City of Central Point

Economic Element

Prepared by: CSA Associates

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Table of Contents

1 INTRODUCTION 4
2 CENTRAL POINT ECONOMIC HISTORY 4
3 NATIONAL, STATE AND REGIONAL ECONOMIC TRENDS 5
3.1 National Trends 5
3.2 State Trends 10
3.2.1 Technical Review of Oregon Trends 10
3.2.2 Statewide Economic Development 14
3.3 Economic Outlook and Implications for Central Point 15
3.4 Regional and Local Trends 16
3.4.1 Demographics 16
3.4.2 Wages and Employment 20
3.4.3 Workforce Commuting Patterns 22
3.4.4 Economic Development Context 24
3.4.5 Regional Competitiveness 25
3.4.6 City of Central Point Competitive Position Summary 28
4 Land Demand 29
4.1 Economic Growth Rate Forecast 29
4.1.1 Specialty Food Manufacturing 30
4.1.2 Trucking and Warehousing 30
4.1.3 Retail 30
4.1.4 Planned Growth Forecast by Industry 30
4.1.5 Comparison to Planned Regional Employment Growth 31
4.2 20-year Land Demand Estimate 32
4.3 Site Requirements Analysis 34
4.3.1 General Development Pattern Site Requirements Analysis 34
4.3.2 Target Industries' Unique Site Requirements 35
4.4 Projection of Needed Employment Sites 36
4.4.1 20-Year Demand for Needed Sites 37
4.4.2 Short-Term Demand Estimates 38
5 Employment Land Base Analysis 38
5.1 Built Employment Lands 41
5.2 Employment Land Supply 43
5.2.1 Vacant Land Supply 43

5.2.2 Vacant Supply vs. Demand Reconciliation 46
5.2.3 Redevelopment and Land Use Efficiency Analysis 47
6 Goals, Conclusions and Policies 47
6.1 Goal: General Economic Development 48
6.1.1 Policy 1.1 49
6.1.2 Policy 1.2 49
6.1.3 Policy 1.3 49
6.2 Goal: Economic Opportunities Synthesis 49
6.2.1 Policy 2.1 50
6.2.2 Policy 2.2 50
6.2.3 Policy 2.3 50
6.3 Goal: Employment Land Supply and Development 50
6.3.1 Policy 3.1 51
6.3.2 Policy 3.2 51
6.3.3 Policy 3.2 51

1 INTRODUCTION

The Comprehensive Plan Economic Element establishes the City of Central Point's land use policies for economic development and contains both quantitative and qualitative analysis that can inform and benefit other aspects of the City's economic development strategy and programming. As a land use planning document, the Economic Element is constructed to comply with Statewide Planning Goal 9 and its implementing administrative rule at OAR 660 Division 009[1]. The purpose of Goal 9 and its implementing rule is to assure that cities will have adequate supplies of land for economic development that support identified employment opportunities within the City.

The Economic Element includes both qualitative and quantitative components. The quantitative analysis in the Economic Element serves several functions:

- Characterizes trends
- Describes economics relationships
- Illuminates areas of existing economic strengths
- Forecasts future economic conditions
- Estimates future employment land demand and site needs
- Estimates existing land supply and available sites within the Urban Growth Boundary (UGB)
- Reconciles land demand with existing land supplies and identifies the need for sites in relation to the supply of available sites within the Urban Growth Boundary (UGB)

The qualitative components of the Economic Element describe the City's economy in a more intuitive and anecdotal manner. The qualitative aspects of the Economic Element represent opportunities for the City's land use planning to reflect and implement strategic and policy objectives for economic development that are desired by the City of Central Point. The qualitative component is also important for compliance with Goal 9's implementing rule because it requires an identification of comparative advantages and requires an analysis of site requirements. Comparative advantages are opportunities for the City of Central Point to outperform overall regional and national economic trends due to unique and special qualities that differentiate and distinguish the City of Central Point. The site requirements analysis describes qualitative attributes (such as visibility or access) that firms demand when selecting sites for new economic enterprises.

Ultimately, future economic conditions are not entirely predictable. However, strategically planning the City's land base to accommodate expected future needs and integrating the City's land use planning efforts with broader economic development strategy and programming, has the potential to benefit economic development conditions within the City.

2 CENTRAL POINT ECONOMIC HISTORY

The more detailed qualitative analysis is presented in subsequent sections of the Economic Element and is appropriately informed by a brief qualitative survey the City's Economic History. Central Point began its economic life as a small community that served the surrounding farm industry. Central Point is

[1] Central Point considers the first four sections of the Economic Element to functions as the Economic Opportunities Analysis for the City of Central Point and these sections include all required components and comply in all ways with the requirements for an Economic Opportunities Analysis laid forth in OAR 660 Division 009.

located upon and near some of Jackson County's best agricultural soils and was well located to serve the needs of surrounding farming operations and this was the City's primary economic position before the mid-1960's. The City of Central Point was well situated to provide a range of economic interaction with the nearby farm community during this period. The City provided a location for schools for children, shops that supplied basic goods and services such as groceries and restaurants. The City was home to the Grange Co-op where the grain elevator was and still is located and provided farmers with needed agricultural supplies. The City was home to farm equipment sales and repair shops and similar retail farm services.

Starting in the 1960's and strengthening in the 1970's, the City of Central Point grew into a bedroom community as a result of rapid residential development and a deficiency of commercial and industrial development that might have provided more jobs for the residents. The forest products industry in the region continued to grow during the period and residents of Central Point were well located for employment in the timber industry, being near to mills located in nearby north Medford and in White City. This condition created a relative imbalance with Central Point supplying a greater proportion of housing in relation to employment within the valley.

In 1980, the City of Central Point adopted its first Economic Element that has herewith been replaced by this Economic Element. The U.S. economy has undergone four full economic cycles since the City of Central Point's last economic element over thirty years ago. The 1980 Economic Element sought to diversify the City's economy and reduce the degree of imbalance between employment and housing within the City. Central Point has been successful to some extent over the last thirty years in its efforts to diversify its economy. The City has experienced retail and industrial growth in and around Exit 33 on Interstate 5. Providence Hospital recently added a medical facility on Highway 99 south of Pine Street. A small specialty foods cluster has developed along Highway 99 north of Pine Street that includes Rogue Creamery, Lillie Belle Farms chocolates and a wine tasting room. The Rogue Valley Council of Governments has its main office building near downtown Central Point. Additional retail has been added near freeway interchanges and along Pine Street and Highway 99. These employers and others have served (and an overarching objective of this Economic Element is) to continue to add more balance and diversity to the City's employment base.

3 NATIONAL, STATE AND REGIONAL ECONOMIC TRENDS

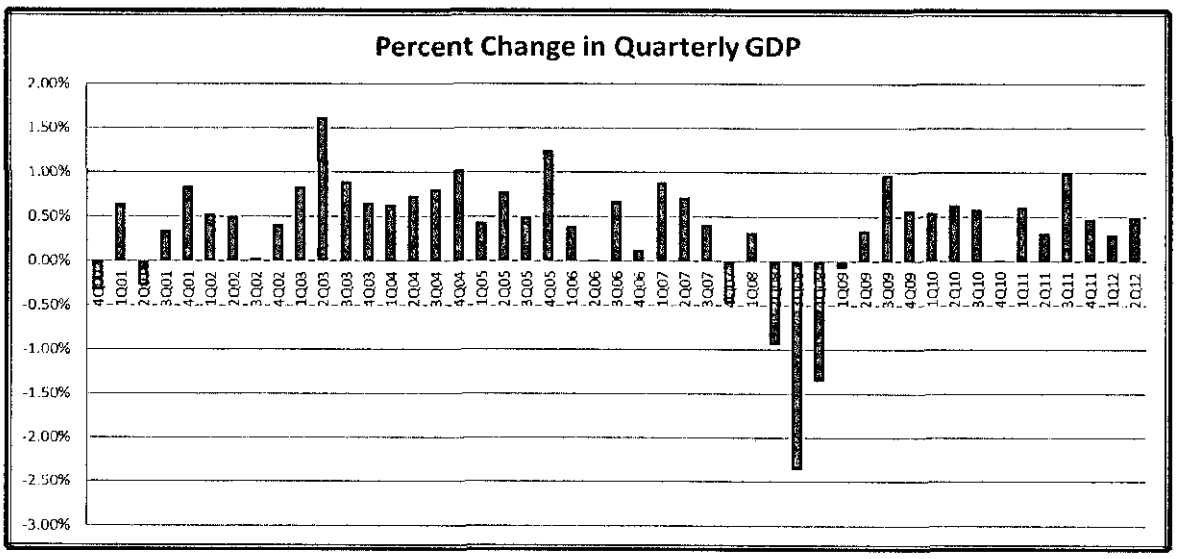
To provide the necessary context for the adoption of updated economic development policies and strategies in the City's Comprehensive Plan, a review of national, state and regional trends is appropriate. This review informs the qualitative aspects of the Economic Element by providing a foundation to describe the City's comparative advantages. Also, the State of Oregon provides a ten-year regional employment forecast which provides a sound and generally accepted reference forecast from which to project localized economic growth for the City of Central Point.

3.1 National Trends

The national economy over the last five years has undergone the worst period since World War II from a GDP perspective. This period was preceded by an economic expansion in the early 1990's, and with the exception of a modest downturn in 2000 to 2001, continued through 2006. Figure 3.1-1 depicts the percent changed in GDP quarter over quarter from fourth quarter 2000 through third quarter 2012. Five

out of six quarters from fourth quarter 2007 to first quarter 2009 experienced negative GDP and during second quarter 2008 through fourth quarter 2008 the contraction averaged around 1.5% per quarter during the period.

Figure 3.1-1
GDP Change
(Source: U.S. Bureau of Economic Analysis)



What is remarkable is that, even after such a prolonged and deep GDP contraction, growth has remained relatively modest. No quarter has exceeded a one percent growth rate since the recovery began in second quarter 2009. This is true despite the most accommodative monetary policy in the history of the Federal Reserve supporting record low interest rates. In the post WWII era, most recoveries have been driven by strengthening residential real estate and labor markets. While the real estate market is beginning to stabilize, robust growth across the economy and on a national scale is still constrained by unemployment.

Figure 3.1-2
Time Series Unemployment
(source: U.S. Bureau of Labor Statistics)

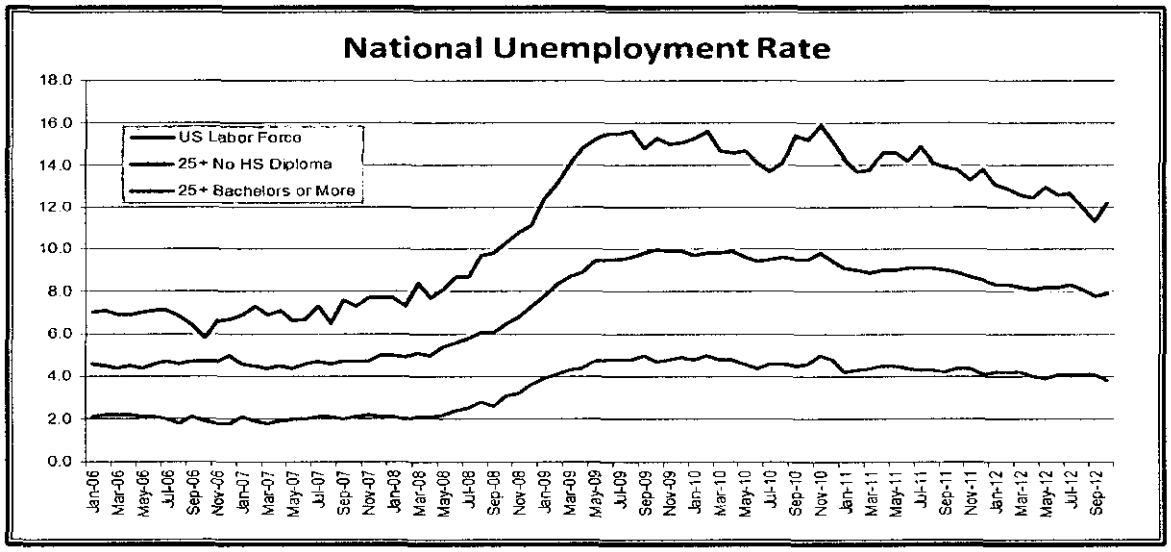


Figure 3.1-2 depicts the rapid increase in unemployment as a part of the recession. Unemployment levels have peaked and are beginning to decline. Some of the decline is due to decreased participation in the labor force by the long-term unemployed. Figure 3.1-2 depicts the strong relationship between unemployment and educational attainment. Those without a high school diploma have experienced unemployment rates that are nearly twice the national average and nearly four times that of individuals with a college education. However, the rate of unemployment has been declining at a faster pace over the last two years for those without a high school diploma than for those with a college education. Overall, unemployment rates remain at nearly twice the pre-recession levels.

The Federal Reserve's two main objectives are to have healthy labor market and stable prices. In an effort to address unemployment levels, the Federal Reserve has been aggressive in its monetary policy. This aggressive monetary policy has the potential to expand the economy and reduce unemployment but necessarily induces inflation risk. These monetary measures are depicted below in Figure 3.1-3.

