

CONTENTS

| | |
|---|----|
| EDC Overview | 1 |
| Mission | 1 |
| Membership | 1 |
| Annual Report Purpose..... | 1 |
| Economic Development Commission Roster | 2 |
| Executive Committee..... | 2 |
| Liaisons and Ex Officio Members..... | 2 |
| Economic Development Staff..... | 2 |
| A Division of Business and Community Services | 2 |
| Members | 2 |
| Clackamas County Key Industry Clusters | 3 |
| 2019 Topics and Issues Studied..... | 4 |
| McLoughlin Corridor..... | 4 |
| Infill and Redevelopment Opportunities..... | 4 |
| Infrastructure | 4 |
| Industry Cluster Development | 4 |
| McLoughlin Corridor | 5 |
| Infill and Redevelopment Opportunities | 8 |
| Infrastructure | 10 |
| Industry Cluster Development..... | 11 |
| Suggested Focus for Next Year | 14 |

EDC OVERVIEW

The Economic Development Commission (EDC) is a volunteer board that advises the Board of County Commissioners (BCC) on policy pertaining to economic development across Clackamas County. It is supported by the Business and Community Services Department's Economic Development Division staff. Areas of focus for the EDC annual work plan are determined by the BCC.

Mission

Our mission is to create prosperity by fostering balanced economic development in Clackamas County through a close partnership with the government and the private sector.

Balanced economic development means providing county residents with opportunities for better jobs and higher incomes, while managing the interrelationships among people, land, resources, and infrastructure. Implementing the vision requires detailed goals and action steps taken by the County.

Membership

The voting membership of the EDC shall consist of a maximum of 25 voting members, appointed by the BCC. A majority of the EDC Members shall be from the private sector.

Annual Report Purpose

The Annual Report recaps EDC activities and discussions for the year. This may include policy recommendations or suggested strategies to enhance the economic prosperity of Clackamas County.

ECONOMIC DEVELOPMENT COMMISSION ROSTER

Executive Committee

| | | |
|----------------------|----------------|---------------------------|
| Chair | Charles Gallia | Health Services Research |
| Immediate Past Chair | Wilda Parks | Milwaukie City Council |
| Vice Chair | Dave Nielsen | Home Builders Association |
| Incoming 2020 Chair | John LaMotte | LaMotte West, LLC |
| | Vance Tong | Pamplin Media Group |

Liaisons and Ex Officio Members

| | |
|----------------------|---------------------------------|
| Lynn Wallis | Oregon Employment Department |
| Bridget Dazey | Clackamas Workforce Partnership |
| Tammy Marquez-Oldham | PCC Climb Center |
| Tammy Stempel | Gladstone Mayor |

Economic Development Staff

| | |
|-----------------|--------------------------------------|
| Jon Legarza | Interim Economic Development Manager |
| Cindy Moore | Economic Development Coordinator |
| Corina Copeland | Administrative Assistant |
| Sam Dicke | Economic Development Coordinator |

A Division of Business and Community Services

| | |
|---------------|----------|
| Laura Zentner | Director |
|---------------|----------|

Members

| | |
|------------------|--------------------------------------|
| Shannon Ilas | Keller Williams Realty Professionals |
| Tom Keenan | Keenan & Partners |
| John LaMotte | LaMotte West, LLC |
| Matthew Makara | Port of Portland |
| Melissa Womack | KPIT Technologies |
| Vance Tong | Pamplin Media Group |
| Michael Selvagio | Ridgelark Strategies |
| Peter Lund | SuperGenius |
| Matthew Miller | Greater Portland, Inc. |
| Kimo Rosa | Clackamas Federal Credit Union |
| William Gifford | Small Flags |
| Justin LaPointe | Better Body Fitness NW |
| Ravinder Waraich | Retail Franchise |
| Jeff Gudman | Private Investor |
| Lisa Davidson | Clackamas Community College |
| Joe Buck | Restaurateur |
| Laura Edmonds | North Clackamas Chamber of Commerce |

CLACKAMAS COUNTY KEY INDUSTRY CLUSTERS

The intent of economic development is to foster the growth of traded-sector industry clusters. Traded sector (also referred to as an export or basic 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, food processing). Workers in the traded sector tend to have higher educational attainment, work more hours, and earn higher average wages.

As the traded sector increases employment and wages, it also enables entrepreneurs to develop skills and resources to foster innovation, 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.

Clackamas County is strong in the following clusters as indicated by the number of employees and the gross domestic product (GDP), which is the annual contribution of an industry, measured by employee compensation, proprietor income, other income and tax payments.

