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ECONOMIC ELEMENT

8.10 INTRODUCTION

8.11 Framework for Economic Development Planning in Oregon

The content of this element is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this element is designed to conform to the requirements for an Economic Opportunities Analysis in OAR 660-009.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The Economic Opportunities Analysis (EOA) 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 the expected 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.

Local governments are also encouraged to assess community economic development potential through a visioning or some other public input based process in conjunction with state agencies.

2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities with a population over 2,500 are 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
3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025)*. Cities and counties must adopt measures adequate to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementing 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 site 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.

In summary, this chapter includes an Economic Opportunities Analysis, the first key element required by Goal 9. This EOA also includes an employment forecast that leads to identification of needed development sites, and an inventory of commercial and industrial land in Grants Pass.

8.12 Organization of this chapter

The remainder of this chapter is organized as follows:

- **Section 8.20** examines the context for economic growth in Grants Pass, including long run national, regional, and local economic trends that may affect Grants Pass
- **Section 8.30** provides an overview of the factors affecting future growth in Grants Pass' economy, and an evaluation of the comparative economic advantages of Grants Pass
- **Section 8.40** presents an employment forecast for Grants Pass for the 2007 to 2030 period and discusses site needs for industrial and other employment development
- **Section 8.50** identifies the key findings of this chapter for economic growth in Grants Pass

8.20 CONTEXT FOR ECONOMIC GROWTH IN GRANTS PASS

8.21 Long run national trends

Economic development in Grants Pass over the next twenty years will occur in the context of long-run national trends. The most important of these trends include:

- **The aging of the baby boom generation, accompanied by increases in life expectancy.** The number of people age 65 and older will double by 2050, while the number of people under age 65 will grow only 12 percent. The economic effects of this demographic change include a slowing of the growth of the labor force, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.¹
- **The growing importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average they will yield higher

¹ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2006, *The 2006 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, May 1; Congressional Budget Office, 2006, *The Budget and Economic Outlook: Fiscal Years 2007 to 2016*, January; and Congressional Budget Office, 2005, *The Long-Term Budget Outlook*, December.

incomes than occupations that do not require an academic degree.² In addition, the percentage of high school graduates that attend college will increase.³

- **Continued growth in global trade and the globalization of business activity.** With increased global trade, both exports and imports rise. Faced with increasing domestic and international competition, firms will seek to reduce costs and some production processes will be outsourced offshore.⁴
- **Innovation in electronics and communication technology, and its application to production.** Advancements in communication and manufacturing technology increase worker productivity. There will be growth in the production of both services and goods, but the economy's emphasis on services will increasingly dominate.⁵
- **Continued shift of employment from manufacturing and resource-intensive industries to the service-oriented sectors of the economy.** Increased worker productivity and the international outsourcing of routine tasks lead to declines in employment in the major goods-producing industries. Projections from the Bureau of Labor Statistics indicate that U.S. employment growth will continue to be strongest in professional and business services, healthcare and social assistance, and other service industries. Construction employment will also grow.⁶
- **The combination of rising energy costs, strong energy demand, and requirements to reduce emissions and increase use of renewable fuels.** Output from the most energy-intensive industries will decline, but growth in the population and in the economy will increase the total amount of energy demanded. Energy sources will diversify and the energy efficiency of automobiles, appliances, and production processes will increase.⁷
- **Continued westward and southward migration of the U.S. population.** Although there are some exceptions at the state level, a 2006 U.S. Census report documents an

² Jobs requiring an academic degree are those that require postsecondary education or training such as an Associate, Bachelor's, Master's, or Doctoral degrees, as compared to jobs where the most significant source of training is on-the-job-training.

³ Daniel E. Hecker, "Occupational Employment Projections to 2014," *Monthly Labor Review* 128: 11, November, pp. 70-101.

⁴ Jay M. Berman, 2005, "Industry Output and Employment Projections to 2014," *Monthly Labor Review* 128:11, November, pp. 45-69.

⁵ Jay M. Berman, 2005, "Industry Output and Employment Projections to 2014," *Monthly Labor Review* 128:11, November, pp. 45-69.

⁶ Jay M. Berman, 2005, "Industry Output and Employment Projections to 2014," *Monthly Labor Review* 128:11, November, pp. 45-69; and Daniel E. Hecker, "Occupational Employment Projections to 2014," *Monthly Labor Review* 128: 11, November, pp. 70-101.

⁷ Energy Information Administration, 2006, *Annual Energy Outlook 2006 with Projections to 2030*, U.S. Department of Energy, DOE/EIA-0383(2006), February.

ongoing pattern of interstate population movement from the Northeast and Midwest to the South and West.⁸

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. Increases in the population and in households' incomes, plus changes in tastes and preferences, have dramatically increased demands for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.⁹

Short-term national trends will also affect economic growth in the Josephine and Jackson county region, but these trends are difficult to predict. At times these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2001 following the collapse of Internet stocks and the attacks of September 11. The resulting recession caused Oregon's employment in the Information Technology and high-tech Manufacturing industries to decline. Employment in these industries has partially recovered, however, and they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

8.22 Long run state and regional trends

State and regional trends will also affect economic development in Grants Pass over the next twenty years. The most important of these trends includes: population changes, continued immigration from other states, distribution of population and employment across the State, shift from natural resource to high-tech industries, continued lack of diversity in the State economy, and public policy.

Population changes in Oregon and Southern Oregon

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 expansions and contracting more rapidly than the nation during recessions. Oregon grew more rapidly than the U.S. in the 1990s (which was generally an expansionary period) but lagged behind the U.S. in the 1980s. Oregon's slow growth in the 1980s was primarily due to the nationwide recession early in the decade.

⁸ Marc J. Perry, 2006, *Domestic Net Migration in the United States: 2000 to 2004*, Washington, DC, Current Population Reports, P25-1135, U.S. Census Bureau.

⁹ For a more thorough discussion of relevant research, see, for example, Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273-297.

Oregon's population growth regained momentum beginning in 1987, growing at annual rates of between 1.4% and 2.9% between 1988 and 1996. Population growth for Oregon and its regions slowed in 1997, to 1.1% statewide, the slowest rate since 1987. Between 2000 and 2005 the rate of population growth in Oregon increased slightly to 1.2% annually.

Migration is the largest component of population growth in Oregon. Migration slowed from about 35,000 people in 1996 to 18,000 in 1999. The rate of migration increase between 2000 and 2004 averaged about 22,800 people moving to Oregon annually. The reasons most often cited for the slowing of migration since 1996 are the recovery of the California economy, the combination of a high cost of living (especially housing) and low wages in Oregon, and a perceived decline in the quality of Oregon's schools.

Continued in-migration from other states

Oregon's population is also related to economic conditions in other states—most notably, in California. During downturns in California's economy, people leave the state for opportunities in Oregon and elsewhere. As California's economy recovers, the population exodus tapers off. Such interstate migration is a major source of population change.

According to a U.S. Census study, Oregon had net interstate in-migration (more people moved *to* Oregon than moved *from* Oregon) during the period 1990-2004.¹⁰ Oregon had an annual average of 26,290 more in-migrants than out-migrants during the period 1990-2000. The annual average dropped to 12,880 during the period 2000-2004.¹¹

The Oregon Department of Motor Vehicles collects data on out-of-state driver licenses surrendered by applicants for Oregon licenses. These data provide an indicator of the source of Oregon's in-migration. During the period 1999-2005, over 30% of surrendered licenses were from California and approximately 17% were from Washington. All other states each accounted for less than 5% of the surrendered licenses.¹² The DMV also collects data on Oregon driver licenses surrendered in other states. These data indicate that Washington and California are the top destinations for Oregon's out-migrants.¹³

The *1999 Oregon In-migration Study* found that migrants to Oregon tend to have the same characteristics as existing residents, with some differences—recent in-migrants to Oregon are, on average, younger and more educated, and are more likely to hold professional or managerial jobs, compared to Oregon's existing population. The race and ethnicity of in-migrants generally mirrors Oregon's established pattern, with one exception: Hispanics make up more than 7% of

¹⁰ Marc J. Perry, 2006, *Domestic Net Migration in the United States: 2000 to 2004*, Washington, DC, Current Population Reports, P25-1135, U.S. Census Bureau.

¹¹ In contrast, California had net interstate *out-migration* over the same period. During 1990-2000, California had an annual average of 220,871 more out-migrants than in-migrants. The net outmigration slowed to 99,039 per year during 2000-2004.

¹² See Oregon Department of Motor Vehicles, "Driver Issuance Statistics," http://www.oregon.gov/ODOT/DMV/news/driver_stats.shtml, accessed May 25, 2006.

¹³ For a discussion of the DMV data, see Ayre, A, 2004, *People Moved to Oregon Despite Recession*, Oregon Employment Department, July.

in-migrants but only 3% of the state's population. The number-one reason cited by in-migrants for coming to Oregon was family or friends, followed by quality of life and employment.¹⁴

Distribution of population and employment across the State

Oregon's population is not distributed equally across the state. Nearly 70% of Oregon's population lives in the Willamette Valley. With higher growth rates than the rest of the state, the Willamette Valley and Central Oregon have each captured a higher percentage of the state's population throughout the period 1970-2005. After the Willamette Valley, Southern Oregon is the second-largest population center in the state. The *1999 Oregon In-migration Study* found that the majority of in-migrants moved to the Willamette Valley.

Employment growth generally follows the same trend as population growth. Employment growth varies between regions even more, however, as employment reacts more quickly to changing economic conditions. Total employment increased in each of the state's regions over the period 1970-2004, but the increases in employment did not materialize uniformly across the state. Over 70% of Oregon's employment growth occurred in the Willamette Valley over the period 1970-2004.

Tightening of labor market as a result of retiring workers.

As the baby-boomers reach retirement age over the next two decades, the State may have a scarcity of qualified workers. In the next decade, the State projects that there will be almost twice as many job openings resulting from retirements compared to openings resulting from creation of new jobs. The sectors with the most employment and the largest share of employees 55 years or older include: Education Services; Real Estate; Transportation and Warehousing; Health Care and Social Assistance; Public Administration; and Agriculture, Forestry, Fishing, and Hunting. The State expects little or no growth in Manufacturing employment over the next decade but expects that retirements will create demand for employees in Manufacturing.¹⁵

Shift from natural resource-based to high tech industries

The composition of Oregon's employment has changed since 1970. Employment growth has been led by the Services sector. The share of Oregon's total employment in this sector increased from its 1970s average of 19% to 30% in 2000. Slow growth in Manufacturing caused its share of total employment to decline from its 1970s average of 18% to 12% in 2000.

During the same period, Oregon started to transition away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the Lumber & Wood

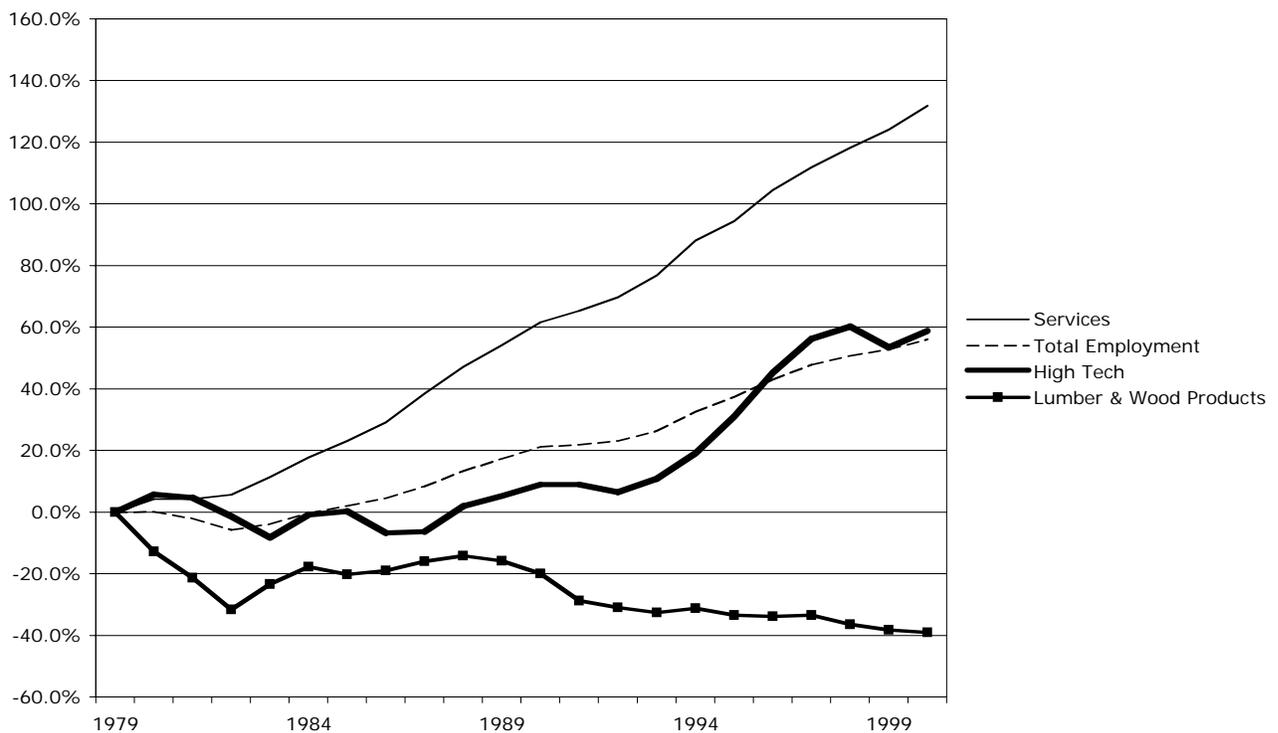
¹⁴ State of Oregon, Employment Department. 1999. *1999 Oregon In-migration Study*.

¹⁵ Oregon Employment Department Workforce Analysis Section, *Will Oregon Have Enough Workers?*, 2007

Products industry¹⁶ and concurrent growth of employment in high-technology manufacturing industries (Industrial Machinery, Electronic Equipment, and Instruments¹⁷).

This pattern is shown in Figure 8.20.1, which charts the changes in the level of employment since 1979. The peak of Oregon’s employment in the Lumber & Wood Products industry was in 1979. From 1979 to 2000, employment in the Lumber and Wood Products industry declined 40%. Over the same time period, employment in high-tech industries increased by 60%, and employment in the Services sector increased by over 130%.

FIGURE 8.20.1
CHANGES IN EMPLOYMENT BY MAJOR SECTOR
Oregon, 1979-2000



Source: ECONorthwest, based on data from the Bureau of Economic Analysis.

Continued lack of diversity in the State economy

While the transition from Lumber and Wood Products manufacturing to high-tech manufacturing has increased the diversity of employment within Oregon, it has not significantly improved Oregon's diversity relative to the national economy. Oregon's relative diversity has historically ranked low among states. Oregon ranked 35th in diversity (1st = most diversified) based on Gross

¹⁶ SIC 24

¹⁷ SIC 35, 36, 38

State Product data for 1963–1986, and 32nd based on data for the 1977–1996 period.¹⁸ A recent analysis, based on 2003 data, ranked Oregon 33rd.¹⁹ These rankings suggest that Oregon is still heavily dependent on a limited number of industries. Relatively low economic diversity increases the risk of economic volatility as measured by changes in output or employment.

The changing composition of employment has not affected all regions of Oregon evenly. Growth in high-tech and Services employment has been concentrated in urban areas of the Willamette Valley and Southern Oregon, particularly in Washington, Benton, and Josephine Counties. In Josephine County, the Service industries with the greatest employment growth were Health, Social, and Business services. The brunt of the decline in Lumber & Wood Products employment was felt in rural Oregon, where these jobs represented a larger share of total employment and an even larger share of high-paying jobs than in urban areas.

8.23 Economic conditions in Grants Pass

Future economic growth in Grants Pass will be affected in part by demographic and economic trends in the city and surrounding region. A review of historical demographic and economic trends provides a context for establishing a reasonable expectation of future growth in Grants Pass. In addition, the relationship between demographic and economic indicators such as population and employment can help form judgments about future trends and resulting economic conditions.

Population and demographics

The interaction between population growth and economic development is complex. As population grows, the demand for retail and services grows. Growth in the economy, especially in traded-sector industries like manufacturing, can result in population growth, as the region attracts people to fill new jobs.

Table 8.20.2 shows population over the 1980-2006 period for the U.S., Oregon, Southern Oregon, Josephine County, and Grants Pass. During this period, Oregon and Southern Oregon grew at a faster rate than the U.S. Josephine County grew at about the same pace as Oregon, at an average annual rate of 1.29%, adding 22,270 residents over the 26-year period.

Grants Pass grew faster than Josephine County or Oregon. Grants Pass grew by an average of 2.93% annually and added 15,898 residents over the 26-year period. More than 4,600 of the new residents in Grants Pass were the result of annexations since 1990, rather than new migration to the Grants Pass area.

¹⁸ LeBre, Jon. 1999. "Diversification and the Oregon Economy: An Update." *Oregon Labor Trends*. February.

¹⁹ CFED, 2006, The Development Report Card for the States, <http://www.cfed.org>.

