



CEDS WHITE PAPER

TO: INDUSTRY CONSULTANTS
FROM: NICHOLAS GREEN, CITY MANAGER
SUBJECT: COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY – SCOPE OF WORK
DATE: OCTOBER 9, 2018
CC: JOHN DAY CITY COUNCIL

EXECUTIVE SUMMARY

The City of John Day applied for four economic development planning assistance grants in 2018. Three have been awarded and one is pending. They are:

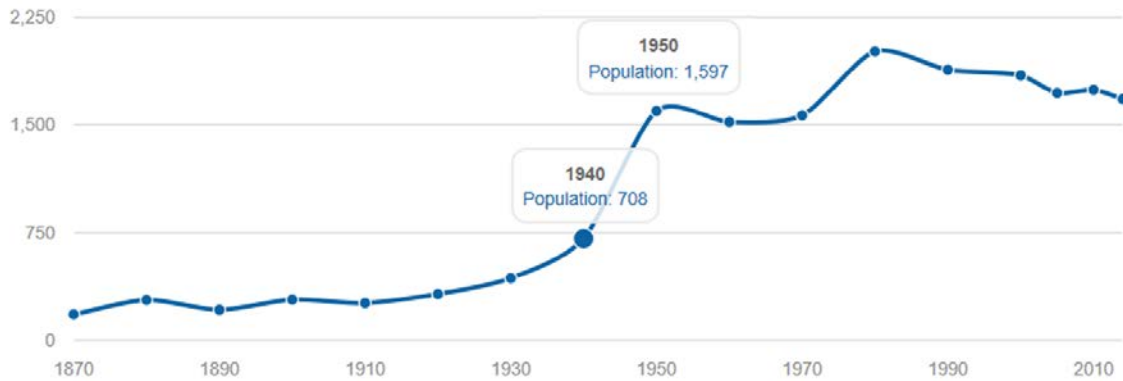
- *Economic Opportunities Analysis (EOA)*. Awarded on September 5, 2018 by the Department of Land Conservation and Development (DLCD), this grant is administered by DLCD and provides consulting services to complete an EOA.
- *Local Economic Opportunity Fund (LEOF)*. A \$50,000 grant awarded on September 14, 2018 by Business Oregon to assist the city with its economic resiliency planning.
- *Economic Development Technical Assistance (TA)*. A \$70,000 grant awarded on September 25, 2018 by the Economic Development Administration (EDA) to develop the city's comprehensive economic development strategy.
- *Small Competitive Grants Program*. A \$20,000 grant through Travel Oregon to assist the city's economic development planning efforts. The award determination for this grant will be announced on October 17, 2018.

These programs, collectively, will be referred to as the City's Comprehensive Economic Development Strategy (CEDS). City will issue an informal Request for Quotes (RFQ) in late October to solicit offers from vendors interested in providing professional services for the CEDS. City may choose to make multiple awards under this program. The total value of these awards will not exceed \$150,000.

BACKGROUND

Like many rural communities throughout the United States, John Day experienced unprecedented population growth in the post-war era. In the two decades that followed World War II, the city: built over one-third of its housing; constructed its first sewer treatment plant (1947); installed its first (and only) traffic light at the intersection of Main and Highway 395; organized the John Day Police Department (1949); and opened the first city park (1955) and pool (1958). During these years, the city's population more than doubled.

SUBJECT: CEDS STRATEGY – SCOPE OF WORK



The city grew again from the 1970's to the 1990's as timber boomed and global demand for raw materials intensified, but increased regulation and conflicting priorities for land use ultimately led to the slow but steady decline that we are experiencing today. Three of four timber mills that once served our community are now closed. The lack of both public and private sector investment is also visible in our ageing infrastructure, particularly our wastewater treatment plant and pool, which are now over 60-years old and are past their useful life.

