

City of Cottage Grove
Economic Opportunities Analysis

Draft Report

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- ***Appendix A: Review of National, State, Regional, County, and Local Trends*** describes national, state, and local economic trends that will influence the regional economy. Appendix A presents detailed information about economic trends that may affect Cottage Grove, which is summarized in Chapter 2.
- ***Appendix B: Factors Affecting Future Economic Growth in Cottage Grove*** discusses the comparative advantages formed by the mix of factors present in Cottage Grove. Cottage Grove’s comparative advantages are summarized in Chapter 3.
- ***Appendix C: Employment Forecast and Site Needs for Industrial and Other Employment Uses*** presents an employment forecast and analysis of needed sites for Cottage Grove for the period 2010-2030 and is summarized in Chapters 4 and 5.
- ***Appendix D: Suitable Vacant and Redevelopable Site Inventory*** identifies vacant and redevelopable commercial and industrial sites within the Cottage Grove UGB.
- ***Appendix E: Recommended Comprehensive Plan Policy Amendments*** incorporates the policy recommendations of the EOA as part of the *Cottage Grove Comprehensive Plan*.
- ***Appendix F: Recommended Development Code Amendments*** includes draft code amendments necessary to implement economic development policy amendments and the recommendations of the EOA.

EXECUTIVE SUMMARY

Cottage Grove's *2037 Vision and Action Plan* emphasizes investment in a "diverse and sustainable economy" and includes several "strategies":

- Establish Cottage Grove as the seat and gateway for a South Lane County recreation and tourism destination;
- Recruit a complementary range of, small, medium and large businesses in a variety of sectors;
- Grow a local workforce to accommodate new employment sectors; and
- Maintain and upgrade critical infrastructure to accommodate demand."

To support these strategies, the 2009 *Cottage Grove Economic Opportunities Analysis* (EOA), assesses the City's comparative economic advantages in a regional context; identifies commercial and industrial employment opportunities; describes site requirements for targeted types of employment; and determines whether the existing UGB has enough, and the right kinds of, employment sites to meet the City's economic development objectives.

COMPARATIVE ADVANTAGES

Our research, and insights from the Citizens Advisory Committee (CAC), identified several distinct comparative advantages that are likely to attract a wide range of potential employment to Cottage Grove. These advantages include small town charm, a stable and supportive governmental structure, relatively affordable housing prices, a strong school system, new medical facilities, and enhanced public facilities. Cottage Grove also has a number of community attractions, including the Cottage Grove Speedway, the Cottage Grove Theatre, a National Historic District, the Cottage Grove Rodeo, and two community golf courses.

In addition to serving as a market center and destination for the surrounding rural residents and smaller communities, Cottage Grove is proximate to the Eugene-Springfield markets, and is well served by rail, transit and the Interstate 5 / Highway 99 corridor. In short, Cottage Grove is in an excellent position to attract families, individuals, and businesses that are looking for small town quality of life, with good transportation access, in the context of a larger urban setting.

As noted below, Cottage Grove's biggest competitive *disadvantages* are the lack of (a) suitable and serviced employment sites for basic and service-oriented employment within the existing UGB, and (b) a fully trained workforce.

EMPLOYMENT AND LAND NEEDS PROJECTIONS

ECONorthwest projects that employment in Cottage Grove will increase at an average of 1.4% per year – from 4,423 employees in 2006 to 6,075 employees in 2029. This means 1,652 new jobs – a 37% increase during the 20-year planning period¹ Cottage Grove

¹ The City's population is expected to grow at a similar rate, with a projected population of 12,500 by 2025 and 13,400 in 2030. According to L-COG's 2005 Population Forecast (included in the *Cottage Grove Buildable Lands Analysis Update* that was adopted by the City Council as part of the *Cottage Grove Comprehensive Plan* in 2005), population in Cottage Grove is expected to increase at an average annual rate of 1.37%. Lane County is currently reviewing this and other small city projections in response to a proposed plan amendment application from Lane County cities, and through a contract with Portland

currently has a jobs-to-population ratio of 1:2.1, or 1 job for every 2.1 people. This is low compared with Springfield (1:1.7) and the state as a whole (1:1.6) From a policy perspective, the City should allocate sufficient employment sites to redress this imbalance, and thereby reduce vehicle miles travelled as a result of commuting.

Most of Cottage Grove's future jobs will be in the retail and service sectors (85%), with a relatively small proportion of jobs in the industrial sector (15%). A key focus in this study is to identify the types of basic or "traded sector" employment the City can reasonably expect to attract, and provide suitable sites for such potential employment. Embracing the "Greening the Grove" challenge, several CAC members recommended pursuing "alternative/renewable energy production" as a key target industry.

The Lane Council of Governments, ECONorthwest and economic development experts on the CAC have identified the following targeted industries and other employment opportunities:

1. Target Basic Industries:

1. outdoor recreational products,
2. alternative/renewable energy production,
3. medical supplies manufacturing,
4. specialty food production,
5. secondary wood products,
6. nursery and greenhouse products, high technology manufacturing and services,
7. warehouse and distribution centers,
8. call/technical support centers, and
9. plastics.

2. Targeted Commercial Retail, Service and Other Employment:

1. health care and social assistance,
2. government, professional and business services,
3. leisure and hospitality,
4. general and specialty retail trade.

SITE REQUIREMENTS

Generally, the targeted industries identified above require sites with characteristics similar to those found in the existing Cottage Grove Industrial Park:

- Relatively flat, serviced (or serviceable) sites, without environmental constraints (floodplain, wetlands and steep slopes);
- Direct access to Highway 99 and Interstate 5;

State University's Center for Population Research. Cottage Grove's requested Year 2030 population forecast is 13,400. The *draft* 2030 projection provided by Portland State University is 12,856. However, this difference in projected population is not directly related to the economic projections found in this document.

- Clustered near existing employment centers, so that truck and automobile traffic will not be directed through established residential neighborhoods.

Targeted commercial and other employment firms typically require sites with characteristics that are similar to those of targeted basic industrial employment.

Tourist commercial (leisure and hospitality) uses typically require direct access to I-5, but may also locate in the Downtown Historic District. Targeted health care, social assistance uses, government, professional and business service uses can locate in the Downtown Historic District, in redeveloped commercial areas along Highway 99, in new commercial centers, or in Business Parks.

To accommodate this wide range of targeted employment, ECONorthwest has determined that Cottage Grove needs a wide range of suitable employment sites over the next 20 years. An estimated 111 to 176 suitable and serviceable sites will be required, ranging in size from less than an acre to more than 20 acres. Overall ECO estimates that approximately 170 net suitable and serviceable employment acres (after accounting for streets and topographically constrained areas) will be needed within the Cottage Grove UGB over the 20-year planning period.

SUITABLE SITES INVENTORY

Over the last several months, Winterbrook has worked with City planning and Lane County GIS staff to update the commercial and industrial land inventory – comparing existing vacant and potentially redevelopable land within with specific site suitability criteria. Based on the 2005 Satre Buildable Lands Analysis, more recent inventory work completed by City and County GIS staff, and analysis by Winterbrook, it appears that Cottage Grove’s UGB has slightly over half of the needed acreage (approximately 100 net suitable acres), after accounting for infill and redevelopment potential on existing commercially- and industrially-designated land.

Cottage Grove’s biggest challenge in the years to come will be providing an adequate industrial and commercial land supply to ensure that local economic development keeps pace with the community’s growing residential population.

However, three-quarters of the available employment acreage is contained in sites under 5 acres in size. The City has only one suitable site of 10 or more acres. The City clearly lacks suitable sites in the larger size categories. Thus, Cottage Grove’s most apparent competitive disadvantage is the lack of suitable mixed employment and industrial sites within the existing UGB. Although many of the projected retail and service jobs can be accommodated on land that is designated for commercial or industrial use within the existing UGB, it appears likely that a UGB amendment will be necessary to meet long-term basic and service employment needs in Cottage Grove.

Winterbrook estimates that Cottage Grove will need approximately 100 acres of suitable 5-acre or larger sites with direct access to Highway 99 (and Interstate 5) to accommodate:

- A new industrial park similar to the Cottage Grove Industrial Park to provide a range of site sizes for basic industrial employment;
- A new business park to provide a range of site sizes for service, support commercial and light industrial employment in a master-planned environment;
- a community retail and service commercial center; and

- targeted individual firms that require parcels of 20 acres or more.

NEXT STEPS

At the November CAC meeting, the CAC reached general consensus regarding comparative advantages (and disadvantages) and targeted types of employment. The CAC also agreed that there was an apparent shortage of suitable sites within the UGB to meet targeted employment needs.

At the February 2009 CAC meeting, Winterbrook will present the first complete draft of the *Cottage Grove Economic Opportunities Analysis* (EOA). We will focus on site requirements for targeted employment, and compare these requirements with the updated inventory of the commercial and industrial land supply. This will result in, among other things, a recommendation regarding the type, location and amount of industrial, commercial and other employment land that will be needed during the 20-year planning period.

Chapter 8 of the EOA includes a draft *Economic Development Strategy* (EDS) for Cottage Grove. The EDS will serve as the basis for drafting comprehensive plan and code amendments.

At the final CAC meeting, Winterbrook will translate what we learned from our research and the community into text, policy and map amendments to the Cottage Grove Comprehensive Plan and Development Code for CAC review and comment.

CHAPTER 1: PROJECT PURPOSE AND ORGANIZATION

This report presents an Economic Opportunities Analysis (EOA) for the City of Cottage Grove consistent with Oregon's statewide planning program. The EOA is intended to provide a factual basis for:

- Developing a local economic development strategy that builds upon Cottage Grove's comparative economic advantages while addressing its disadvantages;
- Identifying the types of employment that can reasonably be attracted to the community, as well as the site requirements of "targeted" types of employment;
- Reviewing the City's existing supply of commercial, industrial and other employment lands; and
- Amending the Comprehensive Plan and Development Code to ensure that the City has allocated and protected a range of serviced and suitable employment sites within the Cottage Grove Urban Growth Boundary (UGB).

FRAMEWORK FOR ECONOMIC DEVELOPMENT PLANNING IN OREGON

This report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The Land Conservation and Development Commission adopted amendments to this administrative rule in December 2005.² The analysis in this report is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009 as amended.

1. ***Economic Opportunities Analysis (OAR 660-009-0015)***. The Goal 9 Rule requires communities to 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; identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Cottage Grove has *already* assessed community economic development potential in its *2037 Vision and Action Plan*, as encouraged by this section of the administrative rule.
2. ***Industrial and commercial development policies (OAR 660-009-0020)***. Cottage Grove is required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area and to consider efficient land use and potential redevelopment.

² The amended OAR 660-009, along with a Goal 9 Rule Fact Sheet, is available from the Oregon Department of Land Conservation and Development at <http://www.oregon.gov/LCD/econdev.shtml>.

3. ***Designation of lands for industrial and commercial uses (OAR 660-009-0025).*** Cottage Grove, in coordination with Lane County, must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies, and must designate serviceable land suitable to meet identified site needs. Plans for cities and counties should also designate suitable land to respond to short-term economic development opportunities as they arise.

The draft *Cottage Grove Economic Opportunities Analysis* (EOA) is the primary factual and analytical document required by Goal 9. This EOA includes an analysis of national, state, regional, and county trends as well as an employment forecast that leads to identification of needed development sites. It also includes an inventory of suitable commercial and industrial land in Cottage Grove and a comparison between long-term site requirements and the employment land supply within the existing UGB.

ORGANIZATION OF THIS REPORT

The remainder of this report is organized as follows:

- ***Chapter 2: Economic Trends and Factors Affecting Future Economic Growth in Cottage Grove*** summarizes historic economic trends that affect current and future economic conditions in Cottage Grove.
- ***Chapter 3: Cottage Grove's Comparative Advantages*** summarizes comparative advantages and disadvantages provided by the mix of factors present in Cottage Grove.
- ***Chapter 4: Cottage Grove Employment Projection and Target Industries Determination*** presents the employment forecast for Cottage Grove and an estimate of land is needed to accommodate the 20-year employment forecast. It also identifies targeted industries and the types of employment that Cottage Grove is likely to attract over the 20-year planning period.
- ***Chapter 5: Land Demand and Site Needs in Cottage Grove Available for Industrial and Other Employment Uses*** describes the types of sites that will be needed to accommodate industries that are likely to locate or expand in Cottage Grove.
- ***Chapter 6: Employment Land Inventory within the Cottage Grove UGB*** summarizes the results of the "suitable sites inventory" and considers vacant, partially vacant and redevelopable land within the Cottage Grove UGB.
- ***Chapter 7: Comparison of Employment Site Needs with Available Sites within the Cottage Grove UGB*** evaluates the capacity of Cottage Grove's UGB to accommodate employment needs identified in Chapter 5, presents a comparison of suitable land supply and identified site needs, and discusses the implications for future planning efforts.
- ***Chapter 8: Economic Development Strategy*** (EDS) establishes a framework for understanding the role of local governments in furthering economic development, and suggests a series of actions the community may take to enhance the likelihood of a successful economic future. The EDS sets the stage for adoption of comprehensive plan policies and amendments to the development code to carry out this strategy.

