groups. The report summarized the input from the



public workshop into six main categories, and these categories could be used to create focus groups made up of individuals with a keen interest or expertise in that particular category, such as housing, transportation, sustainability/environmental issues, etc. Staff recommends including these focus groups after the governance group has made some decisions about the vision for the economy and about the most critical strategies, but before the specific action steps have been defined.

*Draft Conceptual Timeline*

The following chart represents a general project timeline that will be fine tuned as the project components and public process elements become more concrete with the formation of the TAC and the Governance Group.

Activity	August	September	October	November	December	January	February	March	April
Staff Draft Strawperson Document									
Formation of TAC									
Formation of Governance Group									
1st Governance Group Meeting									
2nd Governance Group Meeting									
3rd Governance Group Meeting									
4th Governance Group Meeting									
1st TAC Meeting									
2nd TAC Meeting									
3rd TAC Meeting									
4th TAC Meeting									
5th TAC Meeting									
Focus Group Meetings									
Focus Group Meetings									
City Council Update Meeting									
Staff Draft of Final Doc for Council									
Initial City Council Review for Adoption									

**Related City Policies:**

- Economic Opportunities Analysis, March 2007
- Ashland Comprehensive Plan
  - Chapter III, Citizen Participation
  - Chapter VII, The Economy
- City Council Goals, 2009-2010

**Council Options:**

- 1) Provide feedback to Staff on the general agreement and understanding among the Council to move forward with the development of a complete public involvement plan and associated project timeline based on the starting and ending points proposed by Staff. This would also include the drafting of a “strawperson” outline/draft document, a framework for the appointment of members of the TAC and Governance Group
  
- 2) Request Staff to return to Council with modified starting and ending points and direct staff to adjust the public involvement plan and project timeline to incorporate the additional project elements desired by Council.



**Attachments:**

Recommended Economic Development Framework – ECONorthwest, June 28, 2007

Ashland Community Workshop Summary – ECONorthwest, April 19, 2007

Sample Action Plan – Corvallis-Benton County “Prosperity That Fits” – October 2006

Additional background information can be accessed at [www.ashland.or.us/econdev](http://www.ashland.or.us/econdev)



## A RECOMMENDED ECONOMIC DEVELOPMENT FRAMEWORK FOR ASHLAND

This section provides a set of recommended economic development framework, including strategies and implementation steps, for the City of Ashland. ECONorthwest developed the strategies presented in this section based on the EOA, the online survey, and the community workshop. The strategies represent our suggestions to the City about the types of activities we think might be appropriate and effective in Ashland. The strategies do not represent City policy and there is no obligation for the City to adopt or implement them.

The public input identified three overarching themes that should frame the City's economic development strategies:

- Preservation and enhancement of the quality of life
- Creation of a diverse and sustainable economy<sup>2</sup>
- Improved coordination and processes of civic and government sectors

Expanding on these themes, a potential economic vision for Ashland could include the following elements:

- Ashland will work to maintain and enhance its quality of life. But for all individuals and families, economic resources (and the jobs that generate them) are a big part of quality of life. Population growth needs to be accompanied by job growth.
- Ashland recognizes its locational advantages (as described in the *Economic Opportunity Analysis*) and believes it is in its interest to manage economic development and growth in the City. Managing growth includes targeting industries: identifying industries the City feels are a good match and creating conditions that are conducive to locating those industries, as well as limiting industries that are not a good match for the community.
- Ashland does not want to be a retirement or bedroom community, with a large share of its residents commuting to jobs in other areas of the region, or having housing costs that do not allow workers to live in Ashland. It wants to provide opportunities for its residents to work at good jobs in Ashland.
- To that end, Ashland wants new businesses to start, expand, or relocate in the City that will provide higher-wage jobs for existing and future Ashland residents.

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<sup>2</sup> The term "sustainable" is ambiguous and can be defined many ways. Sustainable development is often defined as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs." Sustainability relates to the continuity of economic, social, institutional and environmental aspects of human society, as well as the non-human environment. Sustainable business includes businesses that may want to operate in a socially responsible manner, as well as protect the environment. A pragmatic place for the City to begin would be to define what sustainability means for the City of Ashland.

- New businesses will need, among other things, developable land, good services and transportation, and an educated and skilled labor force. While the City cannot influence all of these elements, it can take actions to make sure land, services, and transportation are available in locations where it wants employment to locate. Ashland will welcome any industry that helps it achieve its economic vision.
- Ashland wants to maintain and increase the livability of its community as it grows. To that end, the City should be strategic about any incentives it gives to businesses, ensuring that it has the ability to maintain the quality of its facilities and services.

## RECOMMENDED STRATEGIES AND IMPLEMENTATION STEPS

The framework for understanding economic development described earlier, combined with the themes, provide a foundation for selecting an economic development strategy in Ashland. In addition, cost is always an important criteria for local governments. Together these considerations suggest the following criteria and strategy for the City to support economic development in Ashland. The strategies and implementation steps suggested below are not organized in any particular order—ECO did not attempt to prioritize them.

**Strategy 1: Complete and adopt the economic development vision and strategies.** The EOA and this memorandum represent significant first steps in this process. Considerable work, however, remains to be done. A successful economic development strategy will have the support of elected officials and citizens. The March workshop suggested that this will not be a trivial task—a broad range of opinions were expressed, as well as a range of values—some of which are fundamentally incompatible.

Economic development is a long-term activity. Successful communities establish a vision that they consistently strive to implement—through economic cycles and through changes in leadership. In short, persistence pays off.

### Suggested implementation steps:

1. Continue the community dialog about economic development. Seek areas of consensus and build from there. Avoid areas of disagreement. Involve a broader range of stakeholders in the dialog. Develop processes that allow the community to discuss the tradeoffs between economic development and quality of life. Underscore the key community trends that both influence economic development and that economic development can influence.
2. Identify and adopt appropriate plan policy and code changes. The next section of this memorandum identifies a number of changes for the City to consider.

**Strategy 2: Focus on the basic functions of government and do them well.** The most effective actions that a local government in Oregon can take to affect economic development are to:

- Designate sufficient land for commercial and industrial development. The EOA found a close match between land supply and need.
- Provide an efficient permit and development process.

- Plan for land use and public services to protect the character and quality of life in the community. Planning for quality residential neighborhoods, schools, parks, and traffic circulation are key issues in Ashland.

### **Suggested implementation steps**

1. Develop and implement a system to monitor the supply of commercial and industrial lands. This includes monitoring commercial and industrial development (through permits) as well as land consumption (e.g. development on vacant, or redevelopable lands)
2. Monitor the permitting process. This could include reviewing the length of time it takes to process applications, the type of conditions that are included on approvals, and customer surveys.
3. Review development standards. Where possible, consider “clear and objective” standards that apply to types of development that are consistent with the City’s economic development objectives. The City should also review approval processes to ensure that they provide predictability for developers.
4. Update functional and capital improvement plans in the context of economic development and quality of life. Give priority to improvements that facilitate desired economic development.

**Strategy 3: Support efforts to create high-wage jobs in Ashland.** Maintaining and creating family-wage jobs was consistently identified as an issue. Any economic development recruitment efforts the City engages in should target high-wage jobs.