Figure 3.1-3
Money Supply and Inflation (percent changes year over year)
(Source: U.S. Bureau of Labor Statistics; U.S. Federal Reserve Board)

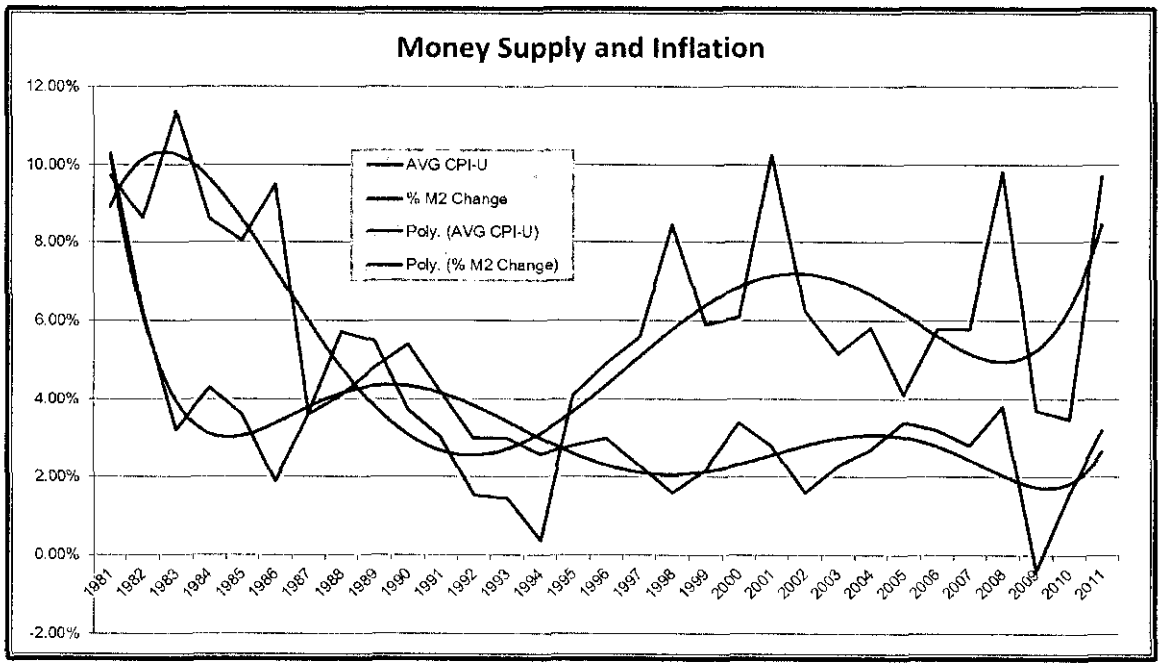
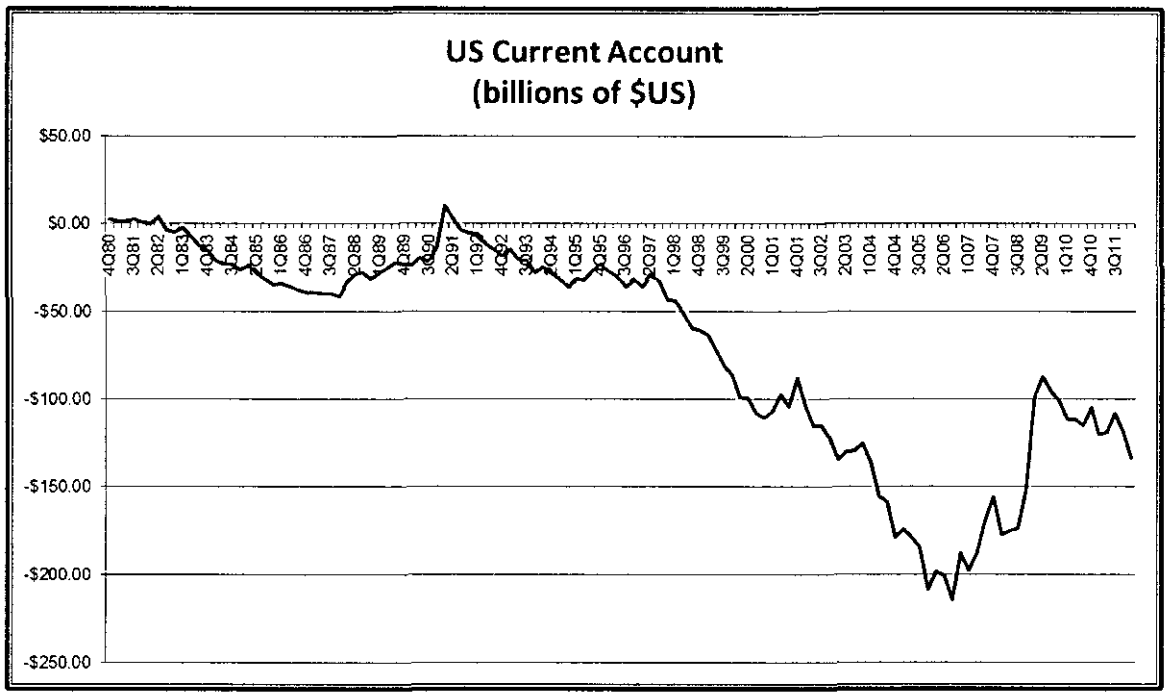


Figure 3.1-3 depicts the consumer price index – urban (CPI-U) and uses money supply (M2 – the most commonly used measure of money supply) and the graph shows how these measures have varied over time. The two measures depict an inverse relationship up until the early 2000's. Since that time, the two measures have varied directly. Overall, it is somewhat remarkable that inflation over the last several years has not been higher given the dramatic expansion of the money supply. In December 2012 the Federal Reserve announced its intention to buy an additional $45 billion per month in treasuries for an extended period while simultaneously purchasing $40 billion per month in mortgage backed securities. Both of these measures will expand the Federal Reserve's balance sheet and expand the money supply. Continued economic weakness and energy prices that have declined recently have kept inflation relatively stable.

This raises the question: Where is all the money going and why is an expanded money supply not causing inflation? Macro economies are necessarily demand driven. Thus in simple economic terms, expanded money supply may increase demand marginally but is not likely to do so in proportion to the amount of money supply expansion that has occurred on a national scale. So, the monetary policy should be causing a price adjustment also known as inflation. However, it is not. Figure 3.1-4 depicts the current account for the Unites States since the fourth quarter of 1980 and explains in no small part the answer to this phenomenon.

Figure 3.1-4
Current Account Time Series (inflation adjusted)
(Source: U.S. Bureau or Economic Analysis)



The current account is primarily exports minus imports during the period reported.[2] Up until 1998, the US generally ran relatively small current account deficits and had the occasional surplus. Since 1998, the current account deficits have become much larger. This trend is caused by large-scale trade imbalances that have structurally impaired the U.S. economy. The recession actually had a positive effect on current account balance trends for a brief period, but the trend has again reversed over the last several years.

Recently the U.S. has experienced expanded domestic energy production and this increase in supply has resulted in decreasing energy costs. The expanded energy supply has primarily resulted from advanced modern natural gas drilling techniques and medium term projections indicate this trend is likely to continue. Reduced energy costs from expanded domestic energy production have the potential of direct and indirect impacts on the current account. More domestic energy production will reduce demand for foreign energy (such as oil from the Middle East) and this will have a direct positive impact on the current account. Reduced energy prices reduce the cost of production resulting in lowered delivered prices and the potential to expand U.S. exports. Ultimately, at the local level, there is not much that can be done about U.S. trade imbalances and the current account but local economies certainly can and do experience the repercussions of these national conditions.

In addition to considering the above national economic measures, it's useful to consider the financial position of U.S. households when discussing trends. Most economic growth results from some combination of household spending and business investment. Business investments are ultimately made

[2] The Current Account calculated as CA=(X-M) + NY + NCT. NY is net income from abroad and NCT is net current transfers. For the Unites State NY and NCT is a very small percentage of the current account.

by the people who own the businesses and those are also households. The financial position of U.S. households is captured every three years by the Federal Reserve Board's survey of consumer finances. Figure 3.1-4 depicts data from the most recent survey in 2010 and shows household wealth over time by age group.

Figure 3.1-4
Household Wealth
(Source: U.S. Federal Reserve Board- Survey of Consumer Finances)

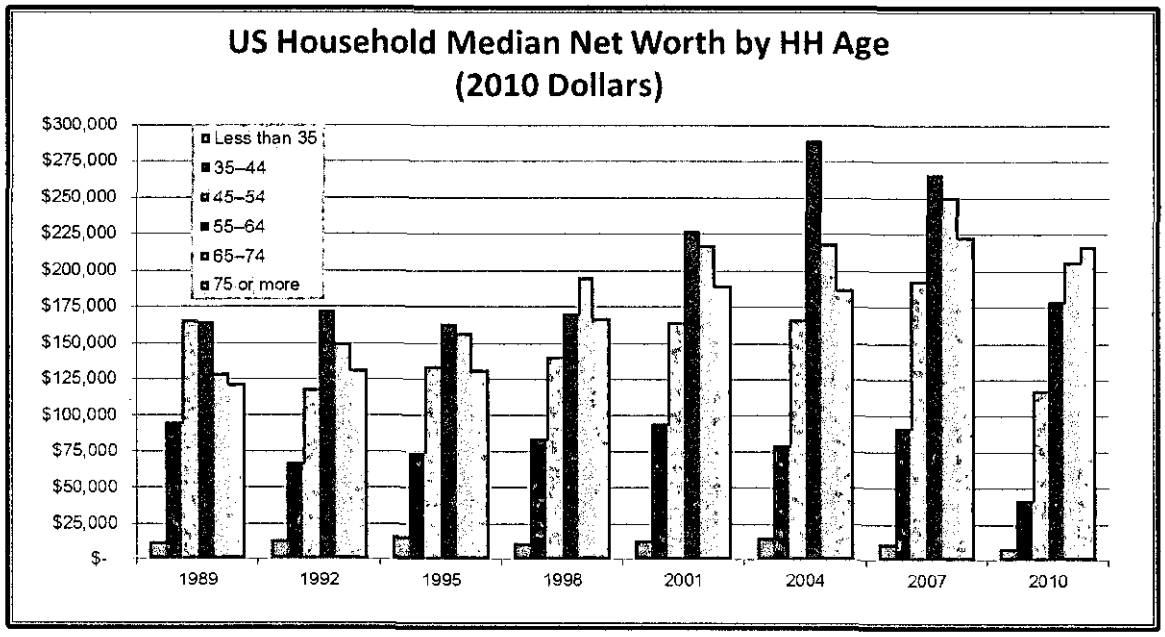


Figure 3.1-4 shows a bleak picture for U.S. Household wealth for younger American households. Net-worth for households aged 35-44 was 38% less in 2010 than the previous low-water mark in 1992. Meanwhile, the graph shows that wealth for those 65 and over remains near historic levels.

3.2 State Trends

The State trends section examines technical and policy level dimensions of Oregon's economic trends.

3.2.1 Technical Review of Oregon Trends

A quantitative way to examine state trends is to use a location quotient (LQ). The LQ compares the relative strength of industries for a geographic region in relation to the nation as a whole. The LQ can be conceptualized as a multiple for that industry. For example, if an industry sector in the State of Oregon has an LQ of 2 then the concentration of that industry in Oregon would exhibit twice the concentration of that industry in the national economy as a whole and conversely if the LQ is 0.5 then the concentration of that industry would be half the concentration in the national economy. If an LQ is greater than one it indicates that the concentration is greater than the national average and if it is less than one then the concentration is less than the national average. Table 3.2-1 depicts those industries in Oregon with at least 1,000 employees that exhibit an LQ greater than 1.2 while Table 3.2-2 depicts those industries in Oregon with an LQ less than 0.80 with at least 1,000 employees. Those industries that are

not depicted in either table are the vast majority of 3-digit NAICS[3] industries that are between 1.2 and 0.80 for which State concentrations are essentially the same as those found in the national economy as a whole.

Table 3.2-1
Oregon Industries with LQ > 1.20 and Employment >1,000
(Source: Bureau of Labor Statistics)

Industry	Oregon LQ	Statewide--Employment
NAICS 113 Forestry and logging	8.33	5,751
NAICS 321 Wood product manufacturing	4.62	19,285
NAICS 111 Crop production	3.86	25,420
NAICS 334 Computer and electronic product manufacturing	2.65	36,324
NAICS 115 Agriculture and forestry support activities	2.37	9,828
NAICS 813 Membership associations and organizations	1.73	28,321
NAICS 331 Primary metal manufacturing	1.64	7,906
NAICS 312 Beverage and tobacco product manufacturing	1.52	3,482
NAICS 511 Publishing industries, except Internet	1.51	13,969
NAICS 451 Sports, hobby, music instrument, book stores	1.37	9,884
NAICS 311 Food manufacturing	1.34	24,173
NAICS 551 Management of companies and enterprises	1.28	30,404
NAICS 425 Electronic markets and agents and brokers	1.26	13,198
NAICS 424 Merchant wholesalers, nondurable goods	1.25	30,204
NAICS 112 Animal production and aquaculture	1.22	3,482
NAICS 454 Non-store retailers	1.22	6,476
NAICS 518 Data processing, hosting and related services	1.22	3,726

Oregon continues to be a leader in forestry and agriculture. While the Oregon economy is much more diverse than it was thirty years ago, forestry and agriculture still exhibit employment that is concentrated at many times the national average.

In addition to forestry and agriculture (and related industries) the source industry strengths in Oregon can be explained for many of the 3-digit NAICS classifications. Computer and electronic product manufacturing is certainly due in no small part to the presence of Intel and Tektronix in the Portland area. Primary metal manufacturing is concentrated as a result of the continued operation of Oregon's aluminum industry. Non-store retailers such as Harry and David contribute to the strength in that industry sector. Beverage manufacturing is likely explained from the strong and growing wine and craft beer industries in Oregon.

Other sectors are more difficult to explain. For example, the strength in membership organizations and associations is not explained by any reason intrinsic to geographic region as to why this industry sector

[3] NAICS = North American Industrial Classification System

would benefit from being located in Oregon. It is also not explained by the presence of any one large dominant membership association that happens to be located in Oregon. Similarly, the publishing industry sector is one where there is no obvious large company that contributes to the concentration of those industries nor is there any large intrinsic geographic benefit from operating that type of industry in Oregon versus somewhere else. Oregon's attraction, where not otherwise explainable, is sometimes attributed to its quality of life that influences those who make decisions on where certain firms will locate.

Table 3.2-2
Oregon Industries with LQ < 0.80 and Employment > 1,000
(Source: Bureau of Labor Statistics)

Industry	Oregon LQ	Statewide--Employment
NAICS 512 Motion picture and sound recording industries	0.78	3,525
NAICS 541 Professional and technical services	0.77	73,254
NAICS 314 Textile product mills	0.71	1,036
NAICS 481 Air transportation	0.69	3,919
NAICS 814 Private households	0.68	5,406
NAICS 221 Utilities	0.66	4,492
NAICS 446 Health and personal care stores	0.66	8,035
NAICS 336 Transportation equipment manufacturing	0.62	10,747
NAICS 517 Telecommunications	0.61	6,704
NAICS 326 Plastics and rubber products manufacturing	0.58	4,551
NAICS 315 Apparel manufacturing	0.57	1,078
NAICS 212 Mining, except oil and gas	0.56	1,479
NAICS 335 Electrical equipment and appliance mfg.	0.52	2,349
NAICS 523 Securities, commodity contracts, investments	0.48	4,878
NAICS 325 Chemical manufacturing	0.37	3,565

Table 3.2-2 depicts those industries where Oregon has low relative concentrations. Several of the industries in which Oregon has low concentrations of employment are unsurprising. Chemical manufacturing and plastics and rubber manufacturing are unsurprising because these industries tend to cluster around petroleum and natural gas production centers with access to major international ports; no such arrangement exists in Oregon. Portland International Airport is the State's largest airport but is not a major hub for any of the national carriers or air freight handlers, therefore air transportation would not be expected to be a strong industry in Oregon. Oregon does not produce significant amounts of cotton nor is it proximate to synthetic fabric resources that are petroleum based and, therefore, it is not expected that Oregon would be strong in those industry sectors.

There is one industry sector in which Oregon has a low concentration that is problematic but may also represent a significant opportunity for the State. This sector is Securities, commodity contracts, investments. Certain major metropolitan areas such as New York City, Chicago, Los Angeles, San Francisco, Atlanta and Houston already have high concentrations in these sectors and some of their

comparative advantages would be expected to endure from the existing concentrations of intellectual capital and infrastructure. However, the digital world has reduced or eliminated many barriers to operation of these types of industries in smaller metropolitan areas. For example, well-known Berkshire-Hathaway is based in Omaha, Nebraska with a population of less than half a million people. It is unknown whether this weakness will eventually become a sector of strength in Oregon, but it is worth recognizing industry sectors that are relatively sparse in Oregon but which represent an area for potential growth.