**TABLE 8.20.2
POPULATION CHANGE
U.S., Oregon, Southern Oregon, Josephine County, and Grants Pass, 1980-2006**

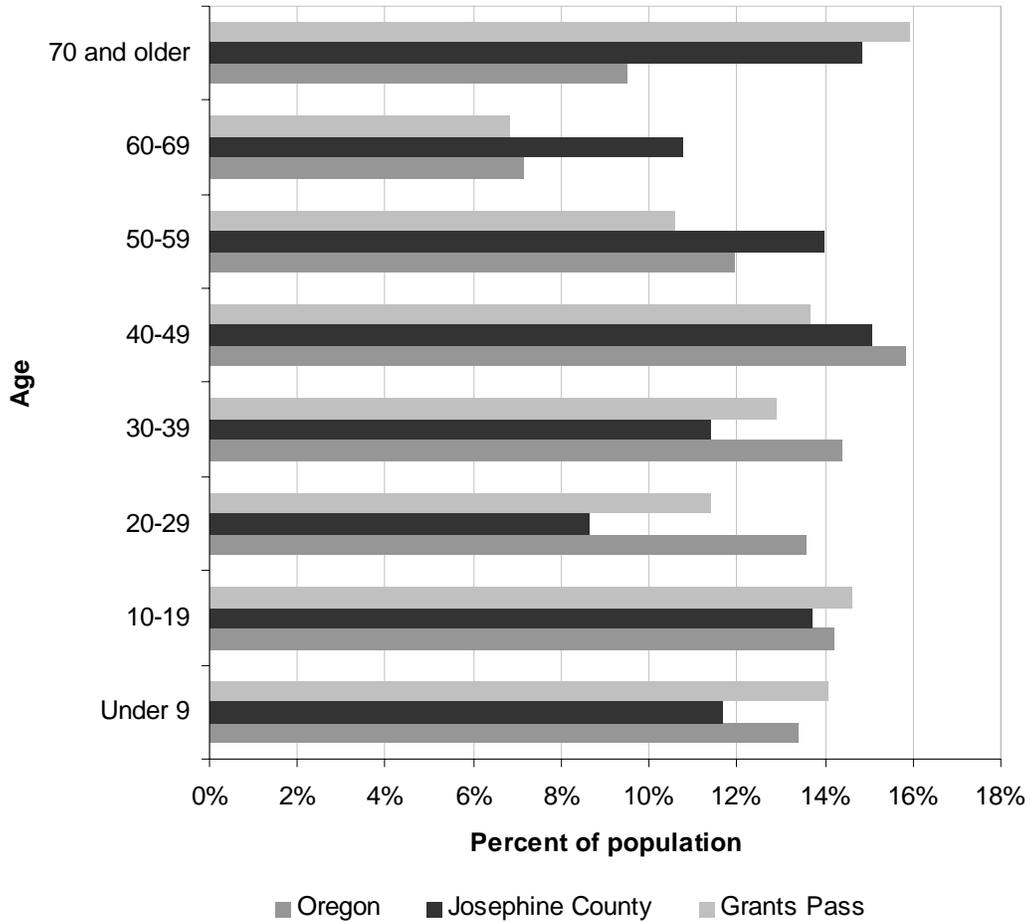
Area	Population				Change 1980 to 2006		
	1980	1990	2000	2006	Number	Percent	AAGR
U.S.	226,545,805	248,709,873	281,421,906	299,398,484	69,864,599	31%	1.08%
Oregon	2,639,915	2,842,321	3,421,399	3,690,505	988,785	37%	1.28%
Southern Oregon	285,059	303,685	357,394	383,555	98,496	35%	1.19%
Josephine County	58,855	62,649	75,726	81,125	22,270	38%	1.29%
Grants Pass	15,032	17,488	23,003	30,930	15,898	106%	2.93%

Source: U.S. Census, the Population Research Center at Portland State University.

Notes: Douglas, Jackson and Josephine Counties represent the Southern Oregon region.

Figure 8.20.2 shows the age distribution of Grants Pass compared with Oregon and Josephine County in 2000. Grants Pass and Josephine County had a smaller share of population aged 20 to 59 than the state average. Grants Pass had a larger share of residents aged 20 to 39 years than the County average. Grants Pass had a larger share of residents under 19 years and 70 years and older than Josephine County or Oregon. These trends suggest that Grants Pass attracted retirees and families with children.

**FIGURE 8.20.2
AGE DISTRIBUTION,
Oregon, Josephine County, and Grants Pass, 2000**



Source: U.S. Census, 2000

During the 1990's Grants Pass experienced changes in the age structure of its residents. Table 8.20.3 shows population by age for Grants Pass for 1990 and 2000. Grants Pass grew by more than 5,500 people during the ten year period. While Grants Pass experienced an increase in population for every age group, the fastest growing groups were 45 to 64 years and 5 to 17 years. The slowest growing group was 65 years and older.

**TABLE 8.20.3
POPULATION BY AGE,
Grants Pass, 1990 and 2000**

Age Group	1990		2000		Change		
	Number	Percent	Number	Percent	Number	Percent	Share
Under 5	1,257	7%	1,613	7%	356	28%	0%
5-17	3,087	18%	4,377	19%	1,290	42%	1%
18-24	1,406	8%	1,872	8%	466	33%	0%
25-44	4,902	28%	5,917	26%	1,015	21%	-2%
45-64	2,995	17%	4,760	21%	1,765	59%	4%
65 and over	3,841	22%	4,464	19%	623	16%	-3%
Total	17,488	100%	23,003	100%	5,515	32%	0%

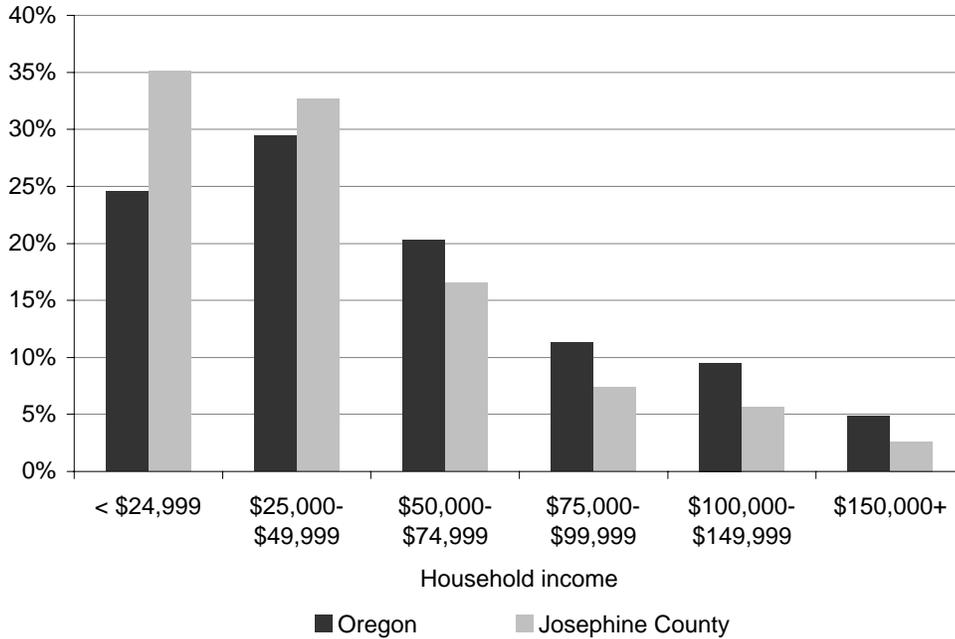
Source: U.S. Census, 1990 and 2000

Personal income

According to Census data the median household income in Grants Pass in 1999 was approximately \$29,197, which was lower than Josephine County's median household income of \$31,229 and Oregon's median household income of \$40,916. Median household income in Grants Pass was about 71% of the state average.

Figure 8.23.3 shows the distribution of household income of Oregon and Josephine County in 2005. Figure 8.23.3 shows that household income has generally remained higher for Oregon than Josephine County. A larger percentage of households in Josephine County had income of less than \$25,000 than in Oregon, 34% of households in Josephine County compared to 28% in Oregon.

**FIGURE 8.20.3
DISTRIBUTION OF HOUSEHOLD INCOME
Oregon and Josephine County, 2005**



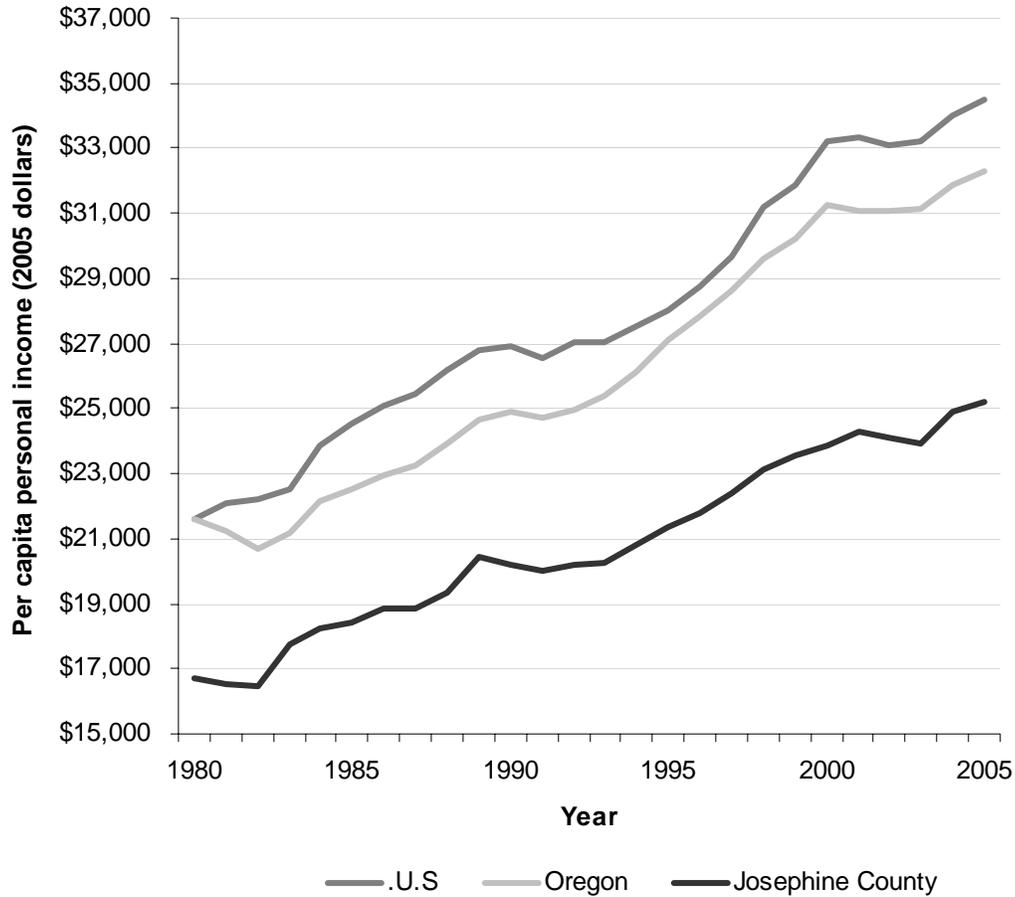
Source: U.S. Census Bureau, 2005 American Community Survey

Figure 8.20.4 shows the change in per capita personal income for the U.S., Oregon, and Josephine County between 1980 and 2005 (in constant 2005 dollars). In 2005, Josephine County’s per capital personal income was about \$25,200, compared with the State average of about \$32,290 and national average of \$34,470.

Oregon’s per capita personal income was consistently lower than the U.S. average between 1980 and 2005. While the gap between the Oregon and US average narrowed in the mid-1990s, it widened again starting in the late 1990s through 2003.

Josephine County’s personal income over the 25-year period has been consistently lower than personal income in Oregon’s or the U.S. In 2005, per capita personal income in Josephine County was approximately 78% of Oregon’s per capita personal income and 71% of the U.S. per capita income. The gap between per capita income in Josephine County compared to the national average has widened since the late-1990s. During the 25-year period, Josephine County’s per capita personal income grew by 51%, while personal income grew by 49% in Oregon and 59% nationally during the same period.

FIGURE 8.20.4
PER CAPITA PERSONAL INCOME
U.S., Oregon, and Josephine County, 1980-2005, (\$2005)

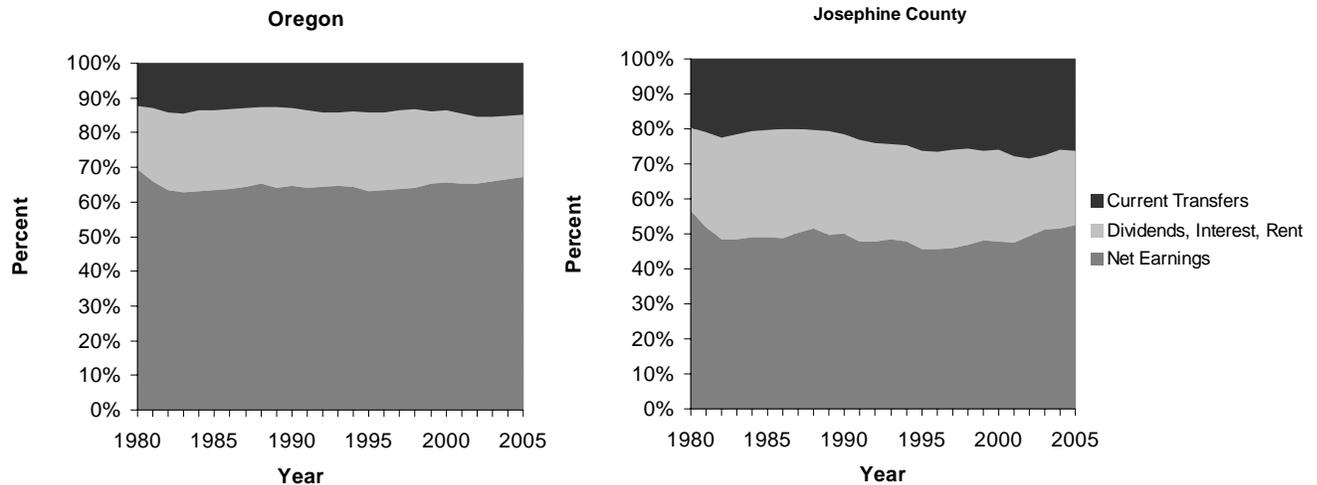


Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce

Figure 8.20.5 shows the major sources of per capita personal income for Oregon and Josephine County between 1980 and 2005. The source of personal income was more variable in Josephine County than the state average. Josephine County consistently had a smaller share of personal income from net earnings than the State average, approximately 49% compared with the State average of 65% for the twenty-five year period.

Since 2000 the share of personal income from current transfers in Josephine County averaged about 27% of personal income, compared with the State average of 15%. During the same period, the average share of personal income from dividends, interest, and rent was 23%, compared with the State average of 19%. The people most likely to have personal income from these sources are retirees, which shows that retirees have been migrating to Josephine County.

FIGURE 8.20.5
SHARE OF TOTAL PERSONAL INCOME BY MAJOR SOURCE
Oregon, and Josephine County, 1980-2005



Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce

Employment

Tables 8.20.4 through 8.20.6 present data from the Oregon Employment Department that show changes in sectors and industries in Josephine County between 1980 and 2005. The changes in sectors and industries shown in two tables: (1) between 1980 and 2000 and (2) between 2001 and 2005. The analysis is divided in this way because of changes in industry and sector classification that made it difficult to compare information about employment collected after 2001 with information collected prior to 2000.

Until 2001, industries were classified under the Standard Industrial Classification (SIC) system, which grouped industries according to their primary activity. Although the SIC classification structure was updated periodically to include new industries, SIC's structure was essentially unchanged since its development in the 1930's. Employment data in this section is summarized by *sector*, each of which includes several individual *industries*. For example, the Retail Trade sector includes General Merchandise Stores, Motor Vehicle and Parts Dealers, Food and Beverage Stores, and other retail industries.

Tables 8.20.4 and 8.20.5 present data from the Oregon Employment Department that shows changes in covered employment²⁰ for Josephine County between 1980 and 2005. Table 8.20.4 shows the changes in covered employment by sector in Josephine County between 1980 and 2000. Total employment in the County grew from 15,111 to 22,370, adding 7,259 jobs. Every sector added jobs during this period, except for Manufacturing and Nonclassifiable jobs. The

²⁰ Covered employment refers to jobs covered by unemployment insurance, which includes most wage and salary jobs but does not include sole proprietors, seasonal farm workers, and other classes of employees.

sectors with the greatest change in employment were Services and Retail Trade, adding a total of 4,815 jobs. The sector that decreased the most was Manufacturing, which lost 146 jobs, although that only accounted for 4% of total employment in Manufacturing.

**TABLE 8.20.4
COVERED EMPLOYMENT
Josephine County, 1980-2000**

Sector	1980	1990	2000	Change from 1980 to 2000			
				Difference	Percent	AAGR	Share
Agriculture, Forestry and Fishing	167	316	564	397	238%	5.0%	2%
Mining	55	76	86	31	56%	1.8%	0%
Construction	583	533	964	381	65%	2.0%	2%
Manufacturing	3,608	3,952	3,462	-146	-4%	-0.2%	-12%
Trans., Comm., and Utilities	568	600	724	156	27%	1.0%	1%
Wholesale Trade	293	474	736	443	151%	3.8%	1%
Retail Trade	3,391	4,397	5,061	1,670	49%	1.6%	2%
Finance, Insurance and Real Estate	566	662	868	302	53%	1.7%	0%
Services	2,565	3,908	5,710	3,145	123%	3.3%	8%
Nonclassifiable/all others	27	15	25	-2	-7%	-0.3%	0%
Government	3,288	3,193	4,171	883	27%	1.0%	-2%
Total	15,111	18,125	22,370	7,259	48%	1.6%	

Source: Oregon Employment Department, Oregon Labor Market Information System, Covered Employment & Wages.
Summary by industry and percentages calculated by ECONorthwest

Note: The number of employees in all sectors does not sum to the "Total Covered Employment" because of disclosure issues.

Table 8.20.5 shows the change in covered employment by sector for Josephine County between 2001 and 2005. Employment increased by 2,261 jobs or 10% during this period. The sectors with the largest increases in numbers of employees were Construction and Health and Social Assistance. Sectors that lost the greatest number of employees during this period were Government and Information.

**TABLE 8.20.5
COVERED EMPLOYMENT
Josephine County, 2001-2005**

Sector	2001	2005	Change from 2001 to 2005			
			Difference	Percent	AAGR	Share
Agriculture, Forestry, Fishing & Hunting	501	497	(4)	-1%	-0.2%	0%
Mining	80	53	(27)	-34%	-9.8%	0%
Construction	918	1,736	818	89%	17.3%	3%
Manufacturing	2,901	3,291	390	13%	3.2%	0%
Wholesale	630	930	300	48%	10.2%	1%
Retail	3,508	3,877	369	11%	2.5%	0%
Transportation, Warehousing, & Utilities	495	440	(55)	-11%	-2.9%	0%
Information	415	345	(70)	-17%	-4.5%	0%
Finance & Insurance	634	765	131	21%	4.8%	0%
Real Estate Rental & Leasing	335	376	41	12%	2.9%	0%
Professional, Scientific & Technical Services	445	522	77	17%	4.1%	0%
Management of Companies	111	141	30	27%	6.2%	0%
Admin. Support & Cleaning Services	777	957	180	23%	5.3%	0%
Private Education	184	162	(22)	-12%	-3.1%	0%
Health & Social Assistance	3,017	3,535	518	17%	4.0%	1%
Arts, Entertainment & Recreation	242	244	2	1%	0.2%	0%
Accommodations & Food Services	2,084	2,333	249	12%	2.9%	0%
Other Services (except Public Admin.)	979	986	7	1%	0.2%	0%
Government	4,173	3,500	(673)	-16%	-4.3%	-4%
Total Covered Employment	22,433	24,694	2,261	10%	2.4%	

Source: Oregon Employment Department, Oregon Labor Market Information System, Covered Employment & Wages.

Summary by industry and percentages calculated by ECONorthwest

Note: The number of employees in all sectors does not sum to the "Total Covered Employment" because of disclosure issues.

Table 8.20.6 shows covered employment by sector and industry within the Grants Pass Urban Growth Boundary (UGB) for 2005. The data in Table 8.20.6 is based on confidential records for individual employers provided to the Oregon Employment Department.²¹ Table 8.20.6 does not report employment in sectors where there were fewer than three firms or where one firm accounts for greater than 80% of employment in order to maintain the confidentiality of individual employers.