Example Businesses Contributing to the Clackamas County Economy

| Industry Cluster | Example Companies | GDP | Number of Employees | Average Wage |
|---|---|----------------|---------------------|--------------|
| Professional Business Services | Jacobs Engineering, ADP, 3D Systems | \$ 3.3 billion | 36,001 | \$ 36,433 |
| High Tech Manufacturing/Software and Media | Rockwell Collins, Flir, Mentor Graphics, Shimadzu, Dark Horse Comics, Autodesk | \$ 2.7 billion | 13,543 | \$ 90,254 |
| Wholesale Trade, Transportation and Utilities | J&D Refrigerated Services, Con-way Freight, Fred Meyer Distribution, Sysco, Pacific Seafood | \$ 2.2 billion | 15,998 | \$ 75,275 |
| Health Care | Kaiser Foundation Hospital, Providence Willamette Falls, Legacy Meridan Park | \$ 1.6 billion | 15,176 | \$ 80,710 |
| Advanced Manufacturing – Metals and Machinery | Blount, Benchmade, Precision Castparts | \$ 980 million | 7,602 | \$ 78,564 |
| Agriculture, Nurseries and Greenhouses | J. Frank Schmidt, McKenzie Farms, Willamette Nurseries | \$ 227 million | 7,106 | \$ 23,374 |
| Food and Beverage Processing | Bob's Red Mill, Dave's Killer Bread, Ever Fresh Fruit | \$ 200 million | 2,240 | \$ 61,759 |
| Wood Manufacturing | Brentwood, Interfor Pacific, Precision Roof Trusses | \$ 78 million | 938 | \$ 59,489 |

Source: Clackamas County

2019 TOPICS AND ISSUES STUDIED

The EDC was directed by the BCC to explore redevelopment opportunities along the McLoughlin Corridor and supporting issues. The following summarizes the presentations throughout the year, with a more detailed analysis on the following pages.

McLoughlin Corridor

McLoughlin Corridor Development Readiness Presentation on the History of Clackamas County Efforts

- Dave Queener, Development Agency Program Supervisor Development and Transportation Department Clackamas County

Park Avenue Update

- Karen Buehrig, Transportation and Development, DTD Long Range Planning, Clackamas County
- John Southgate, Project Manager, Business and Community Services, Economic Development, Clackamas County
- Alisa Pyszka, Bridge Economic Development

