City of Grants Pass
Internal Audits

Performance Audit of
Economic Development and Tourism Programs

October 2013

Prepared In Consultation with:

[Center for Strategic Economic Research]

Submitted by:

[Sjoberg Evashenk Consulting, Inc.]
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Performance Audit of Economic Development and Tourism Programs

October 2013
City of Grants Pass, Internal Audits

Report Highlights

Audit Purpose
Review the structure, activities, and operations of the City of Grants Pass Economic Development and Tourism programs.

Background
- The City has two departments that administer economic development and tourism programs—the Economic Development Department and the Visitors and Convention Bureau.
- With the goal of encouraging economic prosperity, the Department seeks to attract and retain quality jobs; encourage business development, investment, and the diversification and growth of the local economy; and create a healthier business climate.
- Transient Room Tax revenue primarily funds the City’s economic development and tourism promotion operations.

Our Recommendations
The City of Grants Pass should:
- Clearly define its economic vision and develop a strategic plan.
- Establish programs designed to implement the strategic plan; in doing so, consider those services or activities not already provided by others.
- Develop performance metrics to determine return on investment.
- Extend outreach to additional market sectors for tourism and business recruitment.
- Consider reorganization to include all economic development and tourism promotion activities in one department.
- Formally memorialize agreements, and include provisions for monitoring.

The City generally agreed with these recommendations.

Evaluation Conclusion
The City has designed and implemented programs to promote local business and tourism, and it has observed generally positive trends in recent years. Yet, the City is unable to evaluate its return on investment because it does not adequately track its performance. More importantly, however, it has not established a clear vision of what it wants to achieve through its investment in economic development and tourism promotion.

Key Facts and Findings
- Economic Development and Tourism programs exhibited many strengths, including developing strong relationships with regional partners to leverage resources.
- While Grants Pass has observed some positive economic trends in recent years, the City is unable to assess the actual impact its efforts have on economic growth because the Economic Development Department does not measure its performance, staff activities or efforts, or maintain records that would assist in determining the City staff and resource inputs, outputs, and results.
- Tourism has also observed positive economic trends in recent years, but opportunities to improve its return on investment exist. These include improving methods of evaluating performance, continuing to shift its focus from traditional marketing to social media and web-based marketing, and refocusing some efforts on recruiting groups and associations.
- Neither Economic Development nor Tourism has a clearly articulated vision of what they are trying to achieve, and neither has an updated and comprehensive strategic plan detailing how they will get there. As a result, both lack some direction.
- Greater collaboration and synchronization of tourism and economic development activities could be achieved through an operational reorganization.
- Increased controls over contract administration and monitoring is needed.
## Recommendation Locator

### Performance Audit of Economic Development and Tourism Programs

<table>
<thead>
<tr>
<th>Page No.</th>
<th>Recommendation</th>
<th>Priority</th>
<th>Timing</th>
<th>Lead</th>
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</thead>
<tbody>
<tr>
<td>14, 20</td>
<td>1. In order to provide adequate direction to the Economic Development Department and Visitors and Convention Bureau, we recommend that the City develop substantive strategic plans that include:</td>
<td>Critical</td>
<td>3Q FY13/14</td>
<td>Asst. City Mgr</td>
</tr>
</tbody>
</table>
| 2-22     | a. A clearly defined “vision,” or what the City ultimately wants to achieve.  
          b. A clearly defined “return” on the City’s investment (e.g., jobs created, increased tax revenue, etc.)  
          c. A discussion of the “condition on the ground,” based on objective economic data, community input, and an evaluation of economic and tourism-related statistics, business and visitor surveys, web-based statistics, and analysis.  
          d. A well defined approach detailing how the City will progress from the “condition on the ground” toward its “vision.” This should include, at a minimum, annual steps to be taken and goals to be achieved, the City’s economic strengths and weaknesses, delineates strategic objectives and approaches, and performance metrics that allow City officials to determine the overall success of the program. | Critical | 3Q FY13/14 | Econ. Dev. Dept. |
| 20       | e. For Economic Development, we recommend that the Economic Development Department:  
          • Engage City staff, Council, partners, and other stakeholders to discuss the project and identify desired outcomes and a project timeline (consider making facilitated stakeholder engagement a major component of the project to help ensure acceptance of outcomes).  
          • Seek funding from City, partners, EDA, and other sources, secure commitments, and establish a realistic project budget (consider asking OEDA for feedback on budget and alignment with desired outcomes).  
          • Identify the appropriate contracting procedure (e.g. RFP, RFQ, or sole source) and start process by developing a scope of work description (consider including timeline and budget to allow firms to develop a response within these parameters). If using RFP/RFQ procedure, conduct outreach to consulting firms through direct communication, listing services, partner referrals, and industry associations (e.g. OEDA and IEDC). | Critical | 3Q FY13/14 | Econ. Dev. Dept. |
| 20       | • Establish a comprehensive economic development strategy, utilizing CEDS Federal Economic Development Administration (EDA) as guidance. In doing so, the City should consider the following components, established by the EDA, in its strategic plan:  
          ▪ Ensuring stakeholder engagement representing main economic interests.  
          ▪ Incorporating background of the economic development situation and economic and demographic trends.  
          ▪ Analyzing economic development problems and opportunities, such as demonstrating consistency with other state, regional, and local plans; identifying economic development investments; and analyzing economic clusters.  
          ▪ Including goals and objectives to solve economic problems or capitalize on resources.  
          ▪ Ensuring community and private sector participation in plan development and implementation. | Desirable | 3Q FY13/14 | Econ. Dev. Dept. |
- Identifying strategic projects, programs, and activities, including suggested projects and projected jobs outcomes as well as vital projects addressing area’s greatest needs with required funding.
- Developing a plan of action to implement the established goals and objectives.
- Establishing performance measures designed to evaluate development, implementation, and impact of the plan.

During this process, the City should also consider including additional aspects such as an external review of general perceptions of the community, an assessment of the competitive position relative to the broader region and other competing communities, a competitiveness assessment, and the identification of key community assets, targeted industries for directing resources, and critical roadblocks to reaching the established vision.

| 20 | Consider a formal plan evaluation mid-way through the implementation period to ensure effective delivery of programs and services and adjust actions to correspond with changes in economic conditions and policies. | Desirable | 2Q FY13/14 | Econ. Dev. Dept. |
| 23 | For the Visitors and Convention Bureau, this should take shape in an updated Brand Strategy and marketing plan. As part of this effort, the Bureau should consider: | Critical | 3Q FY13/14 | Asst. City Mgr |
| 34 | Incorporating an action plan to engage in and evaluate the effects of a proactive sales and group booking program. | Necessary | 3Q FY13/14 | Tourism Dept. |

- Increasing the City’s web presence through increased social media and online marketing campaigns. Maintaining consistency with the updated Brand Strategy, consideration should be given to:
  - Developing an updated marketing strategy, and incorporate a specific social media plan.
  - Transitioning from the current personal Facebook page to a company/brand page, and incorporate the “Follow” feature on the home page.
  - Incorporating social media links on the Bureau’s home page, including “Like”, “Follow”, “Share” and other actions on key pages throughout the website.
  - Continuing with the process already underway to issue an RFP for web design services.
  - Refocusing efforts to recruit and attract group tourism bookings within the City; small business development programs (including assistance with regulatory compliance, government procurement, and business incubator or accelerator programs); capital improvements to enhance the City’s “brand”; business attraction and recruitment activities; enhanced business engagement and marketing; and community redevelopment programs.
  - Adding different social channels, including Google+, LinkedIn, Pinterest, Instagram, Foursquare, and others. In doing so, the Bureau should begin the process to:
    - Reserve its brand name on various social networks;
    - Look into automation tools that allow long-form content (such as blog posts) to be posted to social channels, such as Facebook, Twitter, etc., thereby creating a streamlined and efficient approach to posting content on different channels; and
    - Utilize Facebook, or another social channel, to allow individuals to sign up for e-newsletters, a process that will better enable the production of more personalized
• Creating processes to gather additional information regarding existing visitors, including continuing the “hotel survey” and evaluating the potential for the Chamber of Commerce and Downtown Services to incorporate a similar survey, for the purpose of developing a greater understanding of where existing visitors are from and the factors that brought them to Grants Pass. Similarly, implement Google Analytics for the purpose of:
  ▪ Determining the number of people on www.visitgrantspass.org at any given time, their geographic location, the traffic sources that referred them (including other web pages and social media sites), the specific pages they are viewing, and the visit duration.
  ▪ Monitoring the immediate effects on traffic from a blog or social network post or tweet.
  ▪ Measuring and analyze traffic from different sources like search or referrals from hundreds of social networks, revealing which content is popular among different social networks and how visitors flow from social media to the Bureau’s website.
  ▪ Measuring and compare different types of social actions—such as Google “+1” and Facebook “Like” buttons—and see which pages receive social actions.
  ▪ Discovering where Grants Pass content is off-site (as it is shared in social networks) and how audiences are interacting with it.
  ▪ Identifying the number of visitors that use the search engine on the website, and the search terms visitors use—revealing the type of information visitors are looking for or having a difficult time finding.
  ▪ Creating dashboards and custom reports that would provide meaningful information regarding the reach of the Bureau’s web-based marketing plan.

2. Develop an effective performance evaluation system. For both the Economic Development Department and the Visitors and Convention Bureau, this should reflect the types of performance metrics presented in this report. A performance measurement system should include:
   a. The resources dedicated to economic development and tourism activities (e.g., dollars, staff time, etc.),
   b. The outputs of such activities (e.g., number of loans, number of advertisements, etc.), and
   c. The outcomes of such activities (e.g., jobs created, unemployment trends, visitor dollars spent, trends in Transient Room Tax revenues). Annual goals or targets, as well as key benchmarks (such as similar cities, regions, and the State).
   d. Data that demonstrates the contributions (resources, outputs, and outcomes) of City departments and the contributions of the City’s partners.
   e. To the extent that the indicators are feasibly available and useful to City officials, performance reports should include a balanced approach, reflecting resources, outputs, and outcomes, as reflected in the performance measures discussed throughout this report and summarized in the Conclusions and Recommendations chapter of this report. While we present a wide array of performance indicators below, we recommend that the City, through its strategic planning process, determine which indicators it views as useful in evaluating a) progress toward achieving strategic objectives, b) understanding the overall economic and tourism environment in the...
1. Consider, as part of the strategic planning process, expanding the role of the Economic Development Department to include additional or alternative services or programs that are either not offered by the other organizations in the regions, or are limited to a narrow scope. These could include providing assistance with regulatory compliance, providing assistance with government procurement, establishing business incubation or accelerator support, promoting the City’s brand strategy through capital neighborhood improvement programs; increasing the Department’s role in business attraction, marketing, and a broader recruitment strategy; increasing the role of the Economic Development Coordinator in business engagement, and considering the potential for a future community redevelopment agency.

2. Consider reorganizing the Economic Development Department and Visitors and Convention Bureau into a single department. Currently, we do not believe this would require additional staff or layers in the organization; rather, the intent should be to enhance communication and coordination in a manner that reflects the nature of their aligned goals and overlapping stakeholders. This should include:
   a. Aligning Downtown Services with both the Economic Development Department and the Visitors and Convention Bureau, primarily because it serves as the primary liaison with the businesses downtown.
   b. Ensuring contract oversight and accountability for economic development- and tourism related activities performed by both the Chamber of Commerce and Downtown Services.
   c. Clearly defining the roles and responsibilities of each unit and establish key reporting relationships.
   d. Determining the skill sets needed to carry out the strategic plan effectively, and clearly delineate the skills, abilities, and expectations in a manner that ensures that the overall team has the ability to carry out the strategic plan adopted by the City.

3. Establish protocols to ensure agreements between the City and other parties are sufficient to provide a basis upon which to ensure the City receives what it is paying for.
   a. Formally memorializing agreements with contractors in an executed, written document containing a defined contract term, a description of the services to be performed that is sufficient to allow for the determination of whether the services provided fall under the contract, and reporting requirements and performance measures for monitoring compliance.
   b. Ensuring all contracts in use are fully executed and are renewed prior to expiration.
Introduction & Background

Situated in Southern Oregon, the City of Grants Pass (City) is the largest city in, and seat of, Josephine County, with a population of 34,740 and a downtown designated as a National Historic District. Grants Pass is home to a vibrant community with a changing economy. Historically, Grants Pass was a timber-based economy, home to one of the largest timber mills on the West Coast. However, while Josephine County observed the closing of its last major timber mill in 2013, it has, according to management, experienced the growth of tourism, healthcare, manufacturing, recreation, and service industries that now provide the major sources of employment. In fact, a state economist has determined that Josephine County ranks highest among non-metro Oregon counties in terms of economic diversification.

Through this transition, the City has faced numerous challenges to its changing and growing economy. Generally, high retail turnover is reflected by empty storefronts in downtown; city fees such as System Development Charges are believed by some in the business community to be prohibitively high; there has been a lack of consensus over the years regarding the rate at which the City should grow; constraints related to waste water treatment plant capacity inhibit growth; the City has experienced increasing crime rates; there is limited industrial lands available to prospective manufacturing businesses; and the City has limited convention space to attract larger out-of-town groups. Each impacts economic growth and tourism promotion in the City.

At the same time, a high-level comparative analysis of economic indicators for Grants Pass revealed both positive and negative trends when compared to state-wide and regional data, as well as with selected cities in Southern Oregon. For instance, at nearly $21,000, Grants Pass’ per capita income is slightly below the regional and statewide averages, and the City’s unemployment rate of 12.7 percent is above the region and the state, but is within the ranges observed in other Southern Oregon communities. Our comparative analysis also revealed that employment in Grants Pass recently experienced a nearly 10 percent gain—a relatively strong growth rate in comparison to the state, region, and other communities where, for many, negative growth was experienced. Further, at 0.53 jobs per one person, Grants Pass generally has a higher proportion of jobs relative to its population in comparison to the state (0.35), region (0.29), and other cities analyzed (ranging from 0.07 to 0.52). See Appendix A for a more detailed discussion of demographic and economic trends.

Similarly, Josephine County—the closest geographic location for which statistics are currently reported—has observed generally positive tourism trends in its recovery from the economic recession of 2008 (see Appendix A). Specifically, gross local tax receipts (which includes overall impact on local taxes, including tax revenue collected by localities and levied on applicable travel-related businesses) have increased since Fiscal Year 2007-2008, from $953.9 million to approximately $966.2 million in Fiscal Year 2011-2012. There have been similar increases in Transient Room Tax revenues received, with Josephine County going from collecting $941,157 in Fiscal Year 2009-2010 to $973,893 in Fiscal Year 2011-2012. The increase in local tax receipts and Transient
Room Tax revenues is in line with the overall 12 percent increase in visitor spending in Josephine County since Fiscal Year 2008-2009, and with overall regional and statewide increases in visitor spending and local tax receipts.

While these trends may not be attributable to any single factor, the City has taken numerous steps to encourage economic growth including establishing a formal Economic Development Department (or Department) as well as a Visitors and Convention Bureau (or Bureau)—organizational commitments that are unique in Southern Oregon. Further, Grants Pass has dedicated by ordinance a specified percentage of all Transient Room Tax revenues to fund the promotion of both economic development and tourism.

**Program Overview**

To undertake the City’s development and tourism efforts, its Development Program Unit includes two departments, the Economic Development Department and the Visitors and Convention Bureau (also known as the Tourism Department). With a Fiscal Year 2013 budget of approximately $174,000 and staff of one full time equivalent (FTE) employee—the Economic Development Specialist—the Economic Development Department is focused on implementing the City Council’s Goal to “encourage economic prosperity.” The Department seeks to attract and retain quality jobs; encourage business development, investment, and the diversification and growth of the local economy; and the creation of a healthier business climate.

According to management, its primary focus has been the recruiting of traded sector businesses (those providing goods or services to be sold elsewhere) to relocate within Grants Pass, thereby contributing to the successful growth of the community. The Department’s secondary focus has been on retaining and expanding existing local businesses and coordinating marketing efforts through various business development tools, including business loans and grants, permitting and licensing requirements, and permitting fee waivers. These activities include providing resources to both existing businesses and individuals wanting to start a business, such as informational resources and training, in an effort to promote and build the key skills and abilities necessary to foster a culture of entrepreneurship within the community. Further, the Economic Development Specialist (or Economic Development Coordinator) serves as a liaison between the City, its business community, and numerous non-profit organizations throughout Southern Oregon—each contributing resources important to the overall success of economic development in Grants Pass.

Also within the City’s Development Program Unit is the Visitors and Convention Bureau, managed by the Tourism and Downtown Coordinator. With a Fiscal Year 2012-2013 budget of approximately $308,000 and two FTE employees, the Bureau is responsible for promoting tourism, marketing the Grants Pass area, and improving the City’s economy through encouraging and supporting tourism and visitors. Other related City initiatives, such as the City’s Downtown Services, are managed by the Department through a contract with Recreation Northwest, which also provides Recreation Program services that are managed by the City’s Community Development Department.
To market the Grants Pass area and promote tourism, the Bureau coordinates traditional and web-based advertising campaigns, engages in virtual and face-to-face visitor contact, promotes events, conducts industry training, develops informational and collateral materials, and leads the City’s tourism public relations efforts. The Bureau also contracts with the Grants Pass and Josephine County Chamber of Commerce to staff the main visitor center and to maintain and track direct contacts with visitors. The Bureau’s core programs and activities include:

- Sponsoring and supporting local events to promote community goodwill and a positive community image.
- Training local businesses in hospitality customer service.
- Publishing a monthly newsletter detailing community events, cultural sites, and recreational activities in the Grants Pass region.
- Updating and maintaining the Grants Pass tourism website (www.visitgrantspass.org), and promoting tourism through social media channels.
- Partnering with regional tourism associations to produce advertising campaigns.
- Designing and creating visitor information packets including informational brochures and calendars.
- Marketing Grants Pass tourism opportunities at industry events and conferences.
- Supporting the City’s Tourism Advisory Committee.

Finally, Downtown Development Services, while not a singular program, is a budgeted program category reflecting a combination of services designed to impact the downtown community, including maintenance of public infrastructure, parking enforcement, supporting downtown businesses and assisting visitors in the downtown area. The Downtown Development Services budget includes resources for its economic development and tourism related activities—particularly through services provided by Recreation Northwest—as well as resources for community development, parking enforcement, and parks and recreation program activities. The specific activities related to economic development and tourism provided by Recreation Northwest (Downtown Services) includes:

- Acting as merchant liaison with downtown businesses community
- Providing information to downtown shoppers and visitors
- Supporting retail business events and downtown community activities
- Observing and report public infrastructure issues

These activities support the City’s desire to develop and maintain an economically and aesthetically vibrant downtown and a supportive environment for existing downtown businesses.

The City’s economic development and tourism promotion operations are funded primarily through Transient Room Tax revenues and, to a lesser extent, General Fund
In total, the City receives between $900,000 and $1 million in Transient Room Tax revenues each year. Provisions of the Grants Pass Municipal Code\(^1\) stipulate that of the first 77.8 percent of Transient Room Tax Fund monies collected, 80 percent of those funds shall go to the City’s General Fund. From this amount, 30 percent shall go to funding the Tourism program. Additionally, 20 percent of the 77.8 percent shall be transferred to the General Fund to be used for promoting economic development and downtown area program activities. The Municipal Code further directs that the remaining 22.2 percent of Transient Room Tax Fund monies, also transferred to the City General Fund, are to be allocated 30 percent to the Tourism program and 70 percent to the Lands and Building Fund.