Table 8.20.6 shows that Grants Pass had 1,580 establishments with 18,765 covered workers. Employment in Grants Pass accounts for 76% of all employment in Josephine County in 2005. The sectors with the greatest percentage of employment in 2005 were Retail Trade (18%), Health Care and Social Assistance (18%), Manufacturing (11%), Government (11%), and Accommodation and Food Services (11%). Together these sectors accounted for 12,865 jobs or 69% of employment in Grants Pass.

²¹ The covered employment data presented in table 8.20.6 may contain information about employers not located in Grants Pass or may not cover all employers with covered employees in Grants Pass. The reason for these discrepancies is the way that the location for employers is tracked by the Oregon Department of Employment. Many of these problems have been fixed over the last several years but some inconsistencies may still exist.

The average pay for covered employees in 2005 was \$28,269. The sectors with greatest share of employment and above average pay were Government (\$39,238), Health Care and Social Assistance (\$33,429), Construction (\$30,680), and Manufacturing (\$30,117). The other sectors with a large share of employment had below average pay per employee, including Retail Trade (\$23,999) and Accommodation and Food Services (\$12,739).

Map 8.20.1 shows the location of employers in and around Grants Pass in 2005 based on data from the Quarterly Census of Employment and Wages.

TABLE 8.20.6
COVERED EMPLOYMENT BY SECTOR AND INDUSTRY
Grants Pass UGB by sector and industry, 2005

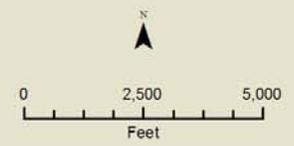
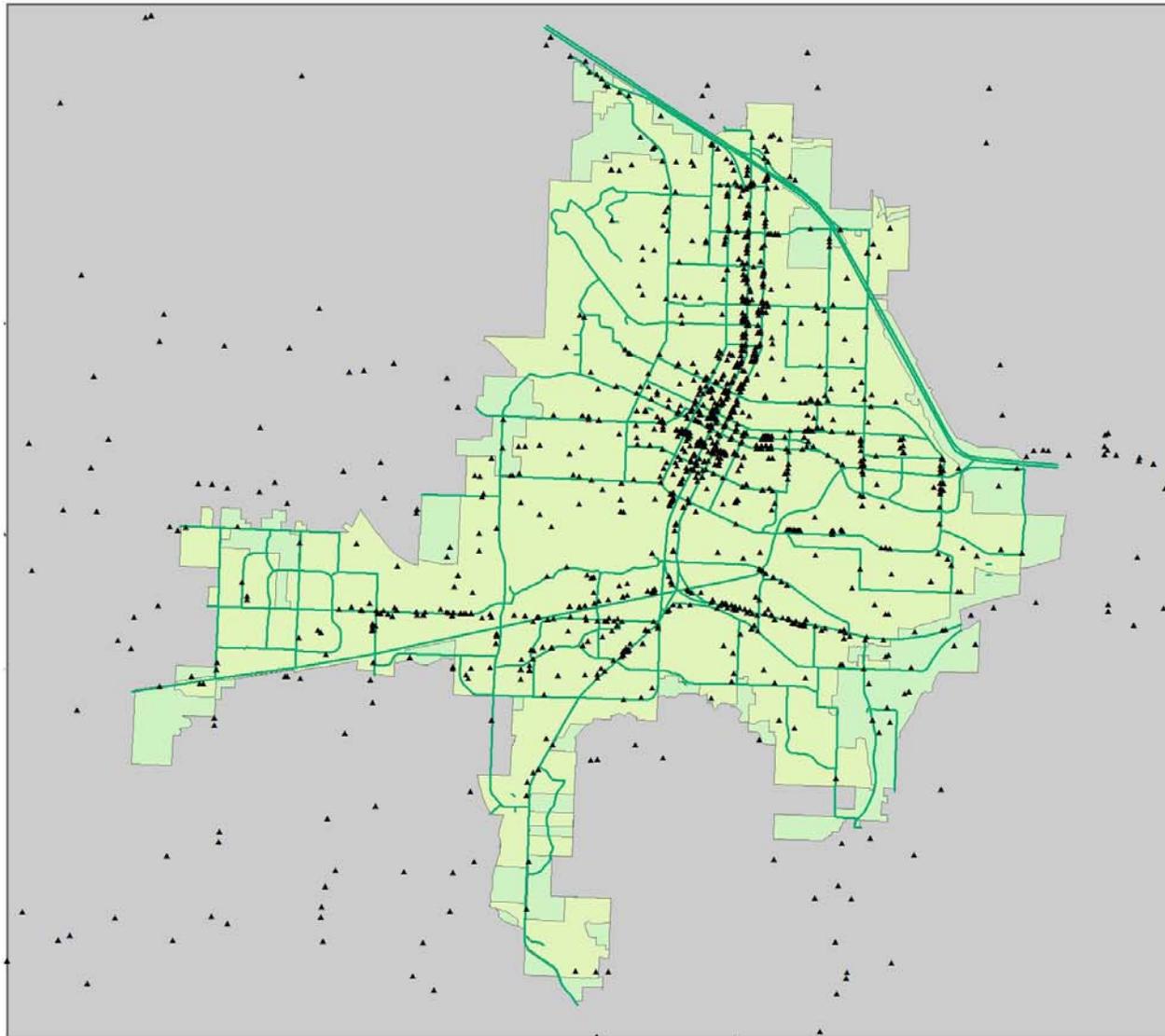
Sector/Industry	Est.	Emp.	Payroll	Average Pay/Emp.
Agriculture, Forestry, Fishing, Hunting, & Mining	12	95	\$3,141,167	\$33,065
Construction	167	1,022	\$32,376,946	\$31,680
Specialty Trade Contractors	102	545	\$16,129,958	\$29,596
Construction of Buildings	59	351	\$9,812,619	\$27,956
Heavy and Civil Engineering Construction	6	126	\$6,434,369	\$51,066
Manufacturing	72	2,125	\$63,997,574	\$30,117
Wood Product Manufacturing	6	567	\$18,027,344	\$31,794
Computer and Electronic Product Manufacturing	4	254	\$7,639,506	\$30,077
Nonmetallic Mineral Product Manufacturing	6	228	\$6,508,796	\$28,547
Fabricated Metal Product Manufacturing	15	114	\$3,937,186	\$34,537
Other manufacturing	41	962	\$27,884,742	\$28,986
Wholesale Trade	52	860	\$23,891,639	\$27,781
Retail Trade	245	3,303	\$79,267,598	\$23,999
General Merchandise Stores	9	876	\$18,960,143	\$21,644
Food and Beverage Stores	36	676	\$12,991,191	\$19,218
Motor Vehicle and Parts Dealers	35	528	\$19,498,159	\$36,928
Gasoline Stations	21	207	\$3,112,797	\$15,038
Building Material & Garden Equip. & Supplies	17	197	\$4,983,246	\$25,296
Health and Personal Care Stores	15	170	\$4,360,467	\$25,650
Furniture and Home Furnishings Stores	17	150	\$4,683,795	\$31,225
Other Retail Trade	95	499	\$10,677,800	\$21,398
Transportation, Warehousing, and Utilities	29	312	\$9,866,952	\$31,625
Information	29	324	\$11,902,546	\$36,736
Finance and Insurance	100	739	\$30,145,757	\$40,793
Real Estate and Rental and Leasing	69	298	\$6,967,379	\$23,380
Professional, Scientific, and Technical Services	100	403	\$11,245,138	\$27,904
Management of Companies and Enterprises	9	80	\$3,080,144	\$38,502
Administrative & Support & Waste Mgt. Srv.	64	721	\$18,962,583	\$26,300
Educational Services	10	85	\$1,382,410	\$16,264
Health Care and Social Assistance	204	3,325	\$111,151,021	\$33,429
Ambulatory Health Care Services	134	1,181	\$47,721,474	\$40,408
Other Health Care	34	1,783	\$56,612,394	\$31,751
Social Assistance	36	361	\$6,817,153	\$18,884
Arts, Entertainment, and Recreation	20	177	\$2,359,473	\$13,330
Accommodation and Food Services	144	1,995	\$25,413,554	\$12,739
Accommodation	18	263	\$3,817,580	\$14,516
Food Services and Drinking Places	126	1,732	\$21,595,974	\$12,469
Other Services (except Public Administration)	160	784	\$12,246,882	\$15,621
Government	94	2,117	\$83,066,093	\$39,238
Federal Government	6	238	\$12,245,139	\$51,450
State Government	10	292	\$10,561,125	\$36,168
Local Government	78	1,587	\$60,259,829	\$37,971
Total	1,580	18,765	\$530,464,856	\$28,269

Source: Confidential Quarterly Census of Employment and Workforce (QCEW) data provided by the Oregon Employment Department. Summary by sector and industry, percent of total employment, and average payroll per employee by ECONorthwest.

Map 8.20.1
Location of Employers
Grants Pass UGB
2005

Legend

- ▲ Employers
- Streets
- City Limits
- UGB



Cartography/GIS: ECONorthwest, 2007.

Employment activities occur throughout the City, as shown in Map 8.20.1. Some employment activity occurs in residential plan designations. Table 8.20.7 shows the location of covered employment within the Grants Pass UGB by plan designation. About 28% of covered employment is located in residential plan designations, with employment spread nearly evenly among all residential plan designations.

TABLE 8.20.7
LOCATION OF COVERED EMPLOYMENT BY PLAN DESIGNATION
Grants Pass UGB by sector and industry, 2005

Plan Designation	Name	Covered Employment	Percent of Employment
Employment Designations			
BP	Business Park	2,183	13.2%
CBD	Central Business District	1,418	8.6%
GC	General Commercial	9,314	56.2%
I	Industrial	905	5.5%
IP	Industrial Park	205	1.2%
NC	Neighborhood Commercial	79	0.5%
RTC	Riverfront Tourist Commercial	6	0.0%
Subtotal		11,927	71.9%
Residential Designations			
LR	Low Density Residential	1,391	8.4%
MR	Moderate Density Residential	1,251	7.5%
HR	High Density Residential	940	5.7%
HRR	High Rise Residential	1,037	6.3%
Subtotal		4,619	27.9%
ND	No Designation	36	0.2%
Total		16,582	100.0%

Source: Confidential Quarterly Census of Employment and Workforce (QCEW) data provided by the Oregon Employment Department. Summary by plan designation by ECONorthwest using Grants Pass GIS data.

Note: Areas with "No Designation" are records that GIS reported as having no a plan designation because they were at the edge of a boundary or designation.

It is likely that not all of the employees working in residential plan designations work from home. The types of employment typically located in residential plan designations include schools, home-based businesses, telecommuters, small retail establishments like convenience stores, and other services such as churches or fraternal organizations. About 20% of the 4,619 jobs (about 920 jobs) located in residential designations are from public employers, such as city and county offices or the school districts. It should be noted that the summary of employment in 8.20.7 does not include uncovered workers, most importantly sole proprietors, who may also locate in residential areas.

The R-4 zone in the HRR plan designation also allows professional office use, and there is substantial office development in the R-4 zones, especially in the vicinity of city and county

offices, along 'A' Street, near the old hospital at 'A' Street and Highland, and south of Ramsey Avenue near the new hospital.

Census data give some indication of the amount of home-based employment in Grants Pass. According to the 2000 Census, about 4.2% (370) of residents of Grants Pass worked from home, compared with 6.8% of Josephine County and 5% of Oregon's workforce. In 2006, Census data indicated that the share of Oregonians working from home increased to 6%. If Grants Pass has followed State trends, then a larger share of people in Grants Pass may work from home. It is difficult to quantify the effect of this trend but it may have an impact on commercial land demand in Grants Pass during the planning period.

The analysis presented in Tables 8.20.4 through 8.20.6 show that the Services, Retail Trade, and Government sectors account for about two-thirds of employment growth in Josephine County since 1980, accounting for about 6,500 new jobs. Manufacturing continues to be an important source of employment in Josephine County, accounting for about 13% of employment in 2005. The Manufacturing industries with the greatest employment in Josephine County in 2005 included wood products manufacturing and plastics and rubber products manufacturing. The types of industries with the greatest share of employment in Grants Pass in 2005 were similar to the County: Retail Trade, Manufacturing, Government, and Services, such as Health Care and Social Assistance and Accommodations and Food Services.

Business activity

The Goal 9 administrative rule (OAR 660-009-0015(2)) suggests that local governments take into consideration expansion plans of major employers when determining the site requirements of major employers.

Eleven major employers in Grants Pass were interviewed about their expansion plans for the next twenty years, including their plans for adding employees, plans for expanding their facilities, whether they would need to purchase land for expansion, whether they have plans to move their facilities outside of Grants Pass, and whether there are infrastructure deficiencies that affect their ability to continue operations in Grants Pass. Table 8.20.8 summarizes the results of our interviews.

**TABLE 8.20.8
FACILITY AND EMPLOYEE EXPANSION PLANS FOR MAJOR EMPLOYERS,
Grants Pass, 2007**

Firm name	Plans to add jobs?	Plans to expand facilities?	Plans to purchase land for expansion?
Electronic Sub Assembly Manufacturing (ESAM)	Yes	Yes	No
Fire Mountain Gems Inc.	Yes	No	No
Grants Pass	Yes	Yes--long term	Yes--long term
Grants Pass High School	No	No	No
Hire Calling Staffing Solutions	Yes	Lease	New lease
Master Brand Cabinets	Maintain level	No	No
Royale Gardens Health & Rehabilitation Center	No	No	No
Three Rivers Community Hospital	Yes	Yes	No
Wal-Mart Supercenter Store #1834	Maintain level	No	No

Source: Interviews conducted by ECONorthwest.

Notes: On three or more occasions, ECONorthwest attempted to make contact with Diversified Collections and Rogue Valley Sash and Door to determine their future businesses expansion plans.

Four of the major employers plan to expand their workforce and three plan to expand their facilities. Four firms have no plans to add employees other than to maintain current staffing levels or expand their facilities. Only one employer, the City of Grants Pass, indicated that they may need to purchase land for a long-term expansion.

The following is a list of the major employers interviewed, and their responses regarding firm expansion plans.

- **Three Rivers Community Hospital (747+ employees):** Three Rivers Community Hospital will be hiring physical therapists and registered nurses as fast as they can find qualified applicants. The various campuses on which Three Rivers operates have different expansion plans. In the next 5-8 years, Three Rivers plans to relocate the services on the Washington Street campus to the new campus. In addition, Three Rivers plans to expand the emergency department at the new campus, which will require moving parking onto additional land adjacent to the current parking facilities and using some of the existing parking facilities for the expansion. They plan to purchase no new land for the expansion.
- **Master Brand Cabinets (600+ employees):** Master Brand expanded 3 years ago and has no plans for additional expansion and no land upon which it could expand. If necessary, the plant would create a third shift to use existing space, which would require hiring 150 new employees, but Master Brand does not foresee this occurring in the short-term. Master Brand will continue hiring to replace turnover as necessary.
- **Fire Mountain Gems Inc. (490+ employees):** Fire Mountain Gems will be looking to add 10-20 technical staff positions over the next three to five years. Fire Mountain Gems

recently constructed a new 68,400-square foot warehouse, which will provide manufacturing space for a projected 20 years. If additional built space is needed, Fire Mountain Gems has approximately two thirds of its 17-acre site to expand onto.²²

- **Wal-Mart (500+ employees):** The Wal-Mart store in Grants Pass already has made the transition from a standard store to a super center with grocery component, and therefore foresees no expansion or major hiring plans. The store will continue to maintain the current level of employees and hire as needed in response to turnover.
- **Electronic Sub Assembly Manufacturing (ESAM) (200+ employees):** Over the next five years ESAM plans to increase its employment by 50%, or hire an additional 100 semi-skilled employees over the next five years. Over the next three years ESAM plans to add 50,000 square feet of built space to their existing 47,000 square feet. At the time of this interview, ESAM was in escrow for purchasing a large property adjacent to its existing facility that would accommodate the proposed 50,000 square foot facility.²³
- **Royale Gardens Health & Rehabilitation Center (190+ employees):** Royale Gardens Health & Rehabilitation Center is stable at its current size and will not expand its employment or built space in the near future. The presence of Three Rivers Community Hospital within Grants Pass provides Royale Gardens Health & Rehabilitation Center with local clientele.²⁴
- **City of Grants Pass. (190+ employees):** The City of Grants Pass has outgrown its current site and will be searching for a site upon which to construct a new campus in the next 7-12 years. The City owns no suitable property for the new campus, estimated to require at least 6 acres. The City plans to add employees as necessary.
- **Grants Pass High School (185 employees):** Grants Pass High School has no current plans to expand employment or built space. School District representatives noted that the District's employment and built space needs are reactive to growth. Grants Pass High School has two acres adjacent to its current facilities to accommodate future built space needs if these needs should arise.²⁵

²² Personal communication with Nicky Wilhelm, Fire Mountain Gems, CFO, 4/12/07

²³ Personal communication with Dave Mytheney, Electronic Sub Assembly Manufacturing, Vice President, 4/13/07. ESAM notes their location in the Spalding industrial park, the current tax situation, and their good relationship with the City as the comparative advantages that have allowed them to thrive in Grants Pass in the face of overseas cost pressures.

²⁴ Personal communication with Randy Nations, Royale Gardens Health & Rehabilitation Center, Owner, 4/11/07

²⁵ Personal communication with Sherry Ely, Grants Pass School District, Business Office Supervisor, 4/11/07

- **Hire Calling Staffing Solutions (2.5 permanent employees, 100+ contract employees):** Hire Calling will be adding 1-2 permanent positions in the next year. They may relocate but will continue to lease space.

The Oregon Labor Market Information System (OLMIS) web site provided additional information about employment activity in Grants Pass.²⁶ Recent or upcoming changes in employment in Grants Pass include the following.

- **Retail firms:** Over 2006 and into 2007 retail was the most active business type entering and exiting the Grants Pass market. Businesses opening in 2006 included: Joleen's Touch at Body Dynamics, Book Boutique, Arabesque Dancewear, Fourth Street Beauty Co., Aaron's Sales and Lease Ownership, Valley Wine Cellar and Havoc, EBS Urban Boutique, and Monster's Workwear. Businesses opening in the first quarter of 2007 included: HeartSong, Fahrenheit Fashion Boutique, Alterations and Tailoring by Delia, and Avalon Tile. Marilyn's and the Redwood Select Market closed in April and December of 2006 respectively.
- **Food Services:** Businesses opening in 2006 and 2007 included: Denise's Family Restaurant, Ubaldi's Coffee, AJA, Muchas Gracias, Circle J Café, Tic-Toc Taco, Miranda Mae Café and Piano Bar, and Sonic Drive-In.
- **Professional Services:** Businesses opening in 2006 and 2007 included: Sterling Bookkeeping and Business Consulting, American General Financial Services, and Adventures in Computing. SOWAC Microenterprise Development Center closed in February of 2007.
- **Manufacturing:** Exceptional Metals, a division of Duro-Last Roofing, is adding a second manufacturing site in Grants Pass in June of 2007.

