

ECONOMIC DEVELOPMENT STRATEGY & ACTION PLAN

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Prepared By

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Introduction

Today's global economy consists of rapidly changing market trends and innovations. However, the one economic certainty that pertains to any industry is the increasing need for skilled human capital. And companies understand that highly mobile talent wants a great place with jobs.

City of Stayton economic development stakeholders realize that a heightened awareness for creating great and diverse places that embrace all residents is a critical step in attracting talent, fostering a sense of identity, and growing a resilient economic base.

The city leaders also understand that complex issues driving income stratification and workforce skills gaps are making it more difficult for every resident to realize positive personal economic growth in keeping with business growth. Therefore, the stakeholders within City of Stayton are committed to consciously fostering a diverse economic base and skilled workforce to allow ALL community members to benefit from the growing economy. In doing so, they will reach their vision:

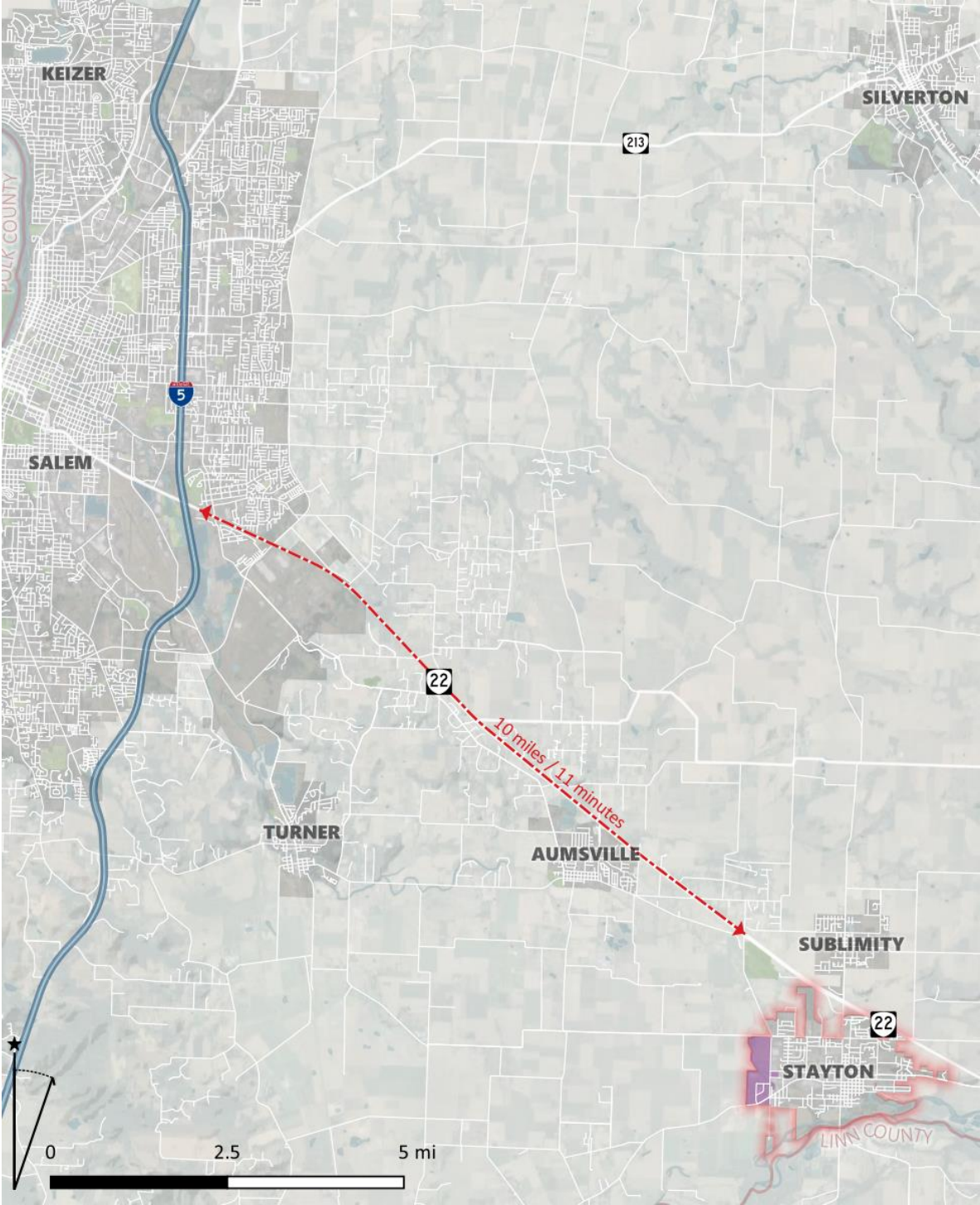
Stayton is one of Oregon's best small communities.

Grounded in an agricultural and industrial legacy and driven by innovative, future looking businesses, Stayton values its residents, history, downtown, and natural beauty.

Every resident and business has the opportunity to thrive and grow in the City of Stayton.

Overview

The City of Stayton is part of the Salem, Oregon region, approximately 10 miles east of Interstate 5 along Highway 22. With a population of approximately 7,900 people, it serves as the largest community within the North Santiam River Canyon area. It is surrounded by unique natural beauty of farmlands and the Santiam River scenic area that leads to central Oregon.



The City of Stayton's history is tied to its location at the confluence of the North Santiam canyon and the Willamette Valley. The original mills that established the city were powered by a diversion ditch created from the North Santiam River. More recent large industry, such as the food-processor Norpac, is connected to the rich agriculture throughout Marion County and the Willamette Valley. Jeld-Wen and RedBuilt wood products benefit from the forests within the region. The Marion County region is building off the legacy of these natural resources with a focus toward the future tied to technology and innovation. Specifically, the Governor's Regional Solutions Team (RST) for the Mid-Valley Region is focused on this economic development opportunity and directing future investments toward this opportunity.

The City of Stayton is positioned to capture new emerging industries tied to these natural resources, but through modern innovations. The city is fortunate to have 80 acres of vacant industrial land on the west of the city to foster the growth of new companies, which is a significant focus of this strategy.

Our Process

An Economic Development Strategy and Action Plan must be devised by and for the community it serves. While looking at national and state trends and conducting a data analysis are important to determining trends, assets, and challenges, soliciting input from local businesses and community members gives this analysis much-needed context. By providing a platform for community members and business leaders to share their lessons and new ideas, we hope to generate a universal understanding among public, private, and governmental partners. To identify the economic development priorities of Stayton, the following five steps were followed:

Examine national and state trends. Discuss with stakeholders the current national trends driving economic development and how they align with local development priorities and trends.

Benchmark and compare the City to the Region. Provide quantitative data regarding the community profile and demographics to establish a foundation of existing conditions. This data is contrasted with the region and state to provide context.

Evaluate industry advantages and talent capabilities. Develop a quantitative analysis examining Stayton's industry clusters and talent and skill capabilities. This data is contrasted with the region and U.S. to provide comparisons.

Conduct Discussions. For a strategy to be inclusive – for the community, by the community – diverse voices and perspectives must be brought to the table. Outreach in person with economic development stakeholders is facilitated to hear from a variety of perspectives.

Identify Key Themes. It is essential that areas for investment and growth are built upon shared principles and community values that are conveyed through survey responses and stakeholder meeting feedback. Consistent messages create key themes of focus and direction that are unique to the community and shape the Goals and Objectives.

Develop Goals and Objectives. By developing a "playbook" of direction that includes priority goals and objectives, the City can identify where they should focus time and monetary resources to most effectively foster business growth and expansion.

What is Economic Development?

Economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining middle and high-income jobs and supporting or growing incomes and the tax base through diversification of the local economy. These jobs are generally defined as two different categories with distinct needs in terms of workforce and business location. In addition, these sectors require different types of support and investments from various stakeholders. These sectors are distinguished for clarification regarding strategy objectives and actions.

Traded Sector vs. Local Sector Jobs

Traded sector (also referred to as an export sector) businesses include industries and employers which produce goods and services that are consumed outside the region where they are produced and therefore bring in new income to the area (e.g., metals and machinery, software). Workers in the traded sector tend to have higher educational attainment, work more hours, and earn higher average wages than local sector business.

As the traded sector increases employment and wages, it also enables entrepreneurs to develop skills and resources to foster innovation and start new businesses and increase employment opportunities. Furthermore, certain traded sector companies foster a supply chain effect that creates the need for additional companies to supply components of a product that is manufactured.

Local sector business consists of industries and firms that are in every region. They produce goods and services that are consumed locally in the region where they were made, and therefore circulate existing income in the area (i.e. grocery stores, physician offices, banks). These businesses are important as they make a community distinct and provide amenities to attract young professionals and families that drive the new economy. A sampling of traded vs. local sector businesses in the City of Stayton region is indicated in Figure 1.

Figure 1. Representative Traded Sector and Local Sector City of Stayton Businesses



Table 1 highlights the average wage difference between traded sector jobs and local sector jobs in the U.S. As the job base expands, a region is more attractive to employees because they have more options for career growth. In turn, once the employment base grows, competition will occur and ultimately increase wages.

Table 1. Annual Average Wage Comparison, USA, 2018

NAICS	Industry Sector	United States Average Wage 2017
Traded Sector		
55	Management of Companies & Enterprises	\$119,885
51 -54	Information, Professional, Scientific, & Technical Services	\$99,705
42, 31-33	Wholesale, Manufacturing	\$ 71,372
48-49	Transportation Warehousing	\$ 51,726
11	Ag, forest, fish, hunting	\$34,464
Traded/Local Sector		
23	Construction	\$60,735
61, 62	Education, Health Care & Social Assistance	\$49,565
71	Arts, Entertainment, Recreation	\$37,759
Local Sector		
44-45	Retail Trade	\$31,217
72	Accommodation & Food Services	\$20,731