As a result of these parameters, much of the City’s investment in economic development and tourism promotion is guaranteed into the future—pending any future regulatory changes. Over the past five years, the revenue from Transient Room Tax has remained relatively stable, and as a result, so has the support of economic development and tourism, as illustrated in Table 1.

<table>
<thead>
<tr>
<th>Table 1. Transient Room Tax Funding of Economic Development and Tourism</th>
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<tbody>
<tr>
<td><strong>Program</strong></td>
</tr>
<tr>
<td>Total Transient Room Tax: Revenues</td>
</tr>
<tr>
<td>Total Transient Room Tax: Economic Development</td>
</tr>
<tr>
<td>Total Transient Room Tax: Downtown Development</td>
</tr>
<tr>
<td>Total Transient Room Tax: Tourism Promotion</td>
</tr>
</tbody>
</table>

Source: City of Grants Pass Annual Budget
Note: Amounts reported for Fiscal Year 2012-2013 are not actuals and reflect the adopted budget.

Over the years, the City has augmented Transient Room Tax funding of economic development and tourism promotion programs with additional modest levels of discretionary funds. Specifically, for economic development and tourism promotion, the City has annually allocated between approximately $10,000 and $60,200 in General Fund support between Fiscal Years 2008-2009 and 2012-2013 for economic development and tourism promotion, as illustrated in Table 2.

In addition to the City’s General Fund support of economic development programs and tourism promotion, the City has approximately $1 million available from former Community Development Block Grant (CDBG) loans that have been repaid to the City since the 1980s. These monies have been allocated to fund various economic development and tourism programs, including the Industrial Development Revolving

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\(^{1}\) Grants Pass Municipal Code, Title 4: Taxes and Licenses, Chapter 4.05
Loan Fund, Micro-Enterprise Loan Program, and the System Development Charges Incentive Program. The City has determined that these funds are not available to support ordinary operational activity of the City as they originated from a source that was initially subject to traditional CDBG fund restrictions—e.g., that at least 70 percent of CDBG grant funds are used to benefit low- and moderate-income persons though eligible activities such as land acquisition for public benefit, building rehabilitation, public works, and nonprofit assistance for community development activities. According to the City, the monies from the repaid loans have fewer restrictions than current CDBG funding, thus allowing the City to use these “older funds” to offer a variety of financing options to local business owners and entrepreneurs. The funding available through CDBG proceeds is also illustrated in Table 2.

Table 2. General Fund Discretionary Funding of Economic Development and Tourism

<table>
<thead>
<tr>
<th>Program</th>
<th>2008-2009</th>
<th>2009-2010</th>
<th>2010-2011</th>
<th>2011-2012</th>
<th>2012-2013*</th>
</tr>
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<tbody>
<tr>
<td>General Fund Support – Downtown Development</td>
<td>$161,522</td>
<td>$153,928</td>
<td>$185,561</td>
<td>$206,268</td>
<td>$224,373</td>
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<tr>
<td>General Fund Support – Tourism Promotion</td>
<td>$11,608</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$10,000</td>
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<tr>
<td>Community Development Block Grant</td>
<td>$907,383</td>
<td>$927,405</td>
<td>$992,244</td>
<td>$1,025,944</td>
<td>$910,413</td>
</tr>
</tbody>
</table>

Source: City of Grants Pass Annual Budget
*Budgeted estimates

Overall, the City’s investment in economic development and tourism promotion has increased moderately since Fiscal Year 2008-2009, when its operating budget for economic development and tourism was $160,000 and $309,000 respectively—for a total investment of $469,000. In Fiscal Year 2012-2013, the City’s investment was $174,000 and $308,000 respectively, for a total investment of $482,000—a 3 percent increase. As illustrated in Table 3, while the budget for economic development has increased in most years from approximately $160,000 to $174,000, a 8 percent increase during this period, the City’s budget for tourism has fluctuated and reflects a slight decline over the five year period—from nearly $309,200 to almost $307,900 between Fiscal Year 2008-2009 and Fiscal Year 2012-2013.
Table 3. Program Budget by Fiscal Year

<table>
<thead>
<tr>
<th>Program</th>
<th>2008-2009</th>
<th>2009-2010</th>
<th>2010-2011</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
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<tbody>
<tr>
<td>Economic Development</td>
<td>$159,500</td>
<td>$135,749</td>
<td>$164,813</td>
<td>$170,050</td>
<td>$174,340</td>
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<tr>
<td>Downtown Development</td>
<td>$297,867</td>
<td>$286,429</td>
<td>$313,552</td>
<td>$339,712</td>
<td>$355,823</td>
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<tr>
<td>Tourism Promotion</td>
<td>$309,193</td>
<td>$281,650</td>
<td>$289,172</td>
<td>$297,134</td>
<td>$307,862</td>
</tr>
</tbody>
</table>

Source: City of Grants Pass Annual Budget
Note: Amounts reported for Fiscal Year 2012-2013 are not actuals and reflect the adopted budget.

Scope and Methodology

The City of Grants Pass, through the City Council Audit Committee, engaged Sjoberg Evashenk Consulting, Inc. to conduct a performance audit of the City’s economic development and tourism programs. The primary objective of this audit is to determine whether the City’s economic development and tourism programs are managed efficiently and whether the City is receiving the highest return on its limited economic development and tourism resources. The scope of this project includes evaluating program expenditures, business relationships with partner organizations, City staffing and management, and program return on investment. It also includes providing recommendations on how the City can best leverage and maximize resources invested in its economic development and tourism programs while improving services and program efficiency and effectiveness. Our program evaluation covered the period between calendar years 2008 and 2012. Audit fieldwork was performed between May and June 2013.

To accomplish the audit objectives, we reviewed the structure, activities, and operations of each program. Specifically, we assessed the organizational and reporting structure of each program, conducted a detailed review of program expenditures—including identifying total expenditures provided to local entrepreneurs, existing businesses, and City events and activities. We obtained performance statistics, reviewed pertinent city and state policies, identified and evaluated the City’s goals and desired outcomes of economic development and tourism activities, identified economic development and tourism best practices, and evaluated where City staff and regional partner activities met, overlapped, or did not exist.

We interviewed key City staff regarding their roles and responsibilities in promoting business retention and expansion, sales and marketing efforts, data gathering activities, and performance measures used. We reviewed program loan, grant, and financial sponsorship activities; evaluated the use of online outreach and social media; and examined the services and activities conducted by regional partnership associations and the leveraging and coordination of these efforts. We also interviewed key stakeholders, including members of the Grants Pass City Council Audit Committee, local business owners and regional economic development and tourism organizations, to obtain their perspective on the effectiveness of the economic development and tourism programs,
areas where the programs excel and where improvements are needed, their experience with the City and the services regional partners provide; and their goals and expectations of the City’s economic development and tourism programs. In addition to our analysis of the existing program structure, activities, and outcomes, we conducted strategic benchmarking of comparable cities and evaluated industry best practices.

Finally, to assist us in our economic development and tourism benchmarking and best practices identification, we partnered with the Center for Strategic Economic Research (CSER), a firm with extensive experience producing economic development strategies, conducting program evaluations and best practice reviews, and advising regional organizations and local jurisdictions on economic development programs and policies. As a subject matter expert, CSER provided insight and perspectives on economic development factors, demographic research, place marketing, and urban planning, as well as conducted research, analysis, and evaluation of related economic development factors, elements, and issues.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the performance audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The findings of this report were presented to and discussed with representatives of the City of Grants Pass and key stakeholders between July 22 and September 9, 2013. City management generally agreed with the findings and recommendations presented in this report, and the input and perspectives provided by City management and staff, as well as key stakeholders, provided during this period were considered and incorporated where applicable in the final report.

We wish to acknowledge and thank City management and staff, as well as the numerous stakeholders which participated in this audit engagement, for the assistance and cooperation extended throughout this audit process.
Economic Development Programs

This audit revealed both strengths and weaknesses in the way the City of Grants Pass (City) has designed its economic development and tourism programs, and in the way it administers these programs. For instance, unlike many of its peers, the City created a fully-dedicated and independent Economic Development Department (Department) to promote economic prosperity through administering business development grants and loan programs, sponsoring independent regional organizations that promote economic development, and collaborating with numerous independent non-profit organizations in the region to supplement the Department’s economic development efforts. The City’s creation of a fully-dedicated department and continued investment in economic development—including $112,200 in Transient Room Tax revenues, and $77,504 in additional General Fund monies in Fiscal Year 2013-2014—provides a strong foundation for growth and positions the City to achieve more than what could be achieved by using regional partnerships alone.

The Department has designed and implemented several programs to provide financing opportunities to businesses interested in starting or expanding in the community; it has created programs designed to offset the potential burden System Development Charges can have on new or expanding businesses; and it has placed a significant focus on coordinating the efforts of each of the economic development partners in the Southern Oregon region, building upon their expertise and leveraging their resources to the benefit of Grants Pass.

Furthermore, in many cases, we observed positive economic trends in the City. For instance, as discussed in the Introduction and Background section of this report, and detailed in Appendix A, our comparative analysis of economic trends revealed that employment in Grants Pass
recently experienced a nearly 10 percent gain—a relatively strong growth rate in comparison to the state, region, and other communities where, for many, negative growth was experienced. Further, at 0.53 jobs per one person, Grants Pass generally has a higher proportion of jobs relative to its population in comparison to the state (0.35), region (0.29), and other cities analyzed (ranging from 0.07 to 0.52). While we these trends cannot be attributed, at least solely, to the efforts of the City, they too demonstrate a positive foundation for future economic development programs.

At the same time, the City’s economic development and tourism programs face certain challenges and weaknesses that hinder success and impede the ability of City officials and policy makers to ascertain the actual impact these programs are having. While the Department’s activities appear properly aimed at improving the City’s economic growth, we found the City is unable to assess the actual impact its efforts have had on economic growth because the Department does not track or measure its internal performance.

Rather, the primary performance statistics that are developed are based on the activities conducted by the City’s regional partners. As a result, the City is unable to isolate the impact of its efforts from those of other related activities, nor can it evaluate whether its resources, particularly the funding of a separate fully-dedicated City department, produce sufficient returns on such an investment.

Ultimately, we identified several ways in which the City could better demonstrate its return on investment, including establishing more relevant performance measurement systems and considering a variety of additional or alternative services or programs that are either not offered by the other organizations in the regions, or are limited to a narrow scope. This could include providing assistance to businesses regarding regulatory compliance, providing assistance with government procurement, establishing business incubation or accelerator support, promoting the City’s brand strategy through capital neighborhood improvement programs; increasing the Department’s role in business attraction, marketing, and a broader recruitment strategy; increasing the role of the Economic Development Coordinator in business engagement; and considering the potential for a future community redevelopment agency.

Most significantly, the City lacks a clearly defined vision and strategic approach to economic development. While it is evident that the City’s goal is to foster a business friendly environment in which employment opportunities grow, there are many different ways a city can foster a business friendly environment, as well as several different types of employment opportunities. A focus on the tourism and hospitality industry will yield different types of employment opportunities than a focus on light manufacturing and the traded sector industry; and both would produce different employment opportunities than a focus on promoting retail shops and restaurants in a flourishing downtown core. Each, among others, has been cited as desirable outcomes of the City’s economic development investment; yet the City has limited resources to dedicate to economic development, and cannot ensure success if its focus is splintered in too many directions. Ultimately, the City’s vision for the future has not been fully articulated—that is, “what does the City want to look like in 10 years?” Because it does not know what it wants to achieve through its economic development programs, “success” is hard to define. The Department has also not articulated the type of return it wants from its investment (e.g.,
job creation, increased tax revenue, increased average wages, etc.), and has not developed benchmarks or performance reporting systems designed to demonstrate whether it has achieved the intended outcomes of the City’s investment.

In the end, we found the lack of a clearly defined vision and articulation of the type of return it desires from its investment to be the most significant barrier facing economic development in the City. To be successful, the City must clearly define its economic vision; it must then develop a strategic plan that articulates the City’s economic strengths and weaknesses, includes objective economic data and community input, delineates strategic objectives and approaches, and defines performance metrics that allow City officials to determine the overall success of the program. This vision and strategic approach should in fact guide the kind of programs offered and the performance measurement systems put in place to evaluate them.

The City Administers and Supports Many Economic Development Programs, but Has Not Developed A Sufficient Model to Evaluate Their Impact

With a Fiscal Year 2012-2013 budget of a little more than $174,000 and staff of one full time Economic Development Specialist (Economic Development Coordinator), the Department is responsible for implementing the City Council’s goal of encouraging economic prosperity. The focus of the Department’s efforts has centered on the following three key areas:

- Recruiting businesses to relocate to Grants Pass;
- Retaining and expanding local businesses; and
- Serving as a liaison between the City, the business community, and regional organizations with similar missions to support economic development.

The Department’s efforts to address each of these areas are intended to have a positive impact on economic growth in Grants Pass. While the Department is engaged in numerous economic development activities, the only programs administered in-house are those that provide financial assistance or incentives to new or existing businesses. These include:

- **System Development Charges Incentive Program**—Offers assistance to qualified businesses by reimbursing up to 100 percent of the transportation charges incurred during the business permitting and planning process. Since 2008, the City has provided a total of $100,081 to six local businesses to alleviate the cost of starting or expanding a business.

- **Economic Development Sponsorships/Grants**—Offers informal support to local organizations that promote City activities and private community events. Since 2008, the Department has provided a total of $19,405 in sponsorship financial support and $10,500 in grants to various local and regional entities.
• **Micro-Enterprise Loan Program**—Encourages local entrepreneurship through the funding of small loans ranging from $300 to $10,000. Since the inception of the program, no loans have been funded.

Additionally, the City provided a total of $85,042 in Community Development Block Grant monies to local businesses through the following programs since 2008:

• **Building Renovation Loan/Grant Fund**—Provides loans and grants to encourage local businesses to maintain or restore building exteriors or renovate upper floors of interior areas for commercial and residential uses.

• **Industrial Development Revolving Loan Fund**—Assists local businesses’ development or expansion endeavors, such as financing land acquisition, capital improvements, fixed equipment and machinery, research and development, or working capital.

In addition to these in-house assistance programs, the Department also supports (generally through financial sponsorships, contracts, or in-kind assistance) several non-profit organizations that provide economic development assistance related to business education training, business retention outreach, and recruitment. Each organization fulfills a specific role impacting the City and region’s overall economic development with their own mission and geographic focus. These organizations include:

• **Southern Oregon Economic Development, Inc. (SOREDI)**: Under a $25,000 annual contract, the City has paid SOREDI nearly $125,000 for services since 2008. Among its services, SOREDI:
  - Administers a business loan program offering loans of up to $250,000 for traded sector entrepreneurs;
  - Runs the Rogue Nexus program, which provides a forum and resources for entrepreneurs and small- to medium-sized companies to network and build a robust internet based economy;
  - Administers the State’s Enterprise Zone and E-Commerce Zone programs, which offer various tax credits; and,
  - Conducts a recruitment program that focuses on attracting to the region traded sector industries and firms.

• **Grants Pass & Josephine County Chamber of Commerce**—Conducts a formal triennial Business Expansion and Retention survey that provides the Economic Development Coordinator with information that includes identifying businesses at risk of leaving the City and the reasons why. The City pays the Chamber of Commerce $15,000 for this service.

• **Recreation Northwest (or Downtown Services)**—Manages the City’s Downtown Services Center and functions as a primary liaison between City Hall and the downtown business community. According to its contract with the City,
Recreation Northwest, operates a downtown visitors center, makes visitor contracts, and provides information to people visiting and shopping in Grants Pass; observes and reports on the downtown public infrastructure in order to maintain and enhance an economically and aesthetically vibrant downtown; coordinates with Community Service Officers; and, acts as a liaison with the downtown business community to enhance the economic climate. The City has paid Recreation Northwest approximately $222,000 for activities related to the Downtown Services Center since 2008.

- **Rogue Community College (RCC) & the Small Business Development Center**—Provides general business assistance and training through the college; assists local small businesses by providing consultation to individuals starting or expanding a small business; and, provides resources for struggling businesses. In 2011, the City contracted with Rogue Community College to develop an Economic Gardening Program, which is designed to assist traded sector businesses finding new sales markets and develop new products. Including the $15,000 Economic Gardening contract, as well as CDBG and microenterprise grants, the City has paid the RCC just over $115,000 since 2008.

- **The Rogue Initiative for a Vital Economy (Thrive)**—Provides website services related to designing, building and hosting a database for the “Buy Local – Buy Rogue” campaign intended to link local manufacturers and those seeking local products and services. Under the $16,000 contract to create and host the website, the City has paid $10,000.

- **Towne Center Association**—Facilitates the building of business relationships between downtown business owners; advocates for the downtown business community; encourages local resident and tourist activity in the downtown area; and, promotes events in the community. The City has paid the Town Center Association $11,220 in sponsorship support since 2008.

While the Department’s activities appear appropriately aimed toward improving the City’s economic growth, we found the City is unable to assess the actual impact its efforts have on economic growth because the Department does not track or measure staff activities or efforts, or maintain records that would assist in determining the City staff and resource inputs, outputs, and results. Rather, performance statistics and information related to economic development that are reported by the Department are based on the activities conducted and results reported by the City’s regional partners.

On an annual basis, the Department reports to the City Council a series of performance indicators that generally reflect the overall outcome of the regional economic development activities carried out by the Department and its partners, primarily SOREDI and the Small Business Development Center. However, we noted that the statistics reported by the Department typically only relate to the efforts of its partners and do not include in-house efforts and results of the Department.
Table 4 reflects reported performance indicators compiled and presented by the Department. This annual report includes metrics such as the number of jobs created, the number of jobs retained, the dollar amount of new business investment, change in sales activity for existing businesses, and business participation in economic gardening and other business training and assistance programs.

### Table 4. Annual Economic Statistics Reported by the Economic Development Department

<table>
<thead>
<tr>
<th>ECONOMIC DEVELOPMENT REPORTED STATISTICS</th>
<th>2010-2011</th>
<th>2011-2012</th>
<th>Goal 2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs Created and Retained</td>
<td>263</td>
<td>305</td>
<td>200</td>
</tr>
<tr>
<td>Private Investments in Community (SOREDI loans, etc.)/Investment of Capitol</td>
<td>$931,000</td>
<td>$5,764,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Businesses approved for economic incentive grants</td>
<td>2</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Businesses expanded or retained</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Average monthly contacts with local businesses</td>
<td>10</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Business trainings provided</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Companies expanded, recruited, saved</td>
<td>4</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Population</td>
<td>34,533</td>
<td>34,660</td>
<td>34,740</td>
</tr>
</tbody>
</table>

Source: Grants Pass Budget Fiscal Year 2013-2014
Note: Prior to Fiscal Year 2010-2011, Economic Development statistics were not compiled on a yearly basis.

