

ECONOMIC ELEMENT 2019-2039

City of Central Point Comprehensive Plan

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Preface

Legal Requirements: Oregon law requires local municipalities to adopt an Economic Element as a part of their Comprehensive Plans. OAR 660-009-0015. These Economic Elements help to implement Oregon Statewide Planning Goal #9, which is “to provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon’s citizens.” That is, Goal #9 encourages local governments, like Central Point, to achieve their economic development planning goals so as to benefit the state’s residents.

Framework: Oregon Administrative Rules, Chapter 660, Division 9 calls for a four-step approach to economic development planning:

1. Review national, state, regional, county, and local economic trends
2. Identify the types and number of sites needed to accommodate growth
3. Inventory the industrial lands, employment lands, and vacant lands
4. Assess the community’s potential for economic development

This Economic Element follows these steps: Section 1 reviews Central Point’s economic history, Section 2 analyzes national economic trends, Section 3 reviews economic data concerning the State of Oregon, Section 4 reviews both Southern Oregon and Central Point’s economy, Section 5 contains a Population and Employment Forecast, Section 6 analyzes land demand for Central Point in both the short-term (5 years) and long-term (20 years), and Section 7 outlines the City’s economic goals and policies that will guide the City of Central Point through the twenty-year planning period (2019-2039).

This document will help guide the City of Central Point’s future growth and development, correct problems, maximize potentials, and act as a guide for decision-making. For a more complete analysis of Central Point’s planning needs, *see* the Comprehensive Plan (updated 1983) and the corresponding *Population, Housing, and Land Use Elements*, as well as the *Central Point Employment Buildable Lands Inventory (2019-2039)*.¹

This document should be read along with the *Central Point Buildable Lands Inventory (2019)* and any subsequent inventory updates.

¹ *See generally* City of Central Point, *The Comprehensive Plan* (updated 1983).

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Introduction

Purpose: The purpose of this Economic Element is to determine the City of Central Point's economic goals, policies, and land use needs. It identifies economic development opportunities and corresponding employment land needs for the next 20 years (2019-2039). It also provides a realistic analysis of current economic trends and potential disruptions. Through this, Central Point will be better able to reduce costs and delays, anticipate obstacles, and keep planning activities aligned with the City's policies.

Past Elements: The City of Central Point first began developing its Comprehensive Plan in 1973.² In 1980, the Rogue Valley Council of Governments prepared the City of Central Point's first Economic Element.³ That document was subsequently succeeded in 2013 by a version prepared by CSA Associates.⁴ This Economic Element of 2018 supersedes the previous versions and becomes part of Central Point's Comprehensive Plan. It establishes the framework for future economic growth and development and gives a long-range evaluation of the City's changing characteristics and needs.

Geographic Scope: This Economic Element is limited in scope to developments within the Central Point city limits and the Urban Growth Boundary. Central Point is located near the geographic center of Jackson County in southwestern Oregon, approximately midway between Portland and San Francisco.⁵ The City has the advantage of being located directly on Interstate 5 (I-5), Highway 99 (U.S. Route 99), the Central Oregon Pacific Railway, and adjacent to the Rogue Valley International Airport. Immediately to the south of Central Point is the City of Medford, which is the seat of Jackson County and the largest city in Southern Oregon. This provides Central Point residents with easy access to major shopping centers, employment, and governmental activities.

² *Id.* at Preface 1.

³ City of Central Point, *Economic Element 2013-2033* at 5 (2013).

⁴ *See id.*

⁵ City of Central Point, *The Comprehensive Plan*, Part IV, Plan Summary 3 (updated 1983).

Summary

This Economic Element includes an economic history of Central Point, it analyzes current national, state, and regional economic trends, includes an employment forecast, and an inventory of lands used for employment. The final section outlines the City's economic goals and policies that will guide the City through the twenty-year planning period (2019-2039).

The national economy is doing well, with GDP at a very healthy rate, unemployment down, and inflation moderate. However, leading economists are warning that the U.S. economy will slow and may even slide into a recession around the year 2020. Further, the economic health of the country is increasingly threatened by the possibility of trade wars, growing income inequality, and the costs of health care and education. As a result, the City of Central Point must be prepared for economic fluctuations in both the short- and long-term, which could seriously impact its land use planning forecasts.

The state economy is “hitting the sweet spot” and doing well compared to other states. GDP is rising, employment has recovered from the Great Recession, and it has growing industries. However, the Oregon Office of Economic Analysis projects that the state economy is at risk from the U.S. economy's volatility, retaliatory tariffs from Canada and China, a prolonged affordable housing crisis, as well as the impact of forest fires and smoke. While the economy may remain strong, the City should brace itself for a slowdown like the 1990s recession.

The Southern Oregon region is doing even better than the state economy. Although the region was hit hard by the Great Recession, and recovery has been difficult, the GDP is growing faster than the national rate and USA Today has ranked both Jackson and Josephine counties as the 28th and 18th best local economies in the nation respectively. Nevertheless, the area still has high unemployment rates and is suffering from a lack of affordable housing for middle class workers.

Central Point has a high population growth rate and is expected to grow to approximately 26,000 people by 2039. This means that Central Point will surpass the City of Ashland's population and capture almost 7 percent of the new jobs in the region over the next 20 years. The gains will be concentrated in service, health care, construction, professional, and the business industries. Its target industries include specialty foods, trucking and warehousing, and retail. According to the population and job capture rate, Central Point will need approximately 13 acres of new employment lands in the next 5 years and anywhere from 65 to 73 new acres by 2039.

Ultimately, future economic conditions cannot be accurately predicted. However, strategically planning the City of Central Point's land base for the long-term has the potential to benefit economic development in the City and the surrounding area. This includes preparing to accommodate future needs and integrating the City's land use planning efforts within a broader economic development strategy.

Central Point's last Economic Element was created in 2013. Because it relied on data from the 2010 census, and because there will be little new data before the 2020 census, much of this Economic Element is similar or identical to that of the last element. Furthermore, many of the conclusions in that element remain valid and are adopted.

Section 1: Central Point's Economic History.

Central Point's economic history has centered on trade, resource-based industries such as forest products and agriculture, and minor retail for its residential areas.

Incorporated by the State Legislature in 1889, Central Point was so named because of its location at the center of the inhabited parts of the Rogue Valley.⁶ Before then, Jacksonville had served as the region's economic center. However, when the railroad was built, Jacksonville was bypassed, and the tracks were built through what is now Central Point.

Central Point's railroad station was the closest point to reach Crater Lake from the South. All the county roads leading from Ashland, Jacksonville, and Medford passed through Central Point, making it a prime area for shipping and trading.⁷

Central Point is located near some of Jackson County's most fertile soils and was well located to serve the surrounding farmers. Indeed, this remained the foundation of the City's economy well into the 1960s. Central Point's location allowed it to act as a trading location for the farming community, a location for schools, and as a well-placed area for shops and services. The City housed the Grange Co-op's grain elevator and various farm repair shops and equipment retail.

Between the 1960s and 1970s, the City of Central Point rapidly expanded its residential development. Because there was no corresponding development of commercial and industrial industries, Central Point became a residential community largely inhabited by people who commuted to nearby cities for work. During this period the forest products industry grew, and residents of Central Point were able to find employment at the mills in Medford and White City.

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 several economic cycles since then. 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. A new Costco Wholesale store opened off of Table Rock Road in 2017. Further, newer retail exists 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.

⁶ *Democratic Times*, Jacksonville, page 1 (July 18, 1889).

⁷ *Id.*

Section 2: National Economic Trends

Purpose It is important to review current trends in the U.S. economy. The national economy provides the necessary context for the adoption of updated economic development policies and strategies in the City’s Comprehensive Plan. By engaging with governmental projections and economic forecasts, the City will be better able to position itself for long-term success. This review of national trends will help inform the Economic element by providing a foundation to describe the City’s economic advantages and disadvantages.

National Economic Trends The U.S. economy is booming. However, “potential danger lurks around the corner.”⁸ Over the last decade, the national economy has largely recovered from the Great Recession: unemployment is the lowest it has been in half a century, inflation is moderate, people appear confident in the economy, and the International Monetary Fund has projected a short-term growth of just under 3 percent.⁹

However, the Oregon Office of Economic Analysis warns that there are signs of a potential economic slowdown around 2020. Economic crosscurrents threaten economic stability, including the potential for global trade wars, increasing costs of health care, and the increasing burdens of higher education on younger generations. This indicates the likelihood of strong short-term growth for the United States but relative weakness in the medium and long term.¹⁰ While there will likely be a downturn in the economy, it will probably be less severe than the Great Recession.¹¹ Because there is no obvious asset or investment bubble today (unlike the subprime mortgages of 2008), if a recession occurs it will probably be similar to the recession of 1990.¹²

Measuring the National Economy

There are many ways to analyze the national economy, such as the GDP, unemployment rate, and inflation rates. Each of these helps to describe how well the economy is doing and may indicate how healthy the economy will be in the future.

i. Gross Domestic Product

What is Gross Domestic Product? Gross Domestic Product (“GDP”) is a measurement of how many goods and services the United States produces.¹³ Because it measures production, it is one of the primary indicators used by economists to determine the health of the economy.¹⁴ The ideal

⁸ Oregon Economic and Revenue Forecast, XXXVIII, No. 3 at 2 (Sept. 2018).

⁹ Everett Rosenfeld, *Mohamed El-Erian: The US economy looks ‘good’ for the ‘next couple of years at least’*, CNBC (Oct. 9, 2018), available at: www.cnbc.com/2018/10/09/mohamed-el-erian-us-economy-headed-for-solid-growth-for-couple-years.html.

¹⁰ *Id.* at 6.

¹¹ Josh Lehner, *Hammer Don’t Hurt ‘Em*, Oregon Office of Economic Analysis (Oct. 26, 2018), available at: oregoneconomicanalysis.com/2018/10/26/hammer-dont-hurt-em/.

¹² *Id.*

¹³ Harriet Torry, *U.S. Economy Grew at 3.5% Rate in Third Quarter*, Wall Street Journal U.S. Edition (Oct. 26, 2018), available at: www.wsj.com/articles/u-s-economy-grew-at-3-5-rate-in-third-quarter-1540557378.

¹⁴ Leslie Kramer, *What is GDP and why is it so important to economists and investors?* Investopedia (Feb. 5, 2018), available at: www.investopedia.com/ask/answers/what-is-gdp-why-its-important-to-economists-investors/.

GDP growth rate is between 2-3 percent.¹⁵ If GDP grows too slowly it could indicate some economic unhealthiness; if it grows too fast it could mean that there is an asset bubble and that the economy is overheating.

Past Trends Since Central Point published its first economic element in 1980, the national GDP has had its ups and downs. The Recession of the early 1980s was followed by an economic boom that lasted until 1990. The short Recession of 1990 was followed by a decade of economic prosperity. Although there was a modest downturn in 2000-2001, that was replaced with continuing economic expansion through 2006. Then came the Great Recession, the worst period since World War II from a GDP perspective. In five out of six quarters from the end of 2007 to the beginning of 2009 the GDP actually went negative. After a decade of recovery, the Bureau of Labor Statistics anticipates that the economy will fully recover by 2020.¹⁶

Recent Growth Currently, the U.S. GDP is increasing at a good rate. See **Figure 1**. Although there has not been explosive growth,¹⁷ the Oregon Office of Economic Analysis has characterized the US economy as “entering into its boom phase of the business cycle.”¹⁸

The last two quarters mark the strongest back-to-back quarters of U.S. economic growth since 2014.¹⁹ According to the Department of Commerce, the national GDP grew at a rate of 3.5 percent in the third quarter of 2018.²⁰ While this was stronger than expected, this was down from 4.2 percent expansion in the previous quarter.²¹ Economists have explained that this was due to strong consumer spending,²² a drop in unemployment,²³ and the results of the recent tax cuts, including business investment, the restocking of inventories,²⁴ and excessive borrowing by the Federal Government.²⁵

¹⁵ Kimberly Amadeo, *What is the Ideal GDP Growth Rate: How Fast Should the Economy Grow?* The Balance (Oct. 5, 2018), available at: www.thebalance.com/what-is-the-ideal-gdp-growth-rate-3306017.

¹⁶ *Id.*

¹⁷ Matt Egan, *The US Economy Just Hit a Milestone*, CNN Business (May 1, 2018) available at: money.cnn.com/2018/05/01/news/economy/us-economy-great-recession-recovery/index.html.

¹⁸ Oregon Economic and Revenue Forecast, XXXVIII, No. 3 at 2 (Sept. 2018).

¹⁹ William Sprouse, *U.S. GDP Continues Hot Streak*, CFO Magazine (October 26, 2018), available at: ww2.cfo.com/the-economy/2018/10/u-s-gdp-continues-hot-streak/.

²⁰ U.S. Department of Commerce, Bureau of Economic Analysis, *Gross Domestic Product, 3rd quarter 2018 (advance estimate)* (Oct. 26, 2018).

²¹ Fred Imbert, *The US economy grew at a 3.5% pace in the third quarter, faster than expected*, CNBC (Oct. 26, 2018), available at: www.cnbc.com/2018/10/26/first-read-on-us-q3-2018-gross-domestic-product.html.

²² *Id.*

²³ Matt Egan, *The US Economy Just Hit a Milestone*.

²⁴ Sarah Foster, *What Economists Are Saying Ahead of Third-Quarter U.S. GDP Data*, Bloomberg (Oct. 25, 2018), available at: www.bloomberg.com/news/articles/2018-10-26/what-economists-are-saying-ahead-of-third-quarter-u-s-gdp-data.

²⁵ Matt Egan, *The US Economy Just Hit a Milestone*.

Conclusion Central Point must accept the reality of long-term GDP fluctuations when engaging in planning and decision-making. City leaders should not adopt the view that because things are good now that they will always be good. Instead, Central Point should have long-term plans that accept the fundamentals of the free market.

ii. Employment

What is Unemployment? Unemployment measures how many people in the country do not have jobs. Unemployment occurs when a person who is actively searching for a job is unable to find work.³² Like GDP, it is one of the main indicators of an economy's health. Of particular importance to economists is the "unemployment rate," which is calculated by taking the number of unemployed people and dividing by the number of people employed.³³ Unlike GDP, the unemployment rate usually rises or falls after changing economic conditions, rather than anticipating an economic event.³⁴ Even a healthy economy will have a certain number of people unemployed: some will be between jobs and others will have been displaced by an evolving economy.

Past Trends The United States has never had zero percent unemployment. The lowest rate ever recorded was 2.5 percent in mid-1953. It occurred because "the economy overheated during the Korean War. When this bubble burst, it kicked off the recession of 1953."³⁵ Since Central Point published its first Economic Element, the U.S. unemployment rate has fluctuated in line with the economic booms and busts. The highest rates were 10.8 percent in 1982 and 10 percent at the height of the Great Recession in December 2009. In turn, the lowest rates were 3.8 percent in April 2000, and 4.4 percent in 2006 and 2007.

Recent Trends Currently, the U.S. unemployment rate has fallen to 3.7 percent, the lowest in nearly half a century.³⁶ **Figure 2** depicts the rapid increase in unemployment during the Great Recession and the slow recovery over the last decade. Unemployment has been declining and has finally fallen below pre-Recession levels. The Bureau of Labor Statistics assumes that the economy will fully recover from the Great Recession by 2020 and that the labor force will return to a full unemployment rate of 4 to 5 percent.³⁷

³² *What is Unemployment*, Investopedia, available at: www.investopedia.com/terms/u/unemployment.asp#ixzz5VjPvdupQ.