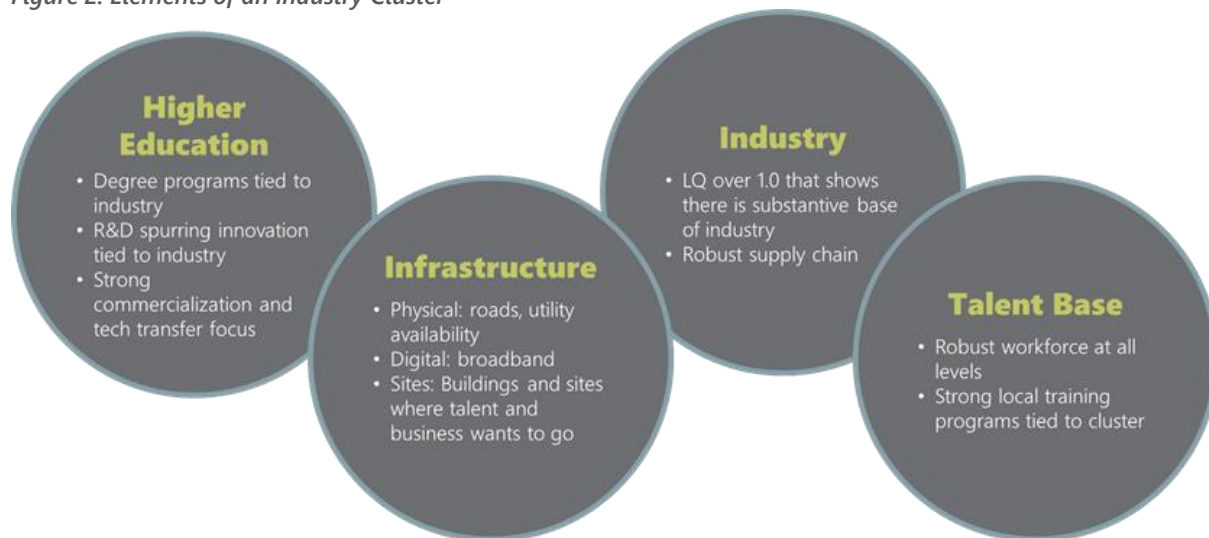
Source: Bureau of Labor Statistics, QCEW data

Industry Clusters

A cluster is a regional concentration of related industries in a particular location. Clusters are a foundational element to regional economies, making them uniquely competitive for jobs and private investment. They consist of companies, suppliers, and service providers, as well as government agencies and other institutions that provide specialized training and education, information, research, and technical support. Various regions across the US have unique clusters making them distinct: Portland, OR has semiconductors whereas Seattle, WA has aerospace. Industry clusters function on a regional metropolitan statistical area (MSA) level because assets such as workforce and transportation infrastructure are not constrained by local municipal boundaries. Therefore, in order to effectively grow an industry cluster, it is important to leverage existing assets and collaborate on a regional and state level.

An industry cluster is comprised of the following elements, with some being more important than others depending on the industry. A city plays the important role of providing the necessary infrastructure and zoned land to allow various types of industry to thrive.

Figure 2: Elements of an Industry Cluster



Source: Bridge Economic Development

Importance of Talent

The national economy is becoming increasingly more talent/knowledge-based than resource-based, meaning that people, rather than raw materials, are the most important asset to a company's value and prospects for growth. This applies to all industries, including manufacturing, professional services, and technology. This is not to suggest that Stayton needs to focus their industrial base entirely on technology companies, but to understand that the modern economy depends upon highly skilled people to thrive. For this reason, a company's number one priority today is attracting talent. Verifying this is the Duke Fuqua School of Business CFO Global Business Outlook Survey ¹. The school has

¹ <https://www.cfosurvey.org/wp-content/uploads/2018/12/Q4-2018-US-KeyNumbers.pdf>

conducted the survey 91 consecutive quarters since July 1996. The years 2017 and 2018 are the first time that CFO's cited attracting and retaining qualified employees was their number one concern over other factors such as input costs or regulations.

A significant cohort of the talent in demand consists of the "millennial" generation (generally ages 22 to 38 in 2019), made up of approximately 76 million people – the largest demographic group our country has seen. As this generation shapes our talent-based economy, it is important to understand what motivates them and the communities they choose in such a highly mobile environment. This group has been slower to marry and move out on their own, and have shown different attitudes to ownership that have helped spawn what's being called a "sharing economy" which suggests these trends are likely to continue². Furthermore, it is likely that today's high school generation will adopt many of the same values that are driven by affinity for technology. This desired talent is attracted to a great place with jobs. Such an environment includes the following elements:

Job Base Talent moving to a new community wants to know that there are other opportunities if the job that brought them there does not fulfill expectations.

Simple Commute Many millennials are not defined by the automobile, and do not want to drive if they don't have to. As reported in Urban Land Institute (ULI) Emerging Trends 2016, miles traveled by car for those people 34 years old or younger are down 23 percent nationally. The American Automobile Association reports that the percentage of high school seniors with driver's licenses declined from 85 percent to 73 percent between 1996 and 2010, with federal data suggesting that the decline has continued since 2010. Locally, the average miles travelled by any mode – walking, driving, biking, or taking transit – is the lowest for millennials.

Housing Options All talent, including millennials, desire affordable housing near employment. In order to maximize opportunities for talent attraction and retention, it is important for communities to provide a variety of options to meet a diversity of population needs.

Urban Lifestyle Millennials tend to prefer density with alternative transportation modes and retail nearby, which provides alternatives to owning a car. This urban lifestyle does not mean that an entire community must conform to urban densities. What is important is that some element of an urban lifestyle through either a healthy Main Street in a traditional downtown or denser town centers in suburbs is provided.

Amenities Millennials are looking for ample amenities, especially restaurants and access to outdoor recreation.

Open Culture Millennials embrace social or ethical causes³ and communities that are more diverse, accepting, and open to change.

² Millennials Coming of Age, Goldman Sachs, 2017

³ Brookings Institution, 11 Facts about the Millennial Generation, June 2014

The City's Role

A municipality does not create jobs. It creates a great environment so that business can easily invest and create jobs. With that understanding, the city should focus on the following elements to promote economic development.

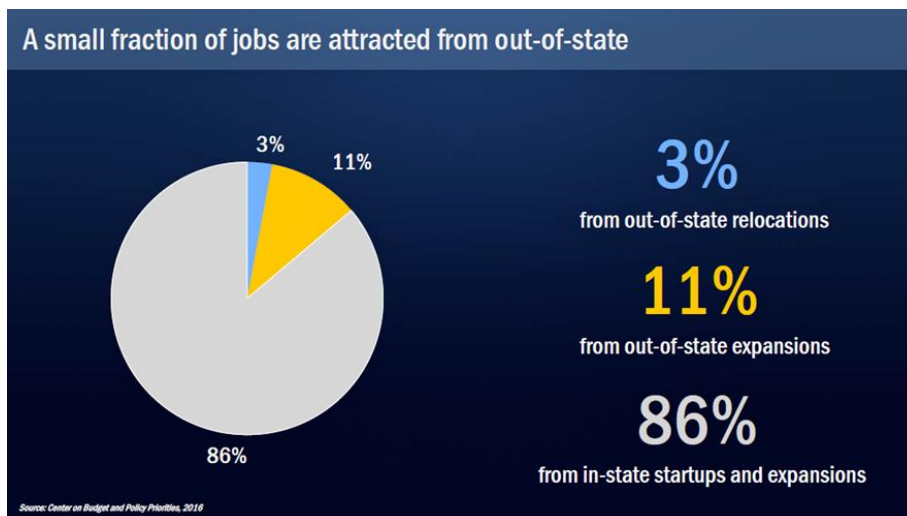
Sites and Infrastructure

Businesses need to go into buildings and develop on sites with adequate infrastructure. Furthermore, similar types of businesses like to physically group together to build a destination and allow for collaboration. Where an employer locates depends on the industry. Software is dependent on highly-skilled talent and will locate where talent wants to be. In addition, because of the lower capital investments and less dependence on transporting finished products, they can afford higher rents that allow them to locate in more urban/downtown locations. In contrast, manufacturing, while also needing talent, must consider access to transportation infrastructure and lower land and building costs to off-set capital equipment investment costs. Additionally, some manufacturing is dependent on rail infrastructure to lower operational costs. Aligning industry clusters with available subareas (sites with appropriate infrastructure) is an important role for the city to convey genuine support for economic growth.

Focus on Existing Residents

As the community makes significant commitments to land use designations and infrastructure funding, it is important to make sure that the existing residents benefit. Rather than allocating a significant effort to recruiting businesses to move to Stayton, the city should support and promote programs that allow existing residents to start their own businesses or gain skills that improves opportunities to work at expanding companies. As indicated in the following figure, the majority of job growth across the United States comes from local start-ups and expansions. So not only does focusing on local residents enhance local asset wealth, it is simply the most efficient way to grow jobs.

Figure 3: Sources of Job Growth Across the United States



Source: Brookings, 2018

Workforce Development

When planning for a future economy, it is important to understand that all industries are dependent on a talented workforce that has technical skills and/or degree attainment. City of Stayton's future economy requires a skilled workforce with training in career technical education (CTE) and access to higher education science, technology, engineering, and mathematics (STEM) degrees.

Career Technical Education (CTE) Training

CTE training is targeted toward middle-skill jobs, which require education and training beyond high school but less than a bachelor's degree, and are a significant part of the economy. Of the 55 million job openings created by 2020, 30 percent will require some college or a two-year associate degree⁴. It is important to foster partnerships with Chemeketa Community College and local primary and secondary schools to encourage youth to consider this career path. By engaging youth early, they may be more likely to attend higher-education opportunities or obtain other skills training and either start their own enterprise or apply their critical skills with local companies in City of Stayton. For smaller communities, such as Stayton, providing a clear career path to local businesses is an important strategy to retain talent.

STEM Hub

Oregon hosts 13 "STEM Hubs" across the state to build connections in a geographic region so that students can connect to STEM experiences early and often, igniting passions and interest in these fields. STEM Hubs focus on showing students real-world connections between learning material and career opportunities to apply their knowledge outside of the classroom. Stayton is part of the South Metro-Salem STEM Partnership, which focuses on fostering opportunities for high-growth and high-wage opportunities within STEM related occupations.

Higher Education

Globally, positions requiring substantial independent judgment and decision-making are now in high demand⁵. Increasingly, employers are demanding a workforce that has technical skills, including manufacturing jobs that involve the operation of sophisticated machinery requiring some advanced training beyond high school. Science, technology, engineering, and mathematics (STEM) workers are increasingly in demand and in short supply, especially in the private sector which needs software developers, data scientists, and those in skilled trades. City of Stayton is fortunate in that it is only 40 miles from Oregon State University (OSU) in Corvallis and 18 miles from Chemeketa College in Salem. Both of these institutions provide several degrees to equip students with technical, interpersonal, and entrepreneurial skills that are in high demand.

⁴ Association for Career and Technical Education, 2016.

⁵ STEM crisis or STEM surplus? Yes and yes, Bureau of Labor Statistics, May 2015.