McLoughlin Historic Corridor Studies

- Gabriella Frask, Mackenzie

Infill and Redevelopment Opportunities

March Bus Tour

- City of Milwaukie, River Road Area and City of Gladstone

County Fee Comparison

- Gabriella Frask, Mackenzie

August Bus Tour

- North Urban Clackamas Prosperity Zone, Dan Chandler and The Athena Group

Infrastructure

Regional Transportation Measure Update

- Councilor Christine Lewis, Metro

TriMet Service Enhancement Plans/HB2017 Impacts on Existing Services

- Eve Nilenders, Planner, TriMet Planning and Policy Development

Industry Cluster Development

Economic Landscape

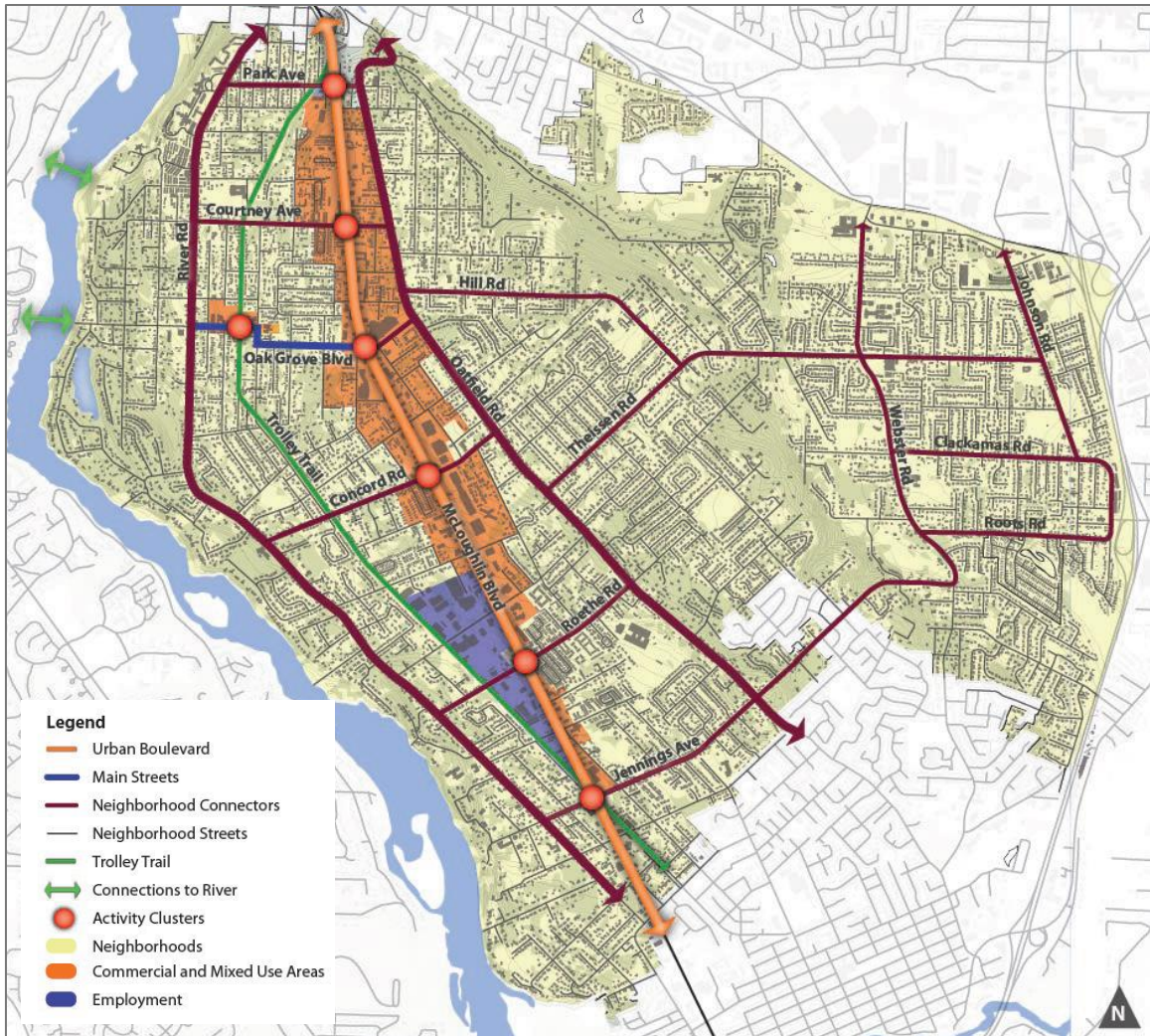
- Tim Wood, FCS Group

McLOUGHLIN CORRIDOR

The BCC directed the EDC to focus on the McLoughlin Corridor in 2019 to explore ways to foster more private investment. The EDC started the year with a presentation from Dave Queener, Clackamas County Development Agency, to understand the current level of engagement and planning for the corridor. He described the McLoughlin Area Plan (MAP) study area as being bisected north-south by 3.7 miles of McLoughlin Boulevard and serves 35,780 residents within the communities of Oak Grove, Jennings Lodge and Oatfield Ridge. The area includes three community planning organizations: Oak Grove, Jennings Lodge and North Clackamas.

The MAP prioritized 56 potential projects and programs identified through citizen participation. The MAP is implemented through the McLoughlin Area Plan – Implementation Team (MAP-IT), which consists of 15 residential and business volunteers. The corridor is also represented by the McLoughlin Area Business Alliance (MABA), which consists of 200 member businesses.

