

**ASHLAND CITY COUNCIL
STUDY SESSION MINUTES
March 6, 2023**

Councilor Kaplan called the meeting to order 5:30 p.m.

Mayor Graham, Councilor Hyatt, Representative Pam Marsh and OSF Interim COO Anyania Muse appeared via zoom.

1. Public Input – None

2. Economic Round Table

a. Economic Overview Presentation

City Manager Joe Lessard provided a presentation (see attached presentation)

- Overall questions
- Vision statement – positive economic future
- Community Characteristics – Population Growth
- Ashland Characteristics
- Ashland’s Strongest Employment Sectors
- Inflow/Outflow Commuting
- Ashland Characteristics – Age Cohort
- Ashland Characteristics – Cost of Housing Breakdown
- Taxable and Non-taxable Lands
- Ashland Tax Revenue by Fiscal Year
- General Fund Revenue

b. Southern Oregon University Presentation

SOU President Dr. Rick Bailey provided a presentation (see attached presentation)

- SOU’s path to fiscal success
- How did we get here?
- Solving for the future
- Aggressively pursue entrepreneurial revenue projects

c. Travel Ashland Presentation

Director of Travel Catherine Kato provided a presentation (see attached presentation)

- What are the issues/opportunities of Ashland’s tourism?
- How does Ashland remain Strong

d. Asante Ashland Community Hospital

Steven Hirsch provided a presentation (see attached presentation)

- Asante Health System employee headcount
- Economic impact of AACH

e. Ashland Chamber of Commerce

Executive Director Sandra Slattery provided a presentation (see attached presentation)

- Overview
- Opportunities
- Threats
- Final Prioritization
- Ashland’s Greatest Opportunities

Kaplan commended the presenters for their work. Hyatt noted the objective of the meeting is to create and maintain an economically sustainable city. She also noted that this project must be a collaborative effort on behalf of all organizations involved. Superintendent Samuel Bogdanove spoke on the slow decline of enrollment, and how the school district must change to keep opportunities open for students. Bogdanove also commented on the workforce struggle with classified staff and faculty as well as changes with student needs following the COVID-19 pandemic. Bailey shared that SOU had experienced a growth in student population, yet a decrease in the number of course-hours taken per student. He believed that this was due to issues with social and mental wellness as well as changes within the greater discussion around the value of higher education. State Representative Pam Marsh commented on the unique economic pillars that make up Ashland, and how the removal of any single pillar would cause massive changes within the City as a whole.

SOREDl Executive Director Collen Padilla noted that Ashland has limited industrial lots, which decreases the feasibility for new commercial industry, adding that businesses looking to expand are looking for new property and new buildings. She pointed out that several properties in the Railroad District could be utilized for new commercial buildings. County Commissioner Dave Dotterer reflected on the lack of progress on the Croman Mill District and agreed with Padilla's statement. He also recommended that Rogue Workforce be involved with future development plans. Padilla highlighted the effect of drought on local agricultural areas, as well as the difficulty of changing land use zoning. Kaplan added that changes in efficiency of irrigation could also be of help. OSF Chair Board of Trustees Diane Yu commented on the similarities between OSF and the overall travel economy of Ashland, as well as the loss of revenue and funding following COVID-19. She also praised the efforts of the of the group for their work. Bailey and Yu discussed the potential of collaborations between SOU and OSF or collaborations between various local businesses and OSF. OSF Vice Chair Board of Trustees Sacha Card, OSF Interim COO Anyania Muse agreed with Bailey and Yu's idea, with Muse highlighting several recent collaborations between SOU and OSF.

Cato spoke to continuing efforts to work with local business to engage with tourists in a productive manner. She spoke of the change in travel behavior from tourists. Yu added that the definition of groups visiting Ashland should be expanded beyond just tourists. She also spoke regarding the identification and removal of barriers involved with groups coming to Ashland. Chair of the Ashland School Board Victor Chang identified one of those barriers as a lack of affordable housing for workers and suggested a few ideas as to how to address the issue on a local and regional scale. OSF Cultural and Community Liaison Tara Houston expressed support regarding affordable housing and the potential link to business growth. Kaplan spoke to ongoing Council meetings discussing possible changes to city zoning laws to support increased housing growth.

SOU Vice Chair of Board of Trustees Sheila Clow suggested forming recruitment plans for local students to enter both higher education and the workforce, while also voicing support for Rogue Workforce. Ashland Chamber of Commerce Board President Gary Blake spoke on the lack of childcare as another barrier. Councilor Hansen spoke to using Ashland's parks to attract visitors to the area as well as an ongoing source of jobs.

Councilor Hyatt noted three interconnected areas that the City of Ashland needed to address: families and workforce, land use and climate, and tourism. Marsh agreed with the areas of focus that Hyatt stated, while giving specific focus to the area of childcare. Hyatt praised SOU's early childcare program. Bogdanove, Dotterer and Chang also expressed interest in developing childcare partnerships between different organizations. Kaplan spoke about moving forward with these planned partnerships, with Bailey bringing up two SOU projects connected to an ongoing partnership. Bailey and Yu spoke regarding the potential of building communities for seniors and the economic possibilities. DuQuenne voiced her support for a multi-generational approach to both housing and community development. Bailey spoke about revitalizing the University District. Slattery spoke to the continual investing into Ashland's future by all groups. Lessard listed out four areas that the committee had discussed regarding a future economic plan, those being an effort on joint marketing, a definition of what a future University District would be, an initiative focused on childcare, and continued discussion regarding future economic plans. Dotterer suggested partnering with cities across the Rogue Valley. Bailey spoke on infrastructure challenges regarding any future development, focusing on students and seniors. Houston reminded the group of the need to remain inclusive regarding changing demographics and plans. Hyatt spoke about a planned transportation system update set to happen in the fall of 2023, adding that these changes would be made in connection with the state, local businesses, the school districts and the community. Lessard spoke about the next steps for the group to move forward, suggesting the group form smaller sub-groups to focus on each of the five areas of improvement presented. Kaplan agreed with Lessard's idea of sub-groups.