³³ *Id.*

³⁴ *What is Unemployment Rate*, Investopedia, available at: www.investopedia.com/terms/u/unemploymentrate.asp.

³⁵ Kimberly Amadeo, *Natural Rate of Unemployment, Its Components, and Recent Trends: Why Zero Unemployment Isn't as Good as It Sounds*, The Balance (Sept. 26, 2018).

³⁶ William Sprouse, *U.S. GDP Continues Hot Streak*.

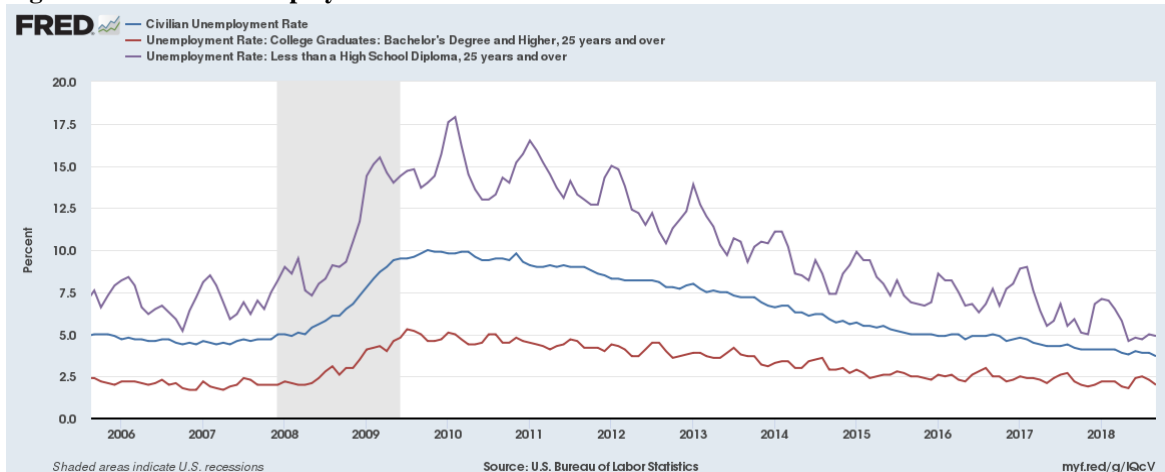
³⁷ Kimberly Amadeo, *What is the Ideal GDP Growth Rate: How Fast Should the Economy Grow?* The Balance (Oct. 5, 2018), available at: www.thebalance.com/what-is-the-ideal-gdp-growth-rate-3306017.

Figure 2: National Unemployment Rate Since 1950



Figure 3 depicts the strong relationship between unemployment and educational attainment. Those without a high school diploma have experienced unemployment rates that are almost double that of individuals with a college education. However, the rate of unemployment has been declining at a much faster pace over the last several years for those without a high school diploma than those with a college education. Overall, unemployment levels are good when measured on a national scale.

Figure 3: National Unemployment Rates Since 2006



Short-Term Projections The current unemployment rate is unsustainable.³⁸ Both Moody’s Analytics and Goldman Sachs’s chief economists have forecasted that unemployment will continue to decline to 3 percent by early 2020.³⁹ However, there are conflicting forecasts after that. Either the anticipated 2020 slowdown could prevent the economy from overheating and

³⁸ Rebecca Rainey, *Happy Jobs Day!* Politico (Nov. 2, 2018), available at: www.politico.com/newsletters/morning-shift/2018/11/02/happy-jobs-day-399113.

³⁹ Brian Cheung, *Goldman Sachs warns the economy may be growing too quickly*, Yahoo Finance (Nov. 5, 2018), available at: sports.yahoo.com/goldman-says-fed-needs-avoid-dangerous-overheating-154158689.html. Also see Martin Crutsinger, *Fed likely to keep rates on hold and sketch a bright outlook*, AP (Nov. 5, 2018), available at: www.wacotrib.com/news/ap_nation/fed-likely-to-keep-rates-on-hold-and-sketch-a/article_eb9369f3-bf36-5557-977d-51354f1832a9.html.

temporarily stabilize the unemployment rate or the economy will slow too much, potentially destabilizing the employment rate, causing it to increase.⁴⁰ The Federal Reserve estimates that the normal unemployment rate (absent shocks to the economy) will rise back up to between 4-5 percent over the next five to six years.⁴¹ While it is unclear whether unemployment will hold steady for a while longer or if it will begin rising again as soon as 2020, it is highly probable that unemployment will be going back up.

Long-Term Projections Like forecasting GDP rates decades in advance, it is also difficult to project unemployment rates for the next two decades. However, it should be noted that the average unemployment rate for the U.S. between 1948 and 2018 was 5.77 percent, with a high of 10.8 percent and a record low of 2.5 percent. As a result, the average unemployment rate will probably stay in these bounds, close to the average.⁴²

Conclusion The unemployment rate is currently very low and will be going back up. A possible slowdown or recession around 2020 could either stabilize the rate or cause it to rise sharply. Ultimately, unemployment will probably stay around 3 percent for the next couple years and average 5 percent over the next two decades.

iii. Inflation

What is inflation? Inflation is the measure of how much the price of goods and services increases over time.⁴³ It means that things cost more and more instead of staying the same price. For example, if a gallon of milk has an inflation rate of 2 percent per year, then the price of milk will be 2 percent higher next year. Importantly, inflation is not primarily caused by the Federal Government printing too much money. Instead, inflation usually rises because buyers want products so much that they are willing to pay higher prices.

If workers' wages do not keep pace with inflation, people have less buying power. The opposite of inflation is deflation, which is when things cost less than they did before. It is important to measure inflation because it shows if on average people are prospering or suffering under the current economy.

Measuring Inflation There are different ways to measure inflation, but the U.S. Bureau of Labor Statistics uses the Consumer Price Index.⁴⁴ In the United States, the Federal Reserve aims for a target annual inflation rate of 2 percent.⁴⁵

Past trends **Figure 4** shows how inflation has occurred over the last seven decades. When Central Point first began developing its Comprehensive Plan, the United States was undergoing a

⁴⁰ *Id.*

⁴¹ Board of Governors of the Federal Reserve System, *What is the lowest level of unemployment that the U.S. economy can sustain?* FAQs (Sept. 26, 2018), available at: www.federalreserve.gov/faqs/economy_14424.htm.

⁴² Trading Economics, *United States Unemployment Rate*, (Oct. 2018), available at: tradingeconomics.com/united-states/unemployment-rate.

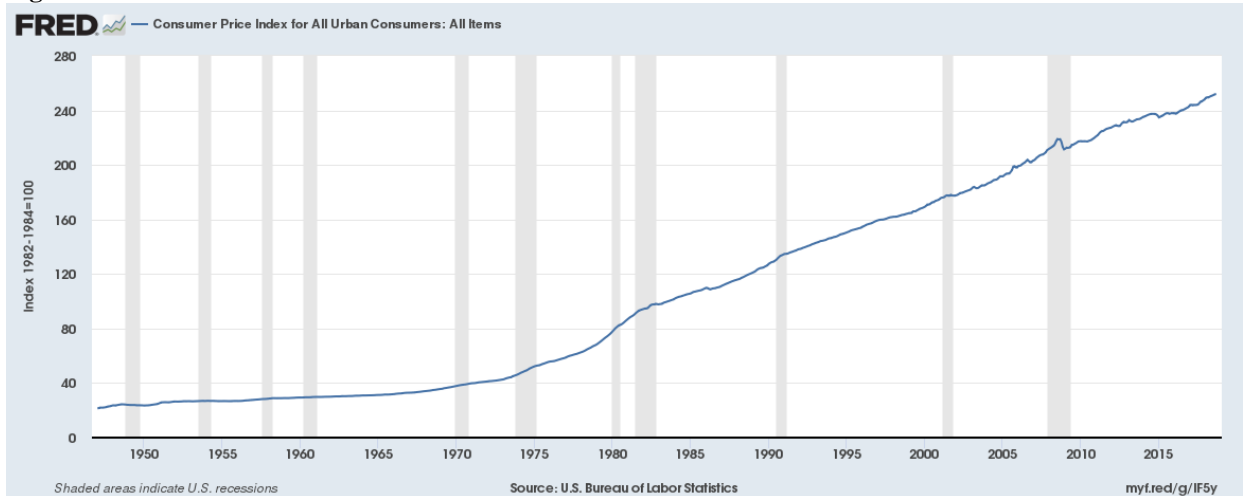
⁴³ Kimberly Amadeo, *Why Inflation Is as "Violent as a Mugger"* The Balance (Oct. 30, 2018), available at www.thebalance.com/what-is-inflation-how-it-s-measured-and-managed-3306170.

⁴⁴ *Id.*

⁴⁵ *Id.*

period of massive inflation. Inflation was over 7 percent in the 1970s and almost 6 percent in the 1980s. Since then, inflation has dropped to the 3 percent range in the 1990s and under 2 percent in the pre-Great Recession years. In 2009, inflation averaged -0.34 percent. However, inflation has been steadily climbing back up and, in the twelve months leading up to September 2018, the Consumer Price Index increased 2.3 percent.

Figure 4: 1949-2018 Consumer Price Index for All Urban Consumers



Short-Term Projections At the moment, inflation is relatively benign.⁴⁶ The price of food goods is remaining steady while the cost of vehicles has fallen sharply.⁴⁷ Increases in the Consumer Price Index have been tied to increasing rental prices and the cost of home ownership.⁴⁸ However, the Federal Reserve projects greater than 2 percent inflation over the next couple of years. See **Figure 5**, which shows the recent history of the Consumer Price Index.

Figure 5: 2005-2018 Consumer Price Index for All Urban Consumers



⁴⁶ Jeffrey Bartash, *Inflation rises slowly in September in latest sign of easing price pressures, CPI shows*, Market Watch (Oct. 11, 2018), available at: www.marketwatch.com/story/housing-costs-nudge-inflation-higher-in-september-cpi-shows-2018-10-11.

⁴⁷ *Id.*

⁴⁸ *Id.*

Long-Term Projections Although the current inflation rate is 2.28 percent, this is well below the 3.76 average since the end of WWII.⁴⁹ As a result, in the long term, inflation will probably be moving back up to better approach the average rate.

Conclusion In the long run, inflation will probably be increasing to better align with the averages of the last century. Unless wages also increase to meet inflation, it will become harder for individuals to purchase things.

National Economic Crosscurrents:

Primary Risks to the U.S. Economy The national economy appears healthy: GDP has a good growth forecast, unemployment is the lowest it has been in half a century, inflation is moderate, and people appear confident in the economy. In addition to analyzing the traditional measurements of economic success, it is also important to consider strategic threats to the economy that have not yet sufficiently impacted the economic data.

There are several things that put the economy at risk in both the short and long-term: trade wars, increasing income inequality, and the costs of health care and education.

i. Trade Wars

First among the dangers to the national economy is the simmering trade war. Although there has been little impact so far, the possibility of escalation could severely harm the national economy. Already, the US soy industry could be on the verge of collapse, with sales down 94 percent to China because of the retaliatory tariffs.⁵⁰ Because soybeans are usually routed through the Pacific Northwest on their way to Asia, this could harm Oregon's economy.⁵¹

Many other industries are also threatened, with duties on steel and aluminum costing U.S. companies about half a billion dollars in September 2018 alone.⁵² An escalation in the trade wars (either by including more countries or a wider range of goods) would harm U.S. industries, transportation companies, and consumers across the board.⁵³ It would also lead to an increase in prices and inflation, requiring the Federal Reserve to increase interest rates.

⁴⁹ Jill Mislinski, *A Long-Term Look at Inflation*, Advisor Perspectives (Oct. 2018), available at: www.advisorperspectives.com/dshort/updates/2018/10/12/a-long-term-look-at-inflation.

⁵⁰ Binyamin Appelbaum, *Their Soybeans Piling Up, Farmers Hope Trade War Ends Before Beans Rot*, New York Times (Nov. 5, 2018), available at: www.nytimes.com/2018/11/05/business/soybeans-farmers-trade-war.html

⁵¹ Isis Almeida, *Trump's Tariff War Scrambles Agricultural Trade Routes*, Bloomberg Business (Nov. 1, 2018), available at: www.bloomberg.com/news/articles/2018-11-01/trump-s-tariff-war-scrambles-u-s-trade-routes-as-soy-piles-up

⁵² Stephanie Dhue and Yian Mui, *American businesses paid 50% more in tariffs in September due to Trump's trade war, industry coalition says*, CNBC (Nov. 5, 2018), available at: www.cnbc.com/2018/11/05/tariff-payments-up-50percent-in-september-on-trump-trade-war-industry-group.html.

⁵³ Oregon Economic and Revenue Forecast, XXXVIII, No. 3, at 6 (Sept 2018).

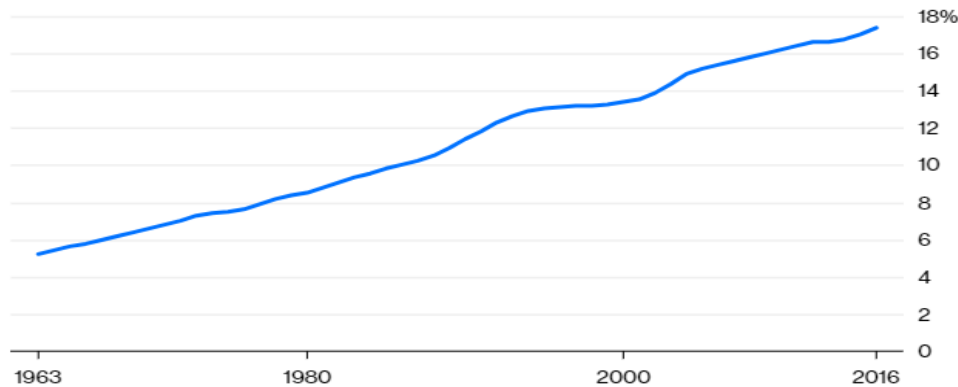
ii. Income Inequality

Income inequality is a system-level issue for the United States economy.⁵⁴ Over the last 20 years, the top 10 percent of income earners have received a nearly 200 percent increase in their overall median net worth, while the bottom 40 percent of earners have seen an actual decline in their net worth.⁵⁵ This economic upheaval will have a major impact on government spending; an aging population that has less of an ability to support itself will require more help from entitlement and social programs. In the long term, it has the potential to negatively impact institutional investors’ portfolios; increase financial and social system-level instability; damage output and slow economic growth; increase the Federal Deficit; and contribute to the tendencies toward protectionism and tariffs.⁵⁶

iii. Cost of Health Care

The cost of health care for the American consumer is increasing. Since the City of Central Point first began developing its Comprehensive Plan, the U.S. has gone from spending 7.2 percent of its GDP on health care to almost 18 percent today.⁵⁷ See **Figure 6**. While total inflation is averaging around 2.3 percent, healthcare has increased 3.7 percent. What is more, the price of health care is rising faster than normal prices and companies are having to spend more on health insurance premiums.⁵⁸ As a result, employees are taking less money home with them.

Figure 6: U.S. Health-Care Spending as a Share of GDP



⁵⁴ Bob Eccles, *Investors Can And Should Address The Fundamental Causes Of Income Inequality*, Forbes (Oct. 30, 2018) available at: www.forbes.com/sites/bobeccles/2018/10/30/investors-can-and-should-address-the-fundamental-causes-of-income-inequality/#46f07c851ed5.

⁵⁵ Andrea Riquier, *Economic inequality could cause U.S. debt downgrade, Moody’s says*, MarketWatch (Oct. 27, 2018), available at: www.marketwatch.com/story/economic-inequality-could-cause-us-debt-downgrade-moodys-says-2018-10-12.