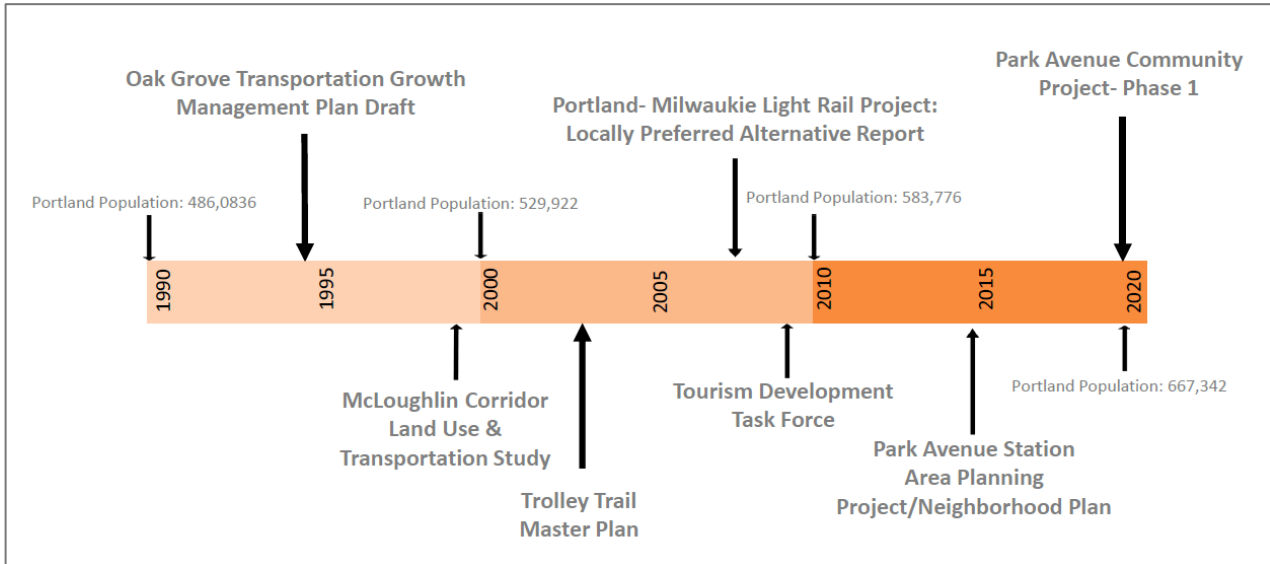
McLoughlin Area Plan (MAP) Study Area



Source: Clackamas County

The following graphic summarizes the corridor studies that have been conducted since 1990. All of the historical studies have emphasized the importance of pedestrian and bike connectivity and the need to break up the development pattern along McLoughlin Boulevard.

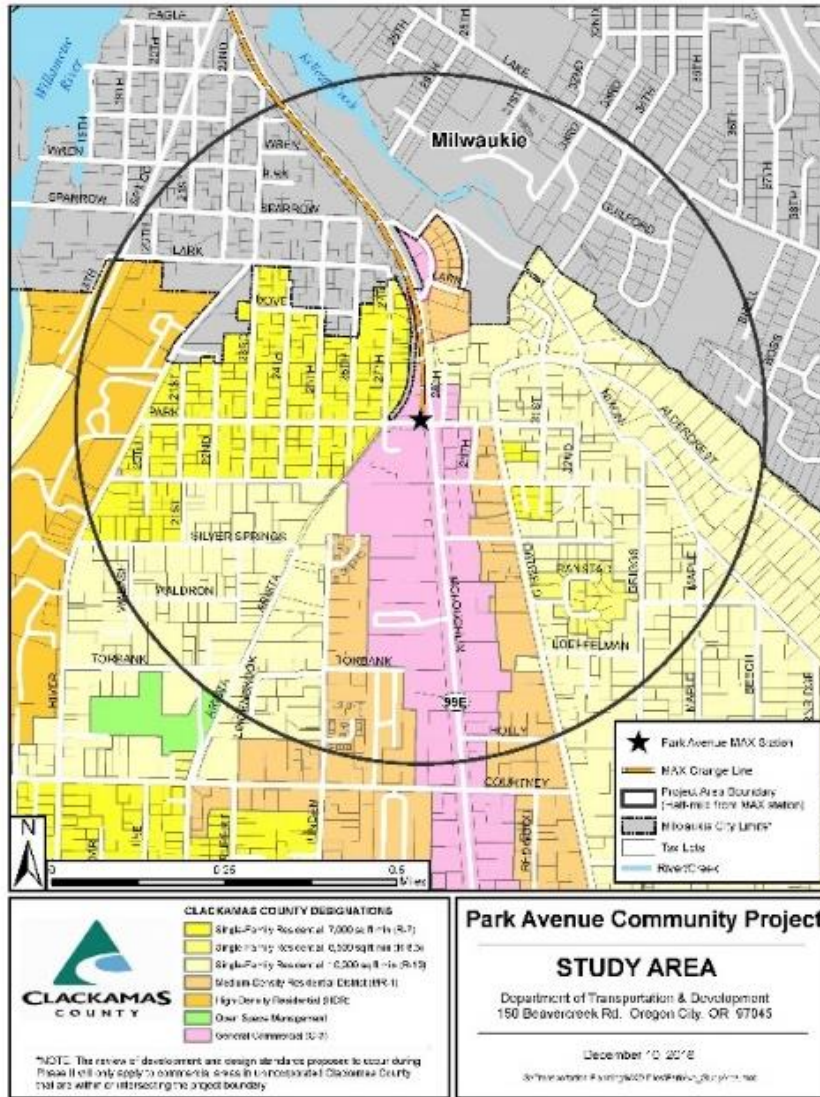
History of McLoughlin Corridor Studies



Source: Mackenzie

The most current project along the corridor is the Park Avenue Community Project, which pertains to the area in a 0.5-mile radius around the Park Avenue light rail station. This node of a mixed-use community is a concept that the EDC recommends should be replicated along corridor. Research conducted in support of the Park Avenue project indicates that there has been minimal growth and private investment in the area over the past 10 years. The Park Avenue project will address this limited investment with a framework plan, new design and development regulations, and an implementation plan for strategic public projects that will encourage new private investment while continuing to support existing businesses and residents.

Park Avenue Community Project Study Area



Source: Clackamas County

How it Impacts Economic Development

- Provides an opportunity to explore how each industry cluster relates to the nodes along the McLoughlin corridor.
- As retail trends change and move away from auto-oriented big-box stores, there is an opportunity to redevelop the corridor with employment uses.

