



CITY OF JOHN DAY

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## MEMORANDUM

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**TO:** JOHN DAY CITY COUNCIL  
**FROM:** NICHOLAS GREEN, CITY MANAGER  
**SUBJECT:** A STRATEGY FOR GROWTH  
**DATE:** JANUARY 24, 2017  
**CC:**

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### EXECUTIVE SUMMARY

Three decades of steady population decline has left the City of John Day struggling to find sufficient revenue to fund basic public services. The disruption to the natural resource-based economy in the 1990s and the subsequent loss of family-wage jobs created a vacuum filled largely by the unemployed, marginally employed and by retired residents living on fixed incomes.

Recovering financially and stemming the tide of population decline will require a new strategy for growth – one that embraces the globally interconnected, digital economy of the Information Age. Our strategy for growth has to view residents as customers who have a choice about where they live and where they spend their money.

Today we are losing market share because our customers are leaving, and our customers are leaving because we are not providing the amenities that will keep them here. We need a strategy that clearly aligns our spending priorities, investment options and decision-making with the growth we need to revitalize our community.

### STRATEGY-IN-BRIEF

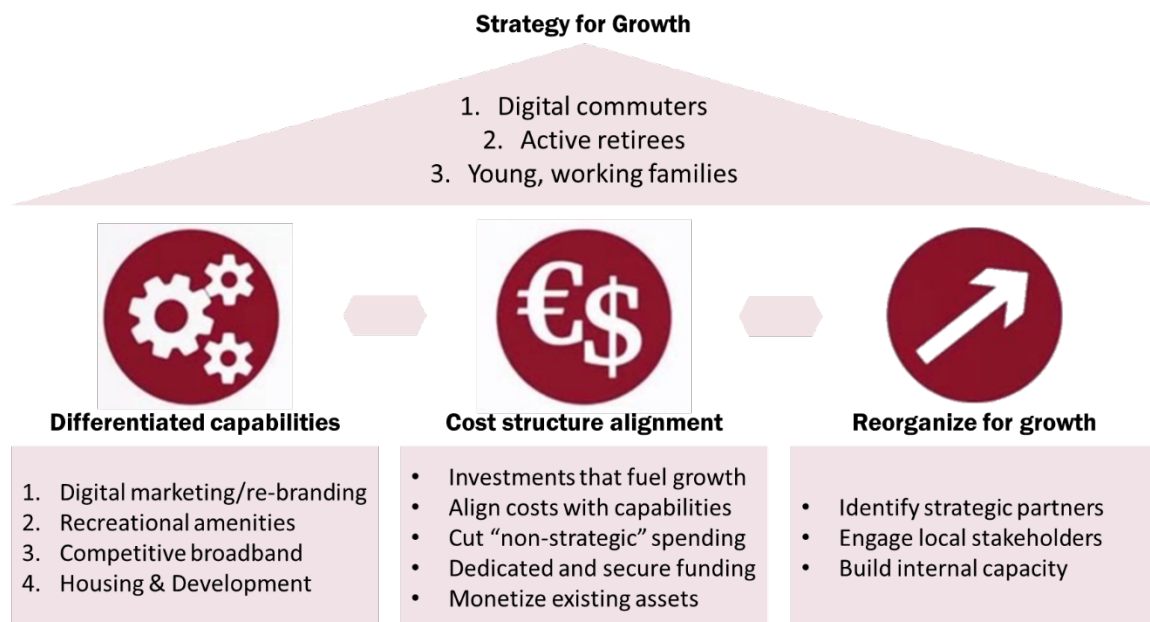
A strategy for growth consists of three basic elements<sup>1</sup>:

- 1) **Differentiated capabilities** – identifying those things that make us stand out in positive ways from other communities
- 2) **Cost structure alignment** – adjusting our spending priorities so the investments we make and the costs we incur align with our differentiated capabilities
- 3) **Organize for growth** – empowering our strategic partners, local stakeholders and city staff to further our strategy by re-directing effort toward growth initiatives

The strategy must also include an understanding of and sensitivity to our community's traditional values and culture. Our residents have endured a prolonged period of economic hardship. They need to understand the reasons for pursuing growth and our desire to do it in a balanced way so we can preserve our rural lifestyle and quality of life.

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<sup>1</sup> From *Fit for Growth, A Guide to Strategic Cost Cutting, Restructuring, and Renewal*, Wiley: January 2017.



## TARGET DEMOGRAPHICS

John Day’s growth strategy should focus on **three core demographics**:

1. *Digital commuters* who have a choice about where they work;
2. *Active retirees* with disposable income; and
3. *Young, working families* that contribute to the local economy and tax base.

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.

## DIFFERENTIATED CAPABILITIES

Targeting these demographics will require the City to focus its efforts 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. *More diversified housing options* across a wider and more balanced price range.

In addition to these four primary capabilities, we need investments in crosscutting capabilities that enhance and increase the value of our differentiated capabilities. For example, land development is crosscutting because it enables both diversified housing and recreational opportunities through targeted infrastructure investments.

## **ALIGNING THE COST STRUCTURE**

The City will have to shift its spending priorities to focus on building and enhancing our core capabilities. We need to create new budget line items and investment funds for digital marketing and recreational amenities. We need a long-term capital improvement plan to fund broadband infrastructure. We will also need to form a housing plan to address the quality, age and affordability of the current housing stock and to create a wider range of homeownership options.

Funding for this effort will have to come from state and federal sources as well as local fundraising. In addition, the City will have to realign its spending priorities by decreasing non-strategic spending in order to fund investments that will fuel growth. We need dedicated and secure revenue sources to use as collateral for loans and grants, and we will need to create new revenue sources through asset monetization strategies.

## **ORGANIZING FOR GROWTH**

The City will need to leverage support from a wider network of stakeholders in order to achieve growth. We need strategic investment partners who understand and are committed to the City's strategy for growth. These strategic partners will co-invest with the City and will advise the administration on the City's investment strategy. We need community activists and non-profit organizations to help spur growth and increase awareness of the strategy. Internally, the City needs to invest in building staff knowledge and capacity to propel growth in each of the core capabilities.

## **THE NEED FOR CHANGE AND LOCAL SUPPORT**

Successfully leading change will depend on residents endorsing our strategy for growth. They will need greater transparency on the City's finances and decision making so they understand the need for change and support it. This strategy is transformative and it will require cultural support in order to sustain the gains we make. New residents will need to feel welcomed to the community and current residents will need to work with the City to realize the full benefits of the strategy.

## **WHAT IS AT STAKE?**

Our long-time residents remember what John Day was like when our industries were booming. If we can regain the population we've lost over the last thirty years by differentiating our city to achieve a more competitive position, our businesses will become more profitable, new jobs will be created and public services will become more efficient. More importantly, making investments in our economy will improve the quality of life for all of John Day's residents.