⁵⁶ Steve Lydenberg, et al., *New Report: Why and How Investors Can Respond to Income Inequality*, The Investment Integration Project (2018) available at: www.tiiproject.com/wp-content/uploads/2018/10/Why-and-How-Investors-Can-Respond-to-Income-Inequality.pdf (PDF warning).

⁵⁷ Noah Smith, *Efforts to slow the rise in the country’s insanely expensive system have gone nowhere*, Bloomberg (Oct. 29, 2018).

⁵⁸ *Id.*

iv. Cost of Education

The burden of student debt is likely to keep growing, which will dramatically inhibit the ability of younger generations to accumulate wealth.⁵⁹ Outstanding student loans are already approaching \$1.2 trillion.⁶⁰ While inflation is around 2.3 percent, and health care costs are rising at 3.7 percent, education expenses are rising at an incredible rate of 5.2 percent.⁶¹ In fact, if education inflation continues at this rate, the cost of tuition and fees for a four-year public university by 2028 will be between \$65,590 for in-state public schools and \$224,124 for private colleges.⁶²

Many parents are burdened with saving large amounts of money to pay for their children's college education. Further, many young adults are already burdened with enormous student loan debts. Because parents and/or college graduates will need to spend enormous sums on tuition, and wages are not rising to meet this increase, people will either be prevented from getting a higher education or will be stuck paying off loans for a much longer period. In either case, that is bad news for the economy.

⁵⁹ Andrea Riquier, *Economic inequality could cause U.S. debt downgrade, Moody's says*, MarketWatch (Oct. 27, 2018), available at: www.marketwatch.com/story/economic-inequality-could-cause-us-debt-downgrade-moodys-says-2018-10-12.

⁶⁰ Mike Patton, *The Cost of College: Yesterday, Today, and Tomorrow*, Forbes (Nov. 19, 2018), available at: www.forbes.com/sites/mikepatton/2015/11/19/the-cost-of-college-yesterday-today-and-tomorrow/#556eff706060.

⁶¹ *Id.*

⁶² *Id.*

Section 3: State Economic Trends

Oregon’s economy is “hitting the sweet spot” and doing better than most other states.⁶³ Wages and household incomes are rising, and workers are coming back into the labor market.⁶⁴ Further, because state revenues are higher than forecasted, Oregon taxpayers should expect to receive a bonus “kicker” on their income tax returns in 2019.⁶⁵

While the state economy is doing well, it is also acting more volatile than the national economy.⁶⁶ Josh Lehner, senior economist at the Oregon Office of Economic Analysis, is concerned that while the economy is still growing, the pace of that growth is slowing down. Further, “We expect that pattern to continue—that growth tomorrow will be slower than growth today.”⁶⁷

Panelists at the 15th Annual Oregon Economic Forum indicated that economic trouble for the state is likely still a few years away.⁶⁸ Bruce McCain, chief investment strategist at Key Private Bank has interpreted the data as suggesting that the state economy is one or two years away from a recession.⁶⁹ However, both McCain and Oregon Economic Forum director Tim Duy noted that a future recession may not be as bad as the Great Recession.⁷⁰

Neighboring States

Oregon is geographically well situated because its neighboring states to the north and south have very strong economies.

Washington State’s GDP has grown 3 percent over the last five years, the largest increase in the nation.⁷¹ It has the 14th largest GDP in the country at \$439.4 billion in 2017.⁷² However, it also ranked 47th in the US by unemployment rate, which was 4.7 percent in June 2018.⁷³

California has the largest economy in the United States.⁷⁴ If California was a country, it would

⁶³ Oregon Economic and Revenue Forecast, XXXVIII, No. 3, at 6 (Sept 2018).

⁶⁴ *Id.* at 1.

⁶⁵ Jade McDowell, *Oregon’s economy is strong, but how long will it last?* Eastern Oregonian (Oct. 12, 2018), available at: www.eastoregonian.com/eo/local-news/20181012/oregons-economy-is-strong-but-how-long-will-it-last.

⁶⁶ *Id.*

⁶⁷ *Id.*

⁶⁸ Anthony Macuk, *Economists at Oregon forum: Don’t expect an imminent recession*, The Columbian (Oct. 17, 2018), available at: www.columbian.com/news/2018/oct/17/economists-at-oregon-forum-dont-expect-an-imminent-recession/.

⁶⁹ *Id.*

⁷⁰ *Id.*

⁷¹ Oregon Small Business Association Foundation, *Oregon #12 in nation’s Best State Economies*, Oregon Business Report (Oct. 15, 2018).

⁷² *Id.*

⁷³ *Id.*

⁷⁴ *Id.*

have the fifth largest economy in the world.⁷⁵ California's GDP grew almost as much as Washington's at 2.9 percent over the last five years.⁷⁶ Its GDP was eleven times that of Oregon's, at \$2.4 trillion. While its unemployment rate is slightly above average at 4.2 percent, it has had a five year annual employment growth of 2.2 percent, which is the eighth best in the nation.⁷⁷

Measuring the State Economy

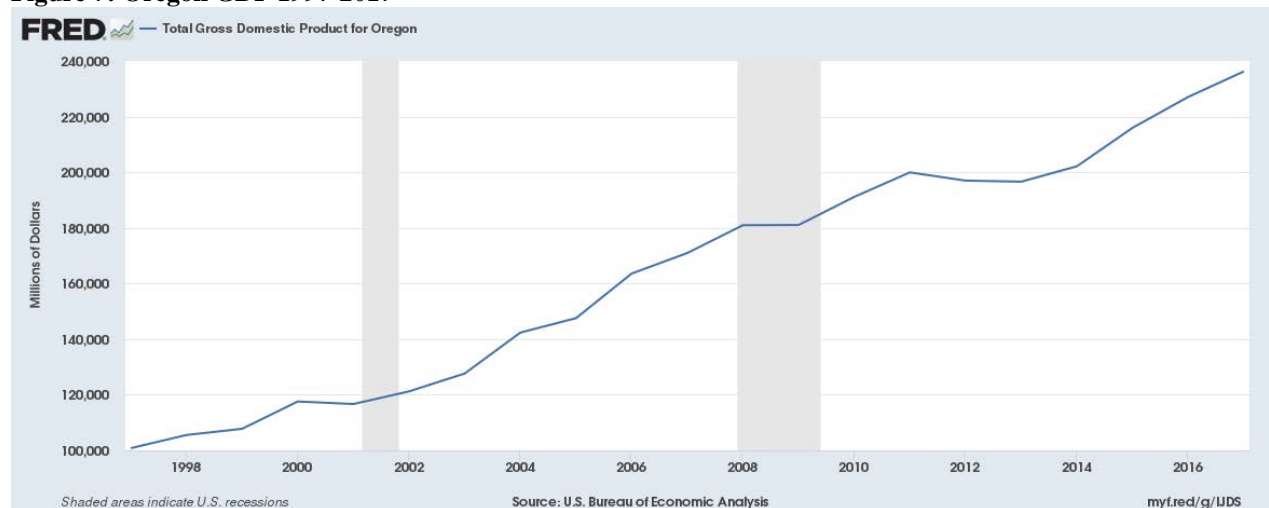
Like the national economy, there are similar ways to analyze Oregon's economy: GDP and employment are important, as information specific to Oregon's industries.

i. Gross Domestic Product

State GDP Like the national GDP, Oregon's GDP is a measure of how much the state produces in goods and services.

Past Trends Since Central Point's first economic element in 1980, Oregon's economy has transitioned from being a resource-based economy (traditionally timber, fishing, and agriculture) to being a more mixed manufacturing and marketing economy (with an emphasis on high technology).⁷⁸ At the same time, Oregon's GDP has more than doubled, from \$100.8 billion in 1997 to \$212.6 billion in 2017. See **Figure 7** for Oregon's GDP increase.

Figure 7: Oregon GDP 1997-2017



⁷⁵ Adam Nagourney and Matt Stevens, *California Today: The State Faces Some Big Problems. Are We Ready?* New York Times (Oct. 11, 2018), available at: www.nytimes.com/2018/10/11/us/california-economy.html.

⁷⁶ Oregon Small Business Association Foundation, *Oregon #12 in nation's Best State Economies*, Oregon Business Report (Oct. 15, 2018).

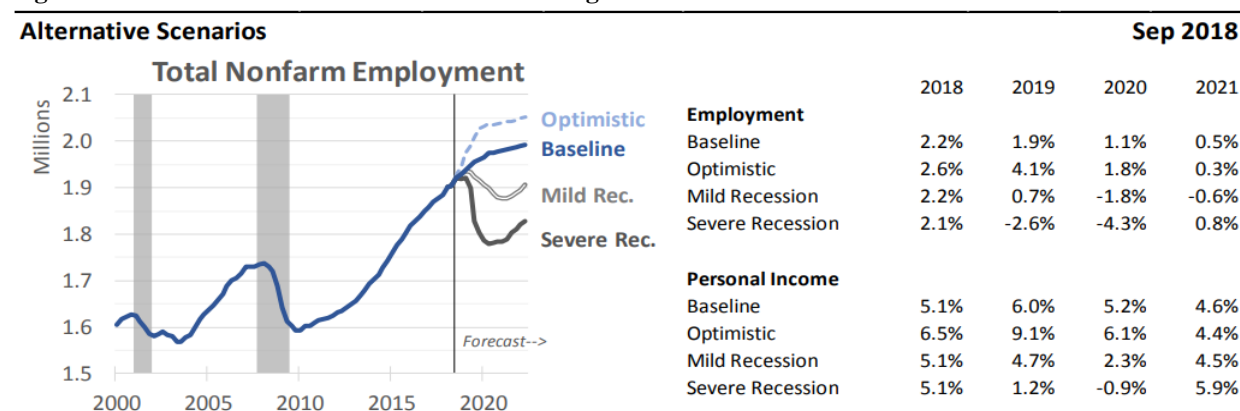
⁷⁷ *Id.*

⁷⁸ Oregon Secretary of State, *Oregon Facts*, Oregon Blue Book: Almanac & Fact Book, available at: sos.oregon.gov/blue-book/Pages/facts/economy-overview.aspx.

Recent growth In the the last five years, Oregon’s has had slightly above average economic growth in comparison to other states: its GDP has grown 1.7 percent, the 16th largest increase in the country, ranking it 24th in the nation.⁷⁹

Short-term projection Although there is the possibility that the state economy will continue booming, it is more likely that the state will experience a mild recession around 2020. See **Figure 8** for three likely scenarios for the state economy. The Oregon Economic and Revenue Forecast of September 2018 anticipates that under the mild recession scenario, the economy will contract by -1.8 percent in 2020 and -0.6 percent in 2021.⁸⁰ Absent a recession, the state’s Real Gross State Product is projected to be the seventh fastest among all states across the country in terms of growth with gains averaging 2.5 percent through 2023.⁸¹

Figure 8: Short-Term Economic Scenarios for Oregon⁸²



Long-term projection Even if there is a recession in the coming years, the economy should recover and continue to do well into the long-term.

Conclusion Like the national economy, the state economy should remain healthy over the next year. However, there is a strong potential that a national recession will spill over into Oregon, damaging the state economy and harming Oregon residents.

ii. Employment

Overview Oregon has more than two million people in its labor force.⁸³ Through 2023, the state economy’s total employment is expected to be the eighth strongest among all the states at a rate of 1.3 percent.⁸⁴

Past Trends Nearly every state industry was affected by the Great Recession but by May 2016, Oregon had more jobs than it had when the recession began.⁸⁵ See **Figure 9**, which shows how

⁷⁹ *Id.*

⁸⁰ Oregon Economic and Revenue Forecast, XXXVIII, No. 3, at 16 (Sept 2018).

⁸¹ *Id.* at 21.

⁸² *Id.*

⁸³ Oregon Secretary of State, *Oregon Facts*, Oregon Blue Book: Almanac & Fact Book.

⁸⁴ Oregon Economic and Revenue Forecast, XXXVIII, No. 3, at 21 (Sept 2018).

⁸⁵ *Id.*

the state unemployment rate has changed depending on the national economic environment.

Figure 9: Oregon's Unemployment Rate



Recent trends Currently, Oregon's unemployment number is under what is historically considered full employment for the state.⁸⁶ However, for the last three years, the unemployment rate has been extremely volatile; a few months of extreme declines have been followed by months of huge increases.⁸⁷ However, over the last year the Oregon unemployment rate has stopped declining.⁸⁸ Currently, it is hovering around 4 percent.

Short-term projections The Oregon Office of Economic Analysis projects that the Oregon unemployment rate will remain steady for the near future because this job growth rate now matches population and labor force gains.⁸⁹ However, if there is a severe recession in the near future, unemployment may spike up to 10 percent.⁹⁰

Long-term projections The Oregon Office of Economic Analysis projects a "slightly stronger economic outlook" in 2025 and beyond.⁹¹ Compared to the rest of the country, Oregon's employment numbers should fare well. Total employment could be the eighth strongest in the nation at 1.3 percent, while manufacturing employment could be the seventh fastest in the country at 1.1 percent.⁹²

Conclusion Based on the economic reports created by the Oregon Office of Economic Analysis, the Oregon unemployment rate should remain steady for the near future. However, depending on the strength of the anticipated 2020 slowdown, this could change dramatically. If Oregon's economy is lucky enough to avoid being harmed by the national economy, the unemployment rate should continue to decrease to near-record levels.

⁸⁶ *Id.* at 10.

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ Oregon Economic and Revenue Forecast, XXXVIII, No. 3, at 20 (Sept 2018).

⁹¹ *Id.* at 15.

⁹² *Id.* at 21.

iii. Industry Strengths

Another way to understand the state economy is to see how the state's population is employed. **Figure 10** list the most common jobs in Oregon, as well as the normal wages. Location Quotient ("LQ") shows the relative strength of that occupation in Oregon's economy. For example, if an LQ is greater than one it indicates that the concentration is greater in Oregon than the national average. If it is less than one, it indicates that Oregon has a lower concentration than on average.

Figure 10: Oregon Occupational Employment and Wage Estimates from May 2016⁹³

Occupation title	Employment	Employment per 1,000 jobs	LQ	Median hourly wage	Annual mean wage
All Occupations	1,790,940	1000	1	\$18.26	\$49,710
Office and Administrative Support	265,770	148.399	0.95	\$16.96	\$37,430
Sales and Related	181,760	101.488	0.98	\$13.45	\$37,980
Food Preparation and Serving Related	170,710	95.32	1.03	\$10.98	\$25,190
Transportation and Material Moving	119,650	66.806	0.96	\$15.73	\$36,550
Production	113,230	63.226	0.97	\$16.47	\$37,460
Management	110,970	61.96	1.23	\$42.91	\$102,990
Education, Training, and Library	103,930	58.031	0.94	\$23.01	\$57,450
Healthcare Practitioners and Technical	98,610	55.061	0.93	\$38.16	\$90,100
Business and Financial Operations	83,790	46.788	0.9	\$29.96	\$68,530
Construction and Extraction	72,580	40.526	1.02	\$22.45	\$50,820
Personal Care and Service	69,360	38.726	1.2	\$11.98	\$27,900
Installation, Maintenance, and Repair	61,940	34.587	0.89	\$21.21	\$47,190
Retail Salespersons	61,610	34.402	1.07	\$11.85	\$28,890
Building and Grounds Cleaning and Maintenance	55,400	30.931	0.98	\$12.77	\$29,350
Computer and Mathematical Occupations	50,900	28.419	0.96	\$37.72	\$82,190
Healthcare Support	48,130	26.877	0.93	\$16.24	\$35,110
Cashiers	45,730	25.535	1.01	\$11.03	\$24,640
Architecture and Engineering	40,820	22.795	1.28	\$37.31	\$86,810
Community and Social Service	35,930	20.061	1.39	\$20.68	\$46,490
Registered Nurses	35,220	19.667	0.97	\$42.32	\$87,000
Combined Food Preparation and Serving Workers, Fast Food	34,950	19.518	0.8	\$10.55	\$22,930
Office Clerks, General	33,500	18.707	0.89	\$15.90	\$34,470
Waiters and Waitresses	33,100	18.48	1.01	\$10.62	\$26,240
Protective Service	32,740	18.283	0.76	\$22.29	\$50,010

⁹³ Bureau of Labor and Statistics, *May 2016 State Occupational Employment and Wage Estimates Oregon*, Department of Labor (May 2016), available at: www.bls.gov/oes/2016/may/oes_or.htm#00-0000.