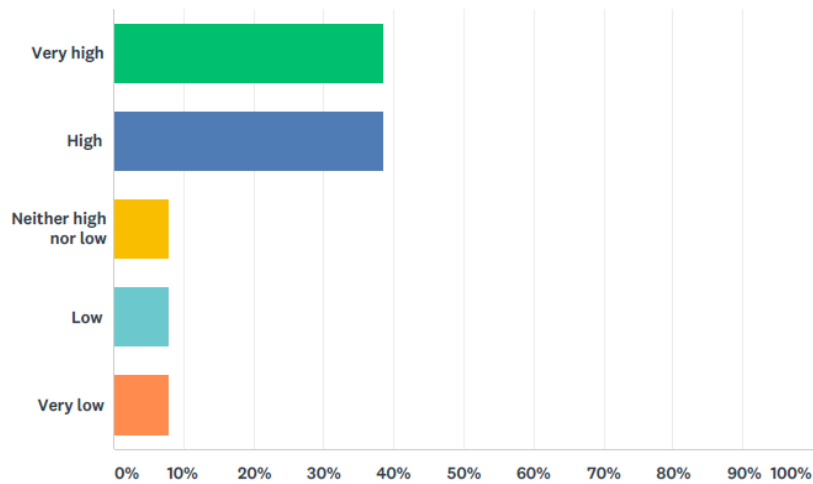
Recommended Action

- Economic Development (ED) staff should to consider the MAP area for an economic opportunities analysis that corresponds with a comprehensive plan update.
- ED staff should work with local community groups to help facilitate business assistance and educate local businesses about resources and programs.

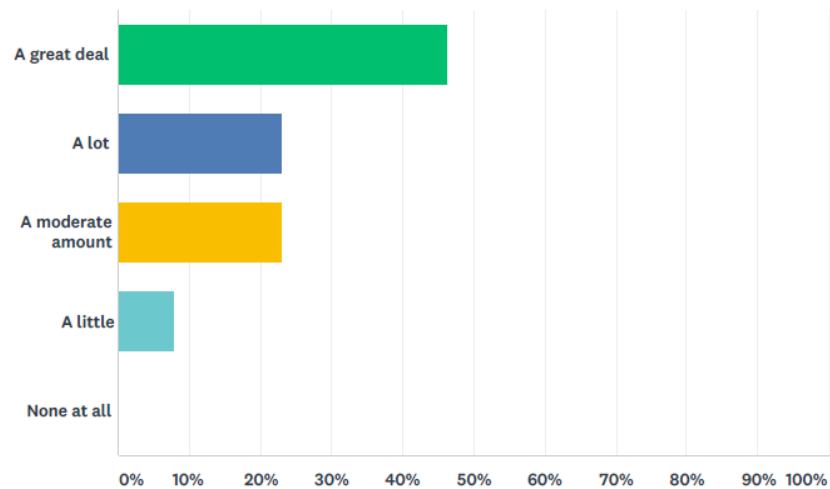
INFILL AND REDEVELOPMENT OPPORTUNITIES

To better understand how infill development could occur in the future nodes, the EDC toured new developments in the City of Milwaukie, along River Road and in the City of Gladstone in March. One message that was conveyed was the impact of minimum parking requirements on the cost of development as evidenced by the Coho Point at Kellogg Creek residential project in Milwaukie. As a result of the March bus tour, there was consensus from EDC members that they want to know more about Main Street Programs and the planning and zoning practices of the communities.

What is your level of interest for learning more about Main Street programs for these communities?



How important would it be to learn about the planning and zoning of these communities?



In July, Mackenzie gave a presentation on fee comparisons across the region. If permit fees and system development charges (SDC) are exceedingly high for a community, they can pose a barrier to private investment. However, based on the presentation it was clear that Clackamas County has an average fee cost for a new employment development project; therefore, County fees are not considered to be a significant barrier to investment.

Total Fee (Permits and SDC) Cost Per Building Square Foot by Regional County

| | Clackamas | Washington | Portland/ Multnomah | Clark |
|-------------------|------------------|-------------------|--------------------------------|--------------|
| Four-story office | \$ 9.45 | \$ 12.87 | \$ 12.41 | \$ 6.61 |
| Warehouse | \$ 5.19 | \$ 6.01 | \$ 3.69 | \$ 2.03 |
| Manufacturing | \$ 6.02 | \$ 6.95 | \$ 9.38 | \$ 5.25 |

Source: Mackenzie

The County has identified the North Urban Clackamas Prosperity Zone (PZ) as a community wealth-building area to enhance access to jobs and business growth. On the March bus tour it was recognized that sites in the PZ were walkable and accessible via transit, making them more accessible to low-income residents. Future investments in the PZ should include day-care facilities and entrepreneurial support.