The 2005 Business Retention and Expansion Program Business Survey/ Visitation Summary Report²⁷ provided additional information about business activity in Grants Pass. The survey of business indicated the following trends:

- **Employment.** Of the 66 businesses surveyed, most anticipated adding new jobs in the next three years. These businesses projected adding a total of 931 jobs.
- **Facility expansion.** One third of business surveyed planned to add square footage in the next three years. Fifty nine percent expanded their facilities in the last 5 years, and 52% remodeled their facilities in the past 5 years.

²⁶ Oregon Employment Department, Oregon Labor Market Information System (OLMIS) Website: <http://www.qualityinfo.org/olmisj/PubReader?itemid=00000036>

²⁷ Mitchell, Charlie, *Grants Pass/ Josephine County Oregon Business Retention and Expansion Program 2005 BR&E Business Survey and Visitation Summary Report*, City of Grants Pass, 2005.

- **Relocation.** Thirty-seven percent of businesses surveyed relocated in the last 5 years, and 21% planned to relocate in the next 3 years.
- **Land.** Forty percent of businesses surveyed did not have sufficient land or building to accommodate necessary expansion.

8.24 Outlook for Growth in Grants Pass

Grants Pass is growing. The City grew at faster rate than Josephine County and Oregon, growing by 15,898 people at an annual average growth rate of 2.93% between 1980 to 2006. Over the same period, the County and State grew at an annual average growth rate of 1.29% and 1.28%, respectively.

According to the Josephine County’s adopted forecast, the County will grow from 76,050 people in 2000 to 113,167 people in 2027, an increase of 37,117 people at an average annual growth rate of 1.48%. By 2057, Josephine County projects that it will grow to about 160,084 residents at an average annual growth rate of 1.26%.

Table 8.20.9 presents the population forecast for the Grants Pass UGB for 2007 to 2057. Grants Pass is expected to have 57,888 residents by 2027 and 79,272 residents by 2057.

**TABLE 8.20.9
POPULATION FORECAST
Grants Pass UGB, 2007 to 2057**

Year	Population
2007	37,460
2027	57,888
2057	79,275
Change 2007 to 2027	
Number	20,428
Percent	55%
AAGR	2.20%
Change 2007 to 2057	
Number	41,815
Percent	112%
AAGR	1.51%

Source: ECONorthwest.

Table 8.20.10 shows the Oregon Employment Department’s forecast for employment by industry between 2004 and 2014 for Oregon and Region 8, which includes Jackson and Josephine Counties. The Oregon Employment Department is forecasting 19,820 new jobs in Region 8 over the ten-year period, an increase of nearly 20%. The State forecast for growth in Jackson and Josephine County is for an average annual growth rate of 1.8%, compared to the State average of 1.4%.

The sectors that are expected to lead employment growth in Jackson and Josephine Counties are: Retail Trade, Health Care and Social Assistance, Professional and Business Services, and

Accommodation and Food Services. Together, these sectors are expected to add 12,820 new jobs, or 65% of the employment growth in Region 8 between 2004 and 2014.

**TABLE 8.20.10
NONFARM EMPLOYMENT FORECAST BY SECTOR AND INDUSTRY
Region 8 Jackson and Josephine Counties, 2004-2014**

Sector/ Industry	Jackson and Josephine Counties			
	2004	2014	Growth	% Growth
Natural Resources & Mining	970	990	20	2.1%
Construction	5,940	7,270	1,330	22.4%
Manufacturing	10,010	10,870	860	8.6%
Durable Goods	7,640	8,160	520	6.8%
Wood Product Manufacturing	3,030	2,940	-90	-3.0%
Transportation, & Utilities	3,080	3,660	580	18.8%
Wholesale Trade	3,130	3,590	460	14.7%
Retail Trade	17,010	20,270	3,260	19.2%
Information	2,170	2,570	400	18.4%
Leisure & Hospitality	11,410	14,030	2,620	23.0%
Accommodation & Food Services	9,730	12,120	2,390	24.6%
Financial Activities	5,480	6,340	860	15.7%
Professional & Business Services	9,100	11,740	2,640	29.0%
Education	690	920	230	33.3%
Health Care & Social Assistance	13,870	18,400	4,530	32.7%
Other Services	3,650	4,190	540	14.8%
Government	15,110	16,600	1,490	9.9%
Federal Government	2,040	2,050	10	0.5%
State Government	2,780	3,010	230	8.3%
State Education	1,480	1,580	100	6.8%
Local Government	10,290	11,540	1,250	12.1%
Local Education	6,030	6,650	620	10.3%
Total Nonfarm Payroll Employment	101,620	121,440	19,820	19.5%

Source: Oregon Employment Department. Employment Projections by Industry 2004-2014. Projections summarized by ECONorthwest.

8.30 FACTORS AFFECTING FUTURE ECONOMIC GROWTH IN GRANTS PASS

Economic development opportunities in Grants Pass will be affected by local conditions as well as the national and regional economic conditions that were addressed in the beginning of this chapter. Factors affecting future economic development in Grants Pass include its location, labor force, housing, public services, and transportation. Grants Pass shares the general characteristics and advantages of the Rogue Valley, Oregon, and the Pacific Northwest as a whole, such as a high quality of life, proximity to I-5 and the recreational amenities of the Rogue Valley, Siskiyou Mountains, Cascade Mountains, and access to the California and Oregon Coasts. Moreover, Grants Pass is, and will continue to be, a regional employment center. Economic conditions in Grants Pass relative to conditions in Southern Oregon form Grants Pass' comparative advantage for economic development, which has implications for the types of firms most likely to locate and expand in Grants Pass.

This section begins with a description of comparative advantage and why it is relevant for this Economic Opportunity Analysis. The section then reviews local factors affecting economic development in Grants Pass and any advantages, opportunities, disadvantages, or constraints these factors may present. It ends with a discussion of the comparative advantages formed by the mix of factors present in Grants Pass and the implications for the types of firms most likely to locate in Grants Pass.

There is little that Grants Pass can do to influence national and regional conditions that affect economic development. Grants Pass, however, can influence local factors that affect economic development.

8.31 What is comparative advantage?

Each economic region has different combinations of productive factors: land (and natural resources), labor (including technological expertise), and capital (investments in infrastructure, technology, and public services). While all areas have these factors to some degree, the mix and condition of these factors vary. The mix and condition of productive factors may allow firms in a region to produce goods and services more cheaply, or to generate more revenue, than firms in other regions.

By affecting the cost of production and marketing, comparative advantages affect the pattern of economic development in a region relative to other regions. Goal 9 and OAR 660-009-0015(4) recognizes this by requiring plans to include an analysis of the relative supply and cost of factors of production. An analysis of comparative advantage depends on the geographic areas being compared. Economic conditions in Grants Pass will be largely shaped by national and regional economic conditions affecting Southern Oregon. This section focuses on the comparative advantages of Grants Pass relative to Southern Oregon, as well as Josephine County. The implications of these individual factors for Grants Pass overall comparative advantage are discussed at the end of this section.

8.32 Location

Grants Pass' location will substantially influence its future development. Grants Pass is located on Interstate 5 and Highways 99 and 199 and a railroad line in Southern Oregon, near the California border. It is located along the Rogue River in the Rogue Valley. Much of the City is surrounded by federally owned forestland and low-lying hills and mountains. Grants Pass' location has played a critical role in the City's growth and will continue to have implications for economic development within the City.

- **Transportation access.** Grants Pass' location provides opportunities for multiple forms of transportation. Interstate 5 passes through the City, providing access to the major West Coast north-south freight route. Grants Pass' easy access to I-5 provides businesses with access to markets in Northern California and the Willamette Valley. Grants Pass is located along State Highways 99 and 199. Highway 99 provides a secondary connection between Grants Pass and Medford. Highway 199 connects Grants Pass with Cave Junction and the northern California Coast. Further, the City is located along one railroad route and is located 30 miles from the Rogue Valley International Airport in Medford.

- **Proximity to the Bear Creek Valley.** Grants Pass has access to workers and markets of the major cities in Southern Oregon (known as the Bear Creek Valley). Grants Pass is located near Southern Oregon's largest cities, approximately 30 miles from Medford and 40 miles from Ashland. Grants Pass is also within close proximity to other cities within the Rogue Valley, including Gold Hill, Eagle Point, White City and Central Point. The City's proximity to these cities gives Grants Pass access to the labor force, employment opportunities, cultural amenities and markets of these cities. The proximity to these cities also provides workers in Grants Pass opportunities to live in an urban area other than Grants Pass.
- **Quality of life.** Grants Pass offers access to rural housing and recreational opportunities. Grants Pass maintains a small town atmosphere and access to a rural lifestyle, which provides housing and lifestyle options to workers in the Rogue Valley. Grants Pass' location within the Rogue Valley provides opportunities for outdoor recreation, including hiking, biking, rafting, fishing, and skiing. Grants Pass has urban amenities, such as shopping and cultural and recreational opportunities, like the Rogue Valley Symphony, art galleries, the Rogue Theater, and other cultural activities. The weather in Grants Pass is relatively mild in the summer and winter. This factor has helped the City attract many retirees from Oregon and California.

Grants Pass' location is a comparative advantage for economic development within the City because of its proximity to I-5 and Highway 99 provide easy automotive access. Although Grants Pass is growing rapidly, it still offers residents a small town lifestyle, with major employers and urban amenities within driving distance. However, Grants Pass' distance from larger urban areas, such as the Willamette Valley, may create disadvantages for economic development because some businesses may wish to be located in an area with more urban amenities. In addition, the hills near Grants Pass, an element of the City's natural beauty, make expansion of city services and development difficult in some areas.

8.33 Transportation

A number of transportation options are available in Grants Pass, including state and interstate highways, and the Central Oregon & Pacific Short Line Railroad. Grants Pass is located on Interstate 5 and Highways 99 and 199, which give the City access to domestic and international markets via West Coast ports. Interstate 5 gives Grants Pass a direct connection to Medford and California to the south and Eugene to the north.

According to the Oregon Department of Transportation, average daily traffic volumes on Interstate 5 just north and south of Grants Pass have increased between 1996 and 2005. Table 8.30.1 shows average daily traffic volumes on Interstate 5 between 1996 and 2005. Traffic volume is heaviest south of Grants Pass and near the Louse Creek Interchange north of Grants Pass. The area with the greatest increase in traffic volume (44%) was near the Redwood Highway Interchange.

The share of freight traffic is higher north of Grants Pass than south of Grants Pass. In 2005 18.6% of traffic at the Grave Creek Automatic Traffic Recorder north of Grants Pass was single

trailer trucks. About 14.4% of traffic 2 miles west of Gold Hill (not shown in Table 8.30.1) was single trailer trucks.

TABLE 8.30.1
AVERAGE DAILY TRAFFIC COUNTS ON INTERSTATE 5 NEAR GRANTS PASS
Interstate 5, 2005, 2000, and 1996

	Location and Mile Post (MP)	2005	2000	1996	Change 1996-2005	
					Number	Percent
North ↑	Grave Creek Automatic Traffic Recorder (MP 64.20)	22,300	20,400	17,700	4,600	26%
	Near Louse Creek Interchange (MP 61.05)	32,900	29,700	26,900	6,000	22%
	Near the Redwood Highway Interchange (MP 57.56)	29,100	23,400	20,200	8,900	44%
	Near the East Grants Pass Interchange (MP 55.38)	32,900	31,700	28,900	4,000	14%
South	Rogue River Bridge (MP 45.61)	34,600	32,500	28,400	6,200	22%

Source: Oregon Department of Transportation, 2007

One rail line runs through Grants Pass: the Central Oregon & Pacific Railroad (CORP), Oregon’s second largest short line railroad. The main north-south line runs from Eugene in the north, through Grants Pass and connects with Medford and Ashland in the south before heading into California. Very little of the freight on this line originates in Grants Pass.²⁸ Passenger rail service is not available in Grants Pass.

As Grants Pass grows, transportation capacity and connectivity could become a constraining factor on economic development. In addition, business survey respondents to the Grants Pass and Josephine County Business Retention and Expansion Survey indicated that the distance from markets is a disadvantage in doing business in Grants Pass.

8.34 Labor force

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. This section examines the availability of workers in Grants Pass.

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 the unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force.

The unemployment rate is one indicator of the relative number of workers who are actively seeking employment. Data from the Oregon Employment Department shows that unemployment in Josephine County was 6.7% in 2006, compared with 5.4% in Oregon. The unemployment rate

²⁸ Oregon Department of Transportation: Rail Division. “2001 Oregon Rail Plan.” Adopted by the Oregon Transportation Commission, November 8, 2001. Page 48.

in Josephine County through March 2007 increased to 8.0%, about 2.2% higher than the State average.

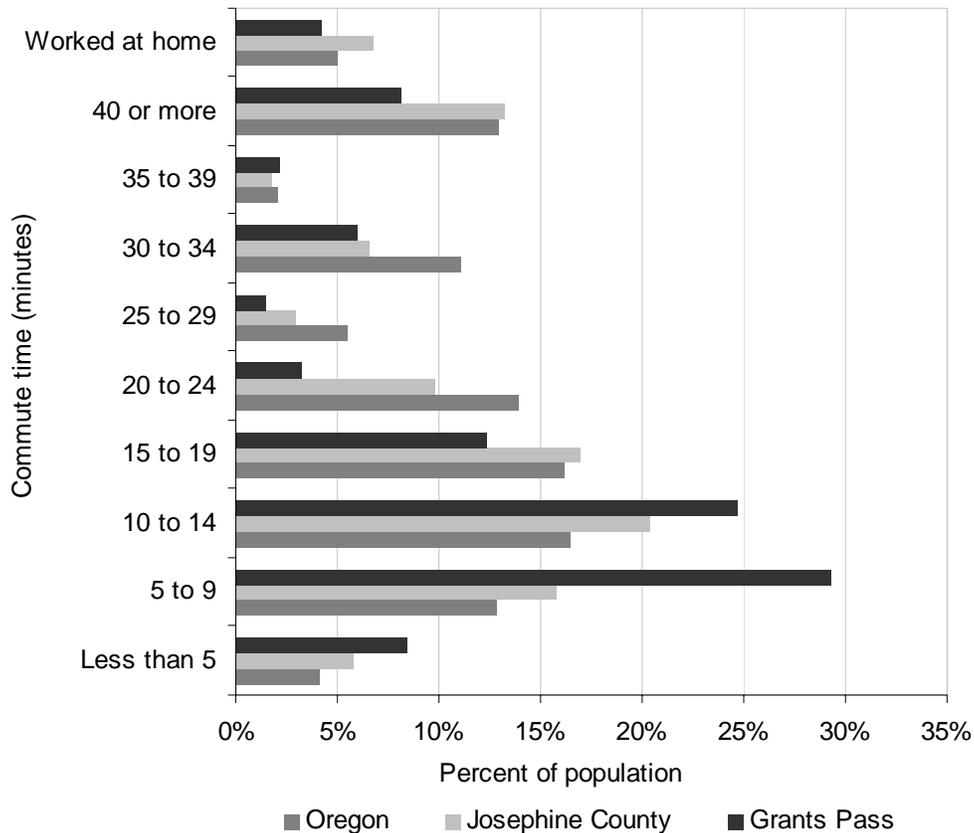
Labor force participation is an important consideration in the availability of labor. The labor force consists of people 16-years and older that are available for work. The labor force excludes the following groups of people: students, fully retired workers²⁹, institutionalized people, and other individuals. In 2000, about 55% of residents of Grants Pass were a part of the labor force, compared with 52% of Josephine County residents and 65% of Oregon residents. The most likely cause of the lower labor force participation in Grants Pass and Josephine County is the larger share of retirees compared to the State average.

Access to postsecondary education and workforce training can be an important consideration in the quality of the labor force. Residents in and around Grants Pass have access to higher education and workforce training through Rogue Community College (RCC) and Southern Oregon University in Ashland. RCC has campuses in Grants Pass, Medford, and White City. RCC offers two-year degrees, certificates, and workforce and short-term training in a variety of areas including sciences, business programs, medical specialties, and vocational skills like welding, truck driving, or computer systems.

Figure 8.30.1 shows a comparison of the commute time to work for residents 16 years and older for Oregon, Josephine County, and Grants Pass. Residents of Grants Pass generally spent less time commuting to work than residents of Josephine County or Oregon. Sixty-two percent of residents of Grants Pass spent less than 15 minutes commuting, compared with 42% Josephine County residents and 33% of Oregon residents.

²⁹ The labor force includes workers that retired but continue to be employed, either full or part-time.

**FIGURE 8.30.1
COMMUTING TIME TO WORK
Residents of Oregon, Josephine County and Grants Pass city limits, 2000**



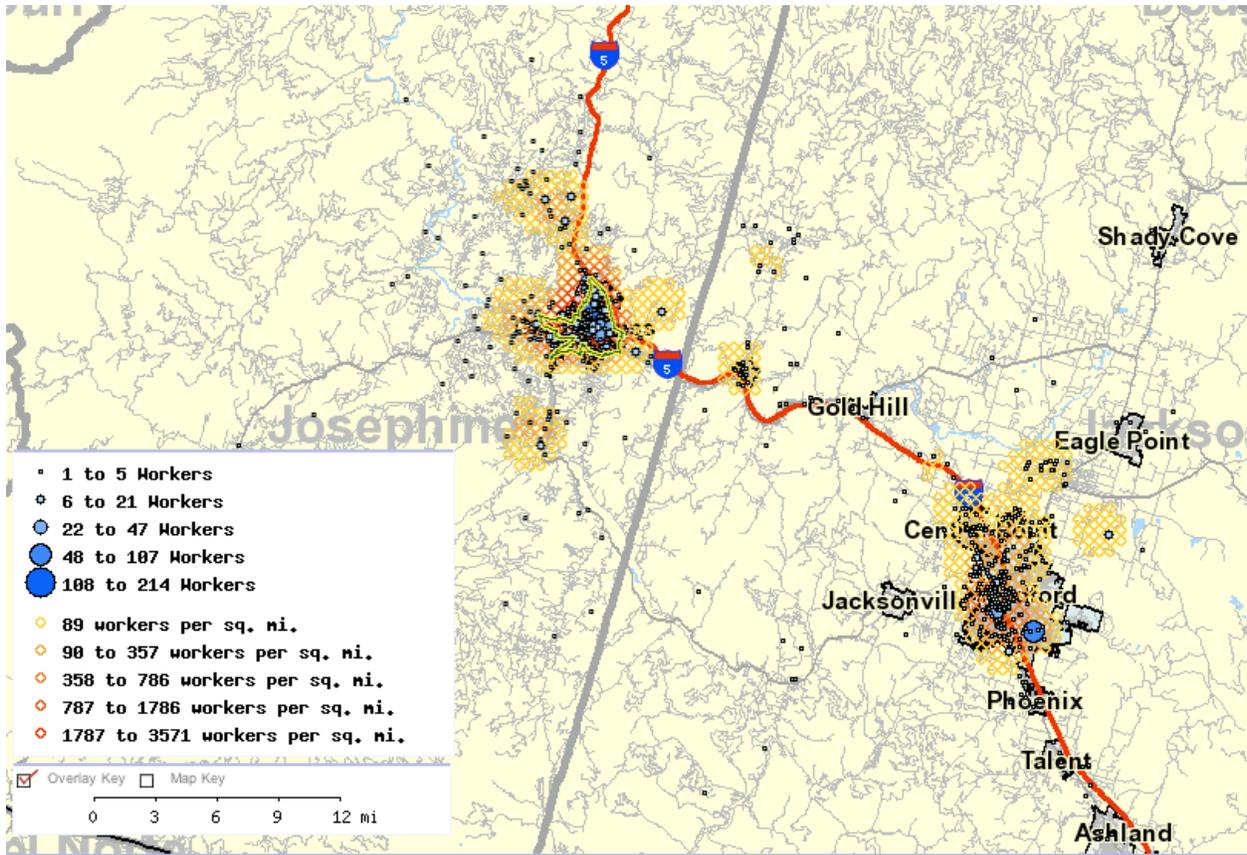
Source: U.S. Census Bureau, 2000 Census.