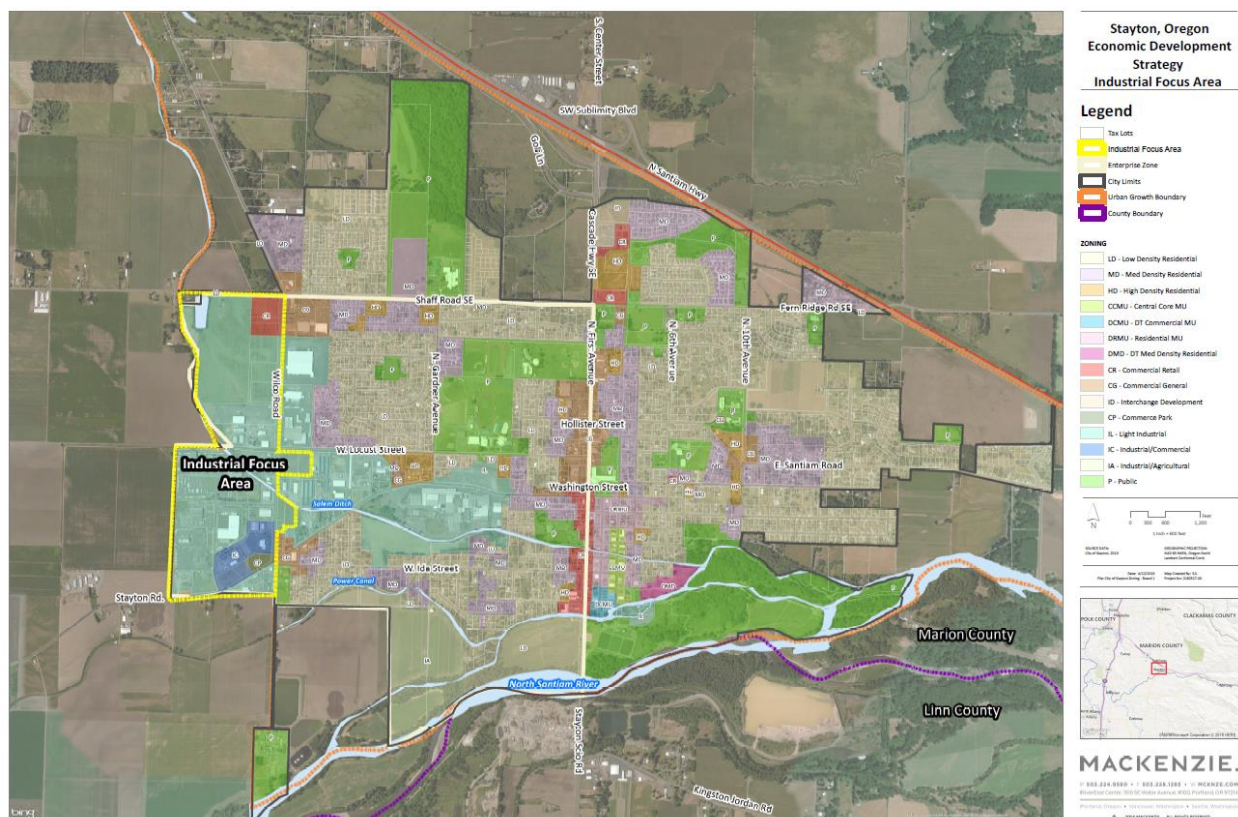
Background

In developing the economic development strategy, it is important to understand potential barriers and perceptions that may preclude economic development opportunities. The following information summarizes current infrastructure needs in the city and feedback from local businesses and residents.

Infrastructure

Over the past several decades the city has experienced steady growth but growth has substantially slowed during the past ten years. With roots in the agricultural and manufacturing industry, the City saw the development of an industrial park on the west side of City in the 1970s. However, that industrial park still has vacant available land, and there has been no new industrial construction in the City since 2005. Furthermore, in the past ten years the city has seen only three new commercial buildings constructed. This limited employment growth stifles opportunities for the existing residents to obtain local family-wage jobs. The following map indicates where there is additional industrial growth opportunity within the city.

Figure 4: City of Stayton Industrial Focus Area



Source: Mackenzie

This land opportunity has attracted interest from the following projects, however did they did not pursue development due to perceived infrastructure costs. In order to successfully retain and attract companies to this area, the following analyses were prepared to determine potential barriers and recommended solutions.

Table 2: Potential New Development Projects that Considered the City of Stayton

Industry	Investment	Possible Employment	Building sq ft	Site Acreage	Year
Agriculture	\$18 million	42	Multiple	NA	2016
Manufacturing	\$90 million	60	Multiple	NA	2018
Manufacturing	\$120 million	90	650,000	17	2018
Manufacturing	\$9 million	20	150,000	4	2018

Source: SEDCOR

Utility Rate Comparison

As part of the economic development analysis, Mackenzie prepared a utility rates and user fees analysis compared across benchmark communities to determine if the rates are significant barrier to investment. The report is provided in the Technical Appendix that accompanies this Strategy. In summary, the City of Stayton water rate is the most complex of the benchmark communities. Generally, the City of Stayton charges less than other jurisdictions for water rates based on water meter size. For example, for a 4" water meter, the City of Stayton charges users \$826.94 less each month than if the same user were located in the City of Independence.

Table 3: Sample Water Meter Base Rates by Jurisdiction

Category	Stayton	Creswell	Independence	Monmouth	Silverton
Water Base Rate by Meter Size					
5/8" to 3/4"	\$6.98	\$36.64	\$33.93	\$18.23	\$15.76
1"	\$17.49	\$56.73	\$71.26	\$25.52	\$26.25
1.25"	\$26.13	-	\$105.23	-	-
1.5"	\$34.88	\$94.12	\$149.34	\$32.79	\$52.50
2"	\$55.73	\$152.06	\$257.94	\$52.79	\$84.00
3"	\$104.57	\$415.14	\$570.19	\$200.33	\$168.00
4"	\$174.28	\$645.62	\$1,001.22	\$251.22	\$262.50
6"	\$348.46	\$1,258.66	\$2,243.10	\$382.48	-
8"	\$557.57	\$2,033.02	-	-	-
10"	\$801.55	-	-	-	-

Source: Mackenzie, City of Stayton

In spite of the City of Stayton having some of the lowest water meter charges, total charges for utility rates and user fees tend to be higher in the City of Stayton than in other study cities. This is especially true when comparing large-scale users with high-water usage. As outlined in the following table, the

City of Stayton has the highest total charges in both industrial user scenarios and second highest total rate in the large retail user scenario.

Table 4 Sample User Total Utility Rates and User Fees by Jurisdiction

Sample User	Stayton	Creswell	Independence	Monmouth	Silverton
<i>Light Manufacturing</i>	\$855.62	\$295.51	\$705.42	\$324.46	\$814.39
<i>Industrial Agricultural</i>	\$982.72	\$375.40	\$679.62	\$440.71	\$912.14
<i>Large Retailer</i>	\$2,078.29	\$1,400.94	\$1,573.58	\$1,343.42	\$2,410.04
<i>Commercial Repair</i>	\$181.26	\$103.91	\$262.32	\$71.19	\$181.23
<i>Retail Office</i>	\$375.13	\$159.51	\$395.98	\$107.28	\$221.78

Source: Mackenzie, City of Stayton

Based on the sample user comparisons and the observations above, Mackenzie recommends considering the following in further policy decisions about the City of Stayton’s utility rates.

1. The City of Stayton may wish to simplify the manner in which rates are calculated or communicated.
2. To encourage large-scale users to grow in the City, Stayton could restructure the utility rates to focus on charging users higher usage fees and lowering the monthly base service rates.
3. The City should periodically conduct an analysis of actual operation costs and capital improvement costs for water, sewer, storm, and transportation.
4. Consider direct action to incentivize the growth of large-scale industrial users including reducing rates for certain users if they agree to, and execute, an agreement to increase employment opportunities for Stayton residents (by way of comparison, Creswell charges a special water rate for industrial users).
5. Consider also comparing property tax rates for the benchmark communities to identify differences that could affect economic development potential over and above utility rates and user fees (it’s possible that other cities have lower utility rates if they have higher property taxes and subsidize their utilities from their General Funds).

In all instances, City Council would need to balance competing demands and may wish to seek the assistance of a financial consultant since rate/user fee changes that benefit users and stimulate jobs may have negative financial consequences for the utility funds and/or the General Fund.

Infrastructure Needs

The infrastructure requirements to develop the vacant industrial properties pertains to transportation and stormwater improvements. As outlined below, the improvements are too significant for one developer to provide; therefore, a public-private solution is desired.

Transportation

Kittelson & Associates, Inc. completed a Transportation System Plan (TSP) in 2019. One of the recommended improvements is a new roundabout at Shaff and Wilco road. As noted by some industrial users, this will likely be similar to the roundabout on Highway 22 in Sisters, Oregon, which successfully accommodates a significant amount of semi-truck traffic.

Figure 5: New Intersection Improvement



Source: Kittelson & Associates, Mackenzie

This improvement is estimated to cost \$2.85 million and meets signal warrants right now. This means that any new building expansion or development will trigger the need to build this improvement. In order to proactively remove this barrier to investment, the following phases for construction are proposed to obtain potential grant funding leveraged with local investment.

Phase 1 is necessary to refine the infrastructure design, determine right-of-way (ROW) impacts, and acquire property. Estimated costs and timeframe for each element in this phase is outlined below.

Roundabout Design		
Item	Estimated Cost	Timeframe
Survey	\$15,000	6 weeks
Geotechnical investigation	\$20,000	6 weeks
Preliminary design and cost estimate	\$124,000	8 weeks
Public engagement and outreach	\$30,000	2 months, depending on approach
Appraisal and ROW acquisition	\$5,000	6 weeks
Permitting	\$10,000	10 weeks
Total	\$204,000	

Source: Mackenzie

Upon completion of Phase 1, construction of the roundabout is estimated to cost \$2.6 million per the following estimates.