In addition to specific industry strengths, Oregon's generally fairs well when its relative economic position is compared to other states. Table 3.2-3 depicts Oregon's national ranking across a range of economic indicators.

Table 3.2-3
Selected Economic Indicator Comparisons
(Ranking is out of 50 States plus the District of Columbia)
(Source: see data description column)

Selected Category	Ranking	Data	Data Description
Educational Attainment	18	29.2%	Census data from 2009; ranking based upon percentage with bachelor's or higher degree
Median Household Income	21	$51,862	Census Data from 2010-2011
Business Climate	20	281	Composite Score by Site Selection Magazine
State and Local Taxes	1	3.5%	Data from Council on State Taxation; Ernst & Young Report 2011; Data is State Business taxes as a percent of private sector Gross State Product
Entrepreneurship Index	5	1.93	University of Nebraska Entrepreneurship Index 2010

From an educational attainment perspective, Oregon ranks 18th of the 50 states[4], for residents with at least a bachelor's degree. Figure 3.1-2 above depicts the strong relationship between unemployment and college degree attainment and therefore Oregon's respectable ranking in this area bodes well from a labor market fundamentals perspective. The median household income is ranked 21st which is also respectable and arguably ideal; being near the top of median income is not necessarily ideal because it can cause localized inflation that can result in disproportionate impacts on households on the lower ends of the income spectrum. Similarly, Oregon is given a ranking of 20th by *Site Selection* magazine, a periodical targeted at those in the industrial, large office space, and campus development pattern real estate markets.

There are other areas where Oregon ranks high. Oregon is tied with North Carolina as the states with the lowest overall state and local tax rates on businesses; State of Oregon tax revenues rely heavily on the personal income tax. Local property taxes are limited by Measure 50 which covers all real estate types

[4] Includes District of Columbia

including commercial and industrial. In combination, this structure results in low overall business taxes in Oregon.

Business formation has historically provided the greatest potential for job creation. Oregon has risen from the bottom 20% of states to number 5 in the entrepreneurship index published by the University of Nebraska. Entrepreneurship creates new businesses and new businesses produce new jobs. The rise in Oregon's ranking on this index is arguably the single most encouraging signal for improvement in the Oregon economy.

3.2.2 Statewide Economic Development

There are number of efforts at the statewide level that are directed at economic development in Oregon. Some of these are the result of direct State of Oregon investments. The State of Oregon has expended significant resources and placed policy emphasis on education, innovation to support knowledge-based economic growth, and infrastructure. Example investments that are likely to affect Oregon's economy over the next twenty years include:

- **Oregon Nanoscience and Microtechnologies Institute (ONAMI):** ONAMI's collection of laboratories and researchers include the Lorry I. Lokey Nanotechnology Laboratories in Eugene, an internationally-recognized facility with more than 20 advanced materials characterization and nanofabrication instruments; micro-level manufacturing and engineering research at the Microproducts Breakthrough Institute in Corvallis; and the Center for Electron Microscopy and Nanofabrication in Portland.

- **Oregon Built Environment and Sustainable Technologies Center (BEST):** Oregon BEST connects the state's building industry to its shared network of university labs at Portland State University, the Oregon Institute of Technology, Oregon State University and the University of Oregon.

- **Oregon Translational Research and Drug Development Institute (OTRADI):** OTRADI has unique "high throughput" facilities at Portland State University that provide university researchers and small biotech companies with access to cutting edge drug discovery equipment and expertise, speeding up research and allowing companies to compete in the biotech sector.

- **Connect Oregon:** Connect Oregon has now completed is fourth round of infrastructure project funding and most of the Connect Oregon III projects are complete or nearing completion. Connect Oregon is a grant program that supports transportation infrastructure investments that serve dual purposes to support intermodal transportation connections that are expected to result in additional direct economic development. This program has supported airports, rail transportation and marine port infrastructure throughout the State. The Port of Portland and Port of Coos Bay have benefitted especially from the program as these two ports are Oregon's gateways to world markets for goods too heavy to ship by air.

- **Oregon Learns: 40-40-20 Plan:** Oregon, like all states, invests heavily in education. From an economic development perspective, education investments are ultimately workforce development. Oregon has set a goal to have 40 percent of its population with at least a college

degree, 40 percent of its population to have at least an associate degree/technical certificate and 20 percent with a high school diploma. This is an aggressive target and would require roughly a doubling of higher education through-put and high school drop-out elimination. Even significant progress toward this goal would result in a markedly more capable workforce and one that would result in a more productive workforce.

- **Business Energy Tax Credit (BETC):** The business energy tax credit system resulted in many large investments in renewable energy over the last ten years. At the present time, these tax credit opportunities have been markedly pared back, however much of the infrastructure built over the last ten years will continue to supply energy and jobs for support and on-going maintenance.

In addition to direct state investments, there are other entities and efforts that have the potential to affect economic conditions in Oregon. The most prominent of these is Oregon Health and Science University. Healthcare is an expanding industry in the United States and healthcare training and research are important to meeting future demand. OHSU creates opportunities for Oregon to maintain a competitive position in this sector on a regional and national level.

Other economic development activities in Oregon have centered on entrepreneurship. Business formation is one of the best potential sources of job and wealth creation. However, business formation is a high risk venture. Entities such as the Oregon Entrepreneurs Network and Oregon Angel Fund have formed to address the capital and knowledge needs of entrepreneurs and small fast-growing companies. Creating a cultural environment to support new business creation and the growth of innovative companies can reduce risk and increase successful outcomes.

3.3 Economic Outlook and Implications for Central Point

It's challenging to summarize the broad national and state economic trends and then distill them down in a manner that provides meaningful guidance at the local level for a community such as Central Point. This general truth is made more acute by current conditions in the national economy which has relatively extreme positive and negative forces at work. The strong positive forces include near record low interest rates, a large and young population that will be entering the workforce and which is relatively well educated, significant available production capacity, reduced energy prices, available capacity in the labor market, and an improving real estate sector. Strong negative forces include large trade imbalances, a Federal Reserve balance sheet that is growing at an unprecedented rate, large Federal budget deficits that must confront increasing entitlement costs against a backdrop of political stalemate, health care cost increases that threaten the broader economy; and immigration policy and management that has caused large-scale labor market distortions.

At a state level, the economic drivers and economic development activities tend to be Portland centric and related to the Willamette Valley more broadly. The irony is that the local economy tends to be influenced as much by the California economy as it is by the economic activity in Portland specifically and the overall Oregon economy more generally. The California economy is so diversified and represents such a large share of the national economy that the condition of the California economy tends to vary relatively directly with the condition of the national economy and the improving real estate market in California should support some economic recovery there.

The City of Central Point has no direct control and relatively little influence on the trajectory of the national and west-coast economies. Given the extreme forces at work at the national level, predicting future economic conditions involves high levels of uncertainty. Thus, for local land use planning purposes, the prudent approach is to plan for economic growth that would be expected to accrue through modest economic improvement from current conditions and that improvement is most likely to come through a combination of proportional sharing of improved national conditions as well as specific growth in industries for which Central Point is well positioned. This can and should include identification of targeted opportunities for growth specific to Central Point and the same is required by the Goal 9 rule.

3.4 Regional and Local Trends

This section focuses on Jackson County and Central Point economic conditions and trends. More localized analysis provides greater insight into local economic dynamics and illuminates economic opportunities. The analysis relies upon information from a number of sources including the Bureau of Labor Statistics (BLS), the Bureau of Economic Analysis (BEA), Oregon Labor Market Information System (OLMIS), and the Census Bureau.

Generally, the employment and business data presented in the Economic Element herein is based on the County geography. Detailed employment and business data for the City proper can be obtained using the ES-202 data set from the Oregon Employment Department. However, this data set is confidential and disclosure of the data is restricted. This is not a problem in larger cities where more businesses are present so that most of the major trends can still be analyzed without creating confidentiality conflicts. However, in smaller communities a "small numbers problem" arises that limits the quantitative value of the data. These data restrictions can further impair the qualitative component of the Economic Element. This can cause results where data limitations restrict qualitative analysis and evaluation of economic dynamics that are well known in the community. Consider a small high growth company in a small town that is the only major employer in that sector, like the dairy products manufacturing sector for example. This small, but very interesting company is likely to have their employment data flagged as confidential in the ES-202 reporting. This creates a paradox where the reason for wanting to analyze that company on a qualitative level is because of its employment growth but maintenance of the required confidentiality precludes this discussion. . To avoid this paradox, the quantitative components of the employment and business data rely on county-level data and the more specific community analysis is based upon known business presence in the planning area.

3.4.1 Demographics

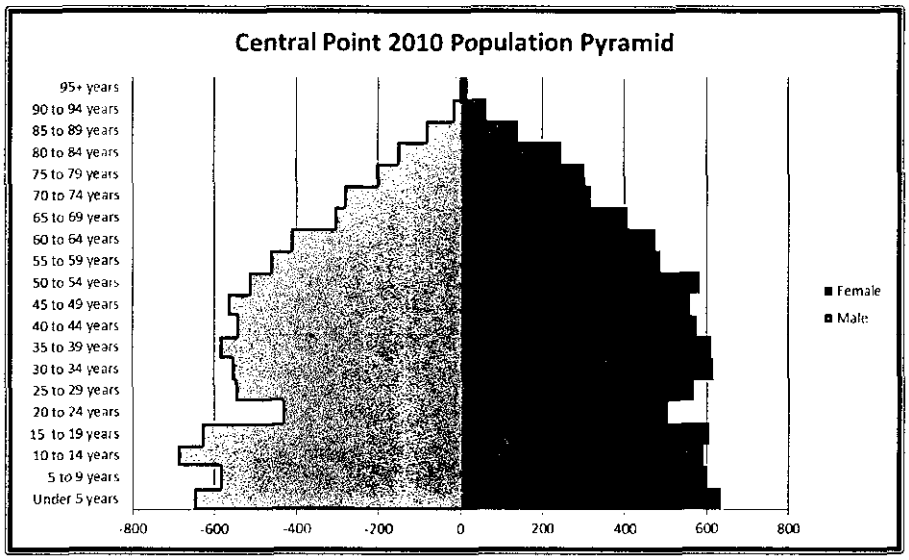
Economics and demographics are interrelated phenomena. The causal relationships between the two phenomena is a source of vigorous academic debate, but for purposes of land use planning, all that must be understood is that demographics and economics vary directly, i.e. population increases, employment increases.

Demographics represent two components of the economy — the labor force on the production side and households on the consumption side. Aggregate consumption varies directly with the number of households and their associated populations. Central Point's prior Economic Element characterizes Central Point as a "bedroom community" in making observations that there is a relatively small amount of employment and commercial retail services actually located in Central Point in proportion to the City's

population. Having balance between commercial retail and population is especially important from a local governance perspective in Oregon. Commercial lands tend to demand relatively few municipal services but have the highest land valuations and therefore produce the highest levels of general fund revenue through property taxes for a City. Residential populations demand considerable municipal services but produce comparatively less in property taxes.

Demographic relationships to the economy are highly localized. Understanding local demographics provides excellent insights into localized economic forces. The Census Bureau provides detailed information on local demographics.

Figure 3.4-1
Population Pyramid
(Source: U.S. Census Bureau)



The population pyramid for the City of Central Point depicts a typical shape for a non-university town. The "gap" in residents aged 20-24 exists in most every non-university town because this is the age where a segment of the population leaves to attend college or obtain employment elsewhere. Central Point's population is somewhat less top-heavy than the nation as a whole or the County as whole; fewer people aged 65 and older live in Central Point. Thus, even though the region experiences high levels of retiree relocation that does not appear to be the case in Central Point, although the Twin Creeks project may expand the upper levels of the pyramid over the next few years. Central Point has a large percentage of families with working-age individuals aged 30-50 and their children under the age of 14. Proportionally, Central Point has higher levels of working age individuals than the population as whole that represents a strong labor base that have families and will demand education services. Fewer retirees will result in lower overall levels of demand for medical services and fewer transfer payments into the local economy through Social Security and Medicare.

On the national level, unemployment rates vary by educational attainment and this relationship tends to be reflected in local labor markets as well. Thus, an examination of educational attainment in Central Point is valuable when considering the local labor market.

Table 3.4-1
Education Attainment by Age Group
(Source: U.S. Census Bureau)

Education by Age	Oregon	Jackson County	Central Point
Population 18 to 24 years	358,370	17,203	1,464
Less than high school graduate	16.60%	19.70%	26.60%
High school graduate (includes equivalency)	31.40%	37.20%	38.50%
Some college or associate's degree	44.10%	38.70%	30.90%
Bachelor's degree or higher	7.90%	4.40%	4.00%
Population 25 to 34 years	517,603	23,369	2,437
High school graduate or higher	87.70%	85.00%	83.50%
Bachelor's degree or higher	30.00%	21.10%	22.60%
Population 35 to 44 years	501,819	23,304	2,240
High school graduate or higher	88.60%	87.50%	90.40%
Bachelor's degree or higher	31.90%	21.20%	17.80%
Population 45 to 64 years	1,037,164	58,712	3,611
High school graduate or higher	91.40%	92.50%	93.40%
Bachelor's degree or higher	29.80%	25.60%	19.20%
Population 65 years and over	522,578	34,993	2,483
High school graduate or higher	85.20%	85.80%	82.00%
Bachelor's degree or higher	23.60%	23.80%	13.50%

Overall, the educational attainment of Central Point residents compares favorably with Jackson County. However, neither the City of Central Point nor Jackson County compares favorably with Oregon as a whole. For working people aged 25-64, Oregon has approximately ten percent more residents with a bachelor's degree or higher when compared to both Jackson County and Central Point. Most of this differential is not the result of high school diplomacy; the rate of high school diplomacy is essentially the same for people aged 25-64 for Oregon, Jackson County and Central Point.

The Central Point data does depict a cause for concern in the population aged 18-24. The rate of the population with less than a high school diploma is a full ten percent less than for Oregon and is five percent less than for Jackson County. A difference of 10 percent is essentially 146 more young adults without a high school education. Unemployment rates tend to be almost twice as high for those without a high school diploma so this data may signal some new social challenges for the City that are not present in the City's current population, such as increased crime and/or demands for social assistance.

Because retail commercial businesses sell goods to households, the need for retail commercial generally varies with population growth. Thus, it is reasonable and appropriate from both a municipal services standpoint and a Goal 9 standpoint to plan for retail commercial lands in relation to projected population growth. The planned population growth for Central Point is governed by Jackson County's coordinated population forecast as contained in the Jackson County Comprehensive Plan. The Jackson County Comprehensive Plan forecasts that Central Point will have a population of 27,410 people by 2033 which equates to a 2.05 percent annual average growth rate from 2013 to 2033.