3. Adjournment of Study Session

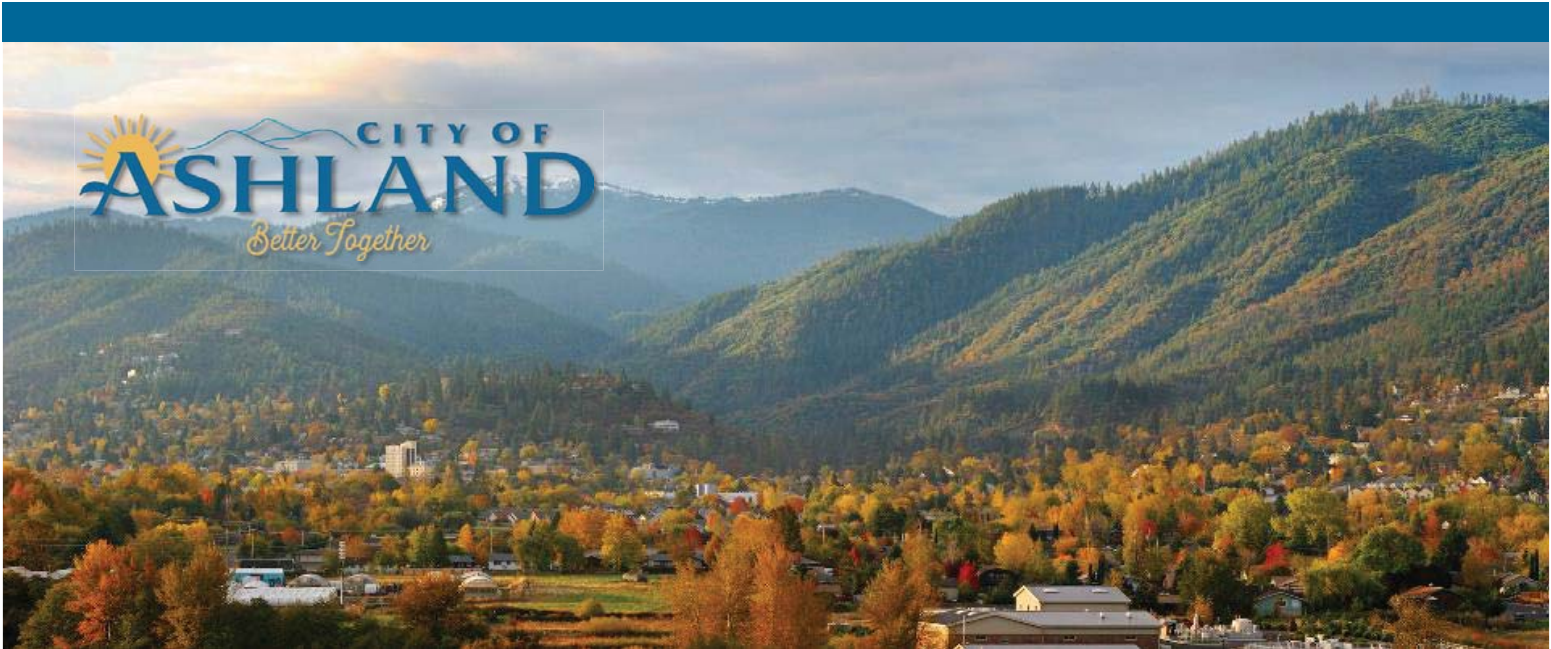
The meeting was adjourned at 7:43pm

Respectfully Submitted by:

City Recorder Alissa Kolodzinski

Attest:

Mayor Tonya Graham



Economic Development Discussion

March 6, 2023

Participants



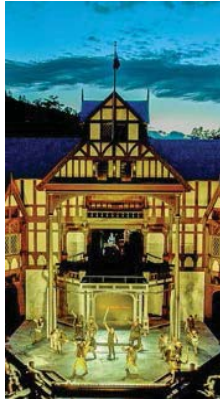
City of Ashland



Southern Oregon University



Travel Ashland



Oregon Shakespeare Festival



Southern Oregon Regional Economic Development



Asante



Chamber of Commerce

- **What are our economic challenges and opportunities?**
 - ❑ Important trends or takeaways signaled from the last three years
- **What are the most important next steps for addressing our challenges and opportunities?**
 - ❑ Long-term sustainability (20-50 years)
- **What should our next “Better Together, “steps be?**
 - ❑ Three joint gateway or catalyst efforts.



Vision

Ashland is a resilient, sustainable community that maintains the distinctive quality of place for which it is known.

We will continue to be a unique and caring city that stresses environmental conservation, fosters artistic expression, and is open to new ideas and innovation.

