

CHAPTER 3: COTTAGE GROVE'S COMPARATIVE ADVANTAGES

Economic development opportunities in Cottage Grove will be affected by local conditions as well as the national and state economic conditions addressed above and described in Appendices A and B. There is little that Cottage Grove can do to change national and state conditions that affect economic development. However, Cottage Grove can influence some regional and many local factors that affect economic development. Cottage Grove's Citizens Advisory Committee (CAC) interview results, and additional research relating to Cottage Grove's comparative advantages (and disadvantages), are summarized below.

TECHNICAL ADVISORY COMMITTEE INTERVIEW RESULTS

In September and October 2008, Winterbrook interviewed City staff and most CAC members regarding comparative advantage/disadvantages and the types of employment that will likely be attracted to Cottage Grove. Although individual responses varied, certain themes became apparent in almost all interviews. **The CAC consensus regarding Cottage Grove's comparative advantages are summarized below:**

- Location along I-5 and Highway 99;
- Proximity to Eugene-Springfield metropolitan area and access to Lane Transit District transit service;
- Proximity to the mountains, coast, rivers, lakes and array of recreational opportunities;
- Public investment in infrastructure necessary to support economic development, including sewer, water, streets and fiber-optics;
- Good schools and hospitals (particularly the new high school, Lane County Community College satellite branch and new hospital);
- Small town charm/strong sense of community and historic downtown; and
- Associated community attractions, such as the Cottage Theatre, the Cottage Grove Speedway, two golf courses and the 16-mile Row River trail.

In addition to the City's advantages, the committee was asked to identify the community's disadvantages. While these responses were less uniform, CAC members identified the following disadvantages:

- Lack of skilled/trained workforce and lack of career opportunities;
- Lack of suitable industrial and service commercial sites;
- Conservative local attitudes;
- Lack of identified local attractions (e.g., parks, sports/cinema facilities and retail/restaurant choices); and
- Recent increases in housing costs.

TRANSPORTATION ACCESS

Businesses and residents in Cottage Grove have access to a variety of modes of transportation: automotive (Interstate 5, multiple State highways, and local roads), rail (Union Pacific and Amtrak in the Eugene -Springfield area); transit (LTD); and air (Cottage Grove State Airport and Eugene Airport).

Cottage Grove has excellent automotive access for commuting and freight movement. Cottage Grove is located along Interstate 5, the primary north-south transportation corridor on

the West Coast, linking Cottage Grove to domestic markets in the United States and international markets via West Coast ports. Cottage Grove has developed along Highway 99, connecting Cottage Grove to rural areas to the north and south.

The Union Pacific Railroad provides critical freight connections to California and the Pacific Northwest. Maintaining rail service is critical to the success of resource industries like Weyerhaeuser Corporation.

Cottage Grove's access to multiple modes of transportation provides Cottage Grove with advantages in attracting businesses that need easy access to I-5 for automotive or some types of freight movement and/or access to rail for freight movement.

PUBLIC FACILITIES AND SERVICES

Provision of public facilities and services can impact a firm's decision to locate within a region. Once a business has chosen to locate within a region, they consider the factors that local governments can most directly affect: tax rates, the cost and quality of public services, and regulatory policies.

As a result of improvements to water treatment facilities (in process) and the City's wastewater treatment plant, there is adequate infrastructure in place to serve commercial and industrial sites within the existing UGB. For example, the City currently has a 16" water line that extends south of the City's UGB adjacent to the Weyerhaeuser site.

LABOR MARKET

The availability of labor is critical for economic development. Availability of labor depends not only on the number of workers available, but the quality, skills, and experience of available workers as well.

Historically, Cottage Grove has been dependent on a resource-based economy. Although jobs in the timber industry require a skilled workforce, resource-based jobs typically have not required a high level of formal education. Thus, it is not surprising that the workforce in Cottage Grove differs from the workforce in Lane County in terms of educational attainment. Approximately 24% of Cottage Grove's residents have an associate's degree or higher, compared to 37% for Lane County as a whole.

Interviews with CAC members indicate that the lack of workforce training puts Cottage Grove at a comparative disadvantage. Opportunities for workforce training and post-secondary education for Cottage Grove and Lane County residents include the University of Oregon, Lane Community College, Northwest Christian College, and Gutenberg College. A large portion of the regional workforce has taken advantage of these opportunities. Lane Community College has a satellite branch in Cottage Grove, which provides services directly to community residents.

Thus, a key element in Cottage Grove's economic development strategy will be to increase workforce training opportunities in cooperation with local and regional educational facilities so as to increase the availability of experienced and skilled workers in the region and in Cottage Grove.

As described in Chapter 2, commuting is common in Cottage Grove. About 27% of the workers who live in Cottage Grove commute to Eugene for work. Less than one-third of Cottage Grove's workers live in Cottage Grove. The implication of this workforce analysis is that, while only one-third of Cottage Grove's workforce lives within the City, Cottage Grove is able to attract workers from most of the Eugene-Springfield area and surrounding areas in Lane County.

Availability of workers in Cottage Grove will depend, in part, on changes in energy prices. If energy prices rise or remain at high levels over the planning period, people may be less willing to commute to Cottage Grove from other parts of Lane County. This could encourage more people to live and work in Cottage Grove but it could also make it more difficult for employers in Cottage Grove to find skilled, qualified employees.

GOVERNANCE AND PUBLIC POLICY

Cities that have a shared vision, clear policy direction, and effective implementation measures are more likely to have successful economic development strategies than communities without these characteristics. Cottage Grove has a recently adopted vision statement. The City has already adopted effective economic development implementation measures -- including a new and effective Development Code, a Transportation Systems Plan, and master plans for sanitary sewer and water facilities.

This EOA will provide the basis for an effective economic development strategy. Once the *Cottage Grove Comprehensive Plan* has been amended to incorporate this, the City's commitment to further amend the urban growth boundary, Transportation System Plan, Development Code and facility master plans to carry out its economic development strategy will be a significant comparative advantage to the community.

GREEN POWER COMMUNITY

Cottage Grove was recently recognized by the U.S. Environmental Protection Agency (EPA) as a Green Power Community (GPC). The City of Cottage Grove's goal for the "Greening the Grove - Renewable Energy Challenge" is to support renewable energy development, minimize the City's environmental footprint and help the City of Cottage Grove achieve national recognition as a GPC. GPCs are cities, towns, and villages in which the local government, businesses, and residents collectively buy green power in amounts that meet or exceed EPA's Green Power Community purchase requirements.⁶

In November 2007, the City of Cottage Grove began working towards this goal by partnering with the two electricity providers by purchasing 10 percent of the City government's electricity from renewable sources. In March, the City announced the "Greening the Grove" challenge. Recently, Cottage Grove became the 17th of 19 communities in the United States to achieve recognition as a GPC. Cottage Grove annually consumes approximately 2,627,000 kWh from green power, 3% of total electricity use.

RECREATIONAL AMENITIES

Cottage Grove has ready access to mountain, river, forest and ocean recreational areas, with access to the larger-scale cultural amenities and transportation services of the Eugene-Springfield area. This mix provides a quality of life incentive that is one of Cottage Grove's major comparative advantages.

Cottage Grove is located at the confluence of the Coast Fork of the Willamette River and the Row River, which flows from Dorena Lake. Dorena Lake and Cottage Grove Lake offer overnight and day picnicking as well as boating, fishing, swimming and camping. Fishing and angling are available at Row River, below the Dorena Dam, and in Dorena Lake itself. Dorena Lake is also well known for windsurfing.

Cottage Grove also has a number of regional amenities, including:

⁶ U.S. EPA, Green Power Communities, <http://www.epa.gov/gmpower/communities/index.htm>, accessed November 2, 2008.

- A National Historic District in downtown Cottage Grove;
- Three golf courses (Middlefield Village Golf Course – along the Row River, Hidden Valley Golf course at the foot of Mount David, and Emerald Valley Golf Course, located 10 miles to the north in Creswell);
- The Cottage Grove Speedway, which provides a well-used community racing venue;
- The Cottage Theatre, which has had 10 years of successful productions since the opening of its new facility in 1998;
- The Bohemia Mining District, located less than a half-hour's drive away, in the Coast Range;
- The 16-mile Row River Trail connecting Cottage Grove to Dorena Lake;
- Proximity to the Willamette National Forest;
- The Cottage Grove Rodeo, which provides facilities to South Lane County's equestrian community and an annual rodeo event;
- A covered bridge tour
- The Village Green Resort; and
- Annual community events include Bohemia Mining Days, Fall Harvest Festival and Main Street Chili Cook-Off, Cottage Grove Home Show, South Lane Cruisers Show & Shine, and the Western Oregon Exposition.

EDUCATIONAL FACILITIES

South Lane School District

South Lane School District consists of eleven schools: Four K - 5, two PreK - 8, one middle school, one 9-12 alternative high school, one 9-12 comprehensive high school, and two Charter Schools. Elementary schools range in population from 100 to 500 students. Cottage Grove High School serves grades 9-12 with a population of approximately 900 students.⁷ Lincoln Middle School serves grades 6 - 8 and has a typical population of 600 to 650 students.

Lane Community College at Cottage Grove

Lane Community College (LCC) at Cottage Grove provides over 100 credit and enrichment classes per term to residents in Cottage Grove, Creswell, and other rural communities in Southern Lane County. The facility, a modern branch campus opened in September 1997, has three computer labs, seven classrooms, student resource room, "telecourse" room, bookstore, student lounge, quiet study area, conference room, reception area, and offices for faculty and staff. The College offers a broad selection of vocational and lower division college courses such as social science, data processing, management, early childhood education, mathematics, history, and language arts. Additionally, the college schedules a wide assortment of continuing education enrichment classes, seminars, and workshops each term. These offerings include art and crafts, various computer classes, health and first aid, home and garden, human development, music and dance, and physical education. Pre-college programs include English as a Second Language, Adult Basic Education and GED (High School Equivalency). These programs provide a helpful and supportive environment for people who want to continue their education. Students may enroll at any time during the term in the pre-college programs.

⁷ South Lane School District, About the School District, <http://www.slane.k12.or.us/about-slisd>, accessed November 2, 2008.

Tax Rates and Public Investment in Education

Cottage Grove's property tax rate is \$17.08 per \$1,000 of assessed value, compared with a state average of \$15.20. The property tax rates in Eugene and Springfield are typically \$16.00 per \$1,000 of assessed value or more. The somewhat higher rates in Cottage Grove are necessary to pay for bonds that have financed South Lane School District and Lane Community College. Educational investments are essential to a successful economic development strategy because they provide for educational facilities necessary for a trained workforce.

COTTAGE GROVE PLANNING EFFORTS

Planning for economic development can in itself be a comparative advantage. A jurisdiction with mechanisms in place to foster growth, a commitment to a vibrant downtown and functional transportation system, and the ability to assist industries in finding suitable vacant or redevelopment sites, is well-placed to achieve economic growth.