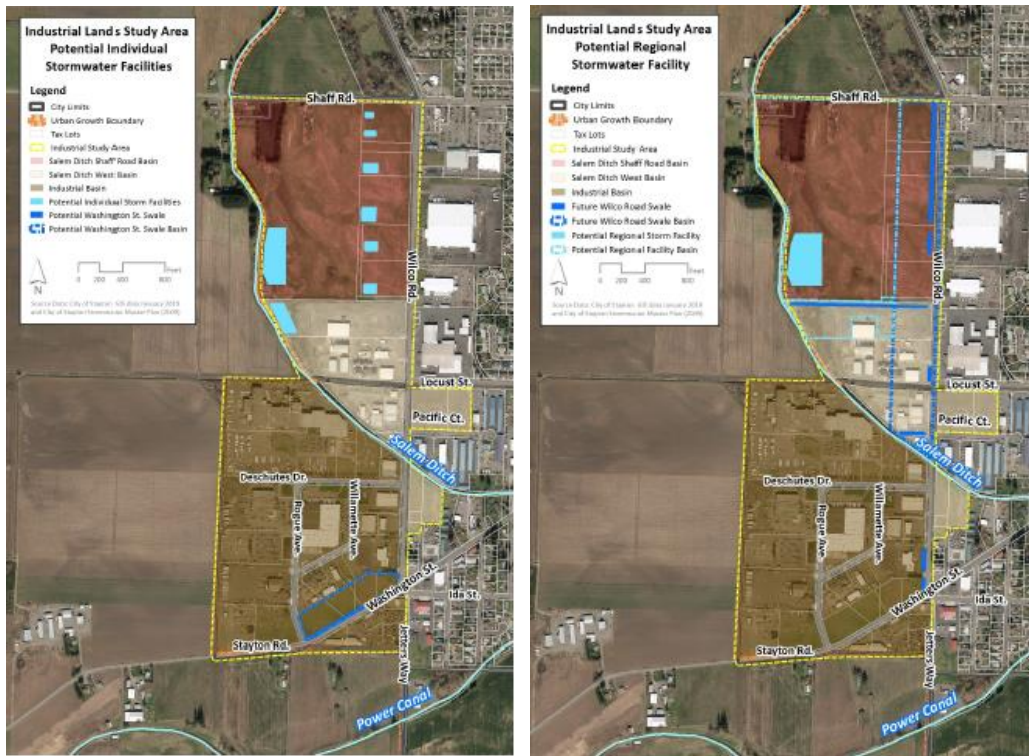
Roundabout Construction		
Item	Estimated Cost	Timeframe
Construction drawings and inspection	\$239,000	6 months
Property acquisition	\$200,000	6 months
Construction and contingency	\$2,191,000	12 months
Total	\$2,630,000	

Source: Mackenzie

Stormwater

The major planned stormwater upgrades affecting the Industrial Study Area include installation of larger pipes and construction of regional detention facilities to better limit peak runoff and convey flows in the municipal pipe systems and ditches. In general, City staff deems construction of regional detention facilities to accommodate runoff from new development to be more efficient than multiple onsite detention facilities. The following images convey how development may occur with each site addressing stormwater individually versus a regional approach. The regional approach allows for more efficient use of land area dedicated to buildings and vehicle maneuvering as opposed to large area dedicated to stormwater facilities on each site.

Figure 6: Stormwater Options: Individual site treatment vs. Regional treatment



Source: Mackenzie

Phase 1 is necessary to refine the infrastructure design, soil testing, and property acquisition. Estimated costs and timeframe for each element in this phase is outlined below.

Stormwater Facility and Swale Design		
Item	Estimated Cost	Timeframe
Geotechnical investigation (including groundwater table monitoring)	\$20,000	6 weeks
Wetland delineation	\$25,000	4 weeks
Survey	\$15,000	4 weeks
Preliminary design and cost estimate	\$16,000	6 weeks
Appraisal for property acquisition	\$7,000	6 weeks
Permitting	\$5,500	8 weeks
Total	\$88,500	

Source: Mackenzie

Upon completion of Phase 1, construction of the stormwater facilities is estimated to cost a total of \$2.3 million per the following estimates for the facility and swale.

Regional Stormwater Facility Construction		
Item	Estimated Cost	Timeframe
Construction drawings and inspection	\$65,000	8 weeks
Property acquisition	\$610,000	6 months
Construction	\$700,000	12 months
Total	\$1,375,000	

Source: Mackenzie

Wilco Road Swale Construction		
Item	Estimated Cost	Timeframe
Construction drawings and inspection	\$57,000	8 weeks
Property acquisition	\$400,000	6 months
Construction	\$480,000	12 months
Total	\$937,000	

Source: Mackenzie

Railroad Services

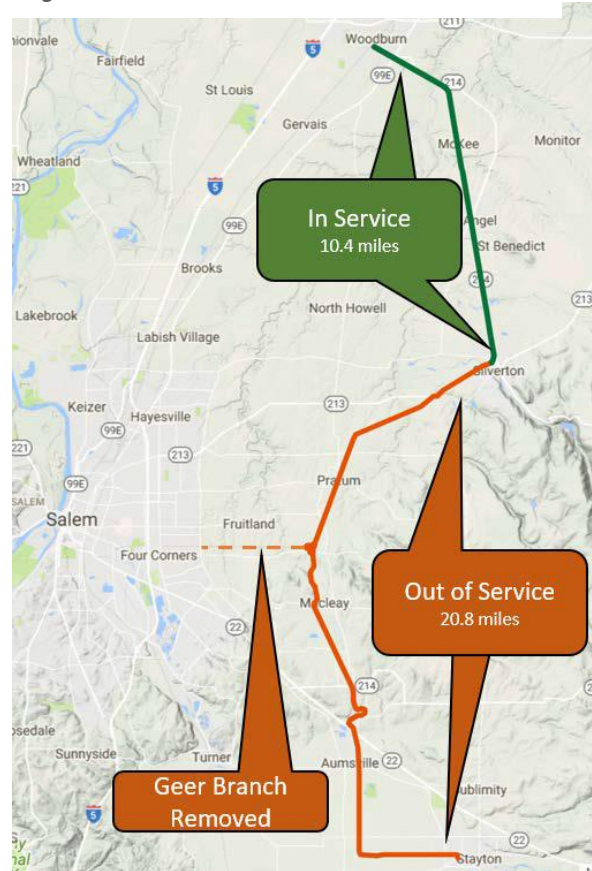
The Stayton Industrial Area has rail infrastructure and companies such as RedBuilt and Valley Agronomics were served in the past. The rail line is owned by Union Pacific Railroad (UP), and operated via lease to Willamette Valley Railway (WVR). The East Marion Rail Line, herein referred to as the WVR line, is approximately 31 miles in length running from Woodburn to Stayton. Currently, it is operating 10.4 miles between Woodburn and Silverton, but the remaining 20.8 miles from Silverton to Stayton is out of service. The line was taken out of service and embargoed for many reasons, most notably heavy rainfall causing washouts in Aumsville in January 2012, decline of rail traffic at Stayton, and lead paint flaking off the Silver Creek bridge in Silverton. Currently, there is no embargo in place that halts service, and to date, the railroad has not filed for abandonment or discontinuance of service⁶.

The rail line enters Stayton from the west into the industrial area at approximately Locust Street and runs parallel to the road down to the Norpac facility. According to the recent Economic Study of the facility, WVR has received grant funds to make necessary improvements to the bridge and ODOT is willing to fund the improvements of the rail in Aumsville. Estimated costs to reopen the line include:

- \$135,000 in initial track repairs, estimated 2-3 months.
- Plus \$52,000 for bridge repairs within the first year.
- \$2.5 million in upgrades to sustain Class 1 track standards (10 mph for freight trains and 15 mph for passenger) over the next 10 years.

While funds are generally available to make necessary repairs, the most significant issue precluding rail service is customer demand. The total amount of rail carloads at Stayton declined from 1,130 in 2006 to 107 in 2011 due to the recession. WVR did not have enough revenue to cover operating costs let alone justification to repair the line after the washouts in 2012. Most of these customers are now trucking products to/from rail-served facilities elsewhere in the Willamette Valley. Based on the interviews with business as part of the Economic Study, the line could generate 339 to 594 carloads per year if it were returned to service. Based on this amount of demand, a surcharge of \$500 to

Figure 7: WVR Line and Service



Source: Anzur Logistics

⁶ Economic Study of the East Marion Rail Line, Anzur Logistics, LLC, February 2018

\$1,500 per carload is required by WVR in order to offset operating costs and invest in infrastructure. However, customers will see savings from having direct rail service. The Economic Study suggests a surcharge of \$750 per car for Stayton-based customers, assuming grant funds are secured to off-set capital investment costs.

The City of Stayton supports maintaining the rail to serve industrial users. If there is a future tenant seeking rail service, significant coordination between the County, Stayton and Aumsville is required, as well the engagement of WVR, to make repairs and provide service. Outreach to WVR to determine their level of interest for providing service is a necessary first step. The WVR current lease expires December 31, 2023.

Stakeholder Interview Themes

In January 2019, Bridge held several meetings with industry representatives, small business organizations, the Public Advisory Committee (PAC), and city staff to determine opportunities and challenges to fostering economic development in the City of Stayton region. Specifically, Bridge conducted interviews to discuss the following as it related to City of Stayton: public infrastructure, education, industrial growth, and quality of place. The city also distributed a digital survey and received 70 responses. Consistent themes and comments are noted below. Detailed responses are provided in the Technical Appendix.

History of No Growth. Stayton has recently maintained a culture of no growth in the form of restrictive annexation policies, limiting the size of retail stores, and minimal proactive infrastructure investment to encourage industry growth.

Potential. The digital survey revealed that a majority of residents and business owners believe the community has potential.

Small Town Feel. People value the small-town feel of Stayton. Fostering this asset is important in how the city encourages development.

Lack of Vision. Consistently, community input suggests there is no clearly understood direction of where the city is investing time and resources.

Need to Enhance Family Opportunities. Residents would like more recreation and entertainment options for the entire family.

Strong CTE Programs. The Stayton High School is actively growing the CTE program and engaging with local businesses to give students a clear direction and path for local career opportunities.

Manufacturing/Construction Skills. A significant amount of Stayton residents is skilled in manufacturing and construction occupations.

Available Land. There is a significant amount of vacant industrial land on the west side of Stayton, which is remarkable asset in the Willamette Valley.

Infrastructure Investment Needed. The industrial area requires key transportation and stormwater infrastructure improvements to “unlock” the available industrial land.

A Downtown with Potential. Downtown Stayton has great “bones” with an inviting grid, historic building stock and unique water features.

Growing Anchor Institutions: Health Care and Hospitals. As the regional center for the North Santiam River Canyon, Stayton is home to a growing hospital, which provides high-wage employment opportunities that are diverse from manufacturing/constructions.

Connection to Outdoors. The North Santiam River Canyon is a beautiful natural asset with hiking trails and river activities and access to mountains. It is a reason that people enjoy living in Stayton.

Strengths, Weaknesses, Opportunities, and Challenges

The following strengths, weaknesses, opportunities, and threats (SWOT) are derived from stakeholder input, survey responses, and general research.