This report also includes five appendices (*drafts in progress*):

- ***Appendix A: Review of National, State, Regional, County, and Local Trends*** describes national, state, and local economic trends that will influence the regional economy. Appendix A presents detailed information about economic trends that may affect Cottage Grove, which is summarized in Chapter 2.
- ***Appendix B: Factors Affecting Future Economic Growth in Cottage Grove*** discusses the comparative advantages formed by the mix of factors present in Cottage Grove. Cottage Grove's comparative advantages are summarized in Chapter 3.
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CHAPTER 2: ECONOMIC TRENDS AND FACTORS AFFECTING ECONOMIC GROWTH IN COTTAGE GROVE

Cottage Grove exists as part of the larger economy of the southern Willamette Valley and is strongly influenced by regional economic conditions. For many factors, such as labor, Cottage Grove does not differ significantly from the broader region. For other factors, such as income, it does. Thus, Cottage Grove benefits from being a part of, and plays a specific role in, the regional economy.

This chapter summarizes national, state, county, and local trends and other factors affecting economic growth in Cottage Grove. Each section in this chapter represents a key trend or economic factor that will affect Cottage Grove's economy and economic development potential. A more detailed analysis of economic trends and factors affecting Cottage Grove's future economic growth is presented in Appendices A and B.

AVAILABILITY OF LABOR

The availability of trained workers in Cottage Grove will impact development of the City's economy over the planning period. Key trends that will affect Cottage Grove's workforce over the next 20-years include Cottage Grove's growing population, age and income composition, training and commuting trends.

Population Growth

Population growth in Oregon tends to follow economic cycles. Historically, Oregon's economy is more cyclical than the nation's, growing faster than the national economy during growth periods and contracting more rapidly than the nation during recessions.

Table 2-1 shows population growth in Oregon, Lane County, and Cottage Grove for the 1990 to 2007 period. Lane County grew slower than the State average between 1990 and 2007, growing at 1.1% annually and adding more than 60,000 people. Less than 3% of the County's population lived in Cottage Grove in 2007, though the City grew by 1.4% annually since 1990, faster than the County, but slower than the State.

Table 2-1. Population in Oregon, Lane County and Cottage Grove, 1990-2007

Area	Population			Change 1990 to 2007		
	1990	2000	2007	Number	Percent	AAGR
Oregon	2,842,321	3,421,399	3,745,455	903,134	32%	1.6%
Lane County	282,912	322,959	343,140	60,228	21%	1.1%
Cottage Grove	7,402	8,445	9,345	1,943	26%	1.4%

Migration is the largest component of population growth in Oregon. Between 1990 and 2007, in-migration accounted for 70% of Oregon's population growth. Over the same period, in-migration accounted for 74% of population growth in Lane County, adding nearly 44,500 residents over the 17-year period.

Aging Population

The number of people age 65 and older in the U. S. is expected to double by 2050, while the number of people under age 65 will only grow by 12%. The economic effects of this demographic change include a slowing of the growth of the labor force, need for workers to replace retirees, aging of the workforce for seniors that continue working after age 65, an

increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.³

The average age of Cottage Grove residents is increasing. Table 2-2 shows the change in age distribution for Cottage Grove between 2000 and 2008. Population increased in all age groups above the age of 17. The 45-64 age group grew the most at 20% (369 people). This age group's proportion of the total population increased from 22% to 25% during this time period. The 65 and over age group grew by 6% or 88 people.

Table 2-2. Change in age distribution, Cottage Grove, 2000-2008

Age Group	2000		2008		Change 2000-2008		
	Number	Percent	Number	Percent	Number	Percent	Share
Under 5	593	7%	591	7%	-2	0%	0%
5-17	1,717	20%	1,634	18%	-83	-5%	-2%
18-24	716	8%	796	9%	80	11%	0%
25-44	2,232	26%	2,311	26%	79	4%	-1%
45-64	1,833	22%	2,202	25%	369	20%	3%
65 and over	1,354	16%	1,442	16%	88	6%	0%
Total	8,445	100%	8,976	100%	531	6%	0%

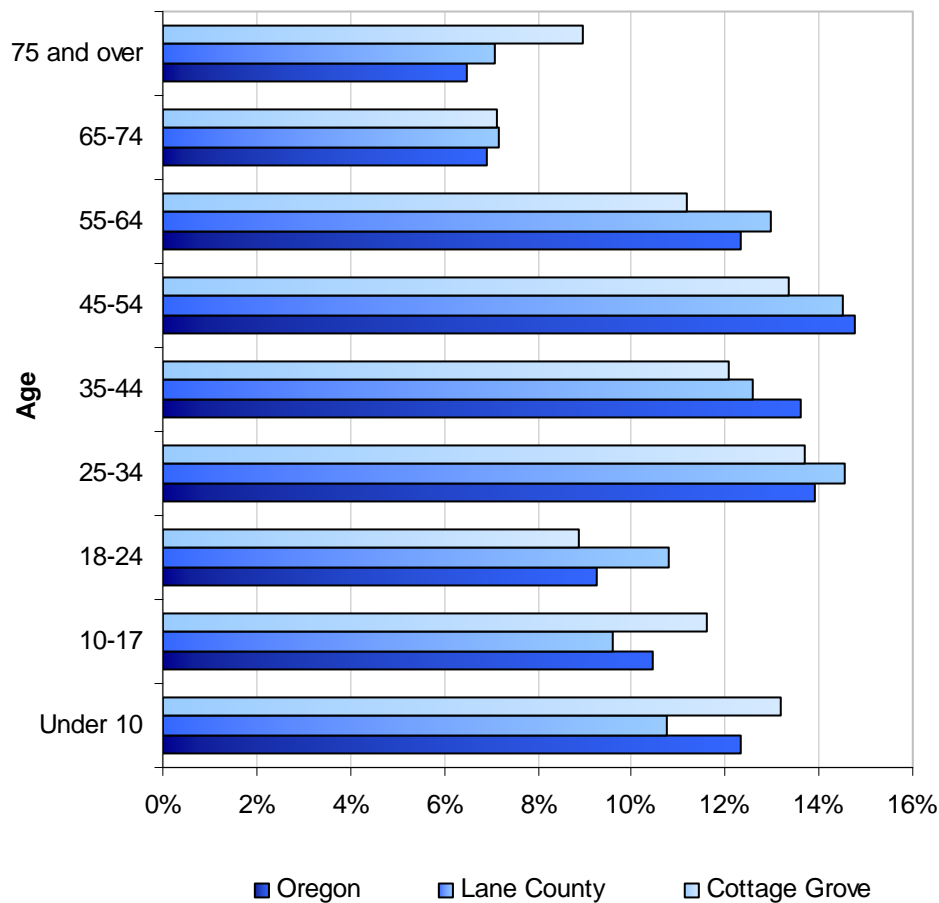
Source: U.S. Census 2000 and Claritas 2008

The age of Cottage Grove's population was similar to the County and State averages in 2008. Figure 2-1 shows the age structure for Oregon, Lane County, and Cottage Grove in 2008. Cottage Grove had a nearly equal proportion of its population above 44 years of age (41%) to Lane County (42%) and Oregon (40%). Cottage Grove had a higher percentage of people over 74 and under 10 than the County or the State.

The ethnicity of the workforce in Cottage Grove is also changing. However, Cottage Grove is less ethnically diverse than the State average. Nearly 7% of Cottage Grove's residents are of Hispanic origin, compared to the State average of 11%.

³ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2008, *The 2008 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, April 10, 2008. *The Budget and Economic Outlook: Fiscal Years 2007 to 2016*, January; and Congressional Budget Office, 2005, *The Long-Term Budget Outlook*, December.

Figure 2-1. Population by Age, Oregon, Lane County, and Cottage Grove, 2008



Source: Claritas 2008, percentages calculated by ECONorthwest.

INCOME

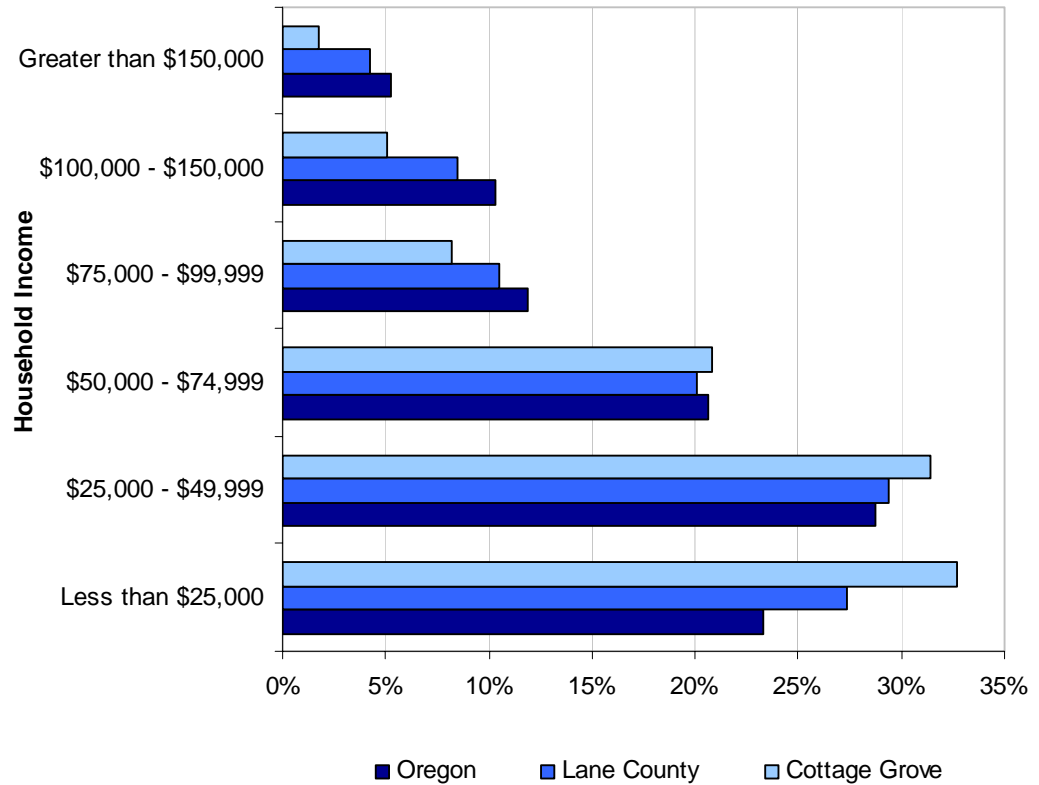
Over the last 24 years, income in Oregon has been below national averages and income in Lane County has been below state averages. There are four basic reasons that income has been lower in Oregon and Lane County than in the U.S.: (1) wages for similar jobs are lower; (2) the occupational mix of employment is weighted towards lower paying occupations; (3) a higher proportion of the population has transfer payments (e.g. social security payments for retirees), which are typically lower than earnings; and (4) lower labor force participation among working age residents. To a certain degree, all of these factors are true for Oregon and Lane County. The combination of these factors results in lower income.

In addition, wages in Lane County and Oregon tend to be more volatile than the national average. The major reason for this volatility is the relative lack of diversity in the State and County economy. Wages in Oregon and Lane County are impacted more than the national average by downturns in either the national economy or in industries in Oregon that are dependent on natural resources or energy costs (e.g., timber and wood processing or R.V. manufacturing).

Lane County’s median household income in 2006 was \$42,127, compared with \$46,230 for Oregon and the national average of \$48,451. Figure 2-2 shows the distribution of household income in Oregon, Lane County, and Cottage Grove in 2008. Figure 2-2 shows that a larger share of households in Cottage Grove (33%) had an income of \$25,000 or less, compared to

Lane County (27%) or the State (23%). Cottage Grove also has a lower share of households with income above \$75,000 (15%) than the County (23%), or the State (27%).