### **Suggested implementation steps:**

1. Coordinate with other economic development organizations to develop a coherent and effective marketing program
2. Develop incentives to retain and expand existing firms
3. Maintain and enhance Ashland’s image as a community

**Strategy 4: Provide adequate infrastructure efficiently and fairly.** Public infrastructure and services are a cornerstone of any economic development strategy. If roads, water, sewer, and other public facilities are unavailable or inadequate, industries will have little incentive to locate in a community. For the purpose of this memorandum, we define infrastructure and services to include transportation, water, sewer, and stormwater facilities.

- Provide transportation facilities adequate to serve land needed for the type of development described in this economic development plan.
- Provide water, sewer, and stormwater drainage service adequate to serve land needed for development
- Ensure that financing for infrastructure is adequate and fair

**Suggested implementation steps:**

1. Identify key lands for employment and evaluate service deficiencies that might provide barriers to the future development of those lands. The Croman Mill site presents the greatest opportunity for the City in terms of employment. A sound planning process will ensure that infrastructure supports desired development and that the City gets the type of development it wants.
2. Coordinate capital improvement planning with land use planning to coincide with the City's Economic Development Strategy.

**Strategy 5: Maintain quality of life.** A community's quality of life comprises the various location-specific benefits and costs individuals enjoy or endure by living in the community. If the quality of life is, on net, beneficial, it produces a net increase in the standard of living for the local residents. In effect, these net quality-of-life benefits are analogous to a second paycheck that each resident of the community receives, supplementing the first paycheck received from an employer or other source of income. It is the sum of the first and second paychecks that determines the overall well-being of a region's residents.

- Maintain a vital downtown area
- Ensure that the environmental quality (including all aspects of the natural and built environment) of Ashland and surrounding areas is protected
- Support efforts to identify, promote and protect community values and assets

**Suggested implementation steps**

1. Implement Ashland Parks and Recreation Master Plan
2. Review and adopt appropriate regulatory and collaborative processes to protect environmental quality and natural features
3. Identify ways to integrate the concept of a sustainable community and sustainable economy in all aspects of the community. It is common for disagreements to emerge in what these terms mean. A logical first step is to review the literature on sustainability and develop a local definition of sustainability.

**Strategy 6: Take advantage of sustainability and green development opportunities.**

Sustainability emerged as a key theme in the community workshop. We use sustainability both in terms of economy and environment. The City should foster the creation of a local, sustainable economy<sup>3</sup> by partnering with other organizations to watch for opportunities and vulnerabilities, incubate and coordinate projects and facilitate dialogue, action and education within our community. The City should also work to reduce Ashland's exposure to global economic and social vulnerabilities that could result as fuel supplies cease to be abundant and inexpensive.

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<sup>3</sup> The Business Alliance for Local Living Economies (BALLE) provides a perspective on sustainable economy that may be useful as a starting point: <http://www.localeconomies.org/entrepreneurs/what-is-a-local-living-economy-1?searchterm=living+economies>

### **Suggested implementation steps**

1. Promote and recruit companies that are less vulnerable to global and national economic slumps, but instead support regional and local economies.
2. Identify ways to significantly cut oil, natural gas consumption and electrical demand.
3. Support land use patterns that reduce transportation needs, promote walkability and provide easy access to services and transportation options.
4. Consider designating the Croman Mill site as an “eco-industrial park.”

**Strategy 7: Recognize the Croman Mill site as a key community and economic asset.** The Croman Mill site is the only significant piece of industrial land in Ashland. ECO identified the site as a key economic opportunity that could easily match some of the identified opportunities identified in the EOA (primarily specialty manufacturing and research firms). Citizens also expressed concerns about “industrial” uses in the community. A master plan for the Croman Mill site could articulate a community vision for this key asset and better define the types of uses that the City would find desirable on the site.

### **Suggested implementation steps**

1. Adopt a comprehensive plan policy that identifies the Croman Mill site as a key employment opportunity and requires a master plan be completed before any development can occur.
2. Prohibit or significantly restrict residential uses on the site.
3. Apply for a grant from the Transportation and Growth Management (TGM) program to fund a master plan for the site.

## **POTENTIAL PLAN AND CODE AMENDMENTS**

Ashland’s comprehensive plan includes goal and policy statements related to economic development. Some of these goals and policies need to be revised based on the findings of the Economic Opportunity Analysis, input at the public workshop, and the recommendations in this Implementation Plan. The following recommendations include changes to existing policies as well as policies that should be added to the City’s comprehensive plan.

### **Potential Plan Policies**

#### **Category: Land Use – EOA Maintenance**

Policy – Maintain and from time to time update the information contained within the Economic Opportunities Analysis (EOA) in order to periodically evaluate the factors, data and assumptions used to estimate industrial, commercial and other employment land demand for the 20-year planning period.

**Implementation Strategy – Council Policy**

**Category: Land Use – Inventory Maintenance**

Policy - Retain an inventory of vacant and partially vacant buildable commercial, industrial and other employment lands. The inventory shall present an aggregate acreage as well as a breakdown of the number of sites, by type, reasonably expected to be needed for the 20-year planning period.

**Implementation Strategy – Council Policy**

Policy - Preserve an adequate supply of development sites of a zoning and size appropriate for accommodating anticipated employment growth and fostering local business retention.

**Implementation Strategy – Council Policy**

**Category: Land Use – Inventory Monitoring**

Policy – Using the existing GIS land base, building permit, and the Quarterly Census of Employment and Wage (QCEW) databases, the City shall monitor where employment locates, the rate at which vacant land is being absorbed, and how much new employment is occurring by industry.

**Implementation Strategy – Council Policy**

**Category: Land Use – Process/Regulatory Refinements**

Policy - Take reasonable steps to integrate certainty in the development review and permit process through the adoption of understandable standards and Planning Commissioner training, while continuing to recognize the value in supporting and fostering effective citizen involvement.

**Implementation Strategy –** Ordinances changes proposed by staff to create greater efficiencies through amendments to the Procedures section and development permit review process.

**Category: Capital Improvements Planning – Public infrastructure coordination**

Policy – Provide adequate public and private services necessary to sustain the orderly and planned development of lands identified to support future employment growth.

Policy – Coordinate public facility planning and the establishment of public facility plans, such as the Capital Improvements Plan, Transportation System Plan and Storm Water Master Plan, with the systematic development of short and long-term employment lands.

**Potential Code Amendments (Additions underlined & Deletions ~~strike out~~)**

In C-1 and E-1 districts, the following amendment requires 100 percent of the ground floor area to be comprised of a permitted or special permitted use, excluding residential. This is intended to

avoid possible unintended consequences of too much ground floor building area (approx. 35%) being absorbed by residential demand.

#### **18.32.025 Special Permitted Uses**

The following uses and their accessory uses are permitted outright subject to the requirements of this section and the requirements of Chapter 18.72, Site Design and Use Standards.

D. Residential uses.

1. One hundred percent ~~At least 65% of the total of the ground floor or at least 50% of the total lot area if there are multiple buildings~~ shall be designated for permitted or special permitted uses, excluding parking and residential use.

Multi-story buildings, including habitable basement areas, shall not have more than fifty-percent of the entire gross floor area of the building in residential use.

The following amendment places the burden upon an applicant, seeking annexation of employment generating land, to demonstrate that the request for a mixed-use zoning designation (e.g. residential w/commercial) will not jeopardize planned employment growth on these lands.