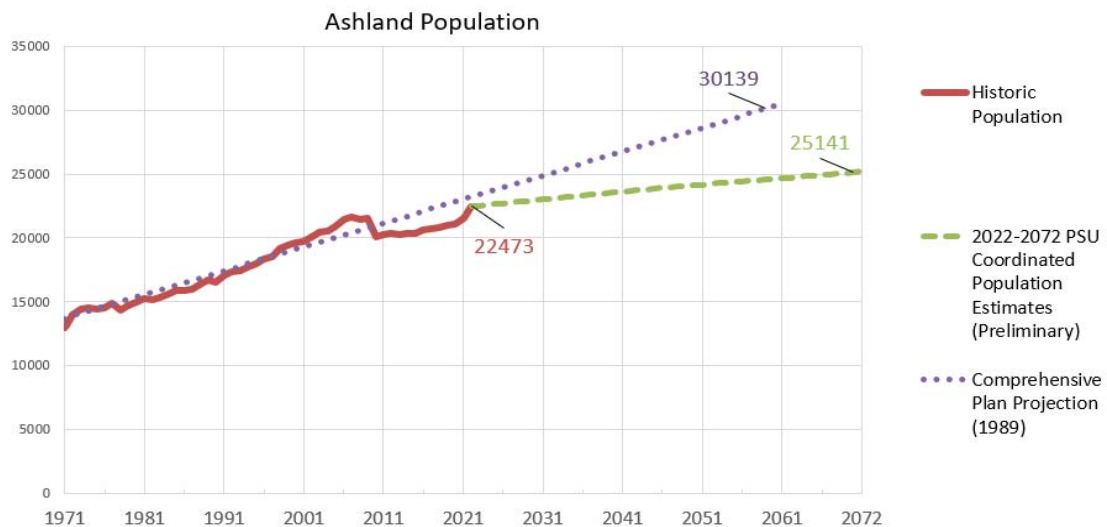
We will plan and direct our efforts to fulfill this Vision for the long term with a constant view toward being an open, welcoming community for all with a positive economic future.





Community Characteristics

• Population Growth



Population growth rate projected to slow over the next 50 years

Ashland Characteristics

• Risks

- Public Safety
 - Fire (urban, wildfire & smoke)
 - Pandemic
- Environmental
 - Climate Change
 - Extreme weather
 - Changing biodiversity
 - Water resources
 - Flood
 - Earthquake
- Organizational
 - Turnover
 - Recruit, Train & Retain
 - Lost productivity

○ Economic

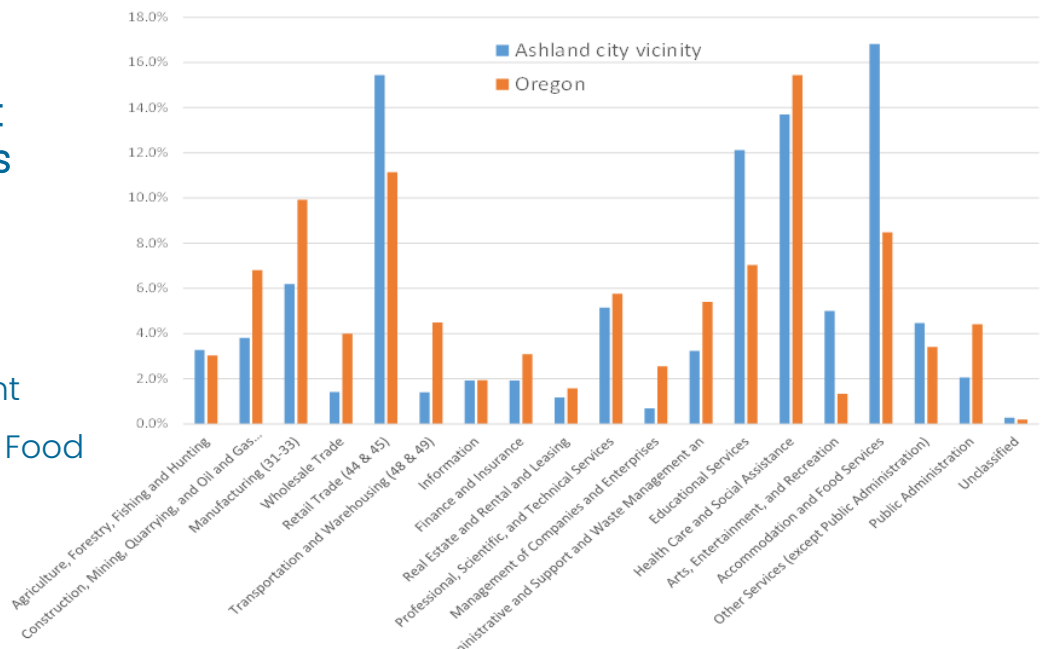
- Changing Economic trends
- Service Industry/Fixed Income Economy
 - Workforce earnings outflow
 - Emergency Recovery/Resilience
- High housing cost
 - Shift to high asset owners
 - Push out of affordable housing
 - Out flow of family housing
- Economic downturn
 - Recession/Inflation



Ashland's Strongest Employment Sectors

- Retail
- Educational Services
- Health care
- Arts and Entertainment
- Accommodation and Food Service

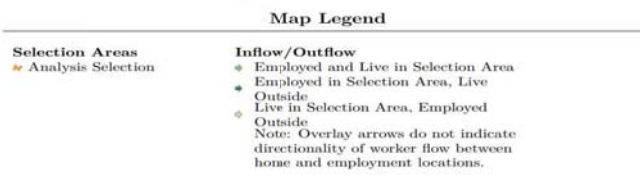
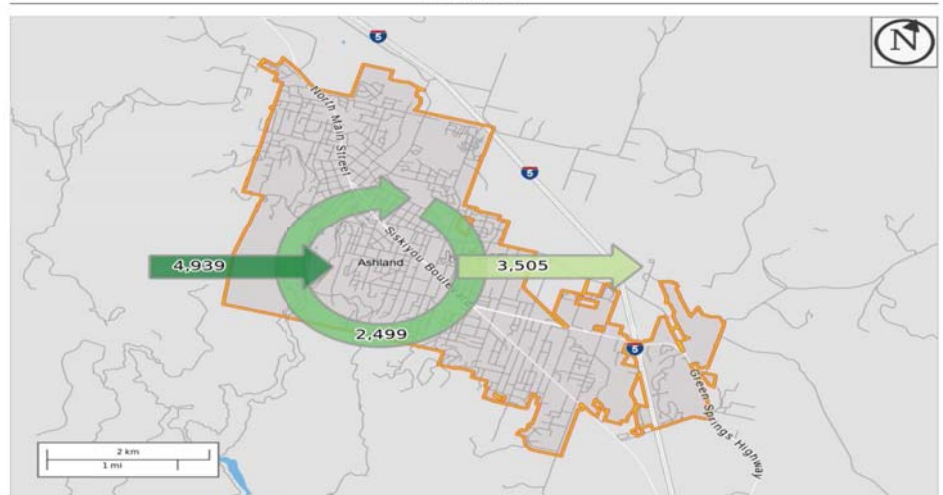
2021 Annual Average Payroll Employment Percent of Total Ashland vs. Oregon statewide