Figure 8.30.2 and Table 8.30.2 show where residents living within the city limits of Grants Pass worked in 2003.³⁰ Figure 8.30.2 and Table 8.30.2 show that nearly 63% of residents of Grants Pass worked in Josephine County, with slightly more than one-half working within the City and 10% working in unincorporated areas.³¹ About one-fifth of Grants Pass residents worked in Jackson County, with 14% commuting 30 miles to Medford.

³⁰ Information in Figures 8.30.2 and 8.30.3 and Tables 8.30.2 and 8.30.3 is for covered employment only, which generally excludes sole proprietors and self-employed workers. The information in this analysis does include telecommuters and home occupations with covered employees.

³¹ The information for unincorporated Josephine County includes people that commute from Cave Junction.

FIGURE 8.30.2
PLACES WHERE GRANTS PASS RESIDENTS WERE EMPLOYED
Grants Pass city limits, 2003



Source: US Census Bureau, LED Origin-Destination Database (2nd Quarter 2003)

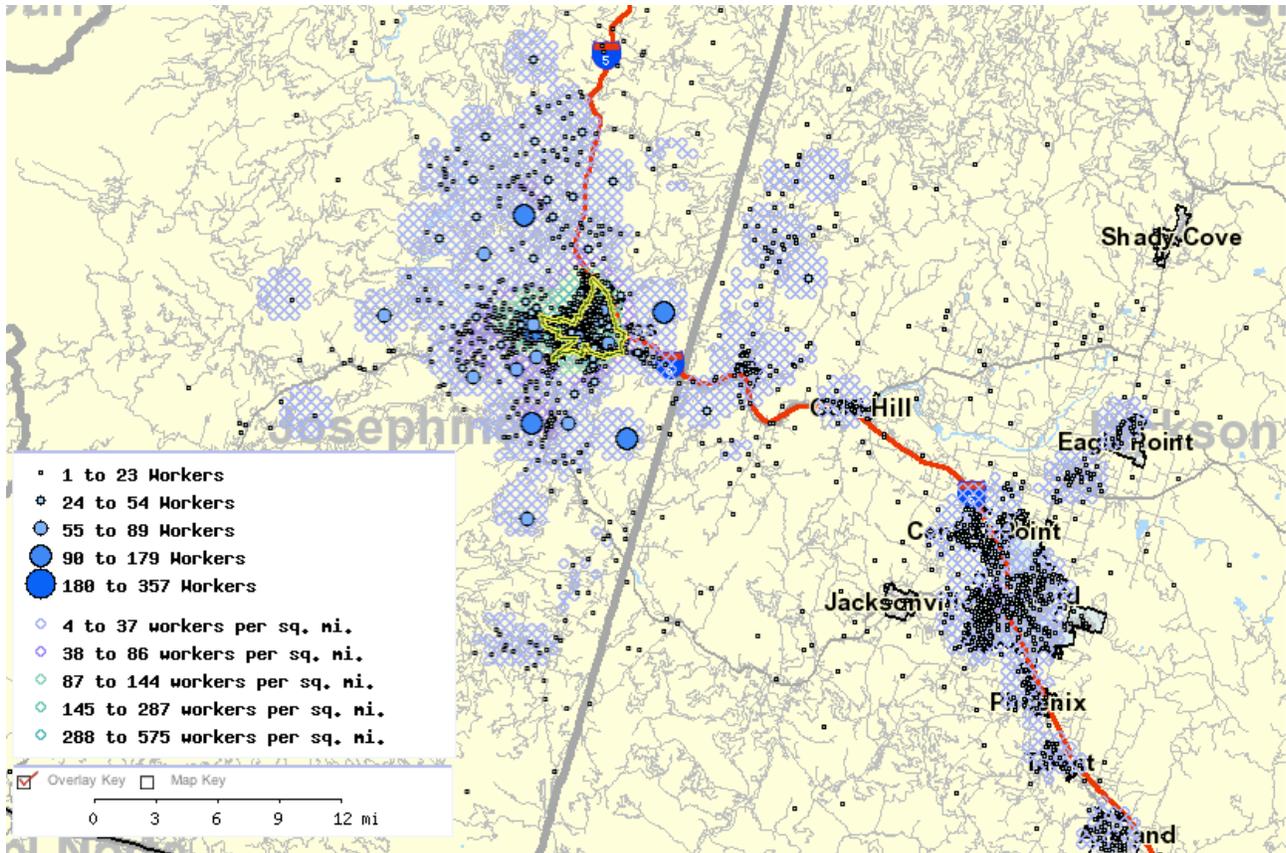
TABLE 8.30.2
PLACES WHERE GRANTS PASS
RESIDENTS WERE EMPLOYED
Grants Pass city limits, 2003

Location	Number	Percent
Josephine County	3,440	63%
Grants Pass	2,867	52%
Unincorporated	573	10%
Jackson County	1,112	20%
Medford	744	14%
All Other Locations	939	17%
Total	5,491	100%

Source: US Census Bureau, LED Origin-Destination Data Base (2nd Quarter 2003)

Figure 8.30.3 and Table 8.30.3 show where employees of firms located in Grants Pass lived in 2003. Seventy percent of workers in Grants Pass lived in Josephine County. Thirty-two percent of workers in Grants Pass lived in Grants Pass, while 38% commuted into the City from unincorporated areas.³² An additional 14% of workers lived in Jackson County, only 4% of whom lived in Medford.

FIGURE 8.30.3
PLACES WHERE GRANTS PASS WORKERS LIVED
Grants Pass city limits, 2003



Source: US Census Bureau, LED Origin-Destination Database (2nd Quarter 2003)

³² The information for unincorporated Josephine County includes people that commute from Cave Junction.

TABLE 8.30.3
PLACES WHERE GRANTS PASS WORKERS LIVED
Grants Pass city limits, 2003

Location	Number	Percent
Josephine County	8,281	70%
Grants Pass	3,830	32%
Unincorporated	4,451	38%
Jackson County	1,600	14%
Medford	519	4%
All Other Locations	1,928	16%
Total	11,809	100%

Source: US Census Bureau, LED Origin-Destination Data Base (2nd Quarter 2003)

The implication of the data presented in this section is that a majority of Grants Pass' workforce either live in Josephine or Jackson County, but do not reside in the City of Grants Pass. More than one-third of workers within Grants Pass city limits lived in Josephine County, near to Grants Pass, some within the Grants Pass UGB. This analysis shows that businesses in Grants Pass have access to the labor force in parts of Jackson County, including Medford, the largest regional economic center. Grants Pass is also a regional economic center, with a population to employment ratio of 1.2, below the State average of 2.2 persons per job.

Information from stakeholder interviews and the Grants Pass and Josephine County Business Retention and Expansion Survey indicate that firms in Grants Pass have difficulties finding qualified employees. The shortage is both in skilled labor and reliable unskilled labor. As baby-boomers reach retirement age over the planning period, the labor market for qualified workers may tighten statewide and in Grants Pass. The difficulty in finding workers may discourage firms from locating or expanding in Grants Pass.

8.35 Public services

This section discusses public services that are important for economic development, including tax policy, water, wastewater, and Grants Pass' enterprise zone.

Tax policy

Studies show that tax rates are not a primary location factor—they matter only after businesses have made decisions based on labor, transportation, raw materials, and capital costs. The cost of these production factors are usually similar within a region. Therefore, differences in tax levels across communities within a region are more important in the location decision than are differences in tax levels between regions. Table 8.30.4 shows the average property tax rates per \$1,000 assessed value for Oregon, Josephine and Jackson counties, Grants Pass, and other cities in the region in 2006-2007. Table 8.30.4 shows that the property tax rate in Grants Pass are higher than Josephine County and Cave Junction but lower than Central Point, Medford, and Ashland.

TABLE 8.30.4
PROPERTY TAX FOR ALL TAXING DISTRICTS
PER \$1,000 OF ASSESSED VALUE
Oregon, Josephine County, Jackson County,
and selected cities, 2006-2007

Area	Tax Rate (per \$1,000 assessed value)
Oregon	\$15.20
Josephine County	\$9.50
Grants Pass	\$11.68-\$13.82
Cave Junction	\$10.30
Jackson County	\$13.43
Central Point	\$16.34-\$17.05
Medford	\$14.54-\$15.24
Ashland	\$14.49-\$14.67

Source: Oregon Department of Revenue

Systems Development Charges

Like other taxes, variations in systems development charges (SDCs) are not a primary location factor but are important in location decisions within a region. The League of Oregon Cities conducted a survey of average commercial SDCs for all jurisdictions in Oregon. Table 8.30.5 shows SDCs for Grants Pass, jurisdictions in Josephine and Jackson Counties that answered the survey, and the cities of Ashland and Medford, which did not answer the survey.³³ Grants Pass has the highest SDCs of any city in Josephine and Jackson counties, with the probable exception of Medford. It was not possible to calculate Medford’s sewer or water SDCs based on the characteristics of the office building described in the survey of commercial SDCs. Assuming that Medford’s sewer and water SDCs are comparable to Grants Pass, then Medford’s total SDCs might be comparable to Grants Pass’ SDCs.

³³ SDCs for Ashland and Medford were calculated for a 20,000 square foot office building, as described in the League of Oregon Cities survey “System Development Charges” from May 2007.

TABLE 8.30.5
AVERAGE COMMERCIAL SYSTEM DEVELOPMENT CHARGES
Grants Pass and selected cities in Josephine and Jackson counties, 2007

Jurisdiction	Sewer	Water	Stormwater	Transportation	Parks	Total
Grants Pass	\$ 7,881	\$ 18,925	\$ 412	\$ 118,200	\$ 11,650	\$ 157,068
Medford**	unavailable	unavailable	\$ 8,025	\$ 114,929	\$ 3,744	\$ 126,698
Central Point	\$ -	\$ 6,651	\$ 6,425	\$ 80,662	\$ -	\$ 93,738
Ashland*	\$ 7,948	\$ 26,332	\$ 3,378	\$ 46,126	\$ -	\$ 83,784
Cave Junction	\$ 2,985	\$ 17,500	\$ -	\$ -	\$ -	\$ 20,485
Butte Falls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gold Hill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: League of Oregon Cities “System Development Charges” survey, May 2007; City of Ashland; and City of Medford
Notes: The League of Oregon Cities survey did not include SDC information about SDCs for the cities of Ashland or Medford. The amounts calculated in Table 8.30.5 are based on an estimate of Ashland and Medford’s SDCs for the type of office building described in the League of Oregon Cities survey of SDCs. ECO was unable to calculate Medford’s sewer SDC because the formula for determining the SDC required more data about the type of plumbing fixtures than the survey provided about the office building.

Water

The City of Grants Pass provides drinking water to the residents of Grants Pass. Grants Pass’ drinking water comes from the Rogue River. The capacity of the system is 18 million gallons per day. The water system master plan of 2001 includes the following upgrades to the system: an addition of a 4.5 million gallon reservoir, extension of water mains, and construction of a new pump station. These improvements are expected to allow the system to meet projected capacity needs between 2000 and 2020.

The 2007 capacity of the water treatment plant is just over 20 million gallons per day. The reservoirs have a 2007 capacity of 19.2 million gallons of water. The City is currently constructing the pump station (Hilltop) planned in the 2001 master plan to accommodate new growth.

Wastewater

The wastewater collection system for the City of Grants Pass serves over 10,000 residential, commercial, and industrial locations throughout the City and urban growth boundary, as well as a portion of the Redwood Sanitary Sewer district located partially outside of the UGB. The City of Grants Pass Water Restoration Plant, an activated sludge secondary treatment plant with ultra violet disinfection, has a 27 million gallon per day hydraulic capacity for influent pumping, a 13 million gallon per day capacity for secondary treatment, and a 43 million gallon per day capacity for UV-disinfection. The average dry weather flow in 2007 was 5.5 million gallons per day and the peak wet weather flow was 30.0 million gallons per day. By 2020, due to projected population increases, the average dry weather flow will be 6.8 million gallons per day and the peak flows will be 27.5 million gallons per day. Biosolids from the Wastewater Treatment Plant are transported to the JO-GRO™ Co-composting facility and mixed with greenwaste from the surrounding community to create compost for sale to the public.

The Redwood Sanitary Sewer Service District operates partially outside and partially inside the Grants Pass city limits. The Jo-Gro operation at Redwood wastewater treatment plant was forced because of legal action to cease compost activities at its plant. The Redwood Plant was converted from an independent treatment facility to a collection system that conveys wastewater from the Redwood District to the Grants Pass Water Restoration Plant. Upgrades to the system have been constructed so that starting in 2000 wastewater is conveyed to the Grants Pass Water Restoration Plant.. Upgrades to the plant to meet the projected flow and load included: constructing one pump station, retrofitting one pump station, and building a 30,000-foot-long pipeline, as well as upgrades to eliminate ammonia and chlorine discharge. The District expects the transfer to the Grants Pass plant to meet the capacity demanded in 2020.

Improvements scheduled between 2000 and 2010 address the need for upgrades to the liquid stream treatment, including constructing a ballasted sedimentation process. Upgrades to the plant allow the city to accommodate future growth in the City and in the Redwood area. Without these upgrades, sanitary sewer capacity could constrain economic growth.

Enterprise zone

The Grants Pass area established an enterprise zone in 1997 that includes all land zoned for employment use within the City limits. The enterprise zone provides a break on property taxes on the improvements (e.g., buildings) to qualifying businesses for three to five years. The purpose of the enterprise zone is to attract manufacturing businesses that would pay family wage jobs and diversify the city's property tax base; requirements for the program include a minimum investment of \$25,000, an increase in employment by the higher of 1 person or 10%, and for the highest amount of tax abatement, employing at 150% or more of the county's average annual wage. Other businesses, such as motels, hotels, and resorts could also qualify for property tax reductions within the enterprise zone. The Grants Pass zone is designated as an "E-Commerce" enterprise zone, which means that businesses "engaged in electronic commerce" are eligible for the property tax abatement.

8.36 Quality of life factors

Grants Pass' quality of life, combined with its location and small town sense of community, are key comparative advantages for economic development. The following list summarizes the quality of life factors that affect the City:

- *Small town atmosphere.* Survey respondents indicate Grants Pass is a safe and friendly place to live as well as a good place to raise children.³⁴
- *Low cost of living.* Survey respondents indicate that the cost of living, especially of homes for families of moderate incomes, makes Grants Pass an attractive place to live.

³⁴ All survey responses cited in this section are from the 2006 Annual telephone survey of Grants Pass residents. Northwest Survey and Data Services, December 2006.

- *Mixture of rural and urban places to live.* Grants Pass offers rural and small town living situations.
- *Ease of auto access.* Grants Pass has easy access to Interstate 5 and State Highway 199 to Cave Junction and the coast.
- *Central location in Southern Oregon.* Interstate 5 and the state highway system give Grants Pass good access to the markets of the Southern Willamette Valley and Southern Oregon, and Northern California, as well as the population of Jackson County. In particular, Grants Pass has access to workers, markets, and employment opportunities of Medford and Ashland, which also allows residents of Grants Pass to access the cultural amenities and markets of these cities.
- *Access to outdoor recreation.* Residents have easy access to outdoor recreational opportunities, including hiking, water sports on nearby rivers, bicycling, and other activities. Residents surveyed cited a range of factors, the climate and scenery were most frequently mentioned as things they most enjoy about living in Grants Pass.

While Grants Pass has many desirable qualities, businesses in the 2005 Business Retention and Expansion Program Business Survey/ Visitation Summary Report cited the distance from markets and the difficulty hiring skilled workers as their two issues of greatest concern.

8.37 Comparative Advantage in Grants Pass

The mix of productive factors present in Grants Pass, relative to other communities in Oregon, is the foundation of the city's comparative advantage. Grants Pass' comparative advantages include its location on I-5, proximity to California, and high quality of life. These factors make Grants Pass attractive to residents and businesses that want a high quality of life where they live and work.

Grants Pass' comparative advantages are similar to Oregon's comparative advantages, although the labor force has lower levels of education than Oregon. Businesses moving to Grants Pass may have problems finding reliable unskilled workers and some types of skilled workers but should be able to find a sufficient number of workers. Grants Pass has access to a full range of services to support businesses and a full range of amenities to create a high quality of life, available either within the City or within the region. Grants Pass also has access to higher education through the Rogue Community College, with a campus in Grants Pass, and Southern Oregon University located in Ashland.

Grants Pass may also have some factors that constrain future employment growth. Housing affordability—particularly workforce housing—is likely to be an issue in the community. Provision of public facilities, such as transportation or wastewater treatment, may be a constraining factor if the City and State are unable to provide sufficient infrastructure to support growth.

Section 8.23 reports industries that have shown growth and business activity in Grants Pass over the past few years. These industries are indicative of businesses that might locate or expand in Grants Pass.

The characteristics of Grants Pass will affect the types of businesses most likely to locate in Grants Pass:

- Grants Pass' proximity to I-5, high quality of life, natural beauty and proximity to recreational activities make it attractive to businesses that want a high quality of life. These types of businesses could include corporate head quarters, software design, engineering, research, and other professional services that are attracted to high-quality settings.
- Grants Pass' location, proximity to natural resources, and high quality of life may attract small food processing firms, especially firms specializing in organic or natural foods.
- Grants Pass' access to outdoor recreation, proximity to other cities in the Rogue Valley, and proximity to regional attractions like the Rogue River, Oregon Caves and the Shakespeare Festival make Grants Pass attractive to tourists. Industries that serve tourists, such as food services and accommodations, are likely to grow if tourism increases.
- Grants Pass' location along I-5, proximity to cities in Jackson County, and high quality of life may make Grants Pass attractive for manufacturing firms. Examples include high-tech electronics, recreational equipment, furniture manufacturing, specialty apparel, and other specialty manufacturing.
- Grants Pass' growing population of retirees or near retirees, climate, location, and high quality of life may attract health services that provide services to older people, such as assisted living facilities or retirement centers.