#### **18.108.060 Type III Procedure**

e. Increases in residential zoning density of four units or greater on commercial, employment or industrial zoned lands (i.e. Residential Overlay), will not negatively impact the City of Ashland's commercial, employment and industrial long-term and short-term land supply as projected ~~required~~ in the Comprehensive Plan, and will provide one of the following:

1. 35% of the base density to qualifying buyers or renters with incomes at or below 120% of median income; or
2. 25% of the base density to qualifying buyers or renters with incomes at or below 100% of median income; or
3. 20% of the base density to qualifying buyers or renters with incomes at or below 80% of median income; or
4. 15% of the base density to qualifying buyers or renters with incomes at or below 60% of median income; or
5. Title to a sufficient amount of buildable land for development is transferred to a non-profit (IRC 501(3)(c) affordable housing developer or comparable Development Corporation for the purpose of complying with subsection 2 above. The land shall be located within the project and all needed public facilities shall be extended to the area or areas proposed for dedication. Ownership of the land and/or air space shall be transferred to the affordable housing developer or Development Corporation prior to commencement of the project.

The total number of affordable units described in sections D or E shall be determined by rounding down fractional answers to the nearest whole unit. A deed restriction, or similar legal instrument, shall be used to guarantee compliance with affordable criteria for a period of not less than 60 years.

Sections D and E do not apply to council initiated actions.

## APPENDIX A: A FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT STRATEGIES<sup>4</sup>

Before presenting an economic development strategy for Ashland, it is helpful to describe a framework for economic development. The literature identifies many definitions of economic development. The definition we use for this study is taken from a recent Planning Advisory Service (PAS) report authored by Terry Moore from ECONorthwest:

“Economic development is the process of improving a community’s well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy.”<sup>5</sup>

Broadly, economic development is about an increase in overall economic well-being. It is typical to use income as a measure of that welfare, though that choice has several limitations. In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development: they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and consistent with economic development, increase income, and increased economic welfare.
- The evaluation of tradeoffs and balancing of policies to decide whether such growth is likely to lead to overall gains in well-being (on average and across all citizens and businesses in a jurisdiction) is something that decision makers do after an economic strategy has been presented to them for consideration.

This study assumes that the key objective of an economic development strategy is business development and job growth, which comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. *Thus, a key question for public policy is, What are the factors that influence business and job growth, and what is their relative importance?* This section addresses that question.

Advantages to businesses in a region derive primarily from that region’s ability to provide some factors or attributes at a better value than competing regions. It is not just the cost of these factors that matters, but their quality as well. Greater expenses for some factors are justified if they are more productive. Factors such as labor, land, and infrastructure (e.g., transportation, electricity) directly influence production costs. Other factors, such as environmental and cultural amenities, have indirect effects that can help maintain a skilled labor pool and other direct inputs.

The remainder of this section summarizes findings regarding the type and relative importance of factors that firms consider when they choose where to locate or expand.

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<sup>4</sup> This section draws from previous work by ECONorthwest.

<sup>5</sup> *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

## WHAT FACTORS MATTER?

Why do firms locate where they do? There is no single answer—different firms choose their locations for different reasons. Key determinates of a location decision are a firm's *factors of production*. For example, a firm that spends a large portion of total costs on unskilled labor will be drawn to locations where labor is relatively inexpensive. A firm with large energy demands will give more weight to locations where energy is relatively inexpensive. In general, firms choose locations they believe will allow them to maximize net revenues: if demand for goods and services is held roughly constant, then revenue maximization is approximated by cost minimization.

The typical categories that economists use to describe a firm's production function are:

- **Labor.** Labor is often and increasingly the most important factor of production. Other things equal, firms look at productivity—labor output per dollar. Productivity can decrease if certain types of labor are in short supply, which increases the costs by requiring either more pay to acquire the labor that is available, the recruiting of labor from other areas, or the use of the less productive labor that is available locally.
- **Land.** Demand for land depends on the type of firm. Manufacturing firms need more space and tend to prefer suburban locations where land is relatively less expensive and less difficult to develop. Warehousing and distribution firms need to locate close to interstate highways.
- **Local infrastructure.** An important role of government is to increase economic capacity by improving quality and efficiency of infrastructure and facilities, such as roads, bridges, water and sewer systems, airport and cargo facilities, energy systems, and telecommunications.
- **Access to markets.** Though part of infrastructure, transportation merits special attention. Firms need to move their product, either goods or services, to the market, and they rely on access to different modes of transportation to do this. While transportation has become relatively inexpensive compared to other inputs, and transportation costs have become a less important location factor, access to transportation is still critical. That long-run trend, however, could shift because of decreasing funds to highway construction, increasing congestion, and increasing energy prices.
- **Materials.** Firms producing goods, and even firms producing services, need various materials to develop products that they can sell. Some firms need natural resources: lumber manufacturing requires trees. Or, farther down the line, firms may need intermediate materials: for example, dimensioned lumber to build manufactured housing.
- **Entrepreneurship.** This input to production may be thought of as good management, or even more broadly as a spirit of innovation, optimism, and ambition that distinguishes one firm from another even though most of their other factor inputs may be quite similar.

The supply, cost, and quality of any of these factors obviously depend on market factors: on conditions of supply and demand locally, nationally, and even globally. But they also depend on public policy. In general, public policy can affect these factors of production through:

- **Regulation.** Regulations protect the health and safety of a community and help maintain the quality of life. Overly burdensome regulations, however, can be a disincentive for businesses to locate in a community. Simplified bureaucracies and straightforward regulations can reduce the burden on businesses and help them react quickly in a competitive marketplace.
- **Taxes.** Firms tend to seek locations where they can optimize their after-tax profits. Studies show that tax rates are not a primary location factor—they matter only after businesses have made decisions based on labor, transportation, raw materials, and capital costs. The cost of these production factors are usually similar within a region. Therefore, differences in tax levels across communities within a region are more important in the location decision than are differences in tax levels between regions.
- **Financial incentives.** Governments can offer firms incentives to encourage growth. Studies have shown that most types of financial incentives have had little significant effect on firm location between regions. For manufacturing industries with significant equipment costs, however, property or investment tax credit or abatement incentives can play a significant role in location decisions. Incentives are more effective at redirecting growth within a region than they are at providing a competitive advantage between regions.

This discussion may make appear that a location decision is based entirely on a straight-forward accounting of costs, with the best location being the one with the lowest level of overall costs. Studies of economic development, however, have shown that location decisions depend on a variety of other factors that indirectly affect costs of production. These indirect factors include agglomerative economies (also known industry clusters), quality of life, and innovative capacity.

- **Industry clusters.** Firms with similar business activities can realize operational savings when they congregate in a single location or region. Clustering can reduce costs by creating economies of scale for suppliers. For this reason, firms tend to locate in areas where there is already a presence of other firms engaged in similar or related activities.
- **Quality of life.** A community that features many quality amenities, such as access to recreational opportunities, culture, low crime, good schools, affordable housing, and a clean environment can attract people simply because it is a nice place to be. A region's quality of life can attract skilled workers, and if the amenities lure enough potential workers to the region, the excess labor supply pushes their wages down so that firms in the region can find skilled labor for a relatively low cost. The characteristics of local communities can affect the distribution of economic development within a region, with different communities appealing to different types of workers and business owners. Sometimes location decisions by business owners are based on an emotional or historical attachment to a place or set of amenities, without much regard for the cost of other factors of production.

- **Innovative capacity.** Increasing evidence suggests that a culture promoting innovation, creativity, flexibility, and adaptability is essential to keeping U.S. cities economically vital and internationally competitive. Innovation is particularly important in industries that require an educated workforce. High-tech companies need to have access to new ideas typically associated with a university or research institute. Innovation affects both the overall level and type of economic development in a region. Government can be a key part of a community's innovative culture, through the provision of services and regulation of development and business activities that are responsive to the changing needs of business.

