



September 14, 2011
Don Russo
Economic Development Manager
Marion County Board of Commissioners

Marion County Economic Development Advisory Board 2011 Strategic Plan

Introduction

With persistent economic pressures working against us today, it is increasingly important to communicate and collaborate. The quality of life we enjoy in our Willamette Valley depends on a strong private sector supported and protected by a strong public sector. My colleagues and I serve voluntarily on the Economic Development Advisory Board (EDAB) to advance our common interests toward an improved economy and overall livability in Marion County, Oregon. We seek to build value and confidence in Marion County government as a partner in economic development.

Consistent with the purpose of EDAB as defined in its original charter and current bylaws, we propose this **Strategic Plan** to examine current pressures, define our goals and objectives, and strengthen Marion County's role in improving the local economic climate.

We start by suggesting our description of how we can enhance economic development:

Through innovation, leadership and positive attitudes, we promote economic development by collaborating across public and private sectors, and working to:

- seek efficiencies in government,
- help employers retain and create jobs,
- increase the property tax base that funds essential public services,
- and contribute to the overall health, public safety and balance of the local, state and national economy.

EDAB asks the Marion County Board of Commissioners for time to discuss and comment on this plan, to offer direction from the board's perspective, and to endorse our goals and objectives. Thank you.

Bill Cummins, Chair
Plant Engineer, Givaudan, Silverton

Section I. Purpose

Marion County Economic Development Advisory Board

As defined in its original charter in 2003 (shown in Addendum), EDAB was formed by the Marion County Board of Commissioners to support their efforts through specific directives:

- Strengthen the role Marion County government plays in improving and changing the local economic climate.
- Identify existing barriers and potential improvements within Marion County department processes and procedures that may impact economic development.
- Make recommendations to establish guidelines and standards for the Video Lottery Grant Program, or any other economic development funding streams.
- Evaluate the success of grants and the performance of grant recipients, and make recommendations to the Commissioners about further funding.
- Establish strategic goals, annual work plans and funding criteria.
- Raise the profile of economic development with county government.

Purpose further defined:

The MCEDAB was established by Resolution #03-45R on August 13, 2003 states in part:

“The Marion County Economic Development Advisory Board will be an innovative and visionary partner working toward an improved economy and overall livability of the county...

The board of commissioners will annually determine the level of funding of the Video Lottery Grant Program and communicate that level in a timely manner to EDAB...

It shall be asked to undertake the following:

1. Provide advice and strategic direction to the Marion County Commissioners on economic development policies and issues that promote the economy of the area and plan for the future.
2. Identify existing barriers and potential improvements within Marion County department processes and procedures that may impact economic development.
3. Make recommendations to establish guidelines and standards for the Video Lottery Grant Program...
4. Recommend conditions and performance goals to be met by the Video Lottery Program grantees...
5. Review and evaluate the performance of the Video Lottery Program grantees...”

Section II.

Economic Development Insights

Local business leaders and some of Marion County's top tax payers were asked to share their perspective and insights about today's economy.

Comments were expressed in first-hand conversations, January-August 2011.

Agribusiness

1. Consumer and governmental trust in agribusiness is in a period of decline resulting in increased regulatory burden and enforcement activity. Certainly, we should not be complacent about food safety or the environmental impacts of agribusiness. While regulatory change is needed to promote improvement, we should also not forget that the U.S. has the safest food supply in the world and Northwest farmers and food processors have an excellent record for environmental stewardship and sustainable practices. Moving forward, care should be taken to ensure that regulatory change is targeted to correct identified problems and does not create cost for no benefit. **Tim Root, Givaudan CEO, Silverton**

2. NORPAC is Marion County's largest taxpayer among businesses based in the county with over \$1 million paid in 2010 property taxes. Four critical issues important to NORPAC are: a.) protecting farmland from urban/rural conflicts, b.) improving transportation infrastructure and reducing gridlock, c.) using a county permitting process that is fast and efficient, and d.) recruiting and training a skilled workforce. **George Smith, NORPAC, Stayton**