3.4.2 Wages and Employment

Households have three sources of income: wages, investments, and transfer payments. For most working-age households, wages are the source of the vast majority of income. Household income is returned to the economy in the form of household consumption, taxes and investments. Thus, wages and employment have significant implications for any economy.

Figure 3.4-1
Employment Trends
(Source: Oregon Labor Market Information System – OLMIS; total covered wage employment)

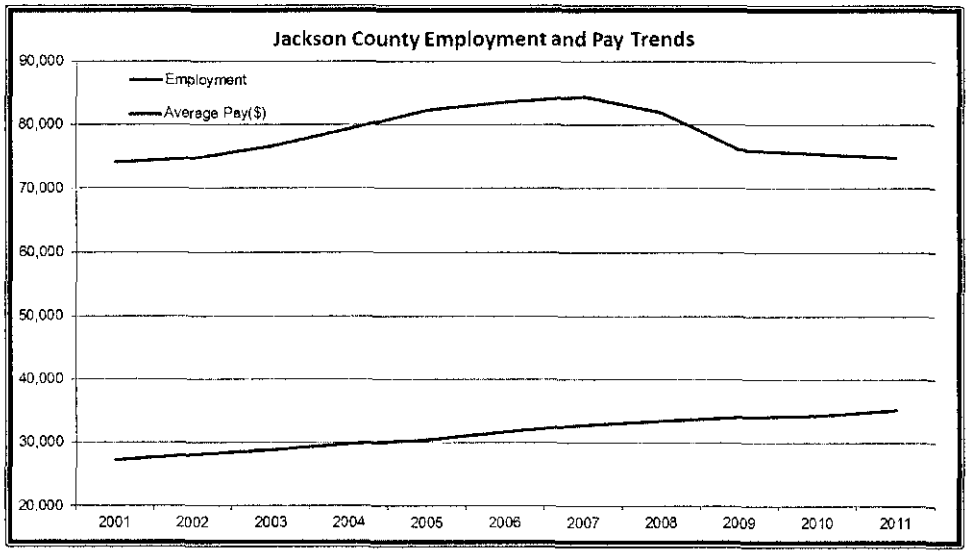


Figure 3.4-1 depicts average pay in Jackson County in absolute dollars and the overall level of employment. Employment levels dropped dramatically as a result of the recession in 2008. This differential translates into approximately $325 million less wages circulating in the Jackson County economy currently than was circulating in 2007. In rough numbers, this means the economy of Jackson County is about 10 percent smaller in absolute dollars currently than it was in 2007.

However, for those who have remained employed during the recession, absolute wages have increased at the same pace and were not interrupted by the recession at all. Some of this trend may be the result of changes in productivity. For example, the same workers may be doing more work for only marginally more compensation. Also, new technology implementation may have increased productivity such that average compensation has been able to rise without the need to hire additional workers. Inflation has been held in check during this period and thus it would appear that average compensation increases have kept pace with inflation during the period.

The Census collects detailed data on employment during the decennial census. This data provides insights into industries in which the residents of Central Point are employed and the relative compensation across industries. The Census data reports the residents' employment data and is not a census of businesses and employment within Central Point itself. However, matching regionally strong industries with the existing residents employment characteristics is an logical economic development strategy.

Table 3.4-2
City of Central Point Residents' Full-time Employment and Earnings
(Source: U.S. Census Bureau; 2010 Census)

Industry/Subject	Oregon		Jackson County			Central Point		
	Total	Median Earnings	Total	Median Earnings	% Oregon Median Earnings	Total	Median Earnings	% Oregon Median Earnings
Full-time, year-round civilian employed population 16 years and over	1,096,784	$40,724	54,242	$35,288	86.7%	5,505	$32,952	80.9%
Agriculture, forestry, fishing and hunting	35,774	$29,791	1,210	$37,736	**126.7%**	63	$17,386	58.4%
Mining, quarrying, and oil and gas extraction	1,402	$48,431	152	$45,104	93.1%	40	$37,174	76.8%
Construction	78,418	$43,790	3,718	$41,483	94.7%	707	$35,013	80.0%
Manufacturing	164,921	$44,444	6,203	$33,027	74.3%	597	$34,122	76.8%
Wholesale trade	43,538	$43,434	1,550	$42,847	98.6%	164	$42,917	98.8%
Retail trade	127,169	$31,543	9,137	$30,800	97.6%	1,006	$28,607	**90.7%**
Transportation and warehousing	**43,987**	**$46,791**	**2,671**	**$44,756**	**95.7%**	**386**	**$55,205**	**118.0%**
Utilities	12,662	$61,310	390	$53,472	87.2%	41	$68,417	**111.6%**
Information	24,265	$45,946	1,213	$43,349	94.3%	65	$34,234	74.5%
Finance and insurance	55,976	$46,534	2,237	$39,339	84.5%	187	$29,632	63.7%
Real estate and rental and leasing	25,691	$39,036	1,171	$33,059	84.7%	42	$22,885	58.6%
Professional, scientific, and technical services	70,242	$56,823	2,486	$40,938	72.0%	33	$82,031	**144.4%**
Management of companies and enterprises	1,263	$57,585	70	$59,113	**102.7%**	0	-	-
Administrative and support and waste management services	36,960	$30,411	1,976	$29,579	97.3%	336	$16,597	54.6%
Educational services	64,251	$44,176	2,241	$42,936	97.2%	214	$42,333	95.8%
Health care and social assistance	131,582	$37,454	8,109	$34,881	93.1%	727	$40,091	**107.0%**
Arts, entertainment, and recreation	17,133	$32,439	925	$28,043	86.4%	54	$30,172	93.0%
Accommodation and food services	50,308	$21,602	3,138	$18,852	87.3%	207	$17,802	82.4%
Other services, except public administration	44,973	$32,332	2,743	$31,021	95.9%	375	$17,355	53.7%
Public administration	66,269	$52,501	2,902	$51,763	98.6%	261	$53,552	**102.0%**

The numbers in the far right column depicted in black bold typeface are the industries where Central Point residents earn 100 percent or more than the statewide median. In terms of large differentials, only one industry has significant number of employees and pays significantly higher wages than the statewide average. That industry is transportation and warehousing. Jackson County has a structural advantage in

the transportation industry because California does not allow triple trailers and Oregon does. This requires loads to be reshuffled in Jackson County. Also, many years ago a company called Attaway grew into a relatively large truck brokerage in Medford. Ultimately, the enterprise failed but not by reason of an unsound business model and consequently, individuals who gained experience in the industry started their own firms and a cluster of truck brokerage businesses has existed in Jackson County ever since. These are both factors that have demonstrated durable comparative advantages in the transportation and warehousing industry in Jackson County and these advantages have translated into wages that are much higher than the statewide median in that industry for Central Point residents of whom approximately 386 are employed in that sector.

Conversely, retail trade is depicted in red bold typeface because of its relatively low wages in Central Point. Typically, retail wages are somewhere near the middle across all industries but tend to be relatively competitive across geographies. For example, the Jackson County median is only slightly less than the statewide median. However, Central Point's median is almost ten percent below the statewide median and is over seven percent less than the Jackson County median. Because of the competitive compensation structure within this industry sector, retail may represent an opportunity to grow wages if Central Point can increase its retail employment base.

Table 3.4-3
State of Oregon Employment Forecast for Jackson and Josephine County
(Source: Oregon Employment Department - OLMIS)

Sector	2010	2020	Net	% Increase
Total payroll employment	99,610	113,960	14,350	14%
Total private	83,910	97,640	13,730	16%
Educational and health services	16,670	20,800	4,130	25%
Trade, transportation, and utilities	22,280	25,320	3,040	14%
Leisure and hospitality	11,250	12,760	1,510	13%
Professional and business services	8,220	9,690	1,470	18%
Manufacturing	8,330	9,590	1,260	15%
Construction	3,640	4,290	650	18%
Financial activities	5,120	5,690	570	11%
Other services	3,470	3,990	520	15%
Natural resources and mining	2,930	3,370	440	15%
Information	2,010	2,160	150	7%
Government	15,700	16,320	620	4%

3.4.3 Workforce Commuting Patterns

Travel to and from work is essentially a labor force cost. The longer and more expensive the commute the higher the wage must be to justify the travel costs. Thus, it is useful to consider commuting patterns when evaluating labor force conditions.

Table 3.4-4
Central Point Resident Commuting Patterns
(Source: U.S. Bureau of the Census)

Worker Travel Information (workers 16 years and over)	Oregon	Jackson County	Central Point
MEANS OF TRANSPORTATION TO WORK			
Car, truck, or van	82.7%	86.5%	93.8%
Drove alone	72.0%	76.8%	86.0%
Carpooled	10.8%	9.7%	7.8%
Public transportation (excluding taxicab)	4.2%	0.9%	0.0%
Walked	3.9%	3.4%	2.0%
Bicycle	2.1%	1.4%	1.4%
Taxicab, motorcycle, or other means	1.0%	1.0%	0.2%
Worked at home	6.1%	6.7%	2.7%
TRAVEL TIME TO WORK			
Less than 10 minutes	17.5%	20.6%	21.8%
10 to 14 minutes	16.9%	22.2%	29.7%
15 to 19 minutes	16.5%	19.3%	24.7%
20 to 24 minutes	15.0%	15.2%	11.2%
25 to 29 minutes	5.9%	5.0%	3.4%
30 to 34 minutes	11.9%	8.8%	5.5%
35 to 44 minutes	5.4%	3.3%	1.8%
45 to 59 minutes	5.6%	2.9%	0.4%
60 or more minutes	5.3%	2.7%	1.6%
Mean travel time to work (minutes)	22.1	18.4	14.8
PLACE OF WORK			
Worked in state of residence	97.8%	98.8%	99.5%
Worked in county of residence	77.5%	94.9%	97.7%
Worked outside county of residence	20.3%	3.9%	1.8%
Worked outside state of residence	2.2%	1.2%	0.5%
Living in a place	79.4%	74.3%	100.0%
Worked in place of residence	38.6%	37.8%	21.0%
Worked outside place of residence	40.8%	36.5%	79.0%
Not living in a place	20.6%	25.7%	0.0%

Central Point exhibits a somewhat unique combination of commuting patterns. Typically, cities that have a low percentage of its residents working within the city also have relatively high commute times. That is not the case for Central Point. Central Point has only 21 percent of its residents who work in Central Point but Central Point residents have much shorter than average commute times when compared to statewide and countywide averages. The logical explanation for this unusual data relationship is that high percentages of Central Point residents work in north Medford which in many cases is right across the

street or they work in White City which is proximal and can be accessed via relatively uncongested sections of Interstate 5 and Table Rock Road. Given the short commute times reported in the census data, this indicates that Central Point is well positioned to provide labor that is effectively less expensive than the regional or statewide workforces. Central Point is in fact central in relation to the regional jobs.

3.4.4 Economic Development Context

In addition to the quantitative measures, Goal 9 encourages cities to consider the qualitative traits of their local economies to support future economic development and employment growth. These qualitative traits are evaluated below through a simple SWOT assessment (Strengths, Weaknesses, Opportunities, and Threats).

Table 3.4-5
SWOT Evaluation of Central Point Economic Context
(Source: City of Central Point)

Trait	Strengths	Weaknesses	Opportunities	Threats
Location Size and Buying Power of Markets	Relatively low percentage of large retail to population. Statewide and national exposure with specialty foods cluster.	Relatively low per-household income	If relative wages can be increased modestly Central Point can capitalize on expanding population.	Failure to capture proportional growth over time; especially in specialty foods.
Economic Development Efforts and Programs	Direct communication and collaboration between City staff and local businesses.	Few large employers located in Central Point; Limits role in regional Economic Development Policy and Agenda setting.	If Central Point can add a few larger employers in one sector then it can drive economic development policy and agenda in that area.	Capitalizing on this opportunity will require a coordinated strategy with implementable actions.
Transportation Facilities	Central Point has freeway access and good access to the regional network	Central Point I-5 Interchange (Exit 33) is an old design with limited capacity.	Expansion to Exit 35 would add an additional freeway interchange and opportunities for key industries to locate there.	Growth around Exit 35 needs to accomplish economic development priorities without threatening the function of the interchange (Exit 35).

Public Facilities and Services	Central Point takes a practical approach to its public facility needs and requirements.	Central Point's water supply is via contract with Medford Water Commission and sewage treatment is via the Regional Water Reclamation Facility Operated by Medford all under negotiable long-term agreements.	Central Point should continue to have adequate capacity to serve future employment demands.	Maintaining a good relationship with Medford is important to avoid any service agreement disputes.
Workforce Development	Central Point's workforce has access to Rogue Community College; Southern Oregon University; the Job Council and other training programs.	There are limited post-graduate degree opportunities and no research university in the region. High school drop-outs have limited employability.	Advocate for training and programs that directly benefit Central Point employers. Support local schools to minimize high school drop-out rates.	High school drop outs have limited employability and demand disproportionate services.
Regulatory Barriers	The completion of RPS makes possible employment growth in the Tolo *area to capitalize* on the advantages it presents.	RPS is just recently adopted and some implementation requires additional planning work.	Capitalize on the opportunity for targeted employment growth in the Tolo area.	Regulatory delay to complete planning processes to make the Tolo area market ready.

3.4.5 Regional Competitiveness

Planning for economic development should be supported by an understanding of the region's competitive position. As a general rule, employers make locational decisions based upon a region's competitive position for their specific industry and then make specific choices between communities within the region based upon localized factors. Thus, identifying industries in which the region can be competitive is important to develop land use policies and strategies to capture economic development potential for which Jackson County is well positioned.

There are several quantitative measures that can be used to assess the relative strength of industry sectors within a region. Two commonly used measures are shift-share and location quotient (LQ). These measures emphasize different economic phenomena. The LQ compares the relative strength of industries for a geographic region in relation to the nation as a whole. The LQ can be conceptualized as a multiple for that industry. For example, if an industry sector in the State of Oregon has an LQ of 2 then the concentration of that industry in Oregon would exhibit twice the concentration of that industry in the national economy as a whole and conversely if the LQ is 0.5 then the concentration of that industry would be half the concentration in the national economy. If an LQ is greater one it indicates

that the concentration is greater than the national average and if it is less than one then the concentration is less than the national average. The LQ is a snapshot in time and does not reflect changes over time.

The shift-share measures the degree to which an industry sector has outperformed the nation as a whole within that industry's employment levels during a specified time period. If an industry has grown nationally in relation to other sectors, such as healthcare over the last ten years, but the regional growth has remained static within the industry then there will be a zero shift-share percentage. If the regional growth outpaced the change in national share then there would be a positive shift-share. A positive shift-share could even be depicted where the nation as a whole loses absolute employment vs. the regional share. For example, if manufacturing employment decreased during the period analyzed but the regional economy held a constant manufacturing employment base during the period this would result in a positive shift-share.