## HOW IMPORTANT ARE THESE FACTORS?

To understand how changes in public policies affect local job growth, economists have attempted to identify the importance for firms of different locational factors. They have used statistical models, surveys, and case studies to examine detailed data on the key factors that enter the business location decision.

Economic theory says that firms locate where they can reduce the costs of their factors of production (assuming demand for products and any other factors are held constant). Firms locate in regions where they have access to inputs that meet their quality standards, at a relatively low cost. Because firms are different, the relative importance of different factors of production varies both across industries and, even more importantly, across firms.

No empirical analysis can completely quantify firm location factors because numerous methodological problems make any analysis difficult. For example, some would argue simplistically that firms will prefer locating in a region with a low tax rate to reduce tax expenses. However, the real issue is the value provided by the community for the taxes collect. Because taxes fund public infrastructure that firms need, such as roads, water, and sewer systems, regions with low tax rates may end up with poor infrastructure, making it less attractive to firms. When competing jurisdictions have roughly comparable public services (type, cost, and quality) and quality of life, then tax rates (and tax breaks) can make a difference.

Further complicating any analysis is the fact that many researchers have used public expenditures as a proxy for infrastructure quality. But large expenditures on roads do not necessarily equal a quality road system. It is possible that the money has been spent ineffectively and the road system is in poor condition.

An important aspect of this discussion is that the business function at a location matters more than a firm's industry. A single company may have offices spread across cities, with headquarters located in a cosmopolitan metropolitan area, the research and development divisions located near a concentration of universities, the back office in a suburban location, and manufacturing and distribution located in areas with cheap land and good interstate access.

Although empirical analyses face many such methodological difficulties, the studies provide much information about why firms locate where they do. Economists have improved their statistical techniques and use a variety of data sources to quantify input factors. They have supplemented empirical analyses with theoretical models of firm behavior and surveys of business managers.

Research has shown that the location decisions of businesses are primarily based on the availability and cost of labor, transportation, raw materials, and capital. The availability and cost of these production factors are usually similar within a region. Most economic development strategies available to local governments, however, only indirectly affect the cost of these primary location factors. Local governments can most easily affect tax rates, public services, and regulatory policies. Economists generally agree that these factors do affect economic development, but the effects on economic development are modest. Thus, most of the strategies available to local governments have only a modest affect on the level and type of economic development in the community.

Local governments in Oregon also play a central role in the provision of buildable land through inclusion in the Urban Growth Boundary, plan designation, zoning, and provision of public services. Obviously, businesses need buildable land to locate or expand in a community. Providing buildable land alone is not sufficient to guarantee economic development in a community—market conditions must create demand for this land, and local factors of production must be favorable for business activity. In the context of expected economic growth and the perception of a constrained land supply in Lane County, the provision of buildable land has the potential to strongly influence the level and type of economic development in Creswell. The provision of buildable land is one of the most direct ways that the City of Creswell can affect the level and type of economic development in a community

## WHAT DRIVES LONG-RUN ECONOMIC DEVELOPMENT?

Though there are compelling reasons for setting goals at the beginning of a project, doing so is not without problems. Germane to the issues we are dealing with is the fact that goals, and to even a greater extent the more specific objectives that derive from them, are (or should be influenced) by a pragmatic understanding of the relationships between cause and effect in the system of interest. Without that understanding one risks pursuing goals that are unattainable, or actions that are inefficient in achieving them. Some rudimentary understanding of the relationships is essential to developing defensible answers to the overarching policy question: what happens when I pull this policy lever?

Even with sweeping simplifying assumptions, a regional economic system is still a complex one that is difficult to model, much less to predict without the benefits of models, on the basis of intuition alone. Nonetheless, that is how the large majority of economic development policies get adopted. In light of that reality, the purpose of this section and the following figures is to provide a framework for thinking about causes and effects that will make the intuitions more informed.

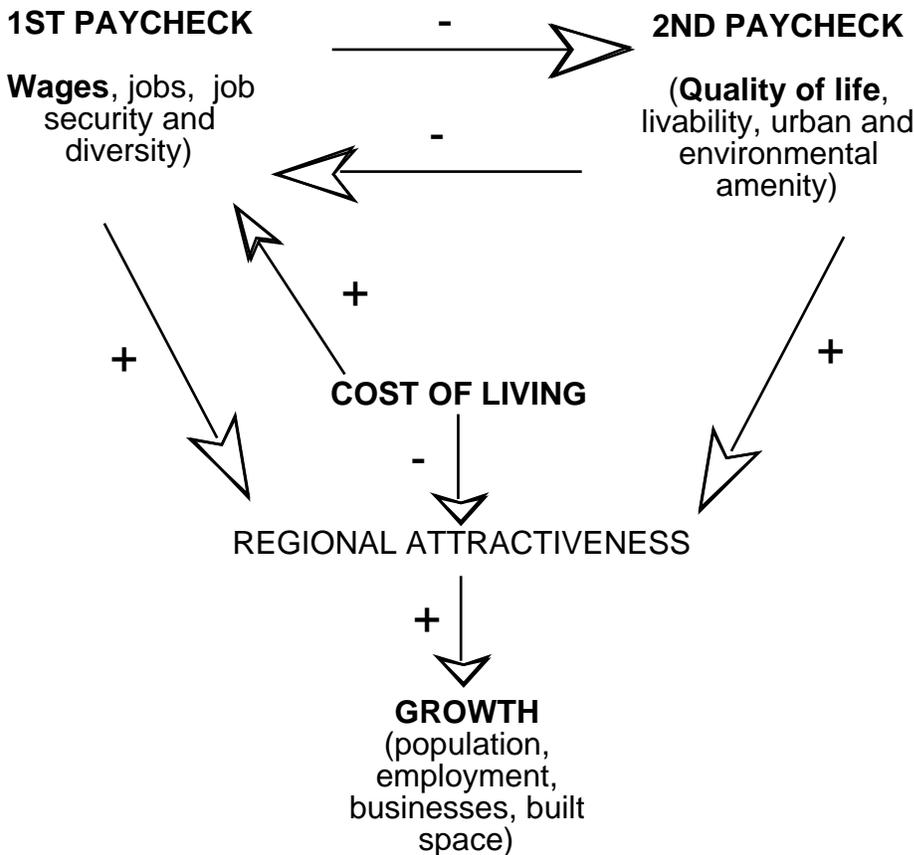
Figure 1-3 shows the primary drivers of urban growth as generally accepted by urban and regional economists. It illustrates that households are attracted to different regions based on their estimation (explicit or implicit, accurate or not) of the tradeoffs among three categories of variables: availability of jobs, wages, cost of living, and everything else (which is a broad definition of quality of life). The phrase *2nd paycheck* refers to all those other things that households want. The arrows and signs illustrate the tradeoffs.

For example, if wages increase, other things equal, a region becomes more attractive and growth is stimulated (migration occurs, and ultimately the residential and commercial development to accommodate that growth). Other things, of course, are not equal. That growth can cause the cost of living to increase, which decreases regional attractiveness (but also creates pressure to

increase wages). To the extent that households believe that a region offers natural and cultural amenities (quality of life) that are valuable, they will be willing to pay more (cost of living) or accept less (the first paycheck) to live in the region.

Figure A-1 greatly oversimplifies the dynamics of growth. Each of its elements could be expanded into another diagram. For example, there is a feedback from growth to wages: more growth usually means more demand for labor, which means higher wages to ration an increasingly scarce supply.