While Table 4 reflects inconsistent reporting prior to Fiscal Year 2010-2011, the type of metrics reported include some of those generally recognized as strong indicators of the impact of economic development programs.

Performance reports, however, do not demonstrate the Department’s specific contribution to economic growth or to these particular metrics. We recognize that the Department and each of its regional partners form a team that together drives economic development in the City and the region, and the reported performance results illustrate the overall impact of their collaborative efforts. Clearly a collaborative and healthy “team approach” should leverage the strength and focus of each entity and at some point should be combined to determine and reflect overall performance outcomes. However, it is also important to know how City resources have been used to promote economic development (e.g., supporting the programs of various partners or dedicating staff time to promote City-administered programs), as well as the impact of City-administered programs. We attempted to gather and review available performance data and statistics in an effort to ascertain the types of activities and actions (outreach, marketing, business recruiting, business development, funding, plans, documents, meetings) undertaken by the Department and found that the Economic Development Coordinator generally does not retain, track, or gather sufficient information to identify such activities or to calculate the
impact of those resources on the mission and goals of the Department. Table 5 illustrates the monetary and in-kind resources provided by the Department to the regional partners as well as the measurable outcomes reported to the City. The table reflects the performance statistics reported by several regional partners before the information was consolidated and reported by the Economic Development Coordinator.

Table 5. City Resources Provided for and Return on Investment to Regional from Economic Development Partners

<table>
<thead>
<tr>
<th>Organization</th>
<th>City Resources – FY 2012-2013</th>
<th>Reported Impact – FY 2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOREDI</td>
<td>Monetary—$25,750; In-Kind—Unknown</td>
<td>29 jobs created, 229 jobs retained, $3.27 million in new capital investment, $4 million increase in sales, 6 business start-ups attributed to SOREDI efforts</td>
</tr>
<tr>
<td>Chamber of Commerce</td>
<td>Monetary—$15,000 for tri-annual business survey; In-Kind—Unknown</td>
<td>Design and conduct of a tri-annual business retention and expansion survey with Grants Pass businesses</td>
</tr>
<tr>
<td>Small Business Development Center</td>
<td>Monetary—None; In-Kind—Unknown</td>
<td>47 jobs created, 7 jobs retained, $1.98 million in new capital investment, $4.39 million increase in sales, 10 business start ups attributed to SBDC efforts</td>
</tr>
<tr>
<td>Grown Oregon</td>
<td>Monetary—$15,000; In Kind—Unknown</td>
<td>8 jobs created, 14 jobs retained, $1.6 million in new capital investment, $801,000 increase in sales</td>
</tr>
</tbody>
</table>

Source: PowerPoint prepared by the Economic Development Program Coordinator

Each of these represent a distinct investment of limited resources to support a specific activity that benefits the area in general. We find that the Department’s practice of reporting performance statistics generated by its partners to be an important method of representing the overall impact of the City’s investment in economic development; yet, the Department’s method is incomplete for two reasons. First, indicators reflecting the Department’s resources, efforts, and outputs are not discretely collected or documented, and therefore are not directly reflected in its performance reports. Second, the reporting of these statistics does not provide City officials or the Economic Development Coordinator with sufficient information regarding the relative impact of the individual programs and services administered by the City itself.

To illustrate, through data provided from SOREDI, City funding of $25,750 assisted in the creation of 29 new jobs and the retention of scores of others. Based on discussions with SOREDI and the Economic Development Coordinator, as well as a review of program documentation, we can determine that the Economic Development Coordinator’s involvement and in-kind support contributed to the success of SOREDI, but cannot determine the full extent of the Coordinator’s support of or involvement with
SOREDI’s activities. However, without clear verifiable evidence demonstrating the resources (in terms of time and assistance) provided, the Economic Development Coordinator cannot, nor can we, evaluate the direct impact or return of the City’s in-kind investment of the Coordinator’s participation. In recommending that the Economic Development Department demonstrate the resources dedicated to its regional partners, we are not suggesting that the Department parse its partners’ performance statistics to determine the number of the “29 new jobs” that the Department can claim, or the level of credit the City should receive for its support of its partners. Rather, critical to a successful performance measurement system is the identification of resources (or “inputs”) dedicated, including how staff time is used, is an important part of this analysis.

Furthermore, while the Department’s grant and loan programs show some positive results, the Department also lacks sufficient data to evaluate and report on the impact of these programs as well. For instance, between 2007 and 2012, the City has issued 14 grants, totaling more than $100,000, and has issued one loan to a local business in the amount of $25,000; yet, the Economic Development Coordinator was unable to provide evidence of the impact of these grants and loans—particularly in terms of jobs created or saved. During our review, we identified multiple façade redevelopment grants, ranging from $470 to $5,000, which assisted local Grants Pass businesses with costs related to building exterior improvements, including paint supplies, new signs and even design assistance. These façade improvement grants are intended to assist local businesses, especially in the downtown area, implement needed improvements to deteriorating building exteriors, which is viewed as directly impacting the City’s efforts to brand Grants Pass as an attractive and viable tourism destination and a place where small businesses thrive.

The City also offers financial assistance and subsidies to new businesses through its System Development Charge Incentive Program. The City assesses these charges during the planning and permitting process to mitigate the development’s impact on the City’s infrastructure. Through its financial assistance and subsidy program, a new business can be awarded a subsidy up to 100 percent of the SDC fees assessed for a new business development. Over the past five years, the City granted subsidies to six businesses, totaling $100,081, thus encouraging entrepreneurs to continue considering Grants Pass as a viable option for new business developments. However, the City does not track the number of applications received for grants and loans, awards made, program results (such as jobs created, conditions improved, etc.), or participant satisfaction.

As a result, the City is unable to determine and report the impact of its loan and grant programs, or whether such assistance programs have been adequately utilized. Without data to identify how and where the Department’s efforts were focused, the amount and type of resources used, and benchmarks and measures to compare one period to the next, the City cannot determine whether its investment in a fully-dedicated department results in greater successes than it would without such an investment. Ultimately, City officials do not have adequate information necessary for budgeting and strategic planning purposes, or a sufficient basis upon which to determine if the establishment of a dedicated department to promote economic growth has been successful.
We believe the Department has been unable to provide additional performance information is largely because of the following:

- In participating alongside its regional partners as they engage in recruitment activities, training, and business retention services, the Department’s activities are not easily distinguishable from those of its partners. For example, the Department has assisted SOREDI in bringing numerous businesses into Grants Pass, such as in 2010 when the Department partnered with SOREDI to recruit a ceramics manufacturer to Grants Pass, including assisting the new business with obtaining financing through the City’s Industrial Loan Program.

- The Department lacks concrete action and service delivery plans and does not track or keep data related to collaboration and coordination activities, such as specific businesses and groups met with, the number and nature of conversations and meetings with business owners and leaders, the goal and outcome of outreach or recruiting efforts, the number of meetings with regional partners, etc.

- The Department’s activities related to loan and grant programs, including the System Development Charges Incentive Program and Micro Enterprise Loan Program, are not tracked or reported, such as annual number of applicants or number of applicants approved, nor is the impact of the incentive or loan reported in a manner that demonstrates each program’s contribution to economic development.

To demonstrate success and worth of investing in its efforts, the Department must set annual goals, objectives, and action plans for its business activities. It must develop benchmarks and performance measures, and gather and track data against those performance measures to uniquely demonstrate the impact of its own efforts on the City’s economic growth as well as the contribution of its partners. These performance measures should include annual goals, be tracked with incremental milestones, include specific, measurable, and reach targets for the Department as well as its partners and for the overall economic development programs. Additionally, performance reports provided to the City’s leaders should reflect both the resources and outcomes of the Department’s efforts and the resources and outcomes of its partners. In this way, City officials will be able to evaluate the effectiveness and return on investment individually for the Department and its partners.

Peers Approach Economic Development Differently than the City

Our research found that the approach used by the City is unique since similarly situated cities tend not to house fully dedicated economic development departments, or employ staff fully dedicated to economic development. Rather, our group of comparable cities tend to rely primarily on the expertise of non-profit organizations whose missions it is to promote economic development throughout the entire region. Additionally, when we compared the staffing and budgetary resources dedicated by the City to support its economic development programs, we found that Grants Pass dedicates more resources
than other similarly situated cities, placing even more importance on evaluating the effectiveness of its approach.

To analyze the similarities and differences between Grants Pass and similar cities, we employed the expertise of Center for Strategic Economic Research (CSER) to examine economic development programs in six comparable communities and to evaluate the overall trends in economic development programs throughout the nation. Each of the six cities were selected because they are not directly part of a major economic region and have some interest in both economic development and tourism promotion. Five of the six are distributed across comparative or competitive West Coast communities in Washington and Southern Oregon, while the sixth similarly-sized city was selected because of its status as a Small Award-Winning Community from the International Economic Development Council. The six selected cities are listed below along with the corresponding 2011 population estimates from the U.S. Census Bureau.

- Medford, OR (75,501)
- Klamath Falls, OR (20,820)
- Ashland, OR (20,232)
- Longview, WA (36,672)
- Wenatchee, WA (32,373)
- Waynesboro, VA (21,311)

For comparative purposes, Table 6. provides the economic development related budgeted resources for Grants Pass.

**Table 6. Grants Pass Budget for Economic Development and Downtown Development by Fiscal Year**

<table>
<thead>
<tr>
<th>Program</th>
<th>2008-2009</th>
<th>2009-2010</th>
<th>2010-2011</th>
<th>2011-2012</th>
<th>2012-2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development</td>
<td>$159,500</td>
<td>$135,749</td>
<td>$164,813</td>
<td>$170,050</td>
<td>$174,340</td>
</tr>
<tr>
<td>Downtown Development</td>
<td>$297,867</td>
<td>$286,429</td>
<td>$313,552</td>
<td>$339,712</td>
<td>$355,823</td>
</tr>
</tbody>
</table>

Source: Grants Pass Annual Operating/Capital Budget reports

*Budgeted amount reported for Fiscal Year 2012-2013

The review of each of these cities revealed that five of the cities appeared to invest less in economic development and tourism than Grants Pass and relied primarily on regional partnerships and independent organizations for economic development support. Information related to these five reveals:

- **Medford, OR**—The City of Medford, a city significantly larger than Grants Pass, allocated $165,000 for “economic development” in Fiscal Year 2011-2012, and has designated one employee as an economic development coordinator. This employee dedicates approximately 60 percent of their time on economic development activities; the other 40 percent is dedicated to overseeing the Parking Enforcement District and the Urban Renewal Agency.

- **Ashland, OR**—Ashland does not have any specific economic development positions; however, the Assistant City Manager dedicates potentially up to 25 percent of their time to conducting informal business outreach and assisting local
business in navigating city regulatory requirements. In Fiscal Year 2012-2013, the City allocated approximately $150,000 for economic development, cultural development, sustainability, and promotion.

- **Klamath Falls, OR**—Klamath Falls also does not have City staff dedicated to economic development or tourism, and does not perform formal attraction, retention, or tourism promotion activities in-house; rather, Klamath Falls contracts out for these functions. According to Klamath Falls, in Fiscal Year 2011-2012, the City allocated $25,000 to the Klamath County Economic Development Association and $25,000 to the South Central Oregon Economic Development District, which share responsibility for business attraction, retention, and expansion. City staff interacts in an informal, as-needed basis with both organizations.

- **Wenatchee, WA**—Wenatchee has no budget line item for traditional economic development activities and only recently created a community/economic development staff position, with 85 percent of this position’s time dedicated to community development (planning, infrastructure) and 15 percent to more traditional economic development (business retention and expansion).

- **Longview, WA**—The City of Longview does not employ a full-time economic development staff position, and its economic development budget of nearly $803,000 is primarily allocated to debt service, not economic development operating activity. Instead, the City Manager and the Assistant City Manager dedicate approximately 25 percent and 10 percent, respectively, of their time to traditional business attraction and retention activities, including responding to local business concerns.

Many of these cities have very informal economic development programs and primarily delegate the more proactive economic development duties of business retention and expansion and business attraction to local and regional entities. This is consistent with input provided by SOREDI and the Oregon Economic Development Association, which confirmed that the local communities’ roles in economic development are limited and primarily handled by a regional entity.

Our review also found that one of the six cities invested much more in economic development than the City of Grants Pass—the City of Waynesboro, Virginia. In this case, Waynesboro, a City similar in size to Grants Pass, invested significantly more in economic development than Grants Pass. To administer this program, it devised a detailed strategic plan to direct its resources and measure the outcomes of its efforts. Specifically, in Fiscal Year 2011-2012, Waynesboro provided more than $1.3 million to fund an independent Waynesboro Economic Development Association and allocated over $230,000 for the City’s Economic Development Department’s 1.5 full time equivalent (FTE) positions to economic development—a Director and an administrative position (shared with the Tourism Department).
Overall, comparable cities tend to leverage the services provided by their local Chamber of Commerce, regional economic development associations and professional service providers to manage and promote their city’s unique economic development needs, while at the same time having minimal city staffing dedicated solely to economic development activities.

**Best Practices Provide a Baseline for Economic Development Performance Measurement**

Our analysis revealed a number of best practices that the City could incorporate into its economic development program, and suggests that successful economic development organizations tend to establish specific performance measures and outcome expectations within formal planning documents such as economic development strategies. The selection and scaling of the measures relate specifically to the strategies established in the planning documents as well as the resources and timeframes allocated to accomplishing the plan objectives. As shown in the text box, metrics are typically factors that are easily collected and measured.

Additionally, a number of publications are available that are specifically targeted at economic development and related benchmarking that the City could utilize as guidance in its consideration of benchmarking and development of performance measures. For example, Atlas Advertising, an economic development, real estate, and tourism consulting firm based in Denver, recently began producing an annual publication for benchmarking economic development program outcomes. The 2012 version of *High Performance Economic Development: How Technology and Outcome-Based Metrics will Save Economic Development Investment and Promotion as We Know It* isolated four key performance measures based on information collected from more than 100 communities in the U.S. and Europe:

- Web site unique visits.
- Conversations—discussions with prospective, existing, or entrepreneurial companies who are expanding or relocating.
- Jobs announced in the community as a result of economic development programs.
• Capital investment announced in the community as a result of economic development programs.

This suggests that even communities with limited resources can and should track key performance measures, and it provides a baseline of results broken down by various community size groups, as illustrated in Table 7. These four performance measures account for both the type of activities the City could track, and performance results expected of an effective economic development program.

Table 7. Industry Standard Economic Development Measures

<table>
<thead>
<tr>
<th>POPULATION</th>
<th>YEARLY WEB VISITS</th>
<th>CONVERSATIONS PAST 12 MONTHS</th>
<th>JOBS LAST 12 MONTHS</th>
<th>CAPITAL INVESTMENT LAST 12 MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25,000</td>
<td>6,926</td>
<td>25</td>
<td>83</td>
<td>$23,739,889</td>
</tr>
<tr>
<td>25,001 to 100,000</td>
<td>9,075</td>
<td>68</td>
<td>469</td>
<td>$59,606,630</td>
</tr>
<tr>
<td>100,001 to 250,000</td>
<td>19,016</td>
<td>89</td>
<td>1,243</td>
<td>$260,039,168</td>
</tr>
<tr>
<td>250,001 to 1,000,000</td>
<td>47,619</td>
<td>462</td>
<td>2,083</td>
<td>$321,698,824</td>
</tr>
<tr>
<td>1,000,001 to 2,500,000</td>
<td>105,051</td>
<td>280</td>
<td>5,616</td>
<td>$798,839,772</td>
</tr>
<tr>
<td>Over 2,500,000</td>
<td>58,740</td>
<td>130</td>
<td>10,496</td>
<td>$457,858,333</td>
</tr>
<tr>
<td>AVERAGE FOR ALL SIZES</td>
<td>29,181</td>
<td>148</td>
<td>1,768</td>
<td>$244,629,502</td>
</tr>
</tbody>
</table>

Center for Strategic Economic Research, June 2013
Data Source: Atlas Advertising, High Performance Economic Development: How Technology and Outcome-Based Metrics will Save Economic Development Investment and Promotion as We Know It Reports, 2012

While Grants Pass population would place it in the second population group, we believe that considering local and regional programs and conditions, such as the challenges described in the Introduction of this report and having a large retiree population and public infrastructure limitations, it would be appropriate for the City to use the outcomes associated with the smallest population group, or a mix between the first and second population groups, as a baseline for performance comparisons.

Economic Development Department Has Not Developed a Comprehensive and Substantive Strategic Plan

Over the last several years, the City has memorialized numerous goals and expectations for its Economic Development Department. Whether through the City of Grants Pass Strategic Plan, City of Grants Pass Economic Development Plan, or annual presentation to City Council, these expectations reflect high-level priorities that the City has for economic development. Our analysis revealed, however, that these efforts lack the specificity and completeness to effectively drive efforts, nor are they conducive to evidence-based performance measurement. We noted that the goals and expectations that have been established are unaligned, too numerous, overly broad, not based on objective analyses and studies, and not linked to an overall strategic plan. As a result, they do not
provide clear direction and focus. To illustrate, some of the City’s expectations of Economic Development Department include the following:

- Attract and recruit businesses, including traded sector and “destination art-based industry” businesses to Grants Pass.
- Increase business knowledge in community to help entrepreneurs successfully start their business.
- Assist existing Grants Pass businesses expand through financing assistance programs.
- Develop a close relationship with the Tourism Department.
- Reinvest in downtown.
- In partnership with the Small Business Development Center, expand the Josephine/Jackson County Economic Gardening program.

We also found that the Economic Development Coordinator developed a brief two-year economic development plan that maps out various actions proposed to be undertaken. While this plan sets forth a high-level list of tasks to be undertaken, it is lacking in many key areas to be effective. For instance, the plan does not indicate what goals the tasks are to accomplish or the vision to be achieved; it lacks objective data—either through the Business Retention and Expansion Survey or through established and well-recognized economic indicators that provide a basis for understanding the economic condition facing Grants Pass; it does not identify performance measures or data to be used to assess success; and it does not clearly delineated how or when these tasks should be completed, or by whom.

Additionally, the Department has engaged in some high-level planning and research designed to inform and guide future economic development programs and strategies. Most of these efforts have been designed to gather information—such as direct input from the business community—that could be used when developing a strategic plan. For instance, the Department contracts with the Grants Pass and Josephine County Chamber of Commerce to conduct, on a triennial basis, a Business Retention and Expansion Survey. In addition, while outside the purview of the Department, additional studies have been conducted in the past which provide information that could be useful in developing a strategic plan, including a retail store opportunities study, an economic impact study on a proposed resort location, a proposed Josephine County economic development strategic plan, and the River District Plan.