The state agency Business Oregon lists six target industries for the state economy: Forestry & Wood Products, Advanced Manufacturing, High Technology, Food & Beverage Services, Business Services, and Outdoor Gear & Apparel.⁹⁴

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. However, the timber industry is under pressure from both the market and federal regulations, and so is projected to grow slowly.⁹⁵

Oregon's manufacturing industry is weighted towards semiconductors and wood products relative to the nation, which mostly concentrates on autos and aerospace.⁹⁶ Although semiconductors and wood products have been historically strong, they are expected to grow more slowly in the future.⁹⁷ The state's primary metal manufacturing is concentrated as a result of the continued operation of Oregon's aluminum industry.

The computer and electronic product manufacturing industries are strong due to the presence of Intel and Tektronix in the Portland area. Non-store retailers like Harry & David contribute to the strength in that industry sector. Beverage manufacturing comes from the growing wine and craft beer industries in Oregon.

Professional and Technical Services is a fast-growing, emerging industry in Oregon.⁹⁸ It includes businesses who are using their expertise to help businesses around the world to grow.⁹⁹ Management and technical consulting is the largest industry in this group, followed by engineering services and advertising, public relations, and related services.¹⁰⁰ For example, CH2M was founded in Corvallis and now employs over 26,000 employees worldwide.¹⁰¹

While Oregon is not known as a home for Fortune 500 companies, it does have Nike, a world-leader in shoes and athletic apparel. The City of Portland is also the home of Columbia Sportswear, which specializes in the target industry of Outdoor Gear & Apparel.

The Office of Economic Analysis has ranked eleven industries as doing exceptionally well. Private sector food manufacturing, education, and health care have never suffered strong losses from a recession.¹⁰² Further, retail employment, wholesale, transportation, warehousing and utilities, and construction have surpassed their pre-recession levels and are at all time highs.¹⁰³

⁹⁴ Business Oregon, *Business Oregon's Target Industry Groups*, available at: www.oregon4biz.com/Oregon-Business/Industries/.

⁹⁵ Oregon Economic and Revenue Forecast, XXXVIII, No. 4, at 17 (Nov. 2018).

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ Business Oregon, *Business Oregon's Target Industry Groups*, available at www.oregon4biz.com/Oregon-Business/Industries/.

⁹⁹ *Id.*

¹⁰⁰ *Id.*

¹⁰¹ *Id.*

¹⁰² Oregon Economic and Revenue Forecast, XXXVIII, No. 3, at 8 (Sep. 2018).

¹⁰³ *Id.*

State Economic Crosscurrents:

Primary Risks to Oregon's Economy The state economy appears healthy: GDP is good, unemployment is low, and Oregon's industries are strong and growing. However, the state economy is at risk: the national economy could experience a small recession that could drag down the state economy, trade wars threaten the state's economic vitality, there is a housing crisis, and wildfires and smoke are harming the tourism industry.

i. The National Economy

Because of the potential for an economic slowdown around 2020, it is important to analyze the impacts that the last national recessions had on the Oregon economy. In fact, Josh Lehner of the Oregon Office of Economic Analysis forecasts that a future recession would be like the 1990s recession,¹⁰⁴ so it is important to review how that particular economic event effected the state economy.

The 1990s recession was relatively mild on the national economy.¹⁰⁵ In the 1990s, Oregon "lost just as many jobs as the US did."¹⁰⁶ However, many consumer service sectors and industries actually outperformed the US economy.¹⁰⁷ This included manufacturing, construction, services, and retail. Nevertheless, the data indicates that there were big manufacturing job losses, with less losses in the service sectors.¹⁰⁸ As a result, if there is a recession around 2020 and it appears to be similar to the 1990s recession, Oregon should brace itself for losses in the manufacturing industry, but for the industry to be able to hunker down and withstand a short economic storm.

ii. Trade Wars

Oregon is particularly susceptible to harm from a trade war because Oregon trades more with foreign nations than most other states.¹⁰⁹ As a result, should China and Canada retaliate against US trade tariffs, Oregon's economy could be dealt a particularly strong blow.¹¹⁰ According to economist Josh Lehner of the Oregon Office of Economic Analysis, the impact of tariffs from China and Canada to Oregon's economy could be about \$870 million.¹¹¹ It has the potential to impact the state's agriculture industry, aluminum scrap exporters, various consumer goods, and distillery companies.¹¹² If there is continued escalation and if global supply chains are disrupted, "it will be a much bigger economic problem."¹¹³

¹⁰⁴ Josh Lehner, *Hammer Don't Hurt 'Em*, Oregon Office of Economic Analysis (Oct. 26, 2018), available at: oregoneconomicanalysis.com/2018/10/26/hammer-dont-hurt-em/.

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ Kathleen McLaughlin, *Tariff hikes hit Oregon products*, The Bend Bulletin (June 19, 2018), available at: www.bendbulletin.com/business/6322636-151/tariff-hikes-from-china-canada-hit-oregon-products.

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *Id.*

iii. Housing Affordability

Oregon is in a housing crisis. Since Central Point adopted its first Economic Element in 1980, housing prices in Oregon have risen by 315%, making it 4th in the nation for housing price increases.¹¹⁴ A major issue is that Oregon is not building enough housing units to keep pace with the population increase. According to the Oregon Home Builders Association Oregon needs 25,000 new units every year, but only 15,000 are being constructed.¹¹⁵

Low housing supply has led to rising rental costs and home prices. This, plus a very low rental vacancy rate, have contributed to an affordable housing crisis across the state.¹¹⁶ According to the National Low Income Housing Coalition, Oregon is the 3rd most unaffordable rental market in the nation.¹¹⁷ Further, according to the Oregon Housing and Community Services Director Margaret Van Vliet, the state has 130,000 extremely low-income households but only 20,000 housing units are affordable for those households.¹¹⁸

This crisis is straining the state economy because housing is a necessary expenditure. If 55 percent of renters in Oregon must pay more than 30 percent of their income to housing,¹¹⁹ then Oregon consumers will have less purchasing power. Further, if there is not enough housing, Oregon will have fewer workers and will be less able to entice target industries to relocate.

iv. Wildfires and Smoke

Wildfires and smoke have been negatively impacting the Oregon economy.¹²⁰ The last two years have had record levels of unhealthy air. According to the Oregon Department of Forestry's 2018 fire statistics 70,685 of the acres that it protects burned as of September 2018, which is 53 percent higher than the 10-year average.

A wildfire impact study released by Travel Oregon in July 2018 found that the state lost \$51.5 million in visitor spending due to the 2017 wildfires.¹²¹ According to the study, Josephine County lost \$680,000 and Jackson County lost \$2.8 million in spending because of the fires. Those losses were mostly in the food service and accommodation industries.¹²² The smoke also cost the Oregon Shakespeare Festival in Ashland about \$2 million as a result of cancelling outdoor performances.¹²³

¹¹⁴ Habitat for Humanity, *Oregon's Housing Crisis*, available at: habitatoregon.org/affiliates/oregons-housing-crisis/

¹¹⁵ *Id.*

¹¹⁶ Vickie Aldous, *Merkley: Oregon is in a housing crisis*, Medford Mail Tribune (March 30, 2018), available at: mailtribune.com/news/top-stories/merkley-oregon-is-in-a-housing-crisis.

¹¹⁷ Habitat for Humanity, *Oregon's Housing Crisis*.

¹¹⁸ Vickie Aldous, *Merkley: Oregon is in a housing crisis*.

¹¹⁹ Habitat for Humanity, *Oregon's Housing Crisis*.

¹²⁰ KATU Staff, *Wildfires, smoke taking its toll on Oregon tourism*, KATU (Aug. 14, 2018), available at: katu.com/news/local/wildfires-smoke-taking-its-toll-on-oregon-tourism.

¹²¹ Saphara Harrel, *The News-Review* (Sep. 17, 2018), available at: www.nrtoday.com/news/environment/wildfires/wildfires-impact-the-health-economy-of-southern-oregon/article_f34eff89-4681-5da3-9714-ada8b91a8cd9.html.

¹²² *Id.*

¹²³ Peter Libbey, *Wildfire Smoke Disrupts Oregon Shakespeare Festival*, New York Times (Aug. 24, 2018), available at: www.nytimes.com/2018/08/24/theater/oregon-shakespeare-festival-wildfire-smoke.html.

Section 4: Economic Trends in Southern Oregon

Overview Central Point is located in Jackson County and near Josephine County. Both counties effect Central Point's economy and are often treated as a single region for economic data.

*Jackson County*¹²⁴ It has a population of 219,270 people as of May 2018,¹²⁵ which accounts for approximately 5 percent of Oregon's population.¹²⁶ Between 2000 and 2010, it experienced a 1.1 percent increase in population¹²⁷ and a 5.26 percent increase in median household income, from \$44,028 to \$46,343.¹²⁸ Its median age is 42.9.

Southern Oregon The Office of Economic Analysis has stated that Southern Oregon was hit hard by the Great Recession and that the recovery has been more difficult than other parts of the state.¹²⁹ However, local job growth has returned, and poverty rates are falling. While Jackson County has historic highs in wage growth and employment rates, Josephine County is still in a bad position, having yet to regain its losses from the last recession.¹³⁰

i. Gross Domestic Product

Jackson County had the 103rd fastest growth in GDP between 2016 and 2017 among the nation's 384 metropolitan areas (2.6 percent).¹³¹ This is compared to the U.S. metropolitan areas growing by an average of 2.1 percent during the same time frame.¹³² The U.S. Bureau of Economic Analysis has projected that the county had a GDP of \$8,590,000,000 for 2017.¹³³

Industries in Jackson County that boosted GDP growth were education and health services; professional and business services; trade; and transportation, warehousing, and utilities.¹³⁴ **Figure 11.** Those industries that damaged GDP growth were other services and information.¹³⁵

¹²⁴ Officially labeled "Medford OR (MSA)" (the Medford, Oregon Metropolitan Statistical Area).

¹²⁵ Population Research Center, Portland State University, *Jackson County Final Forecast Report, Cycle 2: Region 1 Documents 8* (May 2018), available at: www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Jackson_Report_Final.pdf (PDF warning).

¹²⁶ $210,916/4,142,000 = 5.09\%$

¹²⁷ Population Research Center, Portland State University, *Jackson County Final Forecast Report, Cycle 2: Region 1 Documents 8* (May 2018), available at: www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Jackson_Report_Final.pdf (PDF warning).

¹²⁸ *Medford, OR Metro Area*, Data USA, available at: <https://datausa.io/profile/geo/medford-or-metro-area/#intro>.

¹²⁹ Oregon Economic and Revenue Forecast, XXXVIII, No. 4, at 20 (Nov. 2018).

¹³⁰ *Id.*

¹³¹ Guy Tauer, *Medford and Grants Pass GDP Growth Outpace U.S. Average in 2017*, QualityInfo (Sept. 27, 2018), available at: www.qualityinfo.org/-/medford-and-grants-pass-gdp-growth-outpace-u-s-average-in-2017.

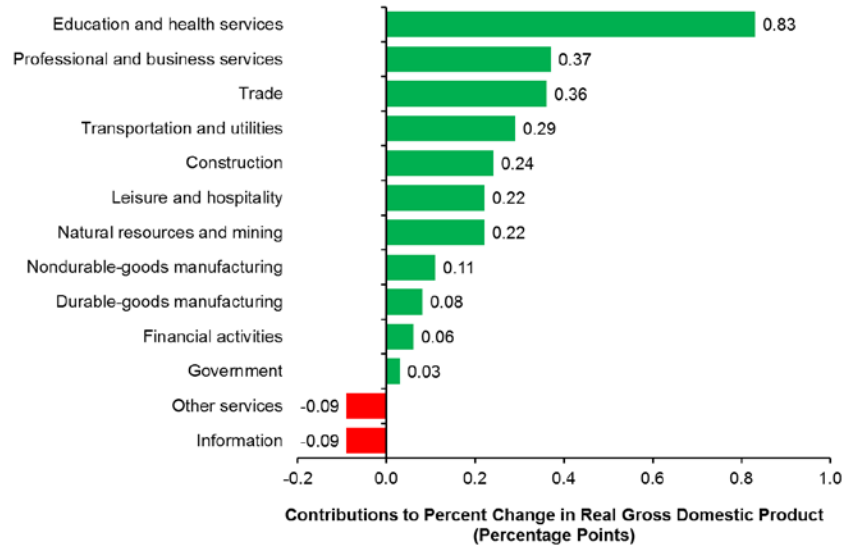
¹³² *Id.*

¹³³ Bureau of Economic Analysis, Department of Commerce, *New Release: Gross Domestic Product by Metropolitan Area, 2017* (Sep. 18, 2018), available at: www.bea.gov/system/files/2018-09/gdp_metro0918_0.pdf (PDF warning).

¹³⁴ *Id.*

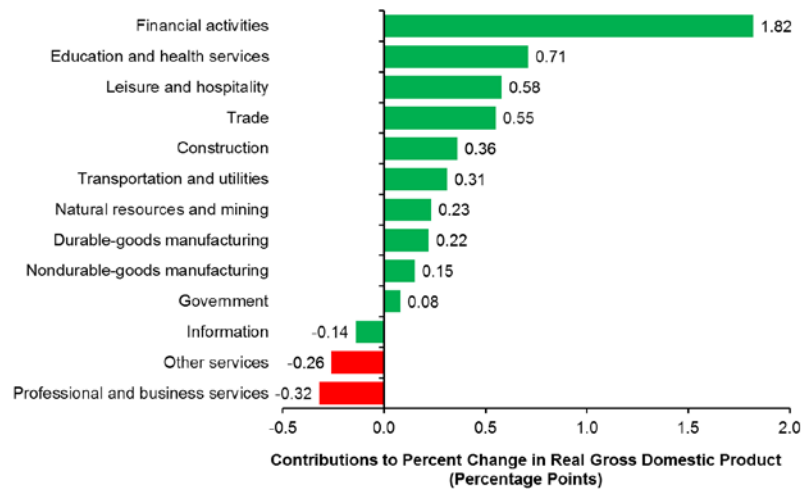
¹³⁵ *Id.*

**Figure 11: Changes to Jackson County’s GDP¹³⁶
Medford MSA (Jackson County) Industry
Contribution to GDP Growth**



The U.S. Bureau of Economic Analysis has projected that Josephine County had a GDP of \$2,478,000,000 for 2017.¹³⁷ Incredibly, this ranked it 31st in the nation in terms of fastest growth in GDP for 2017.¹³⁸ During that time, the GDP grew at 4.3 percent.

**Figure 12: Changes to Josephine County’s GDP¹³⁹
Grants Pass MSA (Josephine County) Industry
Contribution to GDP Growth**



In Josephine County, 40 percent of GDP growth came from finance, insurance, and real estate.¹⁴⁰

¹³⁶ Guy Tauer, *Medford and Grants Pass GDP Growth Outpace U.S. Average in 2017*.