How it Impacts Economic Development

- There is an opportunity to work with partners such as Clackamas Community College to create maker space on underutilized sites such as the former Toys R Us location to implement a PZ concept.

Recommended Action

- EDC should make recommendations on zoning to encourage infill development in node areas
- EDC should visit other community wealth-building areas in Canby and Estacada.
- ED staff should evaluate entrepreneurship programs available in the County and how they pertain to PZs.

INFRASTRUCTURE

Metro Councilor Christine Lewis provided an update on the regional transportation funding measure that could go before voters in November 2020. The transportation projects of most significance for Clackamas County that may be contained in the measure. One example of a potential project is the construction of additional stories on the SE Park Avenue Park & Ride garage facility in Milwaukie to accommodate the parking demand that is currently using the Elks' parking lot or local streets.

TriMet provided an overview on service enhancements within the Southeast Plan Area, which includes the McLoughlin Corridor. It was conveyed that transit ridership on McLoughlin is lower than on 82nd Avenue. The following bus improvements are planned within the McLoughlin area to support increased ridership:

- Line 32: Oatfield – Add Sunday service (FY 2020)
- Line 79: Clackamas/Oregon City – Route change (FY 2020)
- Line 99: Macadam/McLoughlin – Add midday service (FY 2023)
- Line X: New bus line – East-west service along Jennings Avenue, OR 212, and Sunnyside Road, between Oregon City and Happy Valley (FY2023)



Source: Metro

How it Impacts Economic Development

- Infrastructure investment is an important tool for fostering private development.
- Frequent and convenient bus service is an important asset to businesses wanting to retain and attract employees, especially in PZs.

Recommended Action

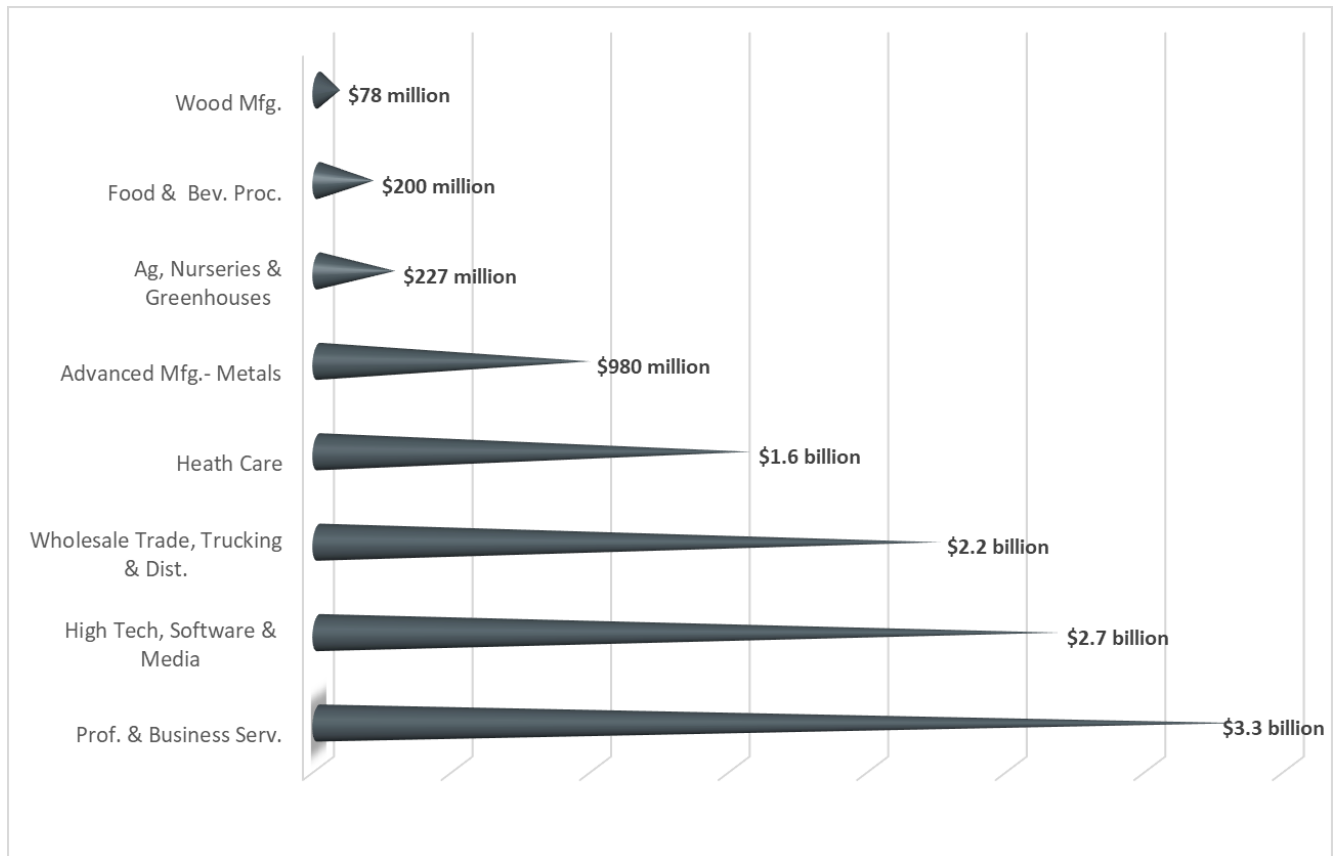
- ED staff should explore funding tools to fund necessary infrastructure in nodes.