All of this demonstrates that while the City has taken numerous steps that help inform strategic planning and program development, it has not translated this information into a comprehensive strategic plan with clearly stated goals and expectations, an action plan, or established performance indicators. This impacts how staff view their role, and how they design economic development programs. For instance, the Economic Development Coordinator believed his primary responsibility was to foster relationships with the City’s economic development partners throughout the region, and to provide assistance to help them achieve success. Similarly, a strategic plan provides a basis upon which the City’s
expectations can be framed. For example, SOREDI provides recruitment services and financing assistance to attract business development to the region, but these efforts may not align with the priorities of the City. Yet, when the City sets forth an expectation that the Department will attract and recruit businesses to Grants Pass, it is not clear whether the City expects the Economic Development Coordinator to actively recruit businesses, or if the Department’s support of SOREDI is sufficient to satisfy this objective. This, in turn, contributed to the manner in which the Department reported performance statistics, as described previously. Certainly, fostering such relationships will remain an important responsibility of an Economic Development Department, but only through a strategic planning process can the City evaluate the extent to which fostering relationships should be the primary focus of the Department, or whether dedicating more resources and staff time to other economic development activities—as described further in this chapter—would better enable the City to achieve its overall vision.

Moreover, the City has not determined how to best leverage the regional and local resources to ensure that City-administered services are properly aligned with the services offered by the City’s partners, and that the combination of these services ultimately meet the City’s strategic objectives. The City has not crafted a strategy that accounts for the roles of various partners, including the Department, or how each will provide differing services that fulfill the overall economic needs of the City and region. Thus, it may be funding efforts that are duplicative, or at cross purposes, or it may be missing opportunities to fill gaps that have not be identified due to a lack of a comprehensive view of the City’s priorities, goals and objectives. A comprehensive strategic plan—as outlined below—would provide a sound basis upon which the City could reassess the nature, types, and most suitable source of services for its economic development programs.

Opportunities Exist to Leverage and Enhance the City’s Economic Development Investment

While the Economic Development Coordinator has focused the department’s activities on assisting its regional partners as the City’s liaison, this emphasis has meant less time and resources available to undertake other efforts or programs that could prove to be powerful economic development strategies or tools that complement existing regional programs. Already available but underutilized are the funds available from the Community Development Block Grant (CDGB) loan repayments. Relatively few loans have been issued through the programs already established. The City should set as a priority jump-starting these programs to generate interest in these existing grant and loan programs. The Department could directly market these opportunities and facilitate the loan and grant processes within and to the business community. Rather than generally promoting these on the City’s website, outreach can be done by increased direct business visits, by direct mail through the business license applications, or information packets used in business engagement activities.

Additionally, we compared the activities performed by the Department with those carried out by many of the regional economic development partners and found that many of these
efforts overlap or duplicate already-existing programs conducted by others, and are often secondary or supportive to these functions. Our research also revealed there are other economic development activities not conducted in Grants Pass. Following, we highlight a few of these opportunities as examples to illustrate how the City’s economic development resources can be utilized and leveraged to provide services either not offered by the City’s regional partners or to expand upon the work of its partners.

- **Small Business Development:** Several stakeholders and business partners recognized the value of the Department’s support of small business by funding through Rogue Community College’s “Economic Gardening” program and of the Chamber of Commerce’s support with its Business Retention and Expansion Survey, both of which support existing local businesses and facilitate the entry of new commerce, particularly involving small businesses. In the same vein, our research identified a number of other programs and services designed to promote the development and growth of the small business community, which are presented here for consideration during the strategic planning process. These include:
  
  - **Assistance with Regulatory Compliance:** To alleviate some of burden of navigating often cumbersome and bureaucratic permitting requirements, economic development organizations may function as a key liaison between emerging businesses and related government departments. The economic development staff member, conversant with the government’s requirements and processes, would assist the business through the regulatory processes while supporting the goals of the City to build the economic base. In this way, economic development staff can serve as an advocate for existing and emerging businesses—being available and active in the community—and streamline and facilitate the City’s functions by ensuring the readiness of the business for the permitting, licensing, and planning processes, as well as other regulatory requirements. The City of Grants Pass currently does not have such a program in place.

  - **Assistance with Government Procurement:** Small businesses often are unaware or inexperienced with the often complex and rigorous requirements to participate in procurement activities of government agencies; these rules can create a barrier for selling to government at the local, state, and federal levels. Providing education, assistance, and other resources to local businesses can facilitate the development of new business or increased sales by taking advantage of government contracts or other procurement opportunities. While such a program could also serve to bolster the City’s local economies by establishing policies and programs that promote local sourcing, it could also serve as a vehicle to support traded sector businesses selling goods or services outside Grants Pass.

  - **Business Incubation and Accelerator Support:** While there are many models of incubator and accelerator programs, they are generally intended
to support small start-up companies by making available various resources and services, including space, infrastructure, mentorship, and general business support. They can be operated by for-profit (seed money and support is offered in return for equity in the small business) or non-profit (which are generally government-funded) organizations, with an open application process. The purpose is to support small start-ups with funding, mentoring, training and other resources for a specific period of time, allowing businesses of varying sizes opportunities to collaborate and network with other like-minded start-ups or those seeking to accelerate their growth potential. If government-funded, such programs are often funded through redevelopment or economic development agencies with capital resources (it is unclear whether the City’s $1 million in old CDBG monies could be used to support such a program). The size and cost of such programs can vary widely—in considering this option the City should assess its strategic objectives and the availability of such funding and resources.

✓ Promoting the City’s Brand: According to a 2002 Brand Strategy commissioned by the Visitors and Convention Bureau, the City’s efforts should center on developing the City into a tourist destination. This branding effort, named “Destination Promise,” sought to differentiate the Grants Pass area by highlighting the unique experience that awaits when visiting the City, including its cultural events, nature experiences, and the Grants Pass Downtown Historic District. This strategy recognized that this would require the involvement of City Planning, Economic Development, the Visitors and Convention Bureau, and possibly other departments; the roles and objectives of each should be congruous with one another. The Brand Strategy found such coordination to be essential to effectively carry out “place image management”, an essential component of destination branding; this could include improving signage, streetscape architecture, public space design, capital improvements and development approvals, maintenance and cleaning, public art, etc.

We found that the Bureau has been engaged to further this objective, with up to 25 percent of the Visitors and Downtown Coordinator’s time dedicated to facilitating local business needs through coordination with Downtown Services. Yet, the Economic Development Coordinator does not appear to have been assigned the same level of operational commitment toward this objective. Coordination between the City departments responsible for economic development and tourism activities may offer a more effective way of leveraging the City’s investment in both programs while simultaneously maximizing the outputs/results of each organization’s efforts.

Further, based on interviews and our review of program documentation, the Department has not developed the level of coordination and outreach necessary, particularly among Downtown Services and the Planning Department, to effectively market and use loan and assistance programs in furtherance of these objectives. Even though the City has had approximately $1 million in CDBG
funding available to local businesses for economic development purposes, only a small proportion of this funding has actually been invested in local businesses through the Department’s existing programs. According to the Economic Development Coordinator, businesses tend not to apply for City loans and grants because the application process is overly burdensome and other organizations, such as SOREDI, offer higher-dollar loans. This appears to be a reasonable assumption, but it is also possible that members of the local business community are not aware of the financing and incentive options available to them. While limited information regarding its loan and incentive programs is available on the Department’s website, we did not find that the City had taken proactive steps to promote its grant and loan programs. In order to maximize the benefits of its grant and loan programs, the Department should evaluate the grants and loan programs it provides through a strategic planning process to ensure the City and its citizenry are taking full advantage of the programs currently available, that those programs meet the needs of the business owners and citizens of Grants Pass. This should include evaluating the extent to which the Department should engage in targeted outreach to businesses and individuals who might benefit from City assistance, implement a means for tracking program results and participant satisfaction, and leverage this funding to further the City’s overall brand strategy.

**Attraction and Marketing:** As discussed previously, the Department’s stated top priority was the attraction and recruitment of traded sector businesses into Grants Pass. While it has recently contemplated developing its own recruitment program—and has even developed a preliminary program proposal—to date the Department’s efforts have been limited to supporting SOREDI in carrying out its mission to market Southern Oregon as a business destination. This support includes annual funding of $25,000 to SOREDI, attending related meetings and planning events, and being available in the event a business expresses an interest in Grants Pass for relocation. The Economic Development Coordinator recognized that a broader recruitment strategy is needed, and believes that the businesses most likely to successfully relocate to Grants Pass have several characteristics in common; yet, no market study has been conducted upon which to develop a recruitment strategy. The Coordinator also reports that two industries—tourism and healthcare—have grown to become economic drivers in Grants Pass, but they are not traditionally considered “traded sector” businesses and, thus, fall outside the scope of SOREDI’s primary recruitment efforts.

Therefore, through the City’s strategic planning process, consideration should be given to developing a broader recruitment strategy that focuses on those businesses more likely to move to Grants Pass and that align more closely to the City’s economic development strategy, while continuing to support SOREDI’s broader efforts.

**Business Engagement:** The goal of a business retention program is to proactively identify and resolve critical issues that could force an existing business to leave the community or keep them from successfully expanding operations within the community. An effective way to engage the business community is through
establishing an advisory committee or, as the Federal Economic Development Administration (EDA) refers to it, a Strategy Committee (See Appendix B).

While not required, consideration should be given to establishing an advisory committee for economic development in Grants Pass. Furthermore, the City currently follows a three-year “business engagement cycle,” while a more frequent or ongoing engagement process would provide more timely information; and, further, the current plan does not include any type of “heat map” or “risk tracking” that would identify potential issues arising in off years. Of utmost importance, however, is that this effort should result in timely and useful information that would feed into the Department’s strategic planning process, and that it would establish visibility for the City and a “go-to” presence for business issues.

✔ **Marketing:** While the Visitors and Convention Bureau engages in a substantial marketing campaign, the Economic Development Department appears completely divorced from these efforts. This lack of direct and positive involvement could contribute to the relatively low utilization of the Department’s financing assistance programs. Marketing efforts should be more consistent and deliberate in order to build the effectiveness of messaging and promotion. Research revealed communities with an interest in economic development, tourism, and workforce attraction have developed integrated campaigns and associated web sites, social media presence, and collateral all aimed at building visibility and creating a common perception of the community.

✔ **Community Redevelopment:** Redevelopment agencies offer a unique avenue to provide financing assistance to businesses in designated areas by creating a dedicated funding stream outside the City’s General Fund. If managed well, redevelopment dollars have the potential to significantly impact blighted areas of the City, creating an environment and infrastructure conducive to business attraction, creation, and expansion. According to City officials, the City’s only redevelopment agency expired in 2009-2010, leaving it without a potentially impactful economic development tool. Through the recommended strategic planning process, the City should evaluate the feasibility of creating a redevelopment area that coincides with the City’s economic development goals.

Over the past decade, the City has taken a more piecemeal approach in its efforts to establish a strategy for economic development. Although the City has undertaken a proactive approach by establishing and committing resources to “in-house” economic development programs, these efforts have operated without focus and direction. Should the City determine that these investments continue, it should re-invest first in a formal and comprehensive economic development strategic plan that clearly articulates the City’s vision, goals, and expectations and track and measure progress and outcomes to ensure that the return on investment warrants the resources committed.
With a Strategic Plan and Performance Measures the City Can Monitor Success

As a starting point, the City should consider the federal EDA program that could potentially allow Grants Pass to participate in various types of EDA funding. The EDA is an excellent resource for local and regional economic development organizations, and provides numerous economic development tools and resources, including:

- Identifying levels of distress.
- Developing a strategic plan (as described below).
- Building a regional ecosystem and identifying competitive advantage.
- Deciding among competing projects.
- Administering assistance and investment programs, such as trade adjustment assistance, local technical assistance, partnership planning, among others.

EDA has also established components to be included in a Comprehensive Economic Development Strategy (CEDS)—these components could offer guidelines for the City to begin drafting a strategic plan. By formally completing the CEDS, and if approved by EDA, a community would become eligible to access various types of EDA funding. The program requires that funding requests relate specifically back to priority items identified in the CEDS. While there is certainly a benefit to completing a formal CEDS and becoming eligible for the funding opportunities, some communities find it cumbersome and costly to build all required elements into their economic development strategy efforts and devote the resources necessary to meet the regular reporting requirements. Moreover, EDA-specific funding opportunities have diminished in recent years with large amounts of funding being directed toward competitive projects in collaboration with other federal entities where a small number of communities throughout the country are able to secure grants. Nevertheless, the CEDS elements, summarized below, provide a basic framework of the types of components a community should consider when developing a scope of work for an economic development strategy effort (see Appendix B). The Economic Development Strategy Components include:

- Ensuring stakeholder engagement representing main economic interests—this could include establishing a Strategy Committee with key stakeholders, as described in Appendix B.
- Incorporating background of the economic development situation and economic and demographic trends.
- Analyzing economic development problems and opportunities, such as demonstrating consistency with other state, regional, and local plans; identifying economic development investments; and analyzing economic clusters.
- Including goals and objectives to solve economic problems or capitalize on resources.

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3 For additional information on EDA CEDS requirements, download the summary document at: [www.eda.gov/pdf/CEDS_Flyer_Wht_Background.pdf](http://www.eda.gov/pdf/CEDS_Flyer_Wht_Background.pdf)
• Ensuring community and private sector participation in plan development and implementation.

• Identifying strategic projects, programs, and activities, including suggested projects and projected jobs outcomes as well as vital projects addressing area’s greatest needs with required funding.

• Developing a plan of action to implement the established goals and objectives.

• Establishing performance measures designed to evaluate development, implementation, and impact of the plan. While numerous examples of performance measures have been referenced throughout this section, the CEDS specifically identifies the following performance measures as examples of what should be included in a strategic plan:
  
  o Number of jobs created after implementation of the CEDS;
  o Number and types of investments undertaken in the region;
  o Number of jobs retained in the region;
  o Amount of private sector investment in the region after implementation of the CEDS; and
  o Changes in the economic environment of the region.

While not specifically prescribed in the CEDS requirements, many contemporary economic development strategies also include additional aspects such as an evaluation of existing economic development programs and services, a media audit and external review of general perceptions of the community, and an assessment of the competitive position relative to the broader region and other competing communities.

Ultimately, the City needs to develop a strategically targeted plan that is comprehensive and clearly identifies that City’s vision, goals, and expectations. The planning process for the strategy should incorporate a stakeholder engagement component to generate a participatory and common vision for the community, educate participants on opportunities and challenges, and develop buy-in for strategy implementation. Among many other elements, the outcomes of the technical work involved in creating the strategy should include identification of key community assets, a competitiveness assessment, targeted industries for directing resources, critical roadblocks to reaching the established vision, and organization of economic development programs and services throughout the community. The resulting implementation plan should clearly identify responsible parties, completion timeframes, resource requirements, and performance measures.
Tourism Promotion

Similar to our assessment of the Economic Development Department, this audit revealed both strengths and weaknesses in the way the City of Grants Pass (City) has designed its tourism promotion programs, and in the way it administers these programs. For instance, the City’s Visitors and Convention Bureau (Bureau) has overseen the development of a citywide brand strategy—though it is now somewhat dated; fostered the success and increase in community events throughout Grants Pass, helping to create an increasing number of tourist attractions; and created a marketing plan that builds upon the regional marketing efforts of Southern Oregon Visitors Association (SOVA) by focusing on the specific qualities and assets of Grants Pass.

The Visitors and Convention Bureau is engaged in many efforts designed to promote tourism in Grants Pass. These activities include traditional and online marketing, direct visitor contact, industry training, sponsoring and supporting community events, developing and disseminating informational materials, public relations campaigns, monthly Tourism Advisory Committee meetings, visitor surveying, and outsourcing the management of two visitor centers. To guide these activities, the City has undertaken a strategic planning process. In fact, in 2002, the Bureau commissioned a citywide “Brand Strategy,” which provided the basis for subsequent marketing plans—the most recent of which was finalized in 2009.

Furthermore, similar to the generally positive economic trends observed in Grants Pass, the City has experienced generally positive tourism trends in the last few years. For instance, as described in the Introduction and Background, Josephine County—the closest geographic location for which statistics are currently reported—has observed increases in gross local tax receipts levied on applicable travel-related businesses, and an overall 13 percent increase in visitor spending in Josephine County since 2009. While these trends cannot be solely attributable to the Bureau’s activities, they demonstrate that Grants Pass offers strong tourism assets and has developed a sound foundation for tourism promotion in the future.

Opportunities Exist for Improving Tourism Promotion and the Related Return on this Investment

- The Visitors and Convention Bureau has implemented several sound programs to promote tourism, but opportunities exist to improve its return on investment.
- City lacks a clearly defined vision or strategic plan to guide economic development, and the strategic planning documents guiding tourism promotion require updating.
- Additional steps can be taken to enhance tourism promotion, including:
  - enhancing web-based advertising and developing a social media plan;
  - gathering data, both web-based and information from visitors, that would better allow the Bureau to target marketing campaigns; and
  - increasing efforts to promote group and convention sales.
- The City’s plan for marketing tourism needs refreshing.

SJOBERG EVASHENK
At the same time, the City’s tourism programs face certain challenges and weaknesses that hinder success and impede the ability of City officials and policy makers to ascertain the actual impact these programs are having. For instance, while the Bureau has established a brand strategy and marketing plan, much has changed since these were developed, including the development of additional tourism assets in Grants Pass and the prominence social media now holds in marketing strategies. We also noted that the marketing plan lacked clear goals and milestone dates that would enable the City to better track performance. As a result, we believe an updated brand strategy is warranted. Further, we evaluated the programs and services offered by the Bureau in order to assess the overall return on the City’s investment, and identified several ways in which the City could better demonstrate its return on investment, including modifying the Bureau’s approach to sales, its web presence, and performance measurement.

The Visitors and Convention Bureau Has Implemented Several Sound Programs to Promote Tourism, but Opportunities Exist to Improve its Return on Investment

With an annual budget of approximately $300,000, the Bureau is responsible for marketing the Grants Pass area and providing tourism and visitor services to enhance the economic wellbeing of the community. In addition to marketing activities, the Bureau also heavily contributes time and funding to supporting and promoting special local events, such as “Boatnik” and “Art Along the Rogue,” which are intended to not only enrich the lives of those living in the Grants Pass area but also envisioned to attract thousands of outside visitors to the City. The Bureau is tasked with interacting with the Grants Pass community on tourism issues, and hosts a monthly Tourism Advisory Committee meeting with local hospitality businesses to discuss tourism activities that could have positive economic impacts in the community. The Bureau also created and maintains a website, www.visitgrantspass.org, that provides current information on Grants Pass recreational and cultural activities, regional area attractions, a directory of lodging and dining options, downloadable, color travel brochures, business relocation assistance, and guidance for businesses or associations interested in holding a conference or small meeting in the City of Grants Pass. In concert with the Chamber of Commerce, the Bureau staffs the main visitor center and has a contract with the Chamber for additional direct contact services.

Like the Economic Development Department, the Bureau relies on and leverages the resources provided by local and regional partnerships, in addition to the activities administered in-house. This allows the Bureau to focus on developing and supporting community events, provide customer service training programs to local businesses to develop a consistent, positive message for front line hospitality staff, and manage the Grants Pass online presence and social media outreach. The Bureau has partnered with the following organizations for tourism-related services and activities:

- **Southern Oregon Visitors Association (SOVA)**—SOVA is a seven-county, non-profit, regional association serving hospitality and tourism businesses and destination marketing organizations, and is funded primarily through membership fees and a portion of the State Logging Tax. As part of the City’s membership,
SOVA provides access to marketing services, including a listing in the annual Southern Oregon Vacation Guide, and a robust social media advertising campaign with Facebook, Google, Travel Oregon and other social media websites. In addition, SOVA offers marketing programs to its members at an additional cost; in order to take part in an advertising campaign, the member must choose to participate in and pay for each promotion. Since 2008 the City has provided $51,234 for membership fees and specific advertising promotions coordinated through SOVA.