Energy costs

3. Employers fear a severe spike in electricity prices when the PGE Boardman plant closes in 2020. They think solar and wind power are too costly and too intermittent. As an alternative for small-scale energy production, there is an effort by Chemeketa Community College and SEDCOR to develop portable biomass energy production plants (less than 1 megawatt) in the Willamette Valley where feedstock from agricultural waste is abundant. These mobile plants can be set in both farm areas and forest areas. **Bob Topping, Chemeketa Community College, Salem**
4. The cost of energy will continue to rise dramatically. In addition to rising global demand for oil, the cost of electricity and natural gas in the mid-Willamette Valley can be expected to increase. If government subsidies are reduced or eliminated, the cost of power will continue to drive up the cost of goods and services, and can trigger inflation. As more solar power is developed, the cost to consumers will increase; solar power is needed, however, in the eventual progression from fossil fuels to solar to fusion, then fission. **Gerry Lyman, Strategic Solar Solutions, Salem**

Manufacturing and jobs

5. As elsewhere, skilled manufacturing and technology jobs are highly desired in Marion County. While SANYO Solar of Oregon created 200 new jobs here, some industrial employers warn that it is critical to retain skilled blue collar jobs in the metals industries, for example; now enhanced by computer technology, many of these

are not glamorous jobs but important in saving U.S manufacturing capabilities.

Dan Ulven, Ulven Companies, Hubbard

6. As Oregon Department of Aviation now completes an update to the Aurora State Airport's master plan, there has been controversy from some who object to growth and fear increased air and ground traffic. However, there are nearly 1,000 jobs based at the airport which are critical to the region's economy. **Aurora State Airport Public Advisory Committee**
7. The City of Salem considers the Salem Airport a valuable economic development asset. Over 80 acres at the airport are "shovel-ready" for new investment in aviation-related enterprises including charter and commercial aviation, manufacturing, business and military endeavors. The Federal Aviation Administration has approved a runway extension from 5,800 feet to 7,000 feet. City council is fully committed. An owner's representative has been hired to manage the runway extension project, and the City has applied for FAA funding. **John Wales, Director of Urban Development, City of Salem**
8. In retail, some fear a double-dip recession in Marion County as school districts, federal, state and local governments reduce their workforce. Following major cuts in private sector jobs over the past three years, they fear fewer people buying cars, eating out and making their mortgage payments. **John Miller, Courthouse Athletic Club, Salem**

Development, planning and the housing market

9. Oregon is third highest in unemployment and third highest in hunger among the fifty states. The single biggest reason for this is because new growth is very hard to get going. Economic development is often restricted by significant critical factors:
 - Everything is political today. With greater public exposure through the internet and other media, new development projects become highly visible and politically susceptible to those who oppose growth.
 - Those critical to new developments have a loud voice in the planning and decision-making process, yet rarely have a stake or financial investment.
 - The traditional planning process often slows development because it serves to protect those already in place rather than accelerate new projects.
 - Slowing the process makes development more costly and causes delays that can make a developer miss time-limited market opportunities.
 - To help accelerate economic development, an alternative process is needed that gives up some element of local control in return for a group of people bestowed with authority to make deals and projects happen. SEDCOR acts in this manner at times.
 - New political leaders may be needed to fight for emerging public interests that believe the private sector deserves priority over the public sector if our historical improvements in quality of life are to be sustained. **Chuck Sides, Salem**