Cities often have factors that are disadvantages. One factor that could be a disadvantage to Grants Pass is land configuration and availability. The City has a limited number of sites available for employment uses, and no sites over 100 acres. Moreover, topography in the Grants Pass area may make it difficult to find suitable sites in the future.

8.40 DEMAND FOR COMMERCIAL AND INDUSTRIAL LAND

8.41 Employment Forecast

To provide for an adequate supply of commercial and industrial sites consistent with plan policies, Grants Pass needs to have 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 Grants Pass. The level of this business expansion activity can be measured by employment

growth in Grants Pass. This section presents a projection of future employment levels in Grants Pass for the purpose of estimating demand for commercial and industrial land.

The projection of employment in this chapter has four major steps:

1. **Establish base employment for the projection.** The analysis starts with the estimate of covered employment in the Grants Pass UGB presented in Table 8.20.6. Covered employment does not include all workers; covered employment was adjusted to reflect total employment in Grants Pass. Employment by sector will be summarized into employment by land use type for the purposes of estimating land demand by type.
2. **Identify potential growth industries in Grants Pass.** Given trends in economic activity and expected growth in Oregon, and Grants Pass' comparative advantages, these types of firms are the most likely to locate or expand in Grants Pass.
3. **Projected employment.** The projection of employment uses the safe harbor method from OAR 660-024-0040 to project future employment in Grants Pass.
4. **Allocate total employment to land use types.** This allocation will use assumptions based on expected trends in employment growth by land use type.

The remainder of this section is organized by headings that correspond to these three major steps for the projection.

Employment Base for Projection

An estimate of the number of employees in Grants Pass is needed to forecast employment growth. Table 8.41.1 shows an estimate of total employment in the Grants Pass UGB in 2007. The estimate was developed using an estimate of *covered* employment from the confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Covered employment 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 Josephine County is only about 65% of *total* employment reported by the U.S. Department of Commerce. The comparison of *covered* employment to *total* employment in Josephine County was used to develop an estimate of covered employment by sector in Grants Pass.

Table 8.40.1 shows that Grants Pass had an estimated 28,988 employees within its UGB in 2005. This figure results in a relatively low population-to-employment ratio of 1.24 persons per employee. The statewide average is about 2.2 persons per employee. Grants Pass may have a lower population-to-employment ratio than the state because it is a regional employment center and draws workers from throughout the Josephine and Jackson Counties, especially from unincorporated areas near to Grants Pass UGB. Another explanation is that employees in Grants Pass choose to live outside of the UGB for a variety of reasons, such as the cost of housing in the City or the desire for a rural lifestyle.

TABLE 8.40.1
ESTIMATED TOTAL EMPLOYMENT BY LAND USE TYPE
Grants Pass UGB, 2007

Land Use Type / Sector	Covered Employment		Total Employment		
	2005	% of 2005 Total Emp.	2005	2007	% of All 2007 Emp.
Retail and Services	12,234	60%	20,352	21,258	70%
Industrial	4,414	69%	6,375	6,659	22%
Government	2,117	94%	2,261	2,362	8%
Total Employment	18,765	65%	28,988	30,279	100%

Source: 2005 covered employment from confidential Quarterly Census of Employment and Workforce data provided by the Oregon Employment Department. Employment summarized by land use type by ECONorthwest. Covered employment as a percent of total employment calculated by ECONorthwest using data for Josephine County employment from the U.S. Department of Commerce, Bureau of Economic Analysis (total) and the Oregon Employment Department (covered). 2005 total employment converted to 2007 total employment by ECONorthwest using an annual growth rate of 2.2% over two years.

Potential Growth Industries

Previous sections review historical growth trends by industry in Josephine County since 1980 and employment in Grants Pass. A review of key historical trends in employment in Josephine County can help identify potential growth industries in Grants Pass, which has three-quarters of the County’s covered employment. While all sectors of the economy in the County experienced growth over this period (1980-2005), some sectors grew faster than others, resulting in a shift in the distribution of employment by sector. Key **historical trends** include:

- A substantial increase in the share of employment in Services, which increased from 21% to 42% of covered employment.
- A decrease in the share of employment in Retail Trade, from 22% to 16%.
- A decline in the share of employment in Government, which fell from 22% to 14% of covered employment.
- A decline in the share of employment in Manufacturing, which fell from 24% to 13% of covered employment.

Together, these sectors represent about 85% 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 County’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 growth rather than continuing to gain a substantial share of total employment.
- The decline in Manufacturing was primarily due 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 for which small production quantities, fast turn-around times, and the need for quality limit the ability to outsource.

One way to assess the types of businesses that are likely to have future growth in an area is to examine relative concentration and employment growth of existing businesses. This method of analysis can help determine relationships and linkages within industries, also called industrial clusters. Sectors that are highly concentrated (meaning there are more than the “average” number of businesses in a sector in a given area) and have had high employment growth are likely to be a successful industrial cluster. Sectors with either high concentration of businesses or high employment group may be part of an emerging cluster, with potential for future growth.

The School of Business at Southern Oregon University prepared a report titled “Industrial Clusters in Jackson and Josephine Counties.” This report identified twelve industrial clusters in the Rogue Valley. The clusters that may be successful or have potential growth in Grants Pass include:

- **Elder/Health Care.** This cluster includes elder care facilities and health care facilities and offices. Grants Pass has been attracting retirees, who may want to continue living in the community as they age. Grants Pass’ quality of life and large share of people over 45 years old is likely to result in growth in this cluster.
- **Electronic Shopping.** This cluster includes Electronic Shopping and Non-store Retailers. The City’s quality of life may attract firms involved with electronic shopping, which can locate most places that have high speed Internet.
- **Headquarters.** The report identifies Management of Companies and Enterprises as a growing cluster. Grants Pass’ quality of life and easy access to I-5 may attract headquarters that want to locate in Southern Oregon or more generally in the Pacific Northwest.
- **Wholesalers.** The report identifies Wholesalers involved with electrical goods and miscellaneous durable goods as industries with potential for employment growth. Grants Pass’ access to I-5 and proximity to the Willamette Valley and Northern California may attract wholesalers.

- **Freight Transportation.** Freight transportation, including General Freight Trucking and Freight Transportation Arrangement, are identified by the report as having opportunities for growth. Growth in the Freight Transportation and Wholesaler clusters are likely to benefit both clusters because of the need to transport wholesale goods. Grants Pass' access to I-5 and proximity to the Willamette Valley and Northern California may attract Transportation firms.
- **Wood Products.** While some industries in this cluster are declining, such as primary wood processing, other industries are growing. The most significant growth has been in Household and Institutional Furniture and Kitchen Cabinet Manufacturing. Grant Pass' proximity to timber production and access to I-5 make it likely that wood products firms may locate or expand in the City
- **Food and Beverage Production.** The report identifies Food and Beverage Production as an emerging cluster with opportunities for growth. This cluster includes wine production, which has shown substantial growth in the Rogue Valley over the last 20-years.
- **Metals Manufacturing.** The report identifies industries involved with fabricating metal, such as Machine Shops, as an emerging cluster with opportunities for growth.

This analysis of industrial clusters and specialty manufacturing, the analysis of economic conditions and trends in Section 8.20, and Grants Pass' comparative advantages in Section 8.30 have implications for the industries with potential for growth in the City. Based on these assumptions, the types of firms that may locate in Grants Pass include the following:

Retail and Services. About three-quarters of Grants Pass current employment is in retail and services. The State's forecast for nonfarm employment forecast for 2004 to 2014 (Table 8.20.10) projects that about two-thirds of employment growth in Jackson and Josephine Counties will be in Retail and Services. Grants Pass may attract the following industries:

- Grants Pass may attract retail and services to serve residents, such as financial institutions, professional services, restaurants, drug stores, grocery stores, general retailers, and specialty retailers.
- Grants Pass may attract additional big-box and mid-sized retail stores, primarily for Grocery, General Merchandise, and Home Improvement stores.
- Population growth and business growth may drive development of offices for business, professional, health care, and other services.
- The aging population in Grants Pass, both from aging of existing residents and in-migration of retirees, will increase demand for health care services. This will attract healthcare related firms that provide services to older people, such as assisted living facilities or retirement centers.

- Grants Pass’ amenities, high quality of life, access to a rural life style, and proximity to Medford and Ashland may be attractive for firms engaged in professional, scientific and technical services, such as software design, engineering, and research.
- Grant Pass’ proximity to outdoor recreation areas and activities in the Rogue Valley may make Grants Pass attractive to tourists. Industries that serve tourists, such as food services, accommodations, and specialty retail, are likely to grow if tourism increases.

Manufacturing. Grants Pass has comparative advantages, such as location, access to transportation, access to natural resources, and high quality of life that may contribute to the growth in employment in the following industries:

- Grants Pass may be attractive to manufacturing firms that benefit from proximity to natural resources, such as furniture manufacturing or metals manufacturing. Grants Pass’ access to agricultural products and availability of drinking water may make it attractive to food processors.
- Grants Pass should be attractive to small-scale light manufacturing firms that do not have to locate near their market. Examples include high-tech electronics, recreational equipment, specialty apparel, and other specialty manufacturing.

Government and Institutional. As population grows in Grants Pass, government employment will grow. The following types of public employment may grow in Grants Pass:

- Demand for government services, such as education, will grow with population. Government employment may decrease in the short-term as a result of cuts in the County’s budget caused by cuts in Federal funding for lost timber receipts.
- Grants Pass will continue to be the location for regional institutions such as the Three Rivers Community Hospital, Grants Pass City governmental offices, Josephine County governmental offices, and local schools.

Projection of Employment

OAR 660-024-0040 (8) (a) (ii) allows the City to determine employment land needs based on “The population growth rate for the urban area in the adopted 20-year coordinated population forecast...” Based on this safe harbor, employment in the Grants Pass UGB can be assumed to grow at 2.2% annually from 2007 to 2030. Table 8.40.2 shows the result of applying this growth rate to the total employment base in Grants Pass estimated in Table 8.41.1. By 2027, Grants Pass will have about 46,788 jobs, an increase of 16,509 jobs.

To estimate employment growth by land use type in the Grants Pass UGB, the forecasted level of total employment in 2027 (46,788) was distributed among the three categories of land use types shown in Table 8.40.2. Table 8.41.2 shows the share of employment by land use type in 2007 and the assumed shares in 2027 and 2030. The forecast does not anticipate a shift in the distribution of employment among land-use categories between 2007 and 2030.

TABLE 8.40.2
EMPLOYMENT GROWTH BY LAND USE TYPE
Grants Pass UGB, 2007–2030

Land Use Type	2007 Total	% of Total	2027 Total	2030 Total	% of Total	2007-2027 Growth
Retail and Services	21,258	70%	32,752	34,961	70%	11,494
Industrial	6,659	22%	10,293	10,988	22%	3,634
Government	2,362	8%	3,743	3,996	8%	1,381
Total Employment	30,279	100%	46,788	49,944	100%	16,509

Source: ECONorthwest.

Note: shaded cells indicate assumptions by ECONorthwest.

Allocation of Employment to Land-Use Types

Employment growth in Grants Pass will drive demand for industrial, commercial, and public land. To estimate the demand for land generated by employment growth, the analysis applies factors for the number of employees per acre for each of the three land use types used in the employment forecast. The first step in this analysis is to make a deduction from total new employment (referred to as the “refill” assumption). This deduction accounts for:

- **Percent of total employment growth that requires no commercial or industrial built space or land.** Some new employment will occur outside commercial and industrial built space or land. For example, some construction contractors may work out of their homes, with no need for a shop or office space on non-residential land.
- **Percent of employment growth on non-residential developed land currently developed.** Some employment growth will be accommodated on existing developed or redeveloped land, as when an existing firm adds employees without expanding space or when a business occupies a vacant building.

Typical refill deductions range from 10% in small cities to 30% or more for larger areas. For example, Portland Metro estimated refill at around 40% for 1996 and 1997 in a small empirical study they conducted. A reasonable refill rate for Grants Pass is 10%.

The next set of assumptions needed to estimate non-residential land need is employees per acre (EPA). This variable is defined as the number of employees per acre on non-residential land that is developed to accommodate employment growth. There are few empirical studies of the number of employees per acre, and these studies report a wide range of results. Ultimately the employees/acre assumptions reflect a judgment about average densities and typically reflect a desire for increased density of development. The EPA assumptions used in this analysis are based on the range of employment density assumptions presented in the DLCD’s *Goal 9 Guidebook*.

The final assumption is a net to gross factor. The EPA assumptions are employees per *net* acre (e.g., acres that are in tax lots). As land gets divided and developed, some of the land goes for right-of-way and other public uses. The net to gross factor varies by land use, but 20% is a reasonable assumption for employment lands.

Table 8.40.3 shows estimated demand for employment land in the Grants Pass UGB by land use type for the 2007-2027 period. The results show that Grants Pass will need an estimated additional 1,364 gross acres of land for employment on new land within its UGB for the 2007-2027 period.

TABLE 8.40.3
ESTIMATED DEMAND FOR EMPLOYMENT LAND
Grants Pass UGB, 2007–2027

Land Use Type	Total New Emp.	Emp. On Refill Land	Emp. on New Land	Emp. Per Net Acre	Land Need (Net Acres)	Land Need (Gross Acres)
2007-2027						
Retail and Services	11,494	1,149	10,345	17	608.5	760.6
Industrial	3,634	363	3,271	10	327.1	408.8
Government	1,381	138	1,243	8	155.4	194.2
Total	16,509	1,651	14,858		1,090.9	1,363.7

Source: ECONorthwest.

8.42 Site Needs

OAR 660-009-0025(1) states "...the plan must identify the approximate number, acreage and site characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies." This section identifies the site requirements of firms that are likely to locate in Grants Pass and provides a refined land need estimate that reflects identified site needs. The non-residential land needs presented in this section may change based on policy decisions, which may result in increased or decreased land need.

Firms wanting to expand or locate in Grants Pass will be looking for a variety of site and building characteristics, depending on the industry and specific circumstances. While there are always specific criteria that change from firm to firm, many firms share at least a few common site criteria. In general, all firms need sites that are relatively flat, free of natural or regulatory constraints on development, with good transportation access and adequate public 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 industries with growth potential in Grants Pass.

Employment growth in Grants Pass is expected in the each of the categories defined by type of land use: Retail and Services, Industrial, and Government. There are a wide variety of firms within each of these categories, and the required site and building characteristics for these firms range widely. As such, a variety of parcel sizes, building types, and land use designations in Grants Pass are required to accommodate expected growth.

Table 8.40.4 summarizes the lot sizes typically needed for firms in selected industries. The emphasis in Table 8.40.4 is on new large 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 8.40.4 because they are unlikely to generate substantial employment growth. 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 8.40.4
TYPICAL LOT SIZE REQUIREMENTS FOR
FIRMS IN SELECTED INDUSTRIES**

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
Engineering & Management	1 - 5

Source: ECONorthwest.

More specific site needs and locational issues for firms in potential growth industries include a range of issues. Table 8.40.5 summarizes these issues and how they pertain to development in Grants Pass.

**TABLE 8.40.5
SUMMARY OF SITE CHARACTERISTICS**

Characteristic	Description	Comments
Flat sites	Flat topography (slopes with grades below 10%) is needed by almost all firms in every industry except for small Office and Commercial firms that could be accommodated in small structures built on sloped sites. Flat sites are particularly important for Industrial firms in manufacturing, trucking, and warehousing, since these firms strongly prefer to locate all of their production activity on one level with loading dock access for heavy trucks.	Slopes to the north and south may be a constraint for employment sites in Grants Pass if the City expands into the hills.
Parcel configuration and parking	Large Industrial and Commercial firms that require on-site parking or truck access are attracted to sites that offer adequate flexibility in site circulation and building layout. Parking ratios of 0.5 to 2 spaces per 1,000 square feet for Industrial and 2 to 3 spaces per 1,000 square feet for Commercial are typical ratios for these firms. In general rectangular sites are preferred, with a parcel width of at least 200-feet and length that is at least two times the width for build-to-suit sites. Parcel width of at least 400 feet is desired for flexible industrial/business park developments and the largest Commercial users.	Availability of larger parcels could be a long-term issue for Grants Pass. Parking does not appear to be a problem.
Soil type	Soil stability and ground vibration characteristics are fairly important considerations for some highly specialized manufacturing processes, such as microchip fabrications. Otherwise soil types are not very important for Commercial, Office, or Industrial firms—provided that drainage is not a major issue.	Soils are generally suitable for development.
Road transportation	All firms are heavily dependent upon surface transportation for efficient movement of goods, customers, and workers. Access to an adequate highway and arterial roadway network is needed for all industries. Close proximity to a highway or arterial roadway is critical for firms that generate a large volume of truck or auto trips or firms that rely on visibility from passing traffic to help generate business. This need for proximity explains much of the highway strip development prevalent in urban areas today.	Road capacity and access from Interstate 5 is not a constraining factor in Grants Pass at this time. If competition increases for sites in close proximity to I-5, these sites may become scarce. Road capacity and connectivity within the City may be a constraining factor, especially when crossing the Rogue River.

Characteristic	Description	Comments
Rail transportation	Rail access can be very important to certain types of heavy industries. The region has good rail access to many industrial sites.	Freight rail service is provided by the Central Oregon & Pacific Railroad (CORP), which connects Grants Pass to Eugene in the north and Medford, Ashland, and California in the South.
Air transportation	Proximity to air transportation is important for some firms engaged in manufacturing, finance, or business services.	Grants Pass is located about 30 miles away from the Rogue Valley International-Medford Airport located in Medford. The airport provides passenger and freight service. Josephine County Airport provides service for private aircraft.
Transit	Transit access is most important for businesses in Health Services, which has a high density of jobs and consumer activity, and serves segments of the population without access to an automobile.	Grants Pass has limited transit through Josephine County Transit. The city is not required by state law to provide transit. The City is served by Greyhound.
Pedestrian and bicycle facilities	The ability for workers to access amenities and support services such as retail, banking, and recreation areas by foot or bike is increasingly important to employers, particularly those with high-wage professional jobs. The need for safe and efficient bicycle and pedestrian networks will prove their importance over time as support services and neighborhoods are developed adjacent to employment centers.	Within Grants Pass, the street grid provides easy pedestrian and bicycle access to most areas of town. In addition, the City has bike lanes and multi-use paths for bicycles.
Labor force	Firms are looking at reducing their workforce risk, that is, employers want to be assured of an adequate labor pool with the skills and qualities most attractive to that industry. Communities can address this concern with adequate education and training of its populace. Firms also review turnover rates, productivity levels, types and amount of skilled workers for their industry in the area, management recruitment, and other labor force	Grants Pass is able to attract labor from Josephine and Jackson Counties. Employers needing highly skilled employees may need to recruit from the greater Rogue Valley or work with Rogue Community College to develop customized training programs.