Cottage Grove Industrial Park

The Cottage Grove Industrial Park has been successful in providing suitable industrial sites that are attractive to targeted light industrial firms. The industrial park is located on an approximately 30-acre site (including private in-holdings). The site is flat, has direct access to Highway 99 without driving through residential areas, and has the full range of urban services.

The industrial park provides a range of site sizes for basic employment. All but three small lots in the industrial park have been sold to industrial users or developers, and most have industrial uses. The Cottage Grove Industrial Park provides an excellent model for a small but growing community industrial park.

Downtown Revitalization & Refinement Plan

The Cottage Grove Downtown Revitalization and Refinement Plan builds on the Downtown National Historic District by addressing key transportation issues in the City. The plan focuses on two adjacent areas of the City: the Main Street/State Highway 99 (OR 99)/10th Street/Oregon Central & Pacific Railroad interscction area (intersection area) and the downtown segment of Main Street.

The goal of the plan is to improve the function, safety, and aesthetics of both areas, with an emphasis on pedestrian movement and bicycle travel and preserving the historic character of downtown. The plan consists of the following components:

- Traffic and safety analysis of the Main Street/OR 99 and the Main Street/10th Street intersections, including the Oregon Central & Pacific Railroad crossing;
- Intersection plan focusing on improving sight distance, safety, functionality, access management, and connectivity;
- Plan for bicyclists, pedestrians, vehicles, and public transportation in the intersection area;
- Streetscape improvements for the intersection area and Main Street focusing on the gateway to the Historic District, Trailhead Park, and the future interpretative center on 10th Street; and
- Code recommendations for implementing proposed refinements to the streetscape and topics related to downtown revitalization and historic preservation such as site and building design standards.

Oregon Main Street Program

The City of Cottage Grove Community Development Department is participating in the Oregon Main Street "Exploring Downtown" program. Oregon Main Street is a new statewide commercial district revitalization program administered through the Oregon Economic and Community Development Department. This program, in partnership with the National Trust Main Street Center, was created to assist communities in achieving viable commercial districts. The City of Cottage Grove is going to be "Exploring Downtown" over the next year.* City staff will explore this program together with other interested groups, such as the Chamber of Commerce and the Economic/Business Improvement District, to see if it is right for Cottage Grove.

The Cottage Grove Economic Opportunities Analysis and Economic Development Strategy

The community effort to produce this document in 2008-09 represents another step in enhancing Cottage Grove's comparative advantages. By following the steps outlined in Chapter 8 of the EOA, Cottage Grove will address the critical limitation identified in this study – the lack of suitable and serviceable employment sites within the Cottage Grove UGB.

* City of Cottage Grove, Oregon Main Street Program, <http://www.cottagegrove.org/commdev/mainstreet.html>, accessed November 2, 2008.

CHAPTER 4: COTTAGE GROVE EMPLOYMENT PROJECTION AND TARGET INDUSTRIES DETERMINATION

OAR 660-009 requires cities to maintain a 20-year inventory of sites designated for employment. To provide for at least a 20-year supply of commercial and industrial sites consistent with local community development objectives, Cottage Grove needs an estimate of the amount of commercial and industrial land that will be needed over the planning period. Demand for commercial and industrial land will be driven by the expansion and relocation of existing businesses and new businesses locating in Cottage Grove. The level of this business expansion activity can be measured by employment growth in Cottage Grove.

EMPLOYMENT FORECAST

This section presents a projection of future employment in Cottage Grove as a starting point estimating demand for commercial and industrial land.

Table 4-1 presents a forecast of employment for Cottage Grove, based on the “safe harbor” forecasting method allowed in OAR 660-024-0040(8)(a)(A). Table 4-1 shows a projection of employment growth in Cottage Grove between 2009 and 2029. Growth within the UGB is projected to reach 6,075 employees by 2029,⁹ an increase of 1,465 employees (a 32% increase).

Table 4-1. Employment growth in Cottage Grove’s UGB, 2009–2029

| Year | Total Employment |
|----------------------------|------------------|
| 2006 | 4,423 |
| 2009 | 4,610 |
| 2014 | 4,939 |
| 2019 | 5,292 |
| 2024 | 5,670 |
| 2029 | 6,075 |
| Change 2009 to 2029 | |
| Employees | 1,465 |
| Percent | 32% |
| AAGR | 1.4% |

Source: ECONorthwest

This is a conservative estimate that is based principally on past trends. An alternative estimate considers local policy to achieve a more balanced relationship between jobs and population. Cottage Grove now has about one job for every 2.1 persons – a ratio of 1:2.1. In contrast, nearby Springfield has a ratio of one job for every 1.7 person; Oregon has a jobs-population ratio of 1:1.6.

A reasonable policy objective for Cottage Grove would be a jobs-population ratio of 1:1.9 – midway between Springfield’s and Cottage Grove’s existing ratios. To achieve this ratio, Cottage Grove would need about 1,000 additional jobs over the next 20 years.

⁹ The estimate of employment in 2009 is of total employment, which includes employees covered by unemployment insurance (covered employment) and employees not covered by unemployment insurance (e.g., sole proprietors).

POTENTIAL GROWTH INDUSTRIES

An analysis of growth industries in Cottage Grove should address two main questions:

- (1) What industries are most likely to be attracted to the Eugene-Cottage Grove area?
and
- (2) What industries best meet Cottage Grove's economic objectives?

The types of industries that Cottage Grove wants to attract have the following attributes: medium to high-wage; stable jobs with benefits; jobs requiring skilled and unskilled labor, employers in a range of industries that will contribute to a diverse economy; and industries that are compatible with Cottage Grove's community values.

KEY TRENDS AFFECTING EMPLOYMENT GROWTH

Previous chapters reviewed historical growth trends by industry in the region and Lane County since 1980 and employment in Cottage Grove. Economic opportunities in Cottage Grove are a function of regional historical trends and future economic shifts.

While nearly all sectors of the economy in the region experienced growth over this period, some sectors grew faster than others, resulting in a shift in the distribution of employment by sector. Key historical trends in the 1980 to 2007 period include:

- A substantial increase in the share of employment in services, which increased from 23% to 42% of covered employment in Lane County.
- A decrease in the share of employment in retail trade, from 21% to 13%. The number of jobs in retail did not decrease substantially over the 27-year period (with a loss of nearly 550 retail jobs) but growth in retail jobs lagged behind growth in other sectors, especially service sectors.
- A decline in the share of employment in manufacturing, which fell from 20% to 13% of covered employment.
- A decline in the share of employment in government, which decreased from 20% to 16% of covered employment.

Together, these sectors represent about 84% of employment in the County. Other sectors of the County's economy have a relatively stable and small share of the County's employment.

Historical employment trends show a substantial shift in the region's economy that mirrored shifts in the state and national economies, specifically the substantial growth in services and decline of manufacturing. While these trends are expected to continue into the future, future shifts are not expected to be as dramatic as those experienced over the past twenty years. There are several reasons for this expectation (e.g., that the future will be somewhat different than the past):

- Growth in the services sector has matured and should track more closely with overall employment and population growth rather than continuing to gain a substantial share of total employment.
- The decline in manufacturing was due, in part, to decreased timber harvests and the outsourcing of production to facilities in countries with lower costs. Timber harvests are expected to level off and increase in the future as commercial forests that were replanted since the 1970s grow to a harvestable size. While outsourcing will continue, much of what can be outsourced has already gone. Remaining manufacturing firms are tied to their region to be near supplies or markets, or manufacture specialized goods (where small production quantities, fast turn-around times, and the need for quality limit the ability to outsource).

The mix of manufacturing jobs in the region changed over the past twenty years with declines in wood products and the growth of employment in recreational vehicle (RV) manufacturing, machinery manufacturing, metals manufacturing, and high-tech industries, such as computer and electronics manufacturing. However, increases in energy costs and recent loss of large-scale high-tech manufacturing firms in the region have tempered the market for additional RV-based businesses and the high-tech industry.

TARGET INDUSTRIES

To provide for an adequate supply of commercial and industrial sites consistent with plan policies, Cottage Grove needs to determine the type and amount of commercial and industrial land that will be needed over the planning period. Goal 9 requires cities to identify "the number of sites by type reasonably expected to be needed to accommodate the expected employment growth based on the site characteristics typical of expected uses." The number of needed sites is dependent on the site requirements of targeted employers. This section identifies targeted employment opportunities in Cottage Grove over the 20-year planning period.

In 2001, the Lane Council of Governments prepared a *Target Industries Study* for Cottage Grove. This study identified 11 "target" industries that would be likely to: a) locate in Cottage Grove; and b) promote investment and family-wage job creation in the community. The Lane Council of Governments, ECONorthwest and economic development experts on the CAC have identified the following targeted industries and other employment opportunities:

3. Target Basic Industries:

1. Outdoor recreational products;
2. Alternative/renewable energy production;
3. Medical supplies manufacturing;
4. Specialty food production;
5. Secondary wood products;
6. Nursery and greenhouse products, high technology manufacturing and services;
7. Warehouse and distribution centers;
8. Call/technical support centers; and
9. Plastics.

4. Targeted Commercial Retail, Service and Other Employment:

1. Health care and social assistance;
2. Government, professional and business services;
3. Leisure and hospitality (tourism / resort recreation); and
4. General and specialty retail trade.

To identify the industries' fit in Cottage Grove, the CAC members were asked to rank each of the eleven industries using a scale of high, medium and low. These responses were then assigned a number value and averaged and rounded for each category to determine the CAC's average response

Table 4-2 CAC Interview Responses to LCOG's 2001 Target Industry Study

| Industry | Average Response |
|----------------------------------|-------------------------|
| Outdoor Recreational Products | High |
| Nursery & Greenhouse Products | Medium |
| Secondary Wood Products | Medium |
| Call/Technical Support Centers | Medium |
| Specialty Foods | Medium |
| High-Tech Services | Medium |
| Warehousing/ Distribution Center | Medium |
| High-Tech Manufacturing | Medium |
| Plastics | Medium |
| RV Parts and Accessories | Low |
| Secondary Metals | Low |

Source: Winterbrook Planning (October 2008)

As shown in the table above, the only industry that was given a “high” ranking was Outdoor Recreational Products. The CAC identified RV Parts and Accessories as having a “low” fit and the other eight industries averaged a “medium” fit. In addition to ranking the industries identified in the LCOG study, the CAC members were asked to identify additional industry groups that would benefit Cottage Grove either immediately or over the next 20 years. Five members had additional suggestions.

EMPLOYMENT FORECAST BY SECTOR

Table 4-3 shows ECO’s estimate of total employment by industry sector in the Cottage Grove UGB in 2006. To develop the figures, ECO started with estimated covered employment in the Cottage Grove UGB from confidential QCEW (Quarterly Census of Employment and Wages) data provided by the Oregon Employment Department.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that covered employment reported by the Oregon Employment Department for Lane County is only about 74% of total employment reported by the U.S. Department of Commerce. We made this comparison by sector for Lane County and used the resulting ratios to convert covered employment to total employment in Cottage Grove.