<p>Strength (internal)</p> <ul style="list-style-type: none"> • Industrial vacant land • Water availability • Hydroelectric power • Existing industry clusters • Aligned education programs with clusters • Proximity to I-5 • Small town community • Good downtown “bones” • Oregon “brand” for food and agriculture • Growing population 3.1% • Young (Median age 34.4 vs US 37.8) 	<p>Weakness (internal)</p> <ul style="list-style-type: none"> • Infrastructure needs • Lack of community identity and vision • Housing availability • Lack of job growth • Lack of new commercial investment • Percent of population with Bachelor’s Degree (13.5% vs US 30.9%)
<p>Opportunity (external)</p> <ul style="list-style-type: none"> • Access to PNW mountains, beaches, forests • West Coast population growth • Natural resource innovation • Access to foreign markets • Growth in health care demand • Stayton is regional hub for North Santiam River area • Growing household income but still below US average (\$49,571 vs \$57,562) 	<p>Threat (external)</p> <ul style="list-style-type: none"> • Access to affordable housing • Limited skilled workforce • Inability to fund infrastructure • Inability to allow for more diverse housing

Economic Assessment

The following information provides a current snapshot of economic conditions in City of Stayton that provide direction regarding strategic actions. These data points can serve as a point of reference to gauge if the City’s competitive advantages or weaknesses. For context and comparisons, this analysis compares the City of Stayton to ten Oregon, Washington, and Colorado communities, whose size, demographics, and economics are similar to the City or offer policies and practices that the community can look to for best practices: Creswell, Oregon; Dallas, Oregon; Hood River, Oregon; Independence, Oregon; Lebanon, Oregon; Monmouth, Oregon; Ridgefield, Washington; Silverton, Oregon; and Wellington, Colorado. Benchmarks were selected in partnership with City staff and the

members of the Advisory Committee. A full-data appendix, supporting the takeaways below, has been provided to the City of Stayton.

Demographics

Located in Marion County, Oregon, Stayton is the fifth largest city in the county and a prime suburban bedroom community for many residents working in Salem, the state's growing capital city. The following outlines the key takeaways from the analysis of Stayton's demographics:

Population Growth Consistent with National Average. Nearly 8,000 residents call Stayton home – an increase of 237 residents (3.1 percent) from 2013 to 2017. Stayton's growth is consistent with the U.S. average (3.0 percent) but ranks ninth among the benchmark communities. Approximately 14 percent of Stayton residents lived outside the county, state or country the previous year – slightly above the national average (13.4 percent)

Millennial Residents. Millennials (residents between the age of 20 and 34) represent 16.4 percent of Stayton's residents – 5 percent less than the U.S. average. This ranks eighth among the benchmark cities on par with Dallas (19.3 percent) and Creswell (16.4 percent) but well below Monmouth (36 percent) and Independence (30.2 percent) where millennials account for one in three residents. Alarming, Stayton's millennial population decreased 25 percent since 2013, while the U.S. average increased by 17 percent.

Younger Median Age. Stayton's median age is 34.4, ranking it as the fourth youngest city among the benchmarks and well-below the U.S. median age of 37.8.

Racial and Demographic Make-Up. Eighty-five percent of Stayton's residents are white and an additional 11 percent of residents identify as bi-racial (two or more races).

Hispanic Residents. Approximately 1,700 Stayton residents are Hispanic – nearly 21 percent of the total population. This ranks third among the benchmark communities, behind Independence (32.8 percent) and Hood River (28.1 percent), but well-above the U.S. average of 17 percent.

Income

Compared to its peer cities, Stayton's income metrics generally rank among the lower tier and below the national average. However, in recent years, Stayton's residents have experienced increases in median household income, per capita income, average family income, and median individual wages. The following are key takeaways about Stayton's various income metrics:

Median Household Income. Stayton's median household income of \$49,500, ranks sixth among the benchmark cities and is 14 percent less than the U.S. average. Since 2013, Stayton's median household income has increased 28.6 percent – ranking first among the benchmark cities and nearly three times faster than the national average (8.7 percent). Likewise, Stayton's average household and family size also have increased slightly since 2013.

Per Capita Income. Stayton's per capita income (\$20,743) ranks seventh among the benchmark cities, on par with Independence (\$20,153) and Lebanon (\$19,427) but 33 percent less than the national average (\$31,777). The per capita income in Stayton has increased 10.7 percent 2013 – consistent with the U.S. average.

Average Family Income. Stayton’s average family income increased 13 percent since 2013 to \$62,723. This is still nearly \$32,000 less than the U.S. average and ranks eighth among the benchmark cities.

Men Median Full-Time Wage. Stayton male residents working full-time earn approximately \$33,700, ranking last among the benchmark cities and nearly \$18,000 less than the U.S. average (\$50,859). From 2013 to 2017, the median full-time earning for men has increased 31.1 percent, ranking first among the benchmark cities and ten times faster than national average (3.1 percent).

Women Median Full-Time Wage Stayton female residents working full-time earn nearly \$32,000 annually – 22 percent less than the U.S. average (\$40,760). While wages for men working full-time in Stayton have increased more than a third since 2013, wages for women in Stayton have declined 2.2 percent.

Equity

In addition to income metrics, various equity metrics such as poverty shares, housing cost burdens and insurance coverage rates offer a look into community vitality and long-term health and sustainability. In Stayton, a quarter of families with children live below the poverty line and more than one-third of homeowners pay more than 30 percent of their household income towards housing costs. The following are key takeaways about Stayton’s various equity and affordability metrics:

Poverty Levels. Stayton’s poverty levels are well-above the U.S. average: 15 percent of all families live below the poverty line (compared to 10.5 percent of the country) and 24.6 percent of families with children are below the poverty line (16.7 percent for the U.S. as a whole). On both metrics, Stayton has the fourth highest poverty levels among the benchmark communities.

Health Insurance Coverage. Nine in ten Stayton residents have healthcare this is consistent with the benchmark cities and the national average.

Mean Housing Value. Stayton’s average housing value is \$211,200, 8.3 percent more than the U.S. and ranking fifth among the benchmark communities. One third of Stayton households (33 percent) with mortgages pay more than thirty percent of their monthly income on housing costs; this is slightly higher than the 29.5 share of U.S. household.

Gross Rent. Stayton’s average monthly gross rent is \$1,425 – 31 percent more than the U.S. average. However, just 12 percent of Stayton renters pay more than 30 percent of their monthly income on housing costs. This ranks the best among the benchmark communities. Across the U.S., fifty percent of renting households spend more than a third of their monthly income on housing costs.

Educational Attainment

To thrive in today’s competitive economy, talent and skills matter more than ever before. Educational metrics offer a look into capabilities of a community. Five in ten Stayton residents have a degree of some level – Associate’s, Bachelor’s, or graduate. A detailed analysis follows:

No High School Diploma. Approximately 15 percent of Stayton’s residents who are 25 and older (740 residents) do not have a high school diploma. This ranks third highest among the benchmark

cities and above the U.S. average (12.7 percent). From 2013 to 2017, the share of residents without a high school diploma shrunk 15.9 percent.

High School Diploma. An estimated 1,650 Stayton residents hold a high school diploma as their highest educational attainment level – 34 percent of residents 25 and older. This is a 5 percent increase since 2013. Stayton ranks just behind Sheridan (39.7 percent) and above the national average (27.3 percent).

Associate’s Degree. Thirty-seven percent of Stayton’s residents 25 years and older (1,800 residents) have an Associate’s degree or some college. This total is up 10 percent since 2013 and above the U.S. average of 29.1 percent but ranks ninth among the selected benchmark communities.

Bachelor’s Degree or Higher. Only thirteen percent of Stayton’s residents (656 residents) have a Bachelor’s Degree or higher – less than half the national average (30.9 percent) and ranking at the bottom of the selected benchmark cities. From 2013 to 2017, the number of Stayton residents with a Bachelor’s Degree or higher has decreased 23 percent – a loss of 300 residents. Moreover, just 296 Stayton residents were enrolled as students at a college or university in 2017.

Occupational Clusters and Resident Skills

Research has found that it is the clusters of talent and skills that drive long-run growth and prosperity. There are 3 broad sets of skills that drive today’s economy: knowledge, service, and working sector. For Stayton, the city’s production and working sector workforce is a competitive advantage and will be critical to the city’s economic development strategy. Key takeaways about Stayton’s occupational clusters include:

Working Sector. Approximately 1,200 Stayton residents make up the city’s working sector (35.7 percent) – skills associated production/manufacturing, transportation, and maintenance. This is the highest share among the benchmark cities and well above the U.S. average (21.5 percent). From 2013 to 2017, Stayton’s working sector grew 13.3 percent.

Service Sector. Five in ten Stayton workers (48.9 percent) have skills associated with the service sector – a share that ranks third among the benchmark cities of Monmouth (55.1 percent) and Sheridan (52.9 percent). A challenge for Stayton’s large service sector: low wages, not family-supporting, are generally associated with service sector work. Stayton’s service sector workforce has just increased 1.9 percent since 2013.

Creative Class. Just 510 residents (15.4 percent) make up Stayton’s creative – workers with skills in technology, arts/ culture, professional services, and education – ranking last among the benchmark cities and is less than half the U.S. average. From 2013 and 2017, Stayton’s creative class has declined 6.6 percent – the only city among the benchmarks to lose creative class residents. This trend is similar to the loss of Stayton residents with a Bachelor’s Degree and higher.

Business Establishments

New business formation is critical to providing Stayton’s residents economic opportunity. Stayton’s businesses not only provide employment for residents, but many of them offer the amenities that

make Stayton a great place to live. The following is a look the sectors making up Stayton's business establishments:

Little to No Growth in Business Establishments. From 2012 to 2016, Stayton experienced just a 0.4 percent increase in the number of business establishments, while the U.S. as a whole experienced a 4.4 percent increase. Stayton's limited growth ranks ninth among the selected benchmark cities.

Construction. Construction establishments – more than 40 – make up the largest share of Stayton's businesses (16 percent). Across the U.S., construction businesses, on average, comprise 9.0 percent of a city's total establishments. The number of construction businesses in Stayton has declined 4.5 percent since 2012.

A High Share of Retail Businesses. Retail businesses make up the second largest share (14.4 percent) of Stayton businesses. This is consistent with Stayton having a large service sector base among its residents and ranks third among the benchmark cities behind Sheridan (15.3 percent) and Hood River (14.8 percent). From 2012 to 2016, the number retail businesses in the Stayton has increased 5 percent.

Financial Services and Real Estate. When combined together, financial services businesses and real estate offices comprise more than 12.1 percent of all Stayton establishments, ranking first among the benchmark cities. However, for professional services businesses, Stayton has just half the share of the U.S. average (11.6 percent).

Residents by Industry

By examining "residents by occupations," and educational attainments, we can determine the skill sets that Stayton residents have to secure employment. Examining "residents by industry," we can assess the industries that are important to the economic opportunity of local residents. Stayton's employment base, among its residents, has increased by 4.1 percent since 2013 to 3,307 employed residents. Key takeaways about the significant industries that are employing Stayton's residents include:

Manufacturing. Twenty percent of Stayton's residents (671) are employed in the manufacturing sector – an 11.6 percent increase over 2013. This share of workers ranks first among the benchmark cities and is double the share of the U.S. average (10.3 percent).