10. The economy has reversed a long-term trend and now tenants often have more advantages than landlords. Tenants can relocate for better rates and newer properties, can downsize more easily to fit reduced staffing, and they can avoid the financing trap that has given many owners an upside-down ratio where property debt exceeds market value. Landlords now face devalued property and high vacancy rates.
Garth Brandow, CB/Two Architects, Salem
11. Local municipalities face economic pressure to comply with DEQ mandates for water quality improvement projects. The city planning director said Aurora faces an \$11 million project, a city councilor said Hubbard faces a \$1.5 million project and a city planner reported Wilsonville faces a \$41.8 million wastewater treatment project, all with no available funding. When combined with cost increases for healthcare and PERS, expenses far exceed income. **Greg Leo, facilitator, French Prairie Forum**
12. On June 24, 2011, there were 4,130 active listings of single-family residences in Marion County. Sales over the past 12 months total 1,911. At the current sales rate, we have a 26-month inventory. In the best of times, the market carries about a nine-month inventory. About 1,300 new listings come on the market each month. There are currently 54 foreclosed properties listed for sale. In the past 12 months, 243 foreclosed properties sold, about 20% of all sales. Homeowners who lost to foreclosure must wait three to seven years before they can qualify again for a mortgage loan. After 22 years of growth, the residential average sale price in Marion County declined 6.9% in 2008, 9.14% in 2009, and 7.25% in 2010 for a cumulative loss of 23.29%. **Jay Gordon, Willamette Valley Multiple Listing Service, Salem**
13. In a June report of the National Association of Realtors, Salem ranked as the 3rd worst housing market in US metropolitan areas with a 20.6% decline in median home sales price when comparing 2011-1st quarter sales to 2010-1st quarter sales. The report also shows a 26.5% decline from \$208,800 in 2008 to \$153,500 in 2011-1st quarter.
National Association of Realtors website
14. In 2010, 66% of local real estate brokers ended the year without a single closing of a sale. In the best of years, about 20% end the year with no closing. **Jim Lewis, Salem Area Realtors Association**
15. Because the supply of single-family housing outpaces demand and because the costs of regulatory code changes, permits, fees, financing, building materials and labor are high, developers say they cannot afford to build single-family subdivisions. Demand for multi-family housing, however, is growing and developers expect supply will soon fall below demand, causing a shortage of available units and a spike in rental rates. **Lee Sjothun, real estate developer, Keizer**

Jobless statistics

16. There were an estimated 20,121 Marion and Polk County residents unemployed in a civilian labor force of 200,674 for the month on June 2011, and there were 180,553

residents employed including payroll employees, self-employed, farm workers, and residents commuting outside of the counties for work.

In the Salem MSA, June total nonfarm employment was 142,500, a loss of 2,500 jobs since June 2010. Private nonfarm employment lost 1,000 over the past 12 months, while public sector employment declined 1,500 over that period. Educational and health services gained 400 jobs over the past 12 months. Manufacturing employment has been stabilizing and has shed only 200 jobs over the past 12 months.

From May to June, the Salem MSA's total nonfarm employment increased 200 jobs; the private sector added 600 jobs during the month while government employment declined 400 from its May level. The construction sector added 300 jobs in June. Over the past 12 months construction employment has dropped 100. Leisure and hospitality employment added 100 in June. In the public sector, state government shed 100 jobs while local governments shed 300 jobs in June.

Pat O'Connor, Regional Economist, WorkSource Oregon, Salem

Communication

17. The greatest problem in business is poor communication. The greatest strength in business is good communication. *Michael Roth, Roth's Family Markets, Salem*

Section III. Goals

EDAB 2011 Strategic Plan

EDAB members understand that Marion County government has no authority to create jobs in the private sector, yet members desire to contribute in ways that can be of value and assistance to Marion County.

1. EDAB will increase communication and collaboration among employers in Marion County in the private sector as well as in the public sector to support economic development.
2. EDAB will help the private sector understand better how the public sector works. EDAB will help the public sector understand better how the private sector works.
3. EDAB will join with others to stimulate job creation broadly, as well as in the five business and industry clusters identified as economic strengths in Marion County:
 - a. Agriculture, food & beverage products
 - b. Forest products
 - c. Metals, machinery & equipment
 - d. Specialty materials manufacturing
 - e. Traded sector services
 - f. Tourism
4. EDAB will improve communication, relationships, understanding and synergy between Marion County and its departments that support and protect business:
 - a. Public Works Department
 - i. Land use, planning, zoning, building permits and development fees
 - ii. Transportation and infrastructure of roadways, bridges and ferries
 - b. Marion County Housing Authority
5. EDAB will improve communication, relationships, understanding and synergy between Marion County and its community partners that support business:
 - a. SEDCOR
 - b. Mid-Willamette Valley Council of Governments
 - c. Job Growers, Inc
 - d. Travel Salem
 - e. Grow North Santiam
 - f. Chambers of Commerce
 - g. Business Oregon, Association of Oregon Industries, National Federation of Independent Business and others
 - h. Local, state and federal jurisdictions when appropriate
6. EDAB understands that the Board of Commissioners will allocate FY 2011-2012 annual funding of the Oregon State Lottery distribution program, to the extent that resources are available:
 - a. Oregon Garden for annual bond payments