- **Grants Pass & Josephine County Chamber of Commerce**—Similar to the Economic Development Department, the Bureau has developed a strong partnership with the Chamber of Commerce. Since 2008, Grants Pass paid approximately $48,000 to $58,000 annually to the Chamber in return for office space for the Bureau, and to house and operate the City’s primary Visitors Center. The Chamber also coordinates annual community events, promotions, conventions, press tours or other tourism related events with the City’s Tourism Program, and manages over 20 volunteers who greet guests and answer phone inquiries at the main Visitors Center.

- **Recreation Northwest (Downtown Services)**—Under contract with the City Downtown Services provides a front-line resource to the downtown business community. It also serves a key role in the City’s efforts to promote tourism, and coordinates directly with the Tourism and Downtown Coordinator, the senior manager within the Visitors and Convention Bureau, to serve the needs of local businesses. This includes providing information to Grants Pass visitors and local shoppers as well as monitoring and reporting downtown infrastructure needs to ensure an “aesthetically vibrant downtown.” Since 2008, the City has provided $222,265 for the contracted services.

The success of the Visitors and Convention Bureau results in benefits to the local business community and to local city services as well. Promoting Grants Pass as a visitor destination, whether a business traveler or a tourist, has the potential to feed the local economy by increasing spending at local restaurants, hotels, retail outlets, and leisure and entertainment locales. Therefore, every out-of-town dollar spent in the City benefits the businesses and residents of Grants Pass. This is the case regardless of whether a visitor spends one day or multiple days in the City. The contribution of a multi-day traveler, however, goes beyond merely increasing out-of-town visitor dollars in Grants Pass. Multi-day stays at local hotels/motels contribute to direct tax revenue to the City in the form of Transient Room Taxes. The City of Grants Pass charges a 9 percent assessment on all hotel room nights. The proceeds of this tax has increased from $941,157 to $973,893 between Fiscal Years 2009-2010 and 2011-2012, and directly benefit several City departments.

Therefore, in addition to the out-of-town dollars contributed to the Grants Pass general economy, every hotel room rented by a visitor produces direct revenues that bolster City services. Because of this, numerous performance metrics exist, including those related to advertising effectiveness, success of sales efforts, and the amount of visitor spending.
within the City. Our review of tourism-related performance statistics revealed generally positive trends since the economic recession in 2008.

The various performance metrics reveal some level of success in each of the key areas of tourism promotion and suggests that tourism in Grants Pass (and, as a proxy, Josephine County) has improved since the onset of the recession in 2008. As such, the City has seen increasing returns on its tourism investment. The following three exhibits illustrate the improving trends in visitor spending, county tax receipts, and transient room tax revenues—each of which represent quantifiable returns on investment for the City.

Exhibit 1 reflects the significant drop in visitor spending with the onset of the recession in late 2008; however, since 2009 visitor spending in Josephine County has been on the rise, from nearly $95 million in 2009 to nearly $106 million in 2012.

**Exhibit 1. Trends of Visitor Spending In Josephine County 2009-2012 (in Millions)**

Additionally, Exhibit 2 shows the gross Josephine County local tax receipts collected (which includes overall impact on local taxes, including tax revenue collected by localities and levied on applicable travel-related businesses) over the 5-year period. Generally the revenue has fluctuated somewhat, but shows an overall increase from $954 million 2008 to approximately $966 million in 2012.
Finally, the figures in Exhibit 3 show the substantial impact on Grants Pass tourism economy as a result of the recession that commenced in late 2008. The drop in transient tax revenue between Fiscal Years 2007-2008 and 2008-2009 is over 7 percent. Over the subsequent period revenues have yet to recover; by the end of Fiscal Year 2011-2012 Transient Room Tax receipts had regained some ground, but remain under Fiscal Year 2008-2009 levels.
While these statistics demonstrate generally positive returns, another useful measurement of the City’s return on investment is the extent to which tourism promotion is supported through the General Fund. As described earlier, the City’s investment in tourism promotion is comprised of Transient Room Tax as well as other funding sources. As illustrated in Table 8, the Bureau is materially self-supported through Transient Room Taxes, and does not rely on General Fund discretionary support.

Table 8. Trends of Transient Room Tax Revenue by Fiscal Year

<table>
<thead>
<tr>
<th>Program</th>
<th>2008-2009</th>
<th>2009-2010</th>
<th>2010-2011</th>
<th>2011-2012</th>
<th>2012-2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Transient Room Tax:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism Promotion</td>
<td>$286,435</td>
<td>$277,470</td>
<td>$270,635</td>
<td>$280,590</td>
<td>$280,600</td>
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<td>General Fund Support :</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism Promotion</td>
<td>$11,608</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$10,000</td>
</tr>
<tr>
<td>Sales Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism Promotion</td>
<td>$5,057</td>
<td>$3,757</td>
<td>$3,763</td>
<td>$280,590</td>
<td>$2,700</td>
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<tr>
<td>Other Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism Promotion</td>
<td>$93</td>
<td>$423</td>
<td>$942</td>
<td>$1,442</td>
<td>$900</td>
</tr>
</tbody>
</table>

Source: Grants Pass Budget
*Budgeted estimates

However, even in light of trends that demonstrate an improving return on investment, we found that opportunities exist to improve its operations, expand its promotion efforts, and contribute to greater growth in the City’s tourism and hospitality industry. Specifically, we identified the following opportunities for improvement:

- **Performance Measurement and Reporting:** Despite the availability of tourism statistics that suggest overall positive trends in Grants Pass, we also found that the Bureau does not track and report its own performance in a manner that presents the breadth of information already available, or that captures its own contribution to overall trends in visitor activity.

  The Bureau reflects performance information in a few different ways. For instance, as illustrated in Table 9, the Bureau tracks several performance metrics, including the number of webpage visits, average lodging occupancy rates, and total Transient Room Tax generated in the City. It also prepares monthly narrative reports that provide status updates and detail accomplishments for the month, such as marketing activities, changes or updates made to its website, the status of upcoming community events, listings of advertising projects, and monies spent year to date.
Table 9. Performance Statistics Reported by the
Visitors & Convention Bureau

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Citywide Website Page Views</td>
<td>2,445,524</td>
<td>3,052,389</td>
<td>3,070,280</td>
<td>3,151,072</td>
</tr>
<tr>
<td>Website Page Views -</td>
<td>229,407</td>
<td>376,119</td>
<td>480,982</td>
<td>456,088</td>
</tr>
<tr>
<td><a href="http://www.visitgrantspass.org">www.visitgrantspass.org</a></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avg. Lodging Occupancy Rate</td>
<td>42.58%</td>
<td>42.95%</td>
<td>42.67%</td>
<td>42.99%</td>
</tr>
<tr>
<td>Total Transient Room Tax Revenues</td>
<td>$970,562</td>
<td>$941,157</td>
<td>$940,207</td>
<td>$973,893</td>
</tr>
</tbody>
</table>

Source: Grants Pass Budget and “Occupancy Rates Reported by Lodging Businesses” Reports
*Data reflects calendar year information for years 2008, 2009, 2010 and 2011

In addition to these metrics, the Bureau captures data on the number of visitor contacts through its main Visitors Center reported by the Chamber of Commerce, such as 9,399 individuals who entered the Visitor Center’s doors; 4,796 phone calls received at the Visitors Center; and the 24,082 website hits in for Calendar Year 2011. Similarly, the Bureau also captures visitor information from the Downtown Services-operated visitor center; in 2012, Downtown Services reported serving 4,332 visitors, making 807 business contacts, conducting 85 meetings, and fielding 849 phone calls. Given the Bureau has oversight responsibility for both organizations, we believe it would be useful for the Bureau to reflect this activity in its performance reports.

While such information is useful, we identified numerous ways in which the Bureau could enhance its performance reporting in a manner that better illustrates its own performance and overall tourism trends in Grants Pass.

As illustrated in the text box on the next page, there are a wide array of performance metrics recommended for visitors and convention bureaus, which can be quantified and presented in a succinct scorecard that could be presented along with the narrative status reports that are already submitted by the Bureau. Together this would better convey both the reach and impact of the Bureaus’ marketing efforts on local tourism, as well as overall trends in visitor spending and tax revenue over time. In addition to general recommendations to incorporate these types of performance indicators in the Bureau’s periodic performance reports, we also identified specific shortcomings and opportunities for improvement in the Bureau’s existing performance measurement. These include:

- **Incorporate Additional Easily Accessible Performance Indicators.**
  With the above performance statistics generally comprising the extent of performance reporting presented, the Bureau is not presenting easily available performance statistics that demonstrate the overall impact of tourism promotion in Grants Pass. As described previously, numerous

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performance metrics are readily available, including hotel occupancy rates
and Transient Room Tax revenue. Even though such information is
prepared and presented by other independent organizations, we believe
that presenting this information in the Bureau’s annual
reporting would provide improved information and
greater context to tourism trends in
Grants Pass and the
region.

In addition to
information that is already prepared and
reported by other organizations, minor
adjustments to the way
the City presents
Transient Room Tax-
related information
from hotels could
provide even better
comparative data
regarding tourism in
Grants Pass versus
other regions throughout Oregon. Specifically, the Oregon Tourism
Commission (Travel Oregon), a semi-independent agency created by the
Oregon Legislature, provides the Bureau with monthly reports showing
tourism statistics throughout the state’s various regions and Josephine
County. These statistics include:

Table 10. Oregon Lodging Statistics Calendar Year 2012

<table>
<thead>
<tr>
<th>Region</th>
<th>Occupancy</th>
<th>Avg. Room Rate</th>
<th>RevPar</th>
<th>Room Supply</th>
<th>Room Demand</th>
<th>Room Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>61.40%</td>
<td>$106.10</td>
<td>$65.17</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Pacific</td>
<td>67.90%</td>
<td>$125.98</td>
<td>$85.49</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Oregon</td>
<td>58.50%</td>
<td>$93.96</td>
<td>$54.96</td>
<td>22,742,932</td>
<td>13,303,701</td>
<td>$1,249,979,472</td>
</tr>
<tr>
<td>Southern Oregon</td>
<td>53.20%</td>
<td>$77.43</td>
<td>$41.21</td>
<td>3,039,332</td>
<td>1,617,592</td>
<td>$125,254,527</td>
</tr>
<tr>
<td>Grants Pass*</td>
<td>44.89%</td>
<td>$69.62</td>
<td>$32.06</td>
<td>379,449</td>
<td>170,341</td>
<td>$12,164,039</td>
</tr>
</tbody>
</table>

Source: Travel Oregon Lodging Statistics Reports and City of Grants Pass & City of Grants Pass Transient Room Tax Revenue Reports
*Grants Pass tracks occupancy information only

As Table 10 illustrates, presenting Grants Pass lodging statistics in this
manner provides useful information regarding how the City’s tourism
activity and trends compare with those of others. However, the Bureau does not retain these reports to enable it to compile annual comparative statistics. While these reports do not include City-level statistics, this can be rectified; the City receives similar information from its hotels as they remit Transient Room Tax reports to the City. Adding city-specific statistics along with county, regional, and state information would significantly enhance the utility of these reports.

- **Highlight “Room Nights” and Other Visitor Counts Directly Attributable to the Bureau’s Activity.** The statistics reported by the Bureau do not reflect room nights that were booked in Grants Pass as a direct result of its activities. Currently, the Bureau does not quantify the results of its direct efforts to increase room nights, but the Bureau does engage in some activities that directly impact room nights. For instance, the Bureau is responsible for planning and coordinating Art Along the Rogue, a street painting event in historic downtown Grants Pass that brings in thousands of visitors during the Fall, typically a slow time of the tourism season, and during which the City experiences increases in overnight hotel stays. In addition to specific events put on by the Bureau, the Bureau also engages in limited proactive sales activities—including sales and promotional outreach at travel shows and tourism conventions; each of these cases results in room nights booked that would not have otherwise been booked if it were not for the Bureau’s efforts. Estimating the increase in hotel rooms booked—and Transient Room Tax received—as a result of Bureau events or the direct efforts of Bureau staff to attract visitors will better enable the Bureau to assess the City’s direct return on investment.

- **Document and Report Performance Statistics Relating to the Visitor Centers Operated by the Chamber and Downtown Services.** The Chamber makes key performance statistics available to the Bureau, including the number of phone calls received, the number of individuals who entered the Visitor Center’s doors, and the number of website hits. Likewise, approximately two years ago, Downtown Services began providing to the Bureau similar monthly reports on visitation, services, and program uses. While currently not required in either contract, gathering additional information (through a survey sample, for instance), including where visitors were from, their reason for visiting, etc., would be valuable in targeting the Bureau’s marketing efforts in addition to enhancing performance.

- **The City’s Web Presence:** As a marketing organization, the Visitors and Convention Bureau focuses its marketing resources in three specific areas: traditional print advertising, promotional materials and brochures, and internet-based marketing, including producing an e-newsletter and maintaining a website and social media pages. Historically, the Bureau’s marketing strategy had been heavily weighted toward more traditional media outlets—such as periodicals,
brochures, and quarterly newsletters. While building social media presence typically requires a notable amount of dedicated staff time, it has become one of the main marketing practices for communities of all sizes.

Over the last two years, the Bureau has been transitioning from this traditional marketing approach to increasing its web presence and promoting tourism through web-based advertising, much of which is coordinated through SOVA. This includes maintaining the Bureau’s independent website, as well as overseeing several other websites including www.artalongtherogue.com, www.amazingmay.com, and www.magicalmurals.com. Further, with 2,150 “friends” listed on the Bureau’s main Facebook page—800 of which are located in Grants Pass, and most others in the Southern Oregon region and the West Coast—and 148 Twitter followers, we found that the Bureau has taken substantive steps toward establishing a strong web presence. At the same time, however, the Bureau does not have a social media plan, and opportunities to improve exist.

Web marketing and social media have become increasingly effective and efficient over the last decade, and individuals have become increasingly reliant on information located on the internet. This is true of those seeking information about Grants Pass tourism opportunities. A Visitor Information Survey conducted by the Bureau illustrates this point: while conducted online—potentially favoring specific responses, such as “Online Search Engine”—the survey found that, of individuals seeking informational brochures from the Bureau, the vast majority of them learned of, or “found,” Grants Pass through the internet.

Exhibit 4: How Visitors Found Grants Pass

<table>
<thead>
<tr>
<th>How Visitors Found Grants Pass</th>
<th>(Based on online responses between January 2012 &amp; April 2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>82</td>
</tr>
<tr>
<td>Family/Friends</td>
<td>408</td>
</tr>
<tr>
<td>Previous Visit/Resident</td>
<td>192</td>
</tr>
<tr>
<td>Redwood Empire</td>
<td>16</td>
</tr>
<tr>
<td>Southern Oregon Vacation Guide</td>
<td>77</td>
</tr>
<tr>
<td>Regional Magazine</td>
<td>9</td>
</tr>
<tr>
<td>Where To Stay</td>
<td>3</td>
</tr>
<tr>
<td>Portland Guide</td>
<td>13</td>
</tr>
<tr>
<td>Newspaper</td>
<td>6</td>
</tr>
<tr>
<td>VIA</td>
<td>10</td>
</tr>
<tr>
<td>Oregon Magazine</td>
<td>66</td>
</tr>
<tr>
<td>Sunset Magazine</td>
<td>25</td>
</tr>
<tr>
<td>AAA Guide</td>
<td>96</td>
</tr>
<tr>
<td>Online Search Engine</td>
<td>2243</td>
</tr>
</tbody>
</table>

Source: Grants Pass Visitor Information Survey
This suggests the City’s web presence remains one of the more significant opportunities for improvement in the Bureau’s marketing plan. We found that the Grants Pass Tourism website provides a variety of information for visitors interested in things to do and places to see, including a directory of pertinent businesses, a calendar of events, and downloadable brochures covering topics of interest to a variety of tourists. An option to request brochures is also available on the site. Overall, the information available on the website is substantial, and the Bureau has periodically updated the website to modify navigation, aesthetics, and content; in fact, the Bureau has drafted a Request for Proposals for web design services with the intent of further enhancing its website.

Generally missing on the website, however, are links (including “follow” or “like” buttons) to the City’s social media pages, and while the Bureau has a Twitter feed, there was no reference to it on the Bureau’s website, meaning that every new visitor to the Bureau’s website is a missed opportunity to gain a long-term follower. Similarly, while the City maintains a Facebook page, the link to this page is hidden within the website on the Bureau’s “Our Awards” page and, like its Twitter feed, the website does not include any “like”, “follow”, or “share” buttons. Rather, if individuals want to “follow” Grants Pass Tourism in an online forum, it must actively search for the City’s Facebook and Twitter pages.

This places the City at a disadvantage compared to other cities in its region which more fully utilize social media marketing opportunities. For example, the cities of Ashland, Eugene, and Medford all link to their Facebook and Twitter accounts on their homepage, and their social media pages show more frequent updates than those of Grants Pass. We also noted that the Bureau has created two Facebook pages. The page which reflects the most activity, as well as 2,150 friends, is a personal Facebook page—with the common greeting of “Do you know Grants.” Rather than a personal page, a company page is typically used to promote organizations or brands and is structured in a way that is more conducive to the Bureau. It appears that the Bureau has begun the process of transitioning to its company page, but we found there to be relatively little activity compared to its main page. Similar to the Facebook pages administered by the cities of Medford, Eugene, and Ashland, we recommend the Bureau continue to transition its Facebook content accordingly.

To most effectively market Grants Pass to business and leisure travelers, the City should consider ways in which it might increase its use of social media to carry out its marketing goals and to encourage potential visitors to connect with Grants Pass through the most popular social media channels. All of this should be in line with the brand strategy, and should be designed to target marketing efforts at those most likely to visit Grants Pass. This should include consideration of different social channels—Facebook, Google+, LinkedIn, Twitter, Pinterest, Instagram, Foursquare, among many others. Each have different purposes and different audiences, and each offers a venue to highlight different qualities of Grants Pass, making it essential to evaluate which channels are optimal for the different content presented and shared. While a marketing plan will consider
numerous factors that will shape the Bureau’s overall approach to social media, we recommend that if a strong web presence is a key facet in the Grants Pass marketing plan, the Bureau should:

- Reserve its brand name on various social networks (or risk that others will);
- Look into automation tools that allow long-form content (such as blog posts) to be posted to social channels, such as Facebook, Twitter, etc., thereby creating a streamlined and efficient approach to posting content on different channels; and
- Utilize Facebook, or another social channel, to sign up for e-newsletters, a process that will better enable the production of more personalized and targeted content.

Developing a cohesive and goal-specific strategic plan may include taking advantage of trends in social media and developing a broader presence for Grants Pass across the various media including informational posts, blogs, photos, and video content. Further, as social channels emerge and change, so does the ability to produce and target marketing content—the Bureau’s strategy will need to change with it.