Med and Eds. The health and educational sector employs 17 percent of Stayton's residents – an estimated 550 workers – a 7 percent increase from 2013.

Retail Industry. Approximately 13.4 percent of Stayton's residents (450) are employed in the retail sector, ranking third among the benchmark cities and behind Lebanon (15.9 percent) and Wellington (15.7 percent). Employment of Stayton residents in retail has increased 25 percent since 2013, adding an estimated 150 new jobs.

Construction. Nearly 250 Stayton residents are employed in the construction industry – 7.2 percent of residents – a 117 percent increase over 2013.

Agriculture. Stayton’s agriculture industry accounts for 5.2 percent of resident employment (175) – a share that ranks second among the benchmark cities and just behind Independence (8.0 percent).

Transportation, Warehousing, and Utilities. More than 6 percent of Stayton residents (215) are employed in the transportation, warehousing, and utilities sector – ranking behind Ridgefield (6.8 percent) and second among the benchmark cities. Since 2013, employment for this sector has increased 22.9 percent. Occupational strength in this industry aligns with cluster strengths in manufacturing and agriculture and food processing.

Commuting

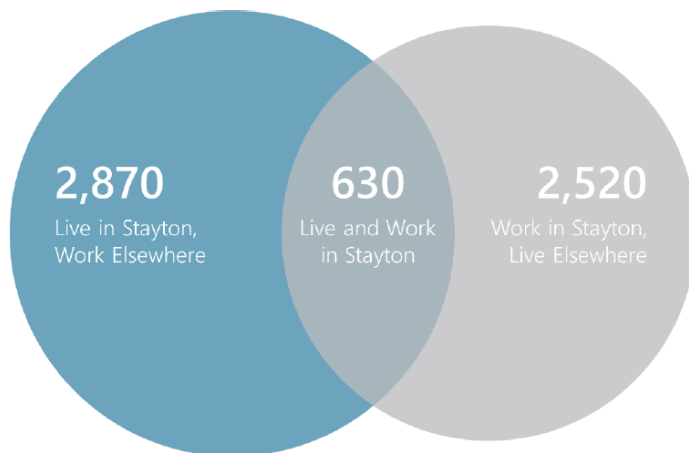
There is no doubt that Stayton is a car-dominated town: 8 in 10 Stayton residents drive to work. Additional insights include:

Highest Share of Carpooling. Approximately 14 percent of Stayton’s residents carpool to work – the second highest share among the benchmark cities and significantly above the national average (9.2 percent).

Short Commute Time. Stayton’s commute time to work is 19.5 minutes – second shortest commute among the benchmark cities, behind Hood River (16.8 minutes), and 7 minutes shorter than the U.S. average (26.4 minutes).

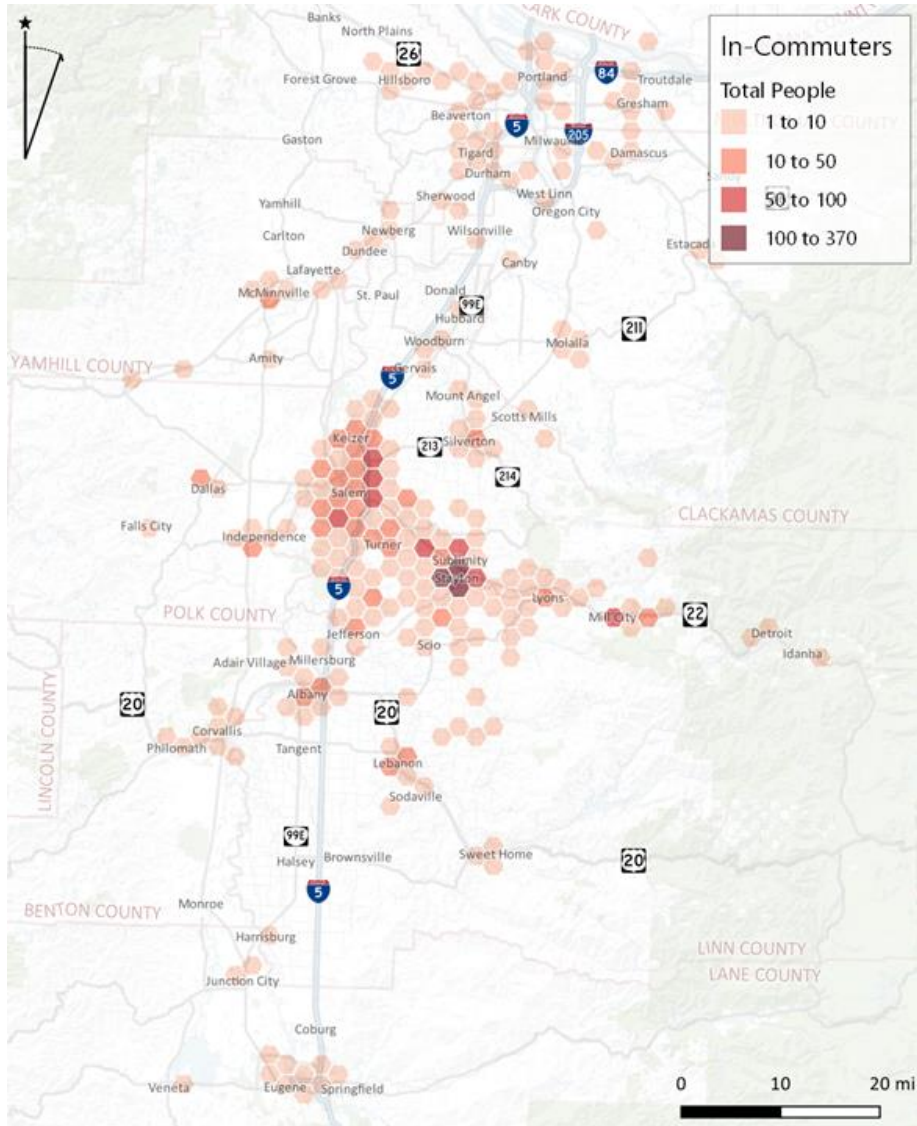
Furthermore, as indicated in the following figure, very few Stayton residents also work in Stayton. There is a significant amount of in-bound and out-bound commuters. Most workers that commute into Stayton come from Salem or the North Santiam canyon area. In contrast, several people living in Stayton will commute farther into the Portland region for jobs. To begin to balance these commute patterns, more housing options should to be provided to allow people that commute into Stayton to live the community, especially considering that the in-bound commuters generally live within the Salem area. It will be more challenging to provide more diverse job opportunities such as those that are in the Portland region to retain residents that are commuting.

Figure 8: Stayton Commute Patterns, 2015



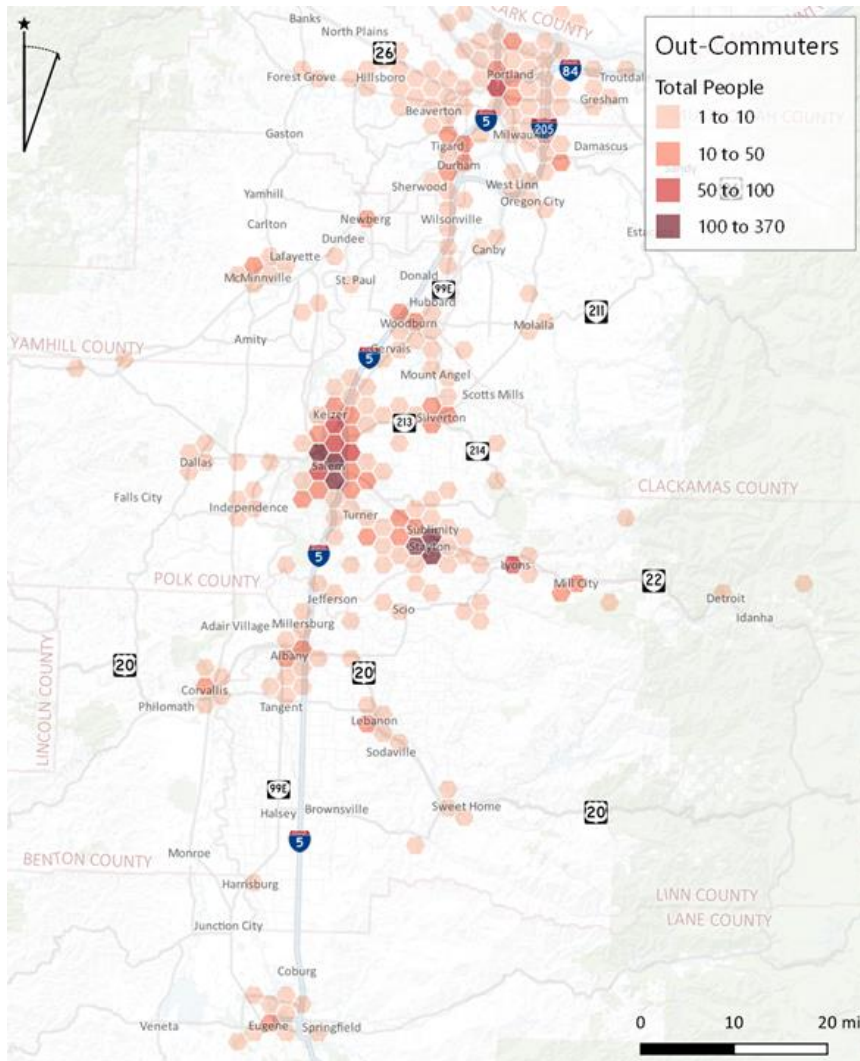
Source: US Census LEHD

Figure 9: Work in Stayton, Live Elsewhere, 2015



Source: US Census LEHD

Figure 10: Live in Stayton, Work Elsewhere, 2015



Source: US Census LEHD

Industry Clusters and Skills Base

Industry clusters are groups of similar and related businesses in a defined geographic area that share common markets, technologies, and worker skill needs. They are often linked by buyer-seller relationships, helping to facilitate efficiencies and innovation. Industry clusters also represent distinct qualities of a community and help define what makes one community different from another. As they convey distinct qualities, it is important to be specific in the definition of a cluster. For example, rather than promoting a “manufacturing cluster” a community should focus on “advanced manufacturing or machinery components” to convey the type of product being manufactured and its unique workforce and supply chain needs. Promotion of clusters helps reinforce to existing businesses and interested outside talent the unique community assets and why it is a good place to stay and grow. The following key industry clusters drive the City of Stayton economy:

- Advanced Manufacturing/ Complex Construction
- Agriculture and Food Processing
- Wood Products and Forestry
- Health Care

Table 5: Stayton Industry Cluster Snapshot

Sector	Employment	Business Count	Total Wages	Average Annual Salary	Cluster Type
Advanced Manufacturing/ Complex Construction	363	33	\$23 million	\$63,360	Traded/ Local
Agriculture and Food Processing	597	10	\$16.1 million	\$26,843	Traded
Wood Products and Forestry	275	11	\$10.2 million	\$37,024	Traded
Health Care	781	27	\$34.2 million	\$43,771	Local

Source: Bridge Economic Development, Oregon QCEW

Together, these target clusters account for 2,016 employees, and more than 80 businesses. In addition, they account for \$83.5 million in total wages with an average annual salary of \$41,363. They represent a combination of traded-sector clusters (those where goods and services are sold outside the region) and local clusters (establishments that serve local residents).