Figure 2-2. Distribution of household income of Oregon, Lane County, and Cottage Grove, 2008



Source: Claritas 2008

The low average income in Lane County and Cottage Grove, relative to Oregon and the U.S., make Cottage Grove attractive to some firms considering moving within the U.S. Firms continue to outsource back-office functions, such as call centers or administrative functions, within the U.S. Lane County’s relatively low labor costs and the availability of trained workers make Lane County attractive to firms considering relocating back-office functions.

WORK FORCE

Training

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers. Cottage Grove has historically had a less well-educated labor force than the County or State averages. In 2007, Cottage Grove had a smaller share of residents with an associate’s degree or higher (24%) than residents of Lane County (37%). In comparison, 47% of Eugene’s residents have an associate’s degree or higher. From this information, it is clear that Cottage Grove should work closely with Lane Community College and other higher education institutions to enhance local and regional job training programs.

Workforce Participation

The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force.

In 2007, Cottage Grove's labor participation rate was 55% of their over-16 population of over 6,900. Of their 55% in the labor force, 9.5% were unemployed. In comparison, Lane County had 63% labor force participation, 8% of whom were unemployed. Labor force participation rates have dropped by about 2% since 2000, when Cottage Grove's labor participation rate was 57%, compared to the State average of 64%.

COMMUTING PATTERNS

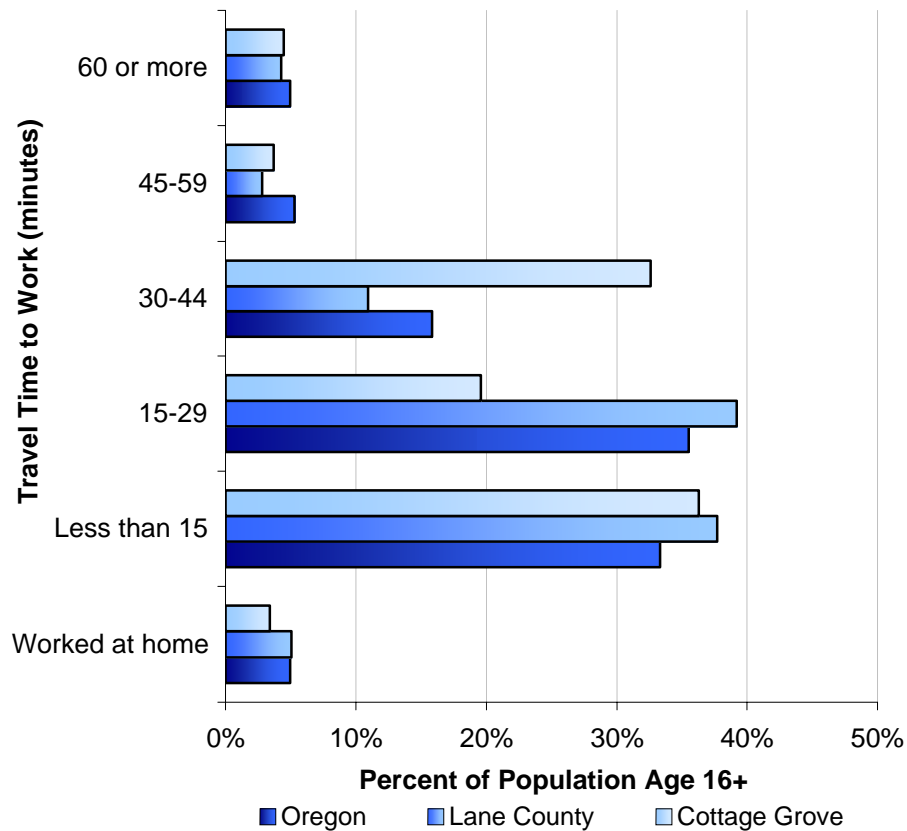
Commuting plays an important role in Cottage Grove's economy. Cottage Grove residents generally have a longer commute than residents of Lane County or Oregon. Forty-one percent of Cottage Grove residents commute 30 minutes or more, compared to 18% of Lane County residents and 26% of Oregonians. Residents of Cottage Grove are less likely to have a mid-range commute, with 20% of Cottage Grove residents commuting between 15 and 29 minutes, compared to 39% of Lane County residents and 36% of Oregonians.

The majority of Cottage Grove's workforce (85%) lives in Lane County, with 28% in Cottage Grove, 15% in Eugene or Springfield, and 41% in other parts of Lane County. The majority of Cottage Grove residents (82%) work in Lane County, with 38% working in Eugene or Springfield and 24% working in Cottage Grove.

The implication of this data is that most people living or working in Cottage Grove commute within the eastern Lane County area. This commuting pattern gives Cottage Grove firms access to the workforce within the Eugene-Springfield region. As shown in Figure 2-3, commutes in Cottage Grove are generally longer than the State or County averages. This creates a demand for automotive and other forms of transportation within Cottage Grove and on roads throughout the eastern Lane County area.

Increasing energy prices may impact commuting patterns within the eastern Lane County area. The impacts are most likely to be greatest in smaller, outlying cities in the region, such as Cottage Grove. If energy prices increase over the long-term, these increases may make residents and workers in Cottage Grove less willing to commute. This trend underscores the importance of providing an adequate supply of suitable employment sites to achieve a better balance between jobs and population in Cottage Grove.

Figure 2-3. Commuting time to work in minutes for residents 16 years and older, Oregon, Lane County, and Cottage Grove, 2008



Source: Claritas 2008

CHANGES IN EMPLOYMENT

The economy of the nation changed in the 1980 to 2006 period. These changes affected the composition of Oregon’s economy, including Lane County and Cottage Grove. The most important shift during this period at the national-level was the shift in employment from a focus on manufacturing to services. The most important shift in Oregon, including Lane County and Cottage Grove, has been the shift from a timber-based economy to a more diverse economy, with the greatest employment in services. The most important trends and changes in employment for Cottage Grove over the next 20-years are: shifts in employment, growing importance of health care, continued importance of manufacturing, and outlook for growth in Cottage Grove.

Over the past few decades, employment in the U.S. has shifted from manufacturing and resource-intensive industries to service-oriented sectors of the economy. Increased worker productivity and the international outsourcing of routine tasks have led to declines in employment in the major goods-producing industries.

In the 1970s Oregon started to transition away from reliance on traditional resource-extraction industries. An important indicator of this transition is the shift within Oregon’s manufacturing sector, with a decline in the level of employment in the Lumber & Wood

Products industry⁴ and concurrent growth of employment in high-technology manufacturing industries (Industrial Machinery, Electronic Equipment, and Instruments⁵).

As Oregon has transitioned away from natural resource-based industries, the composition of Oregon's employment has shifted from natural resource-based manufacturing and other industries to service industries. The share of Oregon's total employment in Service industries increased from its 1970s average of 19% to 30% in 2000, while employment in Manufacturing declined from an average of 18% in the 1970s to an average of 12% in 2000.

The changes in employment in Lane County have followed national and state employment trends. Between 1980 and 2006, Lane County added more than 53,000 jobs. The sectors with the greatest change in share of employment were Services and Retail Trade, adding more than 38,500, or 73%, of new jobs. Over the 26-year period, manufacturing added more than 4,000 jobs (8% of new jobs), with the greatest growth in: Transportation Equipment manufacturing (R.V. manufacturing), Computer and Electronics manufacturing, and Machinery manufacturing.

Some industries in the region's employment base have volatile employment cycles. These industries typically have boom and bust cycles, which result cycles of hiring and layoffs. The lumber and wood products industry is tied to national housing market cycles, with decreased productivity and employment in slow housing markets. The RV manufacturing industry is tied to broader national economic trends and energy price changes. Finally, the region's high-tech companies are subject to market trends in the high-tech industry, including changes in production methods and consumer purchasing patterns. Two major high-tech firms, Hynix and Sony, located in the Eugene-Springfield region and closed their production facilities between the mid-1990's and 2008.

The average pay per employee in Lane County in 2006 was \$33,240. The sectors with above average pay and high employment were: Construction, Manufacturing, Government, and Health and Social Services. The sectors with below average pay and high employment were: Retail, Accommodations and Food Services, and Administration and Support and Waste Management.

OUTLOOK FOR GROWTH IN COTTAGE GROVE

The State forecasts that employment will continue growing in Lane County at 1.4% average annual growth, compared with the State average of 1.3% average annual growth. The sectors that will lead employment growth in Lane County for the ten-year period are: Health Care & Social Assistance (adding 5,600 jobs), Government (adding 3,600 jobs), Professional and Business Services (adding 3,000 jobs), Leisure & Hospitality (adding 2,800 jobs), and Retail Trade (adding 2,400 jobs). Together, these sectors are expected to add 17,400 new jobs or 76% of employment growth in Lane County.

It is unclear what impact rising fuel and transportation costs will have on Oregon's or Cottage Grove's economy. Globalization and outsourcing of jobs, especially manufacturing jobs, has occurred since the 1980's, changing the state's economy. Globalization depends, in part, on inexpensive transportation of materials and manufactured goods. Businesses have relocated from areas with lower labor costs, in part, because transportation costs were low.

Increases in fuel prices have resulted in higher transportation costs, decreasing the benefits of lower wages. It is possible that, if fuel and transportation costs remain high and/or increase, companies may move to be closer to suppliers or consumers. This effect occurs incrementally

⁴ Lumber and Wood Products manufacturing is in Standard Industrial Classification (SIC) 24

⁵ SIC 35, 36, 38

over time and it is difficult to measure the impact in the short-term. If fuel prices and transportation costs decrease over the planning period, businesses may not make the decision to relocate (based on transportation costs) because the benefits of being closer to suppliers and markets may not exceed the costs of relocation.

Growth by Employment Sector

Cottage Grove had 3,338 jobs at 363 establishments in 2006, with an average firm size of 10 employees. The employment sectors with the largest percentage of Cottage employees in 2006 were:

- Retail – 24%
- Government – 16%
- Accommodations and Food Services – 15%
- Health Care and Social Assistance and Private Education –15%
- Manufacturing – 9%

These five sectors accounted for 78 percent Cottage Grove’s covered employment in 2006.

Major Firms In Cottage Grove

Some of the larger employers (not necessarily ranked by size) in Cottage Grove include:

1. Cottage Grove Community Hospital
2. Wal-Mart
3. South Lane School District
4. Weyerhaeuser Company
5. The City of Cottage Grove
6. Starfire Lumber
7. Kimwood Corporation
8. Safeway Corporation
9. Georgia Pacific (research and nursery facility)
10. Territorial Seed Company
11. Poly-Craft Systems
12. Wright Machine Corporation
13. Pacific Yurts

Local Business Activity

To gauge the status of local business activity, the CAC members were asked to identify any new businesses that had recently left or were moving out of Cottage Grove as well as any new businesses that were moving to Cottage Grove. Several members mentioned that a new 24-hour Walgreens was scheduled to open last Thanksgiving – the City’s first 24-hour chain drugstore. Although the committee did not identify other businesses slated for arrival in Cottage Grove, several members mentioned that Pacific Yurts, Sidepocket and Western States had recently expanded their facilities; and a new bike shop and Mexican restaurant had recently opened.

Notably, many CAC members noted that Quickee RV Parts had recently left the Cottage Grove Industrial Park, and the City was having difficulty recruiting a new tenant. Some committee members also expressed concern regarding the loss of small, locally-owned businesses, due in part to competition from retail chain stores. Another concern expressed by many of the members was a lack of retail diversity: there are few shoe/clothing options, very

few retail and specialty shops and no movie theatre. Safeway and Wal-Mart are the primary providers of everyday retail needs in Cottage Grove.

This anecdotal information is indicative of broader trends affecting Cottage Grove and other South Willamette Valley communities. The City will need to focus its efforts on attracting and retaining basic employment. Although an increasing large proportion of new employment will likely be in the retail and service sectors, these sectors are experiencing major structural changes. As noted in subsequent chapters, Winterbrook anticipates that the retail and service commercial sectors will rely substantially on redevelopment and infill to meet long-term growth needs.

CHAPTER 3: COTTAGE GROVE'S COMPARATIVE ADVANTAGES

Economic development opportunities in Cottage Grove will be affected by local conditions as well as the national and state economic conditions addressed above and described in Appendices A and B. There is little that Cottage Grove can do to change national and state conditions that affect economic development. However, Cottage Grove can influence some regional and many local factors that affect economic development. Cottage Grove's Citizens Advisory Committee (CAC) interview results, and additional research relating to Cottage Grove's comparative advantages (and disadvantages), are summarized below.