There was a compelling case for growth in the 1940's and 50's and again in the 1970's and 80's. We believe there is a compelling case today. There are people who want what we have, and growth, even modest growth, is the best way to ensure we can keep providing the services our residents want and need. Over the next twenty years, we intend to build 100 homes. We intend to replace our wastewater treatment plant, our parks, and our pool, which have served us well for so many years, with new community facilities that will work for future generations. Moreover, we are going to do it while facing unprecedented budget constraints.

The city has already taken many steps to accomplish these objectives. In January 2017, we adopted a new Strategy for Growth (Figure 1). The goal of this strategy is to overcome 30 years of population and socioeconomic decline by attracting digital commuters, active retirees and young, working families to our community. Attracting these demographics will result in a more diversified and more resilient economy and will promote growth in supporting infrastructure and agencies, including the local hospital and schools.

To accomplish its strategy, the City has focused its investments in four main areas:

1. **Digital marketing and branding** that promotes our rural quality of life;
2. **Recreational amenities** that make for attractive, active-lifestyle communities;
3. **Competitive broadband infrastructure** enabling residents to be digitally connected to friends, family and co-workers; and

4. **Housing and community development** initiatives that create more housing options across a wider and more balanced price range and community spaces that enhance the economic value of our city.

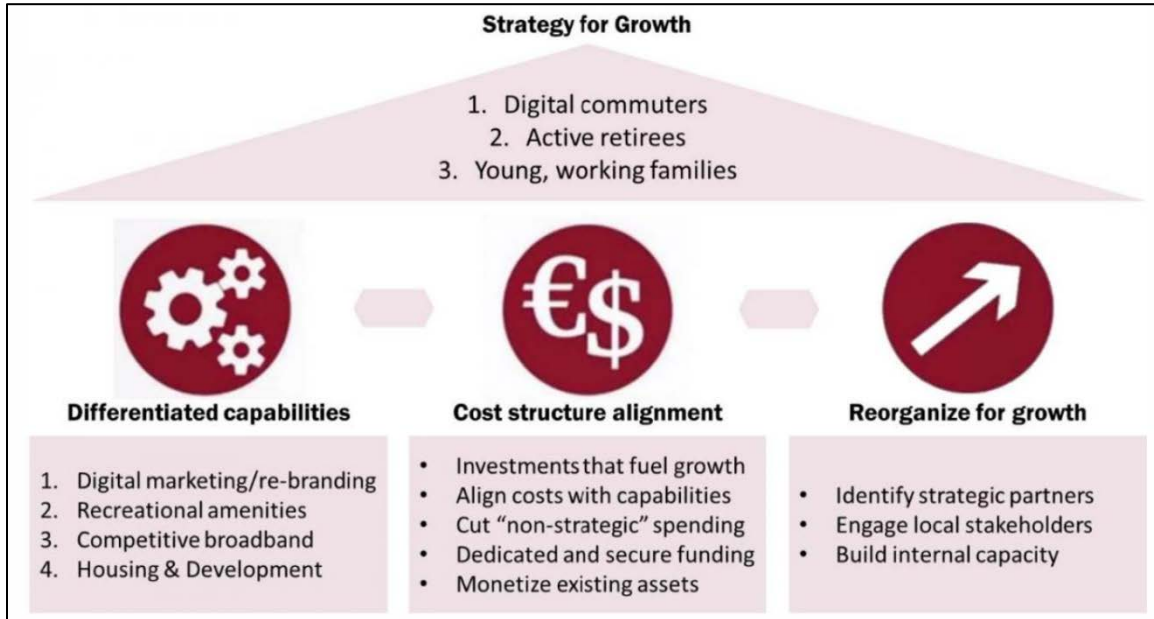


Figure 1. John Day’s Strategy for Growth, adopted in January 2017

SCOPE OF WORK

The John Day CEDS will build on the City’s Strategy for Growth and the efforts to date (Figure 2). The EOA will explore the future economic opportunities for our area and provide some baseline data gathering on our current inventory of industrial lands. Technical Assistance contracts will expand on this scope by diving deeper into our opportunities for marketing and rebranding our community, promoting tourism and recreation opportunities, and developing a more robust housing and community development strategy to take advantage of the opportunities provided by the Innovation Gateway and other city investments. The City will work in parallel with the consultants by refining its broadband strategy. Broadband will not be included in the scope of work for the contracts but is referenced herein because it is a critical investment for the overall CEDS approach.