Characteristic	Description	Comments
	issues in a potential site area.	
Amenities	According to the International Economic Development Council ³⁵ , attracting and retaining skilled workers requires that firms seek out places offering a high quality of life that is vibrant and exciting for a wide range of people and lifestyles.	Grants Pass offers a rural lifestyle with close access to outdoor recreational opportunities and is centrally located along the I-5 corridor, near California, the Coast, and Siskyou and Cascade Mountains.
Fiber optics and telephone	Most if not all industries expect access to multiple phone lines, a full range of telecommunication services, and high-speed internet communications.	Grants Pass has access to high-speed telecommunications facilities.
Potable water	Potable water needs range from domestic levels to 1,000,000 gallons or more per day for some manufacturing firms. However, emerging technologies are allowing manufacturers to rely on recycled water with limited on-site water storage and filter treatment. The demand for water for fire suppression also varies widely.	The City has sufficient water to meet current and future demand for water but will need systems upgrades in the next 20 years to accommodate population and employment growth.
Sanitary Sewer	Sanitary Sewer needs range from domestic levels to 1,000,000 gallons or more per day for some manufacturing firms. The demand for sanitary sewer and the types and strength of effluent vary widely.	The City may have some limits on the types of discharges with higher strengths, which could be a limiting factor for certain industries.
Power requirements	Electricity power requirements range from redundant (uninterrupted, multi-sourced supply) 115 kva to 230 kva. The highest power requirements are associated with manufacturing firms, particularly fabricated metal and electronics.	Grants Pass has access to sufficient power supply to accommodate most commercial and industrial users.
Natural gas	Commercial use of natural gas is similar to residential uses, including space heating, water heating, and cooling. Industrial uses of natural gas vary based on the product being manufactured. Natural gas is a base ingredient in some products, such as plastic, fertilizer, anti-freeze, and fabrics. It is use in by industrial firms for lighting, heating, and running machinery. ³⁶	Avista Utilities provides residential and business natural service in Grants Pass.

³⁵ International Economic Development Council. "Economic Development Reference Guide," <http://www.iedonline.org/hotlinks/SiteSel.html>. 10/25/02.

³⁶ Based on information from NaturalGas.org; <http://www.naturalgas.org>

Characteristic	Description	Comments
Land use buffers	Industrial areas have operational characteristics that do not blend as well with residential land uses as they do with Office and Commercial areas. Generally, as the function of industrial use intensifies (e.g., heavy manufacturing) so to does the importance of buffering to mitigate impacts of noise, odors, traffic, and 24-hour 7-day week operations. Adequate buffers may consist of vegetation, landscaped swales, roadways, and public use parks/recreation areas. Depending upon the industrial use and site topography, site buffers range from approximately 50 to 100 feet. Selected commercial office, retail, lodging and mixed-use (e.g., apartments or office over retail) activities are becoming acceptable adjacent uses to light industrial areas.	The City can address compatibility through planning.

Source: ECONorthwest.

In summary, there is a wide range of site requirements for firms in industries with potential for growth in Grants Pass. While firms in all industries rely on efficient transportation access and basic water, sewer and power infrastructure, they have varying need for parcel size, slope, configuration, and buffer treatments. Transit, pedestrian and bicycle access are needed for commuting, recreation and access to support amenities.

Table 8.40.6 shows site needs by site size and major employment use. The estimate of needed sites builds off of the 20-year employment forecast. Employees and employers are distributed in ratios similar to those in 2005. The distribution assumes that Grants Pass will continue to attract similar types of employers in the future as exist in the City now. It also assumes that the average number of employees per firm (12.9) will continue into the future. Grants Pass will need about 1,400 acres of land in 445 to 695 sites.

**TABLE 8.40.6
NEEDED SITES BY SITE SIZE AND MAJOR USE,
GROSS ACRES
Grants Pass, 2007-2027**

Size of firm	Est Acres Needed	Avg. Site Size	Total		Other Emp.
			Sites Needed	Industrial	
250 +	150	50+ ac	1-2	1-2	-
100-250	200	20-50 ac	4-8	3-5	1-3
50-99	300	5-20 ac	30-45	20-30	10-15
25-49	250	2-5 ac	60-90	25-45	30-45
10-24	200	1-2 ac	100-150	30-45	70-105
1-9	300	<1 ac	250-400	75-125	175-275
Total	1,400		445-695	154-252	286-443

Source: ECONorthwest.

Table 8.40.7 compares land supply with overall demand. Goal 9, however, requires cities consider *site needs* of targeted industries. Table 8.40.7 compares industrial and commercial site needs with site supply within Grants Pass UGB between 2007 and 2027. The results show that Grants Pass has a deficit of industrial and commercial sites in all size categories. However, the deficit of smaller sites (e.g., sites less than 5 acres) will probably be compensated for through the mixed use developments, redevelopment, and increased utilization of under-utilized land.

**TABLE 8.40.7.
COMPARISON OF INDUSTRIAL AND COMMERCIAL LAND NEED AND LAND
SUPPLY, GROSS ACRES,
GRANTS PASS UGB, 2007-2027**

Employment need	Industrial Sites			Other Emp Sites		
	Needed Sites	Site Supply	Site Surplus (Deficit)	Needed Sites	Site Supply	Site Surplus (Deficit)
Avg. Site Size						
50+ ac	1-2	0	(1)	-	0	-
20-50 ac	3-5	1	(2-4)	1-3	0	(1-3)
5-20 ac	20-30	9	(11-21)	10-15	1	(9-14)
2-5 ac	25-45	18	(8-28)	30-45	14	(16-29)
1-2 ac	30-45	9	(22-37)	70-105	35	(35-70)
<1 ac	75-125	62	(13-63)	175-275	118	(57-157)
Total	154-252			286-443		

Source: City of Grants Pass; analysis by ECONorthwest

Note: Negative numbers represent a deficit of acres and are shown in parenthesis ().

The numbers represent the amount of buildable land that Grants Pass will need to add to its UGB to accommodate development.

8.50 FINDINGS

Population and demographic trends

1. Josephine County's population grew from 58,855 residents in 1980 to 81,125 residents in 2006, an increase of 22,270 residents over the 26-year period. Josephine County's annual population growth rate was 1.29%, which was similar to the State average (1.28%).
2. According to the Josephine County's adopted forecast, the County will grow from 76,050 people in 2000 to 113,167 people in 2027, an increase of 37,117 people at an average annual growth rate of 1.48%. By 2057, Josephine County projects that it will grow to about 160,084 residents at an average annual growth rate of 1.26%.
3. The majority of population growth in Josephine County occurred in Grants Pass. Population within the Grants Pass city limits grew from 15,032 residents in 1980 to 30,930 residents in 2006, an increase of 15,989 people at an average annual rate of 2.93%.
4. Grants Pass experienced faster population growth than the County average. Grants Pass' population more than doubled between 1960 and 2006, growing by 20,812 residents at an average annual rate of 2.46%. Grants Pass grew at an average annual rate of 2.81% between 1980 and 2006, faster than the County average. Excluding population growth from annexations, the average annual growth rate for Grants Pass between 1990 and 2006 was 2.6%.
5. Migration was the largest source of population growth in Oregon and Josephine County. For the 1990 to 2006 period, about 70% of population growth in Oregon resulted from net migration. All population growth in Josephine County between 2000 to 2006 was the result of net migration because Josephine County experienced negative population growth from natural causes, with about 1,500 more deaths than births during this period. In addition, Census data show that residents of Grants Pass were more likely to have lived in a different state in 1995 compared with the County and State averages.
6. The population of the nation is aging. The number of people age 65 and older will double by 2050, while the number of people under age 65 will grow only 12 percent. The economic effects of this demographic change include a slowing of the growth of the labor force, an increase in the demand for healthcare services, and an increase in the percent of the federal budget dedicated to Social Security and Medicare.
7. Grants Pass is attracting retirees or near retirees and families with children. Grants Pass has a larger share of residents under 19 years and 70 years and older than Josephine County or Oregon. During the 1990's the fastest growing groups were 45 to 64 years and 5 to 17 years.

Personal income trends

8. Personal income has historically been lower in Josephine County than the State or national averages. Between 1980 and 2005, Josephine County's per capita personal income was approximately 78% of Oregon's per capita personal income and 71% of the

U.S. per capita income. In 2005, Josephine County's per capita personal income was about \$25,200, compared with the State average of about \$32,290 and national average of \$34,470. The gap between per capita income in Josephine County compared to the national average has widened since the late-1990s. During the 25-year period, Josephine County's per capita personal income grew by 51%, while personal income grew by 49% in Oregon and 59% nationally during the same period.

9. Josephine County residents had a smaller share of income from net earnings than the State average between 1980 and 2005. Approximately 49% of personal income in Josephine County was from net earnings, compared with the State average of 65% for the twenty-five year period.

Since 2000 the share of personal income from current transfers in Josephine County averaged about 27% of personal income, compared with the State average of 15%. During the same period, the average share of personal income from dividends, interest, and rent was 23%, compared with the State average of 19%. The people most likely to have personal income from these sources are retirees, which shows that retirees have been migrating to Josephine County

10. Household income in Grants Pass has historically been lower than the County average. The median household income in Grants Pass in 1999 was approximately \$29,197, which compared to Josephine County's median household income of \$31,229 and Oregon's median household income of \$40,916. Median household income in Grants Pass was about 93% of the County average and 71% of the State average.

Employment trends

11. Josephine County added 9,520 jobs between 1980 and 2005. The sectors with the largest job growth included Retail Trade, Government, and Services, such as Health Care and Social Assistance and Accommodation and Food Services.
12. Manufacturing continues to be an important source of employment in Josephine County, accounting for about 13% of employment in 2005. The Manufacturing industries with the greatest employment in Josephine County in 2005 included wood products manufacturing and plastics and rubber products manufacturing.
13. Grants Pass is, and will continue to be, a regional employment center. In 2000, about 55% of residents of Grants Pass were a part of the labor force, compared with 52% of Josephine County residents and 65% of Oregon residents. In 2005, Grants Pass had a population to employment ratio of 1.2, below the State average of 2.2 persons per job, meaning that Grants Pass has fewer residents per job than the State average.
14. In 2005 Grants Pass had 1,580 establishments with 18,765 covered workers. Employment in Grants Pass accounts for 76% of all employment in Josephine County in 2005. The sectors with the greatest percentage of employment in 2005 were Retail Trade (18%), Health Care and Social Assistance (18%), Manufacturing (11%), Government (11%), and Accommodation and Food Services (11%). Together these sectors accounted for 12,865 jobs or 69% of employment in Grants Pass.

15. The average pay for covered employees in Grants Pass in 2005 was \$28,269. The sectors with greatest share of employment and above average pay were Government (\$39,238), Health Care and Social Assistance (\$33,429) and Manufacturing (\$30,117). The other sectors with a large share of employment had below average pay per employee, including Retail Trade (\$23,999) and Accommodation and Food Services (\$12,739).
16. About 28% of employment in the Grants Pass UGB is located in residential plan designations. It is likely that not all of the employees working in residential plan designations work from home. The types of employment typically located in residential plan designations include schools, home-based businesses, telecommuters, small retail establishments like convenience stores, and other services such as churches or fraternal organizations. It should be noted that this estimate of employment in residential plan designations does not include workers uncovered workers, most importantly sole proprietors, who may also locate in residential areas.
17. According to the 2000 Census, about 4.2% (370) of residents of Grants Pass worked from home, compared with 6.8% of Josephine County and 5% of Oregon's workforce. In 2006, Census data indicated that the share of Oregonians working from home increased to 6%. If Grants Pass has followed State trends, then a larger share of people in Grants Pass may work from home.
18. The Oregon Employment Department forecasts that Jackson and Josephine County will add 19,820 new jobs between 2004 and 2014, an increase of nearly 20%. The State forecasts that employment in Jackson and Josephine County will grow faster than the State average, 1.8% average annual growth compared to the State average of 1.4%.
19. The State forecasts that the following sectors will lead employment growth in Jackson and Josephine Counties: Retail Trade, Health Care and Social Assistance, Professional and Business Services, and Accommodation and Food Services Together, these sectors are expected to add 12,820 new jobs, or 65% of the employment growth in Jackson and Josephine Counties between 2004 and 2014.

Factors affecting employment growth in Grants Pass

20. 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 the unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. The unemployment rate is one indicator of the relative number of workers who are actively seeking employment. Data from the Oregon Employment Department shows that unemployment in Josephine County was 6.7% in 2006, compared with 5.4% in Oregon. The unemployment rate in Josephine County through March 2007 increased to 8.0%, about 2.2% higher than the State average.
21. The labor market in Grants Pass may be impacted by the retirement of the baby-boomers over the planning period. In the next decade, the State projects that there will be almost twice as many job openings resulting from retirements compared to openings resulting from creation of new jobs statewide. The sectors with the most employment and the

largest share of employees 55 years or older include: Education Services; Real Estate; Transportation and Warehousing; Health Care and Social Assistance; Public Administration; and Agriculture, Forestry, Fishing, and Hunting. The State expects little or no growth in Manufacturing employment over the next decade but expects that retirements will create demand for employees in Manufacturing.

22. Most workers in Grants Pass either live in Josephine or Jackson County, but do not reside in the within the city limits of Grants Pass in 2003. More than one-third of workers in the city limits of Grants Pass lived in Josephine County, near to Grants Pass. About one-third of workers in the city limits lived within the city limits of Grants Pass.
23. Information from stakeholder interviews and the Grants Pass and Josephine County Business Retention and Expansion Survey indicate that firms in Grants Pass have difficulties finding qualified employees. The shortage is both in skilled labor and reliable unskilled labor. The difficulty in finding workers may discourage firms from locating or expanding in Grants Pass.
24. As Grants Pass grows, transportation capacity and connectivity could become a constraining factor on economic development. In addition, business survey respondents to the Grants Pass and Josephine County Business Retention and Expansion Survey indicated that the distance from markets is a disadvantage in doing business in Grants Pass

Employment growth

25. The School of Business at Southern Oregon University prepared a report titled “Industrial Clusters and Jackson and Josephine Counties.” This report identified twelve industrial clusters in the Rogue Valley. The clusters that may be successful or have potential growth in Grants Pass include: Elder/Health Care, Electronic Shopping, Headquarters, Wholesalers, Freight Transportation, Wood Products, Food and Beverage Production, Metals Manufacturing.
26. OAR 660-024-0040 (8) (a) (ii) allows the City to determine employment land needs based on “The population growth rate for the urban area in the adopted 20-year coordinated population forecast...” Based on this safe harbor, employment in the Grants Pass UGB can be assumed to grow at 2.2% annually from 2007 to 2030. Based on this forecast Grants Pass will have about 46,788 jobs by 2027, an increase of 16,509 jobs.
27. Grants Pass will need an estimated 1,364 gross acres of land for new employment within its UGB for the 2007-2027 period. Grants Pass will need 761 gross acres for Retail and Services, 409 gross acres for Industrial uses, and 194 gross acres for Government employment.
28. Grants Pass will need to provide a supply of sites for non-residential development. The City will need to provide between 445 to 695 sites with 1,400 acres of land. Grants Pass will need to provide five to ten larger sites, 20 to 50 acres or 50 acres or more. The predominant use of these larger sites will be industrial. The majority of sites, 350 to 550 sites, will need two acres or less. These sites will be used for industrial and other employment uses.

**Grants Pass and Urbanizing Area Community Comprehensive Plan
Element 8. Economic Element**

Addendum 1: 2014 Update

Section 1. Background

Section 2. Employment Land Needs Update

Section 3. Economic Opportunities Strategy Update

**Section 4. Supplemental Background, Findings, Policies, and Strategies Regarding
Short-Term Supply of Employment Land**

Grants Pass is planning for its Urban Growth Boundary (UGB) for the 20-year planning period from 2013-2033 and planning for an Urban Reserve for an additional 10-year period from 2033-2043.

This update (Economic Element Addendum 1) and the 2014 update to the Urbanization Element (Urbanization Element Addendum 2) update the 20-year UGB planning period from 2009-2029 to 2013-2033 and provide the data for the 10-year Urban Reserve planning period for 2033-2043 for employment lands and uses.

This addendum updates the Economic Element to these planning periods. Employment land needs are updated proportionally to:

- correspond to these updated planning periods,
- correspond to the revised forecast adopted in the 2014 Josephine County Coordinated Population Forecast update (Population Element Addendum 1),
- reflect the updated buildable lands inventory (BLI) in the 2014 Urbanization Element Update (Urbanization Element Addendum 2), and
- reflect other policies and efficiency measures in the Urbanization Element Update that affect employment lands.

This addendum also updates the Economic Opportunities Strategy and addresses provisions of OAR 660 Division 9 regarding short-term supply of employment lands.

Section 1. Background

The Economic Element was originally adopted in 2008. It utilized the ‘safe harbor’ in OAR 660-024-0040(8)(a)(ii), providing a forecast of employment and associated land needs for 2007-2027 based on the population forecast. The Urbanization Element adopted in 2009 updated the UGB planning period from 2007-2027 to 2009-2029. It included updates to data in the 2008 Economic Element, including employment land needs. It also included policies for efficiency measures, and it assigned plan designations to public and semi-public uses. Addendum 1 to the Urbanization Element, adopted in 2012, included some reductions to city and county land needs as outlined in that addendum. It also reallocated some plan designations for public and semi-public uses, and included adjusted calculations for the deficits that would result from limited rezoning of properties within the current UGB.

This 2014 Economic Element update and the 2014 Urbanization Element update still reflect the efficiency measures in the 2009 Urbanization Element, the reductions to the city and county land needs identified in the 2012 Urbanization Element Update (Urbanization Element Addendum 1), and the reallocated plan designations for public and semi-public uses in Urbanization Element Addendum 1. The resulting needs in turn are scaled proportionally to correspond to the updated 2014 coordinated population forecast. These updates also reflect the updated proposal for rezoning of lands in the current UGB as provided in Urbanization Element Addendum 2 and the updated Economic Opportunities Strategy in Section 2 of this addendum.

While this Economic Element update only updates the needs for employment uses and employment plan designations, additional information from Urbanization Element update is also included below for comparative purposes to better illustrate the relationship between the information, how the buildable lands inventory and policies in the Urbanization Element affect the employment land needs, and how assignment of other uses to plan designations affects the acreages and allocations.

The Urbanization Element identifies how the employment land needs as well as other land needs identified in the 2014 updates will be met and allocated (infill and redevelopment, on vacant and partially vacant lands already in the UGB, in the UGB expansion areas, and in the Urban Reserve).

Section 2. Employment Land Needs Update

This section shows how the employment land needs are updated to the 2013-2033 and 2033-2043 planning periods. Table 1-1 summarizes the previously identified 2009-2029 needs up through the 2012 Urbanization Element Addendum 1.