TECHNICAL ADVISORY COMMITTEE INTERVIEW RESULTS

In September and October 2008, Winterbrook interviewed City staff and most CAC members regarding comparative advantage/disadvantages and the types of employment that will likely be attracted to Cottage Grove. Although individual responses varied, certain themes became apparent in almost all interviews. **The CAC consensus regarding Cottage Grove's comparative advantages are summarized below:**

- Location along I-5 and Highway 99;
- Proximity to Eugene-Springfield metropolitan area and access to Lane Transit District transit service;
- Proximity to the mountains, coast, rivers, lakes and array of recreational opportunities;
- Public investment in infrastructure necessary to support economic development, including sewer, water, streets and fiber-optics;
- Good schools and hospitals (particularly the new high school, Lane County Community College satellite branch and new hospital);
- Small town charm/strong sense of community and historic downtown; and
- Associated community attractions, such as the Cottage Grove Theatre, the Cottage Grove Speedway, two golf courses and the 16-mile Row River trail.

In addition to the City's advantages, the committee was asked to identify the community's disadvantages. While these responses were less uniform, CAC members identified the following disadvantages:

- Lack of skilled/trained workforce and lack of career opportunities;
- Lack of suitable industrial and service commercial sites;
- Conservative local attitudes;
- Lack of identified local attractions (*e.g.*, parks, sports/cinema facilities and retail/restaurant choices); and
- Recent increases in housing costs.

TRANSPORTATION ACCESS

Businesses and residents in Cottage Grove have access to a variety of modes of transportation: automotive (Interstate 5, multiple State highways, and local roads); rail (Union

Pacific and Amtrak in the Eugene –Springfield area); transit (LTD); and air (Cottage Grove State Airport and Eugene Airport).

Cottage Grove has excellent automotive access for commuting and freight movement. Cottage Grove is located along Interstate 5, the primary north-south transportation corridor on the West Coast, linking Cottage Grove to domestic markets in the United States and international markets via West Coast ports. Cottage Grove has developed along Highway 99, connecting Cottage Grove to rural areas to the north and south.

The Union Pacific Railroad provides critical freight connections to California and the Pacific Northwest. Maintaining rail service is critical to the success of resource industries light Weyerhaeuser Corporation.

Cottage Grove's access to multiple modes of transportation provides Cottage Grove with advantages in attracting businesses that need easy access to I-5 for automotive or some types of freight movement and/or access to rail for freight movement.

PUBLIC FACILITIES AND SERVICES

Provision of public facilities and services can impact a firm's decision to locate within a region. Once a business has chosen to locate within a region, they consider the factors that local governments can most directly affect: tax rates, the cost and quality of public services, and regulatory policies.

Cottage Grove's property tax rate is \$17.16 per \$1,000 of assessed value, compared with a state average of \$15.20. The property tax rates in Eugene and Springfield are typically \$16.00 per \$1,000 of assessed value or more. The somewhat higher rates in Cottage Grove are necessary to pay for revenue bonds that have financed upgrades in the sanitary sewer and water systems. These improvements are an essential ingredient to a successful economic development strategy, because they provide an adequate level of service to buildable residential land and suitable employment sites within the Cottage Grove UGB.

As a result of improvements to water treatment facilities (in process) and the City's wastewater treatment plant, there is adequate infrastructure in place to serve commercial and industrial sites within the existing UGB. For example, the City currently has a 16" water line that extends south of the City's UGB adjacent to the Weyerhaeuser site.

LABOR MARKET

The availability of labor is critical for economic development. Availability of labor depends not only on the number of workers available, but the quality, skills, and experience of available workers as well.

Historically, Cottage Grove has been dependent on a resource-based economy. Although jobs in the timber industry require a skilled workforce, resource-based jobs typically have not required a high level of formal education. Thus, it is not surprising that the workforce in Cottage Grove differs from the workforce in Lane County in terms of educational attainment. Approximately 24% of Cottage Grove's residents have an associate's degree or higher, compared to 37% for Lane County as a whole.

Interviews with CAC members indicate that the lack of workforce training puts Cottage Grove at a comparative disadvantage. Opportunities for workforce training and post-secondary education for Cottage Grove and Lane County residents include the University of Oregon, Lane Community College, Northwest Christian College, and Gutenberg College. A large portion of the regional workforce has taken advantage of these opportunities. Lane Community College has a satellite branch in Cottage Grove, which provides services directly to community residents.

Thus, a key element in Cottage Grove's economic development strategy will be to increase workforce training opportunities in cooperation with local and regional educational facilities so as to increase the availability of experienced and skilled workers in the region and in Cottage Grove.

As described in Chapter 2, commuting is common in Cottage Grove. About 27% of the workers who live in Cottage Grove commute to Eugene for work. Less than one-third of Cottage Grove's workers live in Cottage Grove. The implication of this workforce analysis is that, while only one-third of Cottage Grove's workforce lives within the City, Cottage Grove is able to attract workers from most of the Eugene-Springfield area and surrounding areas in Lane County.

Availability of workers in Cottage Grove will depend, in part, on changes in energy prices. If energy prices rise or remain at high levels over the planning period, people may be less willing to commute to Cottage Grove from other parts of Lane County. This could encourage more people to live and work in Cottage Grove but it could also make it more difficult for employers in Cottage Grove to find skilled, qualified employees.

GOVERNANCE AND PUBLIC POLICY

Cities that have a shared vision, clear policy direction, and effective implementation measures are more likely to have successful economic development strategies than communities without these characteristics. Cottage Grove has a recently adopted vision statement. The City has already adopted effective economic development implementation measures – including a new and effective Development Code, a Transportation Systems Plan, and master plans for sanitary sewer and water facilities.

This EOA will provide the basis for an effective economic development strategy. Once the *Cottage Grove Comprehensive Plan* has been amended to incorporate this, the City's commitment to further amend the urban growth boundary, Transportation System Plan, Development Code and facility master plans to carry out its economic development strategy will be a significant comparative advantage to the community.

GREEN POWER COMMUNITY

Cottage Grove was recently recognized by the U.S. Environmental Protection Agency (EPA) as a Green Power Community (GPC). The City of Cottage Grove's goal for the "Greening the Grove - Renewable Energy Challenge" is to support renewable energy development, minimize the City's environmental footprint and help the City of Cottage Grove achieve national recognition as a GPC. GPCs are cities, towns, and villages in which the local government, businesses, and residents collectively buy green power in amounts that meet or exceed EPA's Green Power Community purchase requirements.⁶

In November 2007, the City of Cottage Grove began working towards this goal by partnering with the two electricity providers by purchasing 10 percent of the City government's electricity from renewable sources. In March, the City announced the "Greening the Grove" challenge. Recently, Cottage Grove became the 17th of 19 communities in the United States to achieve recognition as a GPC. Cottage Grove annually consumes approximately 2,627,000 kWh from green power, 3% of total electricity use.

⁶ U.S. EPA, Green Power Communities, <http://www.epa.gov/grnpower/communities/index.htm>, accessed November 2, 2008.

RECREATIONAL AMENITIES

Cottage Grove has ready access to mountain, river, forest and ocean recreational areas, with access to the larger-scale cultural amenities and transportation services of the Eugene-Springfield area. This mix provides a quality of life incentive that is one of Cottage Grove's major comparative advantages.

Cottage Grove is located at the confluence of the Coast Fork of the Willamette River and the Row River, which flows from Dorena Lake. Dorena Lake and Cottage Grove Lake offer overnight and day picnicking as well as boating, fishing, swimming and camping. Fishing and angling are available at Row River, below the Dorena Dam, and in Dorena Lake itself. Dorena Lake is also well known for windsurfing.

Cottage Grove also has a number of regional amenities, many of which including:

- A National Historic District in downtown Cottage Grove;
- Three golf courses (Middlefield Village Golf Course – along the Row River, Hidden Valley Golf course at the foot of Mount David, and Emerald Valley Golf Course, located 10 miles to the north in Creswell);
- The Cottage Grove Speedway, which provides a well-used community racing venue;
- The Cottage Grove Theatre, which has had 10 years of successful productions since the opening of its new facility in 1998;
- The Bohemia Mining District, located less than a half-hour's drive away, in the Coast Range;
- The 16-mile Row River Trail connecting Cottage Grove to Dorena Lake;
- The Cottage Grove Rodeo, which provides facilities to South Lane County's equestrian community and an annual rodeo event;
- The Village Green Resort; and
- Annual community events include Bohemia Mining Days, Fall Harvest Festival and Main Street Chili Cook-Off, Cottage Grove Home Show, South Lane Cruisers Show & Shine, and the Western Oregon Exposition.

EDUCATIONAL FACILITIES

South Lane School District

South Lane School District consists of eleven schools: Four K - 5, two PreK - 8, one middle school, one 9-12 alternative high school, one 9-12 comprehensive high school, and two Charter Schools. Elementary schools range in population from 100 to 500 students. Cottage Grove High School serves grades 9-12 with a population of approximately 900 students.⁷ Lincoln Middle School serves grades 6 - 8 and has a typical population of 600 to 650 students.

Lane Community College at Cottage Grove

Lane Community College (LCC) at Cottage Grove provides over 100 credit and enrichment classes per term to residents in Cottage Grove, Creswell, and other rural communities in Southern Lane County. The facility, a modern branch campus opened in September 1997, has three computer labs, seven classrooms, student resource room, "telecourse" room, bookstore, student lounge, quiet study area, conference room, reception area, and offices for faculty and staff. The College offers a broad selection of vocational and lower division

⁷ South Lane School District, About the School District, <http://www.slane.k12.or.us/about-slsd>, accessed November 2, 2008.

college courses such as social science, data processing, management, early childhood education, math, history, and language arts. Additionally, the college schedules a wide assortment of continuing education enrichment classes, seminars, and workshops each term. These offerings include art and crafts, various computer classes, health and first aid, home and garden, human development, music and dance, and physical education. Pre-college programs include English as a Second Language, Adult Basic Education and GED (High School Equivalency). These programs provide a helpful and supportive environment for people who want to continue their education. Students may enroll at any time during the term in the pre-college programs.

COTTAGE GROVE PLANNING EFFORTS

Planning for economic development can in itself be a comparative advantage. A jurisdiction with mechanisms in place to foster growth, a commitment to a vibrant downtown and functional transportation system, and the ability to assist industries in finding suitable vacant or redevelopment sites, is well-placed to achieve economic growth.

Cottage Grove Industrial Park

The Cottage Grove Industrial Park has been successful in providing suitable industrial sites that are attractive to targeted light industrial firms. The industrial park is located on an approximately 30-acre site (including private in-holdings). The site, is flat, has direct access to Highway 99 without driving through residential areas, and has the full range of urban services.

The industrial park provides a range of site sizes for basic employment. As noted on the City's website, all 13 of the lots in the industrial park have been sold to industrial users or developers, and most have industrial uses. The Cottage Grove Industrial Park provides an excellent model for a small but growing community industrial park.

Downtown Revitalization & Refinement Plan

The Cottage Grove Downtown Revitalization and Refinement Plan builds on the Downtown National Historic District by addressing key transportation issues in the City. The plan focuses on two adjacent areas of the City: the Main Street/State Highway 99 (OR 99)/10th Street/Oregon Central & Pacific Railroad intersection area (intersection area) and the downtown segment of Main Street.

The goal of the plan is to improve the function, safety, and aesthetics of both areas, with an emphasis on pedestrian movement and bicycle travel and preserving the historic character of downtown. The plan consists of the following components:

- Traffic and safety analysis of the Main Street/OR 99 and the Main Street/10th Street intersections, including the Oregon Central & Pacific Railroad crossing;
- Intersection plan focusing on improving sight distance, safety, functionality, access management, and connectivity;
- Plan for bicyclists, pedestrians, vehicles, and public transportation in the intersection area;
- Streetscape improvements for the intersection area and Main Street focusing on the gateway to the Historic District, Trailhead Park, and the future interpretative center on 10th Street; and
- Code recommendations for implementing proposed refinements to the streetscape and topics related to downtown revitalization and historic preservation such as site and building design standards.

Oregon Main Street Program

The City of Cottage Grove Community Development Department is participating in the Oregon Main Street “Exploring Downtown” program. Oregon Main Street is a new statewide commercial district revitalization program administered through the Oregon Economic and Community Development Department. This program, in partnership with the National Trust Main Street Center, was created to assist communities in achieving viable commercial districts. The City of Cottage Grove is going to be “Exploring Downtown” over the next year.⁸ City staff will explore this program together with other interested groups, such as the Chamber of Commerce and the Economic/Business Improvement District, to see if it is right for Cottage Grove.