**Figure A-1: Drivers of urban growth**



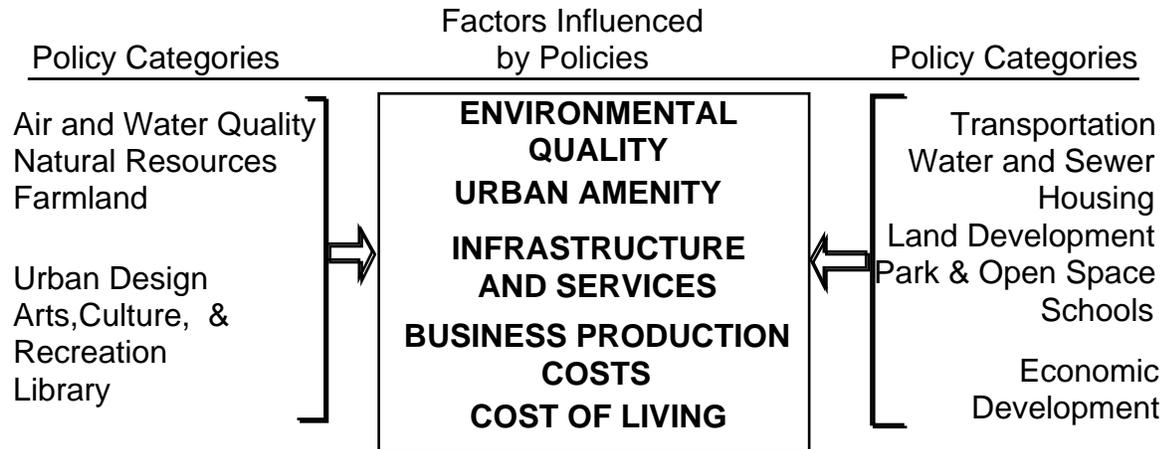
As another example, if one were to expand the element labeled *2nd paycheck*, one would find that regional economic growth does not have unambiguous effects on the second-paycheck components of quality of life. Business growth affects components of quality of life either directly or indirectly through its impact on population growth. If a generalization is required, urban growth probably tends to increase urban amenities (shopping, entertainment, and organized recreational opportunities) and decrease the environmental quality and the capacity of infrastructure.

Figure A-2 shows that there are many policies a region can adopt to influence the factors that affect economic development. Taking just one example, if a region decided it wanted to affect urban form (for example, because of supposed beneficial effects on the cost of infrastructure and quality of life) there are many categories of policies (e.g., land use, transportation, other public facilities) and many subcategories (e.g., for land use: traditional zoning, minimum-density

zoning, design standards, etc.); for public facilities: design standards, concurrency requirements, financial incentives, system development charges and exactions, etc.).

## Figure A-2: The role of public policy

### Categories of public policy and key factors they influence



To summarize the conclusions:

- At a regional level, three categories of variables interact to make a region grow: wages, quality of life, and cost of living.
- This simple categorization quickly gets complex: many sub-categories exist, which interact in complicated ways not only within categories, but also across them.
- Quality-of-life factors have been demonstrated empirically to influence residential and business location decisions.

Thus, public policymakers must consider a multitude of factors as they try to adopt optimal economic development policies. It is no longer as simple as just recruiting big industries.

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**April 19, 2007**

**TO: Bob Parker and Beth Goodman**  
**FROM: Kate Coddington**  
**SUBJECT: ASHLAND COMMUNITY WORKSHOP SUMMARY**

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The memorandum summarizes the small group input during the March 22, 2007 community workshop in Ashland. Six small groups formed to develop goals and strategies for the City planning process. The City summarized the results of each group's discussion. This memorandum provides a summary of the goals and strategies from all groups and provides a summary of common themes that emerged from the workshop.

This memorandum summarizes the six most commonly discussed goals, with the commonly discussed strategies proposed by all groups. They are organized approximately from most frequently discussed to least frequently discussed goals and strategies.

## **JOBS AND THE ECONOMY**

The common strategies for this goal include:

- Livable or family wage job promotion (e.g. through promotion of AFN and marketing the community's strengths)
- A diversified economy targeting health care, high tech, biotech, and agriculture industries
- Assistance and support services for business or entrepreneurs ("think-u-bator" bringing together talented people and investors)—both current and new
- A pro-business attitude, reducing costs of doing business in the City (permits and fees), making process predictable
- Taking advantage of SOU graduates, workforce education and development (USFWS, others)
- Regional economic development

## **QUALITY OF LIFE**

The common strategies for this goal include:

- Community involvement in decision-making
- Maintaining the quality of schools

- Support for cultural amenities (OSF), library, and arts community
- The downtown planning process, downtown beautification, pedestrian friendly downtown
- Preserving and creating open space, balance of density and livability

## **PLANNING AND PUBLIC PROCESS**

The common strategies for this goal include:

- New urbanism design principles
- Density and infill promotion
- Community-based decision-making process
- Available land, master plan larger properties
- A well-communicated economic development plan, City needs an overall planning vision, policies need clearly defined goals
- Consistency and certainty in the planning process, expedite process, ensure objectivity

## **SUSTAINABILITY AND THE ENVIRONMENT**

The common strategies for this goal include:

- Prohibiting heavy industry, preserving environmental quality
- Green business clusters, tax incentives for green businesses
- Alternative transportation, promoting rail
- Sustainable business education, connecting with state sustainability initiatives
- Fast-tracking the permitting process or lowering costs, barriers to green business startups
- Use of local supply lines

## **TRANSPORTATION**

The common strategies for this goal include:

- Diversity of transportation in plan: improving public transportation services, improving pedestrian facilities,
- Nodal development and density (could promote use of alternative modes of transportation)
- Parking downtown

## **HOUSING**

The common strategies for this goal include:

- Land supply and expansion of the UGB
- Mixed-use, higher density condos and other residential