¹³⁷ Bureau of Economic Analysis, Department of Commerce, *New Release: Gross Domestic Product by Metropolitan Area, 2017* (Sep. 18, 2018), available at: www.bea.gov/system/files/2018-09/gdp_metro0918_0.pdf (PDF warning).

¹³⁸ *Id.*

¹³⁹ Guy Tauer, *Medford and Grants Pass GDP Growth Outpace U.S. Average in 2017*.

¹⁴⁰ *Id.*

Other industries that are strong are trade, education and health services (like in Jackson County), and leisure and hospitality. See **Figure 12**. Professional and business services, information, and other services reduced the GDP.

Conclusion Southern Oregon’s economy is growing at a good pace. Both Jackson and Josephine County are well ranked nationally in terms of the rate of economic growth. However, they both have a long way to go to recover from the losses they suffered in the Great Recession.

ii. Employment

Recent Trends Southern Oregon was recently ranked in the top 30 job markets in the United States based on job growth over the last five years.¹⁴¹ USA Today ranked the nearby City of Medford as #28 in the nation, saying:

Medford is one of several rapidly growing cities in Oregon adding jobs at a faster pace than almost anywhere else in the country. Due in large part to the metro area's education and health services industry, there are over 13,000 more jobs in Medford today than there were in 2013, a 15.4 percent increase.¹⁴²

USA Today also said that Grants Pass had the largest drop in unemployment in the nation between 2013 and 2018, ranking it as the 18th best job growth economy in the nation.¹⁴³ Job growth was driven by the education and health services industry, which added 1,700 out of the 5,000 new jobs.¹⁴⁴

Figure 13: Jackson County Unemployment Rate



¹⁴¹ Jamie Parfitt, Report: Medford, Grants Pass among top us job markets, Newswatch 12 (Nov. 13, 2018), available at: www.kdrv.com/content/news/Report-Medford-Grants-Pass-Among-Top-US-Job-Markets-500405392.html.

¹⁴² Samuel Stebbins, *31 cities adding the most jobs as the US economy grows*, USA Today (Nov. 12, 2018), available at: www.usatoday.com/story/money/economy/2018/11/12/us-economy-grows-cities-adding-most-jobs/38319445/.

¹⁴³ *Id.*

¹⁴⁴ *Id.*

Despite this new growth, Jackson County's unemployment rate is still higher than the national average.¹⁴⁵ In fact, both Jackson and Josephine County had the highest unemployment rates out of all the cities in the USA Today's list of best local economies.¹⁴⁶ However, when compared to other regions in Oregon, Jackson County has one of the lowest unemployment rates at 4.4 percent.¹⁴⁷ See **Figure 13**. Neighboring Josephine County is at 5.5 percent while Klamath County is at 5.8 percent.¹⁴⁸

Conclusion The Southern Oregon economy is growing at a very good rate. While it still needs to catch up to the rest of the nation,¹⁴⁹ if it is able to avoid being harmed too much by the next economic slowdown, it should be able to make up its past losses.

iii. Housing

Overview For the last few years the local housing market has been booming. However, it now appears to be slowing down. This is a major concern for the Southern Oregon economy because it may inhibit construction of much-needed housing units and continue to drive up the price of rent.

Recent trends Between 2000 and 2010, the total number of housing units in Jackson County increased rapidly.¹⁵⁰ Housing units increased by 20.1 percent, with 2,130 units in Central Point alone (almost half of Medford's growth of 5,000 units).¹⁵¹ In 2018 home prices in Jackson County increased by an average of \$12,000 in comparison to 2017, a slower rate than previous years.¹⁵²

Conclusion Southern Oregon is one of the last affordable housing areas in the West Coast.¹⁵³ This could encourage Californians to relocate and contribute to the local economy.¹⁵⁴ However, new residents from wealthier states could encourage local builders to concentrate on constructing expensive homes and not affordable housing. This could price out younger people, such as Millennials, and portions of the working class from the region.

¹⁴⁵ Leah Thompson, *Southern Oregon's Unemployment Rates are Higher than Country's Average*, Newswatch 12 (Nov. 4, 2018), available at: www.kdrv.com/content/news/Southern-Oregons-Unemployment-Rates-are-Higher-than-Countrys-Average-499561461.html.

¹⁴⁶ Jamie Parfitt, *Report: Medford, Grants Pass among top us job markets*, Newswatch 12 (Nov. 13, 2018), available at: www.kdrv.com/content/news/Report-Medford-Grants-Pass-Among-Top-US-Job-Markets-500405392.html.

¹⁴⁷ *Id.*

¹⁴⁸ *Id.*

¹⁴⁹ *Id.*

¹⁵⁰ Population Research Center, Portland State University, *Jackson County Final Forecast Report, Cycle 2: Region 1 Documents 17* (May 2018), available at: www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Jackson_Report_Final.pdf (PDF warning).

¹⁵¹ Matt Jordan, *Housing market 'softening' in Jackson County*, NBC 5 (Nov. 9, 2018), available at: kobi5.com/news/local-news/housing-market-softening-in-jackson-county-89532/.

¹⁵² Matt Jordan, *Housing market 'softening' in Jackson County*, NBC 5 (Nov. 9, 2018), available at: kobi5.com/news/local-news/housing-market-softening-in-jackson-county-89532/.

¹⁵³ Greg Stiles, *Housing prices will attract outsiders*, Medford Mail Tribune (Oct. 15, 2018), available at: mailtribune.com/business/housing-prices-will-attract-outsiders.

¹⁵⁴ *Id.*

Section 5: The City of Central Point's Trends

Introduction Central Point has unique economic and social trends when compared to the Southern Oregon region. Its population is fast-growing, relatively young, and its workers generally commute short distances to work.

Measuring the City's Trends

i. Commuting Patterns

Introduction The Department of Land Conservation & Development (DLCDD) recommends analyzing commute patterns as one of the ways to determine land use needs.

Central Point exhibits a somewhat unique combination of commuting patterns. *See Figure 14.* Typically, cities that have a low percentage of its residents working within the city also have relatively high commute times. But that is not the case for Central Point, which has only 21 percent of its residence working outside the city. Those residents have much shorter commute times when compared to both the national and state averages for workers commuting outside their cities. This is probably because a large amount of Central Point residents work in north Medford. In many cases this is only a few blocks from where they live. Many may also work in White City, which can be accessed by roads with little congestion, such as Interstate 5 or Table Rock Road.

Figure 14: Central Point Resident Commuting Patterns¹⁵⁵

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%	1.5% ¹⁵⁶
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			

¹⁵⁵ U.S. Bureau of the Census.

¹⁵⁶ The number of residents using public transportation was listed as 0.0% in the data set. However, that is improbable. Other Census Bureau data lists it as 1.5% and so that is included here. *See* U.S. Census Bureau, *ACS 5-year Estimate*, DataUSA (2016), available at: datausa.io/profile/geo/central-point-or/.

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%

ii. Local Population Forecast

Introduction In addition to reviewing commuting patterns and economic trends, it is also important to review trends related to population growth. The DLCDD recommends analyzing population because it is one of the best means to determine Central Point's future land demand.¹⁵⁷ While economic trends are subject to rapid changes without much warning, population growth is much easier to predict.

This section contains a short analysis of population trends as of 2019. For a more comprehensive analysis, see the Central Point *Population & Demographics Element (2019-2039)*.

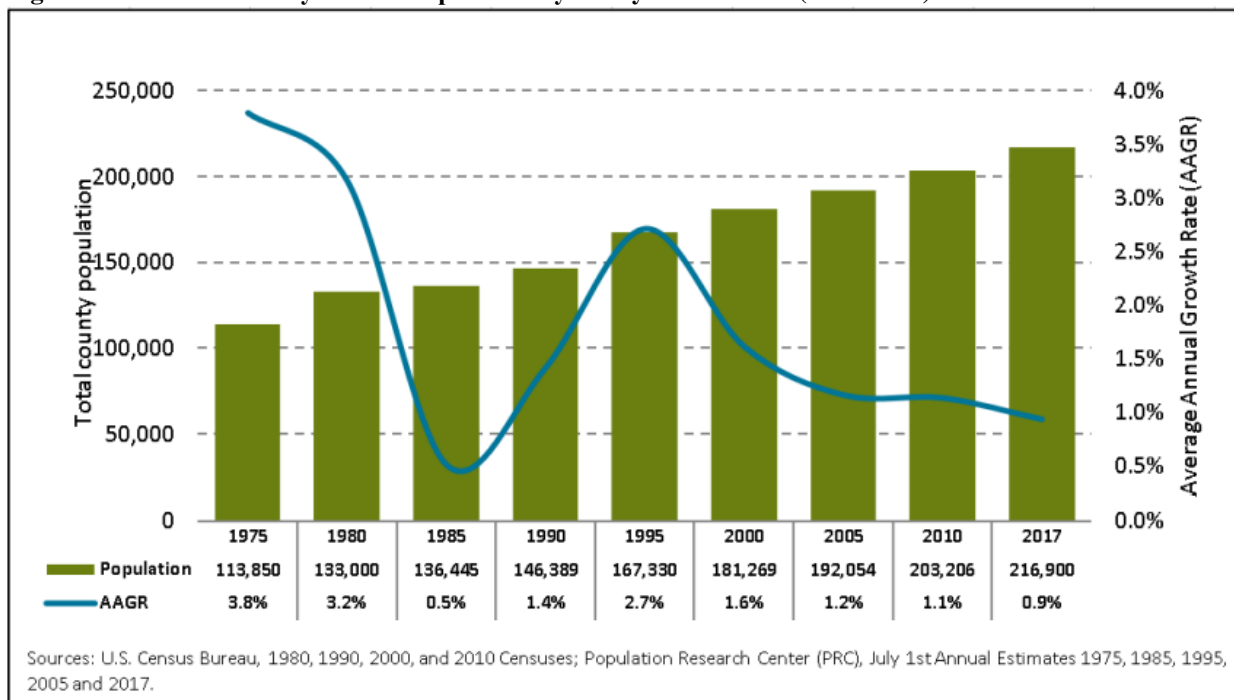
Past Trends Since Central Point published its first Economic Element, Jackson County's total population has grown from roughly 114,000 to 219,270 people.¹⁵⁸ See **Figure 15**. The high growth rates of the 1970s were a result of relative economic prosperity while the decline in the 1980s was a result of challenging economic conditions.¹⁵⁹ During the 1990s, the county's growth rates increased again at first but then declined later in the decade. Jackson County's total population grew rapidly in the 2000s, with an average annual growth rate of just over 1 percent.

¹⁵⁷ Economic Development Planning Team, Oregon Department of Land Conservation and Development, *Tips for Conducting an Economic Opportunities Analysis* (March 2008).

¹⁵⁸ Population Research Center, Portland State University, *Coordinated Population Forecast: 2018 through 2068 (Jackson County)* (June 2018) at 8-9.

¹⁵⁹ *Id.*

Figure 15: Jackson County—Total Population by Five-year Intervals (1975-2017)¹⁶⁰



Central Point posted a growth rate higher than that of Jackson County, at 2.9 percent from 2000-2010.¹⁶¹ That makes it the second fastest growing area in the Rogue Valley, just after Eagle Point’s rate of 5.6 percent.¹⁶² Currently, Central Point has approximately 19,101 people,¹⁶³ ranking behind Medford’s 82,566 people and just behind the City of Ashland’s 21,501 people.¹⁶⁴

Reasons for Increase The county’s positive population growth has largely been the result of net immigration.¹⁶⁵ The aging population has led to an increase in deaths and local women have postponed having children, which has resulted in birth stagnation. As a result, without immigration, Southern Oregon would be experiencing a “natural decrease” in population.

Long-term projections Jackson County is likely to grow at a fast pace in the short-term.¹⁶⁶ The Central Point *Population & Demographics Element (2019-2039)* forecasts that Jackson County’s will grow from 219,270 people to 264,951 people by 2039.¹⁶⁷ See **Figure 16**.

¹⁶⁰ *Id.* at 10.

¹⁶¹ Population Research Center, Portland State University, *Jackson County Final Forecast Report, Cycle 2: Region 1 Documents* (May 2018), available at: www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Jackson_Report_Final.pdf (PDF warning).

¹⁶² *Id.*

¹⁶³ See City of Central Point, *Population & Demographics Element (2019-2039)* at 12.

¹⁶⁴ Portland State University, Population Research Center, *Jackson County Coordinated Population Forecast 2018 through 2068*.

Population Research Center, Portland State University, *Jackson County Final Forecast Report, Cycle 2: Region 1 Documents* (May 2018), available at: www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Jackson_Report_Final.pdf (PDF warning) at 9.

¹⁶⁵ *Id.*

¹⁶⁶ *Id.*

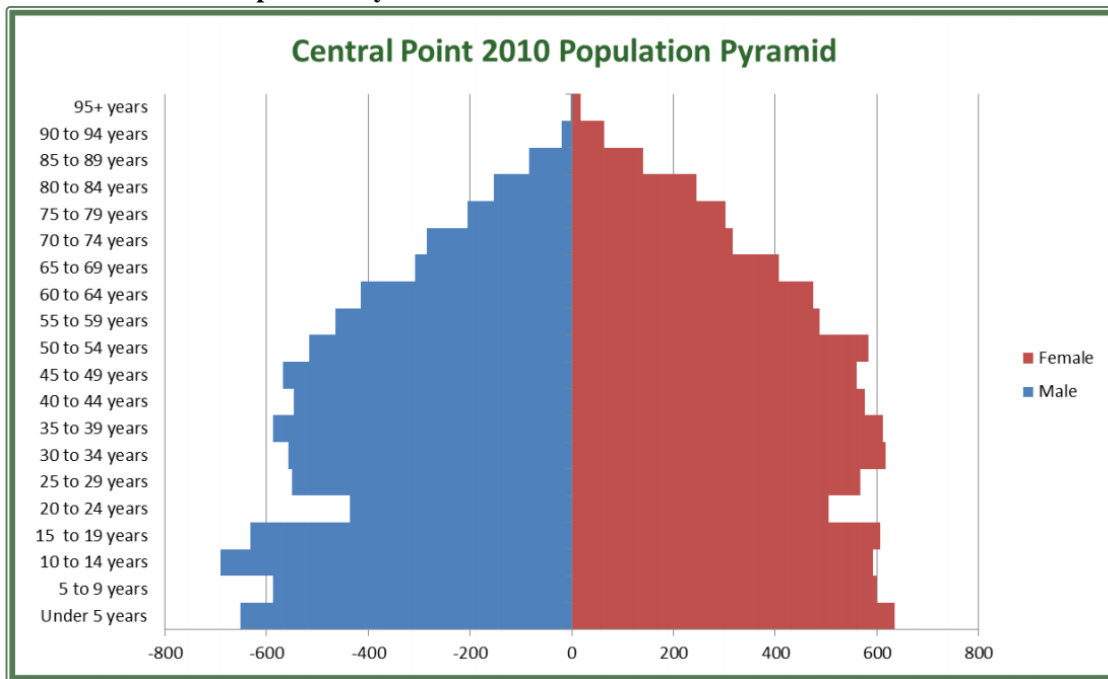
¹⁶⁷ City of Central Point, *Population & Demographics Element (2019-2039)* at 13.