Table 4-3 shows Cottage Grove had an estimated 4,423 employees within its UGB in 2006. This figure results in a population-to-employment ratio of 2.1 persons per employee. For comparison, the average in Springfield is 1.7 persons per employee, and the statewide average is about 1.6 persons per employee.

Table 4-3. Estimated Total Employment by Sector, Cottage Grove UGB, 2006

| Sector | Covered Employment | | Estimated Total Employment |
|--|--------------------|-----------------|----------------------------|
| | Number | % of Total Emp. | |
| Agriculture, Forestry, & Fishing | 34 | 72% | 47 |
| Construction | 128 | 65% | 198 |
| Manufacturing | 306 | 99% | 310 |
| Wholesale Trade | 46 | 85% | 54 |
| Retail | 789 | 79% | 1,001 |
| Transportation & Warehousing & Utilities | 53 | 69% | 75 |
| Information | 41 | 79% | 52 |
| Finance & Insurance | 89 | 66% | 134 |
| Real Estate & Rental & Leasing | 51 | 33% | 155 |
| Professional, Scientific, & Technical Services | 73 | 52% | 140 |
| Management of Companies & Enterprises | 9 | 100% | 9 |
| Admin. & Support & Waste Mgt Services | 27 | 75% | 36 |
| Health Care & Social Assist. & Private Edu | 488 | 77% | 639 |
| Arts, Entertainment, & Recreation | 35 | 41% | 85 |
| Accommodation & Food Services | 490 | 91% | 536 |
| Other Services | 145 | 48% | 299 |
| Government | 534 | 82% | 653 |
| Total | 3,338 | 75% | 4,423 |

Source: 2006 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department covered employment as a percent of total employment calculated by ECONorthwest using data for Lane County employment from the U.S. Department of Commerce, Bureau of Economic Analysis (total) and the Oregon Employment Department (covered).

To estimate employment growth by employment type in the Cottage Grove UGB, ECO took the forecasted level of total employment in 2029 (6,075) and estimated the distribution of this employment among four major employment categories. Table 4-4 shows the estimated share of employment by type in 2009 and the assumed shares in 2029. The forecast by employment type does not anticipate a significant shift in the distribution of employment between 2009 and 2029. The projected employees by major employment type is translated to target industries and site needs in Chapter 5.

Table 4-4. Employment growth by land use type in Cottage Grove's UGB, 2009–2029

| Land Use Type | 2009 | | 2029 | | Change 2009 to 2029 |
|---------------------|--------------|-------------|--------------|-------------|---------------------|
| | Employment | % of Total | Employment | % of Total | |
| Industrial | 712 | 15% | 911 | 15% | 199 |
| Services and Office | 2,175 | 47% | 2,855 | 47% | 680 |
| Retail | 1,043 | 23% | 1,397 | 23% | 354 |
| Government | 680 | 15% | 911 | 15% | 231 |
| Total | 4,610 | 100% | 6,075 | 100% | 1,464 |

Source: ECONorthwest.

Note: shaded cells indicate assumptions by ECONorthwest.

CHAPTER 5: COTTAGE GROVE'S EMPLOYMENT SITE NEEDS

OAR 660-009-0015(2) requires the EOA to identify the number of sites, by type, reasonably expected to be needed for the 20-year planning period. Types of needed sites are based on the site characteristics typical of expected uses.

The Goal 9 rule provides flexibility in how jurisdictions conduct and organize this analysis. For example, site types can be described by plan designation (*e.g.*, heavy or light industrial), by general size categories that are defined locally (*e.g.*, small, medium, or large sites), or by industry or use (*e.g.*, manufacturing sites or distribution sites).

Firms wanting to expand or locate in Cottage Grove will be looking for a variety of site and locational characteristics, depending on the industry and specific circumstances. Previous research conducted by ECO has found that while there are always specific criteria for individual firms, many firms share common site criteria. In general, all firms need sites that are relatively flat, free of natural or regulatory constraints, with minimal residential conflicts, and located with good access to transportation, public facilities and services.

The exact amount, quality, and relative importance of these factors vary among different types of firms. This section discusses the site requirements for firms in employment sectors with growth potential in Cottage Grove, based on the forecasts found in Chapter 4.

This chapter discusses the production factors that affect business' locational decisions and the implications of these factors for businesses that may locate in Cottage Grove. This chapter also identifies the characteristics of sites needed to accommodate employment growth in Cottage Grove.

FACTORS THAT AFFECT LOCATIONAL DECISIONS

Why do firms locate where they do? There is no single answer—different firms choose their locations for different reasons. Key determinates of a location decision are a firm's *factors of production*. For example, a firm that spends a large portion of total costs on unskilled labor will be drawn to locations where labor is relatively inexpensive. A firm with large energy demands will give more weight to locations where energy is relatively inexpensive. In general, firms choose locations they believe will allow them to maximize net revenues: if demand for goods and services is held roughly constant, then revenue maximization is approximated by cost minimization.

The typical categories that economists use to describe a firm's production function are:

- **Labor.** Labor is often and increasingly the most important factor of production. Other things equal, firms look at productivity—labor output per dollar. Productivity can decrease if certain types of labor are in short supply, which increases costs by requiring more pay to acquire the labor that is available, recruiting of labor from other areas, or use of the less productive labor that is available locally. Based on existing commuting patterns, Cottage Grove has access to labor from the Eugene-Springfield Region.
- **Land.** Demand for land depends on the type of firm. Manufacturing firms need more space and tend to prefer suburban locations where land is relatively less expensive and less difficult to develop. Warehousing and distribution firms need to locate close to interstate highways.

- **Local infrastructure.** An important role of government is to increase economic capacity by improving quality and efficiency of infrastructure and facilities, such as roads, bridges, water and sewer systems, airport and cargo facilities, energy systems, and telecommunications.
- **Access to markets.** Though part of infrastructure, transportation merits special attention. Firms need to move their product, either goods or services, to the market, and they rely on access to different modes of transportation to do this. Cottage Grove's access to I-5 and Highway 99 provide the City with advantages in attracting businesses that need easy access to highways but do not need to ship large volumes of freight by truck.
- **Materials.** Firms producing goods, and even firms producing services, need various materials to develop products that they can sell. Some firms need natural resources: for example, lumber manufacturing requires trees. Or, farther down the line, firms may need intermediate materials: for example, dimensioned lumber to build manufactured housing.
- **Entrepreneurship.** This input to production may be thought of as good management, or even more broadly as a spirit of innovation, optimism, and ambition that distinguishes one firm from another even though most of their other factor inputs may be quite similar.

The supply, cost, and quality of any of these factors obviously depend on market factors: on conditions of supply and demand locally, nationally, and even globally. But they also depend on public policy. In general, public policy can affect these factors of production through:

- **Regulation.** Regulations protect the health and safety of a community and help maintain the quality of life. Overly burdensome regulations, however, can be a disincentive for businesses to locate in a community. Simplified bureaucracies and straightforward regulations can reduce the burden on businesses and help them react quickly in a competitive marketplace.
- **Taxes.** Firms tend to seek locations where they can optimize their after-tax profits. Studies show that tax rates are not a primary location factor within a region—they matter only after businesses have made decisions based on labor, transportation, raw materials, and capital costs. The cost of these production factors is usually similar within a region. Therefore, differences in tax levels across communities within a region are more important in the location decision than are differences in tax levels between regions.
- **Financial incentives.** Governments can offer firms incentives to encourage growth. Studies have shown that most types of financial incentives have had little significant effect on firm location between regions. For manufacturing industries with significant equipment costs, however, property or investment tax credit or abatement incentives can play a significant role in location decisions. Incentives are more effective at redirecting growth within a region than they are at providing a competitive advantage between regions.

LONG TERM LAND AND SITE NEEDS

Employment growth in Cottage Grove is expected in all of the major employment categories: Industrial, Services and Office, Retail, and Government. There are a wide variety of firms within each of these categories, and the required site and building characteristics for these firms vary. As such, a variety of parcel sizes, location qualities, and land use designations in Cottage Grove are required to accommodate expected growth.

This discussion may suggest that a location decision is based entirely on a straight-forward accounting of costs, with the best location being the one with the lowest level of overall costs. Studies of economic development, however, have shown that location decisions depend on a

variety of other factors that indirectly affect costs of production. These indirect factors include agglomerative economies (also known as industry clusters), quality of life, and innovative capacity.

- **Industry clusters.** Firms with similar business activities can realize operational savings when they congregate in a single location or region. Clustering can reduce costs by creating economies of scale for suppliers. Firms tend to locate in areas where there is already a presence of other firms engaged in similar or related activities. For this reason, we suggest that the City designate large sites for industrial and business parks that provide a range of site sizes in a master-planned setting.
- **Quality of life.** A community that features many quality amenities, such as access to recreational opportunities, culture, low crime, good schools, affordable housing, and a clean environment can attract people simply because it is a nice place to be. A region's quality of life can attract skilled workers, and if the amenities lure enough potential workers to the region, the excess labor supply pushes their wages down so that firms in the region can find skilled labor for a relatively low cost. The characteristics of local communities can affect the distribution of economic development within a region, with different communities appealing to different types of workers and business owners. Sometimes location decisions by business owners are based on an emotional or historical attachment to a place or set of amenities, without much regard for the cost of other factors of production.
- **Innovative capacity.** Increasing evidence suggests that a culture promoting innovation, creativity, flexibility, and adaptability is essential to keeping U.S. cities economically vital and internationally competitive. Innovation is particularly important in industries that require an educated workforce. High-tech companies need to have access to new ideas typically associated with a university or research institute. Innovation affects both the overall level and type of economic development in a region. Government can be a key part of a community's innovative culture, through the provision of services and regulation of development and business activities that are responsive to the changing needs of business.

CHARACTERISTICS OF SITES NEEDED TO ACCOMMODATE EMPLOYMENT GROWTH

Table 5-1 summarizes the lot sizes typically needed for firms in selected industries. The emphasis in Table 5-1 is on new or expanding firms that have the most potential to generate employment growth. For example, while the number of convenience stores in the region is likely to grow, the site needs for these stores is not included in Table 5-1 because they are unlikely to generate substantial employment growth. In contrast, large food stores, which are typically 50,000 to 100,000 sq. ft. in size, are more likely to generate substantial employment growth in the region, and these stores require sites of 5 to 10 acres.

Table 5-1. Typical lot size requirements for firms in selected industries

| Industry | Lot Size (acres) |
|---|-------------------------|
| Manufacturing | |
| Printing & Publishing | 5 - 10 |
| Stone, Clay & Glass | 10 - 20 |
| Fabricated Metals | 10 - 20 |
| Industrial Machinery | 10 - 20 |
| Electronics - Fab Plants | 50 - 100 |
| Electronics - Other | 10 - 30 |
| Transportation Equipment | 10 - 30 |
| Transportation & Wholesale Trade | |
| Trucking & Warehousing | varies |
| Retail Trade | |
| General Merchandise & Food Stores | 5-10 |
| Eating & Drinking Places | 0.5-5 |
| FIRE & Services | |
| Non-Depository Institutions | 1 - 5 |
| Business Services | 1 - 5 |
| Health Services | 1 - 10 |
| Engineering & Management | 1 - 5 |

Source: ECONorthwest.

