DRAFT REGIONAL SWOT ANALYSIS

Prepared by COIC staff for the December 9, 2015 CEDS Strategy Committee Meeting

Background

This document was prepared to inform the regional 2016-2021 Comprehensive Economic Development Strategy process. The sources of information are as follows:

- September 23, 2015 CEDS Strategy Committee Meeting #1 – dialogue among committee members about regional issues and opportunities.
- County Economic Development Stakeholder (public) meetings: November 3 Prineville/Crook County meeting; November 17 Deschutes County meeting; and November 30 Madras/Jefferson County meeting – open dialogue and SWOT process.
- Regional data analysis.
- COIC staff input.

Structure and Content

The table beginning on the next page represents a first-draft regional SWOT analysis developed from the sources described above. This table is an attempt at integrating all of the information and includes strengths, weaknesses, threats, and opportunities that for the most part are shared across the region. However, there is regional variation in Central Oregon, and some elements are shared among some but not all communities. This is particularly the case for rural communities. For instance, some rural communities feel that they have insufficient community amenities to attract and keep skilled labor and millennials (e.g. parks and recreation programs, coffee shops, attractive streetfronts, etc). Since this was identified by more than one Central Oregon community, it is included in the draft regional SWOT.

The remaining tables are the source material for the draft regional SWOT – the feedback gathered at the meetings listed above.

Next Steps

After receiving Strategy Committee feedback at the December 9 meeting, and by email and other input, COIC staff will begin to structure the SWOT analysis into a set of draft regional priority strategies and actions. The intent is to create high-priority regional strategies that are actionable for which results may be measured. The SWOT analysis includes ideas that may or may not be actionable or measurable.

COIC will also conduct a regional needs and issues survey of the region’s local governments focused on public infrastructure and policy, and will present the SWOT analysis at the February regional City/County administrator’s meeting for feedback. The resulting revised draft regional strategies will be reviewed/revised by the Strategy Committee at their March 2016 meeting.
**Draft regional SWOT**

**Strengths**

- Natural Resources and Environment:
  - Excellent natural resource amenities to attract businesses and employees
  - Clean air & water
  - Habitable climate
  - Natural resources
  - Scenery/views – mountains, streams, canyons, rural landscapes, etc.
  - Vast/diverse recreation opportunities
- Educational Opportunities and Workforce Development:
  - New four-year university has opened and is growing
  - COCC network of campuses across the region
  - State leader in schools-to-career programs (but not everywhere)
- Economic Infrastructure:
  - Excellent network of airports – economic engines
  - Many communities have ample commercial, industrial, and residential land availability
  - Low cost utilities
  - Some communities are well-prepared with water, sewer, and local transportation infrastructure.

**Weaknesses**

- Economic Lands and Buildings:
  - There is a lack of available commercial and industrial buildings – growing and recruited external businesses don’t want to have to build:
  - Prohibitive cost to construct
  - Building permits at 60% of pre-recession levels
  - Undersupply of construction labor and firms
  - Some communities have limited industrial land availability or lack a diversity of industrial and commercial land choices
- Housing:
  - Thoroughly inadequate supply of workforce housing – nearly 0% rental vacancy rate across the region.
  - Rising cost of housing.
  - Banks holding on to foreclosed residential properties.
- Household Income:
  - Relatively low wages and median family incomes.
  - Middle-class employees cannot afford housing in light of relatively lower wages.
  - Growing poverty rates and low median household income drags down families and communities and presents social service resource challenges.

**Threats**

- State/federal regulations:
  - Difficult UGB expansion process and overall land use system that doesn’t fit Central Oregon realities (reflects western OR). UAR system doesn’t sufficiently prepare communities for growth/expansion.
  - EPA and NEPA – air quality and environmental reviews/process
  - Unfunded regulatory mandates (e.g. stricter water/sewer/stormwater regs)
  - Oregon 2025 educational goals do not recognize training/certification programs
  - State tax structure is out of alignment?
  - Healthcare costs and regulations
  - Davis-Bacon requirements
  - Diminishing state/federal infrastructure funding.
  - Initiative process is too easy and creates difficult governance problems.