State and Regional Collaboration

Each cluster, outside of the health care cluster, benefits from an alignment with the economic development efforts and attraction and retention plans of Business Oregon, the Strategic Economic Development Corporation (SEDCOR), and Marion County Economic Development. Health care was selected because of presence of significant healthcare anchor institutions located in Stayton, which are employing a significant number of workers in the city.

Table 6. Industry Cluster Comparison

STATE OF OREGON	REGIONAL (CEDS)	CITY OF STAYTON
Advanced Manufacturing	Advanced Manufacturing	Advanced Manufacturing/ Complex Construction
Food and Beverages	Agriculture and Food Processing	Agriculture and Food Processing
Wood Products and Forestry	Wood Products and Forestry	Wood Products and Forestry
		Health Care
	Transportation and Distribution	
	Government	
Business Services		
High Technology		
Outdoor Gear and Apparel		

Not to mention, these clusters are supported by the training programs at Stayton High School and local workforce development organizations, community colleges, and universities such Oregon State University and Chemeketa Community College as outlined below.

Table 7. Industry Cluster Comparison

Industry	Stayton High School	Chemeketa	OSU
Advanced Manufacturing/ Complex Construction	CTE – Manufacturing CTE – Construction/ Tech/ Woods	Industrial/Instrumentation Tech Apprenticeship Trades Industrial Electronics	College of Engineering
Agriculture and Food Processing	CTE – Agriculture	Agribusiness Management and Pesticide Certification	Agricultural Sciences – Food Science and Technology
Wood Products and Forestry	CTE – Construction Tech/ Woods		College of Forestry Renewable Materials.
Health Care	Career Pathways – Health Care	Associate of Science Degree in Nursing	

Building a Cluster Ecosystem

Three elements are critical to building a cluster ecosystem: first, an existing company foundation, second, the appropriate infrastructure, and third, a skilled workforce. As detailed below for each of the targeted sectors, Stayton has a standing company base that can serve as the foundation for cluster expansion and growth. These local industries are further bolstered by nearby companies that have similar workforce and logistics needs. Because companies and workers do not adhere to specific geopolitical boundaries, it is important to have a regional focus beyond city limits when working to grow industry clusters.

The City is also focused on unlocking the capital and grant dollars to support the infrastructure investment that is needed to foster ongoing development. And, Stayton and the surrounding communities offer a skilled workforce that is well-suited for the proposed clusters. Simply put, when new business opportunities arise in the selected clusters, the City of Stayton is well-positioned for future growth and investment. Moreover, as Stayton looks to the future, these recommended clusters also present the City with an opportunity to introduce technology and innovation to the sectors, helping to create the next-generation of Stayton business that builds of the City's legacy and looks to the future.

It is important to build a cluster strategy driven by data to ensure ongoing efforts will enhance an existing economic foundation and attract new business that will want to see quantifiable data that there is a strong workforce and industry base in the region under consideration. A detailed analysis of the cluster competitive advantages and associated workforce skills has been provided as separate appendix documents. It is Bridge's belief that Stayton's staff and its partners will be able to utilize the research and data to help drive ongoing business retention and recruitment efforts.

The following represents a brief cluster profile for each recommended sector; this summary is built upon an extensive cluster analysis, both at the industry and skill levels, and has been included as appendix to this report.

Advanced Manufacturing and Complex Construction

As noted in the economic assessment, Stayton's residents and local economy is driven by sectors associated with production and manufacturing. Stayton's advanced manufacturing and complex construction is represented by companies such as Littau Harvester, Slayden Construction Group and Van Dorn Enterprises. It is a sector that has earned a reputation across the state as a leader in the development of heavy machinery and a service provider of complex construction such as infrastructure and significant commercial development.

- Cluster Type. Traded and local. This is a cluster that serves the state and other regions, as well as offering local construction and building services for residents of Stayton and surrounding areas.
- Number of Firms. 33 establishments in 2016
- Total Employment. 363 employed in 2016
- Average Wage. \$63,360
- Educational Attainment Levels. Generally, talent for this industry cluster has a high school diploma or Associates degree.
- Skill Clusters. This cluster taps into four main skill clusters:
 - *Construction*. Stayton’s construction talent pool is 45 percent larger than the U.S. average for a city its size, representing occupations such as carpenters, construction managers, cement masons, and others (see data appendix).
 - *Manufacturing*. The manufacturing skills and talent pool is nearly four times larger than the national average and consists of occupations such as industrial production managers, machine setters and operators, assemblers and fabricators, and others.
 - *Mechanics*. Stayton’s mechanics skill pool is 63 percent more concentrated than the U.S. average and represents occupations such as Mechanics, Riggers, and various other technicians.
 - *Transportation*. Stayton’s transportation talent base is two times the national average and includes occupations such as truck and tractor operators, light weight delivery workers, freight and stock handlers, transportation managers and more.
- Growth Challenges. For Stayton, this sector faces two challenges. First, this sector requires industrial land that is well-supported by infrastructure. Much of Stayton’s industrial land is limited because significant investments are needed to improve infrastructure capacity. However, as part of this economic development strategy, the City is prioritizing the need to locate the investment dollars to support the necessary improvements. Second, this is a cluster that is often impacted by economic downturns. To combat this challenge, Stayton’s construction sector must continue to grow its footprint thereby diversifying its capabilities and project types.

Agriculture and Food Processing

Located in the heart of Marion County, it is no surprise that Stayton is a city that has industry capabilities and growth potential in the agriculture and food processing sector. Home to NORPAC, and nearby Greenbriar Ag Management, Butler Farms Company, Stayton has a larger number of workers that boast knowledge and skills associated with food production. While in the past Stayton has been home to a very traditional food processing and agricultural sector, Stayton’s future for this industry will be tied to its ability to match and innovation with agricultural legacy. This is why

supporting and promoting next-generation training in food science and technology at universities like Oregon State University is critical to future development.

- Cluster Type. Traded. This is a cluster that predominately services the state, other regions and parts of the U.S.
- Number of Firms. 10 establishments in 2016
- Total Employment. 597 employed in 2016 (representing larger than average establishments)
- Average Wage. \$26,843
- Educational Attainment Levels. Talent for this industry cluster generally has a high school diploma.
- Skill Clusters. This cluster taps into two key skill clusters:
 - o *Farming/Agriculture.* Stayton's agriculture talent pool is nearly seven times the U.S. average, spanning occupations such as agricultural workers/ laborers, inspectors, food scientists and nurse workers.
 - o *Transportation.* As noted above in advanced manufacturing.
- Growth Challenges. For Stayton, this sector faces a similar challenge as that of Advanced Manufacturing: it is an industry that requires large parcels of farming or industrial land that are well-connected and supported by infrastructures. As noted above, this is also a sector that generally is needing to reimagine how technology, innovation and new forms are entrepreneurship are reflected in its future development. And finally, this is an industry cluster that is relatively low-paying and employment levels fluctuate seasonally. NORPAC's employment levels have declined in past decades, due in part to automation. The average annual salary is \$26,843, well-below the median wage for both full-time working men (\$33,700) and women (\$32,000) in the City of Stayton.

Wood Products and Forestry

Like agricultural and food processing, Wood Products and Forestry represents a traditional but well supported and coordinated industry cluster for Stayton. It is also a cluster that reflects the geographic advantage Stayton within in Marion County and is aligned with the efforts of Business Oregon, the Strategic Economic Development Corporation (SEDCOR), and Marion County Economic Development. Stayton's major employers for this cluster ranges from Jeld-Wen and RedBuilt,

- Cluster Type. Traded. This is a cluster that predominately services the state, other regions and parts of the U.S.
- Number of Firms. 11 establishments in 2016
- Total Employment. 275 employed in 2016
- Average Wage. \$37,024

- Educational Attainment Levels. Talent for this industry cluster generally has a high school diploma.
- Skill Clusters. This cluster taps into three key skill clusters:
 - *Environmental Services.* Stayton’s environmental services talent pool, comprised of foresters, environmental scientists, conservationists and related occupations, is 93 percent larger than the U.S. average for a city its size.
 - *Farming/Agriculture.* As noted above in agriculture and farming.
 - *Transportation.* As noted above in advanced manufacturing.
- Growth Challenges. Generally, this sector for Stayton, like the rest of the state, is declining employment. The talent base is also aging very quickly. However, this sector is an important industry for the city’s economic portfolio, so it will require economic development efforts that are centered around business retention. It is also necessary that the city of Stayton partner with key companies in the area to bring together leaders to discuss what the next-generation forestry and wood products cluster in the city could be in the future.

Health Care

While not a target cluster for the state of Oregon or the region, health care is a critically important employment base for the City of Stayton and its residents. With institutions and companies such as Santiam Hospital, Santiam Medical Associates, Brookdale Stayton, and others, Stayton’s Health Care sector employs more than 780 employees across twenty-seven firms. Not to mention, the sector offers a pathway for Stayton residents to obtain employment opportunities offering family-wages; the average annual salary for a health care job in Stayton is approximately \$43,771.

- Cluster Type. Local. This cluster primarily serves local and surrounding residents.
- Number of Firms. 27 establishments in 2016
- Total Employment. 781 employed in 2016
- Average Wage. \$43,771
- Educational Attainment Levels. Talent for this industry cluster generally has an Associate’s degree or Bachelor’s degree or higher.
- Skill Clusters. This cluster taps into two key skill clusters:
 - *Medical Professionals.* Stayton’s medical professionals cluster is made up various types of physicians, therapists and nurses. It is more than two times the U.S. average for a city its size.
 - *Medical Services.* The medical services cluster in Stayton is nearly three times the U.S. average. These positions include technicians and various healthcare assistants.

- Growth Challenges. The greatest challenge for Stayton’s health care sector is ensuring steady pipeline of talent is prepared and well-trained. This will require the city of Stayton, its economic development partners, and leading health care companies to work with local colleges, universities and workforce development organizations to build effective training programs that meet the needs of this fast-growing sector.