✓ **The City’s Approach to Sales:** Recognizing that a significant area of return on investment for a visitors and convention bureau is to create and fill hotels bookings, or “heads on beds,”—the concept of bringing in outsiders to spend their time and money in the City—the Brand Strategy recommends the Bureau market to groups of individuals, particularly professional or recreational groups and associations. However, proactive sales and group bookings is a relatively minor element in the Bureau’s marketing plan. While the marketing plan specifies that the Bureau should continue its group promotion and sales efforts, the plan does not detail the specific outreach activities that should be taken to expand current sales efforts and increase group bookings.

According to the Bureau, it originally established a program with an increased focus on booking groups and associations. This included establishing a contract with a local marketing firm, Southern Oregon Marketing Consultant (SOMC), to handle the City’s sales and marketing outreach, including developing sales leads and soliciting group tour and travel business. However, in recent years the sales outreach aspect of these services (calls, emails, or other direct solicitation to potential tourism business) has halted. Instead, the sales and marketing contractor focuses on other provisions of the contract, such as building relationships with travel writers, assisting the Bureau staff with “Hospitality Customer Service Workshops,” and creating Grants Pass informational packets of collateral materials for distribution to potential tour and travel businesses. Group sales activity has been limited to “familiarization trips,” which are intended to familiarize travel writers and organizations with Grants Pass so that they can “sell” Grants Pass to their clientele. According to the Bureau, multiple
Familiarization Trips have been scheduled with organizations such as Cruises and Worldwide Tours, Air New Zealand, UK Tour Operators, Senses Travel, TourMappers, and UK Sunday Times, among several other individuals—this reflects a focus on travel and leisure groups, including group travel associations, such as various travel writers associations, as well as European, Asian and Northern California travel groups.

The Bureau has thought strategically about group sales, but a formal policy or approach has not been incorporated into its overall branding or marketing strategy. According to the Bureau, SOMC has attempted to solicit business, government, religious, and social groups in the past, and has even developed a couple leads in the past year and a half. While the City has sufficient meeting space for small groups—even groups up to 300 individuals—a key challenge has been the difficulty in coordinating and packaging meeting space with hotel rooms to create a package rate available to the group. This is exacerbated by the fact that relatively few venues within the City have both meeting room and sleeping room accommodations. Yet, this does not mean Grants Pass could not compete in this market. In fact, the Brand Strategy recognized that despite various challenges, Grants Pass also offers strengths that will help make it competitive in the meeting and convention market. The Bureau also recognizes that Grants Pass may be a good fit for civic and social groups (car clubs, women’s groups, wine groups, family reunions, quilting clubs, etc.) which are strong in room nights and low in meeting room needs. Yet, developing a successful strategy for marketing to civic and social groups—or other types of organizations—requires the consensus and coordination of multiple parties, potentially including Josephine County (regarding the use of its fairgrounds) as well as local businesses and hoteliers.

While each of these areas represent opportunities to enhance the Bureau’s capacity to promote tourism in Grants Pass, we recommend that each be considered in the context of a well-developed and updated marketing strategy, and in the context of potential increases in Transient Room Tax revenues dedicated to tourism programs.

**The City’s Plan for Marketing Tourism Needs Refreshing**

The Convention and Visitor’s Bureau developed a sound tourism Brand Strategy in 2002, and, based on that strategy, developed a high-level marketing plan in 2009. However, both of these plans require updating, partly because social media has shifted marketing strategies in a way not anticipated in 2002 and because the last decade has seen a change in the tourism assets Grants Pass has to offer—e.g., community events centered around a growing art culture and a growing wine industry within the region for which Grants Pass could be the primary lodging hub.

The Bureau is tasked with marketing the Grants Pass area to increase the number of visitors to the City. To support and direct this task, the Bureau established a brand strategy in May 2002. The plan was designed to “…create a brand strategy with distinctive messages about Grants Pass that will be conveyed to key markets…and
establish the Grants Pass Visitors Convention Bureau as a leader in Oregon tourism.” The brand strategy identified key tourism assets, such as the Rogue River and “Boatnik Festival,” evaluated emerging tourism trends, and developed a strategic brand and brand strategy for Grants Pass that centers on the natural assets of Grants Pass—“Nature. Rogue River. Legends.”—with those tag lines as anchors for marketing.

However, significant changes have occurred not only in Grants Pass itself, but in how cities, communities, and organizations reach audiences. For instance, while the City’s brand strategy emphasizes numerous tourism assets of Grants Pass in 2002, Grants Pass as a City has changed since then. Its population is nearly 60 percent larger than it was in 2002, growing from a population of 21,775 to 34,740, and the leisure and hospitality industry has seen steady growth, in terms of share of total employment for the Josephine County region. The economic environment has evolved and many emerging industries and businesses offer elements enhancing tourist-interest. Grants Pass offers more community and art-themed events than were available in 2002, including Art Along the Rogue, a street painting festival that draws international artists and thousands of visitors, Ride the Rogue, a cycling event that typically has over 1,000 cyclists and other visitors in attendance, and Tapwalk, where visitors may taste the best micro brews in the region. Along with the City’s emerging art community, river and other outdoor recreational opportunities, and its location on major north south transit routes, it also is positioned to be a regional lodging hub for much of Southern Oregon’s wine country. Since 2002 the Southern Oregon region, particularly in the Rogue Valley area which includes Grants Pass, has grown into a popular wine enthusiast destination. Grants Pass events and the burgeoning wine industry benefit residents as well as visitors, attracting tourists and potentially becoming economic drivers. With these changes, the branding and marketing focus of the Visitors and Convention Bureau is due for an update to capitalize on the current state of the community.

Furthermore, as noted above, the Bureau also established the 2010-2013 Grants Pass Marketing and Action Plan in 2009, which described general marketing objectives and strategies, many of which were identified in the Brand Strategy. These include, travel writer promotion, group travel promotion and sales, rural promotion and community development, and social media advertising and promotion. The Bureau is now at the tail end of its current marketing plan and has indicated the intent to develop an updated marketing plan in the future. In doing so, we find that the Bureau’s intent to periodically update its marketing plan, on a three- to four-year cycle is consistent with best practices. However, we also recommend that the Bureau improve upon its marketing plan by including a marketing schedule that includes specific dates and timeframes along with specific performance targets or goals.

Critical to developing a marketing strategy and to implement the strategy is the necessity of gathering data that allows the Bureau to target its marketing efforts. While the Bureau has begun to gather data that will allow it to better target its marketing campaigns, these efforts are only in their beginning stages. For instance, in April 2013, Bureau staff began the process of gathering what could result in very useful information through a “hotel survey” at several participating Grants Pass hotels. This survey is designed to garner input regarding where visitors are traveling from and their reason for visiting Grants Pass.
As described previously, obtaining additional information, such as where visitors are from and their reason for visiting, from the Chamber and Downtown Services could augment these efforts. Similarly, Bureau staff have historically conducted intercept surveys at certain community events—such as “Art Along the Rogue”—through which staff gather zip code information from visitors, allowing them to target future media campaigns. Also, in the past, other marketing studies have been conducted, including a Marketing Study commissioned by SOVA. This type of information gathering is essential to targeted marking campaigns, and should be continued. Because this type of data gathering has not been consistently performed in the past, the Bureau should incorporate in its marketing plan a methodology for doing so on a periodic and consistent basis in the future.

In addition to these methods, it has become increasingly valuable to obtain the same type of information through web-based data analytics, to develop and evaluate web marketing and social media statistics. Google Analytics offers well-recognized and efficient tools that would enable the Bureau to target its marketing campaign, build the City’s brand, and better understand potential visitors. A brief list of Google Analytics functionality includes the ability to:

- Determine the number of people on www.visitgrantspass.org at any given time, their geographic location, the traffic sources that referred them (including other web pages and social media sites), the specific pages they are viewing, and the visit duration.
- Monitor the immediate effects on traffic from a blog or social network post or tweet.
- Measure and analyze traffic from different sources like search or referrals from hundreds of social networks, revealing which content is popular among different social networks and how visitors flow from social media to the Bureau’s website.
- Measure and compare different types of social actions—such as Google “+1” and Facebook “Like” buttons—and see which pages receive social actions.
- Discover where Grants Pass content is off-site (as it is shared in social networks) and how audiences are interacting with it.
- Identify the number of visitors that use the search engine on the website, and the search terms visitors use—revealing the type of information visitors are looking for or are having a difficult time finding.
- Create dashboards and custom reports that would provide meaningful information regarding the reach of the Bureau’s web-based marketing plan.

All of these tools would better enable the Bureau to better market Grants Pass as a business traveler and tourist destination, and to evaluate the success of its social media content in enhancing its web presence.

Developing a more sound methodology for gathering information to better target marketing campaigns, and updating the City’s strategic approach to promoting its brand
and to attract visitors to Grants Pass, is essential to the future success of the City’s tourism promotion programs. The Bureau has already taken steps in this direction—including developing a Request for Proposals to redesign its website, developing and implementing a “hotel survey” to elicit feedback from visitors, and preparing for the development of a new marketing plan based on the outcome of this audit. We recommend that the Bureau continue, and expand, these efforts.
Program Organization and Administration

In this section, we present observations and recommendations regarding administrative aspects of the City’s economic development and tourism promotion activities, including improvements to the organizational and reporting structure involving the four organizations involved in the City’s programs. We also found improvements were needed in the contractual relationships the City maintains with its various partners—particularly by memorializing formal agreements and ensuring those agreements provide a sound foundation to provide monitoring and oversight, and to ensure the City receives what it is paying for.

Reorganization of Economic Development and Tourism Promotion Should be Considered

Depending on the City’s strategic decisions and direction, reorganization may be appropriate in terms of its tourism and economic development resources. As described previously, four organizational units are directly responsible for carrying out specific economic development and tourism functions. The Economic Development Department is responsible for the overall economic development programs administered by the City, as well as coordinating with economic development-oriented non-profit organizations in the region; the Bureau is tasked with overseeing tourism promotion, marketing Grants Pass as a tourist destination and supporting local community events; the Chamber of Commerce manages the Grants Pass Visitor Center and conducts triennial local and regional business surveys; and Recreation Northwest operates the downtown visitor center and acts on behalf of the City as a liaison between downtown business owners and the City of Grants Pass. Currently, each are funded, at least in part, by the City and play a role in the City’s economic development and tourism promotion functions; yet, they are managed or overseen independent of one another with functions siloed and without a cohesive reporting or accountability structure. This organizational structure is presented in Exhibit 5.
All four organizational units have important and specific roles and responsibilities in the overall economic development of Grants Pass. Yet, there are instances where each unit’s activities overlap or where certain program goals may be better achieved through joint or realigned efforts. For instance, all four entities are responsible for interacting with businesses and residents to promote economic development and tourism program goals, including providing support for local business and community events. However, based on input from key stakeholders, it appears that only Downtown Services serves as a key liaison between the business community and the City, while the Department appears more removed in this regard. As a result, the Department may be less connected to the business community than it could be if the relationship between the two were more closely aligned.

The Economic Development Department and the Visitors and Convention Bureau work independently of each other, despite overlapping stakeholders and, to the extent that tourism is an economic driver, having goals that align with one another. At a very basic level, the overall goal of economic development and tourism programs are congruent—to spur economic activity and growth, and to bring new dollars into the local economy. It is true that economic development and tourism achieve this in different ways, but arranging the economic development and tourism organizational units in a manner that promotes greater communication and cooperation between the programs will likely benefit the City. In fact, a concerted approach, particularly when tourism is a growing and potentially significant economic driver in the Grants Pass economy, is a logical “next step” as the City develops a more strategic approach to economic development and tourism.

In viewing the structure, and recognizing the need for each of these entities to collaborate, coordinate, and leverage, the expertise of each, the first logical move would
be to align Downtown Services with both the Economic Development Department and the Visitors and Convention Bureau, primarily because it serves as the primary liaison with the businesses downtown. Thus, gathering the four within a single umbrella could facilitate a better organized, clearer focused, and more collaborative group of functions than currently exist. In Exhibit 6, we illustrate such a reorganization.

**Exhibit 6. Potential Organization Chart**

It should be noted, however, that coordination and leveraging of funds, resources, and efforts will take more than a reorganization—or the “moving of deck chairs.” This will not necessarily improve outcomes, efficiency and effectiveness of each function. A deliberative, recalibration of these efforts should set the stage for what services should be delivered, by whom, and how much the City is willing to invest, each of which should be addressed in the strategic plan. As a part of this process, communication, collaboration, and synchronization is essential, and may be accomplished through work groups, collaboration-based goals, or through physical reorganization of the functions. This will require clearly delineating how Downtown Services fits within a consolidated Economic Development Department, including its role serving the business community downtown, and how this impacts overall economic development programs, and its contribution to overall tourism promotion goals.

Finally, the City must then determine the skill sets needed to carry out its strategic plan effectively. While there is not a predetermined skill set for effective program management, we found that, collectively, those responsible for economic development and tourism promotion should exhibit a basic knowledge of the fields of economic development and tourism promotion; the team should be able to perform key administrative tasks including contract administration, application processing approval, loan underwriting, etc.; the team should exhibit proficiency in web marketing and social media; the team must be able to communicate well with diverse and potentially
competing stakeholders, including the business community, residents, city department staff, and city management and officials; and the team should—depending on the City’s strategy—have the ability to engage in hard sales, whether it is recruiting a group for a convention or recruiting a business to relocate to Grants Pass. While this is not an exhaustive list, determining the skill sets the City needs will be an essential factor to successfully carrying out its strategic plan.

**Administrative Processes Related to Contract Management and Expenditure Processing Requires Improved Internal Controls**

As described throughout this report, the Economic Development Department and the Visitors and Convention Bureau both rely extensively on multiple service providers, through contractual relationships, membership plans, or sponsorships. We evaluated whether adequate controls were in place relating to contract administration and expenditure processing. This included a review of six contracts and a sample of 45 expenditures totaling $281,482 related to economic development and tourism promotion between January 1, 2011, and March 1, 2013. Our review revealed that the City has established some internal controls surrounding expenditures—such as the segregation of requesting and approving functions for payments and maintenance of invoices, applications, and the like to support expenditures—but staff do not always retain all supporting documentation, sign invoices documenting receipt of the goods or services provided. However, we also found that many of the contracts or agreements used to form the basis of the arrangements between the City and its partners were either informal or had expired. We also noted some instances in which agreements do not include sufficient performance measures that provide a basis upon which to monitor contractor performance. In other cases, scope of service provisions in the contracts were not consistent with the actual services provided; it appears that in most cases the services provided may have evolved over time. In our view, the City exhibited effective internal controls regarding its handling of expenditures, but we find that additional attention toward formalizing agreements between the City and its partners is necessary. Below, we present our observations relating to contract administration and monitoring, and expenditure processing.

- Our review of six contracts—between the City and the Rogue Initiative for a Vital Economy (Thrive), Rogue Community College (RCC), Southern Oregon Regional Economic Development (SOREDI), Recreation Northwest, Southern Oregon Marketing Consultant (SOMC), and the Grants Pass and Josephine County Chamber of Commerce (Chamber)—revealed that four of the contracts were unexecuted, one contract did not contain an effective date, and two contractors continued to provide services to the City after their contracts expired. To illustrate, the City’s contracts with SOREDI for marketing services and RCC for economic gardening expired in June 1992 and March 2012 respectively, but both entities provided services to the City after their contract expiration dates without formally extending the contract term or executing a new contract. In particular, SOREDI continues to fulfill the marketing functions described in its expired contract with the City and presently provides services outside of the scope...
of its contract or sponsorship. Similarly, the Economic Development Department continues to provide financial support to RCC to operate the economic gardening program and other economic development services without a contract or sponsorship agreement in place.

- Three of six contracts selected—RCC, Recreation Northwest, and SOMC—did not always include provisions requiring reporting or other clearly defined measures designed to provide a sound basis upon which to assess performance. While not always required in their contracts, we found that some level of reporting has been occurring, at varying intervals, and that performance reporting has increased over the past two years.

- In two cases, the City paid contractors more than the amounts designated by the contract. For instance, over a six-month duration of its contract with RCC for economic gardening, the City paid $1,000 more than the $15,000 contract amount without. In another case, the City pays SOREDI approximately $750.00 more per year than the $25,000 annual amount stipulated in the contract.

In addition, under its contract with the City, Recreation Northwest provides both Downtown Services and Recreational and Park Services for a total yearly contract amount of $147,740. The Recreation Northwest contract does not detail the specific allocation of the $147,740 that is for the Downtown Services provision versus the Recreational and Park services provided. Because the contract does not clearly breakdown how $147,740 in total compensation is allocated between the tourism services and the parks and recreation services provided by Recreation Northwest, it is unclear whether the annual payment of $62,160 to Downtown Services is appropriate.

- For only one of the 45 invoices reviewed did we find that information available was insufficient to determine the goods or services purchased. Specifically, we could not determine the purpose of one $3,000 payment to the Towne Center Association because the only support provided was an invoice sent to Recreation Northwest—not the City—for “Support of the Down Town.”

Overall, by not formally memorializing each contractor agreement in an executed, written agreement containing a defined contract term with an effective date and termination provisions, a description of the services to be performed that is sufficient to determine whether the services provided fall under the contract, performance measures for monitoring compliance, and cost provisions tied to specific deliverables, the City cannot be sure that the City and the contractor have a mutual understanding of the purpose and scope of the contract, nor does the City have the opportunity to foresee and provide for future circumstances that could affect the contract, thereby increasing the risk to both parties of litigation and unanticipated liability.
Conclusions and Recommendations

Ultimately, this audit revealed that both the Economic Development Department and Visitors and Convention Bureau exhibit both strengths and weaknesses. The Economic Development Department has designed and implemented several programs to provide financing opportunities to businesses interested in starting or expanding in the community and has placed a significant focus on coordinating the efforts of each of the economic development partners in the Southern Oregon region. The Visitors and Convention Bureau has overseen the development of a citywide brand strategy, has developed a strong working relationship with Downtown Services and the Chamber, and has a well-established traditional marketing campaign in place.

At the same time, both the Department and the Bureau have not established an effective system to evaluate success or measure performance and opportunities exist for both to expand the range of services or programs offered, both of which will better position them to demonstrate a satisfactory return on investment.

We also noted potential improvements that can be made to the organizational and reporting structure involving the four organizations involved in the City’s programs, as well as the manner in which the Economic Development Department and Visitors and Convention Bureau manage and administer contracts.

Beyond these opportunities for improvement, however, we found that the most significant factor impeding success—or growth—for both the Department and Bureau is the lack of a vision of what they are trying to achieve. This vision must come from City leadership.
leadership. The City has limited resources to dedicate to economic development and tourism promotion, and cannot ensure success if its focus is splintered in too many directions. We found this to be the most significant barrier facing economic development in the City. To be successful, the City must clearly define its economic vision; it must then develop a strategic plan that articulates the City’s economic strengths and weaknesses, includes objective economic data and community input, delineates strategic objectives and approaches, and defines performance metrics that allow City officials to determine the overall success of the program.