**Opportunities**

- Housing:
  - Regional convening for Best Practices for Housing
  - Develop a regional housing strategy
  - Incentivize private-sector MF housing development
  - Work with banks to release foreclosed residential properties
  - Reinvigorate manufacturing and advanced manufacturing and become a regional leader.
  - Development additional certified sites and “regionally-significant ED areas”
  - Develop more incubator spaces and move-in ready commercial and industrial buildings.
  - Leverage local agricultural production for value-added products and local food consumption.
  - Invest in airport infrastructure to further leverage business development and jobs.

- Workforce and Education:
  - Create a WD system that better responds to industry needs
  - Strengthen existing successful youth career connect internship programs and propagate to school districts that do not have such.
  - Connect OSU-CC programs to target industries & entrepreneurship (good time now as they’re building their...
<table>
<thead>
<tr>
<th>Draft Regional SWOT, cont.</th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Threats</th>
<th>Opportunities</th>
</tr>
</thead>
</table>
| Community amenities and culture: | - "Livability":  
  o Safe communities  
  o Community and family values  
  o Small town feeling  
  o Less expensive than comparable outdoor recreation communities  
  o Excellent health care service access | Workforce Development and Education:  
- Emerging workforce poorly prepared for jobs and higher education – soft and hard skills.  
- Some communities do not have strong school-to-career programs.  
- Lack of connection between education and industry.  
- Some communities have poor school performance and this reputation makes it hard to attract businesses and workers.  
- In some communities, the culture hasn’t caught up with the fact that there aren’t middle-class jobs available after high school. | - Insufficient planning for both of the above.  
- Portland port closure has increased shipping/export prices  
- BNSF is unresponsive to regional/local needs. | - Create better connections between COCC, high schools, and industry.  
- Rebuild vocational tech education in schools. |
| Human capital: | - Some communities have significant human capital in terms of citizen skills, experiences, political access, and volunteerism  
- Many communities operate in a very collaborative and business-friendly way  
- Some communities have a strong entrepreneurial culture. | | |
| Collaborative Culture | - The region has a justified reputation for being collaborative and most local government entities are relatively accessible | | |
| Other: | - Population growth brings opportunities | | |
| Transportation and Isolation: | - Isolation from 1) markets and major transportation infrastructure and 2) Central OR communities are isolated from each other:  
  o Higher cost of imported goods  
  o Higher cost to ship goods  
  o Many communities have significant imbalance of housing/employment (services, health care, etc.) which creates transportation challenges  
  o Lack of sufficient transit system (and other flexible transportation) to meet needs  
  o Insufficient rail access. | | |
| State/Federal Regulations: | - Insufficient planning for both of the above.  
- Portland port closure has increased shipping/export prices  
- BNSF is unresponsive to regional/local needs. | - Measure success of programs  
- Leverage rural and low income aspects of region into grant/support opportunities | |
| Regional Collaboration: | - Integrate ED and Workforce Development priorities/strategies  
- View Central Oregon as a region and leverage each community’s assets to the benefit of all  
- Collaborate on data, best practices, and resource sharing  
- Leverage entrepreneurship as a key component of the Central Oregon Brand.  
- Brand the natural resource/environmental amenities of the region – particularly in communities outside Bend. | - Measure success of programs  
- Leverage rural and low income aspects of region into grant/support opportunities | |
<p>| Millennials: | - Convene a Millennials work group to address education, workforce, and | |
| | | | |</p>
<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Threats</th>
<th>Opportunities</th>
</tr>
</thead>
</table>
- Communities could improve coordination on legislative agenda. | Demographics: | housing issues  
Transportation:  
- Improve US 97 freight mobility - freeway  
- Improve rail access – O’Neil Jct. rail depot development?  
- Achieve stable/dedicated funding for public transit  
- Achieve ORS 190.083 regional/flexible funding authority |
|  | Community amenities and human capital: |  | Community Amenities:  
- Support downtown redevelopment/streetscape/beautification projects in smaller communities. |
|  | - Smaller communities lack services and amenities to attract skilled workforce.  
- Smaller communities have less local human capital (skills, education, expertise). | Other: |  
- Continued lack of economic diversification and resiliency to economic shocks  
- Taxation and permitting is inconsistent  
- Some communities are divided between pro & anti-growth/change/development.  