Inflow/Outflow Commuting

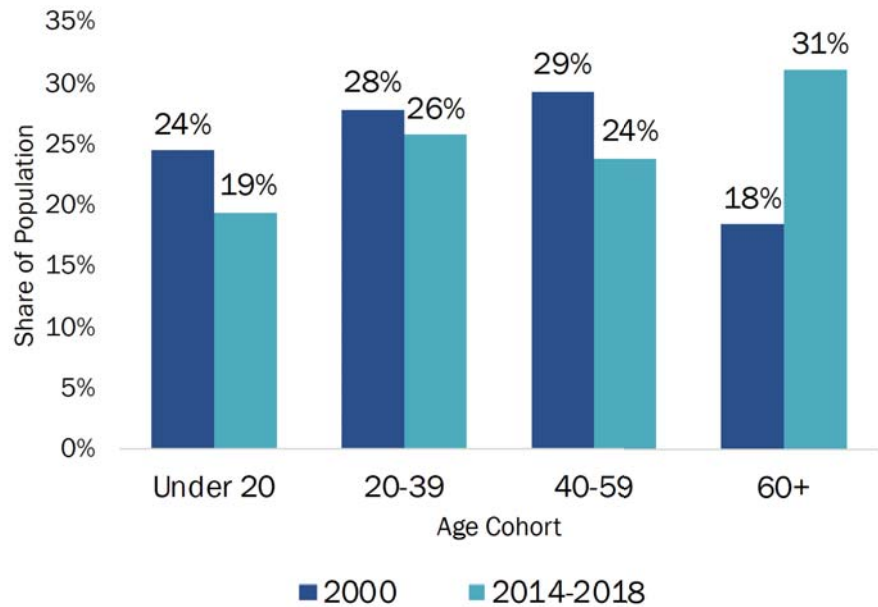
- 66% of people employed in Ashland commute in from outside the City
- 58% of workers that live in Ashland commute out of Ashland for work.

Inflow/Outflow Counts of Private Primary Jobs for Selection Area in 2019
 All Workers



Ashland Characteristics

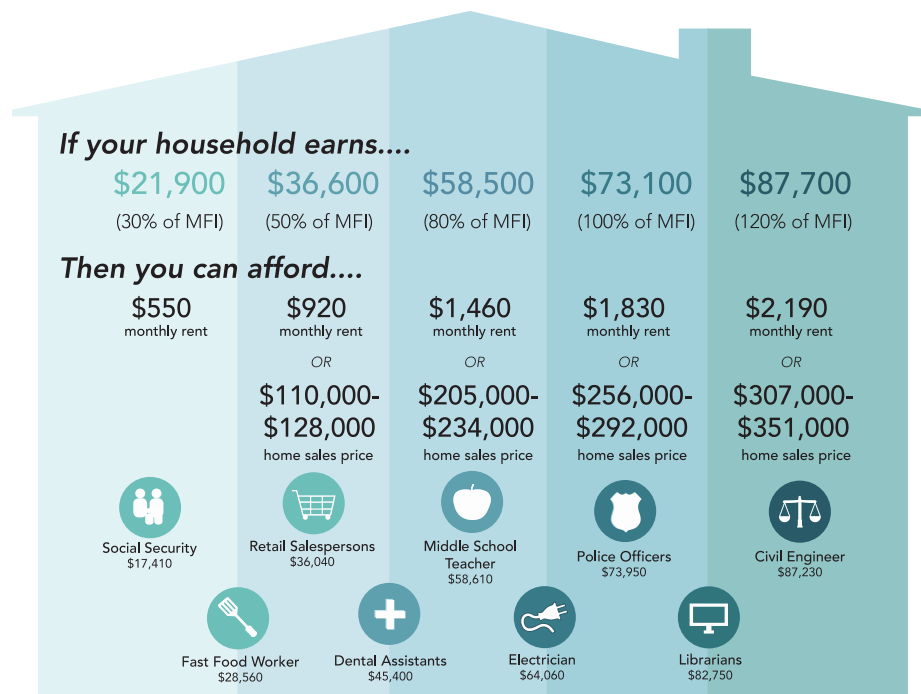
- Ashland's population is increasingly made up of older individuals
- Ashland's proportion of young households is decreasing



Population Growth by Age, Ashland, 2000 to 2014-2018

Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2014-2018 ACS, Table B01001.

- Ashland's Median home sale price is 549,000
- Ashland's asking rent for a 2-bdr unit is \$1550