Note: A FIRE Economy is any economy based primarily on the paper intensive sectors of Finance, Insurance, and Real Estate (FIRE).

SITE REQUIREMENTS FOR TARGETED EMPLOYMENT IN COTTAGE GROVE

Generally, targeted industries require sites with characteristics similar to those found in the existing Cottage Grove Industrial Park and existing commercial areas:

- Relatively flat, serviced (or serviceable) sites, without environmental constraints (floodplain, wetlands and steep slopes);
- Direct access to Highway 99 or to Interstate 5 so that truck and automobile traffic will not be directed through established residential neighborhoods to reach state highways and I-5.
- Clustered near existing employment centers to achieve economies of scale and agglomeration (clustering) economies

Targeted commercial and other employment firms typically require sites with characteristics that are similar to those of targeted basic industrial employment. However, a location separate from existing park and residential development is usually less critical, because commercial and other employment uses typically are less intensive and have fewer compatibility (noise, odor, dust, truck traffic) problems.

Table 5-2 shows site needs by site size for the Cottage Grove UGB from 2009 to 2029. The estimate of needed sites builds off of the 20-year employment forecast and targeted types of employment found in Table 4-4.

Table 5-2 shows that Cottage Grove needs to provide between 111 and 176 sites and approximately 170 acres to accommodate employment growth between 2009 and 2029. Cottage Grove will need to provide 42 to 74 industrial sites and 69-102 commercial sites. The majority of sites (100 to 160 sites) will be two acres or smaller.

Table 5-2. Estimated sites needed, Cottage Grove UGB, 2009-2029

| Size of firm | Est Gross Acres Needed | Avg. Site Size | Total Sites Needed | Industrial | Other Emp. |
|--------------|------------------------|----------------|--------------------|--------------|---------------|
| 100 + | 20 | 20+ | 1 | 1 | - |
| 50-99 | 60 | 5-20 ac | 5-7 | 2-3 | 3-4 |
| 25-49 | 30 | 2-5 ac | 5-10 | 3-6 | 2-4 |
| 10-24 | 30 | 1-2 ac | 25-35 | 10-15 | 15-20 |
| 1-9 | 30 | <1 ac | 75-125 | 25-50 | 50-75 |
| Total | 170 | | 111-176 | 42-74 | 69-102 |

Source: ECONorthwest.

Cottage Grove Employment Plan Designations

The identified site needs shown in Table 5-2 distinguish generally between sites by comprehensive plan designation – but not by zoning district.

Cottage Grove has an Industrial plan designation that is implemented by two zoning districts:

- Light Industrial (M-1)
- and
- Heavy Industrial (M-2)

We anticipate that targeted industries will be accommodated primarily in the M-1 zoning district. In Chapter 8, we suggest adoption of a new “Business Park” (BP) zoning district to accommodate a mix of light industrial, support commercial and service commercial firms.

Cottage Grove’s Commercial plan designation is implemented by three zoning districts:

- Central Business District (C-2)
- Community Commercial (C-2P)
- and
- Tourist Commercial (CT)

Retail and service / other employment firms are permitted in all three of these districts – but under different sets of development standards.

CHAPTER 6: LAND AVAILABLE WITHIN THE UGB FOR INDUSTRIAL AND OTHER EMPLOYMENT USES

BACKGROUND

This section begins by describing the results of the Satre Associates (Satre) study in 2005 and provides an update based on recent Winterbrook inventory work. This chapter includes a more detailed suitable employment sites analysis – including an analysis of redevelopment potential – that will be used to compare employment site requirements identified in Chapter 5 with the availability of suitable employment sites within the Cottage Grove UGB.

INDUSTRIAL AND COMMERCIAL LAND NEED (SATRE ASSOCIATES, 2005)

In 2005, the City commissioned Satre to update the 2001 *Cottage Grove Buildable Lands Analysis*. The 2001 *Analysis* estimated that in 1998 there were 3,200 jobs (covered employment) in the Cottage Grove UGB. Satre projected that Cottage Grove employment would increase to 5,285 by 2025.¹⁰ The update showed that of the 2,085 new jobs, 805 (39%) would be industrial sector and 1,280 (61%) would be commercial and other employment sector jobs. Population and employment trends for the City indicated that growth could be expected in all sectors. Satre modified Eugene/Springfield employee-per-acre ratios to reflect Cottage Grove's lower density commercial development characteristics as shown in Table 6-1 below.

Table 6-1: Net¹ Buildable Land by Plan Designation and Land Need Based on 2025 Employment Projections (2005 Cottage Grove Buildable Lands Analysis Update)

| Land Use | Net Jobs Projected | Employees Per Net Acre | Total Net Acres Needed | Net Buildable Land (Acres) | Deficit in Net Acres |
|--------------|--------------------|------------------------|------------------------|----------------------------|----------------------|
| Commercial | 1,280 | 30 | 43 | 58 | 16 |
| Industrial | 805 | 9 | 89 | 33 | -56 |
| TOTAL | 2,085 | -- | 132 | 91 | -41 |

¹Net buildable land includes land set aside for public facilities, such as roads, schools, churches, and parks. In commercial and industrial lands, a factor of 20% was used to calculate net buildable land.

Source: Satre Associates, LCOG, City of Cottage Grove

As shown in Table 6-1, the 2005 update identified a need for 132 *net* acres to accommodate employment growth over the next 20 years. In 2005, the UGB included approximately 91 net buildable acres, resulting in a deficit of 41 net buildable acres. Most of this deficit was in the industrial land category. Satre also determined that it was unfeasible to re-designate the "surplus" Commercial land to Industrial because the location and small parcel sizes did not meet industrial land suitability requirements.

¹⁰ Satre determined the employment projections by looking at employment trends and existing economic development activities and policies including: State Industrial Site Certification for the Industrial Park, an Economic Improvement District for the downtown area and the Chamber of Commerce formation of the Economic Business District.

City Annual Updates of Industrial and Commercial Land Need (2008)

Since the Satre BLA was conducted in 2005, City staff has updated the BLA annually, using the same methods. Due to new commercial and industrial development, suitable land for both commercial and industrial development has decreased. Cottage Grove has a remaining inventory of approximately 30 gross acres of Commercial land and approximately 38 acres of Industrial land. In addition, the City has identified approximately 11 gross acres of underdeveloped Industrial land within the UGB. The updated inventory is shown in Table 6-2 below. Applying a 20% factor to account for rights-of-way (and assuming that all net acres are *suitable* for targeted employment uses), the City appears to have approximately 63 net acres designated for employment use.

Table 6-2: Updated Inventory of Remaining Industrial and Commercial Land (2008)

| Land Use | Gross Acres | Net Acres |
|----------------------------------|--------------------|------------------|
| Commercial | | |
| Within City Limits | 30 | 24 |
| UGB | None | None |
| Industrial | | |
| Within City Limits | 34 | 27 |
| UGB | 4 | 3 |
| Underdeveloped Industrial | | |
| Within City Limits | None | None |
| UGB | 11 | 9 |

Source: City of Cottage Grove (2008)

Winterbrook's 2009 Suitable Sites Inventory

Winterbrook reviewed the City's updated inventory and tested inventory results against available GIS tax lot and natural constraints (floodplain, wetlands) data provided by Lane County. Winterbrook also evaluated the distance of industrial and commercial sites from state highways.

Our analysis is generally consistent with the City's tax lot analysis. However, in addition to the vacant and underdeveloped sites identified by the City, Winterbrook identified a significant number of *potential* commercial redevelopment sites based on the ratio of assessed land values to improvement values. If the land to improvement value ratio is greater than 1:1, we assumed that the site was potentially redevelopable over the 20-year planning period.¹¹

Nearly all identified vacant and potentially redevelopable employment land is outside of constrained areas, and within a quarter mile of a highway. Therefore, nearly all the existing inventory is *potentially* "suitable and serviceable" as defined in the Goal 9 administrative rule.

The results of Winterbrook's additional analysis are summarized by Industrial or Commercial plan designation in Table 6-3. As shown in Table 6-3, approximately 20% of Cottage Grove's

¹¹ Land value greater than existing improvement value often indicates an under-development of the land. Winterbrook assumed that half these sites would become available for redevelopment over the 20-year timeframe. There are two reasons for make the 50% redevelopable assumption: first, there is existing employment on these underdeveloped, potentially redevelopable sites; second, land demand and prices in Cottage Grove are lower than the Eugene-Springfield market, making intensification of land use less likely. To account for these factors, we assumed that half of the potentially redevelopable sites would actually develop more intensively over the 20-year planning period.

industrial land supply, and 13% of the City's commercial land supply, is suitable for new development.

Table 6-3: Developed and Suitable Acres by Type

| Plan | Total Acres | Developed Acres | Vacant / Partially Dev Acres | Potential Redev Acres | Suitable Acres |
|----------------|-------------|-----------------|------------------------------|-----------------------|----------------|
| Industrial | 204 | 162.5 | 41.9 | - | 42 |
| All Commercial | 471 | 443.4 | 27.2 | 34.6 | 62 |

Source: Winterbrook

Winterbrook sorted the updated inventory of suitable vacant and potentially redevelopable land by the site size categories identified in Chapter 5, as shown in Table 6-4 below. All acreages in the table are net suitable acres.¹²

Table 6-4 shows that Cottage Grove has 16 suitable industrial and 102 suitable commercial sites, totaling about 42 net acres of industrial land and 62 net acres of commercial. A substantial majority (over 75%) of Cottage Grove's suitable and available land supply is found in sites 5 acres or smaller in size.

Table 6-4: Suitable Sites Inventory by Site Size Category (in net acres)

| Acreage | IND Sites | Net Acres | COM Sites | Net Acres | Pot Redev Com Sites | Net Acres |
|---------|-----------|-----------|-----------|-----------|---------------------|-----------|
| 20+ | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 5 to 20 | 1 | 14.9 | 0 | 0.0 | 1 | 9.0 |
| 2 to 5 | 5 | 17.5 | 5 | 13.8 | 2 | 3.4 |
| 1 to 2 | 5 | 5.0 | 2 | 2.0 | 4 | 4.5 |
| < 1 | 5 | 4.5 | 24 | 11.4 | 64 | 17.8 |
| Total | 16 | 41.9 | 31 | 27.2 | 71 | 34.6 |

Source: Winterbrook Planning

IND: Industrial

COM: Commercial

Pot Redev Com: Potential Redevelopment Commercial

Cottage Grove Industrial Park

The Cottage Grove Industrial Park is located in proximity to I-5 on State Highway 99 on the south end of Cottage Grove with lots that range from 0.72 to 2.72 acres. The site is zoned Heavy Industrial (M-2) which means that it is suitable for environmentally-friendly manufacturing and assembling industries, hi-tech electronics, computer software, optical

¹² Much of the employment land supply in Cottage Grove is comprised of small lots served by the existing street system. The Satre BLA assumed that 20% of future industrial and commercial land would be reserved for dedication of public rights-of-way. Because further street dedication necessary to serve existing employment sites within the Cottage Grove UGB will be limited, we assumed only a 10% reduction to account for public rights-of-way for employment land within the existing UGB.

fiber, medical equipment, metal, secondary wood products, processing industries, wholesaling, warehousing and storage, ancillary commercial activities and services.