- Uncertain – is there a deficiency in our broadband capacity in parts of the region? |
<table>
<thead>
<tr>
<th>INFORMATION SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Strategy Committee Meeting</strong></td>
</tr>
</tbody>
</table>
| - Lack of coordination between ED and Workforce Development  
- Inadequate supply of available workforce housing  
- Rising costs of housing  
- Emerging workforce poorly prepared for jobs and higher education  
- Inadequate rail access  
- Growing pains, generally |
| - Difficult UGB expansion process/land use processes that don’t fit Central OR realities. |
| - Convert US 97 into a freeway/corridor  
- Identify ways to better connect workforce and employment centers  
- Implement transportation capital projects (e.g. Cooley Road in Bend, bridge upgrades/replacements, etc.)  
- Develop additional certified sites and “regionally-significant ED areas”  
- ID ways to better coordinate across ED and workforce development partners – respond together to private sector needs  
- Connect WD programs to business and industry needs  
- Connect OSU-CC programs to target industries and entrepreneurship  
- Enhance O’Neil Jct. rail depot to improve rail/freight access |
| **Crook County Meeting 11/3/15** |
| - COCC campus  
- Excellent infrastructure:  
  - Adequate water and wastewater infrastructure  
  - Adequate road infrastructure  
  - Prineville Railway  
  - Growing airport  
  - Available power/energy  
  - Commercial, residential, and industrial land availability  
- Business-friendly attitude in local government and community  
- Area is rich in natural resources for |
| - HS graduates poorly prepared for post-secondary education, trade school, or jobs  
- Unskilled workforce in terms of both soft and hard skills  
- Insufficient broadband connectivity/bandwidth  
- Insufficient jail capacity  
- Lack of family wages jobs  
- Lack of services and amenities to attract better-skilled labor  
- High commercial rent  
- Insufficient stock of residential |
| - EPA/DEQ air quality regulations  
- Consensus is that the PSU population forecast is erroneous (too low)  
- New state laws = uncertain business climate:  
  - Minimum wage increase  
  - Sick Leave Act  
  - Low-carbon fuel standard |
| - Develop streetscape and beautification projects to improve the downtown core  
- Work with Better Together to expand Youth Career Connect Program (internships)  
- Leverage local natural resources as amenities and resource base (marketing campaign)  
- Leverage COCC (how?) |
<table>
<thead>
<tr>
<th>Crook County Meeting, cont.</th>
<th>Commercial and industrial buildings:</th>
<th>State and federal laws/legislation:</th>
<th>Livability:</th>
</tr>
</thead>
</table>
| - Highly collaborative region  
  - Isolation breeds collaboration  
  - Local governments and other resource providers are accessible  
  - High local capacity – non-profits and volunteers  
  - Entrepreneurial culture  
  - Excellent network of airports – economic engines  
  - Environment:  
    - Clean air & water  
    - Habitable climate  
    - Natural resources  
    - Recreation opportunities  
  - Livability:  
    - Safe communities  
    - Community and family values  
    - Cool culture  
    - Small town feeling  
    - Less expensive than comparable outdoor recreation communities  
    - Excellent health care service access  
    - Low-cost utilities  
    - Generally adequate residential, commercial, and industrial land inventories  
    - Education & Workforce | - Limited supply of commercial and industrial buildings/space, not necessarily land.  
  - Prohibitive cost to construct  
  - Building permit rates are at 60% of pre-recession levels.  
  - Undersupply of construction labor and firms  
  - Young professionals cannot afford housing and choose not to take jobs here  
  - Inadequate MF housing and other alternatives to SF housing  
    - Regional rental vacancy rates are 1%  
    - 37% of residential sales in Bend in 2014 were for 2nd homes/investment properties  
    - Banks holding on to foreclosures still (empty)  
  - Emerging workforce is not work-ready – lack soft skills, initiative, and work experience  
  - Local culture doesn’t welcome Millennials  
  - Looming baby boomer retirements (who will fill these?)  
  - Education & Workforce  
  - Unplanned population growth and demographic trends  
  - Other:  | - UGB/UAR system is insufficient to help cities plan for growth  
  - Uncompetitive land use process  
  - Legislative threats to business climate: minimum wage, sick leave, carbon fuels, etc.  
  - State legislation reflects western OR demographics, land, needs  
  - Unfunded regulatory mandates (e.g. stricter water/sewer/stormwater regs)  
  - Oregon 2025 educational goals do not recognize training/certification programs  
  - Initiative process too easy  
  - Shipping/freight:  
    - Portland port closure has increased prices businesses that export products  
  - External competition:  
    - Cheaper industrial land elsewhere  
    - Competition from other cities/regions for skilled workforce and Millennials  
  - Growth:  
    - Unplanned population growth and demographic trends  
  - Other: |