INDUSTRY CLUSTER DEVELOPMENT

FCS Group provided an annual update on trends pertaining to the key industry clusters within Clackamas County. Over the years, the County has evaluated the GDP impact of each cluster on the County. The GDP is annual contribution of an industry, measured by employee compensation, proprietor income, other income and tax payments. The 2019 annual direct GDP impact of each industry cluster is summarized below. Fastest GDP growth occurring in the following clusters:

- Advanced manufacturing: metals and machinery
- Health care
- High tech, software and media production
- Wholesale trade, trucking and distribution

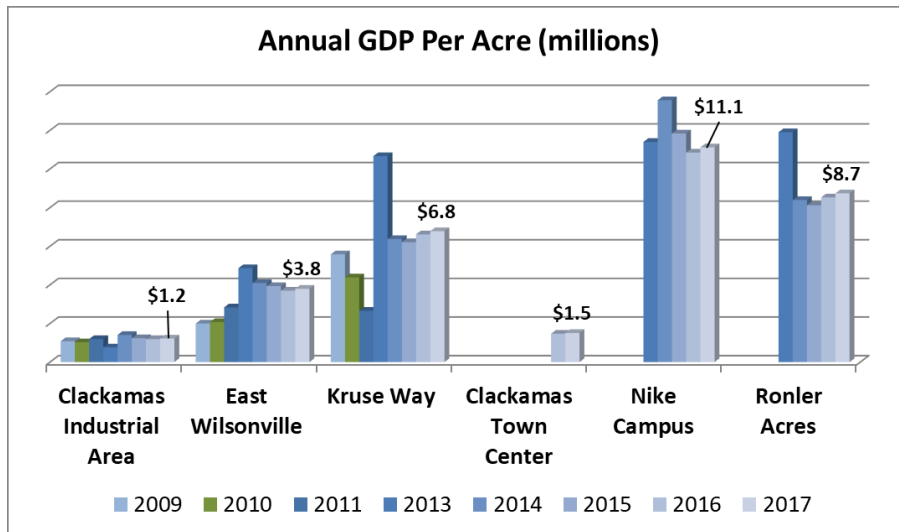
Clackamas County Key Clusters: 2019 Annual Direct GDP



Source: FCS Group

Where the GDP is generated in the county can be measured. As indicated below, an industry such as professional and business services is generally located in Kruse Way. It can then be inferred that this industry generates a GDP of \$6.8 million per acre. For contrast, the GDP of Intel is approximately \$8.7 million per acre, whereas Nike is \$11.1 million per acre.

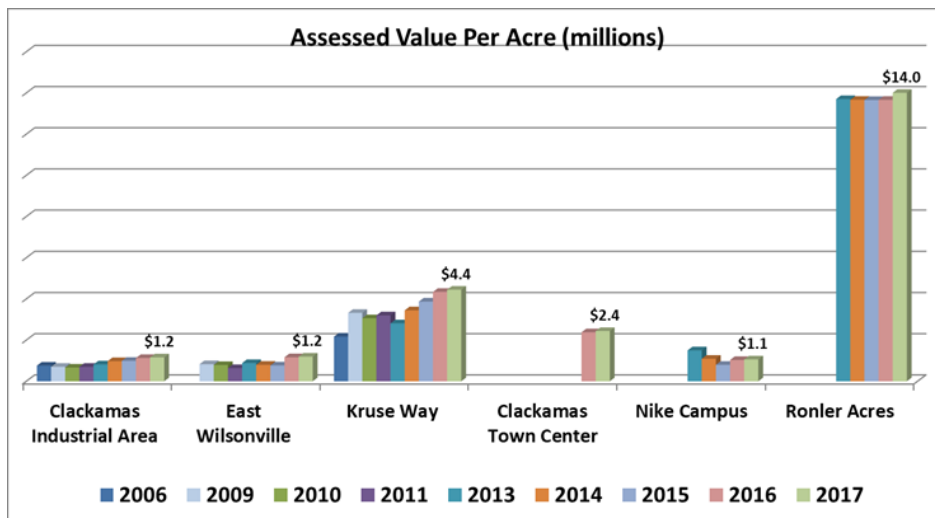
Employment Areas: GDP Metrics



Source: FCS Group

However, strong GDP output does not directly correlate with strong assessed value (AV) metrics. Compare the Nike GDP per acre in the figure above, with the Nike AV in the figure below.