The Strategy

Strategies must continuously evolve as economic situations change, actions are accomplished, and new opportunities arise. However, there are certain values and principles that remain constant and guide future decisions for the region. These foundational elements are outlined below and serve as the basis for the goals, objectives, and actions that will shape the efforts of the city staff and their economic development partners over the next five years.

What is the Benefit of an Economic Development Vision and Strategy?

In order to prepare a community to proactively engage with rapidly changing trends, it must have a strategy in place. Without a strategy, efforts are often reactive, non-collaborative, and not connected for meaningful impact. An economic development strategy will:

#1: Document a Playbook

For an economic development plan to succeed, numerous partners and organizations must be engaged and collaborate toward common goals. At the same time, it is essential for public and private entities to recognize that they are partners in economic development efforts, as one cannot be sustained without the other. To efficiently and effectively align goals, a community must understand, document, and achieve consensus on its vision, values, opportunities, and objectives.

The world’s economy is changing rapidly. An established “playbook” provides enough broad goals to recognize opportunities when they arise. Clear direction regarding the city’s roles will help determine projects that should be pursued and those that should be opposed. **To effectively implement a strategy, it is as important to say “no” to certain opportunities as it is to say “yes” to others.**

#2: Identify Specific Actions

Once goals and objectives are defined, action must be taken. Often these actions will appear minor without the overall context of the plan. The intent of the strategy is to provide several action items by several partners, all working toward the same overall goal. This is a flexible document that will be shaped as opportunities arise. Finally, it is important to annually revisit the document to determine where progress is being made and where other areas are deficient. It will be necessary to update the document every three to five years in keeping with the rapid pace of change in the economy. In addition, it will be important for the city to allocate its budget to the specific actions to clearly determine whether adequate resources have been allocated to efforts to realize outcomes.

The Vision

Stayton is one of Oregon's best small communities. Grounded in an agricultural and industrial legacy and driven by innovative, future looking businesses, Stayton values its residents, history, downtown, and natural beauty. Every resident and business has the opportunity to thrive and grow in the City of Stayton.

Guiding Principles

The following guiding principles to shape the direction of the strategy and vision. They also serve as a guide to future decisions for the city that will appear over the timeframe of this strategy implementation.

Industry Driven. A data-driven, traded sector industry cluster development focus will guide the goals, objectives, and actions for the strategy.

- Advance sectors that provide opportunities for a variety of specializations, a range of skill levels, as well as projected firm, wage and job growth.
- Clusters of focus include advanced manufacturing/complex construction, agriculture and food processing, wood products and health care (see Technical Appendix for detailed analysis).

Existing Businesses First. Retention and expansion of existing businesses is the most efficient way to grow the economic base and attract similar industries.

- Industry cluster strategy focuses staff time and resources on strengthening existing competitive advantage and growing existing base.
- Prioritize in-bound recruitment efforts to support existing industry cluster growth such as the further development of the supply chain.
- Focus on developing a business support and expansion programs especially for traditional growth sectors such as food processing and wood products.

People and Business. All economic development activity is intended to benefit City of Stayton residents and community-minded employers.

- Focus on workforce pipeline development in conjunction with local workforce development and education
- Facilitate mutually beneficial partnerships between education partners and private enterprises.
- City of Stayton's community partners should focus on business and people who then in turn support land development.

Value of Place. City of Stayton will preserve, embrace and promote the distinct qualities that make it a unique and desirable place for talent.

- Promote easy access to Pacific Northwest mountains, lakes, rivers, and mild climate that draw and keep talent.
- Invest in downtown Stayton, helping support the growth of downtown businesses and development projects.

- Embrace the small-town feel that sets Stayton apart from larger metropolitan areas with closer ties to agriculture and outdoor recreation.

Strategy Goals

The Strategy is focused first and foremost on growing the traded sector industry base of City of Stayton. To ensure all residents have access to these opportunities, the strategy focuses on people and skills development tied to growing industries. For businesses to attract and retain talent, the key driving factor is creating a distinct place. Finally, to ensure desired outcomes are achieved it will be important for the city to monitor actions of all engaged partners.

Goal 1: Proactive City Culture

Why this Goal?

When encouraging private development investment, cities play an important role in fostering a culture of collaboration. Such a culture includes a transparent and clear permitting process with staff engagement to proactively solve challenges. This does not mean that a city removes requirements to build projects to code or remove all SDC fees. What is important is to quickly respond to applications to reduce processing time (which equates to money), and maintain standards and a consistent interpretation of the code to provide certainty. Supplementing this approach with a proactive approach to help projects come to fruition and enhance the community quickly builds a positive reputation for a city as place that people want to do business.

Objective 1.1 Define the ED Champion in the City

In order to implement the Economic Development Strategy, the City must have a designated staff person that will be the full-time champion for economic development. This person must build relationships with existing businesses, monitor the strategy implementation, and build relationships across several municipal departments in order to leverage opportunities for infrastructure investment and other identified programs. Without an identified champion, the Strategy is likely to sit on a shelf.

Objective 1.2 Build regional infrastructure for industry base

As outlined in the Strategy, Stayton has a unique asset with the existing vacant land within the industrial area. The barrier to developing this land is significant transportation and stormwater facilities that are needed across the area. The city can work with economic development stakeholders to secure grants that are focused on supporting traded-sector industries. Removing these infrastructure barriers will unlock the vacant industrial land.

Goal 2: Support and Leverage Existing Industry Base

Why This Goal?

The City of Stayton area is fortunate to host traditional manufacturing industries coupled with construction companies that are poised for more growth. Manufacturing will remain an important industry cluster with the continued integration of technology. Increasingly, manufacturing will be more automated requiring a highly skilled workforce. City of Stayton will remain competitive in this area

with a continued focus on education and skills development to prepare a workforce that can serve this dynamic trend in manufacturing. It is important to retain these existing businesses but at the same time build toward innovation within the industry. For example, within wood products cluster collaborate with OSU regarding the future development of Cross Laminated Timber (CLT) or within agriculture pursue innovation tied to irrigation and digital imaging with drone technology. Stayton needs to stabilize and retain its base while positioning for the future.

Objective 2.1 Engage with Industry Clusters and Define Needs

Businesses tied to similar industries should be convened to discuss what they need to grow and position themselves for innovative opportunities. Focused meetings such as these build collaboration and foster cross-pollination of opportunities and ideas. In addition, the meetings result in specific action items necessary to address business growth needs. Community partners can then effectively work to remove barriers and provide meaningful support to businesses. The businesses will also inform what type of sites/buildings and infrastructure is needed to foster growth.

Objective 2.2 Make Stayton Attractive for Investment

Once funding of regional infrastructure is secured, Stayton can effectively promote its industrial sites. In addition to unlocking the land supply, promotion of the clearly defined industry clusters helps define City of Stayton and what makes it unique and supportive of recruitment activities. This message of strength and growth also helps existing businesses understand why they should stay and continue to invest in City of Stayton, as well as convey to future hires why there is ample opportunity to work in City of Stayton.

Goal 3: Grow the Talent Base

Why this Goal?

Complex issues driving income stratification and workforce skills gaps are making it more difficult for all residents to realize positive personal economic growth in keeping with business growth. To plan for this modern economy, communities must consciously foster a resilient economy that is derived from a diverse industry base and skilled workforce to weather inevitable negative portions of economic cycles.

Objective 3.1 Attract and Retain Talent

In recruiting new talent, employers often struggle to secure management positions that are typically filled by people that are 30 – 50 years old due to work experience. Often these people are just starting out or have established a family and therefore are focused on living in a community with family-oriented amenities. Public investment and retail amenities that serve this group is important to retain experienced talent. A consistent message from the community was the lack of diverse housing types. This limited supply is a barrier to easily attracting new talent. Furthermore, limited supply may force some people to “buy-down” and occupy homes that would otherwise be available for lower-income residents.

Objective 3.2 Prepare Youth for Economic Opportunity

To succeed in the modern global economy people must develop skills. To ensure economic opportunities for City of Stayton residents, it is important to make career technical education (CTE) training programs readily available. Educational attainment is one of the significant determining factors in determining income growth and access to career pathways. Engaging youth early regarding career opportunities is a critical component in high school graduation success rates and preparation for higher education.

Goal 4: Foster a Great Place

Why this Goal?

Within urban centers, people of all ages desire access to a dynamic lifestyle with housing, restaurants, entertainment, and retail nearby. This urban lifestyle does not mean that an entire community must conform to urban densities. What is important is that some element of an urban lifestyle and livable community through a healthy Main Street, traditional downtown or town centers in suburbs is provided. Such areas are important for employers to be able to attract and keep talent. It is important for the City of Stayton to define and actively grow a distinct downtown to establish a unique and memorable place.

Objective 4.1: Help Build Housing

As identified in the Economic Development Strategy, the city must encourage new and diverse housing types to allow new talent to enter the market. Downtown offers great opportunities for smaller units with walkable access to downtown amenities. The Woolen Mill Site is a remarkable waterfront site within two blocks of North 3rd Ave. It has significant potential to become a substantial housing development that will activate downtown. In addition, there are vacant sites that should be developed with housing if at all possible. The city can play an important role in convening property owners and potential housing developers.

Objective 4.2: Support Local Retailers and Expand the Market

In order to maximize public sector time and resources, downtown efforts should focus on the frequently occurring experienced base shoppers that return monthly for entertainment, dining and boutique shopping. The intent is to concentrate on a destination retail experience hub, as opposed to a broad area that encompasses all types of commercial uses, some of which are only frequented a few times a year. The focus may leverage existing assets such as the movie theater and enhance the visit with retail such as an ice-cream shop or arcade that will serve families. This experience could be broadened to "maker spaces" that showcase people making craft goods or food unique to Marion County.

As many of the downtown properties are independently owned and some with owners outside of Stayton, it is important to proactively engage asset owners and tenants. An intentional focus on the retail mix will create the place desired by the community. Because the downtown consists of numerous property owners, it falls to the public partners, in collaboration with property owners, to serve as the active orchestrator of this mix, like the role of a commercial center operator. Highly successful commercial centers are intentionally programmed with events and retailers that serve their

desired customer. Of course, the final tenant decision is up to the property owner. However, education and a collective approach to curating tenants that serve a larger vision will ultimately benefit all property owners and the community.

Objective 4.3: Highlight Downtown Assets

Stayton is fortunate to have a charming downtown district with a complete street grid and good building stock with distinct assets including the Santiam River and canal waterway. These are appealing elements that make the downtown unique and memorable. It is important to leverage and highlight these assets. The city and partners should continue to build “parklets” or work with property owners to provide outdoor seating adjacent to the amenities. Enhancement of these areas with benches and complimentary landscaping will not only serve community interest but make Stayton a distinct place.

End of document.

**Attachment A:
Action Plan**