The Cottage Grove Economic Opportunities Analysis and Economic Development Strategy

The community effort to produce this document in 2008-09 represents another step in enhancing Cottage Grove’s comparative advantages. By following the steps outlined in Chapter 8 of the EOA, Cottage Grove will address the critical limitation identified in this study – the lack of suitable and serviceable employment sites within the Cottage Grove UGB.

⁸ City of Cottage Grove, Oregon Main Street Program, <http://www.cottagegrove.org/commdev/mainstreet.html>, accessed November 2, 2008.

CHAPTER 4: COTTAGE GROVE EMPLOYMENT PROJECTION AND TARGET INDUSTRIES DETERMINATION

OAR 660-009 requires cities to maintain a 20-year inventory of sites designated for employment. To provide for at least a 20-year supply of commercial and industrial sites consistent with local community development objectives, Cottage Grove needs an estimate of the amount of commercial and industrial land that will be needed over the planning period. Demand for commercial and industrial land will be driven by the expansion and relocation of existing businesses and new businesses locating in Cottage Grove. The level of this business expansion activity can be measured by employment growth in Cottage Grove.

EMPLOYMENT FORECAST

This section presents a projection of future employment in Cottage Grove as a starting point estimating demand for commercial and industrial land.

Table 4-1 presents a forecast of employment for Cottage Grove, based on the “safe harbor” forecasting method allowed in OAR 660-024-0040(8)(a)(A). Appendix C presents the methods used to forecast employment growth. Table 3-1 shows a projection of employment growth in Cottage Grove between 2009 and 2029. Growth within the UGB is projected to reach 6,075 employees by 2029,⁹ an increase of 1,465 employees (a 32% increase).

Table 4-1. Employment growth in Cottage Grove’s UGB, 2009–2029

Year	Total Employment
2006	4,423
2009	4,610
2014	4,939
2019	5,292
2024	5,670
2029	6,075
Change 2009 to 2029	
Employees	1,465
Percent	32%
AAGR	1.4%

Source: ECONorthwest

This is a conservative estimate that is based principally on past trends. An alternative estimate considers local policy to achieve a more balanced relationship between jobs and population. Cottage Grove now has about one job for every 2.1 persons – a ratio of 1:2.1. In contrast, nearby Springfield has a ratio of one job for every 1.7 person; Oregon has a jobs-population ratio of 1:1.6.

⁹ The estimate of employment in 2009 is of total employment, which includes employees covered by unemployment insurance (covered employment) and employees not covered by unemployment insurance (e.g., sole proprietors).

A reasonable policy objective for Cottage Grove would be a jobs-population ratio of 1:1.9 – midway between Springfield’s and Cottage Grove’s existing ratios. To achieve this ratio, Cottage Grove would need about 1,000 additional jobs over the next 20 years.

POTENTIAL GROWTH INDUSTRIES

An analysis of growth industries in Cottage Grove should address two main questions:

- (1) What industries are most likely to be attracted to the Eugene-Cottage Grove area?
and
- (2) What industries best meet Cottage Grove’s economic objectives?

The types of industries that Cottage Grove wants to attract have the following attributes: medium to high-wage; stable jobs with benefits; jobs requiring skilled and unskilled labor; employers in a range of industries that will contribute to a diverse economy; and industries that are compatible with Cottage Grove’s community values.

KEY TRENDS AFFECTING EMPLOYMENT GROWTH

Previous chapters reviewed historical growth trends by industry in the region and Lane County since 1980 and employment in Cottage Grove. Economic opportunities in Cottage Grove are a function of regional historical trends and future economic shifts.

While nearly all sectors of the economy in the region experienced growth over this period, some sectors grew faster than others, resulting in a shift in the distribution of employment by sector. Key historical trends in the 1980 to 2007 period include:

- A substantial increase in the share of employment in services, which increased from 23% to 42% of covered employment in Lane County.
- A decrease in the share of employment in retail trade, from 21% to 13%. The number of jobs in retail did not decrease substantially over the 27-year period (with a loss of nearly 550 retail jobs) but growth in retail jobs lagged behind growth in other sectors, especially service sectors.
- A decline in the share of employment in manufacturing, which fell from 20% to 13% of covered employment.
- A decline in the share of employment in government, which decreased from 20% to 16% of covered employment

Together, these sectors represent about 84% of employment in the County. Other sectors of the County’s economy have a relatively stable and small share of the County’s employment. Historical employment trends show a substantial shift in the region’s economy that mirrored shifts in the state and national economies, specifically the substantial growth in services and decline of manufacturing. While these trends are expected to continue into the future, future shifts are not expected to be as dramatic as those experienced over the past twenty years. There are several reasons for this expectation (e.g., that the future will be somewhat different than the past):

- Growth in the services sector has matured and should track more closely with overall employment and population growth rather than continuing to gain a substantial share of total employment.
- The decline in manufacturing was due, in part, to decreased timber harvests and the outsourcing of production to facilities in countries with lower costs. Timber harvests are expected to level off and increase in the future as commercial forests that were replanted since the 1970s grow to a harvestable size. While outsourcing will continue, much of

what can be outsourced has already gone. Remaining manufacturing firms are tied to their region to be near supplies or markets, or manufacture specialized goods (where small production quantities, fast turn-around times, and the need for quality limit the ability to outsource).

The mix of manufacturing jobs in the region changed over the past twenty years with declines in wood products and the growth of employment in recreational vehicle (RV) manufacturing, machinery manufacturing, metals manufacturing, and high-tech industries, such as computer and electronics manufacturing. However, increases in energy costs and recent loss of large-scale high-tech manufacturing firms in the region have tempered the market for additional RV-based businesses and the high-tech industry.

TARGET INDUSTRIES

To provide for an adequate supply of commercial and industrial sites consistent with plan policies, Cottage Grove needs to determine the type and amount of commercial and industrial land that will be needed over the planning period. Goal 9 requires cities to 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.” The number of needed sites is dependent on the site requirements of targeted employers. This section identifies targeted employment opportunities in Cottage Grove over the 20-year planning period.

In 2001, the Lane Council of Governments prepared a *Target Industries Study* for Cottage Grove. This study identified 11 “target” industries that would be likely to: a) locate in Cottage Grove; and b) promote investment and family-wage job creation in the community.

The Lane Council of Governments, ECONorthwest and economic development experts on the CAC have identified the following targeted industries and other employment opportunities:

3. Target Basic Industries:

1. Outdoor recreational products;
2. Alternative/renewable energy production;
3. Medical supplies manufacturing;
4. Specialty food production;
5. Secondary wood products;
6. Nursery and greenhouse products, high technology manufacturing and services;
7. Warehouse and distribution centers;
8. Call/technical support centers; and
9. Plastics.

4. Targeted Commercial Retail, Service and Other Employment:

1. Health care and social assistance;
 2. Government, professional and business services;
 3. Leisure and hospitality (tourism / resort recreation);
- and

4.

General and specialty retail trade.

To identify the industries' fit in Cottage Grove, the CAC members were asked to rank each of the eleven industries using a scale of high, medium and low. These responses were then assigned a number value and averaged and rounded for each category to determine the CAC's average response.

Table 4-2 CAC Interview Responses to LCOG's 2001 Target Industry Study

Industry	Average Response
Outdoor Recreational Products	High
Nursery & Greenhouse Products	Medium
Secondary Wood Products	Medium
Call/Technical Support Centers	Medium
Specialty Foods	Medium
High-Tech Services	Medium
Warehousing/ Distribution Center	Medium
High-Tech Manufacturing	Medium
Plastics	Medium
RV Parts and Accessories	Low
Secondary Metals	Low

Source: Winterbrook Planning (October 2008)

As shown in the table above, the only industry that was given a "high" ranking was Outdoor Recreational Products. The CAC identified RV Parts and Accessories as having a "low" fit and the other eight industries averaged a "medium" fit. In addition to ranking the industries identified in the LCOG study, the CAC members were asked to identify additional industry groups that would benefit Cottage Grove either immediately or over the next 20 years. Five members had additional suggestions.

EMPLOYMENT FORECAST BY SECTOR

Table 4-3 shows ECO's estimate of total employment by industry sector in the Cottage Grove UGB in 2006. To develop the figures, ECO started with estimated covered employment in the Cottage Grove UGB from confidential QCEW (Quarterly Census of Employment and Wages) data provided by the Oregon Employment Department.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that covered employment reported by the Oregon Employment Department for Lane County is only about 74% of total employment reported by the U.S. Department of Commerce. We made this comparison by sector for Lane County and used the resulting ratios to convert covered employment to total employment in Cottage Grove.

Table 4-3 shows Cottage Grove had an estimated 4,423 employees within its UGB in 2006. This figure results in a population-to-employment ratio of 2.1 persons per employee. For comparison, the average in Springfield is 1.7 persons per employee, and the statewide average is about 1.6 persons per employee.

Table 4-3. Estimated Total Employment by Sector, Cottage Grove UGB, 2006

Sector	Covered Employment		Estimated Total Employment
	Number	% of Total Emp.	
Agriculture, Forestry, & Fishing	34	72%	47
Construction	128	65%	198
Manufacturing	306	99%	310
Wholesale Trade	46	85%	54
Retail	789	79%	1,001
Transportation & Warehousing & Utilities	53	69%	75
Information	41	79%	52
Finance & Insurance	89	66%	134
Real Estate & Rental & Leasing	51	33%	155
Professional, Scientific, & Technical Services	73	52%	140
Management of Companies & Enterprises	9	100%	9
Admin. & Support & Waste Mgt Services	27	75%	36
Health Care & Social Assist. & Private Edu	488	77%	639
Arts, Entertainment, & Recreation	35	41%	85
Accommodation & Food Services	490	91%	536
Other Services	145	48%	299
Government	534	82%	653
Total	3,338	75%	4,423

Source: 2006 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department. Covered employment as a percent of total employment calculated by ECONorthwest using data for Lane County employment from the U.S. Department of Commerce, Bureau of Economic Analysis (total) and the Oregon Employment Department (covered).

To estimate employment growth by employment type in the Cottage Grove UGB, ECO took the forecasted level of total employment in 2029 (6,075) and estimated the distribution of this employment among four major employment categories. Table 4-4 shows the estimated share of employment by type in 2009 and the assumed shares in 2029. The forecast by employment type does not anticipate a significant shift in the distribution of employment between 2009 and 2029. The projected employees by major employment type is translated to target industries and site needs in Chapter 5.

Table 4-4. Employment growth by land use type in Cottage Grove's UGB, 2009–2029

Land Use Type	2009		2029		Change 2009 to 2029
	Employment	% of Total	Employment	% of Total	
Industrial	712	15%	911	15%	199
Services and Office	2,175	47%	2,855	47%	680
Retail	1,043	23%	1,397	23%	354
Government	680	15%	911	15%	231
Total	4,610	100%	6,075	100%	1,464

Source: ECONorthwest.

Note: shaded cells indicate assumptions by ECONorthwest.

CHAPTER 5: COTTAGE GROVE'S EMPLOYMENT SITE NEEDS

OAR 660-009-0015(2) requires the EOA to identify the number of sites, by type, reasonably expected to be needed for the 20-year planning period. Types of needed sites are based on the site characteristics typical of expected uses.

The Goal 9 rule provides flexibility in how jurisdictions conduct and organize this analysis. For example, site types can be described by plan designation (*e.g.*, heavy or light industrial), by general size categories that are defined locally (*e.g.*, small, medium, or large sites), or by industry or use (*e.g.*, manufacturing sites or distribution sites).

Firms wanting to expand or locate in Cottage Grove will be looking for a variety of site and locational characteristics, depending on the industry and specific circumstances. Previous research conducted by ECO has found that while there are always specific criteria for individual firms, many firms share common site criteria. In general, all firms need sites that are relatively flat, free of natural or regulatory constraints, with minimal residential conflicts, and located with good access to transportation, public facilities and services.

The exact amount, quality, and relative importance of these factors vary among different types of firms. This section discusses the site requirements for firms in employment sectors with growth potential in Cottage Grove, based on the forecasts found in Chapter 4.

This chapter discusses the production factors that affect business' locational decisions and the implications of these factors for businesses that may locate in Cottage Grove. This chapter also identifies the characteristics of sites needed to accommodate employment growth in Cottage Grove.