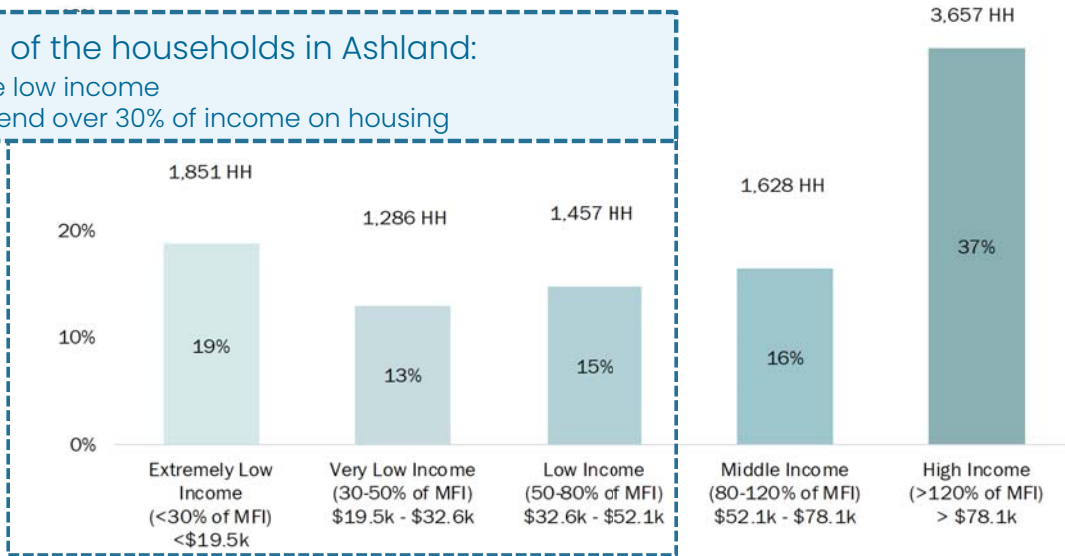


Source: U.S. Department of Housing and Urban Development, Jackson County, 2021. Oregon Employment Department.

Ashland Characteristics

Nearly 1/2 of the households in Ashland:

- Are low income
- Spend over 30% of income on housing



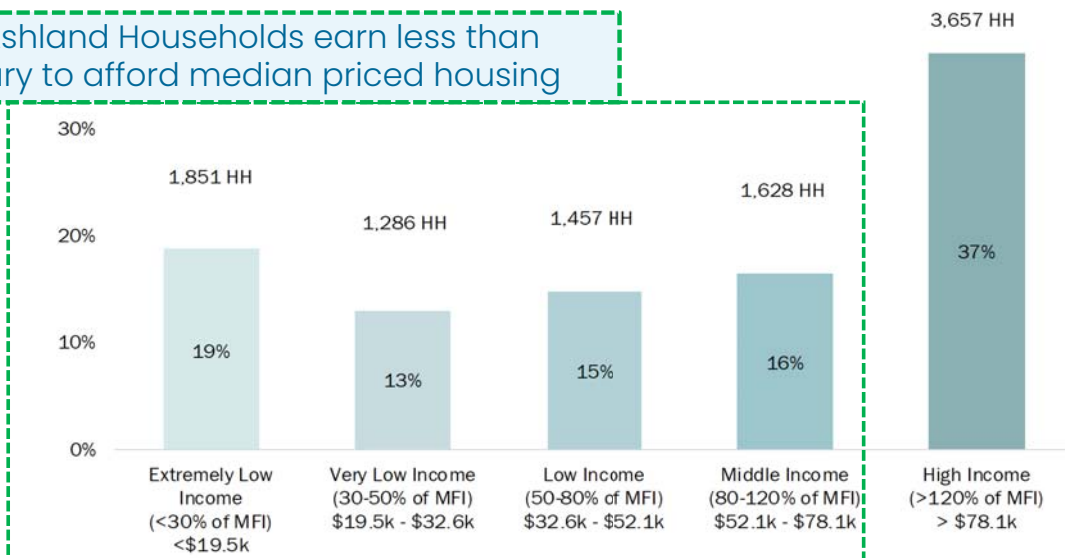
80% Median Income = \$52,100

Source: U.S. Department of HUD, Jackson County, 2020. U.S. Census Bureau, 2015-2019 ACS Table 19001.



Ashland Characteristics

63% of Ashland Households earn less than necessary to afford median priced housing



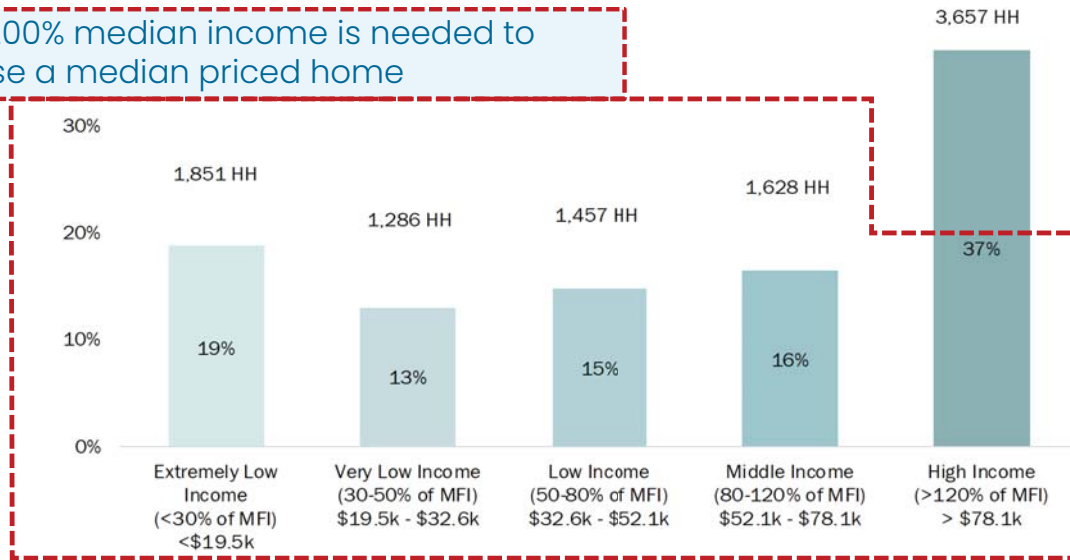
120% Median income = \$78,100

Source: U.S. Department of HUD, Jackson County, 2020. U.S. Census Bureau, 2015-2019 ACS Table 19001.