| Deschutes County Meeting 11/17/15 | - Highly collaborative region  
  - Local culture hasn’t caught up to current economic/employment realities (need education to get better-paying jobs)  
  - Isolation breeds collaboration  
  - Local governments and other resource providers are accessible  
  - High local capacity – non-profits and volunteers  
  - Entrepreneurial culture  
  - Excellent network of airports – economic engines  
  - Environment:  
    - Clean air & water  
    - Habitable climate  
    - Natural resources  
    - Recreation opportunities  
  - Livability:  
    - Safe communities  
    - Community and family values  
    - Cool culture  
    - Small town feeling  
    - Less expensive than comparable outdoor recreation communities  
    - Excellent health care service access  
  - Workforce and Housing:  
    - Young professionals cannot afford housing and choose not to take jobs here  
  - Inadequate MF housing and other alternatives to SF housing  
    - Regional rental vacancy rates are 1%  
    - 37% of residential sales in Bend in 2014 were for 2nd homes/investment properties  
    - Banks holding on to foreclosures still (empty)  
  - Emerging workforce is not work-ready – lack soft skills, initiative, and work experience  
  - Local culture doesn’t welcome Millennials  
  - Looming baby boomer retirements (who will fill these?)  
  - Education & Workforce  
  - Unplanned population growth and demographic trends  
  - Other:  | - Identify what is an attractive lifestyle and develop it  
  - Workforce Dev. and Education:  
    - Further develop school to industry programs:  
      - increase opportunities for youth labor force participation/internships (work with Better Together)  
      - Rebuild vocational tech education in schools  
  - Housing:  
    - Develop a regional housing strategy  
    - Collaborate with local resorts/service industries for housing and training  
  - Incentivize MF construction (private sector)  
  - Regional convening for Best Practices for Housing  
  - Regional branding:  
    - Leverage entrepreneurship as a key component of the Central OR brand.  
  - Regional collaboration:  
    - View Central Oregon as a region and leverage each community’s assets to the benefit of all |
| Deschutes County Meeting, cont. | Development:  
- Increase in poverty and homelessness  
- Career and Technical Education funding (CTE) used in the right places  
- Need to break silos and increase collaboration:  
  - Lack of connection between political leaders and education  
  - Communities are divided between pro & anti change, growth, development  
Collaboration:  
- Lack of long-term ED and WD planning (20+ years)  
- Taxation & permitting inconsistencies  
| National economic business cycle  
- Lack of economic diversity/resiliency  
- Cities are remote and separated  
- Cost of imported goods and services is increased  
- Cost of export shipping/freight increased  
Finance:  
- Lack of capital and funding – no major banks actively lend in the region (problem for very large projects)  
- Measure success of programs  
| Collaborate on data, best practices, and resource sharing  
- Leverage rural nature of region into grant/support opportunities  
Millennials:  
- Convene a Millennials work group to address education, workforce, and housing issues  
Transportation:  
- Achieve stable/dedicated funding for public transit  
- Achieve ORS 190.083 regional/flexible funding authority  
Manufacturing:  
- Reinvigorate manufacturing and advanced manufacturing and become a regional leader  
State/federal regulation:  
- Create a new model of regional intercommunity collaboration to develop a coordinated legislative agenda. |
<table>
<thead>
<tr>
<th>Jefferson County Meeting 11/30/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Livability</strong></td>
</tr>
<tr>
<td>- Access to public lands</td>
</tr>
<tr>
<td>- Nice natural environment/mountain views</td>
</tr>
<tr>
<td>- Amenities such as Madras Aquatic Center</td>
</tr>
<tr>
<td>- Rural setting</td>
</tr>
<tr>
<td>- Water recreation</td>
</tr>
<tr>
<td>- Air Show</td>
</tr>
<tr>
<td>- Cultural diversity Markets</td>
</tr>
<tr>
<td>- Proximity to Portland/larger markets – lower transportation costs</td>
</tr>
<tr>
<td><strong>Water</strong></td>
</tr>
<tr>
<td>- Ample reservoirs – high quality and capacity water at Opal Springs</td>
</tr>
<tr>
<td>- General availability of water/sewer capacity</td>
</tr>
<tr>
<td><strong>Land Supply</strong></td>
</tr>
<tr>
<td>- Low land price – lowest industrial land price in Central OR</td>
</tr>
<tr>
<td>- Buildable residential land</td>
</tr>
<tr>
<td>- Good inventory of airport industrial land</td>
</tr>
<tr>
<td>- Productive agricultural land</td>
</tr>
<tr>
<td>- Collaboration</td>
</tr>
<tr>
<td>- Economic development partners coordinate well in Jefferson County – City, County, EDCO, Chamber</td>
</tr>
<tr>
<td>- Airport</td>
</tr>
<tr>
<td>- Transportation hub – plane, rail, and road (26 and 97)</td>
</tr>
<tr>
<td>- Airport land available for development/industrial large lot</td>
</tr>
<tr>
<td><strong>Land and building availability:</strong></td>
</tr>
<tr>
<td>- Available airport industrial land is lease-only and other land owners are unwilling to sell.</td>
</tr>
<tr>
<td>- There is a lack of diversity of land choices in Jefferson County</td>
</tr>
<tr>
<td>- There are no move-in ready industrial or office buildings.</td>
</tr>
<tr>
<td>- Insufficient large lot (200+ acre) industrial land.</td>
</tr>
<tr>
<td>- 0-2% rental vacancy rate – insufficient middle class housing</td>
</tr>
<tr>
<td>- Land available but developers can make more money in other communities</td>
</tr>
<tr>
<td>- Lack of available housing Education:</td>
</tr>
<tr>
<td>- Jefferson County Education Council isn’t focused on local industry needs</td>
</tr>
<tr>
<td>- School performance/statistics are poor</td>
</tr>
<tr>
<td>- Community perception of schools is poor</td>
</tr>
<tr>
<td>- Lack of education and training</td>
</tr>
<tr>
<td>- Need something like Better Together here (not with the High Desert ESD)</td>
</tr>
<tr>
<td>- HS graduates are not ready for higher education or employment</td>
</tr>
<tr>
<td>- 63% of COCC students need to take at least 1 remedial course</td>
</tr>
<tr>
<td>- School quality affects the community’s marketability to businesses and employees</td>
</tr>
</tbody>
</table>