- Use of public land for affordable housing

**Corvallis-Benton County Economic Vitality Partnership  
Prosperity That Fits Strategic Economic Development Plan**

**Action Plan Matrix**

<b>Focus Area: Strengthening and Expanding Existing Business and Industry</b>					
<b>Strategy 1: Strategically invest in established business districts (e.g. downtowns, 9<sup>th</sup> St. in Corvallis, etc.) to ensure a balanced portfolio of services, amenities, housing and new opportunity.</b>				<b>Implementation to Begin:</b>	
<b>#</b>	<b>Action Description</b>	<b>Partners (* Denotes Lead)</b>	<b>Yrs 1-2</b>	<b>Yrs 3-5</b>	<b>Yrs 6+</b>
1.1	Establish a “barrier buster” team comprised of professional planning and engineering staff, architects and business owners/developers charged with identifying cost-effective solutions for completing priority redevelopment initiatives in Corvallis’ downtown (e.g. Whiteside). Build on initial work conducted by Downtown Corvallis Association.	City*, Chamber*, DCA, Gary Pond	▶▶▶▶		
1.2	Evaluate the feasibility of establishing a more formal Urban Renewal District or business/local improvement district (LID/BID) to generate a self-sustaining revenue source for future downtown improvements. Such a structure would replace the current, voluntary Economic Improvement District which generates limited funding. Funds from such a designation direct that funds generated from increased assessed property values be reinvested in priority district improvements.	City of Corvallis*, DCA, with backup support by Chamber and CIBA	▶▶▶▶		
1.3	Develop a targeted infill business recruitment strategy that seeks to attract businesses based on sales leakage information and recently completed demographic and consumer retail preference data. Emphasize businesses that help achieve an “18-hour” city with extended store hours and entertainment/cultural activities. Pursue “anchor tenants” for key intersections of downtown areas. Ideal icon tenants would generate additional foot traffic and provide services that complement those provided by existing businesses.	Chamber, City of Corvallis, CIBA, DCA, Benton County		▶▶▶▶	
<b>Strategy 2: Strengthen the economy and depth of culture and arts available in Benton County through increased tourism revenue.</b>				<b>Implementation to Begin:</b>	
<b>#</b>	<b>Action Description</b>	<b>Partners (* Denotes Lead)</b>	<b>Yrs 1-2</b>	<b>Yrs 3-5</b>	<b>Yrs 6+</b>
2.1	Increase visitor volume by developing niche markets and promoting them through tailored lifestyle marketing and packaging. Work to cement the use of the tagline “the Pacific Northwest’s Most Beautiful College Town” in various tourism marketing materials and within visitor destinations.	Corvallis Tourism ; OSU Conference Services	▶▶▶▶		
2.2	Improve the conversion rate of “leads” to “booked” conferences so more conferences are hosted in Benton County. Include community education to help show the value of these events to the economy.	Corvallis Tourism; OSU Conference Services, LBCC	▶▶▶▶		
2.3	Work with Willamette Valley Visitors Association and State Tourism Office to increase market share for Oregon through cooperative marketing programs.	Corvallis Tourism		▶▶▶▶	
2.4	Leverage Gazette Times resources to create a comprehensive multi-media (Internet, printed) entertainment guide to externally market such opportunities. A successful marketing program would be expected to reduce a documented entertainment sales leakage and help bring additional visitors into the area. Use a “packaged” approach that shows prospective visitors how they can spend an hour, a few hours or a full day and night in downtown, for example. Emphasize a memorable downtown “identity” in all marketing materials. Target marketing efforts to capture a greater share of OSU student market.	Gazette Times, DCA, OSU Conference Services, Corvallis Tourism		▶▶▶▶	

Strategy 3: Help grow and retain local businesses through targeted assistance and creation of a business incubation system.			Implementation to Begin:		
#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
3.1	<p>Establish a temporary “Business Incubation Task Force” to identify, define and map out priority business incubation needs for Corvallis, Benton County and surrounding region. The Task Force should include representatives from BEC, OSU, ONAMI, HP, LBCC, and other workforce training organizations and employers. Specific tasks to be addressed:</p> <ul style="list-style-type: none"> <li>Determining if incubation needs can be met through adjustments at Business Enterprise Center, or if different “types” of incubation require separate facilities (i.e. high-tech vs. service vs. retail vs. research). This will require businesses to identify specific needs.</li> <li>Creating partnerships among various entities to invest in incubator development. How can non-OSU businesses utilize OSU’s 52-acre Innovation Place?</li> <li>Establish criteria for incubator siting, financing, organizational structure and staffing, and operational parameters.</li> </ul>	OSU*, City of Corvallis/CNHS Micro Enterprise Program, Chamber, BEC, CIBA, DCA, ONAMI, HP, LBCC/SBDC, State and Federal Legislators	»»»»		
3.2	<p>Upon determining incubation needs and executing corresponding development, establish an “incubation to hatching” program that helps businesses grown in Benton County stay here upon reaching maturation. The transitional program should provide site location services and specialized training in finance, organizational development, marketing and other aspects of running and growing small businesses. The program should serve as a conduit between emerging businesses and sources of seed money including venture capital and angel investors. Proactively recruit tenants from among students, alumni and professors at OSU and LBCC, and entrepreneurs coming from HP or other downsizing companies.</p> <p>Support emerging industry clusters (e.g. microtechnology) by focusing on needs of existing firms including Korvis, ATS, TDS, Wetlabs, Nypro and HP, and leverage existing work in areas of microtechnology automation, nanometrology and pharmaceutical device delivery given available local workforce, physical infrastructure and other resource capacities.</p>	City of Corvallis, BEC, CIBA, DCA, OSU, LBCC, Chamber, Corporate Round Table, State and Federal Legislators		»»»»	
3.3	<p>Ensure Benton County’s status as a regional healthcare center by establishing and promoting its role as an enduring health care destination. Seek input from existing health care-related industry to best determine how this can be accomplished.</p>	Benton County (Dixon)*, City of Corvallis, Benton County Health Center, Good Samaritan, Corvallis Clinic, LBCC		»»»»	
Strategy 4: Enhance local business support services.			Implementation to Begin:		
#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
4.1	<p>Explore the feasibility and best method of combining business support organizations to leverage limited funding resources without losing sight of unique offerings and needs of individual members. Seek to create a single economic development entity to handle all situations and scenarios.</p>	Chamber*, City of Corvallis, Benton County, Other economic development orgs, LBCC	»»»»		
4.2	<p>Expand on the Corvallis Independent Business Association’s “buy local” campaign to educate consumers about the benefits of buying local. Utilize information from Strategic Plan Data Profile to help people understand the impact of sales leakage and the broad community value that results from local purchases, rather than trying to make people feel guilty for not shopping at home.</p>	Gazette Times, Chamber, Comcast, KEZI, Radio, CIBA, Tourism, OSU Extension	»»»»		
4.3	<p>Explore establishing a county-wide, self-supporting business licensing fee that would make it easier to gather business information for retention purposes. As a baseline service, provide participating businesses a multi-media business resource guide that includes a listing of what business service and resources are available locally, an inventory of grant and loan programs and a schedule of training courses.</p>	Chamber, LBCC, DCA, CIBA	»»»»		
4.4	<p>Create a “Top 10 Local Companies to Watch” program focused on employment growth. Target companies with fewer than 25 employees and support growth to 100+ employees in 3-5 years. Provide resources and mentor service to assist them in reaching growth targets.</p>	Chamber*, LBCC/SBDC		»»»»	