The CEDS project brings together multiple stakeholders from federal, state and local agencies to create a more resilient, diverse and robust economy for the John Day area. It is also designed to engage non-profit and private sector partners to help spur new investments that will help make our economy more sustainable in the long-term. The CEDS will focus on three measures of success, which are aligned to the EDA’s strategic investment priorities. They are: (1) Promoting Collaborative Regional Innovation; (2) Generating Public/Private Partnerships; and (3) Boosting the local agritourism, ecotourism and recreation components of John Day’s economy.

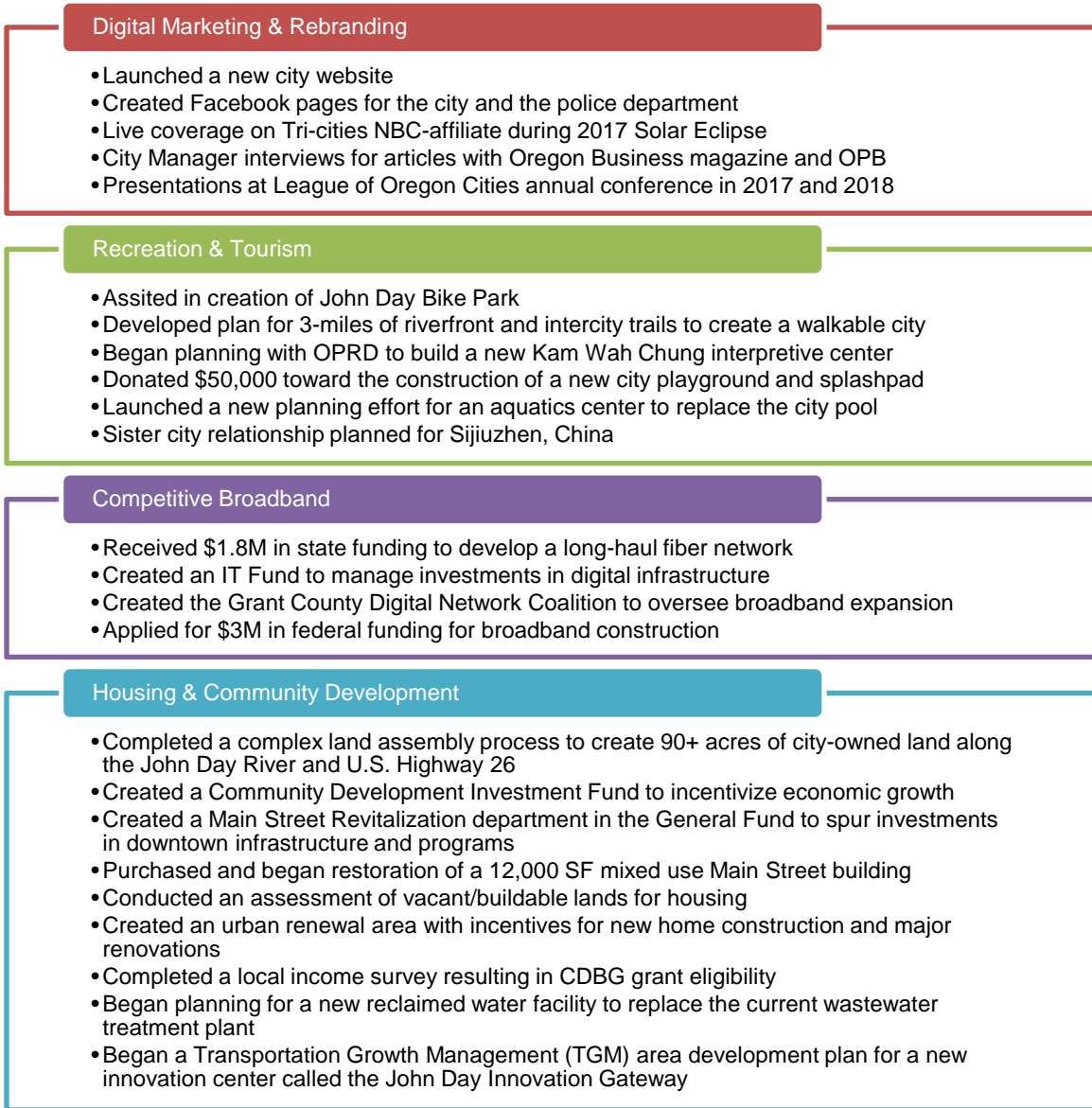


Figure 2. Actions completed to-date for the John Day Strategy for Growth

Six tasks are envisioned as part of the CEDS scope of work.

Task 1 – Economic Opportunities Analysis. The primary objective of this project is to prepare an EOA for John Day. The EOA will focus on the economic opportunities available in our region, with a specific focus on controlled-environment agriculture. The City’s reclaimed water facility is on schedule for completion in 2021 and will generate over 80-million gallons of Class A water annually. This water, along with the over 200 acres of industrial lands owned by the city, will be key economic assets to

spur industrial growth in new industries like hydroponic crop growth. The EOA will result in the following deliverables:

- Analysis of national, state, regional, county, and local economic trends
- Identification of the number of employment sites the city will need considering the attributes that its industries will need
- An inventory of existing developed (redevelopable) and vacant industrial and other employment lands
- Summary of community economic development potential
- Draft, revised and final EOAs (written deliverable)

DLCD hired Jerry Johnson of Johnson Economics (Portland, OR) to conduct the EOA. All Consultant work must be completed no later than June 30, 2019. Information on the state's administrative requirements for an EOA is provided in Appendix I. In the future, this EOA will be used to update the City's Comprehensive Land Use Plan, which was adopted in 2003 and covers a planning period through 2023.