Table 3.4-6
Jackson County Shift-Share Analysis (2001-2011)
(Source: Oregon Regional Economic Analysis Project)

NAICS	Industry Sector	Percent Shift Compared to National Growth	Net Employment from Shift	Total Employment
31-33	Manufacturing	9.88	865	2510
55	Management of Comp. & E.	55.43	463	2038
51	Information	19.38	437	452
52	Finance & Insurance	12.38	392	6057
111-112	Farm	12.41	362	6388
62	Health Care & Social Asst.	2.9	353	15851
48-49	Trans. & Warehousing	10.2	299	3013
92	State Government	2.37	57	1783
NA	Unreported	0.28	8	3857
61	Educational Services	0.15	2	6226
928	Federal Military	-4.51	-27	5715
71	Arts, Ent., & Rec.	-3.47	-97	968
92	Federal, Civilian	-6.44	-109	5796
113-114	Forestry, Fishing, & Other	-6.63	-126	1513
54	Prof. & Tech. Services	-4.6	-225	15462
21	Mining	-97.65	-249	3418
53	Real Estate, Rent. & Leasing	-7.13	-314	9066
81	Other Services	-8.89	-536	6644
23	Construction	-8.12	-553	1806
56	Admin. & Waste Services	-11.1	-567	603
92	Local Government	-9.55	-688	2512
72	Accom. & Food Services	-9.33	-741	7590
44-45	Retail Trade	-5.69	-923	2794
TOTAL		***-1.82***	***-1,919***	***112,062***

The region outperformed the nation from 2001 to 2011 in seven industries that have resulted in significant relative employment growth during the period. Management of companies and enterprises has the highest percent gain in employment relative to the nation during the period 2001 through 2011. Manufacturing has experienced the strongest shift in terms of total employment relative to the national economy.

If an industry sector has out-performed in a shift-share analysis and the concentration within that industry also exceeds national averages in an LQ analysis, then those industries are likely to be ones for which the region has exhibited durable comparative advantages. The below table depicts industries in bold red italics that have an industry concentration greater than 1.2 times the national average and are also within an broader industry sector in Table 3.4-6 where growth has outpaced the national rate from 2001 to 2011.

Many of these industry sectors are those that have been historically strong in Jackson County. Forestry and wood products manufacturing and agriculture and food products manufacturing have historically been strong industries in Jackson County and they remain so. Due to its role as the regional service center, Jackson County continues to exhibit strength in several healthcare industries.

Other areas of strength in the region have developed more recently such as truck transportation and support industries for transportation. These are somewhat newer industries and have grown in prominence in the regional economy over the last ten years. Similarly, management of Companies and Enterprises is a category that did not even exist on the prior classification system (Standard Industry Classification or SIC). This classification involves employment in companies that run other types of smaller companies. The employment in this category is relatively large regionally given the somewhat remote location of the region and the levels of expertise that would typically be required in this type of industry; this may be explained by quality of life and amenity concentrations in the area

Table 3.4-7
Jackson County Location Quotient Analysis
(*Red Italics* – indicate industries that also exhibited a positive shift-share)
(Source: U.S. Bureau of Labor Statistics)

North American Industrial Classification	LQ	Employment
NAICS 454 Nonstore retailers	8.89	2230
NAICS 113 Forestry and logging	7.49	245
NAICS 321 Wood product manufacturing	***7.27***	***1436***
NAICS 115 Agriculture and forestry support activities	4.89	961
NAICS 111 Crop production	***2.39***	***746***
NAICS 711 Performing arts and spectator sports	2.38	558
NAICS 515 Broadcasting, except Internet	***1.92***	***322***
NAICS 484 Truck transportation	***1.75***	***1338***
NAICS 519 Other information services	***1.71***	***156***
NAICS 451 Sports, hobby, music instrument, book stores	1.66	566
NAICS 323 Printing and related support activities	***1.54***	***425***
NAICS 813 Membership associations and organizations	1.51	1171
NAICS 488 Support activities for transportation	***1.47***	***485***
NAICS 441 Motor vehicle and parts dealers	1.38	1370
NAICS 533 Lessors of nonfinancial intangible assets	1.34	19
NAICS 622 Hospitals	***1.33***	***3668***
NAICS 452 General merchandise stores	1.33	2412
NAICS 443 Electronics and appliance stores	1.32	409
NAICS 623 Nursing and residential care facilities	***1.32***	***2452***
NAICS 445 Food and beverage stores	1.31	2176
NAICS 447 Gasoline stations	1.31	636
NAICS 517 Telecommunications	***1.3***	***670***
NAICS 562 Waste management and remediation services	1.29	275
NAICS 621 Ambulatory health care services	***1.29***	***4659***
NAICS 311 Food manufacturing	***1.25***	***1065***
NAICS 551 Management of companies and enterprises	***1.21***	***1361***

3.4.6 City of Central Point Competitive Position Summary

When all the regional and localized factors are synthesized, there appear to be at least four target industry sectors where the City of Central Point may exhibit a strong and durable competitive position:

- The specialty foods cluster that includes Lillie Belle Farms chocolates, Rogue Creamery and the nearby Seven Oaks Farm just outside Central Point's municipal boundary represents a small but unique opportunity for growth.
- Truck transportation and related support industries pay high wages to City residents and is a sector that both the Region and the City are well positioned to serve.
- Planned population growth in Central Point in the regional plan is expected to support expanded retail commercial within the City as the buying power of the City's residential base expands.

- Planned population growth is also likely to support expanded healthcare services in the City. Overall, this sector is expected to grow rapidly within the region. Existing investments in the City of Medford hospitals are likely to concentrate much of the regional growth in that geographic area, but Central Point has an opportunity to keep pace with overall regional growth in the sector.

Central Point also has some unique spatial characteristics that may support future economic activities in two other sectors due to the adoption of the RPS plan. Specifically, there are aggregate employment uses and Erickson Air Crane that are located within the Tolo Urban Reserve Areas. These are both employer types with special needs, but the areas inclusion in the RPS Plan may present opportunities to work with these employers for mutual benefit.

4 Land Demand

This section of the Economic Element projects the City of Central Point's long term (20-year) and short term (5-year) supply of needed sites for employment land. OAR Chapter 660, Division 9 contains specific requirements for employment land planning inside urban growth boundaries. Division 9 requires cities to have adequate supplies of land to meet employment needs for a range of employment opportunities. Division 9 also requires that employment lands be adequate not just from a total acreage standpoint but to also be functionally adequate to assure that an adequate land supply will be planned to capitalize on the City's economic opportunities in both quantity and quality.

For purposes of land use planning analysis, development of employment lands can be categorized into five generalized development pattern forms: office, industrial, commercial retail, campus style, and accommodations Each of these general forms tends to be demanded by different industries and land demand for these forms varies in important qualitative ways. This land demand section of the Economic Element characterizes land demand according to these broad economic development forms.

4.1 Economic Growth Rate Forecast

The regional 10-year growth forecast by industry is prepared by the Oregon Employment Department and it represents a good foundation from which to develop a twenty year land demand forecast. It is expected that Central Point will at least maintain growth rates comparable to the region as a whole across all industries over the next twenty years and may reasonably be expected to exceed regional growth rates in target industries. Central Point's population is projected to grow at a faster rate (2.00% through 2040[5]) than regional employment (1.53%) and thus it is reasonable to expect that employment growth will at least keep pace with the region across all industries.

However, consistent with the City's competitive positions described above there are at least three sectors where the City is well positioned to capture additional economic opportunities and out-perform the overall regional growth. Those sectors are specialty foods manufacturing, trucking and warehousing and retail. It is in these three industry sectors that the State's regional forecast is appropriately adjusted upward to reflect localized opportunities.

[5] Regional Plan Figure 2.4.

4.1.1 Specialty Food Manufacturing

This is a small but distinguished sector in the Central Point economy. Overall, modest growth assumptions in the manufacturing sector are likely to adequately capture growth potential in this niche sector but may buoy a slight edge over regional growth rates. However, exceptional growth in this sector is possible due to the exceptional quality of products in this niche. If such growth in the future materializes, then that may warrant a re-evaluation of the overall manufacturing employment growth forecast in the Economic Element.

4.1.2 Trucking and Warehousing

Trucking and warehousing is a strong industry regionally with higher than average employment concentrations. Median wages in the industry for Central Point residents are much higher than regional or state averages. Assuring adequate supply of land for these uses represents an excellent opportunity to expand on an existing sector of strength that also pays relatively high wages. Also, this industry has potential interconnections with the wholesaling industry that creates the potential to outpace overall regional growth to a modest degree.

Central Point is also uniquely positioned to satisfy regional growth and capitalize on regional comparative advantages in this sector. The Greater Bear Creek Valley Regional Plan contemplates that the "Tolo" area is well situated for this type of economic activity north of Interchange 35 which already serves industrial traffic to White City and aggregate resource traffic in the area. There is very little residential and commercial development around the interchange. No new residential development is contemplated in the regional plan so this area is well positioned to meet an important regional need for expanded transportation and warehousing uses.

4.1.3 Retail

Retail represents another opportunity for the City of Central Point. Retail trade and associated employment tends to vary with population. From a retail trade perspective, population growth is essentially consumer growth. Thus, it is reasonable to expect that retail trade in Central Point will outpace the two-county regional rate and will keep pace with the annual average population growth as set out in the County's coordinated population forecast for the City. From an industry categorization versus land use perspective there are some small but important differences. Land use terminology includes restaurants and bars are included within the retail category while restaurants are categorized in the leisure and hostility industry sectors in NAICS, so growth in this sector is appropriately consistent with the retail uses in both categorization schemes such as a boutique.

4.1.4 Planned Growth Forecast by Industry

The below Table 4.1-1 depicts a reasonable 20-year planned growth rate by industry for the City of Central Point. This growth rate utilizes the State's regional forecast for all industries with the exception of retail trade and transportation, warehousing and utilities. Retail trade utilizes a 2.05 percent Average Annual Growth Rate (AAGR) that is equivalent to the planned population growth for the City of Central Point. The Transportation, Warehousing and Utilities target average annual growth rate represents the highest reasonably achievable growth rate in this industrial classification.

Table 4.1-1
Central Point Target Growth Rate by Industry Sector
(Source: Oregon Employment Department; City of Central Point)

Industry Sector	State AAGR	Central Point Target AAGR
Total Private	1.53%	2.14%
Educational and Health Services	2.24%	2.24%
Trade, Transportation, and Utilities	1.29%	2.77%
Wholesale Trade	1.29%	2.16%
Retail Trade	1.29%	2.71%
Transportation Warehousing and Utilities	1.29%	3.49%
Leisure and Hospitality	1.27%	2.13%
Professional and Business Services	1.66%	1.66%
Manufacturing	1.42%	2.38%
Construction	1.66%	1.66%
Financial Activities	1.06%	1.06%
Other Services	1.41%	1.41%
Natural Resources and Mining	1.41%	1.41%
Information	0.72%	0.72%

4.1.5 Comparison to Planned Regional Employment Growth

The Greater Bear Creek Valley Regional Plan contains two sections relevant to employment growth planning[6]. As part of the regional plan development, ECO Northwest prepared a regional Economic Opportunities Analysis. This analysis looked at existing employment levels by City and made long-range employment projections for purposes of Urban Reserve planning. The most analogous period in the regional plan is the period 2011 to 2036. During that period, the Regional Plan estimated regional employment growth to be approximately 1.34% annual average growth. However, due to the recession starting levels in that period of 2011 were overestimated in the regional plan because the regional plan did not predict the largest recession in the post-WWII era in 2008-2009.

Methodologically, the regional plan's forecast methodology relied heavily on the most recent State forecast available at that time just as Central Point's Economic Element forecast now relies heavily on the most recent State forecast. However, one would reasonably expect those forecasts to not align perfectly because the State forecast relied upon in the regional plan was a 10-year forecast until 2014 that now has only a year remaining. Overall, there is nothing that is inconsistent between the 1.34% regional growth rate in employment projected in the regional plan and the 2.14% growth rate forecast that is specific to the City of Central Point UGB over this shorter planning period and planning for continued recovery from the largest recession in the post-WWII period.

[6] Section 4.1.5 refers to Table 4-3 in Appendix VII of the Greater Bear Creek Valley Regional Plan

4.2 20-year Land Demand Estimate

The Central Point target average annual growth rate in Table 4.1-1 can be utilized to create a 20-year employment land demand estimate for the City of Central Point. Employment land demand estimates can be projected using a variety of techniques. One technique converts the projected growth rates into projected employees and then uses average employee space needs and floor area ratios to project future land needs. Then these land needs must be aggregated by the development pattern type demanded by each industry so that the demand projections can ultimately be reconciled with land base supply calculations. Each of these steps requires assumptions about expected ratios and land development efficiencies.

While there is nothing wrong with the growth forecast to employment to land needs *conversion method*, it does require several steps to calculate and may be unnecessarily complex in some circumstances. That is the case in Central Point which has an existing built employment land base that is reasonably efficient. The existing built employment land base contains a reasonably efficient representation of four of the five development pattern types that includes retail commercial, office, industrial and accommodations. Collectively, these existing land base conditions can reasonably be assumed to function like an "existing population" to which the target growth rates can be applied and future land demands can reasonably be projected.

The only development pattern that is not represented is the campus development pattern. There are no large campus development patterns in Central Point except for the school district campuses. Other than a new school, it is not expected that additional large campus development patterns (i.e. 25 acres or larger institutional development) are likely in Central Point[7]. A new school would be most likely planned through the school facilities planning statute and located within the residential land base. There is no clear point where a "large office development" becomes a "campus development". In practice, this is a continuum and it is entirely possible that one or two developments in the 5 to 15 acre range may occur over the planning period. The design and layout of such projects may result in them being more or less "campus like" as opposed to adjacent "large office sites". The City's existing land use regulations allow for such development patterns in many of the employment areas and continuing to allow these uses would allow any large office/small campus developments to be sited without need for any land use regulation amendments. In terms of growth planning projections, any development of this type is assumed to be captured in the employment growth rates that are assumed to demand office space.

To take this approach, the average annual growth rates from Table 4.1-1must be aggregated according to the type of development pattern they are expected to demand. This aggregation is reflected in Table 4.2-1 and the industry sectors in each estimate are depicted in the far right column. Leisure and hospitality would generally be expected to demand retail space (in the form of restaurants) but also overnight accommodations type development patterns. However, Central Point generally allows overnight accommodations to be located within the commercial retail areas and therefore these categories and land needs may appropriately be aggregated despite the fact that their specific site requirements may be somewhat different than typical retail.

[7] Just because a new large campus development is not considered likely does not mean the City should preclude such uses in its land use planning program for economic development.

The aggregated growth rates by development pattern type are the same as the state forecast rates for the region for office space and slightly higher for retail due to higher rates of population growth forecast for Central Point and for industrial where comparative advantages in the transportation and warehousing sectors are expected to allow Central Point to outperform the region overall.