Ashland Characteristics

Nearly 200% median income is needed to purchase a median priced home

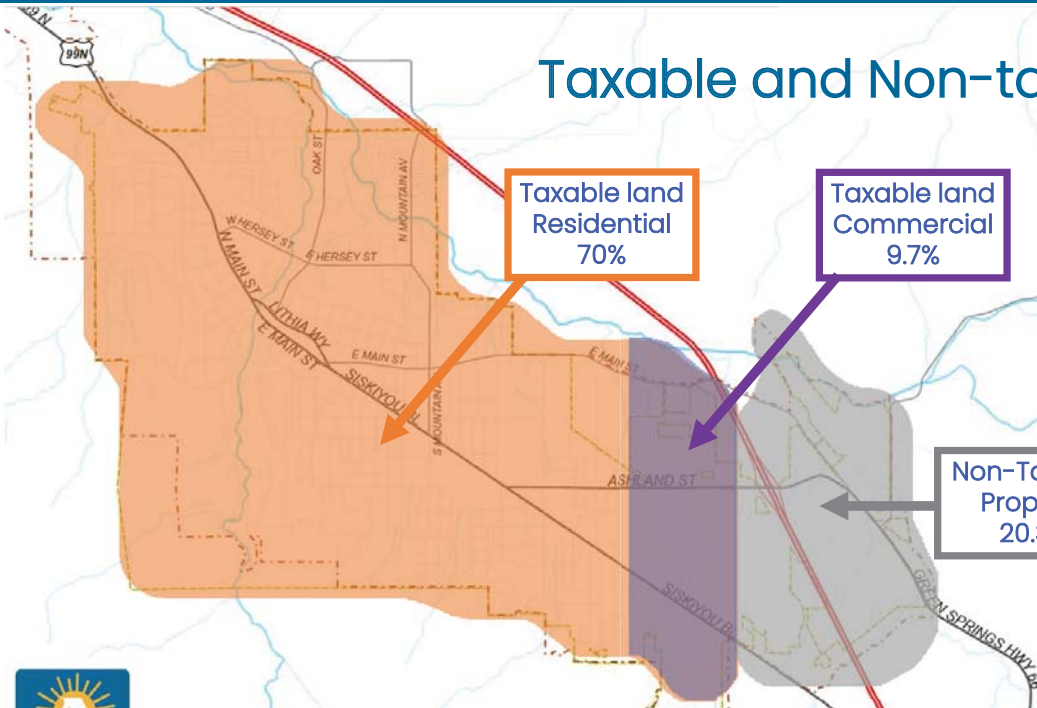


192% Median income = \$140,000

Source: U.S. Department of HUD, Jackson County, 2020. U.S. Census Bureau, 2015-2019 ACS Table 19001.