In conjunction with this task, the city and consulting team will conduct a deep dive into the market characteristics of hydroponic agriculture, including meetings with industry consultants and potential investors. This market characterization will identify: industry performance; products and markets including key supply chains; the competitive landscape, which includes market share concentration, key success factors, the basis of competition and barriers to entry; major companies operating in the U.S. market or looking to expand to the U.S.; and potential for startups to penetrate the market.

Task 2 – Digital Marketing and Rebranding. The City launched a new website in 2017, along with social media pages for the city and police department on Facebook. The city also provides a newsletter targeted toward John Day residents, which is sent out quarterly in utility bills and is posted to the city website. We are looking for opportunities to expand this area through a more deliberate, concerted marketing campaign. This effort will be undertaken in conjunction with the Grant County Chamber of Commerce, which also redesigned its website in 2017. Vendors should provide concepts and ideas around how to promote John Day's unique geography as well as our planned and future investments, with an emphasis on preserving our heritage as one of the nation's last frontier communities.

Task 3 – Recreation and Tourism. Promoting destination tourism and integrating the wonderful recreational and cultural sites in our area will feature prominently in the CEDS strategy. Our area already benefits from regional and destination tourism, but for the most part this is the result of passive tourism - visitors who come here on their own initiative. This task will identify opportunities for local agencies to collaborate and develop a more concerted plan to promote tourism. John Day is poised to become a central hub in eastern Oregon for destination tourism, with a specific focus on agritourism, ecotourism and outdoor recreation. Our efforts to create a sustainable high desert city have been featured in Oregon Business magazine and the Seattle Times. We also received live television coverage by the NBC network affiliate in the Tri-cities, Washington area throughout the 2017 eclipse. With planning underway on