Table 4.2-1
Central Point Target Growth Rate by Employment Space Type Demanded
(Source: Oregon Employment Department; City of Central Point)

Type of Space Demanded By Sector	State AAGR	Central Point AAGR	Sectors in Estimate
Commercial Retail	1.28%	2.48%	Retail Trade; Leisure and Hospitality
Office	1.84%	1.84%	Education and Health Services; Professional and Business Services; Financial Activities; Other Services
Industrial	1.43%	2.41%	Wholesale; T.W.U.; Manufacturing; Construction

The aggregated average annual growth rate by development pattern types shown in Table 4.2-1 can then be applied to the existing built land base to arrive at a reasonable projection of employment land needs over the next twenty years. This estimate is provided in Table 4.2-2.

Table 4.2-2
Central Point 20-Year Employment Land Demand Estimate
(Source: Oregon Employment Department; City of Central Point; CSA Planning Ltd.)

Space Type	Existing Built (net acres)	Central Point Target AAGR (growth rate)	Approximate 20-Year Land Demand (net acres)
Commercial Retail	94.5	2.48%	60.7
Office	48.3	1.84%	21.4
Industrial	163.3	2.41%	101.1
Total Net Acres	***306.1***		***183.2***

The estimate of employment land demand in Table 4.2-2 depicts the net buildable employment land[8] needs for the City of Central Point across all industry categories (not counting additional land for employment in the education sector which would be located in residential areas and determined through the school facilities needs planning statute). The 183.2 acres is projected to be total need within both the existing UGB and any additional land that might be required outside the existing UGB. From an urban growth boundary and total land need perspective, the City will need approximately an additional 27 to 55 more acres to accommodate future growth for a total of 210 to 240 total additional acres. This additional acreage corresponds to the need for an additional 15 to 30 percent of gross acreage for street rights of way[9].

[8] Net buildable employment lands are those lands that are planned for employment uses and are reasonably free from development constraints. Net acres are the private buildable acres and do not include right of way acreage necessary to access these lands.

[9] The net-to-gross factor in the Regional Plan on average is 17% for all land uses; The higher end of net to gross range expressed in the City of Central Point Economic Element reflects the potential for some initial employment

4.3 Site Requirements Analysis

Goal 9 requires an analysis of site requirements. Site Requirements are the qualitative land features necessary for a site to possess in order for the site to meet the needs of businesses that would utilize the site. Goal 9 and its implementing rule at OAR Chapter 660, Division 009 does not specify the level of detail required in the site requirements analysis. Moreover, the rule contemplates that the site requirements analysis is likely to vary with the size and complexity of the jurisdiction.

The Central Point Economic Element essentially breaks its site requirements into three main development pattern types: retail commercial; office; and industrial. There are some other types of sites that are not analyzed in detail for Central Point but are worthy of a brief discussion:

- Campus development pattern types are those that are large to very large in nature (almost always 50 or more acres). These development patterns tend to serve governments, non-governmental institutions or very large multi-national companies. Other than school campuses, Central Point does not have any large campus development patterns. No specific source of demand for Central Point for this type of use is identified in the Economic Element but such demand is possible. In the event unidentified demand materializes for this type of use, then specific targeted amendments to the element may be appropriate to capture the newly identified demand and to evaluate land supplies to meet the needs. Nothing in the Economic Element should be construed to disallow or be unsupportive for the siting of a large campus development pattern.

- Overnight accommodations (hotels and motels) are a unique development pattern type that is somewhat different in form than retail commercial uses. However, these uses are generally allowed in retail commercial zones and many of their site requirements are similar and can be accommodated on retail commercial sites. For this reason, the Central Point Economic Element does not project demand or analyze site supply for overnight accommodations independently from other types of commercial uses.

4.3.1 General Development Pattern Site Requirements Analysis

The Economic Element analyzes the demand and supply of sites for three major development pattern types: retail commercial, office and industrial. Within these general development pattern types, the Economic Element analyzes demand and supply of large, medium and small sites. In practice, there are no discrete size breaks that differentiate between large, medium and small sites, but it is useful to analyze different sizes because the site requirements do vary with firm size. Table 4.3-1 describes the qualitative site requirements for each of the general development patterns analyzed in the Economic Element.

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growth expansion is may be in the Tolo area (as contemplated by the Regional Plan) and this initial expansion would include a significant portion of Interstate 5 right-of-way.

Table 4.3-1
General Development Pattern Site Requirements
(Source: City of Central Point)

Type	Public Facility and Service Requirements	Transportation Facility Requirements: Access to customers and workforce	Size Cat./ Typical Site Size (acres)	Discussion of Site Requirements by Size Category
Retail Commercial	Retail commercial uses typically require all urban facilities and services such as water, sewer, storm drainage, police and fire protection, electricity, natural gas, and modern communications systems	Retail commercial development requires premium access and excellent visibility for customer attraction. Foot traffic and access to public transportation can also be important.	Large/ 8-30	Large commercial sites tend to cluster within larger blocks of commercial that can be 100 acres or more. Outdoor storage sales can demand very large sites. These users will anchor commercial areas and attract customers for medium and small users. Must be located adjacent to and visible from major arterials and state highways.
			Med./ 2-7	Medium commercial uses can locate within larger blocks of commercial or may function as a stand-alone community commercial uses. Must be located adjacent to and visible from major arterials and collectors if not stat highways.
			Small/ 0.5-2	Small commercial uses fill in the spaces not used by medium and large retail commercial. These tend to be specialty sales that serve niche retail markets.
Office	Office uses typically require all urban facilities and services such as water, sewer, storm drainage, police and fire protection, electricity, natural gas, and modern communications systems	Consumer driven office users like branch banks & insurance sales must have good visibility and access. Other office uses only need reasonably direct access to the regional transportation network. Airport access can be essential	Large/ 3.5-12	Large office uses will require excellent access to the regional transportation network because they have large workforces that require capacity in the system. Large office uses can locate in commercial or industrial areas depending on the specific requirements of the enterprise.
			Med./ 1-3.5	Medium office uses that require customer significant access will seek out and compete for commercial zoned space. Other medium office uses may demand business park space intermixed with light industrial uses.
			Small/ 0.25-1	Small office uses are the uses that "fill in" commercial and industrial areas because there needs are the most varied and requirements the most flexible.
Industrial	Industrial uses may or may not require all urban services. However, many industrial uses will have very specific and large demands for certain services like power or sewage capacity	Access for freight is a top priority and may be via truck and/or rail. Industrial uses sometimes accept more remote locations to avoid congestion and that support freight movements. Airport access is often important.	Large/ 15-300	Large industrial uses tend to conduct site searches on regional, national or internal scales. Factors that affect demand depends on the very specific requirements of the enterprise that are difficult to predict *a priori*.
			Med/ 3-14	Medium industrial uses tend to be price sensitive and seek out space within business or office parks. They sometimes require property ownership that will also result in low real estate overhead in relation to the enterprise.
			Small/ 0.5-2.5	Small industrial uses tend to be price sensitive. Low rent is a priority. Small site sizes can create challenges for freight movement to small industrial sites and also within the sites themselves.

4.3.2 Target Industries' Unique Site Requirements

In addition to the general development pattern site requirements, the City of Central Point has opportunities for economic development in areas of specialty foods manufacturing, truck transportation and transportation support services, and retail trade. The site requirements specific to Central Point for these target industries warrant more detailed consideration.

- ***Specialty Food Products Manufacturing-*** The small cluster of businesses that are engaged in specialty food products manufacturing in Central Point have small retail storefronts that accompany their manufacturing businesses. The sites are generally small and there is limited room to expand operations on the existing sites. The segment of Highway 99 where these uses are located have good access to I-5 which have excellent visibility directly from Highway 99. However, the narrow strip between Highway 99 and the railroad tracks creates a practical limit on expansion. Central Point should keep lines of communication open with these businesses to assure that the site requirements for any expansion are well understood by staff and policy makers.

- ***Truck Transportation and Transportation Support Services-*** These businesses require both office space and trucking facilities that are often co-located. Site requirements may also include space for related uses such as truck washes, truck driver accommodations and inter-modal freight handling. Large outdoor storage and warehouse space is typically required. Adequate expansion area is often a factor when selecting a site so that expansion can be accommodated without the need to relocate. Direct access to the interstate freeway is essential and must be located in areas that are relatively free from congestion to enable efficient freight movements. Aside from transportation facilities, power, and modern communications, some transportation uses may not necessarily require the full complement of other urban facilities and services.

- ***Retail Trade-*** Convenient access to I-5 is important but meeting visibility site requirements from I-5 in Central Point is a challenge. The Pine Street interchange is somewhat congested and may raise site requirement concerns among larger retailers. Visibility from the Pine Street arterial is good and access can be made reasonably direct. Until an anchor center is sited that attracts regional shopping trips, the site requirements of many small and medium retailers cannot be met. The anchor tenants create a critical mass of shopping activity that then allows the small and medium retailers to achieve additional sales with shopping trips that are created by the anchor.

4.4 Projection of Needed Employment Sites

This section projects the City of Central Point's employment land needs. OAR Chapter 660, Division 009 requires estimates of land needs by the number of sites demanded. Individual site needs must be identified because employment sites must be supplied in *whole units*[10]. This is especially true for large sites. For example, a site for a large warehousing and freight forwarding operation can easily be 50 or more acres or a site for large shopping center can be 30 or more acres. These types of uses have minimum site sizes and below those minimum sizes there is not adequate land to meet the needs of these employers. Thus, it is very possible for a city to have 200 acres of industrial land that is vacant within its UGB but if all of this land supply consists of parcels seven acres or less scattered around the UGB then there is no single site that would meet that projected demand.

If demand (or need) is not projected by site type, it then becomes impossible to later analyze the land supply to determine its adequacy to supply the number or required sites. Central Point's projections of site needs are based upon potential site size demand ratios or splits. Essentially, the aggregate acreage

[10] In simple terms, two three acre sites cannot have their acreage added to be one six acre site. If an employer needs a six acre site then a six acre *whole unit* employment site must be provided or put another way fractions of needed sites cannot be summed to satisfy discreet site needs.

demanded in Section 4.2 is broken down according to the size ratio splits within each major development pattern category.

4.4.1 20-Year Demand for Needed Sites

Table 4.4-1 depicts the number of needed sites by type. It uses typical site sizes for each development pattern type consistent with the above site requirements analysis. The demand ratio splits represent the following break downs:

- Ten Percent Large/Thirty Percent Medium/Sixty Percent Small
- Thirty Percent Large/Forty Percent Medium/Thirty Percent Small
- Forty Percent Large/Fifty Percent Medium/Ten Percent Small

Table 4.4-1
Estimate of Sites Demanded for Central Point UGB (2013-2033)
(Source: Oregon Employment Department; City of Central Point)

	Typical Size (acres)	Site Demand Projection (20-year Demand) Site Size Demand Ratios (lg/md/sml) 10/30/60	30/40/30	40/50/10
Large Commercial Retail Sites	20.0	1	1	2
Medium Commercial Retail Sites	4.5	5	6	7
Small Commercial Retail Sites	1.0	37	19	7
Large Office Sites	5.0	1	2	2
Medium Office Sites	1.5	5	6	8
Small Office Sites	0.5	26	13	5
Large Industrial Sites	30.0	1	2	2
Medium Industrial Sites	6.0	2	2	2
Small Industrial Sites	1.0	13	7	3

The 10/30/60 percent ratio is not expected to be adequate for land use planning purposes from a discreet site demand standpoint for several reasons. First, most of Central Point's existing employment lands base is downtown or along Highway 99. The existing development patterns of these areas are almost exclusively small sites with a handful of medium sites scattered throughout. Thus, the existing employment land base is already skewed toward a supply of small sites. Second, if it turns out that demand for small sites is higher than initially planned and supplies are running low in five to ten years from the time of the last UGB amendment, it is then much easier to add additional smaller sites because a UGB amendment is not required; all that is required is additional land division.

The site demand number differences between the 30/40/30 ratio split and the 40/50/10 ratio split are not too significant. Planning for land demands between these two splits is prudent and is expected to adequately capture demand for large and medium sites while still supplying an adequate number of smaller sites over time.

4.4.2 Short-Term Demand Estimates

OAR Chapter 660, Division 009 also requires an estimate of short-term employment land demand — the demand expected to accrue over the next five years. This requirement creates a *small numbers problem* for a community the size of Central Point. In the cases of large office sites and large and medium industrial or commercial sites, the projected demand (even under the 40/50/10 ratio split) over the twenty year period results in numbers that range from 7 to 2. By quartering these numbers it is possible to attain theoretical "five-year demand" results, with numbers that range from less than two to less than one. Several of the categories essentially translate to demand that is one every eight or ten years on average and assuming a stochastic demand during the period. With numbers this small, it would be hubris to project that this demand would occur within or without of the initial five years of any given twenty-year planning period. As such, for these large site categories, land use plans should seek to supply the full twenty-year projected demand as short-term demand as well. It can reasonably be assumed that small site demand is 25 percent of the 20-year demand because the small sites do not have this same small numbers problem.

5 Employment Land Base Analysis

After identifying economic opportunities in Section 3 and estimating land demand in Section 4, the next step in the Goal 9 process is to evaluate the land base and its ability to meet the site needs for which there is a projected demand over the next twenty years. Central Point updates its general buildable lands information on a regular basis and this information has been used as the starting point to analyze the land base from a more specific Goal 9 perspective.

The land base is categorized according to development pattern types: commercial retail, office, industrial, campus, and a handful of specific uses. Lands are classified as vacant or developed. Classification of developed or vacant relied upon a number of data sources such as 2012 aerial photos, assessor data, and field inspections. The developed lands are classified as large, medium or small according to the three main development pattern types and judgment about the size of the site. For vacant lands, classification of both size and development pattern type is required. This is because some office development patterns are allowed in both industrial and commercial plan designations. Thus, classification into the development pattern type was based in part on the applicable regulations (i.e. industrial in industrial areas and commercial in commercial areas) and also on local knowledge for locating office uses on specific sites where office uses would be expected to be the highest and best use and consistent with overall levels of office use relative to other development in the City.