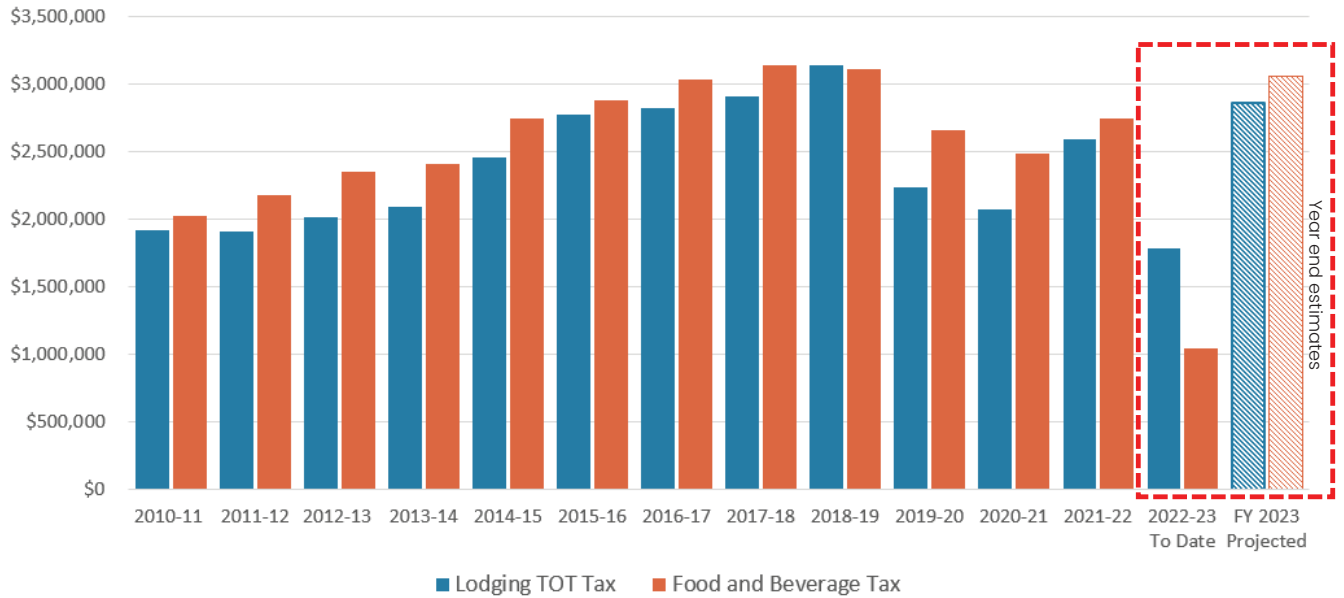
Taxable and Non-taxable Lands



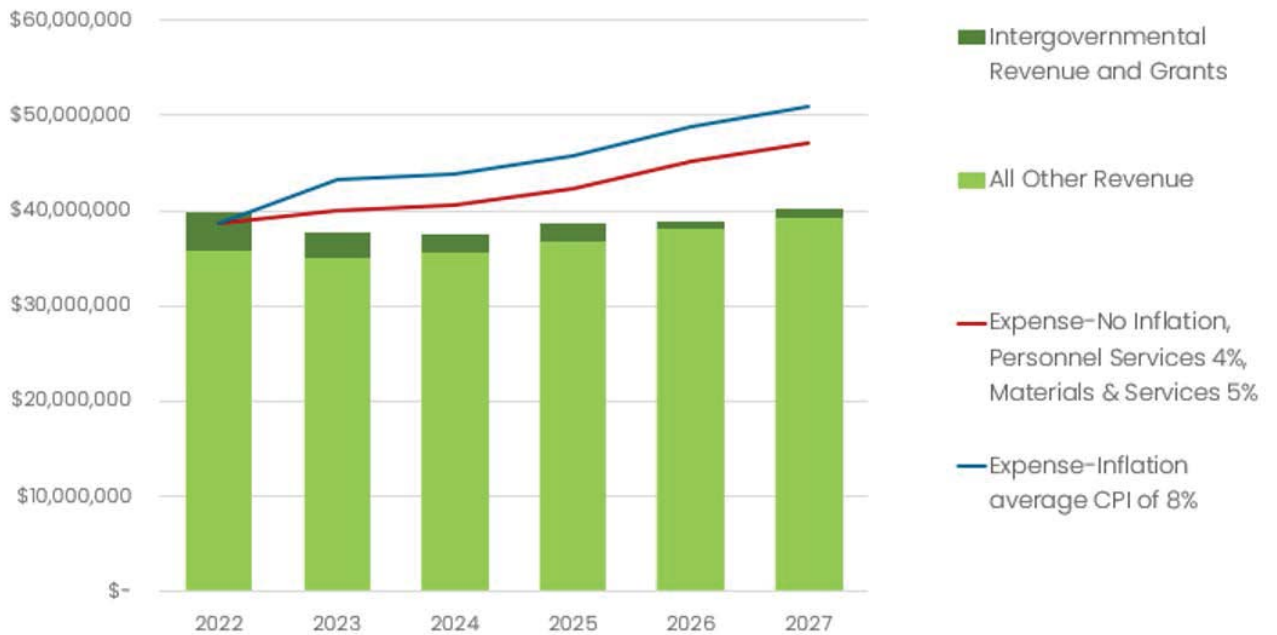
Taxable land (acres)	5028
Residential	4418
Commercial/Industrial	610
Non-taxable land (acres)	1280



Ashland Tax Revenue by Fiscal Year



General Fund Revenue





Southern Oregon University

Sou's path to fiscal success

Required Fiscal model: $R \geq C$



**Managing
Costs**



**Reimagining
Grants**



**Leveraging
Philanthropy**



**Diversifying
Revenue**

How we got here

If We Do Nothing

- 30% **enrollment** decline over 10 years (50% of revenue is tuition)
- 58% increase in **government mandates**
- **State funding** below current service level
- PERS **retirement obligation** jumps from \$7M to \$11M (projected over 5 years)
- **Healthcare** cost jumps from \$7M to \$9.5M (projected over 5 years)

	Revenue	Cost	Deficit
2022-23	\$ 61.2 M	\$ 62.5 M	\$ -1.3 M*
2023-24	\$ 65.1 M	\$ 70.0 M	\$ -4.9 M
2024-25	\$ 65.6 M	\$ 73.7 M	\$ -8.1 M
2025-26	\$ 66.4 M	\$ 79.7 M	\$ -13.3 M
2026-27	\$ 67.2 M	\$ 81.8 M	\$ -14.6 M

*includes \$3.6 M in one-time cuts

85% OF OUR COSTS ARE INVESTMENTS IN OUR PEOPLE



Solving for the future

Implementation of Cost Realignment

- Reorganization, process improvement, and program adjustments across the university
- 81.83 FTE reduction

	Revenue	Cost	Net	Ending Fund Balance	% Operating Revenue
2023-24	\$ 64.6 M	\$ 63.3 M	\$ 1.3 M	\$ 6.5 M	10.00%
2024-25	\$ 67.1 M	\$ 64.7 M	\$ 2.4 M	\$ 8.9 M	13.27%
2025-26	\$ 67.8 M	\$ 66.5 M	\$ 1.3 M	\$ 10.2 M	15.08%
2026-27	\$ 70.1 M	\$ 68.7 M	\$ 1.4 M	\$ 11.7 M	16.69%

85% OF OUR COSTS ARE INVESTMENTS IN OUR PEOPLE





Aggressively pursue entrepreneurial revenue projects

- Cascade Complex replacement project
- Solar
- University District
- Workday Training Center

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What are the issues that tourism is facing?

- **Inflation and rising cost** of travel are deterrents for some
- **Labor shortages** affects hours, services and availability
- There is a **shifting seasonality** in avoidance of wildfire season
- The need to **embrace the change** of our visitor base is crucial

What are the opportunities of Ashland's tourism?

- **Ashland's visitor has evolved** and is coming for new reasons
- This new visitor is **more active, spontaneous** and engaged
- **Continued investment** in tourism is key to educate the new visitor
- Visitor behaviors fuel and shape our amenities and industries
- Visitors are potential future residents



Photo by Bob Palermini



How does Ashland remain Strong?

- Anchor Ashland as a **basecamp** for visitors to explore the region
- **Partner regionally** to expand our culinary and cultural offerings
- **Develop our assets** for families, music, culture and outdoors
- **Expand our spectrum of events** and festivals
- Continue to amplify our **access to outdoors, wine, friendliness and walkability**
- **Attract conferences, tours and groups** for new reasons
- **Support Travel Ashland's branding** to attract, educate and welcome these new visitors
- **Target and market** to destinations we compete against such as Bend



Photo by Bob Palermini



ASANTE
Community lives here.