FACTORS THAT AFFECT LOCATIONAL DECISIONS

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 costs by requiring more pay to acquire the labor that is available, recruiting of labor from other areas, or use of the less productive labor than is available locally. Based on existing commuting patterns, Cottage Grove has access to labor from the Eugene-Springfield Region.
- **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. Springfield's access to I-5 and Highway 126 provide the City with advantages in attracting businesses that need easy access to highways but do not need to ship large volumes of freight by truck.
- **Materials.** Firms producing goods, and even firms producing services, need various materials to develop products that they can sell. Some firms need natural resources: for example, 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 within a region—they matter only after businesses have made decisions based on labor, transportation, raw materials, and capital costs. The cost of these production factors is 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.

LONG TERM LAND AND SITE NEEDS

Employment growth in Cottage Grove is expected in the all of the major employment categories: Industrial, Services and Office, Retail, and Government. There are a wide variety of firms within each of these categories, and the required site and building characteristics for these firms vary. As such, a variety of parcel sizes, location qualities, and land use designations in Cottage Grove are required to accommodate expected growth.

This discussion may suggest 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 as 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. Firms tend to locate in areas where there is already a presence of other firms engaged in similar or related activities. For this reason, we suggest that the City designate large sites for industrial and business parks that provide a range of site sizes in a master-planned setting.
- **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.

CHARACTERISTICS OF SITES NEEDED TO ACCOMMODATE EMPLOYMENT GROWTH

Table 5-1 summarizes the lot sizes typically needed for firms in selected industries. The emphasis in Table 5-1 is on new or expanding firms that have the most potential to generate employment growth. For example, while the number of convenience stores in the region is likely to grow, the site needs for these stores is not included in Table 5-1 because they are unlikely to generate substantial employment growth. In contrast, large food stores, which are typically 50,000 to 100,000 sq. ft. in size, are more likely to generate substantial employment growth in the region, and these stores require sites of 5 to 10 acres.

Table 5-1. Typical lot size requirements for firms in selected

Industry	Lot Size (acres)
Manufacturing	
Printing & Publishing	5 - 10
Stone, Clay & Glass	10 - 20
Fabricated Metals	10 - 20
Industrial Machinery	10 - 20
Electronics - Fab Plants	50 - 100
Electronics - Other	10 - 30
Transportation Equipment	10 - 30
Transportation & Wholesale Trade	
Trucking & Warehousing	varies
Retail Trade	
General Merchandise & Food Stores	5-10
Eating & Drinking Places	0.5-5
FIRE & Services	
Non-Depository Institutions	1 - 5
Business Services	1 - 5
Health Services	1 - 10
<i>industries</i> Engineering & Management	1 - 5

Source: ECONorthwest.

SITE REQUIREMENTS FOR TARGETED EMPLOYMENT IN COTTAGE GROVE

Generally, targeted industries require sites with characteristics similar to those found in the existing Cottage Grove Industrial Park and existing commercial areas:

- Relatively flat, serviced (or serviceable) sites, without environmental constraints (floodplain, wetlands and steep slopes);
- Direct access to Highway 99 or to Interstate 5 so that truck and automobile traffic will not be directed through established residential neighborhoods to reach state highways and I-5.
- Clustered near existing employment centers to achieve economies of scale and agglomeration (clustering) economies.

Targeted commercial and other employment firms typically require sites with characteristics that are similar to those of targeted basic industrial employment. However, a location separate from existing park and residential development is usually less critical, because commercial and other employment uses typically are less intensive and have fewer compatibility (noise, odor, dust, truck traffic) problems.

Table 5-2 shows site needs by site size for the Cottage Grove UGB from 2009 to 2029. The estimate of needed sites builds off of the 20-year employment forecast and targeted types of employment found in Table 4-4.

Table 5-2 shows that Cottage Grove needs to provide between 111 and 176 sites and approximately 170 acres to accommodate employment growth between 2009 and 2029. Cottage Grove will need to provide 42 to 74 industrial sites and 69-102 commercial sites. The majority of sites (100 to 160 sites) will be two acres or smaller.

Table 5-2. Estimated sites needed, Cottage Grove UGB, 2009-2029

Size of firm	Est Gross Acres Needed	Avg. Site Size	Total Sites Needed	Industrial	Other Emp.
100 +	20	20 +	1	1	-
50-99	60	5-20 ac	5-7	2-3	3-4
25-49	30	2-5 ac	5-10	3-6	2-4
10-24	30	1-2 ac	25-35	10-15	15-20
1-9	30	<1 ac	75-125	25-50	50-75
Total	170		111-176	42-74	69-102

Source: ECONorthwest.

Cottage Grove Employment Plan Designations

The identified site needs shown in Table 5-2 distinguish generally between sites by comprehensive plan designation – but not by zoning district.

Cottage Grove has an Industrial plan designation that is implemented by two zoning districts:

- Light Industrial (M-1)
and
- Heavy Industrial (M-2)

We anticipate that targeted industries will be accommodated primarily in the M-1 zoning district. In Chapter 8, we suggest adoption of a new “Business Park” (BP) zoning district to accommodate a mix of light industrial, support commercial and service commercial firms.

Cottage Grove’s Commercial plan designation is implemented by three zoning districts:

- Central Business District (CBD)
- Community Commercial (CC)
and
- Tourist Commercial (TC)

Retail and service / other employment firms are permitted in all three of these districts – but under different sets of development standards.

CHAPTER 6: LAND AVAILABLE WITHIN THE UGB FOR INDUSTRIAL AND OTHER EMPLOYMENT USES

BACKGROUND

This section begins by describing the results of the Satre Associates (Satre) study in 2005 and provides an update based on recent Winterbrook inventory work. This chapter includes a more detailed suitable employment sites analysis – including an analysis of redevelopment potential – that will be used to compare employment site requirements identified in Chapter 5 with the availability of suitable employment sites within the Cottage Grove UGB.

INDUSTRIAL AND COMMERCIAL LAND NEED (SATRE ASSOCIATES, 2005)

In 2005, the City commissioned Satre to update the *2001 Cottage Grove Buildable Lands Analysis*. The *2001 Analysis* estimated that in 1998 there were 3,200 jobs (covered employment) in the Cottage Grove UGB. Satre projected that Cottage Grove employment would increase to 5,285 by 2025.¹⁰ The update showed that of the 2,085 new jobs, 805 (39%) would be industrial sector and 1,280 (61%) would be commercial and other employment sector jobs. Population and employment trends for the City indicated that growth could be expected in all sectors. Satre modified Eugene/Springfield employee-per-acre ratios to reflect Cottage Grove’s lower density commercial development characteristics as shown in Table 6-1 below.

Table 6-1: Net¹ Buildable Land by Plan Designation and Land Need Based on 2025 Employment Projections (2005 Cottage Grove Buildable Lands Analysis Update)

Land Use	Net Jobs Projected	Employees Per Net Acre	Total Net Acres Needed	Net Buildable Land (Acres)	Deficit in Net Acres
Commercial	1,280	30	43	58	16
Industrial	805	9	89	33	-56
TOTAL	2,085	--	132	91	-41

¹Net buildable land includes land set aside for public facilities, such as roads, schools, churches, and parks. In commercial and industrial lands, a factor of 20% was used to calculate net buildable land.

Source: Satre Associates, LCOG, City of Cottage Grove

As shown in Table 6-1, the 2005 update identified a need for 132 *net* acres to accommodate employment growth over the next 20 years. In 2005, the UGB included approximately 91 net buildable acres, resulting in a deficit of 41 net buildable acres. Most of this deficit was in the industrial land category. Satre also determined that it was unfeasible to re-designate the “surplus” Commercial land to Industrial because the location and small parcel sizes did not meet industrial land suitability requirements.

¹⁰ Satre determined the employment projections by looking at employment trends and existing economic development activities and policies including: State Industrial Site Certification for the Industrial Park, an Economic Improvement District for the downtown area and the Chamber of Commerce formation of the Economic Business District.

City Annual Updates of Industrial and Commercial Land Need (2008)

Since the Satre BLA was conducted in 2005, City staff has updated the BLA annually, using the same methods. Due to new commercial and industrial development, suitable land for both commercial and industrial development has decreased. Cottage Grove has a remaining inventory of approximately 30 gross acres of Commercial land and approximately 38 acres of Industrial land. In addition, the City has identified approximately 11 gross acres of underdeveloped Industrial land within the UGB. The updated inventory is shown in Table 6-2 below. Applying a 20% factor to account for rights-of-way (and assuming that all net acres are *suitable* for targeted employment uses), the City appears to have approximately 63 net acres designated for employment use.

Table 6-2: Updated Inventory of Remaining Industrial and Commercial Land (2008)

Land Use	Gross Acres	Net Acres
Commercial		
Within City Limits	30	24
UGB	None	None
Industrial		
Within City Limits	34	27
UGB	4	3
Underdeveloped Industrial		
Within City Limits	None	None
UGB	11	9

Source: City of Cottage Grove (2008)

Winterbrook's 2009 Suitable Sites Inventory

Winterbrook reviewed the City's updated inventory and tested inventory results against available GIS tax lot and natural constraints (floodplain, wetlands) data provided by Lane County. Winterbrook also evaluated the distance of industrial and commercial sites from state highways. This analysis is further described in Appendix D.

Our analysis is generally consistent with the City's tax lot analysis. However, in addition to the vacant and underdeveloped sites identified by the City, Winterbrook identified a significant number of *potential* commercial redevelopment sites based on the ratio of assessed land values to improvement values. If the land to improvement value ratio is greater than 1:1, we assumed that the site was potentially redevelopable over the 20-year planning period.¹¹

Nearly all identified vacant and potentially redevelopable employment land is outside of constrained areas, and within a quarter mile of a highway. Therefore, nearly all the existing inventory is *potentially* "suitable and serviceable" as defined in the Goal 9 administrative rule.

The results of Winterbrook's additional analysis are summarized by Industrial or Commercial plan designation in Table 6-3. As shown in Table 6-3, approximately 20% of Cottage Grove's

¹¹ Land value greater than existing improvement value often indicates an under-development of the land. Winterbrook assumed that half these sites would become available for redevelopment over the 20-year timeframe. There are two reasons for make the 50% redevelopable assumption: first, there is existing employment on these underdeveloped, potentially redevelopable sites; second, land demand and prices in Cottage Grove are lower than the Eugene-Springfield market, making intensification of land use less likely. To account for these factors, we assumed that half of the potentially redevelopable sites would actually develop more intensively over the 20-year planning period.

industrial land supply, and 13% of the City’s commercial land supply, is suitable for new development.

Table 6-3: Developed and Suitable Acres by Type

Plan	Total Acres	Developed Acres	Vacant / Partially Dev Acres	Potential Redev Acres	Suitable Acres
Industrial	204	162.5	41.9	-	42
All Commercial	471	443.4	27.2	34.6	62

Source: Winterbrook

Winterbrook sorted the updated inventory of suitable vacant and potentially redevelopable land by the site size categories identified in Chapter 5, as shown in Table 6-4 below. All acreages in the table are net suitable acres.¹²

Table 6-4 shows that Cottage Grove has 16 suitable industrial and 102 suitable commercial sites, totaling about 42 net acres of industrial land and 62 net acres of commercial. A substantial majority (over 75%) of Cottage Grove’s suitable and available land supply is found in sites 5 acres or smaller in size.

Table 6-4: Suitable Sites Inventory by Site Size Category (in net acres)

Acreage	IND Sites	Net Acres	COM Sites	Net Acres	Pot Redev Com Sites	Net Acres
20+	0	0.0	0	0.0	0	0
5 to 20	1	14.9	0	0.0	1	9.0
2 to 5	5	17.5	5	13.8	2	3.4
1 to 2	5	5.0	2	2.0	4	4.5
< 1	5	4.5	24	11.4	64	17.8
Total	16	41.9	31	27.2	71	34.6

Source: Winterbrook Planning

IND: Industrial

COM: Commercial

Pot Redev Com: Potential Redevelopment Commercial

Cottage Grove Industrial Park

The Cottage Grove Industrial Park is located in proximity to I-5 on State Highway 99 on the south end of Cottage Grove with lots that range from 0.72 to 2.72 acres. The site is zoned Heavy Industrial (M-2) which means that it is suitable for environmentally-friendly manufacturing and assembling industries, hi-tech electronics, computer software, optical

¹² Much of the employment land supply in Cottage Grove is comprised of small lots served by the existing street system. The Satre BLA assumed that 20% of future industrial and commercial land would be reserved for dedication of public rights-of-way. Because further street dedication necessary to serve existing employment sites within the Cottage Grove UGB will be limited, we assumed only a 10% reduction to account for public rights-of-way for employment land within the existing UGB.

fiber, medical equipment, metal, secondary wood products, processing industries, wholesaling, warehousing and storage, ancillary commercial activities and services.