## Focus Area: Recruiting Targeted Business Icons

Strategy 5: Ensure an adequate supply of business-ready land and space resources to accommodate targeted industries.			Implementation to Begin:		
#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
5.1	Create and maintain a web-based business lands and space database that provides the range of site-specific data generally requested by site locator specialists. Promotion of the database would occur as a staple part of all recruitment activities. The database should be designed to facilitate re-use of existing buildings before construction of new ones.	Chamber*, City of Corvallis, County	▶▶▶▶		
5.2	Establish a series of Site Readiness Teams, spearheaded by the Corvallis –Benton Chamber Coalition, to ensure key land and building resources are available for “move in” when a targeted company is recruited.	Chamber*, City of Corvallis, Benton County and other townships	▶▶▶▶		
5.3	Define, identify, enable and promote flex-space and sites that can accommodate a variety of uses. (e.g., some companies may desire or need to integrate their administrative, research and production facilities.)	City of Corvallis*, Chamber/Recruiter*		▶▶▶▶	
Strategy 6: Create high technology business opportunities through increased collaboration and targeted recruitment.			Implementation to Begin:		
#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
6.1	<p>Convene an Emerging Technology Forum, bringing together BEC, EDP, OEF, OSU, ONAMI, LBCC, Open Source Software Lab, Hewlett Packard and other locally-based high technology partners to discuss capacity development needs and opportunities. This action should take place prior to and help inform decision-making on local business incubation needs. (*Examples include cellulose wood products, microtechnology, Nanoscience, automation technology, pharmaceutical research, software, medical devices, pharmaceutical device delivery systems, biodiesel and other alternate fuels and energy sources, various oceanographic technological advances, food and forest products applications, and others). Specifically, the Emerging Technology Forum should take an “industry cluster” approach, and focus on:</p> <ul style="list-style-type: none"> <li>▪ Linking various technological fields and niches with local competitive advantages / Conducting a shift-share analysis to identify best prospects.</li> <li>▪ Defining labor, infrastructure, education, other capacity needs.</li> <li>▪ Establishing a coordinated business development “office” so that interested organizations can obtain one-stop shopping start-up and site location assistance.</li> <li>▪ Organizing a delegation to represent Corvallis and Benton County in future recruitments and industry development endeavors at the state and national level.</li> <li>▪ Creating non-academic entrepreneurship and business training opportunities that include mentor opportunities for aspiring entrepreneurs to connect with successful entrepreneurs.</li> <li>▪ Researching and cataloguing local, state incentives.</li> <li>▪ Establish a venture capital and angel investor resource pool from which to fund and support innovative research and product development (and prevent it from leaving!).</li> </ul>	OSU Office of Technology Transfer, Chamber, City of Corvallis, ONSN, BEC, OEF, AO, LBCC, HP	▶▶▶▶		
6.2	Establish a “receiving team” charged with welcoming and assisting businesses relocating to Benton County, and providing resource information and guidance to assure a seamless transition. This effort could be led by the proposed business recruitment specialist. As part of this effort, provide new and prospective businesses a checklist and narrative summary describing the process for establishing or relocating a business to the Corvallis/Benton County area.	Chamber/Recruiter*, City of Corvallis, Benton County, LBCC		▶▶▶▶	

6.3	<p>Promote growth in key traded sector growth clusters, such as microtechnology, automation, nanometrology, alternative/renewable energy and pharmaceutical device delivery, through investment in such companies (e.g. targeted grants and loans, technical assistance, bridge building) and through targeted recruitment of compatible or supplemental companies (e.g. that provide a technology or component usually imported by existing companies) that can draw from the local workforce.</p> <p>As an early step in this action, produce a profile of 1-3 “net importer” (sustainable) companies from among the traded sector clusters identified above, showing how their existence in Benton County adds tangibly to revenues, employment and/or quality of life in ways that exceed its use of resources (e.g. ImTech, InsightsNow, Moneytree Software).</p>	Chamber/Recruiter*, ONAMI, SAO, OSU College of Business-possible graduate work), LBCC		»»»»	
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<b>Strategy 7: Establish a tool box of incentives and leadership resources to eliminate recruiting barriers and foster prosperity.</b>			<b>Implementation to Begin:</b>		
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#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
7.1	Establish a business recruitment and retention specialist position to ensure sufficient staff resources are available to develop on-going relationships with existing and prospective businesses and their representatives, and to provide 24-hour turn-around on all inquiries. Identify and secure a stable funding source to support this position(s), and put in place a measurement system for tracking timeframe and success.	Chamber*, City of Corvallis, Benton County	»»»»		
7.2	Survey existing, emerging and departed businesses and recruiting professionals to identify actions that can be taken to help with start-up and retention costs and attracting and retaining high caliber managers. Recommendations should address barriers such as tax structure, space availability (room to grow), external amenities (things for spouses to do, housing, etc.), distance to major business hubs (airport, transportation improvements) and venture capital. Conversely, investigate areas of shortcoming in other regions and seek to offer incentives not achievable in those locations. Maintain an inventory of priority wants and needs.	Chamber/Recruiter*, City of Corvallis, OECDD, City, County, HP (Kathy Miller)	»»»»		
7.3	Develop an integrated marketing strategy and implementation plan that efficiently and powerfully captures the “best of” Benton County business opportunities. This message should be consistently shared by all entities likely to come in contact with prospective business recruits. Key themes to include or strive for: streamlined permitting; catalogue of incentives; business networking and resource center; “Top Ten Places”; Home of OSU, ONAMI; etc.).	Chamber (Kathy Cleland), OSU Business School		»»»»	

<b>Focus Area: Developing Human and Physical Infrastructure</b>					
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<b>Strategy 8: Ensure an adequate supply and balance of housing stock and price ranges to support households of varied means and schools.</b>			<b>Implementation to Begin:</b>		
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#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
8.1	Support Corvallis’ Neighborhood Housing Services and similar efforts to establish community land trusts for housing.	CNHS*, City of Corvallis, Benton County, Real estate sector	»»»»		
8.2	Survey other comparable communities and study affordable housing projects. Identify possible funding options.	City of Corvallis/CNHS*, State of Oregon., Local consultants, Small builders	»»»»		
8.3	Look at opportunities to build affordable housing as infill within existing developments, and provide incentives for future development to include a percentage of affordable housing through appropriate zoning. Proactively contact developers to state desired housing goals.	City of Corvallis*, Benton County, Major developers		»»»»	
8.4	Consider arranging a design competition around one or more specific housing sites identified by the city or the development community, with the “winner” receiving some kind of incentive to offset development costs. Include ideas and suggestions proposed by potential tenants in the design criteria.	City of Corvallis*, Benton County, Oregon Natural Step Network, GBLT, Benton County Foundation			»»»»

Strategy 9: Create a continuum of workforce development and targeted training opportunities to ensure local jobs are created for and filled by Benton County residents wherever feasible.			Implementation to Begin:		
#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
9.1	Collaborate with Oregon State University, through OSU Inc., Open Source Lab, Austin Entrepreneurship Program and Extension to include non-OSU students community members, high school and LBCC students in business programs as done in SMILE and Saturday Academy models.	OSU, LBCC, Chamber, School District	▶▶▶▶		
9.2	Encourage LBCC and other small business support providers to become more proactive in marketing their services to small businesses. Provide training and instruction on targeted topics identified as high priority by a critical mass of businesses in the business needs survey.	LBCC*, BEC, CIBA, COG, Linn County	▶▶▶▶		
9.3	Conduct a regular business employment needs survey to identify most in-demand employment skill needs.	LBCC*, COG	▶▶▶▶		
9.4	Work with the Education Executive Team and Pathways Initiative to identify cost-appropriate opportunities for bringing vocational education programs into local high schools and colleges. Training programs should focus on imparting skills most desired by local employers and include "competency based" education practices that help students plan a path for their future.	School District, LBCC, OSU, Corporate Round Table		▶▶▶▶	
9.5	Market "after work" employment skills training for incumbent workers and others seeking to enhance their employment status and fill local positions. Ensure the training program is designed to be flexible and able to keep pace with rapidly-changing employment needs. Use employment needs survey businesses to identify unmet needs.	LBCC*, Chamber, COG, Linn County, WIB, WRT		▶▶▶▶	
Strategy 10: Make the most out of existing physical infrastructure resources and ensure future infrastructure levels meet essential business and community requirements.			Implementation to Begin:		
#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
10.1	Improve timeliness of public transit routes between Corvallis and Albany, and ensure trips are scheduled to accommodate work force as defined through a comprehensive assessment of large employer transit needs. Explore possibility of securing matching funds (city/employer) to help improve service. Investigate opportunities to strengthen transit in all directions, with emphasis on lines between Monroe and Albany/South Corvallis and Corvallis to Toledo, and those within Corvallis (e.g. to Benton Center). Consider transit access to Portland, Eugene and Seattle.	City of Corvallis/Transportation Management Association*, Corporate Round Table, Benton County and other local townships	▶▶▶▶		
10.2	Conduct a power study to identify existing capacity and future needs required to sustain targeted industries (e.g. protect against surges or vacuums).	COG, City of Corvallis, Chamber, ONAMI, OSU, Regional Economic Development Organizations, Utility companies		▶▶▶▶	
10.3	Act to increase use of the Airport by exploring non-passenger uses (e.g. possibility of becoming a regional training center for pilots).	City of Corvallis*, Chamber, Benton County		▶▶▶▶	
Strategy 11: Enhance community and social infrastructure by building on and promoting what we already have and working to fill-in gaps.			Implementation to Begin:		
#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
11.1	Continue to support ONAMI, OSU Inc. and other community-university collaborative efforts. Promote these mutual efforts at the state legislature and at home, to ensure elected officials and the public understand what this collaboration adds to our economy, quality of life and future. Consider establishing an event to promote what is working well, and to forge new partnerships.	Chamber*, OSU, ONAMI, Hewlett Packard, LBCC, SAO	▶▶▶▶		
11.2	Partner with Corvallis Tourism to create an annual community calendar.	Corvallis Tourism, Chamber, School District, DCA, OSU, Gazette Times, LBCC	▶▶▶▶		