Following, we present our recommendations to the City of Grants Pass. These recommendations are presented in order of importance, and in the order we believe they should be implemented.

1. In order to provide adequate direction to the Economic Development Department and Visitors and Convention Bureau, we recommend that the City develop substantive strategic plans that include:
   
a. A clearly defined “vision,” or what the City ultimately wants to achieve.

b. A clearly defined “return” on the City’s investment (e.g., jobs created, increased tax revenue, etc.)
c. A discussion of the “condition on the ground”, based on objective economic data, community input, and an evaluation of economic and tourism-related statistics, community input, business and visitor surveys, web-based statistics, and analysis.

d. A well defined approach detailing how the City will progress from the “condition on the ground” toward its “vision”. This should include, at a minimum, annual steps to be taken and goals to be achieved, the City’s economic strengths and weaknesses, delineates strategic objectives and approaches, and performance metrics that allow City officials to determine the overall success of the program.

e. For Economic Development, we recommend that the Economic Development Department:

- Engage City staff, Council, partners, and other stakeholders to discuss the project and identify desired outcomes and a project timeline (consider making facilitated stakeholder engagement a major component of the project to help ensure acceptance of outcomes).

- Seek funding from City, partners, EDA, and other sources, secure commitments, and establish a realistic project budget (consider asking OEDA for feedback on budget and alignment with desired outcomes).

- Identify the appropriate contracting procedure (e.g. RFP, RFQ, or sole source) and start process by developing a scope of work description (consider including timeline and budget to allow firms to develop a response within these parameters). If using RFP/RFQ procedures, conduct outreach to consulting firms through direct communication, listing services, partner referrals, and industry associations (e.g. OEDA and IEDC).

- Establish a comprehensive economic development strategy, utilizing CEDS Federal Economic Development Administration (EDA) as guidance. In doing so, the City should consider the following components, established by the EDA, in its strategic plan:
  - Ensuring stakeholder engagement representing main economic interests.
  - Incorporating background of the economic development situation and economic and demographic trends.
Analyzing economic development problems and opportunities, such as demonstrating consistency with other state, regional, and local plans; identifying economic development investments; and analyzing economic clusters.

Including goals and objectives to solve economic problems or capitalize on resources.

Ensuring community and private sector participation in plan development and implementation.

Identifying strategic projects, programs, and activities, including suggested projects and projected jobs outcomes as well as vital projects addressing area’s greatest needs with required funding.

Developing a plan of action to implement the established goals and objectives.

Establishing performance measures designed to evaluate development, implementation, and impact of the plan.

During this process, the City should also consider including additional aspects such as an external review of general perceptions of the community, an assessment of the competitive position relative to the broader region and other competing communities, a competitiveness assessment, and the identification of key community assets, targeted industries for directing resources, and critical roadblocks to reaching the established vision.

Consider a formal plan evaluation mid-way through the implementation period to ensure effective delivery of programs and services and adjust actions to correspond with changes in economic conditions and policies.

For the Visitors and Convention Bureau, this should take shape in an updated Brand Strategy and marketing plan. As part of this effort, the Bureau should consider:

i. Incorporating an action plan to engage in and evaluate the effects of a proactive sales and group booking program.

ii. Increasing the City’s web presence through increased social media and online marketing campaigns. Maintaining consistency with the updated Brand Strategy, consideration should be given to:
Developing an updated marketing strategy, and incorporate a specific social media plan.

Transitioning from the current personal Facebook page to a company/brand page, and incorporate the “Follow” feature on the home page.

Incorporating social media links on the Bureau’s home page, including “Like”, “Follow”, “Share” and other actions on key pages throughout the website.

Continuing with the process already underway to issue an RFP for web design services.

Refocusing efforts to recruit and attract group tourism bookings within the City; small business development programs (including assistance with regulatory compliance, government procurement, and business incubator or accelerator programs); capital improvements to enhance the City’s “brand”; business attraction and recruitment activities; enhanced business engagement and marketing; and community redevelopment programs.

Adding different social channels, including Google+, LinkedIn, Pinterest, Instagram, Foursquare, and others. In doing so, the Bureau should begin the process to:

- Reserve its brand name on various social networks;
- Look into automation tools that allow long-form content (such as blog posts) to be posted to social channels, such as Facebook, Twitter, etc., thereby creating a streamlined and efficient approach to posting content on different channels; and
- Utilize Facebook, or another social channel, to allow individuals to sign up for e-newsletters, a process that will better enable the production of more personalized and targeted content.

iii. Creating processes to gather additional information regarding existing visitors, including continuing the “hotel survey” and evaluating the potential for the Chamber of Commerce and Downtown Services to incorporate a similar survey, for the purpose of developing a greater understanding of where existing visitors are from and the factors that brought them to Grants Pass. Similarly, implement Google Analytics for the purpose of:
• Determining the number of people on www.visitgrantspass.org at any given time, their geographic location, the traffic sources that referred them (including other web pages and social media sites), the specific pages they are viewing, and the visit duration.

• Monitoring the immediate effects on traffic from a blog or social network post or tweet.

• Measuring and analyze traffic from different sources like search or referrals from hundreds of social networks, revealing which content is popular among different social networks and how visitors flow from social media to the Bureau’s website.

• Measuring and compare different types of social actions—such as Google “+1” and Facebook “Like” buttons—and see which pages receive social actions.

• Discovering where Grants Pass content is off-site (as it is shared in social networks) and how audiences are interacting with it.

• Identifying the number of visitors that use the search engine on the website, and the search terms visitors use—revealing the type of information visitors are looking for or are having a difficult time finding.

• Creating dashboards and custom reports that would provide meaningful information regarding the reach of the Bureau’s web-based marketing plan.

2. Develop an effective performance evaluation system. For both the Economic Development Department and the Visitors and Convention Bureau, this should reflect the types of performance metrics presented in this report. A performance measurement system should include:

   a. The resources dedicated to economic development and tourism activities (e.g., dollars, staff time, etc.).

   b. The outputs of such activities (e.g., number of loans, number of advertisements, etc.).

   c. The outcomes of such activities (e.g., jobs created, unemployment trends, visitor dollars spent, trends in Transient Room Tax revenues).

   d. Annual goals or targets, as well as key benchmarks (such as similar cities, regions, and the State).
e. Data that demonstrates the contributions (resources, outputs, and outcomes) of City departments and the contributions of the City’s partners.

f. To the extent that the indicators are feasibly available and useful to City officials, performance reports should include a balanced approach, reflecting resources, outputs, and outcomes, as reflected in the performance measures discussed throughout this report and summarized below. While we present a wide array of performance indicators below, we recommend that the City, through its strategic planning process, determine which indicators it views as useful in evaluating a) progress toward achieving strategic objectives, b) understanding the overall economic and tourism environment in the City, and c) understanding the impact of City staff and external partners in achieving the City’s strategic objectives.

<table>
<thead>
<tr>
<th>Economic Development Performance Indicators and Metrics</th>
<th>Tourism Performance Indicators and Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ External and existing business inquiries</td>
<td>✓ Advertising value equivalency</td>
</tr>
<tr>
<td>✓ External business site visits</td>
<td>✓ Social media followers, likes, etc., as well as “reach”—locations of followers, etc.</td>
</tr>
<tr>
<td>✓ Existing business engagement (e.g. visits, interviews, or surveys)</td>
<td></td>
</tr>
<tr>
<td>✓ New business locations</td>
<td>✓ Perceptions of community (measured via media and surveys)</td>
</tr>
<tr>
<td>✓ Rate of turnover</td>
<td>✓ Online advertising clicks</td>
</tr>
<tr>
<td>✓ Business license trends (e.g., opened, closed, number of employees, etc.)</td>
<td></td>
</tr>
<tr>
<td>✓ Business expansions</td>
<td>✓ Print advertising views</td>
</tr>
<tr>
<td>✓ New or expanded jobs</td>
<td>✓ Distribution of marketing materials (online, by Chamber, by Downtown Services, etc.)</td>
</tr>
<tr>
<td>✓ New or expanded facility square footage</td>
<td>✓ New or expanded capital investment</td>
</tr>
<tr>
<td>✓ Retained jobs</td>
<td>✓ Frequency of social media posts, comments, “shares”, “likes”, etc.</td>
</tr>
<tr>
<td>✓ Business referrals to partners/service providers</td>
<td>✓ TRT or equivalent revenue</td>
</tr>
<tr>
<td>✓ Business issues resolved</td>
<td>✓ Visitor counts (including those at both visitor centers, at special events, in hotels)</td>
</tr>
<tr>
<td>✓ Timeframe for business issue resolution</td>
<td>✓ Conventions or group meetings attendance</td>
</tr>
<tr>
<td>✓ Business satisfaction with programs (measured via follow-up surveys)</td>
<td></td>
</tr>
<tr>
<td>✓ Web site unique visits</td>
<td>✓ Total visitor room nights</td>
</tr>
<tr>
<td>✓ Conversations—discussions with prospective, existing, or entrepreneurial companies who are expanding or relocating</td>
<td></td>
</tr>
<tr>
<td>✓ Jobs announced in the community as a result of economic development programs</td>
<td></td>
</tr>
<tr>
<td>✓ Capital investment announced in the community as a result of economic development programs</td>
<td></td>
</tr>
</tbody>
</table>

✓ Visitor spending (estimated through visitor surveys)
✓ “Room Nights” and other visitor counts directly attributable to the Bureau’s activity
3. Consider, as part of the strategic planning process, expanding the role of the Economic Development Department to include additional or alternative services or programs that are either not offered by the other organizations in the regions, or are limited to a narrow scope. These could include providing assistance with regulatory compliance, providing assistance with government procurement, establishing business incubation or accelerator support, promoting the City’s brand strategy through capital neighborhood improvement programs; increasing the Department’s role in business attraction, marketing, and a broader recruitment strategy; increasing the role of the Economic Development Coordinator in business engagement, and considering the potential for a future community redevelopment agency.

4. Consider reorganizing the Economic Development Department and Visitors and Convention Bureau into a single department. Currently, we do not believe this would require additional staff or layers in the organization; rather, the intent should be to enhance communication and coordination in a manner that reflects the nature of their aligned goals and overlapping stakeholders. This should include:

   a. Aligning Downtown Services with both the Economic Development Department and the Visitors and Convention Bureau, primarily because it serves as the primary liaison with the businesses downtown.

   b. Ensuring contract oversight and accountability for economic development and tourism related activities performed by both the Chamber of Commerce and Downtown Services.

   c. Clearly defining the roles and responsibilities of each unit and establish key reporting relationships.

   d. Determining the skill sets needed to carry out the strategic plan effectively, and clearly delineate the skills, abilities, and expectations in a manner that ensures that the overall team has the ability to carry out the strategic plan adopted by the City.

5. Establish protocols to ensure agreements between the City and other parties are sufficient to provide a basis upon which to ensure the City receives what it is paying for. In doing so, consideration should be given to:

   a. Formally memorializing agreements with contractors in an executed, written document containing a defined contract term, a description of the services to be performed that is sufficient to allow for the determination of whether the services provided fall under the contract, and reporting requirements and performance measures for monitoring compliance.

   b. Ensuring all contracts in use are fully executed and are renewed prior to expiration.
Appendix A—Comparative Statistics

Over the next several pages, we present for the City’s consideration, numerous tables and graphs that illustrate how Grants Pass compares with respect to demographic, economic, or tourism-related metrics to Southern Oregon and the State of Oregon.

The following tables and graphs provide statistical data for the State of Oregon, the combined SOREDI Southern Oregon region (Josephine and Jackson Counties), each individual county, and the cities that fall within each county in this region. This data is intended to provide statistics to compare Grants Pass to its neighboring communities and the overall region and to give a basic understanding of the general growth structure of these areas. It is not intended to provide a competitive assessment or full economic structure of Grants Pass relative to these areas.
Comparative Economic Development Statistics

As shown in the population table below, Grants Pass is a relatively larger city in size with about 35,000 people residing within its city limits in 2012 and accounting for around 12 percent of the Southern Oregon Total population. Over the 10-year time period, Grants Pass’ population grew nearly 46 percent, significantly higher than the statewide or regional averages and the highest among all of the Southern Oregon cities.

Table 11. Population Estimates

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon</td>
<td>3,504,700</td>
<td>3,745,455</td>
<td>3,883,735</td>
<td>10.8%</td>
<td>3.7%</td>
<td>379,035</td>
<td>138,280</td>
</tr>
<tr>
<td>Southern Oregon</td>
<td>265,250</td>
<td>284,700</td>
<td>287,405</td>
<td>8.4%</td>
<td>1.0%</td>
<td>22,155</td>
<td>2,705</td>
</tr>
<tr>
<td>Grants Pass Share</td>
<td>9.0%</td>
<td>11.1%</td>
<td>12.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Josephine County</td>
<td>77,850</td>
<td>82,390</td>
<td>82,775</td>
<td>6.6%</td>
<td>0.5%</td>
<td>5,125</td>
<td>385</td>
</tr>
<tr>
<td>Cave Junction</td>
<td>1,390</td>
<td>1,685</td>
<td>1,900</td>
<td>36.7%</td>
<td>12.8%</td>
<td>510</td>
<td>215</td>
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<tr>
<td>Grants Pass</td>
<td>23,870</td>
<td>31,740</td>
<td>34,740</td>
<td>45.5%</td>
<td>9.5%</td>
<td>10,870</td>
<td>3,000</td>
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<tr>
<td>Unincorporated</td>
<td>52,390</td>
<td>48,965</td>
<td>46,135</td>
<td>-11.9%</td>
<td>-5.8%</td>
<td>-6,255</td>
<td>-2,830</td>
</tr>
<tr>
<td>Jackson County</td>
<td>187,600</td>
<td>202,310</td>
<td>204,630</td>
<td>9.1%</td>
<td>1.1%</td>
<td>17,030</td>
<td>2,320</td>
</tr>
<tr>
<td>Ashland</td>
<td>20,130</td>
<td>21,630</td>
<td>20,325</td>
<td>1.0%</td>
<td>-6.0%</td>
<td>195</td>
<td>-1,305</td>
</tr>
<tr>
<td>Butte Falls</td>
<td>440</td>
<td>445</td>
<td>425</td>
<td>-3.4%</td>
<td>-4.5%</td>
<td>-15</td>
<td>-20</td>
</tr>
<tr>
<td>Central Point</td>
<td>14,120</td>
<td>17,025</td>
<td>17,275</td>
<td>22.3%</td>
<td>1.5%</td>
<td>3,155</td>
<td>250</td>
</tr>
<tr>
<td>Eagle Point</td>
<td>5,950</td>
<td>8,565</td>
<td>8,550</td>
<td>43.7%</td>
<td>-0.2%</td>
<td>2,600</td>
<td>-15</td>
</tr>
<tr>
<td>Gold Hill</td>
<td>1,070</td>
<td>1,080</td>
<td>1,220</td>
<td>14.0%</td>
<td>13.0%</td>
<td>150</td>
<td>140</td>
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<tr>
<td>Jacksonville</td>
<td>2,370</td>
<td>2,635</td>
<td>2,815</td>
<td>18.8%</td>
<td>6.8%</td>
<td>445</td>
<td>180</td>
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<tr>
<td>Medford</td>
<td>66,090</td>
<td>75,675</td>
<td>75,545</td>
<td>14.3%</td>
<td>-0.2%</td>
<td>9,455</td>
<td>-130</td>
</tr>
<tr>
<td>Phoenix</td>
<td>4,420</td>
<td>4,845</td>
<td>4,570</td>
<td>3.4%</td>
<td>-5.7%</td>
<td>150</td>
<td>-275</td>
</tr>
<tr>
<td>Rogue River</td>
<td>1,850</td>
<td>2,085</td>
<td>2,145</td>
<td>15.9%</td>
<td>2.9%</td>
<td>295</td>
<td>60</td>
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<tr>
<td>Shady Cove</td>
<td>2,450</td>
<td>2,820</td>
<td>2,920</td>
<td>19.2%</td>
<td>3.5%</td>
<td>470</td>
<td>100</td>
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<tr>
<td>Talent</td>
<td>5,520</td>
<td>6,525</td>
<td>6,115</td>
<td>10.8%</td>
<td>-6.3%</td>
<td>595</td>
<td>-410</td>
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<tr>
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<td>63,190</td>
<td>58,980</td>
<td>62,725</td>
<td>-0.7%</td>
<td>6.3%</td>
<td>-465</td>
<td>3,745</td>
</tr>
</tbody>
</table>

Center for Strategic Economic Research, June 2013
Data Source: Portland State University Population Reports
At nearly $21,000, Grants Pass’ per capita income is between the income levels of the other communities in the Southern Oregon region and is slightly below the regional and statewide averages. Jackson County and over half of its communities have higher income levels.

Grants Pass civilian labor force of around 15,000 people comprises about 11 percent of the Southern Oregon Total labor force of nearly 134,000 people. The City’s unemployment rate of 12.7 percent is above the region and the state, but in between the other communities.

Table 12. Per Capita Income and Unemployment

<table>
<thead>
<tr>
<th>Area</th>
<th>Per Capita Income</th>
<th>Civilian Labor Force</th>
<th>Employed</th>
<th>Unemployed</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon</td>
<td>$26,561</td>
<td>1,944,674</td>
<td>1,753,398</td>
<td>191,276</td>
<td>9.8%</td>
</tr>
<tr>
<td>Southern Oregon</td>
<td>$23,477</td>
<td>133,931</td>
<td>118,193</td>
<td>15,738</td>
<td>11.8%</td>
</tr>
<tr>
<td>Grants Pass Share</td>
<td>-</td>
<td>11.2%</td>
<td>11.1%</td>
<td>12.2%</td>
<td>-</td>
</tr>
<tr>
<td>Josephine County</td>
<td>$21,535</td>
<td>34,951</td>
<td>30,530</td>
<td>4,421</td>
<td>12.6%</td>
</tr>
<tr>
<td>Cave Junction</td>
<td>$12,547</td>
<td>554</td>
<td>457</td>
<td>97</td>
<td>17.5%</td>
</tr>
<tr>
<td>Grants Pass</td>
<td>$20,845</td>
<td>15,010</td>
<td>13,097</td>
<td>1,913</td>
<td>12.7%</td>
</tr>
<tr>
<td>Unincorporated</td>
<td>-</td>
<td>19,387</td>
<td>16,976</td>
<td>2,411</td>
<td>12.4%</td>
</tr>
<tr>
<td>Jackson County</td>
<td>$24,263</td>
<td>98,980</td>
<td>87,663</td>
<td>11,317</td>
<td>11.4%</td>
</tr>
<tr>
<td>Ashland</td>
<td>$28,941</td>
<td>10,238</td>
<td>9,207</td>
<td>1,031</td>
<td>10.1%</td>
</tr>
<tr>
<td>Butte Falls</td>
<td>$14,895</td>
<td>282</td>
<td>235</td>
<td>47</td>
<td>16.7%</td>
</tr>
<tr>
<td>Central Point</td>
<td>$22,178</td>
<td>8,248</td>
<td>7,488</td>
<td>760</td>
<td>9.2%</td>
</tr>
<tr>
<td>Eagle Point</td>
<td>$20,528</td>
<td>4,119</td>
<td>3,532</td>
<td>587</td>
<td>14.3%</td>
</tr>
<tr>
<td>Gold Hill</td>
<td>$22,225</td>
<td>572</td>
<td>533</td>
<td>39</td>
<td>6.8%</td>
</tr>
<tr>
<td>Jacksonville</td>
<td>$31,812</td>
<td>1,154</td>
<td>1,032</td>
<td>122</td>
<td>10.6%</td>
</tr>
<tr>
<td>Medford</td>
<td>$23,568</td>
<td>36,803</td>
<td>32,624</td>
<td>4,179</td>
<td>11.4%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>$22,427</td>
<td>2,125</td>
<td>1,746</td>
<td>379</td>
<td>17.8%</td>
</tr>
<tr>
<td>Rogue River</td>
<td>$19,747</td>
<td>917</td>
<td>808</td>
<td>109</td>
<td>11.9%</td>
</tr>
<tr>
<td>Shady Cove</td>
<td>$19,443</td>
<td>1,195</td>
<td>919</td>
<td>276</td>
<td>23.1%</td>
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<td>Talent</td>
<td>$20,486</td>
<td>3,029</td>
<td>2,787</td>
<td>242</td>
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<tr>
<td>Unincorporated</td>
<td>-</td>
<td>30,298</td>
<td>26,752</td>
<td>3,546</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

Center for Strategic Economic Research, June 2013
Data Source: U.S. Census Bureau, 2009-2011 American Community Survey 3-Year Estimates
According to the Census Bureau’s County Business Patterns, Grants Pass’ employment was approximately 18,000 in 2011 or 22 percent of the region’s employment of almost 83,000. Over the past 10 years, employment grew around 10 percent in the City, a relatively strong growth rate in comparison to the state, region, and other communities where, for many, negative growth was experienced.