- i. This critically important priority helps support economic development and tourism at the Oregon Garden and around Marion County. Without lottery funds, the repayment obligation would have to be funded through Marion County's general fund which would cause funding cuts to vital public safety services.
 - b. Marion County Planning Division funds for land use planning
 - i. Another top priority supports economic development by assuring that adequate county staffing is available to respond to developers when planning services are needed.
 - c. Economic development grant funding to:
 - i. SEDCOR, Travel Salem, Grow North Santiam
These three partners have been funded annually for a period of years for their efforts strengthening vital sectors in Marion County's economy: manufacturing, tourism and timber-dependent communities.
7. To the extent that Video Lottery funds remain, EDAB recommends restarting the grant program to help stimulate job creation and retention.

Section IV. Objectives

Work Plan

To serve the Board of Commissioners:

Looking forward 2011-2013

1. EDAB will meet with top tax-paying employers based in Marion County to learn and understand the challenges they face and ask how Marion County can assist in the retention and expansion of jobs.
2. EDAB will also meet with top not-for-profit and public employers that are exempt from property tax, such as Salem Hospital, Silverton Hospital, Santiam Hospital, the City of Salem and Willamette University.
3. EDAB will work to align the two industry clusters of food processing and processing of agricultural residuals to support efforts aimed at creating new jobs that help stimulate and advance new markets for agricultural-related products such as aseptic food packaging.
4. EDAB will meet with leaders from Marion County departments such as Public Works' Planning Division, Public Safety and the Board of Commissioners to learn more of their services and share feedback from area employers.

5. Members of EDAB will seek individual meetings with employers to generate conversations, listen to concerns, and develop ideas/ projects in economic development.
6. An “Economic Summit” for small cities within the county to discuss ways to gain efficiencies and collaborate will be held in 2012.
7. EDAB will initiate an effort among the three jurisdictions of Marion County, Woodburn and Stayton to consider using the same forms, nomenclature and processes for planning and permitting process.
8. EDAB will form a subcommittee to review the Marion County Urban Zone Code for the purpose of identifying potential conflicts between planning standards and market limitations.
9. Working with Mid-Willamette Valley Council of Governments, EDAB will help promote their revolving loan fund for small business creation/expansion to promote available financing options.
10. Add up to four new members.
11. Improve the Economic Development webpage on the Marion County website.
12. EDAB will conduct an opinion survey of past EDAB grant recipients to ask feedback of their grant’s effectiveness and ask advice in future grant program guidelines.
13. EDAB will award economic development incentive grants when directed by the Board of Commissioners, and to the extent that resources are available from the Oregon State Lottery program.

Conclusion

The 2011 Strategic Plan will guide the Economic Development Advisory Board to:

1. Support the Marion County Board of Commissioners’ interests and priorities;
2. Build synergy among leaders in the public and private sectors working for economic development;
3. Identify current business concerns and potential areas of improvement, and advise the Board of Commissioners of relevant findings;
4. Strengthen relationships with local employers; and
5. Recommend ways to improve efficiencies in Marion County services, processes, codes, regulations and fees that support employers.

Section V. Addendum

Marion County FY 2011-12 Annual Budget (pages 11, 12, 14)

MARION COUNTY MISSION STATEMENT

We serve the public to protect, promote and enhance a positive quality of life in Marion County.

MARION COUNTY VISION STATEMENT

Marion County is a healthy, safe and vibrant place to live and work.

GOALS AND KEY INDICATORS

County departments continue to align their individual department goals with overall county goals. This will assist Marion County in managing public resources carefully and in working effectively in a focused way to address identified issues...