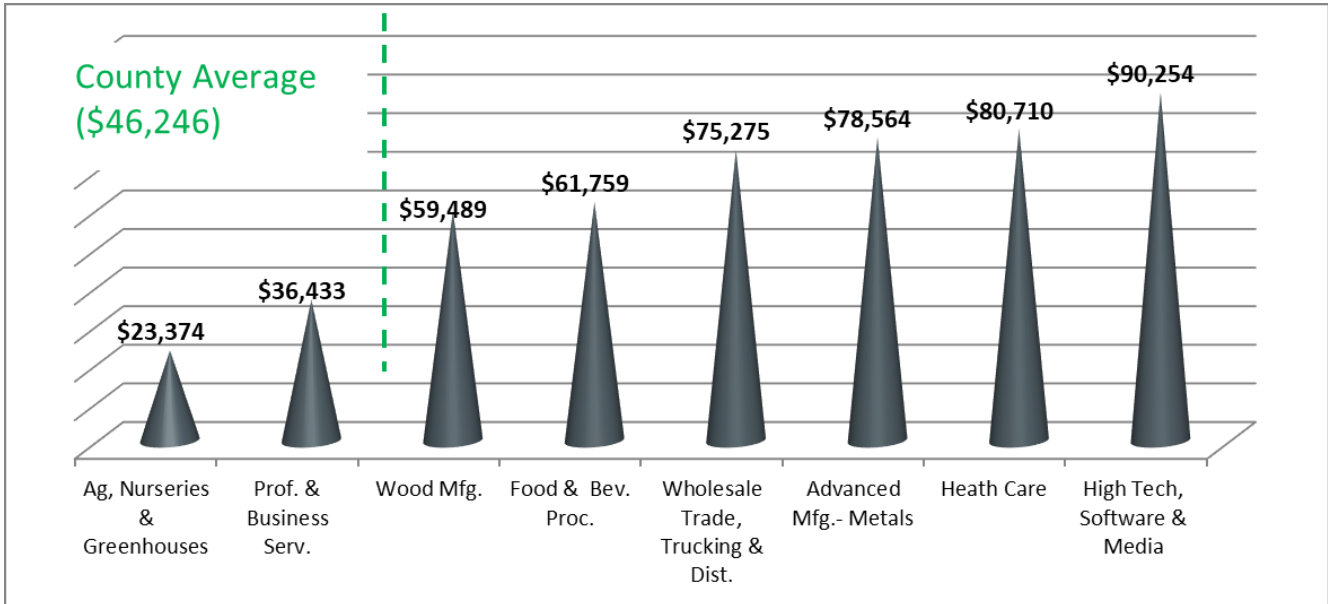
Employment Areas: AV Metrics



Source: FCS Group

Average employee compensation rose 2 percent between 2016 and 2017. Many key clusters pay above the average county compensation of \$46,246.

Clackamas County Key Clusters: Average Compensation Levels



Source: FCS Group

How it Impacts Economic Development

- Workers in the traded sector tend to have higher educational attainment, work more hours, and earn higher average wages. Fostering the growth of these industries improves access to wealth for the community.

Recommended Action

- ED Staff study which clusters are along McLoughlin. Could they grow more? What would it take?
- ED Staff work with planning department to align land use changes with cluster growth needs.

SUGGESTED FOCUS FOR NEXT YEAR

EDC Focus

- Solicit more traded-sector industry representation on the EDC.
- Continue to track and coordinate with BCC on Metro transportation measure.
- Visit other community wealth-building areas in Canby and Estacada.
- Propose recommendations on zoning to encourage infill development in node areas specific to the McLoughlin Corridor.

Suggested Agenda Items or Presentations For EDC Meetings

- Report on how an economic opportunities analysis can apply to the MAP area and corresponding comprehensive plan update
- Entrepreneurial program opportunities to support Prosperity Zones
- Storefront program opportunities to facilitate investment in Park Avenue node and Prosperity Zone
- Potential funding tools for infrastructure in nodes along McLoughlin
- Information on Main Street programs in Milwaukie and Gladstone
- Planning and zoning policies in Milwaukie and Gladstone that encourage infill development