11.3	Develop a plan to pull together and enhance current “welcome wagon” programs around the area.	Chamber*, OSU, CIBA, DCA, Mayor, Hewlett Packard, School District, LBCC	»»»»		
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## Focus Area: Integrating Sustainability and Economic Development

Strategy 12: Promote sustainability in our business community.			Implementation to Begin:		
#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
12.1	Ensure that current land use and building codes do not prevent the use of “greener” alternatives, simply because they were not previously adopted. {This action may be accomplished as part of Blue Ribbon Panel work described in another action}	City of Corvallis*, Chamber, Benton County, Oregon Natural Step Network	»»»»		
12.2	Proactively identify and/or define companies or clusters that provide sustainable products and services and provide targeted assistance to help them get started in Benton County. Upon defining such industries and or business clusters, develop a program to encourage sustainable industry recruitment emphasizing industry clusters that are symbiotic, have by-product synergy and that can use the model of industrial ecology. Use the identified list to help inform recruitment activities outlined in the industry cluster strategy.	Chamber, Oregon Natural Step Network, City of Corvallis, Benton County	»»»»		
12.3	Publicly reward companies that have made a measurable commitment to sustainability (with goal of showing benefits to business bottom lines, and promoting similar behavior from others).	Oregon Natural Step Network, City of Corvallis, Benton County, Chamber		»»»»	
12.4	Increase public awareness about the integral linkages between business and schools (K-20), both in terms of funding support and personal development opportunities.	EVP, School District/Foundation, OSU, LBCC, Chamber, ONAMI		»»»»	
12.5	Work with businesses and Transportation Management Association to identify development and expansion alternatives that would reduce demand on public resources and impacts on the social and natural environments. Emphasize systemic changes that reduce single-occupant auto transportation to and from work and reduce unnecessary waste (e.g. expand transit service to Benton Center). Establish a free “system audit” program to help business identify resource reduction and cost-saving business process improvements.	OSU, Corvallis Environmental Center, City of Corvallis/Transportation Management Association, Oregon Natural Step Network		»»»»	
Strategy 13: Support and protect our natural resource base and our resource-based entrepreneurs (projecting farms and farmers).			Implementation to Begin:		
#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
13.1	Support the preservation of farm and cropland – and the community’s access to safe, fresh local produce – through direct investment in farm operations (to keep them on the land). Pursue the following initiatives: <ul style="list-style-type: none"> <li>▪ Support training in: niche product development, marketing, business management, cooperative development and management.</li> <li>▪ Further develop local markets with the goal of increasing local consumption of local food market products by expanding farmers markets, funding and administering a “buy local” program, adopting a county-wide (public institution) food purchase policy and increasing access to stores for vendors.</li> <li>▪ Organize farm management and design charrettes with the goal of bringing in varied experts to help improve resource conservation while improving the bottom line for farm operations.</li> <li>▪ Support development of nurseries, specialty agricultural goods, value added timber and forestry initiatives, including development of necessary infrastructure such as specialty food processors.</li> </ul>	Ten Rivers Food Web, OSARC, OSU, OSU Extension, LBCC, Cascade Pacific Resource Conservation District, CIBA, Starker Forests, Stahlbush Farms, Chamber		»»»»	
13.2	Investigate opportunities for expanding agri-, eco- and cultural heritage tourism. For example, consider instituting a regional winery marketing program as has been done in McMinnville and Dundee, or establishing a centrally-located multi-winery tasting room with ancillary marketing materials that provide information on lodging and tourist attractions.	Corvallis Tourism; OSU (student project?), Benton County, OSU Extension, Resource and Conservation District, LBCC Culinary Arts Program		»»»»	

Strategy 14: Streamline, clarify and update local permit and development review processes to reduce costs and increase the quality level of future developments.			Implementation to Begin:		
#	Action Description	Partners (* Denotes Lead)	Yrs 1-2	Yrs 3-5	Yrs 6+
14.1	<p>Establish a “blue ribbon” panel consisting of planners, engineers, policymakers, developers and other appropriate interests to identify priority permit, development and annexation review process improvements and opportunities. The goal is not to “relax” standards, but rather to add clarity and certainty to the review process. Specific assignments might include:</p> <ul style="list-style-type: none"> <li>▪ Facilitating a community conversation to identify development projects that are consistent with community objectives.</li> <li>▪ Identifying and rectifying any potential redundancies, unnecessary restrictions and/or unclear requirements with the goal of setting a “guaranteed review timeline.”</li> <li>▪ Evaluating and improving the current procedure for annexing properties.</li> <li>▪ Prioritizing future areas for annexation, and defining acceptable development types for each.</li> <li>▪ Inventorying future development potential by type based on known land amounts in distinct geographic areas.</li> <li>▪ Assessing the current PDO process and recommending critical improvements.</li> <li>▪ Establishing zoning and permit flexibility for downtown and other in-fill areas to stimulate increased use of existing land and building resources before developing new.</li> <li>▪ Establishing a “permit partner” program at city- and county-level regulatory offices, to: A) provide clear instructions to business applicants seeking new development, building improvements, etc.; B) establish and clarify a project review timeline; C) troubleshoot review glitches or discrepancies; and D) offer insight or strategies for achieving defined policy or performance objectives. Provide a directory of related professional services offered locally.</li> <li>▪ Designing and testing a “model permitting and development review package” that clearly articulates development targets, and outlines a step by step review process to take place within a specified period of time. This could first be applied to housing developments, and if successful, expand to additional development types.</li> </ul>	City of Corvallis*, Chamber, Local contractors, Other political Jurisdictions, DCA (Pat Lampton) Corvallis Matters, CNHS	)))→		
14.2	Produce a Business District Plan, encompassing all of Benton County, which identifies the type and intensity of business development desired at each location. This could be done as part, or outside of the County’s strategic planning process.	Benton County, EVP, City of Corvallis		)))→	
14.3	Incorporate project review incentives, such as permit fast-tracking, for projects that utilize sustainable building practices. Consider adjusting selected SDC (System Development Charges) charges when a proposed development achieves some (significant) other kind of public benefit (e.g. increased density, park development, less burden on public infrastructure, etc.).	City of Corvallis*, Benton County, EVP, Chamber			)))→