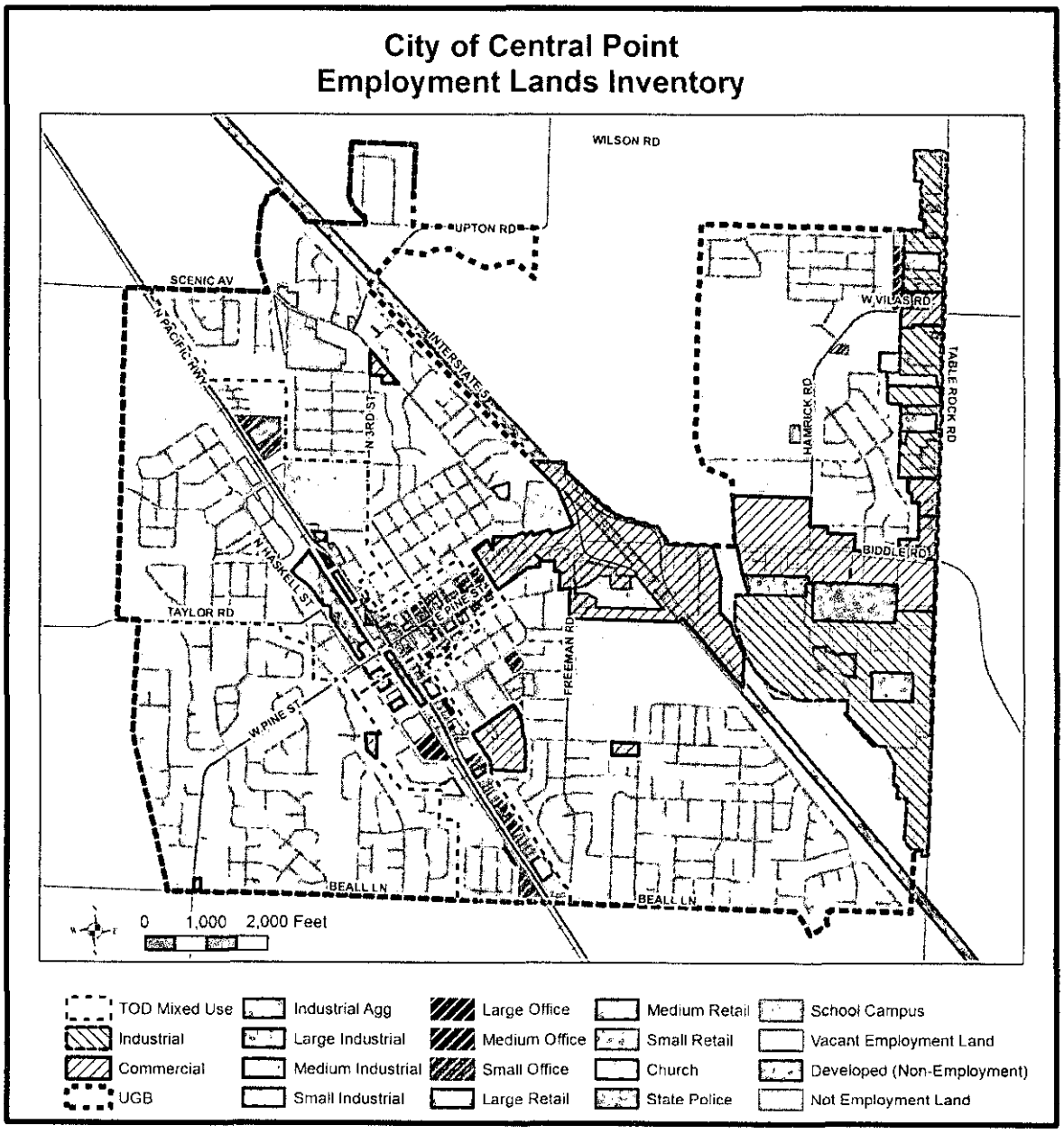
Central Point has a considerable amount of "TOD Mixed Use" designated lands and, from a regulatory standpoint, much of these lands can be used for either residential or employment uses. The policies underlying this regulatory framework are intended to mix appropriate uses for transportation and other communal benefit reasons. However, this makes concrete categorical inventorying of employment lands on a strict regulatory basis problematic.

Thus a more subjective and qualitative approach to land base categorization is required. For built lands, the approach is straightforward because lands were categorized according to the built nature of the site. For vacant lands, the site requirements of employment uses are such that only certain lands within the TOD Mixed Use designated areas are well located for typical employment uses. Employment uses are likely to out-compete residential uses for the primary use of TOD Mixed Use designated lands and

therefore it can be assumed that the primary use of these lands will be employment. Many of the TOD Mixed Use designated lands are ill-located for employment uses but are well located for residential uses and these can and are assumed to be primarily used for residential purposes. This narrows the inventory categorization down to a relatively small number of sites that are well located for both residential and employment; these lands were categorized based upon local knowledge and reviewed through the public process. Such categorizations may be ultimately inaccurate on a site-by-site basis when the properties are actually developed in the future. Rather, it is expected that *on average* the categorization will be approximately close and is assumed to be adequate for purpose of supply of sites for the City's employment land needs as a whole.

The land base inventory methods described above are reflected in the below Figures 5-1 and 5-2.

Figure 5-1
Central Point Employment Lands Inventory Map
(Source: Jackson County Assessor; City of Central Point; CSA Planning Ltd.)



Upon completion of the land inventory and its incorporation into the City's Geographic Information System (GIS), the database is then available for the further analysis presented in this section. The analysis begins with a review of the built employment lands because the existing land base can inform projections of future needs. Moreover, the Central Point Economic Element actually uses this "population" of employment lands as an input for future land need forecasting in Section 4 above. Under these

circumstances, a more detailed review of the built employment lands is necessary to assure that the existing "population" is not skewed in ways that render it inappropriate to forecast future needs.

The second part of the employment land base analysis focuses on the vacant lands. These lands are potentially available to meet immediate and long term employment land demands. The supply of these lands must be characterized so that the employment land supply within the existing UGB can be reconciled with the demand projected over the next twenty years.

5.1 Built Employment Lands

Table 5.1-1 below breaks down built employment lands within the UGB by site size and development pattern type.

Table 5.1-1
Built Lands by Development Pattern Type
(Source: Jackson County Assessor; City of Central Point; CSA Planning Ltd.)

	Acres	Number of Parcels	Average Size Parcel Size	Percent Split
Large Retail	12.1	2	6.1	13.6%
Medium Retail	20.2	11	1.8	22.8%
Small Retail	56.4	128	0.4	63.6%
Retail Subtotal	*88.7*	*141*	*0.6*	
Large Office	0.0	0	0.0	0.0%
Medium Office	12.8	11	1.2	26.5%
Small Office	35.5	68	0.5	73.5%
Office Subtotal	*48.3*	*79*	*0.6*	
Industrial Agg	41.8	8	5.2	38.0%
Large Industrial	20.2	1	20.2	
Medium Industrial	52.0	21	2.5	31.8%
Small Industrial	49.3	51	1.0	30.2%
Industrial Subtotal	*163.3*	*81*	*2.0*	
Grand Total	***300.3***	***301***	***1.0***	

The retail and office data depicts reasonable and typical total acreages for a community the size of Central Point. For example, the *International Council on Shopping Centers* (ICSC) estimates the national average is 46.6 square feet of retail per capita. Central Point has approximately 43 square feet of retail per capita. However, the retail and office appear somewhat skewed to small sites. This can be explained in-part from Central Point's economic history. Most of Central Point's retail and office land developed during the period when the City functioned as a service center and market for the surrounding agricultural community. The development patterns common during those days were small one-story offices and shops in a downtown area. Then the City went through a residential growth period but the City's population itself did not have sufficient independent buying power to out-compete Medford for larger scale retail and office development. More recently, Central Point has grown sufficiently that it can

now compete with Medford for some larger retail and office uses such as the Albertsons/Furniture Row shopping center and Providence Hospital's new medical facility.

Central Point has a good distribution of built industrial lands. However, the total industrial development may be somewhat lower than other communities of similar size. Central Point has been challenged, historically, for larger industrial employers due to siting of large industrial uses in Medford (just south of Central Point) and also competing with the significant inventory of industrial lands in the White City area.

Another way to assess the relative positioning of the built employment land base is to look at land values across plan designations. The Jackson County Assessor's office estimates "real market" land values for all lands in Jackson County. It is well known that the Assessor's "real market value" may not necessarily be accurate for specific properties when those properties are actually sold. The values tend to be reasonably close to the real market numbers on average and certainly adequate for purposes of generalized comparisons across a large census of properties and this is what is analyzed below in Tables 5.1-2 and 5.1-3.

Table 5.1-2
Average Real Market Land Value per Square Foot by Comprehensive Plan Designation
(Source: Jackson County Assessor; City of Central Point; CSA Planning Ltd.)

Comp Plan (Main Designation)	Tax Lots (Count)	Mean (Land $/ft.)
Commercial	45	$8.70
Industrial	39	$3.35
Mixed Use	86	$6.31

Table 5.1-3
ANOVA Land Value per Square Foot by Comprehensive Plan Designation
(Source: Jackson County Assessor; City of Central Point; CSA Planning Ltd.)

Analysis of Variance Source of Variation	SS	df	MS	F	P-value
Between Groups	599.7	2	299.9	***26.7***	8.66E-11
Within Groups	1875.3	167	11.2		

The above tables compare mean real market land values per-foot across comprehensive plan map designations. The Analysis of Variance (ANOVA) indicates the differences in mean values depicted in Table 5.1-2 are not the result of random sampling error or chance. In simplified statistical terms, this means the differences are "real". From a land use planning perspective, the average mean values across plan designations is reasonably consistent with expectations:

- The best positioned commercial land is the most valuable per square foot. These lands are closest to I-5 and therefore command the highest values. Overall, these commercial values are still somewhat low when compared to similar lands in Medford; therefore, Central Point has a relative land price advantage when compared to the City of Medford.

- TOD mixed use lands in the downtown area are likely to have relatively high values but these are likely weighed down by the legacy commercial development on Highway 99. The actual differential in value is $2.39 per square foot when compared to the commercial land. This indicates that much of this land which is developed for commercial uses is still reasonably well positioned for continued commercial tenancy and should be able to support some of the City's more intensive TOD objectives over time.

- As expected, the industrial values are much lower than the values in the TOD and traditional commercial areas. The industrial land values are generally consistent with regional averages and may actually be somewhat on the high-side. This indicates that demand exists but may also mean that the City could find itself at a price disadvantage in the future if vacant land inventories became too tight because industrial users tend to be the most price sensitive of the employment land categories.

Overall, the "population of built employment lands" in Central Point appears to have adequate total acreage and diversity of development pattern types to function as an appropriate base from which to estimate future demands. Average employment land values do not exhibit unexpected relationships and indicate a normally functioning market that reasonably well positioned from a regional standpoint.

5.2 Employment Land Supply

The employment land supply analysis in this section evaluates lands within the existing UGB for their ability to satisfy projected employment land needs for the next twenty years. This analysis is required to evaluate the supply of sites to meet both short-term and long-term demands. The analysis also evaluates redevelopment potential and the efficiency of the City's employment land base.

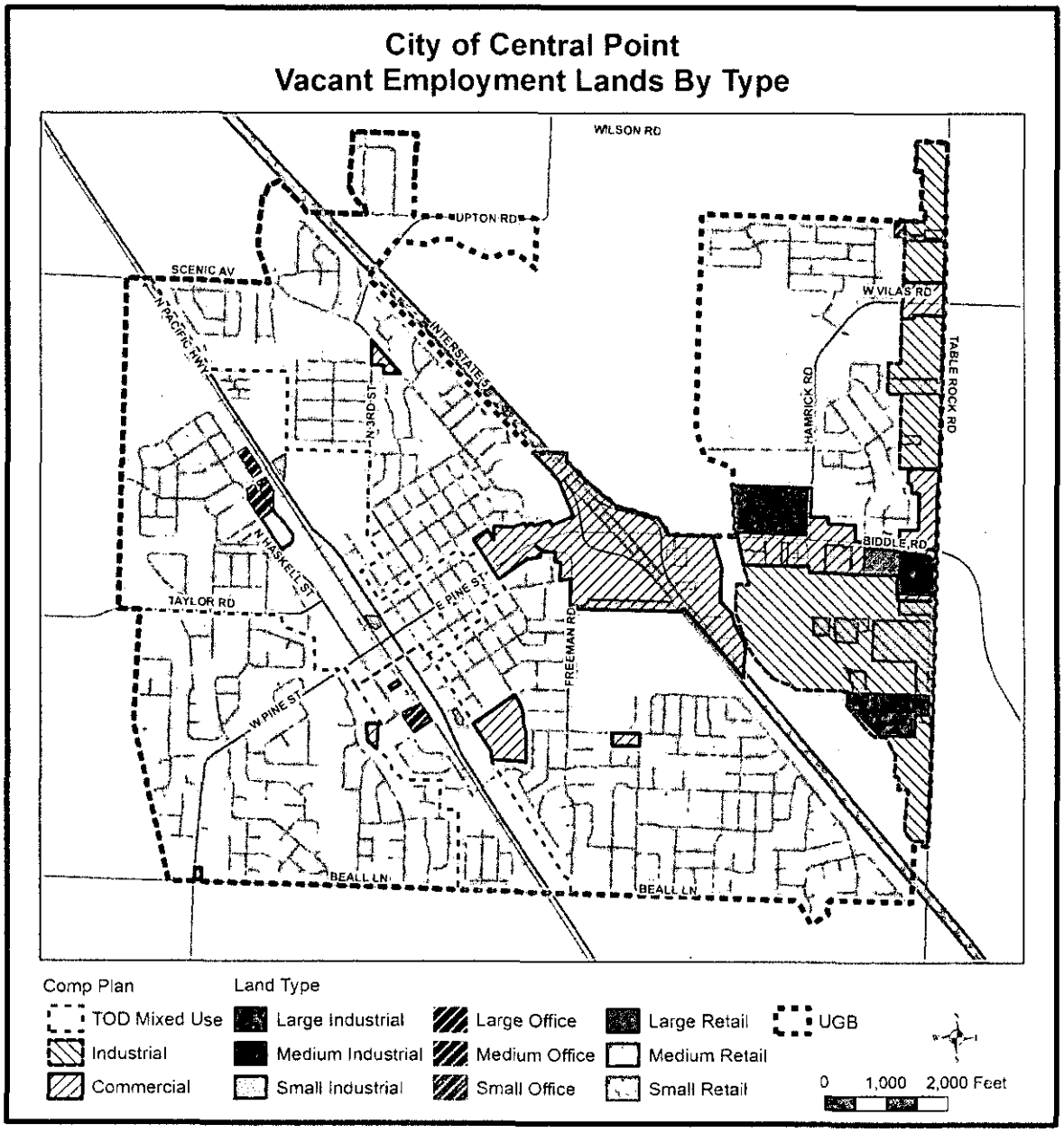
5.2.1 Vacant Land Supply

Vacant land for employment land supply in analysis under OAR Chapter 660, Division 009 is a defined as follows:

> (14) "Vacant Land" means a lot or parcel:
>
> (a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or
>
> (b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

The rule is silent on the land use designations to which this designation applies. For the Central Point Economic Element, this definition was applied to all lands with a commercial or industrial comprehensive plan map designation and the TOD Mixed Use designated lands that are expected to be "suitable" under OAR Chapter 660, Division 009 for employment lands. For all such lands, the definition of vacant lands in OAR Chapter 660, Division 009 was applied. The lands identified as vacant are depicted in Figure 5.2-1 below.

Figure 5.2-1
Central Point Vacant Employment Lands Map
(Source: Jackson County Assessor; City of Central Point; CSA Planning Ltd.)



The vacant lands map shows that most of the available employment lands are east of Interstate 5. This is almost universal for the supply of vacant industrial lands and the commercial land base includes some vacant commercial and office sites located in the Twin Creeks TOD area.