According to the Population Research Center at Portland State University, the City of Central Point is expected to capture a much larger share of Jackson County’s future population than it has in the past.¹⁶⁸ Central Point is expected to have a short-term growth rate of 1.5 percent,¹⁶⁹ and by 2039, Central Point will have 26,317 people, making it larger than the City of Ashland.¹⁷⁰ This also means that approximately 7 percent of the county population will live in Central Point.¹⁷¹

Figure 16: Population Growth Projections for City of Central Point and Jackson County¹⁷²

Year	Central Point	Jackson County	Josephine County
2019	19,101	219,270	86,423
2020	19,714	235,066	88,274
2025	21,035	246,611	90,177
2030	22,920	257,256	93,194
2035	24,815	263,006	95,677
2039	26,317	264,951	97,377
Change: 2019 to 2039	7,216	45,681	10,954

Figure 17: Central Point Population Pyramid¹⁷³



¹⁶⁸ Population Research Center, Portland State University, *Jackson County Final Forecast Report, Cycle 2: Region 1 Documents* (May 2018).

¹⁶⁹ *Population & Demographics Element (2019-2039)* at 13.

¹⁷⁰ *Jackson County Final Forecast Report, Cycle 2: Region 1 Documents* (May 2018) at 47.

¹⁷¹ *Population & Demographics Element (2019-2039)* at 12.

¹⁷² *Population & Demographics Element (2019-2039)* at 13, Table 1.

¹⁷³ City of Central Point Economic Element 2013-2033 *citing* U.S. Census Bureau.

The population pyramid for Central Point, *see* **Figure 17**, depicts the typical shape for a town without a university. The “gap” in residents aged 20-24 exists in most non-university towns because this is the age where young adults leave to attend college or obtain employment elsewhere. Although this data will be less valuable after the 2020 census, it still helps to predict what types of services and land use Central Point needs to offer. The City’s population is less top-heavy than either the nation or the county because fewer people aged 65 or older live in Central Point. Although the Southern Oregon region experiences high levels of retirees relocating to the area, this does not appear to be the case in Central Point. However, the ongoing Twin Creeks project may alter future data.

Because of the relative youth of the population, Central Point has a large percentage of families with working-aged individuals aged 30-50 and their children under the age of 14. Proportionally, this means that Central Point has higher levels of working-age individuals than the national population. This shows that Central Point has a strong labor base, and that there will continue to be a strong demand for education services.

Conclusion Central Point must prepare to have its population grow by almost 38% over the next 20 years. Should the population trends continue, the City must also be prepared to house a population younger than a typical non-university town.

iii. Regional Employment Forecast

Introduction The DLCD also recommends analyzing job growth forecasts as a means to determine a city’s future land use needs.¹⁷⁴

The employment forecast data used in this section was generated by the Research Division at the Oregon Employment Department through 2027. This is the best region-specific data currently available. The following analysis correlates to both population growth per the City of Central Point *Population & Demographics Element (2019)* and the anticipated expansion of specific occupations and industries. The subsequent conclusions assume that the forecasted rates of 2017-2027 will remain constant through 2039.

Growth According to Guy Tauer, the Regional Economist for Jackson and Josephine counties, between 2017 and 2027, 14,111 new jobs will open in the “Rogue Valley region”¹⁷⁵ due to population growth.¹⁷⁶ In addition, there will be 148,807 job openings to replace workers who leave the occupation or the workforce.¹⁷⁷ A worker who leaves a job and then is hired to do the same job at another establishment would not be counted as a replacement opening.¹⁷⁸

¹⁷⁴ Economic Development Planning Team, Oregon Department of Land Conservation and Development, *Tips for Conducting an Economic Opportunities Analysis* (March 2008).

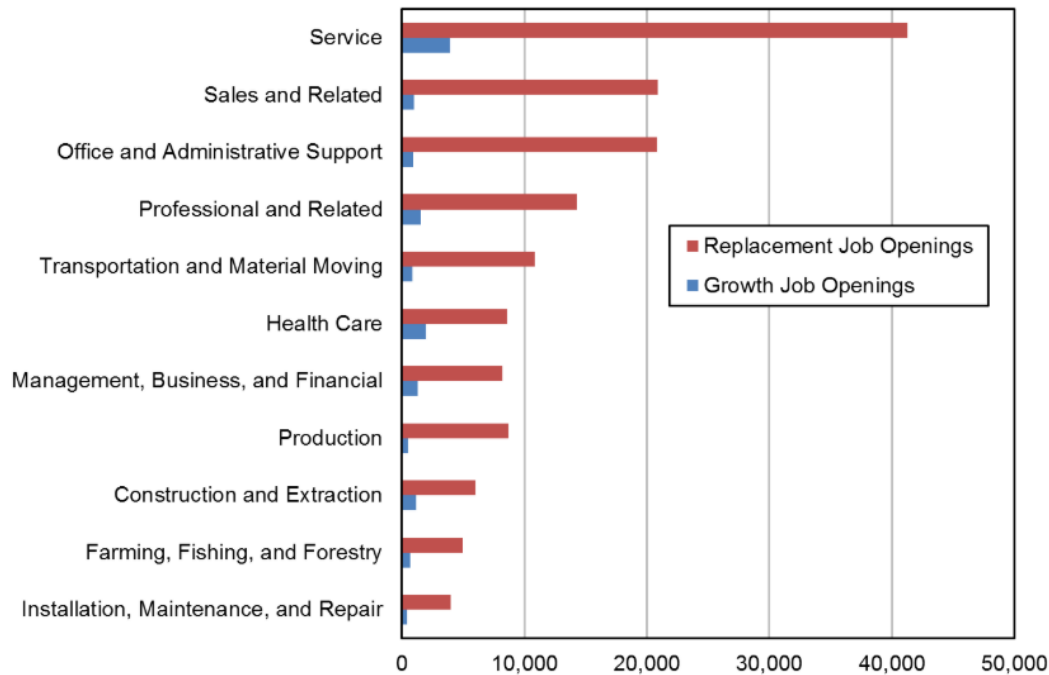
¹⁷⁵ Defined as Jackson and Josephine Counties.

¹⁷⁶ Guy Tauer, *Rogue Valley Employment Projections by Occupation 2017-2027*, State of Oregon Employment Department (July 9, 2018), available at: www.qualityinfo.org/-/rogue-valley-employment-projections-by-occupation-2017-2027.

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

Figure 18: Rogue Valley Occupational Employment Change, 2017-2027¹⁷⁹



Service Industry The service industry had the largest share of total jobs in 2017. See **Figure 18** for both industry-specific job openings and job growth. The service industry is also expected to add the most new jobs in Jackson County and have the greatest number of total openings by 2027.¹⁸⁰ This industry includes food preparation, personal care services, building maintenance, ground keeping, and protective service occupations.¹⁸¹ This means that Central Point will need to dedicate more lands to retail use.

Sales and Related Industries After the service industry, the greatest total openings will be in sales and related industries, such as office and administrative support—each with approximately 21,800 total openings.¹⁸² These have growth rates of 6.7 percent and 5.3 percent.¹⁸³ This low growth forecast is probably a result of labor-saving technologies like self-checkout stations, automated inventory systems, and online retail sales.¹⁸⁴ This means that Central Point will need to dedicate additional lands to office use.

Health Care The health care and social assistance industries currently account for approximately one out of six jobs in the Rogue Valley.¹⁸⁵ In fact, the area’s current employment is concentrated in this industry with over 20,830 employees. Through 2027, health care is

¹⁷⁹ *Id.*

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

¹⁸² *Id.*

¹⁸³ *Id.*

¹⁸⁴ *Id.*

¹⁸⁵ Guy Tauer, *Rogue Valley Employment Projections by Industry 2017-2027*, State of Oregon Employment Department (July 3, 2018), available at: www.qualityinfo.org/-/rogue-valley-employment-projections-by-industry-2017-2027.

expected to have the most job openings—adding 3,780 new jobs.¹⁸⁶ See **Figure 20** for industry-specific employment growth. This means that health care occupations will continue to grow by approximately 17.7 percent.¹⁸⁷ This is because a growing and aging population will demand more health care services, which will in turn create more employment opportunities in this recession-resistant industry.¹⁸⁸

Although health care in the Rogue Valley is mostly concentrated in Medford, given that it has both Asante Rogue Regional Medical Center and Providence Medford Medical Center, Central Point has begun to make inroads into the industry with the Providence Medical Plaza on North Pacific Highway. This indicates that Central Point may want to dedicate more land to office space use in order to house more health care workers.

Construction Over the decade, construction is expected to have the fastest job growth rate in the Rogue Valley, up by 25 percent. This is because housing construction, while still below pre-Great Recession levels, is picking back up.¹⁸⁹ As a result, Central Point may need more industrial-zoned land for construction shops, warehouses, machinery storage, and company offices.

Professional & Management, Business, and Financial The two industries of Professional and Related services and Management, Business, and Financial services will both be growing at a healthy rate. Professional and related occupations will have a growth rate of 10 percent. As a result, Central Point will want to dedicate a good amount of its employment lands for office space use.

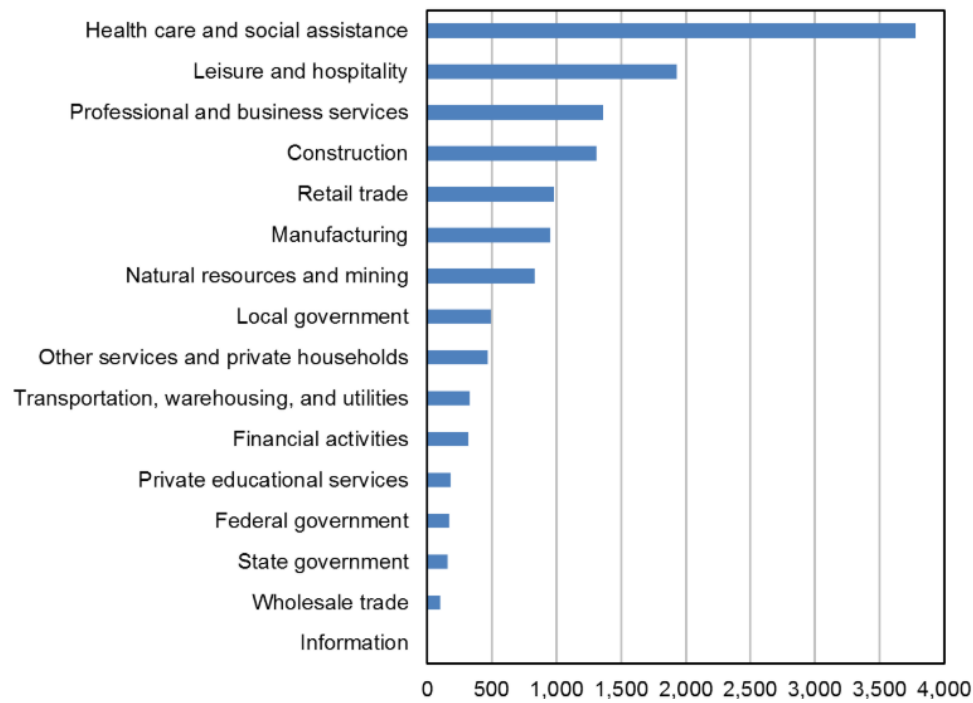
¹⁸⁶ *Id.*

¹⁸⁷ *Id.*

¹⁸⁸ *Id.*

¹⁸⁹ *Id.*

Figure 19: Rogue Valley Industry Employment Change, 2017-2027¹⁹⁰



Manufacturing and retail Manufacturing and retail trade are still expected to add jobs by 2027, just under 1,000 for both industries.¹⁹¹ See **Figure 20** for industry employment changes. However, the possibility of an economic slowdown in these sectors should be taken into consideration when allocating land.

Leisure and hospitality About one in eleven jobs in the Rogue Valley were in leisure and hospitality in 2017.¹⁹² This tourism- reliant sector is forecast to add 1,930 jobs between 2017 and 2027.¹⁹³ However, Central Point should consider the devastating effects that wildfires and smoke could have on the industry in the near-future.

¹⁹⁰ Guy Tauer, *Rogue Valley Employment Projections by Industry 2017-2027*, State of Oregon Employment Department (July 3, 2018), available at: www.qualityinfo.org/-/rogue-valley-employment-projections-by-industry-2017-2027.

¹⁹¹ *Id.*

¹⁹² *Id.*

¹⁹³ *Id.*

Figure 20: Industry Employment Forecast, 2017-2027¹⁹⁴
Jackson and Josephine Counties

Employment Sector	2017	2027	Change	% Change
Total Employment	123,190	137,610	14,420	12%
Total payroll employment	116,030	129,390	13,360	12%
Total private	101,750	114,290	12,540	12%
Natural resources and mining	3,600	4,430	830	23%
Mining and logging	550	570	20	4%
Construction	5,290	6,600	1,310	25%
Manufacturing	10,740	11,690	950	9%
Durable goods	7,170	7,500	330	5%
Wood product manufacturing	2,610	2,670	60	2%
Trade, transportation, and utilities	25,020	26,430	1,410	6%
Wholesale trade	3,190	3,290	100	3%
Retail trade	18,110	19,090	980	5%
Transportation, warehousing, and utilities	3,720	4,050	330	9%
Information	1,410	1,410	0	0%
Financial activities	5,310	5,630	320	6%
Professional and business services	9,290	10,650	1,360	15%
Private educational and health services	21,830	25,790	3,960	18%
Private educational services	1,000	1,180	180	18%
Health care and social assistance	20,830	24,610	3,780	18%
Health care	18,480	21,710	3,230	17%
Leisure and hospitality	14,580	16,510	1,930	13%
Accommodation and food services	12,700	14,290	1,590	13%
Other services and private households	4,680	5,150	470	10%
Government	14,280	15,100	820	6%
Federal government	2,010	2,180	170	8%
Federal government post office	450	450	0	0%
State government	2,750	2,910	160	6%
Local government	9,520	10,010	490	5%
Local education	6,790	7,160	370	5%
Self-employment	7,160	8,220	1,060	15%

Using the total employment data in **Figure 20**, we know how many people each industry employed in 2017 and a projection for those figures through 2027. As a result, we can calculate the annual job growth for the region per industry. Using the foregoing data, and assuming that the rates remain constant, a sample jobs forecast for the Rogue Valley region can be calculated through 2039, as seen in **Figure 21**.

¹⁹⁴ Guy Tauer, *Rogue Valley Industry Employment Projections* data (June 26, 2018), available at: www.qualityinfo.org/documents/10182/92203/Rogue+Valley+Industry+Employment+Projections+2017-2027?version=1.5 (Excel warning)

**Figure 21: Employment Growth Forecast
Jackson and Josephine Counties by Industry Sector**

Industry Sector	Number of Jobs in 2017 ¹⁹⁵	Number of Jobs in 2027 ¹⁹⁶	Forecasted Change in Jobs through 2027 ¹⁹⁷	Forecasted Annual Change in Jobs ¹⁹⁸	Total Job Growth Forecast Southern Oregon 2019 through 2039 ¹⁹⁹
Construction & Natural Resources	8,890	11,030	2,140	214	4,280
Manufacturing	10,740	11,690	950	95	1,900
Transportation & Utilities	3,720	4,050	330	33	660
Wholesale Trade	3,190	3,290	100	10	200
Subtotal Industrial Jobs	26,540	30,060	3,520	352	7,040
Retail Trade	18,110	19,090	980	98	1,960
Financial	5,310	5,630	320	32	640
Services (professional, business, health, private education, hospitality, information)	47,110	54,360	7,250	725	14,500
Subtotal Commercial/Services Jobs	70,530	79,080	8,550	855	17,100
Institutional/Government	14,280	15,100	820	82	1,640
Other	11,840	13,370	1,530	153	3,060
Total New Jobs	123,190	137,610	14,420	1,442	28,840

In total, if the job growth rates projected for 2017-2027 are maintained for the next two decades, Southern Oregon will grow by 28,840 jobs by 2039.

iv. Regional Competitiveness

Generally, employers make locational decisions based upon a region's competitive position for their industry. They then choose between communities within that region based upon localized factors. So, identifying industries in which the region can become competitive is an important step in developing land use policies and strategies to capture economic development potential for which Jackson County is well positioned.