The Industrial Park is located within the Cottage Grove South Lane Enterprise Zone.¹³ Because business firms that choose to locate or expand in an enterprise zone, are generally eligible to receive total exemption from the property taxes normally assessed on new plant and equipment for three to five years, there is a strong economic incentive for businesses to locate here. Currently, the City has sold all but three small lots in the Industrial Park and private owners are developing the sites.

¹³ An enterprise zone is sponsored by local city/county governments and typically serves as a focal point for local development efforts and incentives. Seventy-four cities in 31 counties currently use enterprise zones to create better economic opportunities. City of Cottage Grove, What are Oregon Enterprise Zones, <http://www.cottagegrove.org/indust/entrprsz.pdf>, accessed November 2, 2008.

CHAPTER 7: COMPARISON OF EMPLOYMENT SITE NEEDS AND SUITABLE SITES WITHIN THE COTTAGE GROVE UGB

This chapter includes a comparison of employment land supply and demand. The suitable sites analysis is followed by a discussion of the key implications of the EOA for the City of Cottage Grove.

COMPARISON OF LAND CAPACITY AND DEMAND

As described in Chapter 6, Winterbrook worked with City and County staff to create an updated inventory of suitable employment sites within the Cottage Grove UGB. Table 6-4 in Chapter 6 of this document shows the results of that inventory: there are 17 suitable industrial sites and 102 suitable commercial sites.¹⁴ Table 5-2 in Chapter 5 of this document shows a forecast demand for a range of sites in various site size categories.

Tables 7-1 through 7-3 provide a comparison of site needs against site supply. This analysis shows that Cottage Grove needs to add approximately 100 gross acres of employment land to its UGB in order to meet 20-year site needs.

Consolidated Average Site Needs

Small industrial and commercial sites, under 5 acres in size, are not as restricted by site size requirements.¹⁵ They are also easily accommodated within larger-site arrangements, such as industrial parks or shopping centers. Table 7-1 combines the (Table 5-2) site requirements for sites under 5 acres in size (the categories of 2-5, 1-2, and <1 acre sites), and distributes required acreage for those small sites according to the average number of sites needed. The result is a 20-year need for one large 20+ acre industrial site, two 5-20 acre industrial sites (averaging 10 acres in size), four 5-20 acre sites for other employment types, 54 small industrial sites under 5 acres in size, and 78 small sites for other employment uses.

Table 7-1: Consolidated Average Site Needs

| Site Size | Industrial Sites | Site Acres Needed | Other Emp. Sites | Site Acres Needed |
|-----------|------------------|-------------------|------------------|-------------------|
| 20+ | 1 | 20 | 0 | 0 |
| 5 to 20 | 2 | 20 | 4 | 40 |
| <5 | 54 | 37 | 78 | 53 |
| Totals | 57 | 77 | 82 | 93 |

Source: Winterbrook

Table 7-2 shows unmet site needs, based on a comparison of the identified employment land supply (Table 6-4) against Table 7-1 site needs. Cottage Grove has an unmet need for one large 20+ acre industrial site, one midsize 5-20 acre industrial site, three midsize sites for other employment, and 39 small industrial sites.

¹⁴ Including under-developed and potential redevelopment sites.

¹⁵ For example, an 8-acre parcel could be developed for one 4-acre, a 2-acre, and four 0.5-acre sites. Or it could provide a 2-acre site and 24 sites of 0.25 acres in size. Or a variety of other combinations.

Table 7-2: Unmet Consolidated Average Site Needs

| Site Size | Industrial Sites | Site Acres Needed | Other Emp. Sites | Site Acres Needed |
|---------------|------------------|-------------------|------------------|-------------------|
| 20+ | 1 | 20 | 0 | 0 |
| 5 to 20 | 1 | 10 | 3 | 30 |
| <5 | 39 | 27 | 0 | 0 |
| Totals | 41 | 57 | 3 | 30 |

Source: Winterbrook

Table 7-3 converts unmet site needs to gross acres, to account for land lost to rights-of-way in development.¹⁶ **There is an unmet need for 67 gross acres of industrial land, and 35 gross acres of land for other employment types. These include one 20+ acre site, and four sites (one industrial, 3 other) of 5 acres or larger in size.**

Table 7-3: Unmet Consolidated Average Site Needs (Gross Acres)

| Site Size | Industrial Sites | Gross Site Acres Needed | Other Emp. Sites | Gross Site Acres Needed |
|---------------|------------------|-------------------------|------------------|-------------------------|
| 20+ | 1 | 24 | 0 | 0 |
| 5 to 20 | 1 | 12 | 3 | 35 |
| <5 | 39 | 32 | 0 | 0 |
| Totals | 41 | 67 | 3 | 35 |

Source: Winterbrook

POLICY IMPLICATIONS

How Unmet Site Needs will be Accommodated

Cottage Grove will need to add just over 100 gross suitable acres to the existing UGB to meet 20-year employment needs. We have assumed that 15% of the gross land area will be reserved for right-of-way dedications within industrial and business parks and along major streets.

Industrial (Traded Sector) Employment Needs

We recommend that gross Industrial land needs (67 acres assuming 15% for street rights-of-way) will be met in two ways:

1. **Large Single-User Industrial Site (24 acres):** Designate a site with at least 24 gross suitable acres that is reserved specifically to meet the needs of a single large firm with at least 100 employees. Plan policies and amended development code standards would ensure that the site is reserved exclusively for a large firm.
2. **Master Planned Industrial Park (33 acres):** Designate an Industrial Park site (similar to the existing Cottage Grove Industrial Park) with at least 33 gross suitable acres to meet the need for small- to medium-sized sites in a master-

¹⁶ This analysis assumes that 15% of new land acquired for employment uses will be consumed by rights-of-way.

planned setting. It is assumed that some light industrial need (approximately 10 acres) will be met in the new Business Park district described in the Commercial and Other Employment Needs section below. Plan policies and amended development code standards would ensure that land designated Industrial outside the existing UGB would require an approved master development plan prior to annexation and development.

Commercial and Other Employment Needs

We recommend that unmet commercial retail and service needs (35 gross suitable acres) be met as follows:

1. **Community Commercial Center (12 acres).** As documented in Chapter 6, Cottage Grove has 62 acres of vacant, underdeveloped, and redevelopable Commercial land. The demand for retail commercial uses typically increases with population growth. Most of this retail demand can be met in vacant or underdeveloped Commercial areas within the UGB. However, there is an unmet need for a community shopping center of approximately 12 gross (10 net after accounting for streets) suitable acres.

The community center site would be designated Community Commercial – subject to master planning requirements and building square footage limitations.

2. **New Business Park (33 acres).** The bulk of new employment that Cottage Grove wants to attract is service commercial employment, including health care and social assistance, government, professional and business services. Limited light industrial and supporting retail uses (e.g., restaurants or health clubs, or sales of products produced on site) are also appropriate in a business park setting. The site needs of the business park are: a site of about 33 acres in size; relatively flat site, and direct automotive access to an arterial street or state highway. Business parks typically have a campus like setting and require that activities be conducted indoors; therefore business parks are more compatible with adjacent residential uses than industrial uses or large retail centers.

A new Business Park plan designation and zoning district is required to implement this concept.

3. **Large format and general retail (0 acres).** As Cottage Grove's population grows, the City is likely to attract new retail development, including large format retail (such as a Home Depot, Lowe's or Target). Typically, retail uses require relatively flat sites with automotive access to a state highway and high visibility to potential shoppers. Large format or "big box" retail requires a site of approximately 10 acres. As noted in Chapter 6, there are no vacant 10-acre Commercial sites within the existing UGB.

At the October CAC meeting, the possibility of limiting large format (big box) retail stores was discussed. Rather than adopting additional new zoning standards beyond the 150,000 square-foot limitation to limit this type of retail use, we suggest that large format retail be permitted on commercial land within the existing UGB, through the redevelopment process. In other words, if a large format retail firm can assemble underdeveloped properties within the existing UGB, then the City would support such redevelopment efforts, regardless of the

size of the retail store. However, no new "greenfield" sites would be designated outside the existing UGB.

CHAPTER 8: ECONOMIC DEVELOPMENT STRATEGY

INTRODUCTION

Cottage Grove's *2037 Vision and Action Plan* emphasizes investment in a "diverse and sustainable economy" and includes several "strategies":

- Establish Cottage Grove as the seat and gateway for a South Lane County recreation and tourism destination;
- Recruit a complementary range of small, medium and large businesses in a variety of sectors;
- Grow a local workforce to accommodate new employment sectors; and
- Maintain and upgrade critical infrastructure to accommodate demand.

To support these broad strategies, this EOA assesses the City's comparative economic advantages in a regional context; identifies commercial and industrial employment opportunities; describes site requirements for targeted types of employment; and determines whether the existing UCB has enough and the right kinds of employment sites to meet the City's economic development objectives.

Earlier chapters in this EOA determined that the community's greatest economic development challenge over the next 20 years will be to provide an adequate supply of land to meet identified employment needs. Thus, the City's primary economic development objective is straightforward—to identify the types of employment that are likely to show interest in Cottage Grove and to provide an adequate supply of suitable and serviceable employment sites to accommodate anticipated employment growth over the 20-year planning period – from 2009-2029.

This chapter identifies specific steps for the City to follow to carry out its economic vision. It considers the policy implications of the EOA and sets the stage for specific comprehensive plan and development code amendments. Economic development policies may address a range of outcomes, from policies to attract firms or retain existing firms to policies to improve or maintain quality of life.

The Economic Development Strategy (EDS) presented in this chapter is designed to meet the requirements of Goal 9. As a result, the EDS focuses primarily on land-use issues, while recognizing the importance of broader economic development strategies such as labor force education that may also be a priority to the City and residents of Cottage Grove. Moreover, the strategies outlined in this chapter provide the factual and analytical basis for legislative amendments to the Cottage Grove Comprehensive Plan and the Cottage Grove Development Code.

ORGANIZATION OF THIS CHAPTER

The remainder of this chapter is organized into two sections as follows:

- **Framework for Understanding Economic Development Policies and Actions** provides an overview of economic development issues and types of economic development policies and strategies that municipalities can adopt to achieve various economic development goals.
- **Economic Development Strategies and Implementation Steps for Cottage Grove** presents objectives and strategies related to land-use to implement the City's economic development goals.