The Industrial Park is located within the Cottage Grove South Lane Enterprise Zone.¹³ Because business firms that choose to locate or expand in an enterprise zone, are generally eligible to receive total exemption from the property taxes normally assessed on new plant and equipment for three to five years, there is a strong economic incentive for businesses to locate here. Currently, the City has sold all lots in the Industrial Park and private owners are developing the sites.

¹³ An enterprise zone is sponsored by local city/county governments and typically serves as a focal point for local development efforts and incentives. Seventy-four cities in 31 counties currently use enterprise zones to create better economic opportunities. City of Cottage Grove, What are Oregon Enterprise Zones, <http://www.cottagegrove.org/indust/entrprsz.pdf>, accessed November 2, 2008.

CHAPTER 7: COMPARISON OF EMPLOYMENT SITE NEEDS AND SUITABLE SITES WITHIN THE COTTAGE GROVE UGB

This chapter includes a comparison of employment land supply and demand. The suitable sites analysis is followed by a discussion of the key implications of the EOA for the City of Cottage Grove.

COMPARISON OF LAND CAPACITY AND DEMAND

As described in Chapter 6, Winterbrook worked with City and County staff to create an updated inventory of suitable employment sites within the Cottage Grove UGB. Table 6-4 in Chapter 6 of this document shows the results of that inventory: there are 17 suitable industrial sites and 102 suitable commercial sites.¹⁴ Table 5-2 in Chapter 5 of this document shows a forecast demand for a range of sites in various site size categories.

Tables 7-1 through 7-3 provide a comparison of site needs against site supply. **This analysis shows that Cottage Grove needs to add approximately 100 gross acres of employment land to its UGB in order to meet 20-year site needs.**

Consolidated Average Site Needs

Small industrial and commercial sites, under 5 acres in size, are not as restricted by site size requirements.¹⁵ They are also easily accommodated within larger-site arrangements, such as industrial parks or shopping centers. Table 7-1 combines the (Table 5-2) site requirements for sites under 5 acres in size (the categories of 2-5, 1-2, and <1 acre sites), and distributes required acreage for those small sites according to the average number of sites needed. The result is a 20-year need for one large 20+ acre industrial site, two 5-20 acre industrial sites (averaging 10 acres in size), four 5-20 acre sites for other employment types, 54 small industrial sites under 5 acres in size, and 78 small sites for other employment uses.

Table 7-1: Consolidated Average Site Needs

Site Size	Industrial Sites	Site Acres Needed	Other Emp. Sites	Site Acres Needed
20+	1	20	0	0
5 to 20	2	20	4	40
<5	54	37	78	53
Totals	57	77	82	93

Source: Winterbrook

Table 7-2 shows unmet site needs, based on a comparison of the identified employment land supply (Table 6-4) against Table 7-1 site needs. **Cottage Grove has an unmet need for one**

¹⁴ Including under-developed and potential redevelopment sites.

¹⁵ For example, an 8-acre parcel could be developed for one 4-acre, a 2-acre, and four 0.5-acre sites. Or it could provide a 2-acre site and 24 sites of 0.25 acres in size. Or a variety of other combinations.

large 20+ acre industrial site, one midsize 5-20 acre industrial site, three midsize sites for other employment, and 39 small industrial sites.

Table 7-2: Unmet Consolidated Average Site Needs

Site Size	Industrial Sites	Site Acres Needed	Other Emp. Sites	Site Acres Needed
20+	1	20	0	0
5 to 20	1	10	3	30
<5	39	27	0	0
Totals	41	57	3	30

Source: Winterbrook

Table 7-3 converts unmet site needs to gross acres, to account for land lost to rights-of-way in development.¹⁶ **There is an unmet need for 67 gross acres of industrial land, and 35 gross acres of land for other employment types. These include one 20+ acre site, and four sites (one industrial, 3 other) of 5 acres or larger in size.**

Table 7-3: Unmet Consolidated Average Site Needs (Gross Acres)

Site Size	Industrial Sites	Gross Site Acres Needed	Other Emp. Sites	Gross Site Acres Needed
20+	1	24	0	0
5 to 20	1	12	3	35
<5	39	32	0	0
Totals	41	67	3	35

Source: Winterbrook

POLICY IMPLICATIONS

How Unmet Site Needs will be Accommodated

Cottage Grove will need to add just over 100 gross suitable acres to the existing UGB to meet 20-year employment needs. We have assumed that 15% of the gross land area will be reserved for right-of-way dedications within industrial and business parks and along major streets.

Industrial (Traded Sector) Employment Needs

We recommend that gross Industrial land needs (67 acres assuming 15% for street rights-of-way) will be met in two ways:

1. **Large Single-User Industrial Site (24 acres):** Designate a site with at least 24 gross suitable acres that is reserved specifically to meet the needs of a single large firm with at least 100 employees. Plan policies and amended development code standards would ensure that the site is reserved exclusively for a large firm.

¹⁶ This analysis assumes that 15% of new land acquired for employment uses will be consumed by rights-of-way.

2. **Master Planned Industrial Park (33 acres):** Designate an Industrial Park site (similar to the existing Cottage Grove Industrial Park) with at least 33 gross suitable acres to meet the need for small- to medium-sized sites in a master-planned setting. **It is assumed that some light industrial need (approximately 10 acres) will be met in the new Business Park district described in the Commercial and Other Employment Needs section below.** Plan policies and amended development code standards would ensure that land designated Industrial outside the existing UGB would require an approved master development plan prior to annexation and development.

Commercial and Other Employment Needs

We recommend that unmet commercial retail and service needs (35 gross suitable acres) be met as follows:

1. **Community Commercial Center (12 acres).** As documented in Chapter 6, Cottage Grove has 62 acres of vacant, underdeveloped, and redevelopable Commercial land. The demand for retail commercial uses typically increases with population growth. Most of this retail demand can be met in vacant or underdeveloped Commercial areas within the UGB. However, there is an unmet need for a community shopping center of approximately 12 gross (10 net after accounting for streets) suitable acres.

The community center site would be designated Community Commercial – subject to master planning requirements and building square footage limitations.

2. **New Business Park (33 acres).** The bulk of new employment that Cottage Grove wants to attract is service commercial employment, including health care and social assistance, government, professional and business services. Limited light industrial and supporting retail uses (*e.g.*, restaurants or health clubs, or sales of products produced on site) are also appropriate in a business park setting. The site needs of the business park are: a site of about 33 acres in size; relatively flat site, and direct automotive access to an arterial street or state highway. Business parks typically have a campus like setting and require that activities be conducted indoors; therefore business parks are more compatible with adjacent residential uses than industrial uses or large retail centers.

A new Business Park plan designation and zoning district is required to implement this concept.

3. **Large format and general retail (0 acres).** As Cottage Grove’s population grows, the City is likely to attract new retail development, including large format retail (such as a Home Depot, Lowe’s or Target). Typically, retail uses require relatively flat sites with automotive access to a state highway and high visibility to potential shoppers. Large format or “big box” retail requires a site of approximately 10 acres. As noted in Chapter 6, there are no vacant 10-acre Commercial sites within the existing UGB.

At the October CAC meeting, the possibility of limiting large format (big box) retail stores was discussed. Rather than adopting new zoning standards to limit this type of retail use, we suggest that large format retail be permitted on commercial land within the existing UGB, through the redevelopment process.

In other words, if a large format retail firm can assemble underdeveloped properties within the existing UGB, then the City would support such redevelopment efforts, regardless of the size of the retail store. However, no new “greenfield” sites would be designated outside the existing UGB.

CHAPTER 8: ECONOMIC DEVELOPMENT STRATEGY

INTRODUCTION

Cottage Grove's *2037 Vision and Action Plan* emphasizes investment in a "diverse and sustainable economy" and includes several "strategies":

- Establish Cottage Grove as the seat and gateway for a South Lane County recreation and tourism destination;
- Recruit a complementary range of, small, medium and large businesses in a variety of sectors;
- Grow a local workforce to accommodate new employment sectors; and
- Maintain and upgrade critical infrastructure to accommodate demand."

To support these broad strategies, this EOA assesses the City's comparative economic advantages in a regional context; identifies commercial and industrial employment opportunities; describes site requirements for targeted types of employment; and determines whether the existing UGB has enough and the right kinds of employment sites to meet the City's economic development objectives.

Earlier chapters in this EOA determined that the community's greatest economic development challenge over the next 20 years will be to provide an adequate supply of land to meet identified employment needs. Thus, the City's primary economic development objective is straightforward—to identify the types of employment that are likely to show interest in Cottage Grove and to provide an adequate supply of suitable and serviceable employment sites to accommodate anticipated employment growth over the 20-year planning period – from 2009-2029.

This chapter identifies specific steps for the City to follow to carry out its economic vision. It considers the policy implications of the EOA and sets the stage for specific comprehensive plan and development code amendments. Economic development policies may address a range of outcomes, from policies to attract firms or retain existing firms to policies to improve or maintain quality of life.

The Economic Development Strategy (EDS) presented in this chapter is designed to meet the requirements of Goal 9. As a result, the EDS focuses primarily on land-use issues, while recognizing the importance of broader economic development strategies such as labor force education that may also be a priority to the City and residents of Cottage Grove. Moreover, the strategies outlined in this chapter provide the factual and analytical basis for legislative amendments to the Cottage Grove Comprehensive Plan and the Cottage Grove Development Code.

ORGANIZATION OF THIS CHAPTER

The remainder of this chapter is organized into two sections as follows:

- **Framework for Understanding Economic Development Policies and Actions** provides an overview of economic development issues and types of economic development policies and strategies that municipalities can adopt to achieve various economic development goals.

- **Economic Development Strategies and Implementation Steps** for Cottage Grove presents objectives and strategies related to land-use to implement the City’s economic development goals.

FRAMEWORK FOR UNDERSTANDING ECONOMIC DEVELOPMENT POLICIES AND ACTIONS ¹⁷

A wide range of economic development policies and actions are available to cities that can affect the level and type of economic development in their community. To affect economic development, any policy or action must affect a factor of production that influences business locations and job growth. In brief, the factors that have the most impact on business locations and job growth include:

- Labor,
- Land,
- Local Infrastructure,
- Access to markets and materials,
- Agglomerative economies (clusters),
- Quality of life, and
- Entrepreneurship

The supply, cost, and quality of any of these factors obviously depend on national and global market forces that local government has no influence over. But they also depend on local, regional and state public policy, which can generally affect these factors of production through:

- Planning,
- Regulation,
- Provision of public services,
- Taxes, and
- Incentives

The location decisions of businesses are based primarily 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 only indirectly affect the cost and quality of these primary location factors.

Local governments can most directly affect tax rates (within the bounds of Measures 5 and 50), land availability, the cost to businesses and quality of 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 a limited 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 suitable and serviceable land through inclusion of employment sites in the 20-year UGB that have appropriate plan designations, zoning, access and public services. Businesses need suitable and serviceable land to locate or expand in a community. However, providing suitable 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.

The provision of suitable and serviceable employment sites is one of the most direct ways that the City of Cottage Grove can affect the level and type of economic development in the community.

¹⁷ This section draws from previous work by ECONorthwest.

POTENTIAL ECONOMIC DEVELOPMENT POLICIES AND ACTIONS

A broad range of policies and actions are available to cities to achieve local economic development objectives. The effectiveness of any individual tool or combination of tools varies by community objective. In short, local strategies should be customized not only to meet locally defined objectives, but to recognize economic opportunities and limitations as defined in the EOA. Positive outcomes are not guaranteed: even good programs can result in limited results.

Table 8-1 identifies a range of potential economic development strategies that the City of Cottage Grove could consider implementing. These strategies range from those closely associated with the basic functions of government (provision of suitable and serviceable land) to those sometimes viewed as outside the primary functions of government (such as financial incentives and business assistance). Policies and actions adopted by the City of Cottage Grove should address local economic development issues consistent with the City's desired role in facilitating economic development in the community.