Figure 22: Jackson County Shift-Share Analysis 2010-2017¹⁹⁵

Major Industry	LQ		U.S. Growth rate ¹⁹⁶		Region Shift ¹⁹⁷	
	2010	2017	Percent	Net	Percent	Net
Farm Employment	1.63	1.48	13.44	365	-10.3	-280
Forestry, Fishing, and Related	3.95	4.02	13.44	286	1	21
Mining	0.32	0.53	13.44	35	74.74	194
Construction	1	1.05	13.44	742	4.9	271
Manufacturing	0.9	1.08	13.44	924	20.57	1,414

¹⁹⁵ Pacific Northwest Regional Economic Analysis Project (PNREAP), Shift-Share Analysis of Employment Growth Jackson County, 2010-2017 (data analyzed Nov. 15, 2018), available at: oregon.reaproject.org/analysis/shift-share/tools/410029/2010/2017/.

¹⁹⁶ The change in local employment that would have occurred for a specific industry had it grown at the national growth rate of all industries combined.

¹⁹⁷ The additional gain (or loss) in local employment for a specific industry beyond the national growth and industry mix effects resulting from the industry growing faster (or slower) than the same industry nationally. This does not represent actual jobs lost but jobs that could have been created had the region kept up with the national growth rate.

Retail Trade	1.4	1.39	13.44	2,079	-1.45	-225
Transportation and Warehousing	0.91	0.82	13.44	424	-14.78	-466
Information	1.09	0.79	13.44	298	-29.55	-655
Finance and Insurance	0.71	0.65	13.44	553	-10.72	-441
Real Estate and Rental and Leasing	1.19	1.16	13.44	773	-3.52	-203
Professional, Scientific, and Technical Services	0.71	0.71	13.44	712	-1.82	-96
Management of Companies and Enterprises	1.36	0.74	13.44	233	-60.57	-1,051
Administrative and Waste Services	0.83	0.77	13.44	729	-9.23	-501
Educational Services	0.55	0.6	13.44	190	10.04	142
Health Care and Social Assistance	1.28	1.31	13.44	2,064	2.11	324
Arts, Entertainment, and Recreation	1.37	1.34	13.44	441	-3.53	-116
Accommodation and Food Services	1.08	1.16	13.44	1,097	8.11	662
Other Services (except Public Administration)	0.98	0.98	13.44	810	-0.54	-32
Federal Civilian	0.93	0.98	13.44	239	4.74	85
Military	0.43	0.43	13.44	77	-0.76	-4
State Government	0.59	0.29	13.44	265	-51.42	-1,016
Local Government	0.78	0.86	13.44	940	8.99	629
Other/Suppressed Industries ¹⁹⁸	0.69	0.69	13.44	384	0.07	2
Total Employment	1	1	13.44	14,662	-1.23	-1,343

See **Figure 22** for how specific industries are doing in the Rogue Valley as compared to the national average. The shift-share column (LQ) measures the degree to which an industry sector has outperformed the nation within that industry's employment levels during a specified time period. If the regional growth in an industry outpaced the change in the national share then there would be a positive (greater than 1) shift share.

If an industry sector has out-performed in a shift share analysis and the concentration within that industry also exceeds national averages in a Location Quotient (LQ) analysis, then those industries are likely to be ones for which the region has exhibited durable comparative advantages.

Between 2010 and 2017, the region outperformed the nation in nine industries. Of these, mining, manufacturing, educational services, and accommodation and food services outperformed the nation by at least eight percent. Mining had the highest percent gain in employment relative to the nation during the period, however given how little mining industry the area had previously, this comes out to a gain of only 194 new jobs. The second strongest shift came from manufacturing at 20.5 percent and with 1,414 new jobs.

¹⁹⁸ The "Other/Suppressed Industries" category portrayed in this table represents a combined total of those industries for which data were unavailable due to confidentiality restrictions. Those industries that are combined include: Utilities; Wholesale Trade.

There are three industries that the region is lagging in significantly: management of Companies and Enterprises, Information, and State Government. Management of Companies and Enterprises is a classification that involves employment in companies that run other types of smaller companies. Although the previous Economic Element indicated that the region was substantially ahead of the national curve (at 55 percent shift), the region is now significantly behind the national curve (at negative 60.57 shift). This makes sense given the somewhat remote location of the region from a major city and the levels of expertise that would typically be required in this type of industry.

The Information industry includes publishing, software, broadcast, and internet industries. It is unclear why the region is behind by almost 30 percent; however, it may have to do with the Southern Oregon region lacking a research university, which would attract younger information professionals. The relative proximity of Silicon Valley (less than 400 miles away) probably contributes to a brain-drain of these young workers. The lack of growth in State Government jobs makes sense because most of the Oregon governmental offices are in the state capital, Salem, or other parts of the Willamette Valley.

v. Economic Development Context

In addition to measuring economic data, Statewide Planning Goal 9 encourages cities to consider traits in their local economies that have yet to be numerically qualified. These traits are evaluated below through an analysis of Central Point’s strengths, weaknesses, opportunities, and threats.

Figure 23: Central Point’s Qualitative Trends¹⁹⁹

Trait	Strengths	Weaknesses	Opportunities	Threats
Location, size, and buying power of markets	Relatively low percentage of large retail compared to population. National exposure with specialty food industry.	Relatively low per-household income.	If relative wages can be increased, 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 within city limits the role of the City in setting the policy and agenda for regional economic development.	If City can add a few large employers in a particular sector, the City will be able to drive regional policy in that area.	Capitalizing on this opportunity will require a coordinated strategy.
Transportation facilities	City has good freeway and airport access.	Central Point's I-5 interchange (Exit 33) is an old design with limited capacity.	Expansion of Exit 35 would add an additional freeway interchange and opportunities for key industries to locate there.	Growth around Exit 35 needs to help economic development without threatening the function of the interchange.

¹⁹⁹ See City of Central Point, *Economic Element 2013-2033* (2013) citing City of Central Point.

Public facilities and services	City has practical approach to its public facility needs and requirements.	City's water is supplied by the Medford Water Commission and sewage treatment is provided by the Regional Water Reclamation Facility operated by the City of Medford under long-term agreements.	City needs to ensure that it continues to have adequate capacity to serve future employment demands.	Maintaining a good relationship with the City of Medford and the Medford Water Commission is important to avoid future service disputes or too large an increase in rates.
Workforce development	City's workforce has access to Rogue Community College (RCC), Southern Oregon University (SOU), the Job Council, and other training programs.	Regionally, there are few post-graduate degree opportunities, no research university, and no proactive regional programs to encourage college graduates to locate to the area. 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 Greater Bear Creek Valley Regional Problem-Solving Plan ("RPS") should encourage growth in the Tolo area and Central Point could capitalize on the advantages present.	The RPS may require additional planning work.	Capitalize on the opportunity for targeted employment growth in the Tolo area.	Delays in making the Tolo area market ready.

vi. 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 exhibits a strong and durable competitive position. These are the same industries identified in the 2013 Economic Element, and the conclusions in 2013 remain accurate in 2019.

- 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 as exemplified by the Providence Medical Group building on Front Street. Although existing investments in Medford hospitals are likely to concentrate much of the regional growth, Central Point has an opportunity to keep pace with the growth in this sector.

Central Point also has some unique spatial characteristics that may support future economic activities in two other sectors due to the Greater Bear Creek Valley Regional Problem-Solving Plan ("RPS"). 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.

vii. Assessment of Central Point's Economic Development Potential

The DLCDC's Industrial & Other Employment Lands Analysis Guidebook recommends assessing the City's economic potential based on several factors. See **Figure 24** for subjective scoring on each of Central Point's competitive market advantages and disadvantages.

Central Point is located well in relation to markets and key transportation facilities. It is situated halfway between two major cities, Portland and San Francisco, is located on Interstate 5, and has ready access to the Rogue Valley International Airport. The drawbacks are that it is not located close to a major metro area and most flights from the airport require connecting flights at a major hub.

Central Point has excellent public facilities like water and sewer. There are rarely any service disruptions.

Central Point has fair access to labor markets. Its relative isolation from a major population center does increase costs and decreases its ready access. The same is true with materials and energy, aside from some natural resources like timber. But, as Section 5, Subsection iv demonstrates above, the Southern Oregon region is competitive in several labor markets.

Figure 24: Central Point's Economic Development Potential

Description	Score
Location relative to markets	3
Availability of key transportation facilities	3
Key public facilities (water, sewer, etc.)	4
Labor Market (cost and access)	2
Materials and energy (availability and cost)	2
Necessary support services	3
Pollution control issues	3
Education and technical training	2
Other (such as land availability)	3
Total	25

Scores: 1 = poor, 2 = fair, 3 = good, 4 = excellent

Central Point has good access to necessary support services. What businesses cannot get internally or in near-by Medford, they can get at a nearby major city like Portland, or probably find online.

Central Point has few pollution control issues, although the wildfire smoke in the summer months does harm to the local economy and industries like tourism.

The City has fair access to education and technical training. The area hosts both Rogue Community College (RCC) and Southern Oregon University (SOU). Other than that, most students must travel either to the Oregon Institute of Technology in nearby Klamath Falls, to a state school like the University of Oregon and Oregon State University in the Willamette Valley, or out of state altogether.

Lastly, Central Point has good access to other market advantages, such as a ready supply of land in the Rogue Valley and surrounding communities.

viii. Central Point's Projected Job Growth

Next, a forecast for Central Point's future job growth needs to be calculated. This is key to determining how much land is needed per industry category in Central Point through 2039. The following analysis is based on Central Point's population compared to the regional population. That population percentage is then applied to the regional job forecast.

For example, given that the population of Jackson County in 2018 was 219,270²⁰⁰ and the population of Josephine County is 87,487,²⁰¹ and Central Point has 19,101 people,²⁰² the City of Central Point currently has approximately 6.22 percent of the regional population. As a result, we can assume that Central Point will capture approximately 6.22 percent of jobs created regionally in the year 2019.²⁰³

By 2039, Central Point will grow by approximately 7,216 residents.²⁰⁴ This means that by 2039, Central Point will have approximately 7.06 percent of the regional population because Jackson County will have 264,951 people and Josephine County 107,470 people. *See Figure 25.* As a result, we can assume that Central Point will capture approximately 7.06 percent of jobs created regionally in the year 2039.²⁰⁵

But we need to know more than how many jobs are created in the year 2019 or in the year 2039—we need to know how many jobs will be created every year between 2019 and 2039 to get the total number of employment acres Central Point is going to need. Unfortunately, we only have the regional job data for those individual years, the regional and city population data, and what we have calculated to be Central Point's share of the region's job growth. However, if we take an average of Central Point's population share (that is, the average of 6.22 percent and 7.06 percent), we can estimate the average percentage of the regional population that Central Point will capture over the next 20 years, which is 6.64 percent. As a result, we can assume that Central Point will capture approximately 6.64 percent of the new jobs created regionally between 2019 and 2039.

Using the data in **Figure 25**, we can apply Central Point's projected population rates to forecast the number of jobs that Central Point will likely gain in each industry from 2019 to 2039. *See Figure 26* for the forecasted job numbers. Ultimately these numbers show that by 2039, Central

²⁰⁰ Portland State University, Population Research Center, *Jackson County Coordinated Population Forecast 2018 through 2068* 47 (June 30, 2018), available at: www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Jackson_Report_Final.pdf (PDF warning).

²⁰¹ Portland State University, Population Research Center, *Josephine County Coordinated Population Forecast 2015 through 2065* 33 (June 2015), available at: www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Josephine_Forecast_Report_201506.pdf (PDF warning).

²⁰² Portland State University, Population Research Center, *Jackson County Coordinated Population Forecast 2018 through 2068*.

²⁰³ Note that this assumes that Central Point has an equal percentage of the jobs created as compared to population, not that it has an equal percentage of total jobs now existing.

²⁰⁴ That is Central Point's forecasted 2039 population less the estimated 2018 population from **Figure 25** (26,317 – 19,101 = 7,216).

²⁰⁵ Note that this assumes that Central Point has an equal percentage of the jobs created as compared to population, not that it has an equal percentage of total jobs now existing.

Point will add 1,948 new jobs. This means that Central Point will need employment land to house these new workers.

Figure 25: Central Point's population growth rate

City/County	Estimated 2019	Estimated 2039	Average Population Share, 2019-2039 ²¹⁵
Central Point's Population ²¹⁷	19,101	26,317	
Jackson County's Population ²¹⁶	219,270	264,951	
Josephine County's Population ²¹⁸	86,423	97,377	
Total Population of Both Counties	305,693	362,328	
Central Point's Capture Rate of Job Growth	6.2%	7.3%	6.8%

Source: 2019 PRC Coordinated Population Forecast, Jackson and Josephine Counties

Figure 26: Central Point's 20-year job forecast by industry

Industry Sector	Southern Oregon's 20-Year Job Forecast ²⁰²	Central Point's Total Job Growth Capture at 6.8% of Regional Forecast (2039)
Construction & Natural Resources	4,280	289
Manufacturing	1,900	128
Transportation & Utilities	660	45
Wholesale Trade	200	14
Subtotal Industrial Jobs	7,040	476
Retail Trade	1,960	132
Financial	640	43
Services (professional, business, health, private education, hospitality, information)	14,500	980
Subtotal Commercial/Services Jobs	17,100	1,155
Institutional/Government	1,640	111
Other	3,060	207
Total New Jobs	28,840	1,948

Based on the foregoing data, Central Point will need enough employment lands over the next 20 years for approximately 1,948 new jobs.

Section 6: Land Demand

Introduction This section projects the City of Central Point's short term (2019-2024) and long-term (2019-2039) supply of land needed to satisfy employment projections.

Having reviewed economic trends on a national, state, regional, and local level, it is important to use that information to identify economic development opportunities that are likely to expand or locate in or near Central Point within the next twenty years. Understanding the types of sites needed will enable the City to successfully implement its economic development objectives.

Legal Requirements Central Point must have adequate supplies of land to meet employment needs for a range of employment opportunities. These lands must be adequate to capitalize on the City's economic opportunities in terms of both quantity and type.

Central Point is required to identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand within the city's urban growth boundary. OAR 660-009-0015. A use or category of use will be reasonably expected to expand or locate to Central Point if it possesses the appropriate locational factors for the use or category of use.

Economic Growth Rate 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 1.5% through 2039, *see Figure 17* supra.

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 outperform 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 (See Figure 27).

i. 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.

ii. Trucking and Warehousing

The trucking and warehousing industry is strong 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.

However, the Tolo area is constrained because of a relative lack of water service. Any attempt to take advantage of this area would require a large investment to increase water and provide other necessary utilities.

iii. 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 included within the retail category includes restaurants and bars while restaurants are categorized in the leisure and hostility industry sectors, so growth in this sector is appropriately consistent with the retail uses in both categorization schemes such as a boutique.

iv. Projected Growth Forecast by Industry

Figure 27 depicts a reasonable 10-year planned growth rate by industry for the City of Central Point. This growth rate utilizes the state’s regional forecast for all industries through 2027 and shows how much each industry is likely to grow both statewide and in the City of Central Point.