FRAMEWORK FOR UNDERSTANDING ECONOMIC DEVELOPMENT POLICIES AND ACTIONS ¹⁷

A wide range of economic development policies and actions are available to cities that can affect the level and type of economic development in their community. To affect economic development, any policy or action must affect a factor of production that influences business locations and job growth. In brief, the factors that have the most impact on business locations and job growth include:

- Labor,
- Land,
- Local Infrastructure,
- Access to markets and materials,
- Agglomerative economies (clusters),
- Quality of life, and
- Entrepreneurship

The supply, cost, and quality of any of these factors obviously depend on national and global market forces that local government has no influence over. But they also depend on local, regional and state public policy, which can generally affect these factors of production through:

- Planning,
- Regulation,
- Provision of public services,
- Taxes, and
- Incentives

The location decisions of businesses are based primarily on the availability and cost of labor, transportation, raw materials, and capital. The availability and cost of these production factors are usually similar within a region. Most economic development strategies available to local governments only indirectly affect the cost and quality of these primary location factors.

Local governments can most directly affect tax rates (within the bounds of Measures 5 and 50), land availability, the cost to businesses and quality of public services, and regulatory policies. Economists generally agree that these factors do affect economic development, but the effects on economic development are modest. Thus, most of the strategies available to local governments have a limited affect on the level and type of economic development in the community.

Local governments in Oregon also play a central role in the provision of suitable and serviceable land through inclusion of employment sites in the 20-year UGB that have appropriate plan designations, zoning, access and public services. Businesses need suitable and serviceable land to locate or expand in a community. However, providing suitable land alone is not sufficient to guarantee economic development in a community—market conditions must create demand for this land, and local factors of production must be favorable for business activity.

The provision of suitable and serviceable employment sites is one of the most direct ways that the City of Cottage Grove can affect the level and type of economic development in the community.

POTENTIAL ECONOMIC DEVELOPMENT POLICIES AND ACTIONS

A broad range of policies and actions are available to cities to achieve local economic development objectives. The effectiveness of any individual tool or combination of tools varies by community objective. In short, local strategies should be customized not only to meet locally

¹⁷ This section draws from previous work by ECONorthwest.

defined objectives, but to recognize economic opportunities and limitations as defined in the EOA. Positive outcomes are not guaranteed: even good programs can result in limited results.

Table 8-1 identifies a range of potential economic development strategies that the City of Cottage Grove could consider implementing. These strategies range from those closely associated with the basic functions of government (provision of suitable and serviceable land) to those sometimes viewed as outside the primary functions of government (such as financial incentives and business assistance). Policies and actions adopted by the City of Cottage Grove should address local economic development issues consistent with the City's desired role in facilitating economic development in the community.

Table 8-1. Potential economic development strategies

| Category/Policy | Description |
|---|---|
| Land Use | Policies regarding the amount and location of available land and allowed uses. |
| Provide adequate supply of employment land | Provide an adequate supply of suitable and serviceable development sites to accommodate anticipated employment growth with the public and private services, sizes, zoning, and other characteristics needed by firms likely to locate in Cottage Grove. |
| Increase the efficiency of the permitting process and simplify city land-use policies | Take actions to reduce costs and time for development permits. Adopt development codes and land use plans that are clear and concise. |
| Public Services | Policies regarding the level and quality of public and private infrastructure and services. |
| Provide adequate infrastructure to support employment growth | Provide adequate public services (<i>i.e.</i> , roads, transportation, water, and sewer) and take action to assure adequate private utilities (<i>i.e.</i> , electricity and communications) are provided to existing businesses and development sites. |
| Focused public investment | Provide public and private infrastructure to identified development or redevelopment sites. |
| Communications infrastructure | Actions to provide high-speed communication infrastructure, such as developing a local fiber optic network. |
| Business Assistance | Policies to assist existing businesses and attract new businesses. |
| Business retention and growth | Targeted assistance to businesses facing financial difficulty or thinking of moving out of the community. Assistance would vary depending on a given business' problems and could range from business loans to upgrades in infrastructure to assistance in finding a new location within the community. |
| Recruitment and marketing | Establish a program to market the community as a location for business in general, and target relocating firms to diversify and strengthen the local economy. Take steps to provide readily available development sites, an efficient permitting process, well-trained workforce, and perception of high quality of life. |
| Development districts (enterprise zones, urban renewal districts, historic districts, etc.) | Establish districts with tax abatements, loans, assistance with infrastructure, reduced regulation, or other incentives available to businesses in the district that meet specified criteria and help achieve community goals. |
| Business clusters | Help develop business clusters through business recruitment and business retention policies. Encourage siting of businesses to provide shared services to the business clusters, including basic employment, retail and commercial services. |

| Category/Policy | Description |
|-----------------------------|---|
| Public/private partnerships | Make public land or facilities available, public lease commitment in proposed development, provide parking, and other support services. |
| Financial assistance | Tax abatement, waivers, loans, grants, and financing for firms meeting specified criteria. Can be targeted as desired to support goal such as recruitment, retention, expansion, family-wage jobs, or sustainable industry. |
| Business incubators | Help develop low-cost space for use by new and expanding firms with shared office services, access to equipment, networking opportunities, and business development information. Designate land for live-work opportunities. |
| Mentoring and advice | Provide low-cost mentors and advice for local small businesses in the area of management, marketing, accounting, financing, and other business skills. |
| Export promotion | Assist businesses in identifying and expanding into new products and export markets; represent local firms at trade shows and missions. |
| Workforce | Policies to improve the quality of the workforce available to local firms. |
| Job training | Collaborate with schools districts, community colleges and universities to help create opportunities for training in general or implement training programs for specific jobs or specific population groups (e.g., dislocated workers). |
| Job and training access | Coordinate with transit districts to provide transit/shuttle service to bring workers to job and training sites. |
| Jobs/housing balance | Make land available for employment and housing. Provide for a variety of needed housing types – ranging from single-family housing types to multifamily housing. |
| Other | |
| Regional collaboration | Coordinate economic development efforts with the County, the State, and local jurisdictions, utilities, and agencies so that clear and consistent policies are developed. |
| Quality of life | Maintain and enhance quality of life through good schools, cultural programs, recreational opportunities, adequate health care facilities, affordable housing, neighborhood protection, and environmental amenities. |

Source: ECONorthwest and Winterbrook Planning

ECONOMIC DEVELOPMENT STRATEGIES AND IMPLEMENTATION STEPS FOR COTTAGE GROVE

The following economic development strategies for Cottage Grove are based on four sources of information: (1) stakeholder and CAC input on preferred types of growth and development strategies from interviews; (2) existing goals and strategies in the City's Comprehensive Plan; (3) input from City staff, and (4) the principles of economic development presented in the section above and Table 8-1. These strategies will be further refined based on input from the CAC, Planning Commission, and City Council.

The strategies and implementation steps suggested below are organized with objectives most related to land-use planning presented first. This section should be read with Chapter 7, which compares land use need and supply and identifies ways to address long-term commercial and industrial land deficits.

Objective 1: Provide an adequate supply of suitable and serviceable sites of varying locations, configurations, and size, to accommodate industrial and other employment over the planning period.

Chapters 5-7 identify the size and characteristics of sites needed in Cottage Grove for employment uses over the planning period. The City should provide an adequate supply of land for employment uses.

Suggested implementation steps:

- Provide retail commercial land that meets the site requirements described in Chapter 5. Limit retail commercial land supply to encourage retail infill and redevelopment to areas within the existing UGB, especially in downtown. Retail commercial sites may include vacant, underdeveloped potentially redevelopable sites, particularly along Highway 99 and in Downtown Cottage Grove. The City can provide land in two ways: (1) increasing commercial land-use efficiency by promoting infill or redevelopment; and (2) bringing new land into the urban growth boundary, subject to master planning requirements, to meet specific community commercial needs.
- Provide one approximately 30-acre business park to accommodate commercial office and limited light industrial uses over the 20-year period. Encourage office uses that require high-amenity locations, such as corporate offices or head quarters, doctor's offices, and similar uses. Require development of the business park through a master planning process. Limit retail development in the office park to small-scale retail that is designed to serve users of the business park, such as a restaurant. The business park should be sited with access to a State highway and located in an area visually attractive to potential employers and customers.
- Provide industrial land to meet the site characteristics and site sizes described in Chapter 5. These sites may include vacant, undeveloped land, or partially developed sites with potential for additional development through infill development. After considering the capacity of the existing UGB, the City should provide suitable land in two ways: (1) designating a suitable large site (approximately 20 acres) outside the UGB for a single user; and (2) designate a large site (approximately 30 acres) for an industrial park outside the UGB. The City should require a master planning process to ensure efficient development of the industrial park. The industrial park should be sited on relatively flat ground and should have direct access to Highway 99.

Objective 2: Encourage retail and service employers to locate in downtown Cottage Grove.

The City has policies to encourage residential and commercial redevelopment in downtown, such as an Urban Renewal District. The redevelopment of downtown Cottage Grove provides opportunities to both use land more efficiently and minimize the costs of providing infrastructure. In addition, redevelopment of downtown may make Cottage Grove more attractive to visitors.

Suggested implementation steps:

- Build on the successes of the Downtown Historic District by encouraging appropriate redevelopment in the commercial core area.
- Consider expanding the Urban Renewal District to include Cottage Grove's commercial core.
- Pursue policies to promote infill and redevelopment in downtown Cottage Grove.
- Provide the infrastructure and services that businesses need to operate in downtown Cottage Grove.

- Support the co-location of residential and commercial uses in existing buildings by providing financial assistance for necessary building upgrades to meet requirements in the City's building code, such as improvements to meet seismic standards.
- Develop a marketing strategy to attract businesses to downtown Cottage Grove, including providing low-cost assistance for businesses moving to downtown and attracting visitors to visit downtown, rather than passing through Cottage Grove on Highway 99.
- Promote economic development in downtown through techniques, such as land assembly and cooperative development agreements, to assist developers with land assembly problems.
- Consider participation in Oregon's Main Street program.

Objective 3: Provide adequate infrastructure efficiently and fairly.

The provision of public infrastructure and services to employment sites is a cornerstone of any economic development strategy. If roads, water, sewer, and other public facilities are unavailable or inadequate, industries will have little incentive to locate in a community.

Suggested implementation steps:

Coordinate capital improvement planning with land use and transportation planning to coincide with the City's Economic Development Strategy

- Maintain an adequate highway and street system to ensure safe and efficient access to Commercial and Industrial areas.
- Target resources of the Systems Development Funds of infrastructure on sites that provide prime opportunities for employment uses as a result of location, site size, or other significant site characteristics.
- Ensure that public-private development agreements to recover costs are in effect prior to financing public improvements.
- Efficiently use existing infrastructure by promoting development, infill, re-use, and redevelopment for commercial and industrial uses and developing strategies and incentives to stimulate private investment that overcome anticipated impacts or downturns in the local economy.
- Assist with providing infrastructure through the use of Urban Renewal funding, where appropriate.
- Maintain critical rail connections so that firms like Weyerhaeuser can continue to be competitive in Cottage Grove.

Objective 4: Support and assist existing businesses in Cottage Grove.

Cottage Grove's existing businesses are important to the City's continuing economic well-being. Often, the Planning Department is the first agency that businesses encounter when they seek to expand existing operations or to site a new business in Cottage Grove. Thus, planning staff serve as both ambassadors to the business community and regulators to ensure compliance with development code standards.