a new Kam Wah Chung interpretive center and future features planned by the Discovery Channel around our Chinese history, more visitors are likely to follow. In 2018, the city and chamber of commerce proposed establishing a sister city relationship with Sijiuzhen city, China, which is in the “county” of Taishan, in the Guangdong Province. This region was home to Doc Hay and Lung On, founders of the only Chinese-owned mercantile and apothecary store in eastern Oregon. Building on the success of these nascent efforts will require a broader network of support and a more deliberate, more strategic approach toward marketing and rebranding our community as a destination location. If we are successful, visitors to our community are likely to visit other destinations throughout Grant County and eastern Oregon, resulting in longer stays and increased spending in rural communities that are all experiencing some degree of economic decline.

Task 4 – Competitive Broadband. The City will lead this task, working in concert with our established partners like the Oregon Broadband Advisory Council, Oregon Fiber Partnership and the Institute for Local Self-Reliance. We have raised over \$1.8 million to date for community-owned fiber optic projects and have applied for another \$3 million through the USDA Community Connect grant. Awards for this program are expected to be announced within the next 30 days. An additional \$660 million has been appropriated by Congress for rural broadband that will become available to rural communities this fiscal year. The city has contracted with engineering and design firms to plan the proposed network, but we have not done a very good job of engaging the community about the options for deploying the network and what it means for them. This task will look at opportunities to improve public communications, while also laying out the strategy for future broadband deployments and establishing specific economic development goals and metrics related to broadband access. For example, the city may choose to set a goal that all residents will have access to (and maintain) no less than FCC-defined high speed internet (currently 25 mbps down/3 mbps up), with industrial and commercial areas having access to symmetrical data rates of at least one gpbs. This task will also identify opportunities to partner with federal, state and local agencies to achieve these goals.

Task 5 – Housing and Community Development. The City has launched several new housing programs and undertaken several strategic community development initiatives over the past two years. These projects are described in detail on the city website, <http://www.cityofjohnday.com/planning/page/community-projects>. This task will take a step back from these specific initiatives by looking holistically at our housing and community development needs and our long-term investment approach to revitalize our community. We would like to explore using a placemaking approach for these efforts that focuses on homes, not housing, and neighborhoods, not properties. The city has developed some baseline data for this task, which may need to be refined and further analyzed. For example, regarding housing, we conducted a baseline assessment of our buildable lands (buildable lands inventory) in 2017 when we planned our urban renewal area. We also completed a local income survey to establish income levels for our future wastewater treatment plant. However, we never cross-linked these studies to identify whether there was a surplus or deficit of housing by income level. Our housing incentive program is a good first step, but we need a more robust strategy that includes a phased and prioritized approach for opening lands for residential

development and providing services such as streets, water/sewer/stormwater, power and broadband utilities to those future properties. We also need a strategy for what types of housing we should encourage (i.e. for elderly residents looking to age in place) and an approach for creating and maintaining neighborhoods with distinct character as we grow. This strategy should include our downtown/main street for mixed-use development as well as future opportunities to enhance the economic value of the Innovation Gateway.

Task 6 – Regional Economic Development Summit. The body of work completed under our CEDS strategy will be presented at a Regional Economic Development Summit (REDS) hosted by the EDA in John Day. The REDS is tentatively scheduled for May 1, 2019. The purpose of the REDS is to identify federal funding opportunities aligned to our economic development strategies and priorities. The City may need facilitation support to help plan and carry out this event.

DELIVERABLES

Specific deliverables will be developed in partnership with our consulting team.

Economic Opportunities Analysis – Inventory of industrial and commercial lands and recommendations for future planning to accommodate high-growth industries like Controlled Environment Agriculture.

CEA Industry Characterization – The deep dive into the market characteristics of hydroponic agriculture will include meetings with industry consultants and potential investors. This deliverable will be a series of workshops that will be summarized in a written report that will guide future investment decision making by the city council.