Figure 27: Central Point Projected Growth Rate by Industry²⁰⁶

Industry Sector	State % Change, 2017-2027	Central Point % Change, 2017-2027
Total Private	12.9%	12.0%
Natural Resources and Mining	11.1%	23.0%
Construction	17.5%	25.0%
Manufacturing	6.7%	9.0%
Trade, Transportation & Utilities	10.5%	6.0%
Wholesale	8.1%	3.0%
Retail	9.4%	5.0%
Transportation, Warehouseinf & Utilities	17.3%	9.0%
Leisure and Hospitality	13.1%	13.0%
Professional & Business Services	17.0%	15.0%
Financial	4.9%	6.0%
Other Services	10.6%	10.0%
Information	10.2%	0.0%

This is the best and most recent data available for regional industry growth projections over the mid-term (10 years). This economic element assumes that the rates will remain constant through 2039.

i. Site Requirements Analysis

Goal 9 requires an analysis of site requirements. The Economic Element and Buildable Land Inventory essentially breaks the City’s employment land inventory by employment category. 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. **Figure 28** describes the qualitative site requirements for each of the general development pattern.

²⁰⁶ The data in the middle column is from the Gail Kiles Krumenauer, Senior Economic Analyst at the Oregon Employment Department, *Oregon Employment Industry Projections 2017-2027* (June 26, 2018), available at: www.qualityinfo.org/documents/10182/92203/Oregon+Industry+Employment+Projections+2017-2027?version=1.7 (Excel Warning). The data in the right column is from Guy Tauer, Regional Economist at the Oregon Employment Department, *Rogue Valley Industry Employment Projections 2017-2027*, available at: www.qualityinfo.org/documents/10182/92203/Rogue+Valley+Industry+Employment+Projections+2017-2027?version=1.5 (Excel Warning).

Figure 28: General Development Pattern Site Requirements

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 use. 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 their 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.

ii. Target Industries’ Unique Site Requirements

In addition to the general development pattern site requirements, the site requirements specific to Central Point’s target industries warrant more detailed consideration.

Specialty Food Products Manufacturing

The small cluster of businesses that are engaged in specialty food product 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. From there they have excellent visibility directly from Highway 99. However, the narrow strip between Highway 99 and the railroad tracks creates a practical/physical limit on future 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.

As the City's residential neighborhoods expand to the west and north there is a need for additional retail, and office, development to serve the particular commercial needs, both commercial and office, of the surrounding neighborhoods. The design and size of these commercial centers need to be based on the ultimate long-term density and area of the neighborhood and designed to complement the neighborhood's residential character. The location and design of these commercial centers need to support and encourage pedestrian access from the serving neighborhood. For land use planning purposes these centers are referred to as Pedestrian Oriented Neighborhood Commercial Centers.

Long-Term Land Demand Estimate

This section calculates Central Point’s land demand estimate for the next 20 years. **Figure 21** above provides the total number of jobs forecasted to be created in Southern Oregon through 2039. **Figure 25** calculates that Central Point should capture approximately 6.64 percent of these new jobs. **Figure 26** calculates that this equals approximately 1,915 new jobs for Central Point and allocates them by industry.

Employment land demand estimates can be projected using a variety of techniques, but this Economic Element calculates the land needs by converting the projected population growth rates into projected employees and then using average employee space needs and floor area ratios to project future land needs. See **Figure 32** for the estimate of employee density per acre. Then these land needs are 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.

iii. Estimate of Needed Employment Lands

In order to estimate the number of acres needed by 2039 for all Central Point’s industries, this section uses an employee per acre ratio. According to the DLCDC’s Industrial & Other Employment Lands Analysis Guidebook, there are typically 8-12 industrial sector jobs per acre, 14-20 commercial and service sector jobs per acre, 6-10 institutional and government jobs per acre, and 6-10 other employment sector jobs per acre.²⁰⁷

Figure 29: Projected Employment Net Buildable Land Needed 2019 to 2039

	Land Use Classification	Number of Jobs ²²⁴	Jobs/Buildable Acre Ratio from DLCDC ²²⁵	Employment Buildable Acres Needed ²²⁶	Existing Buildable Acre ²²⁷	Buildable Acreage Surplus/Shortage
2017 Jobs ²²⁸	Industrial	1,658	8			
	Commercial/Service	4,407	14			
	Institutional/Gov't	892	6			
	Other Services & Self-Employment	740	6			
	Total	7,697	22	-	-	-
Jobs Added by 2039 ²²⁹	Industrial	476	8	59	87	27
	Commercial/Service	1,155	14	83	61	(21)
	Institutional/Gov't	111	6	18	-	(18)
	Other Services & Self-Employment	207	6	34	-	(34)
	Total	1,948		142	148	(47)

Note: Employment Gross Acres Needed calculated using Buildable Acres adjusted for right-of-way (25%)

Figure 30 takes the number of jobs Central Point expects to gain by 2039 and estimates how many acres are needed for each major employment land use type based on the DLCDC’s employee per acre ratio. Then, it compares that to the total net buildable acres currently in the City. As a result, Central Point will need 47 new net acres in the aggregate by 2039.

However, Central Point will have a slight surplus of industrial lands but a deficit of commercial, institutional, and other land types. To eliminate this deficit, Central Point will need to add

²⁰⁷ DLCDC’s *Industrial & Other Employment Lands Analysis Guidebook*, 2-46.

approximately 73 gross acres of commercial, institutional, and other land types of lands by 2039.²⁰⁸ See **Figure 30**.

Figure 30: Gross Acres Needed²⁰⁹

Sector	New Buildable Acres Needed by 2039	Gross Employment	
		Acres Needed, 2019- 2039	Short-Term Gross Acres Needed, 2019-2024
Industrial	-	-	-
Commercial/Service	21	27	7
Institutional/Government	18	23	6
Other/Uncovered Employment	34	43	11
Total Employment	74	93	23

Another way to estimate the land demand is to compare the above result to the conclusions reached in other parts of the Central Point Comprehensive Plan. For example, Central Point's *Economic Element 2013-2033* found that the City would need between 59 and 67 acres by 2033. See also Central Point's *Land Use Element 2018-2038*, which made the same findings.

The previous Economic Element estimated that Central Point needs approximately 13 acres of employment lands per 1,000 residents.²¹⁰ Currently, Central Point has approximately 19,101 people²¹¹ and the 2039 population is projected to be around 26,317.²¹² This increase of approximately 7,216 residents means that Central Point would need a total of 93.8 additional acres for employment purposes in the long-term.²¹³ But, because there is a surplus of approximately 23 Industrial site acres, Central Point actually needs 65 acres.²¹⁴

Conclusion In conclusion, based on Central Point's projected job capture rate, the Comprehensive Plan's previous calculations, and the estimated ratio of residents to land use needs, Central Point has a forecasted demand of 65 to 74 additional net acres for employment purposes for the 2019 to 2039 planning period.

Short-Term Land Demand Estimate

By quartering the numbers from the long-term estimate, the short-term land employment use needs can be determined. As a result, Central Point will need 18 additional net acres for the next five years (2019-2024). See **Figure 30**.

Inventory of Employment Lands

After identifying economic opportunities and estimating land demand, the next step in the Goal 9

²⁰⁸ That is, $(21.1714) + (18.1667) + (33.8333) = (73.1714)$.

²⁰⁹ See **Figure 29**. Rounded to the nearest tenth.

²¹⁰ Central Point Land Use Element 2018 at 27.

²¹¹ *Id.* at 9.

²¹² Population Research Center, Portland State University, *Jackson County Final Forecast Report*, Cycle 2: Region 47 Documents (May 2018).

²¹³ That is, $((26,707 - 19,101) / 1000) * 13$ acres

²¹⁴ That is, 93.8 acres – 28.395.

process is to evaluate the current 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 Central Point *Buildable Lands Inventory (BLI): 2019-2039* has been published by the City of Central Point as a separate document. The above-conclusion that Central Point needs 65 to 73 additional net acres by 2039 considers the findings of the BLI, including that there is a slight surplus of industrial lands.

i. Redevelopment and Land Use Efficiency

The City of Central Point's current built employment land base has relatively limited redevelopment potential. According to the BLI, the City only has 8.95 acres of total commercial lands and 36.18 acres of industrial lands that are redevelopable.²¹⁵ 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 alter long-term supply and demand projections for employment lands. This quantitative determination does not 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.²¹⁶ Several parcels are zoned residential and that are large enough to be developed for employment uses. 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.

ii. Vacant Lands

According to the BLI, most of the City's vacant acreage consists of Medium Industrial lands, as well as Large and Medium Retail.²¹⁷ The City has barely any vacant acreage allocated predominantly to office use of any kind. It also has little acreage dedicated to small retail. However, according the analysis in this Economic Element, Central Point's economy will likely

²¹⁵ Central Point *Buildable Lands Inventory (BLI): 2019-2039* at 6, Tables 3 and 4.

²¹⁶ See Central Point *Buildable Lands Inventory (BLI): 2019-2039* at 13.

²¹⁷ *Id.* at 7, Figure 3.

have its strongest growth in industries that require retail and office space. As a result, the City needs to increase its buildable lands in these categories.

Further, according to the BLI, most of the vacant number of lots are in small retail (even though there is little total acreage).²¹⁸ Further, there are few vacant lots of any kind for offices, large retail, and large industrial.²¹⁹ As a result, the City will need more parcels for offices of every size and for large industrial and large retail.

Another consideration in the employment land demand and current employment land inventory is the spatial relationship between existing inventory and future demand. As the City's residential neighborhoods (UGB) expand to the west and north additional employment lands will be needed for Pedestrian Oriented Neighborhood Commercial Centers. As would be expected the City's current employment land inventory (planned and zoned) is not spatially appropriate for these new expanding neighborhoods, and in terms of inventory are considered excess supply. Consequently, there will be a need to discount some of these lands when addressing the supply need for new Pedestrian Oriented Neighborhood Commercial Centers.

iii. Conclusion

A stable and diverse economy that provides access to employment opportunities for Central Point's growing population is fundamental to providing a livable community consistent with the City's vision and preferred future. Based on the analysis herein, the City will experience growth across all employment categories and is particularly well positioned to experience growth in specialty foods, trucking and transportation, healthcare and retail services. However, proactive and effective strategies will be necessary to attract, retain and expand a diverse business environment to provide for the City's employment needs as they change over time. To accomplish this, the City recognizes the following considerations as essential to fostering an effective economic development program in Central Point:

1. Collaboration, Partnership & Comparative Advantages Must Be Leveraged. 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 national, state, and regional economic development discussions. Participating in regional economic development programs like Southern Oregon Regional Development, Inc. (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 Central Point is well positioned.
2. Adequate Land Supply and Development Site Characteristics Needed to be Competitive: The City will need to provide adequate land supply in terms of both acreage and development site characteristics to effectively respond to business development needs.

²¹⁸ *Id.*

²¹⁹ *Id.*

This need is particularly true for Neighborhood Commercial lands as the City expands its urban growth boundary. At this time, the City does not have enough employment lands to meet the projected economic needs over the next 20 years. Population growth and job forecasts indicate that the City will need more lands for Office, Retail and Institutional employment uses with a focus on development sites suitable for medium and large office and retail uses and availability of vacant buildings for expanding small businesses (i.e. flex-space). Over the 2019-2039 planning period, the City will need to expand the UGB to ensure an adequate 5-year and 20-year supply of buildable employment land (Table 30).

3. Dynamic Economic Conditions Require Proactive and Responsive Management. 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. They also require the City to engage in sustained analysis of national, state, and local economic conditions. Only when the City is actively monitoring its economy will it be poised to take advantage of good opportunities and guide the community through any turbulent times.

Furthermore, 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.

Section 7: Goals and Policies

Statewide Planning Goal 9 requires that comprehensive plans and policies contribute to a stable and healthy economy in all regions of the state. This section sets forth the City of Central Point's economic development goals and policies.

Goal 1 To actively promote a strong, diversified, and sustainable local economy, that reinforces Central Point's "small town feel"²²⁰ and family orientation while preserving or enhancing the quality of life in the community as a place to live, work, and play.

Because this Economic Element concludes that there will be economic uncertainty in the short-term, it is important that Central Point work to diversify and strengthen its economy. By continuing to analyze economic trends, Central Point will be able to continue growing strong throughout the 2019-2039 planning period.

Goal 2 To create meaningful incentives to encourage and support economic development;

Central Point has historically been a bedroom community where people live but work elsewhere. In order to maintain a strong tax base and to ensure continued economic prosperity, Central Point must take an active role in encouraging economic development.

Goal 3 To encourage and promote the development, redevelopment, and enhancement of retail and office areas to achieve a vibrant shopping, entertainment, living and working experience in the downtown area.

This goal is important because Central Point needs a vibrant downtown in order to ensure future economic prosperity. Further, based on the current BLI and the projected land use needs, Central Point is going to need targeted redevelopment strategies to encourage these types of activities in the future.

Goal 4 To encourage active communication and cooperation between the City, local, and state agencies, and local businesses concerning economic development, education, and workforce development.

The City cannot reach its goals without the assistance of others. As a result, the City needs to be receptive to suggestions and aid from others and also needs to be active in communicating its needs and plans.

Goal 5 To encourage and support growth, particularly in the targeted industries (specialty food manufacturing, and trucking and warehousing sectors).

²²⁰ As defined in the Urbanization Element of the Comprehensive Plan

These targeted industries are where the City could make strides. It is important that the City help maintain and grow these industries now and in the future.

Goal 6 To maintain at all times an adequate supply of suitable short-term (five-year) employment lands.

Central Point does not have an adequate short-term supply of lands for institutional/government and other employment types. As a result, the City should plan to add to the land supply in the near future.

Goal 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.

Goal 8 Create a positive environment for industrial, commercial and institutional job growth and development by maintaining an adequate land supply; providing a local development review process that is predictable, responsive, and efficient; and delivering high quality public facilities and services.

Goal 9 *Assure, through the UGB process, that adequate commercial lands are planned and designated for the development of pedestrian oriented neighborhood commercial centers to serve the City's new residential neighborhoods.*

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

Policy 1: Participation

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.

Policy 2: Refine Policies

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.

Policy 3: Monitor Long-Term Consequences

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.

Policy 4: Small Businesses

The City shall pursue and encourage development of leasable employment buildings (i.e. flex-space) to create opportunities to expand, retain and attract small businesses to Central Point's employment districts.

Policy 5: Business Innovation

Encourage innovation, research, development, and commercialization of new technologies, products, and services through responsive regulations and public sector approaches.

Policy 6: Tolo Area

The City shall, in collaboration with Jackson County, continue planning 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 the aeronautics manufacturing company 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. Because the area is currently constrained as a result of a lack of access to water, the City should begin planning how to make water more readily available so as to make these lands available for more economic development.

Policy 7: Monitor Regulations

The City shall periodically evaluate its regulations for employment related development, particularly as it relates to targeted industries, as well as compatibility with adjacent non-employment lands to ensure that regulations are consistent with applicable best practices. Regulations found to no longer be appropriate should be amended as soon as practicable thereafter.

Policy 8: Adequate Short-Term Supply

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, professional, health care, and trucking sectors.

Policy 9: Prepare for Long-Term Needs

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. The supply of short-term employment land shall be reviewed and updated every four years consistent with the Portland State University Population Research Center Coordinated Population Forecasting schedule. 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.

Policy 10: Pedestrian Oriented Neighborhood Commercial Centers.

As the City's expands the UGB it will include in the land use mix adequate commercial lands to for the development of Pedestrian Oriented Commercial Centers designed to compliment the physical character and encourage neighborhood pedestrian use. Adequacy of the acreage needed for Pedestrian Oriented Commercial Centers will be guided by the Regional Plan land use allocation.