Growth and Infrastructure

Goal 2: Provide leadership and direction that addresses the challenges and opportunities that come with the continual growth and diversity of Marion County's population. Sustain an organization that focuses resources on smart, healthy growth options which best meet the needs of Marion County residents and help build a climate that is friendly to business.

Economic Development

Goal 4: Promote economic and workforce development opportunities for Marion County residents, businesses and local communities by encouraging a diversified and expanded economy.

Source: <http://www.co.marion.or.us/NR/rdonlyres/6470F5D4-EE98-4DA6-805D-832136AB5169/34957/3GoalsandKeyIndicators.pdf>

Board of Commissioners' Office Goals and Objectives (page 367)

Economic Development

Goal 1: Create a business friendly environment that retains and attracts businesses and gets people back to work.

- Objective 1 - Promote economic development and job growth through the Economic Development Advisory Board's lottery grant recommendations.
- Objective 2 - Maintain support of the Strategic Economic Development Corporation (SEDCOR).
- Objective 3 - Advocate for increased funding for road improvements including access to main collectors and arterials.
- Objective 4 - Report annually on the economic environment of Marion County and incorporate findings into the State of the County address.

Source: <http://www.co.marion.or.us/NR/rdonlyres/6470F5D4-EE98-4DA6-805D-832136AB5169/34929/10BoardofCommissionersOffice.pdf>

Marion County Economic Development Advisory Board 2009 Bylaws (in part)

1. Name.

This advisory board will be known as the Marion County Economic Development Advisory Board (hereinafter referred to as "MCEDAB").

2. Mission.

To serve the interests of the citizens of Marion County by providing advice and recommendations to the Board of Commissioners regarding economic development and those issues that impact economic growth within Marion County and the region.

3. Purpose of the Marion County Economic Development Advisory Board

The MCEDAB is established in accordance with Resolution #03-45R on August 13, 2003. The MCEDAB will serve the public interest by providing advice and recommendations to the Board of Commissioners regarding economic development and those issues that impact economic growth within Marion County and the region, along with recommending the disbursement of Marion County Video Lottery funds to strengthen and diversify the economic base of Marion County in an ethical and responsible manner. The MCEDAB is subject to the laws applicable to public bodies...

Source: <http://www.co.marion.or.us/NR/rdonlyres/567905F1-393B-4068-9EC5-9C9094B81F34/35106/2009EDABAdoptedBylaws.pdf>

Oregon Revised Statutes, 2009 Edition

Chapter 461 — Oregon State Lottery

461.540 Administrative Services Economic Development Fund.

(1) There is established in the General Fund of the State Treasury the Administrative Services Economic Development Fund. All moneys transferred from the State Lottery Fund, interest earnings credited to this fund and other moneys authorized to be transferred to this fund from whatever source are appropriated continuously for any of the following public purposes:

- (a) Creating jobs;
- (b) Furthering economic development in Oregon; or
- (c) Financing public education.

(2) Moneys shall be transferred from the Administrative Services Economic Development Fund to:

- (a) The Education Stability Fund established under ORS 348.696 as described in Section 4, Article XV of the Oregon Constitution; and
- (b) The school capital matching subaccount created within the Education Stability Fund, as provided by ORS 461.558.

(3) As used in this section and section 4, Article XV of the Oregon Constitution:

- (a) "Creating jobs" includes, but is not limited to:

- (A) Supporting the creation of new jobs in Oregon;
 - (B) Helping prevent the loss of existing jobs in Oregon;
 - (C) Assisting with work transition to new jobs in Oregon; or
 - (D) Training or retraining workers.
- (b) "Education" includes, but is not limited to, the Education Stability Fund established under ORS 348.696 and specific programs that support the following:
- (A) Prekindergartens;
 - (B) Elementary and secondary schools;
 - (C) Community colleges;
 - (D) Higher education;
 - (E) Continuing education;
 - (F) Workforce training and education programs; or
 - (G) Financial assistance to Oregon students.
- (c) "Furthering economic development" includes, but is not limited to, providing:
- (A) Services or financial assistance to for-profit and nonprofit businesses located or to be located in Oregon;
 - (B) Services or financial assistance to business or industry associations to promote, expand or prevent the decline of their businesses; or
 - (C) Services or financial assistance for facilities, physical environments or development projects that benefit Oregon's economy.