Table 1-1. Summary of Previous Employment Land Needs for 2009-2029, as Updated by the 2009 Urbanization Element, and as Revised by the 2012 Urbanization Element Addendum 1 Update

Use	2009-2029 acres					
	(1)	(2)	(3)	(4)	(5)	(6)
	2009-2029 Total Need Before Efficiency Measures	2009 Urban. El. BLI	2009-2029 Deficit Before Efficiency Measures	2009- 2029 Effic. Meas.	2009-2029 Total Need After Efficiency Measures	2009-2029 Deficit After Efficiency Measures
Commercial & Services	497 Comm +31 P/SP=528	161	336 Comm +31 P/SP=367	245	252 Comm +31 P/SP=283	91 Comm +31 P/SP=122
Industrial	592 Ind +5P/SP=597	171	421 Ind +5 P/SP=426	100	492 Ind +5 P/SP=497	321 Ind +5 P/SP=326
Total	1,110 Comm/Ind +36 P/SP=1,146	332	778 Comm/Ind +36 P/SP=814	345	744 Comm/Ind +36 P/SP=780	412 Comm/Ind +36 P/SP=448

Note: Some calculations were performed before rounding. Therefore, some totals differ in this table and between tables.

Notes:

The first number added is acres for commercial & service uses in commercial plan designations or industrial uses in industrial plan designations, and the second number added is acres for public and semi-public uses in the respective commercial or industrial plan designation.

- (1) Total Need
- (2) Calculation from GIS Shapefile for Buildable Land Inventory
- (3) (Column 1 – Column 2), Finding #12 in 2009 Urbanization Element
- (4) Finding #17 in 2009 Urbanization Element
- (5) (Column 1 – Column 4)
- (6) (Column 5 – Column 2), Table 14.60.5 with Reallocations in the 2012 Addendum 1 to Urbanization Element

Table 1-2 shows the update of those needs from 2009-2029 to 2013-2043, with the items described in Section 1 of this addendum.

Table 1-2. Employment Land Needs Update from 2009-2029 UGB to 2013-2043 UGB + Urban Reserve, with Needs and Efficiency Measures Proportional to Updated 2014 Forecast, and Updated BLI and Rezones in Urbanization Element

Use	2009-2029 acres (from Table 1-1)			(4) 2009-29 to 2013-43 Conv. (90%)	2013-2043 acres					
	(1)	(2)	(3)		(5)	(6)	(7)	(8)	(9)	(10)
	2009-29 Total Need Before Efficiency Measures	2009-29 Effic. Meas.	2009-29 Total Need After Efficiency Measures		2013-43 Total Need Before Efficiency Measures	2014 BLI Update Before RZs	2013-43 Deficit Before RZs	2013-43 Net RZ	2014 BLI Update After RZs	2013-43 Deficit After RZs
Comm. & Services	497 C +31 P =528	245	252 C +31 P =283	90%	227 C +28 P =256	138	89 C +28 P =118	+14	152	75 C +28 P =104
Industrial	592 I +5 P =597	100	492 I +5 P =497	90%	446 C +4 P =450	154	292 C +4 P =296	0	154	292 C +4 P =296
Total	1,110 C/I +36 P =1,146	345	744 C/I +36 P =780	90%	674 C/I +33 P =707	292	382 C/I +33 P =415	+14	306	368 C/I +33 P =401

Note: Some calculations were performed before rounding. Therefore, some totals differ in this table and between tables.

Notes:

C= Commercial and Services (1), (2), (3) From Table 1 (7) Column 5 – Column 6
 I=Industrial (4) Ratio of 2014/2009 Forecast (8) Rezone Calculations
 P=Public/Semi-Public (5) Column 3 x Column 4 (9) Column 6 + Column 8
 (6) BLI Update (10) Column 5 - Column 9

Table 1-3 shows the total needs and associated deficits (expansion needs) for the 2013-2043 30-year period, and the allocation of those needs for the 20-year UGB (2013-2033) and the 10-year Urban Reserve (2033-2043).

Table 1-3. Employment Land Needs, Buildable Lands, and Deficits, 2013-33, 2033-43, and 2013-43, Including Rezones, Efficiency Measures, and Other Urbanization Element Policies

Use	2013-33 acres (20-year UGB) (73.4%)			2033-43 acres (10-year Urban Reserve) (26.6%)			2013-43 acres (30-year UGB+UR) (100%)		
	Need	BLI Current UGB	Deficit	Need	BLI Current UGB	Deficit	Need	BLI Current UGB	Deficit
Comm. & Services	167 C +21 P =188	152	=36	60 C +7 P =68	=0	=68	227 C +28 P =256	152	=104
Industrial	327 C +3 P =330	154	=176	119 C +1 P =120	=0	=120	446 C +4 P =450	154	=296
Total	495 C +24 P =519	306	=213	179 C +9 P =188	=0	=188	674 C +33 P =707	306	=401

Note: Some calculations were performed before rounding. Therefore, some totals differ in this table and between tables.

Notes:

C= Commercial and Services
 I=Industrial
 P=Public/Semi-Public

Section 3. Economic Opportunities Strategy Update

This Section updates the policies and strategy identified in the Economic Opportunities Analysis.

Background

The Urbanization Element summarizes the land suitability and alternatives analysis conducted for evaluation of UGB expansion areas. The analysis indicated a limited supply of sites with the characteristics necessary and desirable for certain employment uses, especially sites for industrial uses. Sections 4 and 5 of Urbanization Element Addendum 2 include figures that show the prioritization and suitability of areas for employment uses.

Many areas with good transportation access near I-5, including those near industrial lands already in the UGB, are constrained by topography, steep slopes, resource lands, and existing land use patterns. Some of the flatter areas near I-5 included some challenges with cost-efficient provision of urban services. Existing land use patterns and parcelization also pose challenges.

Further, some of the sites near I-5 which are better suited to employment uses, with more favorable topography and access, are already zoned Rural Industrial and Rural Commercial and many of these sites are already developed with rural industrial and rural commercial uses with rural services (including Area H2). One area considered for employment use (H1) was the only area that included land with resource zoning (Farm Resource/EFU) considered for inclusion in the UGB or Urban Reserve. That area is near I-5 and adjacent to industrial lands in the current UGB. Part of that property also includes a dairy operation and receives a special farm assessment.

Strategy

Together with other employment lands included in the UGB and Urban Reserve, the City found it could substantially meet the employment land needs identified in the updated needs analysis if Areas H1 and H2 were included. However, to some extent, this would result in reassigning rural employment lands with existing business to urban employment lands without a short-term need for those sites.

Through the UGB review process, the City sought guidance from DLCD as to whether a portion of the identified needs for employment for the Grants Pass urban area could be met as part of a regional strategy on other Josephine County employment sites outside the UGB, including industrial lands in Merlin/North Valley. The guidance from DLCD was this wouldn't fulfill the requirements for the City's identified employment land needs for the urban area. However, those sites are still part of Josephine County's employment site inventory.

The City recognizes there are some significant differences between rural and urban employment sites and user needs pertaining to services, including sewer and water, and limits on the size of rural commercial and industrial buildings permitted by state law. However, the City opted to revise its Economic Opportunities strategy to include less employment land in the UGB and Urban Reserve than is otherwise justified by the land needs analysis.

- **Area H2.** The City opted not to include this area in the UGB or the Urban Reserve. The increase in urban area employment land inventory would have included a reduction in the

rural employment land inventory. Further, several of the sites in this area are developed with rural commercial and rural industrial services using rural services. There isn't a short-term demand for additional sites to be served with urban services, and several existing businesses expressed concerns about potential costs of service extension and improvements to urban standards if they were to expand.

- **Area H1.1.** This area includes some properties with rural residential zoning and some properties with Farm Resource (FR) zoning (a separate Josephine County zoning designation which is regulated the same as Exclusive Farm Use). Properties with the FR zoning include a dairy operation.

There isn't a short-term demand for additional sites to be served with urban services, and inclusion in the UGB and application of urban zoning can affect eligibility for special farm assessment in some respects. Rather than include the area in the UGB, the City previously considered and proposed inclusion of the area in the Urban Reserve.

However, under state law, while the specific urban use of the land (employment vs. residential) can be considered in justifying the inclusion of lower priority land (resource vs. exception) in the UGB, it appears inclusion of lower priority land in the Urban Reserve may only allow for consideration of whether other sites are available for urban uses, without consideration of the specific urban use (employment vs. residential) of the lower priority resource lands. If this regulatory restriction applies, then because there are numerous exceptions areas that could meet urban needs for residential use, it may be challenging to justify inclusion in the Urban Reserve, even if it is for employment use. In effect, the City's rate of growth affects whether the site can be included in the urban area.

Inclusion of this area in the Urban Growth Boundary or Urban Reserve could better facilitate infrastructure planning to ensure that infrastructure installed to serve adjacent employment lands already in the UGB could be planned, sized, and installed accordingly for eventual extension to this adjacent area. However, based on the above land priority considerations and comments from DLCD, the City opted not to include Area H1.1 in the UGB or Urban Reserve, and the employment land need is reduced accordingly. In the infrastructure planning, the City can still consider the contingency that this area might be part of the Urban Growth Boundary in the future.

Further, the City's Comprehensive Plan includes a criterion for inclusion of lands in the UGB that differs somewhat from the statutory requirement for consideration of priorities. The criterion considers both the zoning and use of property and precludes inclusion of agricultural land with an existing commercial agricultural use. Inclusion of the FR land with the current dairy operation (or other agricultural use) in Area H1.1 also requires an amendment to this Comprehensive Plan criterion.

Summary

The net effect of the updated Economic Opportunities strategy is that rural commercial, rural industrial, and agricultural lands already in use would not be offset by urban industrial lands. Therefore, the planned urban employment land needs identified in Table 1-3 are reduced accordingly.

Without inclusion of Area H1.1, the updated Economic Opportunities strategy provides that the employment lands planned for the urban area will be substantially equivalent to the identified employment land needs less the needs that would be met if areas H1.1 and H2 were included in the UGB and Urban Reserve. Those areas have lands which include existing rural commercial, rural industrial, and agricultural uses that already contribute to the local economy, with uses that don't currently need key elements of urban infrastructure. The net effect is a combination of urban and rural employment lands which together substantially achieve a similar inventory of lands if they were all included in the UGB and Urban Reserve as urban employment lands.

Further, the City and County recognize that Josephine County has a nearby supply of under-utilized industrial lands in the Merlin North Valley Community Boundary that could provide an industrial land inventory served with sewer and water if a sewer solution can be achieved to replace the existing system. City water is already extended to the area. The City and County agree that addressing the infrastructure needs of these sites is a high priority for both the City and County economic development strategies.

Section 4. Supplemental Background, Findings, Policies, and Strategies Regarding Short-Term Supply of Employment Land

Background

Grants Pass is planning for its Urban Growth Boundary (UGB) for the 20-year planning period from 2013-2033 and planning for an Urban Reserve for an additional 10-year period from 2033-2043.

The current Economic Element of the Grants Pass Comprehensive Plan was adopted in 2008 (Ordinance 5433) and acknowledged. This update (Economic Element Addendum 1) and the 2014 update to the Urbanization Element (Urbanization Element Addendum 2) update the 20-year UGB planning period from 2009-2029 to 2013-2033 and provide the data for the 10-year Urban Reserve planning period for 2033-2043 for employment lands and uses. They have been updated to reflect the new population forecast, planning periods for UGB and Urban Reserve, and policies, consistent with applicable planning goals and guidelines.

While the Economic Element was previously adopted and acknowledged, in an October 7, 2014 letter, DLCDC has interpreted the provisions of 660-009-0020(2) to apply to this update of the Economic Element since Grants Pass is now within a Metropolitan Planning Organization (MPO).

Following the 2010 Census, in 2012, the Census Bureau issued determinations of Urbanized Areas (urban areas which have a population greater than 50,000). Grants Pass is the principal city of an Urbanized Area. Federal transportation legislation relies on Urbanized Area

designations as the basis for formation of Metropolitan Planning Areas (MPAs) and Metropolitan Planning Organizations (MPOs), which have been designated as required by applicable law.

This section is intended to address these additional provisions of 660-009-0020(2), providing compliant findings, policies, and strategies regarding the short-term supply of employment lands.

Supplemental Findings

1. The Comprehensive Plan Policies and the Economic Element contain findings and policies. The findings and policies in this Section are in addition to those findings and policies.
2. Grants Pass has completed a Traffic Impact Analysis (TIA) to assess the mitigation needed at build-out of the Spalding industrial area near I-5 Exit 55, to facilitate identification and programming of capital projects necessary to bring the industrial area closer to 'development ready' status, and reducing uncertainty about off-site improvements that could otherwise be associated with a specific industrial development.
3. Grants Pass nominated, applied for, and received approval of the Spalding Regionally Significant Industrial Area (RSIA) designation by the Economic Recovery Review Council (ERRC), which qualifies the area for 'patient capital' low-interest loans through the Infrastructure Finance Authority (IFA), with repayment forgiveness for qualifying job creation.
4. Grants Pass has budgeted funds for feasibility analysis to consider formation of a redevelopment agency and district that could help finance infrastructure in industrial areas.
5. Grants Pass and Josephine County have an intergovernmental agreement for management of lands in the Urban Growth Boundary area. The city administers land use and building codes for both incorporated and unincorporated lands in the UGB, which have urban zoning.
6. Grants Pass has previously participated in public-private partnerships and obtained grants and loans to assist with infrastructure investments for industrial lands.
7. Development standards allow for developer extension and connection to public facilities and services associated with individual site development, and they allow for off-site improvements if they are roughly proportional to the associated impacts of development. Standards also allow for proportional developer contributions to capital projects that serve a larger area, provided however that there are other resources available to construct of the regional or area-wide facility. Developers also have the option to form a reimbursement district if they build a facility that other development utilize, but there can be uncertainty about the timing of other construction projects, and therefore the timing and certainty of reimbursement.
8. In 2014, the city completed an application to rezone remaining industrial land in the Spalding area from Rural Industrial to Urban Industrial, so the land qualifies for urban services.
9. In 2014, the city completed an application to amend uses permitted in industrial zones to better protect those lands for industrial use and development, and to reduce pressures on non-industrial land values that could drive up costs associated with non-industrial uses on industrial lands that could otherwise price out industrial use and development.

10. The City has obtained funds through Business Oregon to perform brownfields assessment to begin the work of getting unused and underutilized lands back into productive use.
11. With the designation as the principal city in an Urbanizing Area, the City is eligible for, and has requested, CDBG Entitlement Community status, which will provide direct funding through a formula, and funds can be used toward projects that could help with infrastructure in support of industrial businesses.
12. The city offers several incentive programs associated with industrial businesses, including a System Development Charge (SDC) credit for job creation for qualifying industrial businesses, SDC credits for re-use or redevelopment of previously developed sites, and an Enterprise Zone with E-Commerce designation.
13. The City is an active partner with Business Oregon, SOREDI (Southern Oregon Regional Economic Development, Inc.), Josephine County, and other partners in recruitment of new businesses.
14. The city is an active partner in the Business Recruitment and Expansion (BRE) program to help retain businesses and to help growing businesses ensure they have adequate sites and other resources available to grow within the community. Having an adequate supply of industrial sites has enabled growing local businesses to remain in Grants Pass and meet expansion needs.
15. As part of the urban growth management planning, the city conducted a buildable lands inventory and determined there is a supply of serviced and serviceable lands already in the urban growth boundary with urban industrial zoning and the opportunity to connect to or extend and connect to public facilities and utilize urban services.
16. As part of the urban growth management planning, the city will be updating the public facilities and services plans and modeling the future land use to determine demand on infrastructure. The updated plans will include projects that can overcome constraints to development of industrial sites, and which would be eligible for funding sources noted above. There will be opportunities to evaluate capital projects for off-site improvements and regional facilities that would otherwise exceed the initial scope associated with individual site development.
17. As part of the urban growth management planning, the UGB amendment includes some lands with Rural Industrial and Rural Commercial zoning. The City will also evaluate policies for the timing and transition from rural to urban zoning of those lands, and will consider policies that are supportive of existing businesses and current rural standards if and until owners decide lands are needed for businesses that require urban facilities and services, thereby keeping those lands in the short-term supply.

Supplemental Policies

OAR 660-009-0020(1)(b). Commitment to Provide a Competitive Short-Term Supply. Cities and counties within a Metropolitan Planning Organization must adopt a policy stating that a competitive short-term supply of land as a community economic development objective for the industrial and other employment uses selected through the economic opportunities analysis pursuant to OAR 660-009-0015.

Policy 4.1: Commitment to Provide a Competitive Short-Term Supply. A competitive short-term supply of land is a community economic development objective for the industrial and other employment uses selected through the economic opportunities analysis pursuant to OAR 660-009-0015.

Supplemental Strategies for Preparing the Total Land Supply for Development and Replacing the Short-Term Supply of Land as it is Developed.

OAR 660-009-0020(2). Plans for cities and counties within a Metropolitan Planning Organization must include detailed strategies for preparing the total land supply for development and for replacing the short-term supply of land as it is developed. These policies must describe dates, events or both, that trigger local review of the short-term supply of land.

OAR 660-009-0005.

...(9) "**Serviceable**" means the city or county has determined that public facilities and transportation facilities, as defined by OAR chapter 660, division 011 and division 012, currently have adequate capacity for development planned in the service area where the site is located or can be upgraded to have adequate capacity within the 20-year planning period.

...(10) "**Short-term Supply of Land**" means suitable land that is ready for construction within one year of an application for a building permit or request for service extension. Engineering feasibility is sufficient to qualify land for the short-term supply of land. Funding availability is not required.

"**Competitive Short-term Supply**" means the short-term supply of land provides a range of site sizes and locations to accommodate the market needs of a variety of industrial and other employment uses.

...(13) "**Total Land Supply**" means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

Strategy 1. The City will work with economic development partners and private landowners to market existing serviced sites through business recruitment efforts and business retention and expansion efforts.

Strategy 2. The City will update public facilities and master plans and develop a prioritized list of capital projects, including regional and area-wide projects that can overcome barriers to serviceability of employment lands.

Strategy 3. The City will evaluate alternatives to fund and leverage funding for infrastructure projects that provide serviced industrial and traded sector lands, including public-private partnerships, a possible redevelopment district, possible IFA patient capital loans, possible CDBG funds, transportation projects in the Regional STIP, and brownfields grant resources.

Strategy 4. The city will continue to perform area-wide analysis to determine engineering feasibility for off-site improvements to clearly identify long-term needs for off-site improvements and a feasible approach to allow for development to occur in a manner that addresses long-term infrastructure capacity issues through interim solutions where possible, and while assuring short-term capacity constraints can be addressed.

Strategy 5. The city will continue to evaluate opportunities for pre-authorization of development-ready sites through generic or speculative site plan review for likely site-user development scenarios to expedite the development review process.

Strategy 6. The City will work with private landowners to assess industrial land needs, as market conditions dictate, to increase the supply of serviced lands, in a manner that doesn't result in unsustainable short-term infrastructure costs on landowners and properties absent short-term demand from potential site users. The city will continue to consider financing tools such as reimbursement districts in conjunction with IFA patient capital loans, which can facilitate infrastructure development with deferred assessments until site development occurs.