Suggested implementation steps:

- Develop and implement an outreach strategy to determine how the City can assist existing businesses. Opportunities for assistance may range from providing user-friendly assistance to business owners in understanding the land development process to forming public-private partnerships to promote Cottage Grove businesses.

- Encourage self-help methods and programs for business districts such as the formation of business associations and special self-assessment districts for parking and economic improvement.

Objective 5: Market Cottage Grove to new businesses

The City should seek to attract businesses through marketing the business opportunities present in the City. The City should focus marketing efforts on businesses that would benefit from locating in Cottage Grove, such as businesses that need agricultural products produced in Lane or Douglas counties.

Suggested implementation steps:

- Work with local economic development groups and businesses to develop a marketing plan to attract new businesses to Cottage Grove. Target recruitment of businesses to those that are most likely to benefit from locating in Cottage Grove, such as businesses that would use locally-produced forestry or agricultural products, and businesses that share the values of the community.
- Work with the Oregon Economic and Community Development Department (OECDD) and other regional and state agencies to market industrial sites to businesses that would be likely to locate in Cottage Grove.
- Work with the South Lane School District, Lane Community College and the University of Oregon to meet workforce needs, such as: training and education, job advancement, or local expansion of businesses that are less subject to boom and bust cycles.
- Encourage development of agri-businesses that depend on agricultural products produced in Lane, Douglas, and other nearby counties, such as wineries or natural or organic food processing.

Objective 6: Increase the potential for tourist-related economic activities.

Tourism results in economic activity, especially in the service industries like retail, food services, and accommodations. For example, the direct economic benefit of lodging tax receipts from overnight accommodations to Cottage Grove in 2007 was \$212,900. Cottage Grove could increase tourism through growth of businesses that bring tourists to the City and through increased marketing.

Suggested implementation steps:

- Encourage development of businesses that are tied to Cottage Grove's history and agricultural context, such as arts and crafts connected to the City's history or food processing facilities that use local products.
- Build-off of existing events, such as the Cottage Grove Rodeo and the Cottage Grove Speedway, and support development of new events to attract visitors to the City.
- Promote the Cottage Theatre on a regional basis to attract local visitors. Work with local businesses to market the Theatre and complementary businesses to residents of nearby communities, such as dinner and theater ticket combinations.
- Ensure that the factors that are likely to attract visitors to Cottage Grove, especially Cottage Grove's environmental quality and natural beauty, are protected and enhanced.
- Encourage new specialized retail, restaurants, bed and breakfasts and other local attractions.

Objective 7: Develop a long-term affordable housing strategy.

The availability of affordable housing is an important consideration in promoting economic development. If the City wants to provide opportunities for people to live and work within Cottage Grove, the City will need to consider policies to retain, expand, and (in some cases) replace existing affordable housing opportunities. Some of the City's highest amenity commercial land is being used for mobile home parks, which provide for much-needed affordable housing. If the City is successful with its economic development objectives and Cottage Grove gets more business activity, the pressure will increase to redevelop these mobile home parks for commercial uses, which will create the need for replacement of this affordable housing.

Suggested implementation steps:

- Develop a long-term affordable housing strategy that is designed to address the likelihood that some existing affordable housing may need replacement.
- Conduct a study of the residential land sufficiency within the Cottage Grove UGB. Pay close attention to the availability of land for affordable housing types, such as manufactured homes, townhouses, or other multifamily housing types.
- Work with private and nonprofit agencies to provide new affordable housing through existing programs designed to promote affordable housing.

Objective 8: Redevelop underutilized commercial and residential areas as the opportunities for reuse arise.

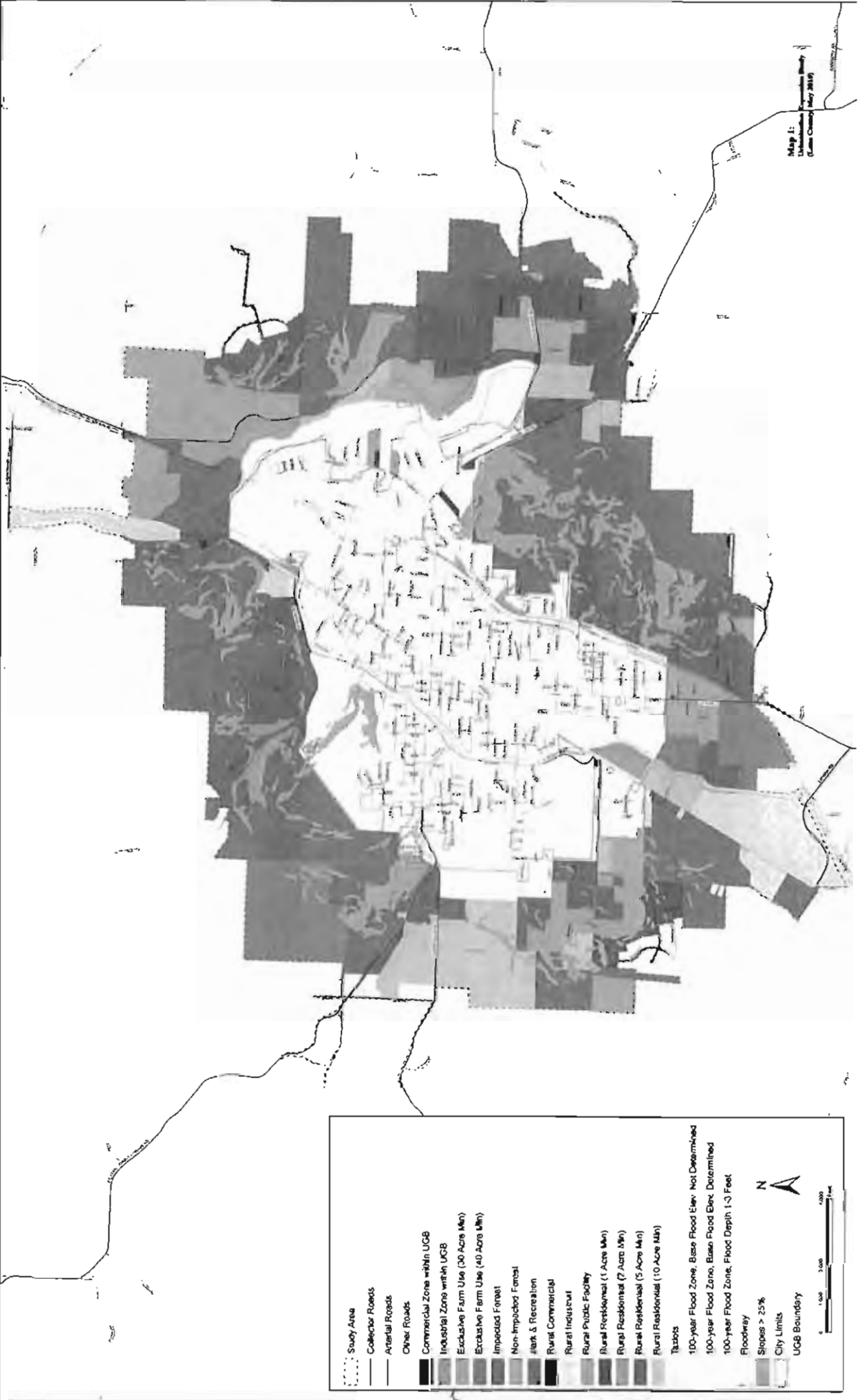
Cottage Grove has over 400 acres of Commercial land – much of which is underdeveloped. This provides an opportunity for the community to address long-term commercial and possibly residential land needs in a mixed use context. Cottage Grove also has two older manufactured dwelling parks constructed on old mill sites in the 1970s that provide affordable housing now, but are likely to be under market pressure to redevelop for more intensive uses sometime in the future.

Suggested implementation steps:

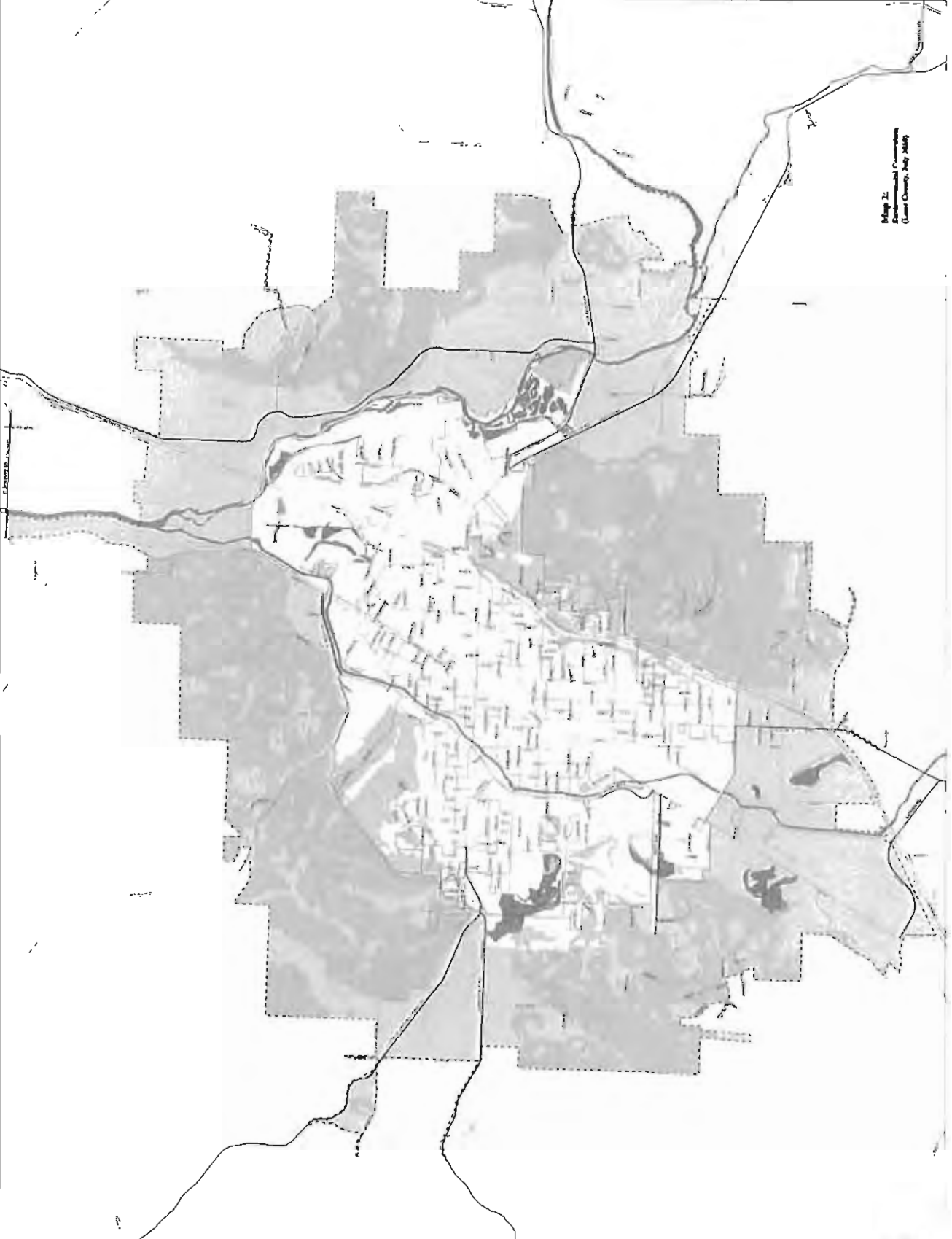
- Develop policies that support redevelopment of underutilized commercial sites. Opportunities to encourage redevelopment may include tax incentives, decreased or waived development fees, or private-public partnerships for state or federal grant funding for redevelopment.
- Provide non-monetary assistance with clean-up and redevelopment of older commercial and industrial sites, including, for example, the possible sponsorship of applicable state and federal grants.
- Work with owners and tenants in existing manufactured dwelling parks to ensure that affordable housing opportunities are maintained, while considering longer-term redevelopment options (for example, mixed retail and multiple family development).