Goal 9 requires an analysis of the short-term supply of sites (which are essentially sites that can be developed within one year). Most all of the City's vacant lands have frontage on higher order street or on

streets that are intended to serve employment uses. Access to the employment lands in the Twin Creeks TOD is constrained by a railroad crossing and thus someone might argue that these lands should notbe included as part of the short-term supply because they cannot be ready for development in one year. However, these lands do have access and could be developed and the crossing is recommended for the next ODOT improvement cycle which would give anyone doing development in this area some confidence if they can operate for a couple years without the rail crossing. Other than the Twin Creek sites, all the other vacant lands appear to have services that are readily available and are planned and zoned for their intended employment uses. It is expected that most all of the vacant employment lands in Central Point could serve as short-term supply and therefore a more detailed short-term supply analysis is unnecessary.

Table 5.2-1
Central Point Vacant Employment Lands by Site Type
(Source: Jackson County Assessor; City of Central Point; CSA Planning Ltd.)

	Net Developable Acres	Sites	Average Site Size	Size Ratios
Large Retail	30.9	2	15.5	51%
Medium Retail	14.6	3	4.9	24%
Small Retail	15.1	12	1.3	25%
Retail Subtotal	*60.6*	*17*	*3.6*	
Large Office	5.6	1	5.6	33%
Medium Office	5.8	5	1.2	34%
Small Office	5.5	5	1.1	33%
Office Subtotal	*16.9*	*11*	*1.5*	
Large Industrial	17.0	1	17.0	31%
Medium Industrial	0.0	0	0.0	0%
Small Industrial	37.2	11	3.4	69%
Industrial Subtotal	*54.2*	*12*	*4.5*	
Grand Total	***131.8***	***40***	***3.3***	

Table 5.2-1 depicts the vacant employment sites by major development pattern type and size. The ratios of available supply for retail and office across size categories are reasonably well distributed. The City has no supply of medium industrial sites and therefore there is both a short-term and long-term supply deficiency in this category.

From a qualitative standpoint, most of the commercial and office employment sites are reasonably well located and configured to meet current and future market demands. There are two commercial sites with excellent visibility from I-5 but access to them is somewhat circuitous behind the existing Holiday Inn Express. The Twin Creeks sites are constrained by the railroad right-of-way as above described. There is another long narrow site just south of the Albertson's Center that comprises just over five acres. It has a dwelling and other development that uses less than one half acre and therefore must be inventoried as

vacant. However, it is ill configured to meet any new commercial or office needs unless it was used for expansion of the existing Albertson's Center.

Most of the industrial sites are well configured and well located and most of the available inventory is located in the triangular area located between East Pine Street, Bear Creek and Table Rock Road. In some ways, this land may be too well located for some industrial users. Between the commercial nearby, proximity to the airport and the freeway, it is possible that the price per foot may be too high for certain types of larger industrial users. For small and a few medium industrial users, the Table Rock Road inventory assures that a range of site qualities and associated pricing is available in the City's inventory.

5.2.2 Vacant Supply vs. Demand Reconciliation

With the supply of sites defined and the demand characterized in 4.4 above, it is possible to reconcile the supply of vacant sites in relation to the projected demand. This is the last major step to determine the adequacy of the UGB to meet long-term employment land needs.

Table 5.2-2
Central Point Vacant Employment Lands by Site Type
(Source: Jackson County Assessor; City of Central Point; CSA Planning Ltd.)

	Typical Site Size (net acres)	Supply-Demand In Aggregate (net acres)	30/40/30 number	30/40/30 acres	40/50/10 number	40/50/10 acres
Large Retail	20		1	20	0	0
Medium Retail	4.5		-3	-13.5	-4	-18
Small Retail	1		-7	-7	5	5
Total Retail Acres		***-0.1***		***-0.5***		***-13***
Large Office	5		-1	-5	-1	-5
Medium Office	1.5		-1	-1.5	-3	-4.5
Small Office	0.5		-8	-4	0	0
Total Office Acres		***-4.5***		***-10.5***		***-9.5***
Large Industrial	30		-1	-30	-1	-30
Medium Industrial	6		-2	-12	-2	-12
Small Industrial	1		4	4	8	8
Total Industrial Acres		***-46.9***		***-38***		***-34***
Grand Total		***-51.5***		***-49.0***		***-56.5***

Table 5.2-2 shows that the City's UGB has a deficit of approximately 52 net developable acres; this translates to a deficit of approximately 59 to 67 gross acres using typical public facilities ratios of 15% to 30%.[11] When analyzed from a site supply standpoint, the City has small supply deficits in almost all medium and large site categories and has small deficits or surpluses in the small sites categories. Only the

[11] The "public facilities ratio" is the average percentage of a site that is devoted to streets or other public facilities, or is otherwise unavailable for development.

large retail sites category has a surplus under the 30/40/30 ratio split and this is only a one site surplus over the planning period.

5.2.3 Redevelopment and Land Use Efficiency Analysis

The City of Central Point's built employment land base has relatively limited redevelopment potential. Most of the built sites consist of relatively small lots with one and two story buildings. This configuration does not lend itself well to redevelopment on a scale that would significantly alter the supply and demand for sites over a twenty year period because this would require the demolition and aggregation of parcels. While this type of redevelopment does occur on occasion, it is unlikely to be economically viable in Central Point on a scale that would actually alter long-term supply and demand projections for employment lands. This quantitative determination should not be construed to mean that there are not good qualitative reasons to support redevelopment, especially in the downtown and along Highway 99.

There exists a small amount of redevelopment potential along Table Rock Road. Several parcels there contain residential uses that could be developed for employment uses under the Comprehensive Plan. Other parcels are not intensively developed. However, this is an area where relatively inexpensive small industrial sites are available to own and where there are limited development requirements that add overhead. In some ways, this area is important employment land for certain types of firms that have ever fewer places to locate in the valley in a manner that is cost-effective. As such, aggressive redevelopment planning policies for this area may seem to be a great aesthetic endeavor but may have adverse and unintended economic consequences. Moreover, without relatively massive financial incentives for significant redevelopment that would change the overall quality of development in this area, lesser redevelopment policies tend to have the opposite effect where owners intentionally avoid development projects that would trigger expensive design and aesthetic upgrades to their respective properties.

The planned employment land base in the City of Central Point is efficient as planned. The TOD Mixed Use designations encourage efficiency through a wide swath of the City's employment land base. These designations and associated zoning allow for creative design and intensification of use. Because there are deficits in all categories of employment land, it is not possible to re-designate lands from one employment category to another to render the land base more efficient. Without a simultaneous Housing Element review it is not possible to know if surplus residential lands exist that could be redesignated for employment purposes. However, there are really only two areas (Twin Creeks and the area east of Hamrick Road and north of Beebe Road) that are not developed. It seems implausible that there is room for more than ten thousand additional people within these two relatively small areas over the next twenty years sufficient to also have room to accommodate significant employment land deficits.

6 Goals, Conclusions and Policies

This section sets forth the conclusions from the foregoing analysis as well as the City's economic development goals and policies. The goals and policies in this section have been coordinated with, and endorse, the economic goals in the City's Strategic Plan[12]. The City's goals and policies are:

[12] Central Point Forward, Fair City Vision 2020, City Wide Strategic Plan, April 26, 2007

6.1 Goal: General Economic Development

1. To actively promote a strong, diversified, and sustainable local economy, that reinforces Central Point's "small town feel"[13] and family orientation while preserving or enhancing the quality of life in the community as a place to live, work, and play.
2. To create incentives to encourage and support economic development;
3. To encourage and promote the development or enhancement of retail and office areas to achieve a vibrant shopping, entertainment, living and working experience in the downtown area.
4. To encourage active communication and cooperation between the City, local, and state agencies, and local businesses concerning economic development, education, and workforce development.
5. To encourage and support growth, particularly in the targeted industries (retail, specialty food manufacturing, and trucking and warehousing sectors).
6. To maintain at all times an adequate supply of suitable short-term (five-year) employment lands.
7. To prepare and maintain a City of Central Point Economic Development Manual identifying and monitoring economic development strategies and programs available to the City.

Through the development of its Economic Element, the City of Central Point has reached the following conclusions and policies relative to the above cited general economic goals:

1. Central Point concludes that effective economic development actions necessary to diversify the City's economic base requires an understanding of, and a careful balance between regional cooperation and competition. It is important to understand and pro-actively participate in the broader state and regional economic development discussions. Participating in regional economic development programs like SOREDI and the Rogue Valley Workforce Development Council can improve the regional economic climate and a strong regional economy will benefit all communities within the region. Most importantly, to be an effective participant the City must recognize its competitive advantage within the region and compete for those economic development opportunities within the region for which the Central Point is well positioned.

2. Central Point concludes that the pursuit of beneficial economic development requires a balance between short-term and long-term economic objectives. The City recognizes that some opportunities may warrant short-term incentives to achieve longer term employment or property tax revenue objectives; while other opportunities may have a lesser long-term benefit and may not warrant the short-term fiscal cost of incentives.

3. Central Point concludes that the economy is dynamic and even economic opportunities for which the City is well positioned require timely and concerted action. These dynamic economic forces require the City to be responsive and flexible to capitalize on opportunities as they arise.

The City's economic development goals will be managed through the following policies:

[13] As defined in the Urbanization Element of the Comprehensive Plan.

6.1.1 Policy 1.1

The City shall participate on the regional and state level in the development and programming of alternative financial incentives and initiatives for economic development, including education and workforce development that are consistent with the City's economic development goals. .

6.1.2 Policy 1.2

The City shall continue to monitor and refine its land development and fiscal policies as they relate to economic development to ensure that the City's economic development programming can be effectively implemented.

6.1.3 Policy 1.3

Consider economic development incentives as an inducement to development only when it can be demonstrated that the short-term consequences are understood and found to be acceptable and the long-term consequences are determined to be beneficial to the City.

6.2 Goal: Economic Opportunities Synthesis

The Economic Element contains both qualitative and quantitative evaluations of the City's economic assets and challenges. The conclusions and policies in this section express the City's synthesis of these qualitative and quantitative findings and identify appropriate economic opportunities, as follows:

1. Central Point concludes that the region has a demonstrated strength in the truck transportation and truck support services sectors and that Central Point residents working in this segment of the local economy are well compensated. Exit 35 is well situated to capitalize on growth in the trucking and transportation warehousing industry segments. ODOT's plans for the interchange contemplate that its design and the associated local street network will continue to prioritize freight movements. The interchange is relatively free from urban traffic that might otherwise impede the industrial, aggregate and freight traffic that utilize the interchange. Central Point has an opportunity to work with ODOT and Jackson County to assure that plans for this interchange reflect the opportunities for expanded truck transportation and transportation support services in the area and do so in a manner that will maximize the long-term potential for growth in this industry at this location.

2. Central Point concludes that commercial retail site requirements are specific and Central Point will need to plan for its competitive niche. Central Point is close to Jackson County Airport, Jackson County Expo and Interstate 5. Collectively, proximity to these major regional draws, in association with the City's continued population growth, will create opportunities to capture and expand its competitive retail niche.

3. Central Point concludes that the City has experienced the development of a small specialty foods cluster that includes Rogue Creamery and Lillie Belle Farms (chocolatiers). These firms produce high quality products that have gained regional and national acclaim. Expansion of these firms and/or attraction of similar firms have the potential to gain the City notoriety for a unique industry segment that has potential for growth over time.

4. Central Point concludes that maintaining and improving the overall quality of life in the City is a qualitative measure that is not easy to quantify but is and will continue to be important for the City's economic prosperity.
5. Central Point concludes that design and layout of the built environment affects the overall aesthetics and livability of the City. Balanced land use and development regulations that control design without stifling creativity have the potential to improve the aesthetic of the City while reducing or eliminating land use conflicts. The standards and levels of design performance should differentiate between areas and land uses.

6.2.1 Policy 2.1

Central Point concludes that the City has experienced the loss of cottage industry and expanding small businesses due to a lack of vacant available employment related buildings (flex-space[14]) and the City cannot attract small businesses from elsewhere for the same reason.

6.2.2 Policy 2.2

The City shall, in collaboration with Jackson County, plan the Exit 35 area — also called "Area CP-1B (Tolo)" — in the Regional Plan Element, to capitalize on economic opportunities, especially for transportation-based economic activity and truck/rail freight support services. This area also contains an aeronautics manufacturing company in Erickson Air Crane and serves aggregate uses; these uses have many specific and unique dimensions that should be carefully considered. Plans and land use regulations applicable to this area need to account for the site requirements of firms in these sectors.

6.2.3 Policy 2.3

The City shall periodically evaluate its regulations for employment related development, particularly as relates to the targeted industries, and compatibility with adjacent non-employment lands, to ensure that the regulations are consistent with applicable "Best Practices"[15]. Regulations found to no longer be appropriate should be amended as soon as practicable thereafter.

6.3 Goal: Employment Land Supply and Development

The Economic Element contains both a qualitative and quantitative analysis of the City's land supplies and employment land development patterns. This section sets forth the City's conclusions and policies that result from this analysis, as follows:

1. Central Point concludes that urban facilities and services are critical for the development of employment lands. Thus, the City's Goal 11 Public Facilities and Services planning and Goal 12 Transportation Planning are critical to the timely delivery of infrastructure necessary to support economic development.

2. Central Point concludes that it must maintain an adequate supply of employment land. The City has deficits in nearly all development pattern categories according to findings in Table 5.2-2.

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[14] An industrial or commercial/office building designed to provide the flexibility to utilize the floor space in a variety of configurations. Usually provides a configuration allowing a flexible amount of office or showroom space in combination with manufacturing, laboratory, warehouse distribution, etc.

[15] A **best practice** is a method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark.

The City will need to periodically expand its present UGB to ensure an adequate 5-year and 20-year supply of buildable employment land.

3. Central Point concludes that the availability of vacant buildings (flex-space) for expanding small businesses is in short supply and that an effort should be made to encourage its development to expand the city's inventory of flex-space.

6.3.1 Policy 3.1

The City shall assure that, through its Capital Improvement Program, *public facilities and transportation* facilities are available and adequate in capacity to maintain a supply of competitive short-term buildable lands sufficient to meet employment needs within a five-year period, particularly for the retail, specialty foods, health care, and trucking sectors.

6.3.2 Policy 3.2

The City shall maintain a supply of competitive short-term employment lands in the medium and large site categories equivalent to the twenty-year demand for those categories[16]. The supply of short-term employment land shall be reviewed and updated annually. When it is determined that the supply of land as measured in terms of number of sites and/or acreage in the medium and large site categories is inadequate to serve the twenty-year needs then the City shall amend its UGB to include additional short-term (5-year) employment lands.

6.3.3 Policy 3.2

The City shall pursue and encourage Turnkey Design and Build solutions for flex-space that create opportunities for expanding small businesses in Central Point, and may consider economic development incentives to attract and 'marry' the construction and development component with the small business component as an inducement to development, but only when it can be demonstrated that: the short-term consequences are understood and found to be acceptable and the long-term consequences are determined to be beneficial to the City.

[16] Conclusion 6.3(3)