Table 8- 1. Potential economic development strategies

Category/Policy	Description
Land Use	Policies regarding the amount and location of available land and allowed uses.
Provide adequate supply of employment land	Provide an adequate supply of suitable and serviceable development sites to accommodate anticipated employment growth with the public and private services, sizes, zoning, and other characteristics needed by firms likely to locate in Cottage Grove.
Increase the efficiency of the permitting process and simplify city land-use policies	Take actions to reduce costs and time for development permits. Adopt development codes and land use plans that are clear and concise.
Public Services	Policies regarding the level and quality of public and private infrastructure and services.
Provide adequate infrastructure to support employment growth	Provide adequate public services (<i>i.e.</i> , roads, transportation, water, and sewer) and take action to assure adequate private utilities (<i>i.e.</i> , electricity and communications) are provided to existing businesses and development sites.
Focused public investment	Provide public and private infrastructure to identified development or redevelopment sites.
Communications infrastructure	Actions to provide high-speed communication infrastructure, such as developing a local fiber optic network.
Business Assistance	Policies to assist existing businesses and attract new businesses.
Business retention and growth	Targeted assistance to businesses facing financial difficulty or thinking of moving out of the community. Assistance would vary depending on a given business' problems and could range from business loans to upgrades in infrastructure to assistance in finding a new location within the community.
Recruitment and marketing	Establish a program to market the community as a location for business in general, and target relocating firms to diversify and strengthen the local economy. Take steps to provide readily available development sites, an efficient permitting process, well-trained workforce, and perception of high quality of life.
Development districts	Establish districts with tax abatements, loans, assistance with infrastructure, (enterprise zones, urban reduced regulation, or other incentives available to businesses in the district renewal districts, historic that meet specified criteria and help achieve community goals. districts, <i>etc.</i>)

Category/Policy	Description
Business clusters	Help develop business clusters through business recruitment and business retention policies. Encourage siting of businesses to provide shared services to the business clusters, including basic employment, retail and commercial services.
Public/private partnerships	Make public land or facilities available, public lease commitment in proposed development, provide parking, and other support services.
Financial assistance	Tax abatement, waivers, loans, grants, and financing for firms meeting specified criteria. Can be targeted as desired to support goal such as recruitment, retention, expansion, family-wage jobs, or sustainable industry.
Business incubators	Help develop low-cost space for use by new and expanding firms with shared office services, access to equipment, networking opportunities, and business development information. Designate land for live-work opportunities.
Mentoring and advice	Provide low-cost mentors and advice for local small businesses in the area of management, marketing, accounting, financing, and other business skills.
Export promotion	Assist businesses in identifying and expanding into new products and export markets; represent local firms at trade shows and missions.
Workforce	Policies to improve the quality of the workforce available to local firms.
Job training	Collaborate with schools districts, community colleges and universities to help create opportunities for training in general or implement training programs for specific jobs or specific population groups (e.g., dislocated workers).
Job and training access	Coordinate with transit districts to provide transit/shuttle service to bring workers to job and training sites.
Jobs/housing balance	Make land available for a variety of low-cost housing types for lower income households, ranging from single-family housing types to multifamily housing.
Other	
Regional collaboration	Coordinate economic development efforts with the County, the State, and local jurisdictions, utilities, and agencies so that clear and consistent policies are developed.
Quality of life	Maintain and enhance quality of life through good schools, cultural programs, recreational opportunities, adequate health care facilities, affordable housing, neighborhood protection, and environmental amenities.

Source: ECONorthwest and Winterbrook Planning

ECONOMIC DEVELOPMENT STRATEGIES AND IMPLEMENTATION STEPS FOR COTTAGE GROVE

The following economic development strategies for Cottage Grove are based on four sources of information: (1) stakeholder and CAC input on preferred types of growth and development strategies from interviews; (2) existing goals and strategies in the City's Comprehensive Plan; (3) input from City staff, and (4) the principles of economic development presented in the section above and Table 8-1. These strategies will be further refined based on input from the CAC, Planning Commission, and City Council.

The strategies and implementation steps suggested below are organized with objectives most related to land-use planning presented first. This section should be read with Chapter 7, which compares land use need and supply and identifies ways to address long-term commercial and industrial land deficits.

Objective 1: Provide an adequate supply of suitable and serviceable sites of varying locations, configurations, and size, to accommodate industrial and other employment over the planning period.

Chapters 5-7 identify the size and characteristics of sites needed in Cottage Grove for employment uses over the planning period. The City should provide an adequate supply of land for employment uses.

Suggested implementation steps:

- Provide retail commercial land that meets the site requirements described in Chapter 5. Limit retail commercial land supply to encourage retail infill and redevelopment to areas within the existing UGB, especially in downtown. Retail commercial sites may include vacant, underdeveloped potentially redevelopable sites, particularly along Highway 99 and in Downtown Cottage Grove. The City can provide land in two ways: (1) increasing commercial land-use efficiency by promoting infill or redevelopment; and (2) bringing new land into the urban growth boundary, subject to master planning requirements, to meet specific community commercial needs.
- Provide one approximately 30-acre business park to accommodate commercial office and limited light industrial uses over the 20-year period. Encourage office uses that require high-amenity locations, such as corporate offices or head quarters, doctor's offices, and similar uses. Require development of the business park through a master planning process. Limit retail development in the office park to small-scale retail that is designed to serve users of the business park, such as a restaurant. The business park should be sited with access to a State highway and located in an area visually attractive to potential employers and customers.
- Provide industrial land to meet the site characteristics and site sizes described in Chapter 5. These sites may include vacant, undeveloped land, or partially developed sites with potential for additional development through infill development. After considering the capacity of the existing UGB, the City should provide suitable land in two ways: (1) designating a suitable large site (approximately 20 acres) outside the UGB for a single user; and (2) designate a large site (approximately 30 acres) for an industrial park outside the UGB. The City should require a master planning process to ensure efficient development of the industrial park. The industrial park should be sited on relatively flat ground and should have direct access to Highway 99.

Objective 2: Encourage retail and service employers to locate in downtown Cottage Grove.

The City has policies to encourage residential and commercial redevelopment in downtown, such as an Urban Renewal District. The redevelopment of downtown Cottage Grove provides opportunities to both use land more efficiently and minimize the costs of providing infrastructure. In addition, redevelopment of downtown may make Cottage Grove more attractive to visitors.

Suggested implementation steps:

- Build on the successes of the Downtown Historic District by encouraging appropriate redevelopment in the commercial core area.
- Consider expanding the Urban Renewal District to include Cottage Grove's commercial core.
- Pursue policies to promote infill and redevelopment in downtown Cottage Grove.
- Provide the infrastructure and services that businesses need to operate in downtown Cottage Grove.

- Support the co-location of residential and commercial uses in existing buildings by providing financial assistance for necessary building upgrades to meet requirements in the City's building code, such as improvements to meet seismic standards.
- Develop a marketing strategy to attract businesses to downtown Cottage Grove, including providing low-cost assistance for businesses moving to downtown and attracting visitors to visit downtown, rather than passing through Cottage Grove on Highway 99.
- Promote economic development in downtown through techniques, such as land assembly and cooperative development agreements, to assist developers with land assembly problems.

Objective 3: 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.

Suggested implementation steps:

Coordinate capital improvement planning with land use and transportation planning to coincide with the City's Economic Development Strategy.

- Maintain an adequate highway and street system to ensure safe and efficient access to Commercial and Industrial areas.
- Target resources of the Systems Development Funds of infrastructure on sites that provide prime opportunities for employment uses as a result of location, site size, or other significant site characteristics.
- Ensure that public-private development agreements to recover costs are in effect prior to financing public improvements.
- Efficiently use existing infrastructure by promoting development, infill, re-use, and redevelopment for commercial and industrial uses and developing strategies and incentives to stimulate private investment that overcome anticipated impacts or downturns in the local economy.
- Assist with providing infrastructure through the use of Urban Renewal funding, where appropriate.
- Maintain critical rail connections so that firms like Weyerhaeuser can continue to be competitive in Cottage Grove.

Objective 4: Support and assist existing businesses in Cottage Grove.

Cottage Grove's existing businesses are important to the City's continuing economic well-being.

Suggested implementation steps:

- Develop and implement an outreach strategy to determine how the City can assist existing businesses. Opportunities for assistance may range from ensuring availability of on-street parking to providing assistance with the development process to forming public-private partnerships to promote Cottage Grove businesses.
- Encourage self-help methods and programs for business districts such as the formation of business associations and special self-assessment districts for parking and economic improvement.

Objective 5: Market Cottage Grove to new businesses

The City should seek to attract businesses through marketing the business opportunities present in the City. The City should focus marketing efforts on businesses that would benefit from locating in Cottage Grove, such as businesses that need agricultural products produced in Lane or Douglas counties.

Suggested implementation steps:

- Work with local economic development groups and businesses to develop a marketing plan to attract new businesses to Cottage Grove. Target recruitment of businesses to those that are most likely to benefit from locating in Cottage Grove, such as businesses that would use locally-produced forestry or agricultural products, and businesses that share the values of the community.
- Work with the Oregon Economic and Community Development Department and other regional and state agencies to market industrial sites to businesses that would be likely to locate in Cottage Grove.
- Work with the South Lane School District, Lane Community College and the University of Oregon to meet workforce needs, such as: training and education, job advancement, or local expansion of businesses that are less subject to boom and bust cycles.
- Encourage development of agri-businesses that depend on agricultural products produced in Lane, Douglas, and other nearby counties, such as wineries or natural or organic food processing.

Objective 6: Increase the potential for tourist-related economic activities.

Tourism results in economic activity, especially in the service industries like retail, food services, and accommodations. For example, the direct economic benefit of lodging tax receipts from overnight accommodations to Cottage Grove in 2007 was \$212,900 Cottage Grove could increase tourism through growth of businesses that bring tourists to the City and through increased marketing.

Suggested implementation steps:

- Encourage development of businesses that are tied to Cottage Grove's history and agricultural context, such as arts and crafts connected to the City's history or food processing facilities that use local products.
- Build-off of existing events, such as the Cottage Grove Rodeo and the Cottage Grove Speedway, and support development of new events to attract visitors to the City.
- Promote the Cottage Grove Theater on a regional basis to attract local visitors. Work with local businesses to market the Theater and complementary businesses to residents of nearby communities, such as dinner and theater ticket combinations.
- Ensure that the factors that are likely to attract visitors to Cottage Grove, especially Cottage Grove's environmental quality and natural beauty, are protected and enhanced.
- Encourage new specialized retail, restaurants, bed and breakfasts and other local attractions.

Objective 7: Develop a long-term affordable housing strategy.

The availability of affordable housing is an important consideration in promoting economic development. If the City wants to provide opportunities for people to live and work within Cottage Grove, the City will need to consider policies to retain, expand, and (in some cases) replace existing affordable housing opportunities. Some of the City's highest amenity

commercial land is being used for mobile home parks, which provide for much-needed affordable housing. If the City is successful with its economic development objectives and Cottage Grove gets more business activity, the pressure will increase to redevelop these mobile home parks for commercial uses, which will create the need for replacement of this affordable housing.

Suggested implementation steps:

- Develop a long-term affordable housing strategy that is designed to address the likelihood that some existing affordable housing may need replacement.
- Conduct a study of the residential land sufficiency within the Cottage Grove UGB. Pay close attention to the availability of land for affordable housing types, such as manufactured homes, townhouses, or other multifamily housing types.
- Work with private and nonprofit agencies to provide new affordable housing through existing programs designed to promote affordable housing.

Objective 8: Redevelop underutilized commercial and residential areas as the opportunities for reuse arise.

Cottage Grove has over 400 acres of Commercial land – much of which is underdeveloped. This provides an opportunity for the community to address long-term commercial and possibly residential land needs in a mixed use context. Cottage Grove also has two older manufactured dwelling parks constructed on old mill sites in the 1970s that provide affordable housing now, but are likely to be under market pressure to redevelop for more intensive uses sometime in the future.

Suggested implementation steps:

- Develop policies that support redevelopment of underutilized commercial sites. Opportunities to encourage redevelopment may include tax incentives, decreases or waiving development fees, or private-public partnerships for state or federal grant funding for redevelopment.
- Provide non-monetary assistance with clean-up and redevelopment of older commercial and industrial sites, including, for example, the possible sponsorship of applicable state and federal grants.
- Work with owners and tenants in existing manufactured dwelling parks to ensure that affordable housing opportunities are maintain, while considering longer-term redevelopment options (for example, mixed retail and multiple family development).

Other Ideas from Staff or the CAC?

- _____
- _____
- _____