Conference hosting and facilitation – Engaging federal, state, local and non-profit agencies to participate in the CEDS and REDS through focused study groups and facilitation events. The number and types of events to be held will be determined with our consultants.

5-year action plan – A framework for managing complex collaborations with a prioritized action plan of achievable steps for each Task (i.e. what comes first, what comes second). This prioritized plan will engage each stakeholder and identify who is responsible for which aspects of the plan.

TIMELINE

The CEDS consulting team will be solicited in October and will begin work in November. All deliverables must be completed by June 30, 2019.

APPENDIX I. ECONOMIC OPPORTUNITIES ANALYSIS

660-009-0015

Economic Opportunities Analysis, Oregon Administrative Rules Chapter 660

Cities and counties must review and, as necessary, amend their comprehensive plans to provide economic opportunities analyses containing the information described in sections (1) to (4) of this rule. This analysis will compare the demand for land for industrial and other employment uses to the existing supply of such land.

(1) Review of National, State, Regional, County and Local Trends. The economic opportunities analysis must identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county or local trends. This review of trends is the principal basis for estimating future industrial and other employment uses as described in section (4) of this rule. A use or category of use could reasonably be expected to expand or locate in the planning area if the area possesses the appropriate locational factors for the use or category of use. Cities and counties are strongly encouraged to analyze trends and establish employment projections in a geographic area larger than the planning area and to determine the percentage of employment growth reasonably expected to be captured for the planning area based on the assessment of community economic development potential pursuant to section (4) of this rule.

(2) Identification of Required Site Types. The economic opportunities analysis must identify the number of sites by type reasonably expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses. Cities and counties are encouraged to examine existing firms in the planning area to identify the types of sites that may be needed for expansion. Industrial or other employment uses with compatible site characteristics may be grouped together into common site categories.

(3) Inventory of Industrial and Other Employment Lands. Comprehensive plans for all areas within urban growth boundaries must include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use.

(a) For sites inventoried under this section, plans must provide the following information:

(A) The description, including site characteristics, of vacant or developed sites within each plan or zoning district;

(B) A description of any development constraints or infrastructure needs that affect the buildable area of sites in the inventory; and

(C) For cities and counties within a Metropolitan Planning Organization, the inventory must also include the approximate total acreage and percentage of sites within each plan or zoning district that comprise the short-term supply of land.

(b) When comparing current land supply to the projected demand, cities and counties may inventory contiguous lots or parcels together that are within a discrete plan or zoning district.

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(c) Cities and counties that adopt objectives or policies providing for prime industrial land pursuant to OAR 660-009-0020(6) and 660-009-0025(8) must identify and inventory any vacant or developed prime industrial land according to section (3)(a) of this rule.

(4) Assessment of Community Economic Development Potential. The economic opportunities analysis must estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. The estimate must be based on information generated in response to sections (1) to (3) of this rule and must consider the planning area's economic advantages and disadvantages. Relevant economic advantages and disadvantages to be considered may include but are not limited to:

- (a) Location, size and buying power of markets;
- (b) Availability of transportation facilities for access and freight mobility;
- (c) Public facilities and public services;
- (d) Labor market factors;
- (e) Access to suppliers and utilities;
- (f) Necessary support services;
- (g) Limits on development due to federal and state environmental protection laws; and
- (h) Educational and technical training programs.

(5) Cities and counties are strongly encouraged to assess community economic development potential through a visioning or some other public input based process in conjunction with state agencies. Cities and counties are strongly encouraged to use the assessment of community economic development potential to form the community economic development objectives pursuant to OAR 660-009-0020(1)(a).

Statutory/Other Authority: ORS 183 & 197

Statutes/Other Implemented: ORS 197.712

History:

LCDD 7-2005, f. 12-13-05, cert. ef. 1-1-07

LCDC 4-1986, f. & ef. 10-10-86