461.547 Distribution of certain video lottery revenues to counties for economic development.

(1) The Oregon State Lottery Commission shall transfer an amount equal to 2.5 percent of the net receipts from video lottery games allocated to the Administrative Services Economic Development Fund to counties for economic development activities. Ninety percent of the moneys shall be distributed to each county in proportion to the gross receipts from video lottery games from each county. Ten percent of the moneys shall be distributed in equal amounts to each county.

(2) As used in this section:

(a) "Gross receipts from video lottery games" means the amount of money inserted into video lottery games plus the value of any free game prizes used by players for subsequent games.

(b) "Net receipts from video lottery games" means the amount of money that is received from the operation of video lottery games after the payment of prizes but prior to any other payment.

Source: <http://www.leg.state.or.us/ors/461.html>

2003 ORIGINAL CHARTER (Parts I, II, III of XII)
MARION COUNTY
ECONOMIC DEVELOPMENT ADVISORY BOARD

On August 13, 2003, the Marion County Board of Commissioners established the Marion County Economic Development Advisory Board. This charter describes what advisory board members will do and a process for conducting committee business.

I. Advisory Board Directives

1. MCEDAB will play a significant role in assisting the Marion County Board of Commissioners in achieving the County Goal which states the county will: *Define and make operational the role of Marion County government as it plays an integral part in improving and changing the local economic climate.*
2. MCEDAB will identify existing barriers and potential improvements within Marion County department processes and procedures that may impact economic development.
3. MCEDAB will make recommendations to establish guidelines and standards for the Video Lottery Grant Program, or any other economic development funding streams, to include: the application process; grant award criteria; the committee review process which will include appropriate conflict of interest standards; and make final award recommendations to the Board of Commissioners.
4. When grants are used to fund multi-year programs/projects, MCEDAB will evaluate the success of these programs/projects and make a recommendation to the Commissioners concerning continued funding.
5. Recommend conditions and performance goals to be met by the Video Lottery Program grantees or other economic development funding stream recipients.
6. Review and evaluate the performance of the Video Lottery Program grantees or other economic development funding stream recipients.

II. General Guidelines

1. MCEDAB members shall not financially benefit directly, or indirectly, from a project/program supported by video lottery funds and other potential revenues, although membership on the board of a community non-profit or public agency potentially eligible for grant funds is not an automatic disqualifier. The member must refrain from participating in any deliberations involving those organizations.
2. The MCEDAB will meet to establish strategic goals, annual work plans and funding criteria.
3. The MCEDAB shall recommend a schedule for accepting and reviewing grant applications and establish its own meeting schedule accordingly. Funding priorities and guidelines shall be publicized at least 30 days prior to formal committee action on grant proposals.

III. Advisory Board Outcomes

1. Raise the profile of economic development with county government.

2. Recognize that Marion County government actively contributes to the local economic climate.
3. Assess and analyze county involvement in external/intergovernmental meetings and determine which are most productive and applicable to achieving results.
4. Funding for worthy economic development projects/programs will be provided in a systematic, equitable manner and key industries will receive the support they need to leverage other sources of capital.

2011 Marion County Economic Development Advisory Board Membership by Sector

EDAB Member	Agri	Bankg	Wkfrce Dev	Retail	Local Gov't	Mnftg	Real Estate	Toursm	Small busn	Geo region
Ray Burstedt			XXX							Regional
Dave Christoff							XXX		XXX	Woodburn
Bill Cummins	XXX				XXX				XXX	Silverton
Suzanne Dufner					XXX					Regional
Patricia Grose			XXX							Regional
John Kemble								XXX	XXX	Marion Co
Lore Christopher					XXX					Salem/Keizer
Tim Kirsch					XXX					Mill City
Tom Fox			XXX		XXX					OR/Regional
Angie Morris								XXX		Regional
Alvin Nash		XXX							XXX	Salem/Keizer
Alan Roodhouse				XXX					XXX	Marion Co
Jim Rasmussen						XXX				Aumsville
Larry Wells	XXX									Jefferson