| **Competition from other areas:** |
| **State and federal laws/legislation** |
| - Land use system inflexible to local realities |
| - Out of alignment State tax structure |
| - Minimum wage laws, sick leave, etc. discourages small businesses in rural areas |
| - Healthcare costs and regulations |
| - Davis-Bacon requirements in Enterprise Zones |
| - ESA/spotted frog |
| - Diminishing state/federal infrastructure funding |

| **Other:** |
| - Very junior surface water rights – drought |
| - National, state, regional economic cycles |
| - Losing youth/workforce to other areas (brain drain) – strength of neighboring economies and better amenities |

| **Schools** |
| - Better tie high schools and COCC to industries |
| - Build on Culver School-to-Career success |
| - Convene 509J and business leaders to discuss needs |
| - Offer a charter school to provide an option |
| - Partner with High Desert ESD Better Together program |

| **Resources** |
| - Better exploit public water |
| - Develop more opportunities to utilize local agricultural production for value-added products |
| - Build on River Canyon Country branding – work with Travel Oregon |

| **Culture and amenities** |
| - Expand cultural events and celebrations |
| - Develop a brewery – discuss expansion of existing breweries into Madras |

| **Economic development opportunities** |
| - Develop hangar space at the airport – see Prineville airport model |
| - Use the Enterprise Zone tool |
| - Use the UAV test site to attract businesses |
| - Use EDA, IOF, IFA, and foundation grants to fund ED needs. |
| - ID Round 2 projects for Madras Redevelopment Commission urban |
| Jefferson County Meeting, cont. | program | Distance to neighboring communities and geographic isolation Funding:  
- Lack of local money dedicated to ED infrastructure expansion  
- Overall limited resources/funding  
Amenities and services:  
- Lack of services, shopping, and amenities to attract middle class workers |
| renewal plan | Develop a business incubator program  
Develop a commercial kitchen for VA ag production  
Collaboration  
Bring water districts into the economic development conversation  
Develop better social media/website and interconnections |