MAPS

Urbanization / UGB Expansion Study



City of Cottage Grove - Environmental Constraints



Map 2:
Environmental Constraints
(Last County, July 2010)

MAP 2 City of Cottage Grove Environmental Constraints

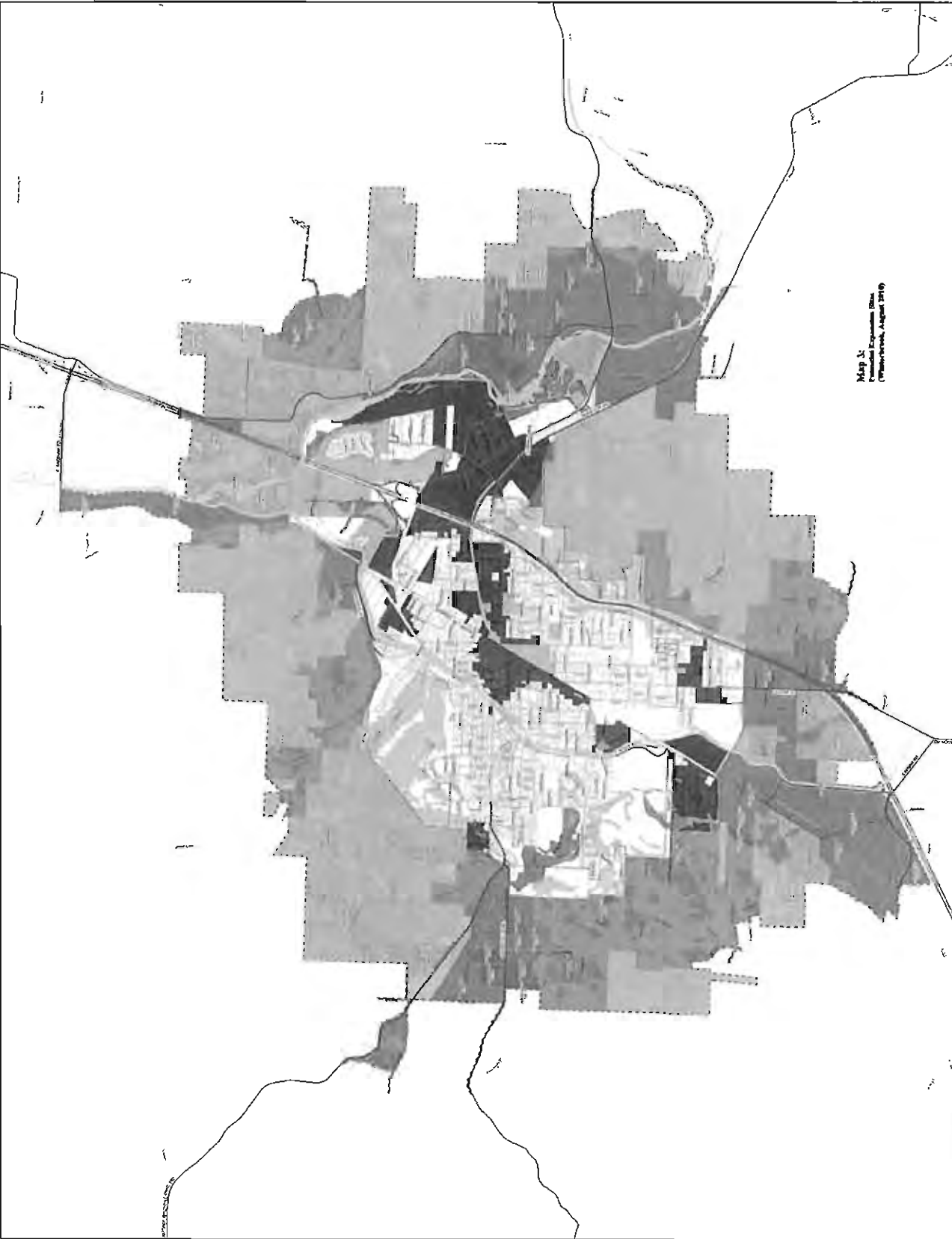
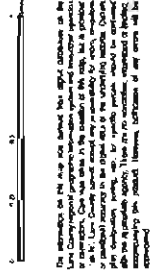
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| <ul style="list-style-type: none"> Study Area City Limits UGS Boundary 100-year Flood Zone Artificial Wetlands Artificial Wetlands DSL Wetland Determination Field Digitized Wetlands Slopes > 10% Tulebeds Collector Roads Arterial Roads Other Roads | <div style="text-align: center;"> <p>N</p> </div> <p style="font-size: small; margin-top: 10px;">The information on this map was obtained from public information on the City of Cottage Grove. The City of Cottage Grove is not responsible for any errors or omissions. The City of Cottage Grove is not responsible for any errors or omissions. The City of Cottage Grove is not responsible for any errors or omissions. The City of Cottage Grove is not responsible for any errors or omissions.</p> |
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City of Cottage Grove UGB Expansion Alternatives - Potential Employment Sites

MAP 3

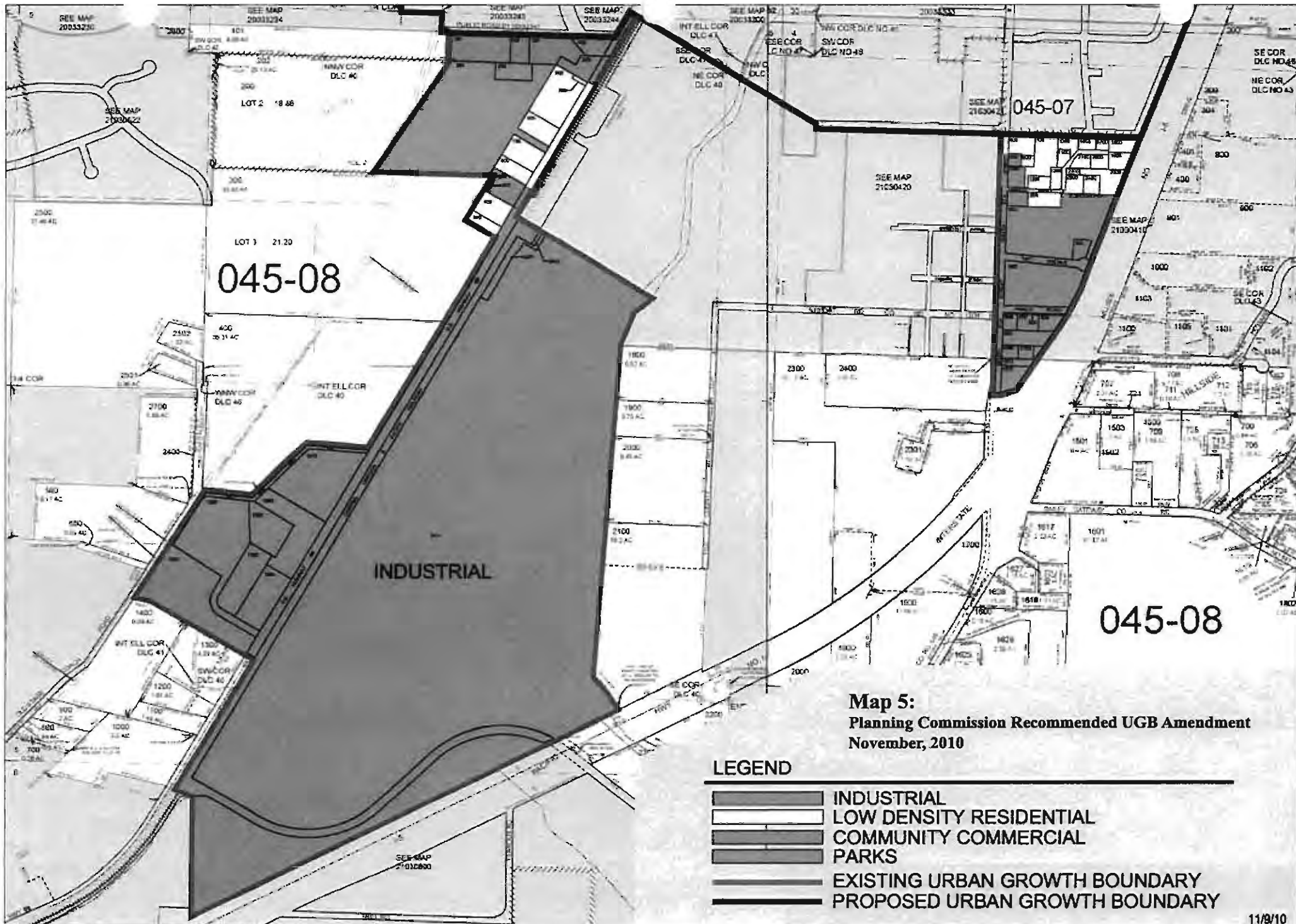
City of Cottage Grove Potential Employment Sites

- Unincorporated Taxlots - 6 acres or greater
- Study Area
- Study Area (Improved Value > Land Value)
- Reverse Zoning (Study Areas)
 - Resource
 - Non-Resource
- Zoning (Inside UGB)
 - Employment
 - Public Parks
 - Residential
- 100-year Flood Zone
- Artificial Wetlands
- DSL Wetland Delineations
- Field Drilled Wetlands
- Slopes > 10%
- Taxlots
- Potential Wateruser Individual Site
- City Limits
- UGB Boundary
- Water Features
- Collector Roads
- Arterial Roads
- Other Roads



Map 3:
Potential Expansion Sites
(Waterworks, August 2016)

The information on this map was derived from official databases as the City of Cottage Grove. The City of Cottage Grove is not responsible for any errors or omissions. The City of Cottage Grove is not responsible for any errors or omissions. The City of Cottage Grove is not responsible for any errors or omissions. The City of Cottage Grove is not responsible for any errors or omissions.





UGB Amendment
Public Facilities Study
November 10, 2010



Cottage Grove Comprehensive Plan