Asante Ashland Community Hospital

Asante Health System

All employees – headcount as of 01/16/2023	
Entity	# Employees
Asante Ashland Community Hospital	264
Asante Corporate/Asante Foundation	1,003
Asante Physician Partners	622
Asante Rogue Regional Medical Center	2,939
Asante Three Rivers Medical Center	1,131
Total headcount	5,959

Asante Fast Facts

Asante Ashland Community Hospital

Economic impact of AACH (FY22)

- Supplies and purchased services: \$12,956,867
 - Per day: \$35,498
- Salaries and benefits: \$48,802,621
 - Per day: \$133,705

Community benefit (FY21)

- Charity care: \$650,558
- Other government: \$972,846
- Community programs: \$790,537
- Cash and in-kind: \$71,243
- Bad debt: \$1,144,072

Open jobs at Asante: 538 (total)

- Open jobs at AACH: 33
- Open jobs at APP-Ashland clinics: 10

Asante employees who live in Ashland: 472

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Ashland Chamber of Commerce



Ashland Chamber of Commerce

Demographic Trends

Strengths – Weaknesses – Opportunities – Threats
Ashland Chamber Economic Diversification Strategy



Action steps

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Opportunities

Initial opportunities that arose in our discussions with stakeholders and exploration into potential strategies included:

- **Outdoor Recreation** – Mountain and gravel biking, river sports, snow activities, snowmobiling, rock climbing
- **Opportunity Sites** – Croman Mill, Railroad Site, University District, Downtown, housing development
- **Healthcare** -- Senior care, functional medicine, wellness
- **Remote Workers** – Worker attraction, remote companies
- **Arts and Culture** – Digital arts, film industry, visual arts, culinary arts, creative direction, music, Downtown events
- **SOU Programming** – Health care, digital arts, sustainability
- **Climate Adaptation** – Green technology, renewable energy
- **Diversity** – Population demographics, retail and restaurant options
- **Leadership** – New change agents, climate leadership
- **Small Scale Manufacturing** – Device manufacturing, boutique agricultural products

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Threats

Moving further from current weaknesses to potential future threats to Ashland's economy, these themes emerged most often in our initial conversations:

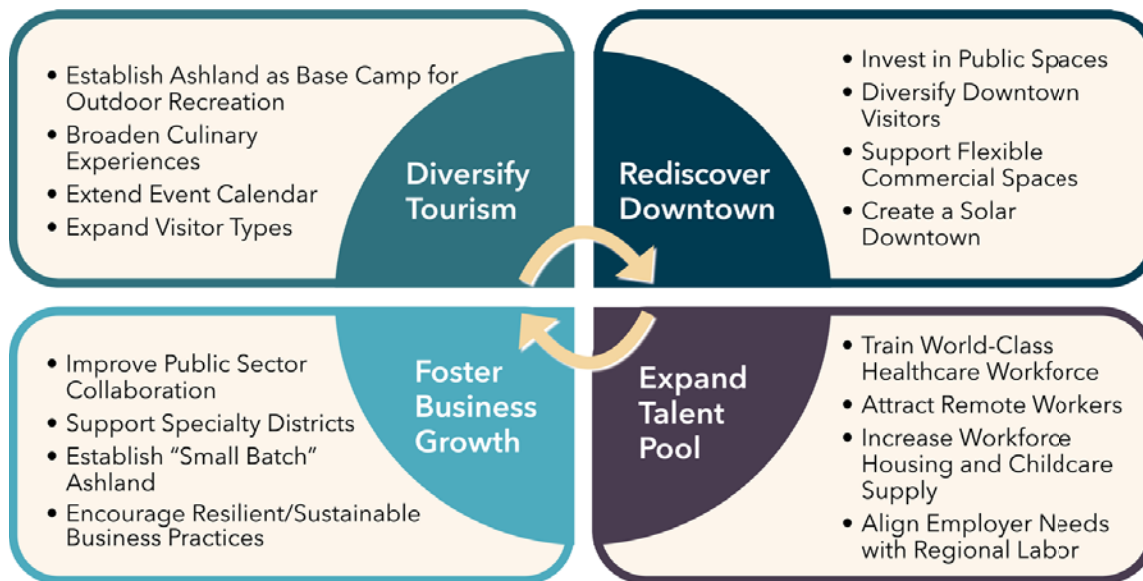
- **Climate Change:** Summer smoke and wildfires, extreme heat, reduced snowpack, reduced water availability
- **Housing Affordability:** Workforce and family friendly housing
- **Enrollment Decline:** Public K-12 schools and Southern Oregon University
- **Land:** Available supply and cost
- **Natural Resources for Recreation:** Camping areas and trails
- **Downtown Vibrancy:** Storefront vacancies, lack of nightlife
- **Competition:** Young workers relocating, walkable downtowns
- **Aging:** Customer base and local population
- **Government Functionality:** Development process
- **Infrastructure:** Lack of investment, stifled development
- **Diversity of Visitor Amenities:** Families, middle income households, people of color
- **Childcare:** Availability and affordability

Final Prioritization

EcoNorthwest identified the most promising opportunities areas included the following:

- **Outdoor Recreation** – Leverage access to regional attractions and year-round activities
- **Culinary Experiences** – Food production and workshops with cooking and winemaking
- **Commercial Development** – Business owner support and specialty districts
- **Healthcare** – Prepare for increasing need of senior care, build healthcare workforce
- **Sustainability and Climate** – Local renewable energy production and action on CEAP
- **Southern Oregon University** – Program connections with students and businesses
- **Opportunity Sites** – Downtown vibrancy and fostering a distinct University District
- **Business Operations** – Support resilient and sustainable business practices

Ashland's Greatest Opportunities



What are our economic challenges and opportunities?

- ❑ Important trends or takeaways signaled from the last three years

What are the most important next steps for addressing our challenges and opportunities?

- ❑ Long-term sustainability (20-50 years)

What should our next "Better Together," steps be?

- ❑ Three joint gateway or catalyst efforts.



Thanks for Attending