Table 13. Employment

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon</td>
<td>1,364,924</td>
<td>1,461,664</td>
<td>1,341,841</td>
<td>-1.7%</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Southern Oregon</td>
<td>81,060</td>
<td>94,636</td>
<td>82,731</td>
<td>2.1%</td>
<td>-12.6%</td>
</tr>
<tr>
<td>Grants Pass Share</td>
<td>20.5%</td>
<td>22.4%</td>
<td>22.1%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Josephine County</td>
<td>18,254</td>
<td>22,945</td>
<td>19,671</td>
<td>7.8%</td>
<td>-14.3%</td>
</tr>
<tr>
<td>Cave Junction</td>
<td>890</td>
<td>926</td>
<td>666</td>
<td>-25.2%</td>
<td>-28.1%</td>
</tr>
<tr>
<td>Grants Pass</td>
<td>16,632</td>
<td>21,192</td>
<td>18,297</td>
<td>10.0%</td>
<td>-13.7%</td>
</tr>
<tr>
<td>Jackson County</td>
<td>62,806</td>
<td>71,691</td>
<td>63,060</td>
<td>0.4%</td>
<td>-12.0%</td>
</tr>
<tr>
<td>Ashland</td>
<td>8,206</td>
<td>8,310</td>
<td>8,062</td>
<td>-1.8%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Butte Falls</td>
<td>34</td>
<td>56</td>
<td>42</td>
<td>23.5%</td>
<td>-25.0%</td>
</tr>
<tr>
<td>Central Point</td>
<td>5,651</td>
<td>7,242</td>
<td>6,184</td>
<td>9.4%</td>
<td>-14.6%</td>
</tr>
<tr>
<td>Eagle Point</td>
<td>911</td>
<td>1,327</td>
<td>1,363</td>
<td>49.6%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Gold Hill</td>
<td>468</td>
<td>566</td>
<td>468</td>
<td>0.0%</td>
<td>-17.3%</td>
</tr>
<tr>
<td>Jacksonville</td>
<td>1,102</td>
<td>963</td>
<td>835</td>
<td>-24.2%</td>
<td>-13.3%</td>
</tr>
<tr>
<td>Medford</td>
<td>39,038</td>
<td>44,651</td>
<td>39,423</td>
<td>1.0%</td>
<td>-11.7%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>604</td>
<td>1,037</td>
<td>1,024</td>
<td>69.5%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Rogue River</td>
<td>670</td>
<td>1,073</td>
<td>556</td>
<td>-17.0%</td>
<td>-48.2%</td>
</tr>
<tr>
<td>Shady Cove</td>
<td>310</td>
<td>392</td>
<td>209</td>
<td>-32.6%</td>
<td>-46.7%</td>
</tr>
<tr>
<td>Talent</td>
<td>1,104</td>
<td>1,134</td>
<td>888</td>
<td>-19.6%</td>
<td>-21.7%</td>
</tr>
</tbody>
</table>

Center for Strategic Economic Research, June 2013
Data Source: U.S. Census Bureau, County Business Patterns
In 2011, Grants Pass had approximately 1,700 establishments (around 22 percent of the Southern Oregon Region) and saw growth of around 3 percent over the 10-year time period, below the statewide and regional averages, but about average of the other cities.

Table 14. Establishments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon</td>
<td>101,003</td>
<td>110,684</td>
<td>106,340</td>
<td>5.3%</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Southern Oregon</td>
<td>7,396</td>
<td>8,474</td>
<td>7,685</td>
<td>3.9%</td>
<td>-9.3%</td>
</tr>
<tr>
<td>Grants Pass Share</td>
<td>22.5%</td>
<td>22.2%</td>
<td>22.4%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Josephine County</td>
<td>1,954</td>
<td>2,207</td>
<td>1,981</td>
<td>1.4%</td>
<td>-10.2%</td>
</tr>
<tr>
<td>Cave Junction</td>
<td>127</td>
<td>137</td>
<td>115</td>
<td>-9.4%</td>
<td>-16.1%</td>
</tr>
<tr>
<td>Grants Pass</td>
<td>1,666</td>
<td>1,881</td>
<td>1,722</td>
<td>3.4%</td>
<td>-8.5%</td>
</tr>
<tr>
<td>Jackson County</td>
<td>5,442</td>
<td>6,267</td>
<td>5,704</td>
<td>4.8%</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Ashland</td>
<td>955</td>
<td>1,024</td>
<td>991</td>
<td>3.8%</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Butte Falls</td>
<td>11</td>
<td>12</td>
<td>12</td>
<td>9.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Central Point</td>
<td>549</td>
<td>705</td>
<td>640</td>
<td>16.6%</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Eagle Point</td>
<td>187</td>
<td>262</td>
<td>218</td>
<td>16.6%</td>
<td>-16.8%</td>
</tr>
<tr>
<td>Gold Hill</td>
<td>95</td>
<td>99</td>
<td>73</td>
<td>-23.2%</td>
<td>-26.3%</td>
</tr>
<tr>
<td>Jacksonville</td>
<td>180</td>
<td>199</td>
<td>196</td>
<td>8.9%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Medford</td>
<td>2,829</td>
<td>3,218</td>
<td>2,896</td>
<td>2.4%</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>92</td>
<td>110</td>
<td>108</td>
<td>17.4%</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Rogue River</td>
<td>130</td>
<td>156</td>
<td>120</td>
<td>-7.7%</td>
<td>-23.1%</td>
</tr>
<tr>
<td>Shady Cove</td>
<td>62</td>
<td>63</td>
<td>58</td>
<td>-6.5%</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Talent</td>
<td>112</td>
<td>134</td>
<td>131</td>
<td>17.0%</td>
<td>-2.2%</td>
</tr>
</tbody>
</table>

Center for Strategic Economic Research, June 2013
Data Source: U.S. Census Bureau, County Business Patterns
At 0.53 jobs per one person, Grants Pass generally has a higher proportion of jobs relative to its population in comparison to the state (0.35), region (0.29), and other cities analyzed (ranging from 0.07 to 0.52).

**Table 15. Jobs to Population Ratio**

<table>
<thead>
<tr>
<th>Area</th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon</td>
<td>0.39</td>
<td>0.39</td>
<td>0.35</td>
</tr>
<tr>
<td>Southern Oregon</td>
<td>0.31</td>
<td>0.33</td>
<td>0.29</td>
</tr>
<tr>
<td>Josephine County</td>
<td>0.24</td>
<td>0.28</td>
<td>0.24</td>
</tr>
<tr>
<td>Cave Junction</td>
<td>0.64</td>
<td>0.55</td>
<td>0.35</td>
</tr>
<tr>
<td>Grants Pass</td>
<td>0.70</td>
<td>0.67</td>
<td>0.53</td>
</tr>
<tr>
<td>Jackson County</td>
<td>0.33</td>
<td>0.35</td>
<td>0.31</td>
</tr>
<tr>
<td>Ashland</td>
<td>0.41</td>
<td>0.38</td>
<td>0.40</td>
</tr>
<tr>
<td>Butte Falls</td>
<td>0.08</td>
<td>0.13</td>
<td>0.10</td>
</tr>
<tr>
<td>Central Point</td>
<td>0.40</td>
<td>0.43</td>
<td>0.36</td>
</tr>
<tr>
<td>Eagle Point</td>
<td>0.15</td>
<td>0.15</td>
<td>0.16</td>
</tr>
<tr>
<td>Gold Hill</td>
<td>0.44</td>
<td>0.52</td>
<td>0.38</td>
</tr>
<tr>
<td>Jacksonville</td>
<td>0.46</td>
<td>0.37</td>
<td>0.30</td>
</tr>
<tr>
<td>Medford</td>
<td>0.59</td>
<td>0.59</td>
<td>0.52</td>
</tr>
<tr>
<td>Phoenix</td>
<td>0.14</td>
<td>0.21</td>
<td>0.22</td>
</tr>
<tr>
<td>Rogue River</td>
<td>0.36</td>
<td>0.51</td>
<td>0.26</td>
</tr>
<tr>
<td>Shady Cove</td>
<td>0.13</td>
<td>0.14</td>
<td>0.07</td>
</tr>
<tr>
<td>Talent</td>
<td>0.20</td>
<td>0.17</td>
<td>0.15</td>
</tr>
</tbody>
</table>

Center for Strategic Economic Research, June 2013
Data Source: U.S. Census Bureau, County Business Patterns and Portland State University Population Reports
Comparative Tourism Statistics

A comparative analysis of economic indicators for Grants Pass and Josephine County revealed overall positive trends when compared to state-wide and regional data. Visitor spending in Josephine County has been on the rise since 2009, as discussed in the report, this is similar to the upward visitor spending trends in the Southern Region and the State of Oregon overall, which has seen slight increases in visitor spending since 2011.

Exhibit 7. Visitor Spending, Fiscal Years 2008-2012
Similarly, Josephine County has collected an increasing amount in local tax receipts since 2009, as demonstrated in the report, Josephine County tax receipts are comparable to the statewide increase in local tax receipts, where Josephine County experienced a 2% increase in local tax receipts between Fiscal Year 2010-2011 and 2011-2012, the state of Oregon saw total local receipts increase more than 5% during the same period.

**Exhibit 8. Local Tax Receipts, Fiscal Years 2008-2012**
Appendix B—Comprehensive Economic Development Strategies, Summary of Requirements

Following, we present a synopsis of the requirements for comprehensive economic development strategies (CEDS), as published by the United States Department of Commerce, Economic Development Administration.
COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGIES

CEDS

SUMMARY OF REQUIREMENTS

Note: This document provides a synopsis of the requirements for comprehensive economic development strategies. For further information, interested parties are directed to section 302 of the Public Works and Economic Development Act of 1965 (42 U.S.C. § 3162) and EDA's regulations at 13 C.F.R. part 303. The document is intended to serve as a convenient source for requirements relating to the CEDS. Nothing in this document is intended to supersede or otherwise modify EDA's statute, regulations, policies or procedures.

Introduction: A comprehensive economic development strategy (CEDS) is designed to bring together the public and private sectors in the creation of an economic roadmap to diversify and strengthen regional economies. The CEDS should analyze the regional economy and serve as a guide for establishing regional goals and objectives, developing and implementing a regional plan of action, and identifying investment priorities and funding sources. A CEDS integrates a region's human and physical capital planning in the service of economic development. Integrated economic development planning provides the flexibility to adapt to global economic conditions and fully utilize the region's unique advantages to maximize economic opportunity for its residents by attracting the private investment that creates jobs for the region's residents. A CEDS must be the result of a continuing economic development planning process developed with broad-based and diverse public and private sector participation, and must set forth the goals and objectives necessary to solve the economic development problems of the region and clearly define the metrics of success. Finally, a CEDS provides a useful benchmark by which a regional economy can evaluate opportunities with other regions in the national economy.

Who should develop a CEDS? A Planning Organization seeking to formulate and implement a regional economic development program will benefit from developing a CEDS. Successful economic development efforts are based on CEDS that provide an economic roadmap to diversify and strengthen regional economies. The Public Works and Economic Development Act of 1965, as amended (PWEDA), requires a CEDS in order to apply for investment assistance under EDA's Public Works or Economic Adjustment Assistance Programs. At EDA's discretion, EDA may accept CEDS that it has funded or CEDS prepared independently of EDA investment assistance or oversight.

The following sections set out below on “Planning Organizations” and "Strategy Committees" cover the requirements for EDA-funded CEDS, while the remainder of this document pertains to technical requirements for CEDS. It should be noted that in determining the acceptability of a CEDS prepared independently of EDA investment assistance or oversight for projects under 13 C.F.R. parts 305 or 307, EDA may in its discretion determine that the CEDS is acceptable without it fulfilling every requirement set out in 13 C.F.R. § 303.7. In doing so, EDA shall consider the circumstances surrounding the application for investment assistance, including emergencies or natural disasters, and the fulfillment of the requirements of Section 302 of PWEDA.

A. EDA-funded CEDS

Pursuant to 13 C.F.R. § 303.6, if EDA awards Investment Assistance to a Planning Organization to develop, revise, or replace a CEDS, the Planning Organization must follow the procedures set forth in paragraphs A.1 and A.2.

1. Planning Organization: A Planning Organization (as defined in 13 C.F.R. § 303.2), typically an Economic Development District (EDD) or Indian Tribe, may be eligible for EDA planning investment assistance. The purpose of such assistance is to develop a CEDS for a specific EDA-approved region. The Planning Organization is responsible for:

- Appointing a Strategy Committee (CEDS Committee);
- Developing and submitting to EDA a CEDS that complies with 13 C.F.R. § 303.7;
- Making a new or revised CEDS available for review and comment by the public for a period of at least thirty (30) days prior to submission of the CEDS to EDA;
- Obtaining approval of the CEDS from EDA;
- After obtaining approval of the CEDS, submitting to EDA an updated CEDS performance report annually. The performance report, in addition to reporting progress on CEDS implementation, should also discuss community and private sector participation in the CEDS effort. Any performance report that results in a change in the technical components of the EDA-approved CEDS must be available for review and comment by the public for a period of at least thirty (30) days prior to submission of the performance report to EDA;
- Submitting a copy of the CEDS to any Regional Commission if any part of the EDA-approved EDD region is covered by that Commission;
- Submitting a new CEDS to EDA at least every five (5) years, unless EDA or the Planning Organization determines that a new CEDS is required earlier due to changed circumstances.

2. Strategy Committee: The Strategy Committee is the entity identified by the Planning Organization as responsible for developing, revising, or replacing the CEDS. The Strategy Committee must represent the main economic interests of the region, and must include Private Sector Representatives (defined in 13 C.F.R. § 300.3, with respect to any for-profit enterprise, as any senior management official or executive holding a key decision making position, or that person's designee) as a majority of its membership. In addition, the Planning Organization should ensure that the Strategy Committee also includes:

- Public officials;
- Community leaders;
- Representatives of workforce development boards;
- Representatives of institutions of higher education;
- Minority and labor groups; and
- Private individuals.

Strategy Committees representing Indian Tribes or States may vary.
B. Technical Requirements

Pursuant to 13 C.F.R. § 303.7, a Planning Organization must include the following information in a CEDS submitted to EDA.--

1. Background: The CEDS must contain a background of the economic development situation of the region that paints a realistic picture of the current condition of the region. This background must include a discussion of the economy, population, geography, workforce development and use, transportation access, resources, environment, and other pertinent information.

2. Analysis of Economic Development Problems and Opportunities: The CEDS must include an in-depth analysis of the economic development problems and opportunities that identifies strengths and weaknesses in the regional makeup of human and economic assets, and problems and opportunities posed by external and internal forces affecting the regional economy. This analysis must:
   - Incorporate relevant material from other government-sponsored or supported plans and demonstrate consistency with applicable State and local workforce investment strategies.
   - Identify past, present, and projected future economic development investments in the region.
   - Identify and analyze economic clusters within the region.

3. CEDS Goals and Objectives -- Defining Regional Expectations: The CEDS must contain a section setting forth goals and objectives necessary to solve the economic problems, or capitalize on the resources, of the region. Any strategic project, program, or activity identified in the CEDS should work to fulfill these goals and objectives.
   - Goals are broad, primary regional expectations.
   - Objectives are more specific than goals, clearly measurable, and stated in realistic terms considering what can be accomplished over the five (5) year time frame of the CEDS.

4. Community and Private Sector Participation: The CEDS must include a section discussing the relationship between the community in general and the private sector in the development and implementation of the CEDS. Public and private sector partnerships are critical to the implementation of the CEDS.

5. Strategic Projects, Programs and Activities: The CEDS must contain a section which identifies regional projects, programs and activities designed to implement the Goals and Objectives of the CEDS. This section should identify and describe:
   - Suggested Projects- All suggested projects, programs and activities and the projected number of jobs to be created as a result.
   - Lead organizations responsibilities for execution of the projects.
   - Vital Projects- A prioritization of vital projects, programs, and activities that address the region's greatest needs or that will best enhance the region's competitiveness, including sources of funding for past and potential future investments. These can be overarching "themes" for regional economic development success and is expected to include components. Funding sources should not be limited to EDA programs.

6. CEDS Plan of Action: The plan of action, as described in the CEDS, implements the goals and objectives of the CEDS in a manner that:
   - Promotes economic development and opportunity;
   - Fosters effective transportation access;
   - Enhances and protects the environment;
   - Maximizes effective development and use of the workforce consistent with any applicable State or local workforce investment strategy;
   - Promotes the use of technology in economic development, including access to high-speed telecommunications;
   - Balances resources through sound management of physical development; and
   - Obtains and utilizes adequate funds and other resources.

The CEDS must also contain a section that discusses the methodology for cooperating and integrating the CEDS with a State's economic development priorities.

7. Performance Measures: The CEDS must contain a section that lists the performance measures used to evaluate the Planning Organization's successful development and implementation of the CEDS, including but not limited to the:
   - Number of jobs created after implementation of the CEDS;
   - Number and types of investments undertaken in the region;
   - Number of jobs retained in the region;
   - Amount of private sector investment in the region after implementation of the CEDS; and
   - Changes in the economic environment of the region.

These are not meant to be the only performance measures for the CEDS. Most Planning Organizations developing a CEDS will benefit from developing additional quantitative and qualitative measures that will allow them to evaluate progress toward achieving the goals identified as important in their regions.

For more information: www.eda.gov